

**CITY OF ROCHESTER HILLS**

**Fiscal  
Team**

Julie Jenuwine, Fiscal

DATE: August 18, 2004

TO: Council Members & Residents

RE: 2005 Proposed Budget Questions

This memo is in response to questions submitted by City Council members and City residents regarding the Mayor's 2005 Proposed Budget that was delivered at the August 4, 2004 City Council meeting. I hope this helps to answer any concerns, should you need further information, please do not hesitate to ask.

**Council Member Robbins Questions:**

**Q:** What is the amount of new Commercial development (How many new commercial developments were added in to the tax rolls) in: 2002, 2003, and 2004 to date?

**A:** 2002 \$ 5,984,730 Net loss of 13 parcels  
2003 \$34,582,146 Net gain of 33 parcels  
2004 \$ 5,109,466 Net – parcels remained constant

*Note: Industrial: 2002 = \$8,953,783, 2003 = \$6,101,800, 2004 = \$1,934,888*

*Note: See City Website under Departments – Assessing – Workload Indicators for additional/informative City statistics*

**Q:** Amount of new residential development (How many new residential homes, condo, apartments etc. were added to the tax rolls) in: 2002, 2003, and 2004 to date?

**A:** 2002 \$35,550,046 Increased by 41 parcels  
2003 \$39,824,299 Increased by 588 parcels  
2004 \$51,415,319 Increased by 260 parcels

*Note: Apartments are not considered within the residential figures, they are considered in the commercial figures.*

*Note: See City Website under Departments – Assessing- Workload Indicators for additional/informative City statistics.*

**Q:** How many City employees did we have in 1990?

**A:** 206 Full-time Budgeted positions

**Q:** How many employees are currently employed by the city?

**A:** 254 Full-time budgeted positions (approximately 20 vacant positions)

**Q:** How many Full-time Firefighters do we currently have in 2004?

**A:** 18 Full-time Firefighters are budgeted in 2004

**Q:** How many Full-time Firefighters did we have in 1990?

**A:** In 1990, there were Eight (8) Full-time Firefighter positions. At that time, there were four (4) Full-time Firefighter's available for emergency runs, while four (4)

FTFF's would stay in the station to run the Dispatch function and four (4) FTFF's would be dedicated towards emergency runs.

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**Q:** How many incidents did the Fire Dept. respond to in 1990?

**A:** 2,372 Incidents

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**Q:** How many incidents did the Fire Dept. respond to in 2003?

**A:** 4,136 Incidents

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**Q:** For an average call, how many Firefighters are out of service and for how long?

**A:** Generally speaking, on an average call, three (3) Full-time Firefighters are out of service for an average of 60 minutes.

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**Q:** How many deputies did we have in 1990?

**A:** Records indicate forty-seven (47) deputies contracted in 1990

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**Q:** How many deputies do we currently have in 2004?

**A:** Fifty-eight (58) deputies are currently contracted in 2004

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**Q:** How many incidents did the OCSD respond to in 1990 vs. 2003?

**A:** *Only have data back to 1993*

	<u>1993</u>	<u>2003</u>
i. Police Service Calls	25,946	29,176
ii. Part A Crimes	2,022	2,308
iii. Part B Crimes	2,689	1,326

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**Q:** On average, what is the most common incident that deputies respond to?

**A:** There is no scientific data for this question. Captain Smith indicates that response can depend on the shift and season. Generally speaking, traffic accidents tend to be the most common day incident. Alarms rank high on all shifts.

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**Q:** How many deputies respond to this incident at a time?

**A:** Usually two (2) cars respond to a traffic accident. If there is serious injury or an arrest there could be up to three (3) cars. On alarms, usually two (2) officers respond.

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**Q:** On average, for an average call, how many deputies are out of service for how long?

**A:** Generally speaking, traffic accidents, each deputy could be out of service 15 minutes to 60 minutes. Alarms usually take 20 minutes for each deputy and up to 60 minutes if there are signs of forced entry.

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**Q:** How many "Patrol Deputies" are typically on duty during each shift?

**A:** Generally speaking there are between five (5) and eight (8) patrol officers on a shift (this figure does not include detectives or command officers).

