

COUNCIL PROCEEDINGS
Special Meeting
December 7, 2020

CALL TO ORDER: By Mayor Armitage on Monday, December 7, 2020 at 7:07 p.m.

PRESENT: Councilmembers McRae, Baker, Weissenborn, Hoogstra, VanStee, Dyer & Mayor Armitage. All reported their remote meeting location as being in the City of Charlotte, County of Eaton and State of Michigan.

EXCUSE ABSENT MEMBERS: All members were present.

PUBLIC COMMENTS: Assistant Fire Chief Tyger Fullerton addressed the City Council, saying that the fire department has reviewed the report that is being presented tonight and identified errors, including significant numerical errors, and that he would be present at tonight's meeting to talk about those. He said that it would be unfortunate if incorrect information is presented to the public.

SPECIAL PRESENTATIONS: FINAL REPORT – ORGANIZATIONAL ANALYSIS, FISCAL

ASSESSMENT AND RECOMMENDATIONS: James Vaittrano of Vaittrano Consulting, and John Kazcor of Municipal Analytics, introduced themselves and delivered a PowerPoint presentation summarizing and highlighting the final report they prepared for the City of Charlotte, an

organizational analysis, fiscal assessment and associated recommendations.

Reponding to a previous comment made during the Public Comment portion of the meeting, Vaittrano said that any errors or corrections needed should be submitted to him in writing and they could be incorporated into an amended report as necessary.

Vaittrano discussed their research and analysis processes and thanked City staff for its help and cooperation.

Vaittrano noted that there are more than 50 recommendations in the report and said that they should be approached as a whole, because many of the recommendations are depended on one another to work properly. He said the City's approach should be one of setting priorities rather than cherry-picking individual elements of the report.

Vaittrano said a key recommendation is to form an advisory board to work on the study and its implementation.

Vaittrano said that the report identifies many challenges facing the City, but it is not intended as a criticism of previous decision-making. He said that the focus should not be the past, but rather the need to move quickly to get the most positive financial benefits of the recommendations.

Kazcor then presented the fiscal analysis portion of the report.

Kaczor said that the City has suffered big revenue losses since the great recession, and has still not recovered since the peak year of 2010.

Kaczor said that, without changes, the City can expect to continue seeing an unsustainable deficit of approximately \$500,000 per year, and this is a scale of revenue loss that cannot be managed by budget cutting.

Kaczor discussed the City's pension program, saying that while the required contributions are going up, it is still not enough to reach the established funding target, and a more significant solution is needed.

Kaczor presented a general overview of the city's millage rate, debt, fund balance policy, capital planning and central service costs.

Vaittrano then presented the operational analysis portion of the report.

Vaittrano said that the City staff has a high level of technical knowledge and dedication and that the City has been overcoming staffing challenges by relying on several long-term employees who are no longer with the organization. He said the recommendations for staff reorganization are not criticisms, but recommendations for 'shoring up' the administrative office in order to provide the necessary services.

Vaittrano discussed recommendations for building, planning and code enforcement. He also discussed the airport and said there is no 'silver bullet' solution for it.

Vaittrano discussed the fire service, saying that is truly a regional service that extends far beyond City boundaries, and it should be evaluated on that basis. He also said the City needs to look at how the fire department's costs are allocated within the General Fund; and that the City needs to begin its search for a new fire chief as soon as possible. This is due to the current Chief's announced plans for retirement.

Vaittrano further discussed the fire service, saying it could be reorganized as a separate entity under the Fire Authority model and with a dedicated public safety millage. He also said, even as an entity within the City, the Fire Department budget should be separated from the General Fund. A separate accounting for the department could allocate costs more equitably and transparently.

Vaittrano discussed the police service, saying that it has fewer officers per 1,000 persons of population than comparable communities, and is also handling more violent crime and property offenses per officer than the other communities in the study. He said that a shortcoming of the organizational structure is the flat command structure, and that having a mid-level command officer of Lieutenant rank would be preferable, but that it is feasible with the current available funding. It should be looked at in the future, however. He also said that an annual capital spending allocation of \$100,000 for the

department would make budgeting for the department more predictable.

Vaittrano discussed the City's administrative office and its staffing needs. He said the City should look at ending its relationship with its financial service provider and hire a financial director to work in-house. He also presented other ideas for ensuring adequate staffing to meet service provision goals and objectives.

