



Rochester Hills Minutes City Council Special Work Session

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*Erik Ambrozaitis, Jim Duistermars, Barbara Holder, Greg Hooper,
Linda Raschke, James Rosen, Ravi Yalamanchi*

Tuesday, August 22, 2006

7:30 PM

1000 Rochester Hills Drive

DRAFT

In accordance with the provisions of Act 267 of the Public Acts of 1976, as amended, the Open Meetings Act, notice was given that a Special Rochester Hills City Council Work Session would be held on Tuesday, August 22, 2006, at 7:30 p.m. for the purpose of discussing the proposed 2007 Budget.

CALL TO ORDER

President Rosen called the Special Rochester Hills City Council Budget Work Session Meeting to order at 7:36 p.m. Michigan Time.

ROLL CALL

Present: Erik Ambrozaitis, Barbara Holder, Greg Hooper, Linda Raschke, James Rosen and Ravi Yalamanchi

Absent: Jim Duistermars

Others Present:

*Ed Anzek, Director of Planning/Development
Bryan Barnett, Mayor
Scott Cope, Director of Building/Ordinance Enforcement
Ron Crowell, Fire Chief
Kurt Dawson, Director of Assessing/Treasurer
Bob Grace, Director of MIS
Mike Hartner, Director of Parks & Forestry
Julie Jenuwine, Director of Finance
Pam Lee, Director of Human Resources
Jane Leslie, City Clerk
Roger Rousse, Director of DPS/Engineering
Kelly Winters, Deputy Director of Building/Ordinance Compliance*

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Ms. Melinda Hill, 1481 Mill Race, urged Council to reconsider the Pathways millage language approved at the previous Council meeting. She requested that they return to a straight renewal of the previous millage and that the duration remain at 10 years rather than 20.

Mr. Lee Zendel, 1575 Dutton Road, wondered what purpose is served when a Council member questions an \$18,000 purchase during a Council meeting, as opposed to simply calling a City employee and resolving the issue directly. He then noted that the proposed registration fee for residents with home alarms should not be viewed as a tax, but rather is similar to a dog license fee. He then announced that 36 communities in

Wayne, Oakland and Macomb Counties passed dedicated millage proposals during the most recent election. Finally, Mr. Zendel reminded Mayor Barnett of his assurance that the DPS Facility project would break ground before the end of the year.

PROPOSED 2007 BUDGET DISCUSSIONS

(Mr. Duistermars Entered 7:43 p.m.)

Present: Erik Ambrozaitis, Jim Duistermars, Barbara Holder, Greg Hooper, Linda Raschke, James Rosen and Ravi Yalamanchi

2006-0636

General Budget Overview

President Rosen suggested that Council review the budget at a macro level and not focus too closely on the minor details. He indicated that Council members should focus more on "policy decisions that make a difference in the City." He further noted that, rather than setting aside a specific time for Public Comment, residents should move to the speaker's podium at any time during the discussion to be recognized and participate.

Mayor Barnett briefly described the budget process up to this point, noting numerous meetings among himself and staff members. He indicated that the purpose of the administrative discussion would be to highlight the goals and objectives of each department and indicate significant changes. He assured Council that if he or City staff members were unable to address any of Council's questions immediately, they would be addressed as soon as possible.

Mr. Yalamanchi noted that, as this was his first experience with the budget process, he anticipated having a great deal of questions.

Mr. Ambrozaitis noted that it is his responsibility as a legislator to ask questions on behalf of the taxpayers of Rochester Hills.

Ms. Holder reminded her fellow Council members that despite the budget process, many of these issues and items will come before Council for final approval in the future. She stressed that there is no need for Council to "micro manage" the process at this time.

