

City of Ecorse

Receivership Transition Advisory Board Meeting Minutes

Tuesday, June 13th, 2017

Ecorse City Hall

Council Chambers

Albert B. Buday Civic Center

3869 West Jefferson

Ecorse, Michigan 48229

RTAB MEMBERS PRESENT:

JEFF SYKES

ROBERT BOVITZ

JOAN BROPHY

Reported by:

Nina Lunsford (CER 4539)

Modern Court Reporting & Video, LLC

SCAO FIRM NO. 08228

101-A North Lewis Street

Saline, Michigan 48176

(734) 429-9143/nel

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Called to order at 9:00 a.m.

Tuesday, June 13, 2017

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MR. SYKES: All right, Pat, will you call the meeting to order?

MR. DOSTINE: Sure. Rob Bovitz.

MR. BOVITZ: Here.

MR. DOSTINE: Joan Brophy.

MS. BROPHY: Here.

MR. DOSTINE: Jeff Sykes.

MR. SYKES: Here.

MR. DOSTINE: You have a quorum, Mr. Chair.

MR. SYKES: All right, thank you.

So the next item is approval of the agenda. So I'll entertain a motion to approve the agenda as presented.

MS. BROPHY: So moved.

MR. BOVITZ: Support.

MR. SYKES: All those in favor, say aye. Aye.

MS. BROPHY: Aye.

MR. BOVITZ: Aye.

MR. SYKES: Those opposed the same.

(No response)

MR. SYKES: The agenda is approved.

I'd like to remind the audience, if you intend

1 to speak during the public comment portion of the meeting,
2 it'll be necessary for you to sign in on the sign located
3 at the podium. Is that up there, Pat?

4 MR. DOSTINE: It is.

5 MR. SYKES: All right, thank you. All right, so
6 next, we'll move on to the approval of the RTAB minutes of
7 May 9th, 2017. I'll entertain a motion to approve the May
8 19th, 2017, RTAB minutes.

9 MR. BOVITZ: So moved.

10 MS. BROPHY: Support.

11 MR. SYKES: All those in favor, say aye. Aye.

12 MS. BROPHY: Aye.

13 MR. BOVITZ: Aye.

14 MR. SYKES: Those opposed the same.

15 (No response)

16 MR. SYKES: This motion has been approved.

17 So next, we'll move on to old business. In old
18 business, is Resolution 468; that's the approval of
19 Veteran Village real estate development agreement. And
20 so, with this, this is something that I have a couple of
21 questions about. I had some concerns -- and mostly, the
22 concerns were revolved around, Mr. Wycoff, had some
23 concerns.

24 And I wanted to be sure that you had an
25 opportunity to come up and talk a little bit about what

1 your concerns were, and then also, to maybe talk about how
2 those concerns were either resolved, or mitigated? And I
3 also appreciate that you provided a letter to kind of
4 speak to that. But I do appreciate you coming up here, to
5 talk about it.

6 MR. WYCOFF: Not a problem at all. And you're
7 absolutely right, I have, in fact, had concerns about this
8 contract, for a number of reasons. Number one, I can tell
9 you that the company has been in existence on and off for
10 several years, and never kept their corporate minute books
11 up.

12 As far as I can see, never did a project before,
13 things of that nature. In other words, nature -- or, the
14 experience and an ability to do the work. Consequently,
15 we had to, and frankly, had you seen the initial contract
16 that was sent, you would probably have more questions than
17 I do.

18 I do know that my concerns were put in a email
19 to Mr. Flaten, and I understand you've seen a copy of
20 that, so I'm sure that you know pretty much what I was
21 concerned about.

22 MR. SYKES: Yes.

23 MR. WYCOFF: I did a complete redraft of the
24 contract between the parties. Not everything that I
25 proposed has been adopted. But there have been a

1 substantial number, or substantial portion, of the
2 concerns that have been addressed, and in reviewing the
3 document -- and, I have two documents.

4 I have one signed by Veteran's, and I have one
5 signed by the mayor, that I am told, comprises the
6 contract. In looking at those two documents, primarily,
7 the most important issues that I had have been in fact
8 addressed.