Vaittrano discussed public works, saying that a move to a single service provider for garbage hauling would reduce costs to residents, while increasing the level of service and reducing the amount of truck traffic on City streets. He said the City is spending a lot on tree trimming and this expense could be reduced or capped. He also made recommendations regarding leaf and yard waste hauling, as well as eliminating expenses associated with the recycling center.

Vaittrano and Kaczor discussed the financial recommendations included in the report.

They discussed the goals and objectives they adhered to during the report's preparation and then presented their high-level recommendations.

They focused on a proposed solution to the ongoing pension underfunding. This would include bonding for the next two years of proposed capital spending on public works projects and using the money that would have been spent on those projects to pay into the pension fund.

They concluded their presentation with a comprehensive look at what effect their recommendations could have on the financial health of the City organization over the next 10 years.

Following the presentation, the City Council discussed the report with Vaittrano and Kaczor.

Councilmember McRae asked whether other communities have bonded capital projects in order to shift money to pension obligations. Kaczor said no, not necessarily, but that every City is bound by its circumstances and a strategy that works for one community may not make sense in another. He said that, knowing these capital needs are coming up and could be bonded for made this a sensible strategy for Charlotte.

McRae asked whether the proposed advisory board should tackle Vision 2025, too. Vaittrano said, no, they should be kept separate, as the interest areas do not necessarily overlap.

Councilmember Dyer asked them to explain more about the contract with Rehmann, the financial services provider, and why that should be ended. Dyer said he likes the arrangement. Vaittrano said the recommendation is not just about saving money, but also about having the appropriate staff available to provide the necessary and critical services at City Hall. He said the current staffing levels are so low that there is no one available to provide any back up, or even for basic counter coverage. He said it is also extremely helpful to the staff, manager and City Council to have a finance director in house and available. Mayor Armitage added that reduced staff

capacity is one of the reasons City Hall has not been open during the Coronavirus pandemic.

Dyer asked about whether the report recommendations could be integrated with the City Manager interviews. Vaittrano said that he would make sure all the candidates are aware of the report.

Councilmember Weissenborn asked how the advisory board is envisioned. Vaittrano said that the advisory board was conceived as a having a couple staff and council members, and a handful of citizens – perhaps 8 to 10 people total. He said that they should be tasked with approaching the plan systematically with a focus on the longer-term items. He said, however, that there are urgent items in the report that should not be delayed by the formation of an advisory board.

McRae asked about the timeline and life of the committee. Vaittrano said that it was not addressed, but the committee should be ‘kept around’ for awhile. He said it could transition from an implementation to an accountability committee. He said the initial round of work could be expected to last 12 to 18 months.

Dyer asked what community promotions money could be used for, and specifically referenced CharlotteRising. Kaczor said the uses can be fairly broad, but that it could definitely be used to fund outside organizations such as CharlotteRising and LEAP.

Dyer asked whether the revised building fees are enough. Vaittrano said that he does not know what the revised fees are, and can’t answer the question. He said the City should choose a planning consultant to work with and set the fees based on what they say.

PUBLIC COMMENTS: Mayor Armitage opened the Public Comment portion of the meeting, and reminded participants that this is an opportunity to provide comment, but is not a question and answer session. He said that, depending on the comments received, it might be possible for the consultants to address some of them at the end of the comment period.

Armitage began by reading a comment received via the website from Kris Hulsebos of 1291 E. Clinton Trail:

“This comment is in regards to the Final Report - Management Consulting Services for Organizational Analysis, Fiscal Assessment and Recommendations.

On page 30 of the report, the last paragraph talks about the Fire Department and their work performing building/code services. It states that this service provided by the Fire Department is secondary to their primary duties, RESULTING IN A LOWER THAN DESIRED FIRE SERVICE LEVEL.

What data was used to determine that a LOWER THAN DESIRED FIRE SERVICE was or is provided to the community? Is this an "assumption" made by the consultant or was the consultant provided with specific information that

shows the Fire Department currently provides a lower than desired fire service?

As a current volunteer firefighter for this department of more than 20 years I take this comment personally and would like someone on the City Council to ask the consultant to explain the meaning of this statement.

Thank you."

Assistant Fire Chief Tyger Fullerton said that he appreciated the consultant's comments about errors and omissions in the comparable cities tables being able to be revised. He said that he does not think all the comparisons are fair, especially regarding the number of runs. He said it's important to include the number of medical runs. He said he would look forward to seeing the revisions.

A remote participant identified as CFD17 said that he is a 25 year veteran of the fire department and he does not appreciate some of the verbiage in the report nor the characterization made of the fire department.

