

DEARBORN CHARTER COMMISSION
City Council Chambers
Tuesday, May 01, 2007

Chairman Bazy called the meeting to order at 5:45 p.m. A roll call was taken. Present were: David Bazy, Mary M. Bugeia, Paula Hamilton-Stokes, John Jay Hubbard, Susan Moran, Mary K. Petlichkoff, Ganelle Shooshanian, and Raymond Thomas. Absent: Thomas Patrick Korte Trudeau. Also present: Kathleen Buda, City Clerk, and Kim Craig, Assistant City Attorney.

Chairman Bazy stated that as the Commission talks and tries to continue to finish up the first pass through of the Charter, they are sitting tonight on a very important topic which is Section 13.2 which allows the City the ability and authority to levy up to a certain millage rate depending on what is written in the Charter. He further stated that there have been some discussions on trying to eliminate this section in its entirety. What that would do is then allow by the Home Rule Act only an allowance of up to 1% which would be a millage rate of 10 mills. A ten mill rate would then require the City to reduce their budget by \$40 million or so. It would be a drastic measure in the allowance and then on top of it the Headlee roll back would start off of that 10 mill rate. Leaving this out of the Charter is certainly not only a bad idea but, something that he would never even consider as a proposal.

Commissioner Trudeau asked if he missed a proposal that was made last meeting.

Chairman Bazy stated no. He further stated that he had heard some discussions about maybe this section didn't belong in the Charter at all. It does and this is why it does. It is important that you at least give the elected members of the Council the ability to have open meetings and discussions about what the proper mill rate should be and the proper taxation rate should be in order to fund the City.

Commissioner Shooshanian asked if the Commission had received anything from Mr. O'Connor.

Chairman Bazy stated that he was expecting Mr. O'Connor to be at this meeting to discuss some more information on Headlee.

Kathleen Buda, City Clerk, stated that there is a briefing session going on that Mr. O'Connor might be attending at the moment and she could check to see if he is there.

Chairman Bazy asked Ms. Buda to at least find out if Mr. O'Connor could attend the meeting to have some discussion and the Commission could move forward for a little while and decide if this needs to be left tabled instead of having the discussion tonight and move on. He further stated that in Section 14.3 the Commission is waiting for some information from Bond Counsel.

Kim Craig, Assistant City Attorney, stated that she talked to Ms. Walling before she came to this meeting and Ms. Walling has not yet heard from him. Ms. Craig believes that Ms. Walling is waiting to hear from him on a couple of issues.

Chairman Bazy stated that the Commission was specifically discussing some of the wording in Section 14.3 that had led to some confusion on bonds and appropriate notification on bonds the way that this was written when they were doing the project for the old Civic Center. They were trying to make sure that the language was more uniform and see if Bond Counsel had some changes for this section.

Ms. Craig stated that Ms. Walling has not received a response from him with what his changes, if any, would be.

Chairman Bazy stated that the Commission is trying to get this first round summed up so that they can go through the second pass and finish this up in the June time frame and then have a meeting with the Mayor and the Council on the adjustments. The Commission is soon to move on without anything in writing from Bond Counsel's.

Ms. Craig stated that she will make sure that Ms. Walling lets him know that the Commission is ready to move.

Commissioner Korte entered the Council Chambers at 5:52 p.m.

Commissioner Bugeia stated that it makes sense as it is currently written.

Commissioner Petlichkoff stated that there was some confusion in the terminology as to what constituted “public improvement.” They were trying to decide if the Civic Center was public improvement or was it a complete new structure and it was a gray area.

Chairman Bazy stated that the Commission didn’t see anything at issue with the way it was currently written; however, the individual who actually deals with it every day had a question the last time and had some issues with it when they were deciding on certain projects and how they really worked in terms of how Section 14.3 was written. What the Commission is trying to do is to make sure that what they have written is a policy and procedure that they are following regularly and it makes it a lot easier.

Ms. Buda stated the Mr. O’Connor is not in the briefing session and unable to be located at this time.

Commissioner Petlichkoff stated that they can just leave Section 13.2 on the table and move on.

Chairman Bazy stated that the Commission will give Mr. O’Connor some time in case he shows up and they will start with Chapter 17 and then come back to Section 13.2 after they finish up.

Ms. Craig submitted her recommended changes to Chapter 17 to the Commissioners. She stated that any changes are indicated in bold and deletions are noted by strikethroughs. The important thing to know here is that although this sets forth the three retirement plans, as of various dates, all new hires go into a defined contribution plan. There are current employees who do not participate in these three retirement plans. Whatever is negotiated with the unions, like the DC plan was, would take precedence over whatever is stated in the City Charter. To a degree, since all of the procedures about administration that you see in the Charter are also in the Ordinance which has been adopted, they are redundant. All the benefit provisions that used to be in the 1942 Charter are now subject to negotiation.

Commissioner Trudeau asked Ms. Craig to give the Commission some background so that they can better understand the proposed changes.

Ms. Craig stated that the first proposed change is the second paragraph in Section 17.1 which recognizes what she just said about retirement plans and benefit plans being subject to collective bargaining. Pursuant to State law, those agreements would supersede the Charter provisions. The Michigan Constitution already obligates the City to not diminish accrued benefits so they can't do that whether it is in the Charter or not. They can change things prospectively but they cannot change things retroactively.

Commissioner Trudeau asked Ms. Craig if the pay and benefits of an employee that was not a member of a collective bargaining that was doing the same type of job as someone that was in a collective bargaining unit be the same as that person in the collective bargaining unit.

