

CITY OF SOUTH LYON
SPECIAL COUNCIL MEETING MAY 30, 2017

Mayor Galeas called the meeting to order at 6:30 p.m.
Mayor Galeas led those present in the Pledge of Allegiance

Present: Mayor Galeas, Councilmembers Kurtzweil, Kramer, Kivell, Parisien, Rzyzi and Wedell
Also Present: City Manager Ladner, Chief Collins, Department Head Martin, and Clerk Deaton

Public Comment

Carl Richards of 390 Lenox stated the tours with the school kids at the Historical Depot was a huge success. He further stated with the help of the DPW and some underground sonar, they were able to locate the time capsule and we marked it for future reference.

Mr. Richards stated for fiscal recommendations to save money in the short term, he has a few suggestions. One is changing the fiscal year to begin in October instead of July. He further stated if the City worked 4 days a week at 10 hours a day, it would save thousands of dollars. He stated Wixom does and it has saved them \$100,000 a year. He further suggested the City contract the maintenance of the parks to outside companies. Mr. Richards last suggestion was to have Oakland County Sheriff work on the weekends to cut down on the Police Department's overtime.

City Manager Ladner stated the 4-day work week has been looked into, but not many communities do so. She stated she has also looked into outsourcing the maintenance of our parks along with Bob Martin, but they didn't have enough time to request bids. She stated they did discuss hiring high school students or college students to do the grass cutting since we have the equipment and that would also free up the DPW employees to work on other things. Councilmember Rzyzi asked if we subcontracted the maintenance would that lower the overtime, but we would also be bringing on more labor costs. City Manager Ladner stated the DPW does not work much overtime. Department Head Martin stated the DPW mows over 400 acres of grass a week, and the guys take great pride in their work, and he doesn't know if we would get the same quality work from outside companies. Councilmember Kurtzweil stated if we used 3rd party vendors it would help eliminate legacy costs. She further stated the City of Westland just balanced and passed a 66-million-dollar budget without raising taxes and they have the same issues the City of South Lyon does such as revenues leveling off and every community with this situation is facing the same issue of legacy costs. She further stated one way to help is to outsource certain things, and the South Lyon Community Schools have already done so. Councilmember Rzyzi stated he agrees with Maggie, there are two problems we are facing, systematic issues, and long-term issues and we need to look at the legacy costs. He further stated legacy costs is a big issue and he has suggested a hiring freeze, which means if and when someone retires, maybe we don't replace that position. We can also look into outsourcing the grass cutting, and if the one company doesn't do a good job, there are others.

Councilmember Kramer asked if the mill increase that is being suggested is .7638 and if so, what was cut from the last budget. City Manager Ladner stated she reallocated part of her wages from administration to other areas of the budget that share in administrative costs. Councilmember Kurtzweil stated how does changing where the wages come from change the budget. City Manager Ladner stated part of the wages come from the water enterprise fund, and it is the correct way of doing this. Councilmember Kramer asked if Plante Moran would approve of that. City Manager Ladner stated they will. Councilmember Rzyzi asked how much money is in the water enterprise fund. City Manager Ladner stated it has a healthy fund balance, but doesn't know the correct number without looking at the audit, but close to 8
5/30/17

million and 6 million in unrestricted funds. Councilmember Rzyzi stated that still makes him nervous, he would rather take the money from the enterprise fund and pay down MERS. City Manager Ladner stated you cannot take a loan from the enterprise fund for MERS. Councilmember Rzyzi stated he doesn't want the City to get into the habit of borrowing from that fund.

