

**MINUTES
ST. CLAIR SHORES CITY COUNCIL BUDGET HEARING
TUESDAY, APRIL 26, 2016**

City Council Budget Hearing, held in the Council Chambers, located at 27600 Jefferson Circle Dr., St. Clair Shores, Michigan.

Present: Mayor Kip Walby, Council Members Peter Accica, John Caron, Ronald Frederick, Peter Rubino, Candice Rusie, Chris Vitale

Also Present: City Manager Michael Smith, Assistant City Manager Bill Gambill, City Clerk Mary Kotowski, Directors Rosemary Orlando, Teri Socia, Greg Esler, Doug Haag, Mary Jane D'Herde, Controller Laura Stowell, and City Attorney Robert Ihrle

CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Mayor Walby called the meeting to order at 6:00 p.m. Ms. Kotowski, City Clerk, called the roll with a quorum present. The Pledge of Allegiance was said by all.

Mr. Smith said the report placed in front of Council is for the Police Department overtime for FY 2016. They are pay codes that are not related to manpower which includes court time, calls at the end of a shift that have to be responded to, training, and a certain number of hours for a police officer that cares for a police dog, etc. To date, there are 6,210 such hours and approximately 2/3 of the overtime deals with non-manpower issues. A complete report will be given to Council.

Ms. Rusie stated that many police dog expenses are covered by drug forfeiture funds and asked if "Garcia Pay" is covered by drug forfeiture funds. Mr. Smith will get this information.

Mr. Smith said the Fire Department roof bids were opened and they have not had time to review them yet. The two bids are within \$400.00 of \$55,000 total cost. They will be reviewed to ensure compliance.

LIBRARY & INFORMATION SERVICES FUND

Rosemary Orlando, Library Director, said the Library are funded in several different ways. The main way is by a millage established under PA164 which stated Mayor and Council can levy up to 1 mill for the operation of the Library without going to the vote of the people. In addition, they have state aid funds, penal fines, and fines and fees. Their budget this year is similar to last year except under Capital where it shows a zero. This is where they take out their material budget.

One goal is to restore the material budget to the State of Michigan average. The Library spends \$1.03 per capita for material, but the state average for a library their size is \$4.53 and the State of Michigan average for all libraries is \$4.14.

Mr. Smith said what they have done, over the last three years, since the millage does not cover the entire cost of the department and provide for Capital, is that the Carryover from the previous fiscal year, if there is one, is to be used for books. In last year's budget, there was a place holder up to \$100,000. This year no place holder was put in place since we don't know what the value of that is. If there is a Carryover, they would use that money to fund books.

Materials are considered to be anything purchased that is checked out from the Library such as periodicals, newspapers, books, music CD's, large print books, best sellers, etc.

Mr. Smith said this year the budget shows \$23,000 to the good and we could allocate this money to materials.

Ms. Orlando said we are purchasing new material, but classics need to be replaced as we may have only one copy and 50 people are on the waiting list for it. Currently, we are receiving rental items from other libraries rather than being a lender.

Mayor Walby stated that if we want a good Library, we need to purchase items and they need a minimum of \$100,000.

Ms. Rusie said she agrees with the Mayor and asked what Administration estimates the Carryover to be. She thanked the Friends of the Library for their hard work. They haven't been able to purchase new materials.

LIBRARY & INFORMATION SERVICES FUND (cont'd)

Ms. Orlando said the Friends of the Library have donated \$45,000 towards purchases at the Library and this year they purchased four iPads.

Ms. Orlando said a lot of their online circulation statistics are not counted in here, but counted in their database statistics. She said \$61,000 is the Carryover money and \$53,000 is what they have spent so far.

Mr. Frederick said we need to put money in the Library and the materials budget has been dropping. If we don't invest like we should, residents are unhappy. He thanked the Friends of the Library for all they do.

Mayor Walby reiterated that he thinks we should take a bare minimum of \$100,000 from somewhere else and Mr. Smith said he will direct Finance to put this amount into the Library.