Ms. Craig stated that it would depend. Part-time people aren't in a collective bargaining unit and they don't get benefits and they could be doing a job similar to what a full-time person was doing with benefits, although there should be a limitation on their hours. She further stated that she believes the Civil Service Commission put a limit of 32 hours per week on part-time employees. That would be one scenario where that would happen.

Commissioner Trudeau stated that if they are not exceeding 32 hours an employee could fall into the classification of part-time and not have the benefits. He asked Ms. Craig if this would mean no health care and no pension.

Ms. Craig stated that is correct.

Ms. Craig stated that her next recommended change is in Section 17.3. The Finance Director is the treasurer to the system and this section refers to the Finance Director/Treasurer and she simply struck the word "Treasurer." She further stated that they have situations in the past where the Councilmember who is designated to sit on these boards had conflicts and could not make it to various meetings so Councilperson designees have been serving in their stead. This change would simply allow for that. Council did

adopt either a resolution or an ordinance allowing for this practice. This change would make it clear.

Ms. Craig further stated that with the Police and Fire Retirement Systems, the one that was closed in 1956 to new hires, already there are no active employees in that system. There are only retirees and the Charter did make provision for when there are not sufficient actives the procedure for filling trustee spots. There will come a time when there are not sufficient retirees to fill those spots either. There will come a time when the only people participating will be beneficiaries and one thought that she had was that at that time the administration would go to the City to be administered consistent with the provisions of that retirement system. This is the change that she is recommending at the end of Section 17.4 (A).

Ms. Craig stated that the General Employees' Retirement System, which used to be Chapter 22 in the 1942 Charter, is addressed in Section 17.4 (B). The changes she is recommending to this section is to add the Councilmember designee language and the language from the Police and Fire Board's provisions that address what happens when there are not sufficient active members. It goes to the retirees and then when there are not sufficient retirees, the City would have to administer it pursuant to the terms of the plan. These same changes are applicable to the Police and Fire Revised Retirement System, which used to be Chapter 23 in the 1942 Charter.

Ms. Craig stated that the Police and Fire Revised Retirement System is partially closed. The City went to Act 312 with the non-supervisory Police group and in effect, what the arbitrator did was say that the Police could have their wage proposal but the City is awarded a DC plan for new Police. New hired Police are now in a DC plan like all the other general employees. Fire is not yet. The contract was settled, but that issue was left aside. The City decided that they would go to Act 312 over that specific issue if they are unable to resolve it. The Fire members want to continue in some type of defined benefit plan. With a defined contribution plan, you know exactly what your costs are and with a defined benefit plan, you never know where they are going to go because it depends on what benefits are negotiated. There is some security in knowing for the future what those cost will be. She further stated that she doesn't know yet how this is going to resolve. It could be that they agree to a DB. It could be that they agree to an

arbitrator who may award a DC and that plan is also closed. This contingency is provided for in the proposal in the event that this happens.

Ms. Craig stated that her other thought was to just eliminate Chapter 17 altogether since it is all subject to negotiations. All of this could change. They could negotiate with the unions that they are going to administer all three retirement plans some other way. If this was negotiated, then the entire chapter becomes superseded. She further stated that she thought that it might be a little dramatic to eliminate the whole chapter. It might cause people concern where there shouldn't be concern because everything is already provided for in State law or in the ordinances. However, they might think that it is too extreme to eliminate the whole chapter. She stated that she would like to recognize that it is all subject to negotiations even though it is written in the Charter.

Commissioner Trudeau asked if they were to put something into Chapter 17 and it went to binding arbitration would it override the Chapter.

Ms. Craig stated yes and it has happened.

Commissioner Trudeau asked if the only way to change that would be to get it out of the State laws.

Ms. Craig stated yes. She further stated that with general employees, the City has fact finding and after a negotiation period following a fact finder's recommendation which is non-binding, they have to negotiate some more and then they can unilaterally implement the last offer. If Act 312 went away she doesn't know if there would still be a procedure like this.

Commissioner Trudeau asked if binding arbitration is only for the Police and Fire.

Ms. Craig stated yes. It is the fact finding that she described. Non-binding is what they have for the other general employees.

Commissioner Shooshanian stated that the question is whether they keep Chapter 17 in the Charter or make the proposed changes.

Commissioner Petlichkoff asked if they should make a reference to it that it is already being handled by State law and City ordinance.

Commissioner Hamilton-Stokes stated that they would have to word it in such a way as to not scare everybody out there that is retired.

Chairman Bazzy stated that it is like anything else. Can you take it out? Yes. Does leaving it in hurt it? No. He further stated that after reading over the changes that Ms. Craig suggested, they are not really changes. They are clarity for what already exists. This is what the Commission was waiting on. Some clarity to make sure that the understanding of what is actually being done is what is actually in the Charter and understanding that all of these issues are really a collective bargaining issue from time to time. However, taking it out and just saying that it is in ordinance you will have a lot of people confused. There will be confusion anyway and you don't need the misinformation floating around that the Charter Commission made the decision to eliminate the retirement plans.

Commissioner Korte asked Ms. Craig what the thinking was behind the "100 mile radius within the City" change that is proposed.

Ms. Craig stated that it was in the 1942 City Charter. They wanted people to be able to attend the pension board meetings. Although, once the systems were closed, what the pension board typically acts on are retirements and if your system is closed and there are no more active employees you have no retirements to act on. They do have pension board meetings that address other issues too such as pension investments and how they want to allocate their money. She believes the 100 mile radius is in there to make sure that they can attend these meetings because they are important and important decisions are made at these meetings. She stated that this procedure has been around for a long time.

