

City of Ecorse

Receivership Transition Advisory Board Meeting Minutes

Tuesday, May 9, 2017

Ecorse City Hall

Council Chambers

Albert B. Buday Civic Center

3869 West Jefferson

Ecorse, Michigan 48229

RTAB MEMBERS PRESENT:

ROBERT BOVITZ

JEFF SYKES

JOAN BROPHY

ALSO PRESENT:

PATRICK DOSTINE

Michigan Department of Treasury

TIM SADOWSKI

Controller

Reported by:

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Called to order at 9:06 a.m.

Tuesday, May 9, 2017

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MR. SYKES: Okay, so call to order. So Patrick,
can you do roll call?

MR. DOSTINE: Sure.

Rob Bovitz.

MR. BOVITZ: Here.

MR. DOSTINE: Joan Brophy.

MS. BROPHY: Here.

MR. DOSTINE: Jeff Sykes.

MR. SYKES: Here.

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

MR. SYKES: Thank you.

First item will be to approve the agenda. I
will entertain a motion to approve the agenda as
presented.

MR. BOVITZ: So moved.

MS. BROPHY: Support.

MR. SYKES: All those in favor say aye.

MR. BOVITZ: Aye.

MS. BROPHY: Aye.

MR. SYKES: Aye.

Those opposed the same?

(No response.)

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MR. SYKES: The agenda has passed.

Okay, so I'd like to remind the audience that if you intend to speak during the public comment portion of this meeting that it'd be necessary to sign in on the sign in sheet up at the podium.

So with that, move on to the approval of RTAB minutes from April 11th, 2017. I'll entertain a motion to approve the April 11th RTAB minutes as presented.

MS. BROPHY: I'd move to approve the April 11th, 2017 RTAB minutes as presented.

MR. BOVITZ: Support.

MR. SYKES: All those in favor say aye.

MR. BOVITZ: Aye.

MR. SYKES: Aye.

MS. BROPHY: Aye.

MR. SYKES: Those opposed the same.

(No response.)

MR. SYKES: The minutes have been approved.

So we'll move on to old business, of which there is none. So with that we'll move onto new business.

So the first item is approval of resolutions and ordinances for city council meetings.

The first is the resolution from the regular city council meeting of March 28th.

So I would like to note that Resolutions 450,

1 453, 454, and 455 were approved at our last board meeting.
2 So with that, I'd like to entertain a motion to approve
3 the remaining resolutions.

4 MR. BOVITZ: So moved.

5 MS. BROPHY: Support.

6 MR. SYKES: All those in favor say aye?

7 MR. BOVITZ: Some discussion?

8 MR. SYKES: Oh.

9 MR. BOVITZ: A point of order, in our agenda
10 packet, Attachment 2 is actually the meeting minutes from
11 March 14th. I'm wondering was there some unfinished
12 business from the March 14th meeting we're supposed to
13 address?

14 Because on the agenda we're just approving the
15 March 28th, but Attachment 2 is actually the March 14th
16 meeting.

17 MR. DOSTINE: Yeah, I believe that was just an
18 oversight when the packet was put together. It should
19 have the March 28th meeting minutes in there.

20 MR. BOVITZ: Okay, so we should just disregard
21 Attachment 2, which is the March 14th meeting. There was
22 nothing unresolved that we tabled?

23 MR. DOSTINE: That's correct.

24 MR. BOVITZ: Okay.

25 MR. DOSTINE: And the motion is to approve

1 ordinances and resolutions from March 28th, so that would
2 be what you're approving.

3 MR. BOVITZ: Okay.

4 MR. DOSTINE: Despite of what the packet shows.

5 MR. BOVITZ: All right, so Attachment 3 then is
6 actually the March 28th meeting. Okay.

7 Okay, that's all.

8 MR. SYKES: All right, with those comments, all
9 those in favor of approving the remaining resolutions say
10 aye.

11 MR. BOVITZ: Aye.

12 MS. BROPHY: Aye.

13 MR. SYKES: Aye.

14 Those opposed the same.

15 (No response.)

16 MR. SYKES: The remaining resolutions have
17 passed.

18 Okay, so we'll move on to resolutions from
19 regular city council meeting of April 11th, 2017. I will
20 entertain a motion to approve the resolutions from regular
21 city council meeting of April 11th, 2017, with the
22 exception of Resolution 468.

23 MS. BROPHY: So moved.

24 MR. BOVITZ: Support.

25 MR. SYKES: At this point do we do comments or

1 do we approve with the exception?

2 MR. DOSTINE: Approve it and then you can come
3 back to Resolution 468.

4 MR. SYKES: Okay. All those in favor of
5 approving these resolution with the exception of 468 say
6 aye.

7 MR. BOVITZ: Aye.

8 MS. BROPHY: Aye.

9 MR. SYKES: Aye.

10 Those opposed the same.

11 (No response.)