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**Council Member Hill's Questions:**

**Q:** Why has the proposed General Fund Millage increased by 0.0280 mills?

**A:** Increasing the General Fund levy by 0.0280 mills generates approximately \$90,000 while keeping the overall bottom-line City Millage rate the same as 2004. This increase will help offset anticipated lost revenue from the state shared revenue line-item and to help to offset increased personnel costs that are not reflected in the budget, as labor contracts are not settled (should there be any inflationary wage increases). This reduces the amount of monies that would be taken from General Fund's fund balance, in order to balance the budget, as the expenditures exceed revenues.

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**Q:** Reason for Special Drain Fund increase of 0.0130 mills?

**A:** Drain Debt fund increased slightly in order to meet the debt obligations for 2005 without using fund balance, as there is projected to be \$233,000 used from fund balance to help offset future years.

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**Q:** Reason for OPC Building Bond increase of 0.0136 mills?

**A:** OPC Building bond fund increased slightly in order to meet the debt obligations for 2005 without using fund balance, as there is projected to be \$113,000 used from fund balance to offset future years.

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**Q:** Why did 6 individual road sub-funds disappear (functions or funds – what's the difference)?

**A:** The 5 individual departments within the Major Roads Fund and the Local Roads Fund are proposed to consolidate into a single department within each fund. As these "departments" truly act as functions within a department. Expenditures by function (even in more detail) are being tracked with the financial software system by way of work orders.

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**Q:** Are we transferring monies from the G.F. and major roads to local roads? How much? Why?

**A:** Yes, from G.F. to Local Road Fund in the amount \$25,000 is proposed to cover street lighting costs only. This is to ensure the utility charges are covered. From Major Road Fund there is a proposed transfer in the amount of \$799,950, which is the maximum allowable from the Act 51 monies, as a source for funding, should the Local Street Millage not pass. This will allow for a meager maintenance program that is about ½ of FY 2004's level of service, while still taking \$765,000 from fund balance in the Local Road Fund.

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**Q:** Why are we spending money on (MR-15B) Butler Rd Traffic Island Removal and (MR-26) Livernois Emergency Flasher Removal?

**A:** They were requested and approved in the CIP as needed in 2005. They did not have high ratings, but are not high in cost.

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**Q:** Why four new full-time positions? Is this part of some plan?

**A:** There are four (4) new full-time positions requested in the Fire Department. The one (1) *Fire Inspector* is not part of a formal plan. Most importantly, this Inspector is needed in order to conduct particular routine inspections that are required by law, that at this time are not occurring. Rochester Hills currently does not meet recommended standards for inspections with the existing staff level and also this position will allow the department to achieve the goal of inspecting on a pro-active basis.

The two (2) Emergency Medical Technician (EMT) positions tie into the five (5) year plan, unfortunately this potential staffing issue was not addressed in the plan. These positions will begin to help alleviate the daytime staffing problems due to unavailable POC Firefighters. This will enable the department to staff two “ready” ambulances from 6 am to 6 pm Monday thru Friday for basic care, freeing up paramedics for advanced care runs. This type of structure is highly advocated across the country.

The full-time Dispatcher position is needed due to the inability to recruit and keep qualified part-time staff members in the position. The ongoing large amount of overtime has put a strain on these positions and “burnout” is a great concern.

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**Q:** Why has Council's policy on transferring excess funds to the Capital Equipment fund changed?

**A:** The mission of the Capital Improvement Fund (Fund 420) states that it is to provide a mechanism to track and fund projects in the CIP. It is stated in the budget plan book that the GF contributes 0.2500 mills to sustain the CIF's ability to achieve timely project implementation. Based on the 2005 CIP, which illustrates future years needs, additional funds will be necessary in order to achieve this goal.

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**Q:** Why is fund balance greater than 20% of operating expenses?

**A:** State Shared revenue uncertainties, union contracts expiring, unknown future healthcare increases, local street funding uncertainties, source of capital improvement funding and serving as the “rainy day fund”.

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**Q:** Why didn't we reduce the Millage?