Ms. Craig further stated that Section 17.2 is something that is not covered anywhere else. This requires them, when they negotiate a pension improvement to any of the three systems, to go to an actuary and see how much the change costs. The actuaries will tell the costs based on certain assumptions that they have made and these costs must be filed with Council for three months before they can take final action and actually adopt the ordinance amendment. If you eliminated this section, this procedure would be gone because this is not provided for anywhere else.

Commissioner Hubbard left the Council Chambers at 6:15 p.m.

Commissioner Moran asked if the Councilmember designee is a permanent member or can they substitute one for the other.

Ms. Craig stated that they have been substituting.

Commissioner Hamilton-Stokes asked if there were any way to put that there would be two retirees on the board in Section 17.4 (B).

Ms. Craig stated that if there are active members, they want the active members to fill the positions. When there are no active members, then the retirees fill the positions. For example, in Chapter 21, all four members are retirees because there are no more active members. There are only two employee retirees in Chapter 22 and if there is an active person available to fill the position, then there would be one active and one retiree. If there are no active members that want to do it, then it would be two retirees.

Chairman Bazzzy stated that the recommendations Ms. Craig has made are well done. He further stated that he does not see anything in her proposal that is disagreeable. It clears up the current system and the way that the current system is being administered and it also allows this to become more of a future document dealing with the issues of closed pensions and the closed systems that are starting to occur and also the variability to see what happens if they get a closed system on the Fire as well.

A motion was made by Commissioner Bugeia and supported by Commissioner Korte that Chapter 17 which currently reads:

CHAPTER 17. RETIREMENT PLANS

Section 17.1. Establishment of retirement plans.

The three retirement plans of the City shall continue in existence. The accrued financial benefits of active and retired City employees, being contractual obligations of the City, shall in no event be diminished or impaired. Financial benefits arising on account of services rendered in each fiscal year shall be funded during that year

and that funding shall not be used for financing unfunded accrued liabilities.

Section 17.2. Changes in retirement benefits.

The Council shall by ordinance adopt the benefit schedules, terms and conditions for the City's retirement plans and may include the revision of benefits for those employees who have already retired or their beneficiaries who are eligible for city pension benefits. Before final action on any proposed change in retirement benefits is taken, the Council shall obtain a report as to the immediate and long-term costs of the change from a qualified actuary of its choosing and may not take final action until at least three months after the report of the actuary is made public at a meeting of the Council.

Section 17.3. Governing bodies.

Not more than three governing bodies for administering the City's retirement plans may be established. The governing bodies shall have all powers necessary to administer the retirement systems. The Finance Director/Treasurer shall be treasurer of the retirement systems, shall serve as secretary to the pension systems' Boards of Trustees, and shall maintain the financial and membership records of the pension systems. The governing bodies shall appoint an attorney, who may be the Corporation Counsel, to serve as legal advisor to the Board. The governing bodies shall appoint an actuary who shall be the technical advisor to the governing bodies. Members of the governing bodies shall serve without compensation. The Mayor and Council members of the governing bodies shall serve terms equal to their elective term of office. The terms of the other members of the governing bodies shall be as established in this chapter. Existing terms of members shall continue in accordance with the terms of their original election or appointment. All meetings of the governing bodies shall be open to the public.

Section 17.4. Membership; administration.

(A) The membership of the Policemen's and Firemen's Retirement System shall include police and fire employees, other than temporary or civilian employees, who were employed by the City

prior to July first, Nineteen Hundred and Fifty-Six. The administration of the System shall be vested in a Board of Trustees which shall consist of seven members, as follows:

1. The Mayor of the City who shall serve as chairperson.
2. The Council President who shall serve as vice-chairperson.
3. The Mayor shall appoint, with the confirmation of the Council, a citizen who is an elector in the City and who is not an employee of the City and who is not eligible to receive benefits under the Retirement System. The citizen-member term shall be three years.
4. Two policemen who are members of the Retirement System to be elected by the policemen members of the Retirement System for a period of three years
5. Two firemen who are members of the Retirement System to be elected by the firemen members of the Retirement System for a period of three years.

Each trustee shall be entitled to one vote in the meetings of the Board. Five members of the Board shall constitute a quorum. At least five concurring votes shall be necessary for a decision by the trustees at any meeting of the Board.

When there are insufficient active policemen and firemen members qualified and willing to serve as trustees, vacancies shall be filled by the election of retired members who have signed and filed with the Board a Notice of Intent to be a Candidate, and who have permanent residences within a 100-mile radius of Dearborn. Both active and retired policemen and firemen members shall be eligible to vote for the policemen and firemen trustees, respectively.

In the event there should not be an eligible retired policeman member qualified and willing to fill a policeman trustee vacancy, or an eligible retired fireman qualified and willing to fill a fireman trustee vacancy, then any eligible retired member shall be elected by the total active and retired members of the System.

At such time as there shall be insufficient eligible active and retired members qualified and willing to fill the four member trustee positions, then the administration of the System shall become the responsibility of the Board of Trustees of the Police and Fire Revised Retirement Plan to be administered pursuant to the provisions of the City of Dearborn Policemen and Firemen Retirement System.

(B) The membership of the City of Dearborn Retirement System shall include all officers except as provided in this charter and only full-time employees and officers of the City who are not active members of another public retirement system or eligible to receive benefits from another City retirement system. The administration of the System shall be vested in a Board of Trustees which shall consist of five trustees, as follows:

1. The Mayor;
2. A member of the Council to be selected by a majority vote of the Council; and
3. Two members of the Retirement System to be elected by the members of the Retirement System under such rules and regulations as the Board shall adopt to govern such elections, provided, that no more than one member trustee shall be from any one city department. The term for the member trustees shall be four years.
4. A member of the Civil Service Commission to be selected by the members of the Civil Service Commission.
5. The Board shall adopt its own rules of procedure and shall keep a record of its proceedings. Three trustees shall constitute a quorum at any meeting of the Board. Each trustee shall be entitled to one vote in the meetings of the Board and at least three concurring votes shall be necessary for a decision by the trustees.