12 MR. SYKES: These resolutions have been
13 approved.

14 All right, so Resolution 468, which was the
15 approval of Veteran Village Real Estate development
16 agreement. Mr. Sadowski, can you please provide a summary
17 of the items for this -- from this issue to the board?

18 MR. SADOWSKI: Veteran Village is a developer
19 looking to put modular homes on vacant property for the
20 city. The city negotiated a contract and there are
21 several versions that went back and forth, and then the
22 city council voted on it and approved one, the final
23 version at the meeting, at the city council meeting.

24 I have been wondering why this even needed to be
25 a contract. We're selling the property at a dollar, which

1 is way below the \$25,000 threshold for vacant land to even
2 go to city council or anything else. I thought it would
3 be just done administratively, but this was done under Mr.
4 Flaten, so I didn't have any input on the contract or
5 anything else. I'm just aware that we're selling the
6 excess property to this developer.

7 When I went through the minutes, the messages
8 seemed like there was a lot of digging into the ability of
9 the contractor/developer to perform, and the city has
10 never really put those burdens on anything else. I mean
11 we have -- we sell property every week here.

12 MR. SYKES: Sure.

13 MR. SADOWSKI: We've never measured any
14 developer to these standards, so I just -- it was
15 interesting to me going back on why those standards were
16 applied to this specific developer when we don't apply it
17 to anybody else was just my conclusion looking back on it.
18 But they did negotiate a contract. I think it was where
19 it could be met on both ends, the city was not willing to
20 give them access to be the sole modular builder in the
21 City of Ecorse, which was what they wanted. So the city
22 said no to that. They wanted a commitment that they could
23 build on the lots, so I think that's kind of where the
24 contract ended up overall.

25 Terry was back and forth with the

1 communications. Like I said, I didn't have any part in
2 any of the communications, so if you had questions related
3 to the direct communications back and forth, Terry's here
4 because she dealt with them mostly.

5 MR. BOVITZ: Well my concern is last month, and
6 that's why I asked for some kind of interpretation
7 formally from the city attorney and in our packet,
8 Attachment 3B is a letter drafted on February 28th to the
9 mayor and city administrator. So going back even though
10 the contract was signed in April, were Mr. Wycoff's
11 concerns settled then or does he still have outstanding
12 issues with it?

13 He has like eight bullet points of his concerns.

14 MR. SADOWSKI: He has eight bullet points, and
15 many of them are the ability of the developer to perform.
16 And I think the city's stance, my understanding of the
17 city stance is that they were happy with the seller of the
18 modular homes, I believe that's through Champion Homes in
19 there, relative, and that the city wasn't putting anything
20 forward. So it didn't put as much weight on the ability
21 to produce, just like we don't on anyone else because
22 we're basically giving the property away. We don't want
23 it back where you sit on over 500 vacant properties, so --

24 MR. BOVITZ: Well, that's my concern is why --

25 MR. SADOWSKI: -- I guess we take --

1 MR. BOVITZ: -- was the city attorney so
2 involved in this specific one? Why was this such a big --

3 MR. SADOWSKI: That's what I -- I questioned the
4 same exact thing.

5 MR. BOVITZ: -- municipal project? Was it that
6 controversial that --

7 MR. SADOWSKI: I guess for him he didn't like it
8 because he didn't -- he didn't agree with the contract
9 because he didn't think the city would just end up with
10 the properties back; that they weren't able to perform on
11 what they were presenting, they had no backing, they hadn't
12 done this in another community in Michigan. So I think to
13 him it was a performance issue.

14 MR. BOVITZ: But the project is not a
15 controversial project --

16 MR. SADOWSKI: No.

17 MR. BOVITZ: -- if the end results are a win/win
18 for everybody, so --

19 MR. SADOWSKI: And we're not putting any money
20 up.

21 MR. BOVITZ: Yeah, that's --

22 MR. SYKES: Well, so, to that end though, a
23 little bit of my concern is the fact that city attorney, I
24 would have hoped that the city attorney was here so we
25 could ask some questions --

1 MR. SADOWSKI: He's on vacation.

2 MR. SYKES: -- and we could get a little bit
3 more to the bottom of this, and I understand that they're
4 on vacation, so that -- he's on vacation so that's a
5 concern. And I get what you're saying from the standpoint
6 of saying it's a dollar. What we're looking for is an
7 opportunity for a developer to come in --

8 MR. SADOWSKI: Right.

9 MR. SYKES: -- and we'll see some activity in
10 our city.

11 MR. SADOWSKI: Right.

12 MR. SYKES: And that's fantastic. But my
13 concern is, and also it is a little bit that we don't hold
14 developers to a standard in Ecorse. One of the concerns
15 I've had was the capacity of this developer to actually
16 follow through, because if they do, there's a couple of
17 things that I'm concerned about, is it's not just you're
18 selling it to them for a dollar, but if they come through
19 and end up sort of botching this project, you end up with
20 additional blight.

