

1 CITY OF PONTIAC
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
3 MAY 20, 2015
4 1:00 p.m.

5
6 Meeting before the RTAB
7 Board at 47450 Woodward Avenue, Pontiac, Michigan, on
8 Wednesday, May 20, 2015.

9
10 BOARD MEMBERS PRESENT:

11 Edward Koryzno - The Chairperson
12 Keith Sawdon
13 Robert Burgess
14 Louis Schimmel

DRAFT

15 OTHERS PRESENT:

16 Robert Widigan
17 Joseph Sobota
18 Nevrus Nazarko
19 Mayor Deirdre Waterman

20
21 REPORTED BY: Mona Storm, CSR# 4460

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23
24

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1 Pontiac, Michigan

2 Wednesday, May 20, 2015

3 1:02 p.m.

4 THE CHAIRPERSON: Good afternoon. It's 1:02

5 and I'll call the City of Pontiac Receivership

6 Transition Advisory Board Meeting to order.

7 Mr. Widigan, roll call, please.

8 MR. WIDIGAN: Mr. Koryzno?

9 THE CHAIRPERSON: Here.

10 MR. WIDIGAN: Mr. Burgess?

11 MR. BURGESS: Here.

12 MR. WIDIGAN: Mr. Sawdon?

13 MR. SAWDON: Here.

14 MR. WIDIGAN: Mr. Schimmel?

15 MR. SCHIMMEL: Here.

16 MR. WIDIGAN: A quorum is present.

17 THE CHAIRPERSON: Thank you. A reminder to

18 the public: If you wish to speak during the public

19 comment portion of the meeting, you will have to sign

20 the sheet at the back of the room --

21 Or is it at the podium, Mr. Widigan?

22 MR. WIDIGAN: It's at the back of the room.

23 THE CHAIRPERSON: A sign-in sheet is where

24 the agenda is located. So unless you sign up, you will

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25 not be recognized.

4

1 Next item is approval of the agenda. I'll
2 entertain a motion to approve the agenda as presented.

3 MR. SAWDON: I'll make that motion.

4 MR. BURGESS: Support.

5 THE CHAIRPERSON: Moved by Sawdon, supported
6 by Mr. Burgess. Any discussion?

7 Seeing none, all in favor of the motion say
8 "aye".

9 BOARD MEMBERS: Aye.

10 THE CHAIRPERSON: Opposed, same sign.

11 The agenda's approved as presented.

12 Item C, approval of the minutes regular
13 meeting, April 22nd, 2015, RTAB meeting with noted
14 clarifications.

15 MR. BURGESS: I'll make that motion.

16 MR. SCHIMMEL: I'll second.

17 THE CHAIRPERSON: Moved by Burgess, supported
18 by Schimmel to approve the minutes with noted
19 clarifications. Discussion?

20 Seeing none, all in favor of the motion say
21 "aye".

22 BOARD MEMBERS: Aye.

23 THE CHAIRPERSON: Opposed, same sign.

24 The minutes are approved with noted

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25 clarifications.

5

1 Old Business, Resolution 15-65, Council
2 access to City Hall. This item was postponed at the
3 last meeting.

4 Mr. Sobota, could you update the Board on
5 this matter, please.

6 MR. SOBOTA: There really has been no change
7 in my thoughts since the last meeting. Council does
8 have access to City Hall, provided that they go to the
9 Sheriff's station and obtain the key and that the
10 Sheriff knows that there's someone here in the
11 building. We still have some safety issues that need
12 to be addressed and we have those in the budget. And
13 so, at that time, after everything's completed, we'll
14 see if we want to revisit this issue at -- but not
15 until those safety issues are addressed would I even
16 consider changing my mind at this time.

17 THE CHAIRPERSON: Thank you. Any questions
18 for Mr. Sobota?

19 MR. SAWDON: No.

20 THE CHAIRPERSON: All right. I'll entertain
21 a motion.

22 MR. SAWDON: Motion to deny.

23 MR. SCHIMMEL: Support.

24 THE CHAIRPERSON: It's been moved by Sawdon,

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25 supported by Schimmel to deny Resolution 15-65.

6

1 Discussion?

2 Seeing none, all in favor of the motion say

3 "aye".

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed, same sign.

6 The motion is approved.

7 Resolution, 15-103, report from Widigan.

8 Mr. Sobota?

9 This item was also postponed at the last

10 meeting.

11 MR. SOBOTA: The two individuals in question

12 had filed grievances while they were City employees.

13 Grievances were heard by the then HR Director. This

14 was over four years ago. And the decision of the

15 HR Director was confirmed in one case by former

16 Emergency Manager Stampfler and the second by Former

17 Emergency Manager Schimmel. So based on our review in

18 considering that the emergency managers had approved

19 the request, this would be proper.

20 THE CHAIRPERSON: All right. Thank you.

21 Questions for Mr. Sobota?

22 MR. SAWDON: Could you explain what -- the

23 temporary service we're talking about?

24 MR. SOBOTA: Generally -- generally, the

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25 employee was considered a part-time employee of the

7

1 City of Pontiac and later they became a full-time
2 employee. And, for their pension calculation, they
3 requested that their part-time service be calculated
4 towards their length of service with the City of
5 Pontiac for pension calculation purposes.

6 MR. SAWDON: Is that a normal practice?

7 MR. SOBOTA: I don't remember seeing that in
8 other places. I know we don't do it anymore here in
9 Pontiac.

10 MR. SAWDON: Thank you.

11 MR. SCHIMMEL: I -- I'm trying to recollect.
12 I think we did that as part of a negotiated -- not a
13 particular union settlement but a negotiation with the
14 employee or something. As that -- I'm trying to
15 recall.

16 MR. SOBOTA: I know it was at the time the
17 person was working for United Water.

18 MR. SCHIMMEL: Yeah.

19 MR. SOBOTA: So it's possible that something
20 may have come up as a result of the person working for
21 United Water. But I don't recall if there were any
22 actual union negotiations.

23 MR. SCHIMMEL: No, I know there weren't any
24 union -- but I'm -- I'm trying to recall way back why

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25 we did that but I can't.

8

1 MR. BURGESS: Are there any other former
2 employees that may show up and ask --

3 MR. SOBOTA: To the best of our knowledge,
4 no.

5 MR. NAZARKO: This was done, started as a
6 normal grievance process, went through the chains.
7 When the union was active and, you know, valid, they
8 freezed it. They went through the instances and ended
9 up with the, then, Human Resource Director and I
10 reviewed that case, you know, to begin -- not to begin
11 with but to add into, we're talking about months, was
12 not years added to their service to begin with.

13 And furthermore, there are two items that I
14 took into consideration before I referred that to the
15 Council with my approval; the first one was, again,
16 went through a normal process, it wasn't part of an
17 overall union negotiation. The HR Director had signed
18 off on it and the two Emergency Managers signed off on
19 it, which in my point of view kind of -- since the
20 Emergency Manager had the right to revise or cancel
21 contracts, that signature there granted eleven months
22 in one case and ten, I believe, in the other months,
23 kind of put the close to the issue. Because an
24 Emergency Manager has that right -- had that right at

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25 that time.

9

1 So to answer Mr. Burgess' question, if they
2 can come for work, I don't see it for two reasons, A,
3 the union does not exist anymore and the Emergency
4 Manager is not in existence.

5 MR. SAWDON: To make sure I understand, when
6 you say "sign off", they agreed that they should get
7 credit for part-time?

8 MR. NAZARKO: Correct.

9 MR. SAWDON: Thank you.

10 MR. NAZARKO: And that's what the Emergency
11 Manager approved, then, the grievance, after it went
12 through the proper channels.

13 MR. SAWDON: Thank you.

14 THE CHAIRPERSON: Any further questions or
15 discussion by the Board?

16 Seeing none, I'll entertain a motion.

17 MR. SCHIMMEL: The motion is to approve the
18 actions that were taken; is that right?

19 What is the motion?

20 THE CHAIRPERSON: Well, a motion by the Board
21 can be approve, deny or postpone, I believe, Mr. --

22 MR. SCHIMMEL: To approve what we've just
23 been discussing, correct?

24 MR. SAWDON: Well, we're approving the City

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25 Resolution that adopts --

10

1 THE CHAIRPERSON: Adopts.

2 MR. SAWDON: -- the calculation and, in one
3 case, vesting.

4 MR. SCHIMMEL: Okay.

5 THE CHAIRPERSON: So is that your motion,
6 Mr. Schimmel?

7 MR. SCHIMMEL: I'll make that motion, yes.

8 THE CHAIRPERSON: Been moved to approve
9 Resolution 15-103. Is there support?

10 MR. SAWDON: I'll support.

11 THE CHAIRPERSON: Supported -- or moved by
12 Schimmel, supported by Sawdon to approve Resolution
13 15-13 -- 103, excuse me. Any discussion?

14 Seeing none, all in favor of the motion say
15 "aye".

16 BOARD MEMBERS: Aye.

17 THE CHAIRPERSON: Opposed, same sign.

18 The motion is approved.

19 Next item is Resolution 15-104, early
20 retirement ordinance. No new information has been
21 received from the City on this item and it remains in
22 committee. I'll entertain a motion to postpone
23 Resolution 15-104, the early retirement ordinance,
24 until further information is received from the City.

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25 MR. BURGESS: I'll make that motion.

11

1 MR. SAWDON: I'll support.

2 THE CHAIRPERSON: Moved by Burgess, supported
3 by Sawdon to postpone Resolution 15-104. Discussion?

4 Seeing none, all in favor of the motion say
5 "aye".

6 BOARD MEMBERS: Aye.

7 THE CHAIRPERSON: Opposed, same sign.

8 Resolution 15-104 is postponed.

9 Next item, Amendment to Order S-273,

10 comprehensive compensation package.

11 Mr. Widigan, could you update the Board on
12 this matter.

13 MR. WIDIGAN: All right. In the City
14 Administrator's April 10th report to the RTAB included
15 a comprehensive compensation package. This -- the
16 package that was presented consisted of several
17 components; salary, insurance, pension and time off. A
18 draft analysis was provided to the RTAB for review.

19 On Page 5 of the attachment -- of Attachment
20 6, it states that if any employee in any exempt
21 position identified above possesses an active
22 certification or license listed below, the employee's
23 base salary shall be increased \$10,000 for the first
24 certification and \$2,500 for each additional

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25 certification. There are 14 certifications listed and

12

1 licenses listed, they're qualified for incentive pay.

2 I'd just also like to note that the proposed
3 compensation package doesn't apply to the Deputy
4 Mayor's position when they come on board. The Board
5 may wish to consider this compensation package along
6 with the fiscal year 2016 budget. This will provide
7 the benefit of addressing these items together in hopes
8 to -- you know, so that it would avoid approving items
9 in the compensation package that are tied into the
10 budget before the budget's approved and reviewed.

