



Rochester Hills Minutes

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City Council Special Work Session

*Erik Ambrozaitis, J. Martin Brennan, Greg Hooper, Vern Pixley, James Rosen,
Michael Webber and Ravi Yalamanchi*

Vision Statement: The Community of Choice for Families and Business

Mission Statement: "Our mission is to sustain the City of Rochester Hills as the premier community of choice to live, work and raise a family by enhancing our vibrant residential character complemented by an attractive business community."

Monday, August 18, 2008

5:30 PM

Budget Meeting

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 at 5:30 P.M. on Monday, August 18, 2008 for the purpose of discussing the 2009 Proposed Budget.

CALL TO ORDER

President Hooper called the Special Rochester Hills City Council Work Session to order at 5:33 p.m. Michigan Time.

ROLL CALL

Present 7 - Greg Hooper, J. Martin Brennan, James Rosen, Erik Ambrozaitis, Ravi Yalamanchi, Michael Webber and Vern Pixley

Others Present:

*Ed Anzek, Director of Planning and Development
Bryan Barnett, Mayor
Alan Buckenmeyer, Parks Operations Manager
Scott Cope, Director of Building/Ordinance Compliance
Ron Crowell, Fire Chief/Emergency Management Director
Derek Delacourt, Deputy Director of Planning
Susan Galeczka, Deputy Clerk
Bob Grace, Director of MIS
Mike Hartner, Director of Parks and Forestry
Julie Jenuwine, Director of Finance
Captain Mike Johnson, Oakland County Sheriff's Department
Gerry Lee, Forestry Operations Manager
Pamela Lee, Director of Human Resources
Pam S. Lee, City Accountant
Jane Leslie, City Clerk
Linda Osiecki, Deputy Treasurer
Roger Rouse, Director of DPS/Engineering*

Approved as presented at the February 9, 2009 Regular City Council Meeting.

*Captain Robert Smith, Oakland County Sheriff's Department
Douglas Walther, Deputy Director Assessing
Robert G. White, Supervisor of Ordinance Services
Kelly Winters, Deputy Director of Building/Ordinance Compliance*

PLEDGE OF ALLEGIANCE

REVIEW OF AGENDA

A motion was made by Ambrozaitis, seconded by Webber, that the Agenda be Approved as Presented. The motion CARRIED by the following vote:

Aye 7 - Hooper, Brennan, Rosen, Ambrozaitis, Yalamanchi, Webber and Pixley

PUBLIC COMMENTS

Melinda Hill, 1481 Mill Race, announced that the Friends of the Clinton River Trail is hosting a visioning session for the Clinton River Trail on Tuesday, August 26, 2008 from 7:00 - 9:00 p.m. in the Gold Room at the Oakland Center.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

Mr. Ambrozaitis congratulated Mr. Vanderkaay, a resident of Rochester Hills, in winning two medals in the 2008 Olympics. He also wished Brad Keselowski, a racecar driver who is also from Rochester Hills, a wonderful and safe career.

Mr. Pixley thanked Clerk Leslie for the work she and her department did during the election.

Mayor Barnett stated he just returned from a trip to Tuz, Montenegro and extended greetings from Rochester Hills' Sister City. He shared that Thomas Fink, an eleven-year city employee and father of two young boys, passed away yesterday at the age of 41. He explained that Mr. Fink had been battling cancer for over a year. Mayor Barnett requested they observe a moment of silence on behalf of Mr. Fink.

(A MOMENT OF SILENCE WAS OBSERVED FOR THE PASSING OF THOMAS FINK, AN ELEVEN-YEAR CITY OF ROCHESTER HILLS EMPLOYEE)

PROPOSED 2009 BUDGET DISCUSSIONS

2008-0433 General Budget Overview - 2009

Attachments: [Agenda Summary.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

Mayor Barnett reviewed the process in which the budget will be presented, noting that Ms. Jenuwine, Finance Director, would provide general remarks regarding the budget; each director would then comment on their respective department reviewing their department budget items, providing an overview of the department and highlighting any significant changes in their budget. Questions would be taken at the end of each department's presentation.

BUDGET OVERVIEW

Julie Jenuwine, Finance Director provided a "Millage Summary" as follows:

<u>Operating Millage</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund	3.7220	3.8226	3.7298
Fire Fund	1.8000	1.8000	1.8000
Special Police I	0.7823	0.7823	0.7823
Special Police II	0.4260	0.4260	0.4260
Pathway Maintenance	0.1858	0.1858	0.1858
Public Improvement Drains	-	-	-
R.A.R.A. Operating	0.1950	0.1950	0.1950
O.P.C. Transportation	0.0891	0.0891	0.0891
O.P.C. Operating	0.2403	0.2403	0.2403
Green Space / Natural Features	0.2972	0.2972	0.2972
Library Operating	0.7823	0.7823	0.7823
Total Operating Millage	8.5200	8.6206	8.5278
<u>Debt Millage</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Chapter 20 Drain Debt	0.6055	0.5612	0.5454
O.P.C. Building	0.2012	0.2001	0.1933
G.O.R.B. - Series 2002	0.3292	0.2244	-
G.O.R.B. - Series 1998	0.0501	0.0997	0.4395
Total Debt Millage	1.1860	1.0854	1.1782
TOTAL MILLAGES	9.7060	9.7060	9.7060

Ms. Jenuwine noted that in order to keep the millage rate the same at 9.7060, the administration is proposing to decrease the General Charter Operating Millage by about a tenth of a mill because the City will need to levy the 1998 General Obligation Bond at .4395 due to a balloon payment for the next two years.

Ms. Jenuwine provided the 2009 Total Proposed All Fund Summary Revenues

and All Fund Summary Expenses and pointed out that they consist of Governmental Funds and the Proprietary Funds, which include the internal service funds, business-like funds and the water and sewer funds, as follows:

2009 Total Proposed All Fund Summary Revenues

Service Charges = 36%
Investment Earnings = 3%
Other Revenue = 1%
Bond Proceeds = 1%
Fund Balance = 6%
Transfer-In = 15%
City Taxes = 28%
Intergovernmental (Grants, etc) = 9%
License & Permits = 1%

2009 Total Proposed All Fund Summary Expenses

Public Service = 26%
Public Safety = 17%
Streets = 5%
Community & Economic Development = 1%
Parks and Recreation = 3%
Capital Outlay = 11%
Debt Service = 6%
Transfer-Out (supports the Police and Major Road Funds) = 17%
General Government = 14%

Ms. Jenuwine stated that the grand total budget, all funds, is proposed at \$119,636,430 which represents a 7.9% reduction in expenditures. The most significant reduction is in Capital Outlay, proposing to be reduced by 50.3%. She continued with the following breakdown:

- General Government is proposed to decrease 1.2%
- Public Service is proposed to increase 6.5%
- Public Safety is proposed to increase 0.4%
- Debt Service is proposed to increase slightly by just a few hundred thousand dollars
- Transfers Out are proposed to increase by 3.5%

Ms. Jenuwine reviewed the All Funds Summary which excluded the proprietary funds consisting of the Water and Sewer Fund and the Internal Service Funds, noting that these funds are out of the City's control as the City cannot control the demand of water. She stated that the overall expenditures are \$71,327,140; representing an 8.2% reduction in expenses.

Ms. Jenuwine reiterated that the Capital Outlay is proposed to be reduced by 50% from the 2008 budget at \$12,822,730 and provided the following breakdown:

<u>Fund</u>	<u>Percent</u>	<u>Dollar Amount</u>
Major Roads	38%	\$4,873,840
Local Streets	19%	\$2,397,660
Drains	5%	\$ 670,000
Fire Capital	4%	\$ 505,000
Pathways	10%	\$1,304,630
Water & Sewer	12%	\$1,490,000
Facilities	3%	\$ 440,750
Management Information Systems (MIS)	2%	\$ 237,000
Fleet	7%	\$ 897,350

Ms. Jenuwine responded to **Mr. Yalamanchi's** question as to what the original amount of the 2008 Budget was when City Council approved it by stating that she believed it was \$121 Million.

Mr. Yalamanchi noted that at this point the City is \$8 Million over what was originally budgeted. He commented that although he understands that Capital Projects budgeted for are not always implemented for a variety of reasons, that was a concern for him.

