

CITY OF WYANDOTTE, MICHIGAN

The Citizens Advisory Committee on Financial Affairs

REPORT TO THE MAYOR, CITY COUNCIL AND
CITIZENS OF THE CITY OF WYANDOTTE

JUNE 30, 2011

The Citizens Advisory Committee on Financial Affairs

June 30, 2011

REPORT TO THE MAYOR AND CITY COUNCIL, CITY OF WYANDOTTE, MICHIGAN

Honorable Mayor Joseph Peterson, Members of City Council and Fellow Citizens:

The Citizens Advisory Committee on Financial Affairs has met weekly since May 9. In the beginning, these meetings consisted of dissemination of financial and operational information from the City and review of that information. A number of observations were made by members of the committee at that time. These included:

- the desire to maintain the current level of services in the city
- the opposition to eliminating public safety presence in the city
- the desire for continued diligence in ordinance enforcement in the city
- the fact that Wyandotte is currently a special community and all efforts should be made to keep it that way through the preservation of city services
- cutting city services, whether it be public safety or recreational/cultural, will not benefit in positively differentiating the city from other communities
- a belief that city residents would be willing to pay more to maintain and satisfy the aforementioned issues

It was the committee's general belief that;

- the city has been progressive in implementing cost-savings measures throughout the years
- the city has been generally fiscally prudent and conservative over the years
- On review of salary comparison with other cities, our city employees are fairly paid and have sacrificed financially in the recent past few years. Both union and non-union employees have worked with the city to attempt to keep salary, benefit and retirement costs from escalating beyond the city's financial means
- the city has implemented many of the "Best Practices" identified by Governor Snyder as it relates to compensation and benefits of its employees as well as consolidation of city departments and consolidation of programs with surrounding cities.

CAUSE AND EFFECT

The process then transitioned into brainstorming of possible solutions to the \$1.8 million revenue shortfall. It did not take us a long to determine why we had a potential \$1.8 million budget deficiency going into 2012. The reasons were a loss of revenues from declining property taxes and the loss of certain funding from State of Michigan. The largest source of revenue of this community is property tax revenue. We found that the decline in taxable property values is estimated to cost the city's general fund \$620,000 in 2012.

Additionally, the new administration in Lansing and the new State legislature has finalized their budget. Their outlook on revenue sharing, our second largest revenue source, will seriously affect the budget. This consists of, first, *constitutional* shared revenue, which is guaranteed funding based upon city population and income tax receipts. Wyandotte has lost population, so, it is estimated that the city will lose approximately \$140,000 in the 2012 fiscal year from that source. The second part of state revenue sharing - *statutory* sharing, is granted by the legislature for various reasons and in varied amounts. This basically has been eliminated from the state's budget. Wyandotte faces a potential loss of \$1.1 million from this source, which we previously received. Some of this funding may be recovered depending upon how the governor and his aides interpret what he calls "Best Practices". Wyandotte, for the past few years, has implemented several procedures and programs pertaining to those areas that Governor Snyder considers "Best Practices." However, we may not get any credit for having done this (in advance of new guidelines) and may be faced with creating additional "Best Practices" before additional revenue might be realized from this concept.

With the approximated revenue shortfall, the committee had to consider additional revenue as well as adjustment or cuts to the budget. Deliberations resulted in many recommendations which are included. Although not all members of the committee were in complete agreement with all these recommendations, they do represent a consensus list of suggestions that should be considered to address the affect of the projected shortfall.

RECOMMENDATIONS REGARDING FINANCIAL REVIEW

The committee offers the following recommendations for review by the Mayor and Council to determine potential additional revenue and/or cost savings or budget adjustments. Some of these recommendations may result in immediate savings, some may suggest the beginning of a process that may affect savings in the immediate future, and, lastly, some may require longer term application.

EMPLOYEES

- Consideration of some form of a 4 day workweek of 36 hours for non union employees
- Consider making 3 paid holidays (Good Friday, Friday after Thanksgiving and President's Day, for example) as non-paid holidays
- Elimination of paid birthdays and 3 paid personal days
- Initiate mandatory hiring freeze - Hiring only "as needed" employees at reduced entry wages
- Wage freeze for employees
- Review bank and leave time
- Review longevity bonuses for possible modification
- Consider outsourcing employees where possible
- Conduct staffing audits by each department
- Revisit the 13th check for retired employees with consideration for modification
- In negotiating union contracts, review each recommendation for possible implementation
- Consider early retirement/rehiring as contract employee (no benefits) where possible
- 10% Administrative salary reductions

OPERATIONS

- Upgrading telephone services to VOIP systems;
- initiate paperless operations as much as possible using expanded IT resources
- Review departmental functions for overlap, possible consolidation
- “Purchase services” where possible – lease equipment, computers, software and employees
- Review use of city facilities, consolidation of programs in all city buildings to save cost or close
- Central purchasing/leasing for all city departments – perhaps consolidate this function with other cities
- Increase marketing of rental space in all city facilities – review rental fees. Reduce or eliminate no-fee users.
- Revisit benefits of the revenue producing “Bag and Tag” program formerly in effect
- Begin charging fees for use of our recycling center by non-residents – (possible “Best Practice” idea if consolidating with surrounding cities)

FEES AND SERVICES

- Across the board review of all fees and charges for services, rentals, etc.
- Review costs of all city events – parking fees to come to city with % to non-profits
- Actively seek sponsorships for all special events, recreational programs and facilities, etc.
- Review city Tot Lot/City Park maintenance – solicit sponsor maintenance donations and/or neighborhood participation
- Paid parking in downtown area (meters, lots)

PROGRAMS

-Departmental review of all city programs – regarding scope, cost, participation, staff, possible consolidation with other city programs (if improvements are realized by Wyandotte), facilities, use and possible elimination

GENERAL AND POSSIBLE FUTURE CONSIDERATIONS

- Continue to explore consolidation of services with other communities
- Establish police-operated vehicle impound controlled by WPD to collect fees direct
- Recommend to District Court fines and fee amnesty program
- Sell available vacant city lots without requirement to immediately build on them
- Consider using a grant writer to seek other available revenue sources/programs
- Establish mechanism for city acceptance of citizen monetary donations to general fund
- Establish a Dog Park in the city, possible consolidating with other cities (“Best Practice”)
- Consolidation of Animal Control, animal shelter with other cities with Wyandotte as base (“Best Practice”)
- Review of building codes to establish specs for building “cottage” homes on small vacant lots- smaller “footprint” homes, with solar, geo-thermal, etc – to get homes on lots and increase population and tax income.

