

**SPECIAL CITY COUNCIL MEETING**  
**Council Chambers, 805 St. Clair River Drive**  
**Algonac, MI 48001**  
**January 10, 2017**  
**AS APPROVED 1/17/17**

A special meeting of the Algonac City Council was called to order by Mayor Eileen Tesch on Tuesday, January 10, 2017 at 6:07 p.m. The meeting was held in Council Chambers, 805 St. Clair River Drive, Algonac, MI 48001

**ROLL CALL**

Present: Michael Bembas, Mayor Pro-Tem  
Irene Bird  
Ray Martin  
Joe Nugent  
Eileen Tesch, Mayor

Absent: Helen Meldrum  
Mark Thompson

Others: City Manager Alexander, City Treasurer Mackie, Cathy Harris, Wendy Meldrum, Richard and Rita Friemuth, Dick Poole, Sue Feinberg – MERS, Robert Scruggs, James Tesch, John and Eileen Stier, Kim And Corey Blair, Nora Grambeau and Terri Campbell –AFSCME, Michael Landsiedel – Teamsters, City Clerk Greenia

**MOMENT OF SILENT PRAYER**

Mayor Tesch called for a moment of silent prayer.

**PLEDGE OF ALLEGIANCE**

Mayor Tesch led the Pledge of Allegiance.

**PUBLIC COMMENT:**

Robert Scruggs, 735 Townsend addressed the City Council regarding his concern with the way he feels the City Administration is dealing with blight issues and public concern for same.

**UNFINISHED BUSINESS:**

None at this time.

City Manager Alexander briefly updated City Council and the listening audience on the status of the water main break at the corner of Howard and State. He said the City made the decision to dig another hole to repair the problem, and that would mean that only 60 residents versus 250 would be out of water. This should be repaired by tomorrow morning.

**NEW BUSINESS****Presentation from Sue Feinberg, MERS**

Sue Feinberg, MERS Regional Manager reviewed the defined benefit plan that the City of Algonac currently offers its full time employees and the challenges the City faces moving forward in funding this plan.

She stated that she had been working with Doug and Linda on the plan and felt they had made some very positive changes to help with the shortfalls in funding levels, but shared that more would be necessary.

**Questions for MERS Representative**

Mayor Tesch asked Ms. Feinberg what she was referring to when she spoke of changes to the plan. Ms. Feinberg explained her comments and then shared some strategies she felt would help to manage the plan.

Mayor Tesch asked how this plan was related to the health care funding matter for retirees. Ms. Feinberg stated that it was an entirely different plan.

Mayor Tesch asked Ms. Feinberg to follow up with an email to City Manager Alexander reviewing all the bullet points she went over tonight please.

**Presentation from City Manager of Addressing Increasing MERS Funding Requirements**

City Manager Alexander began his review by stating that this problem was not unique to Algonac, and that many cities, townships and private companies even were feeling financial strain to provide for retirement to their employees under

current plans. Three issues that were contributing to the shortfall were that people were living longer after they retired, they were retiring earlier and the returns on the investments were not always as much as they were hoping.

He stated that under State law a retiree could not lose any of the current retirement payments they received even if the plan was changed. He also noted that any retirement benefits earned to date by current employees could not be reduced even if they plan was changed.

He went over the current challenges Algonac faces, noting that there are 12 active employees who contribute to the plan; 22 retirees or their surviving spouses and 10 employees who no longer work at the City but are vested in the plan and can one day draw from it. Last year the amount put into the plan for the City of Algonac was approximately \$319,000, the amount paid out was approximately \$347,000.

There were a few approaches that could be looked at to help with this issue; a reduction in pension plan costs is an option; possibly the City Council could make any other cuts in programs or services offered by the City, or they could discuss with the unions during collective bargaining the possibility of renegotiation of this part of their contracts.

He added that the City Council did have the option to levy .5 mills of property tax authorization within existing charter limits. Even if they did this, the City of Algonac would still maintain the lowest tax rate in the County. He shared that the average homeowner in the City of Algonac pays 20% less in taxes than they did eight (8) years ago due to the decrease in property values.

Council had already adopted a policy to put 30% of any General Fund surplus at the end of each Fiscal Year into the MERS plan.

### **Questions for City Manager**

Mayor Pro-Tem Bembas asked how much the City sends every year. City Manager Alexander reviewed the chart that showed the difference in this years' payment versus what would be an anticipated payment in 2022/2023.

**ITEMS FOR NEXT AGENDA**

None at this time.

**COUNCIL COMMENTS**

Mayor Pro-Tem Bembas said this was a very sobering presentation tonight. He knew Council and City Administration could find a solution, but it was surprising.

Council Member Martin stated he knew that all cities, both small as Algonac is, and large were being challenged with this matter. It was not unique to us.

Mayor Tesch thanked everyone for coming. She added that she felt if new business was generated in the City then that would help with additional tax revenue.

**ADJOURNMENT****CO # 01-02-17 Adjourn**

Motion by Bird supported by Martin to adjourn the meeting at 7:18 p.m.  
Motion carried.

Signed:

Respectfully Submitted

Eileen Tesch  
Mayor

Cynthia Greenia  
City Clerk