Councilmember Kramer asked what other reductions were made. City Manager Ladner stated \$100,000 was reallocated to other funds under wages and salaries, elimination of façade grant programs of \$42,500 and reduced legal fees, elimination of a new server for City Hall, elimination of a new police department roof, elimination of a new lawn mower for the Cemetery, and the reduction from 2 Police vehicles to 1. Councilmember Kramer asked if the overtime was higher because people were off. Chief Collins stated it is a difficult thing to project because it is a roll of the dice if someone will be off on disability. City Manager Ladner stated we also removed the refurbishment of the Fire vehicle until the following year. Chief Collins stated some of the overtime is reimbursed from the state due to stated required classes. He further stated we don't ask Pumpkinfest to reimburse for the police overtime because it is a community event, but we do for the police coverage at the beer tent. Councilmember Rzyzi asked if we can recoup more from Pumpkinfest. Chief Collins stated that is a Council decision, and he expects if we ask them for more, it will not go over very well, it brings a lot of business into town. Councilmember Rzyzi stated the legal fees is still budgeted for more than the attorney's retainer. He further stated we need to keep him within his retainer fee. City Manager Ladner stated some things are not included in the retainer, such as Michigan Tax Tribunal cases, union negotiations, and personnel matters. Councilmember Rzyzi stated we should open their contract to re-negotiate to include those things within the retainer, and as he has said in the past, the City Attorney does not need to attend all meetings. Department Head Martin stated we have not made a down payment for the replacement of the fountain in Paul Baker Park, but we currently have the down payment in the current budget for \$4,500. He further stated the balance of the cost is budgeted for next fiscal year, but if Council does not want to use that money, the DPW could limp it along for another year or so. City Manager Ladner stated the biggest changes were in the administrative, nothing in Historical, Parks and Recreation, Public Works, Cable or the Cultural Arts Commission. Councilmember Kramer stated if we approve the mill increase of .7638 we will not have any layoffs, no removal of salary increases and no change in mayor and council salaries. Councilmember Rzyzi stated he will defer his pay if the non-union people don't take a raise for the next 3 years. He stated he does this for \$180.00 a month and we don't get benefits and pension. City Manager Ladner stated you do at your own jobs. Councilmember Kramer stated he doesn't think it is fair to ask for no one to ask for a raise for 3 years. City Manager Ladner stated if Councilmember Rzyzi feels strongly about this, and he is willing to forego your pay for 3 years, she will forego her raises in the next 3 years. Councilmember Kivell stated he doesn't think it is fair to ask them to not take a raise for 3 years as well. Councilmember Kramer stated department heads don't get overtime pay either. Department Head Martin stated with a small increase to the millage, he is looking out for the City and Council's best interest. Currently the money is still in the budget for the leaf pickup which is big for our residents. He further stated the dumping fees are removed which cost \$40,000 - \$50,000. We will be dumping the leaves in the parks instead of paying to dump them at Stone Depot. Councilmember Kurtzweil asked if we are going to be saving \$50,000, can't we add that to the façade grant program. City Manager Ladner stated the \$50,000 is already removed from the presented budget. Department Head Martin stated we will be dumping them at the back end of 8 mile in Volunteer Park. Further discussion was held regarding leaf pick up. Councilmember Kramer stated he would be willing to forego his salary to cover the salary increases for the department heads and we would still save \$5,000. Councilmember Wedell stated we would be binding any new councilmembers as well. He further stated we still need to pass a resolution and we

don't have one in front of us tonight. City Manager Ladner stated she can create one tonight for Council to pass. She further stated currently we are at a mill increase of .7638

Councilmember Kramer stated we have gone from a budget with a 1.4 mill increase to a potential of .7638

Councilmember Rzyzi asked about the following year's budget. City Manager Ladner stated we would have a deficit of \$180,000 but that is based on current year's SEV and without any changes we have made this year, and that includes the fire engine refurb. Councilmember Kramer asked what the expected increase in values will be next year. City Manager Ladner stated we are expecting a 3.99% increase.

Councilmember Rzyzi asked if the City Manager had a plan for the shortfall and MERS. Councilmember Kramer stated we have focused on downtown this past year, and we as a Council can now focus on the MERS issue. Councilmember Rzyzi stated we need to ask someone to help us look at our books and see what we can do. He asked if Lynne has contacted Oakland County for help with this. Councilmember Kivell stated this has been an unorganized process this year, this needs to be a methodical process and it was handled way too late. Councilmember Wedell stated Oakland County would take our spreadsheet and show us how to put it into a policy document and budget document, and it will be informative. He further stated this type of budget has been around for a long time, but that is a different topic.

Councilmember Rzyzi stated it is irresponsible to not look at what we will do next year. Mayor Galeas stated the MERS issue is a problem for all communities. Department Head Martin stated if someone retires and you don't replace that person, or you replace them with the lower pay, that will be a huge cost savings in itself. Councilmember Wedell stated we are not the only one with MERS problems, many other communities are having issues as well, including the State. Councilmember Parisien asked if we can join the class action lawsuit against MERS. City Manager Ladner stated the class action lawsuit is against the State for failure to provide enough state revenue sharing, not MERS. Further discussion was held regarding MERS. Department Head Martin stated there is money budgeted for painting the water tower, and chances are that won't happen again for a long time, so that will be a savings.

