

SPECIAL COUNCIL WORKSHOP PROCEEDINGS

CITY OF FLAT ROCK, MICHIGAN

MONDAY, FEBRUARY 08, 2010

The special workshop meeting of the Flat Rock City Council convened at the Municipal Building in Conference Room "A" on the above date at 7:30 p.m.

1. **PRESENT ON ROLL CALL:** Mayor Dropiewski, Council Members Martin, Gagne, Wrobel, Moore, Tefend and Painter. All present.

THE PURPOSE OF THIS MEETING IS TO DISCUSS THE BUDGET AND GENERAL OVERHEAD.

Mayor Dropiewski stated this will be the first of multiple work sessions around the current situation of our budget. This meeting will concentrate mainly on the Clerk and Treasurer's Departments and general overhead and operations of the City.

In previous city budgets the general overhead was primarily lumped in the Clerk and Treasurer's budget. The auditors recommended these expenses be separated out as they don't truly reflect the Clerk's work or the Treasurer's work. They have been separated into their own general operation section of the budget.

Treasurer Lambrix pointed out that the current projections on page 3 of the Fund Balance page shows that the current fiscal year we are in, there is a \$500,000 deficit and next budget year a 1.6 million deficit. She said the biggest contribution to that is the decrease in property taxes. Real property taxes for residential is going down 13.5%, commercial is going down 8% and industrial is going down 3%. This will decrease our tax revenue by 1.1 million. She said she factored in AutoAlliance with a decrease of 25% (which is tentative). Mayor stated that AutoAlliance has filed with the Michigan Department of Treasurer Tax Tribunal for the 2009 tax year another 40% tax reduction which would increase our deficit another \$800,000.

Mayor stated if we do nothing based on the current projections, we would exhaust our entire fund balance and will still be 1.2 million in the hole for next year. One mill equals \$420,000. Taxes can be raised 2-21/2 mills. Mayor said he is reviewing and approving each expenditure the city makes currently no matter how small. He said he recommends we do not wait for the end of the year and allow ourselves to accumulate the \$500,000 deficit that we are currently running. The additional factor in next year's budget is that the state has issued new depreciation tables for AutoAlliance. Regardless of the Tax Tribunal filings their taxes will be going down anyway. These tables allow them to depreciate more equipment a lot faster than was previously allowed.

We need to start taking a very hard look at the way our city government is structured, what we spend money on and how we can spend less money as well as how

we may be able to generate additional revenues. We need to look at the services we provide and how much those services cost.

Treasurer addressed the changes she has made so far: Eliminated printing one whole set of tax statements, worked with Fifth-Third bank to maximize our investments, eliminated unnecessary services and charges where possible. She made the following recommendations: (1) Eliminate the clerk/receptionist position currently on workers comp – annual savings \$37,935 health insurance only (2) allocate wages for clerical staff, city clerk and treasurer to other funds such as Water, Major and Local Streets, Library and Community Center – annual savings \$72,191 (3) give the Reading Building back to the School District – annual savings \$5,000 (4) Charge TIFA and DDA for city services such as snow removal, street maintenance – estimated revenue \$20,000 - \$40,000 (5) Notary Public Service - \$5.00/resident \$10.00/non-resident per document – estimated revenue \$1,000 (6) Administrative fee of 1% on city millages – estimated revenue \$70,000.

Mayor and Treasurer stated we would be required to do a single audit this year because we will have more than \$200,000 in Federal Grants.

Council Member Gagne asked if the wage freeze is still on. City Attorney stated we just settled two contracts that had two 1% pay raise for this year and next. Department Heads have not had a pay raise in three years. Treasurer's office is trying to pay as many bills as possible electronically and many employees have yet to have direct deposit paychecks. These things will cut down on the cost of producing checks. Mayor is having free assessments done on the phone and IT systems.

Mr. Gagne asked about furlough days and how much it would save the city to close one day a week. The Treasurer said about \$15,000.00 gross. However, you can't close the Police and Fire Department. Treasurer will have to break it down by department. Council Member Painter said we may have to bring the unions in and have a heart to heart.

Clerk's Office has no suggestions for cutting expenditures. Mayor is starting to perform weddings which will go into the general fund. Clerk suggested drop Shred-it and shred our paper ourselves which would save about \$2,200.00 per year. We are looking to consolidate the copier contracts which would save about \$5,000.00 per year. Mr. Painter suggested putting the financials on a disk instead of paper.

Mayor Dropiewski said the state's slogan of "Working Better Together" is quickly becoming a reality. The DCC purchasing cooperative, Mutual Aid, etc, is all working toward being state mandated.

Mayor said this is a real situation and is going to be very painful. There are no secrets and everyone should discuss it with each other.

The next budget session will be at the Regular Council Meeting at 7:30 p.m. to discuss the Building Department. On Tuesday, March 2nd at 7:00 p.m. to discuss the Police and Fire Departments. At the workshop we will discuss Recreation and the DPS Departments. Date and time to be set later.

02-08-01 Motion by Painter supported by Martin to adjourn the Special Workshop Session at 8:40 p.m.

All voting yes. Motion carried unanimously.

JONATHAN D. DROPIEWSKI, MAYOR

LORENE BUTSKI, CMC, CITY CLERK

DATE: _____
Approved