

**CITY OF WIXOM
49045 PONTIAC TRAIL
REGULAR CITY COUNCIL MEETING MINUTES
TUESDAY, DECEMBER 13, 2016**

Mayor Hinkley called the meeting to order at 7:00 p.m. at which time the Pledge of Allegiance was recited.

Present:

Mayor: K. Hinkley
Deputy Mayor: R. Ziegler
Councilmembers: P. Beagle
K. Gottschall
N. Kennedy
T. Rzeknik
R. Smiley

AGENDA CHANGES:

Councilmember Gottschall requested the addition of New Business #8 - Building Department Discussion, which moved the Request to Convene a Closed Session to New Business #9.

PRESENTATIONS:

1.) Transmittal of an Approved Request from Director of Public Safety and Chief of Police Charles Yon to Appoint Aaron Breneman as a Wixom Police Officer

Director of Public Safety and Police Chief Charles Yon stated that Aaron Breneman was born and raised in Pinckney, Michigan where he lived until leaving for college. He attended Olivet College and obtained his bachelor's degree in criminal justice while playing football for the school. Aaron then attended and graduated from the Washtenaw Community College Police Academy. He worked for the Huron Clinton Metroparks Police Department as a road patrol officer for two years. He now lives in the City of Wixom and wants to further his police career with the Wixom Police Department. Aaron believes that through community policing, he can help Wixom remain a safe and enjoyable place to live. He is grateful for the opportunity to work for the Wixom Police Department and serve the citizens of Wixom.

Director of Public Safety and Police Chief Yon introduced Officer Breneman's mother and father, Cindy and Jay Breneman, and his fiancée, Samantha Hunt.

Officer Breneman reaffirmed his Oath of Office.

Council recessed at 7:07 p.m. and reconvened at 7:25 p.m.

2.) Report and Presentation of the Findings of a Comparative Analysis by Rahmberg Stover and Associates Examining and Comparing the Costs of Building Department Services Currently Provided by SAFEbuilt and those that could be provided by "In-House" Employees

Mr. Goodlein introduced Jeffrey Rahmberg from Rahmberg Stover and Associates who was assigned the task of examining and comparing the costs of Building

Department Services currently provided by SAFEbuilt and those that could be provided by in-house employees. Earlier in the year, the Council had expressed interest in having this analysis done. He then indicated that he would have additional comments for Council during the New Business discussion of this same topic.

Mr. Rahmberg stated that the City currently contracts with SAFEbuilt to provide various Building Department services. They are compensated for 65% of the City's fees plus their hourly rates for selected tasks, such as revision to approved plans, code enforcement, existing permit inspections and existing plan reviews. The three year average of the total revenue for the Building Department services was \$557,675 while the three year average of the amount paid to SAFEbuilt was \$362,489.

Mayor Hinkley asked if he had any numbers prior to contracting with SAFEbuilt and Mr. Rahmberg replied no. He just had information from the last three years.

Mr. Rahmberg said he was asked to conduct a cost analysis if we brought the services back in-house. He said they came up with two staffing options. The first was to hire a building official as well as a building inspector/code enforcement officer both full time. The second option would be to hire a full time building official, but the building inspector/code enforcement officer would be part time. He said they didn't know if we would need them both full time or one full time and one part time.

One of the first things they did was go through the analysis of the market. They reviewed what it would cost today if we hired these two positions full time. Based on a large survey of communities in southeast Michigan, he found the salary of the building official to be around \$65,000 and the salary of the building inspector/code enforcement officer to be around \$55,000. Those are middle of the market numbers. They added on other costs like health insurance, retirement, etc., which showed the building official at a cost of around \$100,909 and the building inspector/code enforcement officer at a cost of around \$88,877.

Mayor Hinkley asked him to name a city that would have been included in his comparison. Mr. Rahmberg said that the cities included were all located in southeast Michigan and were roughly the same population as the City of Wixom.

Mr. Rahmberg explained that the second option included the full time building official at a total cost of approximately \$100,909 and a part time building inspector/code enforcement officer at a total cost of approximately \$29,874.

He stated that there would be additional outside contractor costs if this comes back in-house. Those costs would include the electrical, mechanical and plumbing inspections at around \$74,981 for the last three year average. Also, the City would incur additional non-payroll costs, such as memberships in different associations, vehicle maintenance, cell phones, iPads, etc., of approximately \$12,000 annually.

Based upon the retention of revenue and the additional costs incurred with bringing the Building Department services in-house, the City would save about \$362,000

with Option A and the additional cost would net us about \$85,000. With Option B, our savings go up to \$144,000. These numbers are based off of the three year average of how much activity has been going on and what the payments have been to SAFEbuilt. If we looked at the more current level of activity, we would be talking about retaining almost \$500,000 in revenue and the savings would be \$221,000 per year, or \$280,000 depending on the staffing option being A or B. Obviously, it is the level of activity that has a lot to do with what the savings are, which is probably why some years ago, the City decided to go outside for these services. Things have changed today and these numbers bring up an interesting point. If they are going to stay at this level for some time, the City might be well-served to consider returning to that in-house model where City staff provides those services.

