



Rochester Hills Minutes

City Council Special Work Session

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

Thursday, August 31, 2006

7:30 PM

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Rochester Hills, MI 48309
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Home Page:
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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 Thursday, August 31, 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, Jim Duistermars, Greg Hooper, Linda Raschke, James Rosen and Ravi Yalamanchi

Absent: Barbara Holder

Others Present:

*Bryan Barnett, Mayor
Jim Bradford, Deputy Fire Chief
Scott Cope, Director of Building/Ordinance Enforcement
Ron Crowell, Fire Chief
Kurt Dawson, Director of Assessing/Treasurer
Vince Foisy, Supervisor of Communication Systems
Susan Galeczka, Deputy Clerk
Bob Grace, Director of MIS
Mike Hartner, Director of Parks & Forestry
Julie Jenuwine, Director of Finance
Pam Lee, Director of Human Resources
Roger Rousse, Director of DPS/Engineering
Robert Smith, Captain - Oakland County Sheriff's Department
Kelly Winters, Deputy Director of Building/Ordinance Compliance*

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

None.

PROPOSED 2007 BUDGET DISCUSSION

President Rosen, in his opening remarks, noted that the City administration had prepared nineteen (19) responses to various questions and suggestions made by Council during the previous week's Budget Work Session meetings. He explained that Mayor Barnett and Ms. Julie Jenuwine, Director of Finance, would proceed to address each of those items

during the course of this evening's meeting allowing for Council input and discussion on each item.

2006-0615 Adoption of General Fund - 2007 Budget

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

Item #1:

Ms. Jenuwine stated that Mr. Yalamanchi had requested that the budget plan document specifically state that the Target General Fund Balance Policy be a minimum of 20%. She stated that the requested language would be added to the Reserve/Fund Balance area in the Budget Highlights area of the plan document.

Discussed

2006-0623 Adoption of the Component Unit Funds - 2007 Budget - OPC Operating Fund

Attachments: 0623 Resolution.pdf

Item #2:

Ms. Jenuwine noted that, at the time of the previous week's budget discussions, Oakland Township was awaiting the results of a proposed OPC Transportation Millage. She explained that the millage did pass and the OPC Budget would be impacted by an additional \$40,000. She indicated that this would in no way impact Rochester Hills' budget.

Discussed

2006-0615 Adoption of General Fund - 2007 Budget

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

Item #3:

Ms. Jenuwine explained that Mr. Ambrozaitis had requested that \$6,000 be added to the RAYA budget to compensate for the reduction in funds as a result of the Federal Government's reduction in CDBG Funds.

Council consensus was to comply with the request and increase the RAYA budget by \$6,000.

Mayor Barnett, noting that it is likely that other organizations whose budgets were also impacted by the Federal cuts would approach Council with similar requests, questioned Council as to whether they would prefer to examine these matters on a case-by-case basis. He noted that if Council were to decide to compensate for all of the reductions it would likely impact the General Fund by approximately \$28,500.

Council consensus was to review each request on a case-by-case basis.

Item #4:

Ms. Jenuwine noted that Mr. Ambrozaitis had requested that the cost for construction of the Cemetery Chapel be reduced from \$169,200 to approximately \$70,000.

Mr. Ambrozaitis indicated he was "not ready to spend \$70,000 on that just yet." He explained his concern for the use of Perpetual Care Funds for this project, as well as the

need to maintain the building into the future. He requested more information from the administration.

President Rosen acknowledged Mr. Ambrozaitis' concerns noting that it would be appropriate to place the item in the budget and address it more specifically in the future, as Council would still have the final approval of the project. He noted that it may be determined that a Chapel would increase revenues to the Cemetery, thus offsetting the cost of the building.

Ms. Raschke encouraged her fellow Council members to attend an upcoming Cemetery Committee meeting to have more of their questions addressed.

Item #5:

Ms. Jenuwine noted that two Council members requested that \$10,000 for the Wellness Administrator be removed from the budget.

Mr. Yalamanchi noted his support of the Wellness Plan, but did not support the hiring of a Wellness Administrator.

Mr. Ambrozaitis expressed his belief that City employees are well paid and this program is unnecessary.

Ms. Pam Lee, Director of Human Resources, noted that the \$10,000 was not intended to pay for a Wellness Administrator, but rather as seed money to evaluate and improve the City's Wellness Plan.

Mr. Ambrozaitis expressed his concern that this would lead to "another layer of bureaucracy" in the City.

President Rosen noted the great benefit of a Wellness Plan, explaining that it often benefits employers more than employees in terms of reducing medical costs.

Mayor Barnett indicated that, as there appeared to be no consensus on the matter, Ms. Holder would be consulted to gain her opinion.

Item #6:

Ms. Jenuwine explained that Mr. Yalamanchi had asked how the Building Department budget could be reduced by 10%.

