

City of Hamtramck

Receivership Transition Advisory Board Meeting Minutes

Tuesday, March 22nd, 2016

Hamtramck City Hall

Council Chambers - 2nd Floor

3401 Evaline

Hamtramck, Michigan 48212

**RTAB MEMBERS PRESENT:**

**DEB ROBERTS, Chair**

**KAREN YOUNG**

**PETER MCINERNEY**

**MARK STEMA**

**AL BOGDAN**

**Also present:**

**Katrina Powell**

**City Administrator**

**DREW VAN de GRIFT**

**Michigan Department of Treasury**

**Office of Fiscal Responsibility**

**Reported by:**

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**Called to order at 1:00 p.m.**

MS. ROBERTS: It is 1:00 on Tuesday March 22nd, and I will call the Receivership Transition Advisory Board for Hamtramck to order. If there's anybody from the public that wishes to speak, please sign up at the podium, and I will call you during public comment. Mr. Van de Grift, could you do a roll call, please?

MR. VAN de GRIFT: Al Bogdan?

MR. BOGDAN: Here.

MR. VAN de GRIFT: Peter McInerney?

MR. McINERNEY: Here.

MR. VAN de GRIFT: Deborah Roberts?

MS. ROBERTS: Here.

MR. VAN de GRIFT: Mark Stema?

MR. STEMA: Here.

MR. VAN de GRIFT: Karen Young?

MS. YOUNG: Here.

MR. VAN de GRIFT: All present.

MS. ROBERTS: Thank you.

MS. GORDON: Question. Could we make a request to bend the rules so that the public can speak at the beginning, and lobby you guys before you take a vote?

MS. ROBERTS: This board does the public comment at the end of the --

MS. GORDON: I understand that, but what I'm

1 requesting is that you suspend the rules and allow the  
2 public to speak at the beginning.

3 MS. ROBERTS: We'll take it under advisement, but  
4 we are not going to do it this meeting.

5 MS. GORDON: Thank you.

6 MS. ROBERTS: Thank you. First on the agenda is  
7 approval of the agenda. I would entertain a motion to  
8 approve the agenda as presented.

9 MS. YOUNG: Motion to approve.

10 MR. STEMA: Seconded.

11 MS. ROBERTS: Any discussion?

12 (No response)

13 MS. ROBERTS: Seeing none, all those in favor say  
14 aye. Aye.

15 MS. YOUNG: Aye.

16 MR. STEMA: Aye.

17 MR. BOGDAN: Aye.

18 MR. McINERNEY: Aye.

19 MS. ROBERTS: Opposed, the same.

20 (No response)

21 MS. ROBERTS: The motion carries.

22 Next on the agenda is approval for the RTAB  
23 minutes. I would entertain a motion to approve the  
24 February 23rd, 2016, RTAB meeting minutes as presented.

25 MR. McINERNEY: So moved.

1 MR. BOGDAN: Second it.

2 MS. ROBERTS: Any discussion?

3 (No response)

4 MS. ROBERTS: Seeing none, all those in favor say  
5 aye. Aye.

6 MS. YOUNG: Aye.

7 MR. STEMA: Aye.

8 MR. BOGDAN: Aye.

9 MR. McINERNEY: Aye.

10 MS. ROBERTS: Opposed, the same.

11 (No response)

12 MS. ROBERTS: The motion carries. Next on the  
13 agenda is old business. First item under old business is  
14 the city audit presentation. I believe we have the  
15 auditors here to do a presentation?

16 MS. POWELL: Yes, we --

17 MS. ROBERTS: Would you like to come to the  
18 podium?

19 MS. POWELL: Yes ma'am, we have Gregory Terrell  
20 and Company, who are the city's auditors. They're here  
21 to give you a presentation.

22 MS. ROBERTS: Thank you.

23 MR. TERRELL: Good afternoon. What I'm going to  
24 do is, I'm going to kind of go through this handout I've  
25 provided to you today. Within that, it talks about, on

1 page one, is the audit overview. And the first item is  
2 our response, goes under generally accepted auditing  
3 standards, and we've performed the audit of the City of  
4 Hamtramck, for the year ending June 30, 2015, in  
5 accordance with U.S. generally accepted auditing  
6 standards and government auditing standards.

7 To obtain a reasonable but not absolute assurance  
8 that the financial statements were free from material  
9 misstatement. The plan, scope and time of the audit,  
10 basically, was outlined in our engagement letter, our  
11 contract with the city.

12 We've issued unmodified opinions on the June 30  
13 financial statements, and the results were reviewed with  
14 management, and also been reviewed with the city council  
15 for the City of Hamtramck.

16 On page three, it talks about audit findings,  
17 basically no transactions were entered into by the city  
18 that lacked any authoritative guidance. We didn't  
19 encounter any difficulties in performing the audit; we  
20 got good cooperation with all the city staff.

21 Corrected uncorrected misstatements, we didn't  
22 have any significant or material adjustments to the  
23 financial statements. Page four, I'm happy to report, we  
24 didn't have any disagreements with management, and  
25 management did provide us a representation letter dated

1 January 14th, 2016, where they basically provided us, or  
2 at least attested that they provided us, everything we  
3 requested during the audit.

4 Consultation with other independent accountants.  
5 To our knowledge, there was no second opinions requested  
6 by the city, on matters that might have been of dispute.  
7 And basically, no conditions were placed upon us for us  
8 to be awarded the contract to do the audit for the City  
9 of Hamtramck.

10 On page six is a summary of assets for the  
11 general fund. Last year, our total assets were about 4  
12 million 6; this year, about 5 million 7. The majority of  
13 what we've got this year, is we've got about 3 million 1  
14 in cash. Cash equivalents is up for about 1 million 381  
15 from last year. And a lot of what we've see here is a  
16 result of basically having a pretty good year in terms of  
17 operating results, and it kind of flows through.