11 THE CHAIRPERSON: Thank you.

12 Any comments from you, Mr. Sobota?

13 MR. SOBOTA: My only suggestion would be a
14 little bit of a qualifier. In some cases, the City
15 needs to plan and make contacts to implement these
16 items. Effective July the 1st -- and if the motion
17 could be worded as such that, "Subject to approval of
18 the City budget"; that way at least we can begin the
19 process, so that, come July 1st, assuming the budget is
20 adopted, all we have to do is say yes, go ahead, we
21 don't have to wait and then start the process
22 afterwards. That will make things a lot easier and
23 smoother for a transition. You can always stop
24 something rather than starting it late.

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25 THE CHAIRPERSON: Sure. I had several

13

1 questions. I didn't know --

2 MR. SAWDON: I have several.

3 THE CHAIRPERSON: All right. Well, all
4 right. I'll -- Mr. Sawdon, I'll let you start.

5 MR. SAWDON: I'm really looking for a little
6 bit more information. I've got a series of questions
7 but first one starts off with more information so I
8 actually know what the result of this is. For
9 instance, where the employee is currently, both in
10 salary base and other, and benefits and what they'll
11 look like under this compensation plan as drafted; I
12 think I'd need that before I can even begin to consider
13 the plan. That was one of my questions.

14 I think the survey that was in at least the
15 pack that I saw doesn't appear to have really
16 comparable positions with responsibility. I think
17 there are several in there that are not comparable
18 positions with responsibility. So I have some
19 questions about the survey results.

20 And then I have, really, a lot of questions
21 about the incentives. I think the incentives, a lot of
22 the positions that may qualify for incentives, frankly,
23 should be minimal qualifications to get that position.
24 So I have questions about the incentives, why they're

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25 being proposed. And aren't some of those incentives

14

1 really more minimal qualifications to be qualified to
2 be in that position, not as an extra pay for that
3 position?

4 So that begins my list of questions.

5 MR. SOBOTA: Generally, all but four of the
6 employees in the City receive no medical or pension
7 benefit. So this would be a new benefit where there is
8 no benefit presently received by the employees. In
9 terms of the salaries, there are only four individuals
10 that would be eligible for an increase and I believe I
11 identified those in my memo from April.

12 The HR Specialist position would be increased
13 from 45,000 to \$60,000. The Accounts
14 Payable/Receivable Manager would be increased from 45-
15 to 50,000. The Deputy City Clerk would be increased
16 from 45- to \$50,000 and the Deputy City Treasurer would
17 be increased from 48,1- to \$50,000. The way that the
18 incentives are structured, the only employee who would
19 receive a net increase in pay would be the Accounting
20 Assistant in the DPW because that individual possesses
21 a Bachelor's degree, so that would be an hour -- I'm
22 sorry -- \$1.50 per hour, about \$3,000 raise.

23 This was created with the assumption that we
24 want to ensure that the compensation for comparable

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25 positions is within the range offered by what have been

15

1 identified as comparable communities to Pontiac. We
2 were not looking to provide any wage or salary
3 increases. We felt that the benefits received from the
4 health insurance where the employee would no longer be
5 responsible for paying out of pocket and the potential
6 for participating in the DC pension plan would be
7 increase in compensation enough. The positions that
8 were receiving a raise were justified just based on the
9 results of our survey.

10 In terms of responsibility, we have some
11 unique conditions here in the City, in that we do not
12 have employees that are supervised but rather we have
13 contractors that are supervised. There are also many
14 functions that other communities provide, and I'll give
15 you an example.

16 DPW. Where DPW supervises water and sewer,
17 whereas in Pontiac we do not have any water or sewer at
18 all. We also took into consideration whether some
19 salaries on the higher end in other communities, those
20 employees receive those levels of compensation because
21 they do possess the Master's degree or the technical
22 licensing, whereas in Pontiac, all of our employees do
23 not. There are very few individuals who would be
24 availing themselves of the certification for the

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25 Master's degrees. You would have the Finance Director,

16

1 the City Clerk, the City Treasurer and myself.

2 However, our total net increase in
3 compensation is zero because our current salary
4 structure is what we receive now and it would be the
5 same if we received the enticement for the licensing.

6 This does provide enticement for some of our mid-level
7 managers to improve their certification and, by doing
8 so, they would also receive an increase in
9 compensation.

10 So your department heads, essentially, are
11 where they need to be and where they probably will be
12 and chances of receiving additional certification
13 almost impossible. But, for the mid-level managers,
14 you see that possibility. Could it be one year, could
15 it be two years, could it be three years? It depends
16 on how active those employees are choosing to be, in
17 terms of improving their education or in terms of
18 achieving additional certification. So on a general
19 standpoint, I think I have covered what the theory was.

20 We do realize that we have certain positions
21 that we have been advertising for a long time that we
22 are finding increasing difficulty in attracting
23 qualified candidates. When the compensation package or
24 schedule was originally established a couple years ago,

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25 most of the employees that came on board were working

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1 for a temporary agency and were, essentially, getting
2 paid a lower rate than what they would have been paid
3 had they not been hired into the City.

4 So whatever we were paying, the temp agency
5 was, essentially, offered to the employees so they were
6 receiving a greater salary so that was very enticing
7 for them. But now, since they've been here a couple
8 years and the financial condition of the City has
9 changed, we believe that we need to have a compensation
10 package that is competitive, not only within the region
11 but also with our comparable communities.

12 I do believe that Mr. Schimmel had indicated
13 at a previous meeting that, when he originally set the
14 compensation schedule without the benefits, he did not
15 intend that to be a full-time change to operations in
16 the City but that was all he could afford to offer to
17 the employees due to the City's financial constraints
18 at that time.

19 The financial condition has changed
20 considerably and it's quite probable that not all
21 employees will take full advantage of the maximum
22 amount of benefits granted to them because they may be
23 able to obtain coverage from a spouse or they may
24 choose not to participate in the DC pension program for

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25 one reason or another. So the numbers that have been

18

1 included in the budget include worst case scenario.

2 But I fully believe that those funds will not be fully
3 expended.

4 THE CHAIRPERSON: Any follow-up, Mr. Sawdon?

5 MR. SAWDON: No, just the additional --

6 THE CHAIRPERSON: All right.

7 Mr. Burgess?

8 MR. BURGESS: Yes. I did not see the level
9 of performance that would be required, unless I missed
10 it. You know, we talked about certificates or degrees
11 or what have you. But how about the performance of
12 these employees? Have we had any -- do we have any
13 kind of a yearly evaluation?

14 MR. SOBOTA: We do not perform annual
15 performance reviews. However, we have had instances
16 where employees are no longer with the City. I believe
17 they have chosen to resign their positions. So
18 employee performance is being monitored. And in the
19 event that I determine that employees are not
20 performing to the level that is expected, discussions
21 are held and the employee chooses to respond
22 accordingly.

23 The basic performance requirements are
24 clearly identified in the various job descriptions so,

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25 if those duties are not being fulfilled, then obviously

19

1 we have some issues that need to be addressed. On the
2 other hand, we really haven't had full staffing levels
3 for a while and we have had a couple individual
4 employees performing additional duties over and above
5 their normal job descriptions because they are the
6 backups in the event that we have an employee out.

7 MR. BURGESS: So my primary thoughts: One,
8 of course, is the performance and I put a great deal of
9 weight on that. The second one is it appears that we
10 are going back to the good old days, so to speak, that
11 got Pontiac in trouble and other communities in the
12 first place. And thirdly, within the absence of the
13 budget, to kind of put all this into perspective, I
14 don't know if I could really render a fair appraisal of
15 it.

16 MR. SOBOTA: And one clarification I would
17 like to make, Mr. Burgess, is that the healthcare would
18 only be offered to employees when they are active with
19 the City. Upon separation, they would not be entitled
20 to any healthcare. And in the past, the employees were
21 entitled to retiree healthcare so that is a significant
22 difference.

23 Oh, and one final component which I don't
24 believe Mr. Widigan had indicated, one other small

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25 item: The comprehensive compensation package is

20

1 beginning with fiscal year '16 to '17. I believe the
2 base salary would increase at the same rate as the
3 Headley calculation. So if property tax calculation
4 would be a one percent increase, then the base salary
5 would increase one percent.

6 If we happen to have a reverse, so then the
7 base salary would also be decreased. So that's
8 actually tied to a formula that's established by the
9 State of Michigan and it seems to be a fair assessment
10 of future raises to maintain cost of living allowances.

11 THE CHAIRPERSON: Mr. Schimmel, any
12 questions?

13 MR. SCHIMMEL: Good.

14 THE CHAIRPERSON: I have several questions.
15 I've not seen an incentive program like this before.
16 Did you base this upon another local unit's program; is
17 that where this -- the genesis of this proposal came
18 from?

19 MR. SOBOTA: No. When I was doing an
20 evaluation, I had realized that some of the employees
21 in other communities that were making -- I would call
22 this -- on the high end of the salary ranges were there
23 because they had Master's degrees, they had a greater
24 level of responsibility. So that's where I saw that

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25 this is something that maybe we could encourage our

21

1 employees to improve their level of knowledge within
2 their particular area.

3 I have been in several communities where the
4 government themselves pay for the education and, once
5 the employee received the education, they moved onto
6 another community. And that's something that I just
7 can't accept. The education, yes, will benefit the
8 community but there is no guarantee that that person is
9 going to stay here for the balance of their career. So
10 we are trying to -- at least in the package, we are
11 trying to encourage individuals to maintain their
12 certification and improve their education, which will
13 ultimately benefit them and there's a monetary award
14 for it.

15 Definitely, it benefits the community, but we
16 don't want to offer to pay for education or training
17 with the fear that these employees may not have a
18 long-term commitment to the City. So that's -- I
19 can -- I guess you can say it's been a souring taste in
20 my mouth for many years, seeing communities educate
21 employees, then the employees moving on. But there is
22 no incentive right now for the employees to enhance
23 their education or certification.

24 THE CHAIRPERSON: If someone is compensated

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25 for a Master's degree or this certification, is that a

22

1 one time only --

2 MR. SOBOTA: It's --

3 THE CHAIRPERSON: -- compensation or is that
4 an annual compensation?

5 MR. SOBOTA: It's an annual. And where did I
6 come up with the number? That's a question you didn't
7 ask but you're probably wondering. I'm sure you've
8 seen studies that say a Master's degree is worth so
9 much, in terms of compensation, and a Bachelor's
10 degree. So it really wasn't an arbitrary number, it
11 was something that's been based on what is the value of
12 education worth.

13 THE CHAIRPERSON: I didn't see anything in
14 the documentation that said whether the Master's or
15 Bachelor's degree had to be relevant to the job the
16 individual is performing.

17 MR. SOBOTA: I honestly cannot recall if I
18 made that clear but I think the intention was that it
19 needs to be relevant, especially in relation to the job
20 description. Because, in our job description, we do
21 have Master's degrees preferred in the various fields.
22 And knowing what I know about the current individuals
23 who serve in these positions, their degrees are within
24 the fields that they are working, so there could be a

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25 clarification that could be made.