21 There's also the concern I had about there's a
22 big push in this country, and in my personal opinion
23 rightfully so, to do right by our veterans. I really
24 think that's the case. But you're also seeing folks come
25 out of the woodwork and understanding that and taking

1 advantage of that. So my concern would also be that are
2 these folks doing something for veterans, and are they
3 doing it for the right reasons, or are they doing this to
4 just sort of pull folks in and make something off of this?

5 And so that kind of went to my concern about
6 capacity. Are these guys actually going to be able to
7 follow through and build something that is beneficial to
8 veterans and to the city?

9 Because if this stuff kind of falls apart,
10 that's a black eye for everybody.

11 MR. SADOWSKI: Unless he's going to have to pay
12 to fix it; clean it up.

13 MR. SYKES: Right. Well, but part of the issue
14 then is, and typically with talking with your attorney is
15 that if there is in fact a problem, you say, okay, well if
16 they don't do this they have to fix it, that's part of the
17 legal documents and what -- what's your recourse, because
18 if they just sort of step back and walk away, they may not
19 have the capacity or the balance sheet to do that. They
20 just sort of say, "Well, that didn't work out," and sort
21 of step back. That's part of my concern.

22 And then when you're looking forward and saying
23 we want to put ourselves in a situation where we want to
24 be able to attract developers to come here, I get that.
25 You want to make this an easy city for developers to be

1 able to come in and do these types of things, but you also
2 want to make sure that they're doing it in a way that
3 they're going to be successful so that others will see
4 that you're taking this, you know, this seriously.

5 MR. BOVITZ: But the 11 page contract that was
6 signed with the city in April, was that drafted by the
7 developer or -- and had the attorney reviewed it since to
8 look for loopholes?

9 MR. SADOWSKI: The attorney defraud what -- the
10 document you're looking at. The revisions were negotiated
11 back and forth throughout that document, throughout
12 several weeks, and that was the final version of what both
13 parties could live with basically is what that is.

14 MR. BOVITZ: But do we have any kind of signoff
15 from the attorney that this is now a good contract going
16 forward?

17 MR. SADOWSKI: The city attorney is not going to
18 sign off on that contract. He does not believe that the
19 developer is able to fulfill what is -- what they're
20 proposing. So then you have the city on the other hand,
21 the administration, the mayor that said that the city
22 wasn't putting up any money, it wasn't costing the city
23 anything; how is it different from the other development
24 in the city that's city-wide where just recently, I mean
25 we haven't even started the policy yet where if we --

1 that's still on a draft mode where we're requiring escrow
2 deposits for vacant houses that we're selling just on the
3 city's own will because if they don't fix it up, then we
4 have to demo it, so now we're putting an escrow, holding
5 an escrow when we sell a vacant lot so if they don't bring
6 it up to code we have the money to tear it down or fix it
7 up. And that has just been in the draft phase for the
8 last three weeks.

9 So I guess that's where the difference is, the
10 mayor and the administration believes it's no different
11 than what we have been doing. This project was discussed
12 before that even started months ago, that policy, that
13 draft policy, and then legal says perhaps they can't
14 fulfill their role. So now you're caught in a catch --
15 they're on opposite sides I guess. What the city is
16 willing to risk for development versus what may happen.
17 They're at opposite ends.

18 MR. SYKES: From our perspective I think it
19 makes it difficult when a proposal is brought before city
20 council and then we're asked to sort of approve that when
21 the team that's in place to put this together are at odds.

22 MR. SADOWSKI: Yes. Yes.

23 MR. SYKES: And so, I mean one of the things
24 that you've said, and I understand is that, you know,
25 you're moving this property for a dollar --

1 MR. SADOWSKI: Yes.

2 MR. SYKES: -- and so why did this end up having
3 to go to city council in the first place.

4 MR. SADOWSKI: That's what I was wondering.

5 MR. SYKES: Part of our responsibility of this
6 RTAB is, and you know, and if you read the order, it talks
7 about the fact that we're supposed to review proposed
8 economic and redevelopment projects, and so I mean that's
9 part of our role. And that's exactly what this is. And
10 while it doesn't talk to the actual dollar value or --

11 MR. SADOWSKI: Right.

12 MR. SYKES: -- or the materiality, it talks
13 about what it is that we're supposed to review.

14 MR. BOVITZ: And it's a three year contract.

15 MR. SYKES: And so clearly we have a situation
16 where, you know, we were supposed to review and approve
17 this, and it's sort of moved forward anyway, which kind of
18 puts us in a difficult situation.