18 We did have a -- some notes, or, a loan proceeds  
19 we received, but we did reduce our costs significantly  
20 this year, and so as a result, we're in an overall better  
21 financial position.

22 Page seven is a summary of the liabilities.  
23 General fund, last year, about 1 million 6; this year  
24 about 1 million 778. Again, a majority of that's in our  
25 vendor payables. Last year, about 402,000, this year

1 about 680,000. Some accrued liabilities, and then  
2 basically some amounts due to other funds.

3 MR. STEMA: Excuse me, do you want us to ask  
4 questions if we have something as you go through, or do  
5 you want them at the end?

6 MR. TERRELL: Oh yeah, you can. You can ask  
7 questions if you want, as we --

8 MR. STEMA: I'd just like to, as to liabilities,  
9 I was just looking at the numbers. How long has the city  
10 had a \$2 million loan that they got from the state? Is  
11 that in the liabilities?

12 MR. TERRELL: That's not, that's general fund.  
13 That would be in the general fund, we show those as  
14 basically, they're long term debt; they're not reflected  
15 as a liability there. They're disclosed in the  
16 footnotes.

17 MR. STEMA: Okay, so they're --

18 MR. TERRELL: So in a modified accrual basis, we  
19 don't show that long term debt as part of the general  
20 fund for the fund statements, yeah.

21 MR. STEMA: Okay.

22 MR. TERRELL: Then on page eight is a, last year,  
23 we had some unavailable revenue. We're required to, if  
24 we have revenue that's due us, we're required to collect  
25 it within like a 60 day window, and last year we had some

1 funds we weren't able to collect within that window, so  
2 we treat it as unavailable, and it got recorded actually  
3 in 2015.

4 On page nine, you look at the fund balance. Last  
5 year, about, fund balance was 2 million 8. This year,  
6 our fund balance is 4 million -- little over \$4 million.  
7 And again, a lot of that has to do with a lot of the cost  
8 reductions we've done. We did have the bonds, the notes,  
9 were proceeds we got in, which we used to take care of  
10 some of the legacy costs we had. But overall, we did  
11 reduce our expenses significantly from this year over  
12 last year.

13 Page ten is a revenue of other financing sources.  
14 Last year, about 16 million 280; this year about 18  
15 million 494. The big difference there is, if you look  
16 up, there is about a \$2,070,000 that we did receive in  
17 terms of loan proceeds, and that pretty much makes up the  
18 biggest difference of our overall revenues.

19 From the expenditure side on page 11, general  
20 fund expenditures last year, about \$14 million 596, and  
21 then this year about 17 million 288. And then again, the  
22 biggest thing we did this year, we did increase, use  
23 those bond proceeds to pay for some of those legacy  
24 costs, and so basically, we were able to reduce our  
25 overall operating expenses before that. Pretty close to

1 about the \$2 million dollars we used to pay those costs.

2 On page 12, is proprietary funds, our water fund.

3 Last year, our total assets was about \$7 million; this

4 year, a little bit lower than that, about 6 million 158.

5 Most of that is made up of cash, cash equivalents.

6 Pretty comparable, 2 million 3 this year; about 2 million

7 4 last year.

8 Receivables last year, about 1 million 9, so

9 we've collected a little bit down from prior year, about

10 1 million 1. And then the balances, our fixed assets,

11 our capital assets to relate to the proprietary fund.

12 Page 13 is our summary of liabilities. Last

13 year, about 1 million 528; this year about 903. And

14 really pretty --overall, pretty comparable. The only

15 difference is we probably used more cash more timely, in

16 terms of the accounts payable. Last year, accounts

17 payable for the water fund was about \$1 million; this

18 year it was about \$554,000.

19 Page 14 is our net position for the water fund,

20 which is pretty comparable. Last year, about 5 million

21 5, this year about 5 million 2, so, pretty comparable.

22 Page 15, our operating and non-operating revenues. Last

23 year about 6 million 6; this year, about 6 million 3.

24 Page 16 is our operating and non-operating

25 expenses. Last year was about 6 million 597; this year,

1 about 6 million 586, so, no significant changes in terms  
2 of our operating costs for the water fund. Page 17 gets  
3 into our single audit. We did do an audit of the federal  
4 programs in accordance with 1B, certainly 133.

5 We look at a couple things. We look at internal  
6 control over compliance with the federal requirements,  
7 and we look at whether or not we comply with the program  
8 provisions for that particular major formula we tested.  
9 And we talk about results of audits, we issued an  
10 unmodified opinion on the single audit in terms of  
11 compliance.

12 We did have two items in terms of internal  
13 control of the financial reporting, that we reported.  
14 And then we had no significant deficiencies in terms of  
15 overall compliance with the federal requirements.

16 The program -- major program we tested for the  
17 single audit, is on page 18. It's assistance to  
18 firefighters grant. And on page 19, these are the two of  
19 two findings we had. One is related to utility billings  
20 and adjustment. The condition was certain customer  
21 accounts were estimated, due to bad meter readings  
22 because of faulty equipment, and certain other customer  
23 accounts were adjusted to change the balances due.

24 And our recommendation is that the city, should  
25 it continue this effort to ensure accurate meter readings

1 and billing adjustments, should be reviewed and approved  
2 before processing.

3 And on page 20 is another one, deals with  
4 property distribution. This is just a timing; we  
5 collected some taxes to the tune of about 327,000, that  
6 hadn't been distributed year end, and we just recommend  
7 that all property collections relating until the  
8 government units be distributed on a timely basis.

9 And overall, our finding -- we had two -- part of  
10 the single audit, what we do is, we've got to go through  
11 and report on whether or not the city's addressed any  
12 prior year findings, and if they have question, call us.  
13 I think last year, there might have been maybe at least  
14 12 findings. We looked at all those, and most of them  
15 resolved.

16 I think these are two that are repeat findings  
17 from last year, but overall, there's been significant  
18 improvement in terms of the overall findings, and I think  
19 Bama and the city administrator have done a good job in  
20 addressing those things, and so overall, it's -- the  
21 audit came up, you know, very well.

