CITY OF WALLED LAKE
SPECIAL COUNCIL MEETING
SATURDAY, FEBRUARY 20, 2016
9:30 A.M.

The Meeting was called to order at 9:48 a.m. by Mayor Pro Tem Ambrose.

ROLL CALL: Mayor Ackley, Mayor Pro Tem Ambrose, Council Member Helke, Council Member Loch, Council Member Lublin, Council Member Owsinek, Council Member Robertson

ABSENT:

There being a quorum present, the meeting was declared in session.

OTHERS PRESENT: City Manager Whitt, Police Chief Shakinas, Fire Chief Coomer, Finance Director Coogan, and Deputy Clerk Stuart

AUDIENCE PARTICIPATION: None

NEW BUSINESS:

1. **Proposed Resolution 2016-10 A Resolution for the April 1, 2016 – March 1, 2017 Health Care Package**

Finance Director Coogan said the City's health insurance package is up for renewal. She said it would be a renewal for the entire existing plan for full time employees and she is requesting Council allow retirees to participate on the City's plans for this next plan year. She said in 2011, the State of Michigan adopted Public Act 152 was put in place directing municipalities to reduce healthcare costs. One of the methods allowed under PA 152 is to have a ceiling on the premium cost that the employer can pay per employee aka "hard cap". Walled Lake uses the hard cap method for compliance with the act. Anything over the hard cap must be paid by the employee. She said last year the City remained under the hard cap. She said this year it will be different; the annual health care premium increased by 7.5% however the State of Michigan only raised the "hard cap" amounts by 2.5%. She said employees may have to contribute a pretax amount of $59.39 each per pay period.

City Manager Whitt said the renewal may be approved by motion it does not have to be by resolution, it is Council's discretion.

CM 02-15-16 MOTION TO APPROVE RENEWAL OF EXISTING HEALTH CARE PACKAGE BEGINNING APRIL 1, 2016 – MARCH 1, 2017

Motion by Robertson, seconded by Ambrose, CARRIED UNANIMOUSLY: To approve renewal of existing health care package beginning April 1, 2016 through March 1, 2017.

2. Budget Work Session I

Finance Director Coogan provided a financial explanation of the City finances beginning from 2012. In summary the City reduced its operational structural deficit and is now operating within its means. However the large debt burden incurred by previous administrations and the looming capital expenditures will put an ongoing and unsustainable drain on the General Fund.

The City took a number of steps to reduce the structural deficit: a 52% reduction in the staff workforce from 48 fulltime to 23 budgeted fulltime employees; utilized road grant funding to complete major repairs and improvements; re-enrolled in the Federal Drug Forfeiture program generating over $1M in revenue.

She said the staff downsizing reduced personnel expenditures by $1 million dollars a year, helped in part by recent union concessions. She said current employees have borne the brunt of what happened previously. She said there was an increase in number of worked hours, reduced vacation, sick time and pension benefits. She said the benefit reorganization also required employees to contribute more for what they are getting in their retirement plan.

She said there has also been significant staff restructuring of the city departments to a design with a small core of full-time supplemented by part time staff. She explained currently that the Fire Department is being restructured in a manner similar to the Police Department. The Fire Department is looking to restructure from 5 full time employees to 3. She said Public Safety Department has an annual budget of $2,600,000. $600,000 of that budget is funded by the recent approval of the five year Public Safety Millage passed in August 2014.

She discussed the City's Capital Improvement Plan. She said under previous administrations capital purchases or large scale projects were done with a lot of external financing which effectively increases the cost of the purchase. These external financings were done for items costing under $1M. The current administration has opted to forego external financing for items less than $1M in favor of a strategic use of reserves. She said by 2018 there will be three large fire department equipment pieces that will be on their last year of use and new ones will need to be purchased. She said the proposed purchase price for these items is $988,000.

Fire Chief Coomer explained the history of the vehicles for the department how and what they are used for. Council requested a Cost Benefit Analysis report on the Ambulance.

Finance Director Coogan provided a Pavement Evaluation Report from Boss Engineering which reviews City roads and rates them between poor, fair and good. She said the report shows a number of the City's roads are in poor condition. To perform all needed repairs would cost over $2M. She said in 2009 the City did a sizable amount of road improvements and financed it 100% without receiving any contribution from the property owners. Now, the debt service payments use almost all the expendable money in the Roads Funds. She said the city receives a portion of the gas tax revenue and there are strict guidelines on how it is to be used between Local and Major City Roads.

She said retiree health care continues to be a drain on City reserves. The promises were never fully funded and the plan is now out of money which means the General Fund will need to contribute more than $150,000 per year which is not sustainable and will need to be reviewed. The retiree healthcare is a $2.1 million liability on the City's books.

Meeting adjourned at 11:50 a.m.

Jennifer Stuart

Jennifer Stuart, Deputy Clerk

Linda S Ackley

Linda S. Ackley, Mayor

History: Chapter 6, The Council: Procedure and Miscellaneous Powers and Duties: *Section 6.7 (a) A journal of the proceedings of each meeting shall be kept in the English language by the Clerk and shall be signed by the presiding officer and Clerk of the meeting.*