9 MR. BOVITZ: Well, just so I understand the
10 timeline, the original email we saw last month was
11 February 28th, from you, to Flaten. And then the contract
12 that we reviewed, that they wanted us to approve, was
13 April 5th. So this April 5th contract was the one that
14 you had already had your hands on, or was this --?

15 MR. WYCOFF: I had my hands on the con -- the
16 original contract, I believe, probably, perhaps, back in
17 January. As early as January.

18 MR. BOVITZ: So the April 5th contract that we
19 reviewed last month, was after you already had your
20 concerns addressed?

21 MR. WYCOFF: Yes.

22 MR. BOVITZ: Okay.

23 MR. WYCOFF: Absolutely. The primary things
24 that I was concerned about is making sure that the city
25 would not -- let's just say acquire, any liability out of

1 the operation of this contract. So the first thing that I
2 addressed was the issue of insurances for Veteran's
3 Village, and the contract now makes it very clear that
4 they have to have insurance sufficient to cover any
5 probability that occurs.

6 I recommended that the limits of that insurance
7 be addressed by our risk management company, and it's my
8 understanding that that will take place; they will help
9 set the limits. In addition to that, there's a very
10 broadly written hold harmless clause; that hold harmless
11 clause is intended to hold us harmless from anything that
12 happens as long as it's within the ambit of the law, it is
13 extremely broad.

14 We also provide -- oh, the other -- there's
15 another important issue to this, that I think you should
16 be aware of. Initially, the contract was written so that
17 Veteran's Village would be able to go in and nitpick which
18 properties they would acquire.

19 The way we have this re-written, at this point
20 in time, is that the city ultimately determines which
21 properties they get. One of the purposes of this contract
22 is to stimulate development within the city, and so we
23 want that stimulated in various locations.

24 This way, the city can choose where those
25 locations are, and make it the most effective as possible.

1 So I think that's really relevant, and then, I think, the
2 third thing is, they have to produce before they can get
3 the other properties.

4 They're going to receive three properties; they
5 have a year to get the constructions completed, get those
6 houses sold, and prove that they have the ability to do
7 the job before they get anything else. And so, to me,
8 those are the key factors.

9 There is a practical issue, or practical side to
10 this, perhaps, that needs to be stated, too. I outlined
11 those in my letter to you. But I think it's very
12 important -- there is nobody knocking the doors down to
13 city hall, to get a contract to build properties here.

14 With all due respect, we have tried, over the
15 last five years, to get someone interested in development.
16 As you know, we receive a number of properties from tax
17 foreclosures. I forget what our total inventory of vacant
18 lots is, at this point in time, but it's substantial.

19 I think you already know that our SEV is
20 continuing to decline. I have suggested a number of
21 reasons that that is happening in my letter to you, and I
22 assure you, all of that is in fact happening.

23 Some of these properties have been recycled
24 through the tax system two and three times. And it's
25 always to an absentee landowner, and some of those people

1 are as far away as Arizona and California. So they really
2 have no interest in the community; they suck out what they
3 can get, and let it go back, and you start the process all
4 over again.

5 By making this -- getting some new housing
6 developments going, we hope to pique interest, bring some
7 additional people in, who will continue to do that
8 process. And I think that would be good for the city, and
9 it should stabilize our SEV.

10 MR. SYKES: Okay. Two things, though. So one,
11 you said that the adequate insurance isn't quite in place
12 yet?

13 MR. WYCOFF: It's in place in the contract. The
14 only point that it's not complete is they have not
15 provided us with that insurance. We will have a say in
16 what those limits are.

17 MR. SYKES: Okay, what's the timeframe on that,
18 do you think? Is it --?

19 MR. WYCOFF: I would assume it's very soon. I
20 know they wanted to start May 1st.

21 MR. SYKES: Okay. All right. The other thing
22 is, is exactly what you had talked about makes a
23 tremendous amount of sense. I get that bringing folks to
24 come in and do development in the community at this point
25 in time, is challenging. But that's also the exact reason

1 why I was concerned about the capacity of the group that
2 you were bringing in, and making sure that the city was
3 legally covered.

4 And so when you raised concerns about that, that
5 was my biggest sort of red flag. So I really appreciate
6 you coming in and talking about this. I think you can
7 potentially have a successful developer, and development
8 come in, that doesn't have the capacity.

