

City of Hamtramck

Receivership Transition Advisory Board Meeting Minutes

Tuesday, June 23, 2015

Hamtramck City Hall

Council Chambers - 2d Floor

3401 Evaline

Hamtramck, Michigan 48212

RTAB MEMBERS PRESENT:

DEBORAH ROBERTS, CHAIR

MARK STEMA

CATHY SQUARE

KAREN YOUNG

ALSO PRESENT:

DREW VAN de GRIFT

KATRINA POWELL

Hamtramck City Manager

BHAMA CAIRNS

City Controller

TRANSCRIPTION BY:

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June 23, 2015 - Hamtramck, Michigan

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Called to order at 1:02 p.m.

MS. ROBERTS: It is 1:05 and I will call the City of Hamtramck Receivership Transition Advisory Board meeting for Tuesday, June, 23, to order.

Mr. Van de Grift, will you take a roll call, please.

MR. VAN de GRIFT: Deborah Roberts.

MS. ROBERTS: Here.

MR. VAN de GRIFT: Cathy Square.

MS. SQUARE: Here.

MR. VAN de GRIFT: Mark Stema.

MR. STEMA: Here.

MR. VAN de GRIFT: Karen Young.

Karen Young is absent. We have a quorum.

MS. ROBERTS: Okay. I want to remind anybody that wants to speak for public comment to please sign in. I think the sign in sheet might be on the podium.

First up, approval of the agenda. I will entertain a motion to approve the agenda.

MS. YOUNG: So move.

MR. STEMA: I'll second it.

MS. ROBERTS: Any discussion?

(No response.)

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

3 MS. SQUARE: Aye.

4 MR. STEMA: Aye.

5 MS. ROBERTS: Opposed the same?

6 (No response.)

7 MS. SQUARE: Motion carries.

8 Next on our agenda is approval of the May 26,
9 2015 RTAB meeting minutes. I would entertain a motion to
10 approve those minutes.

11 MS. SQUARE: So moved.

12 MR. STEMA: Second it.

13 MS. ROBERTS: Any discussion?

14 (No response.)

15 MS. ROBERTS: Seeing none, all those in favor
16 say aye.

17 MS. YOUNG: Aye.

18 MS. SQUARE: Aye.

19 MS. ROBERTS: Opposed the same.

20 (No response.)

21 MS. ROBERTS: Motion carries.

22 The first item on the agenda under Old Business
23 is the Capital Improvement Plan. Mr. Gabor, could you please
24 summarize the Capital Improvement Plan that has been
25 submitted?

1 MR. GABOR: I certainly will. I don't know if
2 you've had a chance to review it at all. It's made up of
3 several departments. We've broken it into police, fire, DPW,
4 IT, first floor administration, third floor administration,
5 building code, general building maintenance, inside and out,
6 as well as the library. I sat down with each of the
7 department heads in each of those areas and we went through in
8 some detail as to what equipment they have on hand, what they
9 needed to replace and when and when it went into service, what
10 the current cost to replace that is. When you look through
11 the spreadsheet I also try to forecast some inflationary
12 increases as you go out just so you -- it's a ballpark number.
13 It's not exact but we tried to do that. We also looked at the
14 opportunities of how we could fund different things outside of
15 the general fund. That was the important part because when I
16 looked through the approved budget, the second year approved
17 budget, there's only \$1,700 in capital improvement for the
18 library in the budget. So, a good portion of this right now,
19 even though it's a plan, there's not a finance method to
20 support that plan very well at this point in time.

21 There were some opportunities at the DPW regards
22 to major and local roads to fund some of their equipment.
23 They a good fund balance in there right now. The plan that
24 Hennessey put together with regards to that was a separate
25 document, okay. We planned a budget of \$1,000,000 a year for

1 major and local roads which doesn't eat up the total monies
2 that we've been collecting but it does eat up a good portion
3 of it. And then we also looked at water and sewer collections
4 and I know they're revamping those rates right now and take a
5 look at it but we used a half a million dollars as an annual
6 budget to try and say, all right, this is what we can do with
7 regards to the infrastructure of water and sewer. We tried to
8 look at that. That plan is only about a five year view. It's
9 not longer than that at this point in time. They are working
10 on a much longer one that's required by the DEQ so I said,
11 just keep it to five. That would get us going and then when
12 we finish the DEQ plan we can blend the two together or use
13 that one as an opportunity.

14 If you look at just the summary sheet, though,
15 then you can see in the parentheses about on an annual basis
16 if we were to get the grant funding that everybody estimated,
17 this would be the shortfall to this plan. Keep in mind this
18 plan is not frills. It keeps the basic equipment running, the
19 building where it's at; we're not looking to build new
20 buildings or purchase new buildings so that we have something
21 to support. We do have a five-year lease in this for maybe
22 some BPW area, small BPW area and try to get them a little
23 more organized with some new equipment they want to get and
24 get the roads, get some other stuff fixed.

