

For the 9/21 meeting I would like to know more about the following for the budget discussions:

1. In General Fund - 999736 Transfer out: Retiree Healthcare Trust Fund - In 2009 we set up the trust and transferred the fund. Was that transfer 100% of PV of actuarial valuation? Why are we moving additional monies in 2010 and 2011? and then there is a Transfer Out from Retiree Healthcare Trust Fund to General Fund and other Funds. I remember there was a discussion on this issue however as I review the budget I am not clear in my mind.

The Supplemental Benefit amount (\$2M) has been 100% funded per the City Council resolution on June 29, 2009. The actual funding transfer is awaiting authorization by the Retiree Health Board of Trustees. Since the citizen representatives have recently been established, it is anticipated that this will occur in FY 2009.

Additional monies are proposed to be transferred-out in 2010-11 from General Fund, Fire Fund, and W&S Fund to the Retiree Healthcare Trust Fund due to the annual Implicit Rate subsidy (\$1.5M), which is scheduled to be paid in equal installments over the next 30 years.

The transfer-out from the Retiree Healthcare Trust Fund to the General Fund, Fire Fund, and W&S Fund is to reimburse those funds for additional healthcare insurance premium amounts relating to retirees which are covered along with the regular city workforce. The intent of this transfer is to equalize out the retiree portion so that the net healthcare expenditures reflect the costs of the current workforce only.

2. In Public Improvement/ Drain Fund - 807000 Contractual Services - There is a tremendous increase compared to 2005 thru 2008. I read the notes in the plan document. I would like some specifics on this increase for 2010 and 2011.

The reason for the increases from 2005 compared to 2008 is due to three major factors: (1) Underground Excavation work which was performed as needed in 2006 & 2008; (2) Wood Debris Management that began in FY 2007; and (3) Catch Basin Cleaning which the City began to out-source starting in FY 2008.

These programs are needed to comply with various federal mandates (MS-4, etc...). FY 2010-11 funding has been proposed to remain consistent with the current levels of contracted services for wood debris management, catch basin cleaning, retention pond mowing, and street sweeper material disposal. It has been proposed to increase the funding for underground excavating as DPS/Engineering has been receiving an increasing number of residential concerns regarding drainage issues.

3. In Public Improvement/Drain Fund - 931000 Maintenance - Similar concern as above.

The expenditures represented in this account are exclusively due to invoices received from the Oakland County Water Resources Commission (OCWRC) for services performed by the OCWRC on the twenty-eight (28) Chapter 20 Drains located in the City of Rochester Hills.

Over the past few years, the OCWRC has moved towards more maintenance-type activities instead of construction. The FY 2010-11 funding that has been proposed reflects this trend by the OCWRC.

In an effort to be proactive regarding billings from the OCWRC, several City departments (Fiscal, Accounting, DPS) teamed up to work with OCWRC staff to have them provide improved reporting status regarding the levels of maintenance they are performing upon which the City will ultimately be billed.

4. In Facilities Fund (Revenue) - Of the \$2.4 million Interfund charges how much is that for future replacements/depreciation and please break it down by each fund.

\$199,510 is proposed to be charged for future replacement/depreciation as part of the FY 2010 Facilities allocation. Of this amount \$195,220 has been charged to the Fire Fund to set aside funding for the replacement/rehabilitation of the City's five (5) fire stations major components. \$4,290 has been charged to DPS Garage users primarily for the replacement of the telephone system.

5. In Facilities Fund (Expense) - 929000 Repairs & Maintenance - The increase is more than 100% for 2010 and 2011 compared to 2005 - 2008. Can you provide the actual YTD costs for 2009 and some specifics for the increase.

YTD (Sept. 17, 2009) = \$75,407 has been spent on Repair & Maintenance issues.

There are several reasons that contribute to the increased levels of repairs and maintenance with the primary factor being:

(1) The increasing age of much of the City's facility-related infrastructure, mainly due to Parks and Fire Stations, which are more expensive to maintain as they age.

(2) Safety issues for residents, guests, or City staff.

(3) In 2008 Spectrum Solutions was hired to prepare a detailed Facilities Master Plan that identified strategies and recommendations for the effective management of City facilities. Energy efficiency upgrades were a key area identified and several upgrades have been undertaken with the ultimate goal of reducing utility costs.

(4) Facilities Administration is trying to become more proactive in addressing these repair and maintenance type issues while the costs are relatively low than to react to unplanned situations as they arise which are much more costly to repair.

6. Also, there was a request to Mike Hartner on the Parks (a reference was made at the last meeting). I am hoping he will be able to present the information as requested