



Rochester Hills Minutes City Council Special Work Session

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*Erik Ambrozaitis, Bryan K. Barnett, Jim Duistermars, Barbara Holder,
Linda Raschke, James Rosen, Ravi Yalamanchi*

Wednesday, February 8, 2006

7:30 PM

1000 Rochester Hills Drive

DRAFT

In accordance with the provisions of Act 267 of the Public Acts of 1976, as amended, the Open Meetings Act, notice was given that a Special Rochester Hills City Council Work Session would be held on Wednesday, February 8, 2006, at 7:30 p.m. for the purpose of discussing 2006 and 2007 City Council Budget Goals and Objectives.

CALL TO ORDER

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

ROLL CALL

Present: Erik Ambrozaitis, Bryan Barnett, Barbara Holder, Linda Raschke, James Rosen and Ravi Yalamanchi

Absent: Jim Duistermars

Others Present:

*Ed Anzek, Director of Planning/Development
Kurt Dawson, Director of Assessing/Treasurer
Julie Jenuwine, Director of Finance
Jane Leslie, City Clerk
Roger Rousse, Director of DPS/Engineering*

PUBLIC COMMENTS

Ms. Deanna Hilbert, 3234 Quail Ridge Circle, urged Council to be more forthcoming with information regarding situations such as the Hamlin/Adams Consent Judgment and to hold more substantive meetings with residents.

Mr. Lee Zendel, 1575 Dutton Road, noted that, since residents of Rochester Hills appear unwilling to vote for new taxes, the City will need to take the step of reducing spending to only essential services. He stressed that in that situation the Parks would have to be closed.

(Mr. Duistermars Entered at 7:55 p.m.)

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

CITY COUNCIL

2006-0126

City Council Goals and Objectives - 2006 and 2007 Budget Years

Attachments: Millage History and Max Allowable.pdf; Mayor-Council 2006 GOs 030206 for 030806.pdf; Past budget cuts 041205 ver7.pdf; Goals and Objectives definitions.pdf; 030906 Agenda Summary.pdf; 2007 Budgeting Policies and Issues.pdf; 2005 goals for 2006 budget 0302

President Rosen explained that the process for the Council discussion would be less formal than usual and would be facilitated by Mr. Anzek.

Mr. Ed Anzek, Director of Planning/Development, explained that he planned to ask Council a series of questions the answers to which would assist staff in understanding Council's priorities in terms of goals and objectives for the coming budget process. For the newest members of City Council, Mr. Anzek provided a brief definition of goals and objectives.

Mr. Anzek asked the following questions soliciting the following responses from Council members:

Question - Why do people live in Rochester Hills?

- Quality of life.
- Economic and ethnic diversity.
- Bedroom community.
- Oakland University and Rochester College.
- Parks and trails.
- Welcoming community.

Question - What makes this the best city in Oakland County?

- Residential character of the community.
- Very affordable to medium- to high-income households.
- Low taxes.
- Houses are affordable.
- Various assets such as Oakland University, Rochester College, Older Persons Commission (OPC), Rochester-Avon Recreation Authority (RARA).
- Quality schools.
- Sense of safety and low crime rate.
- Family-oriented, family-friendly community.
- New development is starting to focus on senior citizens.

Question - What are Rochester Hills' weaknesses?

- Rochester Hills and Rochester are typically perceived by residents as being the same community.
- Rochester Hills should put forth an effort to work with Rochester to possibly pool resources rather than struggling to correct that misperception.
- Due to the perceived connection between the two communities, anything that could negatively impact Rochester, could negatively impact Rochester Hills.

Question - What would you change about the City?

- Improve communication with residents.

Discussed**(Recess 9:09 p.m. - 9:19 p.m.)****2006-0126**

City Council Goals and Objectives - 2006 and 2007 Budget Years

Attachments: Millage History and Max Allowable.pdf; Mayor-Council 2006 GOs 030206 for 030806.pdf; Past budget cuts 041205 ver7.pdf; Goals and Objectives definitions.pdf; 030906 Agenda Summary.pdf; 2007 Budgeting Policies and Issues.pdf; 2005 goals for 2006 budget 0302

Ms. Julie Jenuwine, Director of Finance, explained the time frame for the budget process noting that this was the first step and she anticipated much more discussion in the near future. She noted that the City's budget must balance its revenue with its expenses and City staff would need to know what various options were acceptable to City Council, i.e. raising millages toward Headlee maximums, instituting an administrative fee for certain City services, etc. She requested clear direction from Council regarding matters to be discussed.