Ms. Jenuwine reviewed the Actual/Projected Fund Balances with the exception of the Debt Service Funds as follows:

	Amended 2008	Proposed 2009
101 - General Fund	\$13,288,047	\$13,288,047
202 - Major Road Fund	\$14,687,076	\$11,830,706
203 - Local road Fund	\$ 1,256,440	\$ 1,256,440
206 - Fire Operating Fund	\$ 1,374,498	\$ 1,374,498
207 - Special Police Fund	\$ 200,003	\$ 200,003
211 - Perpetual Care Fund	\$ 1,181,072	\$ 1,059,572
213 - RARA Millage Fund	-	-
214 - Pathway Maint. Fund	\$ 71,552	\$ 70,642
226 - Solid Waste Fund	-	-
232 - Tree Fund	\$ 1,647,407	\$ 1,688,407
244 - Drain Maintenance Fund	\$ 4,259,946	\$ 3,799,946
265 - OPC Millage Fund	-	-
299 - Open Space Fund	\$ 2,611,047	\$ 3,734,127
402 - Fire Capital Fund	\$ 7,631,974	\$ 7,685,394
403 - Pathway Construction Fund	\$ 1,471,369	\$ 584,329
420 - Capital Improvement Fund	\$ 3,950,203	\$ 3,745,243

Ms. Jenuwine stated that the details of the projects under the above funds will be discussed as their appropriate departments come up for discussion.

Mr. Ambrozaitis requested clarification as to how much of the money in the Tree Fund the City has the discretion to spend.

Ms. Jenuwine responded that the City can spend all or part of it as long as it is

for the Tree Cooperative Program.

Ms. Jenuwine reviewed the General Fund Expenditures as follows:

- General Government decreased 1.2%
- Public Service increased 4.9%
- Public Safety decreased 9.1%; this reduction is from the Building Department
- Community & Economic Development decreased 4.3%
- Parks decreased 8%
- Transfer-Out is proposed to increase 3.1%
- Total reduction in the General Fund Expenditures of 1.4%

Ms. Jenuwine pointed out that although the City's total budget is \$119 million, in reality the City is only expending \$88 million; the difference is in the transfers between funds, inter-fund charges and contributions to Fund Balance. She explained that the General Fund is reduced by \$4.2 million when looking at straight Operating costs, and the Transfers-Out are increased by 3.1%, for a total decrease of 1.4%. She further explained that the increase in Transfers-Out demonstrates that the City is cutting its expenditures and moving more funding out to the Police, local streets, etc.

Mr. Yalamanchi commented that Council should be comparing how the City is doing to the actual 2007 Budget figures. He pointed out that this way if there was an increase they could look at what factors may be contributing to that increase. He stated that type of analysis would be more practical.

Ms. Jenuwine directed Council to the chart in the budget book that shows Actual 2007, Amended 2008, and Proposed 2009 figures for all funds.

Mr. Ambrozaitis concurred with Mr. Yalamanchi and requested further explanation of the increases in the chart Ms. Jenuwine referred to. He stated his concern is the Third Quarter Budget Amendment coming through with the CIP projects.

Mr. Yalamanchi stated that for the future he would like a summary explanation for the increases to the figures in this chart.

Ms. Jenuwine reviewed the General Fund Transfers-Out:

- Major Road Fund - 0.1 Mill transfer
- Local Street Fund - \$5,184,110 transfer
- Special Police Fund - \$3,826,870 transfer (expenditures are offset by two (2) Millages; balance is transferred)
- Drain Maintenance Fund - \$697,630 transfer (the equivalent of Operating expenditures)
- Capital Improvement Fund - \$82,040 (only half of the PEG money is transferred)
- Facilities Fund - \$455,600 transfer (supports City Hall common areas)
- A total of \$10,663,380 is proposed to be transferred from the General Fund to various other funds.

101 - General Fund**Significant Changes:**

- * No use of Fund Balance is proposed.
- * Proposed budget for State Shared Revenue includes 2% increase for statutory payments.
- * 404000 / Taxes - Current decreased 3% - \$356,550 due to the lowering of the general levy in order to increase the debt service levy and continue to keep the total millage rate the same as FY 2008.
- * 451001 / License & Permits - Franchise Fees increased 30% - \$209,730 due to under budgeting in FY 2008 as the effects of new related cable franchising legislation was unknown.
- * 501007 / Federal Grant - CDBG decreased 4% - \$6,130 due to a decrease in the City's allocation of federal funding.
- * 606371 / Interfund - Facilities was added \$100,000 due to the anticipated utilization of City building Inspectors for Facility inspection and plan review services.
- * 651003 / Rental - Golf Course Lease increased 30% - \$30,000 due to the rental fee increasing from 5% to 8% of gross receipts, which partially is offset by an anticipated decline in gross receipts.
- * 655001 / Fines - City decreased 88% - \$44,000 due to reclassifying parking tickets issued by the OCSO into the Special Police Fund (207) rather than into the General Fund (101) as has been done previously.
- * 644001 / Interest and Dividend Earnings decreased 6% - \$40,000 due to lower cash balances and lower interest rates anticipated.
- * 675002 / Contributions & Donations - Fireworks increased 100% - \$65,000 due to the method of recording the Festival of the Hills reimbursement.

Council Discussion:

President Hooper referred to the chart for Assessed State Equalized Valuation of Taxable Property and questioned if the administration knows for a fact that the taxable value for 2009 will increase \$15 million.

Ms. Jenuwine confirmed that fact.

President Hooper commented that he would like to discuss the projections for 2010 and on when the Assessing Department comes before Council with their portion of the budget.

Discussed.

2008-0425 Discussion - General Fund (100's) - 2009 Budget

Attachments: [Agenda Summary.pdf](#)
[Final Recap.pdf](#)
[Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

171 - Mayor's Department

Mayor Barnett stated that the Mayor's Office is comprised of 13.5 employees, and includes the Fiscal Office, the Purchasing Division and the Media Division.

Significant Changes:

* 801000 / Professional Services decreased 14% - \$5,700 due to one-time dispatch study in FY 2008, and a reduction in grant-writer budget. A cost share agreement (25% share) for a Branding & Communication Plan (PS-04) is proposed for FY 2009 with the Department of Planning & Development (25% share) and the LDFA (50% share) also contributing.

* 802003 / Interfund Charges - DPS increased 50% - \$5,000 due to the anticipated growth of the Brookside Way event.

* 880000 / Community Promotions increased 189% - \$60,500 due to the method of recording the Festival of the Hills reimbursement.

* 900000 / Printing & Publishing decreased 21% - \$4,000 due to the reduction in Hills Herald hard copies and the annual CIP now being produced in-house.

Mayor Barnett explained that the record keeping change in the Community Promotions line item, as it relates to the Festival of the Hills, makes it look like an increase in the budget, however, it is actually netted out by the revenues. He noted that this endeavor is completely funded by donations. He further stated that the Planning Department would discuss the Branding & Communication Plan (PS-04) in more detail.

Council Discussion:

Mr. Yalamanchi questioned if the specific line item charges to the Mayor's Office for the Festival of the Hills event in the DPS, Sheriff's and Parks Department Budgets could be recovered from the Community Foundation.

Mayor Barnett responded that he did not recommend doing this. He clarified that the costs associated with this event were identified as a separate line item pursuant to Mr. Yalamanchi's request. This was not done for other events such as the Bass Tournament, etc. He stated that the City knows they receive enough money to cover their expenses, the outside costs. However, internally it is difficult to divide time, outside of the actual overtime, for that specific day.

Responding to Mr. Yalamanchi's inquiry as to why the City Administrator position was budgeted for again this year, **Mayor Barnett** stated that with the five percent reduction in staff, the City is asking a lot more from people and this position is in a large way trying to help fill those gaps as appropriate.

Mr. Yalamanchi stated he did not feel that this position would add any value as the City has department heads and deputy directors.

Mr. Ambrozaitis questioned if Council wanted to eliminate the City

Administrator position whether or not the Charter would have to be adjusted.

Mr. Hooper stated the budget would have to be adjusted to reflect whether or not this position would be budgeted for.

Mr. Webber shared that he had requested a copy of the City Administrator job description.

Mr. Pixley stated that he better understands the need for this position after the Mayor's explanation that it would fill the gaps.

Mr. Rosen disagreed with Mr. Pixley pointing out that this City has been without a City Administrator for six to seven years. He shared his confidence in Mayor Barnett being fully capable of handling that position solely, especially in light of the other cutbacks throughout the City and the current economic situation.

Mayor Barnett explained that the previous City Administrator position held in 2002 received a salary higher than the Mayor, at \$105,000.00. He stated that he currently has fifteen (15) direct reports, which sometimes makes it difficult to devote the time necessary to follow-up on items. The salary of the position he is recommending would be in the range of \$55,000.00 to \$65,000.00.