25 However, but if you look at that line that's

1 second from the bottom, it basically says there's a shortfall.
2 Now, if you go how do you find that shortfall, based on what I
3 saw with regards to our assessing package and what a mill
4 would generate, one mill of millage generates about \$180,000,
5 okay, on an annual basis. Assuming that we're only going to
6 get 70 percent of the grants that they say they're going to
7 get, we would probably need about 1.5 to 2 mills of some extra
8 funding to actually support this particular plan 100 percent,
9 okay. But it does put it into perspective of what we need to
10 look for. We're still looking at what we're doing with
11 pensions and local longevity costs to see if we can't trim
12 some of that down and maybe use some of that to fund a portion
13 of this plan. But that is kind of the general consensus of
14 all the department heads as to what they need and what this
15 plan would look like in total.

16 I can field any questions that anybody might
17 have or I can go into greater detail by department here. So.

18 I hope this meets the needs that you were
19 looking for. At least in general. It should.

20 MS. ROBERTS: I just have one question on the
21 grants. Have these grants been applied for for the next
22 fiscal year?

23 MR. GABOR: We applied for them in the past and
24 got them so they're, you know, it's kind of like a rolling
25 grant. First of all we have to see if it's available through

1 the FED and then we go after it but these are grants that we
2 have had success with in the past. So I said, don't -- I mean
3 if something new comes out, great, you know, we'll just add it
4 to the mix but what do you know has worked for you in the past
5 and what has been available at least over the last five to
6 seven years. I didn't go back and look at that. So does that
7 answer your question?

8 MS. ROBERTS: Yes.

9 MS. SQUARE: I've got a couple questions. So
10 the capital improvement plan, this is for non-infrastructure,
11 correct?

12 MR. GABOR: Right. This particular document
13 here is not infrastructure. The second document from
14 Hennessey is a five-year infrastructure plan.

15 MS. SQUARE: Okay.

16 MR. GABOR: Right.

17 MS. SQUARE: Okay, so Hennessey's plan is for
18 water and sewer --

19 MR. GABOR: Water, sewer and roads.

20 MS. SQUARE: Okay.

21 MR. GABOR: Okay, that's what his plan is for.
22 And for sure we have funding for roads. The water and sewer
23 we're looking at as collections go up and we look at the rates
24 and what have you. But based on what we saw in the budget we
25 think we can fund somewhere close to a half a million.

1 MS. SQUARE: Now, are the S-1 improvements part
2 of that Hennessey's plan so, you know, I see we have Baird
3 (phonetic) here, so the improvements to the infrastructure so
4 you know.

5 MR. GABOR: What we did is --

6 MS. SQUARE: The water, the sewer lines, I mean.

7 MR. GABOR: What we looked at is what's our
8 worst ones out there that we have most trouble with, okay.
9 And is there a mechanism that we can fix a section of it,
10 okay? Especially, I mean, we had sections where in this past
11 winter we had what, five, six breaks within a two-block area.
12 So we're looking at what is the oldest and most problematic
13 that causes us the most trouble and most expense. And that's
14 what they put up front in their five-year plan. These are the
15 ones we need to look at to get that in. It's not a complete
16 replacement at this point in time.

17 The DEQ portion really looks at, what are you
18 planning on doing with the whole city in general and what does
19 that 20-year plan look like. It would be a much bigger plan.

20 MS. SQUARE: So you've got two plans, then.

21 MR. GABOR: Yeah.

22 MS. SQUARE: You've got one for capital
23 infrastructure repairs and then you have one for just things
24 that capital replacements and vehicles and things.

25 MR. GABOR: Yeah. Absolutely. Building

1 maintenance. I mean, IT infrastructure. You name it, we put
2 a list of items together that would keep the city well running
3 and stable and what have you. That you would do at any of
4 your businesses or what have you.

5 MS. SQUARE: And what's the year, what's the
6 longevity of that plan? Is that a five year plan, too?

7 MR. GABOR: That goes out to 2042. I mean I ran
8 that plan from 2015 all the way out to 2042.

9 MS. SQUARE: So are you anticipating that the
10 city will need to set money aside? I mean because you have to
11 fund it somehow.

12 MR. GABOR: We have to find a funding mechanism;
13 either we have to reduce costs or reduce some longevity costs
14 that we're going to have to look at it the future or we have
15 to figure out what the tax base is going to look like and can
16 we get, you know, a couple hundred thousand to help fund that,
17 okay? I don't know where that's coming from yet. Like I
18 said, I looked through the current approved budget and I found
19 \$1,700 that was in there. As we start for the next budget
20 year I know Katrina and myself and the department heads will
21 go through that and say all right, how are we going to fund
22 this capital improvement plan here? We know we have money
23 coming in from ACT 51 and what have you that will help with
24 the roads. We think water and sewer will have some funding
25 available to help on that side of it but the basic equipment

1 and operations of the city are not well-funded other than
2 grants. And typically they're either 70/30 or 50/50 so we're
3 still going to have to have some general fund money to support
4 that.

5 MR. STEMA: What about, I know -- I understand
6 like when you're going out and it's obviously you're trying to
7 find funding but at least the first couple of years you have
8 to, based on what you're budgeted you have to know that, if
9 you have funding or not. So the amount that you've got
10 budgeted for like next year, and the year after at least those
11 should you --

12 MR. GABOR: We think we have great opportunity
13 for grants and a lot of that is coming from local Act 51 as
14 well. Okay.

15 MR. STEMA: So let's just say, for example, you
16 come \$100,000 short. Do you have like especially when you're
17 talking vehicle maintenance, things like that, do you have
18 what's going to drop off that you can't fund?

