

City of Ecorse

Receivership Transition Advisory Board Meeting Minutes

Tuesday, March 14, 2017

Ecorse City Hall

Council Chambers

Albert B. Buday Civic Center

3869 West Jefferson

Ecorse, Michigan 48229

RTAB MEMBERS PRESENT:

JEFF SYKES

ROBERT BOVITZ

JOAN BROPHY

Reported by:

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1 **Tuesday, March 14, 2017**

2 **Ecorse, Michigan**

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4 **Called to order at 9:04 a.m.**

5 MR. SYKES: So, I'm going to go ahead and do
6 roll call, myself. So, Joan Brophy.

7 MS. BROPHY: Here.

8 MR. SYKES: Rob Bovitz.

9 MR. BOVITZ: Here.

10 MR. SYKES: Jeff Sykes, here, we have a quorum.
11 So obviously, we don't have Patrick here today so I'm
12 going to go ahead and insert myself into his role,
13 whenever he's not here.

14 So, we will start off with approval of the
15 agenda. So I'll entertain a motion to approve the agenda
16 as presented.

17 MS. BROPHY: I'll move to approve the agenda as
18 presented.

19 MR. BOVITZ: Support.

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

21 MS. BROPHY: Aye.

22 MS. BAILEY: Aye.

23 MR. SYKES: Those opposed the same.

24 (No response)

25 MR. SYKES: The agenda is approved.

1 So the next item is, to go over the approval of
2 the RTAB minutes of February 14th, 2017. So I'll
3 entertain a motion to approve the February 14, 2017,
4 minutes as presented.

5 MR. BOVITZ: So moved.

6 MS. BROPHY: Support.

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

8 MS. BROPHY: Aye.

9 MS. BAILEY: Aye.

10 MR. SYKES: Those opposed the same.

11 (No response)

12 MR. SYKES: Approval of the RTAB minutes of
13 February 14th are approved.

14 So we'll move onto old business, and there is
15 none. So with that, we'll move on to new business.

16 Oh, I'm sorry. One thing I do have to remind
17 folks, is that if they intend to speak during the public
18 comment portion of the meeting, it'll be necessary for you
19 to sign in on the sign at the front. Today's sheet is
20 just a, literally a sheet of paper, and a pen up there.
21 We're not fully prepared without having Patrick here. And
22 I do believe -- what was your name?

23 DANA: Dana.

24 MR. SYKES: Dana? Dana kindly made copies of
25 the agenda, that are on the podium as well, so feel free

1 to grab a copy. I appreciate that. Okay. So we'll move
2 on to new business. So, with that, we have approval of
3 the resolutions and ordinances of city council -- of the
4 city council meetings.

5 So I'll start off with the resolution from the
6 regular city council meeting of January 31st, 2017. I'll
7 entertain a motion to approve the resolutions from the
8 regular city council meeting of January 31st, 2017.

9 MS. BROPHY: Move to approve.

10 MR. BOVITZ: Support.

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

12 MR. BOVITZ: Aye.

13 MS. BROPHY: Aye.

14 MR. SYKES: Those opposed, the same.

15 (No response)

16 MR. SYKES: This resolution has been approved.
17 Next, we will move on to the resolutions from regular city
18 council meeting of February 14th, 2017. So with that,
19 I'll entertain a motion to approve the resolution from
20 regular city council meeting of February 14th, 2017.

21 MR. BOVITZ: Move to approve.

22 MS. BROPHY: Support.

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

24 MS. BROPHY: Aye.

25 MR. BOVITZ: Aye.

1 MR. SYKES: Those opposed, the same.

2 (No response)

3 MR. SYKES: These resolutions have been
4 approved.

5 Next, we have the claims and accounts for
6 regular city council meeting draft minutes, of February
7 28th, 2017. I'll entertain a motion to approve the claims
8 and accounts from regular city council meeting, draft
9 minutes of February 20th, 2017.

10 MS. BROPHY: Move to approve.

11 MR. BOVITZ: Support.

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

13 MS. BROPHY: Aye.

14 MS. BAILEY: Aye.

15 MR. SYKES: These claims and accounts have been
16 approved.

17 Next, we'll move onto the city administrator
18 items. First is the approval of city council minutes,
19 which was addressed in new business.