Ms. Julie Jenuwine, Director of Finance, provided the following budget overview:

City Council Goals

- Improve Economic Development
- Enhance/Maintain Infrastructure
- Maintain Financial Stability
- Enhance/Maintain Public Safety
- Enhance Communication with Residents
- Enhance Quality of Life
- Efficient Government

Proposed Millage 2006 Levy / FY 2007

- Operating Millages

- * General Fund (Charter) 3.7220
- * Fire Fund (Charter) 1.8000
- * Special Police I (Voted) = 0.7823
- * Special Police II (Voted) = 0.4260
- * Public Improvement Drains = 0.0
- * Pathway (Voted) = 0.1858
- * R.A.R.A. Operating (Voted) = 0.1950
- * Older Persons Millage (Voted) = 0.2403
- * Older Persons Transportation (Voted) = 0.0891
- * Open Space / Natural Features (Voted) = 0.2972
- * Library Operating = 0.7823

* **Operating Subtotal = 8.5200**

- Debt Millages

- * Drain Debt Fund = 0.6055
- * G.O.R.B. - Series 2002 = 0.3292
- * G.O.R.B. - Series 1998 = 0.0501
- * Older Persons Building Bond (Voted) = 0.2012

* **Debt Subtotal = 1.1860**

- **Total Millages = 9.7060**

2007 All Funds / Proposed Sources of Revenue

General Fund = \$26,671,090
 Special Revenue = \$34,678,770
 Debt Service = \$6,399,660
 Capital Projects = \$1,924,850
 Water & Sewer = \$42,050,440
 Internal Service Funds = \$11,451,380
 Component Unit Funds = \$1,227,120

Grand Total = \$124,403,310

City Taxes = \$31,914,900
 License & Permits = \$1,847,500
 Intergovernmental:
 State Grants = \$9,950,470
 Federal Grants = \$150,320
 Other = \$1,151,320
 Service Charges = \$38,698,090
 Fines & Forfeitures = \$570,000
 Investment Earnings = \$3,690,330
 Special Assessments = 65,130
 Other Revenue = \$1,296,600
 Bond Proceeds = 0
 Transfer-In = \$17,647,270
 From/(To) Fund Balance = \$17,421,380

Grand Total = \$124,403,310

2007 All Funds / Proposed Sources of Revenue

Service Charges - 31%
 City Taxes - 26%
 Fund Balance - 14%

Transfers-In - 14%
 Intergovernmental - 9%
 Other Revenue - 6%
 Bond Proceeds - 0%

2007 All Funds / Proposed Expenditures

Personnel Services = \$25,365,580
 Supplies = \$2,127,990
 Other Services = \$45,425,620
 Capital Outlay = \$25,284,290
 Debt Service = \$6,827,430
 Transfers - Out = \$19,372,400

Grand Total = \$124,403,310

2007 All Funds / Proposed Expenditures

Other Services - 37%
 Capital Outlay - 20%
 Personnel Services - 20%
 Transfers - Out - 16%
 Debt Service - 5%
 Supplies - 2%

\$124.4 Million Proposed Budget Includes:

- \$19.4 million of transfers between funds
- \$7.7 million to Internal Service Funds (MIS, Facilities, Fleet and Self-insurance funds)
- \$3.7 million for General Administrative Services

2007 Capital Outlay Summary

Major Roads = \$7,122,400
 Local Streets = \$2,489,490
 Drain Improvements = \$800,000
 Fire Capital = \$718,500
 Pathway Construction = \$705,900
 Media Equipment = \$28,350
 Water & Sewer Infrastructure = \$1,535,250
 Water & Sewer Equipment = \$925,000
 DPS Facility Construction = \$8,600,000
 Building & Grounds Improvements = \$690,060
 Management Information Systems = \$274,000
 Fleet Vehicles & Equipment = \$1,395,340

Grand Total = \$25,284,290

All Funds - Personnel Cost Summary

- 5.2% increase in Total Personnel costs
- General 2.0% - 2.2% wage adjustments, 3 years Local 2491 cumulative catch-up, wage adjustments to some positions - results in overall budgeted wage increase of 5.9%
- Pension contribution - change from 12% to 14%

- Elimination of three (3) positions
- Healthcare
 - * Down 3% from 2006 budget
 - * Up 2% BCBS, 10% BCN and HAP from 2006 Actual

All Funds - Other Services Summary

- Major Components
 - * \$13.1 million for Water & Sewage purchases
 - * \$7.3 million for Police Services
 - * \$7.7 million for Internal Service Fund charges

Mr. Yalamanchi asked for clarification with regard to the General Fund fund balance and asked that it be maintained at 20%

Ms. Jenuwine explained that the fund balance level varies for different funds, but noted that if it is Council's desire, the fund balance for General Fund could be maintained at a 20% minimum.