**A:** State Shared revenue uncertainties, union contracts expiring, unknown future healthcare increases, local street funding uncertainties, source of capital improvement funding and serving as the “rainy day fund”. After 2010, Headlee rollback could begin to affect the general levy, should the existing method of keeping the overall Millage rate constant remain (with the general levy increasing slightly).

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**Q:** Why is the number of meetings been reduced to 10 vs. one per month?

**A:** The change to ten (10) Historic District Commission (HDC) meetings per year is based on adjusting the 2005 Budget due to trends on the actual number of meetings held.

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**Q:** What happened to the Tienken Rd. Parking Lot Expansion for the Paint Creek Trail (PK-06B)?

**A:** No outside entity has requested the City to put this in the CIP. Not using City funds to improve property the City does not own has been discussed.

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**Q:** Is PK-06A, Paint Creek Trail resurfacing going to be completed this year?

**A:** Yes, it is anticipated to be resurfaced by November 2004

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**Q:** Where are the funds coming from for the \$12,000,000 DPS Building Expenditure?

**A:** Funds are budgeted to come from the sale of the Hamlin Road property in 2004 and proposed bonding in 2005.

**Q:** Mayors Office - Memberships/Dues – What is the National Association of TV Officers for \$400?

**A:** It is a national *cable* television officers association, for education and idea sharing.

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**Q:** Have you ever attended the U.S. Conference of Mayors?

**A:** No, this membership is proposed to be eliminated in 2005, as the value/benefit received from the membership is not worth the cost.

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**Q:** Mayor's Office - Community Promotions account – Chair Rental/Other = \$800?

**A:** Chair Rental for City Hall Open House is an example of the types of purchases that would be expensed from this line item, along with proclamation supplies, new City resident welcome packet supplies and student tour supplies.

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**Q:** Mayor's Office - Printing & Publishing account up \$3,000?

**A:** This increase is to cover the increase in the publishing costs for the Hills Herald, as communication and informing residents ranked high on the 2005 objective list (Goal/Objective setting session in Spring 2004).

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**Q:** Why are we transferring out \$842,000 for proposed CIF expenditures?

**A:** To transfer the 2005 proposed expenditure amount in the Capital Improvement Fund along with the usual 0.2500 mills so that there continues to be some fund balance in the Capital Improvement Fund, as the fund would fall from \$4.4 million in 2001 to \$1.5 million in 2005. The intent of the fund is to “track and fund projects in the CIP”. Currently, there are \$2.5 million dollars of CIP costs (City's share) for 2006 thru 2008 already known for Parks alone.

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**Q:** Why no funding for updating/benchmarking of Speak Up visioning process?

**A:** There is \$5,000 proposed for Citizens Strategic goal setting in the City Council budget (102.801000).

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**Q:** What projects have been eliminated from the Parks to compensate for the \$111,000 overage on Spencer Beach house?

**A:** I believe the elimination will come *after* Council has determined what park projects would have been approved for 2005, rather than assume/guess what Council will approve for 2005.

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***Council Member Raschke's Question:***

**Q:** What is the difference in wages and benefits of an EMT versus the wages and benefits of newly hired firefighter/paramedic?

**A:** Based on 2004 wages and benefits (there are no contract wages for 2005 at this time) for a newly hired firefighter/paramedic versus an estimated (EMT wage not yet official) wages and benefits for an EMT, the total costs of wages and benefits for a F/T Firefighter range from \$98,000 - \$117,000 per year. The proposed wages and benefits for an EMT range from \$45,000 - \$55,000 per year. Much of the variance is due to the level of employee longevity and selection of medical coverage (single vs. family).

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**Financial Services Resident Representative's Questions:**

**Q:** A budget is both a financial statement and a policy statement.

**A:** The City of Rochester Hills strives to make their budget serve as a policy document, financial plan, an operations guide and a communications device.

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**Q:** Police Millage expires in 2006, when does council expect to start working on increase and/or renewal?

**A:** Something for Council to determine, if it has not already been determined.

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**Q:** On a Citywide basis what is the net increase or decrease in grand total of fund balances?