9 But if they're not, it's good to make sure that
10 those documents are papered appropriately, and the city
11 has the opportunity to get out as unscathed as possible.
12 So I do appreciate it.

13 MR. WYCOFF: Any kind of breach, and the city
14 has the right to terminate the agreement.

15 MR. SYKES: Right.

16 MR. WYCOFF: So.

17 MR. BOVITZ: So the contract where you -- on
18 April 5th, have there been any amendments to that?

19 MR. WYCOFF: I have no amendments to that
20 contract.

21 MR. BOVITZ: So as far as you're concerned, that
22 contract signed with the city is still in effect?

23 MR. WYCOFF: They have signed that contract, and
24 as far as I'm concerned, that is the contract.

25 MR. BOVITZ: Okay.

1 MR. SYKES: Okay, the only other that I'd say,
2 before you know, going through a motion, unless you guys
3 have anything else, is really, there is a process. And
4 this really should have come to the board before anything
5 was signed. I mean, our concerns are not just that folks
6 have to, you know, walk through this.

7 But we're here for a reason, and one of those
8 reasons is to make sure that these contracts are put in
9 place appropriately, and I really appreciate you coming
10 and talking about this. I just hope that in the future,
11 that this can be done in the appropriate process.

12 MR. WYCOFF: Well, Mr. Sykes I think you're
13 point is well taken, and I certainly do not disagree with
14 it. But I do believe that there is a certain sense of
15 urgency among the city council, and the administration, to
16 get something going. Every time we turn around, we end up
17 with a reduction in our SEV.

18 I think that it is probably, at this point, a
19 primary goal of the city to put a -- put the brakes to
20 that. And I suspect that's why this was given the
21 attention that it was.

22 MR. SYKES: Thank you. Do you guys have any
23 other questions? All right, thank you.

24 MR. WYCOFF: After your vote, may I be excused?

25 MR. SYKES: Of course.

1 MR. WYCOFF: We have a busy day today.

2 MR. SYKES: Okay. I'll entertain a motion to
3 approve Resolution 468.

4 MS. BROPHY: So moved.

5 MR. BOVITZ: Support.

6 MR. SYKES: All those in favor, say aye. Aye.

7 MS. BROPHY: Aye.

8 MR. BOVITZ: Aye.

9 MR. SYKES: Those opposed the same.

10 (No response)

11 MR. SYKES: This resolution is, shall I say,
12 finally approved.

13 Okay, so we'll move on to new business. We'll
14 start with the approval of resolutions and ordinances for
15 the city council meetings. The first is resolutions from
16 the regular city council meeting of April 25th, 2017.
17 I'll entertain a motion to approve these resolutions.

18 MR. BOVITZ: So moved.

19 MS. BROPHY: Support.

20 MR. SYKES: All those in favor, say aye. Aye.

21 MS. BROPHY: Aye.

22 MR. BOVITZ: Aye.

23 MR. SYKES: Those opposed the same.

24 (No response)

25 MR. SYKES: These resolutions have been

1 approved.

2 Next we'll move on to the resolutions from
3 regular city council meeting of May 9th, 2017. All those,
4 I'm sorry --

5 MS. BROPHY: We voted on the last one?

6 MR. SYKES: We voted on April 25th; you have
7 something?

8 MS. BROPHY: No. No, I think we're fine.

9 MR. SYKES: Okay.

10 MS. BROPHY: I'll move approval of the
11 resolutions for the regular city council meeting of May
12 9th, 2017.

13 MR. BOVITZ: Support.

14 MR. SYKES: All those in favor, say aye. Aye.

15 MS. BROPHY: Aye.

16 MR. BOVITZ: Aye.

17 MR. SYKES: Those opposed the same.

18 (No response)

19 MR. SYKES: These resolutions have been
20 approved.

21 Next, we'll move to claims and accounts from
22 regular city council meeting draft minutes of May 23rd,
23 2017. I'll entertain a motion to approve the claims and
24 accounts.

25 MR. BOVITZ: So moved.

1 MS. BROPHY: Support.

2 MR. SYKES: All those in favor, say aye. Aye.

3 MS. BROPHY: Aye.

4 MR. BOVITZ: Aye.

5 MR. SYKES: Those opposed the same.

6 (No response)

7 MR. SYKES: All right, next we'll move on to

8 city administrator items. First, we have the approval of

9 city council minutes, and those have already been

10 addressed.

