



VILLAGE OF
GROSSE POINTE
SHORES

July 2009

The Grosse Pointe Shores Finance Committee, in coordination with the City Manager, has compiled a list of questions that have arisen during the fiscal year 2009-10 budget adoption process and subsequent City Council meetings. This list of frequently asked questions (FAQ) and future informational items will be listed on the city website. Our goal is to disseminate the information that the residents are seeking as quickly and accurately as possible. Your feedback is most appreciated and we look forward to serving the citizens of Grosse Pointe Shores.

FREQUENTLY ASKED QUESTIONS

1. WHAT DID THE FINANCE COMMITTEE REVIEW AS YOU DEVELOPED THE BUDGET FOR 2009/2010?

City Manager Vick and Finance Director Ricketts prepared a zero based budget for our review. They reviewed expenditures by department and line items based on prior year spending and removed/reduced expenditures they considered no longer necessary. All department budgets were then combined to again review and determine any areas for reduction across departments. In response to several requests for information, the finance committee was provided with over 300 pages of documentation to support current and past spending patterns. As a result of all this activity, the spending levels were reduced by approximately \$300,000 compared to the prior year. A list of additional cost reductions was also prepared for review, but none were selected at this time due to the negative impact, if implemented, on required municipal services.

2. WHAT SAVINGS WERE INCLUDED IN THE BUDGET FOR NEXT YEAR?

- COMPENSATION \$185,500
- GROUNDS \$ 93,700
- EVENTS \$ 16,300
- MISCELLANEOUS \$ 12,300

3. WAS THERE ANY INFORMATION REQUESTED BY THE FINANCE COMMITTEE MEMBERS THAT WAS NOT PROVIDED?

No. There was a request by the Finance Committee to review the General Ledger which was made available, but was expected to take seven-to-eight hours to review. Coordinating the availability of the committee members to do so resulted in the review taking place recently, with a second review session of additional information pending.

4. THE FUNDING LEVEL OF OUR PENSION PLAN IS CRITICAL TO THE FUTURE MILLAGE LEVELS FOR OUR CITY. WHAT IS THE CURRENT FUNDING LEVEL FOR THE PENSION AND RETIREE MEDICAL BASED ON THE LATEST ACTUARIAL AND AUDIT INFORMATION?

- The Defined Benefit Plan is 86.5% funded
- The Retiree Medical Plan is 18.1% funded –retiree medical costs were originally funded through the Defined Benefit Plan. However, in 1998 the Village formed this plan to separately account for associated costs. The Village Council and Administration proactively made this move to begin tracking liabilities and assist with future fringe benefit decisions. Employee contributions to the plan are accounted for here.

5. WHAT CAN BE DONE TO REDUCE THAT LIABILITY IN THE FUTURE?

Negotiation of existing contracts. The City has four unions representing 76% of the workforce. All four contracts expire June 30, 2010. Benefit proposals reflecting these economic times will be brought to the bargaining table. However, due to state laws such as PA 312 of 1969 (binding arbitration) the process can be slow with decisions being made by arbitrators who are not beholden to the tax payers.

FREQUENTLY ASKED QUESTIONS

6. A) WHAT ARE THE CURRENT SALARIES FOR THE CITY MANAGER AND DEPARTMENT HEADS?

- City Manager/ City Clerk \$98,000
- Finance Dir / Treasurer \$95,181
- Public Safety Director \$92,909
- DPW Director \$79,569
- Parks and Rec Director \$69,889

B) WHAT IS INCLUDED IN THE \$565K BUDGET FOR VILLAGE MANAGER?

-85% of this number is for wages and fringe benefits for the City Manager, Finance Director, Executive Assistant, Building Department Clerk and Secretary.
-15% of this number is for operational costs (e.g. equipment, professional services, and supplies)

7. WHAT FRINGE BENEFITS DO THEY RECEIVE?

Health Care, Long Term Disability, Paid Time Off, Cost of Living, Longevity, Retirement Plan, Life Insurance

8. WHAT WAS THE TOTAL W2 COMPENSATION FOR THE PRIOR CITY MANAGER AND HIS EXECUTIVE ASSISTANT FOR 2008 AND WHY? HOW DID THESE PAYOUTS IMPACT THEIR PENSION BENEFITS?

Michael Kenyon 2008 Wages

W2 total	\$207,676
Regular and Township wages	\$101,149
Overtime / Compensatory Time payout	\$ 50,090
Sick/Vacation payout	\$ 54,236
COLA	\$ 1,200
Longevity	\$ 1,000

None of the above 2008 figures were used to calculate Mr. Kenyon's pension. His pension is based on a three year compensation average of \$107,145.

The payout for banked time is due in part to accumulation over multiple years of service and paid out at the time of retirement. Payment for banked time at retirement is not an uncommon practice at most municipalities.