Mr. Ambrozaitis noted that he preferred the flexibility of maintaining a fund balance between 15% and 20%.

Mr. Yalamanchi noted that the proposed millage levies for 2007 showed an increase in the General Charter levy and the apparent elimination of the Public Improvement Drains levy.

Ms. Jenuwine explained that Chapter 20 of the Michigan Drain Code does not permit funds to be levied for these types of maintenance uses. She noted that the resulting increase to the General Charter levy and distribution of monies from the General Fund is an allowable method of financing the drain maintenance, with the overall millage rate being maintained at status quo.

Resident Melinda Hill, 1481 Mill Race, noted that this change could limit the City's opportunity to increase the General Fund to the Headlee maximum. She expressed curiosity as to how this correction was initiated after 20 years of this practice. She requested an explanation as to how this practice began and why it was now being changed.

Ms. Jenuwine and **Mayor Barnett** explained that a great deal of research had been conducted into the matter, however, they were unable to determine how or why this practice was initiated.

Mr. Yalamanchi questioned whether this change would eliminate the City's ability to maintain these drains.

Ms. Jenuwine assured Council that these maintenance duties would still be funded, but from the General Charter levy rather than a separate line item for Drain Maintenance. She further noted that Chapter 20 levy funds could only be used for maintenance purposes if it were monies left over once the debt is paid or if construction came in under budget.

Resident Lee Zendel, 1575 Dutton Road, requested an estimate of how much money the City has in the Debt Service fund balance.

Ms. Jenuwine estimated the amount being between one and two million dollars.

Mayor Barnett noted that the administration had prepared for a more detailed discussion of this matter on the third night of budget discussions when the entire issue of drains was to be addressed.

Mr. Yalamanchi noted that he was willing to suspend the discussion until the third budget meeting.

Discussed

2006-0616 Discussion - Special Revenue Funds - 2007 Budget

Attachments: Budget Workshop Presentation Schedule.pdf; 0616 Resolution.pdf

Mr. John Anderson, Director of Rochester Avon Recreation Authority (RARA), thanked Council for supporting the recent RARA millage and thanked the voters for its passage. He then explained that the monies from Rochester Hills and the recent millage fund most, but not all, of RARA. He noted that that gap in funding is filled by the fees charged for the various programs. He indicated that the gap did close a bit with the slight increase in the most recent millage.

Mr. Ambrozaitis thanked Mr. Anderson for his efforts as Director of RARA.

Discussed

2006-0622 Discussion - Component Unit Funds - 2007 Budget - RARA Operating Fund

Attachments: 0622 Resolution.pdf

Discussed

2006-0616 Discussion - Special Revenue Funds - 2007 Budget

Attachments: Budget Workshop Presentation Schedule.pdf; 0616 Resolution.pdf

Ms. Marye Miller, Director of the Older Persons Commission (OPC), provided a brief overview of the services provided by the OPC including adult day care, transportation, community theater, senior assistance, etc.

Discussed

2006-0623 Discussion - Component Unit Funds - 2007 Budget - OPC Operating Fund

Attachments: 0623 Resolution.pdf

Discussed

2006-0615 Discussion - General Fund - 2007 Budget (100's)

Attachments: Agenda Summary.pdf; Final Recap all changes.pdf; 092006 Agenda Summary - Public Hearing.pdf; Public Hearing Notice.pdf; 0615 Resolution.pdf

GENERAL FUND REVENUE (101)

- Ensure diversified, stable revenue sources to protect against short- or long-term fluctuations in any one source, which would adversely affect the delivery of essential services.

- Review fees and charges for services to ensure that they cover the cost, or a predetermined percentage thereof, of providing the service.

- Overall General Fund Revenue up 7.6%
 - * Tax Revenue - up 20% due to shifting of millage to general Charter Levy
 - * Franchise Fees - budgeted flat
 - * Building License and Permits - budgeted down 26%
 - * State Shared Revenue - budgeted flat
 - * Interest Income - \$820,000
 - * No use of Fund Balance

- General Fund Expenditure Summary
 - * Up 3% (after Transfers-Out)

MAYOR'S DEPARTMENT (171)

Administration / Objectives

- * Continue to implement technology into "everyday" practices and operations.
- * Encourage elected officials and City staff to participate in service organizations.