ASSESSING

Teri Socia, City Assessor, stated that their accomplishment is combining the summer and winter tax bills which has saved quite a bit of money. One of their goals is in regards to miscellaneous receivables over \$250 and use the same process as Carolyn Povich does regarding tax intercepts. Any bill they get, they bill it from PD for 90 days, then it goes to a collections agency and they lose 40% off the top. Using Ms. Povich's process, any fees that they put up front, they would get back when the resident pays and they get to collect interest. They start going to Court in May and they will see how it progresses.

Mr. Smith mentioned that Ms. Socia oversees the Assessing Department and the Tax & Water Department and the two departments act as one. In addition, in the summer, two employees go out and measure 20% of the City's properties.

Mr. Vitale asked that out of the 23 delinquents they have sent, how many have paid automatically. Ms. Socia stated two. She said it is about 50/50 that are out of the area for those delinquents for miscellaneous receivables.

PARKS & RECREATION ADMINISTRATION

Greg Esler, Parks & Recreation Director, mentioned several things happening in the Parks & Recreation Department such as having a semi-pro hockey team in the City, the Senior Center expansion, celebrating the 50-year anniversary of the City Pool in July, 10 Concerts in the Park, two Movies in the Park, the annual fireworks, and the parking lot at Kyte Monroe being completed.

He said their expenses are about the same, and they have two Capital items, the 5-year Master Plan which is required by the DNR and the joint sealing of the parking lot.

Ms. Rusie said the Master Plan was moved to TIFA last year and mentioned that maybe we can have TIFA cover that expense.

Mr. Smith stated that if we apply for grants, we need to have a current Master Plan.

Mr. Caron asked what information would need to be updated as we have not added anything in last four years.

Mr. Gambill said we get feedback from the public at the current state by conducting surveys and completing input. In addition, they do demographics and population trends.

Mayor Walby asked about the joint sealing parking lot. Mr. Esler said they received a price estimate from AEW. The parking lot is in bad shape and the curbs need to be addressed as the carnivals did a lot of damage to them. In addition, trucks cut through the parking lot every morning and afternoon to get to the Nine Mile business district. By rehabbing the parking lot, we can get another five or six years out of it.

It was asked if we can have the Police Department at the parking lot to issue tickets and generate money for the City for those trucks that cut through. Mr. Smith said they are looking at an obstruction to put in place to prohibit the trucks from cutting through.

Mayor Walby mentioned that we will be doing a lot of construction in that area, so why are we sealing the parking lot now.

Mr. Smith said that the sealing is the important part and it is a matter of timing. He said they will work to do this at the right time.

PARKS & RECREATION ADMINISTRATION (cont'd)

Mr. Accica suggested that with the construction, the lot should be protected and if damage is done, it should be charged back to the contractor.

Mayor Walby said we should keep in the budget the joint sealing and move the 5-year Master Plan to TIFA.

RECREATION

Mr. Esler said there is no change except to run the Special Needs Program and it is getting expensive. They have had 17 one-on-ones which is one counselor for one Special Needs child. The Special Needs Program has been increased per student per week to an additional \$25 which gives them an additional \$10,000. They will try to cut costs where they can.

Mr. Smith said with the Summer Camp Program, it builds the resume of those people in the education field. Due to this, they have been able to pay low wages, but have to comply with the minimum wage. On the revenue side, there is a big change in how things have been allocated. Years ago they started having sub codes under Account 600. They were breaking them up, but were not reducing the allocation for Account 600, and this double counted revenue.

Tom Mehl, Parks & Recreation Supervisor, reviewed the soccer maintenance and baseball fees. He stated that they spend a lot of money on baseball scheduling. It is a lengthy process with two leagues starting at different times, but the majority of scheduling is done by May 15th. They also need to reschedule for rainouts, etc. He stated that the baseball fees do not cover all of the baseball scheduling.

Mr. Rubino stated that we are subsidizing non-City leagues and this does not make sense to him.

Mr. Vitale asked if the Special Needs Program could come from our CDBG Fund.