19 MR. SADOWSKI: Yes, the mayor didn't move on --
20 forward on that. He felt that it was non-economic value
21 and that's why he moved forward.

22 MR. SYKES: I mean based on the order that's put
23 in place and what our responsibility is, I think he's not
24 interpreting what our role is appropriately.

25 MR. SADOWSKI: I can see that both -- I can see

1 both sides very strongly.

2 MR. SYKES: Right.

3 MR. SADOWSKI: And I try to -- even though this
4 happened before, I mean I've tried to balance out, you
5 know, to explain where both parties are.

6 MR. SYKES: Yeah.

7 MR. SADOWSKI: You can see where both parties
8 are coming from.

9 MR. SYKES: Right.

10 MR. SADOWSKI: I mean, I can --

11 MR. BOVITZ: Yeah, like I said, because, you
12 know, a three year contract has been signed by the city
13 council, the mayor --

14 MR. SADOWSKI: Correct. Yes.

15 MR. BOVITZ: -- administration, and you've got a
16 developer who is moving forward, and the buzz in the
17 community is --

18 MR. SADOWSKI: Yes.

19 MR. BOVITZ: -- that this project is going to
20 happen, so I feel compelled to let it go.

21 MR. SADOWSKI: Right.

22 MR. BOVITZ: But I mean just looking for a
23 loophole in the contract where the city is not held
24 responsible if this thing fails.

25 MR. SADOWSKI: From my understanding it's not a

1 valid contract if the RTAB votes it down, because any
2 resolution has to go to city council regardless of the
3 amount. But like I said, I don't even know why it was a
4 city council resolution in the first place, but that was
5 all before me.

6 But I understand where you are right now. It
7 looks like the city is moving forward. The big talk is
8 we're going to create some kind of veterans' modular
9 housing which is tax exempt also. I mean, just 100
10 percent disabled veterans don't pay taxes, so that would
11 be a completely tax exempt property. Really the city is
12 only looking at increasing our population, getting more
13 state revenue sharing, our Act 51 dollars through
14 population. It's not really even a tax incentive anymore.
15 It's more like a blight cleanup, property investment
16 population builder type tool. And I guess that's where
17 the mayor was coming from.

18 MR. SYKES: Okay.

19 MS. BROPHY: May I just ask a question?

20 So there's nothing -- with this developer I saw
21 that we were going to start with three lots, maybe three
22 houses. So are they going to be putting money in escrow
23 the same way other developers are doing?

24 Because the issue is if they go out of business

25 --

1 MR. SADOWSKI: We're going to sit on the
2 property.

3 MS. BROPHY: -- you're going to sit on the
4 property, you're going to have finish it or do something
5 with it?

6 MR. SADOWSKI: Correct.

7 MS. BROPHY: So is that in place for this
8 particular contract?

9 MR. SADOWSKI: Is there escrow on this?

10 MS. DiCAPRA: I don't believe so, no.

11 MR. SADOWSKI: No, that hasn't even started.
12 Like I said, that was -- that's been in draft for the new
13 properties being -- what happened was the city bundled
14 property, so really an individual couldn't go buy a
15 property from Wayne County; that's how we ended up with so
16 many from Wayne County. The reason why the city did that
17 is we wanted to, the city wanted to tell the homeowners
18 that were willing to clean up these properties, and so we
19 bundled them so on one person could afford to buy 20
20 houses. Economically it made sense for the city to do
21 that because now we can put the escrow reserves building
22 permits back water and sewer when we sell these property,
23 and that policy has not -- it's just in its draft works as
24 of last week. So that was way before this -- this
25 contract was even wrote up.

1 But yeah, that would make sense as to have an
2 escrow like we're doing in the future where they have to
3 put down 4,000 or 5,000 per property to build it, bring it
4 up to code, and get their final permits. I mean that
5 would make sense to me.

6 MS. DiCAPRA: There is a financial risk.

7 MR. SADOWSKI: There is a financial risk.

8 MS. DiCAPRA: I'm going to have to pay, you
9 know, plan and review fee to our building department for
10 all the permits, and it's not necessarily going to be all
11 veterans. Veterans get the first right, but if anybody
12 else wants to buy it -- and they're going to build them as
13 they're sold.

14 MR. SYKES: All right, so I'm going to make a
15 suggestion to the board, and I'll look and see if you guys
16 agree with this. I mean if we put this thing up to vote,
17 I still have some concerns about the fact that the city
18 attorney isn't here, and some capacity issues, and so
19 maybe one of the things that we could do is to postpone
20 action on this, and that way we're not voting it down?

