

THE REGULAR MEETING OF THE FORTIETH COUNCIL OF THE CITY OF BERKLEY, MICHIGAN WAS CALLED TO ORDER AT 7:00 PM ON MONDAY, JANUARY 27, 2025 IN COUNCIL CHAMBERS BY MAYOR DEAN

PRESENT: Councilmember Steve Baker Councilmember Gregory Patterson
 Councilmember Clarence Black Councilmember Jessica Vilani
 Mayor Pro Tem Ross Gavin Mayor Bridget Dean
 Councilmember Dennis Hennen

OTHER STAFF PRESENT:

City Manager Crystal VanVleck
City Attorney Jake Mertes
City Clerk Victoria Mitchell
Finance Director Carl Johnson
Deputy City Manager of Public Services Shawn Young
Human Resources Director Jessica Stover

APPROVAL OF AGENDA

Mayor Pro Tem Gavin moved to approve the agenda
Seconded by Councilmember Baker
Ayes: Black, Gavin, Hennen, Patterson, Vilani, Baker and Dean
Nays: None
Motion Approved.

Mayor Dean opted to use the Mayor's Moment of Reflection to receive a legislative update from Congresswoman Haley Stevens:

- Congresswoman Stevens expressed her appreciation for the opportunity to be in Berkley and acknowledged the Mayor, City Council and local leadership.
- She said it is nice to reflect on Berkley as a community, a destination with art festivals, pride and support for entrepreneurs and small businesses.
- She said she attended the meeting to speak about the beginning of a new legislative session; she described recent contentious votes and legislation.
- She said that she was reappointed to the House Science, Space and Technology committee focused on economic development; this is a committee where she played a lead role in passing the bipartisan CHIPS and Science Act into law.
- She said that the project is taking some government money but is matching it with private sector contributions to produce semiconductors at a rate here in the US as compared to having them go overseas; this is palpable for Michigan residents because of the auto sector and its reliance on those parts. She said that Michigan is leading the way in the automotive and manufacturing sector, but that private-public partnerships are required to succeed and win the future.
- She said that in taking votes to pass the federal budget, she is looking at the role of Chinese competition. She said that American labor is essential to the clean energy revolution that is underway and that she wants to make sure that our voice is heard and our leadership is at the table. She said that she wants to be sure everyone in attendance knows that she is here to make government work for them.
- She recognized her Deputy Director, Michael Tash and said that they make sure that if an individual has an issue before the federal government that needs to be resolved they can call her office and that her team will assist. She said that she knows many are concerned about government spending, and that her team makes sure that the taxpayers of Michigan's 11th District get their fair share of taxpayer dollars into their pocketbook; she said that nearly \$130 million in federal taxpayer funds have been returned by Michigan's 11th District.
- She reaffirmed her support for grant opportunities and infrastructure projects, including Berkley's lead removal project.
- She discussed the ongoing review of the USMCA trade agreement and potential tariffs on Canada and Mexico. She encouraged local businesses to share their experiences to help her advocate for their needs in Washington.

PUBLIC COMMENT

Joshua Hunter, Berkley, spoke regarding M-01-25.

Greg DuRoss, Berkley, spoke regarding the inclusion of items on the consent agenda and comments on social media regarding City employees.

Christine Dieck, Troy, spoke regarding recent changes to on-street parking.

CONSENT AGENDA

Councilmember Hennen moved to approve the following Consent Agenda
Seconded by Councilmember Black

APPROVAL OF THE MINUTES: Matter of approving the minutes of the 40th Regular City Council meeting on Monday, January 6, 2025.

WARRANT: Matter of approving Warrant No.1406.

MOTION NO. M-01-25: Matter of approving a motion to clarify the October 7, 2024 actions relating to Community Field #1 authorizing the Community Field #1 Permit Fees and Terms as presented in the October 7, 2024 City Manager's Report.

Ayes: Gavin, Hennen, Patterson, Vilani, Baker, Black and Dean
Nays: None
Motion Approved.

REGULAR AGENDA

RECOGNITIONS/PRESENTATIONS: Matter of receiving any recognitions or presentations from the Consent Agenda.

None.

PRESENTATION: Matter of introducing Human Resources Director Jessica Stover.

City Manager VanVleck introduced Ms. Stover. Ms. VanVleck said that Ms. Stover stood out early on in the hiring process. Ms. Stover comes to the City with just under 10 years of experience in Human Resources. She spent the past five years with the City of Southfield and is a Berkley resident. Ms. VanVleck said that Ms. Stover seems excited to build a process from the ground up.

Ms. Stover said she is looking forward to working closely with Ms. VanVleck and City Council and the City employees to make the city a great place to work.

Mayor Dean thanked Ms. Stover and wished her much success.

PRESENTATION: Matter of receiving a presentation by Dr. Nat Pernick regarding the 2024 Voting Challenge.

Dr. Pernick presented an award of \$500 to Berkley-Huntington Woods Youth Assistance and said that this is the fourth year he has sponsored a voter turnout challenge. He said that Berkley came in third place and had 80.41% voter turnout. Kelley Smith accepted the award on behalf of Berkley-Huntington Woods Youth Assistance.

