



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, April 12, 2006

7:30 PM

1000 Rochester Hills Drive

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, April 12, 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 7:56 p.m. Michigan Time.

ROLL CALL

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

Others Present:

*Ed Anzek, Director of Planning/Development
Scott Cope, Director of Building/Ordinance Enforcement
Ron Crowell, Fire Chief
Kurt Dawson, Director of Treasury/Assessing
Susan Galeczka, Deputy Clerk
Bob Grace, Director of MIS
Julie Jenuwine, Director of Finance
Pam Lee, Director of Human Resources
Roger Rousse, Director of DPS/Engineering
John Staran, City Attorney*

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Ms. Melinda Hill, 1481 Mill Race, expressed concern that a local paper had indicated that there had been a meeting wherein Council members were formally nominated to complete the former mayor's term of office. She noted that, if true, such a meeting would have violated the Open Meetings Act. She also questioned why a future special Council meeting was being held on an off night to discuss the matter. She stressed that there is no reason to rush the process of choosing a new mayor.

President Rosen clarified that the newspaper was in error in indicating that a formal nomination had taken place. He assured residents that no meeting had taken place outside of public scrutiny.

President Rosen read a letter into the record:

* **Mr. Steve McGarry**, 2164 Clinton View Circle, expressed concern regarding the information presented during the April 11, 2006 informational meeting held regarding the Adams/Hamlin proposed development. He noted that the plans had changed very little since a prior meeting in January and that there seemed to be little compromise on the part of the developer.

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 purpose of the Work Session meeting was for Council to gain some understanding of the budget process and determine whether to continue in that same manner. He further noted that he did not want to lose sight of the bigger issue of combining the millages via a Charter amendment, but conceded that that discussion would have to take place over the long term and is not likely feasible for this budget year. He suggested that Council focus on establishing their goals and objectives.

Participating in the discussion were **Ms. Julie Jenuwine**, Director of Finance, **Mr. Ed Anzek**, Director of Planning/Development, **Mr. Roger Rousse**, Director of DPS/Engineering and former Council member **Ms. Melinda Hill**, 1481 Mill Race.

- The City needs to clarify in the budget those expenses and costs that are internal transfers and are not actual expenditures.

- The City has been operating on a fixed bottom line, and has been levying the same amount of taxes.

- In the 2006 budget, approximately \$8 million was transferred out of the General Fund for services such as Major Roads, Special Police Services, CIP, Internal Services and the LDFA.

Ms. Jenuwine asked for direction with regard to specific funds:

Police Services Fund

- The Interfund Transfers for such internal services as MIS, Fleet Maintenance and Self Insurance should continue.

- The City can continue to draw money from the Fund Balance to support Police Services, however, the Fund Balance will be completely depleted after 2008.

- As the Police Fund Balance is being depleted and the Police Millage II is expiring there will likely be dramatic changes to that budget in 2008.

- A gradual increase to the Police General Fund subsidy would be preferable to a large jump in funding in 2008 and 2009.

- It was discussed in previous years at the Financial Services Committee that there is no need for a Fund Balance in the budget for a contracted service such as Police, especially one that is being subsidized by the General Fund.

- The City's contract with the OCSD expires in 2008 and it is uncertain how much the contract will increase at that time.

- *The City should continue the police services subsidy from the General Fund, gradually increasing it while drawing down the Fund Balance.*
- *The voters need to be informed that the City intends to continue subsidizing police services from the General Fund.*
- *It has always been a goal of Council to eliminate General Fund subsidies.*
- *The City needs to either pursue a millage to cover all police costs or reduce police services.*

Council consensus was to maintain the Police budget as in previous years assuming that it could change when Council has millage discussions later in the budget process.

Local Road Funding

Ms. Jenuwine noted that while the Residential Streets Ad Hoc Committee had proposed that the \$1.7 million variance transfer from the General Fund to the CIP be diverted to the Local Road Fund the monies have not been earmarked for any purpose and, thus, will simply sit in Fund Balance until a use is determined. Ms. Jenuwine went on to describe the policy proposed by the Residential Streets Ad Hoc Committee wherein monies from the Debt Services Fund Balance accounts would be transferred to the Local Road Fund.

Mr. Barnett described these policies as prudent; however, he noted that they will not provide enough funds to solve the local roads problems.

Mr. Rousse requested that the \$1.7 million variance transfer be earmarked for road maintenance, noting that the money would then do "the greatest good for the greatest amount of people." He explained that \$1.7 million would only provide enough funds to construct less than two miles of roads.