22 The operating results were good, the two  
23 findings, they are being addressed, and so I think  
24 everything went well in terms of the audit. This is  
25 Sherry Carter right here; she was in charge of the audit

1 even though she's not up at the mic, but, she's here and  
2 I just wanted to introduce you to her. So, if there are  
3 any questions?

4 MR. STEMA: Just for clarification of what I  
5 think what you just said, Mr. Terrell. On page 17 in the  
6 results of the audit, you say there were two significant  
7 deficiencies in internal control over financial  
8 statements. And then in your comments, you're saying  
9 those are really -- those are the same two that were  
10 included in a larger group last year?

11 MR. TERRELL: Yeah, they're repeat, yeah.

12 MR. STEMA: Thank you.

13 MR. McINERNEY: So, on your, in, so, your  
14 management letter's only going to have two issues on it,  
15 then, the two that are listed there?

16 MR. TERRELL: Yeah.

17 MR. McINERNEY: Those were found doing the  
18 federal, the A1-33 audit?

19 MR. TERRELL: Well, we'll have to follow up on  
20 all findings, and so as part of what we look at, if you  
21 look in the back of the single audit, there's a table  
22 back there that shows all of the findings and whether or  
23 not they've been resolved, unresolved, or --

24 MR. McINERNEY: Okay.

25 MR. TERRELL: And so, those things aren't

1 resolved. Or any new things that come up, we have to  
2 report those.

3 MS. ROBERTS: Any further questions?

4 MR. ~~STEMA~~ <sup>McInerney</sup>: What is the hardest part?

5 MR. TERRELL: Hardest part? Well, the hardest  
6 part of doing any audit, particularly for your first  
7 time, it's just really the first time through work that  
8 you have to do. You have to, you know, basically obtain  
9 all of the background information on the city, in terms  
10 of, you know, you look at the charter or the agreements,  
11 the grants, the, and then, meeting with staff, just to  
12 get, you know, get a gut understanding of how the city  
13 operates, and things like that.

14 So that was part of it. The other part,  
15 probably, this year, we did implement GASB 68, which  
16 related to the, in the pension reporting. Doesn't affect  
17 the government, you know, the governmental fund  
18 statements, but it did affect the citywide statements.  
19 And so implementing that, and getting all the information  
20 we needed to implement that GASB 68, was probably the  
21 most challenging thing for the audit.

22 MR. STEMA: Thank you.

23 MS. ROBERTS: Thank you. Congratulations.

24 MR. TERRELL: Thank you.

25 MS. ROBERTS: Moving on to new business, first

1 item on the agenda is the RTAB evaluation criteria. Mr.  
2 Van de Grift, would you please provide a summary of those  
3 items for the board.

4 MR. VAN de GRIFT: Certainly.

5 Drew Van de Grift, Department of Treasury. Board  
6 members may recall, when you were appointed by the  
7 governor, one of the duties that he assigned was an  
8 annual review back to the governor. The period of time  
9 will be from, I believe, from December 18, 2014, to  
10 December 18 of 2015, so we're a couple months shy. But I  
11 think it made good sense to wait until the audit was  
12 available, before evaluating the previous fiscal year.

13 Treasury staff has made available to more or less  
14 generate a draft, for your benefit. There's like a  
15 questionnaire that exists and has been administered to  
16 every RTAB before you for every annual evaluation, and  
17 unless there's an objection from the board, staff will  
18 administer that same questionnaire for the staff at the  
19 city.

20 The results are then condensed into a document  
21 and your comments are solicited, and so, particularly the  
22 board members that have been here for the entire period  
23 of time. We welcome input. It ultimately is finalized,  
24 and you know, a lot of the -- there's an attachment in  
25 your packet, that I think bifurcates between the

1 different categories of evaluation, and the topics that  
2 are evaluated.

3 They all concern, you know, the implementation of  
4 best practices and efforts that the city has made to  
5 continue, you know, fiscal solvency and improvement.  
6 Municipal stability. I guess what we're asking today is  
7 for a motion to begin or to commence the annual  
8 evaluation, and either next month or the following month,  
9 there will be a draft for your review.

10 MS. ROBERTS: Okay.

11 MR. McINERNEY: I move to commence.

12 MS. ROBERTS: Okay.

13 MR. STEMA: Seconded.

14 MS. ROBERTS: All those in favor say aye. Aye.

15 MR. STEMA: Aye.

16 MS. YOUNG: Aye.

17 MR. McINERNEY: Aye.

18 MR. BOGDAN: Aye.

19 MS. ROBERTS: Opposed the same.

20 (No response)

21 MS. ROBERTS: Motion carries. Next on the agenda  
22 is approval of resolutions and ordinances from the city  
23 council meetings. First item is resolutions from the  
24 regular city council meeting of February 8th, 2016. I  
25 would entertain a motion to approve all ordinances and

1 resolutions from the February 8th, 2016 regular city  
2 council meeting.

3 MS. YOUNG: Motion to approve.

4 MR. STEMA: Seconded.

5 MR. McINERNEY: Support.

6 MS. ROBERTS: Any discussion?

7 (No response)

8 MS. ROBERTS: Seeing none, all those in favor say  
9 aye. Aye.

10 MR. STEMA: Aye.

11 MS. YOUNG: Aye.

12 MR. McINERNEY: Aye.

13 MR. BOGDAN: Aye.

14 MS. ROBERTS: Opposed the same.

15 (No response)

16 MS. ROBERTS: Motion carries.

17 Next on the agenda is resolutions from the  
18 regular city council meeting of February 23rd, 2016. I  
19 would entertain a motion to approve all ordinances and  
20 resolutions from the February 23rd, 2016 regular city  
21 council meeting.