President Hooper stated that he fully respects Mayor Barnett and feels he is doing a great job, however, the description Mayor Barnett gave sounded like a City Administrator position to him and he is not certain that he can support budgeting for that at this time.

Public Comment:

Lee Zendel, 1451 Dutton, stated it was his feeling that City government is getting more complex and although the position has not been filled in seven or so years, it is in the Charter and is probably needed. He agreed that this position should have a title different than City Administrator.

Fiscal Office:

Ms. Jenuwine reviewed the functions of the Fiscal Office, stating that the office prepares the City Budget, all amendments, and continuously monitors revenues and expenditures for the 77 cost centers in the City within 36 Funds. In addition, the Fiscal Office collaborates and prepares the six-year Capital Improvement Plan on an annual basis, monitors all Inter-Local agreements for compliance purposes, prepares forecasts, personnel costing, labor contracts, and water and sewer rates for City utilities. The Fiscal Office assists departments in improving upon their goals, objectives and performance measures. In addition, the Office administers the City's Risk Management Program, Federal HUD programs, assists in fiduciary responsibilities of the City's pension system, and assists the City auditors.

Fiscal Office Objectives:

- Assist City departments in developing comprehensive goals, objectives and performance measures.

- Evaluate departmental performance measures to gauge effectiveness and efficiencies. The Fiscal Office participates with the newly-organized Michigan Local Governmental Benchmarking Consortium.
- 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 accountability by developing the final sections of the new annual risk management report (first report developed in FY 2008).
- Perform an analysis for self-insuring employee vision coverage in an effort to save personnel costs.
- Perform an analysis for self-insuring employee dental coverage in an effort to save personnel costs.
- Complete the study whether to establish an Employee Pension Board in an effort to reduce the City's risk exposure and increase employees' participation in their retirement planning.
- Analyze and identify possible changes for the City's water rate and sewer rate structures (as requested by the City's Water & Sewer Rate Committee).

Mr. Yalamanchi questioned what cost would be involved in the analysis of developing a self-insured vision or dental program.

Ms. Jenuwine stated that the current practice is to utilize the Raines Group to search and analyze risk and coverage, commenting that the bulk of the risk is in the health care aspect of coverage. An analysis of the risk of a self-insured program for vision and/or dental would be performed, with some assistance by the Raines Group; however, she expected that this analysis could be handled internally with no additional request for a consultant.

Mr. Yalamanchi requested that next year each Department specify their goals with measurable objectives and demonstrate how they tie into the Council's overall goals and objectives.

Ms. Jenuwine replied that the development of goals, objectives and performance measures for the Departments would assist in this evaluation as they relate to Council's Goals and Objectives.

210 - Legal Services

Significant Changes:

* 805002 / Legal Fees - Labor & Other decreased \$24,000 (23%) due to fewer labor-related attorney costs allocated for general legal attorney work, resulting in an overall decrease in legal services of 5.9%. 2491 negotiations will be expended out of the Water and Sewer Fund, as employee costs are expended out of this fund. Pension attorney fees are increased by \$5,000; and Other Legal Representation is decreased by \$5,000.

Council Discussion:

In response to a question by Mr. Pixley, **Ms. Jenuwine** stated that the City only pays for the legal services actually rendered.

Mr. Rosen stated that he wished to see the Budget include enough projected legal fees at the onset, and not require an amendment for an increase.

Mr. Ambrozaitis concurred with Mr. Rosen and commented that he understood the City could see need for additional legal services due to potential areas of complex litigation.

448 - Special Lighting

Ms. Jenuwine explained this is a cost center to collect a special assessment for street lighting within the Christian Hills and Denison Acres Subdivisions. No change is projected from 2008, as projections from DTE indicate that this cost will remain the same.

666 - Community Development Block Grant

Significant Changes:

* 501007 / Community Development Block Grant (CDBG) decreased 4% - \$6,130, due to a decrease in the City's allocation of Federal funding. To offset the revenue loss, all CDBG funded programs were reduced equally.

Council Discussion:

Mr. Yalamanchi requested an explanation of the differences between the revenue and expenditures in this fund.

Ms. Jenuwine explained that the differences relate to the timing of the expenditures. She stated that the needs have increased over the past two years and are expected to continue to increase. She commented that the City would be expending the entire budgeted amount.

Mr. Yalamanchi questioned whether the requests for lawn mowing services were handled through the Older Persons Commission (OPC).

Ms. Jenuwine replied that the OPC coordinates requests for senior citizens only.

Mr. Rosen questioned whether the City could increase the budget for organizations and certain types of home repair, citing the increasing community needs.

Ms. Jenuwine replied that the City must only use the Federal funds for this program and is not allowed to support these services with General Fund monies.

852 - Supplemental Retiree Health

* 716000 / Health & Optical Insurance increased 20% - \$9,000 due to the increased number of retirees anticipated within the Supplemental Retiree Healthcare program.

Ms. Jenuwine stated that should City Council decide to establish a Trust for Supplemental Retiree Health, as was outlined in the Actuarial Presentation to Council made in February of 2008, this cost center would be eliminated, and payments would then be made out of the established trust.

Council Discussion:

Mr. Yalamanchi questioned when the Administration would be moving forward with establishing the Trust.

Ms. Jenuwine replied that monies were designated in the various funds for establishment of a Trust, but no formal designation of how a Trust would be structured was made. She suggested that a Council workshop be held to discuss the Trust's structure and analyze future funding needs. She explained that once established, a Trust could not be ended until the last beneficiary received his or her final payment. Currently, approximately one hundred recipients and beneficiaries would be eligible.

Discussed.

2008-0429 Discussion - Internal Service Funds (600's) - 2009 Budget

Attachments: [Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

677 - Self Insurance Fund

Significant Changes:

* Total expenses are projected to decrease 3.2% - \$21,000 based on reduced contributions to the Fund.

Ms. Jenuwine explained that the majority of this Fund collects money for property and the liability coverage for the City through the internal service charges to all of the various departments. The liability coverage is the most significant portion of this Fund. In addition, this Fund covers the fiduciary insurance for the pension system, the Retiree Health Savings system, the City Treasurer and Finance Director, as well as the underground storage tank coverage at the Department of Public Services.

Discussed.

2008-0431 Discussion of the Capital Funds (400's) - 2009 Budget

Attachments: [Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

420 - Capital Improvement Fund (CIP)

Significant Changes:

* 699101 / Transfer-In General Fund decreased to \$82,040 due to the elimination of the 0.1000 mill transfer from the General Fund.

Ms. Jenuwine stated that for Fiscal Year 2009, the 0.1000 mill transfer has been eliminated in accordance with City Council's discussion last spring. Approximately \$200,000 will be transferred from this fund out to various Internal Service Funds for projects such as Vital Statistics Management System, Water Quality Basin Rehab and some Parks projects which will be outlined during Departmental presentations.

Public Comment:

Ms. Melinda Hill, 1481 Mill Race, made the following comments:

- She disagrees with Council's policy change to no longer fund the CIP with this transfer; transferring in only one-half of one percent of the PEG money. She commented that by directing the funding into Local Roads and Major Roads, a total picture could not be observed; and stated that there were approximately 25 new projects this year with an increasing list of pending projects. She gave the example of a drain project for the northeast section of the City which was slated for 2006 and has not been addressed to date, while new projects have been added.
- She questioned whether the City is utilizing all the Metro Act Fund monies it receives for projects and asked how long the Metro Act money funding would continue.
- She requested clarification of the Rewold Drain project; specifically, what portion had been completed to date, and what was included in this year's Budget.
- She commented that the traffic-calming projects included in the CIP should include a discussion of the reoccurring costs.

Ms. Jenuwine responded with the following:

- Over the past years the City has accumulated over \$400,000 in Metro Act monies that will be utilized on boulevard irrigation and street lighting projects.
- The Rewold Drain project was included within the Drain Fund. She stated that she could provide more information regarding the project breakdowns and what had been accomplished to date.
- She stated that any costs beyond what is included in the Drain Fund balance could be levied as a millage by the City, as is allowed by the State. By 2014, the levy would be down to 0.1 mill. It has been standard practice that most of the City's drain projects have been bonded for.

Mr. Webber stated that his general observation in Lansing was that the Metro Act Fund monies would continue.

Discussed.

2008-0425 Discussion - General Fund (100's) - 2009 Budget

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CLERK'S OFFICE

Ms. Jane Leslie, City Clerk, stated that the Clerk's Department includes the Elections, Clerks, Cemetery and Accounting divisions.

201 - Accounting

Ms. Pam Lee, City Accountant, outlined the Accounting Division Budget for Fiscal Year 2009.