23

1 THE CHAIRPERSON: All right. Who would be
2 responsible for monitoring this? Because this is going
3 to be an annual --

4 MR. SOBOTA: Right.

5 THE CHAIRPERSON: -- evaluation of degrees
6 and certifications.

7 MR. SOBOTA: Well, once you have a degree
8 that can obviously be confirmed, like when we confirm
9 degrees whenever we do a new employee, so that's a
10 one-time. Some of the professional certifications are
11 State-monitored so that's a look up on the State's
12 Registry. Others are issued by professional
13 organizations and we will be able to confirm with those
14 professional organizations whether those individuals
15 are still certified.

16 Obviously, you need to maintain CPE credits
17 in some of these fields and certifications to maintain
18 that certification. So we do have that ability to
19 verify and, if the employee is not taking time off for
20 CPE and we know that CPEs are required, it's a good
21 reason to believe that that certification will be
22 lapsing at the end of the particular period.

23 THE CHAIRPERSON: So will that responsibility
24 rest with the Administrator's office, the Deputy Mayor?

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25 MR. SOBOTA: It would rest with the

24

1 HR Specialist and then Finance Director would be the
2 oversight for the HR Specialist, for the HR
3 Specialist's certifications.

4 THE CHAIRPERSON: All right. I'm curious why
5 the Deputy -- proposed Deputy Mayor position was
6 excluded from this package.

7 MR. SOBOTA: That was at the Mayor's request.

8 THE CHAIRPERSON: All right. That answers
9 that. How was the seven percent selected as the match
10 for the defined contribution program?

11 MR. SOBOTA: Actually, that was also at the
12 Mayor's recommendation. Mr. Nazarko and I had proposed
13 five percent and the Mayor suggested seven. We know
14 that maximum we can go is either nine or ten percent.
15 So that was another request that the Mayor made and
16 that was incorporated.

17 But the difference that you'll find with our
18 match compared to other communities, the employee has
19 to contribute two dollars in order for the City to
20 contribute one. In a lot of places, it's just the
21 opposite; the employee contributes two -- contributes
22 one and the local unit contributes two or it's a
23 one-to-one match. So it does require more contribution
24 by the employee than from the City.

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1 compensating individuals \$5 an hour who are charged to
2 the winter maintenance or local street fund?

3 MR. SOBOTA: That was a way of -- well,
4 actually, we're doing it right now, so there isn't a
5 change to that. When the individual, hourly
6 individual, is called out to do winter maintenance,
7 they're called out in the middle of the night, it's
8 harder work than what the individual normally performs
9 on a regular basis. There is more extreme

10 environmental conditions, safety factor changes a bit.
11 So we are presently -- we do have that compensation in
12 our current employment agreement so that's just
13 continuing.

14 THE CHAIRPERSON: I note that you're
15 compensating individuals for a CDL. That's a State
16 requirement so I'm curious as to why you're doing that.

17 MR. SOBOTA: A CDL is only if you are using a
18 piece of equipment that requires a CDL. Most of our
19 equipment does not require a CDL; the only one that
20 would would be a salt truck. So that's the additional
21 compensation, for a person salting the road or doing
22 some plowing, if that's necessary.

23 THE CHAIRPERSON: That's all, the only
24 questions I have.

DRAFT

25 Any other questions from the Board?

26

1 Any further discussion?

2 If not, I'll entertain a motion.

3 MR. SAWDON: Motion to postpone.

4 MR. BURGESS: Support.

5 THE CHAIRPERSON: Approved by Sawdon,

6 supported by Burgess to postpone.

7 Discussion?

8 Seeing none, all in favor of the motion say

9 "aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 The amendment to Order S-273 is postponed.

13 I'm sorry, Mayor.

14 MAYOR WATERMAN: Yes, I would very much like

15 to speak to this motion, just briefly. I do understand

16 the questions you have and certainly concur with the

17 necessity to postpone this. Saying that, I would also

18 like to preface with the fact that I did champion

19 adding some benefits to our employee packages; this is

20 something that I'm aware of is needed to restore. It

21 was taken away at a time of crisis. It certainly puts

22 Pontiac in an undue comparable position with cities of

23 our size and our situation. Even Detroit, the city

24 that went into bankruptcy, never took away the benefit

DRAFT

25 package from its employees.

27

1 And even though I've been -- not been
2 involved in hiring employees, you've seen some of these
3 positions go weeks only because the benefit package
4 does not match with the comparable packages in other
5 cities. Also, the employees who have long gone,
6 without just a basic benefit package, should have that
7 in any City of our size, and ours should be able to
8 offer that to our employees. We certainly had it for
9 all the retirees when they were here.

10 And the fact that we are able to put it into
11 the budget now indicates that we're in a little bit
12 different position than we were some years ago when
13 that was taken away from our employees. So I just want
14 to recognize that. So I -- to champion getting the
15 employees back with their benefit packages that would
16 be comparable and appropriate. I do think that -- I'm
17 not sure why this particular issue was taken out of the
18 budget. We did put it in the budgetary allotment so I
19 don't know why you put in the -- that it should be
20 something discussed at a local level first. And I'd
21 like to introduce that at the Council-level
22 conversation of the budget, rather than have this Board
23 preempt the local discussion and approve it here;
24 that's what I question.

DRAFT

25 I also had questions about the incentive

28

1 packages. I see that you did address that and that may
2 be something that you want to consider further.

3 As far as the Deputy Mayor not being
4 included, when we carved out the compensation package
5 for the Deputy Mayor, I did that in line with the other
6 descriptions of the job position directly with Treasury
7 so they would not include it; that was already
8 pre-considered. But since you mentioned it and since
9 this is still in formation phases, I would say that the
10 Deputy Mayor also should be one of those people that
11 should be included with the same kind of benefit
12 package. Now, this should be at the local level
13 discussion at the same time that we're having this
14 budget consideration, the local officers compensation
15 commission that just completed its deliberations and
16 decides on the compensation for elected officials,
17 basically, myself and City Council.

18 I guess Mr. Sobota who attended all those
19 meetings did share with them this enhanced compensation
20 package. For some reason, they wanted to see it, even
21 though they don't have any say-so over employees'
22 salary packages. But they made their unhappiness with
23 such salary package known and, to that effect, they
24 wanted to send a message that they didn't like this

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25 increased salary package, which hence that we need to

29

1 do some homework in terms of talking to local people
2 about why this is important before we do this at the
3 TAB level.

4 And to that extent, what it turns out, even
5 though I'm championing all these salary packages for
6 employees, they decided as part of metro loads
7 compensation commission, not to grant it. So I'm the
8 only full-time employee that wouldn't even have the
9 benefits that I'm championing. And even though I don't
10 know whether that's part of what the Emergency
11 Manager's order was. But maybe I'd ask this Board to
12 look at that and see how we can make that more
13 equitable.

14 But at any rate, I would speak to those
15 issues in terms of the postponement.

16 THE CHAIRPERSON: Thank you, Mayor.

17 Next item is Approval of Resolutions and
18 Ordinances for City Council meetings, the April 16th,
19 2015 Regular City Council meeting. Entertain a motion.

20 MR. BURGESS: I make that motion to approve.

21 MR. SAWDON: Support.

22 THE CHAIRPERSON: Moved by Burgess, supported
23 by Sawdon to approve the April 16th, 2015 City Council
24 Meeting.

DRAFT

25 Discussion?

30

1 Seeing none, all in favor of the motion say

2 "aye".

3 BOARD MEMBERS: Aye.

4 THE CHAIRPERSON: Opposed, same sign.

5 The April 16, 2015 meeting minutes are

6 approved.

7 The April 23rd, 2015 Regular City Council

8 Meeting Minutes. I'll entertain a motion.

9 MR. BURGESS: I make a motion to approve.

10 MR. SAWDON: I'll support.

11 THE CHAIRPERSON: Moved by Burgess, supported

12 by Sawdon to approve the April 23rd, 2015 City Council

13 Meeting minutes.

14 Discussion?

15 All in favor say "aye".

16 BOARD MEMBERS: Aye.

17 THE CHAIRPERSON: Opposed, same sign.

18 The motion is approved. And the 2000 -- the

19 April 23rd, 2015 meeting minutes are approved.

20 The April 30th, 2015 City Council Meeting

21 Minutes.

22 MR. BURGESS: Make a motion to approve.

23 MR. SAWDON: Support.

24 THE CHAIRPERSON: Moved by Burgess, supported

DRAFT

25 by Sawdon to approve the April 30, 2015 City Council

31

1 Meeting minutes.

2 Discussion?

3 Seeing none, all in favor of the motion say

4 "aye".

5 BOARD MEMBERS: Aye.

6 THE CHAIRPERSON: Opposed, same sign.

7 The motion is approved.

8 The May 7th, 2015 City Council Meeting

9 minutes.

10 MR. BURGESS: Make a motion to approve.

11 THE CHAIRPERSON: Are there any exceptions,

12 Mr. Burgess, to that?

13 MR. BURGESS: No.

14 THE CHAIRPERSON: All right. I -- I would

15 suggest that we -- the motion include approval of the

16 May 7th Meeting minutes, with the exceptions of

17 Resolution 15-125, the senior center rental fees and

18 Resolution 15-126, the proposal for additional rezoning

19 projects, a friendly amendment.

20 MR. BURGESS: All right. I'll amend it.

21 MR. SAWDON: I'll support the amendment.

22 THE CHAIRPERSON: Thank you. It's been moved

23 and supported to approve the Resolutions from the May

24 7th, 2015 City Council meeting with the exception of

DRAFT

25 Resolution 15-125, senior center rental fees, and

32

1 Resolution 15-126, proposal for additional zoning
2 projects. Discussion?

3 Seeing none, all in favor of the motion say
4 "aye".

5 BOARD MEMBERS: Aye.

6 THE CHAIRPERSON: Opposed, same sign.

7 The May 7th, 2015 City Council minutes are
8 approved.

9 Amendment to Order S-330, Resolution 15-125,
10 senior center rental fees.

11 Mr. Widigan?

12 MR. WIDIGAN: Yeah. This was originally
13 placed on the April 29th RTAB agenda by mistake. At
14 the April 2nd City Council meeting this Resolution
15 15-91 was postponed until further notice. Since it was
16 postponed by Council, it shouldn't have been placed on
17 last month's agenda so I apologize for that.

18 The Resolution before you today, why it's
19 under New Business is it was passed at the May 7th
20 Council Meeting. This will require an amendment, as
21 you know, to Order S-330. The senior center currently
22 amends through a millage which expires in 2016 to 25 an
23 hour with a minimum time of four hours and the set
24 usage fee for all other funding will be at a rate of

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25 \$100 an hour with a minimum of four hours reserved. In

33

1 any events, such as parties or dances, where food or
2 beverages are served, we'll have \$100 refundable
3 deposit, which will be paid upon booking. After
4 review, there does not appear to be any issues with the
5 proposed senior center rates.

