

SPECIAL CITY COUNCIL MEETING
October 12, 2009

The Special City Council Meeting was called to order by Mayor Sangster in the Council Chambers in the City Hall at 9:02 a.m. The proceedings were as follows:

Present: Council Members VanFleet, Jewell, Sangster, Bronson, Couture and Kopernik

Absent: Council Members Couture and Lepp

Mayor Sangster stated that the purpose of the Special City Council meeting is review of the current Budget Revisions. City Manager McNeil pointed out one correction relative to fireworks in that the report should reflect a balance of \$1,600 because the majority of the fireworks expense was paid in the current budget year for last Fourth of July fireworks.

Mayor Sangster referred to items Council wants to keep in the budget. Councilman Kopernik commented on the Opera House. Councilman VanFleet asked if the Opera House has their own operating budget and if funding could come from the DDA budget. Mayor Sangster referred to information provided by Opera House Director Mrs. Pam Westover that includes their maintenance and budget, commenting that she will be attending the City Council meeting tomorrow night to provide a presentation. Discussion was held regarding the Opera House and benefits to the community.

Councilman Couture entered the meeting at 9:06 a.m.

Discussion was held regarding the reduction in State shared revenue. City Manager McNeil commented that the budget he presented to Council for the first quarter revision is balanced with the consideration for further reduction in State shared revenues. He added that the issue that remains is the \$50,000 for the seventh police officer position and there is an explanation in the report attached to that budget on just how the budget was balanced. All the negative and positive influences depending are included.

Councilman Jewell requested clarification on the Proposed Future Equipment Purchase Fund and Short Term Considerations. City Manager McNeil explained that with regard to the Proposed Future Equipment Purchase Fund, he proposes to set aside funds to make cash purchases of future equipment to alleviate the need for future debt and help with the Operation Fund projection. Councilman Jewell referred to the two lines that indicate putting off purchases of a police vehicle and fire truck, and asked if that is being proposed. City Manager McNeil indicated those are short term solutions and are options that are available to Council for this current budget year. Councilman Jewell referred to prior discussion at the Capital Improvement Planning meeting and confusion on the need for a police vehicle and fire truck and ultimately consideration for merging police services with the County. City Manager McNeil explained that a police vehicle and fire truck will need to be replaced at some time and are short term solutions for this budget year.

Mayor Sangster commented on long term financial difficulties and feels that short term solutions are not the answer and that a consensus of Council is needed on what direction should be taken.

Councilman VanFleet commented that long term solutions are limited as well and the City appears to be faced with several short term solutions. He also commented on considering retirement health benefits as a possible long term solution. Councilman Bronson stated he is hesitant with short term

solutions and feels that there are structural deficits in the revenue that if fixed temporarily only delays or worsens the problem.

Councilman VanFleet commented on the possibility of a room tax. City Manager McNeil explained that State law requires a higher population than what the City of Cheboygan provides before a room tax could be implemented. Councilman VanFleet referred to laying-off a police officer and questioned whether that is considered a short term or long term solution and the impact on scheduling the remaining officers. City Manager McNeil stated that his recommendation for a six road-officer position is meant to be a long term solution and is combined with creating the Equipment Replacement Fund. He added that Chief Jones could address staffing and would have to avoid overtime in the Public Safety Department budget. Chief Jones noted that the six officer rotation would be tight particularly with vacation and comp-time situations. Discussion was held regarding comp-time through the Police Department.

Councilman VanFleet questioned upcoming retirement eligibility and whether savings could be realized through employee retirement. City Manager McNeil indicated that he and Chief Jones are eligible for retirement next year but Chief Jones needs two more years of employment to maximize benefits. He explained the opportunity for savings through retirement and re-employment at 65% of salary. Councilman Jewell questioned if that option has been discussed. City Manager McNeil commented that DPW Director Gall is currently employed in that capacity and that discussion has taken place regarding himself and Chief Jones. Councilman Bronson outlined proposed changes in that program.

Councilman VanFleet asked if the savings that was realized on the lower contract rate for the Cemetery went back into the General Fund or is the savings absorbed somewhere else. City Manager McNeil explained that the savings is in the General Fund and is part of what helps balance this particular budget and future budgets.