Ms. Lee stated that her department is responsible to ensure that every financial transaction has proper documentation and authorization, and is held to the highest standards of financial accountability through the audit process. The Accounting Department's major functions include:

- General Ledger
- Financial Reporting
- Water and Sewer Utility Billing
- Accounts Payable
- Accounts Receivable
- Capital Assets
- Payroll
- Benefit Allocation
- Preparation for City Audits

Accounting Division Objectives:

- Enhance Water and Sewer billing to include a one-year history on each bill.
- Work with a consultant to improve the City's monthly financial statements to perform better exporting and sorting of documents.
- Research to identify a Water and Sewer Utility Billing System which would update the current billing system. Research would be done by City employees, with the goal of developing a Request for Information in 2009.

Significant Changes:

** 703000 / Salaries & Wages decreased 3% - \$15,980 due to the elimination of one-half of a full-time position and overtime.*

* 807000 / Contractual Service increased 3% - \$1,970 due to a slight increase in third-party printing and water and sewer billing distribution.

Ms. Lee noted the following for Fiscal Year 2009:

- The Accounting Division's Budget has decreased by 1% as a result of the elimination of the one-half of a full-time position. The remainder of the budget has stayed relatively the same, with minor increases and decreases in other line items.
- The Department has seen a 40 % reduction in escrow transactions processed in 2008 due to a decrease in engineering and construction inspection activities charged to escrow accounts.
- There has been an increase in the number of water and sewer utility bills returned to the City primarily due to the increase in vacant properties, noting that by mid-year, the number of returned bills equaled the number of bills returned in all of 2007. She noted that the City utility billing was to the address, not a named owner; therefore, the billing was not forwarded if the property was vacant. She stated that the Department does attempt to locate an owner to forward the bills.

Council Discussion:

Mr. Pixley questioned what percentage of City disbursements were being processed electronically, noting a significant difference in the cost of processing an electronic payment versus producing a manual check.

Ms. Lee responded that most of the City disbursements are done, and checks generated, through the City's financial system. Manual checks are only issued if the process needs to be stopped to hand-issue a check outside of normal processing.

Mr. Brennan asked for clarification of the City Accountant and Accountant duties.

Ms. Lee responded that the City Accountant and Accountant positions include different functions within the Department. As City Accountant, she oversees policies, procedures and internal controls.

Mr. Rosen questioned how water bill payments were processed.

Ms. Lee responded that bill payments are processed directly by the bank, and information regarding payments is transmitted to the Accounting Department. Residents can now view their water and sewer bills online and pay by electronic check or MasterCard.

Mr. Yalamanchi questioned if once a bill is returned, is the billing process stopped; and asked if the number of returned bills reflected the actual number of vacant homes in the City. He also questioned how bills were generated and whether a cost analysis had been performed on generating these bills externally versus internally.

Ms. Lee responded that all billings continue to go out for at least two cycles. Once bills are returned as vacant, the Accounting staff attempts to locate a forwarding address for the owner or bank. A subsequent returned bill for the same address is treated the same way, with staff continuing to attempt to locate an owner. The performance indicator of the number of bills returned could reflect multiple billing cycles to the same address. She also stated that it was more economical for external printing, posting and mailing of the utility bills; and to accomplish that billing internally would require equipment upgrades.

215 - Clerk's Department

Ms. Leslie stated that the Clerk's Office is charged as the record keeper of the City and is responsible for providing accurate and efficient record keeping for the City. She identified how the Clerk's Office Goals and Objectives related to City Council's Goals and Objectives as follows:

*City Council's Goal of **Effective Governance** to provide clear policy direction to the Administration for the execution of City programs and services.*

Clerk's Department Objectives:

- The Records Management program being implemented will support the institutional memory of the City. Currently, the City is working on getting a Retention Schedule through Lansing. Deputy Clerk Galeczka is the Program Manager for Records Management.

Significant Changes:

** 703000 / Salaries & Wages decreased 15% - \$76,430 due to elimination of one and one-half (1.50) positions*

** 802001 / Interfund Charges - MIS increased 17% - \$28,070 due to the future replacement charges for the Records Management (IS-07A) project*

Ms. Leslie stated that an increase is expected in MIS charges related to Vital Statistics as part of the CIP in the Records Management Program through new software. She also commented that while the number of Passport Applications has not decreased, the Federal Government has reduced the fees that the Clerk's Department can charge for Applications, thereby decreasing revenue to the City from these fees. The number of birth and death records processed and maintained by the Clerk's Department remains the same.

Council Discussion:

Mr. Brennan stated that he was pleased to see that the proposed Budget for this Department was reduced from last year; however, he questioned the increase in Other Services from \$375,350 to \$405,470.

Ms. Leslie responded that increase was due to MIS Interfund allocation charges for software, licensing and hardware in the Department. She stated that the Vital Stats software was no longer supported by the manufacturer and in order to continue these services, it will be necessary to upgrade the system. She stated

that discussions are ongoing with Oakland County for the possibility of shared services, but no agreement has been reached to date.

Mr. Pixley questioned whether Michigan was moving toward electronic registration through the State for birth and death records.

Ms. Leslie responded that the State of Michigan has conducted several meetings with the cities that maintain vital statistics and they have proposed some electronic filing, but no program has been developed to date that could be utilized by the communities. She commented that several issues had recently been raised related to the Federal Government and Homeland Security to be addressed before this could move forward.

Mr. Webber questioned whether there had been any further investigation into digitizing versus microfilming.

Susan Galeczka, Deputy Clerk, responded that currently the Department is going through an analysis between microfilming versus digitizing, and a work session with Council to introduce and discuss the Records Management Program was planned for the future.

Ms. Leslie added that the Department is working with a consultant for records management to ensure that the all City records are secure and that migration procedures would be in place for electronic, paper and microfilm mediums. She commented that this discussion occurs at the State level each year as well, as the State continues to investigate these processes.

Mr. Yalamanchi questioned if there have been any changes in the State laws regarding the publication of legal notices.

Ms. Leslie responded that Legal Notices vary for Planning Commission, Board of Review, City Council, among others. Currently, the City's legislative software produces the Meeting Synopsis which provides a complete report that actually serves as minutes in some communities. She stated that the Open Meetings Act does not allow a sentence to be published that directs the reader to go elsewhere to read the Notice. In order to cut the publication itself down to a smaller format, a duplication of work would be required, eliminating any potential savings. She noted that certain publications, where allowed, have been reduced; such as Ordinance Summaries directing the reader to a complete Ordinance available at the Clerk's Department.

Mr. Yalamanchi questioned the Budget line item for off-site Storage.

Ms. Leslie responded that this line item covers the entire City's cost of off-site storage for all departments within the Clerk's budget as City Record keeper. Iron Mountain Company, is an international company that handles records management for a myriad of corporations and governmental entities, and provides a full-range of services for records storage. The company provides approximately 4,000 cubic feet of record storage with the ability to retrieve, re-file, and deliver these records within a day's time or less if needed, without utilizing City storage space or personnel to manage that system.

191 - Elections

Ms. Leslie explained the duties and functions of the Elections Division, and identified how the Goals and Objectives of the Elections Division relate to City Council's Goals and Objectives as follows::

- Responsible for conducting all elections in the City, whether Federal, State or local.
- Process all voter registrations for City residents by processing applications.
- Conduct additional voter registration drives throughout the City in cooperation with the school districts and senior housing developments.
- Work closely with the Rochester Hills Government Youth Council to conduct voter registration drives.

City Council's Goal of **Effective Governance**: to provide clear policy direction to the administration for the execution of City programs and services.

Election Division Goal:

- To always conduct elections in an efficient, ethical and professional manner
- Uphold the integrity of the election process.

Ms. Leslie noted that the City received no calls questioning the City's election results from the County Canvassing Board after the August Primary Election.

Significant Changes:

* 703000 / Salaries & Wages decreased 10% - \$21,800 due primarily to a reduction in overtime. Other City Staff Overtime decreases from 1,000 to 600 hours and Regular Staff Overtime decreases from 282 to 163 hours for 2009 elections as a result of 2009 containing two rather than three elections.

* 740000 / Operating Supplies increased 14% - \$6,280 for 2009 due to the City being required to pay for all ballots and supplies for the two 2009 City elections.

* 900000 / Printing & Publishing decreased 35% - \$700 due to the reduced number of notices required for elections.

* 932000 / Maintenance - Equipment increased 1,230% - \$11,100 due to election tabulation equipment maintenance agreements required as election equipment is out of warranty in 2009. This maintenance provides preventative maintenance as well as on-site/on-call repair prior to elections. Next year the City must pay for maintenance agreements for all election equipment.