22 MR. BOGDAN: So moved.

23 MR. STEMA: Support.

24 MS. ROBERTS: Any discussion?

25 (No response)

1 MS. ROBERTS: Seeing none, all those in favor say  
2 aye. Aye.

3 MR. STEMA: Aye.

4 MS. YOUNG: Aye.

5 MR. McINERNEY: Aye.

6 MR. BOGDAN: Aye.

7 MS. ROBERTS: Opposed the same.

8 (No response)

9 MS. ROBERTS: Motion carries. Next item on the  
10 agenda is claims and accounts from the regular city  
11 council meeting draft minutes of March 15, 2016. I would  
12 entertain a motion to approve, deny, or postpone claims  
13 and accounts from the regular city council meeting draft  
14 minutes of March 15, 2016.

15 MS. YOUNG: Motion to approve.

16 MR. STEMA: Seconded.

17 MS. ROBERTS: Any discussion?

18 (No response)

19 MR. STEMA: I actually just, in general, it seems  
20 like they didn't pass this agenda, and then they redid  
21 it. Is there a reason why, initially, or? Because this  
22 is the March 15th one we're talking about, right?

23 MS. ROBERTS: This is March 15th.

24 MS. POWELL: No, this is February 23rd.

25 MR. STEMA: Oh, I thought we were on March 15th.

1 MS. ROBERTS: We're on March 15th. It's the  
2 draft minutes.

3 MS. POWELL: Oh, we are, 15th? Yes.

4 MS. ROBERTS: It's the draft.

5 MS. POWELL: Oh sorry, the draft. Yes, they  
6 originally did not approve the consent agenda, but it was  
7 brought back up later in the meeting, and it was  
8 approved.

9 MR. STEMA: Any reason, particularly, first time  
10 or second time? Or disagreement?

11 MS. POWELL: The discussion was that there was a  
12 contract on the consent agenda, and instead of pulling  
13 that item for discussion, they just denied the entire  
14 consent agenda.

15 MR. STEMA: Okay.

16 MS. ROBERTS: Any further discussion? Seeing  
17 none, all those in favor of approving the draft minutes  
18 claims and accounts, please say aye. Aye.

19 MR. STEMA: Aye.

20 MS. YOUNG: Aye.

21 MR. McINERNEY: Aye.

22 MR. BOGDAN: Aye.

23 MS. ROBERTS: Opposed the same.

24 (No response)

25 MS. ROBERTS: Motion carries. Next on the agenda

1 is the city administrator items. We've already covered  
2 the approval of city council minutes. Next would be the  
3 approval of budget to actual and cash flow reports. I  
4 would entertain a motion to approve, deny, or postpone  
5 the budget to actual cash flow reports.

6 MR. McINERNEY: So moved.

7 MR. STEMA: Seconded.

8 MS. ROBERTS: Any discussion?

9 (No response)

10 MS. ROBERTS: Seeing none, all those in favor say  
11 aye. Aye.

12 MR. STEMA: Aye.

13 MS. YOUNG: Aye.

14 MR. McINERNEY: Aye.

15 MR. BOGDAN: Aye.

16 MS. ROBERTS: Opposed the same.

17 (No response)

18 MS. ROBERTS: Motion carries. Next on the agenda  
19 is the approval of invoice register and preapproved  
20 expenditures. I would entertain a motion to approve,  
21 deny, or postpone the invoice register and preapproved  
22 expenditures.

23 MS. YOUNG: Motion to approve.

24 MS. ROBERTS: Any second?

25 MR. STEMA: Second it.

1 MS. ROBERTS: Any discussion?

2 (No response)

3 MS. ROBERTS: Seeing none, all those in favor say  
4 aye. Aye.

5 MR. STEMA: Aye.

6 MS. YOUNG: Aye.

7 MR. McINERNEY: Aye.

8 MR. BOGDAN: Aye.

9 MS. ROBERTS: Opposed the same.

10 (No response)

11 MS. ROBERTS: Motion carries. Next on the agenda  
12 is approval of acceptance of the FDCVT grant for purchase  
13 of dashboard cameras and requisite software for city  
14 vehicles, not to exceed \$90,000. While this action is on  
15 this -- action item occurred during a council meeting  
16 outside the normal review period for today's board  
17 meeting, the city manager has asked us to move this item  
18 forward for early review and I deem that merited. Ms.  
19 Powell, would you please provide a summary of this item  
20 for the board?

21 MS. POWELL: Yes, ma'am. This is a grant that  
22 the city applied for for dashboard cameras and software  
23 for our city vehicles. We of course asked for way much  
24 more for very different items, but this is the grant that  
25 we were awarded, so we're appreciative.

1                   It is for \$90,000, and we have to present this  
2 back to the state with the resolution by April 21st,  
3 which is why you're hearing it today versus next month.  
4 We did take it to the council, it was approved, and we  
5 just want to go ahead and submit the paperwork so that we  
6 can get our money and start purchasing dash-cams.

7                   MR. McINERNEY: So the council did approve it?

8                   MS. POWELL: Yes, sir.

9                   MS. ROBERTS: I would entertain a motion to  
10 approve, deny, or postpone the acceptance of this FDCVT  
11 grant for purchase of dashboard cameras and requisite  
12 software for city vehicles, not to exceed \$90,000.

13                   MR. STEMA: Motion to approve.

14                   MS. YOUNG: Second.

15                   MS. ROBERTS: Any discussion?

16                   (No response)

17                   MS. ROBERTS: All those in favor say aye. Aye.

18                   MR. STEMA: Aye.

19                   MS. YOUNG: Aye.

20                   MR. McINERNEY: Aye.

21                   MR. BOGDAN: Aye.

22                   MS. ROBERTS: Opposed the same.

23                   (No response)

24                   MS. ROBERTS: Motion carries. Next on the agenda  
25 is approval of contract to Cassar Management LLC for road

1 pretreatment services. And while action on this item  
2 occurred during a council meeting outside the normal  
3 review period for today's board meeting, the city manager  
4 has requested that we bring this item forward for early  
5 review and that was deemed merited.

