

## MINUTES OF BUDGET WORK SESSION MAY 4, 2009

Meeting called to order by Mayor Bruce Bolen at 6:30 p.m. in the Council Chambers of the East Tawas City Hall.

Members Present: B. Bolen, L.Bolen, Cano (arrived at 7:19 p.m.), Freel (arrived at 7:26 p.m), Klenow (arrived at 6:37 p.m), Look and McMurray.  
Staff Present: City Manager Leslie and Clerk/Treasurer Baker.

Clerk/Treasurer Baker reported that she is currently working on the proposed budgets for 2009-2010 but would like Council to answer several questions before she finalizes the proposed budgets. She noted that the City is currently levying the maximum millage as allowed by the Headlee Amendment and she expects that will remain the same for 2009-2010.

Council members were asked if there were any items on the Capital Improvement Plan for future years that might need to be moved up on the list. Council members were in agreement that staff should update the Capital Improvement Plan and bring it back to the Council for discussion.

Discussion was held concerning the feasibility of seeking a loan from the United States Department of Agriculture-Rural Development for sewer improvements. Clerk/Treasurer Baker asked if the Council would raise sewer rates or use operational millage for repaying a USDA loan if they decided to go ahead with a project. The pros and cons of rates versus millage were discussed. Clerk/Treasurer Baker noted that the City would still be levying a millage for the sewer bonds in the 2009-2010 fiscal year and that the bond issue would be retired in November 2009. Unless the voters approve a millage to pay the USDA loan, the Council would need to designate a portion of the operational millage to pay the loan payments if rates are not raised to make the payments. A combination of millage and rates could be used. No decision was reached on this issue.

Discussion was held concerning the cost for health insurance coverage. The City is considering the establishment of a Health Reimbursement Account which could result in a decrease in costs for health insurance coverage. It will probably be late July or August before the premiums rates for next fiscal year are known. Direction from Council members was to keep the budget for health insurance premiums the same as the current year.

Discussion was held concerning the budget for wages. The Compensation Committee is still developing a policy for merit payments. Following discussion it was the consensus of the members to budget for a 3% increase in wage and salary costs with the understanding that this percentage is strictly for proposed budgeting purposes and the final recommendation may be higher or lower than this figure.

(Note: Councilmen Cano and Freel arrived during the discussion of wages and salary costs.)

Meeting adjourned at 7:27 p.m.

Blinda A. Baker  
Clerk/Treasurer