

City of Ecorse
Receivership Transition Advisory Board Meeting Minutes
Tuesday, July 18th, 2017
Ecorse City Hall
Council Chambers
Albert B. Buday Civic Center
3869 West Jefferson
Ecorse, Michigan 48229

RTAB MEMBERS PRESENT:

JEFF SYKES

ROBERT BOVITZ

Also Present:

ERIC CLINE, Michigan Department of Treasury

Reported by:

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1 **Tuesday, July 18, 2017**

2 **Ecorse, Michigan**

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4 **Called to order at 9:05 a.m.**

5 MR. SYKES: We'll go ahead and call to order
6 this meeting of the RTAB, July 18th, 2017.

7 So Mr. Cline, can you please do roll call?

8 MR. CLINE: Yes. Jeff Sykes?

9 MR. SYKES: Here.

10 MR. CLINE: Rob Bovitz?

11 MR. BOVITZ: Here.

12 MR. CLINE: Joan Brophy, she is excused for
13 today's meeting. We do have a quorum.

14 MR. SYKES: Thank you very much, Eric.

15 The first item is approval of the agenda. I'll
16 entertain a motion to approve the agenda as presented.

17 MR. BOVITZ: So moved.

18 MR. SYKES: I'll support. All those in favor,
19 say aye. Aye.

20 MR. BOVITZ: Aye.

21 MR. SYKES: The agenda has passed.

22 At this point, I'd like to remind the audience,
23 if you intend to speak during the public comment portion
24 of the meeting, it'll be necessary for you to sign in at
25 the sheet located at the podium. Eric, is there a sheet

1 at the podium?

2 MR. CLINE: Yes, there is.

3 MR. SYKES: All right, thank you very much.

4 Okay, with that, we'll move on to the approval of the RTAB
5 minutes of June 13th, 2017. I'll entertain a motion to
6 approve the June 13th, 2017, RTAB minutes as presented.

7 MR. BOVITZ: So moved.

8 MR. SYKES: Support; all those in favor, say
9 aye. Aye.

10 MR. BOVITZ: Aye.

11 MR. SYKES: Those opposed the same.

12 (No response)

13 MR. SYKES: This motion is passed.

14 We will move on to old business now. Really,
15 what we have is a response letter from Darnell and
16 Meyering, PC, and it's informational only.

17 Do you have any comments?

18 MR. BOVITZ: No, I'm just glad to see that
19 they're on top of it, and they're going to address things
20 that were outside the scope last year this year, so.

21 MR. SYKES: Yeah, I agree. The one thing that I
22 was kind of hoping for was an opportunity for them to take
23 a look at the internal controls. But, you know, they're,
24 it looks like, they're new to this and it's something
25 that's going to be addressed, so I'm comfortable. And I

1 appreciate taking the time to get this presented to us.

2 MR. BOVITZ: I recommend that Mr. Sadowski be
3 the city administrator, and then Tim Sadowski be the city
4 controller.

5 MR. SYKES: That sounds great. That's perfect.
6 Okay, well thank you very much for that.

7 Anything in old business?

8 MR. BOVITZ: No.

9 MR. SYKES: All right, let's move on to new
10 business. First, the approval of resolutions and
11 ordinances for city council meetings. First up is the
12 resolution from the regular city council meeting of May
13 23rd, 2017. I will entertain a motion to approve
14 resolutions from the regular city council meeting of May
15 23rd, 2017.

16 MR. BOVITZ: So moved.

17 MR. SYKES: Support; all those in favor say aye.
18 Aye.

19 MR. BOVITZ: Aye.

20 MR. SYKES: Those opposed, the same.

21 (No response)

22 MR. SYKES: These resolutions have been
23 approved.

24 Next, we'll move on to the resolutions from
25 regular city council meeting of June 6th, 2017. I'll

1 entertain a motion to approve the resolutions from the
2 regular city council meeting of June 6th, 2017, with the
3 exception of Resolution 519.17, which was the fire
4 department contract.

5 MR. BOVITZ: MR. BOVITZ: So moved.

6 MR. SYKES: Support; all those in favor say aye.
7 Aye.

8 MR. BOVITZ: Aye.

9 MR. SYKES: Those opposed, the same.

10 (No response)

11 MR. SYKES: These resolutions, with the
12 exception of 519, have been approved. So let's move on to
13 Resolution 519. And with that, I'll entertain a motion to
14 deny Resolution 519, as it was rescinded and revised at
15 the June 20th, 2017, city council meeting.