21 MR. BOVITZ: Well, how much of the project needs
22 to move forward?

23 I mean it was presented last month that this
24 was, the reason why it came so quickly was because it was,
25 they needed to move forward with it, but I think you made

1 the comment that a lot of these, like opinion shoppings
2 and so forth, that there'd be a little concern about that,
3 too.

4 MR. SYKES: Correct.

5 It appears that, you know, a contract has been
6 signed so the ball is moving. By postponing it I don't
7 know that we're stopping anything from taking place.

8 MS. BROPHY: It just allows us to hear from the
9 attorney again what he's put sort of already on the table,
10 and maybe it gives us 30 days to see if any of these have
11 been resolved, like they've got the financing in place
12 now, or they've got a relationship with the construction
13 manager. So potentially we might see some of these things
14 addressed in the next 30 days.

15 MR. BOVITZ: Yeah, I just didn't want to, you
16 know, lose any momentum that was started or to have the
17 deal be killed if we delay it, but if you think that
18 you're not going to move forward, then let's just postpone
19 it then.

20 MR. SYKES: Okay. They have a signed contract.
21 They can continue to move forward and we'll go ahead and
22 postpone. Okay.

23 MS. BROPHY: Did you need a formal motion to --

24 MR. SYKES: Do we need a formal motion for that?

25 MS. BROPHY: Yes, I think you might.

1 MR. DOSTINE: Yes. And you can either approve,
2 deny, or postpone.

3 MR. SYKES: All right.

4 MR. DOSTINE: So a motion to postpone would be
5 in order.

6 MR. SYKES: I would propose a motion to postpone
7 approval of Resolution 468.

8 MS. BROPHY: So moved.

9 MR. BOVITZ: Support.

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

11 MR. BOVITZ: Aye.

12 MS. BROPHY: Aye.

13 MR. SYKES: Aye.

14 Those opposed the same.

15 (No response.)

16 MR. SYKES: Okay. Claims and accounts from
17 regular city council meeting draft minutes of April 25th,
18 2017. I'll entertain a motion to approve the claims and
19 accounts from the regular city council meeting draft
20 minutes of April 25th, 2017.

21 MR. BOVITZ: So moved.

22 MS. BROPHY: Support.

23 MR. SYKES: Those in favor say aye.

24 MR. BOVITZ: Aye.

25 MS. BROPHY: Aye.

1 MR. SYKES: Aye.
2 Those opposed the same.
3 (No response.)
4 MR. SYKES: These claims and accounts have been
5 approved.
6 We'll move on to the city administrator items.
7 First is the approval of city council minutes, and those
8 were addressed in new business.
9 Next we'll move on to the approval of budget to
10 actual. This is March 17. I'll actually at this point
11 entertain a motion to approve the budget to actual report.
12 MS. BROPHY: So moved.
13 MR. BOVITZ: Support.
14 MR. SYKES: Any discussion?
15 MR. BOVITZ: Well, is Tim going to change hats
16 between administrator to the controller and come up and --
17 MR. SADOWSKI: I can do that.
18 MR. BOVITZ: Do you have anything to add?
19 MR. SADOWSKI: Well, like I said, we're pretty
20 good on track this fiscal year, and we'll be under budget
21 for this fiscal year, so.
22 MR. BOVITZ: On expenditures hopefully.
23 MR. SADOWSKI: Yeah, under expenditures, like I
24 said, the really main large expenditure is police overtime
25 and we're trying to cut that down by hiring part-time,

1 which is difficult. There seems to be a burden on all the
2 Downriver communities is getting part-time public safety
3 officers on board.

4 MR. SYKES: No, and I'd just like to say too, I
5 really appreciate the timing. I do; I think that's great.
6 I think it's good for you guys as well to have this
7 information in a timely manner, so I appreciate that.

8 MS. BROPHY: Mr. Chair, I was wondering if this
9 was a good time to just bring up, I think at our last
10 meeting we had talked about trying to get something in
11 writing in about the separation of duties --

12 MR. SYKES: Oh, yeah. Sure.

13 MS. BROPHY: -- between the administrator-slash-
14 controller and the deputy controller.

15 MR. SYKES: Sure. This is a fine time.

16 MR. SADOWSKI: So all the job descriptions from
17 utility -- from treasury clerk up for have been rewritten
18 to separate the duties out. So the treasury clerk,
19 payroll clerk, accounts payable, controller has now taken
20 on the responsibility for -- the deputy controller has
21 taken on the responsibility of human resources, which was
22 one of the big flags in there; that nobody's looking over
23 the day-to-day operations of human resources. That is
24 costing the city several hundred thousand a year. You can
25 look at that just at our retiree health insurance premiums

1 alone we were paying for numerous people that should have
2 been, that were already enrolled for Medicare A and B that
3 we're paying full insurance for. Things like that is
4 causing the city just a waste of money. So that was one
5 of the big flags in the audit so that has been taken care
6 of.

