

**MINUTES of a Regular Rochester Hills City Council Work Session** held at 1700 W. Hamlin Road, Rochester Hills, Oakland County, Michigan, on Wednesday, August 27, 2003.

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 Rochester Hills Special City Council Work Session would commence on Wednesday, August 27, 2003, to discuss the Proposed Year 2004 Budget.

**1. CALL TO ORDER**

President Dalton called the Special Rochester Hills City Council Work Session to order at 7:35 p.m.

**2. ROLL CALL**

Present: President John Dalton; Members Bryan Barnett, Jim Duistermars, Melinda Hill, Barbara Holder

Absent: Members Lois Golden, Gerald Robbins

**QUORUM PRESENT**

Others Present: Pat Somerville, Mayor  
Beverly A. Jasinski, City Clerk  
Ed Anzek, Director of Planning/Zoning  
Scott Cope, Director of Building/Ordinance Enforcement  
Ron Crowell, Assistant Fire Chief  
Kurt Dawson, Director of Assessing/Treasury  
Bob Grace, Director of MIS  
Mike Hartner, Director of Parks & Forestry  
Pamela Lee, Director of Human Resources  
Roger Rouse, Director DPS  
Bob Spaman, Director of Finance  
Captain Robert Smith, Oakland County Sheriff's Department  
Greg Walterhouse, Fire Chief

**No Resolutions were adopted.**

**3. PUBLIC COMMENTS (Non-Agenda Items)**

**Mr. Lee Zendel**, 1575 Dutton Road, suggested that the City Council close Thelma Spencer Park and use those funds to increase and improve the security of the City.

**4. CONTINUATION OF 2004 BUDGET DISCUSSION BY FUND (A0477)**

**Ms. Marye Miller**, Director of the Older Persons Commission (OPC), reviewed the OPC Proposed Budget for 2004 and responded to questions posed by Council:

**820 OLDER PERSONS COMMISSION (OPC) - REVENUES**

➤ **Administration**

- **Interest Earnings**

- 664001 – Interest & Dividend Earnings  
*Current economic conditions have forced the OPC to reduce expectations.*
- Miscellaneous Revenue
  - 676001 – Donations – Building
  - 676004 – Donations – Memorial  
*Money is being diverted to other funds for the building.*
- **635000 Fees**
  - 3002 OPC Trips  
*This is an “in and out” fund; seniors’ contributions are paid to the vendors.*
  - 3003 Vintage View
  - 3004 Adult Activities  
*The center of the facility is the adult day facility; seventy percent (70%) are Alzheimer and dementia patients who still participate with the general public.*
  - 3005 Arts & Crafts  
*Anticipate the gift shop will generate more income.*
  - 3006 Night Activities  
*Only the custodial staff is on duty during these activities.*
  - 3007 Sports  
*They are anticipating more participation.*
  - 3008 Day Activities
- **3009 Revenues – Nutrition**
  - Federal & State Grants
    - 503001 - Federal Grant
      - AAA1B – Nutrition Meals  
*There is no increase in the contributions.*
- **3010 Revenues – Waiver Meals**
  - Federal & State Grants
    - 546001 - State Grant
      - AAA1B – Waiver Meals  
*The State grant money was cut.*
- **3011 Revenues – Transportation**  
*Transportation is a very important aspect of keeping seniors active; this program also serves handicapped residents.*
  - Municipal Contributions
    - 589000 - Rochester Hills
    - 590000 - City of Rochester
    - 591000 - Oakland Township
- **3012 Revenues – Newsletter**
  - Miscellaneous Revenue
    - 675000 - Contributions & Donations
      - Newsletter
- **3016 Revenues – Recreation Programs**
  - Miscellaneous Revenue
    - 677000 - Reimbursement
      - MSO, Open House, Holiday Time

## **820 OLDER PERSONS COMMISSION - EXPENSES**

- **Administration**
  - Operating Supplies
    - 740000 - Operating Supplies  
*Cost for paperwork will be reduced significantly by the implementation of computers.*
  - Other Expenses
    - 940000 - Rental – Equipment  
*Savings will be realized by owning gym equipment as opposed to renting it.*
- **3002 OPC Trips**
  - Professional Services
    - 860000 - Travel & Seminars  
*This is an “in and out” fund; if the funds are not raised, the trip is cancelled.*
- **3006 Night Activities**
  - Personnel Services  
*It will be necessary to hire a night supervisor.*
- **3007 Sports**  
*They anticipate offering many more sports activities.*
- **3008 Day Activities**  
*They anticipate offering many more speakers and activities.*
- **3011 Transportation**  
*They anticipate transportation costs will increase as the population ages.*
- **3012 Newsletter**  
*Postage and paper supply costs will inevitably increase.*
- **3014 Asia / Pacific**  
*Services to the Asian population will include an interpreter and English as a Second Language instruction.*