19 MR. GABOR: Absolutely. We understand that.

20 MR. STEMA: So do you have a plan and all that?

21 MR. GABOR: Yeah. I mean, we've already made
22 notes in the boxes that says we can push this out two years,
23 we can push this out. You know, some timeframe, you know,
24 short of falling apart.

25 MR. STEMA: Yeah. No, okay, because when I was

1 looking at it, it looked you were using almost like tax useful
2 life and stuff like that. Okay, a vehicle you get five-year
3 depreciation on. You know what I mean, just using the regular
4 useful life and maybe it can last longer. Sometimes it's even
5 going to last shorter.

6 MR. GABOR: It depends on the level of
7 maintenance you put on there and what have you.

8 MR. STEMA: Okay.

9 MR. GABOR: I mean, normal, most vehicles were
10 at ten to 20 years depending on what we thought their -- what
11 I called on this was 'duty load'.

12 MR. STEMA: Okay.

13 MR. GABOR: Okay, is it a light duty load or
14 severe duty load or what have you. And that was with
15 reasonable maintenance or something like that.

16 MS. SQUARE: Okay, and I think this exercise was
17 performed per the direction of the Treasury, correct, Drew? I
18 think --

19 MR. VAN DE GRIFT: It was contained in the final
20 EM order.

21 MS. SQUARE: Right. So within a certain six
22 months they had to produce this plan and then the plan will go
23 where? I mean is it just something for the city to use as a
24 guide?

25 MR. VAN de GRIFT: For the edification and

1 review of the city.

2 MS. SQUARE: Okay. All right.

3 MS. ROBERTS: Any further questions?

4 MR. GABOR: Thank you.

5 MS. ROBERTS: I would entertain a motion to
6 either approve, deny or postpone the Capital Improvement Plan.

7 MR. STEMA: Motion to approve.

8 MS. ROBERTS: Second?

9 MS. SQUARE: Support.

10 MS. ROBERTS: Any discussion?

11 (No response.)

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

14 MR. STEMA: Aye.

15 MS. SQUARE: Aye.

16 MS. ROBERTS: Opposed the same?

17 (No response.)

18 MS. ROBERTS: Motion carries.

19 Okay. Next on the agenda is an audit deficiency
20 letter. Ms. Powell, we were informed by the Department of
21 Treasury that the city was sent a letter detailing the
22 deficiencies found in the city's most recent audit. Is the
23 city preparing a plan to address these issues or can you give
24 us an update on where we are with that?

25 MS. POWELL: Yes, ma'am and actually I'm going

1 to defer to the city controller.

2 MS. ROBERTS: Okay.

3 MS. POWELL: She is working on this, it's in the
4 works.

5 MS. CAIRNS: Yes. We have requested and was
6 granted an extension up to the end of June and before that it
7 will be filed. Would you like a copy of that?

8 MS. ROBERTS: Yes, please.

9 Okay. Moving on to new business. The first
10 item is the Resolutions from the Regular City Council meeting
11 of May 12, 2015. I would entertain a motion to approve all
12 the resolutions from the regular city council meeting with the
13 exception of resolution 2015-16 which was the contract to
14 highway maintenance. We previously denied that at the last
15 RTAB meeting.

16 MS. SQUARE: So move.

17 MS. ROBERTS: Second?

18 MR. STEMA: Second it.

19 MS. ROBERTS: Any discussion?

20 (No response.)

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

22 Aye.

23 MS. SQUARE: Aye.

24 MS. YOUNG: Aye.

25 MR. STEMA: Aye.

1 MS. ROBERTS: Opposed the same?
2 (No response.)
3 MS. ROBERTS: The motion carries.
4 The next item is Resolutions from the Regular
5 City Council meeting of May 26, 2015. I would entertain a
6 motion to approve all resolutions from the regular city
7 council meeting of May 26, 2015 with the exception of
8 Resolution 2015-19, the Issuance of Water Supply and Sewerage
9 Disposal Revenue Bonds and Resolution 2015-20 to Purchase,
10 Acquire and Construction Improvements to the Water Supply and
11 Sewerage Disposal as we'll address those later.
12 MS. SQUARE: So moved.
13 MS. ROBERTS: Second?
14 MR. STEMA: Second.
15 MS. ROBERTS: Any discussion?
16 (No response.)
17 MS. ROBERTS: All those in favor say aye?
18 MR. STEMA: Aye.
19 MS. SQUARE: Aye.
20 MS. YOUNG: Aye.
21 MS. ROBERTS: Aye.
22 Opposed the same?
23 (No response.)
24 MS. ROBERTS: Motion carries.
25 Next on the agenda is Resolution 2015-19

1 Issuance of Water Supply and Sewerage Disposal Revenue Bonds.
2 Ms. Powell, could you please provide a summary to the Board on
3 this matter?

4 MS. POWELL: Madam Chair, I would defer to our
5 consultants that are here today meeting with our council
6 members individually discussing the project. I'll defer to
7 them to give you the highlights and answer any questions that
8 you have.

9 MS. ROBERTS: Okay. Those that are speaking
10 please approach the podium and introduce yourselves. And if
11 you could spell your last name because we're like taking notes
12 longhand.

