

COUNCIL PROCEEDINGS
Special Meeting
Monday, March 30, 2009

CALL TO ORDER: By Mayor Shaughnessy on Monday, March 30, 2009 at 6:02 p.m.

PRESENT: Councilmembers Arnold, Baker, Lewis, Spielmaker, Weissenborn, Mayor Pro-Tem Smith, Mayor Shaughnessy, and City Manager Guetschow

ABSENT: None

The invocation was offered by Mayor Shaughnessy followed by the pledge of allegiance.

APPROVAL OF MINUTES: None

EXCUSE ABSENT MEMBERS: None

PUBLIC COMMENT: None

CHARLOTTE HIGH SCHOOL LIAISON: No Report.

APPROVAL OF AGENDA: Motion by Councilmember Lewis, second by Spielmaker to approve the agenda as presented. Carried. 7 Yeas. 0 Nays.

APPROVAL OF CONSENT AGENDA: None

ITEMS OF BUSINESS:

- A. **Discuss 2009/2010 Budget**
Treasurer/Finance Director Christine Mossner began the discussion with an overview of the proposed budget. Projected fund balance at 6/30/2010 is \$1.5

million, \$1 million of which is unreserved. Total projected expenditures is at \$5.5 million. Salary and benefits represent 62% of that total. That is a 2% decrease from last year. We anticipate ending 2008/2009 with \$162,925 revenues over expenditures, due to the Blue Cross and Blue Shield settlement and the contributions from the Rural Fire Service. We expect a 4% increase in property taxes for 2009/2010 over 2008/2009. Since the library millage, we have given up \$1,573,900 in revenue.

City Manager Guetschow indicated that he believes we have a moderate to high intensity long term budget challenge which will require implementing some or all of the following strategies

- Reduce workforce
- Reduce salaries and benefits
- Raise taxes
- Close facilities
- Eliminate programs
- Sell fixed assets

In addition and more specifically, some of the Budget Policy Choices include:

- Increasing property tax rates
- Increasing utility rates
- Establishing a General Fund fund balance target range
- Types and amounts of capital investments
- Use of debt financing
- Establishing an inflation adjustment or overall spending cap
- Making permanent reductions in staff

The budget presented is a very rough draft. The City Manager has made no major changes to date. City-wide reappraisal is included in the budget, as well as a new fire truck which will be purchased over two budget years. There is a park facility included in the budget in Combs Industrial Park which will be funded separately, with LDFA funds, and will help redirect the emphasis of development from an industrial park to a business park. One priority that is not addressed in the budget is street/road construction. Amy Schoonover, DPW Director, believes to maintain the roads properly, we should spend approximately \$750,000 per year. City Manager Guetschow would like to find \$250,000 this year and \$250,000 next year.

Staff reductions may equal three, one is a current vacancy that will not be filled, one is a possible retirement, and the third will probably be a lay-off.

More budget meetings will be scheduled in the future after the City Managers recommendation is completed, and it is presented to Council.

B. Consider Proposals for Liability Insurance Beginning April 28, 2009

City Manager Guetschow indicated that the City is currently insured through the Michigan Municipal League (MML) until April 28, 2009. He updated Council on what he has learned regarding the Michigan Townships Participating Plan. In addition to Montpelier, the Par Plan does have layers of re-insurers, including Swiss Re to pick up if Montpelier could not cover losses. Representatives from the Par Plan and MML were given the opportunity to speak. City Manager Guetschow indicated that given the new

information that he has, he is more comfortable with the Par Plan than he was when the proposals were first presented.

City Manager Guetschow believes that there is an important gap in our coverage related to Flood Insurance. Staff will continue to research and work on this issue.

Motion by Mayor Pro Tem Smith, second by Lewis to accept the proposal for Property and Liability Insurance from the Michigan Townships Participating Plan in the amount of \$95,499. Carried. 5 Yeas. 2 Nays. (Weissenborn, Baker)

COMMUNICATIONS AND COMMITTEE REPORTS: None

PUBLIC COMMENT: None.

MAYOR AND COUNCIL COMMENTS:

Mayor Shaughnessy reminded Councilmembers that she is taking donations of items to send to Planning Commissioner Scott Cuttle in Iraq. Donations may be dropped off at City Hall.

There being no further business, the meeting was adjourned at 8:21 p.m.

Deb Shaughnessy, Mayor

Michelle M. King, City Clerk