

SPECIAL CITY COUNCIL MEETING  
BUDGET WORKSHOP  
APRIL 16, 2018

Mayor Pelchat called the meeting to order at 7:30 p.m.  
Mayor Pelchat led those present in the Pledge of Allegiance

Present: Mayor Pelchat, Councilmembers: Kivell, Kennedy, Kurtzweil, Parisien, Richards and Walton  
Also present: Chief Collins, Lieutenant Sovik, Attorney Wilhelm, Department Head Boven, Fire Chief Vogel, Bookkeeper Mosier, and Clerk/Treasurer Deaton

Councilmember Parisien arrived at 7:50 p.m.

CM 4-16-18 MOTION TO APPROVE AGENDA

Motion by Kurtzweil, supported by Walton

Motion to approve agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

PUBLIC COMMENT- None

Brian Camiller of Plante Moran began the meeting by reviewing the ground rules of the meeting, such as respecting everyone involved, everyone will have their chance to ask questions, and tonight's meeting is about the 2019 budget.

1. Workshop #1 survey results

Mr. Camiller stated most big-ticket items have already been resolved. Councilmember Kivell asked why the survey of the Councilmembers wasn't included with the agenda, he would like to see that. Lori Mosier, the City of South Lyon Bookkeeper then gave everyone copies of the survey that was taken. Mr. Camiller stated it wasn't meant to be a vote. He stated based on the survey results, there will be no extra millage to fund pension or OPEB, there will not be a South Lyon Police Officer in the high school and there will not be a new fence installed at the Police Department. He further stated there was interest in helping to fund the Oakland County Sheriff Department for their RSO in the high school. He further stated South Lyon Schools has asked for \$25,000. Councilmember Kivell stated we should wait for that discussion when we have a full body because Councilmember Parisien will be here shortly. Mr. Camiller stated the survey showed there was interest in financing equipment as opposed to purchasing outright. Councilmember Kurtzweil asked if there is \$70,000 marked for a purchase, but it is leased instead, how is that reflected in the budget for each year. Mr. Camiller stated the \$70,000 will be in the budget for the first year, and in the following years, it will be debt service. Mr. Camiller stated based on the survey there is an interest to fund part of the paving for the DPW yard and an average of what Council was willing to spend is \$175,000. Mayor Pelchat stated his main issue is the future of the property, he would hate to see a lot of money spent on paving the parking lot, then the DPW move to another facility. Department Head Boven stated there aren't many violations at this point, they have fixed what they could themselves, but there a lot of aesthetic problems. He further stated the structure of the building isn't bad, but the roof leaks need to be fixe and that can cause another whole set of problems. He further stated he has added a part time person to the budget for DPW and Waste Water to help with janitorial issues. He stated the parking lot could be a 3-4-year process. Councilmember Kurtzweil stated she is concerned because the City has put no money into this building and doesn't have a lot of hope the City will find a plan to fix all the problems. She further stated they are hard workers and they don't ask for anything. She stated when they were working on the sewer line in the freezing cold, they didn't have a warm place

to go to, their building was freezing. They need to at least have a decent lunch room and heat. Councilmember Kivell stated his objective is to pave part of the parking lot so they can at least get into the building without walking through the mud. He further stated the City will never be able to sell that property, it has bad soil in it, so this location isn't transitional, the DPW will be there for years. Councilmember Walton asked about the plan for cementing the area, and what will the \$170,000 cover. Department Head Boven stated he will have to get with HRC. Mr. Camiller stated it is up to Mike to bring to Council what they can do for \$170,000. Councilmember Richards stated Department Head Boven should ask the DPW guys where the thickest concrete would be needed, they have been there a long time, and there is a gentle slope there as well. Councilmember Walton stated she is willing to agree to paving a portion of the parking lot. Councilmember Kurtzweil stated she would as well. Councilmember Kennedy stated he is agreeable to that as well.

Mr. Camiller stated the survey reflected that majority of Council showed interest in paying for a portion for an Oakland County Sheriff to be at South Lyon High School. He further stated since the last budget workshop, the City has received notice that South Lyon Schools is requesting \$25,000 for the SRO. Mayor Pelchat stated it was an oversight on his part, but he is an employee of South Lyon Schools so he will abstain from this conversation or vote. Ms. Mosier asked if this will be an administrative cost. Mr. Camiller stated yes.

Mr. Camiller stated the survey reflected no one was interested in replacing the 2<sup>nd</sup> police car. He further stated there seems to be a compromise for the 2<sup>nd</sup> police car to be purchased in the 2<sup>nd</sup> year of the budget. Mr. Camiller stated the survey reflected no to the \$10,000 for new office furniture. Lieutenant Sovik changed the dollar amount to \$3,000. Councilmember Walton stated she will change her vote to approve for \$3,000. Councilmember Parisien stated she will agree to that as well. Councilmember Richards stated he will agree to that as well. He then added he hopes we don't throw away the furniture that is being replaced, he recommends to store the furniture for future use.