13 MR. MCGLOTHLIN: Good afternoon. My name is
14 Eric McGlothlin, I'm with Dickinson Wright here in town. My
15 last name is spelled M-c capital G-L-O-T-H-L-I-N.

16 MS. ROBERTS: Okay, thank you.

17 MR. MCGLOTHLIN: Okay. So Resolutions #2015-19
18 and #2015-20, gets the legal process rolling for the issuance
19 of bonds to improve the water system here in town. The first
20 one, #2015-19, that's the resolution approving the notice of
21 intent. That's a statutorily required process where you
22 approve a form of notice that gets published in the paper. It
23 explains the purpose for the bonds and a not to exceed amount;
24 how the bonds will be repaid and that the residents of the
25 city and voting on the election -- or if they were to

1 petition, they have the right to petition and then if they do
2 petition the bonds can't be sold unless there's an election to
3 approve them. That's that resolution.

4 The second resolution is 2015-20. That's the
5 bond resolution. That's the resolution that authorizes the
6 issuance of the bonds, sets the parameters within which the
7 bonds can be issued and delegates certain authority to certain
8 officers of the city to determine the final terms of the bond.

9 In addition, it also enacts the statutory lien
10 against the net revenues of the system to secure the repayment
11 of the bonds. The net revenues means after the maintenance
12 and operation expenses of the system have been paid then "X"
13 amount of money secures the bonds. So that keeps the revenues
14 coming in, repay the bonds. That's how that's set up.

15 It also sets forth certain covenants regarding
16 tax compliance. That maintains the tax exempt status of the
17 bonds and it sets forth a rate covenant so that the rates will
18 all be kept at a level that they can repay the bonds and keep
19 the system operating.

20 MR. STEMA: Just a question just for my
21 knowledge. What's the Hamtramck's bond rating?

22 MR. MCGLOTHLIN: Yes, I don't think the city is
23 even rated. I don't recall that, so.

24 MR. STEMA: Okay. I just was curious what our
25 interest is would be on that.

1 MR. MCGLOTHLIN: And Brian will explain more but
2 again these bonds will be secured by the net revenues of the
3 system.

4 MR. STEMA: Yeah.

5 MR. MCGLOTHLIN: Rather than have everyone pay
6 taxes on that.

7 MS. SQUARE: And what's the duration of the
8 period?

9 MR. MCGLOTHLIN: Well, that's to be determined
10 but in some cases could be as much as 30 years.

11 MS. ROBERTS: And then not to exceed the \$7
12 million, correct?

13 MR. MCGLOTHLIN: Correct. And that's the
14 typical strategy used when authorizing bonds is to authorize
15 an amount that at the time is larger than what's expected so
16 that you can factor in changes in market or changes in project
17 costs.

18 MR. STEMA: What's the determining factor on the
19 length of them?

20 MR. MCGLOTHLIN: What the market will bear but
21 I'll let Brian explain that in more detail.

22 Any other questions?

23 MR. LEFLER: Legal questions.

24 MS. POWELL: He's the legal, he's the financial,
25 we have the engineers too, to talk about the actual project

1 itself.

2 MR. STEMA: Does everybody want to know how many
3 nuts and bolts are going to be in there?

4 MS. POWELL: Yeah.

5 MR. STEMA: They can tell me that, excellent.

6 MR. LEFLER: My name is Brian Lefler with Robert
7 W. Baird. We are serving as the city's financial adviser.
8 Brian is serving as the city's engineer. For this project in
9 terms of the improvements to the system we're relying on their
10 report and the budget estimates. And working with his team he
11 thinks that the project's going to be about six to six and a
12 half million dollars. We asked for the resolution to say
13 seven as the amount not to exceed at this time. One of the
14 things is once they conduct their bids then it'll finalize and
15 go into the project cost.

16 These bonds are anticipated to participate in
17 the Michigan Finance Authority's SRF program so the cost of
18 the money is very competitive in the sense the interest rate
19 is at two and a half percent. Once the project is complete
20 which is anticipated in fiscal year end '16, the amortization
21 of the bonds will commence and that's going to be not more
22 than 20 years and that's under the state's guidelines. So
23 there's -- that question is duration, the cost; one of the
24 things that we have been working with is to participate at the
25 program at the state is that there has to be an investment

1 grade-type rating on this issue. And we are working with the
2 city staff finance and also public works, looking at the past
3 three years or four years of audited current budget and then
4 the next five years. One of the things we're working on is
5 trying to make sure that we isolate or have the system be
6 investment grade. Because it is an enterprise, it's outside
7 the general fund. By trying to isolate this financing within
8 the system we are not trying to rely on LTGO taxes or revenue
9 sharing because they need those dollars to stay for general
10 fund purposes.

11 With the strong positive fund balance which is
12 around \$5 million in this enterprise fund, we are layering on
13 this transaction and working with the city to say there is
14 going to have to be a rate increase that's going to have to go
15 forward. The annual debt service of \$7 million for 20 years
16 is about \$450,000. The current amount of revenue they're
17 generating per their last audit is about \$6 million, \$6.3
18 million. So you can already see the increase. What's going
19 to probably have to happen is around ten percent just this
20 first year, okay. But that in terms of working on, that's in
21 gross revenue and how that is going to be determined is going
22 to be another resolution in terms of an ordinance which Eric
23 talked about, is that there's going to have to have another
24 ordinance that's got to come back for a rate increase.

