

City of Ecorse
Receivership Transition Advisory Board Agenda
Tuesday, February 11, 2014
9:00 am

(Approved March 11, 2014)

Ecorse City Hall
Council Chambers
Albert B. Buday Civic Center
3869 West Jefferson
Ecorse, MI 48229

Members Present:

Robert Bovitz
Edward Koryzno

Staff Present:

Angela Dempkowski
Drew Van de Grift
D. Wayne O'Neal

Members Absent:

Joyce Parker

I. CALL TO ORDER

- A. Roll Call – Mr. Koryzno called the meeting to order at 9:02 am. Let the record show that all Board members are present with the exception of Joyce Parker being absent.
- B. Approval of Agenda – By motion made (Bovitz) and supported (Koryzno) the Board unanimously voted to approve the agenda.
- C. Approval of January 14, 2014 TAB draft minutes – By motion made (Bovitz) and supported (Koryzno), the Board unanimously voted to approve the January 14, 2014 TAB Regular Board meeting minutes as presented.

II. OLD BUSINESS

- A. TAB requested additional information

- 1. Hennessey Contract

Koryzno - Previously, the Board placed restrictions on this contract. Specifically, proof of the financing method was to be furnished to the Board, and the City Attorney's suggestions were to be implemented in the contract. City Administrator O'Neal, please provide the Board with an update.

O'Neal – The City Attorney did review the contract. This was presented to City Council at its last meeting; the contract was rejected and we are going out to bid. There are still questions about funding the three phases. For the first phase for plan review work, the \$45,000 is in the Water and Sewer Fund. We will build in revenue for raising water rates but need to establish how the current water rates were calculated and need clarification if we need to make the increase higher, as Detroit's water rates have increased. There is money in the Water and Sewer Fund to continue on with this project. We will build in SRF money into this

budget and the next budget to effectuate the S2 grant. The City will report out at the March 11, 2014 TAB meeting.

Van de Grift – The City shall resubmit its request so that it includes the method of payment and the City Attorney’s modifications.

2. Approval of Payments – City Administrator to provide summary of fees and Mill Street recommendation

Koryzno - During the January Board meeting, the Board resolved that City Administrator O’Neal would provide a report on the fees owed, and provide a general recommendation regarding the Mill Street Property. City Administrator O’Neal, please respond to these issues.

O’Neal – There are several properties that compile of Mill Street itself. The City owes approximately \$190,000 in back taxes. The City has owned this property since 2004 and taxes have been due since the beginning of ownership. We feel we should maintain control of the property and not let it go to the County as there is not imminent control to foreclose. The City still has first rights of refusal to acquire the land. Do we want to take money out of fund balance to pay for this?

Koryzno – Does the \$190,000 amount include taxes, penalties, and interest?

O’Neal – Yes.

Bovitz – If the City has first rights of refusal, I would recommend that the City delay the payment of the back taxes owed.

Koryzno - Your strategy should be to set aside sufficient funds to make the payment when necessary. Also, please plan to submit your report regarding the delinquent attorney fees at the March 11, 2014 TAB meeting.

3. Resolution 304.13 (Cordelia Excavating) from November 26, 2013 Council Meeting

Koryzno - During the past month, Treasury received communications which indicated that the City no longer wishes to enter into a contract with Cordelia Excavating. City Administrator O’Neal, please provide an update.

O’Neal – This contract in the amount of \$50,000 was previously approved by City Council. The City has received supplemental monies and we no longer need to enter into this contract.

Koryzno - No further action is required on this item.

III. NEW BUSINESS

A. Approval of Resolutions & Ordinances for City Council Meetings

1. Resolutions from Regular City Council meeting of December 18, 2013

Koryzno - Entertain a motion to approve all resolutions from the City Council meeting of December 18, 2013, with the exception of Resolutions #326.13 (Demolition) and Resolution #330.13 (Surplus Property) which are not approved.

a. Discussion - Resolution #326.13 Demolition

O'Neal – This building was placed on the dangerous list. The City cannot find any documentation that an inspection report was submitted to prove this. The process was not followed. The City cannot put a lien on the property unless there is a public hearing. We also do not have a title to this property. Upon inspection, we note there are minor issues with the porch and fascia, but wouldn't have this on the dangerous list.

Bovitz - Who is pushing the demolition?

O'Neal – We aren't sure.

Bovitz -- I recommend that the City start over and follow the proper process then proceed with the demolition.

Van de Grift – Brought to the Boards attention that Resolution #326.13 (Demolition) referenced in the motion is incorrect and should be amended to reference Resolution #327.13 (Demolition)

b. Discussion - Resolution #330.13 (Surplus Property)

Koryzno - The City has resolved to sell a surplus property; however, there was some question of whether the Board would require the property to be appraised. Absent exceptional circumstances, all properties should be appraised prior to sale so that the City can intelligently negotiate and participate in the conveyance.

O'Neal – This is the old Fire Hall. We did bid out the appraisal and only received one response for \$1,000. This is a nonconforming structure. It has been vacant for many years. The City would like to request an exception to require an appraisal of the building due to the amount of the actual value of the building.

Koryzno - Entertain a motion to amend the previous motion to approve all resolutions from the City Council meeting of December 18, 2013, with the exception of Resolutions #327.13 (Demolition) which is NOT APPROVED.

By motion made (Bovitz) and supported (Koryzno), the Board unanimously approved the motion.

2. Resolutions from Regular City Council meeting of January 7, 2014

Koryzno - Entertain a motion to approve all resolutions from the City Council meeting of January 7, 2014.

By motion made (Bovitz) and supported (Koryzno), the Board unanimously approved the motion.

3. Resolutions from Special Council meeting of January 13, 2014

Koryzno - Entertain a motion to approve all resolutions from the Special Council meeting of January 13, 2014.