Mr. Smith stated he will check with Ms. Koto, but believes that because we are not a 501c3, we may not allocate this Block Grant funding to ourselves. Mr. Esler said the City is trying to establish a 501c3.

Mr. Frederick stated that the programs provided attract families to our City and we compete with City's around us. Eastpointe and Roseville will take St. Clair Shores children if we don't have room for them. He asked how do we compare competitively on pricing of subsidizing and how big is our program compared to theirs.

Mr. Esler said it will take about two weeks to call other cities Parks & Recreation departments and find out what they are charging for baseball fees and what type of maintenance expenses they have. He said they have close to 1,900 youth playing baseball from both associations. He estimates that Eastpointe and Roseville have less than we do. Our City's Baseball Youth Program is strong and about 80% of the participants are ours.

Mr. Frederick said he would like the breakout of the cost on what subsidy the City is paying.

Mr. Mehl said we have two Special Needs Softball Teams in the City that are sponsored by St. Clair Shores Baseball Association.

Conversation was held regarding baseball scheduling.

Mr. Esler said there are a lot of advantages for going from two leagues to one league for the City of St. Clair Shores. This will save money on insurance, uniforms, etc. and we need to investigate this after the baseball season.

Mr. Caron asked about the revenue changes regarding Miscellaneous at \$43,000 where we had \$250,000 last year. He asked about the five new items added this year.

Mr. Smith said they were still lumped under the Account 600 and some of the other accounts were not at the right levels as far as revenues. He said mini accounts started popping up, but there was no deduction in the Master Account.

Mr. Caron said one of their accomplishments was the new Yoga at the Park and Yoga at the Pool, but he can't find any reference to either program on the City's website. He said when offering new programs, we need to update the website.

Mr. Rubino said the Lac Sainte Claire Little League Team has set boundaries and those boundaries can't be crossed. We are getting more children from other cities for that league and it would save money and time for Parks & Recreation if we have a bigger pool of children. He said he would like to see that pursued and asked if we raised

RECREATION (cont'd)

fees since last year. Mr. Esler said there will be an increase.

ARENA

Mr. Esler mentioned that a semi-pro hockey team will be coming to the City. Arena expenses have been flat and this year they have \$140,000 in Capital.

Ms. Rheume, Recreation Sports Manager, said gutters have not been changed in 17 years and have been in the budget the last three or four years.

Mr. Smith said we have gutters, but they are failing.

Mr. Walby suggested that we put the \$50,000 for the arena locker room into the current budget as construction will be starting on June 1st.

Mr. Smith mentioned that the rubber matting and flooring throughout the building has become worn and the money in the budget is for new replacement.

There was conversation regarding the Zamboni. The cost of a Zamboni is about \$18,000 less than the one purchased ten years ago. The price is \$92,000. Ms. Rheume said she was asked to look at leasing one. A lease-to-own purchase would be \$98,295 which would be \$33,000 per year. This would increase the cost \$8,000 over three years, but we would not have to outlay \$92,000 at this point. After three years we would own the Zamboni. The life expectancy of a Zamboni is 250,000 miles and we currently have three Zamboni's.

Conversation was held regarding the maintenance of the Zamboni's. Mr. Smith said when comparing last year's budget to this year's budget for vehicle rents, it has gone from \$30,670 to \$50,223 and stated this is a direct correlation on how much repair and maintenance is done on the vehicles.

Mr. Rubino said there was a suggestion that someone he knew may be able to get donations of steel, if we wanted, for the locker rooms. He asked how he can find out what kind of steel and how much is needed. Mr. Smith said they have put the person in contact with the right people.

Mr. Vitale suggested looking at cross-promotional opportunities. Ms. Rheume said they are reaching out to a lot of areas regarding promotional opportunities.

Mayor Walby said we are putting a lot of money into the Arena. He said they already approved of taking care of the parking lot, but we can't do everything as it is too much. The locker room money should be in this calendar year, so the \$50,000 should be moved and allocate \$30,000 and be done with it. He cannot support giving the Arena \$140,000 for Capital item as there is a \$4.5 million shortfall and we can't have every department spending money.