25 The whole purpose of all this is to show to

1 Standard & Poor's that the system has an investment grade
2 rating so that then the city can sell these bonds into the
3 program, or the SRF program and get their funding here in the
4 fourth quarter.

5 The timing of this schedule is that the funding
6 would have closed and would happen in September, we kind of
7 have dovetailed the first resolution by city council. Once
8 your approval, the next step is that there would be a publish
9 of these two, the notice of intent and then going forward with
10 the issuance of the bonds.

11 Assuming S&P gives an investment grade rating
12 for the financing and we know what the budget is in terms of
13 the cost associated with that. So, again, in sum we're
14 looking to submit the information to Standard & Poor's in
15 July. It's going to take three weeks. But it's also going to
16 allow during that same time period during the notice of intent
17 that 45-day period we're going to work with inside that period
18 so that if there is no referendum -- request for a referendum,
19 everything will dovetail in the month of August and be ready
20 to close in September with the state. At the same time, the
21 city is going to have to determine about a rate increase
22 because we know this transaction is coming. And again, we're
23 doing this assuming no use of funds on hand, keeping the \$5
24 million budget of the enterprise without saying oh, yeah, we
25 don't have to have any rate increase but let's protect the \$5

1 million fund balance for what else is going to be coming for
2 future capital needs or other needs.

3 And also, too, given the fact that what we're
4 discovering is that, you know, that things are changing here
5 in terms of the shutoffs and the collection of water bills.
6 That's not factored into any of these numbers because this has
7 just been happening the last 35, 40 days. So we're going
8 based on 2014 audited numbers with this year's current budget.
9 And that could change as -- the rates may not have to go as
10 high as say six percent next year once you have that
11 collection history known.

12 Again, as we have even been telling the city is
13 that we're going to have to look at this every year, on an
14 annual basis, to make sure that you're collecting the correct
15 amount of revenue to cover this debt service and all your
16 operating expenses and we've actually had them to do their
17 five-year budget for us for operating, maintenance, capital
18 improvements. Cost of water is going to be the same thing as
19 the contract with WSDHELA (phonetic) in terms of your source
20 of your cost, though.

21 I'll be more than happy to answer any questions
22 that you may have at this time.

23 MR. STEMA: I just have one. If let's say we
24 don't get that investment grade, how does that adjust the
25 plan?

1 MR. LEFLER: That's going to be an option of
2 saying to the -- the resolutions are allowing for the pledge
3 of an LTGO or other revenue sharing to get that investment
4 grade. That's your backup plan. To continue with the
5 project to be done on a timely basis as scheduled. That is
6 Plan B.

7 MR. STEMA: All right.

8 MR. LEFLER: I would say that our recommendation
9 is probably not to try to do that. And the only reason we say
10 that is if we did the same type of financing for the city of
11 Ecorse and in relationship to their fund balance to their
12 operation was much lower and we got them to be an investment
13 grade without an LTGO pledge or the revenue sharing. This is
14 a function of saying we're going to increase our rates to
15 cover this debt service. And not use fund balance.

16 MS. SQUARE: So does the indication seem likely
17 that Standard & Poor's will accept this plan?

18 MR. LEFLER: I hope so. We can't speak for them
19 so we just make applications to see what their concerns are
20 and hopefully we can mitigate their concerns with more
21 information or in terms of saying what will the rate increase
22 be. We're certainly going to communicate a new collection
23 policy that's in, going to turn off into collection.
24 Hopefully that will again, our numbers don't show that so if
25 you're going from a 30 percent delinquency to only 20 percent,

1 that's a huge increase in additional revenue in the first year
2 of -- (indiscernible) something. These numbers do not reflect
3 that.

4 MS. ROBERTS: Any further questions?

5 (No response.)

6 MS. ROBERTS: I would entertain a motion to
7 approve, deny or postpone resolution 2015-19, the Issuance of
8 Water Supply and Sewerage Disposal Revenue Bonds.

9 MS. SQUARE: So moved.

10 MR. STEMA: Second it.

11 MS. ROBERTS: Any further discussion?

12 (No response.)

13 MS. ROBERTS: All those in favor say aye?

14 MS. SQUARE: Aye.

15 MS. YOUNG: Aye.

16 MR. STEMA: Aye.

17 MS. ROBERTS: Aye. Opposed the same?

18 (No response.)

19 MS. ROBERTS: Motion carries.

20 The next resolution is 2015-20 which is for the
21 Purchase, Acquire, and Construction Improvements to the Water
22 Supply and Sewerage Disposal. Ms. Powell, could you please
23 provide a summary to the Board on this matter. If there is
24 anything further, I don't know if your engineer wants to add?
25 Are we good?

1 MS. POWELL: We're good.

2 MS. ROBERTS: We're good. Okay. Then I would
3 entertain a motion to approve, deny or postpone Resolution
4 2015-20.

5 MS. SQUARE: So moved.

6 MS. ROBERTS: Second?

7 MR. STEMA: Second that.

8 MS. ROBERTS: Any further discussion?

9 (No response.)

10 MS. ROBERTS: All those in favor say aye?

11 Aye.

12 MS. SQUARE: Aye.

13 MS. YOUNG: Aye.

14 MS. ROBERTS: Opposed the same?

15 (No response.)