20 Next, we have the approval of budget to actual,
21 January 17th.

22 And again, I appreciate the fact that we're
23 keeping up on the budget to actual, that is very good.
24 Thank you. So I'll entertain a motion to approve the
25 budget to actual report for January, 2017.

1 MR. BOVITZ: So moved.

2 MS. BROPHY: Support.

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

4 MS. BROPHY: Aye.

5 MS. BAILEY: Aye.

6 MR. SYKES: Those opposed the same.

7 (No response)

8 MR. SYKES: The budget to actual for January,
9 2017, has been approved.

10 Next, we'll move onto the approval of Resolution
11 408-17. This deals with the landfill agreement. And
12 while this action -- action on this item, occurred at a
13 council meeting outside of normal review for today's
14 period, the city administrator's requesting to bring this
15 item forward for early review.

16 And with that, Mr. Flaten, could you come up and
17 provide a summary of this item for the board?

18 MR. FLATEN: Riverview Landfill's currently our
19 landfill, as we've been depositing solid waste in it for a
20 number of years. Contract expires; us and several other
21 communities negotiated a new contract with Riverview.
22 It's a seven year agreement, starts out at \$18.50 a ton,
23 for disposal.

24 We average about 4700 tons a year. The first
25 three years of that contract are at 18.50, then it goes up

1 incrementally through the seventh year, and in the seventh
2 year, we'll be paying 20.34, which is one cent higher than
3 we're paying right now.

4 There is also a provision in there that if we
5 deposit more than 4700 tons, we'll get a credit on our
6 tonnage charge for that particular year. If we deposit
7 less than 4700 tons, we'll be charged an additional fee.
8 But it does save us, over the course of seven years,
9 approximately \$37,000. Not a great deal of money, but it
10 is a savings.

11 MR. SYKES: Absolutely. Any further questions?

12 MR. BOVITZ: So we've got it set up to deposit
13 more tonnage?

14 MR. FLATEN: Yeah, we do.

15 MR. BOVITZ: What a waste.

16 MS. BROPHY: I just had a question. This was
17 approved by city council?

18 MR. FLATEN: Yes.

19 MS. BROPHY: Okay. Well, I'll move to approve
20 Resolution 408.17, the landfill agreement.

21 MR. BOVITZ: Support.

22 MR. SYKES: All those in favor of Resolution
23 408.17, say aye. Aye.

24 MS. BROPHY: Aye.

25 MR. BOVITZ: Aye.

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MR. SYKES: Those opposed, the same.

(No response)

MR. SYKES: Resolution 408 has passed.

Next, we're looking at approval of Resolution 409-17. Again, this action occurred during a city council meeting that's outside the normal review period for today. The city administrator's requesting to bring this item forward for early review. Mr. Flaten, again, could you provide the board with some information regarding this resolution?

MR. FLATEN: We were granted a Fiscally Distressed Communities Village and Township grant for half a million dollars, for sewage separation work that we need to do here in the city. We had originally filed for a million and a half dollars, and we received a half a million. So what we will be doing is, we'll be putting in non-perforated sewer covers in various parts of the city.

We're also looking at where we have combined sewer systems coming together, that need repair, and well take care of those under that half million dollar grant. We have signed the agreement with the State of Michigan, and we're just waiting for that agreement to come back signed to us, so that we can start work.

MR. SYKES: What would have happened with the other million, if that would have been made available?

1 MR. FLATEN: We would have been able to do the
2 whole city.

3 MR. SYKES: Oh, okay. So the same type of work,
4 it's just not as much of that work is going to get done?

5 MR. FLATEN: Right, same type of work, but, not
6 being done. We just had enough to do a partial part of
7 the city.

8 MR. SYKES: Okay. Are there any further
9 questions?

10 MR. BOVITZ: Is the 1.522 million, that's the
11 estimated total cost, you're saying, is that --?

12 MR. FLATEN: That's what we had originally asked
13 for.

14 MR. BOVITZ: And Hennessy is in agreement with
15 that, or is that the --?

16 MR. FLATEN: Yes. We worked with Hennessy, and
17 different contractors, putting this grant application
18 together.

19 MR. BOVITZ: So with just a half a million, is
20 there anything in the budget to do any more of the extra
21 million dollars of work? Or is it just going to be
22 delayed?

