

**VILLAGE OF GROSSE POINTE SHORES, A MICHIGAN CITY
MINUTES OF FINANCE COMMITTEE MEETING
TUESDAY, SEPTEMBER 11, 2018**

A meeting of the Finance Committee of the Village of Grosse Pointe Shores, A Michigan City was held on Tuesday, September 11, 2018 in the Council Chambers of the Grosse Pointe Shores Municipal Building. The meeting was called to order at 10:01 am, by Chairman Bisballe.

Present: Council Member Bisballe, Chair
Council Member Tina Ellis
Council Member Robert Gesell
Committee Member Chuck Ruifrok

Also Present: City Manager Mark Wollenweber
Public Works Director Brett Smith
Public Safety Director John Schulte
Finance Officer Rhonda Ricketts
Mayor Ted Kedzierski

All items pertinent to this meeting are either attached or placed on file.

APPROVAL OF MINUTES – JULY 5, 2018

Motion by Committee Member Gesell to approve, seconded by Council Member Ellis
Passed 4-0.

ITEM 4 OLD BUSINESS:

Chairperson Bisballe explained the item handed out for this meeting where the City agreed with the Command Officers bargaining unit to keep the DROP plan item open but deal with it at the beginning of the 3rd year of the contract. This was done so that additional information as to the funding status of both the Pension System and the retiree health care benefits (OPEB) are received and analyzed. The Chair described several conversations with the actuary and the emails that were received that cite various costs from \$0 additional costs to \$100,000 for the DROP plan. It was also noted that it was agreed upon to provide an additional \$500 bonus per employee for the final year of the contract. It was also indicated that a 1 mill additional levy would be considered in order to make sure proper funding is available for both OPEB costs and the pension system. It was pointed out that GP Shores has absorbed a loss of over \$1,200,000 in property tax per year since the crash of the housing market and that home sales in GP Shores are around 40 per year which provides SEV growth of around 1.2% which is way less than inflation. It was also pointed out that pension and OPEB costs are the biggest fluctuation in the annual city budget. There was a general discussion of the costs and what remedies the city has used to try and control cost increases in both areas. The Chair

also mentioned that the city has an obligation to live up to the contractual obligations and that GP Shores is not like some of the cities that made promises and now cannot live up to funding the costs. It was also pointed out that current employees do contribute under the 20% cost and it would not be fair to try and change benefits for existing retirees. Chief Schulte mentioned that one Command Officer may be leaving along with two PSO's. There was also a discussion on attorney fees and both the Chair and staff pointed out some of the large projects besides Deeplands and the tax cases that are in addition to the monthly retainer. Staff was asked to put together a summary of the outside issues the attorney is asked to deal with. It was mentioned that the city absorbed nearly \$90,000 in cost for just the Deeplands project and the various tax appeals. The Committee suggested that staff include both replacement fencing and the cost of surveillance cameras in the estimates for completing the park improvements. Public Safety was also asked to review the safety plans for the park with a timetable of operating the new gate house and it was also suggested that dogs on leashes be allowed from Labor Day until boats are required to be out of the harbor in November 15th and then dogs would be allowed off leashes. This does not affect those who are approved as geese chasers.

ITEM 5B

Under the OPEB and pension bonding staff mentioned that both Royal Oak and Wixom just bonded out their pension and or OPEB obligations. It was mentioned by the mayor Kedzierski that the auto companies bought out their pension obligations using Prudential. Staff indicated that some material has already been sent to Mike Gormely who has assisted the city in previous bond issues. Staff also mentioned that Pat McGow from Miller Canfield who is the city' Bond Counsel wasn't sure that the legislation that provided for bonding out the obligations was going to be renewed as it expires at the end of the calendar year. Rhonda also handed out the latest report from the actuary (see attached copy) that showed our percentage funding of the pension system increased from 94.4% to 98.2%. This means that our required contribution would be about \$62,000 less than we have budgeted. It was the consensus of the Committee to still contribute the budgeted amount.

ITEM 5C

Rhonda handed out the Budget Report that was submitted to the Governmental Finance Officers Association for a special award. The Committee thanked her for work well done and it was also noted that it has been posted on the city website. It was suggested that it be required reading of Council and provided to anyone else interested in our city finances. (see attached copy). Council Member Ellis suggested that several pages be included in the packet for new residents as well.

ITEM 5D

Staff mentioned that 7 of 9 claims have been paid out for the sewer backups on Shorecrest Circle and that in the insurance renewal the city opted to stay with the

\$100,000 per event coverage.

ITEM 6 OTHER

Brett gave an update on both his equipment purchases and the contractor for all of the street work scheduled for this year. He mentioned that a preconstruction meeting was held for the new park entrance road as well as Belle Meade and that work would be started shortly. Asphalt Control will also be coming into the city to do the concrete repairs on Blairmoor also this fall. There was some discussion about adding street lights to Colonial where DTE is doing the gas main and services replacement. Brett mentioned that since DTE will be putting back the entire street in asphalt we could evaluate the need and interest and do the work in the future by directional drilling. He also mentioned that he is issuing a purchase order for the generator including the ability for a remote notification if for any reason it does not come on when needed. It was also asked that staff check the wi-fi status for our park as we were going to use the same contractor who is providing it to the GPYC.

ITEM 7 PUBLIC COMMENT:

None

ITEM 8 NEXT MEETING:

The next Finance Committee meeting will be scheduled in October 9, 2018 prior to the Council meeting.

The meeting was adjourned at 11:27 am.

Mark Wollenweber
City Manager