16 MS. ROBERTS: Okay.

17 Next on the agenda is Claims and Accounts from
18 the Regular City Council meeting draft minutes of June 9,
19 2015. I would entertain a motion to approve, deny or postpone
20 the Claims and Accounts from the Regular City Council meeting?

21 MS. SQUARE: So moved.

22 MR. VAN de GRIFT: Pardon me. What is the
23 motion? Is that to approve?

24 MS. SQUARE: To approve.

25 MS. ROBERTS: Is that on this one or did you get

1 the last one? Are we good?

2 MR. VAN de GRIFT: Yeah, the motion to approve,
3 I just wanted to --

4 MS. SQUARE: All of them are to approve.

5 MS. ROBERTS: Okay.

6 MR. VAN de GRIFT: All right. Very good.

7 MS. ROBERTS: All those in favor?

8 MR. STEMA: Second.

9 MS. ROBERTS: Oh, second over here.

10 MR. STEMA: Aye.

11 MS. SQUARE: Aye.

12 MS. YOUNG: Aye.

13 MS. ROBERTS: Opposed the same?

14 (No response.)

15 MS. ROBERTS: Any discussion? We should have
16 done that first but motion carries. You can't get us off
17 track.

18 Next on the agenda is City Administrator Items:
19 Approval of Minutes were addressed in new business.

20 Budget-to-Actual Cash Flow Reports. I would
21 entertain a motion to approve, deny, or postpone the Budget-
22 to-Actual and Cash Flow Reports.

23 MS. SQUARE: So move to approve.

24 MR. STEMA: Second it.

25 MS. ROBERTS: Any discussion?

1 MR. STEMA: Actually, just have one question on
2 it. Based on the plan that Cathy when she was Emergency
3 Manager, did you guys have to make any major adjustments to
4 adjust for new revenue, loss of revenue or anything since
5 then?

6 MS. CAIRNS: Yes, we had to adjust for new
7 revenues and spend for some expenditures. When it came to
8 general fund the net revenues over expenditures actually
9 increased by \$83,000.

10 MR. STEMA: Oh, okay.

11 MS. CAIRNS: There was some funds where we had
12 to pull out from the fund balance. For example we had to pull
13 \$500,000 out of the water fund in order to fund the sewer line
14 repairs which was -- we budgeted at \$400,000. It was close to
15 \$900,000.

16 MS. SQUARE: Those are water main breaks from
17 last month?

18 MS. CAIRNS: Water main breaks.

19 MS. SQUARE: Uh-huh.

20 MS. CAIRNS: Another fund would be the building
21 fund. We had to pull \$100,000 from the fund balance.

22 The next fund would be the 9-1-1. Again we had
23 to pull from the fund balance in order to cover the
24 dispatcher's wages. Can't remember the other one. I think it
25 was the federal and the state drug for agent funds. The state

1 brought in quite a lot of funds but the federal had fallen so
2 again we had to pull out from the fund balance. And the
3 library which I have already brought to your attention.
4 That's a concern.

5 MS. ROBERTS: We had quite a discussion last
6 month on the library. Is there any update as to any changes
7 there or?

8 MS. POWELL: They're all locked down. Well,
9 Bhama can tell you about that but we're basically approving
10 every expenditure that they have coming out of there before
11 they ever purchase so even when they're getting ready to
12 purchase they have to contact Bhama and I. It has to be
13 approved by both of us before they can purchase anything.

14 MS. CAIRNS: But as you had requested we also
15 are going to be looking into getting a consultant who is
16 familiar with library operations and they are very receptive
17 to that.

18 MS. SQUARE: Yeah, because we've got to -- the
19 library can't, you know, the library needs to continue and so
20 whatever we need to do to keep the library we need to do it
21 because at this rate they'll just, you know, keep spending and
22 spending and end up defunct. So I think any professional help
23 you can get for them would be, you know, appreciated because
24 the community really use the library and they need the
25 library.

1 MS. ROBERTS: Any further discussion?

2 (No response.)

3 MS. ROBERTS: Okay. The motion before us is to
4 approve the Budget-to-Actual and Cash Flow Reports. All those
5 in favor say aye. Aye.

6 MS. SQUARE: Aye.

7 MR. STEMA: Aye.

8 MS. YOUNG: Aye.

9 MS. ROBERTS: Opposed the same?

10 (No response.)

11 MS. ROBERTS: Motion carries.

12 Next on the agenda is the Approval for Invoice
13 Register and Pre-approved Expenditures. That was addressed in
14 New Business.

15 Item four and five was also addressed so now
16 we're to Approval of Resolution 2015-21, Authorizing a
17 Contract for Spray Patching Services to Highway Maintenance &
18 Construction.

19 MS. SQUARE: So moved.

20 MR. STEMA: Second it.

21 MS. ROBERTS: Okay. Any further discussion?

22 (No response.)

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

24 MS. SQUARE: Aye.

25 MS. YOUNG: Aye.

1 MR. STEMA: Aye.

2 MS. ROBERTS: Aye. Opposed the same?

3 (No response.)