Mr. Caron said he can't agree to \$30,000 as the gutters are \$40,000 and the Zamboni is \$35,000. If this were the case, they would not be able to get either one of them. Mr. Caron spoke about foundation damages if we do not get gutters.

Mr. Smith said if everything that is asked for is not funded this year, they will be back next year. He said these are very difficult decisions to make and things can wait, but not forever.

Mayor Walby said we are taking \$4 - \$5 million out of the Rainy Day Fund which is a significant amount of money and we need to make some tough decisions.

Mr. Vitale suggested calling a heavy equipment company to see if they will refurbish a Zamboni.

Ms. Rheume said in regards to the gutters at the Senior Center, they are putting patches on them. The down spouts are rusted through and the foundation has problems where they are leaking and they have had to have the one corner of the foundation jacked up. In the winter months, they are freezing at the doorways.

Ms. Rusie suggested we put a surcharge on ice time and use the money to reinvest in the Arena, like the Golf Course has done.

Mr. Rubino said the Arena revenues are exceeding the expenditures including the Capital Improvements. He said this is not where we should be arguing about the money as it is paying for itself. He said maybe we can get away with another couple of years with the gutters, but to maintain a facility they should reinvest their money to improve it. The goal is to bring people in every week and if we cannot maintain the Arena, we should get rid of it.

ARENA (cont'd)

Mr. Frederick mentioned that we cannot risk being down for even one game. We are creating a premier facility and we have to support it. He believes the gutters need to be replaced.

Mr. Vitale suggested advertising or sponsorship opportunities by selling advertising on the Zamboni's to increase revenue. Mr. Esler said they had a company that helps with advertising which brings in \$4,000 a year. Mr. Vitale suggested that we get gutters fixed in exchange for advertisement or the Zamboni fixed in-kind for advertisement.

Ms. Rusie said she would like to see maintenance records and costs.

Mr. Smith said we should fund the mats and gutters and move the bleachers to this fiscal year. The Zamboni should be taken out pending the cost of refurbishment versus the cost of a new one or the cost of a purchasing a refurbish and looking at the warranty on it. We should also look at any potential in-kind sponsorship.

PARKS

Mr. Esler stated that expenses have stayed the same.

Parks & Recreation will be running the concession stand. Mr. Smith said they went out for bids regarding the concession stand and only one person bid. He said operations of a seasonal concession stand is not very attractive and it is worth it to try and see if we will be successful at operating it.

Mr. Caron asked in regards to painting the beach house at Blossom Heath, why are we spending money on this and shouldn't we wait until we have direction regarding the park. Mr. Smith said the beach house was bad 11 years ago. It contains lead so it cost money to paint. The plan is to keep that building and we need to do preventative maintenance on it.

Mayor Walby said they met with DEQ and the chances of filling in the lagoon at the park is very low and it is expensive to file a legal appeal.

In regards to the irrigation system at Kyte Monroe, a cement contractor put the irrigation system in and it is now inefficient. There was water loss when the system was pressurized and the water bill went from \$8,000 to \$20,000. There is a lot of leakage so the system could not keep water in the water lines.

Tim Dorner, Golf Course/Park Superintendent, stated this is not a huge project when broken up. The project was bid out in 2008 when they did the golf course. Repairs average between \$3,000 – \$4,000 a year. He said they pay an employee to run water all day long and they have to manually turn the sprinklers on. The system is inadequate for what we need to do there and this is something they have been trying to get done for a number of years.

Conversation was held regarding the cutting of grass at the parks and how it was charged to departments.

Mr. Vitale said he can't get behind the \$150,000 sprinkler system project.

Mr. Rubino asked what the payback is on the sprinkler system. Mr. Dorner said he will have to get back to him as he doesn't know what we save. He can't put a dollar amount on the water loss, but as for someone to babysit the irrigation system, it costs about \$5,000.