Council Discussion:

Mr. Ambrozaitis commented that he appreciated the extra efforts expended by election workers to ensure that residents pay attention to both sides of a ballot.

Mr. Yalamanchi questioned the figures for ballot preparation and folding.

Ms. Leslie stated that for Fiscal Year 2008, the State covered the costs of the ballots and folding. For Fiscal Year 2009, the City will be covering this cost.

276 - Cemetery

Ms. Leslie explained that the Cemetery provides a great service to the community members in a time of need, and is maintained at the best level possible. She stated that the overall operations of the Cemetery are not proposed to increase for Fiscal Year 2009.

Significant Changes:

** 703000 / Salaries & Wages increased 3%- \$4,020 primarily due to the reclassification of the Laborer I to a Laborer II*

** 740000 / Operating Supplies decreased 8% - \$300 due to recent actuals*

**802005 / Interfund Charges - Facilities decreased 33% - \$7,750 due to the elimination of future replacement charges*

102 - City Council

Ms. Leslie stated the City Council Budget includes the salaries for City Council, the supplies needed for City Council functions, and the Rochester Hills Government Youth Council. Council's salaries will remain the same for Fiscal Year 2009. She commented that although City Council has a Coordinator and two Administrative Secretaries, the personnel cost for these positions are charged under the Clerk's Department and not under City Council's Budget.

Significant Changes:

** 703000 / Salaries & Wages decreased 13% - \$11,420 due to a reduction in the number of meetings held based upon the results of the new committee structure that was established in Fiscal Year 2008.*

** 802001 / Interfund Charges - MIS decreased 72% - \$21,810 due to removal of remote site charges.*

**860000 / Travel and Seminars decreased 33% - \$4,000 due to recent actuals.*

**954000 / Miscellaneous Expense decreased 42% - \$2,200 due to a reduction in RHGYC and Sister City Activities.*

Discussed.

2008-0427 Discussion - Special Revenue Funds (200's) - 2009 Budget

Attachments: [Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

211 - Stoney Creek Perpetual Care

Ms. Leslie explained that Perpetual Care is the agreement that was set up with the Cemetery in 1978 that a portion of lot sales and Foundation sales go to Perpetual Care to provide for additional facilities needs for the Cemetery as they come along. It is also to be there to be used when the Cemetery lots are completely sold to maintain the Cemetery without putting the burden back to the General Fund. Ms. Leslie stated that funding for the Cemetery Chapel will be taken from Perpetual Care. The Purchasing Division is working toward a Request for Proposal for the chapel, and lot owners have been notified to seek donations. A fund has been set up through the Greater Rochester Area Community Foundation (GRACF) specifically for the Chapel Building Fund. Donations received would defray and replenish monies removed from the Perpetual Care Fund.

Council Discussion:

Mr. Ambrozaitis stated that although he understands the intent of a Cemetery Chapel, he had concerns over the costs and the continued maintenance.

Public Comment:

Melinda Hill, 1481 Mill Race, questioned if a cost analysis has been done regarding the projected maintenance costs for the Chapel. She suggested that private funding monies should be in place prior to commencement of a Chapel project.

President Hooper questioned the endowment needed for Perpetual Care.

Ms. Leslie stated that the Cemetery Sexton Calvin Leach estimates that there would be approximately \$4,000,000 in the Perpetual Care Fund upon completion of all lots being sold. Interest generated from that amount would should be sufficient to maintain the Cemetery grounds. The Cemetery is looking into the possibility of including columbariums or niches for burials of cremains. Doing so could provide additional revenue to the Perpetual Care Fund.

Council Discussion:

Mr. Pixley inquired what percentage of lot sales went to the Perpetual Care Fund.

Ms. Leslie responded that 50 percent of resident lot sales and 66 and 1/3 percent of non-resident lot sales went to the Fund.

Mr. Pixley asked if the headstone foundation ratio was two-thirds to one-third.

Ms. Leslie confirmed that was correct.

Mr. Pixley asked whether the interest earned from the Perpetual Care Fund was being reinvested back into the principal or was interest being used for operations.

Ms. Leslie responded that no expenditures are currently taken from the Perpetual Care Fund and that the interest is being reinvested. Past expenditures from the Fund have included fencing, gates and the original office building and garage.

Mr. Pixley commented that his calculations of projected burials and lot sales indicate that the revenue budget is quite conservative. He concurred that niches and other products or inventory could be considered to benefit the Cemetery as well.

Mr. Rosen inquired if there is a projection as to when all of the lots would be sold, and then filled.

Ms. Leslie stated that Mr. Leach projected that all of the lots would be sold in approximately forty years. It is unknown as to when they will all be filled. She explained that although all of the lots have been sold at the old Stoney Creek Cemetery for some time now, family members still own lots and burials still occur, although infrequent.

Mr. Yalamanchi asked if the Cemetery allocates any personnel costs to manage the Perpetual Care Fund. He stated that if personnel time was being utilized to manage the Fund, that time should be allocated to the Fund.

Ms. Leslie responded that she is not aware that any personnel time is expended in the management of the Fund.

Responding to Mr. Yalamanchi's question, **Ms. Jenuwine** stated that \$215,000 is the total project cost, incorporating \$15,000 in 2008 for the architecture and engineering, and \$200,000 in 2009 for construction.

Discussed.

(Recess - 8:15 PM to 8:44 PM)

2008-0425 Discussion - General Fund (100's) - 2009 Budget

Attachments: [Agenda Summary.pdf](#)
[Final Recap.pdf](#)
[Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

253 - Treasury

Linda Osiecki, Deputy Treasurer, stated that the Treasury Department's main functions include:

- Tax collection for all of the Authorities.
- Invoicing of City services.
- The investment management of City funds.
- Administering the Brownfield, Local Development Finance Authority (LDFA), and SmartZone Authority captures.

Ms. Osiecki identified how the Treasury Department Goals and Objectives related to City Council's Goals and Objectives as follows:

City Council's Goal of **Fiscal Management**: to establish policies for fiscal responsibility that ensures short and long-term prosperity through effective fiscal planning and efficient management of the taxpayers' assets.

City Council's Goal of **Effective Governance**: to provide clear policy direction to the Administration for the execution of City programs and services.

Treasury Department Goals:

- Research new banking services to improve department efficiency and to provide increased levels of service to our constituents. For 2008, new payment options were researched and introduced to residents in the City.
- Lowering operational costs by not mailing informational tax copies to property owners with escrow accounts, as this tax information is available on the Web.
- Currently implementing Paymode Concentrator, a service that electronifies payments through online home banking services. Instead of checks being mailed by these online home banking services, the City's account is electronically debited by these home banking services, and a file of the payments is sent automatically to update water and sewer receivables.
- Continue to have twenty percent participation in the automatic bill payment program for water and sewer; this percentage is high compared to other cities.
- Completed an RFP for banking services.

Implementing these programs will allow a level of staffing for 2009 which is half of the staffing level for the year 2000.

Significant Changes:

* 703000 / Salaries and Wages decreased 4% - \$11,550 due to a reduction in annual leave and healthcare buyouts based on actual expenditures and turnover, the elimination of overtime, and a position reclassification.

* 716000 / Health and Optical Insurance increased 45% - \$14,890 due to premium increases and an additional employee receiving the benefit as opposed to a healthcare buyout in Fiscal Year 2008.

* 740000 / Operating Supplies decreased 6% - \$2,000 due to anticipated cost savings for tax billings.

Council Discussion:

Mr. Yalamanchi questioned how the City is reducing risk in its banking accounts and investments.

Ms. Osiecki responded that the Department monitors bank performance on a regular basis. She stated that the City continues to diversify wherever possible, commenting that Treasury Bills are the most secure investment, with Certificates of Deposit the second most secure.

Mr. Pixley asked for clarification of the percentage of tax revenues typically collected.

Ms. Osiecki stated that the City typically collects 97 percent of Summer taxes and 95 percent of Winter taxes here at the City. A certain remaining percentage of these taxes are collected at Oakland County and then later returned to the City.

Public Comment:

Mr. Lee Zendel, 1575 Dutton, asked about short-term investment pools and expressed concern that some of these investment pools contain auction rate securities.

Ms. Osiecki stated that the Class Fund is comprised of Commercial Paper and Treasuries, and the Federated Account is all Treasuries. She stated that she did not believe that either of these funds contained auction rates. Funds have to be Public Act 20 compliant in order for the City to deposit funds into them.

