

Minutes of the Special Joint FINANCIAL SERVICES COMMITTEE and PUBLIC SAFETY COMMITTEE MEETING held at 1700 Hamlin Road West, Rochester Hills, Michigan on Thursday, September 18, 2003, at 6:30 p.m.

**1. CALL TO ORDER**

Chairperson Hill called the meeting to order at 7:05 p.m.

**2. ROLL CALL**

**Financial Services**

Council Members Present:	Melinda Hill, John Dalton (7:15 p.m.), Bryan Barnett
Council Members Absent:	None
Citizen Representatives Present:	Lee Zendel
Citizen Representatives Absent:	Tushar Oza (with prior notice)
Administration Members Present:	Bob Spaman, Finance Director
Administration Members Absent:	Kurt Dawson, Assessor/Treasurer (8:45 p.m.)
Youth Representatives Present:	Lang Lui, Rajeev Gudipati
Youth Representatives Absent:	None

**Public Safety**

Council Members Present:	Jim Duistermars, Lois Golden (7:35 p.m.), Gerry Robbins (7:55 p.m.)
Council Members Absent:	None
Citizen Representatives Present:	Louis Eble, Greg Formanczyk
Citizen Representatives Absent:	None
Administration Members Present:	Bob Smith, Police Captain, Greg Walterhouse, Fire chief
Administration Members Absent:	None
Youth Representatives Present:	Victoria Gates
Youth Representatives Absent:	Andrew Roscoe
Others Present:	None

**3. DETERMINATION OF A QUORUM**

A quorum was present.

Approved as presented at the \_\_\_\_\_, 2004 Financial Services Committee Meeting.  
Approved as presented at the \_\_\_\_\_, 2004 Public Safety Committee Meeting.

4. **APPROVAL OF AGENDA**

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**Resolution**

**Motion** by Zendel, seconded by Barnett,

**Resolved**, that the City Council Financial Services Committee and Public Safety Committee hereby approve the Agenda of the Special Joint Meeting of September 18, 2003, as presented.

Ayes: Barnett, Hill, Zendel, Duistermars, Eble, Formanczyk  
Nays: None  
Absent: Dalton, Oza, Golden, Robbins

**MOTION CARRIED**

5. **COMMUNICATIONS**

None presented.

6. **UNFINISHED BUSINESS**

None presented.

7. **NEW AND MISCELLANEOUS BUSINESS**

7a. **Welcome Youth Representatives**

**Ms. Hill** welcomed the youth representatives to the two (2) respective committees.

Committee members then introduced themselves.

7d. **City Hall Update**

**Mr. Bob Spaman**, Director of Finance, updating the two Committees regarding the City Hall renovation, noted the following:

- Approximately one month left of construction.
- Furniture will be moved in beginning October 20th over a six (6) week period.
- Planning, Treasury and Clerk's Departments will be the first to move.
- Project is coming in under budget.
- Furniture was estimated at approximately \$1.4 million; actual cost will be approximately \$1.0 million.

*(Mr. Dalton Entered at 7:15 p.m.)*

- Will need approximately \$100,000 for a remote camera system for the auditorium, considerably less than estimated the previous year.
- Building Authority approved the remote cameras “very enthusiastically.”
- Bond money (approximately \$9.5 million) has yet to be spent on the project.
- “Some significant dollars to be spent” on furniture.
- Any surplus dollars will be returned to the Building and Grounds budget.
- Building completion and phased move should be complete the first or second week of December.
- Steering Committee will begin discussions regarding an open house or dedication ceremony within the next month.

#### **7e. Substation Update/Joint Operating Agreement**

**Mr. Spaman**, updating the two (2) Committees regarding the Substation project, noted the following:

- Project is “significantly” under budget.
- Project is scheduled to be complete the middle of November.
- Project is being done in conjunction with the County.
- The City will be leasing its portion of the building from the Building Authority for twenty (20) years.
- Substation will move in around November.
- The Courthouse will be opening in February.
- Project is also under budget.
- Furniture was significantly over budget, but arrangements have been made to reduce it.
- The current economy is resulting in significant savings.
- The County sold the bonds for the project, thus, any surplus will be used toward bond payments.

**Mr. Spaman**, updating the two (2) Committees regarding the Joint Operating Agreement, noted the following:

- The contract has been reviewed by City Attorney John Staran.
- The City will be responsible for snow plowing and landscaping.
- The split will be County – 75% and Rochester Hills – 25%.
- System will be evaluated after two (2) years of joint operation.
- Utilities are all on separate meters and each party is responsible for their own usage.
- Custodial duties will be outsourced by the County.

**Fire Chief Greg Walterhouse** described changes to the existing Public Safety facility:

- Fire Department administrative offices will be moved into the vacated Sheriff’s Department area.
- On-Call firefighters, the full-time Captains and the Dispatch Supervisor will all move into offices.
- Painting will be the primary improvement.
- The security of the building will be increased.
- Approximately \$20,000 to \$25,000 in changes and improvements.
- Intercom, phone and alarm systems will be extended into the vacated areas.