Mr. Camiller stated someone mentioned the cable television cameras for the auditorium. He stated everyone showed interest in that if the school will match the cost.

Lieutenant Sovik stated he doesn't think the police car will last another year. They have already spent \$3,200.00 this year alone. Councilmember Parisien stated she will change her vote to yes. Mr. Camiller stated there was originally 4 yes votes, but not until 2020. Lieutenant Sovik again stated it probably won't make it much longer. Mr. Camiller stated this will be added back to the budget.

## 2. Survey results effect on the budget

Mr. Camiller stated there is debt service millage and charter operating millage. He stated the general operating millage equals last years and the debt service millage decreased from 3.3 to 3.0 He stated the overall millage is down .3 mills. There was some discussion about keeping the millage the same as last year at the previous meeting. .3 mills are approximately \$105,000.00 Councilmember Kennedy stated in his opinion he would like to keep the overall millage the same as last year, it isn't a raise for the taxpayers, and the \$105,000.00 will cover the SRO and the police car. Councilmember Kivell stated we can actually do everything we discussed tonight and still lower the millage for the taxpayers, or we could keep that for fund balance to keep that at a healthy level. Councilmember Kurtzweil stated she agrees with Councilmember Kennedy, the residents won't notice anything if we keep it the same as last year. She further stated if the City had kept the mill rate at an appropriate level to keep the City moving forward we would have had money to work on the DPW yard and maybe developed Volunteer Park. She further stated the general fund operation mill can be adjusted which is the fund that covers labor costs and those aren't going down. She then quoted a description in the vehicle replacement fund "this fund has

been severely underfunded for many years. In the past, funds from this account came from local and major streets” she said people wonder why the streets look the way they are. She then stated she spoke with Amy at South Lyon Schools and it doesn’t seem like they will be raising their rate, they may have a decrease. She stated last year we raised our millage, and the schools lowered theirs, which is why no one really felt the effect last year. She stated we should keep the mill as is. Ms. Mosier stated if we do put the mill back in, she suggests we put part of it in capital improvement because she decreased that and that is where the DPW expenditures come from. Councilmember Kurtzweil stated we can find out what the school districts mill rate will be and if they lower it, we could bump it up a little more. Mr. Camiller stated he suggests the City doesn’t worry about what the schools are doing, the City stands on its own. Councilmember Kurtzweil stated it is easier to sell so it is relevant. Mr. Camiller took a hand count of who would be interested in leaving the mill as is or raising it. He further stated the compromise is .2938

Mr. Camiller stated we have a report from Warren Creamer of RW Baird that reflects what the water and sewer rates should be. He further stated he did a little math, and his numbers were a little different but they both need to be raised. Chief Collins stated Mr. Creamer will be at a council meeting to discuss the water and sewer rates. Short discussion was held regarding the admin fee. It was decided they will discuss it at a later time.

### 3. Other changes from previous version

Mr. Camiller stated another change was made in the budget was for Chief Collins payout. Councilmember Kurtzweil asked how that was lowered. Ms. Mosier stated the original number didn’t come from her, but she changed it because his frozen bank buyout is \$30,000. Councilmember Kurtzweil stated the original \$40,000 was in the last budget, what do we actually owe him? Ms. Mosier stated she would have to look to see what he has on the books as of today. Councilmember Kurtzweil stated this needs to get cleared up because he gets paid out in July. She then stated the whole discussion was based on Council wanting to get the frozen banks paid out to stop the mushrooming of the money. Chief Collins stated his recollection of what Council voted on was to freeze his vacation bank of 651 hours, Council didn’t state he had to take a buyout at any particular date. The restriction on his vacation time is the 200 hours he will accrue in August is subject to the usage restrictions that are now in the personnel manual. Councilmember Kurtzweil stated she would like Council to consider having the frozen banks paid out so the increases don’t keep growing. When they get paid out, they are paid out at their rate of pay at that time, which the longer they hold onto it, the higher their rate of pay. Councilmember Parisien asked how many other employees have frozen banks. Ms. Mosier stated there are many, but she did receive 2 payout requests that will be paid out in July. Ms. Mosier stated she will let Council know how many people have frozen banks and the dollar amount. Department Head Boven stated the 2 payouts are included in the budget. Further discussion was held regarding frozen vacation banks.

Department Head Boven stated the DWRF new well was put back into the budget, he isn’t sure why it was removed. Ms. Mosier stated the check valve was added back as well. Department Head Boven stated he also added another \$10,000 for the raw sewage pump repair because they just looked at one of the pumps and the parts were more expensive than just to replace it. He further stated we are replacing the computer and software in the plant this year, then next year at the lift stations.