City Manager McNeil commented that what might assist Council in thinking about the future is that he is currently working on the budget projection and making some adjustments in light of information regarding next year's decreasing property tax revenue. He noted that he will be working on the Operation Fund projection and anticipates having information within the next few weeks so that by the time the second quarter budget revision is available, there should be a preliminary budget for the following year. City Manager McNeil reiterated that the current budget with the recommendation to go from 8 police officers to six is a balanced budget.

Mayor Sangster referred to the budget and asked the direction of Council. Council discussed the option of laying off one police officer and consideration of changes in employee and retiree health insurance. City Manager McNeil noted that the current employee health care is on the table now in the arena of the collective bargaining negotiations with the Police Officers Labor Council, which Council will receive an update during closed session tomorrow evening. He explained that the health care benefit after retirement for future retirees is solely in Council's control and is done by policy of Council which can be adjusted at any time.

Councilman Jewell asked if every stone has been overturned. He commented on prior discussion regarding a four day work week, voluntary lay-offs and furlough days. Councilman Jewell commented that he feels Council is doing a lot of managing that should not be done by Council. City Manager McNeil noted that Council has his recommendation and what he is offering other

options because management is seeking prioritization from Council on what programs are wanted or not. He outlined an option recently discussed to transfer an employee from the Street Department to the Sanitary Sewer Department during the summer months which would save approximately \$15,000 in the current budget year and \$30,000 for a total budget year to the General Fund. Councilman Jewell noted that several options like that would total the \$50,000 being sought. He asked if the four day work week would be a money savings. Council discussed the four day work week scenario including potential union issues, financial impact to employees, overtime issues, 8 hour versus 10 hour work days and reduction in services to residents.

Council discussed expenses relative to snow plowing including options to reduce overtime expenses by not plowing on weekends, independently contracting the snow removal service, possible shift scheduling during normal work weeks or a seven day work week schedule to avoid overtime, the need to honor the contract with the State regarding trunk line maintenance, the already minimal staffing level in the Street Department, union issues with regard to schedule changes, and difficulty in removing packed snow if streets are not maintained properly.

Councilman Kopernik commented on the reduction of grant funding now and in the future and services would have to be cut at some point after lay-offs. Councilman Couture commented on the need to come up with long term solutions to fix the budgetary problems in the future and that the solutions being discussed are temporary.

Councilman Couture commented on the band aid affect stating the City will lose police services if someone is laid off or the City will lose other little services. Mayor Sangster stated we want to make the least impact in services. Councilman Couture stated there are what ifs and solutions are needed for long term problems. Councilman VanFleet commented on long term options such as lay off, retirement benefits, health care and income tax. Councilman Kopernik stated he thinks the City will come out okay with the budget each year and expects the City Manager and Clerk/Treasurer to take care of it.

Councilman Jewell asked if the budget was balanced today. City Manager McNeil replied yes, with the proposed layoffs. Councilman Bronson stated that if the City chooses the band aid affect we will be back in nine months from now with the same problem.

Mayor Sangster asked if there were any questions or discussion on tomorrow's presentation to the County Board of Commissioners on police services. Councilman Jewell stated he had no comments. Mayor Sangster stated the County had ten months of findings and will only allow the City 10 minutes for its presentation. Councilman Kopernik asked how it will work tomorrow. Mayor Sangster replied that the County will make a decision tomorrow. Councilman Kopernik asked if the Council will vote tomorrow night on police services. Mayor Sangster replied yes stating official notice, if there is a layoff, would have to be given. City Manager McNeil informed the Council that if the City lays off a police officer, then official notice will go out on Wednesday. Councilman VanFleet stated he does not like laying off someone when something can be done with retiree health benefits.

Councilman Bronson asked if today's meeting was just informal. Mayor Sangster replied yes as the he is seeking direction for tomorrow's meeting.