6 Ms. Powell, would you please provide a summary of  
7 this item for the board?

8 MS. POWELL: Yes ma'am. This item we put out to  
9 bid back last month, for pretreatment of the roads, which  
10 will treat our roads prior to snowfall. We're hoping  
11 that this will cut down on some of the salt that we need  
12 to use and some of the work that we have to do with the  
13 plow.

14 Hopefully, we will not receive any more snow this  
15 year, so this contract actually commences on April 1st,  
16 and it goes for three years. This is a really good  
17 product. We were able to test it out earlier this year  
18 with one of our snowfalls, and we were very happy with  
19 how it worked. And so we're just looking for approval  
20 for this contract to use for next year, because we're not  
21 wishing for any snow this year.

22 MS. ROBERTS: Was this contract approved by  
23 council?

24 MS. POWELL: Yes, it was.

25 MR. STEMA: How does it fit into the budget with

1 the other snow, is it, there's money for it, and all  
2 that?

3 MS. POWELL: It would just be, we would just  
4 remove it from the Act 51 fund, yes, sir.

5 MS. ROBERTS: I would entertain a motion to  
6 approve, deny, or postpone a contract to Cassar  
7 Management, LLC, for road pretreatment services.

8 MS. YOUNG: Motion to approve.

9 MR. McINERNEY: Support.

10 MS. ROBERTS: Any further discussion?

11 (No response)

12 MS. ROBERTS: Seeing none, all those in favor say  
13 aye. Aye.

14 MR. STEMA: Aye.

15 MS. YOUNG: Aye.

16 MR. McINERNEY: Aye.

17 MR. BOGDAN: Aye.

18 MS. ROBERTS: Opposed the same.

19 (No response)

20 MS. ROBERTS: Motion carries. Next on the agenda  
21 is approval of contract to Sewer and Water Specialists  
22 for water and sewer repair and maintenance services. The  
23 records show that city council failed to approve this  
24 contract for essential infrastructure repairs, evidently  
25 intending that this RTAB board would approve it for them.

1                   While there is authority contained in Emergency  
2                   Manager Order 17, for the board to authorize the city  
3                   manager to execute this contract, I feel that it's really  
4                   the city council's job to do so. However, I don't want  
5                   to leave the city in a lurch, because I know the contract  
6                   ends. So Ms. Powell, could you please give us an  
7                   overview of this contract?

8                   MS. POWELL: Yes ma'am. This is a three year  
9                   contract for Water and Sewer Specialists to provide water  
10                  and sewer repair and maintenance. It is a contract that  
11                  allows this company to come in and do all those repairs  
12                  that we're unable to do in-house. Particularly water  
13                  main breaks, hydrant repair that we're unable to do.  
14                  Some of the larger ticket items that we just don't have  
15                  the staff or the wherewithal to do. And, this is a three  
16                  year contract, we've put it out to bid. Back in January,  
17                  because you will remember, back in December of 2015, we  
18                  cancelled the contract that we had with the group that  
19                  provided water and sewer repair for us then.

20                  And we were under a temporary contract until  
21                  tomorrow, which would be immediately following this board  
22                  meeting, if you all approved it. We received three  
23                  vendor submitted proposals. We were trying to work a  
24                  deal with two of those vendors so that we could kind of  
25                  pick and choose the services, because some pricing was

1 better for some things than others.

2 But we weren't able to work out a deal with an  
3 additional contractor, so we awarded -- we wanted to  
4 award the contract to Sewer and Water Specialists. We  
5 did get some very good pricing, particularly compared to  
6 what we're currently paying, or were currently paying for  
7 the same services.

8 This, in some cases, cuts the costs in half, so  
9 we're looking forward to moving on with saving the city  
10 more money in its water and sewer fund by getting the  
11 repairs done quickly and more cost effectively.

12 MS. ROBERTS: Okay.

13 MR. BOGDAN: Why did not the -- why didn't the  
14 city council take action on this?

15 MS. POWELL: That's a good question, sir.

16 MR. STEMA: Did they give a reason why they  
17 didn't approve it or want to approve it?

18 MS. POWELL: They wanted to -- they wanted a  
19 recommendation from the RTAB, as to whether or not they  
20 would approve of this contract. We properly bid this, it  
21 was -- we received a lot of feedback from vendors that  
22 wanted to bid on this contract, a lot of people that  
23 viewed it on MITN.

24 I don't really know the answer to that question,  
25 other than they wanted to push it to the RTAB. But this

1 is a crucial contract for our community, and the  
2 temporary contract that you all approved the last time  
3 ends tomorrow, so, we're kind of at a fork in the road.

4 MS. YOUNG: What would happen if we didn't  
5 approve this today?

6 MS. POWELL: Well, I would still have the  
7 authority to pay for services up to \$10,000, without  
8 bringing it before anyone. But, we certainly want to  
9 have a contract in place with a vendor, because the  
10 contract that we have with our current vendor expires  
11 tomorrow, so we need a new contract for another vendor,  
12 in order to move forward.

13 MR. BOGDAN: If this is a three year contract, I  
14 guess I feel uncomfortable voting for something when the  
15 city council should take responsibility for it.

16 MR. STEMA: Yeah, but unfortunately, if the city  
17 council doesn't want to take responsibility for it, the  
18 city still has to run.

19 MS. ROBERTS: The contract before --

20 MR. BOGDAN: Well, if they have to end of the  
21 month.

22 MS. ROBERTS: The contract before was a three  
23 year contract, also.

24 MS. POWELL: In those letters.

25 MS. ROBERTS: And that was done.

1 MR. BOGDAN: Yeah. I would prefer to see it sent  
2 back to council and ask them to take action on it before  
3 we--

4 MR. STEMA: I myself, if they don't want to take  
5 action, and they don't want to govern, then I think part  
6 of the reason that we're here is to keep the city moving  
7 forward as a board, so you know.

8 MR. BOGDAN: I want to see them for them to take  
9 action than for us to take action.

10 MS. ROBERTS: Well, the way it's supposed to work  
11 is they're supposed to take action. And then we approve  
12 it.

