

## **CITY OF FENTON COUNCIL WORK SESSION PROCEEDINGS**

**Monday, April 1, 2013**

**City Hall Council Chambers**

Mayor Osborn called the meeting to order at 7:30 PM.

Present: Bland, Jacob, King (via telephone), Lockwood, Osborn, Piacentini, Smith.  
Absent: None.  
Others Present: Lynn Markland, City Manager; Cynthia Shane, City Treasurer; Brad Hissong, Zoning Administrator.

**CITIZENS COMMENTS** – None.

### **DISCUSSION ON THE FIVE YEAR FINANCIAL PLAN FOR THE CITY OF FENTON**

RJ Naughton, of Stauder, Barch, and Associates, addressed the Council concerning the City's Five Year Financial Forecast. Naughton stated that the plan was developed by Treasurer Shane and the objective of developing the plan is to project out what changes may need to occur while making budgeting decisions.

Osborn confirmed that the revenue decline shown in FY 2016 and 2017 is shown due to the phasing out of Personal Property Tax.

Naughton explained that the City's finances have shown a surplus generated in the last five years however, if no operational changes are made, the City is showing a deficit in the next four years. Naughton explained that this is due to decreased revenue and increased expenditures and the fact the Personal Property Tax will be phased out and health care costs are projected to increase by 10% per year. Naughton explained that the City's general Fund will be depleted in 2016 and the budget stabilization fund will be depleted in 2017. Shane added that the proposal to phase out Personal Property tax is quite a mess and has still not been voted on yet. Naughton added that the City's share of income tax revenue should increase by 3% per year but increases in staffing could cause for increases in fringe benefits as well. King questioned if the City could bid out healthcare again and Markland explained that it is more complicated than that due to resolving labor contracts in effect.

Bland questioned the proposal of adding two additional Police Officers over the next five years and Shane stated this was just an assumption for the projection. Osborn suggested the possibility of a police millage to support the additional staff. Osborn stated that Personal Property Tax needs to be replaced and Shane stated that there are ideas as to how to do that, however, there are no definitive answers yet. Bland added that this forecast is a worst case scenario. Markland stated that other communities have had success with getting a Headlee override passed. Naughton stated that the City is making very good financial choices because there were deficits projected for the last two years but the City has been able to close with a surplus due to necessary cuts being made. Naughton added that the Five Year Forecast is doing its job because the projections are not permanent but rather an aid in making budgetary decisions.

Naughton stated that the City is required to keep a 20% fund balance. Bland confirmed that the City is receiving the maximum amount of "pass-through" funds from the LDFA and the DDA. Markland added that the City is fortunate to have the DDA. Naughton stated that employee benefits are a concern because they will always increase. Naughton explained that the City should continue to make cuts but should also search out ways to increase revenue. Naughton was positive about the fact that property values have begun to stabilize and added that the City's fund balance increased to 37% even though the property value caused revenue to drop so severely. Markland stated that all of the employees are to be credited for this savings because of the changes made to the employee healthcare program, however, more cuts will probably be needed. Naughton stated that the serious decline will present itself in 2016 and 2017 and the City should consider increasing charter millages or adding specific millages. Bland stated that the City will be in dire straits if this projection comes to fruition. Markland stated that he has discussed this projection with the staff and there is no specific place to come up with cuts this deep again without changing the services that are currently being provided. Markland stated that

the situation is difficult but we are charged with being financially responsible for the City. Lockwood stated that there is so much indecision right now concerning Personal Property Tax and Healthcare and added that these two issues are a major factor for budgeting. King stated that the Council's objective is to continue providing the services that people are accustomed to, however, education is needed for the public on the reality of the City's financial position.

#### **SOFTWARE PURCHASE FOR THE BUILDING AND ZONING DEPARTMENT**

Hissong stated that his version of the BS&A software used throughout the City Departments is outdated and needs to be updated to the .NET platform in order to provide for improved efficiency amongst the staff. Hissong stated that, while this purchase was not budgeted for, he should have funds available in his budget to make the purchase. Bland stated that improved efficiency is desirable and now is the time to purchase the software. Piacentini stated that he is agreeable to the purchase as long as there are funds available for it. Markland added that the Building Department suffered a cut in staffing and this upgrade would greatly help him. Council agreed to address this item at the next meeting.

Lockwood thanked Hissong for the work that his department does and added that they do a great job and have a great attitude when dealing with the residents.

#### **PROPERTY LOCATED AT 603 MAIN STREET**

Markland reviewed that the City has the opportunity to split the property owned at 603 Main Street and sell the land to both adjacent property owners for a cost of \$10,000 per piece. Osborn questioned if this property has to go to public sale. Markland stated that the Council has the right to act in the best interest of the City. Lockwood stated that this situation is a win/win situation and a very good opportunity for the adjacent property owners as well as the City.

#### **COUNCIL MEMBER COMMENTS**

Markland wished Osborn a Happy Birthday. Bland stated that he will be out of town until April 15, 2013. Lockwood stated that she attended the Southern Lakes Parks and recreation meeting and added that there are quite a few details that they need to hammer out concerning their mission statement and goals. Jacob stated that he is happy to hear that the DDA is recommending providing some funds for improvements to the Library.

**CALL TO THE AUDIENCE** – None.

Meeting adjourned at 8:45 PM.

---

Mayor Sue Osborn

---

City Clerk, Jennifer Naismith