209 - Assessing

Doug Walther, Deputy Assessor, stated that the Assessing Department has the annual function of creating an Assessing Roll and turning it over as the Tax Roll for collection for the year. The primary function is to comply with the mandates of the State of Michigan and Council in creating that Roll. Functions include:

- Discovery and listing of properties.
- Track sales.
- Property Description Maps.
- Name and Address Files.
- Since 1994, the Department processes Homestead Residential Exemptions and Property Transfer Affidavits.
- Coordinate activities of the Board of Review, and provide them with information to make sound decisions on the appeals before them.

Assessing Department Goals and Objectives:

- Continue the reappraisal program of real properties to provide accurate information, with a door-to-door reappraisal target of 500 properties per year. Approximately 50 personal property accounts are targeted for auditing each year.
- Audit program of personal property to not only discover issues with

assessments, but meet and greet residents, builders and commercial properties and welcome new businesses to the community to promote a working relationship to them on tax issues.

- A shifting of resources from property appraisals to an increase in the resources expended in the appeals process. In a declining market, the Board of Review is seeing more appeals and further appeals to the State Tax Tribunal. The workload in reviewing new building projects has decreased.
- Successfully defend the Assessments.
- Coordinating with Fiscal, Accounting and Treasury to make more efficient use of the information available.
- Customer service is a primary concern.
- Continue Professional Development activities with staff by increasing certifications.
- Enhance electronic storage and access of records. Last year all notes on appraisal records were electronically uploaded so that this data could be accessed at any time by the appraisers. Eventually this data will be made available to the public.
- Convert all appraisal drawings, approximately 26,000 in number, to an electronic format. This will not only be accessible to homeowners but to professionals in the appraisal business, tax accounts and lawyers. This will significantly reduce City manhours needed to disseminate this information. Conversion of approximately 2,500 drawings this year is targeted.

Significant Changes:

* 716000 / Health & Optical Insurance increased 38% - \$35,740 due to premium increases and a employee changing benefit enrollment from a health care buyout to a family health care plan.

* 801000 / Professional Service increased 50% - \$7,500 due to an anticipated increase in appraisal fees resulting from an anticipated increase in the volume of Michigan Tax Tribunal dockets.

* 850000 / Membership & Dues decreased 7% - \$170 to reflect an elimination of one membership.

* 860000 / Travel & Seminars decreased 8% - \$500 due to recent actuals.

* 9320000 / Maintenance & Equipment decreased 8% - \$50 due to recent actuals.

Council Discussion:

Mr. Yalamanchi questioned which property drawings were targeted for conversion.

Mr. Walther stated that primarily residential property drawings are being converted in this phase. The goal was to include the plot plan including property dimensions, photo of the home which is already electronically stored, the valuation record for the property showing how the City arrived at the assessment, and the latest sale data.

Mr. Yalamanchi questioned how many door-to-door appraisals were done in 2008. He commented that he has received a significant number of e-mails from residents regarding the appeals process, as home values have been dropping.

Mr. Walther responded that approximately 500 residential appraisals were done this year. He stated that a significant amount of time was expended on commercial appeals this year. He noted that the assessment values went down in 2008 approximately \$165,000,000 off of the assessment roll. Taxable Value went up \$15,000,000 due to the increase in the Consumer Price Index (CPI). Approximately 50 percent of the City's properties were at the Taxable Value at that time and were subject to the CPI adjustment. He stated that he does not project an increase in Taxable Value for 2009.

Mr. Yalamanchi questioned how properties were randomly selected for reappraisal.

Mr. Walther explained that these properties were selected by a statistical analysis of neighborhoods; coefficient of dispersions and standard deviations were run on sales ratio studies. He stated that with the available resources it is impossible to look at all the areas that the City would like to look at within a given time period.

Mr. Yalamanchi questioned whether any reports were available showing the results of these reappraisals.

Mr. Walther stated there were reports available and he could provide this information to Council.

President Hooper questioned whether there was a projection for the drop in Taxable Value for 2009.

Mr. Walther responded that it appears that the CPI increase will be 4.3 percent for 2009 through September, when this number is established. Taxable Values will increase by that amount. Based on numbers obtained from Oakland County, the residential assessed values are projected to decline approximately eight percent, personal property is projected to decline 1.5 percent, and industrial property is projected to decline two percent. With these percentages, the City would most likely be looking at a 2.7 percent decline in taxes overall for 2009. Additional models show the possibilities of a nine percent in residential, four percent decline in commercial and two percent decline in personal property values. Following that scenario, a decline of 3.5 percent overall in taxes could be realized.

With the first scenario, 68 percent of the City's properties would be at the Taxable Value in 2009; and this percentage could generate many more appeals.

He stated that his staff is now delving more into sales data, with set guidelines on how to incorporate figures from foreclosures, and more information on sales regarding length of time on the market, price reductions, and other data.

Mr. Rosen questioned how long after a sale does the City receive the data on the transaction.

Mr. Walther responded that the City receives sales data from two different sources. One source is from the Property Transfer Affidavit filed by the homeowner after the sale. He stated that the actual deed from Oakland County is received in approximately four weeks. He pointed out that 2009 assessments incorporate data from the last three months of 2007 and the first nine months of 2008. Final data is typically received in November. He stated that the two-year study received from Oakland County indicates that the City does not need to make any reduction in assessments; however, based on market conditions, no one is utilizing a two-year study.

Mr. Walther stated that bank sales and foreclosure numbers are constantly changing. He noted that the Assessing Department is providing bank purchase information and Sheriff's Deed purchases to the various City departments in order to better address those that could be vacant properties within the City.

247 - Board of Review

Mr. Walther explained that the Board of Review consists of three (3), three-citizen member Boards. He stated that eighteen days are allocated for meeting with residents during July, December and March. Ninety appeals came before the Board in 2006; 348 in 2008, and this number is projected to increase in 2009. He stated that a significant amount of staff time was expended in assisting residents in obtaining what they need prior to appearing before the Board.

Council Discussion:

Mr. Yalamanchi questioned whether the process for an appeal was explained anywhere on the City's website for residents to access.

Mr. Walther stated that a significant amount of information is available on the website regarding the appeal process and the assessment notices that are mailed contain information inviting them to utilize the appeal process. He commented that some communities do not schedule appeal appointments and find as many as one hundred residents waiting in line. He stated residents can come in with no information and utilize the information that the Board assembles regarding their assessments; or they can submit their own information collected for the Board's review.

Mr. Ambrozaitis suggested that in addition to the three existing Boards, given the current economy additional teams should be trained to handle the increase in the number of appeals.

279 - Building Authority

Ms. Jenuwine stated that there were no significant notes or changes to the Building Authority for Fiscal Year 2009.

233 - Human Resources

Pamela Lee, Director of Human Resources, stated Human Resources Department leads and supports efforts to recruit, select, and retain qualified employees. The work of the Department influences compensation costs, which comprise 22 percent of the City's budget and seeks to minimize liabilities associated with maintaining the City's workforce.

Performance Indicators for the 2009 Budget:

- The average full-time head count of employees has decreased. Four positions are expected to be filled by the end of this year; however, average count for 2009 is expected to decrease due to attrition and retirement. Employees' retirement plans will be reviewed as they relate to staffing objectives.
- Grievances filed include three grievances received as a result of staffing modifications carried out in the spring of 2008. Two of those grievances have been resolved to date, with an expectation that the third grievance will be resolved, avoiding arbitration.
- The Firefighter's contract was settled this year, avoiding potential costly arbitration and also avoiding the demand for a defined benefit pension.
- Average age and years of service numbers are going up, further suggesting the need to review benefits and retirement plans.
- The aging workforce impacts the City's personnel liability, including disability, Worker's Compensation costs and health care.

Human Resources Department Objectives for 2009:

- The City's Wellness Committee was formed for the purpose of positively impacting the health and well being of the City's employees as well as the rising costs associated with employee health. She reported that the overall response from City employees has been enthusiastic.
- The 2009 Wellness Program includes an employee education program, get-fit activities, and the possible implementation of health risk assessments.
- Regarding contract negotiations with the largest City Union, AFSCME 2491, the Union agreed to open discussions about health care prior to opening negotiations of the contract. The Administration is hopeful to work toward ways to reduce cost trends while maintaining quality and availability of coverage for City employees.
- An objective of reducing workplace liability and therefore reducing Workers' Compensation costs resulted in redefining a position in 2007 in the Human Resources Department to support and strengthen a Safety Program and lead a Safety Committee. Several programs have been introduced and supported, including Driver's Training for all non-commercial drivers license holders, Industrial Truck Certification, First Aid Training, CPR, AED Training, and the implementation of monthly training sessions with the Public Services employees.