Councilmember Rzeznik asked what year we started the contract with SAFEbuilt and Mr. Goodlein replied that it was in 2013.

Councilmember Gottschall wondered how many hours per week of code enforcement were included in the current contract. Mr. Goodlein believed it was 50 hours per year. Councilmember Gottschall clarified that part time on this contract would be substantially more per month. Mr. Goodlein said that the code enforcement aspect of the duties and responsibilities of the Building Department are low. We don't get that many complaints that expend a bunch of hours relative to those types of activities. The person who performs those duties actually assists with plan reviews and general inspections. Councilmember Gottschall asked if it would be similar or better than what we have now hours-wise if we were to go with Option B. Mr. Goodlein said that we have to remember that person would perform both code enforcement and inspections. It would depend on the level of development and how much building is going on to determine the number of hours needed.

Councilmember Gottschall asked if Mr. Goodlein had an opportunity to check into the built-in cost we have now within the Department. Mr. Goodlein said that he knew this item had been moved to New Business for a general discussion and he had some general comments concerning that for everybody at that time. Councilmember Gottschall then asked if we were using four iPads now or if that was what Mr. Rahmberg found in his survey. Mr. Rahmberg said that was a number the City arrived at.

Mayor Hinkley said he was trying to do the math. The amount paid to SAFEbuilt on a three year average was \$362,489. Mr. Rahmberg clarified that was what we pay SAFEbuilt today that we wouldn't pay tomorrow if we brought these services in-house. Mayor Hinkley said we paid them \$362,489 on an average, which represents 65 cents of every dollar. He wondered about the correlation. Mr. Rahmberg explained that there would be a savings, but there would also be additional costs. The ultimate savings is not \$362,000 because we have to hire staff and we would have to use outside contractors. There are also payroll costs and non-payroll costs. The net savings becomes \$85,000 under Option A and \$144,000 under Option B using the three year average of activity and what we paid SAFEbuilt. He said that the staffing level would have to be determined (would it work with two full time or one full time and one part time). He thought there was

money there to be saved. Mayor Hinkley asked if he could help us in finding people. Mr. Rahmberg said he could probably point us in the right direction.

3.) Presentation of Fiscal Year 2015-2016 City of Wixom Financial Audit

Ms. Stamper introduced Mr. Joe Heffernan and Ms. Nicolette Acho from Plante Moran to do the presentation of the audit. She also introduced Doug Bohrer and Nicole Walters.

Mr. Heffernan started by saying he was hoping to slow himself down next year and ease into retirement during the middle of 2017. Mr. Bohrer was here to help him start slowing down. Probably after July 1st he will be down to one or two days a week.

Mr. Heffernan commented that the audit was a good result. He explained that as part of the audit, the financial statements are the work product of the Finance Department, the day-to-day general ledger and accounting records that they keep. When the auditors come in, they do two things to those accounting records. First they look at the internal controls that affect the financial reporting so we know whether the financial systems are reliable. Based on what they find there, they decide to select a sample of the balances and transactions. They look at the things that have a higher risk or higher estimation involved so they can give an opinion that the numbers are fairly stated and presented appropriately according to the Governmental Accounting Standards Board rules. He said their opinion is that yes, they are reliable and they are fairly stated and presented appropriately in the financial statements.

There are two work products that he will present tonight. First they have taken the financial statement and tried to condense five or six graphs to show how we are doing on a short-term and a long-term basis. Second, they have a letter of comments and observations that go along with the audit.

Ms. Acho reviewed the General Fund Revenue Trends including Budget Stabilization. This included the property taxes, state shared revenue and grants, building permits, charges for services, cable franchise fee and all other revenue. The second graph showed a five year trend of General Fund Expenditures, which included general government, public safety, public works, recreation and culture, transfers out, OPEB contributions to MERS, and other. The third graph showed the Unrestricted Fund Balance Trends compared to revenue and expense for the last five years. This does include the \$3.7 million of committed Fund Balance in the Budget Stabilization Fund. The next graph shows the Fund Balance Trends of all the Governmental Funds. The Unrestricted Fund Balance has been steadily increasing since 2013, putting the City in a pretty strong financial position. She then reviewed the Water Fund and Sewer Fund Results of Operations. The Sewer fund is in good financial position; however, we know that the replacement costs will be expensive and we have the capital resources when that is needed.

Mr. Bohrer explained that the letter to the Council is really the backend of the communication that happens on the audit. The letter was broken down into three

sections. There was a section on Internal Control, a section on Required Communications and a section on Recommendations.

