



Rochester Hills

Minutes - Draft

City Council Special Meeting

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
(248) 656-4600
Home Page:
www.rochesterhills.org

*J. Martin Brennan, Greg Hooper, Nathan Klomp, Vern Pixley, James Rosen,
Michael Webber and Ravi Yalamanchi*

Vision Statement: *The Community of Choice for Families and Business*

Mission Statement: *"Our mission is to sustain the City of Rochester Hills as the premier community of choice to live, work and raise a family by enhancing our vibrant residential character complemented by an attractive business community."*

Monday, August 15, 2011

5:30 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Hooper called the Special Rochester Hills City Council Meeting to order at 5:32 p.m. Michigan Time.

ROLL CALL

Present 7 - J. Martin Brennan, Greg Hooper, Nathan Klomp, Vern Pixley, James Rosen, Michael Webber and Ravi Yalamanchi

Others Present:

*Ed Anzek, Director of Planning and Economic Development
Bryan Barnett, Mayor
Tara Beatty, Chief Assistant
Nancy Bowman, Senior Human Resources Analyst
Jim Breuckman, Planning Manager
Scott Cope, Director of Building/Ordinance Compliance
Ron Crowell, Fire Chief/Emergency Management Director
Kurt Dawson, Director of Assessing/Treasury
Susan Koliba-Galeczka, Deputy City Clerk
Pamela Gordon, Director of Human Resources
Bob Grace, Director of MIS
Deborah Hoyle, Financial Analyst
Captain Michael Johnson, Oakland County Sheriff's Office
Jane Leslie, City Clerk
Keith Sawdon, Director of Finance
Allan Schneck, Director of DPS/Engineering
Leanne Scott, City Council Coordinator
Joe Snyder, Senior Financial Analyst
Helen Sultana-Kelly, HR Analyst - Program Coordinator
Pam Valentik, Manager of Economic Development
Bob White, Supervisor of Ordinance Services
Kelly Winters, Deputy Director of Building/Ordinance Compliance*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Webber, seconded by Pixley, that the Agenda be Approved as Presented. The motion carried by the following vote:

Aye 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

PUBLIC COMMENT

None.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

None.

PROPOSED 2012 BUDGET DISCUSSIONS

2011-0340 General Budget Overview - 2012

Attachments: [Agenda Summary.pdf](#)
[081511 Budget Presentation Schedule.pdf](#)
[082911 Budget Presentation Schedule.pdf](#)
[Suppl Genl Budget Overview Presentation.pdf](#)

Mayor Barnett introduced **Keith Sawdon**, Director of Finance, **Joe Snyder**, Senior Financial Analyst and **Deborah Hoyle**, Financial Analyst. He stated that presentations will focus on General Fund this evening.

Mr. Sawdon noted that the budget discussions actually began with the introduction of the Seven Year Financial Forecast. He began the Budget Presentation:

What We Learned From the Forecast:

- One-third of General Fund is transferred to other funds. Those transfers are putting pressure on General Fund and the services it delivers.
- Local Streets needs additional funding sources if it wants to perform any subdivision road reconstruction activity.
- Fire Fund's expenditures will outpace their dedicated property tax revenues starting in FY 2014.
- Police Millage I and II expire in Tax Year 2013 and current Police Millage(s) only provide approximately 40 percent of the cost of police services. The remainder is mostly paid for by General Fund.