**A:** Grand total fund balance (as only governmental funds have fund balance) is proposed to increase \$887,720 or 1.8%. See page 40 of Budget Plan Book.

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**Q:** Page 65 & 87 in BP differ as to when State Shared revenue ends? What is the right answer? BP implies no revenue sharing after that date? What plans are being made.

**A:** The older State Revenue Sharing formula "Phase-In" is set to expire June 30, 2007 by that date, at which point the state-shared revenue formula will be 100% according to the new method.

Current plans by the City of Rochester Hills are to identify and develop other sources of revenue (such as city tax base) as to minimize any potential reductions in state shared revenue.

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**Q:** Page 159 Parks Performance Chart – Park attendance vs. 2000 is up 59% while the percentage of costs recovered by revenues has gone down by 34%. Has required ever increasing General Fund subsidy! When will parks have new fee schedule to correct this in balance?

**A:** Parks Dept. has just completed a rate increase for Field Rental at Borden Park and staff will be bringing the rate adjustment proposal before City Council this fall. It is anticipated that Council will approve the rate increases as they are included as part of the 2005 Proposed Budget under 101.651001 / Rental – Fields

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**Q:** What is the cost for the EEC? 2003 Attendance is less than 1997. What is the cost per visitor 2003 vs. 1997?

**A:** Environmental Education Center:

**2003 Actual**

\$ 94,500 EEC Staff (Wages & Benefits)

\$ 5,300 EEC Expenses (Supplies, Printing etc...)

\$ 4,950 EEC Operating Costs (Custodial, Utilities, Lawn & Snow etc...)

\$ 5,245 EEC Depreciation

\$109,995 Approximate Cost of EEC – 2003

4,350 Number of Visitors – 2003

\$ 25.29 Approximate Cost / Visitor (EEC)

**1997 Actual**

\$ 57,435 EEC Staff (Wages & Benefits)

\$ 3,434 EEC Expenses (Supplies, Printing etc...)

\$ 22,864 EEC Operating Costs (Custodial, Utilities, Lawn & Snow etc...)

\$ 83,733 Approximate Cost of EEC – 1997

4,350 Number of Visitors – 1997

\$ 19.25 Approximate Cost / Visitor (EEC)

Cost / Visitor has increased approx. 31% from 1997 to 2003 for the EEC (5.2% per year)

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**Q:** BP page 108 Mayor's Dept. Performance chart. Third year in a row that no return on investment shown for group pension plan. Entitled to know how our pension funds are being managed. Also how can percentage of active and inactive participants be calculated, but number of participants not available?

**A:** Performance measures will be provided in the Final 2005 Budget document.

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**Q:** BP page 107 Mayors performance chart shows citywide survey 1990-1997 why in 2005 BP?

**A:** 2003 Survey data will be included in 2005 Final Budget Document

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**Q:** BP page 295 Fleet Maintenance cost to rise \$100,000 due to holding vehicles longer till replacement. Has analysis been done as to total cost of longer vehicle replacement due to lower trade-in values and increased maintenance vs. maintaining original replacement schedule? Why do certain vehicle numbers show up in 2010 and 2011?

**A:** No, an analysis has not been performed as to the delay in replacement as there is no history to analyze. An analysis would have to be based on estimations. Council has been holding off on purchases, therefore vehicle parts budget is proposed to increase. The 2011 vehicles are the same as 2010; the 2011 schedule will be taken out of the Final Budget Plan Book.

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**Q:** BP page 276 & 277 – Second objective is to “proceed with planning and construction of two (2) water reservoirs,” yet TA does not show any expenditure for even preliminary engineering. What is the current status of this objective?

**A:** The Water Reservoir project was brought forward as a part of the Director's Requested Budget to the Mayor, but was not included in the Mayor's Proposed Budget to Council due to uncertainties regarding Detroit Water & Sewer and the future of their current rate setting methodology. Unless this project is added to the budget, this objective will not appear in the Final 2005 Budget Plan Book.

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**Q:** Interfund – GF Administrative Overhead Charge, explain changes in some funds.