6 THE CHAIRPERSON: Thank you.

7 MR. SAWDON: Didn't we also waive some fees
8 for senior organizations?

9 MR. WIDIGAN: Yes. It -- I believe you're --
10 it waived, also, for governmental units, too.

11 THE CHAIRPERSON: Anything to add,
12 Mr. Sobota?

13 MR. SOBOTA: I'm glad it finally got through
14 Council. If you remember how difficult this process
15 was. So this is what the majority of Council was able
16 to agree on so I find no objection.

17 THE CHAIRPERSON: All right.

18 MR. SAWDON: Can I just ask what kind of
19 revenue we're talking about that will be either waived
20 or -- what effect on the revenue does it have?

21 MR. SOBOTA: Rounding error. Council
22 believes that as a result of the lower fees, there will
23 be some additional hall rental but we're probably
24 talking maybe three to four thousand dollars out of a

DRAFT

25 \$350,000 budget.

34

1 MR. SAWDON: Nominal. Thank you.

2 THE CHAIRPERSON: Mayor Waterman, you wish to
3 speak?

4 MAYOR WATERMAN: Yeah. I can also report on
5 that. I know you asked this question before when it
6 originally considered this ordinance. In regards to
7 the waiving of the fees for the -- we have two senior
8 center clubs that supply a lot of programming in the
9 absence of the cities having any agenda for that and we
10 thought -- they haven't been paying us anyway.

11 Apparently, there was some misinterpretation of the
12 order so they haven't been paying it.

13 And the fact that we're acknowledging that by
14 just waiving the fee because of the services they
15 provide to the City, so there's no loss of revenue
16 because, apparently, they weren't paying it anyway.

17 So -- and the other thing is that the
18 lowering of the rate for certain kinds of senior
19 amenable organizations just will increase the usage of
20 the senior facility on accessibility for the senior
21 centers and, therefore, will increase the utilization
22 rate, thereby, you're placing -- and quantity which
23 might be lost in the individual hourly rates, so
24 resulting in a net difference, we think -- net zero

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25 difference.

35

1 THE CHAIRPERSON: Thank you. I'll entertain
2 a motion.

3 MR. SAWDON: Motion to approve.

4 MR. BURGESS: Second.

5 THE CHAIRPERSON: Moved by Sawdon, supported
6 by Burgess to approve Order -- amendment of Order
7 S-330, Resolution 15-125, senior center rental fees.
8 Discussion?

9 Seeing none, all in favor of the motion say
10 "aye".

11 BOARD MEMBERS: Aye.

12 THE CHAIRPERSON: Opposed, same sign.

13 The motion is approved.

14 Next item, Resolution 15-126, proposal for
15 additional zoning projects.

16 Mr. Sobota?

17 MR. SOBOTA: As a result of the Master Plan,
18 five additional documents need to be drafted and
19 implemented to properly implement the Master Plan.
20 Three of those items are covered under the proposed
21 agreement with Wade Trim that is present before you
22 today. They include the creation of two overlay
23 districts, one on the entrepreneurial related, one
24 transportation related and the third component, which

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25 is the lowest cost to the City, is for a complete

36

1 streets project that work is primarily going to be
2 performed by an outside agency and the only cost
3 incurred by our consultant will be to actually
4 formalize the language necessary to be officially
5 adopted by the City.

6 So those three total \$26,500, they will not
7 be received until after fiscal year end so they have
8 been included in the '15/'16 proposed budget amendment.

9 The other items, which are not before you
10 today but which are also represented in the '15/'16
11 budget, will be the development of a nonmotorized plan,
12 estimated cost of \$40,000 and the development of a
13 pattern book, also an estimated cost of \$40,000.

14 There is a possibility that the City will not
15 be required to incur all of the costs for the motor --
16 the first one I mentioned regarding motor vehicle
17 plan --

18 MAYOR WATERMAN: Not motorized.

19 MR. SOBOTA: -- nonmotorized plan. Because
20 we look to be receiving some assistance from an outside
21 entity on that.

22 Pattern book, as the planners put it, you may
23 want to do it, you may not want to do it. So we will
24 have it in the budget but those have not been presented

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25 at this time because they are not as time sensitive as

37

1 the two new overlay districts and the complete streets
2 plan.

3 The complete streets plan is actually in
4 conjunction with another grant that another
5 organization has already received and will be spending
6 funds on behalf of the City. The entrepreneurial
7 overlay district will help us attract a new purchaser
8 and developer for the area, such as the Silverdome and
9 some of the former RACER properties, so it increases
10 the flexibility in zoning requirements.

11 THE CHAIRPERSON: Just so I'm clear, these
12 are all in the budget or not?

13 MR. SOBOTA: These are all in the budget --

14 THE CHAIRPERSON: Okay.

15 MR. SOBOTA: -- for next fiscal year.

16 THE CHAIRPERSON: Very good. Any questions
17 for Mr. Sobota?

18 Thank you. I'll entertain a motion.

19 MR. BURGESS: Motion to approve.

20 MR. SCHIMMEL: I'll support.

21 THE CHAIRPERSON: Moved by Burgess, supported
22 by Schimmel to approve Resolution 15-126, proposal for
23 additional zoning projects.

24 Discussion?

DRAFT

25 Seeing none, all in favor of the motion say

38

1 "aye".

2 BOARD MEMBERS: Aye.

3 THE CHAIRPERSON: Opposed, same sign.

4 The motion is approved.

5 Next item is City Administrator Items. Item

6 1, approval of purchasing agent.

7 Mr. Sobota.

8 MR. SOBOTA: I'm actually going to defer to

9 Mr. Nazarko on this issue because I don't want it to

10 appear as though I may have a potential conflict.

11 MR. NAZARKO: As you are aware, the
12 purchasing agent has been vacant since November of

13 2013. We have filled that position with temporary

14 employees from Account Temps and, in one instance, we

15 hired our full-time employee.

16 And back to Mr. Burgess' concern, as to, you

17 know, how do we conduct the reviews. We conducted the

18 review in this case and we fired the employee. Well,

19 fired, mutually -- he resigned after review.

20 Therefore we have, again, posted that

21 continuously for the last year and four months.

22 Finally interviewed four candidates or five interim

23 ones, four outside candidates and one internal one and

24 have decided to bring forward the candidate in front of

DRAFT

25 you, which I believe has the full qualifications to

39

1 fulfill the responsibility of the Purchasing Agent.

2 We did have a hard time because of the
3 benefit level package. However, again, that's the --
4 under the circumstances, that candidate, I fully
5 support the hiring of that particular candidate.

6 THE CHAIRPERSON: Any questions for
7 Mr. Nazarko?

8 MR. SAWDON: No.

9 THE CHAIRPERSON: I'll entertain a motion,
10 then.

11 Thank you, Mr. Nazarko.

12 MR. SAWDON: Motion to approve.

13 MR. BURGESS: Support.

14 THE CHAIRPERSON: Moved by Sawdon, supported
15 by Burgess to approve the hiring of a purchasing agent.

16 Discussion?

17 Seeing none, all in favor of the motion say
18 "aye".

19 BOARD MEMBERS: Aye.

20 THE CHAIRPERSON: Opposed, same sign.

21 Motion is approved.

22 Item 2, Amendment to Order S-273,
23 comprehensive compensation package. This was addressed
24 in Old Business.

DRAFT

1 full-time.

2 Mr. Sobota.

3 MR. SOBOTA: In our review of operations and
4 needs here in the City and also considering where we
5 are financially, we have identified -- I have
6 identified two positions that are presently part-time
7 where full-time work is justified. Those are the
8 part-time positions that are clerical support in the
9 Community Development Department and also in the
10 Finance Department.

11 In terms of community development, the
12 incumbent in that position, who is actually going to be
13 leaving the City, that incumbent's duties shifted after
14 the arrival of Mayor Waterman to be more active in the
15 blight management program and, as a result, the
16 identified duties in the job description and in the
17 responsibility of the department have suffered
18 significantly.

19 I am in a situation right now where we are
20 under violation from HUD for failing to have proper
21 documentation to support grants that were previously
22 received by the City. I believe we actually have the
23 document, we just need to find them. We have a
24 horrible filing system that needs to be corrected. As

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25 well as in 2012, we closed a three-story building that

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1 housed the Pontiac Growth Group, all those documents
2 were put in boxes and moved to City Hall.

3 The Growth Group was the economic development
4 engine, in theory, for the City of Pontiac. And often
5 we are receiving requests about properties, plans,
6 programs, more details about the TIFA/DDA that the City
7 had. Those documents exist, they need to be organized.

8 In many instances, they may even need to be
9 purged. That will, then, free up additional space in
10 City Hall where we will be able to move our Fire
11 Department, Federal Programs and Legal Department
12 documents that are stored off site into City Hall,
13 saving probably between 4- and \$5,000 a year, at a
14 minimum.

15 So it's organization that needs to be
16 completed. We were able to complete the Finance
17 Department record retention and I think that took close
18 to 18 months. You'd have to see the pictures to
19 realize how bad it was. Fortunately, we don't have
20 boxes stacked to the ceiling, like we did with Finance.
21 But the individual that would be assigned to that job
22 actually has very good experience in filing so this is
23 right for that particular person. And also the rate of
24 compensation is far less than if we subbed this out to

DRAFT

1 purging.

2 This individual that would be filling the
3 full-time position, if the position's not elevated to
4 full-time would have to be laid off. This person was
5 the individual that was displaced by the reorganization
6 of the Treasurer's Office and knowing that the
7 individual had this filing experience, we've already
8 started her on the project. So there is a great need
9 there. In terms of the part-time position in the
10 Finance Department, this is the clerical support to the
11 HR and employee retiree benefit function. The
12 individual, herself, has already realized in excess of
13 three quarters and there's close to a million
14 dollars --

15 Mr. Nazarko.

16 MR. NAZARKO: Yes?

17 MR. SOBOTA: -- in terms of her diligence and
18 being able to identify areas where the City was owed
19 money and had failed to bill or had failed to attempt
20 any sort of collection. So the individual has already
21 proven her worth to the City. We anticipate that the
22 workload will probably be increasing at some point in
23 the future.

24 And, on top of that, we received some bad

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25 news last week. Our HR Specialist was injured in an

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1 automobile accident on her way to work and will be out
2 for at least a month, physically, from the City. So
3 we're going to need this individual to spend a little
4 bit more time working on those HR and retiree benefit
5 issues. So these are two positions. The costs have
6 already been included in the proposed budget.

7 The question was made -- was -- is posed to
8 this Board today so that, come July 1st, the employees
9 know exactly where they're going to be standing with
10 the City. I don't want to be in a position and tell an
11 employee two weeks before July 1st that we're going to
12 have to do a layoff. If the employee will be laid off,
13 I'd like to advise that employee six weeks in advance,
14 rather than the two weeks, because the employee has
15 performed a good service to the City as well; so that
16 is the reason for this request.

17 Granted, I understand your concern about the
18 budget. If you would approve, at a minimum, with the
19 caveat that the budget is approved; I can understand
20 that. At least it gives some assurances to the
21 individuals involved.