4 MS. ROBERTS: Motion carries.

5 MS. POWELL: Oh, thank you.

6 MS. ROBERTS: Next item is approval of Ordinance
7 2015-01, Providing for the General Appropriations of the City,
8 Setting Millage Rates and Adopting the 2015-2016 Budget;
9 Adopting a Fee Schedule for Public Records and Services and
10 Adopting Water and Sewerage Disposal Rates. While this action
11 occurred during a meeting outside the normal review period it
12 warrants moving up to the review of this meeting.

13 Mr. Van De Grift, could you please update the
14 Board on this matter?

15 MR. VAN de GRIFT: Yes, Emergency Manager Square
16 adopted a two-year budget pursuant to Section 21 of PA 436.
17 That adoption happened on July 1st of last year, 2014. So
18 that included Fiscal '15 and Fiscal '16. The city also has an
19 emergency loan which requires among other things that the
20 treasurer approve a locally adopted budget each year. It's a
21 term of the emergency loan. The city council has approved the
22 second year of the two-year budget. It's Fiscal '16 which
23 will take effect at the beginning of the month and so that
24 resolution is before the Board now. If it were to be approved
25 by the Board it still needs to be submitted to the treasurer

1 for final approval and then all of the boxes will be ticked
2 for the budget as intended by the Emergency Manager Square.

3 MS. ROBERTS: Thank you.

4 I would entertain a motion to either approve,
5 deny, or table Resolution -- or no, Ordinance 2015-01.

6 MS. SQUARE: Move to approve.

7 MS. ROBERTS: Second?

8 MR. STEMA: Second.

9 MS. ROBERTS: Any further discussion?

10 (No response.)

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

12 MS. SQUARE: Aye.

13 MR. STEMA: Aye.

14 MS. YOUNG: Aye.

15 MS. ROBERTS: Opposed the same.

16 (No response.)

17 MS. ROBERTS: Motion carries.

18 We already looked at the Capital Improvement
19 Plan. So next we have approval of Citywide Overtime Report
20 for May 2015. Ms. Powell could you provide a summary to the
21 Board?

22 MS. POWELL: Yes, ma'am. Actually I will defer
23 to our city controller and also if you have any questions
24 regarding the police overtime, the police chief is here as
25 well.

1 MS. ROBERTS: Okay. Thank you.

2 MS. CAIRNS: Do you have any questions or do you
3 want a summary?

4 MS. ROBERTS: Do you want to give us a summary
5 and then we'll see what questions we have.

6 MS. CAIRNS: Yes. Just from me, the overtime
7 costs out of general fund was \$31,000. Out of that police was
8 \$30,000. Out of the police, regular police overtime was about
9 \$19,000. For traffic overtime was about close to \$10,000 and
10 the FBI, one of the officers gets reimbursed by the FBI, he is
11 conducting something. I'll let the police chief talk about
12 that. But we get reimbursed. That 22 hours usually
13 reimbursed by the federal government. Water fund had an
14 overtime of \$283 consisting of ten and a half hours of
15 overtime. The drug forfeiture, that's about 144 hours. The
16 cost was about \$6,000.

17 MS. SQUARE: What was the annual cost for
18 overtime this fiscal year?

19 MS. BHAMA: I may have to get back to you on
20 that.

21 MS. SQUARE: Could you provide that next months'
22 annual? Maybe you could add a year to date column on this?

23 MS. POWELL: We had planned on doing that
24 anyway. We are -- we asked last month if we could do just
25 this month. We're working on the overtime area.

1 MS. SQUARE: Okay.

2 MR. STEMA: I have a question. For the -- I
3 know you'd -- date is not here. Where does it compare to what
4 you originally budgeted? Is it over the original year budget?

5 MS. CAIRNS: Police overtime is.

6 MR. STEMA: How much of a percentage? Double,
7 triple?

8 MS. ROBERTS: Does the chief want to come up?
9 Because I do have a couple questions on the police overtime.

10 ACTING CHIEF MOISE: My name is Ann Moise. I'm
11 currently the Acting Chief of the Hamtramck Police Department.
12 Nice to see you all.

13 MS. ROBERTS: I kind of have a question on the
14 number of officers we have and how much over, is this one or
15 two officers getting overtime or is this overtime spread out
16 over ten officers, 20 officers? I think maybe if there was a
17 number of employee column affected that we could see.

18 MS. POWELL: I'll have that for our next report.

19 ACTING CHIEF MOISE: This is going to be
20 overtime that's spread out throughout the department pretty
21 much and it also includes the civilian dispatchers that we
22 have and that was where the last couple months quite a bit of
23 our overtime for the shift overtime came from the dispatchers.
24 We had nine dispatchers, we're down to five. We have three
25 full-time dispatchers and two part-time so the part-time

1 dispatchers are very limited in the hours that they can work.
2 So the overtime that has occurred because obviously this is a
3 24-hour, seven-day-a-week operation that we have to staff. A
4 lot of our fulltimers are picking up the overtime and when
5 they are either unable to work because some of them do have
6 other jobs, that we do have to give it out to the officers to
7 work the dispatch overtime due to staffing that center. So a
8 lot of that overtime did come from that.