**A:** The General Fund Administrative charge allocates of seven (7) different departments according to five different methods:

1) City Council, Mayor's Dept., & Clerk's Office

These departments are allocated to each fund according to the size of each fund's budget (less transfers out). The rational behind this is the greater the size of the fund's budget, the more time City Council, the Mayor and her staff and the Clerk's Office must devote to administering over the fund.

2) Accounting Dept.

This department's allocation is split. 3/10 of the total cost of the department is allocated directly to the Water & Sewer fund, since three of the ten Accounting Dept. staff members deal almost exclusively with W/S issues (billing etc...). The remaining 7/10 is allocated according to each fund's budget, the rationale behind this is the greater the size of the budget, the more time Accounting Dept. staff must devote towards performing a greater number of transactions for the fund.

3) Human Resources

This department is allocated out to funds according to the amount of employee hours within each fund. The rationale behind this is that the more personnel that a department has, the more time Human Resources must spend in overseeing personnel issues.

4) Treasury

This department's allocation is split. Treasury staff report that 80% of their time is spent on tax related issues, while 20% of their time is spent on investment type issues. Eighty percent (80%) of the Treasury Department is split equally between each of the eleven (11) funds that collect a Millage levy, since it takes no more/less time to collect a large Millage as opposed to a small Millage. The remaining 20% is allocated to each fund according to that fund's Fund Balance/Retained Earnings, since it takes more time to administer a fund with a large fund balance relative to a fund with a small fund balance.

5) Wireless Communications

This department is allocated out to funds that utilize wireless devices (Radios, Cellular Phones, Pagers) according to the number of devices that each fund operates. For example, total radio expense is allocated out according to the number of radios that each fund operates etc...

The total increase (2005 Proposed from 2004 Adopted) of the seven (7) departments that are allocated is 2.1%.

Pathway Maintenance (20.5% increase)

- o Increased levels of staffing over 2004, which increases HR allocation amount.
- o Addition of the allocated portion split to the Pathway Construction Fund (403) to the Pathway Maintenance Fund (214). Without this addition, the PW Maintenance Fund allocation would have remained the same.

Drains (98% increase)

- o Increased levels of staffing over 2004, which increases HR allocation amount.
- o Increased operating expenses
- o Significant reduction in levels of other funds (MR, LR etc...) while Drain Maintenance did not decrease as dramatically.

Water & Sewer (25.5% increase)

- o Increased levels of staffing over 2004, which increases HR allocation amount.
- o Increased operating expenses
- o Significant reduction in levels of other funds (MR, LR etc...) while Water & Sewer did not decrease as dramatically.



**Q:** Ordinance acct. 372.802001 interfund MIS charge, +76% why?

**A:** Ordinance – MIS Allocation

MIS charges are allocated to each department according to the number of weighted computer units that each department utilizes (i.e. Computer = 1 unit; Color Printer = 2 units etc...).

2004 MIS Allocation (Ordinance) = 4 Computers (4 units)

2005 MIS Allocation (Ordinance) = 5 Computers / ½ of Departmental Printer / ½ Color Printer (both printers previously allocated entirely to Building Dept.).

The addition of the one computer and ½ of the allocations of the two printers brings Ordinance's MIS allocation to 7 units

FYI – As part of the 2005 MIS Allocation, Building also added one computer and a laptop computer. That is why their MIS allocation did not decrease with the split of the printers to Ordinance.

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**Q:** General Fund Revenue acct 101.452001 Licenses & Permits - Building. What is the basis for estimating huge jump in this item vs. much lower changes in electrical....

**A:** The increase is based on actual recent years' revenues combined with the request for an additional Building Inspector.

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**Q:** Mayor's Dept. acct 171.801000 \$50,000 grant administrator. Is this position open and is it expected to be filled in 2005?

**A:** This is proposed as a professional service, it is not an open employee position.

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**Q:** Accounting acct 201.721000 workman's comp up 159%, why? Human Resources acct 233.721000 workman's comp up 89%, why? Also any dept where workman's comp is up high double digits?

**A:** These are up from 2004 budgeted numbers. 2005 Budget costs are up due to last year's actual expenditures and this year's year-to-dates along with estimates for next year's costs in particular areas of work increased.