- *Water Resource Fund needs a funding source to pay for the maintenance costs.*
- *There could be an opportunity to repurpose expiring Millages without affecting the overall City Millage Rate.*

He displayed charts which highlighted the following:

- *How Property Taxes have decreased. While there is still a downward drift for 2012, projections are for these Taxes to stabilize in 2013, and show a slight uptick through 2018.*
- *The 2010 U.S. Census efforts will pay off, with increased State Shared Revenue through 2018.*
- *After a downward slide, Gas and Weight Tax begins to level off, with no future growth projected. Gas and Weight Tax is a major source for road funding going forward.*
- *The Administration has managed the revenue erosion through an erosion of staff. In 2006, the City had 256 full-time employees. In 2012, 204 full-time positions are budgeted, a 20 percent reduction in staffing from 2006 levels.*
- *Accumulated Health Care Cost continues to increase. The Administration has been proactive in redesigning the health care plans it offers to begin to shift employee responsibility for rising costs. Had this shift not been made, the City would be paying 18 percent more than it does today for health care. The forecast, however, does not include any cost component that may be yet to come related to the Health Care Reform Bill, as these costs are unknown.*

Public Opinion Survey:

- *Ninety-six percent (96%) of our residents are satisfied with their decision to live here in Rochester Hills, our highest rating ever*
- *Generally satisfied with Public Safety provided by the City*
- *Want more effort to relieve traffic congestion and more activity on street maintenance and reconstruction*
- *Nine out of ten residents impressed by the professionalism and conduct of City staff*

Mr. Sawdon displayed a chart of all City Funds, with a grand total City Budget of \$104,464,470. He highlighted that the General Fund encompasses \$22,839,890; Special Revenue Funds, consisting in part of Major Roads, Local Street, Fire, and Special Police, encompass \$30,046,500; and Internal Service Funds are projected at \$11,014,020.

Budget Overview - Fiscal Years 2012, 2013 and 2014:

- *Continued our three year approach to budgeting*
- *Budgets are based on our Best Estimates and Projections for the future*
- *Expenditure budget was structured to fit the revenue sources*
- *The big adjustments made in FY 2011 are helping us meet service needs in the FY 2012 budget, especially in the area of personnel*
- *We are living within our means.* *Revenues drive services. We have taken a conservative approach to estimating our revenues to ensure that the services we are proposing are within our revenue resources.*

- We have estimated that City-wide revenues, for FY 2012, will go down by 0.4 percent and we have reduced our expenditures by 2.5 percent.
- The FY 2012 Budget sets the City Millage Rate at 9.7060, making us the lowest millage rate of cities in Oakland County with populations over 5,000 and the thirteenth year that our rate has not increased without a vote of the people.
- We are not proposing to levy the 1.0 percent administrative fee for the City's assessing and tax collection services. Leaving approximately \$1.1 million in the pockets of our residents and businesses.

Key Points in the Budget Plan:

- Reduced Full Time Staff by an additional four positions. A two percent reduction from FY 2011 (20.3 percent reduction since 2006).
- Contracted Sheriff Deputies are proposed to be reduced by one in 2012 and one in 2013 in an attempt to keep the General Fund's increasing subsidy to the Special Police Fund manageable. Since 2006, the number of contracted officers is down by five percent.
- We are proposing funding for the Local Street maintenance budget with four funding sources (the voter-approved Millage, Act 51 Revenues, and contributions from Major Roads and General Fund) allowing General Fund to make a limited contribution for reconstruction efforts on Local Streets.
- We are proposing a General Fund 0.1000 mill transfer to Water Resources Fund to provide for approximately 50 percent of its maintenance needs as that fund looks for a longer term funding/cost reduction solution.
- The FY 2012 budget does reflect increases in several key revenue areas such as State Shared Revenues, Building-related permit fees, Park entrance fees and ambulance transportation fees.
- The City's energy related costs are down by 14 percent in FY 2012 reflecting the City's efforts from the "25%-in-2" program and Energy Efficiency and Conservation Block Grant (EECBG) related energy improvements.
- The City's property, casualty and liability insurance costs are down, providing savings in all budgets.
- No General Fund fund balance is being proposed to be used to pay for operational costs.

See Legislative File 2011-0341 for Council Discussion.

Discussed.