Mr. Scott Van Meter, Representative of Rochester Avon Recreation Authority (R.A.R.A.), reviewed the R.A.R.A. Proposed Budget for 2004 and responded to questions posed by Council:

## **808 ROCHESTER AVON RECREATION AUTHORITY (R.A.R.A.)**

- **Revenues**
  - Fund Balance to Balance
    - 401002 - Fund Balance  
*There will be software and equipment upgrades as well as the addition of one (1) intern.*
- ❖ *Mr. Barnett explained that the rental fees for facilities and space have increased substantially and R.A.R.A. is currently in negotiations to attempt to reduce these fees, noting that these increased fees will have to be passed on to the participants.*
- ❖ *President Dalton questioned the \$35,000 budgeted amount under Capital Outlay.*
- ❖ *Ms. Hill questioned whether the budget reflects the anticipated rental fees and, thus, following negotiations, could be decreased.*
- ❖ *Mr. Duistermars asked what the current Fund Balance was.*

- ❖ *Mr. Van Meter, unable to answer several questions, noted that Mr. Anderson would be addressing these specific questions at a later date.*

Mr. Bob Spaman, Director of Finance, reviewed the following Proposed Budget 2004 categories:

### **893 ECONOMIC DEVELOPMENT FUND**

### **848 LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)**

#### ➤ **Revenues**

- Fund Balance
- Taxes  
*Down by four percent (4%).*
- Municipal Contributions
- Interest Earnings
  - 664001 - Interest & Dividend Earnings
- Transfer In
  - 699101 - Transfer In – General Fund

#### ➤ **Expenses**

- Capital Outlay
  - 971002 - Land ROW
    - MR-05A – Adams Road Interchange

### **510 SEWER DEPARTMENT**

#### ➤ **Revenues**

- Fund Balance to Balance
  - 401004 - Retained Earnings to Balance
- License & Permits – Other
- Charge for Service – Other
- Charge fore Service – DPS
  - 610003 - Chg. For Serv. – City Engineering
- Fees
- Rentals
- Fines and Forfeitures
- Water and Sewer Rates  
*Last year was over estimated.*
- Water / Sewer – Capital & Lateral
- Interest Earnings
- Sales of Fixed Assets
  - 673001 - Sales of Fixed Assets
    - 50% of the Proceeds from the Sale of Hamlin Rd. Property  
*Half of the proceeds will go to water and half to sewer.*
- Miscellaneous Revenue
  - 698001 - Bond Proceeds  
*The City is currently debt free; bond will be sought for DPS facility.*
    - FA-04 – DPS Facility (50% of Total Bond Sale)

- SS-10 – Sheldon, Mead, Hillwood, Rochester Rd. (Section 2)
- SS-12 – Sewer Extension in LIFE District (Section 30)  
*Resident Lee Zendel questioned how “solid” the sales number for the Hamlin Road property is; Mr. Anzek stated that all interested parties are aware of what the City paid for and is asking for the property.*

➤ **Expenses**

- Personnel Services
  - 703000 - Salaries & Wages
- Operating Supplies
- Professional Services
  - 801000 - Professional Services
  - 802000 - Interfund Charges – Admin.
  - 807000 - Contractual Services
    - Cameraing Service (EPA mandated)
- ❖ *Mr. Rousse explained that the EPA now mandates a system of video taping the sewer system after cleaning to note any problems; a contractor had previously completed this service.*
- ❖ *Ms. Hill expressed her concern regarding these Federal mandates and questioned whether there was the possibility of some duplication and how these expenses could be better anticipated.*
- ❖ *Mr. Rousse noted that the sewer system is in good shape and will easily sustain future construction expansion; the steps taken currently will assist in avoiding future problems.*
- ❖ *Mr. Barnett questioned how many other communities use the SCADA system and whether that could be used instead of the cameraing system.*
- ❖ *Mr. Rousse noted that the SCADA system is in widespread use and is used for notification of failures throughout the sewer system. He noted that the cameraing system will protect the City from liability for system failures for which the City is not responsible.*
- ❖ *Mr. Spaman noted that the City has paid for no sewer backup cleanup this year because of the new cameraing system.*
- ❖ *Ms. Hill again questioned a mandate that requires the entire system be video taped every three (3) years.*
  - Public Utilities
  - Other Expenses
    - 930001 - Maint. – Lateral & Main
    - 932000 - Maintenance – Equipment
    - 940000 - Rental – Equipment
  - Capital Outlay
    - 972000 - Equipment – Mains & Services
      - SS-02B – Sanitary Sewer Rehabilitation
      - SS-09 – Tienken @ Alston / Adams @ Avon
      - SS-10 – Sheldon, Mead, Hillwood, Rochester Rd. (Section 2)
      - SS-12 – Sewer Extension in LDFA District (Section 30)
      - SS-17 – Harding Sewer to City Limits
    - 975001 - Buildings & Improvements
      - FA-04 – DPS Facility (50% of Total Cost)