Mr. Scott Cope, Director of Building/Ordinance Enforcement, and **Mr. Kelly Winters**, Deputy Director of Building/Ordinance Compliance, presented the following information:

- Eliminating all overtime for both the Building and Ordinance operations and reducing some professional services would result in a 13% budget reduction.

- The budget numbers originally presented to the Mayor had included a reduction in overtime and, at the Mayor's request, the budget had been reduced by another 10% prior to its presentation to Council.

- The Building Department is staffed at a minimum level to handle the workload during slower times of the year, November through March.

- Overtime is used to handle workloads during busier times of the year, allowing more flexibility and eliminating the need for hiring and layoffs.

- The new Property Maintenance program is anticipated to increase the workload, while the budget has already been reduced by 10%.

- Work functions such as timely inspections and responsiveness to resident needs would be impacted greatly by a loss of overtime.

President Rosen thanked Mr. Cope and Mr. Winters for their presentation, acknowledging the obvious impact on department services such a budget cut would cause.

Ms. Raschke expressed her concern that Council would consider reducing the Building Department budget by 10% after asking for a blight ordinance.

Mr. Hooper stated he would not support a cut in this department budget.

Mr. Ambrozaitis noted that his greatest concern relating to the Building Department is the blight ordinance, and urged the administration to bring the new ordinance forward as soon as possible.

Mayor Barnett assured Council that the City administration is always amenable to any suggestions or direction offered by City Council to assist and improve the operations of the City.

Resident Lee Zendel, 1575 Dutton Road, asked Mr. Yalamanchi to quantify the cuts he believes are necessary and to identify how the money saved would be used. He then reminded Council that they do not have line item votes on the budget, but rather must reject entire sections of the budget if they choose to oppose even one item.

Mr. Yalamanchi explained that it was not his intention to micro manage the City budget, but rather to look at it from a macro perspective and to monitor cost increases.

Item #7:

Ms. Jenuwine noted that Mr. Yalamanchi had expressed concern that the Licenses & Permits and Fines & Forfeitures are too high. She explained that these numbers are based on a three-year average.

Mr. Yalamanchi noted that the trend appeared to be a reduction in these types of fees.

Mr. Cope explained that the Building Department was in the process of increasing their fee structures, as these have not been adjusted in approximately fifteen years. He noted that in some cases the increase will be substantial. He further noted that despite an apparent slow down in building in the City, there are many projects in the planning stages that are anticipated to begin in late 2006 or early 2007.

Mr. Yalamanchi noted that he is comfortable with Mr. Cope's explanation and was "just being precautionary."

Item #8:

Mayor Barnett discussed the issue of premium pay to select City employees. He noted that Council expressed concern with this new practice and described it as a creative solution to current staffing needs. He assured Council that the premiums are only associated with the work performed and not with those specific positions and any restructuring would result in the immediate elimination of those premiums. He further assured Council that the City administration would be very mindful of Council's concerns regarding this matter.

Item #9:

Ms. Jenuwine noted that Mr. Yalamanchi had expressed concern that he did not want City dollars expended for the Festival of the Hills fireworks program.

Mayor Barnett assured Council that for the entire eight years that the City has provided this program, it has been fully funded by corporate donations. He noted that he was confident that the next year would likely exceed the financial needs of the festival, as was the case in 2006. He indicated that, were donations to fall short, the administration would immediately approach Council and seek their direction.

Mr. Yalamanchi noted that he feels "the fireworks are a great thing." However, he expressed concern that the Fire and Police services are being budgeted for the program and not reimbursed through corporate donations. He stressed that he is opposed to the program if all costs are not 100% covered by the donations.

President Rosen indicated that Council consensus was to keep this item in the budget and reevaluate it if corporate sponsorship falls short.

Item #10:

Ms. Jenuwine noted that Ms. Raschke requested a cost breakdown for each of the City's Parks. She explained the information she had provided was gleaned from the 2005 actual revenues and expenditures.

Ms. Raschke noted her contention that the Parks could be supported independent from the General Fund, reminding Council of the great outpouring of community support they all received when it was rumored that the Parks may be closed.

Discussed

2006-0620 Adoption of the Internal Service Funds - 2007 Budget

Attachments: 0620 Resolution.pdf

Item #11:

Mayor Barnett noted that Mr. Yalamanchi had asked how 10% could be cut from the MIS budget.

Mr. Bob Grace, Director of MIS, explained that his budget is unique in that, as MIS is an internal services department, the budget is primarily dictated by the needs of the other City departments. He indicated that he was not comfortable reducing or eliminating the projects of other departments, therefore, he focused exclusively on MIS-related items. He noted specifically that there were some PCs that could be extended beyond the standard four to five years of operation. He further noted that he and his staff could reevaluate the expenses associated with hardware maintenance.

Discussed

2006-0616 Adoption of the Special Revenue Funds - 2007 Budget

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

Item #12:

President Rosen indicated that Ms. Raschke raised the possibility of the City providing one police deputy to the School Police Liaison Program for Avondale Schools. He noted that it was determined the discussion would be taken up at the committee level in September.