He said that they identified one issue with the Internal Control and that was with the segregation of duties. The role of the Finance Director has full administrative access to the IT system but also manages a lot of the accounting affairs like bank transfers and day-to-day general entries. One way to segregate these duties is to move the administrative access to the IT Director. Also, wire transfers could be split by one person initiating it and the second person approving it.

Mayor Hinkley asked if that was ever different than what it is now. Mr. Heffernan replied no, but this is a new thing that the American Institute of CPAs instituted. They thought they would give auditors more guidance on looking at the ability to do wire transfers and other online banking transactions. With entities using more of the internet online access to do online banking, AICPA has given them more tools of what to look at and the banks have started offering more things to help.

Mr. Bohrer reviewed the Required Communications that was found on Page 3 of the auditor's letter. If there are any changes in accounting policies or newly adopted policies, we need to communicate those in the letter. The City did adopt GASB 72 which relates to investments and disclosure associated with those investments. It didn't have a material impact on the statements, but some of the investments that were formally recorded under an amortized cost are now recorded at fair value. The second item he wanted to point out was in regard to accounting estimates. A lot of time people think financial statements are exact but there are some estimates involved in those. When there are sensitive or significant estimates, they need to report those to Council. The major estimates are around the pension liability as well as the OPEB liability. Those do involve actuarial valuations. There are assumptions that are underlying those actuarial valuations and that is something that is a little more sensitive.

Page 5 of the letter contained their recommendations regarding the audit. He knew that the City put together a five-year forecast and a ten-year capital forecast and he thought that was the best practice. He encouraged the City to continue to do that going forward even with the additional (up to) 3.5 mills. There may be some years where we are up and some years where we are down with respect to that millage. Using the five-year forecast helps. It is kind of like a multi-year budget. Having that forecast in place allows us to take a look a few years out because that may impact decisions we are making in this year's budget as we are adopting it.

Mr. Bohrer stated that there is a new accounting standard that is coming out that will affect us in 2018. Similar to the pension liability where the full amount of that liability is recorded on the statements, the OPEB liability will also be on those statements. Governmental accounting is getting much closer to commercial accounting, which has always recorded those full liabilities on the balance sheet. He said that when they look at some of their other communities, this is a much bigger issue. When that full OPEB liability goes on the balance sheet in some instances, it is going to drive that unrestricted balance to a negative number. The fact that Wixom has managed those costs and the outstanding liability is not as

large, it will not dramatically impact the unrestricted position on a government-wide basis.

Lastly, he said that they are seeing a number of communities now get approached by attorneys with respect to administrative charges to other funds. There have been several lawsuits around that same topic. He reminded the Council that we do have activities within the General Fund that impact other funds within the City. There are benefits to those other funds, so having an administrative charge makes sense. This is a reminder to make sure we are looking at the underlying methodology on how those costs get allocated to those other funds. This is starting to get challenged by outside parties.

Mr. Heffernan thought this was really good news. The City of Wixom is in a strong financial position. We have to watch the Water Fund but he thought we already knew that. The internal controls are quite good. The only item they have for improving is the segregation of duties, which he thought was a relatively low cost thing to do.

Councilmember Rzeznik said that in regard to the Retirees Insurance Fund, we are currently 53.1% funded with the estimated accrued liability and the current actuarial data we have. The auditors had said we are slightly better than a lot of the Oakland County communities. This is the one factor that drove a lot of municipalities to bankruptcy and deep financial problems during our downturn back in 2008 and 2009. Mr. Heffernan thought it was a combination of pension and OPEB both. Councilmember Rzeznik said we are at 57.7% on the pension side. He wondered if there was a way to say Wixom is a lot better than some communities. He thought some communities were still zero pay-as-you-go. Mr. Heffernan said that for retiree health care, the majority of communities are zero funded in Michigan. It hurts him to say that, but that is a true statement. He knew a goal of Council's was to improve that as he has attended many of the budget sessions. The absolute dollar amount of that is much better than most communities. Most communities, with just the pension there, have significant negative unrestricted and many times a negative total net position. He is aware of very few communities that when you add in retiree health care the total net position is still positive. He'd like the percentages to get higher, but the absolute amount of those unfunded liabilities are not going to swamp our budget. It will impact the budget, but he didn't think it would swamp the budget. He didn't want to say don't worry about it. The pension costs are going to be going higher because of what MERS is doing.

Councilmember Rzeznik wondered if those unfunded liabilities now showing on the balance sheet would have an impact on our bond rating. Mr. Heffernan answered that it would not because the three bond rating agencies have always been well aware of that. It has been in the footnotes. The pension liability has been there forever, even though it wasn't on the balance sheet until a year ago. It was still disclosed in the notes. The retiree health care was actually not even disclosed in the notes until 2004 or 2005 and that had a slight impact for some because the rating agencies knew a liability was out there but they didn't know the specifics. Moving it from the footnotes to the balance sheet should not have an impact on the City's ratings, but it clearly gives us a better measure of what is our net position. If

that total net position is positive, that means the rate payers, the residents, have in fact paid the full cost of services. It is positive for Wixom.