11 Next is the approval of budget to actual, for

12 April, 2017. With that, I'll entertain a motion to

13 approve the budget to actual for April, 2017.

14 MS. BROPHY: Move to approve.

15 MR. BOVITZ: Support.

16 MR. SYKES: All those in favor, say aye. Aye.

17 MS. BROPHY: Aye.

18 MR. BOVITZ: Aye.

19 MR. SYKES: Those opposed the same.

20 (No response)

21 MR. SYKES: Next, we have a series of

22 resolutions that have been addressed in new business.

23 There's Resolution 479, 480, 495, and 496, and also 497.

24 Last is the checks released, and this is informational

25 only. So at this point, we'll move on to public comment.

1 MR. BOVITZ: A couple questions on the
2 resolutions. The water and sewer payment plan -- I see
3 that in order to avoid shutoff, it's one third down on the
4 past due bill, but then the past due balance, the second
5 and third thirds, is spread over the next two monthly
6 periods.

7 Now, is the water bill still collected every
8 three months, and so this allows the residents to get on
9 like a monthly payment plan?

10 MR. SADOWSKI: The city's been working on
11 reducing its collectibles. It ranges between \$900,000 and
12 \$1.3 million. Ongoing, year after year after year. One
13 of the problems we faced is people were walking in saying,
14 I have \$5 this week, so I get a shutoff notice. I have a
15 buck. So there was no plan. So I recommended to the city
16 council that they adopt a plan, so instead of people
17 making up their own payment plan, it is now set.

18 So, what it does, is basically allows them, as
19 you said, to make monthly payments. They're on a
20 quarterly plan now, so that it gives them until their next
21 bill to catch up. And they can keep on re-enrolling, as
22 long as they don't default.

23 MR. BOVITZ: So that, the intent is to have the
24 current quarter paid in full, on a monthly payment plan,
25 before they can get hit with the next bill?

1 MR. SADOWSKI: Yes.

2 MR. BOVITZ: So that there's no carry over prior
3 balance?

4 MR. SADOWSKI: Exactly.

5 MR. BOVITZ: Okay.

6 MR. SADOWSKI: That's what this payment plan
7 does. We have started to implement the steps for an
8 active shutoff program, to reduce that uncollectibles.
9 Basically what happens is, we roll over to tax; it gets
10 written off, and it goes to foreclosure, and the city just
11 loses the uncollectible balances year after year after
12 year.

13 Which is not a good operational policy. So this
14 is one of the first steps; the other step was the city
15 implemented the rental deposit program, where rentals,
16 when they file a lease, under state law, the city cannot
17 roll over that on the tax levy for leases that have been
18 filed with the utility billing department.

19 So now we collect a \$100 deposit. That's very
20 low but it was a start, so we have implemented that also.
21 We're trying to follow up with re-reads now. Instead of
22 people -- we have people that have had estimated reads as
23 far as seven years in a row. They're getting large bills
24 now, because we were trying to more accurately do reads
25 every cycle.

1 And this, again, allows them to reduce that
2 large bill, even if it is over three months. So this was,
3 that's what we were -- that's the intention. Eventually,
4 the city is going to go to an active shutoff plan. And
5 we're trying to put all our ducks in a row before we
6 implement it.

7 MR. BOVITZ: Since you're up there -- on the
8 next amendment, are the Hennessy Engineers proposal for
9 Ridge Street -- first of all, I'm not clear where Ridge
10 Street is located? Is it -- so it's pretty to close to
11 this --?

12 MR. SADOWSKI: Yes, so Ridge Street currently
13 has lead pipes to the residential services. Its water
14 main is the worst water main in the city, so, we're going
15 to, the plan is, to bid out for a full reconstruction.

16 Replace the water, replace the sewer, replace
17 the lead pipes, which is required under the new DEQ
18 regulations. And do the street reconstruction. That's
19 going to be our large project for 2017-2018 fiscal year.

20 MR. BOVITZ: So Act 51 funding, which Hennessy
21 is estimating is going to be almost a half million
22 dollars, that's covered by a grant of some sort?

