

The City of South Lyon  
Special City Council Meeting  
Budget Workshop  
April 23, 2016

Mayor Galeas called the meeting to order at 9:20 a.m.  
Mayor Galeas led those present in the Pledge of Allegiance.

PRESENT: Mayor Galeas  
Council Members: Dedakis, Kivell, Kramer, Kurtzweil, Rzyzi and Wedell  
Also Present: City Manager Ladner, Chief Collins, Chief Kennedy, Attorney Wilhelm,  
Bookkeeper Mosier and Clerk Deaton

Department Head Martin was not required to attend

PUBLIC COMMENT:

Carl Richards of 390 Lenox stated he believes Council should raise the ceiling on the money the City Manager and Department Head Martin should be able to spend without Council approval.

City Manager Ladner stated she has given Council copies of revised General Fund revenue for the next fiscal year. She stated there is a line item for sidewalk grants, but it is under Miscellaneous. She is recommending transfer \$250,000 from the unrestricted funds of wastewater operating funds to general funds. She stated when we added the 2.5 mills it took 2.5 mills of potential property taxes from general fund for buying street improvements, fund balance, or any other improvements. It is a 40 year bond. She further stated we have the ability to transfer money from unrestricted enterprise funds.

Councilmember Rzyzi stated the fund revenue report reflects the audit total expenditures of 4.7 million and it ended up being 5.8 million. If that continues do we propose 5.6 million, but we are going from a 73% fund balance to 38%. City Manager Ladner stated we are proposing we amend the 2015-2016 budget lower because we never approved the DDA position, we also had 3 months without Kristen Delaney, and we replaced her with a lower salary person. She stated the significant change in revenue was the purchase of the Fire Truck, as well as increase in cost of commodities, we purchased 2 police cars. She further stated the audited fund balance estimate was 73%. We have not spent everything that was budgeted for. Councilmember Kramer asked if we have added personal cost in the past year. Councilmember Kivell stated the costs are rising, but our taxable value is as well, therefore we are moving in the right direction. City Manager Ladner stated we hired one new employee for the DPW. She stated that is approximately \$70,000. Councilmember Kramer stated it doesn't seem like our personnel costs have gone up, and if you take away the fire truck, there is still a huge shortfall. City Manager Ladner stated she based the wages and benefits based on what Bookkeeper Mosier gave her. Ms. Mosier stated she based everything on a 2% raise, last year was the first time some employees had a raise in 5 years. She further stated the insurance cost has gone up as well. She further stated she included a 7-10% increase which is what has happened historically in the fringe benefits. She further stated the DPW employee was hired to replace a previous employee. City Manager Ladner stated the fringe cost for

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administration went up \$100,000 and \$40,000 for Police and \$1,000 for Fire Department. She further stated she is trying to generate our revenues more conservatively than past City Managers.

Councilmembers Kramer stated fund balance should not be used for salaries, and he is concerned. City Manager Ladner stated employees went without raises for years, after that we negotiated raises and employees began paying towards their health care. Further discussion was held regarding the MERS cost the City pays towards the employees. City Manager Ladner stated the State average is 5%, but the City of South Lyon contributes over 12% and that shouldn't have continued through the years. Councilmember Kramer stated we are still not offsetting the unfunded liability. Councilmember Kurtzweil stated she has done some research on this issue, and we can't control the costs of healthcare and retirement benefits.

City Manager Ladner stated we can hire the new employees with a defined benefit plan with a 1.5 multiplier and it does not require us to accelerate our defined benefit plan, and it doesn't require us to close our existing plan. She further stated we have several employees who will be retiring in the next few years, and we can either leave those positions vacant, or they can be on the cheaper benefit plan. City Manager Ladner stated commodities aren't getting cheaper; it isn't just health care and employee costs, such as publishing, gas, and diesel. She further stated the City hasn't raised fees in over a decade. We take a \$300.00 loss each time we have a site plan review just from the publishing costs versus the fee we charge. City Manager Ladner stated we need to review and raise fees, not just on the Cemetery.