Councilmember Kurtzweil asked what the resolution covers and asked if the language she had suggested was added. City Manager Ladner stated she didn't have time to review that. Councilmember Rzyzi stated if we add language stating that if we pass a budget, but don't pass a mill levy it will automatically continue the budget with the previous year's mill levy. Councilmember Kurtzweil stated some cities have an ordinance that if a Council passes a budget, but doesn't pass a mill levy to fund it, the mill levy will continue as the previous year's rate, and all we would have had to do is cuts. She suggested that language be added to the resolution in case we have this problem again next year, then work out the details.

Councilmember Kramer stated we have spent hours on this, and we are on the cusp of our deadline, and we should have had these discussions weeks ago. Councilmember Rzyzi stated he is not opposed to go line by line and he doesn't think the sky is falling as we have been led to believe, we should start over. He further stated we can meet on Saturday.

Councilmember Kurtzweil stated she has a previous appointment and will have to leave at 7:45.

CM 5-1-17 MOTION TO RECESS FOR 5 MINUTES

Motion by Kramer, supported by Wedell

Motion to recess meeting for 5 minutes at 7:35 p.m. for the City Manager to update resolution

VOTE:

MOTION CARRIED UNANIMOUSLY

Mayor Galeas called the meeting back to order at 7:47 p.m.

Councilmember Wedell stated we can reconsider the original budget and vote it down, then bring the new budget back to the table.

5/30/17

CM 5-2-17 MOTION TO RECONSIDER BUDGET PROPOSAL OF MAY 22, 2017

Motion by Wedell, supported by Kivell

Motion to reconsider budget proposal of May 22, 2017

VOTE: MOTION CARRIED UNANIMOUSLY

CM 5-3-17 MOTION TO APPROVE BUDGET PRESENTED ON MAY 22 2017

VOTE: ROLL CALL VOTE

Kivell- No

Parisien- No

Ryzyi- No

Galeas- No

Wedell- No

Kramer- No

MOTION FAILED

Councilmember Ryzyi stated he has no confidence we will not be in this same position next year, and his position is to meet again and go line by line and start over. He will be voting no on everything because he believes this should be handled differently.

Councilmember Kramer asked what the total mill levy is. City Manager Ladner stated the overall levy for the City is 15.2338 mills, and the overall levy is 16.6707 which includes the library mileage.

Councilmember Kramer stated the resolution should state 16.6707 total. Councilmember Ryzyi asked how much the mill is being raised today. City Manager Ladner stated we are raising it .6838 today.

Discussion was held if the library millage must be included with the resolution.

Attorney Wilhelm stated we did not include the library mill in the past, it makes sense we reference the entire millage that we are collecting against the city residents.

Councilmember Kurtzweil left the meeting at 7:57 p.m.

Further discussion was held regarding the budget.

CM 5-4-17 MOTION TO APPROVE MILL LEVY AS PRESENTED

Motion by Kivell, supported by Kramer

Motion to approve the resolution approving mill levy of 11.050 per thousand for general fund, 3.300 for 2002 water bond debt, .5838 for capital improvement and .3000 for 99 building authority for land acquisition

VOTE: ROLL CALL
 Kivell- Yes
 Parisien- Yes
 Ryzyi- No
 Galeas- Yes
 Wedell- Yes
 Kramer- Yes
MOTION CARRIED

CM 5-5-17 MOTION TO APPROVE THE BUDGET FOR 2017-2018

Motion by Kivell, supported by Kramer

Motion to approve 2017-2018 budget as presented

VOTE:

ROLL CALL

Kivell- Yes

Parisien- Yes

Ryzyi- No

Galeas- Yes

Wedell- Yes

Kramer- Yes

MOTION CARRIED

CM 5-6-17 MOTION TO ADJOURN

Motion by Kivell, supported by Kramer

Motion to adjourn meeting at 8:00 p.m.

VOTE:

MOTION CARRIED UNANIMOUSLY

Respectfully submitted.

Mayor John Galeas

Clerk Lisa Deaton