



DR. DEIRDRE WATERMAN
MAYOR
CITY OF PONTIAC

Mayor Waterman Statement Regarding Vetoes of Line Items on Fiscal Year 2019-20 Adopted Budget

Consistent with City Charter Section 5.102, *Mayoral Budget and Appropriations Ordinance*, I submitted a proposed annual budget and proposed annual appropriation ordinance to the City Council on May 15, 2019. Subsequently, on June 25, 2019, the City Council voted to pass an amended appropriations ordinance including modifications to multiple funds by recommending modifications to specific accounts of the general ledger that are contained in line items of those funds. Based upon Charter Section 5.103, *Veto*, which establishes my authority to veto modifications to the budget and appropriations ordinance “on an item-by-item basis.” As set forth in Charter Section 3.112, *Ordinance Procedure*, I hereby veto the budget and appropriation ordinance amendments, including statements explaining those vetoes, to my proposed budget and appropriations ordinance based upon the following general ledger accounts:

Re: Veto of 585 Parking Fund Appropriation Amendments and 101 General Fund Transfer Amendment: 585-000-695.001, 585-000-695.001, 585-564-974.035, 101-966-999.585 and 585-566-699.101

These amendments were to remove the bond proceeds in the amount of \$16,585,032 in the Parking Fund, reduce the capital improvement expenditure of \$16,585,032 down to \$600,000 in the Parking Fund, and reduce the transfer of \$1,335,808 between the General Fund and the Parking Fund down to \$564. I am vetoing these line items for several reasons, starting with the need to meet our obligations for the settlement requirements for the Phoenix Center. As Council is aware, the city has legal obligation to get the Phoenix Center to standard building code. We have a clear responsibility to meet the required timeline of

completing construction by September 2020. Unbiased third-party reports show that the city will need approximately \$16,585,039 to complete these requirements. These needs have been communicated to City Council on a number of occasions.

Secondly, the Interim Finance Director, during the budget adoption process, shared with City Council a memo outlining his recommendation for what should be budgeted in the Parking Fund to properly account for the legal obligation that the city had through the settlement. In that memo, he advised council members that he strongly advises to budget for the full expenditure. However, he did state that Council should at least budget for \$8,000,000 under a best-case scenario (assuming that limited construction could take place in FY2020). This would require budgeting for the balance of the \$16,585,039. Council did not even do that and, instead, appropriated \$600,000 which will be woefully short if the city has any hope of meeting the requirements of the settlement. The Finance Director, of course, was following the guidance set forth by all applicable state and local laws and guidance. Indeed, Public Act 2 of 1968, which sets the requirements for budgeting in this state, states in Section 141.435(b) that expenditures should be “an estimate of the expenditure amounts required to conduct, in the ensuing fiscal year, the government of the local unit.” The Finance Director, along with bond counsel and the financial analyst firm, have all advised what the city will need to meet its obligations.

The Council, in the adoption of this budget, provided no such supporting detail for its estimate of \$600,000.

The next reason I am vetoing this appropriation stems from such problematic financial practices as under-budgeting city obligations. I feel that it is my duty to protect the city from the practices that led us astray before. We closed last fiscal year with over \$17 million in surplus in the General Fund. After many years, we are a bondable city. We know from our Financial Analyst and Bond Counsel that we should expect an Aa rating as part of the bond issuance I want

to pursue. We continue to move forward, but irresponsible fiscal actions, such as under-budgeting for required expenditures, must be avoided.

Finally, it has been hinted on the record that there is a possibility that the Phoenix Center will be sold. If Council has an intention for the Center to be sold, these type of decisions should be made in the light not in the dark. It is important to handle this manner in a serious and accountable way; the city has lost so many assets, like the Silverdome, without the proper public involvement. I do not want to repeat this. The giveaway of city assets in secret will not happen under my watch. This deserves an open debate.

It is for this reason that I have no choice but to veto these appropriations.

Re: Veto of 208 Youth Recreation Fund Appropriation Amendment: 208-756-702.000

This amendment was a reduction in salaries and elimination of benefits for two youth recreation managers by converting them from full time to part time. The dollar amount associated with this change was \$61,996.00. In addition to the veto, I also want to express my dismay at other Council actions to diminish funding in support of our Youth Recreation programming. This references the refusal of Council to accept \$50,000 of donated funding for a transportation system that would provide youngsters an opportunity to be transported to the Youth Recreation & Enrichment Center directly from school.

