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**CITY OF ROCHESTER HILLS**

**H**uman  
**R**esources

Pamela M. Lee, Director—ext. 2521

DATE: May 23, 2006

TO: AIS Committee

RE: Car Allowance for Mayor

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**Request:**

Mayor Barnett has recommended consideration of a car allowance through the end of the current administration in lieu of replacement of the Mayor's assigned City vehicle.

**Background:**

The current vehicle assigned to the Mayor is a 1996 Pontiac Bonneville. Former Mayor Somerville deferred replacement over the past four or five years, rarely used the vehicle and did not take it home as she was authorized to do. The vehicle is fully depreciated and the Mayor's office is only being charged for fuel, maintenance and insurance at this time.

By comparison, Troy and Farmington Hills both implemented car allowances as cost-savings options for executives (including department heads) eligible to be assigned City vehicles. Troy pays \$325 per month and Farmington Hills pays \$370.

**Budget Impacts:**

Funds to replace the Mayor's vehicle are currently budgeted. Based on a \$20,000 to \$25,000 vehicle cost with five-year depreciation, 2-3.5% inflation, insurance and maintenance estimated (monthly vehicle cost = approx. \$250, insurance = \$53.25, + fuel and maintenance), a \$300 allowance would be a savings to the City over the cost of operating a replacement vehicle.

**Recommendation:**

Given the age of the Mayor's vehicle, a \$300 per month car allowance benefit is recommended for the Mayor as a cost savings in lieu of the immediate replacement of a regularly assigned City vehicle.

- The current vehicle would be placed in the City's vehicle pool until the next mayoral administration and made available for use by other departments as needed.
- The Mayor would have access to a vehicle from the pool at his option for extended travel out of town.
- A new vehicle would be budgeted for 2008. At that time, the elected mayor would choose between an allowance and the purchase of a replacement vehicle to be reassigned to the Mayor from the pool.

C: Mayor Barnett