Fiscal / Objectives

- * Work toward improving the City's loss control program and its loss expenditures by building upon the smaller program that is currently in place with improved proactive policies and procedures.
- * Implement a process (through work orders) which ties all departmental expenditures to functions in that department in order to cost City services (performance based budgets).
- * Perform a thorough evaluation/revamping of all departmental goals, objectives and performance measures to assist departments with better communicating departmental vision and measurement of accomplishments.
- * Research options for increased healthcare savings.
- * Facilitate the actuarial evaluation for City's Supplemental Retiree Healthcare Plan.

Ms. Jenuwine noted that the City's Retiree Healthcare Plan is different from many other municipalities in that it does not guarantee indefinite healthcare coverage for retirees, but rather provides benefits based on years of service and employee contributions.

Purchasing / Objectives

- * Conduct departmental training on effective processes and best value procurements, update the Purchasing Manual and promote vendor evaluations.
- * Produce cost savings and efficiencies for the City.
- * Provide tools to departments including enhanced reporting of City financials, procurement care and the Michigan Intergovernmental Trade Network (MITN) system.
- * Enhance the Procurement Card Program and its use in an effort to decrease costs, rather than issuing purchase orders.
- * Initiate electronic procurement opportunities with the implementation of electronic bids and through cooperative purchasing through the MITN website.

* Focus efforts towards involvement at the initial project planning stages involving procurements to demonstrate value-added efficiencies.

* Support the networking and professional development of the Purchasing Staff.

- City Information / Objectives

* Produce a bi-annual City newsletter that provides relevant community information to all City residents.

* Partner with local school districts, other governmental agencies, service organizations and community groups to increase public awareness of community issues and events.

* Produce live and taped cable TV programs that are entertaining, while providing reliable, useful information regarding the community and City government.

Mr. Yalamanchi asked the Mayor whether he intended to fill the City Administrator position listed on the Mayor's Department organizational chart.

Mayor Barnett noted that while he did not intend to fill that position, he chose to leave it as part of the organization chart to afford subsequent mayors the opportunity to fill that position if they so choose.

Mr. Yalamanchi questioned why the Fiscal Department and the Purchasing Department are separate entities and suggested that they be combined.

Mayor Barnett noted that the combining of those two departments is being considered with regard to possible operational efficiencies.

Legal Services (210)

- Provide timely, scholarly responses to all questions and issues assigned to the law firm.

- Represent the City vigorously and effectively in lawsuits filed on behalf of, or against, the City of Rochester Hills.

- Issue solid, defensible legal opinions on all issues referred to the law firm.

- Participate in negotiations with unions whose contracts have expired or are expiring.

- Provide legal assistance on environmental issues being reviewed by the Mayor and staff.

- Cooperate in the review of various City ordinances, advise about the need for modifications or the repeal of existing ordinances or for the enactment of new ordinances.

- Remain knowledgeable and informed about legal issues that may affect City government, and provide proactive advice to City Council and Administration regarding such issues.

Ms. Jenuwine explained that the contract with Mr. John Staran, City Attorney, is handled via a blanket purchase order, not through the request for proposal (RFP) process.

Special Lighting (448)

- *Special Lighting is a pass-through account for street lighting within the Christian Hills Subdivision. The City of Rochester Hills collects a special assessment from the 395 lot owners who reside within that subdivision; in turn the City pays Detroit Edison for the electrical service. Detroit Edison will not contract directly with individual homeowner associations, so the City acts as an intermediary.*

Community Development Block Grant (666)

- *Evaluate the decreased levels of Federal funding, ensuring that funds continue to be distributed as equitably as possible to residents in the Minor Home Repair, Public Assistance, and Home Chore Programs, while still satisfying Federal mandatory allocation requirements. All funding awarded to the City of Rochester Hills will be directed towards the City's residents, as no funding will be spent on eligible internal City Administrative costs or Professional Services.*

Ms. Jenuwine noted that there has been a reduction in CDBG funds in recent years due to a reduction in the program by the Federal Government. She further noted that, in response to this reduction, the City has shifted allocations so that all funds are going to outside users as opposed to any City uses.

Mr. Ambrozaitis requested that City Council and the Administration consider increasing the funds for the Rochester Area Youth Assistance program to make up for the reduction in CDBG funds.