Significant Changes:

* 727000 / Office Supplies decreased 33% - \$2,000 due to recent actuals.

* 740000 / Operating Supplies increased 38% - \$3,850 due to providing for a

\$5,000 operating budget for Wellness Committee activities.

* 801000 / Professional Services decreased 36% - \$11,600 due to a reduction in exam expenses as fewer vacancies are anticipated.

* 900000 / Printing and Publishing decreased 42% - \$5,000 due to reduction in advertising expense for fewer anticipated vacancies.

* 954000 / Miscellaneous Expense decreased 29% - \$200 due to recent actuals.

Council Discussion:

Mr. Webber expressed his appreciation for the implementation of the Wellness Program. He stated that he would like to see some performance indicators for the Wellness Program in the future.

Ms. Lee replied that it takes about three years for a Wellness Program to be successfully implemented.

Responding to Mr. Ambrozaitis, **Ms. Lee** stated that there are 135 AFSCME employees.

Mr. Pixley commented on the penalty assessed for Workman's Comp premiums, stating that the 40 percent penalty rate was high although it is noted that the City was working toward a goal of 25 percent for 2009.

Ms. Lee concurred, acknowledging that the City was working diligently with the Safety Committee to decrease workplace incidents and decrease the premiums paid. She stated that it only takes one or two incidents or long-term illnesses to drive these numbers up. The aggregate days reported was a total for all employees and reflected ongoing illnesses.

Mr. Yalamanchi questioned whether the City has experienced a high audit penalty recently.

Ms. Lee stated that the last three years of incidents are reviewed when setting these audit premiums and discounts. She stated that the City is actively working toward moving from penalties to discounts by supporting programs to reduce these claims.

Mr. Yalamanchi questioned whether the average employee head count took the eliminated positions into consideration.

Ms. Lee stated that these were actual head counts and does not include vacant or budgeted positions. She pointed out that the Budget Book contains the actual number of budgeted positions within the City.

Mr. Yalamanchi expressed his support for the creation of the Wellness Committee.

Ms. Lee stated that the Committee is comprised of employees participating in employee initiatives including educational activities regarding nutrition facts and fitness to help the workforce become healthier. She stated that she is working with benefit design and the Union to come up with ways to reduce health care costs. Bringing Wellness and benefit design together can have a greater impact on overall costs.

Mr. Yalamanchi asked how the Employee Assistance Program (EAP) related to wellness costs.

Ms. Lee stated that the EAP was one aspect to a wellness program and could have a tremendous impact on helping an employee deal with various issues relative to their physical and mental health. She noted that stress impacts health care costs.

Mr. Brennan inquired as to whether certain departments generated more Worker's Compensation claims and questioned who the City's carrier currently was.

Ms. Lee responded that based on the nature of the work, Parks, Fire and DPS, where physical or dangerous work demands existed, showed higher claims. She stated the City was in a consortium through the Michigan Municipal League to obtain Worker's Compensation coverage through Meadowbrook Insurance Group.

BUILDING/ORDINANCE

371 - Building Department

Scott Cope, Director of Building/Ordinance Compliance, stated that the Building Department's primary responsibility is to provide safe buildings for the community.

Performance Indicators for 2009:

- *The Building Department has experienced a downturn of residential permits from 2003 through 2007.*
- *Commercial permits have fluctuated, but remain strong with a slight increase during the period 2005 to 2007. He stated that projections for 2008 matched 2007.*
- *Sign permits reflect and follow similar trends to Commercial permits.*
- *Three new performance measures were implemented in 2007, tracking the following:*
 - * *Average number of days to get through the building permit process. In 2007 this number was tracked at 66 days and through June of 2008, this number is 49 days.*
 - * *Inspections approved on the first inspection are now being tracked.*
 - * *Percentage of plan reviews completed within 15 days.*

Significant Changes:

- * *703000 / Salaries & Wages decreased 14% - \$179,460 due to the elimination*

of two full time positions (Grade Technician and Permit Technician) and one part-time clerical position; a change in personnel splits; and the reduction in budgeted overtime from 3,395 to 900 hours.

* 801000 / Professional Services decreased 10% - \$17,000 due to a reduction in the use of the consultants for plan review and inspection services, and the reduced cost of the one year surveillance visit for the IAS Building Department Accreditation.

* 802001 / Interfund Changes - MIS decreased 10% - \$10,180 due to the reduction of employees and related computer support systems.

* 802004 / Interfund Charges - Fleet decreased 11% - \$5,000 due to the elimination of five (5) vehicles from the Building Department fleet.

Mr. Cope discussed the use of Building Department Inspectors from a facilities aspect, noting that utilizing these professionals currently on staff on other City projects could reduce the costs of a project. He cited the example of utilizing a Mechanical Inspector to assess and complete repairs needed to an exhaust fan at Fire Station 1, stating that by accomplishing this repair with City manpower, the projected repair costs could be cut in half. He commented that City inspectors could also be very helpful in the preparation of City RFPs and review of bids for projects and City maintenance issues. He stated that the City could realize significant cost savings and benefits when City Inspectors could be utilized on these projects during available times.

Mr. Cope highlighted some of the City Council Goals and Objectives as they related to the Building Department Goals, Objectives, and Performance Measures:

City Council's Goal of **Public Safety**: to protect the residents, businesses, and visitors of Rochester Hills by providing high quality public safety:

City Council Objective: Maintain focus on providing safe buildings for the community.

City Council's Goal of **Economic/Tax Base**: to retain investment, maintain the tax and employment base, support redevelopment, and uphold high property values in the City.

City Council Objective: Implement current systems and processes and develop a seamless system that minimizes time for approvals and eliminates redundancies.

Building Department Goals:

- Maintaining focus on providing safe buildings throughout the community by proactively achieving compliance with State Construction Codes and Local Ordinances.
- Communicate clearly and effectively with City customers.
- Research and develop new methods that will reduce the time required to obtain a building permit.

Building Department Objectives:

- Open clear lines of communication in the field by:
 - * Holding pre-construction meetings
 - * Speaking directly to the Supervisor in charge on the job site
 - * Identifying concerns and agreeing on a course of action
 - * Focusing on keeping the job moving forward
- Reduce the time required to obtain a building permit by:
 - * Evaluating and implementing changes suggested by the Mayor's Business Council, as appropriate
 - * Implementing new methods of communication with customers
 - * Developing a partnership with stakeholders
 - * Research and evaluate processes used in other communities throughout the nation, and implement new processes as appropriate

Performance Measures:

- Identifying the number of inspections approved on the first inspection for accountability.
- Identifying the number of days to process permits.

Council Discussion:

Mr. Pixley questioned the reduction of five vehicles and how that related to only a \$5,000 savings.

Mr. Cope suggested that question could be best answered during the Fleet portion of the Budget discussion, and stated that some of the vehicles are older vehicles, and have perhaps already gone through their expense cycle.

Ms. Jenuwine further explained that there were a significant amount of vehicles remaining in the Building Department's fleet, and anticipated rising costs influence this amount. She speculated that this amount could possibly be reduced by an additional amount, perhaps \$5,000 to \$10,000.

Mayor Barnett offered that he would direct Bruce Halliday, the Fleet Supervisor, to provide additional information on the cost breakdowns.

Mr. Yalamanchi stated that he appreciated being able to connect the Council Goals and Objectives to the Building Department's Goals and Objectives. He questioned how the City encourages energy efficiency in construction throughout the community.

Mr. Cope stated that this aspect is beyond the control of the local community within the State of Michigan; and the City can only mandate what the Code requires. While the Code is getting into the "green" aspect of things, there are no specific requirements. He stated that the City cannot adjust Ordinances to have additional requirements.

Mr. Yalamanchi questioned whether there were any efforts at the State level to change the codes to reflect energy efficiencies.

Mr. Cope stated that he was not aware of any, however, "green" building efforts were gaining momentum at a national level. He stated that the International

Codes are beginning to address these efforts.

Mr. Yalamanchi questioned the performance indicator relating to days to process permits. He asked if it was a challenge to reduce the permit processing time.

Mr. Cope responded that the ultimate goal would be to complete the processing time within one week, but that other parties involved limit the ability of success. He stated that the total days reflects both the review, drafting of any rejection letter, and the time taken for the architect's response. He commented that the City could continue to reduce its time frame for review, but the customers still consider the total time frame from permit review to issuance. He stated that the City is trying to use communication and education to reduce this time frame further. He explained that the Department uses checklists for architects; and expressed hope that these checklists can be developed and used State-wide to get a standardization of plans to allow architects a means to get through the approval process.