Councilmember Kivell stated redevelopment is the only way to generate a lot of tax revenue and we don't have that and in the meanwhile our neighbors are moving forward. Discussion was held regarding the final payment of the Fire truck and the possibility of financing for 7 years, as opposed to paying the balance out of General Fund to save money. City Manager Ladner stated the Building Department is now using the I.C.C fees which was approved by Council a few years ago, until now we were using the old fees this is a significant increase. Councilmember Kivell stated our fees should be comparable to the communities around us. Attorney Wilhelm suggests the City Manager and Council to review the City's fees and raise whatever is necessary to cover the City's cost. Councilmember Wedell stated there have been so many changes in the revenue report and he doesn't have faith in any of the numbers in the spreadsheet. Discussion was held on the Wastewater Bond. City Manager Ladner stated the bond payments are no longer supported by the 2.5 mill tax revenue since the 2008 crash. Councilmember Kurtzweil stated she would like to see the terms and conditions of the bond because sometimes the bond will allow you to raise mills without an Election. Councilmember Kivell stated we ran on 2 mills for a long time, but recently had to raise it to 2.5 mills. Councilmember Kramer stated he would like to know what is leading to the decline of the general fund and would like the personnel cost, and the cost we are paying for the bond payments from the general fund. Councilmember Kramer stated he also wants the balance of the unreported accounts. City Manager Ladner stated this was brought to Council's attention in 2013, and we have been spending money from the General Fund to help cover the bond payments. City Manager stated she will gather the information requested by Council. Discussion was held regarding the miscellaneous line item. Ms. Mosier stated if there are any changes for that account, she can give Council a report with a breakdown of what was added.

Chief Collins stated the Officer that worked with the DEA is back on staff. There is potential to gain some of the money earned while he was on that program, but as of right now we have not.

Councilmember Kivell stated he wasn't aware it was up to them to decide if they share the funds. Chief Collins stated since the program began, the legislature has decided to use that money to cover short falls in other government accounts.

Chief Collins stated he has budgeted for 2 vehicles. He further stated the two vehicles he would like to replace have been very expensive to keep running. Chief Collins stated many of the repairs were major. He further stated they would like to end up with all four wheel drive vehicles, but he only asks for new vehicles when necessary. Currently we don't have a mileage limit or age limit, so we base the need of vehicles by cost of repairs and maintenance history. Councilmember Kramer asked if the light bars and computers are figured in with the budget as well. Chief Collins stated they are.

Councilmember Kramer questioned the line item for new windows under building maintenance. Chief Collins stated the windows are very drafty and in bad shape. He stated they tried to have them repaired, but they cannot get anyone to come out. He stated they could wait another year to replace them if necessary, but with the drafty windows, it also raises the heating and cooling bills. Mayor Galeas asked the status of the building. Chief Collins stated the windows are going, and we had to replace the roof last year. He further stated we do not have adequate room but we make do. Chief Collins stated they would like a new facility in the future when possible.

Discussion was held regarding the future cost of body cameras. Councilmember Wedell questioned the line item for the body cameras, software and storage. Chief Collins stated the body cameras are currently \$800.00-\$1200.00 but the cost could go down in the future. He further stated body cameras are a scary thing, because personnel costs for any FOIA costs will be very high. He stated some Police Departments have had to hire personal just to deal with the redacting and viewing of the footage for FOIA requests. He isn't opposed to the body cameras, but there are a lot of costs that will go along with that. He stated they are continually watching what is out there. Councilmember Dedakis stated she is aware the legislature is pushing for body cameras throughout the nation, so it probably will be required. Further discussion was held regarding FOIA requests.

Chief Kennedy stated he is not asking for any large expenditure for the next fiscal year. He further stated in 2018 he would like to replace a 14 year old vehicle. He further stated he would like to replace the laptops they are currently using with iPads which is not a significant cost. Chief Kennedy stated we need to purchase a stationary air compressor. We may need to add a 40 hour full time person in the next 2-3 years. Chief Kennedy stated we may need the roof of the Fire Department replaced in 2018, we have spent \$3,000 for repair to some leaks we have had this year. Councilmember Kivell asked if we are having the problem where we are training people, and then they leave for a full time job. Chief Kennedy stated that hasn't been a problem. Discussion was held regarding the maintenance of the Fire Hall. Mayor Galeas stated both the Chief of Police and the Fire Chief are very diligent with their budgets.

Councilmember Wedell asked why the line item for operating expense is so high. City Manager Ladner stated that line item is for various functions such as the holiday party, office supplies as well as other expenses. City Manager Ladner stated we can lower that line item. City Manager Ladner stated the contractual services cover the copiers, the mail machine, as well as the cost of the contract for Oakland County for Assessing Services. She stated she has lowered that line item as well. Councilmember Wedell asked why the line item for planning is so high. City Manager Ladner stated she has lowered that to 40,000. Councilmember Kurtzweil asked if the increase in the Election line item is higher due to the

Presidential Election this year. Clerk Deaton stated we will need additional election workers for the August and November Election as well as they will be working additional hours.

