SPECIAL MEETING
ROSEVILLE CITY COUNCIL

MANAGER'S CONFERENCE ROOM
29777 GRATIOT AVENUE
ROSEVILLE, MI 48066
(586) 445-5440

TUESDAY, DECEMBER 15, 2009
7 P.M.

ROLL CALL

PRESENT:	Mayor	John Chirkun
	Mayor Pro Tem	Robert Taylor
	Councilpersons	Salvatore Aiuto
		Jan Haggerty
		Frank Maisano
		Colleen McCartney
		Bill Shoemaker
ABSENT:	None	

OTHERS PRESENT:	City Manager	Stephen Truman
	City Attorney	Tim Tomlinson
	City Clerk	Richard Steenland
	Deputy City Clerk	Jennifer Gamarra
	City Controller/ Assistant City Manager	Peter Provenzano
	Assistant City Controller	Jane Lamb
	Consulting Engineer	Roy Rose

Mayor John Chirkun called the meeting to order at 7 p.m.

1. HEARING OF THE PUBLIC

No one from the public wished to be heard.

2. Discussion regarding 2009 Emergency Sectional Cured in Place Pipe Project.

City Manager Stephen Truman introduced Consulting Engineer Roy Rose who explained this program to Council. Mr. Rose discussed the bid and the business operations of the low bidder on this project. Mr. Rose and Mr. Truman answered Council's questions.

COUNCILMAN FRANK MAISANO moved, COUNCILWOMAN COLLEEN MCCARTNEY seconded to excuse Councilman Salvatore Aiuto from the meeting.
MOTION CARRIED UNANIMOUSLY

Councilman Salvatore Aiuto arrived to the meeting at 7:46 p.m.

3. Presentation of 2009 Audit.

City Controller/Assistant City Manager Peter Provenzano introduced Mark Hurst from Plante & Moran who presented the preliminary audit presentation. No adjustments were required as a result of this audit and the City will receive an unqualified opinion from the auditors. Mr. Hurst explained that all municipalities in the State of Michigan are experiencing a decline in property tax revenue because property values are on the decline; this will continue in the next three years. Mr. Hurst stated that back in 2000 the cuts in statutory shared revenue were not anticipated and as a result of these cuts the City has experienced a loss of $2 million.

Mr. Provenzano stated that the audit is the primary responsibility of Jane Lamb and said that she does a wonderful job. He presented the City's financial forecast to Council.

In 2006 the City implemented a turnaround plan to maintain the quality of life for Roseville Residents. The plan included a 5-mil tax increase, wage and benefit concessions and an attrition plan. Since the implementation of the plan the national economy has declined and property values are declining faster than anyone could have anticipated.

Due to declining property values, the millage increase approved in 2006 has eroded resulting in a $1 million loss in property tax revenue for 2009-2010. Mr. Provenzano anticipates a $3-$4 Million loss during 2010-2011 fiscal years and an additional $1-$2 million in 2011-2012.

The City has continued to keep expenses flat and has its workforce by 20 full-time positions City wide. The loss of revenue has resulted in deficits of $1.4 million in the 2008-2009 fiscal year, a projected $4 million in 2009-2010 and a projected $9.6 million in 2010-2011. Mr. Provenzano projected that property taxes will continue to decline in the next two years which will eliminate the positive effects of the City's 2006 turnaround plan; this will, in turn, eliminate the City's entire fund balance. Mr. Provenzano believes that these assumptions are correct due to the City's past history of correct projections.

He explained that the fund balance is similar to a personal savings account and bonding agencies recommend a 10-15% minimum fund balance; for the City this totals $7 million. The 2006 turnaround plan allowed the City to stay above the minimum fund balance; however, if no changes are made to prevent the deficit, the projected deficit for 2011 will deplete the fund balance and the City will be forced into receivership.

Mr. Provenzano described what makes-up the $9.6 million fund deficit forecasted for 2010-2011; $4 million is from the previous year (2009-2010). The City's expenditures will increase by $2.1 million due to inflationary costs and the loss of $3.5 million in property tax revenue.