Councilmember Gottschall asked what the outside attorneys who were approaching cities were trying to accomplish with the administrative charges. Mr. Heffernan explained that a law firm went after three communities two years ago and those three settled. Those three communities were the ones with the worse set of facts. Starting one year ago, this firm began lawsuits against seven additional communities alleging slightly different facts. The one allegation that has been in each of those seven lawsuits was the municipality charging something from the general fund to the water sewer fund and they thought they should charge zero. Therefore, that is an overcharge and the municipality should pay it. That is the allegation. There is no basis for the charge, which is inappropriate. They have not won on that basis yet. The appropriate defense for that is there is a basis. We have looked at it and this is the calculation that was done. If there is a basis and it is in writing, that puts the municipality in a much stronger position if someone tries to make an allegation. Councilmember Gottschall thought the moral of the story was if we don't already have a chart of what happens in each department and how it affects another fund, then it would be a good idea to put something like that together.

Mr. Heffernan thanked the Council for their attention and said they appreciate being our auditors.

MINUTES:

CM-12-204-16: Moved and seconded by Councilmembers Smiley and Kennedy to approve the Regular City Council meeting minutes of November 22, 2016.

Vote:

Motion Carried

CORRESPONDENCE:

1.) Transmittal of Memorandum Concerning Emergency Repairs to Police Station's Heating, Ventilation, and Air-Conditioning (HVAC) Unit

CALL TO THE PUBLIC:

There were no comments at this time.

CITY MANAGER REPORTS:

1.) Fire Monthly Report - October 2016

Councilmember Gottschall questioned the jump in hazardous condition on this report. Chief Roberts replied that in October, there were four calls for hazardous condition. This category isn't outlined in the other categories. There isn't one specific reason for the increase. Councilmember Gottschall wondered if it was faulty alarms or something where we could do more inspections and cut down on runs. Chief Roberts said that it could be a vehicle leaking fuel.

2.) Police Monthly Report – October 2016

There were no comments regarding this report.

3.) Finance Department Monthly Budget & Quarterly Investment Report – June 30, 2016

Mayor Hinkley noted that he spent quite a bit of time reading this report because he was anxious to see where we ended up at the end of June and what the last quarter looked like. The report was very detailed and he said he appreciated the severity and due diligence of Ms. Stamper's report.

CONSENT AGENDA:

CM-12-205-16: Moved and seconded made by Deputy Mayor Ziegler and Councilmember Beagle to approve the Consent Agenda as presented which included:

- 1.) Approval to receive and file:
 - a.) Library Board Minutes of October 24, 2016
 - b.) Planning Commission Minutes of October 24, 2016
 - c.) Planning Commission Minutes of November 2, 2016
 - d.) Planning Commission Minutes of November 21, 2016

Vote:

Motion Carried

UNFINISHED BUSINESS: (None)

NEW BUSINESS:

1.) Recommendation to review the Fiscal Year 2015-2016 Financial Audit and Authorization to Accept and File

CM-12-206-16: Moved and seconded made by Councilmembers Gottschall and Rzeznik to accept and file the Fiscal Year 2015-2016 Financial Audit.

Councilmember Gottschall asked if the segregation of duties had been looked into as it was mentioned in the past audits as well. Mrs. Stamper said the segregation of duties had already taken place with the IT Department as they were now creating new users within the accounting software. The Deputy Treasurer would now be added to the roster of being able to perform wire transfers. This had always just been the City Manager and Finance Director. The segregation of duties would be rectified within the next few months.

Councilmember Rzeznik thought some of the email phishing schemes were getting clever in finding out who requested and initiated the email wire transfers. You really needed to be cautious and work with the IT Department to avoid becoming a victim to this scheme. He explained how his company had four fobs and they rotated between who initiated and who approved the transfers.

Deputy Mayor Ziegler said he was proud of the work that was completed by the Finance Department as it was evident in the good report they received.

Vote:

Motion Carried

2.) Consideration of the Introduction of an Amendatory Ordinance to the City of Wixom Code of Ordinances, Title 12, "Streets, Sidewalks and Public Places," Chapter 12.12, "City Park and Recreation Area Use Regulations," Section 12.12.070, "Firearms, Weapons, Tools" to Comply with Recent Amendments to State Law Regarding the Regulation of Pistols and Other Firearms

CM-12-207-16: Moved and seconded made by Councilmembers Beagle and Smiley for the consideration of the Introduction of an Amendatory Ordinance to the City of Wixom Code of Ordinances, Title 12, "Streets, Sidewalks and Public Places," Chapter 12.12, "City Park and Recreation Area Use Regulations," Section 12.12.070, "Firearms, Weapons, Tools" to Comply with Recent Amendments to State Law Regarding the Regulation of Pistols and Other Firearms

Councilmember Beagle wondered if there was any way they could give a better description other than any burglar tools. For example, if a handyman entered the park to play softball with a screwdriver, crowbar, and hammer in his toolbox, he would be breaking the law.