Mr. Rubino stated he can't support this either. He said he needs to see what TIFA will do before he decides. He asked what the problem with the field groomer is. He was told that it is always in for repairs and is currently down.

Concessions and batting cages cost \$50,000 in wages and \$10,000 in supplies. Mr. Dorner said they do not know what the booth will make at Kyte Monroe, but worst case scenario, they will break even with the concession stand and the batting cages. They do not have a good grip on what the sales may be as a vendor has been running it for 35 – 40 years.

It was mentioned that the batting cages are bad and the machines are in horrible condition and don't work half of the time. It was suggested that they do a sales pitch for people to try out the cages. They could have an association come in and give people a discount to rent machines for an hour. Conversation was held in regards to the maintenance of the nets.

Mr. Smith said they will bring options back to Council and he is optimistic regarding the concessions. It was mentioned that we can lose a lot of money if we do not do it right and it has to be managed correctly. The concession stand will be scaled way back and they will serve only pop and small pre-packaged items.

PARKS (cont'd)

The front part of the walking path at Brys Park is not paved and is in terrible condition. It was asked if the utility company can come out to fix it. Mr. Esler stated he did contact them and they responded by paying for the damages. Mayor Walby stated Mr. Babcock needs to get involved as this area needs to be graded badly. He thinks the county can help us as they have in the past.

Mayor Walby stated they need to know the real cost of the abatement and painting of the beach house at Blossom Heath.

SENIOR ACTIVITY CENTER

Mr. Esler said Ms. Fickau has resigned after 8 1/2 years with the City and they will be looking for a replacement. He said the budget has stayed the same and membership numbers are up.

Mr. Caron asked why the Senior Center was hit with \$70,000 in vehicle maintenance as they don't have a vehicle and the buses that are driven are from SMART. Mr. Smith said he will get an answer and if the number is incorrect, they will get it fixed.

Mr. Caron said members pay for Zumba, yoga, and tai chi classes, but revenue has to be reflected. He also stated that Healing Arts needs to also be put into the budget.

Mr. Rubino asked for a list of what Block Grant money can be used for in the City and qualifying expenses. He also asked for the census track that was updated for 2010.

POOL

Jason Harms, stated the budget is the same as last year. The weather in June of last year had 12 days of rain, July had nine days of rain, and August was similar to July.

They will be celebrating the 50th year of the City Pool this year and they painted the slide under budget.

Mr. Rubino stated they have requested zero capital and with \$174,000 coming in and \$310,000 going out, the pool might not reach 55 years old. He mentioned that parks will always lose money.

Mr. Esler said boaters will not rent a boat well at Lac Sainte Claire if it were not for the pool for their families to use. He said we have hit \$131,000 in revenue for Lac Sainte Claire. The bond payment is \$192,000. Mr. Rubino stated we are losing money.

Mayor Walby said the pool and boating is a combined issue. Mr. Harms said there is a \$30,000 - \$40,000 loss when looking at a calendar year breakdown. He said his salary and the Splash Pad also come out of the Pool budget, but they are trying to narrow the gap.

Mr. Smith said they may be able to pull some of the expense out of the Pool budget, such as Mr. Harms salary, but not until next year so we can get the actual numbers as to what the Pool costs. He said a change in the minimum wage had an impact. Mr. Harms trains more people than he keeps and when they get their WSI card or life saver certificates, they go to work at Metro Beach.

Mr. Rubino asked if we need to look at our pool fees. It was stated that they increased their fees just this season and they expect to be \$20,000 higher in revenue with the changes they made.

Mr. Caron asked if the daily family pass can be broken out from the annual pass in regards to Pool revenue and once they are through with the bond, they can get out of Recreation Revenue as a separate entity and turn Golf, Boating, and the Pool into individual departments. The Pool should get the credit for the family passes from the well rentals.

It was summarized that they move the Splash Pad expenses in 2017 from the Pool budget to the Parks budget.

BOATING

Mr. Esler stated the budget is down a few thousand dollars.