Ms. Jenuwine began the discussion by explaining that, while the previous year had seen the successful passage of both the Open Space millage and the OPC Transportation millage, the budget only increased by the Open Space amount. She explained that, in an effort to "keep those taxpayer bills down," the increase associated with the OPC Transportation millage was absorbed into the General Fund levy. Ms. Jenuwine questioned whether this practice would be employed again, were new millages to pass in the coming year. She clarified that this practice of absorbing millage increases is not mandatory.

Mr. Duistermars and **Mr. Ambrozaitis** indicated their opposition to following this same procedure in the future.

Ms. Jenuwine discussed the following financial funding issues and policies:

- * General Fund Transfer to Major Road Fund (currently 0.5 mill).
- * General Fund Transfer to Capital Improvement Fund (currently 0.25 mill).
 - Typically Parks and technology projects are funded in this manner.
- * General Fund Transfer to Special Police Fund (constant at \$2.566 million).
 - Transfer has remained constant for approximately four years.
- * Special Police I and II Levy Level.
- * Special Police Levy II - expiring in two years.
 - Need to either increase subsidy from General Fund or reduce services.
- * Fire Operating Levy Level (current maximum of 1.9744 mills, current levy of 1.9000 mills).
 - There may not be a Headlee rollback this year as the inflation rate is running higher than the increase in property values.
- * General Levy (current maximum of 3.9492 mills, current levy of 3.2169 mills).
- * Pathways Millage - expiring this year.

- If an increase is sought and achieved for a new Pathways millage, it could impact the General Fund if it is to be held constant.

* A dedicated millage for program(s) currently funded by the General Fund.

- A dedicated millage for Parks, with Pathways to be included was suggested.

- The Museum could be separated from the Parks and pursuing a tri-community funding effort to include Rochester and Oakland Township similar to the Older Persons Commission.

- A dedicated Parks millage would likely free up about \$2.5 million in the General Fund.

* Administrative Fee (tax collection) to partially fund the Assessing and Treasury functions.

- A 1% collection fee would generate about \$1 million.

- It would fund part of the Treasury and Assessing functions and free up money in the General Fund for other services.

* Desired Fund Balance Levels.

- Twenty percent (20%) is the minimum recommended level for government finance.

- The higher the fund balance the better the bond rating.

* Special Assessment.

* Bond Reconstruction / Capital Projects.

* Other.

Ms. Jenuwine requested that only projects that will actually move forward be placed in the budget. She explained that often a project will appear in budgets for multiple years appearing to residents that a great deal of money has been spent when, in fact, no money has been spent.

Ms. Jenuwine recommended against "across the board" cuts to all department budgets. Instead, she suggested bench marking departments against those of other communities.

President Rosen introduced for discussion a chart entitled City of Rochester Hills "Business Plan" that outlined the following:

- First 20 Years

- * Rural township becoming a City.
- * Restrictive Charter based on limited dedicated millages.
- * Growing suburban residential bedroom community.
- * Limited industrial; modest office and commercial; little regional retail.
- * Maintain low taxes to attract housing and residents.
- * General fund able to increase services with additional revenue from rapid growth.
- * Able to avoid setting priorities by adequate funding.
- * Very affordable to med-high income households.
- * Regarded as the right or "hot" place to move to, growing appreciating community.

- Next 20 Years (momentum direction)

- * Maturing city.
- * Limiting Charter with decreasing millage rates and resistance to additional millages.
- * Little vacant residential land remaining for historical style of development.
- * Increased office and commercial density as incentive to increase tax base.
- * Unable to add new millages for infrastructure maintenance.
- * Increased tax base: 5% not able to maintain services.
- * Increased or maintained services based on funding not community priorities.
- * Less attractive to med-high income households.
- * Regarded as a "shopping" community like other places.

- Next 20 Years (new direction)

- * Established community.
- * Revised Charter to single millage allows funding based on priorities.
- * Build out to full residential potential, emphasize suburban character.
- * Redevelopment of commercial naturally follows wealth.
- * Shifts in tax base or business cycles have less impact on revenue.
- * Small overall tax increases: 10% without dedicated division or deception.
- * Maintain infrastructure and services by shifting funds to community priorities.
- * Maintain / increase attractiveness to med-high income young and old.
- * Recognizes becoming a "premium" community not like every place else.

Mr. Yalamanchi noted that he did not wish for staff to pursue an administrative fee or to maximize the General Fund. Rather, he stressed the spending flexibility that would result from doing away with dedicated millages and pursuing a single fund from which to run the City. He acknowledged that this suggestion, if carried out, could take a few years to accomplish.

Mr. Anzek encouraged Council to not "lose the momentum of the discussion tonight" and to remain open to new ideas.

Discussed

COMMENTS & ANNOUNCEMENTS

None.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

Regular Meeting - Wednesday, February 15, 2006 at 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Rosen adjourned the meeting at 10:36 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 (insert date, or dates) Regular City Council Meeting.