I am taking this action as Chief Executive Officer of the City of Pontiac in order to safeguard the taxpayers, protect the City and its employees and respect the wishes of voters who overwhelmingly voted in November 2016 to pass a millage to restore youth services throughout the City.

PYREC is funded by a special tax-payer approved millage whose use is restricted to employing strategies intended to curb youth juvenile delinquency. Any cost not expended in the Youth Recreation fund cannot not be used for any other

purpose and serves as a loss for the City's youth, as desired by the will of the electorate. While Council did not levy the funds in 2018, cuts to the budget this year threaten the survival and outcomes of programs impacting over 11,000 of Pontiac's youth and families' dependent on these programs especially during our peak summer months.

This Council action represents a reckless disregard for these families and has made employment with the City of Pontiac burdensome, disconcerting and insecure for the reasons presented below with lasting effects for the citizens of this City:

1) The cuts to personnel do not emanate from a request by the Administration. This action is purely an initiative by Council to determine staffing levels, which is not the function of the Council as intended by the Pontiac City Charter.

2) Decreasing Youth Recreation Management employees from full-time to part-time has a detrimental impact, both in services to our youth and from a risk management perspective. Removing full-time salary status from our Youth Recreation Managers does the following:

- Automatically qualifies an individual for overtime when their schedule exceeds forty hours in a workweek (note: both full-time Youth Recreation Managers hours far exceed forty hours a week, they average 50 hours in the work week).
- If hours are restrictive, where employees are required to work reduced hours, the employee is eligible for partial unemployment if they are unable to find additional work, a liability to the city.

- Decreases the ability of an adult supervisor to monitor youth attendance and supervise their activities.
- Reduces the recommended, child to adult ratio, which cannot always be foreseen in drop-in programs.
- Reduces our ability to offer quality programs.
- Removes their ability to properly administer cooperative programs, by impacting their ability to supervise youth working in non-profit programs, such as Michigan Works! Youth / Young Adult Internship program.
- Increases responsibility on part-time youth recreation workers to handle level responsibilities, subsequently increasing the worker's compensation costs, which is based on the job description.
- Decreases the mentorship and leadership development opportunities available to Pontiac youth. I cannot accept that.

Re: Veto of 101 General Fund Appropriation Amendment: 101-206-702.000

This amendment was a reduction in the salary of the Finance Director from \$140,000 to \$50,000, resulting in an amended General Fund, General Government Appropriation reduction of \$90,000. I am vetoing this amendment because this reduction lacks all rational basis and is simply a ploy to demean and embarrass the Interim Finance Director, and in doing so also undermines the financial standing of the City. Historically, this Council repeatedly approved a salary level in the range of that proposed for the Finance Director. When the former Finance Director abruptly resigned following the Council filing a lawsuit against him, the City underwent a process of finding the most qualified replacement candidate. I was excited to present Ivy League-credentialed Hughey Newsome to the Council Finance Subcommittee, where he was well-received. Based upon this warm reception and his qualifications, I was shocked when the Council voted to reject his permanent appointment.

I find it ironic that the Council has now recommended an amended appropriation to reduce the salary of the very person who drafted the overall budget and appropriation ordinance. There is no rational basis for a salary of \$50,000 for a Finance Director overseeing an annual budget of over \$80,000,000. It leads me to the conclusion that the Council is using this only to undermine his credibility, which is consistent with their failure to recognize him during certain budget hearings and forcing the Deputy Mayor to act as a ventriloquist to respond to Council questions. This is unacceptable and could create liability for the City by way of claims of retaliation, discrimination, or even harassment; and, for this reason, I must veto this proposed amendment to the budget and appropriation ordinance.

My Statement Regarding Tele-van Service

While I am not vetoing this action, I would also like to express my discontent with the City Council's decision to eliminate the funding for the Tele-van Services program (\$147,000) as recommended under my proposed budget. As many of our residents would agree, I too would like to see this program restored under the City's direct authority. Transportation studies have shown that public access helps to improve public safety, enhance the quality of life, and increase an individual's personal freedom. I am an avid supporter of public transportation, and am pleased to see that these funds provided through the SMART Community Partnership Program (CPP), help our senior and disabled residents. The elimination of these funds clearly demonstrates the Council's lack of support to reinstate this vital program.

Deirdre Waterman

6/26/19

Mayor Deirdre Waterman

June 26, 2019