Chief Yon clarified the burglar tools were tools specifically used during a burglary. Simply being in possession of a crowbar was not a crime. This amendment would be making the City in compliance with the law.

Mr. Goodlein said the way the burglary tool definition was crafted was due to case law decisions made by judges relative to issues that came before the court for consideration as a result of challenges to convictions involving defendants.

Mayor Hinkley gave an example of a young boy that entered the park with a sling shot to play a game of shoot the marbles in the dirt with his friends. Mayor Hinkley asked under the current Ordinance if it was illegal. Chief Yon said with the City Ordinance currently written it would be. Mayor Hinkley wondered if the amended Ordinance would make it legal. Mr. Goodlein said the Ordinance as it was written states that you cannot have in your possession, in any park, any burglary tool, sling shot or weapon in which the propelling force was a string. That was stated in the old Ordinance and in the new Ordinance. The difference between the two Ordinances was that the Ordinance that was currently in effect for which this amendment would change said you could not take a firearm or any nomadic gun into a City park or recreation area; therefore, the Ordinance needed to be amended so it did not conflict with State law. Mayor Hinkley simplified his question and asked with the amended Ordinance if you could carry a firearm into a park. Mr. Goodlein said yes but that you could not hunt. Mr. Goodlein said that you cannot regulate the possession of a firearm but you could regulate the discharge of a firearm. Mayor Hinkley understood.

Vote:

Motion Carried

3.) Consideration of an Agreement between the City of Wixom and the Charter Township of Commerce for an Emergency Connection to Public Water

CM-12-208-16: Moved and seconded made by Deputy Mayor Ziegler and Councilmember Beagle for the consideration of an Agreement between the City of Wixom and the Charter Township of Commerce for an Emergency Connection to Public Water.

Vote:

Motion Carried

4.) Recommendation to Award the 2016 Charms Road Culvert Repair to Inland Waters Pollution Control, Inc. of Detroit, Michigan, in the Amount of \$62,644

CM-12-209-16: Moved and seconded made by Councilmembers Rzeznik and Beagle to award the 2016 Charms Road Culvert Repair to Inland Waters Pollution Control, Inc. of Detroit, Michigan, in the amount of \$62,644.

Councilmember Gottschall asked if they fully replaced this or were just lining it. Mr. Sikma said they were lining it as it would have a structural base to which it would maintain the integrity of its design.

Mayor Hinkley thought it was safe to assume the cost of the permit to completely replace it would have cost more money. He knew that sometimes the repair could cost more than the replacement. Jon Booth said the permit itself would have been the same cost but the fix would have been quite a bit more money. He said to remove and replace the culvert was twice as much as opposed to lining it. Mayor Hinkley wondered if the insert would fail over time and then collapse. Mr. Booth said what failed at this location was carotid metal pipes that rusted out. The method they would use was to spray the liner so it would receive full construal capacity with equal hydraulic capacity.

Vote:

Motion Carried

5.) Recommendation to Award the Wixom-Wire House Repair Bid to the Low and Qualified Bidder, In-Line Construction, of Warren, Michigan, in the Amount of \$44,054

CM-12-210-16: Moved and seconded made by Councilmembers Rzeznik and Smiley to award the Wixom-Wire House Repair Bid to the low and qualified bidder, In-Line Construction, of Warren, Michigan, in the amount of \$44,054.

Councilmember Gottschall noted that he liked that it was the low bid; however, he felt the bid was so low compared to the others. He wondered if maybe they missed something in their quote. Ms. Magee said that all the companies attended the pre-bid meeting at the Wire House. In-Line Construction spent a lot of time and looked at the foundation and proved to be very thorough. They were the same company that did Phase 1 and 2 of the Gibson House. They proved to be very reliable. According to the architect, any bids like this were going to be all over the map and it just depended on who needed the work.

Councilmember Rzeznik pointed out that In-Line Construction had a lot of experience with these types of foundations. The foundations in the 1800s were

built with limestone and a lot of companies may not have a lot of experience with stone foundations.

Vote:

Motion Carried

6.) Consideration of a Contract with Trivium Racing, Inc. for Timing Services Associated with a 5K and 10K Race at a New DDA-Hosted Event Called "Wixom Derby Day" Scheduled for May 6, 2017

CM-12-211-16: Moved and seconded made by Deputy Mayor Ziegler and Councilmember Beagle for the consideration of a Contract with Trivium Racing, Inc. for Timing Services Associated with a 5K and 10K Race at a New DDA-Hosted Event Called "Wixom Derby Day" Scheduled for May 6, 2017.