He said the report should have been shown to city staff first, so that some of the inaccuracies could be fixed before it is released to the public. He said that he agrees the partnership with the Rural Fire organization saves the city millions. He also said that it is unfair that suggestions of agency consolidation only included the fire department. He wondered why there is no talk of consolidating police or public works departments with other agencies. He said the fire department is being over-scrutinized in comparison.

He said that he is also upset about statements in the City's financial audit regarding Volunteer Fire Department spending and pay. He said that it does not show the full picture of the situation and makes things look incorrect.

He said that he wants an apology and that this was all handled poorly.

Corey Sanders, 516 N. Washington St., said that he has read the report and thinks it is just a way to make the fire department seem like the problem. He said that Charlotte is a city with a lot of poverty and it cannot afford more millages. He said that he does not trust the numbers in the report.

Justin Brummette, 340 High St., introduced himself as the City of Charlotte Planning Commission Chairperson and lifelong Charlotte resident. He said that he understands the fire departments frustration. He discussed street conditions and tree trimming in the City. He said that Charlotte is a Tree City USA and just calling the activity 'tree trimming' does not provide the full picture of the service that is being provided. He said that trees require more care than people realize. He said that the city's recycling center is a challenge to keep open, but that it needs more volunteers and less paid staff. He also said that he does not necessarily agree with the claim that having more waste haulers operating in the City causes more street damage. He said there are other trucks on our roads besides garbage trucks and this proposal would not change that.

Brian Neumann, 507 S. Lincoln St., said that he is a firefighter and EMT. He does not like the idea of removing fire personnel

from the downtown station. He said this would just recreate the same problems that were solved in 2007 with the new Westside Fire Station.

Ron Smith, 742 N. Cochran Ave., said that he is also a firefighter. He said that he understands the proposal is not a recommendation to eliminate the downtown fire station, but it was mentioned. He said the proposal to hire a new fire chief according to this plan would be a waste and would run contrary to the past practices of the department. He said the fire department volunteers need to be the lead on any new chief hiring and the City should wait to receive their recommendation before proceeding with any other plan.

Zach Story, 404 Warren St., said that he read the report and that other people should read it cautiously. There are some good suggestions in it, like bonding for capital needs and putting the money saved toward pensions. He said the City should proceed slowly.

Jesse Emery, 326 S. Lincoln St., introduced himself as a lifelong Charlotte resident. He said that he did not understand how making the fire department a separate entity would save any money. He said that if he is already paying for fire service through his taxes, and those funds were shifted to a separate entity, he would expect the remaining taxes he pays to the City to be reduced. He asked whether the City intends to keep those funds and use them for something else. He said that he does not like the single hauler trash solution either. He said he does not want the trash bill to become like the water bill where there is

only one choice and no alternative. Competition keeps costs down.

Following Public Comment Mayor Armitage said that he did want to address a few of the concerns raised, and that much more discussion would be coming. He pointed out there are 50 recommendations in the plan and they will have to be studied. He said that he knows that tax increases are not popular, but that the study was needed to better understand the City's needs and options. He said that he thinks many of them are worth looking at, like the trash hauler suggestion. He said that none of them should be immediately addressed. He also said that the City's annual audit was presented the way that it was because it is an analysis of the previous fiscal year, and that is the time when the fire department issue was identified as a problem. He understands that steps have already been taken to address it.

Vaittrano said that there is not a recommendation in the report to close the downtown fire station. He said there is not enough data to make a recommendation on that. He also said the trash hauler suggestion is exactly the kind of thing that an advisory board could dig in to. He also said that, regarding the need for a hiring process for a new fire chief, that there is nothing in the Rural Fire Association agreement or the City Charter that would dictate the order of the hiring processes.

Kaczor said the reaction of those who publicly commented reflects the difficulty that City's face when trying to balance service expectations with funding availability. He said that the City has made serious cuts over the past 10 years and there is nothing left to cut. He said the structural deficit is

unsustainable and must be eliminated, and that the City has to further address those needs and obligations that require significant funding, such as street repair and pensions, along with a desire for enhances services, such as code enforcement. He also said the proposal to move the fire department out of the City organization is simply a reflection of the reality that it is a regional entity and its true costs are not known. He said the City must come to terms with the loss of revenue over the past 10 years and take steps to rectify the problem.

Mayor Armitage spoke about some of the City Council's upcoming meeting dates and topics.

ADJOURNMENT: Councilmember Dyer moved, supported by Councilmember VanStee to adjourn the meeting at p.m9:20. Carried. 7 Yes. 0 No. 0 Absent.