22 THE CHAIRPERSON: Any questions for
23 Mr. Sobota?

24 All right. Thank you.

DRAFT

25 Mayor?

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1 MAYOR WATERMAN: May I also speak to that?

2 THE CHAIRPERSON: Yes.

3 MAYOR WATERMAN: I do concur that I'd like to

4 see this position lifted from 29 hours to 40 hours,

5 full-time, I do. When I had extended discussion with

6 Mr. Sobota, I would suggest that we not tie this

7 position or this full-time position to one particular

8 individual. The individual who's left over in mind is

9 a file clerk, does not have the full capacity and

10 potential that we want to have in the community and

11 economic development department.

12 I described to you during my report what my

13 agenda is for the department and the services that we

14 want and the capacity we want for people in that

15 department to have. So the position itself, yes, I do

16 think it needs to be lifted that eleven hours so that

17 it can be amenable to salaries. I think, if Mr. Sobota

18 wants part-time people to come help with filing, he

19 should do that rather than grant the full benefit

20 packages to all the employees as well.

21 THE CHAIRPERSON: Just so I'm clear, you

22 agree with elevating the one position but not making it

23 full-time?

24 MAYOR WATERMAN: No, I agree to making this

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25 position full-time.

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1 THE CHAIRPERSON: These two positions?

2 MAYOR WATERMAN: He's talking about one
3 position here, full-time.

4 THE CHAIRPERSON: He's talking about two.

5 MAYOR WATERMAN: You're talking about the
6 community liaison --

7 THE CHAIRPERSON: He's talking about the --

8 MAYOR WATERMAN: -- Finance position?

9 THE CHAIRPERSON: The Finance and the
10 Community Economic Development --

11 MAYOR WATERMAN: I'm just speaking to that
12 customer service representative who is in the Community
13 Development Department. I'm just speaking to that one
14 position.

15 THE CHAIRPERSON: And you're disagreeing
16 with --

17 MAYOR WATERMAN: I'm saying, let's go ahead
18 and make it a full-time position right now. Right now
19 it's being serviced by someone who worked 29 hours.
20 I'm saying, let's increase it to 40 hours so that
21 becomes a full-time equivalent. But I don't think
22 that -- Mr. Sobota has in mind this one particular name
23 to putting in that slot. And I'm saying we should tie
24 that to the position but not to any designated one

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25 individual who may or may not be capable.

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1 THE CHAIRPERSON: Our move would be for the
2 position and not for the person, the determination of
3 who fills that position --

4 MAYOR WATERMAN: Exactly.

5 THE CHAIRPERSON: -- the individual --

6 MAYOR WATERMAN: All right.

7 THE CHAIRPERSON: -- is at your level.

8 MAYOR WATERMAN: Yeah. I think I'm hearing
9 from Mr. Sobota that he has one person in mind for that
10 without the skill set that we'd like to assign to that
11 position so I just wanted to make sure that that was
12 the stipulation on which this would be approved by the
13 Board. And he --

14 Mr. Sobota, you want to speak?

15 MR. NAZARKO: Yeah. On the other position,
16 the benefits part, our specialist helper that
17 Mr. Sobota is proposing to make a full-time,
18 foreseeable future, not only she has paid many times
19 for her, what we pay her, and yet she has no benefits,
20 obviously, but she has been a key component for us of
21 fighting the litigation and providing a valuable,
22 valuable amount of information to the mediation that
23 the Mayor and I are going through now, aside from this
24 other issue of the early retirements that is postponed

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25 by the Board and is going to come up again to the

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1 Council and the Board.

2 This particular person, because of the
3 institutional knowledge that she has, is very valuable
4 and she was a key component in us recouping in excess
5 of \$400,000 from WRC on past insurance claims. So, to
6 summarize, it's a no-brainer.

7 MR. SAWDON: I'm just concerned, do we have
8 enough work for full-time? I mean, I see a filing need
9 that needs to be cleaned up and that could take some
10 time. But what about after that? So I'm just a little
11 concerned we're creating the position full time that
12 will be with us for a long time. And do we have work
13 beyond -- in the case of the filing, beyond the filing?
14 So I'm just more concerned about long-term need than
15 short-term need.

16 MR. SOBOTA: Well, in terms of the position,
17 not looking at the individual that would be filling
18 that position, the position right now has been working
19 on -- I'll call it blight management for demolition
20 purposes. That function is being assigned to a
21 subcontractor for the next year and a half, two years,
22 as part of a grant received from the State of Michigan.

23 So that position will be focusing on filing
24 during that time period and then, when that filing

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25 project is done, the blight management activity will

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1 come back and, at that time, we will be able to
2 identify which individual is best suited for that
3 position.

4 So, yes, there is need for the position and I
5 know that the -- I think I've got another item on the
6 agenda where the Mayor wants to expand community
7 development activities within the City. Well, those
8 duties were not contemplated when the position was
9 created two years ago. So there will be additional
10 work to the department or a spillover from the Mayor's
11 office where additional support will be required. So
12 it's more of a timing, what task is going to be worked
13 on when. But overall, I do believe that there will be
14 enough work for a 40-hour week for that position into
15 the future. Will it be filled by the same individual?
16 I can't answer that question. But there will
17 definitely be enough work.

18 MR. SAWDON: Thank you.

19 THE CHAIRPERSON: Any other questions from
20 the Board for Mr. Sobota?

21 MR. WIDIGAN: Mr. Chairman.

22 THE CHAIRPERSON: Yes?

23 MR. WIDIGAN: If I may, like Mr. Sobota said,
24 this is part of the fiscal year '16 budget and, again,

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25 the Board may wish to consider with the budget.

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1 THE CHAIRPERSON: And just for the
2 clarification of the Board, Mr. Sobota's request is to
3 elevate two part-time positions of customer service
4 representatives, one in the Community Development
5 Department and one in the Finance Department. All
6 right. I'll entertain a motion.

7 MR. SOBOTA: Mr. Chairman, that would be
8 effective July the 1st. And I'm just asking that it be
9 made subject to approval of the budget so people know
10 where they stand.

11 MR. SAWDON: July 1st of '15?

12 MR. SOBOTA: July 1st of '15, correct.

13 THE CHAIRPERSON: All right.

14 MR. SCHIMMEL: So we've had a lot of
15 conversation about individuals but we're dealing
16 here --

17 MR. SOBOTA: With positions.

18 MR. SCHIMMEL: Individuals come and go,
19 right?

20 MR. SOBOTA: Correct.

21 MR. SCHIMMEL: We're dealing here with two
22 positions.

23 THE CHAIRPERSON: Anyone inclined to make a
24 motion?

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25 MR. SAWDON: Motion to approve.

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1 MR. SCHIMMEL: I'll support.

2 THE CHAIRPERSON: Moved by Sawdon, supported
3 by Schimmel to approve a motion to elevate two
4 part-time employees in the customer service
5 representative position in the Community Development
6 Department and in the Finance Department.

7 Discussion?

8 Seeing none, all in favor of the motion say
9 "aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 The motion is approved.

13 Item 4, Amendment of Order S-330, senior
14 center rental fees was addressed in New Business.

15 Item 5, reorganization of Mayor's Office
16 staff and duties and Amendment to Order S-334.

17 Mr. Sobota.

18 MR. SOBOTA: Now, granted we've had some time
19 that's happened since this memorandum had been
20 originally granted. But at the time that this
21 memorandum was prepared and submitted to the TAB, the
22 request was for the Mayor's office to obtain two new
23 full-time positions, one is the re-creation of the
24 position of Community Relation Specialist; that was the

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25 position that was vacated or eliminated at the time

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1 that the Deputy Mayor's position was eliminated.

2 And there is a revised job description for
3 that position that identifies the additional duties
4 that the Mayor wishes to see this individual perform.

5 So it's recreating that position that we had and
6 elevating the duties and responsibilities to be in line
7 with the Mayor's vision. That is definitely one
8 position that we would like to move forward with as
9 soon as practically possible.

10 The second position is a full-time customer
11 service representative position to essentially perform
12 the support duties for the community development type
13 activities identified in the proposed job description
14 and, also, to assist with the demolition blight
15 management program that the Mayor is charged with under
16 S-334.

17 At that -- the time that this was discussed
18 with the Mayor, and we've -- we have a slight
19 disagreement as to who's going to be filling the
20 full-time community -- not community, customer service
21 rep position in Community Development. This idea was
22 proposed as a way to ensure that the Mayor has someone
23 that works directly for her that has the skills that
24 she is looking for to fulfill her duties and

DRAFT

25 responsibilities. Both full-time positions are

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1 reflected in the proposed budget. The customer service
2 representative job description does not require any
3 amendments but the Community Relations Specialist
4 position does.

5 Due to the Mayor wanting to get started as
6 soon as possible with these initiatives, the request is
7 being made to have those positions created so that we
8 can begin posting because our history here of trying to
9 find employees takes a bit of time. So we were looking
10 to at least get a head start on advertising these
11 positions and then, when the ultimate decision comes
12 down to whether or not we're going to be able to fill
13 it, that would be at the Mayor's recommendation and at
14 the direction of the TAB.

15 And the amendment to Order S-334 is required
16 because I believe that these positions, working on the
17 Mayor's initiatives in areas that are directly
18 responsible to her under S-334, they should report
19 directly to her and not be reporting to me, as City
20 Administrator. And she should also have the central
21 decision-making ability in the hiring to determine who
22 exactly is going to fill those positions.

23 So this is essentially a three-part request;
24 number one, to revise the job description, number two

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25 is to create positions to allow us to advertise and,

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1 number three, is to amend S-334 to make it clear that
2 these positions will report directly to the Mayor to
3 assist her in fulfilling her duties. And I think that
4 she'll be able to explain the need for the urgency in
5 the decision-making.

6 THE CHAIRPERSON: You mentioned three items
7 in your memorandum. There was four. The reinstatement
8 of the position of Community Relations Specialist.

9 MR. SOBOTA: Yes.

10 THE CHAIRPERSON: So there's four items?

11 MR. SOBOTA: Yes, exactly.

12 THE CHAIRPERSON: All right.

13 MR. SOBOTA: I combined the creation as one
14 but it's create the one new position, customer service
15 rep, reinstate, recreate the Community Relations
16 Specialist, amend the job description and essentially
17 authorize us to have this position report directly to
18 the Mayor under S-334 being amended.

19 THE CHAIRPERSON: All right.

20 Mayor Waterman?

21 MAYOR WATERMAN: Since this concerns the
22 Mayor's department here, I guess the Mayor should speak
23 to it. The -- just to clarify what you're being asked
24 to do: Number one, this position of Community Liaison

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25 has -- is already in the Order, it's already there. We

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1 just temporarily forestalled it because it was so
2 important to get a Deputy Mayor. And at the time that
3 we were trying to find the funds to pay the
4 Deputy Mayor, we were under a different financial
5 situation so I said, "Okay. I'll forego having this
6 Community Liaison person, you know, until we could find
7 the funding, as long as we can get the Deputy Mayor
8 going", which is a chief concern for me.