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**Q:** General Fund Mayor's Department, Salaries and wages are up about \$18,000 yet a salary for the Finance director or the senior financial analyst position appears not going to be filled which should leave a salary hole of between \$56-\$88,000. Explain.

**A:** Neither the Finance Director nor Senior Financial Analyst Position are deleted positions in the 2005 proposed budget. The increase is due to the estimated wage increase for non-union employees, as the Mayor's office does not have any union employees (Mayor's Budget letter indicates that non-union wages increases are budgeted in 2005), along with \$20,000 bonus pool for directors that was not budgeted in 2004.

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**Q:** Police account 207.703000 according to BP (page 205) the 2 employees base salaries at maximum total \$116,554, while TA shows \$123,290 for salaries and wages, why the difference?

**A:** Both employees receive a longevity increase since they have been with the City for a number of years. Both employees also receive a Medical Buyout (of \$2,400

/ ea.) due to the fact that the City does not have to pay for medical insurance. Also, a small amount has been budgeted for Annual Leave payoff for each.

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- Q:** Tree Fund – City’s General Fund has \$10,000 for removal of failing ash trees on City property. Tree Fund acct. 232.807000 has \$40,000 for removal of ash trees. Where are these located if not on City property?
- A:** The majority of work that is to be funded out of the Tree Fund is to be performed to benefit the local road network, as to avoid any trees falling on the roads or pedestrians.
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- Q:** MIS fund 636.980000 – Will PeopleSoft Functionality enhancements (\$275,000) also require consultants to install?
- A:** Originally, the PeopleSoft CIP for 2005 and what was included in the proposed 2005 budget was for functionality improvements. That has changed since PeopleSoft purchased JDE. They now have a policy to only support a software version for four years. So funds that were originally set for functionality improvements are now going toward upgrading from our current version to 8.9 or 8.10. If there were funds leftover from the software upgrade, then departments would like to make improvements to our PeopleSoft software.

PeopleSoft functionality improvements

Upgrade to currently supported version of software (8.9 or 8.10)  
With PeopleSoft buying out JD Edwards, new policy is that versions of the software will only be supported for four years. Ours expires in Feb 2005. This means we can still have some phone support but they will not issue any new functionality, be able to recreate problems, etc... because they will not have the versions running at the data centers anymore.  
The upgrade also requires/depends on using Websphere - IBM’s portal. They are moving all their software products to be web based. The cost for this is \$56,000  
Need for consultants to come in and set up and configure the hardware and software appropriately. Ensure that all the components of the system are communicating properly. Set up the testing environments and knowledge transfer of new administration/security processes.  
Need for application testing and possible consultants to work through any process or functionality changes  
Need to test and possibly change all communication programs to outside agencies.  
Departments have agreed that they have new features they would like to add to the system but getting new version up and running is more important. If do not need application consultant and there are funds left they would like:  
H.R. - Electronic transmissions to insurance carriers  
Total compensation report  
Benefit election form  
Accounting - Payroll Reports - No time entered report  
Pension and Retiree Health Savings Report

A.P. - Expanded vendor listing  
Purchasing - Correct blanket integrity (inconsistency  
between header and detail lines)  
Ability to copy log details for Purchase Requisition to  
Purchase Order

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**Q:** AS/400 Upgrade (\$225,000) is City pouring \$'s into an out of date system?

**A:** This is a replacement of a computer server - no different that what we do ever 3-5 years with our other PC based servers. The AS/400 is not old technology, it is changing and adding new technology just like the PC based servers.

System is four years old and based on replacement schedule it is time to change out.

We are currently at 80% disk capacity and need to add more disk capacity.

PeopleSoft Upgrade - Will require more disk capacity and processing speed.

PeopleSoft runs slow many times depending on who is doing what.

Funds were included in 2004 budget to put in an application server but have decide it do it all at one time in 2005.

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**Q:** How much has the City spent on AS/400 upgrades in the last 10 years?

**A:** The AS/400 server has been replaced two (2) times in the last ten (10) years:

2001: \$152,586

1996: \$216,852

\$369,438      Total Last Ten (10) Years

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