Councilman Couture asked when two police officers are on duty, if two police vehicles are used. Chief Jones replied yes, but not every shift, every day. Chief Jones then explained the shifts to the

Council, stating from 8:00 pm to 4:00 am there are two officers on duty. Councilman Couture then asked if there are two vehicles on the road from 8:00 pm to 4:00 am and the possibility of two officers in one vehicle. Chief Jones stated that the officers are limited to 40 miles per shift, which they may go over with emergencies or may have less mileage if working on reports. Councilman Couture commented on replacing a patrol car. Chief Jones stated that he offered to the City Manager not to replace a patrol car this year for \$26,000, as well as the fire truck at \$32,000, as it will take six to twelve months to build a fire truck. Councilman Couture stated that is \$58,000 that is rolled over to next year. Chief Jones commented on the little overtime in his department. Councilman Jewell stated he was upset to learn at this time that the City does not need to purchase a police vehicle or fire truck making an additional \$50,000 in the budget now.

City Manager McNeil stated there are always different options but the City Council has his recommendations.

Councilman Jewell asked if we need a police vehicle every two years, stating that not purchasing a police vehicle and fire truck this year were not options before.

City Manager McNeil stated that equipment purchases are planned out and when the City is low on personnel good equipment is needed. He further stated that the monies for the police vehicle and fire truck should be rolled over into the next year if the purchase is not completed in the current year.

Mayor Sangster asked for the wishes of the Council. Councilman Kopernik stated we are looking at a balanced budget and it should be left to the City Manager and Treasurer. Mayor Sangster asked if Council understands the direction for tomorrow night. Councilman Bronson stated he was ready. Councilman VanFleet asked if the money is there or not for retaining the police officer with a delay in the purchase of the police vehicle and fire truck. City Manager McNeil reiterated that the monies need to be rolled over into the next year. Councilman VanFleet asked if this would be excess monies. City Manager McNeil replied no. Discussion held.

Councilman VanFleet stated it is a gamble on keeping an officer. Mayor Sangster commented that this is an on-going problem and this Council cannot push it over to the next Council, commenting on the sidewalk program and issues. Mayor Sangster added that more would be known after the closed session tomorrow night on contract negotiations with the Police Officers Labor Council. City Manager McNeil stated the City has a pretty healthy general fund cash balance with the reduction in the Department of Public Safety to \$661,000 and the City could rely on some of the savings for the sidewalk program.

Mayor Sangster asked if the City receives any money from the County of Cheboygan for the Ice Rink/Pavilion. City Manager McNeil replied no. Mayor Sangster then asked if the County contributes for hockey, baseball or soccer. City Manager McNeil replied the County as a government unit, no. City Manager McNeil commented that he feels the City does support the north half of the County with churches, hospital and schools although the County has social programs. Mayor Sangster commented on the census, stating the County went from nine to seven commissioners and feels in the future the City will need to call on the County for a lot of things, adding on the decrease in growth in the City and increase in Inverness Township. Mayor Sangster then commented on Opera House contributions and challenged the Council to get informed urging the Council to look at the map in the assessor's office showing the tax exempt properties located within the City.

Councilman Kopernik made a comment on the prescription savings program available to City and County residents. Mayor Sangster stated the City needs to talk with the County Commissioners and work with the County. Councilman VanFleet stated he feels they have already voted down the City's request, which will be presented tomorrow adding it is disconcerting that the County will not be open-minded, look at the numbers and consider partnering.

Mayor Sangster stated that the County has a larger budget and with the new census coming they could be looking at redistricting. Councilman Kopernik spoke briefly on redistricting.

Councilman Jewell inquired about the passes to the ice rink/pavilion and asked if taxes are paid on the Opera House. City Manager McNeil replied that passes to the ice rink/pavilion were given to City taxpayers during the millage for the pavilion, adding that the City pays the electric and heat for the Opera House and subsidizes the Opera House operations. Councilman Jewell stated perhaps the City taxpayers could get a discount from the Opera House. City Manager McNeil stated maybe something could be worked out through Pam Westover at the Opera House.

Councilman Jewell asked on the paving and completion of Eastern Avenue. Mr. Steve Gall, Director of Public Works stated the contractor did more paving yesterday and should be completed by Friday, then they will do the gravel shoulders, which is all dependent on weather.

Adjournment

Councilman VanFleet moved to adjourn the meeting at 10:39 a.m. Seconded by Councilman Couture. Motion carried unanimously.

Mayor Richard B. Sangster

City Clerk Kenneth J. Kwiatkowski

Councilman Nicholas C. Couture

Councilman William K. Jewell

Councilwoman Theo Lepp

Councilman Mark Bronson

Councilman Michael J. VanFleet

Councilman Roger Kopernik