13 MR. BOGDAN: Yeah.

14 MS. ROBERTS: They failed to take action, and  
15 decided to kick it to us. That's the problem. They  
16 kicked it to us.

17 MR. BOGDAN: They made it a motion to send it?

18 MS. POWELL: Yes.

19 MS. ROBERTS: They made -- yes.

20 MR. BOGDAN: I would as soon make a motion to  
21 send it back to them.

22 MR. STEMA: I would make a motion to approve it.

23 MS. ROBERTS: So, would anybody like to make a  
24 motion?

25 MR. STEMA: Motion to approve.

1 MS. ROBERTS: Any second?

2 MS. YOUNG: Second.

3 MS. ROBERTS: All those in favor --

4 MR. McINERNEY: Discussion?

5 MS. ROBERTS: Discussion, thank you.

6 MR. McINERNEY: I'm troubled, Mark. I mean, I  
7 have no problem with the procedure that the management  
8 has ~~filed~~<sup>followed</sup>, and I think the letter from Hennessy is  
9 helpful, and explains everything, so, it's not a question  
10 of the substance per se, but more the procedure of the  
11 city council. I'm troubled by that.

12 MS. ROBERTS: As am I. I think council should  
13 have done their job. If they'd like us to leave, they  
14 need to do their job. Unfortunately they kicked this to  
15 us --

16 MR. McINERNEY: I think there's witnesses here  
17 that can indicate that our issue, I mean, it's public  
18 record, I mean, I'm not citing a procedural, a trouble  
19 with the contract. But more with the issue of the city  
20 council, so.

21 MR. STEMA: Yeah. I mean, I have an issue with  
22 them passing it off to us, right, I mean, but  
23 unfortunately --

24 MR. BOGDAN: But if you let them get away with it,  
25 that's then they'll continue to do that. I think --

1 MR. STEMA: And then that means they don't want  
2 to govern themselves. And they don't want to govern  
3 themselves, unfortunately. Part of the reason this board  
4 is even here is, the past council didn't want to govern  
5 themselves, and make the hard decisions, so they voted to  
6 bring the state in so they didn't have to make the hard  
7 decisions.

8 MR. BOGDAN: Right.

9 MR. STEMA: And that's why we're here today. And  
10 that's, unfortunately, because it's one of those  
11 situations, so if they still want to govern themselves,  
12 decisions have to move forward and the city has to move  
13 forward.

14 MR. McINERNEY: I'm not sure that enlarges our  
15 power, though. Because they choose not to exercise  
16 theirs.

17 MR. STEMA: I've always interpreted the rules for  
18 this board as, they make decisions, but we can -- if they  
19 even voted yes on the contract -- we can turn it down.

20 MR. BOGDAN: Right.

21 MR. STEMA: And we've done that in the past. And  
22 then this situation, they've decided, I'm not going to  
23 take a step either way, vote yes or no on it, and left it  
24 up to us to make that decision. And I think we have the  
25 power to do that.

1 MS. YOUNG: Especially because I don't find any  
2 fault with the procedure. It's sound. The vendor is  
3 fine.

4 MR. McINERNEY: That's not my issue. I cannot  
5 agree -- agreed.

6 MR. BOGDAN: Well, I guess in my mind --

7 MR. STEMA: So why do we need them, then?

8 MR. McINERNEY: Well technically, they're  
9 supposed to govern, if they choose to, but, it's like  
10 they don't want to make decisions.

11 MR. BOGDAN: Then let's have them govern.

12 MR. STEMA: I would love them to, but they can't  
13 -- we -- the city still has to move forward. They can't  
14 just decide we're not going to approve anything or do  
15 anything. And let the city stand.

16 MR. BOGDAN: Let's give them a month -- let's  
17 give we them a month to do it.

18 MR. STEMA: I don't agree with that. Because I  
19 want, they need to learn that they have to make  
20 decisions, and if they don't, then we will for them, and  
21 that's not a way to do it. We kick it back, and then  
22 we'll have to, when they turn it down again, then we say,  
23 well they still don't want to?

24 Unfortunately, I've been to our council meetings.  
25 I live in this city, and I want the city to move forward.

1 Personally if I had my choice, I wouldn't be sitting here  
2 today. My council would be doing their job. But  
3 unfortunately, you go to our council meetings, which I've  
4 been to, a lot of times they don't want to do their job.  
5 They want to bicker, they want to fight, they want to  
6 grandstand. Unfortunately, that's the reason we're here  
7 today, if they don't want to improve on that.

8 MR. BOGDAN: Well unless we have them back we'll  
9 be here forever.

10 MR. McINERNEY: Yeah. I'm almost persuaded by  
11 your arguments, Mark.

12 MS. ROBERTS: I hate to leave the city in the  
13 lurch.

14 MR. STEMA: Yes.

15 MR. BOGDAN: Well, they're not in the lurch. City  
16 manager has access to --

17 MS. ROBERTS: You have up to \$10,000.

18 MR. BOGDAN: Yeah, pretty much. Yeah.

19 MS. POWELL: But I know. I won't have a contract  
20 after tomorrow.

21 MR. BOGDAN: You've got it for a month.

22 MS. ROBERTS: Yeah. You don't have a contract.

23 MS. POWELL: I won't have a contract after  
24 tomorrow.

25 MS. ROBERTS: There's no contract. The contract

1 that we approved expires tomorrow.

2 MR. BOGDAN: You can't extend it for a month?

3 MS. ROBERTS: Well, we -- not without talking to  
4 the contractor, not unilaterally.

5 MS. POWELL: There wasn't a provision in that  
6 temporary contract you all gave us, temporary contract so  
7 that we could properly bid it. And get another  
8 contractor in here. I will also point out -- and I know  
9 Madame Chair, you mentioned this during your discussion,  
10 that the Emergency Manager Order 17 allows for the city  
11 manager to execute this contract with the approval of the  
12 board.