Supplemental Retiree Health (852)

- *The Supplemental Retiree Health cost center was established to account for the revenue and expenditure associated with the Supplemental City Retiree Health Care Program through ICMA.*

- *This program was created in 2001 for the purpose of providing some benefit to certain full-time City employees for a portion of their hospitalization, dental and vision insurance costs after they retire from the City.*

Ms. Jenuwine noted that this program is budgeted to increase 9.5% based on an assumption of impending retirements from the City.

Discussed

(Recess 9:13 p.m. - 9:27 p.m.)

2006-0620

Discussion - Internal Service Funds - 2007 Budget

Attachments: 0620 Resolution.pdf

Self Insurance Fund (677)

- *Pay the current year's Self Insured Rate and recover the costs from other funds that contribute to the City's liability.*

Ms. Jenuwine noted that the MMRMA premium has increased only 3% for the next year.

Council members, noting that MMRMA did not support the City during a recent legal matter, questioned whether the City could pursue other insurance coverage.

Ms. Jenuwine and Mayor Barnett noted that other options have been investigated,

however, it appears that the City would have to contract with commercial carriers. Ms. Jenuwine explained that the use of commercial insurance would require multiple policies and there is no commercial coverage for zoning issues.

Mr. Yalamanchi questioned whether the City could establish a legal defense fund separate from the General Fund.

President Rosen noted that such an undertaking would be quite time consuming and that is the purpose of the MMRMA in joining with other municipalities to pool funds.

Mr. Ambrozaitis questioned whether the City could have some input as to which MMRMA attorney represents the City in these matters in the future.

Ms. Jenuwine noted that the MMRMA contracts with two law firms. She indicated that the Administration could request a presentation to Council by both firms if that is the desire of City Council.

Lee Zendel, 1575 Dutton Road, noted that the City of Hamtramck recently lost a lawsuit that resulted in a \$30 million judgment. He questioned how the City could set aside that much money for a legal defense fund.

Discussed

2006-0615

Discussion - General Fund - 2007 Budget (100's)

Attachments: Agenda Summary.pdf; Final Recap all changes.pdf; 092006 Agenda Summary - Public Hearing.pdf; Public Hearing Notice.pdf; 0615 Resolution.pdf

Mr. Yalamanchi suggested that the City reinstitute the Strategic Planning Committee to discuss and evaluate the City's goals and objectives.

President Rosen assured Mr. Yalamanchi and his fellow Council members that they would return to this subject in the near future.

CLERK'S DEPARTMENT

City Council (102)

- Promote teamwork and foster trust between Council, Administration, business and residents.
- Establish goals and adopt public policy promoting the livability and sustainability of the community.
- Adopt an annual budget that reflects established plans and policy and promotes and implements strategic planning goals for the City's future.
- Promote regional partnering opportunities.
- Increase participation in SEMCOG, MML and community service organizations.
- Involve youth in the leadership and development of the City's future through their participation on the Rochester Hills Government Youth Council.

Ms. Jenuwine noted that the MIS allocation for City Council has been reduced by approximately 12% due to a reduction in laptop usage by Council members.

- Insure that Polling Places are ADA compliant.

Ms. Jenuwine noted that there has been a 2% decrease in the overall Elections budget.

Accounting Division (201)

- Submit to the Government Finance Officers Association (GFOA) Certification program the City's Comprehensive Annual Financial Report (CAFR).
- Continue to review financial records stored off-site and dispose of unnecessary records.
- Continue to review and purge water and sewer billing accounts that are no longer active.
- Collect from the GIS system the longitude and latitude to be entered into the water and sewer utility account master file that will be used for the radio meter read system.
- Research water and sewer utility software packages.

Ms. Jenuwine noted that there has been a 1% decrease in the overall Accounting budget.

Ms. Jane Leslie, City Clerk, noted that two positions had been eliminated, one from Accounting and one from Elections. She explained that the two full-time positions would be combined into a single, shared position, thus reducing personnel and benefits costs.

Mr. Yalamanchi questioned why Accounting falls within the purview of the Clerk's Department and requested that Ms. Holder, Chair of the Administration & Information Services Committee, schedule a discussion of the matter at an upcoming committee meeting to consider moving the Accounting functions to the Fiscal Department.