16 MR. BOVITZ: So moved.

17 MR. SYKES: Support; all those in favor say aye.

18 MR. BOVITZ: Aye.

19 MR. SYKES: This resolution has been denied.

20 We'll move on to claims and accounts from
21 regular city council meeting draft minutes of June 20th,
22 2017. I'll entertain a motion to approve the claims and
23 accounts from the regular city council meeting draft
24 minutes of June 20th, 2017.

25 MR. BOVITZ: So moved.

1 MR. SYKES: Support; all those in favor say aye.
2 Aye.

3 MR. BOVITZ: Aye.

4 MR. SYKES: So that has passed. We'll move on
5 now to city administrator items. First is the approval of
6 city council minutes; this was already addressed in new
7 business. We have the approval of budget to actual, May
8 of '17. I'll entertain a motion to approve, deny, or
9 postpone the budget to actual report of May, 2017.

10 MR. BOVITZ: Move to approve.

11 MR. SYKES: Support; all those in favor say aye.
12 Aye.

13 MR. BOVITZ: Aye.

14 MR. SYKES: All right, this motion's been
15 approved.

16 MR. BOVITZ: Do you want Mr. Sadowski to
17 comment?

18 MR. SYKES: Mr. Sadowski, would you like to
19 comment?

20 MR. SADOWSKI: Currently, we're now in July, and
21 I do have the most up to date financials, through June
22 30th. The city did better than expected; it will show a
23 five percent surplus, about \$500,000 for year end, June
24 30th.

25 Payroll has been posted back and accrued;

1 everything has been -- revenues have been adjusted and
2 accounted for. Pretty much, we're only -- outstanding
3 items are miscellaneous accounts payable that will come in
4 over the next several weeks, for legal, and et cetera.

5 So the city did very well. We were able to, on
6 the last budget amendment, we were able to increase the
7 charge backs, as we don't know what that number is until
8 June 30, it's too late to do anything about it, by the
9 time I get that charge back number from Wayne County. So
10 that the city increased its budget to \$600,000 in charge
11 backs, and it actually came in at \$500,000 in charge
12 backs, so we made up a little bit money there.

13 Legal fees did come in over budget. Most of
14 them had been, were not received by the city, and we're,
15 for a month back. Public safety and DPW came in
16 exceedingly under budget, which allowed for the excess
17 funds, and just operations throughout the city were under
18 budget.

19 So, overall, June 30th, we're looking at about a
20 five percent, or \$500,000 surplus for the general fund.
21 And basically, all the concerns that I highlighted in the
22 May report, was regarding attorney fees and those type of
23 things. That they happen, I mean, just increased
24 litigation, and -- affected the budget. But throughout
25 the general fund, it offset those expenditures.

1 MR. BOVITZ: And according to the letter from
2 Randall Darnell, they'll be coming within the next few
3 weeks to start the audit process, so.

4 MR. SADOWKI: The audit -- they want the audit
5 started and completed the week of August 15th. That is
6 three months up from November 15th, from the prior
7 accounts.

8 MR. BOVITZ: So I think they work in dog years,
9 like our governor.

10 MR. SADOWKI: So they've got that timeline. Due
11 to the fact we're in Wayne County, and Wayne County does
12 not usually finalize their numbers until November, it's
13 going to be a different audit for us this year. Most of
14 it is going to be estimates, especially for the Wayne
15 County bonds.

16 We try to get those numbers for August, and
17 they're just not available until November, so, there'll be
18 a different audit this year. Because usually, they come
19 in in November, because everything's been finalized with
20 Wayne County, which is the financial check for Ecorse.

21 So a lot of that will be based on assumptions
22 this year, due to moving up the audit from November until
23 August.

24 MR. BOVITZ: I've been working with Randall
25 Darnell for like 35 years. I trust his work, and I'm sure

1 he'll be good to work with you, and hopefully give you
2 some proactive advice, moving forward.

3 MR. SADOWSKI: So they were here all day, to get
4 that letter. They did their testing, the pre-testing;
5 they went through job descriptions. They did employee
6 interviews, so, we're on track for August 15th.