Councilmember Ryzyi asked if the website will be updated soon. City Manager Ladner stated the new website is underway; she has received all of the pictures that were needed. She further stated everyone at City Hall will be trained on updating the website. Councilmember Kivell asked if there is additional functionality or will the new website just look different. City Manager Ladner stated there is additional functionality and our current website is very outdated.

Councilmember Kurtzweil asked if the general fund operating millage of 10.32 was voted on by the voters. City Manager Ladner stated it was not. The City Council has held the operating millage of 13.75 which 2.5 mills of that was the debt service. She stated the rest is split between capital improvement, land acquisition and bldg. authority land acquisition and general fund. She is recommending we change the general fund to 10.3662. Discussion was held regarding shifting the Building Authority Land Acquisition to general fund. Bookkeeper Mosier stated the Building Authority Land Acquisition fund is used to pay on the bond for Volunteer Park so we cannot shift that portion of the mills. City Manager Ladner stated the 0.3000 will cover the cost of the bond payment, therefore we could move a small portion of that mill.

Councilmember Kurtzweil stated there were a number of properties that went before the Michigan Tax Tribunal that had their taxes reduced. She asked if our Assessor has anything in place to ensure these properties get back up to the correct value. City Manager Ladner stated she will be meeting with our Assessor to discuss why there were so many successful challenges to our values. She further stated south Lyon Square was able to get theirs reduced significantly for two years. Councilmember Kurtzweil stated they get their taxes reduced, but the City has no benefit, because they don't use their tax savings to improve their property. City Manager Ladner stated she has discussed having a yearly inspection fee for any vacant property and charge them a fee to do so, which basically penalizes them for having vacant buildings. Councilmember Kurtzweil stated the City has basically become a profit loss center because landowners are having their taxes lowered, but they are not improving the property. Mayor Galeas stated a friend of his told him if you own extra buildings, but then you get hit with fines, they sometimes will try to sell the building instead of just letting it sit. Councilmember Kivell stated anything we can do to keep landowners from leaving their buildings vacant is what we need to do. Attorney Wilhelm stated it costs money to fight the cases and sometimes the tax dollars that could be gained doesn't justify the expense. He stated we don't have a great number of cases, and he thinks the numbers will continue to rise in value. He further stated that the Assessors goal should be to accurately assess properties to avoid any MTT cases. Further discussion was held regarding MTT cases.

Josey Kearns from the Cultural Arts Commission stated the Commission received the planning grant they were attempting to get, but that also means they have to change their budget. She further stated they are almost ready for the survey they intend on doing. Ms. Kearns stated they received a donation of art supplies worth approximately \$350.00 She further stated they received a total of donations of \$1200.00 Ms. Kearns stated corporate sponsoring is a long process, but they are considering pursuing it. Discussion was held regarding the expenditures for the current year. Ms. Kearns stated they are looking into other grants. Councilmember Ryzyi stated he doesn't have any issues with the \$2,525 line item for the Cultural Arts, but he is hoping they can check into having some kind of statue placed downtown celebrating our history. Councilmember Kivell stated he is happy they are realizing the budget is just a

starting point and changes can always be made. Mayor Galeas if they are considering an art show in the future? Ms. Kearns stated they would love to.

Councilmember Rzyzi stated he would like an update on the South Lyon Car Wash sign. City Manager Ladner stated as of yesterday it was turned off. The brightness is not supposed to exceed one candlelight off of his property, and right now it is much brighter. She further stated we are working with him to solve the problems. She stated the sign is currently conforming, but the electronic message board is slightly larger than what was approved. Councilmember Kurtzweil stated it is back on, but today it has a company name of D&G and she thinks he put this sign in as a revenue generating sign. Attorney Wilhelm stated he cannot do any off premises advertising. He further stated they have the prosecutor involved and they will work with the City Manager on this problem. Attorney Wilhelm stated the owner of the car wash has been working with the City. Further discussion was held regarding the sign.

CM 4-1-16 MOTION TO ADJOURN

Motion by Kramer, supported by Kivell  
Motion to adjourn meeting at 12:10

VOTE: MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

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Mayor John Galeas

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Lisa Deaton Clerk/Treasurer