Ms. Leslie indicated that such a change would require an amendment to the City Charter.

Clerk's Department (215)

- Monitor policies for compliance with the Open Meetings Act and Freedom of Information Act.
- Implement Records Management procedures:
 - * Complete Record Archival Management process
 - * Develop and implement Record Management Policies (RAMP)
 - * Document management policies and procedures
 - * Train City employees in records management
- Upgrade legislative tracking system to improve utilization by City staff and Council.
- Reevaluate processes, procedures and documentation related to the legislative process for efficiency and effectiveness.
- Investigate options for public access to the legislative tracking system.
- Continue the planning, design and construction for improvements based on the following projects listed in the CIP:
 - * IS-07A - Citywide Records Management - Preliminary Design

(Note: Funds are proposed to be Transferred Out to the MIS Fund [636] from the Capital Improvement Fund [420] for the design phase of the project noted.)

Ms. Leslie and **Ms. Jenuwine** indicated that the Records Management program, while started in 2006, will be carried over into 2007 and will impact not just the Clerk's Department budget but also that of the MIS Department.

Cemetery (276)

- Implement Family Plot Plan for Section II
- Research Chapel option
- Complete Columbarium addition

Ms. Leslie explained that the addition of a Chapel to the Cemetery would be considered an enhancement of services and would result in increased revenues. She further noted that it is often requested by Cemetery customers while purchasing lots and some current lot owners have offered to make donations toward the construction of a Cemetery Chapel.

Ms. Raschke, the Council representative on the Cemetery Committee, echoed Ms. Leslie's comments and stressed the need for a Cemetery Chapel.

Mr. Ambrozaitis noted that the budgeted amount of \$169,200 is too high.

Ms. Leslie explained that the original request was for a combination Chapel and maintenance building; however, that plan has been rejected for reasons of logistics. She noted that it is likely the Chapel alone can be built for much less money.

Discussed

2006-0616

Discussion - Special Revenue Funds - 2007 Budget

Attachments: Budget Workshop Presentation Schedule.pdf; 0616 Resolution.pdf

Stoney Creek Perpetual Care Fund (211)

- Study options for providing funding to meet the goal of perpetual care.
- Continue the planning design and construction for improvements based on the following projects listed in the CIP:
 - * FA-03C - Van Hoosen Jones Cemetery / Development - Construction
 - * FA-03E - Van Hoosen Jones Cemetery / Chapel - Construction

(Note: Funds are proposed to be Transferred Out to the Facilities Fund [631] for the engineering and construction of the projects noted.)

Discussed

2006-0615

Discussion - General Fund - 2007 Budget (100's)

Attachments: Agenda Summary.pdf; Final Recap all changes.pdf; 092006 Agenda Summary - Public Hearing.pdf; Public Hearing Notice.pdf; 0615 Resolution.pdf

Assessing Department (209)

- Enhance data storage and retrieval, and increase the access to assessment related data on-line by converting our real property drawings to an electronic format. This program is being developed in conjunction with the Oakland County Equalization Division. The end product will allow the City to more efficiently store, retrieve and share information with citizens via the Internet and link it to the internal GIS program.

- Utilize some staff resources in the implementation of an electronic sketch program, which will enhance our ability to deliver information to the public electronically.

Mr. Kurt Dawson, City Assessor, noted that the greatest increase in the department budget was due to wages and salary increases as a result of the recent union negotiations.

Board of Review (247)

- Participate in the internal review of data processing platforms as they apply to the Board of Review.

- Provide the Board of Review with sufficient information in order to make informed decisions.

Mr. Dawson explained that, due to the economic times, the number of Board of Review hearing dates were increased, as well as the City's efforts to educate residents about the process.

Treasury (253)

- Eliminate one (1) Bookkeeper position by reorganizing departmental duties and expanding the use of bank payment processing lock box to include taxes.

- Research new banking services to improve departmental efficiency and provide increased services to our constituents.

- Implement electronic check deposit to the bank via the Internet which will streamline our daily bank deposit process by:

* Eliminating the need to manually create and balance a calculator tape of the checks to be deposited.

* Eliminate the need to physically take the checks to our bank for deposit. In the process, these check payments will be converted to ACH transactions which will become available funds for the City's use the next business day.