7 MR. BOVITZ: Great.

8 MR. SYKES: Thank you.

9 Okay, also, back to city administrator items --
10 we have a number of approval of resolutions. 508, SAFER
11 grant guidelines; 509, in camera, or, in car camera
12 systems. 520, the MERS hybrid; 521 police department
13 contract, and 522, local street resurfacing.

14 Do you have any comments on any of these?

15 MR. BOVITZ: No.

16 MR. SYKES: All right, all these issues were
17 addressed in new business.

18 Next, we have the approval of Resolution 530,
19 this is the budget amendment. It's number five, the
20 fourth quarter.

21 While this action -- while action on this item
22 occurred during a council meeting outside the normal
23 review period of today's board meeting, the city manager
24 is requesting that we pull this forward for early merits.
25 Mr. Sadowski, do you have any comments for this item, for

1 the board?

2 MR. SADOWSKI: Thank you. Like I said, budget
3 number five is the year end budget amendment -- it had a
4 budgeted net income of \$34,000. As I had said, our
5 expenditures are well under the \$13 million, and so, we'll
6 be in compliance with this budget amendment for fiscal
7 year end, so I'm still working on it to be adopted.

8 The city is within its journal funds revenues
9 and expenditures, so but those are the required
10 amendments, and I said, during operations, we're through,
11 through all the accruals and everything, we'll still be
12 under budget.

13 MR. SYKES: You have any questions?

14 MR. BOVITZ: No.

15 MR. SYKES: All right, thank you. All right,
16 I'll entertain a motion to approve Resolution 530, budget
17 amendment number five, fourth quarter.

18 MR. BOVITZ: So moved.

19 MR. SYKES: Support; all those in favor say aye.
20 Aye.

21 MR. BOVITZ: Aye.

22 MR. SYKES: Those opposed, the same.

23 (No response)

24 MR. SYKES: This motion has been approved.

25 Next, we have approval of Resolution 531,

1 American Leak Detection, Inc. contract. Again, this was
2 an action that is occurring outside this particular
3 seating, today. But Mr. Sadowski asked if we could pull
4 this forward. Mr. Sadowski, do you have any comments?

5 MR. SADOWSKI: American Leak Detection is just
6 as the name says. What they do is, they will go through
7 the 140 miles of water infrastructure throughout the city,
8 and do sound testing for leaks.

9 Why this is important, is, the city almost has a
10 40 percent loss rate. When you reach that kind of loss
11 rate, the loss in dollars is several million, annually.
12 And to prevent that from happening in the future, we will
13 do the sounding and try to repair as many of the leaks as
14 possible, with the funding we have.

15 And if the leaks are more than point leaks,
16 where the whole main, or length of the, hundreds of feet
17 or miles, needs to be replaced, we'll be seeking
18 assistance through the Michigan Department of Treasury for
19 the Financially Distressed Cities Grant.

20 Basically, that is the plan. To test the
21 system, and locate the leaks, it's actually very
22 reasonable; it's only \$11,000. So we are going to use
23 this information, again, to pinpoint the major water main
24 breaks that we have not found so far. And then seek grant
25 assistance, in the next round of Financially Distressed

1 Cities Grants. That's the plan.

2 MR. SYKES: I know that was something that we
3 were talking about since I've been on the board, and it's
4 a pretty big issue, so, this seems like --

5 MR. SADOWSKI: \$11,000.

6 MR. SYKES: \$11,000 is really, really well
7 spent.

8 MR. SADOWSKI: It is, very well spent money. If
9 it was under the 10,000 threshold -- it's already a budget
10 expenditure, under -- but it's just over my threshold, or
11 else I would have signed it, so, now it has to go to this
12 board for review.

13 MR. BOVITZ: Well a 40 percent loss, that's not
14 just the loss of water, but is also because of faulty
15 meters and so forth.

16 MR. SADOWSKI: So we have -- we have several
17 points. We have straight pipes, where an individual can
18 go to the hardware store and buy the plumbing fixture,
19 which is a 12 inch straight pipe, replace the meter, set
20 it on the ground and put a straight pipe in. And
21 therefore the meter is not registering any water,
22 bypassing it, and the resident's getting free water.
23 That's the first problem.

24 We get a couple handful, probably about five a
25 week, on those, we register. Then we have the water main

1 breaks, that are dumping directly into sanitary, our storm
2 sewers, and are not visible on the surface. We catch
3 about five of those a year.