9 And all I'm saying, in this budget, do we
10 have the wherewithal to restore it? And because there
11 were some increased agenda items that we want to have
12 happen within Community Economic Development, it also
13 means that wasn't to change the job description a bit.
14 So I guess what we're asking is just, you know, to also
15 agree with that job description we're creating, which
16 recognizes the additional needs and responsibility of
17 the Community and Economic Development Department.

18 And I was going to save this for my report
19 but a lot of what I'm talking about stems from this
20 report, which is a summary of what was presented to us
21 yesterday. And this is -- I've told you about the
22 Economic Recovery Plan that was going on in conjunction
23 with Oakland County and that we are presenting after
24 eight months' deliberations with many, many project

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25 advisors and many people who have joined in this group

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1 making this how we do this, how we move Pontiac
2 forward.

3 This, our presented -- we have identified
4 seven different strategies, as well as the agenda items
5 to achieve on each of these strategies. And this is
6 going to be presented to the EDA May 31st, the end of
7 this month. So this was -- I just bring this to you,
8 it's hot off the press from our meeting of the Steering
9 Committee yesterday. And this is what we're going to
10 put forward.

11 And one of the things that all these people
12 have said to me is that this is fine and -- well, we
13 have conceived this plan and this is going to be a
14 strategic implementation plan for the City of Pontiac.
15 But they say, "How are you going to do all this? You
16 don't have the capacity." When they look at the
17 organizational chart, they say, "You don't have anybody
18 that works for you."

19 City Administrator, who conceivably -- and he
20 will agree to this, too -- he was put here to handle
21 crisis management and he will agree to that, you know,
22 he is here to execute S-334. So there's nothing in
23 this, in his job description, that he is going to move
24 forward and help the City to grow. In fact, he

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25 indicated his role. He did not want to be on the

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1 Board. He sent someone else. So that's different than
2 what I have to do as Mayor.

3 I have been chosen by the City of Pontiac, by
4 the residents, to see how we move Pontiac from where we
5 are. And I think everybody concedes. And when you
6 look at this latest budget, we're no longer in crisis
7 management, we're now in the making and taking the
8 steps. And those are discussions I've had behind the
9 scenes with Treasury, where I think we know where we're
10 at there as well. We've bitten the bullet but now we
11 have that surplus revenue that you said we have to
12 have. Not only was it 15 percent, which is what was
13 required but, in this budget, I've moved it forward to
14 18 or 20 percent in most of these fund balances.

15 And Eric, you can attest to that because you
16 adopted the budget even before everyone else did and
17 you can attest to this. So we're ready to move the
18 City forward but we have to have the capacity to do it.
19 And as Mr. Sobota talks about where he is and what his
20 job is, to hold the City forward, to implement all this
21 crisis management, he's indicating to me he's running
22 out of things to do and that's because his job is
23 essentially over. Okay?

24 We need to get to the next step and this is

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25 the strategic plan by which we need to do that. But we

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1 have the capacity to do it because the Mayor has nobody
2 working for her, you know, right now. Everybody's
3 still, you know, working for Joe Sobota. So I'm just
4 saying, in order to achieve this, an economic plan is
5 only as good as what you're going to do to fund it and
6 to implement. Otherwise, it's just a wish list that is
7 wishful thinking. We don't want to make that wishful
8 thinking. We want to move the City forward. We want
9 to free the City, in terms of prosperity. And we have
10 to give capacity and we have to give the implementation
11 and we have to do that with the City's leadership.

12 We've got lots of people gathering on from
13 the banks. And all these people saying we want to do
14 that but the City has to take a leadership position.

15 And that's what I'm proposing to do. That's what the
16 citizens have entrusted me to do. And you have to have
17 some kind of faith in the Mayor, like the Mayor of the
18 City, that I know what I need to do to implement the
19 plans. And it can't be just about tearing down houses.
20 There has to be a better sense of what economic and
21 community development needs to be and to supporting the
22 wishes of the citizens in this community. And that is
23 what -- the organizational plan does concede it just
24 restores one position.

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25 And the other thing is, I'm not recreating

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1 any positions here. The -- what you just did was to
2 lift the Community Service Representative, customer
3 service representative in the community and the
4 Economic Development Department to full-time; that's
5 all I was asking so we can have them be a full
6 credentialed employee. So we've done that. And all
7 you're doing is changing the job description of the
8 Community Development Liaison. And that's what I want
9 to do. I just want to kind of say, concretely, what it
10 is that you're being asked.

11 THE CHAIRPERSON: Any questions for the
12 Mayor?

13 MR. SCHIMMEL: Mayor, I -- I just -- I always
14 have this question. I guess, is the crisis is over
15 when the retiree healthcare problem is resolved. And
16 it's not resolved. So I'm just saying we don't know
17 where retiree healthcare is going to be paid from at
18 this moment. Am I correct?

19 MAYOR WATERMAN: I grant you that and that's
20 why we're working diligently to resolve that. You know
21 my --

22 MR. SCHIMMEL: I agree.

23 MAYOR WATERMAN: I talked to you about --

24 MR. SCHIMMEL: I agree.

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25 MAYOR WATERMAN: Yeah.

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1 MR. SCHIMMEL: And I allowed all your
2 efforts, as you know, in that regard. But when we say,
3 "The crisis is over", in my mind, the crisis is over
4 when I know where retiree healthcare is going to be
5 paid from. And if it should fall back on the general
6 fund, we're in crisis again.

7 MAYOR WATERMAN: Yeah. And here I'm giving
8 my report before --

9 MR. SCHIMMEL: Yeah, go ahead.

10 MAYOR WATERMAN: But you brought the issue.

11 All right. Retiree health, as you know, it's in
12 mediation and, you know, we've moved the ball along.
13 In that original, Cohn had given us 60 days. We're far
14 beyond that now, we're into five months. And I think
15 the judge's temperament is for us to -- because he
16 thinks, from the reports he's getting from the
17 mediator, that we have some format that may lead to
18 settlement. We're not there yet. Devil's in the
19 details, as any kind of agreement. But there's enough
20 there to convince Judge Cohn that he wants to give us
21 extra time to continue to move now one of the
22 principals. Because I'm as wary as you are, although
23 we want to be able to oblige the promises that were
24 made to the retirees when they worked for the City of

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1 And I stated in principal and I stated
2 throughout that I'm not going to be responsible for any
3 settlement that either bankrupts the City, puts
4 additional tax on the taxpayers, you know, like in some
5 of the other cities, or that has us make obligations,
6 unplanned obligations, that we just sign a blank check,
7 as a legacy at some future time. So that's not part of
8 any settlement that I will sign off on.

9 So to the extent that, you know, we can
10 settle this and come up with something that we can
11 afford as a City right now, we don't have to write a
12 blank check, then we'll do that. I don't know that we
13 can do that. I don't know what's going to happen.
14 We're working diligently to move this mediation along.
15 But by the same token, we can't have the City held
16 hostage, waiting for that to happen. We have to move
17 ahead. We have citizens that need to be -- a city that
18 needs to be functioning and it needs to take place, in
19 terms of moving forward and having it grow, prosper and
20 be able to put us in a rightful place with other cities
21 that are moving along as well.

22 So I know that's out there, it's hanging over
23 our heads but we're doing what we can to resolve it so
24 it doesn't have an effect on the bottom line. But by

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25 the same token, the rest of the City has to continue to

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1 function.

2 MR. SCHIMMEL: Well, yeah. And I am not
3 criticizing it but it's just like the Phoenix Center, I
4 thought I had all that resolved, too. But it's been
5 going on forever. And the health care issue is going
6 on forever in litigation and judges have ways of
7 sometimes determining things that are different than I
8 think. And I guess I have a concern for beefing up the
9 City, employee-wise, and then waking up some morning
10 with a surprise, so I'm just -- I'm just throwing
11 caution out.

12 MAYOR WATERMAN: I hear you. I hear you.

13 THE CHAIRPERSON: All right. Any other
14 questions?

15 MR. SAWDON: Well, I think Mr. Schimmel
16 raises the same concerns I have. All through today's
17 agenda, we've seen an expansion of a budget but we
18 still have some unresolved issues that are quite large.
19 So I get really nervous when I see our budget expanding
20 but yet we have a really big obligation that hasn't
21 been completed. So I'm concerned that we're expanding,
22 that we have a compensation package, part-time
23 employees raised to full-time, two new additions, we're
24 really expanding the budget quickly when we haven't

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25 solved a really big obligation that's facing the City,

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1 and that I'm nervous about the expansion of the budget
2 without some end in sight on that big obligation.

3 MAYOR WATERMAN: We do have our sights on
4 that and to the extent that there is one manner that
5 has been ruled on by the Court of Appeals, if that were
6 to be -- if that's something we have to end up paying,
7 there is room in this budget and we have determined --
8 they didn't want to have to say that in public. You
9 know, that's not something that we want to concede, in
10 terms of the litigation, but we know where that would
11 come from.

12 Now, if there is some huge settlement, you
13 know, we'd have to retroactively pay all these retiree
14 health benefits the way it was originally planned to
15 the tune of \$26,000, I mean, it doesn't matter what
16 budget you have, then the City goes into bankruptcy.
17 So that's why, you know, to say that because -- we
18 can't expand the service to what -- how the City needs
19 the pension now on the basis that we might have a
20 \$26,000 settlement.

21 Well, that doesn't really affect us but we
22 need to be able to work effectively. I know the
23 responsibility you put in my hands, you said do this,
24 you know, make this work effectively with the City. So

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25 I'm saying what it is I need to do. And you have to

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1 have some verification that I know I've looked at this,
2 had others look at this, have looked at what has been
3 recommended for the City, have looked at what other
4 cities are doing and these are the things we need to do
5 so we're not hamstrung by some fear that we're going to
6 have some monumental catastrophe, in terms of the
7 settlement fall on us because, if that happens there's
8 a whole 'nother ballgame.

9 It doesn't matter how many city employees you
10 have but, right now, we're working with 26 employees.
11 And people look at that and say this is unheard of and
12 we did that, it was necessary to do that in a time when
13 we had constraints but we're not only showing increased
14 budget but we're showing increased revenue and
15 sometimes an unexpected revenue because we've adhered
16 and had the good physical controls in the policies that
17 have brought us to this point now.

18 So we have reached the benchmark that you say
19 and the safety net that you say we should have. So
20 that should give us some leverage to be able to do some
21 of the other things in the service that wasn't to be
22 able to do in Pontiac.

23 THE CHAIRPERSON: Any questions?

24 Discussion?

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25 Just to summarize for the Board, the request

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1 is to reinstate the position of Community Relation
2 Specialist, effective July 1, 2015; approve the revised
3 job description of the Community Relation Specialist;
4 approve the creation of a new full-time position of
5 customer service representative; and recommend that the
6 State Treasurer approve an amendment to Order S-334,
7 allowing for the appointment of the Relation Specialist
8 and customer service representative with the consent of
9 the City Administrator and the Board and who shall
10 directly report to the Mayor.