23 MR. FLATEN: Not at this time.

24 MR. BOVITZ: Any other cities in the Downriver
25 Community Conference Coalition that have similar grants,

1 or is it just Ecorse?

2 MR. FLATEN: I don't -- I know other cities have
3 received grant money for different projects that they're
4 doing. Rouge got money, Allen Park got money, Lincoln
5 Park. Other cities did get money. There were 51, I
6 think, 51 cities applied for \$5 million total.

7 MR. BOVITZ: So the timeframe is still May 15th
8 to October 15th, is that when you hope to accomplish, even
9 though it's a third of the work?

10 MR. FLATEN: We're trying to get that done.

11 MR. BOVITZ: Okay. That's all I have.

12 MR. FLATEN: But we're waiting, like I say,
13 we're waiting for them to sign, the state, to sign the
14 agreement and send it back to us. I wouldn't want to
15 start work without that agreement in my hand.

16 MR. SYKES: Thank you. Okay, I will entertain a
17 motion to approve Resolution 409.

18 MR. BOVITZ: So moved.

19 MS. BROPHY: Support.

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

21 MS. BROPHY: Aye.

22 MS. BAILEY: Aye.

23 MR. SYKES: Those opposed the same.

24 (No response)

25 MR. SYKES: Resolution 409-17 has been approved.

1 The next item is the 2015-2016 annual audit. This is for
2 informational purposes only at this point. I myself
3 haven't had a chance to go through this, but I'll ask, do
4 the board members have any questions at this time, that
5 they would like addressed?

6 MR. BOVITZ: Well, since this is my specialty as
7 a CPA, I did review it, and the main thing is, it is a
8 clean audit. Unqualified opinion, and the only thing I
9 was looking for, and I asked Mr. Sadowski for a bindered
10 copy, just so I can have something to digest a little bit
11 in more detail, when I get a spare moment. But the going
12 concern footnote is always one of our concerns, as our TAB
13 board, because that's really what's going to -- what the
14 State of Michigan's going to be looking at, to see, at
15 what point with the City of Ecorse be out of this
16 controllership of public act.

17 And so, it looks like the going concern shows
18 that, you know, the things we already deal with. The
19 declining tax base, increasing expenditures. So the
20 financial statements do not include any adjustments that
21 might result from the outcome of this uncertainty.

22 So, you know, the uncertainty of the future, you
23 can't really value and put a debit and credit to, but the
24 main thing is, it is a clean audit. So I'm happy with it.
25 Unless Mr. Sadowski wants to elaborate.

1 MR. SYKES: All right, thank you. You have any
2 further questions?

3 MS. BROPHY: No.

4 MR. SYKES: Okay. Last item under city
5 administrator items are checks released, and this is for
6 information only.

7 So next we'll move onto public comment. We have
8 one person, and it's Marilyn -- I apologize if I don't get
9 this right -- is that Oliver?

10 MS. OLIVER: Oliver. Yes.

11 MR. SYKES: Okay.

12 MS. OLIVER: Marilyn Oliver. I just wondered,
13 what did the -- does the city have to achieve to no longer
14 be under TAB oversight, and also does the state provide
15 any type of resources to get us there faster?

16 MR. SYKES: Well, it's a great question. There
17 are certain benchmarks that need to be achieved. Once a
18 city goes -- first, it's the city manager. Once certain
19 benchmarks are reached, then it moves to the RTAB, and
20 then once we get to a point where, again, certain
21 benchmarks are met, we would be able to step back.

22 I think one of the concerns, I think, is you had
23 just recently spoke to, which makes a lot of sense, is the
24 going concern. Now, specifically, what those benchmarks
25 are, I can talk with Patrick about putting something

1 together, to share with you. So that you can see sort of
2 specifically what it is that needs to be achieved.