7 We were contracting with Paychecks HR. I've
8 never seen 'em since I've been here in 18 months, so that
9 contact was terminated. And like I said, that job has
10 been transferred to the deputy controller.

11 Also creating a new position for finance
12 clerical treasury to assist, so that puts another person
13 up there. I transferred the person from administrative
14 and made administrative finance, so now we have one more
15 person in the finance department and didn't change the
16 budget at all.

17 And then we had, I had sent that, all those
18 changes to Rehmann. They wanted a commission to review
19 those documents, and at that time we had already posted
20 for the audit to go out, and that's on the agenda for
21 tonight. So the point was we would have the new auditors
22 review the new internal control standards because it made
23 sense.

24 MR. SYKES: Yeah, that was the one that was
25 important to me is to have the third party independent

1 auditors take a look at that, and so that sounds like
2 that's in process.

3 MR. SADOWSKI: So as soon as the contract I
4 assume will get approved because it's \$7,000 a year less
5 than Rehmann --

6 MR. SYKES: Uh-huh.

7 MR. SADOWSKI: -- so I'm assuming that will get
8 approved tonight at tonight's city council meeting. Those
9 revised job descriptions will go to them. They're already
10 aware of the internal controls need to be reviewed, and
11 then you should have that from the new accounting firm.

12 MR. SYKES: Okay, thank you.

13 MR. SADOWSKI: So that's where we are.

14 MR. SYKES: Yep. That was the key. So Patrick
15 maybe -- or we don't need Patrick. You are a member.
16 We'll get a chance --

17 MS. BROPHY: I'll try.

18 MR. SYKES: We'll get a chance to see what the,
19 yeah, what the new accounting firm if they're comfortable.

20 MR. SADOWSKI: Okay.

21 MR. SYKES: Because certainly if they are, I'm
22 comfortable.

23 MS. BROPHY: Yes.

24 MR. SYKES: Sound good?

25 MR. BOVITZ: I think there's a motion on the

1 floor though?

2 MR. SYKES: Yeah. All those in favor of the
3 approval of the budget to actual March 17th say aye.

4 MS. BROPHY: Aye.

5 MR. BOVITZ: Aye.

6 MR. SYKES: Aye.

7 Those opposed the same.

8 (No response.)

9 MR. SYKES: The budget to actual March 17th has
10 been approved.

11 MR. BOVITZ: I wasn't sure why that discussion
12 was part of the motion though.

13 MR. SYKES: Yeah.

14 MS. BROPHY: Sorry.

15 MR. SYKES: Okay. So the next item is checks
16 released. This is informational only.

17 So we'll move on to the five year budget. So
18 Mr. Sadowski, I know that this is something that was
19 discussed. We're going to go ahead and go through the
20 process of approving that.

21 Did you have an opportunity to take a look at --
22 and I don't know, Patrick, was that shared with Mr.
23 Sadowski, the two-pager?

24 MR. SADOWSKI: I've read it.

25 MR. SYKES: Yes.

1 Do you have anything you would like to comment
2 on that, or does this seem fair, reasonable?

3 MR. SADOWSKI: It seems fair. From my
4 understanding we have been talking with other surrounding
5 communities and assessing companies, because that's
6 another thing that we are worried about is our continually
7 declining tax base, and why is it continually declining.
8 We have several opinions on how that could be stopped --

9 MR. SYKES: Sure.

10 MR. SADOWSKI: -- and actually be increased. We
11 have proposals for that already. So that's a big one. We
12 plan on stopping the declining tax base is one of my -- I
13 said it since day one, coming on, if your tax base is gone
14 there's nothing left.

15 MR. SYKES: Correct.

16 MR. SADOWSKI: And we're almost to 100 million.
17 So it needs to stop. So we need to work with our
18 assessors and whether -- what direction that's going to
19 go, we've been working on that. So that is definitely a
20 priority for me --

21 MR. SYKES: Right.

22 MR. SADOWSKI: -- is to stop the tax base
23 decline.

24 The second one is stabilization share in that
25 same paragraph. We're hoping for more money. We budgeted

1 for \$1.9 million, which is 100 percent. From our
2 understanding there should be another overpayment this
3 year. We don't know how much that is going to be. And we
4 except to take the money the same as we did this year and
5 pay down debt to get rid of that negative going on with
6 the future. Same thing we did this year.

7 MR. SYKES: Right.

8 MR. SADOWSKI: We're going to pay it down and
9 pay it off until we have a balanced budget. So we're just
10 waiting on the dollar amount for local community
11 stabilization share to see how much that's going to impact
12 our five year forecast.