### 4. Additional topics

Mr. Camiller stated it is best practice to have a fund balance policy with a floor and a ceiling number. The question for Council is to decide what number you are comfortable with. The GFOA suggests a minimum of 2 months of operating costs. He further stated larger communities are comfortable with a smaller percentage, but smaller communities seem comfortable with a higher percentage, such as 50%-

70%. Councilmember Kurtzweil stated she wasn't expecting Council to make a decision tonight, but she wanted to bring this to the Council's attention and start working on this to have something in place this fall. Councilmember Richards stated there was a sample for a comparable sized community that used 15% - 24%.

Mr. Camiller stated the next topic to discuss is the administrative fee on the water bills. He stated at the end of the day, we need the same amount of money coming in. If you raise the fixed fee, you can drop the variable. He further stated it is a policy decision if Council wants to generate more cash or is Council comfortable with the \$8 million that is currently in that account. He stated the argument is raising the fixed fee will bring in a defined cash flow. He further stated when it comes to a fixed charge, the low-end user pays more, and the high end pay less. Department Head Boven stated he has seen communities that have lost 25% of their water usage for different reasons. He stated the base needs to be set at a certain level. Some communities charge for a minimum usage of 15,000 gallons. Chief Collins stated the current administrative fee probably doesn't cover the administrative cost. He further stated on the other end, if we do raise the fee, the low-end users which for the most part are our senior citizens that are on a fixed income. It will probably affect them the most. Councilmember Richards stated the majority of residential houses are billed a minimum of 11,000 gallons, the commercial is a little higher. He further stated the empty buildings downtown probably have a huge bill. Department Head Boven stated typically we will shut the water off if the building is vacant. Councilmember Kivell asked how we can validate our administrative costs if we are charging someone for 11,000 gallons and they are only using 8,000 gallons. Department Head Boven stated because no matter what, whether he pumps 10 gallons or a thousand gallons, there is still an operational cost to operate the system. The average might be 11,000 gallons per user to operate the system correctly. Councilmember Kivell stated he assumes these rules are established. Mr. Camiller stated he doesn't recommend having a minimum charge. He suggests having an administrative cost to cover the administrative costs, then adjust the variable charge to cover the variable cost to pump the water.

Councilmember Kurtzweil asked about the transfers from the Cemetery perpetual care to the general fund, but when she goes to general fund, she doesn't see the money coming in. Mr. Camiller stated that is on line 669 in general fund, it is considered a contribution. Councilmember Kurtzweil asked why the transferring of funds in the budget. Mr. Camiller stated it is an expense that is going into general fund to help pay for the cost of maintaining the cemetery. Councilmember Kurtzweil asked why it wouldn't go to the DPW. Ms. Mosier stated the wages from the DPW for working in the Cemetery their wages are charged to that account. Mr. Camiller stated the costs are charged to the general fund. Councilmember Kurtzweil asked if she could have an accounting for the \$50,000 that was transferred out of the Cemetery. Ms. Mosier stated she has all the payroll records so she can account for that. Councilmember Kurtzweil stated there were other transfers of road funds as well. Mr. Camiller stated Public Act 51 allows you to move 50% of your major street money to local streets. You cannot move local streets to major streets. Councilmember Kivell stated we should always use the 50% on major streets. Mr. Camiller stated the street money is being spent.

Councilmember Kurtzweil asked why the tax revenue dropped from the previous budget. Ms. Mosier stated they lowered the mill rate. Councilmember Kurtzweil asked about the \$26,000 we pay to SLARA. Ms. Mosier stated that is what we are currently paying. Councilmember Kurtzweil asked if we will be paying more to them since they are moving to another building. Chief Collins stated that amount is set by Council and SLARA. Chief Collins stated he was assured they have enough money for 5 years of rent at their new building, so their rent payments aren't directly tied to our contribution.

Councilmember Kurtzweil stated the water and sewer revenue changed from the last meeting. Mr. Camiller stated they changed the numbers to reflect the rate increases from R.W Baird.

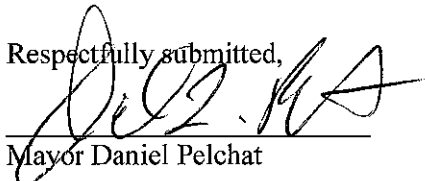
Mr. Camiller stated based on tonight's meeting, we have added \$25,000 for the second police car, and increased the mill to .2938 and someone will need to speak with the schools regarding the video equipment.

CM 4-2-18 MOTION TO ADJOURN

Motion by Walton, supported by Kurtzweil

Motion to adjourn meeting at 9:15 p.m.

VOTE: MOTION CARRIED UNANIMOUSLY

Respectfully submitted,  
  
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Mayor Daniel Pelchat

  
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Clerk Lisa Deaton