4 So that's an astronomical amount of water, when
5 you're talking about a six or eight inch water main,
6 dumping directly into the sanitary or storm sewer system.
7 So we're going to try to locate those also. And then,
8 infrastructure throughout the system, that may be -- that
9 we just don't find.

10 MR. SYKES: When someone's caught putting a
11 straight pipe on, are there penalties, or ramifications
12 for that?

13 MR. SADOWSKI: That is going to city council for
14 tonight. It is a misdemeanor theft of water. And they,
15 the protocol is, that when that is identified, the police
16 are supposed to be notified. And they're supposed to be
17 issued a citation for a misdemeanor theft of water. And
18 currently, there is no wait set up for billing. They just
19 are issued a misdemeanor ticket.

20 It's on the city council agenda tonight, to
21 assess penalties for the theft of water, and then we will
22 not only issue them a citation, but we will also issue
23 them back fines and charges for the theft of water. So
24 that's in the process today.

25 MR. SYKES: All right, thank you.

1 MR. SADOWSKI: Yes.

2 MR. SYKES: Okay, I will entertain a motion to
3 approve this resolution.

4 MR. BOVITZ: So moved.

5 MR. SYKES: Support; all those in favor say aye.
6 Aye.

7 MR. BOVITZ: Aye.

8 MR. SYKES: The American Leak Detection contract
9 resolution has been approved.

10 Next, we'll move on to approval of Resolution
11 532, which was the rescission of Resolution 519. And
12 approval of Resolution 533, which is the revised fire
13 department contract. Again, this is a contract that's
14 outside of today's normal review period. Mr. Sadowski, do
15 you have any comments on this, as well?

16 MR. SADOWSKI: I am the one that recommended
17 this resolution be denied. And what happened was, during
18 negotiations between the union and the past
19 administration, there were misunderstandings on the -- on
20 how the raise would be calculated.

21 Historically, Ecorse has worked a 48 hour week,
22 and they are scheduled, their rate schedule, is based on a
23 40 hour week. So their rate of pay is higher, even though
24 they are getting paid for 48 hours. So what happens now,
25 is, internally, we do the rate conversion, but any

1 overtime, they get paid at the higher rate, at the 40
2 hours.

3 So when it was negotiated, at the raises, they
4 thought that they were getting the raises at the higher
5 hourly rate, on top of getting paid, instead of the 40,
6 they were getting paid for all 48 hours, instead of the
7 40.

8 So it basically equated to a 20 percent
9 effective raise. And that was not what was agreed upon.
10 So when I came to that knowledge when I started
11 calculating out what was agreed on the union contract, and
12 said, this is not what was negotiated. And then we
13 brought back in the union, and so it was renegotiated, to
14 the same standards as the police contract.

15 Two percent yearly raises, two percent effective
16 raises, every year for three years. Which was under the
17 three percent that had been budgeted in the five year
18 plan. On top of getting their typical allowances. So it
19 is within the five year plan, or budget, the new contract
20 is. And that's why it was rescinded and reissued.

21 The city could not afford a 20 percent effective
22 raise. Nor was it bargained that way. It was just a
23 conversion -- the conversion was never calculated and
24 placed in the contract.

25 MR. SYKES: Okay. I'll entertain a motion to

1 approve, deny, postpone, Resolution 532, which is the
2 rescission of 519, and Resolution 533, the revised fire
3 department contract.

4 MR. BOVITZ: Move to approve both resolutions.

5 MR. SYKES: Support; all those in favor say aye.
6 Aye.

7 MR. BOVITZ: Aye.

8 MR. SYKES: These resolutions have been
9 approved.

10 Last, we have checks released, and this is
11 informational only. So now we'll move on to public
12 comment. Eric, any public comment?

13 MR. CLINE: No public comment.

14 MR. SYKES: All right, thank you. Board
15 comments? I have no comments. No comment?

16 MR. BOVITZ: Sorry, out of it.

17 MR. SYKES: You got nothing, all right. I will
18 entertain a motion to adjourn.

19 MR. BOVITZ: So moved.

20 MR. SYKES: Support. This meeting has been
21 adjourned.

22 (Proceedings adjourned at 9:24 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 July 18th, 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: July 28, 2017

s/ Amy Shankleton-Novess

Amy Shankleton-Novess (CER 0838)
Certified Electronic Reporter