Mr. Yalamanchi questioned how long it took for a resident to obtain a permit for an addition or renovation.

Mr. Cope stated that this measurement would be implemented for next year. He stated that currently it was approximately five to ten days, and was dependent upon how complete the plans were when submitted; if someone submits a good set of plans, a permit could be issued for a new house within approximately ten days.

Mr. Yalamanchi questioned how the 2009 estimates for permits were developed.

Mr. Cope stated it was based on 2008 numbers.

Mr. Yalamanchi questioned the drop of 70 percent in License and Permits Revenue, from 2004 numbers and questioned whether staffing was being adjusted.

Mr. Cope responded that positions have been eliminated in 2008, including one Building Inspector position that was not filled, two full-time positions, one part-time position, and one Ordinance position directly related to residential construction. He stated that in total four full-time and one part-time positions were eliminated over the last year-and-a-half.

Mr. Yalamanchi questioned the Professional Services costs in the Budget and asked what that included. He commented that given the current environment, there would be room to adjust this figure downward.

Mr. Cope responded that these Services were included in the Budget to prevent any delays in processing due to heavy workload. He stated that this amount would cover the possibility of three to four projects in one year, and explained that these Services would only be used when needed to make the 15-day turnaround time for review.

President Hooper commended Mr. Cope for a twelve percent reduction in the Building Department Budget for 2009.

372 - Ordinance Compliance

Mr. Cope stated that the major purpose of Ordinance Compliance is to ensure clean and safe commercial, industrial and residential areas through the implementation and enforcement of the City's Ordinances.

Ordinance Compliance Performance Measures:

- Code Compliance Requests Issued decreased from 2007 to 2008
- Civil Infractions Issued
- Percent of Code Compliance Requests Generated by Proactive Enforcement
- Complaints Investigated within 24 Hours
- Sign Permits Issued
- Residential Site Plan

Mr. Cope explained that the goal was to see these measures decrease, as it was a measure of compliance with the Ordinances without formal requests and enforcements. He stated Ordinance's goal was to find a problem and get a resolution before a complaint is generated. He further stated that the goal of Ordinance was to respond quickly to residents' complaints.

He also noted that Sign Permits Issued have increased as Commercial Construction has gone up; and that Residential Site Plan reviews have decreased along with the decrease in Residential Construction. He stated that the decrease in Residential Site Plan reviews prompted the elimination of the Ordinance Tech position.

Significant Changes:

- * 703000 / Salaries & Wages decreased 3% - \$14,670 due to the elimination of an Ordinance Technician position, a reduction in overtime and shifting of personnel hours to the Weed Control cost center.
- * 727000 / Office Supplies decreased 20% - \$300 due to recent actuals.
- * 748000 / Operating Equipment decreased 38% - \$300 due to recent actuals.
- * 801000 / Professional Services decreased 100% - \$100 due to recent actuals.
- * 802001 / Interfund Changes - MIS decreased 26% - \$9,440 due to the reduction of employees and related computer support systems.

Council Discussion:

Mr. Brennan questioned the number of signs confiscated by Ordinance personnel.

Robert White, Supervisor of Ordinance Services, responded that most of the

signs confiscated were garage sale and business signs; and stated that this number has remained relatively constant over the years.

President Hooper questioned the North Oakland Hazardous Waste Program in the budget, and asked how popular this program was in the community.

Mr. Cope responded that interest has increased significantly in this program.

Mr. Yalamanchi expressed his appreciation for Mr. Cope's efforts in trimming the Building and Ordinance budget, but stated that additional reductions should be made.

Public Comment:

Lee Zendel, 1575 Dutton, expressed his concern over the Department's staff requirements to handle additional duties required if a single trash hauler program was put into place.

535 - Weed Control

Mr. Cope stated that the Weed Control Program projected increases due to the number of vacant and foreclosed properties. He stated that this past year's numbers were also influenced by high precipitation levels.

Significant Changes:

* 703000 / Salaries & Wages increased 191% - \$16,310 due to an anticipated increase in the number of vacant homes and properties.

* 807000 / Contractual Services increased 30% - \$15,000 due to an anticipated increase in the number of vacant homes and properties.

Public Comment:

Melinda Hill, 1481 Mill Race, expressed her concerns about the City not collecting weed cutting fees and penalties from foreclosed properties, and questioned whether the City was absorbing staffing costs to maintain these properties.

Lee Zendel, 1575 Dutton, questioned the Budget figures for weed control and asked how these numbers related to recovering Administrative costs.

Ms. Jenuwine explained the delay in collection, stating that the revenue is recognized when it is received; and outstanding balances are transferred to the tax rolls to be recognized next year. When these amounts roll to the taxes, penalties are assessed.

Council Discussion:

President Hooper questioned whether any City expenditures were not reimbursed with this program.

Ms. Jenuwine responded it was possible that some personnel time, if not allocated from Ordinance to Weed Control, might not be reimbursed.

Mr. Cope responded that by Ordinance, the Department is allowed to add a thirty percent administrative charge to the cost of the weed cutting. He stated that this charge covers Ordinance staffing costs as well as Accounting and Treasury for billing preparation and handling.

Mr. Brennan questioned whether some of these amounts may remain outstanding for more than one year.

Ms. Jenuwine replied that the County reimburses the City in March of every year for uncollected taxes. She stated that she believed that uncollected weed invoices were included with these reimbursements.

President Hooper stated his opinion that this program works very well and is necessary to maintain the City's image, cleanliness and overall look.

Mr. Ambrozaitis questioned whether it was known how many vacant properties exist in the City.

Mr. Cope responded that a recent monthly report indicated 262 Sheriff's Deeds were processed in the City, which potentially reflect vacant home numbers.

Mr. Ambrozaitis stated that this program was critical for the City to maintain taxable value, and commented that he wished that the cutting could be done even sooner to maintain the neighborhoods.

Mr. Webber commented that he applauded the foresight to increase this program for 2009.

Discussed.

(Mr. Rosen exited at 10:04 p.m. and returned at 10:08 p.m.)

- 2008-0442** Adoption of Resolution to Adjourn the Special Budget Work Session and to Move the Remaining Agenda Items to the Special Budget Work Session scheduled for August 25, 2008

A motion was made by Yalamanchi, seconded by Rosen, that this matter be Adopted by Resolution. The motion CARRIED by the following vote:

Aye 4 - Brennan, Rosen, Ambrozaitis and Yalamanchi

Nay 3 - Hooper, Webber and Pixley

Enactment No: RES0500-2008

Resolved, that the Rochester Hills City Council shall adjourn its Special Budget Work Session and to move the remaining Agenda Items to the Special Budget Work Session scheduled for August 25, 2008.

- 2008-0425** Discussion - General Fund (100's) - 2009 Budget

Attachments: [Agenda Summary.pdf](#)
[Final Recap.pdf](#)
[Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

400 - Planning Commission
401 - Planning Department
410 - Zoning Board of Appeals
804 - Historic District Commission

This matter was Set Over to Future Meeting to the City Council Special Work Session.

- 2008-0426** Discussion - Component Units (800's) - 2009 Budget

Attachments: [Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

843 - Brownfield Redevelopment
848 - Local Development Finance Authority
851 - SmartZone
893 - Economic Development Corporation

This matter was Set Over to Future Meeting to the City Council Special Work Session.

- 2008-0425** Discussion - General Fund (100's) - 2009 Budget

Attachments: [Agenda Summary.pdf](#)
[Final Recap.pdf](#)
[Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

PARKS:

756 - Parks Department
774 - Forestry

This matter was Set Over to Future Meeting to the City Council Special Work Session.

2008-0427 Discussion - Special Revenue Funds (200's) - 2009 Budget

Attachments: [Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

232 - Tree Fund
299 - Green Space

This matter was Set Over to Future Meeting to the City Council Special Work Session.

2008-0429 Discussion - Internal Service Funds (600's) - 2009 Budget

Attachments: [Resolution.pdf](#)
[081808 Budget Discussion Outline.pdf](#)

MIS FUND

This matter was Set Over to Future Meeting to the City Council Special Work Session.

ANY OTHER BUSINESS

NEXT MEETING DATE

Special Budget Work Session - Monday, August 25, 2008 - 5:30 PM

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 10:32 p.m.

*GREG HOOPER, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARY JO WHITBEY
Administrative Secretary
City Clerk's Office*

Approved as presented at the February 9, 2009 Regular City Council Meeting.