(C) The membership of the Police and Fire Revised Retirement System shall include police and fire employees, other than temporary or civilian employees, who were employed on or after July first, Nineteen Hundred and Fifty-Six. The administration of the

System shall be vested in a Board of Trustees which shall consist of seven trustees, as follows:

1. The Mayor.
2. One member of the Council to be appointed by and to serve at the pleasure of the Council. Such trustee is called council trustee.
3. The Mayor shall appoint, with the confirmation of the Council, a citizen who is an elector in the City and who is not an employee of the City and who is not eligible to receive benefits under the Retirement System. The citizen member term shall be three years.
4. Four persons to be elected by the members of the System. Two member trustees shall be elected by the police officer members and must be police officer members. Two member trustees shall be elected by the fire fighter members and must be fire fighter members. The member trustees shall be elected by the members of the Retirement System in accordance with such rules and regulations as the Board shall adopt to govern such elections. The member trustees shall serve for a term of four years.

Five trustees shall constitute a quorum at any meeting of the Board. Each trustee shall be entitled to one vote on each question before the Board and at least five concurring votes shall be required for a decision by the Board at any meeting. The Board shall adopt its own rules of procedure and shall keep a record of its proceedings.

Section 17.5. Penalties.

Any person who alone or with others willfully violates any of the provisions of this chapter shall be guilty of a violation of this charter punishable as provided for in Section 19.6 of this charter.

be amended to read:

CHAPTER 17. RETIREMENT PLANS

Section 17.1. Establishment of retirement plans.

The three retirement plans of the City shall continue in existence. The accrued financial benefits of active and retired City employees, being contractual obligations of the City, shall in no event be diminished or impaired. Financial benefits arising on account of services rendered in each fiscal year shall be funded during that year and that funding shall not be used for financing unfunded accrued liabilities.

Retirement plans and benefits are subject to collective bargaining. Pursuant to state law, collectively bargained agreements supersede charter provisions. Subject to the protections set forth in the Michigan Constitution, benefits for employees not subject to a collective bargaining agreement are as adopted by and may be modified from time to time by City Council.

Section 17.2. Changes in retirement benefits.

The Council shall by ordinance adopt the benefit schedules, terms and conditions for the City's retirement plans and may include the revision of benefits for those employees who have already retired or their beneficiaries who are eligible for city pension benefits. Before final action on any proposed change in retirement benefits is taken, the Council shall obtain a report as to the immediate and long-term costs of the change from a qualified actuary of its choosing and may not take final action until at least three months after the report of the actuary is made public at a meeting of the Council.

Section 17.3. Governing bodies.

Not more than three governing bodies for administering the City's retirement plans may be established. The governing bodies shall have all powers necessary to administer the retirement systems. The Finance Director/~~Treasurer~~ shall be treasurer of the retirement systems, shall serve as secretary to the pension systems' Boards of Trustees, and shall maintain the financial and membership records of the pension systems. The governing bodies shall appoint an attorney, who may be the Corporation Counsel, to serve as legal advisor to the Board. The governing bodies shall appoint an actuary who shall be the

technical advisor to the governing bodies. Members of the governing bodies shall serve without compensation. The Mayor and Council members of the governing bodies shall serve terms equal to their elective term of office. The terms of the other members of the governing bodies shall be as established in this chapter. Existing terms of members shall continue in accordance with the terms of their original election or appointment. All meetings of the governing bodies shall be open to the public.

Section 17.4. Membership; administration.

(A) The membership of the Policemen's and Firemen's Retirement System shall include police and fire employees, other than temporary or civilian employees, who were employed by the City prior to July first, Nineteen Hundred and Fifty-Six. The administration of the System shall be vested in a Board of Trustees which shall consist of seven members, as follows:

1. The Mayor of the City who shall serve as chairperson.
2. The Council President **or a Council Member designee** who shall serve as vice-chairperson.
3. The Mayor shall appoint, with the confirmation of the Council, a citizen who is an elector in the City and who is not an employee of the City and who is not eligible to receive benefits under the Retirement System. The citizen-member term shall be three years.
4. Two policemen who are members of the Retirement System to be elected by the policemen members of the Retirement System for a period of three years.
5. Two firemen who are members of the Retirement System to be elected by the firemen members of the Retirement System for a period of three years.

Each trustee shall be entitled to one vote in the meetings of the Board. Five members of the Board shall constitute a quorum. At least five concurring votes shall be necessary for a decision by the trustees at any meeting of the Board.

When there are insufficient active policemen and firemen members qualified and willing to serve as trustees, vacancies shall be filled by the election of retired members who have signed and filed with the Board a Notice of Intent to be a Candidate, and who have permanent residences within a 100-mile radius of Dearborn. Both active and retired policemen and firemen members shall be eligible to vote for the policemen and firemen trustees, respectively.

In the event there should not be an eligible retired policeman member qualified and willing to fill a policeman trustee vacancy, or an eligible retired fireman qualified and willing to fill a fireman trustee vacancy, then any eligible retired member shall be elected by the total active and retired members of the System.