23 MR. SADOWSKI: No. The city plans on using that
24 out of its Act 51 monies. We believe that number is
25 extremely high. Usually, Hennessy overestimates. Most of

1 the projects come in under half of what their proposals
2 are.

3 MR. BOVITZ: So the bidding is going to start in
4 the next few weeks, and then you hope to have construction
5 starting August? Any idea how much -- how long it's going
6 to take, to finish? Or I guess, that's going to depend on
7 the contractor?

8 MR. SADOWSKI: Yes, it's going to depend on the
9 contractor. But there is no grant money for this. Every
10 year, the city budgets for a project. The city has never
11 really implemented that. We just usually roll over that
12 money in the fund balance.

13 So this was kind of the first year we actually
14 budgeted and implemented for a capital improvement
15 project.

16 MR. BOVITZ: So it sounds like this is critical,
17 too, because it's not only just repairing; it's enhancing,
18 and so things with the Americans with Disabilities Act,
19 making the streets safer for pedestrians, making, getting
20 rid of the lead, the sewers, hopefully preventing flooding
21 in the future. So all these problems we've had in the
22 last few years, hopefully this will rectify.

23 MR. SADOWSKI: Yes. So that is the main
24 priority right now. Is Ridge Street. We plan on doing a
25 project like this every year, going forward. That's the

1 worst water main, water service, block, we have currently
2 in the city.

3 MR. BOVITZ: And since I'm on my soapbox --

4 MR. SYKES: No, keep going, keep going.

5 MR. BOVITZ: On the asphalt paving, Al's
6 Asphalt, I'm assuming that was granted because of the
7 city's previous experience with their ability to perform?

8 MR. SADOWSKI: They -- it was -- we have trouble
9 getting bidders. They were the low bidder, also. They
10 did the boat ramp, so, I don't know if you're familiar
11 with the work. The city council was happy with their
12 work. So they were the low bidder, and then they're
13 usually quick on responding.

14 MR. BOVITZ: And last, the audit. I truly
15 appreciate the city using a local CPA. In fact, the
16 Darnell Meyering, I've worked with them over the last few
17 years, on the charter school audits and so forth, and I
18 really highly recommend their work.

19 And I'm happy that we were able to save \$8,000
20 over last year's fee, and that does include all the proper
21 audit requirements that we need to go forward. So I'm
22 encouraged by that.

23 MR. SADOWSKI: They were here yesterday, doing
24 the preliminary testing and internal controls audit. That
25 letter will be issued today. They basically reviewed the

1 deficiencies in the 2016 audit.

2 They reviewed our SAS report, they reviewed the
3 job descriptions that were implemented. And basically
4 came up with a one-page letter on what has taken place.
5 In the last year.

6 MR. BOVITZ: Good.

7 MR. SADOWSKI: And that will be issued today.

8 MR. BOVITZ: The main thing is that you can work
9 well with Randy and his firm going forward, and hopefully,
10 you know, proactive advice.

11 MR. SADOWSKI: Yes. So that went well
12 yesterday, they were here all day.

13 MR. BOVITZ: That's all I have, I'll get off my
14 soapbox.

15 MR. SYKES: No, you need to stay up there. I
16 jumped the gun; I was moving along pretty quickly with the
17 things that were addressed in new business, but thanks.

18 Okay, with that, shall we move on to public
19 comment?

20 MR. DOSTINE: Mr. Chair, there are no requests
21 today for public comment.

22 MR. SYKES: All right, thank you, Patrick.

23 Any board comment? Then I guess we'll entertain
24 a motion for adjournment.

25 MS. BROPHY: So moved.

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MR. BOVITZ: Support.

MR. SYKES: All those in favor, say aye. Aye.

MS. BROPHY: Aye.

MR. BOVITZ: Aye.

MR. SYKES: We're adjourned.

(Proceedings adjourned at 9:20 a.m.)

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STATE OF MICHIGAN
COUNTY OF WASHTENAW) .ss

I certify that this transcript is a complete, true, and correct transcript to the best of my ability of the RTAB meeting held on June 13, 2017, City of Ecorse. I also certify that I am not a relative or employee of the parties involved and have no financial interest in this case.

RESPECTFULLY SUBMITTED: June 21, 2017

s/ Amy Shankleton-Novess

Amy Shankleton-Novess (CER 0838)
Certified Electronic Reporter