Ms. Jenuwine assured Council that there were no identified CIP projects that would be negatively impacted by the variance transfer.

The consensus of Council was to implement a policy of transferring monies from the Debt Fund and the \$1.7 million variance transfer from the General Fund to the Local Road Fund.

President Rosen suggested that a technical committee be formed to address the local roads matter and indicated he would meet with Mr. Rousse to explore that possibility.

Ms. Hill questioned the plan to build a five-lane bridge on Tienken Road and suggested that the monies would be better spent on a three-lane bridge and more repaving of the road. She called for more public discussion of this matter.

Major Road Fund

Ms. Jenuwine questioned whether Council would like to implement the policy of diverting funds from the Major Road Fund to the Local Road Fund. She noted she could provide more detail to Council in terms of proposed/planned future projects, indicating that the conservative projections are through 2014.

President Rosen noted that most major projects tend to take longer than anticipated. He acknowledged that if a project arose that required funds immediately, a transfer of funds could be arranged.

Ms. Holder questioned whether there would be enough funds available for cost sharing should the City choose to pave some roads through the use of Special Assessment Districts (SAD).

Ms. Jenuwine estimated that the City could afford a ten percent cost share on any SADs.

The consensus of Council was to divert funds from the Major Road Fund to the Local Road Fund and to designate those dollars to be used for road maintenance.

Fire Department Fund

Ms. Jenuwine suggested, and Council agreed, to maintain a 17.5% fund balance in the Fire Department budget and reduce the transfer to the Fire Capital Fund.

Revenue Policies

With regard to Revenue Policies, *Mr. Yalamanchi* noted that it would be more expedient to only address those policies about which Council members are concerned. He questioned the efforts of the City to pursue grant monies.

Ms. Jenuwine and *Mr. Anzek* noted that the City has occasionally contracted for grant writing services, averaging approximately \$20,000 annually, in addition to various department staff members who aggressively pursue grants with varying levels of success.

Fund Balance Policy

It was the consensus of Council that the City maintain the current policy of a 15% to 20% fund balance with an attempt to maintain a 20% fund balance as much as possible, thus assuring the City's current high bond rating.

Debt Service Policies

President Rosen suggested that the City remain conservative with respect to debt.

Ms. Jenuwine cautioned Council that if they were to pursue the option of bonding to fund local road projects, the Debt Services Policy dictates that the City bond for capital projects one time only. The use of bonding in the case of local roads would likely be a deviation from this policy.

Discussed

(Recess 9:39 p.m. - 9:51 p.m.)

2006-0126

City Council Goals and Objectives - 2006 and 2007 Budget Years (Continued)

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

Mr. Ed Anzek, Director of Planning/Development, reviewed the Council Goals and Objectives from the previous year's budget process, noting that several objectives had been met or were in progress and suggested that Council should use this as a guideline for establishing their 2007 Goals and Objectives:

Improve Economic Development

Better PUD ordinance

Enhance public/private alliances

Commercial use (size and amount)

Business incentive programs

Regional communication cooperative (Chamber of Commerce)

Enhance/Maintain Infrastructure

Adams Road Relocation
Crooks/Hamlin/M-59
Comprehensive storm water management program
DPS Facility
Trail development
Proactive maintenance
Gateways
Road funding
Reservoirs

Enhance Communication with Residents

Citizen academy
Youth Council (in process 05/03/04)
Channel 55/10
Hills Herald
City web site
Town hall meetings
Complaint system
Improve notification/programs
Enhance City PR
Enhance sister city - explore "shared" services
Public communication/proactive committee
News releases
"Suggestion" box
Citizen hot line with recorded messages and publish/promote in Hills Herald

Enhance/Maintain Public Safety Levels

Enhance/Maintain fire department level of service
Enhance/Maintain police operations level of service
Emergency broadcast City-wide via pagers and Channel 55/10
Community policing
Amber Alerts via pagers and Channel 55/10

Enhance Quality of Life

Community Center
Green Space preservation
Parks
Leaf pickup
Historical preservation
Solid waste threat to quality of life trail development
Improve access to river
Pro-active code compliance
Policy review - operations

Efficient Government

Upgrade facilities, staff, equipment - DPS perspective
Implement new meter read capabilities
Improve and maintain staff training
Upgrade communication/technology system - long-term technology plan
Long-term technology plan
Implement records management
Program prioritization by department
Cut "red tape" - process improvement
Develop five-year plan for Fire Services
Outsourcing and privatization
Review City Charter
Decrease dependency on outside consultants