BOATING (cont'd)

Mr. Harms said the marina was installed in 1991 and the current pedestals they have are no longer available and parts cannot be located. They are an expensive item at \$1,000 a piece and all of them cannot be replaced, but they can replace five a year. They can recycle the parts from those five throughout the rest of the marina and still replace a few. This will tide them over with parts until all of them can be replaced.

Mr. Esler stated that the revenue for Lac Sainte Claire is \$135,000 and they have \$130,977 collected so far. The capacity of Blossom Heath is down because they can't fill up the wells until the road is complete and docks are put in. Out of 236 wells, 70 are open at Lac Sainte Claire. At the end of last summer, the wells were 90% plus full and were mostly new rentals.

Mr. Smith said in this budget, we need to get direction from Council regarding rates. Mr. Harms will get the rates of what other communities charge and a recommendation will be given to Council.

The bond will be up FY 2019 and we owe \$540,000. Mr. Smith said the bond can be paid off now.

Winter storage took in \$6,000 with 18 vehicles at Lac Sainte Claire and the expense was \$2,000 with a net profit of \$4,000.

Mr. Smith said they will see about paying the bond off in next year's budget and have it split up and look at two payments instead of three next year.

GOLF

Mr. Esler stated that there has been an increase in membership by 40, but they lost one golf league. They are up rounds for the fiscal year and calendar rounds up by 550 and revenue is up. They have 20 golf outings and will be holding two high school tournaments.

They are asking for funding for the roof and walls in their maintenance building, replacement of golf carts, a mower, a trencher and a hoist.

The golf carts went out for bid and they asked for four separate proposals. Two were purchase proposals and two were lease proposals. Based on the data from the bids, they are recommending a 5-year lease for golf carts at \$53,000 a year. When leasing, everything is warranted bumper to bumper including batteries for four years with the exception of windshields and USB ports which have a two-year warranty. They should be able to get five or six years from the new charging system that the carts have. Prior to the fire in 1999, they used to purchase 7 to 15 carts a year. With the fire, the entire fleet was lost and they had to go to a new replacement program. At this point, the leasing option is the best way to go. In addition, the \$82,000 in equity from the trade-in fleet will be put towards the Capital purchases. It costs \$700.00 a cart to replace the batteries with a total of \$50,000 in batteries for 75 carts.

The building has major issues with holes in the roof which would cost about \$75,000. This would include metal sheeting for the roof and the walls.

The bank mower was purchased in 2003 and the issue with it is the number of hours on a machine. It has about 5,200 hours on it, but should be replaced at about the 4,000 hour point.

The cart paths are in bad condition and people are afraid to drive on them. Mr. Dorner said he will be looking at a machine that pulverizes the existing asphalt and compacts it down almost 8 inches. A base is created and aggregate is placed on top, compacted and leveled out. The paths should be about 8' – 10' wide. They will be looking at possibly doing the base work themselves to see if they can do it effectively.

Mr. Caron suggested looking at increasing a round of golf by \$2 for next year for capital improvement/replacement items.

Mr. Rubino asked why we are not making money on the golf course. He said it is a very large asset and the return is minimal. He wanted to know how we can increase revenue for that facility.

Mr. Smith said to increase revenue, an increase in rates is needed, but if the increase is too high, you drive away business. The Golf Committee checks rates bi-annually to see if we can raise them. He said we need to increase the Capital Account for the next golf season.

Mr. Rubino stated he has big issues with subsidizing a golf course when other things are needed and expected of the City. He asked how many residents use the golf course. Mr. Esler said they have to date, 35,072 rounds and anticipate they will be up significantly from last year.

GOLF (cont'd)

Mr. Rubino said they need to find ways to increase profits and asked for data on rounds and revenue.

Mr. Dorner stated that looking at history, a lot of positive cash flow was pulled out of the golf course for other things such as the bond payments for the marina and paving the parking lot behind City Hall. They have been talking about changing their rate structure and right now they have a multiple tier rate structure. Currently, the model for golf is going to dynamic pricing where you charge premium pricing for premium tee times.