13 It doesn't necessarily have to go to council. I  
14 chose to take it to council because that's -- we're  
15 trying to get them to take responsibility and to govern.  
16 As Mr. Stema stated, we're giving them the opportunity to  
17 make these decisions, without bringing it straight here.

18 I don't prefer to do that; I would prefer to take  
19 it to them, let them look at the document, let them have  
20 discussion, let them make decisions. In this particular  
21 case, that didn't happen. It was automatically said,  
22 let's take it to the RTAB.

23 MR. McINERNEY: So you're standing by your memo,  
24 the closing memo, the closing paragraph of the memo, that  
25 the city manager requested the RTAB approve this contract

1 for services without city council's approval prior?

2 MS. POWELL: Yes, sir.

3 MR. McINERNEY: "As it's crucial to the health  
4 and welfare of the city's residents, to have a contractor  
5 in place to address water and sewer issues that the city  
6 staff cannot handle"?

7 MS. POWELL: Correct.

8 MR. McINERNEY: And you're reaffirming this?

9 MS. POWELL: Yes, I am.

10 MS. ROBERTS: Okay. Any further discussion?

11 MR. McINERNEY: Well, I'm -- is the chair going  
12 to give us any further guidance here, on what to --

13 MS. ROBERTS: Well, the motion's before the  
14 board, before this board, is to approve this contract.

15 MR. McINERNEY: Well I'm reluctant to, in  
16 addition to going against my colleagues, which troubles  
17 me, but I'm prepared to do --

18 MR. STEMA: You know what you should --that  
19 shouldn't be an issue --

20 MR. McINERNEY: And I'm prepared to do -- but I  
21 am overriding the chair further troubles me. And the  
22 chair has indicated that --

23 MS. ROBERTS: I indicated I was troubled, that  
24 the council did not do what they should. I was not going  
25 to take this out, but, I believe that in this instance,

1 we need to. For the welfare of this city.

2 MR. McINERNEY: Well, thank you for that  
3 clarification.

4 MS. YOUNG: And we are check and balance, on the  
5 council. So that's our responsibility.

6 MR. McINERNEY: I want to thank my colleagues for  
7 addressing this so articulately.

8 MS. ROBERTS: Thank you. The motion before this  
9 board is to approve the contract to Sewer and Water  
10 Specialists, for water and sewer repair and maintenance  
11 services. All those in favor say aye. Aye.

12 MR. STEMA: Aye.

13 MS. YOUNG: Aye.

14 MR. McINERNEY: Aye.

15 MR. BOGDAN: Aye.

16 MS. ROBERTS: Opposed the same.

17 (No response)

18 MS. ROBERTS: Motion carries.

19 Next on the agenda is approval of the citywide  
20 overtime report. Ms. Powell, would you please provide a  
21 summary of the progress the city is making in regards to  
22 this issue?

23 MS. POWELL: Yes ma'am. I am very happy with --  
24 well, I could be much happier, but I'm happy with this  
25 report because, as you see, if you compare it to last

1 month, we are actually down in almost every -- actually,  
2 in every department except for the water fund. But the  
3 rest of them are coming down tremendously in the police  
4 department, under just the regular police department,  
5 we're down \$1290.

6 We're down about six grand under traffic. We're  
7 down about \$305 in the FBI. In fire, we're down \$6200.  
8 In the general fund, we're down about \$8500. Major  
9 roads, we're down about \$1,000. The water fund is up  
10 about \$322, but we've got some stuff that we're working  
11 on, we're replacing meters and that sort of thing.

12 Our drug forfeiture fund overtime is also down  
13 about \$500. Overall, our overtime is down \$9500. Which  
14 doesn't sound like a lot, but it's a lot for us. And  
15 I'll also point out that the district court report, which  
16 is kind of the comparison in that, we're up approximately  
17 \$67,000 in revenue on the fines and forfeiture side for  
18 this month, so, our overtime is looking good, and so are  
19 our fines and forfeiture revenues coming in, so.

20 I'd like to credit our department heads for  
21 really addressing this issue, particularly in the police  
22 department and the fire department. They do a phenomenal  
23 job in trying to keep those costs in check. A lot of the  
24 overtime is contractual and they really don't have a lot  
25 of say so over that, but what they do have say so over,

1 they are addressing, so kudos to them.

2 MS. ROBERTS: I would entertain a motion to  
3 approve, deny, or postpone the citywide overtime report.

4 MR. STEMA: Motion to approve.

5 MR. McINERNEY: Support.

6 MS. ROBERTS: Any further discussion?

7 (No response)

8 MS. ROBERTS: Seeing none, all those in favor say  
9 aye. Aye.

10 MR. STEMA: Aye.

11 MS. YOUNG: Aye.

12 MR. McINERNEY: Aye.

13 MR. BOGDAN: Aye.

14 MS. ROBERTS: Opposed the same.

15 (No response)

16 MS. ROBERTS: Motion carries. And we do have the  
17 31st District Court revenue report for information only.

18 Next on the agenda is public comment. Mr.  
19 Van de Grift, is there anyone signed up for public  
20 comment?

21 MR. VAN de GRIFT: Indeed there is. Bob Zwolak.

22 MR. ZWOLAK: Thank you and good afternoon.

23 MS. ROBERTS: Good afternoon.

24 MR. ZWOLAK: Again, I think I expressed earlier  
25 that my biggest concern was the budget to actual revenues

1 expenses, and I'm still concerned with the fact that we  
2 have a number of items that are over budget even in this  
3 eighth month. Especially in legal and professional  
4 charges, and overtime.

5 In all the years that I've been involved in, and  
6 participated in governing Hamtramck, we've always been on  
7 a -- had on a timely basis, amending our budgets on a  
8 timely basis. Month to month shortfalls. So I'm  
9 concerned there. I'm concerned, in the very near future,  
10 because we have basically blank checks with respect to  
11 Hennessy Engineering, legal, DPW and water.

