

CITY OF WYOMING, MICHIGAN
Minutes of City Council Work Session
Monday, January 11, 2016

PRESENT: Councilmembers Bolt, Pastoor, Vanderwood, VerHulst, Voorhees and Mayor Poll

ABSENT: Burrill

STAFF: Balfoort, Boot, Holt, Dooley, Isakson, Ooms, Oostindie, Rynbrandt, Sluiter, VandenBerg and Vis

1. Call to Order

Mayor Pro Tem Bolt called the meeting to order at 7:00 p.m. in the Council Chambers.

2. Student Recognition

None.

3. Public Comment on Agenda Items

None.

4. Presentation by Jim Anderson from Gabriel, Roeder, Smith & Company

Holt explained there are some changes to our retirement plans and retiree health care plans assumptions which will impact on our budget. We are working to address these changes and Mr. Anderson is here tonight to help explain.

Anderson provided an overview of the City's retirement system and health care plan and the actuarial process of these plans. The actuarial assumption study provides recommendations on how contributions should be structured in the short term for long term benefits of the plan. Based on the recent actuarial assumption study, future economic growth is expected to be suppressed and retirees are expected to live longer.

Anderson explained the current investment return assumption on the pension plan is 7.75%, which includes an inflation component. It is recommended that this be adjusted to 7.25% based on the asset allocations of the plan. The retiree health plan is a little different because of the different rates used for this plan and because of the way the plan is paid out. It is recommended that the assumption for the retiree health plan be set at 4%. Anderson also discussed consideration on mortality data and the need to keep current on that information. The City's retirement plan is currently funded at 82% with the new recommendations compared to last year's 88.1%. This is above the national average of about 75%. On the retiree health plan, the funding status was at 25% during the last valuation and 19.9% now with stronger assumptions.

Vanderwood asked about trends and where we might expect to go from here. Anderson noted the plan is to make amortized payments over time on the unfunded liability, while smoothing in gains and losses.

Mayor Poll inquired about how many retirees are currently receiving benefits and how many are in the plan and still working. Holt noted in total there are approximately 500 in total, with approximately 360 being retired. Holt also explained that in many ways projected deficits exist only on paper based on assumptions and that in fact, our performance in the past has been better than expected. The challenge is ensuring we hit our investment projections in the meantime.

Council thanked Mr. Anderson for his presentation. VerHulst noted the City of Wyoming is doing much better than many other companies and municipalities in terms of their pension plans.

5. Restated Pension Plan

Kim Oostindie introduced Andrea Boot, Retirement Board Chair, and Aaron Vis, Retirement Board Chair, and explained the Retirement Board has gone through a rewrite of the pension plan. Rosa Ooms and Kate Balfourt were also involved in this process, with legal counsel from Miller Johnson. Boot thanked Council for expediting this process to ensure the board is able to meet IRS filing deadlines. Every five years, retirement plans must be restated to ensure compliance with IRS requirements and to implement any changes that may have occurred. In reviewing the plan, a number of items were found that required changes and updates to ensure compliance. During this process, new by-laws were drafted, and the board also developed an ethics policy and professional training and education policy.

Holt reminded Council that this was presented in December for first reading and is scheduled to appear for the second reading at the City Council meeting on January 18.

Bolt complimented staff on the tremendous effort they have put forth on the restatement of the pension plan.

Council supports moving this item to the next regular Council meeting.

6. Presentation on Community Enrichment Commission By-Laws

Brandon Simmons, chair of the CEC, introduced board members Vickie Briggs and Jeremy Bakken and provided a presentation on the creation and growth of the CEC. Simmons reviewed the events currently hosted by CEC, including Concerts in the Park, WY-FI (Wyoming Fireworks) and the Music and More Fest. Bakken provided a brief overview of the Music and More Fest which includes musical groups, free activities and a movie in the park at the end of the event. Vickie Briggs discussed upcoming events for 2016, including 14 different musical groups, bounce houses, small giveaways and food provided by local vendors. Simmons also provided details on the sponsorship opportunities for those who wished to support the CEC.

Simmons reviewed proposed amendments to the CEC by-laws, including an increase in the number of board members, amendments regarding contracts and compensation and a change to the fiscal year and terms. Holt noted the compensation request would require an ordinance change as our current ordinance prohibits compensation to board and commission members.

Mayor Poll expressed concern having a member of any board earning a commission related to their activities. This does not occur in other areas of the City. It is important that we consider the implications of approving this for the CEC and how it will be perceived by other boards, commissions, the public and others.

Bolt, Voorhees and Vanderwood expressed support in continuing discussion on this topic at a future Committee of the Whole meeting.

7. Library Millage

Holt shared information regarding opportunities to generate additional revenue for capital upgrades for our parks. The parks millage was approved in 1995 and over the course of time, a number of big changes have taken place in the Parks Department. The closure of Jackson Park Pool, the sale of the South Senior Center, reductions in staff, elimination of the Park Ranger program and consolidation of the Parks and Facility maintenance operations are just a few of the efforts made to keep costs in line with revenues. Nonetheless, our ability to continue to do capital projects on an annual basis without asking for additional funding is getting increasingly difficult due to inflation.

Holt asked council to consider using the current library maintenance millage to help fund capital projects within the parks. The library maintenance millage is currently at .30 mil and is used to perform maintenance at the library. In the past, we have levied .10 mil of that, though we have also levied the full amount as needed to perform necessary capital projects. On average, annual library operations cost \$360,000. This year, these funds were used for HVAC improvements, carpeting upgrades, café upgrades and parking lot resurfacing. Holt asked if council is willing to bring this matter to the voters. This would be consideration of allowing the use of library maintenance funds for parks capital projects.

Vanderwood noted it sounds like the library is overfunded and parks are underfunded. Holt clarified that this millage has not been fully levied except this last year when there were significant maintenance needs. There was discussion about reducing the library millage and increasing the parks millage and the opportunity and challenge in these scenarios. Mayor Poll noted preference for no increase, as this funding is already coming in and this would give us the option to improve the parks or the library as needed. Holt cautioned that the needs for the current parks master plan is over \$25M, this change would not fully fund these projects.

Bolt inquired if we can have ballot language prepared by Monday. Sluiter will have language prepared. Council will determine at that time whether the May or August ballot would be preferred.

Council supports bringing this item to the next regular Council meeting.

8. Preliminary Budget Discussion

Balfourt shared assumptions and changes that will be considered during the upcoming budget process. These assumption and changes include:

- Taxable values are expected to be higher by 2% and assumes no change in millage
- State Shared Revenue to increase by 2.4%.

- We are also expecting the first year of road funding changes to hit during the next fiscal year, with those changes to be at 17.2%.
- Interest income is estimated at 1%.
- Water and sewer rates have yet to be determined, due to recent changes in OPEB and pension funds.
- It is recommended to maintain the pension rate at 32.07%, which includes both pension and OPEB.
- Health, dental and life insurance rates are expected to be 7-8% more based on historical trends.
- Fringe benefit rates are expected to remain about the same.

Balfourt noted additional information will be provided at the next work session on personnel, benefits and internal service funds. Holt explained this is about the time we begin to discuss budget. At each work session between now and May, we will continue to add to these discussions. In April, we can determine if a special meeting is needed for additional discussion on any budget matters.

9. Any Other Matters

None.

10. Acknowledgement of Visitors/Public Comment

None.

The meeting adjourned at 8:40 p.m.

Kelli A. VandenBerg, City Clerk