PRESENTATION: Matter of receiving a presentation of the fiscal year 2024 audit by the finance department.

Ms. VanVleck clarified that this presentation is covering the fiscal year ended June 2024. The audit report is for the fiscal year covering July 1, 2023 through June 30, 2024. She said the audit was submitted by its due date but that due to holidays, the council meeting packet schedule, and Council meeting schedule, this was the first chance to have it presented. She shared highlights of the presentation including a healthy unassigned fund balance of \$4.7 million which equates to 35% of our expenditures, fully within the target range of 25 to 35%. Ms. VanVleck said that it will also showcase several findings of our internal controls at that time which are essentially deficiencies in our internal controls during the 2024 fiscal year. She emphasized that these findings had been identified by management, primarily by Mr. Johnson, before the Auditors were on the scene. She stated this is a new team in the Finance department and that they have been making great strides with the new team.

Mr. Johnson presented regarding the fiscal year 2024 audit by the finance department:

- He said that the audit document is the responsibility of the city's Finance department; only three pages of the document are the responsibility of the auditing firm.
- He said that the General Fund ended the year with a \$1.033 million increase to fund balance.
 - \$575,000 of this increase was due to rollover budget amendments for trucks and an HVAC system contract.
 - The remaining \$475,000 came mostly from positive results in the self-insurance fund.
 - The city is self-insured for FICA and healthcare and had a good year, coming in \$400,000 under budget.
- He said that a \$1.5 million borrowing reported last year between the general fund and the water and sewer fund was due to an accounting error.
 - The Major Street Fund was reduced by about \$500,000
 - The Infrastructure Fund was reduced by \$900,000
 - The Water and Sewer Fund was increased by \$1 million
 - These error corrections are disclosed on page 58 of the audit document. A finding from the auditors is that these errors were caught.
- He said that the challenge with the Water and Sewer Fund is that we have an EPA mandate to replace the lead water lines in the city, which the City really cannot afford.
 - He said that the State has been asked for assistance with grants to help with this issue.
 - Mr. Johnson stated that last year the City literally had zero cash and a net \$1 million borrowing from the General Fund. In the current year, we have \$73,000 worth of cash in our Water and Sewer Fund; he said that in a Water and Sewer Fund of a City this size you should have \$2-5 million in cash reserves in case of a catastrophic event.

- Mr. Johnson said that interfund borrowing from the general fund has been removed; he said that going forward however much of what the City collects will just pay operating costs and for the mandated lead line removal.
- The Solid Waste fund ended the year at \$800,000, allowing for the removal of the tag fee for the rubbish program.
- The 8 Mile Debt Service Project was closed out, and funds were transferred to the general fund for the HVAC project.
- The Court Capital Project Fund was transferred to cover HVAC costs.
- The sidewalk program finished with a net zero balance.
- The Public Safety pension is 67% funded, with a \$10 million unfunded liability.
- The Merch pension is 53% funded, with a \$10 million unfunded liability.
- The OPEB (Other Post-Employment Benefits) fund is 55% funded, which is considered good by the state.
- The general obligation debt is zero.
- Business debt, mainly for the water and sewer fund, decreased from \$588,000 to \$183,000.
- Three of six drain debts were paid off.
- The auditor's findings included issues with bank reconciliations, correction of errors, outstanding checks, record keeping, and missing policies.

Jason Benedict, Berkley, spoke regarding control deficiencies and the audit.

Mike Wiacek, Berkley, spoke regarding bank reconciliations.

Joshua Hunter, Berkley, spoke regarding the audit report.

PRESENTATION: Matter of receiving a presentation of the fiscal year 2024 audit by the auditors.

Greg Soule, partner at Andrews Hooper Pavlik PLC, presented:

- Mr. Sole said in these scenarios it is not uncommon that there would be this type of audit.
- He reiterated that financial statements are the responsibility of city management, while auditors report to the City Council.
- He said that the audit process required extensive questioning and examination of foundational financial processes due to the lack of historical documentation. The independent auditor's report issued a clean (unmodified) opinion, covering all financial areas, including governmental and business-type activities.
- Mr. Sole said that the audit followed standards set by the AICPA and Government Auditing Standards and will be submitted to the Government Finance Officers Association for consideration of a financial reporting achievement certificate.
- He stated that repeat findings in the next audit would be a red flag, indicating a lack of corrective action. Timeliness of audit completion and policy implementation will be key indicators of financial improvements.
- Mr. Sole said that the absence of documented corrective actions in City Council minutes would also signal potential issues.

Greg Duross, Berkley, spoke regarding audit deficiencies.

MOTION NO. M-02-25: Matter of adopting the City of Berkley two-year organizational strategic framework.

Councilmember Baker moved to approve Motion No. M-02-25

Seconded by Councilmember Black

Ayes: Hennen, Patterson, Vilani, Baker, Black, Gavin and Dean

Nays: None

Motion Approved.