- 977000 - Equipment – Capitalized
  - SS-20 – One-Ton Video Van
- 980000 - Office Equipment & Furniture
- Principal Retirements
- Transfer Out

➤ **Revenues**

- Fund Balance to Balance
  - 401004 - Retained Earnings to Balance
- License & Permits – Other
  - 451005 - Lic. & Pmts. – Engineering Dept.
- Charge for Service – Other
- Charge for Service – DPS
  - 610001 - Water Taps
  - 610003 - City Engineering
- Fees
  - 632001 - Water Meter
- Rentals
- Fines and Forfeitures
- Water and Sewer Rates
- Water / Sewer – Capital & Lateral
  - 661001 - Water – Capital & Lateral Charge
  - 661002 - Water – Cap. & Lateral Charge – 20 Year
- Interest Earnings
  - 664001 - Interest & Dividend Earnings
  - 664002 - Interest Earned at County
- Sales of Fixed Assets
  - 673001 - Sales of Fixed Assets
    - 50% of the Proceeds from the Sale of Hamlin Rd. Property  
*Half of the proceeds will go to water and half to sewer.*
- ❖ *President Dalton indicated that he was under the impression that the sale of the Hamlin Road building would not be included in the budget until the sale was complete.*
- ❖ *Mr. Barnett questioned why the financial aspects of the sale would be disclosed in the budget.*
- ❖ *Mr. Anzek noted that the City expects, at minimum, to sell the property for what was originally paid plus the tax base.*
- ❖ *Mr. Spaman stated that if the building is not sold by the time the budget is approved a “course correction” can be made at that time.*
- ❖ *Mr. Barnett, again, questioned the sense of putting this information in the budget.*
- ❖ *Mr. Anzek noted that the price the City paid for the property is a matter of public record. In addition, the proposals will be evaluated not only on bid price, but also on the proposed use of the property and its potential to generate tax revenue for the City.*
- ❖ *Ms. Holder noted that the City budget is a “guide for the residents” and felt that all information should be disclosed.*
  - Miscellaneous Revenue
    - 698001- Bond Proceeds  
*The City is currently debt free; bond will be sought for DPS facility.*
      - FA-04 – DPS Facility (50% of Total Bond Sales)

➤ **Expenses**

- **Personnel Services**
  - 703000 - Salaries & Wages  
*Mr. Rousse noted that all salary increases are related to State and Federal mandates.*
- **Operating Supplies**
  - 740005 - Operating Supplies – Meters Only
- **Professional Services**
  - 801000 - Professional Services
  - 802000 - Interfund Charges – Admin.
    - 50% of Water / Sewer allocation  
*Was allocated 60% / 40% in previous years.*
  - 802001 - Interfund Charges – MIS
  - 807000 - Contractual Services
- **Public Utilities**
  - 927000 - Water Charges  
*Last year was over estimated.*
- **Other Expenses**
- **Capital Outlay**
  - 972000 - Equipment – Mains & Services
    - WS-09 – Crooks Rd. (Auburn to Hamlin)
    - WS-11 – Sheldon, Mead, Hillwood, Rochester Rd. (Section 2)
    - WS-15 – Crooks Rd. (South Blvd. – Auburn)
    - WS-18 – 12” Watermain Extension in LDFA
    - WS-21 – Harding Rd. East to City Limit
    - WS-28 – Lomond (Watermain Extension)
  - 975000 - Building
    - FA-04 – DPS Facility (50% of Total Cost)
  - 977000 - Equipment – Capitalized
    - WS-30 – Radio Read System  
*This represents one quarter (1/4) of a four (4) year plan. Mr. Rousse noted that this system can read the meters in the entire City within eight (8) hours and will reduce staff and billing costs considerably; additionally, the system will pay for itself within nine (9) years.*
- **Transfer Out**
  - 999206 - Transfer Out – Fire Department