11 Having said that, I'll entertain a motion.

12 MR. BURGESS: I make a motion to approve.

13 MR. SAWDON: Support.

14 THE CHAIRPERSON: Moved by Burgess, supported
15 by Sawdon to approve Amendment to Order S-334.

16 Discussion?

17 Seeing none, all in favor of the motion say
18 "aye".

19 BOARD MEMBERS: Aye.

20 THE CHAIRPERSON: Opposed, same sign.

21 The motion is approved.

22 Next item is Item 6, 2015 Michigan Blight

23 Elimination Program.

24 Mr. Sobota?

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1 at the time of drafting this memorandum. However, I
2 received it a few hours before this report was due and
3 I did not have enough time to do follow-up on the
4 details of this particular grant. Literally, hot off
5 the press from about an hour or two ago, I've received
6 some clarification from MSHDA on this grant
7 opportunity. This is the same pile of money for which
8 the City received nearly a million dollars for the
9 Michigan Blight Elimination Program back in August of
10 2013. This is not hardest hit money with the federal
11 strings that are attached. So that eases a lot of the
12 concerns.

13 All of the information on this particular
14 grant is included in the information that was submitted
15 to the Board with my report. The only new information
16 that I can share with you is once -- if the City is
17 awarded the grant and it turns out that, for some
18 reason or another, we realize that we are unable to
19 accept the grant, we are permitted to decline.

20 So the request that is being permit --
21 requested here is to apply for this grant, which is due
22 by June the 1st. We have already identified a couple
23 of commercial properties that could be targeted for
24 demolition. My guess is we're only going to be able to

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25 tear down one because of the cost of demolishing

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1 commercial structures.

2 With the new purchasing agent coming on
3 board, we have the internal capacities to process the
4 appropriate RFPs. And being that this particular
5 demolition program will be essentially a pass through
6 funding with the City, our Building Department will be
7 permitting and inspecting.

8 I do not anticipate any major reporting
9 requirement, in terms of follow-up, so we definitely
10 have the capacity or we will have the capacity to
11 administer this grant, if awarded. So the request
12 today is to authorize permission to apply for the 2015
13 Michigan Blight Elimination Program Grant.

14 THE CHAIRPERSON: Any questions for
15 Mr. Sobota?

16 I note that the same item is later on in the
17 agenda at the Mayor's request. Mayor, did you have any
18 desire to comment on this?

19 MAYOR WATERMAN: No, it was --

20 THE CHAIRPERSON: All right.

21 MAYOR WATERMAN: No, I have nothing
22 additional.

23 THE CHAIRPERSON: All right. Thank you.

24 MAYOR WATERMAN: Okay.

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25 THE CHAIRPERSON: All right. This -- for

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1 clarification, this would be a motion to approve, deny
2 or postpone the 2015 Michigan Blight Elimination
3 Program Application.

4 MR. SAWDON: Motion to approve.

5 MR. SCHIMMEL: Support.

6 THE CHAIRPERSON: Moved by Sawdon, supported
7 by Schimmel to approve the Application to the 2015
8 Michigan Blight Elimination Program. Discussion?

9 Seeing none, all in favor of the motion say

10 "aye".

11 BOARD MEMBERS: Aye.

12 THE CHAIRPERSON: Opposed, same sign.

13 Motion is approved.

14 Item 7, Mayoral request, Police and Fire VEBA
15 litigation.

16 Mr. Sobota.

17 MR. SOBOTA: The City of Pontiac was recently
18 handed an unfavorable opinion in regards to the Police
19 and Fire VEBA litigation. We succeeded on five of six
20 rulings. The sixth one indicated that the City is
21 responsible for paying the 2012 contribution to the
22 VEBA, an estimate of about \$3.5 million. I honestly
23 believe that the Court does not understand the State
24 Treasurer's authorization and the accounting rules

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25 under which the City operated when the decision was

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1 made not to pay the 2012 approval.

2 So the Mayor has requested and I fully concur
3 that we file an appeal with the Michigan Supreme Court
4 in this matter. The attorneys that are litigating this
5 on behalf of the City are the City attorneys so we
6 don't have to worry about any additional attorney
7 costs.

8 This is something that we've been carrying in
9 our budget for the past couple of years and it is a
10 very narrow question. And hopefully the Supreme Court
11 sees our arguments and understands the rationale behind
12 the interpretation of the State Treasurer's
13 permissions.

14 THE CHAIRPERSON: Questions for Mr. Sobota?

15 So you're -- we would be approving, denying
16 or postponing a motion to file an appeal to the
17 Michigan Supreme Court in the matter of the Board of
18 Trustees, City of Pontiac Police and Fire Retirement
19 System versus the City of Pontiac.

20 MR. SCHIMMEL: I'll move.

21 MR. BURGESS: Support.

22 THE CHAIRPERSON: Moved by Schimmel,
23 supported by Burgess to file the appeal.

24 Discussion?

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25 Seeing none, all in favor of the motion say

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1 "aye".

2 BOARD MEMBERS: Aye.

3 THE CHAIRPERSON: Opposed, same sign.

4 The motion to approve filing the appeal is

5 approved.

6 Item 8, Mayoral request, appointments to the

7 Arts Commission.

8 MR. SOBOTA: I believe Mr. Widigan would have

9 an update for the Board.

10 MR. WIDIGAN: Yeah. One of the individuals

11 was an Allie -- okay, Allie Warner withdrew her name

12 from consideration.

13 THE CHAIRPERSON: So is there an alternative

14 proposed or --

15 MR. SOBOTA: If you want, Mayor, we've got

16 that one area that was cleared up the day after this

17 letter went up.

18 MAYOR WATERMAN: Yeah.

19 MR. SOBOTA: Robert Carizen (ph).

20 MR. SCHIMMEL: So we'd be making a motion to

21 approve Robert Carizen (ph) and the other individual.

22 So moved.

23 MR. SAWDON: Support.

24 THE CHAIRPERSON: Moved by Schimmel,

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25 supported by Sawdon to approve the recommendations for

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1 appointment to the Arts Commission with the replacement
2 of Robert Carizen.

3 Discussion?

4 Seeing none, all in favor of the motion say

5 "aye".

6 BOARD MEMBERS: Aye.

7 THE CHAIRPERSON: Opposed, same sign.

8 The motion is approved.

9 Next item, Mayoral Request, 2015 Blight

10 Elimination Program was addressed in the City

11 Administrator Items.

12 Nonaction items, Financial Report,

13 April 2015. Mr. Nazarko.

14 MR. NAZARKO: Good afternoon. I'd like to
15 briefly address a couple of issues of the compensation
16 package that was postponed. Today, obviously, it
17 relates to the financial reports that I presented
18 before you. My -- first, I'd like to mention that we
19 anticipate to end this fiscal year, 2015 fiscal year,
20 with a fund balance or net of revenues over
21 expenditures close to \$3 million.

22 I have explained the reasons in the report as
23 to why a major portion are income tax, less property
24 tax, child tax and lower expenditures. The major item

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25 of the expenditures is the insurance expense. How does

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1 that tie into the compensation plan? Well, this is not
2 an issue that we took lightly, City Administrator,
3 myself and the Mayor.

4 We have been discussing this with the
5 Treasury representatives, Mr. Eric and Mr. Dubai, for a
6 long time now, for a year. And we had -- we had
7 presented our overview or -- of the situation and
8 resolutions to the problem that we see. And we were
9 told that, first, the revenue comes first. We were not
10 going to do anything unless we found a recurrent stream
11 of revenue, which, in my point of view, we have.

12 However, I had another concern. That
13 litigation is limited, yes. Is this problem, if we do
14 not pass that compensation package, going to resolve or
15 aid that litigation issue? Probably not -- or not
16 probably but not. But I do have two major concerns
17 that I'd like to address. And I really liked the way
18 Mr. Sawdon was going with the idea of the -- those
19 qualifications, those licenses, being a minimum
20 qualification. And he's absolutely right, I totally
21 agree with that.

22 Those items should be, in most of the
23 positions, minimum qualifications. In other words, in
24 order to be a Finance Director, you need to be a CPA or

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25 in order to be a Finance Director, you need to have a

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1 Master's degree. Nowadays, you almost cannot afford
2 not to.

3 But what our approach we took was that we
4 scaled back. So, in other words -- and Mr. Sobota
5 didn't mention this or it was not clear, is that if
6 that person after Mr. Nazarko who is coming to be the
7 Finance Director for the City of Pontiac is not going
8 to have the Master's degree and the CPA, guess what?
9 He's going to make 2- or \$3,000 less, if that was the
10 idea. If for some reason we went nuts and tried to
11 hire people with less than those qualifications, the
12 compensation would be lower than what is presented
13 there or what the current department heads are making.

14 So that's an important point that, obviously, is going
15 to make it back to you, you know, because of the
16 postponement. But I believe it's a valid point.

17 And the other one I am concerned and, as a
18 Finance Director, I'll be remiss if I do not bring it
19 before this TAB Board, is the fact that I believe that
20 we are in violation of the Affordable Care Act. And by
21 that, you know, everyone knows that employers with more
22 than 50 employees are required to provide some level of
23 health insurance and we're not, we're not by the virtue
24 of we're providing to the other employees of the City

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25 of Pontiac, which is the court system, but do not

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1 provide it to this side, which has approximately 24
2 eligible employees.

3 Therefore, it's going to come a time,
4 January 1st, 2016, when we will be penalized and I
5 cannot, in good conscience, not mention to the Board
6 that I do not like to pay penalties to any type of
7 government. I have -- I have spent my life fighting
8 against penalties. Therefore, I recommended against us
9 being penalized for that purpose.

10 Not to mention the fact is that in 2015 it is
11 beyond comprehension not to provide health insurance to
12 our hard-working 24 employees who are serving a city of
13 60,000 people. So those were the points I'd like to
14 make. I apologize if I was out of line on that but I
15 do believe they are totally related to the finance
16 situation.

17 As far as the finances, the -- our book is
18 positive. I just told you that we are about to end the
19 year with a \$3 million surplus, which is going to go
20 into the fund balance and, of course, a portion of that
21 has been factored into the next two years' budgets, not
22 for the -- any reason. Or the -- where we project to
23 spend that, whereas it's going to a penalty.

24 The budget is in capital expenditures. For

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25 example, we've proposed for the first time in a long

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1 time in the City of Pontiac to transfer \$1.7 million to
2 the Capital Projects funds and we have identifiable
3 projects that we have tagged to street repairs or
4 building the streets. So we're not -- and on top of
5 that, we are still building on funds so we do have the
6 minimum required amount of 15 percent based on the fund
7 balance policy we just adopted. However, we aim to go
8 higher. We're aiming at 20 percent so, even with our
9 contribution to the Capital Projects Fund that we have
10 budgeted for next year and the following, we are
11 anticipating that we are going to be around 20 percent
12 fund balance in the general fund.