By motion made (Bovitz) and supported (Koryzno), the Board unanimously approved the motion.

4. Resolution from Regular City Council meeting of January 21, 2014 (Resolution # 024.14 – City Clerk Appointment)

Koryzno - While the City Council meeting of January 21, 2014 is outside the timeframe for this month's Board review, it is important that the City have a City Clerk.

Koryzno - Entertain a motion to approve Resolution #024.14 appointing Dana Hughes as City Clerk.

By motion made (Bovitz) and supported (Koryzno), the Board unanimously approved the motion.

B. Letter from City Administrator dated January 7, 2013

1. Paragraphs 1, 4, 5, and 7 have been addressed above.
2. Paragraph 2 – December, 2013 Budget to Actual financial report

Koryzno - Entertain a motion to approve the December Budget to Actual report.

By motion made (Bovitz) and supported (Koryzno), the Board unanimously approved the motion.

3. Paragraph 3 – Pre approved vendors list

Koryzno - The City has disclosed that several checks were released prior to Board approval. We note that several of these payments did not require additional Board

action, either because of the existing payroll preapproval or because of previous Board approval for the underlying contract. The remaining payments presumably were issued under the “emergency” payment provision which exists in the Board’s preapproval list. Would Administrator O’Neal please explain the circumstances which warranted these payment emergencies?

O’Neal – I made an executive decision to pay the intern. I understand what we need to do as a TAB, but I also think once we have approval we should be able to make the payment. The TAB has to have some faith in the City Administrator to make the payments.

Koryzno – If the Board approves a contract, the City does not require TAB approval again. Emergencies are ok.

O’Neal – I was not aware of that.

Van de Grift – Just for clarification about contracts that previously received TAB approval - there is no small business exception, but there is an exception for emergencies.

4. Paragraph 6 – CGAP Agreement with River Rouge

Koryzno - The Board notes that the City Council resolved to abandon the cost saving consolidation which had been urged by the Board. Mr. O’Neal, does the City Council understand that the City is projected to engage in deficit spending once the U.S. Steel settlement payments cease? Has the City Council proposed some alternate way to reduce expenses?

O’Neal – I don’t know why the City Council rejected the CGAP agreement with River Rouge. I do know there is concern relative to taking away city services that we provide directly to our residents. Also, if the City of Ecorse enters into the CGAP Agreement for collaboration of services with the City of River Rouge, the residents will come to the City wondering if they will get services they expect to get.

Koryzno – Given the alternative of laying off city employees vs. collaboration it may be worth another look instead of laying off employees. Mr. Koryzno reiterated the issue that the \$1M payment from the U.S. Steel settlement is going away next fiscal year and that is a critical issue for the City. He also asked if the City Council is aware that if the City accepts the CGAP agreement that there will be a \$1.5M savings over a five year period for both communities?

Elem – The reason why City Council did not vote for the CGAP agreement is that City Council was not aware of any negotiations of this project until the last minute and we are not interested in giving up any City services. Councilmember Elem also stated that he was not aware of the circumstances relating to the

absence of the \$1M U.S. Steel settlement going away next fiscal year nor was he aware of the savings of \$1.5M over a five-year period for both communities if the City accepts the CGAP agreement. He stated that he would have to have more discussion with the City Council on these two issues.

5. Paragraph 8 – Department of Public Works

Koryzno - The City has proposed purchasing equipment which it currently rents. Mr. O’Neal, please explain why this is a prudent course of action.

O’Neal – The EM was moving in the direction to bring some aspects of the DPW functions back into the City. We have hired employees and we are renting equipment. It isn’t clear if the EM budget called for safety equipment. We need to take a hard look at DPW Services and bring it in line with the City. We don’t want to go “below grade” and we want to hire local people to fill jobs. The total amount is approximately \$30,000.

Koryzno – If you are looking into bringing DPW functions in house, do you have an overall plan?

O’Neal – There is money in Street funds and Water and Sewer funds.

Koryzno – Where is the money coming from? Are we using our DPW funds for emergencies only? I don’t think that is the way to go.

O’Neal – We don’t have an Internal Service Fund.

Koryzno – Entertain a motion to defer this item to the March 11, 2014 TAB agenda for full board discussion that will also include the City’s 5-year budget plan.

By motion made (Bovitz) and supported (Koryzno), the Board unanimously approved the motion.

IV. NON ACTION ITEMS

A. 5-Year Budget – City Administrator Report Out

Koryzno - The City has previously indicated that it will submit its 5-year budget by the March 11, 2014 Board Meeting. Mr. O’Neal, please update the Board on the City’s budget progress.

O’Neal – If we finish the 5-year budget without making any changes, the City will have a deficit going two years out. We don’t have a balanced budget. The only way to have a balanced budget is to cut the Fire Department. We need an implemental approach to what currently exists. In discussion with the department heads, the

General Fund is where our budget problems are. We eliminated property tax revenue. At the end of 5 years, if we don't do anything within the General Fund, we are looking at \$3.5M deficit in the General Fund. The 2010 principal payment for bonds will be due. Right now we are looking at cutting \$500,000 from the General Fund.

Koryzno – If nothing is done, then you will have a deficit that is 1/3 of your total budget?

O'Neal – Yes, the only place to cut is the Fire Department.

V. PUBLIC COMMENT

1. Nathaniel Elem, Ecorse, MI – Requested a clarification on the water tax increase and spoke about the 12 street building. He also stated that he was not aware of the deficit the City is facing.
2. Steve Aynes, Garden City, MI – Spoke of purchases and payments and concern regarding the budget deficit.

VI. ADJOURNMENT

There being no further business the meeting adjourned at 10:20 am.



Angela Dempkowski