Mayor Barnett concurred with President Rosen's assessment, noting that it was the administration's intention to not include an extra deputy in the budget and following Council determination the issue can be addressed through a future budget amendment.

Item #13:

Ms. Jenuwine explained that Mr. Yalamanchi had requested that the Interfund charges be broken down to all the Fire Department funds, not simply allocated to the Fire Administration Fund only.

Council consensus was that, while it was an informative exercise to see the results of the breakdown, it is not necessary and will make it difficult to view the accounts from a historical perspective, as this practice has not been followed in the past. It was agreed that the status quo would be maintained.

Item #14:

President Rosen indicated that the City of Rochester was considering contracting with the Oakland County Sheriff's Department for their dispatch services and noted that this might provide an opportunity for Rochester Hills to consider a "synergy" of services. He further indicated his support for an evaluation of the situation by an outside consultant.

Ms. Raschke noted her opposition to an outside consultant, explaining that the City's dispatch service is superior to that of the County and funds had already been expended for a similar study conducted in 1996. She further noted her opposition to including the City of Rochester in the discussion.

Mr. Ambrozaitis stressed the need for the consolidation of shared municipal services considering the current state of the economy. He further suggested that the City's EMS should be examined and evaluated as well.

Resident Lee Zendel, 1575 Dutton Road, noted that the City's EMS garners \$300,000 per year in revenue for the City. If EMS were privatized, not only would the City lose those funds, but would likely pay more money for reduced service.

Fire Chief Ron Crowell noted that, while he stands by the services his department provides, he would welcome the scrutiny of an outside consultant as opposed to this same subject being discussed and considered year after year. He stressed his belief that the Fire Department's services go "above and beyond" to protect the City's residents in a cost effective manner. He requested that Council hold a Work Session to discuss EMS and to review already existing, in-house data, prior to expending tax dollars on an outside consultant.

Mayor Barnett suggested that, prior to hiring an outside consultant, the issues be discussed either at a Public Safety Committee meeting or a Council Work Session to determine the exact scope of the project. He stated that it would be best for City Council to refine what they are looking for prior to seeking a consultant.

Mr. Yalamanchi asked that, in the interest of time and efficiency, the matter not be sent to a committee, but rather that the existing EMS data Chief Crowell mentioned be examined and evaluated, and a consultant be hired to examine the dispatch issue.

President Rosen noting that there was no clear consensus as to how to proceed, indicated he would meet with Mayor Barnett and they would return to Council with a "plan of action" in the near future.

Council consensus was to add \$25,000 to the Mayor's budget to hire an outside consultant. **President Rosen** stressed that if the result of subsequent meetings is that no

study is necessary, than the money simply will not be spent; however, it will be available if needed.

Item #15:

Council consensus was that the budget for the renovation of the Fire Station 1 kitchen be reduced by \$20,000 to \$25,000.

Item #16:

Mr. Ambrozaitis noted his surprise that there are DPS employees who earn more money than the DPS Director. He stressed that Council and the administration needs to do more to keep these costs in check.

Item #17:

Mr. Ambrozaitis voiced his opinion that he does not want John R Road widened.

Mr. Hooper noted that the widening of certain portions of John R Road have already been through the CIP process and are funded in the budget.

Discussed

2006-0618 Adoption of the Capital Funds - 2007 Budget

Attachments: 0618 Resolution.pdf

Item #18:

Mr. Roger Rousse, Director of DPS/Engineering, noted that the Auburn Road pathway paving project in question would close a pathway gap in a high pedestrian traffic area of the City. He noted that Project PW-06 is consistent with the goals of the pathway program.

Mr. Duistermars stressed that the project should be completed for the safety of City residents.

Mr. Hooper noted that the project was approved through the CIP process.

Council consensus was to proceed with the project.

Discussed

2006-0615 Adoption of General Fund - 2007 Budget

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

Item #19:

Mayor Barnett explained that Mr. Yalamanchi had requested that the City Administrator position be removed from the City budget. He explained that the City Charter requires that the Mayor have an assistant. Acknowledging that the definition of that assistant is not specific, he indicated it has been interpreted as an Administrator. He further noted that while he has chosen not to hire a City Administrator, he would like the position to remain available for future mayors.

Mr. Yalamanchi noted his continued objection to the position, explaining that to hire a City Administrator of the appropriate professional caliber, it would likely cost the City approximately \$175,000 annually.

Council consensus was to maintain the City Administrator position in the budget.

Discussed

COMMENTS & ANNOUNCEMENTS

Ms. Raschke and **Mr. Duistermars** noted that, although current Council members are not responsible for the decisions of previous Council members, there is an obligation to follow through on some of those commitments and projects set in motion by previous Councils.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

Regular Meeting - Wednesday, September 6, 2006 at 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Rosen adjourned the meeting at 9:35 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

Approved as presented at the February 14, 2007 Regular City Council Meeting.