

**CITY OF SOUTH LYON
SPECIAL COUNCIL MEETING
BUDGET WORKSHOP SESSION
APRIL 20, 2010**

Mayor Wallace called the meeting to order at 6:00 p.m.

PRESENT: Mayor Wallace
Council Members: Kivell, Kopkowski, Kramer, Morelli, and Wedell
City Manager Murphy
City Clerk/Treasurer Zemke
Attorney Lee
Department Heads: Collins, Kaska, Martin and Renwick
Bookkeeper Lori Mosier
ABSENT: Councilman Selden

City Manager Murphy stated that this has been a difficult budget to prepare, but he and the department heads have worked very hard. There are no frills. We may have to come back for amendments if there are emergencies. Our revenues exceed our expenses in all of the funds with the exception of Local Streets which does show a deficit because there simply is not enough money.

Discussion was held on the decrease in taxable value relating to the estimated revenues. City Manager Murphy stated that we did work closely with Oakland County Equalization. City Clerk/Treasurer Zemke stated that the numbers reflected in the proposed budget are post-Board of Review numbers so they are as accurate as possible. City Manager Murphy stated that we are anticipating an 11% reduction in State Revenue Sharing and Interest Income has been reduced due to current interest rates. Councilman Wedell stated that the values in the budget are exactly the numbers that the County Board will be adopting.

Councilman Kivell stated that the opening letter makes reference to the water main replacement in the alleyway Wells to Lafayette and asked where in the budget that is located. Superintendent Renwick stated that we are still waiting on an easement. This is not included in the budget. Once we have the appropriate documents we can come back to Council rather than keep putting it in the budget and not expending the funds. He stated that in the past we budgeted approximately \$80,000 and the contractor has agreed to hold the price. Council Member Kopkowski asked if this was kept out of the budget to simply make the budget look better now. City Manager Murphy stated that it was not put in because we do not know when it is going to happen. Councilman Wedell stated that it has been in the last couple of budgets. If it is not spent, it is simply rolled over into fund balance. Therefore, the money is still there.

Councilman Wedell stated that he would advocate designating our fund balance at some point. At the end of the year when you know what your fund balance is, you designate certain funds for certain projects and then a certain amount for contingencies. Some people feel that too large of undesignated fund balance is a place where politicians play political mischief. It is a method of advanced planning. If you do not use the money, then it remains in the fund balance. He further stated that he would like to look at designating a certain amount over the next few years until enough money is saved to buy ourselves out of the defined benefit program. It would cost us initially, but will save us in the long run. Further discussion was held on designating the fund balance.

Councilman Kramer asked how we are looking in the current fiscal year as far as actual expenditures versus proposed budget. Bookkeeper Mosier stated that we are right on target. As of March we are at approximately 75%. City Manager Murphy stated that it will fluctuate based on how the expenditures come in throughout the year. He stated that he and the Bookkeeper have been working on a way to report to Council a more accurate picture taking into consideration some of these things. Discussion was held on knowing the history by quarter to adequately forecast.

Councilman Kivell referencing General Fund Revenue asked why the Water & Sewer Administration was taken away. Superintendent Martin stated that we used to have \$42,000 budgeted here to cover the cost of the City Manager, Bookkeeper and Treasurer's office for the work that they do for the water and sewer. We did away with that line item and budget more accurately the hours spent in doing that.

Council Member Kopkowski stated that she is concerned about the continued decrease in Capitol Improvement. Councilman Kivell stated that we have very little capitol activity taking place this year. It was stated that there is accumulation taking place.

Council reviewed the line item budgets for each department including General Fund, Water & Sewer, Land Acquisition, Community Development Block Grant, Capital Improvement, Major and Local Streets, Debt Service Funds, Drug Forfeiture and Downtown Development Authority.

Discussion was held on preparing a two-year budget. City Manager Murphy stated that he first wanted to determine the direction of Council. Moving forward, we can now project a budget for the 2011-2012 fiscal year. Discussion was held on amendments being carried forward into the second year.

City Manager Murphy stated that part of the way that he was able to balance this budget was to look at insurance. He as well as the City Clerk and Bookkeeper have looked at several insurance options. We want to go from a Community Blue #2 to a Community Blue #15 with increased deductibles and co-pays that the City will cover. He discussed the projected utilization rates. He stated that we anticipate \$110,000 savings and probably more. He will be bringing that back to Council for their approval. Discussion was held on the City paying 100 % of the deductibles.

City Manager stated that we have reached an agreement with the two Police Unions that will be coming forward once the language is complete. We have also opened the remaining two contracts and have negotiated wages. He stated that he hopes to bring those back to Council within the next few weeks.

ADJOURNMENT:

CM 4-1-10 ADJOURNMENT

Motion by Kivell, supported by Kopkowski

To adjourn meeting at 9:19 p.m.

VOTE:

MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

Tedd M. Wallace
Mayor

Julie C. Zemke
City Clerk/Treasurer