At such time as there shall be insufficient eligible active and retired members qualified and willing to fill the four member trustee positions, then the administration of the System shall become the responsibility of the Board of Trustees of the Police and Fire Revised Retirement Plan to be administered pursuant to the provisions of the City of Dearborn Policemen and Firemen Retirement System.

At such time as there shall be insufficient eligible active and retired members qualified and willing to fill the member trustee positions, then the administration of the System shall become the responsibility of the City of Dearborn to be administered pursuant to the provisions of the City of Dearborn Policemen and Firemen Retirement System.

(B) The membership of the City of Dearborn Retirement System shall include all officers except as provided in this charter and only full-time employees and officers of the City who are not active members of another public retirement system or eligible to receive benefits from another City retirement system. The administration of the System shall be vested in a Board of Trustees which shall consist of five trustees, as follows:

1. The Mayor;

2. A member of the Council to be selected by a majority vote of the Council **or a Council Member designee**; and

3. Two members of the Retirement System to be elected by the members of the Retirement System under such rules and regulations as the Board shall adopt to govern such elections, provided, that no more than one member trustee shall be from any one city department. The term for the member trustees shall be four years.

4. A member of the Civil Service Commission to be selected by the members of the Civil Service Commission.

The Board shall adopt its own rules of procedure and shall keep a record of its proceedings. Three trustees shall constitute a quorum at any meeting of the Board. Each trustee shall be entitled to one vote in the meetings of the Board and at least three concurring votes shall be necessary for a decision by the trustees.

When there are insufficient active members qualified and willing to serve as trustees, vacancies shall be filled by the election of retired members who have signed and filed with the Board a Notice of Intent to be a Candidate, and who have permanent residences within a 100-mile radius of Dearborn. Both active and retired members shall be eligible to vote for the trustees. In the event there should not be an eligible retired member qualified and willing to fill a trustee vacancy then any eligible retired member shall be elected by the total active and retired members of the System.

At such time as there shall be insufficient eligible active and retired members qualified and willing to fill the member trustee positions, then the administration of the System shall become the responsibility of the City of Dearborn to be administered pursuant to the provisions of the City of Dearborn Employees Retirement System.

(C) The membership of the Police and Fire Revised Retirement System shall include police and fire employees, other than temporary or civilian employees, who were employed on or after July first, Nineteen Hundred and Fifty-Six. The administration of the

System shall be vested in a Board of Trustees which shall consist of seven trustees, as follows:

1. The Mayor.
2. One member of the Council **or a Council Member designee** to be appointed by and to serve at the pleasure of the Council. Such trustee is called council trustee.
3. The Mayor shall appoint, with the confirmation of the Council, a citizen who is an elector in the City and who is not an employee of the City and who is not eligible to receive benefits under the Retirement System. The citizen member term shall be three years.
4. Four persons to be elected by the members of the System. Two member trustees shall be elected by the police officer members and must be police officer members. Two member trustees shall be elected by the fire fighter members and must be fire fighter members. The member trustees shall be elected by the members of the Retirement System in accordance with such rules and regulations as the Board shall adopt to govern such elections. The member trustees shall serve for a term of four years.

Five trustees shall constitute a quorum at any meeting of the Board. Each trustee shall be entitled to one vote on each question before the Board and at least five concurring votes shall be required for a decision by the Board at any meeting. The Board shall adopt its own rules of procedure and shall keep a record of its proceedings.

When there are insufficient active police and fire members qualified and willing to serve as trustees, vacancies shall be filled by the election of retired members who have signed and filed with the Board a Notice of Intent to be a Candidate, and who have permanent residences within a 100-mile radius of Dearborn. Both active and retired police and fire members shall be eligible to vote for the police and fire trustees, respectively.

In the event there should not be an eligible retired police member qualified and willing to fill a police trustee vacancy, or an eligible retired fire member qualified and willing to fill a fire

trustee vacancy, then any eligible retired member shall be elected by the total active and retired members of the System.

At such time as there shall be insufficient eligible active and retired members qualified and willing to fill the four member trustee positions, then the administration of the System shall become the responsibility of the City of Dearborn to be administered pursuant to the provisions of the City of Dearborn Police and Fire Revised Retirement System.

Section 17.5. Penalties.

Any person who alone or with others willfully violates any of the provisions of this chapter shall be guilty of a violation of this charter punishable as provided for in Section 19.6 of this charter.

The motion was adopted as follows: Yeas: Bazy, Bugeia, Hamilton-Stokes, Korte, Moran, Petlichkoff, Shooshanian, and Trudeau (8). Nays: None. Absent: Hubbard (1).

Commissioner Hubbard entered the Council Chambers at 6:20 p.m.

Chairman Bazy stated that they would now discuss Section 19.7 and continue with Chapter 19.

Commissioner Petlichkoff stated that she has a notation on Section 19.7 that she had made a long time ago to add the word “departments” in this section so that it would carry over until the departments were made into ordinances. There was a discussion that the Commission had to include departments in this section until the adoption of the Charter.

Chairman Bazy stated that what happens is that there is a time frame after the vote on the Charter until there is a formal adoption and there is a gap where you would have no authority for the departments to continue and so this basically would remove that gap.

Commissioner Petlichkoff stated that this would allow for a smooth transition until the ordinances are worked up for each of the departments and City Council makes any changes.

Chairman Bazy stated that the question really becomes one of that all departments that are currently in force continue because there will be no ordinance for them to continue under. If this Charter is adopted, there would be no ordinances in place so the departments continue until they are made ordinance departments and at that time then continue to function as ordinance departments.