2011-0341 Discussion - General Fund (100's) - 2012 Budget

Attachments: [082911 Budget Presentation Schedule \(Revised\).pdf](#)
[081511 Budget Presentation Schedule.pdf](#)
[Suppl Gen Fnd Rev-Transfer Out Presentation.pdf](#)
[Suppl Mayors Department Presentation.pdf](#)
[Suppl Building-Ordinance Presentation.pdf](#)
[Suppl Assessing - Treasury Presentation.pdf](#)
[Suppl Clerks Presentation.pdf](#)
[Suppl Planning & Ecn Devel Presentation.pdf](#)
[Suppl Human Resources Presentation.pdf](#)

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Keith Sawdon, Director of Finance, presented the Proposed General Fund Revenues and Expenditures (Transfers Out), and highlighted the following:

**GENERAL FUND REVENUE
GENERAL FUND TRANSFER OUT**

Proposed General Fund Revenues:

- Overall General Fund Revenues are down 0.4 percent from FY 2011
 - * Taxes decreased 6.6 percent or \$772,000
 - * Building License and Permits increased 24 percent or \$366,000
 - * State Shared Revenue increased 2.9 percent or \$125,850
 - * Service Charges increased 1.7 percent or \$91,860
 - * Interest and Dividend Earnings increased 74 percent or \$114,670

He mentioned that the Administration does expect interest rates to rise, noting that there are hidden inflation pressures that will pass through to the rates.

Proposed General Fund Expenditures - General Fund Transfers Out:

- Transfers to other funds increasing by 28 percent
 - * Local Street Fund increased 77 percent or \$1,285,630 as the General Fund helps Local Streets with its maintenance budget as well as limited support for reconstruction efforts
 - * Special Police Fund increased ten percent or \$424,890 as the General Fund helps offset revenue losses caused by the drop in Taxable Values affecting the two Police millages which are only partially offset by the officer reduction
 - * Water Resources Fund (Drain Fund) increased 100 percent or \$283,500 as General Fund provides approximately 50 percent support of Water Resource maintenance needs

He noted that through the amended budget in 2011, General Fund will transfer \$6.8 million to other funds. For 2012, the transfer increases to \$8.8 million.

Discussed.

2011-0343 Discussion of the Debt Service Funds (300's) - 2012 Budget

Attachments: [081511 Budget Presentation Schedule.pdf](#)
[Suppl Debt Funds Presentation.pdf](#)

DEBT FUNDS

- Local Street - 2001 Series (313)
- Local Street (SAD) - 2001 Series (314)
- Local Street - 2002 Series (325)
- Drain Debt (331)
- OPC Building/2010 Refunding Debt (369)
- Municipal Building Refunding Debt (393)
- Water & Sewer Debt Service Fund (595)

Keith Sawdon, Director of Finance, presented the Debt Service Funds. He commented that while the news is full of reports of the United States' credit

rating downgrade, Rochester Hills recently received AAA ratings from both Standard & Poors and Fitch Ratings. He highlighted several reasons for the agencies' rating:

DEBT SERVICE FUNDS

What the rating agencies saw when looking at the City:

- Adopted a Debt Management Policy
- Made the Financial Forecast a part of our budget process
- Moved to a Multi-Year (3 year) Budget
- We have no unfunded liability related to our retirement plans

He noted that the City has its own debt ceiling dictated by State Law, and can issue no debt above ten percent of the State Equalized Value. He related the City's debt limit in relation to the Federal Debt Limit, noting that the City's outstanding debt continues to decline. He mentioned that City-wide outstanding debt per capita has decreased to \$357 for FY 2012; while the Federal Government's debt translates to \$45,000 per capita. He commented that the City has managed its debt well. He listed the current outstanding debt of the City:

- 313 - Local Street Improvement Bond/2001
 - * Improvements to Christian Hills, Great Oaks, Allston, and Foxboro Subdivisions
 - * Payable through FY 2016
- 314 - Local Street Special Assessment Bond/2001
 - * Improvements to Avon Hills, Relyea Acres, Klem Gardens, Hillcrest and South Boulevard Gardens
- 325 - Local Street Improvement Bond Fund/2002
 - * Improvements to Avon Manor, Whispering Willows, Springhill, Stratford Knolls, Great Oaks West, Lochmoor Hills, Larchwood, and Independence Court Subdivisions
 - * Payable through FY 2017
- 369 - Older Persons' Commission (OPC) Building Refunding Debt Fund
 - * Refund the OPC Building Debt Bonds
 - * Millage approved by voters in 2001
 - * Payable through 2021
- 393 - Municipal Building Refunding Debt
 - * Refunding of the Municipal Building Debt
 - * Payable through 2021

Water Resources Debt Fund:

- Chapter 20 Drains
- Full faith and credit debt
- For FY 2012, levy 0.4046

He pointed out that several components of the Water Resources Debt will roll off in FY 2013, including the McIntyre Drain, Hampton Drain, Bishop Drain, Chester Drain and Wolf Drain. He explained that as this will translate to a FY 2014

levy of 0.0797, the City has the opportunity to have the millage rate decrease or to look to voters to repurpose this millage with no change in the tax bill.

Water and Sewer Debt Fund:

- New in FY 2012 - \$509,630 increase related to our share of the Oakland/Macomb Sanitary Sewer Interceptor
- Bonds issued by/for the Water and Sewer Fund
- Secured by and paid for by revenues of that fund and Debt expense is part of user rates

He mentioned that the FY 2012 debt increase is related to the sanitary sewer collapse that occurred in Sterling Heights. This drain has been taken over from the Detroit Water and Sewerage Department. He noted that while the project to rebuild the drain has received much funding from Federal Stimulus monies, the City's share will be 12 percent of the cost.

See Legislative File 2011-0341 for Council Discussion.

Discussed.

2011-0341 Discussion - General Fund (100's) - 2012 Budget

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[Suppl Human Resources Presentation.pdf](#)

Keith Sawdon, Director of Finance, introduced the individual department budget presentations, beginning with the Mayor's Department:

MAYOR'S DEPARTMENT

- Mayor's Department (171)
- Accounting (201)
- Legal Services (210)
- Building Authority (279)
- Special Lighting (448)
- Community Development Block Grant (666)
- Community Events (760)
- Capital Improvement Fund (420)
- Self Insurance Fund (677)

MAYOR'S DEPARTMENT

Responsibilities of the Mayor's Office:

- *Is the Chief Administrative Officer of the City*
- *Provides overall administration of the City*
 - * *Policy execution and administration*
 - * *Enforcement of City ordinances*
 - * *Strategic planning*
 - * *Oversees all City departments and services including police services*
 - * *Also oversees some specialized areas within the Mayor's Department:*
Finance (Fiscal, Accounting and Purchasing), Media and Grant Administration

Finance:

- *Fiscal - Budgets, Capital Improvement Plan (CIP), Community Development Block Grant (CDBG), Long-Range Financial Planning, Risk Management, Debt Management, Retirement Plans among other things*
- *Accounting - Records, maintains and reconciles all City financial transactions, prepares the Comprehensive Annual Financial Report (CAFR), bills water and sewer and prepares the Citizen Financial Summary Report (PAFR)*
- *Purchasing - Administers the Purchasing Ordinance and the procurement card program, participates in many cooperative purchasing efforts with other governmental agencies*

Mr. Sawdon pointed out that this year's CAFR was prepared in-house. He noted that the City has been ahead of Michigan Governor Rick Snyder's mandate that governments prepare PAFRs, creating a document that the average citizen can understand. He mentioned that when the City's PAFR was brought to the attention of the Governor's Office by the Auditors, they received very positive feedback.

He noted that the Purchasing Division participates in many cooperative purchasing efforts with other governmental agencies, and commented that the City's Request for Proposal (RFP) for a Sewer Truck purchase was selected as a National Bid Contract. He mentioned that the City receives approximately \$400 whenever the RFP is used for a purchase anywhere in the country.