- ❖ *President Dalton questioned the removal of water reservoirs from the budget.*
- ❖ *Mr. Rousse explained that after evaluation it was removed citing other increases.*
- ❖ *President Dalton noted that the recent blackout was an example of why reservoirs are needed.*
- ❖ *Mr. Spaman stated that there is \$50,000 in the budget for a feasibility study to examine the reservoir situation.*

- ❖ *President Dalton, comparing the return on investment of the reservoirs system of four (4) years to the return on the radio read system of eight (8) years, noted that this is not the “best management of our resources.”*
- ❖ *Mr. Rousse noted that negotiations with the Detroit Water and Sewer Department (DWSD) are still ongoing to establish a reduction in peak rates with the use of a reservoir system.*

*(Recess 9:13 p.m. – 9:28 p.m.)*

- ❖ *Mr. Spaman stated that the budget earmarked \$50,000 for a feasibility study to examine the reservoir issue and determine locations; engineering costs would require approximately \$700,000.*
- ❖ *Ms. Hill requested that the City move forward with the feasibility study quickly, but did not feel it necessary to dedicate funds to the entire project until after feasibility was determined and all issues with DWSD had been settled. She stated a budget amendment could be sought at that point.*
- ❖ *President Dalton noted that there are more pressing issues other than the financial savings, citing the recent blackout that resulted in a loss of water to the entire City.*
- ❖ *Ms. Holder did not feel two (2) water reservoirs would be adequate to furnish the entire City with water during an emergency.*
- ❖ *Mr. Barnett expressed his desire to see an accurate understanding of the savings associated with reservoirs as well as the meter-reading project.*
- ❖ *President Dalton noted that the budget “isn’t written in stone,” but represents the City’s intentions and goals for the coming year, and the reservoirs should be one of those goals.*
- ❖ *Mr. Spaman asked for a consensus from Council estimating the costs would be approximately \$5.2 million for design and implementation, \$700,000 for engineering costs or \$50,000 for a feasibility study; it was determined that the budget remain as proposed.*

## **631 FACILITIES DIVISION**

### **➤ Revenues**

- Fund Balance to Balance
  - 401004 - Retained Earnings
- Federal and State Grants
  - 546005 - State Grant – Rails to Trails
- Interfund Charges
- Transfer In
  - 699101 - General Fund
    - PK-19 – Vault Toilets (CDBG Funding)
    - City Hall – Common Area Charge
  - 699206 - Fire Fund
  - 699207 - Special Police Fund
    - Substation Debt Payment (Principal & Interest)
  - 699420 - Capital Improvement Fund

### **➤ Expenses**

- Personnel Services
  - Salaries & Wages  
*There was a large reduction in over time.*



- Operating Supplies
  - 727000 - Office Supplies
  - 740000 - Operating Supplies
  - 748000 - Operating Equipment
  - 750000 - Custodial Supplies
- Professional Services
  - 801000 - Professional Services
  - 802000 - Interfund Charges – Admin.
  - 802001 - Interfund Charges – MIS
  - 807000 - Contractual Service
  - 850000 - Membership & Dues
  - 860000 - Travel & Seminars
  - 900000 - Printing & Publishing
  - 910000 - Liability Insurance & Bonds
    - MMRMA

*Bears the cost of City Hall.*
- Other Expenses
  - 923000 - Electric Utility
  - *The charges for natural gas have increased.*
  - 926000 - Gas Utility
  - 927000 - Water and Sewer
  - 929000 - Repairs & Maintenance
  - *This cost fluctuates.*
  - 932000 - Maintenance – Equipment
  - 940000 - Rental Equipment
  - 941000 - Rental Uniform
  - 946000 - Occupancy – Facility Charge
  - 962000 - Loss of Depreciable Fixed Asset
  - 968001 - Depreciation Expense
  - *Due to the new City Hall.*
- Capital Overlay
  - 974000 - Land Improvements
    - PK-064A – Paint Creek Trail Resurfacing
  - 975000 - Building
    - PK-19 – Vault Toilets
      - ✓ Veteran’s Memorial Point (CDBG Funded)
      - ✓ Bloomer Park
  - 975001 - Building Additions & Improvements
    - FA-13C – Fire Station #4 Roof Replacement
    - FA-13D – Fire Stations #1, 3, 4 Bay Floor Coating
    - PK-04F – Spencer Park Beach House Rehab
    - FA-07 – Repairs to Hilltop & Pinegrove Shelters
    - Dairy Barn Museum Windows
    - Borden Park Office Vinyl Siding
    - Borden Park Storage Building Vinyl Siding
  - 977000 - Equipment Capitalized
    - New Photocopy Machines (Digital)