CONSIDERING A SUPPLEMENTAL OPERATING MILLAGE

Unfortunately, the cumulative financial benefits of our recommendations to the city’s general operating fund don’t begin to solve the revenue shortfall facing the city.

Therefore, a significant amount of our meeting time was spent on the issue of additional revenue raised from a supplemental operating millage. Obviously a sensitive topic, our work and investigation supported the fact that the magnitude of the revenue shortfall facing the city cannot be remedied by simply cutting expenditures. Not only would cultural, recreation, and special event activities be adversely affected, but so would public safety.

Consequently, the committee is also recommending a supplemental millage be pursued to mitigate the negative effects of the expenditure and service cuts that would be necessary without additional revenue. In addition to the reasons mentioned previously, additional basis for this recommendation are:

- the vast majority (over 82%) of Wyandotte property owners have seen a reduction in total property taxes which would average \$490 in the current year

- the additional millage would not eliminate the gross cost savings being realized in property taxes as the supplemental millage will be less than the current savings being realized
- whereas the school district, community college, transit system, special education district, and zoo HAVE raised property taxes in the recent past, Wyandotte has NOT

EFFECT ON COMMERCIAL/INDUSTRIAL PROPERTY

Although the majority of the above commentary reflects the “resident” perspective, consideration of the affects of additional taxes on commercial and industrial taxpayers were not ignored. It is fact that most commercial taxpayers have also seen a reduction in their property taxes since 2007. Additionally, many of these taxpayers have enjoyed virtually guaranteed tax abatements in the form of industrial facility tax abatements, brownfield tax credits, and obsolete property tax exemptions. Some of our largest industrial taxpayers also enjoy the exemption from all personal property taxes on their property in the city. Further, the city routinely assists business through property acquisition and infrastructure improvements funded through the city’s Tax Increment Finance Districts (TIFA). Lastly, the massive reduction in statutory state share revenue resulted in one group in the state realizing significant tax relief – business.

HOW LONG – HOW MUCH?

Significant discussion on the millage issue revolved around the purpose, length of time, and amount of mills that should be considered for possible levy. It was stated that one (1) mill would result in an increase in revenue of \$600,000. Thus, it can be easily seen that a supplemental millage of three (3) mills would alleviate the 2012 revenue shortfall entirely. Although the committee realized the importance of allowing the citizens of Wyandotte to vote on millage, each committee member had differing opinions as to how many mills should be voted on and for what duration.

It is understood that the Mayor and City Council will ultimately determine these details if our recommendation to pursue additional revenue is implemented. A levy limit amount authorized and voted for by the citizens can subsequently be reduced by the City Council in subsequent budget considerations.

In conclusion, our work on the Citizens Advisory Committee on Financial Affairs has enlightened us to the following:

- the financial difficulties facing the city are REAL
- there is NO answer to these difficulties without consequences to the quality of life of the residents and businesses of the city
- the financial difficulties may not be the result of financial mismanagement by the City of Wyandotte
- the city's cost structure is LEAN with little waste
- the city has already been PROGRESSIVE in curtailing most salary and benefit costs
- Wyandotte citizens desire to MAINTAIN the positive attributes currently seen in the city
- the majority of taxpayers may be able to pay additional property taxes and STILL realize an annual savings from what they were paying since 2007

This committee knows that there will be hardships in some cases as you tackle the final budget. We each have our opinion of what we'd like to see go untouched. But we know that is unrealistic – everything must be touched – and the burden, as one member put it, cannot fall on 130 city employees alone – it must fall on all of us.

Wyandotte is our city-- we like it and we want to keep it vital and a great place to live.

We thank Mayor Peterson, Todd Drysdale, Councilmen and city employees who attended our meetings and to Wyandotte citizens for their input at our public meeting.

We appreciate your consideration of our report.

CITIZENS ADVISORY COMMITTEE ON FINANCIAL AFFAIRS

Michael Beaubien	Corki Benson	Brandon Crupi	Richard Custer
Rose Darin	Eron Feltz	Stephanie Jasinski	Ferd Keller
John Mongeluzzo	Steve Semetko	Milton Zavsza	

June 30, 2011

Honorable Mayor Joseph R. Peterson
Honorable Members of the City Council
City of Wyandotte

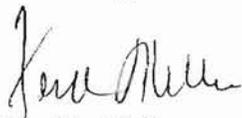
Attached hereto is a copy of the final report of the Citizens Advisory Committee on Financial Affairs.

I am sure I speak for all of the committee members in thanking you for affording us the opportunity to assist Wyandotte with this special and important project.

We also thank Todd Drysdale and others in our city departments for their support and assistance in our work.

We hope that this effort will assist you and others as you tackle the 2012 Budget considerations.

Sincerely, for the committee,

A handwritten signature in cursive script, appearing to read "Ferd L. Keller".

Ferd L. Keller

1827 4th St.
Wyandotte