Even with optimistic assumptions, the revenues will not outpace the City's expenditures. To avoid depleting the fund balance, the City must cut $13 million in expenditures, in two years, out of a $45 million budget. Mr. Provenzano considers any changes made as permanent structural changes because revenues will not return in the near future. Labor and fringe benefits make up the majority of the City's budget with a total payroll of $20 million and $700,000 for non-union employees. The City is burning through cash at a rate of $333,000 monthly; if the City does not act, it will burn through $800,000 in cash every month during the 2010-2011 fiscal years. He stated that the City will have to examine how services are delivered by reducing positions, revisiting union contracts. These structural changes must take place by July 1, 2010.

Mr. Truman encouraged the Council to review this presentation and the projections. He explained that by January he will provide Council with a reduction plan by departmental positions and he will meet with every single City employee. He reviewed the steps Council and the Administration have taken to this point in time to trim the deficit and stated that he would like to get moving with this program to inform the employees of the City's financial situation as soon as possible.

Mr. Truman, Mr. Provenzano and City Attorney Tim Tomlinson answered Council's questions.

Council had no objection to Mr. Truman and Mr. Provenzano presenting this information to the employees. The audit will be formally presented on January 12, 2010.

4. Request closed-door session to discuss Supervisor's Local 1917 negotiations.

COUNCILMAN SALVATORE AIUTO moved, COUNCILMAN FRANK MAISANO seconded to enter into closed-door session, after agenda item number eight, to discuss Supervisor's Local 1917 Negotiations.

ROLL CALL:

COUNCILMAN MAISANO	YES
COUNCILMAN SHOEMAKER	YES
COUNCILWOMAN MCCARTNEY	YES
COUNCILWOMAN HAGGERTY	YES
COUNCILMAN AIUTO	YES
MAYOR PRO TEM TAYLOR	YES
MAYOR CHIRKUN	YES

MOTION CARRIED UNANIMOUSLY

5. OTHER ITEMS FOR DISCUSSION BY CITY MANAGER.

City Manager Stephen Truman asked Consulting Engineer Roy Rose to discuss the needed repairs to the Recreation Center. Mr. Rose explained that originally it appeared that there was an issue with the foundation shifting; however, it is now known that it is a problem with the concrete in the footings. Moisture from the ground is causing the footings to deteriorate and the building is shifting due to this issue. The interior footings are not deteriorating as fast as the exterior footings; all of the exterior footings and a few of the interior footings must be replaced. Mr. Rose described the repairs and answered Council's questions. This item will be placed before Council on the January 12, 2010 agenda.

Mr. Truman explained that an amendment to the Model Water Contract is forthcoming before Council. Mr. Rose discussed the proposed amendments with Council; the proposed amendment will decrease

the rates charged to the City of Roseville. This item will be placed before Council at the next regular meeting.

Mr. Truman stated that he will meet with Council in January about Central Dispatch. Deputy Police Chief James Berlin is actively working on gaining grant monies and the single-source item for the Fire Department will be placed on the next regular agenda.

Mr. Provenzano explained that it is time to renew the City's stop-loss; the stop-loss insurance pays for employees who go over $175,000 in medical insurance coverage. The City will save 6% on the stop-loss rate by raising the deductible to $200,000 which will include prescription coverage. The contract with Cofinity and Automated Benefit Services (ABS) are also up for renewal and the companies have not increased their fees.

6. OTHER ITEMS FOR DISCUSSION BY CITY ATTORNEY.

City Attorney Tim Tomlinson discussed two proposed ordinance amendments pertaining to the animal and gun ordinances.

7. OTHER ITEMS FOR DISCUSSION BY CITY COUNCIL.

Councilman Salvatore Aiuto apologized for arriving late to the meeting.

Mayor John Chirkun thanked Councilman Frank Maisano for attending meetings of the Millennial Mayors Conference on behalf of the City. He also complimented the Police Department for their conduct during recent incidents at Roseville High School.

Leave Special Meeting:	8:55 p.m.
Enter closed-door session:	8:56 p.m.
Leave closed door session:	9:50 p.m.
Return to Special Meeting:	9:51 p.m.

8. ADJOURNMENT.

COUNCILMAN SALVATORE AIUTO moved, COUNCILMAN FRANK MAISANO seconded that the agenda having been acted upon, the meeting is hereby adjourned at 9:52 p.m.
MOTION CARRIED UNANIMOUSLY

Respectfully submitted,
Richard M. Steenland, City Clerk