Angela Kenyon 2008 Wages

W2 total	\$149,844
Regular and Township wages	\$ 65,081
Overtime / Compensatory Time Payout	\$ 36,528
Sick/Vacation payout	\$ 46,035
COLA	\$ 1,200
Longevity	\$ 1,000
Wages used towards pension calculation	\$ 66,732

FREQUENTLY ASKED QUESTIONS

9. WHAT STEPS HAVE BEEN TAKEN TO LIMIT OVERTIME EXPENDITURES?

The recently hired City Manager is not eligible for overtime. Overtime for department heads will only be approved in the most extenuating of circumstances. Overtime for all other employees is limited to situations such as emergencies, snow removal, and staffing shortages.

10. DO THE COUNCIL MEMBERS, MAYOR OR ANY COMMITTEE MEMBERS RECEIVE ANY COMPENSATION OR CLUB MEMBERSHIPS FOR THEIR WORK ON BEHALF OF THE CITY?

No

11. TRANSPARENCY IS A BIG ISSUE IN MANY PUBLIC INSTITUTIONS THESE DAYS. WHAT EFFORTS HAVE YOU TAKEN AND WILL YOU TAKE TO IMPROVE THE INFORMATION AVAILABLE TO OUR RESIDENTS?

Earlier this year the City Web site was totally redesigned. The quantity and quality of information that is currently available on the new website has greatly improved (e.g. meeting minutes, meeting agendas, and financial records). The website is supplemented by information available on the community access channel (CH:12), the city newsletters and city calendar. These are not static resources and will continue to evolve as residents' involvement, inquires and interests are expressed. City Manager Brian Vick has made himself available to answer citizen questions and emails to further inform the public. Mayor Cooper has instituted office hours for residents to discuss their concerns in a private setting.

12. WHAT IS THE TREND IN MILLAGE RATES FOR THE VILLAGE/CITY OF GROSSE POINTE SHORES OVER THE PAST 10 YEARS?

	<u>VILLAGE</u>	<u>TOWNSHIP</u>	<u>TOTAL</u>
1999	13.9988	0.6427	14.6415
2000	12.7500	0.6351	13.3851
2001	13.3000	0.6073	13.9073
2002	13.7500	0.5798	14.3298
2003	13.6995	0.6071	14.3066
2004	13.7000	0.5832	14.2832
2005	14.3000	0.5961	14.8961
2006	14.2996	0.5943	14.8939
2007	14.3000	0.5943	14.8943
2008	14.3000	0.5908	14.8908

13. UNDER THE OLD CHARTER, COULD THE VILLAGE OF GROSSE POINTE SHORES HAVE RAISED THE MILLAGE ONE POINT?

Yes, we would have been able to increase the millage without the need for a Headlee Override vote.

FREQUENTLY ASKED QUESTIONS

14. WILL THE FINANCE COMMITTEE PREPARE A LONGER RANGE VIEW ON THE CITY SPENDING LEVELS TO DETERMINE WHAT STEPS ARE REQUIRED OVER THE NEXT 3 YEARS TO KEEP THE BUDGET BALANCED?

Yes

15. WILL THE CITY TAKE STEPS TO CONTINUE TO REDUCE SPENDING BELOW THE LEVELS ALLOWED IN THE NEW BUDGET?

Yes

16. WHAT ACTIONS HAVE BEEN TAKEN TO REDUCE THE CONTRACTUAL ENTITLEMENTS IN THE CURRENT CITY UNION AGREEMENTS?

Contracts were negotiated to address health care and pension costs for future retirees.

17. WHAT WAS CHANGED IN THE LAST UNION CONTRACTS?

- Health care opt-out payment provision was capped.
- Retiree health care eligibility was restricted by years of service.
- Pension benefits reduced through a lower calculation for new hires.
- Introduced a new BCBS \$1000 deductible. Employees begin paying an annual amount.

18. WHAT IS THE IMPACT ON THE TAXPAYERS OF GROSSE POINTE SHORES OF THE NEW MILLAGE RATE?

A one mill increase, as requested by our City Manager, equaling \$331,080 in revenue, was adopted to begin replenishing the budget stabilization fund and begin setting aside funds for future road construction projects. Due to the 4.9% reduction in taxable value some residents will see an increase in their tax bill and others (40%) will still see a reduction. The net effect between the 2008 and 2009 decreased taxable value and one mill increase is \$68,677. When this amount is divided by the number of properties in the city the tax increase is less than \$57 per parcel.

19. IS THE \$200,000 THAT IS EARMARKED TO STREET RESURFACING INTENDED TO ADDRESS ALL OF THE COSTS TO IMPROVE THE WORST STREETS IN THE CITY?

No. The cost to resurface Lochmoor alone is estimated at \$500,000. Current allocations will be added to future fiscal year allocations and roads will be undertaken based upon a PASER (condition) rating in those future years. It is our goal to have the first road undertaken during FY10-11.

20. DO WE REALLY PAY OUR GATE GUARDS \$80,000 PER YEAR?

The Fiscal Year 2009-10 budget projects total gate guard wages at approximately \$50,000 for the year. Gate guards earn \$11.50 per hour.