- Begin the RFP process for banking services due to our current banking services contract expiration in July 2008.

Mr. Ambrozaitis suggested that Mr. Dawson return to City Council in the near future and provide a work shop regarding the differences between taxable value and market value.

Mr. Yalamanchi questioned Mr. Dawson's unique position within the City of being director of two separate departments: Assessing and Treasury.

Mr. Dawson explained that the City Treasurer is appointed by City Council and the Director of Assessing is appointed by the Mayor. He noted that it was not the desire of previous Council's or Mayors to combine the two departments, which would require a change to the City Charter.

Building Authority (279)

- Meet to approve payment to meet debt service requirements.

HUMAN RESOURCES (233)

- Implement negotiated health insurance plan changes that promote increased consumerism in the management of costs.
- Modify the City's Wellness Program to further promote consumerism and lifestyle changes in support of healthcare cost management efforts.
- Provide in-house training and seminars on supervisory skills, legal compliance and wellness related topics.
- Identify high-risk safety areas to address utilizing MML's Risk Management model.
- Implement a revised performance appraisal process for directors and non-union employees.
- Increase personnel related reports and information available to managers through expanded use of the JDE Manager Self-Service System.
- Improve on-line access to vacancy information on the City website by providing for transmission of application forms.
- Improve on-line access of Personnel and Administrative Policies and Procedures.

Ms. Pam Lee, Director of Human Resources, explained changes to the City's health coverage that would likely reduce costs, such as an increase to the drug co-pay for employees.

Council members questioned the need for the increased spending in the City's Wellness Plan.

Ms. Lee noted that it has been documented that a preventive approach to healthcare is often most cost effective.

Discussed

(Recess 10:33 p.m. - 10:41 p.m.)

2006-0615

Discussion - General Fund - 2007 Budget (100's)

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BUILDING / ORDINANCE**Building Department (371)**

- Implement a Property Maintenance Code that will enhance the quality of life in our community.
- Increase use of technology to provide customer information by developing Building Department videos providing announcements on Channel 55 and by providing questions

and answers on the City website.

- Develop standards for consistency in departmental operations.
- Develop brochure for new businesses entering the community.
- Develop additional brochures on procedures for tents, canopies and house moves.
- Complete our Commercial File Organization Program.
- Change department name to the Department of Building and Neighborhood Services.

Ordinance Compliance (372)

- Implement a Property Maintenance Code that will enhance the quality of life in our community.
- Provide educational opportunities for our customers at least twice a year.
- Develop and implement proactive ordinance enforcement procedures such as weekend patrols and meetings with homeowner associations.
- Implement a Site Maintenance Program to encourage the positive appearance of commercial and business properties within the City.
- Develop standards for consistency in ordinance compliance operations.
- Arrange for Ordinance Compliance Division staff to meet with homeowner associations to discuss issues and answer questions.
- Change department name to the Department of Building and Neighborhood Services.

Ms. Raschke questioned whether there was any way to hold real estate agents accountable for the poor condition of some houses for sale in the City.

Mr. Cope, Director of Building/Ordinance Enforcement, explained that the current ordinance does not permit the City to hold real estate agents responsible, rather maintenance is always the responsibility of the actual homeowner. He stressed that the City administration is working on improving the City's current Property Maintenance Ordinance.

Mr. Yalamanchi asked Mr. Cope if there was a way he could reduce his overall budget by 10%, perhaps through the elimination of certain positions.

Mr. Cope explained that reductions in staff would likely affect the services provided by the Building Department, such as ordinance enforcement, building inspections, etc.

Mr. Yalamanchi questioned the pay increases of some positions within the Building Department.

Mr. Cope explained that certain employees receive premium pay for gaining certifications beyond their field of expertise. He noted that the City is able to utilize the added skills of these employees, thus reducing the need for outside consultants and part-time inspectors.

Mr. Yalamanchi expressed concern that premium pay could become a common practice in other departments.

Ms. Pam Lee, Director of Human Resources, acknowledged Mr. Yalamanchi's concern and stated, "There is an effort to make a clear distinction between the compensation associated with the position and this additional function that they are performing, which is outside of the essential functions of their position." She stressed that any other request for skill-based premiums would be evaluated stringently to determine if it meets the above criteria and shows a savings to the City.

