

MONTROSE CITY COUNCIL SPECIAL MEETING MINUTES
June 1, 2017

CALL TO ORDER

Mayor Brown called the special meeting to order at 7:00 p.m. The meeting was held at the Montrose City Office located at 141 Parkway Drive, in Montrose.

ROLL CALL

Present Council Members were Mayor Colleen Brown, Eldon Dunklee, (Left the meeting at 8:50 p.m.), Robert Arnold, Mark Richard and Debbie Gross. Also present were City Manager Neil Rankin and City Clerk Tina Rush. Members Christy Sanborn and Tom Bigelow were recorded as absent.

PLEDGE OF ALLEGIANCE TO THE FLAG: Mayor Brown led the Pledge of Allegiance.

PUBLIC COMMENT ON AGENDA ITEMS: NONE.

BUDGET WORKSHOP SESSION

1. 2016/2017 BUDGET WORKSHOP

Rankin reported that the City of Montrose's General Fund continues to struggle financially a little bit but the good news is there is an increase in the taxable value. The commercial businesses have improved. The state revenue sharing is still flat and probably will be for the foreseeable future what the City is getting from the State. The good financial news is a sixty percent fund increase over the next five years. A ten percent increase in Act 51 funds this year. In the general fund and the public safety contract there is a savings. The water and sewer funds have been stable. The DEQ is requesting more testing and an asset management plan needs to be implemented by December 31 of this year.

The City's substantial liabilities are related to the unfunded pensions. The employees will have eight percent (8%) taken from their gross wages for pensions, so they will be contributing more than in the past. The City's contribution will increase to 31.19%.

COMPETING PRIORITIES

Rankin explained we are looking at a capital improvement plan, what projects need to be done. These still exceed \$10 million, so we will have to look at enhancement grants. Rankin spoke about the previous discussion concerning a public safety millage commenting that there needs to be more discussion with council to move forward on this. Looking at the general fund, even though the City is saving money on the new public safety contract, the public safety rates will continue to increase but not in accordance to what the general fund can sustain.

DDA/DEPOT

The Montrose DDA, like many DDA's across Michigan has seen a decrease in its tax capture over the last few years. Between 2014 and 2016 there was a 10% decrease in tax capture. For 2017, the DDA is looking at a 24% decrease. Some of this is due to the Michigan personal property tax being phased out. As of right now, the DDA's tax capture is at 1 mill. By Public Act 197 of 1975, the City is allowed to increase the tax capture to 2 mills without needing the vote of the people. The DDA can make a request to raise the capture to 2 mills. The issue is the DDA still has an obligation to three more years of bond payments. This obligation is going to fall on the

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taxpayers to pay for the improvements that were done. There are other obligations that cannot be ignored such as, snow plowing, sidewalk maintenance, mowing and other tasks. If there is a mild winter with minimal snow, no maintenance or repairs, there is only \$2,000.00 left in the DDA. This can be changed with an increase to 2 mills for a period of three years. The other option is an interfund loan to the DDA from the general fund. The DDA would continue to capture tax dollars but then three years later the DDA would have to pay back all the money borrowed from the general fund with interest. This will limit what can be done out of the general fund.

The Depot, in the past, when there was a reservation the funds were going to the Depot fund. In this budget, it is going into the DDA. According to the auditors, the Depot fund should not exist. It should be a separate organization. In the 2017/2018 budget there is no revenue coming into the Depot fund as it was in the past. The donations made to the Depot are going to the DDA. The Depot falls into the DDA. At some point in time the City will have to look at doing an endowment for that structure to ensure it will stay in good condition.

DPW

The last three years the DPW has entered an agreement with Larko for mowing lots. This has saved the City money and time. The Rhode Brothers has helped twice with emergency service water repairs. They are going to continue to replace the hydrants.

MAJOR STREET AND LOCAL STREETS

The Major Street and Local Street funds, in the past, have done very low maintenance for longevity maintenance on both streets. This budget will include for cracked sealing. This will be a multi-year ongoing investment to see results. Sam is meeting with an asphalt company to see what the City can get for \$15,000 - \$20,000 between the local and major streets and what can be done within the next year.

WATER AND SEWER FUNDS

The DEQ and the EPA are addressing water safety in municipal systems due to the move from the Detroit water system to a new water authority we are under new EPA guidelines. The City is looking to invest in the GIS system.

The DPW is looking to buy a new Kubota lawn mower. The old one is 18 years old, overheats, and the bearings are bad. Also would like to purchase a slider salter for the back of the pickup. This will make it easier to salt the parking lots. There were issues with the old one last year. There is a possibility of getting rid of the dump truck, which is currently used to salt the roads. A valve turner is needed for the water mains and hydrants. This will be needed as part of the valve turning program for the water maintenance program. There is fencing needed for the DPW yard, as there is only fencing covering two sides. This will help to secure the equipment inside the fence. The GIS GPS equipment for DPW will allow them to start putting down what's there. Currently, the maps and note cards are outdated.

Gross wanted to know the thresholds for the water and sewer accounts and would like someone to look into that. Gross mentioned the township is on a four day work week and the

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cost savings that it provides. Mayor Brown suggested considering hiring a full time City Manager, since the City Manager is now the DPW Supervisor and the code enforcer, and there is not enough time for the City Manager to get some things done. Discussion ensued about part time employees versus full time employees for office and DPW staff. There was discussion about the employee health insurance and if the employees pay anything for health insurance. Mayor Brown would like to have the employee union contract presented a year before it expires. Gross suggested a "street continuation improvement plan" in which there would be a street assessment every year to each taxpayer to cover the cost of a street getting maintained or repaired each year. Arnold said there would need to be a street millage.

Gross asked what are the capital projects. Mayor Brown said the money for capital projects is the money the City saved on the police/fire contract with the township and it can be used for whichever project is on our list we chose up to and including possibly working on the purchase of the Township office. Gross asked if there was a project list. Richard responded the Planning Board does. There was discussion about sidewalk replacement and street repairs.

*Council Member Dunklee left at 8:50 p.m.

PUBLIC COMMENT ON NON-AGENDA ITEMS: NONE.

MAYOR AND COUNCIL COMMENTS: Arnold said they are looking for members for the Chamber of Commerce. It will be \$20 for individuals non-businesses and \$50.00 for businesses. The meetings will be the first Tuesday of every month at the Depot at 7:00.

ADJOURNMENT

*Mayor Brown adjourned the meeting at 9:08 p.m.
Prepared by, Chrystal Raible, City Treasurer