Councilmember Smiley said he called Mr. Goodlein and asked if the costs would be covered by the runner, sponsors, etc. He explained things to him but he hoped that the rest of Council could be informed as well. Ms. Barker said that DDA events were new and it has always been said the City should not spend money for DDA events. She believed the fees would all be covered by sponsorships. She said that before they could get sponsorships for something they didn't have, they needed to secure the Timing Company. She noted that for the Block Party they had raised \$2,900 and only spent \$2,650. They would use the surplus for the Block Party next year and hoped that was exactly how this event would work.

Councilmember Rzeznik thought it was great to see these new programs kicking off from the DDA.

Vote:

Motion Carried

7.) Request for City Council Resolutions Recommending the Issuance of Special Liquor License Applications from the City of Wixom for the Wixom Community Center, located at 49015 Pontiac Trail, on March 19, 2017 and March 31, 2017, and Sibley Square Park, located at 48900 Pontiac Trail, on June 29, 2017; July 20, 2017; August 10, 2017; and December 1 & 2, 2017

CM-12-212-16: Moved and seconded made by Councilmembers Gottschall and Beagle for the request for City Council Resolutions Recommending the Issuance of Special Liquor License Applications from the City of Wixom for the Wixom Community Center, located at 49015 Pontiac Trail, on March 19, 2017 and March 31, 2017, and Sibley Square Park, located at 48900 Pontiac Trail, on June 29, 2017; July 20, 2017; August 10, 2017; and December 1 & 2, 2017.

Vote:

Motion Carried

8.) Discussion of the Rahmberg Stover and Associates Examining and Comparing the Costs of Building Department Services Currently Provided by SAFEbuilt and those that could be Provided by "In-House" Employees

Mr. Goodlein thanked Mr. Rahmberg for the comprehensive analysis of what the costs would be for an in-house operation. He suggested the City Council could defer an in-depth discussion of this matter until he had the opportunity to deliver a document received today from SAFEbuilt concerning matters of disagreement they had with Mr. Rahmberg's report. In addition, the Finance Department, Mrs. Gallo and the City Manager's office were in the process of finishing an analysis with valuable information. He explained how they were doing a comparison based upon numbers from 2005-2013. They went back and pulled the data of what the cost was of providing in-house building officials and inspectors during that period of time and added to it the cost that they paid when they outsourced some of the plan reviews. The importance of that was the services provided by SAFEbuilt include plan review. They want to go back and look at permit categories from which SAFEbuilt derive their fees. Say for the sake of comparison purposes from 2005-2013, if the City had SAFEbuilt, based upon the percentage of revenue they received from the permit categories from which they get paid today, what would the City have paid them in those years. Once they gather that information, they would present Council with a report. For example, in 2005, if the City had SAFEbuilt, it would have cost this much and the in-house services cost this much, etc. He thought a report of such nature would offer another perspective when they tried to evaluate what course of action would be taken. If it was Council's desire to discuss this at the next meeting, he thought that information could be available.

Councilmember Gottschall asked if the next meeting agenda was short or long. Mr. Goodlein believed the next agenda would be short. Councilmember Gottschall thought he would table this discussion to the first meeting in January.

Councilmember Rzeznik was going to recommend coming back to Council after they looked at the data Mr. Goodlein described. He said that he was on City Council when they made the decision to out-source. He thought the apples-to-apples comparison data would be excellent data going back to 2005 when there was little building activity going on. He noted that plan review turnaround time was critical to getting the business open for operation. He thought if there was a way to somehow tie-in plan review turnaround time into the analysis of what it was before to what it was now would be a very important factor. Mr. Goodlein agreed and thought it should be noted that under the current model there was no supervisor in that Department. The staff in that Department is supervised by the City Manager's office and perhaps they may not be the best organizational level to supervise staff but that method has worked successfully. He attributed that to the two employees in that Department because they worked so well, were knowledgeable, and worked for the City for such a long time. He felt those employees needed very little supervision. He felt that they did an excellent job and were glad they worked here. He felt it was important to note that any type of revenue that came to the City could only be used to offset costs, and that State law prohibited any municipality from operating or receiving revenue which provided profit to the municipality. As long as the revenue that came to the City would off-set those types of expenditures for the provision of those services, there would not be a problem. If they were to reach a time when that revenue exceeded the expenditures for a significant period of time, it would be problematic. They still had a deficit in the Building Department of \$1.5 million from 2000-2016. They felt confident that no revenue from that Department would offset the expenses to a degree where they had to be worried in

the near future. Councilmember Rzeznik thought it should be kept in the forefront that the City was a One-Stop Ready community and that nothing they do should jeopardize the ability to turn things around quickly. Mr. Goodlein agreed.