12 I'm concerned in the very near future with cost  
13 overruns. I really foresee those. And in terms of some  
14 of the comments that were made today, I'm a little  
15 offended, being part of the old council, the past  
16 council. I was part of that, and some of the comments --  
17 my question would be, has this board here read the  
18 contract that you approved for water and sewer?

19 One of the pointed portions of the contract -- it  
20 expands the Hennessy's involvement within that contract.  
21 It involve -- expands the city's involvement with that  
22 particular contract. So it's not just a complete  
23 contract for one particular contractor, it involves also  
24 additional costs for Hennessy Engineering. Also  
25 additional costs for the city which now have to be

1 involved in preparation and also cleanup of these  
2 damages.

3 So, I'm surprised that you question the council's  
4 actions if you don't go to all the council meetings, if  
5 you don't go to the work sessions before the council  
6 meetings, that you're not aware of why council takes the  
7 actions.

8 The council got that contract, basically, the  
9 Friday, or, the Monday before the council meeting. And  
10 if you'll look at the contract, you'll see how lengthy it  
11 was.

12 MR. VAN de GRIFT: That's two minutes.

13 MS. ROBERTS: Thank you.

14 MR. ZWOLAK: Very disappointed. Thank you.

15 MR. VAN de GRIFT: Ms. Kathy Gordon.

16 MS. GORDON: Thank you for allowing me to speak.  
17 I'm going to expand on what Mr. Zwolak just talked about,  
18 this water and sewer contract. You talk about the  
19 welfare of the city -- I have to tell you, there's no  
20 reason to rush through this contract. This company has  
21 been here doing business without a contract since  
22 November.

23 You have a lawsuit pending right now, because  
24 they were doing work here when we were under contract  
25 with another contractor. So that's number one. Number

1 two, this is a -- if you want to know why the council  
2 didn't approve it, number one, it was a three year  
3 contract.

4 Have any of you read this contract and done a  
5 cost analysis? Everything on our previous contract was  
6 turnkey. You're in such a hurry to approve. This  
7 contract is ala carte. Everything costs. It costs to  
8 dig the hole, it costs for the parts, the city's got to  
9 pay for the parts. I assume none of you read this  
10 contract. And that's why council didn't approve it.

11 I mean, she was at the meeting. She knows why  
12 they didn't approve it. And number two, the other thing  
13 I want to address is your legal expenditures. You're 190  
14 percent at budget; you still have four months to go, and  
15 you're 190 percent at legal budget. You spent 275,000 on  
16 one lawsuit, as of November.

17 These numbers that are given in these audits and  
18 on these budget to actuals, numbers are only as accurate  
19 as the people who are giving you these numbers; 275 on  
20 one lawsuit, and you haven't even gone to court yet. And  
21 you guys just keep approving and approving.

22 And I'm going to close with a comment. A comment  
23 that was made to the council, when they denied this  
24 contract, was, this was only a courtesy that was brought  
25 to them, Ms. Powell said.

1                   This was a courtesy, I don't need to come to you,  
2                   I can always go to the TAB board. And she was right. It  
3                   worked. It doesn't matter what council does, you guys  
4                   override them, you do whatever she asks first. Please  
5                   look into things and read before you approve. Thank you.

6                   MR. VAN de GRIFF: That concludes public comment.

7                   MS. ROBERTS: Thank you. Any board comment?

8                   (No response)

9                   MS. ROBERTS: Seeing none, I would accept a  
10                  motion to adjourn.

11                  MR. BOGDAN: Yeah, I'd like to bring up one issue  
12                  that came up earlier, about the idea of having comments  
13                  prior to the board meeting, so we'd have those comments  
14                  before we considered issues. Have them instead of at the  
15                  end of the meetings. This sort of, didn't help very much  
16                  at the end of the meeting. So if there's no objection,  
17                  to have the public comments made at the beginning of the  
18                  meeting.

19                  MS. ROBERTS: All the RTAB meetings are run the  
20                  same, and the comment is at the end.

21                  MR. BOGDAN: And I'm asking for it be moved in  
22                  front.

23                  MS. ROBERTS: Okay.

24                  MR. BOGDAN: It would appear to me that we'd want  
25                  the information, whatever it is, to get the comments

1 before we act on them, instead of after we act.

2 MS. ROBERTS: So then are you putting forward a  
3 motion?

4 MR. BOGDAN: I'm making a -- I'd like to make a  
5 motion to move the public comments to the beginning of  
6 the RTAB meeting.

7 MR. STEMA: I just have one question. Drew, is  
8 it allowable?

9 MR. VAN de GRIFT: It would be allowable.

10 MR. STEMA: Oh.

11 MS. ROBERTS: Any second?

12 MR. STEMA: I'll second it. I don't care either  
13 way.

14 MS. ROBERTS: All those in favor say aye.

15 MS. YOUNG: Aye.

16 MR. STEMA: Aye.

17 MR. McINERNEY: Aye.

18 MR. BOGDAN: Aye.

19 MS. ROBERTS: Opposed the same, aye. Motion  
20 carries. Now I'll be up for a motion for adjournment.

21 MR. STEMA: Motion to adjourn.

22 MS. ROBERTS: Have any second for that?

23 MS. YOUNG: Second.

24 MS. ROBERTS: Those in favor say aye. Aye.

25 MR. STEMA: Aye.

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MS. YOUNG: Aye.

MR. McINERNEY: Aye.

MR. BOGDAN: Aye.

MS. ROBERTS: Opposed the same.

(No response)

MS. ROBERTS: The meeting is adjourned at 1:45.

(At 1:45 a.m. meeting adjourned.)

1 STATE OF MICHIGAN  
2 COUNTY OF WASHTENAW ) .ss

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I certify that this transcript is a complete, true, and correct transcript to the best of my ability of the RTAB meeting held on March 22, 2016, City of Hamtramck. 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: March 25, 2016

s/ *Amy Shankleton-Novess*

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