13 And as far as pension, we did make the 2.2
14 million dollar payment. You guys were here. We do have
15 the adjusted numbers that is in the budget. That's why
16 the deficits aren't as great as what they were.

17 MR. SYKES: So that was the -- that was actually
18 one of the ones I was going to talk about. Was it 1.2,
19 the additional payment that they'd mentioned was going to
20 be paid into the pension?

21 MR. SADOWSKI: Yeah, we made 1.2 of the general
22 union division.

23 MR. SYKES: Uh-huh.

24 MR. SADOWSKI: That's the one that was negative
25 funded, which is now positive funded.

1 MR. SYKES: Okay.

2 MR. SADOWSKI: Not very much, under ten percent,
3 but it's still --

4 MR. SYKES: Sure.

5 MR. SADOWSKI: -- still positive funded.

6 MR. SYKES: Exactly.

7 MR. SADOWSKI: It was negative 22 percent, so
8 that's a big swing. So that 1.2 million helped out and --

9 MR. SYKES: So they mention in here though that
10 they weren't able to demonstrate.

11 MR. SADOWSKI: That's because the annual
12 evaluation from MERS from 2016 is still not --

13 MR. SYKES: Not available.

14 MR. SADOWSKI: -- in May.

15 MR. SYKES: Okay.

16 MR. SADOWSKI: So it's kind of hard to go and
17 look at the annual audit that's not available.

18 MR. SYKES: Okay.

19 MR. SADOWSKI: So they flagged it as non-, you
20 know, documented because the -- our -- we just have an
21 email that confirms the new payment schedule. It's not in
22 the valuation yet because it's not prepared yet.

23 MR. SYKES: Okay. I can appreciate that.

24 MR. SADOWSKI: So, yeah, we did -- and then we
25 made another million dollars for the police and fire union

1 too on top of that. So that's not even -- those numbers
2 weren't even changed. So our funding should have
3 increased several percentage points from last year.

4 MR. SYKES: Okay.

5 MR. SADOWSKI: Just by making that 2.2 million
6 dollar payment.

7 MR. SYKES: All right.

8 MR. SADOWSKI: Water and sewer I had brought up
9 to the last several meetings that sewer revenues were low.
10 I did, if you can read this, I did double them in 2017.
11 Obviously we're only several months in.

12 MR. SYKES: Uh-huh.

13 MR. SADOWSKI: So I'm still waiting to see where
14 that's going to happen. Even though I did double the
15 sewer rates, our loss -- or loss rate is so high on the
16 residential and commercial side that we have discussed
17 with treasury doing sounding, getting quotes for sounding,
18 trying to find where these water main leaks are.

19 MR. SYKES: Okay, so I remember having a
20 discussion before too, there were two things. There was
21 water main leaks, and then there was also the meters that
22 are attached to the homes. Has there been any sort of
23 movement in that direction?

24 MR. SADOWSKI: There is possible movement. The
25 Wayne County had extra money from its CDBG program. We

1 had talked about then redirecting all those funds to the
2 city for the new meters because that's over 2 million
3 dollars.

4 MR. SYKES: Oh.

5 MR. SADOWSKI: That was an ambitious plan for
6 the city, and we don't know if we'll get any of that pot,
7 but at least we would do the city in sections if we get
8 any of the excess CDBG money. That is an eligible
9 program, and so we were hoping to do that. We are also
10 going to do the sounding bids and see if the city can pay.
11 I usually -- that's budgeted about \$350,000 for water and
12 sewer main repairs every year.

13 MR. SYKES: Uh-huh.

14 MR. SADOWSKI: So we can do the contracted
15 services, do the sounding, and see how many of these
16 projects there are for, and I can fit in that amount. If
17 it's more than that, we had discussed with treasury
18 applying for the FDBCBT (phonetic) grant for next year to
19 get the money to fix these if there's so -- if there's so
20 many of our infrastructure to that has decayed --

21 MR. SYKES: Right.

22 MR. SADOWSKI: -- to get that grant to fix those
23 because as you know, we did get the \$500,000 grant for
24 storm and sewer separation this year.

25 MR. SYKES: Yep.

1 MR. SADOWSKI: So we would apply for the same
2 thing for the water main loss because our rate's at 38
3 percent. It's higher than, way higher than what it should
4 be.

5 MR. SYKES: Yep.

6 MR. SADOWSKI: So that's what our plan is for
7 that right now.

8 And it says inadequate infrastructure. We do
9 have on the agenda for tonight Ridge Street, which was one
10 of our streets that we have water infrastructure problems
11 that has lead services from, to the houses, so that will
12 be torn out, replaced under the new regulations from the
13 state, so that project is on the agenda. Actually the
14 engineering has already been approved for Ridge. And then
15 the Cicotte repaving is on the agenda for infrastructure
16 tonight. So we're chipping away. I mean I do, I budgeted
17 about a block to two blocks' worth of infrastructure every
18 year, and so we're trying to actually use those monies
19 instead of just letting them roll into fund balance, which
20 has been happening.