- Debt Service
  - 995000 - Interest Payments
    - Principal goes directly to a balance sheet account.*
    - Payment to County for Substation Lease
- ❖ *Mr. Dalton questioned the need for new vault toilets, building additions and improvements and whether they should take priority over the implementation of water reservoirs.*
- ❖ *Mr. Hartner explained that many structures require repairs mandated by the health department and could pose potential health and safety issues.*

## 636 MIS FUND

### ➤ Revenues

- Fund Balance to Balance
  - 401004 - Retained Earnings
- Interfund Charges
- Sales
  - 620001 - Sales – GIS Data/Maps
- Interest Earnings

### ➤ Expenses

- Personnel Services
  - 703000 - Salaries & Wages
- Operating Supplies
  - 740000 - Operating Supplies
- Professional Services
  - 801000 - Professional Services
  - 802000 - Interfund Charges – Admin.
  - 850000 - Membership & Dues
  - 860000 - Travel & Seminars
  - 910000 - Liability Insurance & Bonds
- Other Expenses
  - 932000 - Maintenance – Equipment
    - AS/400 Operating Software and Hardware
  - 934000 - Maintenance – Software
  - 940000 - Rental Equipment
  - 946000 - Occupancy – Facility Charge
    - Larger space allocated following reconstruction.*
  - 968001 - Depreciation Expense
    - This represents a three (3) year timetable.*
- Capital Outlay
  - 980000 - Equipment Capitalized
    - IS-10B – Computer Network Upgrades
    - IS-14B – City Council Computing Project
    - IS-07 – Document Imaging and Records
    - Line Printer Accounting
    - JDE Application Servers
    - IS-12B – JD Edwards Functionality Enhancements

- IS-15 – Remote Site Communications
- ❖ *Mr. Barnett questioned how the software maintenance fees can be better controlled and anticipated.*
- ❖ *Mr. Grace noted that maintenance and upgrades of software are necessary and those fees are dictated by the vendors, although there is occasionally some warning as to those increases.*
- ❖ *Mr. Barnett requested Mr. Grace’s suggestions for how Council can anticipate the MIS budget better.*
- ❖ *Mr. Grace explained that over the past few years MIS has attempted to determine an extended fee structure that would include anticipated maintenance, implementation and hardware replacement fees at the time of software purchase. He also noted that MIS does not always purchase upgrades, but instead tries to “make them stretch.”*
- ❖ *Mr. Duistermars noted that computer software results in increased staff efficiency and better service to residents.*
- ❖ *President Dalton cited the implementation of the J.D. Edwards software and its continuing costs as an example of the difficulties of anticipating the MIS budget effectively.*

## **661 FLEET FUND**

### ➤ **Revenues**

- Fund Balance to Balance
  - 401004 - Retained Earnings
- Interfund Charges
- Fees
  - 632002 - Weight Scale
- Interest Earnings
  - 664001 - Interest & Dividend Earnings
- Miscellaneous Revenue
- Transfer In
  - 699101 - General Fund
    - NE-17 Wide Area Mower – Parks

### ➤ **Expenses**

- Personnel Services
  - 703000 - Salaries & Wages
- Operating Supplies
  - 727000 - Office Supplies
- Professional Services
  - 802000 - Interfund Charges – Admin.
  - 802001 - Interfund Charges – MIS  
*Now allocated for one (1) color printer.*
  - 850000 - Membership & Dues
  - 860000 - Travel & Seminars
- Other Expenses
  - 932000 - Maintenance – Equipment
  - 938000 - Maintenance – Vehicle
  - 946000 - Occupancy – Facility Charge
  - 968001 - Depreciation
- Capital Outlay

- 977000 - Equipment Capitalized  
*Mr. Rousse explained that many items are due for replacement, but have been extended as long as possible.*
  - 39-69 Vactor Jet  
*This replaces a ten (10) year old vactor jet of a total of three (3) the City currently owns.*
- 981000 - Capital – Vehicles

#### **677 INSURANCE FUND**

##### **➤ Revenues**

##### **○ Interfund Charges**

*These charges are spread throughout various City departments.*

#### **5. ANY OTHER BUSINESS**

No other business was discussed.

#### **6. ADJOURNMENT**

There being no further business to discuss before Council, President Dalton adjourned the meeting at 10:41 p.m.

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**JOHN L. DALTON, President**  
Rochester Hills City Council

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

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**BEVERLY A. JASINSKI, Clerk**  
City of Rochester Hills