Mr. Vitale suggested getting a restaurant such as Ruby Tuesday's at the golf course which he believes would be a real draw.

Mr. Dorner said they have two more years left on the current contract.

Mr. Smith said he knows of only one golf course, other than private clubs, that has a successful restaurant. He said one reason for this is due to an independent parking lot for the restaurant. For the City to reconfigure the parking lot, a new apron would have to be put in which would sacrifice parking spots.

A few other suggestions that were made regarding increasing revenue would be to place advertisements on golf carts or have people buy pavers on the cart path.

Mayor Walby said he cannot approve \$260,000 in Capital items.

Mr. Caron said we could cut the cart path down by half and take \$40,000 and prioritize what parts of the path needs to be fixed.

Mr. Smith said he recommends reducing the maintenance building roof and exterior from \$75,000 to \$50,000 and bid it out with the roof and sides being an alternate, reduce the cart path replacement to \$40,000 and see how the new process works. We also eliminate the equipment hoist (\$6,500) which brings the total Capital to \$213,000 and they add the \$1 a round for the Capital account commencing FY 2017 which will bring \$23,500 in the budget. In total, we reduce Capital to \$188,500 and increase revenue by \$23,500.

RECREATION REVENUE SYSTEM (taken out of order)

Mr. Haag said this is a summary of boating, the pool and the golf course and they will make the adjustments mentioned.

Based on the current proposed budget, operating income is actually an operating loss of about \$178,000. The \$263,000 transfer coming in from the General Fund will be reduced by the reductions made in Capital and the increase revenues which will be about \$115,000

CITY ATTORNEY

Mr. Ihrie said he continues to average 50 – 60 open cases regarding blight. He has just finished the hockey contracts and the City is ready to sign them. He has not finished yet, but has successfully pursued a high profile case that Council is aware of. He stated that the City is in a sound legal position.

He stated he has put off a rate increase as long as he could, but Council is aware he has requested one.

Mr. Smith said there are increases in both Labor Attorney and Arbitration Fees. Next year Police & Fire contracts are up and they have increased those line items. The Labor Attorney fees have increased by \$35,000 and the Arbitration Fees have been increased by \$15,000.

Mayor Walby said he would like to talk to Mr. Ihrie in regards to a rate increase and it would need to be approved at a Council meeting prior to the budget being approved.

CITY CLERK/ELECTIONS

Mary Kotowski, City Clerk, said her department is busy with four elections this year including the Presidential election which always has the highest turnout. She is currently looking for a Deputy Clerk which is needed.

Mr. Smith said there are only three people in the department and if someone goes on vacation and one person goes to lunch, they have only one person in the office. If someone calls in sick, you don't have anyone. To go below four people is not manageable for this department.

CITY CLERK/ELECTION (cont'd)

Ms. Kotowski stated that before she became City Clerk, the Clerk's Office had six employees.

Mr. Smith said there is a small replacement of voting booths in the budget for \$13,500. Originally there was a higher number in the budget, but the State Legislature is still deciding what they are willing to give.

Ms. Kotowski said they did not specify when the new voting equipment had to be in place, but they will begin rolling this out early next year as the State went back out and rebid the system in March. She said the voting booths replacement is a necessary replacement. She has received some at no cost and Building Maintenance maintains the equipment, but you cannot have equipment with bad legs.

CITY MANAGER

Mr. Smith said there is a small increase due to Fringe Benefits.

Mr. Gambill, Assistant City Manager, has been working for six months now. Mr. Smith said Mr. Gambill is now taking on work responsibilities regarding CivicPlus issues and resident complaints. He is trying to get him up to speed with Labor which he and Mr. Smith will both be working with. He is working on looking at energy consumption and the Honeywell contract. Mr. Gambill will be taking on more of what Mr. Smith had and things are working out very well.

Ms. Rusie said that the Charter states that Council appoints the Assistant City Manager seat and they have never done that.