Deputy Mayor Ziegler thought the report should not only include the graph or charts of going back in time but should have a narrative of the situation the City was in when they made the decision to contract outside. Mr. Goodlein concurred as that would frame the issue and realization of this type of a decision helped communities during lean times. Deputy Mayor Ziegler said certainly at the time they made the decision to outsource they were looking for anything they could do to bring costs down. There is a certain amount of pressure on public employers these days to avoid hiring people for fear of legacy costs and those things certainly enter in the decision.

Councilmember Kennedy thought it should be noted that SAFEbuilt digitized all the old records and brought in a new system. He thought it would be very difficult to compare apples-to-apples from 2005 because of the types of things SAFEbuilt introduced. Mr. Goodlein said things of that nature become some of the intangibles or unmeasurable types of things. Council may take value in each of those items based upon the evaluation and experience as that may help in making a decision.

CM-12-213-16: Moved and seconded made by Councilmembers Gottschall and Kennedy to table the discussion of the Building Department Services to the first regular meeting in January, 2017.

Vote:

Motion Carried

9.) Recommendation and Request to Convene a Closed Session of the City Council in accordance with the Open Meetings Act, after "Council Comments" for the Purpose of Discussing Attorney-Client Privileged Communication Pursuant to and Authorized by MCL 15.268(h)

CM-12-214-16: Moved and seconded made by Councilmembers Beagle and Smiley to approve to convene a Closed Session of the City Council in accordance with the Open Meetings Act, after "Council Comments" for the Purpose of Discussing Attorney-Client Privileged Communication Pursuant to and Authorized by MCL 15.268(h).

ROLL CALL VOTE: (7) AYES – Gottschall, Kennedy, Smiley, Beagle, Hinkley, Rzeznik, Ziegler
(0) NAYS

Motion Carried

CALL TO THE PUBLIC:

Edwin Jones, 2184 Maple North Trail, said that three years ago in February he attended a Council meeting pleading the case for the Novi Community Band to continue to play concerts during the City's summer concert series. At that time, Council already voted in another band contract for three years so the Novi Community Band would not be playing; although, the Mayor recommended they be worked into the schedule. He tried to get on top of things early this year and asked

when the next contract would be open for bid and found that it was pushed to November and was now closed. He wondered why there was not a diversification in the summer concert series. He was told that Wixom did not want that type of music. He noted how he attended a brass concert in Milford last year at a venue that held over 2,000 people and the concert was packed. He did not believe the music had to be loud distorted rock and roll. In addition, he commented that he was very disappointed when he learned that some of the videos they had in the Wixom Library were able to be checked out by children. These were videos that you would not even show to your wives. He was shocked to find out there was no restrictions on an age limit when checking out pornography. He commented that when he was a poor college student, he never had a subscription to Playboy and hoped the library would stock the magazine. He commented how he and the Wixom Singers performed at the Holiday Markt event. He said how he wanted to decline the invitation to perform but was told they would cancel the Wixom Singer Program he organized so he went along with it. At the event, he was told to sing "We Wish You A Merry Christmas" and finish with no argument. He thought someone should apologize to the ladies that were in the singing group as it was very disrespectful.

Mayor Hinkley asked how many people were in the Novi Band. Mr. Jones said 40-60 people. Mayor Hinkley assumed that the band members' families often showed up when the band played. Mr. Jones agreed. Mayor Hinkley did not see where it would hurt to have Mr. Jones' band play patriotic music during the Fourth of July Celebration or Fireworks because they brought their families and people to the City and businesses. Mr. Goodlein said they would look into that.

Vance McCormick, 2098 Hopkins Drive, said they had the annual fall book sale in October. This past Sunday he picked up signs from the book fair and noticed two cars sitting at the light on Maple and Pontiac trail. The moment the light changed, the car on the right side started to drive real fast to get across. Out of nowhere, another car came across doing about 50mph trying to pass him. He thought there would be an accident. He had a concern with the two schools on Wixom Road and he hoped the City would look into how to make the cars slow down there before someone gets hurt or there is a fatality.