9 Basically, it was just up for the month. We had
10 a little warmer weather, has gotten our crime stats are up.
11 We have in a lot of reports, we've had a lot of violent crimes
12 that we've been handling. We had a shooting, we had some
13 carjackings. We had a CSC of a younger child. And basically,
14 I'm going to be blunt with you that since the former chief has
15 left the department, morale is very high in the department.
16 There are officers that never worked overtime before, that
17 never worked traffic overtime that are now working because
18 they're just happier to be here. It's just a fact.

19 We had a couple overtime details that we did.
20 We did the "Click-it or Ticket". We participated in that in
21 the month of May. So I encouraged some of the newer officers
22 that had never worked traffic overtime before to participate
23 so they could see what it was like to work the overtime and to
24 see what it was like to work as a team because it was a four
25 officer operation.

1 We also had an auto theft large case that
2 involved over 4,000 vehicles that we were working on that
3 caused a lot of overtime for other officers, road officers to
4 participate in that. That came from the auto theft forfeiture
5 and the auto theft grant overtime.

6 So it was pretty much spread out throughout the
7 department. As Bhama stated, we do have an officer assigned
8 to the FBI that when he works overtime some of his overtime is
9 reimbursed. I'll have to get those numbers. I don't have
10 those available today. And also we have an officer in the DEA
11 which his overtime is also reimbursed up to a certain amount
12 and he just submitted his reimbursement last week.

13 MS. ROBERTS: And are you still doing fire
14 dispatch?

15 ACTING CHIEF MOISE: No, we're not. That's done
16 by Detroit.

17 MS. ROBERTS: They took it back?

18 ACTING CHIEF MOISE: Yes. That's done by the
19 city of Detroit.

20 MS. ROBERTS: It's not on that regional?

21 ACTING CHIEF MOISE: Yes, because they do
22 Highland Park, Hamtramck and Detroit. They have a --

23 MS. POWELL: We don't pay anything for that.

24 MS. ROBERTS: So that probably skewed the
25 numbers a little bit. When did they start doing that? In

1 January.

2 MS. CAIRNS: Couple months ago, yeah.

3 MS. POWELL: Before I got here. In January.

4 ACTING CHIEF MOISE: So before January. Yeah,
5 it just happened that we lost three dispatchers in the same
6 months due to resignations, going to other departments. They
7 were part-time so they were trying find other. So that's
8 pretty much, you know, where a lot of the overtime came in the
9 last couple months. It was higher.

10 MR. STEMA: Does traffic overtime pay for
11 itself?

12 ACTING CHIEF MOISE: It pretty much does. I
13 would say that -- unfortunately I don't have a breakdown of
14 what the percentage is that goes to the state, to the court,
15 to the police department. But I can tell you that in the
16 report that I submitted to the city manager for the month of
17 May our officers wrote 1,385 civil infractions and they wrote
18 157 misdemeanor tickets as part of their daily traffic
19 operations and the traffic overtime combined. So. I don't
20 have the numbers for total of the month because those
21 collections come from the Court so those could be outstanding
22 tickets that people paid. Those could be for the month of
23 April. They could be a little, -- they're not exactly B.

24 MS. ROBERTS: Thank you Chief, you're doing an
25 excellent job.

1 ACTING CHIEF MOISE: Thank you, ma'am. I
2 appreciate that. Thank you. So if you don't have any more
3 questions I'll go.

4 MS. ROBERTS: I would entertain a motion to
5 approve the Citywide Overtime Report.

6 MS. SQUARE: Move to approve.

7 MR. STEMA: Second it.

8 MS. ROBERTS: Any further discussion?

9 (No response.)

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

11 MS. YOUNG: Aye.

12 MS. SQUARE: Aye.

13 MR. STEMA: Aye.

14 MS. ROBERTS: Opposed the same.

15 (No response.)

16 MS. ROBERTS: The motion carries.

17 Mr. Van de Grift, do we have anybody for public
18 comment?

19 MR. VAN de GRIFT: We have no public comment.

20 MS. ROBERTS: No public comment. Okay. Any
21 Board comment?

22 (No response.)

23 MS. ROBERTS: Seeing none, I would take a motion
24 to adjourn.

25 MS. SQUARE: Move to adjourn.

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MS. ROBERTS: Second?

MR. STEMA: Second it.

MS. ROBERTS: All those in favor? Aye.

MS. SQUARE: Aye.

MS. YOUNG: Aye.

MS. ROBERTS: The meeting is called to closure
at 1:45. Thank you everyone.

(At 1:45 p.m. meeting concluded.)

1 STATE OF MICHIGAN)
2 COUNTY OF WASHTENAW) ss.

3 I certify that this transcript is a complete, true, and
4 correct transcript to the best of my ability of the RTAB
5 meeting held on June 23, 2015. The proceeding was recorded,
6 and the digital recording provided to this transcriptionist by
7 the State of Michigan representative and this certified
8 reporter accepts no responsibility for any events that
9 occurred during the above proceedings, for any inaudible
10 and/or indiscernible response by any person or party involved
11 in the proceeding or for the content of the digital media
12 provided.

13 I also certify that I am not a relative or employee
14 of the parties involved and have no financial interest in this
15 case.

16 DATED: July 1, 2015

17

18 RESPECTFULLY SUBMITTED:

19

20

21 s/ Amy Shankleton-Novess .

22 **Amy Shankleton-Novess CER 0838**

23 Certified Electronic Reporter

24

25