Mr. Ihrie will look to see if there is a statute on this and to see if it reads 'may appoint' or 'must appoint'.

Mr. Smith said they can put this on the next Council agenda and make the appointment.

FINANCE

Mr. Haag said they have no new changes in personnel other than Laura Stowell, the new Controller.

One change in Capital Outlay is a software upgrade which is an upgrade to the City's one-third cost of the pension administration software that is utilized from Gabriel Roeder Smith & Company. Mr. Haag said there are changes in the functionality and in entering data for this software upgrade.

Mr. Smith said the RFP for auditors is progressing and are conducting second interviews next week.

GENERAL GOVERNMENT

Mr. Haag said in the past, General Government has been challenging due to the transfers for accounting and budgeting purposes. A large decrease is seen in the Sanitation, Police & Fire, and the Library funds. Budget amendments will be done in the current year to close out the balance of the transfers.

General Government includes the charge for health insurance for retirees. Mr. Haag said the budget shows a deduction for all costs transferred to the 345 fund.

Mr. Caron questioned the \$48,000 for postage. Mr. Haag said this is the general postage account for the entire City which includes anything sent out by the City.

BOARDS & COMMISSIONS & COMMUNICATIONS

Mary Jane D'Herde, Communications Director, said the Communications department is structured differently than most of the other departments. They have one full-time salary employee and two contract employees. They also have volunteers who work with them on a daily basis. This year they have entered into two new partnerships with local high schools. At Lake Shore High School they have an internship program and one of the students works the camera for her department. They also have a studio at South Lake High School where she does video production for them since they do not have a video production class in exchange for use of a studio.

The Communications budget is less than last year which is mostly in Capital. The only increase she has is for supplies and for a rate increase for independent contractors.

The Repair and Replacement account is down \$4,000 due to Council approving over the last couple of years, the replacement of 20-year old equipment. This year the equipment they will be replacing is the audio equipment in

BOARDS & COMMISSIONS & COMMUNICATIONS (cont'd)

Mr. Caron noted Beautification doesn't have cash revenue of \$4,000

Council Chambers which is over 21 years old.

Mr. Caron asked that the number of members on each of the Committees be verified.

Mr. Caron said the money that is being held for the Skate Park shows as an expense and as a negative in the budget.

Mr. Smith said it should show on the budget on the Fund Balance Sheet as money held and when the grant is received, the money should be put into the Fund Balance until the project starts.

BUILDING MAINTENANCE

Mr. Smith said this department does other functions besides building maintenance as one person is working on putting aluminum siding on the concession stand and restrooms at Kyte Monroe. One is a HVAC employee and helps us out with those projects.

CORPORATE INSURANCE

Mr. Haag mentioned that the bid award will be on the City Council Meeting May 2, 2016. They are recommending a two year award.

SPECIAL REVENUE FUNDS & DEBT

Mr. Haag said one thing that has been added was the adoption for the HUD Home Revolving Fund.

Mayor Walby asked what this money can be used for.

Mr. Smith said he will get that information to Council.

Mr. Haag said in regards to the Debt Statement, the budget shows \$90,210 which is a one-time Milk River SRF Improvement. Our share is small and rather than finance it, we will have a lump sum one-time payout on it.

Mr. Caron said that the amount of money we are bringing in for Lac Sainte Claire, the 2 mills on taxes does not pay the payment each year and eventually it will go negative. He said from an accounting standpoint, this should be moved to the Utility Fund. He said we are in the same situation with Sanitation. If reduced amount paid for rodents, we chose to fund the program out of Sanitation.

AUDIENCE PARTICIPATION - none

ADJOURNMENT

Motion by Council Member Caron, seconded by Council Member Rusie to adjourn the meeting at 10:48 p.m.

Ayes: All - 7

KIP C. WALBY
Mayor

MARY A. KOTOWSKI
City Clerk

(THE PRECEDING MINUTES ARE A SYNOPSIS OF A CITY COUNCIL MEETING AND DO NOT REPRESENT A VERBATIM RECORD.)