3 Now, as to resources, I think that part of the
4 going concern is to see that the city gets to a place
5 where it can go forward sort of on its own, not
6 necessarily with additional resources. That being said, I
7 think we saw just in the last couple of months, some
8 additional funding that came in that was incredibly
9 helpful.

10 It was good to see that some of those funds went
11 towards dealing with retirement costs. I know that
12 there's a lot of issues with cities under distress, and
13 dealing with their pension shortfalls, and so it was good
14 to see that a portion of those funds were going to deal
15 with that particular issue. With that, I would ask if you
16 folks have anything to add?

17 MR. BOVITZ: Well, ultimately we can learn from
18 what Allen Park just went through. And the same steps
19 they've taken. They have a little bit different tax base
20 than we do here in Ecorse. I did sit in a round table
21 that was at Elizabeth Park in Trenton, last September, it
22 was done by a Michigan State graduate school. A study on
23 this public act, and actually had representatives from
24 Benton Harbor, from Detroit, Pontiac, Highland Park and
25 Hamtramck.

1 Other cities that have gone -- and Allen Park,
2 have gone through the same thing. We're sharing stories
3 and success stories. Is the State of Michigan -- are we
4 on the right track to do this? Because obviously, we want
5 to return local control.

6 I'm appointed by the state as a volunteer; I've
7 been on since the very beginning, three years ago.
8 Believe me, as much as I love coming here once a month, I
9 can't wait until my term limits kick in. I'm not -- as
10 much as I think I'm helping the City of Ecorse, I don't
11 need to be here if you're on a good track. And I think
12 you've really taken, the last year, some really positive
13 steps.

14 And I think, I have a good feeling, that it will
15 come back. It's just a matter of time. You have a new
16 master plan, you've got this half million dollar grant.
17 It's just that, you know, things out of your control, like
18 the unfunded pension liability, is a very big concern.
19 And the declining tax base. We've got to get people to
20 stay in Ecorse to pay taxes, otherwise it's not going to
21 work.

22 MR. SYKES: We should probably also manage
23 expectations a little bit, too. When I say that there are
24 certain benchmarks to be met, they're not going to be
25 specifically, you know, once you hit this ratio, once you

1 hit that. But like a good example would be, we get a five
2 year projection of budgets, and it shows, you know, going
3 out, after the second and third and fourth year, that
4 there's a deficit.

5 And so there needs to be ways from which to
6 figure out how those shortfalls are going to be dealt
7 with. And so, those are the types of things, the types of
8 benchmarks that we'll want to see, or the state will want
9 to see, before it can remove itself from this position.
10 Does that answer your question?

11 MS. OLIVER: It helps. Is there a paper written
12 from that round table discussion?

13 MR. BOVITZ: I'm waiting to see the study. I'm
14 not sure if they've concluded their comments yet. But I
15 know the State of New Jersey, and the State of
16 Pennsylvania actually sent their people from their
17 treasury department, they want to learn from Michigan how
18 we're doing it, and bring it back to their respective
19 states.

20 So, hopefully we're a role model, and we
21 actually, Ecorse is the first city in the State of
22 Michigan to go through this public -- Transition Advisory
23 Board situation. Hopefully we won't be the last one out
24 of it.

25 MS. OLIVER: Thank you.

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MR. SYKES: Okay, that is it for public comment.
So, with that, I'll see if there is any board comment?

MR. BOVITZ: I'm off my soapbox.

MS. BROPHY: I'm fine.

MR. SYKES: Okay, with no board comment, then,
I'll -- we're onto adjournment. So, entertain a motion to
adjourn.

MR. BOVITZ: So moved.

MS. BROPHY: Support.

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

MS. BROPHY: Aye.

MS. BAILEY: Aye.

MR. SYKES: We are adjourned.

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

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STATE OF MICHIGAN
COUNTY OF WASHTENAW) .ss

I certify that this transcript is a complete, true, and correct transcript to the best of my ability of the RTAB meeting held on March 14th, 2017, City of Ecorse. I also certify that I am not a relative or employee of the parties involved and have no financial interest in this case.

RESPECTFULLY SUBMITTED: March 17, 2017

s/ Amy Shankleton-Novess

Amy Shankleton-Novess (CER 0838)
Certified Electronic Reporter

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