21 MR. SYKES: Okay.

22 MR. SADOWSKI: That's it on the five year.

23 MR. SYKES: Any further questions?

24 MR. BOVITZ: Well, my concern from the letter
25 from the state audit manager was the decline over the next

1 four years, it looks like a loss of two-and-a-half million
2 dollars bringing the ending fund balance down to 1.7
3 million. Now, granted, a lot of that is due to expected
4 tax loss revenues and increased pension expenses, but
5 still, by the year 2020, 2021, to have a 1.3 million
6 dollar budget deficit is a little scary.

7 MR. SADOWSKI: Yes. So the only way we get rid
8 of that budget deficit to pay down our emergency loans for
9 5 million dollars or to pay down marks. So the plan is to
10 divert all money from the LCSA to debt; that's the only
11 way the city makes it in the long term. And the city
12 council and the mayor is aware of that, so we're just
13 hoping we get a nice overpayment check again this year.

14 MR. SYKES: No, I appreciate that. That's
15 exactly the concern I had is looking at the five years.
16 But given the last overpayment and some of the choices
17 that were made on where to use those funds I think were
18 completely appropriate and are going to help resolve those
19 issues in the future.

20 MR. SADOWSKI: You can see we went from a
21 deficit next year to a positive fund balance --

22 MR. SYKES: Yeah.

23 MR. SADOWSKI: -- of \$21,000. That's what that
24 overpayment did for the City of Ecorse, so.

25 MR. SYKES: Right.

1 MR. SADOWSKI: We'll do it again if we get the
2 money.

3 MR. SYKES: All right.

4 MR. SADOWSKI: Okay.

5 MR. BOVITZ: Have a bake sale.

6 MR. SADOWSKI: Have a bake sale.

7 MR. SYKES: Okay, so it's my understanding that
8 this is actually an item that we should be voting on, and
9 so while this was discussed before, this will be the first
10 opportunity, so I'll entertain a motion to approve the
11 five year budget for Ecorse.

12 MR. BOVITZ: So moved.

13 MS. BROPHY: Support.

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

15 MS. BROPHY: Aye.

16 MR. BOVITZ: Aye.

17 MR. SYKES: Aye.

18 Those opposed the same.

19 (No response.)

20 MR. SYKES: The motion to approve the five year
21 budget has passed.

22 So with that, Patrick, and it looks like you're
23 on your way. Can you check for public comment?

24 MR. DOSTINE: Mr. Chair, we have one request for
25 public comment. Ms. Marilyn Oliver.

1 MS. OLIVER: Good morning. First I'd like to
2 say that I read the entire 47 pages of April meeting
3 minutes, and Mr. Chair, I appreciate that you did answer
4 my question last month, and I looked over 4/26, and so I
5 understand now. And I think that you probably will be
6 here a little bit longer, too.

7 But reading the minutes I realized that I
8 understand a lot more about how the city government is
9 run, and I appreciate all of your questions that you ask
10 regarding what is being done, and I -- the Veteran
11 Village, I appreciate your concern, the questions that you
12 were asking because I don't know when we've had any
13 developer here in the city in recent years, I'm not sure,
14 so I also am concerned about if they can deliver.

15 But also I wanted to say with the addition of
16 Mr. Sadowski as the city administrator, I have been so
17 impressed with the information that he's provided as
18 controller, and it's my hope that the mayor, the council,
19 and the department heads will work in uniform (sic) with
20 him so that we can continue to succeed on the path that
21 we've started. So I wasn't here to welcome him last
22 month, but I just wanted to say welcome to Tim as well.
23 Thank you.

24 MR. SYKES: Thank you for your comments.

25 MR. DOSTINE: That concludes requests for public

1 comment.

2 MR. SYKES: Okay, with that we'll move on to
3 board comment. Any board comment?

4 MS. BROPHY: No.

5 MR. SYKES: All right. No board comment.

6 And the last item is adjournment. So with that
7 I'll entertain a motion to adjourn.

8 MR. BOVITZ: So moved.

9 MS. BROPHY: Support.

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

11 MR. BOVITZ: Aye.

12 MS. BROPHY: Aye.

13 MR. SYKES: Aye.

14 We are adjourned.

15 (At 9:40 a.m., meeting adjourned.)

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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 May 9, 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: May 18, 2017

s/ Amy Shankleton-Novess

Amy Shankleton-Novess (CER 0838)
Certified Electronic Reporter