13 The other items, briefly, is that we are
14 hitting on all cylinders when it comes to compensation
15 for the end of the fiscal year. We started working on
16 implementation or reappraisal of the assets, so to
17 speak. We are conducting the evaluation for the OPEB.
18 For the GERS OPEB, we are -- we finished or we received
19 the reports from both pension boards and I believe we
20 can forward them to the Treasury.

21 Good news on the second report, on the Police
22 and Fire one, we had budgeted originally in the budget
23 \$2.1 million and the report that came for the year,
24 fiscal year '16/'17, lowered that amount to 1.77 and is

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25 about to go lower because of the funding level now is

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1 approaching a hundred percent. And that's some good
2 news and good news down the road as well because we do
3 not see that it's a closed system, obviously.
4 Investments are doing well and the retiree population
5 is declining so I don't see any more than that.

6 Those are the major items I would like to
7 bring before you today. And I'm happy to answer any
8 questions.

9 THE CHAIRPERSON: Any questions from the
10 Board members?

11 I just have one. What is the larger revenue
12 source, income tax or property tax?

13 MR. NAZARKO: Income tax now. But we are in
14 a good situation, speaking of that, because we have
15 three major revenue sources. The revenue sharing, the
16 property tax and income tax and the order is income
17 tax, property tax and revenue. And very close, 27 to
18 30 percent, very stable revenues, all three of them.

19 THE CHAIRPERSON: All right. Thank you. No
20 questions?

21 All right. Thank you Mr. Nazarko.

22 Next item is the Mayor's report.

23 MAYOR WATERMAN: I was looking through and
24 seeing if I could shortcut some of my points for the

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25 Mayor's report since we've had a discussion about a

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1 number of those. But you do have in front of you two
2 of the attachments for the Mayor's report. One being,
3 as I described to you, the partial part of the report
4 would summarize some of the strategies that would be
5 adopted by this economic recovery plan that's going to
6 be submitted May 31st, as I said, to the EDA.

7 And that report as well as other discussion
8 and other things have developed. You know, I had very
9 much a part in planning along with the number of the
10 steering committee as well as, I don't know, 120 other
11 advisors and -- and people who are interested in the
12 City's progress, from banks to nonprofit agencies to
13 State agencies, the whole gamut of them. And this is a
14 consensus document that will be presented.

15 I would just like to, for the record, and
16 even though it's in front of you, just cite the major
17 strategies that have been developed. And this was not
18 only done with the expert advice and the consultants
19 who worked with us and all of the Oakland County
20 Economic and Community Development Departments, but
21 also by the citizens. And we want to also go to the
22 grassroots. And part of this initiative that was
23 carried out was also done with a randomized survey of
24 the public as well as talking to various neighborhood

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25 groups. So there was a lot of involvement in drafting

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1 this plan from the ground on up.

2 And the strategies -- and I'm just going to
3 read for the record without elaborating more on this
4 plan -- are, number one, strengthen the neighborhood
5 groups, number two, develop a marketing plan and
6 increase communication, that's important.

7 And Pontiac's telling its own story, you
8 know, and cities which are kind of recreating the
9 narrative about themselves. And this is a changed
10 Pontiac from what we were when we were flat on our back
11 some years ago. As well as, number three, is grow
12 business support strategies. We know that increasing
13 our revenue, with income tax having some limitation and
14 property taxes having some limitation, that our
15 economic growth and our increasing revenue is going to
16 be through economic development largely and community
17 development.

18 Number four is expand business incubator
19 services and we have some support in doing that.

20 And, not only with Michael Linden Consortium
21 that is being started as well as Oakland University
22 partnership that has been fully launched and is in
23 engagement right now that we're being able to piggyback
24 on some of the things that they're offering and are

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25 actually interested in starting to fund now.

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1 Number five is establish an arts
2 collaborative because that is an important part of the
3 esthetics of this community.

4 And six is to increase access to job skills,
5 training programs as well as educational opportunities.
6 And that was one of the main things that, when we
7 talked to citizens, they said this community lacks and
8 that we should expand upon.

9 So all of those, as you will see, I just want
10 you to see how intensive this kind of study was and
11 what the proposed action is in the way you actually
12 implement this. Because I was concerned that, from the
13 beginning, that this just not be another study that
14 would go on a shelf that would just be another way of
15 economic exercise, but this actually would provide the
16 strategic implementation strategies for how we could
17 achieve these growth opportunities for the City. It's
18 also one of the ways we could diversify our support.

19 You know, we could take this now to
20 foundation whether or not to see a plan kind of
21 agreement. We should take it to others who had had an
22 interest in seeing Pontiac move forward that wants to
23 see something that is developed and a consensus and an
24 organized strategy that we could show to them that it

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25 does have that support.

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1 It does have the support in other ways, too,
2 because the budget narrative, which I included as part
3 of my report and as part of the budget that we just
4 presented to City Council last Friday and that we
5 discussed and at City Council, they researched it and
6 we discussed it and -- but there is also funding. Some
7 of the funding initiatives that are in the budget that
8 I had proposed will -- are tied to augmenting and being
9 actually able to implement some of those strategies
10 that we have there.

11 So a strategic plan is only as good as the
12 support you're willing to give to it. Otherwise, as I
13 said, it's just merely a wish list. So I won't go into
14 enumerating those but, as that budget that will be
15 clearly evidenced as presented there, so that is both
16 the budget where we are on that as well as the Economic
17 Recovery Plan.

18 I would just touch upon -- we already talked
19 about blight. I will just touch upon the fact that,
20 once again, you know, our rate now, the limited
21 capacity we have with the current staffing who is --
22 the one person that I'm waiting with on all the
23 community development programs right now, in terms of
24 blight, is leaving so that is why it was important to

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25 make sure that we had some replacement in place that

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1 was funded for that. Because it's going to go beyond
2 blight removal.

3 You know, we're on track now to a third of
4 the way through. As I described, we have two more
5 years in which we dedicated all of our federal funding
6 to do that, so that's a big statement in terms of our
7 intent to get rid of blight in this community. So what
8 happens next, now? We do have now vacant lots so we do
9 have a group that's working with the vacant lot
10 strategy. And I won't go into that except to say that
11 we're waiting for the report from the State and there
12 is, for example, some innovative ideas coming out of
13 this in July.

14 This group that is called the Master Plan
15 Steering Committee is planning a vacant lot fair and,
16 at that time, they'll have ideas. We have groups that
17 are interested in signing on. I just talked to a group
18 of GM engineers who want to have their engineers find a
19 project within Pontiac and we're going to do creative
20 ideas of what we do with these vacant lots.

21 The one thing I didn't cover from the
22 previous discussion was Phoenix Center; and you'll see
23 that's in the news. There's a lead article in the
24 Oakland Press today about the -- the litigation motion

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25 that was filed disputing the liens that were placed by

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1 the Ottawa Towers owners on the Phoenix Center to the
2 tune of \$2.6 million that's going to appeal that
3 decision and also takes the stance and some other
4 critical federal principles. And like you,
5 Mr. Schimmel, I can't read the judges' minds on these
6 things any more than you've been able to do.

7 But there are some principals that we need to
8 have decided. And I think, based on where the Court
9 goes with this, this will also kind of determine the
10 way we proceed and will help us decide some of our
11 other strategies, in terms of trying to resolve this
12 issue. I too am tired of this winding on year after
13 year.

14 And -- but we do need to see if we can get
15 some sign of where we stand, in terms of some general
16 opportunity easement right opportunities and also the
17 amount of a private owner to lien on public property
18 without telling us what the liens are for; that's
19 something that we're going to have the courts tell us
20 where they stand on that and whether they support our
21 position and whether the previous improvement that we
22 can take control of or not. So hopefully that will not
23 drag on much longer so that we could have some clear
24 indication of how we should -- should maneuver our next

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1 THE CHAIRPERSON: Any questions for
2 Mayor Waterman?

3 MR. SCHIMMEL: I --

4 THE CHAIRPERSON: Yes?

5 MR. SCHIMMEL: Oh, I was just going to say I
6 held my tongue on this but I can't hold it any longer.

7 The liens that were created on the Phoenix Center were
8 directly one hundred percent the cause of the judge.

9 The judge is the one that caused the liens and, if

10 there ever -- well, I guess I better not say anymore.

11 But, boy, the City has paid an awful lot of money for a
12 judge that ended up dragging us through two years of
13 litigation and then never made a decision, other than
14 to kick something upstairs, which he created himself.

15 No one needs to comment on that. I just
16 thought that maybe the rest of the Board would like --

17 THE CHAIRPERSON: Thank you, Mr. Schimmel.

18 Thanks, Mayor.

19 MAYOR WATERMAN: Thank you.

20 THE CHAIRPERSON: The City Administrator's
21 Report.

22 MR. SOBOTA: Thank you to the Board for
23 taking the acts that you have today. Last month I
24 indicated that I believe that all meetings should last

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25 no more than one hour. I also firmly believe that no

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1 meeting should last more than two hours so this

2 concludes my report.

3 MR. SCHIMMEL: Thank you.

4 THE CHAIRPERSON: Thank you.

5 Next item is public comment. Mr. Widigan

6 will announce your name when it's time for you to

7 speak. By Board rules, you'll have two minutes to make

8 your comments.

9 MR. WIDIGAN: It looks like the only one on

10 here is Billy Swazer.

11 MS. SWAZER: Yeah, I don't want to speak.

12 THE CHAIRPERSON: That's -- okay. We have no

13 one to speak at public comment.

14 MR. WIDIGAN: The other name was scratched

15 out.

16 THE CHAIRPERSON: Okay. Thank you,

17 Mr. Widigan.

18 Board comments. Any comments from the Board?

19 MR. SAWDON: I just want to let you know that

20 I will be absent at the June meeting so I want to make

21 sure everyone was aware of that.

22 THE CHAIRPERSON: All right. Thank you and

23 my only comment that the evaluation for the City will

24 be presented for the Board's approval at the next

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25 meeting.

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1 Seeing no more comments, I'll entertain a
2 motion to adjourn.

3 MR. SCHIMMEL: So move.

4 MR. SAWDON: So move.

5 THE CHAIRPERSON: Moved by Schimmel,
6 supported by Sawdon. All in favor of the motion say
7 "aye".

8 BOARD MEMBERS: Aye.

9 THE CHAIRPERSON: Opposed, same sign.

10 We're adjourned at 2:45 p.m.

11 (Meeting was concluded at 2:45 p.m.)

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1 CERTIFICATE

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3 I, Mona Storm, do hereby certify that I have
 4 recorded stenographically the proceedings had and
 5 testimony taken in the meeting, at the time and place
 6 hereinbefore set forth, and I do further certify that
 7 the foregoing transcript, consisting of (85) pages, is
 8 a true and correct transcript of my said stenographic
 9 notes.

10

11 Date _____

12 _____
 13 Mona Storm
 CSR-4460

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