Mayor Barnett noted that the premium is only paid when those additional functions are being performed. He indicated that if, in the future, these additional duties are eliminated, so too would the premium pay be eliminated.

Mr. Cope explained that the skill-based premiums encourage employees to gain other certifications, but those premiums are not paid unless the City utilizes those skills.

Mr. Yalamanchi, while acknowledging the logic of the practice, expressed his concern that employees could begin to consider these premiums an entitlement. He cautioned the administration that this practice could be "setting us up for future conflict situations."

Weed Control (535)

- Recommend changes to the Weed Control Ordinance and Property Maintenance Code to cover overgrown weeded landscaping.

- Evaluate current policies and procedures for flexibility, usability, efficiency and effectiveness.

- Improve education and awareness of property owners by sending out a notice to vacant property owners before cutting season.

Mr. Cope explained that the City employs private contractors that patrol the City and cut the weeds of vacant lots that have grown to over eight inches and then bill the City for this service. He further noted that in the case of private property, the property owner is notified that they have 24 to 48 hours to cut their grass or weeds, after which the City will cut the weeds and the homeowner will be charged for the service.

Mr. Ambrozaitis asked that special attention be paid to the City's alleyways.

PLANNING AND DEVELOPMENT

Planning Department (401)

Zoning Board of Appeals (410)

It was determined that the discussion of the above items pertaining to Planning and Development be postponed until the next Budget Work Session scheduled for August 23, 2006.

Discussed

2006-0621

Discussion - Component Unit Funds - 2007 Budget - EDC, LDFA, BRA, SmartZone, OPC, RARA

Attachments: 0621 Resolution.pdf

PLANNING AND DEVELOPMENT

Brownfield Redevelopment (843)

SmartZone (851)**Economic Development Corporation (EDC) Fund (893)**

It was determined that the discussion of the above items pertaining to Planning and Development be postponed until the next Budget Work Session scheduled for August 23, 2006.

Postponed

2006-0615 Discussion - General Fund - 2007 Budget (100's)

Attachments: Agenda Summary.pdf; Final Recap all changes.pdf; 092006 Agenda Summary - Public Hearing.pdf; Public Hearing Notice.pdf; 0615 Resolution.pdf

PARKS**Parks Department (756)****Forestry (774)**

It was determined that the discussion of the above items pertaining to Parks be postponed until the next Budget Work Session scheduled for August 23, 2006.

Postponed

2006-0616 Discussion - Special Revenue Funds - 2007 Budget

Attachments: Budget Workshop Presentation Schedule.pdf; 0616 Resolution.pdf

PARKS**Tree Fund (232)****Green Space (299)**

It was determined that the discussion of the above items pertaining to Parks be postponed until the next Budget Work Session scheduled for August 23, 2006.

Postponed

2006-0615 Discussion - General Fund - 2007 Budget (100's)

Attachments: Agenda Summary.pdf; Final Recap all changes.pdf; 092006 Agenda Summary - Public Hearing.pdf; Public Hearing Notice.pdf; 0615 Resolution.pdf

GENERAL FUND**Transfer Out (990)**

It was determined that the discussion of the above items pertaining to the General Fund be postponed until the next Budget Work Session scheduled for August 23, 2006.

Postponed

2006-0620 Discussion - Internal Service Funds - 2007 Budget

Attachments: 0620 Resolution.pdf

MANAGEMENT INFORMATION SYSTEMS (MIS)

Management Information Systems Fund (636)

It was determined that the discussion of the above items pertaining to the Management Information Systems (MIS) Department be postponed until the next Budget Work Session scheduled for August 23, 2006.

Postponed

COMMENTS & ANNOUNCEMENTS

None.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

- Work Session - Wednesday, August 23, 2006 at 7:30 p.m.
- Special Meeting - Thursday, August 24, 2006 at 6:00 p.m.
- Special Budget Work Session - Thursday, August 24, 2006 at 7:30 p.m.
- Special Meeting - Wednesday, August 30, 2006 at 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Rosen adjourned the meeting at 11:15 p.m.

*JAMES ROSEN, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARGARET A. MANZ
Administrative Secretary
City Clerk's Office*