Media:

- *Manages the City's Government Access Channel, video production for employee training, City Council meetings, promotional material, and other special programs including the Festival of the Hills*

Grant Administration:

- *Researches and identifies grants and alternative funding sources for various projects, and administers grants in full compliance with all conditions required by the funding source*

Mr. Sawdon noted that the Mayor's Department has experienced a 17 percent reduction in staff since 2006. The Department's budget will increase 0.9 percent over FY 2011, due to the reclassification of one employee, a scheduled step adjustment, and rising health care costs.

Accounting Budget:*- Responsibilities of Accounting:*

** Records, maintains and reconciles all City financial transactions, prepares the Comprehensive Annual Financial Report (CAFR), bills for water and sewer activity and prepares the Citizen Financial Summary Report (PAFR)*

** In addition, Accounting is directly responsible for:*

- All City-related Audits*
- Developers' escrow activity and billings*
- Retirement Plan Administration*
- Accounting services for Rochester Avon Recreation Authority (RARA) and the Older Persons' Commission (OPC)*

He pointed out that the Accounting Department has experienced a 23 percent reduction in staff since 2006. The Department budget will decrease by 3.7 percent over FY 2011, due to the following:

- Entered into an employee-sharing program with MIS which resulted in a 5.6 percent decrease in personnel costs*
- The Audit RFP resulted in a decrease in audit fees of 11.8 percent*
- An RFP for water and sewer billing and printing services decreased that cost by seven percent*

He mentioned that even though there have been personnel reductions, the volume of work has not changed much. He pointed out that a new Automated Clearing House (ACH) program has been instituted for online vendor payment.

Legal Services:

- There are no significant changes proposed for FY 2012.*

Special Street Lighting:

- There are no significant changes proposed for FY 2012.*

Community Development Block Grant (CDBG):

- Overall decrease by 16.0 percent over FY 2011*
- We had to reduce our Minor Home Repair program by 16 percent or \$17,530 due to Federal funding reductions*
- We also had to reduce our Senior Citizen Home Chore Program by 32 percent or \$7,540 due to Federal funding reductions; however, the good news is we are still able to service the same amount of seniors due to better service pricing from our contractors.*

Community Events:

- Decreased by 5.8 percent over FY 2011*
- Expenses are offset with donations or reimbursements*

Insurance Fund:

- Decreased by 24.0 percent over FY 2011
- Property Casualty and Liability Insurance costs decreased by \$150,000

Capital Improvement Fund:

- Public Access (PEG) Transfer-In to reflect the limitations placed on those funds for capital-only purchases related to Government Access channel
- Transfer-Out to Facilities for Government Access channel's share of debt service related space used by that group. This will offset the cost that was paid for by taxpayers in the past.
- Transfer-Out to MIS for the (IS-16) Field Laptop and Permit Software Upgrade project

Building Authority:

- There are no significant changes proposed for FY 2012.

Retiree Healthcare Trust Fund:

- Interest and Dividend Earnings was increased reflecting the fund's projected earnings
- Professional Services was increased to cover our required every-other-year actuarial report. The report must be done in 2012.

Conclusion:

- What we learned from the Financial Forecast and the Public Opinion Survey was taken into consideration in drafting the budget plan.
- We drafted an expenditure budget that fit our available revenue sources.
- Some of our expenditure decisions were difficult to make but necessary.
- Now we will start to hear from Department Directors as they cover their areas of responsibilities.

Public Comment:

Lee Zendel, 1575 Dutton, commented that recent Federal pronouncements that interest rates will be kept exceptionally low until 2013 have not been taken into account in the preparation of this proposed budget. He stated that the budgeted amounts for interest revenue should be reduced to FY 2011 levels.

Mr. Sawdon responded that while it is true that last week's financial events show volatility in the markets, interest rates have three components. One component, the Federal Fund rate, is expected to remain flat for the next two years. Two other components, length to maturity, or risk for change (inflation), and credit quality, will work their way into interest rates; and the proposed interest revenues are considered appropriate. He commented that if Council wished to be ultra-conservative, the rates can be set to FY 2011 levels; however, quarterly adjustments would most likely be necessary.