A motion was made by Commissioner Petlichkoff and supported by Commissioner Korte that Section 19.7 which currently reads:

All ordinances, resolutions and rules and regulations of the City in force on the effective date of this charter which are not inconsistent with this charter, shall continue in full force until repealed, terminated or amended as provided by this charter or by action of the proper authorities.

be amended to read:

All **departments**, ordinances, resolutions and rules and regulations of the City in force on the effective date of this charter which are not inconsistent with this charter, shall continue in full force until repealed, terminated or amended as provided by this charter or by action of the proper authorities.

The motion was adopted unanimously.

A motion was made by Commissioner Bugeia and supported by Commissioner Korte that Section 19.8 remain as currently written.

The motion was adopted unanimously.

A motion was made by Commissioner Korte and supported by Commissioner Shooshanian that Section 19.9 remain as currently written.

The motion was adopted unanimously.

Commissioner Shooshanian stated that she has a question about the three year term.

Chairman Bazy stated that they have been three year terms for as long as he can remember.

Commissioner Shooshanian asked if this term was long enough or short enough.

Chairman Bazy stated yes. Sometimes it is too long.

Commissioner Petlichkoff stated that usually most of the commissioners are reappointed again unless there have been any kind of issues or resignations. If you have a body where there are people who have gained knowledge in the position, they would continue to be reinstated as commissioners so that you don't lose that knowledge base. If there are issues, three years gives it enough time for the appointing authority to then rethink that appointment.

Commissioner Bugeia stated that in essence, when you think of elected officials having four year terms, if somebody is appointed for three years and at the end of three years you are appointed for another three years and different people are elected to office, you carry over into their term.

Chairman Bazy stated that there is some continuity to that and the way that they are staggered every year you have a third of your appointees coming up for reappointment. It is a major commitment and with most people that do these things you have to make sure that in their life, things don't change. People will stick the terms out and some people will elect not to continue with the responsibilities because of the time that it takes.

Commissioner Trudeau asked why this body feels that staggered terms work so well in this instance and not with the City Council.

Chairman Bazy stated that elections are interesting and one of the things with elections that people don't understand is if there is a school election and there is nothing on the ballot that exists for the City, the school pays for all the funding for this election. However, if there is one Councilperson on that ballot, the City must pay for the entire election. So, when you are talking about budgets and you are talking about financing, running staggered elections is just another cost. As long as you put a City item on a ballot, the City must pay for that ballot.

A motion was made by Commissioner Shooshanian and supported by Commissioner Moran that Section 19.10 remain as currently written.

The motion was adopted unanimously.

Commissioner Bugeia questioned why the confirmation by Council as mentioned in Section 19.11 is not under Chapter 10.

Commissioner Petlichkoff stated that this is in reference to the continuation once this Charter is adopted.

A motion was made by Commissioner Korte and supported by Commissioner Shooshanian that Section 19.11 remain as currently written.

The motion was adopted unanimously.

A motion was made by Commissioner Bugeia and supported by Commissioner Petlichkoff that Section 19.12 remain as currently written.

The motion was adopted unanimously.

A motion was made by Commissioner Moran and supported by Commissioner Korte that Section 19.13 remain as currently written.

The motion was adopted unanimously.

Chairman Bazzy stated that the Commission will now review Chapter 20.

A motion was made by Commissioner Shooshanian and supported by Commissioner Korte that Section 20.1 remain as currently written.

The motion was adopted unanimously.

Commissioner Moran stated that they need to change the date in Section 20.2

A motion was made by Commissioner Moran and supported by Commissioner Trudeau that Section 20.2 which currently reads:

This charter shall be submitted to the people for adoption at the special election to be held November 3, 1979, in the manner and with the effect prescribed by law as follows:

"SHALL THE CHARTER PROPOSED BY THE DEARBORN
CHARTER COMMISSION BE ADOPTED?"

YES
NO

be amended to read:

This charter shall be submitted to the people for adoption at the special election to be held ~~November 3, 1979~~ **November 06, 2007**, in the manner and with the effect prescribed by law as follows:

"SHALL THE CHARTER PROPOSED BY THE DEARBORN
CHARTER COMMISSION BE ADOPTED?"

YES
NO

The motion was adopted unanimously.

Commissioner Bugeia stated that when this Charter was adopted in 1979, they didn't have such things as the Downtown Development Authorities and that is not addressed in this Charter. She further stated that she understands it is something that is permitted through Federal Legislation but there is nothing in the Charter that addresses Council's control or participation in it.

Commissioner Petlichkoff stated that if it is already mandated by Federal regulations there might not be anything that the Council can do.

Ms. Craig stated that she does not know whether or not Council has any control over the Downtown Development Authorities. They are independent really.

Commissioner Hubbard stated that they have to apply for Federal grants to get their subsidy.

Commissioner Bugeia stated that they are pseudo-governments.

Commissioner Trudeau asked how they got their TIFAs.

Ms. Craig stated that she would check on this and get some information for the next meeting. She will talk with Economic and Community Development and find out how those boards are set up. Someone from Economic and Community Development sits on each board and Mark Guido also does, but she does not know whether it is adopted by ordinance or not. She will find out.

Commissioner Moran asked if the date in Section 20.3 has anything to do with the fiscal year.

Commissioner Korte stated that the year should be changed to 2008 but as the Charter becoming effective doesn't affect it immediately because any changes towards the budget or the fiscal alignment would be in effect the following year thereafter.

Commissioner Bugeia asked why this couldn't be done in January 2008.

Commissioner Hubbard stated that it takes time to make this transition if there is anything of consequence.

Ms. Isiminger stated that the Home Rule Act states that a proposed change to the Charter that increases funds becomes effective beginning with the fiscal year following the adoption and that is probably why this July 1 date was put into the Charter.