COMMUNICATIONS

COUNCILMEMBER PATTERSON

- Received an email from Liz Petry, a Berkley resident: as you all know February is Heart Awareness Month and heart attacks are the leading cause of death in women. On February 8th, 2025 at 10 AM at the Unity of Royal Oak Church, the Women of Spirit group is hosting a talk about heart attacks in women, the warning signs and the importance of heart-smart diets. The event is open to the public and donations will be accepted.
- The Beautification Committee does not meet in January; meetings will resume in March.
- The Planning Commission will meet tomorrow; they have several items on their agenda, including façade changes to the Jewish community center on Woodward, the zoning ordinance rewrite for hopefully the last time, and a site plan revision to the BP gas station.
- Thanked the Department of Public Service, he said that those men and women are out in the frigid cold doing the duty to make sure our city is great and thanked them for all their hard work.

COUNCILMEMBER VILANI

- No updates from Environmental Advisory Committee.
- The Berkley Area Chamber of Commerce strategic planning session was delayed. She said that prayers and hearts go out to the Chair, Darlene Rothman, whose mother recently passed at 100 years

old.

MAYOR PRO TEM GAVIN

- The Parks and Recreation Advisory Committee will meet on February 13th at 7 PM in the Community Center.
- The Library Board will meet on February 12th at 7 PM at the Library.

COUNCILMEMBER BAKER

- The Downtown Development Advisory Board held a special meeting to review and approve a contract for an interim DDA Director, Jennifer Finney. Its next regular meeting is on Wednesday, February 12th. For more information visit downtownberkeley.com.
- The Historical Committee met Tuesday, January 14th at 7 PM. Congratulated committee member Kyle Grimm on his election to the role of treasurer. Thanked residents for providing donations and contribution of items to the Museum to help preserve their history and so that we can tell stories, learn from them and grow. Most recently they received donations of yearbooks and a Pattengill sweater. Upcoming displays in the Museum are focusing our Berkley churches, the first three being scheduled for the coming months: February will feature LaSalette, March will feature Berkley First United Methodist and April will spotlight Cana Lutheran. Its next meeting is on February 11th at 7 PM in the second-floor conference room of the Public Safety building. For more information on the Museum or Berkley history, visit Berkleyhistory.com.
- Shared a quote by CS Lewis: *"Hardships often prepare ordinary people for extraordinary destiny."*
- He said that as Congresswoman Stevens noted earlier, our country's changed a lot recently and many of us now live in fear and uncertainty because of the country's changing positions on equity, diversity, inclusion and basic human decency and morality. Please pay attention to signs of emotional stress in yourself and in those you love and reach out for help when you or others need it. You matter, you should be able to be yourself, take care of yourself and one another.
- He said please hug someone you love. They need it more than you think they do.

COUNCILMEMBER HENNEN

- No update from the Tree Board.
- The Zoning Board of Appeals met and denied a variance requesting a commercial sign slightly larger than allowed by code and members have no cases to hear in February.

COUNCILMEMBER BLACK

- He said the Committee on Engagement and Transparency will meet on February 12th at 6 PM in the second-floor conference room of the Public Safety building. He said they are still looking for engaged citizens. He read the Committee's mission statement: the Committee For Engagement and Transparency helps connect City administration and Berkley residents. Members of the Committee support the City's communications and its departments by identifying ways to improve a resident's ability to gather accurate information and helping to clarify and amplify City initiatives. He stated that they are aiming for a committee with about 12 members and they plan to be at all upcoming City events. He said that they encourage people to get off of social media and join our community.
- America's graveyards are filled with brave men and women who suffered at the hands of poor leadership, bad processes and no plans. He said that today's theme to him was operations and it was a testament to the fact that we have some outstanding leaders. You get the right leaders, the right process and the right people and you can do amazing things. He said that we are going in outstanding direction as a city.

CITY MANAGER VANVLECK

- Winterfest is this Saturday from noon-2 PM at the Community Center. The event will have ice skating, food trucks, and a fire pit with s'mores; hopefully it won't be too cold out there and everyone can have fun.
- Regarding water main breaks: if you don't think its reported, please call our DPS. The City Facebook page reports breaks when we know that they've happened as well as suggestions of what to do, which includes that if you are experiencing brown water to run cold water through the lowest faucet in your home.

CITY ATTORNEY JAKE MERTES

- No updates.

MAYOR DEAN

- The University of Michigan Dearborn's Office of Engagement and Impact has honored the City of Berkley for our commitment to local business; she said that as a former local business owner she can attest to the support and encouragement the Chamber of Commerce, DDA and the City give to small businesses. She said that we know how important it is to have thriving downtowns because when your downtown's thriving, your neighborhoods are flourishing.
- Aunt Mary, Berkley's oldest resident, passed at 108 years old. May she rest in peace.
- She wished everyone a Happy New Year and said that she wishes everyone peace worth protecting and boundaries worth respecting with just enough struggle for growth to occur.

ADJOURNMENT:

Councilmember Patterson moved to adjourn the Regular Meeting at 9:31 PM.

Seconded by Councilmember Vilani

Ayes: Vilani, Baker, Black, Gavin, Hennen, Patterson and Dean

Nays: None
Motion approved.

Bridget Dean, Mayor

ATTEST:

Victoria Mitchell, City Clerk