Jane Kleban, 507 Natures Cove Court, said she went to the Wixom Tree Lighting and Holiday Markt and thought they were great. She ran into Councilmember Rzeznik and congratulated him about the passage of the millage. After the Tree Lighting, she went home and read the minutes from the November 9, 2016 Council meeting and was surprised to see she was a topic at the meeting. She wanted it to be known that she had absolutely no knowledge about a flyer that was sent prior to the election. She asked a number of her friends, relatives, and neighbors if they had seen the flyer and nobody had. She was unsure how extensive the distribution was. She explained how she wrote a personal letter to the Spinal Column and they requested her comments be part of a "Con" column and that a "Pro" column planned to be written by an unbiased resident of Wixom who was not a City employee. After reading the comments made by Councilmember Rzeznik at the meeting of November 9, 2016, it appeared that someone unbeknown to her, decided to use the comments she made in the Spinal Column. While she was flattered that someone felt her remarks were important enough to repeat, she was

a little peeved that whoever this person was did not ask her permission. Those minutes noted that Councilmember Rzeznik indicated there were ample opportunities to go to meetings, budget hearings, talk with the Finance Director and get information about the millage. She assured everyone that she spent many hours attending Council meetings and talking with staff and reviewed all the budgets since 2012. She found it puzzling that letters sent to Council did not seem to be answered. She assumed her issues were deemed insignificant. All items she raised were based on facts. She felt she had reached out many times to learn about the City government and thought it was healthy to have different viewpoints; although, she understood an unsigned flyer containing quotes from her might lead to incorrect assumptions. She wanted to be clear when she stated that the flyer was not from her and she had no knowledge of such a flyer. She felt the voters had spoken and hoped that careful consideration would be made when spending the up to 3.5 mills.

Councilmember Rzeznik wondered if she was to receive a copy of the flyer if it would help. He said that the flyer noted it was authored by Jane Kleban. The flyer he received was stuffed in with the newspaper. He apologized if he thought that Ms. Kleban was the author and she was not.

CITY MANAGER COMMENTS:

Mr. Goodlein said past discussions were held regarding costs of the City obtaining workman's comp insurance and about the high multiplier. He noted the 1.89 multiplier had been reduced to 1.42 resulting in \$23,000 savings. We've accomplished that by being more cautious and driven down the cost.

COUNCIL COMMENTS:

Councilmember Smiley welcomed Officer Breneman and thanked the TV crew. He thought the meeting was great.

Councilmember Gottschall welcomed Office Breneman and thanked the DPW for keeping the roads clear. He looked forward to the holiday luncheon.

Councilmember Rzeznik welcomed Officer Breneman and thanked Mrs. Stamper and the Finance Department for another great year and audit. He attended the Zimmerman ribbon cutting last week. He thought it was exciting to see new businesses coming to Wixom and hearing all the great things they had to say about Debe Barker. He heard how quick this moved along and what a pleasant experience it was. He was happy to see the At Home store coming to the City. He attended the Holiday Markt and thought it was nice. He suggested putting up the new speed limit strobe signs near the bank or doctor office alerting people of the speed on Maple Road. He commented on the eight-track emergency repair that happened recently. He thought they should take a look at the cost replacement on the round-robin fashion for those units that were 20-25 years old because they see how much an emergency repair cost.

Councilmember Beagle welcomed Officer Breneman to Wixom. He thanked the Fire Department for another successful Breakfast with Santa. He thanked the Fire Department for allowing him to be part of that as it was a great event and he loved being there. He gave kudos to the DPW for the snow removal.

Councilmember Kennedy thanked Chief Roberts for allowing him to serve breakfast at the Santa Breakfast. He congratulated the Police Department with their installation of Officer Breneman. It was nice to have a chance for people to move up and become part of the Police Department. He hoped the same thing would be happening within the Fire Department in the near future. The thanked the DPW for the snow removal.

Deputy Mayor Ziegler said he enjoyed meeting the new officers but especially enjoyed seeing the smile on the faces of their parents when they witnessed their kid getting a good job and perhaps on their way out of the house or into a career path they've chosen. The Breakfast with Santa was a favorite event of his and he was thankful to be part of it. He commented on how a person that happened to be at the senior center was speaking against the millage. Apparently, during the exercise program, this person made a comment that they just received their Winter 2016 Tax Bill and because of the millage passing, their property taxes went up 10%. They were speaking as though what they just voted on in November impacted the 2016 Winter Taxes. In fact, the tax bill that came out this month didn't have anything to do with city services other than the Administration Fee. He decided he would look up this person's information as it was a matter of public record and found that the person's bill actually decreased from last year. He hoped this story proved his point as to how rumors get started.

Mayor Hinkley echoed all the comments made by the dais tonight. He thought it was a nice article in the 2017 Oakland County Prosper. He thought there were a few new Wixom businesses that had articles in the magazine.

Council recessed at 9:31 p.m.

Council entered the Closed Session at 9:37 p.m. and rose from Closed Session at 9:55 p.m.

The meeting reconvened at 9:56 p.m.

CM-12-215-16: Moved and seconded by Councilmembers Beagle and Rzeznik to accept the recommendation of legal counsel and authorize legal counsel to finalize and enter a consent judgment to resolve the lawsuit Lamar Advertising of Michigan, Inc. v City of Wixom (United States District Court Case No. 15 cv 12487).

Vote:

Motion Carried

ADJOURNMENT:

The meeting was adjourned at 9:59 p.m.

Catherine Buck
City Clerk

Approved
01-10-2017