A motion was made by Commissioner Korte and supported by Commissioner Shooshanian that Section 20.3 which currently reads:

Except as otherwise provided, this charter shall become effective July 1, 1980.

be amended to read:

Except as otherwise provided, this charter shall become effective July 1, ~~1980~~ **2008**.

The motion was adopted unanimously.

Commissioner Korte asked if there was any reason to keep Section 20.4 in the Charter.

A motion was made by Commissioner Korte and supported by Commissioner Bugeia that Section 20.4 be deleted in its entirety.

The motion was adopted unanimously.

A motion was made by Commissioner Korte and supported by Commissioner Bugeia that Section 20.5 which currently reads:

The first regular election under this charter shall be in 1981.

be amended to read:

The first regular election under this charter shall be in ~~1981~~ **2009**.

Chairman Bazy stated that he knows everyone wanted to talk about Chapter 13. There is some information that they are waiting on from the Finance Director and he does not think that as a group they are comfortable until they get some information back from Mr. O'Connor on those.

Commissioner Bugeia asked if the Commission could share any of the discussion that they had on Section 13.2 at the last meeting since she was unable to attend.

Chairman Bazy stated that she would be sent the minutes.

Commissioner Bugeia stated that at the beginning of this meeting Chairman Bazy said something about not being able to eliminate setting an amount. She further stated that she has some thoughts on this section to change the first sentence to say "The Council shall have the power to and shall raise annually by taxation, such sum of money as may be necessary to defray the general expenses and liabilities of the City and to carry into effect the powers in this Charter in compliance with State law." The Headlee and

Proposal A are both State laws and in order to override them you need a vote of the people and that is the Council's job. It is not our job.

Chairman Bazzy stated that the Headlee and Proposal A are basically the same law. They both deal with the issue about maximum taxation rate and roll back rate. They are basically two conjoining pieces of legislation. The Commission had some discussion on the Headlee roll back at the last meeting and Mr. O'Connor was going to get some more information and Corporation Counsel was going to get the Commission some legal opinions on this if the decision was made to adopt on the ¼ mill increase opportunity to address the Headlee. Obviously, they do not have that information in from of them right now so without the information they can't have a lot of discussion about it. Anything before that information comes is premature. If you do not specify a rate, the Home Rule Act basically says that your max rate is 1%. At 1%, it is equivalent to a 10 mill rate.

Commissioner Bugeia stated that in the first line of that section in the Home Rule Act says "the annual laying and collecting taxes in a sum, except as otherwise provided by law, not to exceed 2%, which would be 20 mills, of the taxable value of the real and personal property in the City."

Commissioner Petlichkoff stated that it continues to say "unless the Charter provides for a different tax rate limitation, the governing body of a City may levy and collect taxes for municipal purposes in a sum not to exceed 1% of the taxable value of the real and personal property in the City." The 2% is the cap. It is the highest limit. If you set nothing, it will only be 1% which is 10 mills. The Commission has between 1% and 2% to dicker with.

Commissioner Trudeau stated that Corporation Counsel had made it clear that if the Commission leaves the verbiage in as it states today, it will be 15 mills.

Chairman Bazzy stated that if the Charter is adopted as it is today it would go 15 mills. He further stated that in his opinion, leaving the current language alone is the wrong way to do this because it is language that no one can understand. No one talks about per centum anymore. People talk in mills and understand mills. Whatever the Commission does, the adoption and the change have to be in a language that everyone understands. The Commission is not a taxing authority. All they are doing is giving Council

the opportunity to discuss and tax up to whatever rate that is. Whatever rate cap that is, the Headlee roll back would then start off of that.

Commissioner Bugeia stated that the City Council is missing an opportunity. They could do another "Save Our Services" millage and have exactly what they want. The Commission is going to risk having everybody vote down 1 ½ years of work.

Commissioner Petlichkoff stated that they have to do something. It is part of the Charter.

Commissioner Trudeau stated that something could be doing nothing. The Commission does not have to make any changes.

Chairman Bazzy stated that is true, but, the Commission's job is to put together a piece of information that leaves a legacy and turns around and does something effective for the City. When that decision is made here internally of what that should be, that is our job. Our job here isn't to duck hard issues.

Commissioner Trudeau stated that their job is not to override Headlee.

Chairman Bazzy stated that they are not overriding Headlee. Whenever a Charter comes up, it is part of the City Charter's job to set limits. It's a vote of the people.

Commissioner Trudeau stated that if they change this section to read exactly what the millage is today, the maximum 13.6275, that would be fine.

Chairman Bazzy stated he believes that would be fiscally irresponsible.

Commissioner Korte stated that the voters have previously approved 15. Because of the Headlee roll backs, it is at 13.6275.

Commissioner Trudeau stated that they also approved Headlee and Proposition A.

Commissioner Petlichkoff stated that Headlee was approved in 1978 before this Charter was ever adopted. This Charter was approved and set the

rate at 15. Then the “Save Our Services” amendment was adopted setting the rate at 17 and something mills. Therefore, the voters did at that time override the Headlee. In 1994, Proposition A came in and took back the Headlee’s ability. Proposition A did take back the ability for the Headlee to fluctuate when inflation changes came about.

Commissioner Trudeau stated that the City’s problems are not that they don’t have enough taxes. The problem is that they are spending too much money.

Commissioner Petlichkoff stated that is why they are going to set a cap and a limit; but, it should at least be at what the voters voted for the last time it was adopted.