## 7f. Police Contract with Oakland County Update

**Mr. Spaman** summarized the approximately six (6) month process of negotiations between the City of Rochester Hills and Oakland County, including the following information:

- Current five (5) year contract concludes at the end of this year.
- Expiring contract included 3% per year increases.
- Utilizing the “Formula Method,” the new proposal includes:
  - Higher first-year increase of 7.5%.
  - Lower second- through fifth-year increases of approximately 3.7%.
  - An increase of 24.7% over the life of the contract.
- The alternate “Blended Method” would result in a compromise of approximately a 5% annual increase.
- The contract is “being driven by” the yet-to-be-signed contract with deputies as well as significant increases in retirement and hospitalization costs.
- First-year increases vary by job classification from 5.5% to 15.0%.
- The most common position (deputy no fill) increased by 6.51%.
- Considered and rejected was a mandate indicating that if the labor negotiations resulted in increases in excess of 5%, each community would bear the burden of that additional percentage.
- Removal of the “5% mandate” required acceptance of the “Formula Method.”
- The Oakland County Board of Commissioners will review the contract for final approval on October 2, 2003.

**Captain Smith** noted that it is the Oakland County Executive Branch that sets these rates, not the Sheriff’s Department.

**Mr. Spaman** praised the Sheriff’s Department and Dale Cunningham for acting as “our intermediaries” in this matter. He noted that all thirteen (13) contracting communities “seem to be comfortable” with the resulting contract.

**Mr. Dalton** expressed his belief that contracting with the Oakland County Sheriff’s Department for these services results in a significant cost savings for the City, noting specifically the cost of health insurance for full-time employees.

**Mr. Spaman** concurred, noting that a City Police Department would require significant funds.

## 7g. Police Funding/Millage

**Ms. Hill** briefly explained that recently a proposal was brought before and passed by City Council to add a 0.30 mills police millage to the November ballot. The millage would be levied over a four (4) year term to provide two (2) new police officers per year.

At **Mr. Barnett’s** request, **Mr. Spaman** briefly explained that a millage combined with a taxable value creates what a homeowner pays in property taxes. He then reviewed the previous police millages (1 and 2) and explained the Headlee Act, which requires that a millage be reduced every year to “theoretically bring in no more money each year than you had the year before, based on

keeping the same taxable value.” Mr. Spaman concurred with **Ms. Golden** that millage renewals are rarely brought back at the rate at which they began, thus the General Fund must supplement the Police budget, as the current millages do not meet the entire budget.

*(Mr. Robbins Entered at 7:55 p.m.)*

**Mr. Spaman** noted the following information about the current police fund:

- Has approximately \$1.1 million.
- Does not need a large fund balance.
- Is not required to comply with the 15% to 20% balance rule.
- The difference is made up from the General Fund.
- Current high balance is a result of several years of revenues exceeding expenses.
- Can be reduced to \$100,000 by the end of the proposed millage.

Mr. Spaman explained that with the proposed millage, the City would only utilize as much of the funds as was needed. In effect, that would be one quarter (1/4) of the 0.30 mills. He then discussed different scenarios for applying the millage rate.

Members of both Committees discussed the following concerns and issues:

- The millage proposal must be simple for voters to understand.
- The financial impact to the average homeowner with a taxable value of \$100,000 is estimated at \$30 annually.
- The General Fund will be impacted if the millage proposal does not pass.
- Factual information can be disseminated to residents but their vote cannot be influenced.
- Information should be presented in the next issue of the *Hills Herald*.

**Ms. Hill** thanked the Public Safety Committee for joining the meeting.

*The Public Safety Committee members were excused and the Financial Services Committee meeting continued.*

#### **7b. 2003 Budget Amendments**

**Mr. Spaman** explained that the City of Rochester Hills does budget amendments on a quarterly basis.

*(Mr. Dawson Entered at 8:45 p.m.)*

He reviewed budget amendments, to be brought before Council on October 15th, in the following funds:

- General Fund
- Major Roads
- Local Roads
- Fire
- Special Police

- Bike Path Fund
- Drain Improvement
- Local Road SAD-2001 Debt
- Local Road – 1987 Bond Debt
- Pedestrian Pathway Construction
- Water & Sewer
- Building & Grounds
- Fleet

**7c. 2004 Budget Status**

**Mr. Spaman** reviewed the memo included in the meeting packet, specifically noting the following:

- City Council made seven (7) changes to the budget on the final night of the Budget Work Sessions.
- The seventh (7th) change was the millage rate reduction from 1.9 mills to 1.8 mills.
- That change was subsequently reinstated to 1.9 mills.
- Due to a lack of viable bids on the Letica properties, the budget is 18.1% less than in 2003.

Mr. Spaman stated that the paperwork will be in place and the final budget for 2004 can be brought before City Council at the October 1, 2003 meeting.

**8. ANY OTHER BUSINESS**

None presented.

**10. ADJOURNMENT**

The next Committee meeting will be held December 4, 2003 at 5:00 p.m.

There being no further business to discuss, Chairperson Hill adjourned the meeting at 9:10 p.m.

Minutes transcribed by Margaret Strate.