*Inter-departmental communication
Regional "shared" resources
Add an employee suggestion box*

Maintain Financial Stability

*Enhance revenue
Contain costs
Maximize grants and other funding sources
"Spend smarter!"
Police services funding
Pathways funding*

Mr. Anzek noted that, as the DPS Facility project had been put on hold, and its funding had been linked to the funding for the proposed reservoirs, it was essential that City staff receive guidance from Council as to whether the reservoirs project was still deemed worth pursuing. He stressed that hundreds of hours of staff time had already been expended on this project with hundreds more remaining to bring the project to fruition. In addition, he noted that the Pathways millage has expired and it was still unclear whether a renewal should be sought at this time.

President Rosen expressed his opinion that the reservoirs issue "needs a much more detailed discussion", but it was his opinion that the anticipated goals of implementing reservoirs, that being to correct water pressure issues in certain areas of the City, could be resolved through "very common sense regulatory activities."

Mr. Yalamanchi concurred with President Rosen's opinion regarding reservoirs and questioned what would happen if the Pathways millage was not renewed. He also requested that City staff establish an employee suggestion box.

Mr. Rouse noted that the Pathways project had not yet achieved the goal of installing pathways along all major roads. He further noted that, were the Pathways millage not renewed, the City is still responsible for maintaining the existing pathways system and a funding source would have to be determined to meet that responsibility.

Mr. Anzek stated that the employee suggestion box would be implemented.

Mr. Duistermars noted that "reservoirs have definitely proved out again and again in other communities."

Mr. Rouse provided a brief history of the reservoirs project noting that over the past several years it was determined that water pressure issues were attributed to climatic conditions that increased water consumption by 15%, the increase of approximately 5,000 customers to the system, updates in fire fighting equipment resulting in trucks that pump 2,000 gallons of water per minute as opposed to 750 gallons, and large commercial developments.

Mr. Duistermars expressed his opposition to imposing any kind of regulation that would dictate the residents' use of water.

Ms. Hill noted that beyond the major capacity issues the City faces, the new water and sewer rates were increased based on the fact that the City was bonding to build the reservoirs.

Mr. Barnett noted that his two priority issues are road funding and police services funding, followed by Enhance and Maintain Infrastructure and Maintain Financial Stability.

Mr. Yalamanchi concurred with Mr. Barnett that road funding is a top priority, and asked that Captain Smith further explore Community Policing for the City. He further requested that an

evaluation of the Parks & Forestry Department be added under the goal of Efficient Government.

Mr. Anzek suggested that Council review the previous year's list of goals and objectives at which time there would be a meeting at which Council and staff would prioritize new goals and objectives for the coming budget year. He stressed that this is a necessary step in preparing the budget as there may be goals that have budgetary impacts.

President Rosen asked that the Citizen Academy be removed from the list of goals and that the formation of a Technical Committee to address the road funding issue be added. He also noted that there is a great deal of potential to communicate with residents via Channel 55/10, the City web site and the Hills Herald. He also praised the City for establishing the emergency AM radio station. In terms of enhancing fire and police service levels, President Rosen stressed that "maintaining and improving effectiveness is the most important thing."

Mr. Duistermars requested that the Community Center be removed from the list stating, "I don't think it's an essential function of City government."

Mr. Barnett noted that if left as part of the Council's goals and objectives, there is no obligation that City funds be used to support a Community Center, but it gives other organizations the ability "under our umbrella" to continue to pursue it.

Mr. Anzek agreed, noting that the City could "explore corporate sponsorship of such a facility."

Ms. Raschke noted that the City needs to offer an alternative to leaf burning, as permitted burning will soon expire and residents on large lots will have a great deal of difficulty dealing with their leaf cleanup.

Discussed

COMMENTS & ANNOUNCEMENTS

Mr. Duistermars, in response to Ms. Hill's earlier comments regarding violations of the Open Meetings Act, assured residents that he has not been involved in any private meetings regarding the appointment of a new mayor and will consider all of the candidates who apply for the appointment.

President Rosen agreed that Council is handling this manner very carefully.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

- Special Meeting - Thursday, April 13, 2006 at 7:30 p.m.*
- Regular Meeting - Wednesday, April 19, 2006 at 7:30 p.m.*

ADJOURNMENT

There being no further business before Council, President Rosen adjourned the meeting at 10:43 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 September 6, 2006 Regular City Council Meeting.