Chairman Bazzy stated that this discussion is not a discussion for tonight anyway until the Commission gets more information. The Commission is not here to have an agreement. Whatever you do, there is going to be a group of people that say, “I want all the services that I have right now and I want it for less because you are inefficient at what you do.” Maybe they are correct. However, the City has cut a significant amount of jobs. The City workers have not seen a raise in at least 3 years. They are working below an inflation standard of an increase. Maybe that is what they deserve. Maybe it’s not what they deserve. However, fiscal responsibility is not an issue in this City government. Pull apart your tax and look at the value of what you get for your City tax dollar and not the Wayne County tax or the School tax. Maybe the City needs to change and maybe they need to do special assessments when your road gets torn up, you get assessed. When your tree is trimmed, you get assessed for that tree. That is all done right now from your tax dollar. Maybe each area needs to have their park assessed to their district and their house like many other cities do. Then you can figure out which pools close and which pools don’t close. There is a \$6 million deficit that is going on. It’s not going to get better. The State is going to reduce the amount of money that comes into the City. The choice becomes one of “do you want the services that you have or do you want less.”

Commissioner Trudeau stated that there is another way for the voters to decide what they are going to pay for.

Chairman Bazzy stated that they are going to decide.

Commissioner Trudeau stated that they are not. If you simply give them the money, the Administration and Council are going to put it where ever they want to put it.

Commissioner Korte asked Commissioner Trudeau if he thought that when the voters originally approved this that they thought that Michigan was going to be going through the times that it is now. They had no idea.

Commissioner Trudeau asked what about the additional tax base that is here in this town that wasn't here then. How many millions of dollars more are being taken in than was then?

Commissioner Bugeia stated that because of the combination of Headlee and Proposition A, they are not allowed to collect on it because the two are colliding.

Commissioner Korte stated that it doesn't change the fact that Dearborn is still one of the lowest 10 in the County with all of the City services provided and not ala carte.

Chairman Bazzy stated that you are talking about tax dollars collected in 1984 compared to today. How about what we are paying out in pension dollars today compared to 1984?

Commissioner Trudeau stated that those things should have been budgeted and paid for a long time ago.

Chairman Bazzy stated that nobody could have ever predicted that the average health care for a worker would be \$800 per month.

Chairman Bazzy stated welcome to a mature city. The issues here and the issues that you have in newer cities are totally different. If you look at revenue dollars and what you get for City services, the City tax is not an expensive tax.

Commissioner Trudeau stated that maybe the people don't want to pay for all the things that they have and they are willing to give them up.

Commissioner Petlichkoff stated that obviously they want to protect some things or they wouldn't have voted for the staffing mandates for Police and Fire.

Commissioner Trudeau stated that the first vote on the mandates was done emotionally because it was done right after 9-11.

Chairman Bazy stated that Police and Fire are 53% of the budget.

Commissioner Petlichkoff asked Commissioner Trudeau if he is saying that the people didn't know what they were voting about with the Police and Fire mandates and yet they did know what they are voting about setting the millage.

Commissioner Trudeau stated yes. They are sick and tired of taxes going up.

Commissioner Petlichkoff stated that the staffing mandates came after the millage.

Chairman Bazy stated that Commissioner Trudeau is right and the people are going to need to get a choice. One of the things that when you do this is that the choices are going to be real simple. If you don't want to pay any more money and you want to keep the millage at 13.6, it will be the City's responsibility along with this proposal to say here's where you are going to be or this is what you are going to get.

Commissioner Trudeau stated that it doesn't have to be that way. It could be here's what we can afford to do with what we have today if you would like to add the whistles and toys to it then let's make a change.

Chairman Bazy stated that they are not adding whistles or toys. They are not going to continue basic services right now that you have. Maybe people don't want leaf pick up. Maybe they don't want their streets plowed.

Commissioner Trudeau stated that what they term in this town as basic services are not basic services in other places. It's the frosting on the cake.

Chairman Bazy stated that they are services that people like in this town. For the average homeowner of \$12 per month, which is what the average of what 1 mill is, most of them want their leaves picked up. Most of them want their streets swept and a couple of other basic amenities that go along with it. Their pools open on time, the parks clean and the staff to go along with it.

Commissioner Trudeau stated let them make a choice.

Chairman Bazy stated that they are going to get to make a choice when this goes to the voters.

Commissioner Petlichkoff stated that you know that every time they talk about cutting one service or another what kind of representation they get at the Council meetings. You know that there are individuals in this community that value those services. We are just setting a limit.

Commissioner Bugeia stated that if this were a stand alone issue and they had a promotion to go out then they could ask for the package that they really need. She further stated that she does not know if what this Commission is going to do is really what the City needs, it's peanuts. They might be able to go out and ask for a millage to cover retirements. They could do all kinds of things if they presented a package and took it to the people.

Chairman Bazy stated that may be something they have to do. He further stated that he has talked with the Mayor and Councilmembers and they are certainly looking for something in the millage rate to address and get them back on track to where they had been. They are looking for the opportunity to look at it and have the conversations.

Commissioner Petlichkoff stated that she went online and every single City from 2003 on has addressed this Headlee issue at one time or another. This is a discussion that does belong with the Charter section that we are talking about.

Commissioner Bugeia stated that she does not know if this $\frac{1}{4}$, $\frac{1}{4}$, $\frac{1}{4}$, is really going to do what they need.

Chairman Bazy stated that is why the Commission is waiting to have further discussion with Mr. O'Connor.

Chairman Bazy stated that at the next meeting to be held on May 15, 2007, the Commission will review Sections 13.2 and 14.3.

A motion was made by Commissioner Trudeau and supported by Commissioner Korte to adjourn.

The meeting adjourned at 6:53 p.m.