Council Discussion:

Mr. Webber stated that he trusts the Administration's expertise in establishing the projected levels for interest, noting that budget amendments can adjust these amounts. He pointed out that the City has kept legal costs down, noting an 11 percent reduction since 2009. He mentioned that while it was a worthwhile endeavor to go out for bids on the City's insurance this past year, insurance costs rose from \$268,000 in 2008 to \$616,000 for FY 2011. He questioned whether the projected dividend paid back to the City offsets this cost to \$466,000 for FY 2012. He questioned which budget the cost of the insurance consultant would come out of.

Mr. Sawdon responded that premiums are computed on an insurance year that runs from July to June. He noted that the City is not expecting a large dividend distribution for FY 2012. He stated that the City issued an RFP and selected an insurance consultant, who will be on site next week to work with Fiscal and other departments to understand what level of insurance the City should have. He commented that the cost of the consultant is estimated at \$9,000 for two phases; and will be paid out of the Insurance Fund budget. He explained that Phase I will determine the level of insurance; should a change be required, Phase II will draft an RFP for insurance services.

President Hooper questioned what dividend was received this year.

Mr. Sawdon responded it was approximately \$212,500.

Mr. Yalamanchi commented that the Administration should keep interest levels at FY 2011 amounts. He requested the following information:

- What role the City plans to take as a part of the Michigan Local Government Benchmarking Consortium and whether reports can be made available for review.
- How the Health Care Reform Bill will impact employee benefits.
- Whether all projected cost increases are taken into account when estimating the General Fund Fund Balance at \$23 million for 2014.
- Why the Capital Improvement Fund Fund Balance increases to \$4.1 million.
- Why Transfers-Out increase so drastically.
- If the City contacts a customer if significant water use is detected, and whether turn-off of service is an option for unpaid amounts.

Mr. Sawdon responded with the following:

- The City has been working with the Consortium to provide benchmarking for the past three years. When benchmarks are developed, many participants are required in order to make the data usable. While continuing to grow, the Consortium is still in its infancy. Reports will be provided when the Administration feels more comfortable about the data they contain.
- Pam Gordon, Director of Human Resources, would best be able to address questions on the Health Care Reform Bill. The Bill is still pending in committee.
- Estimates for increases due to Health Care Reform are not included, as they are not currently known.
- The full one percent PEG funding is now reflected in Capital Improvement

Fund Fund Balance. The City previously transferred half of that amount through the Intergovernmental Cable Communications Authority to Community Media Network, however, that amount is fully transferred to Fund Balance. The funds must be used for capital improvements and the Administration will be looking at ways to upgrade the City's Government Access Channel in the future.

- *The Administration proposes to transfer out an additional \$2 million to fund local roads, police and water resources (Drain Fund).*
- *When the City becomes aware of abnormal water consumption, customers are contacted or a meter reader is dispatched. Unpaid accounts are passed on to property taxes. The City's Ordinance does not allow turn-offs.*

Mr. Pixley requested the following information:

- *Whether recent events have precipitated a change in the strategy used to drive the projected interest figures.*
- *Why unemployment insurance increases by 25 percent in some instances.*
- *Whether the City could buy-back debt at a discount while rates are low.*
- *Whether is it better to adjust interest by amendment later rather than now during the budgeting process.*

Mr. Sawdon responded with the following:

- *It is the Administration's view that interest rates will rise.*
- *As the City has had individuals separate from employment, in some cases they qualified for benefits. The experience modification has gone up, increasing unemployment insurance costs.*
- *The City has the opportunity to buy-back debt in certain cases, but it must exercise caution. An item will be brought before Council at the August 29th meeting proposing a bond refunding to lower rates one more time. The savings must justify the refunding costs before proceeding.*
- *It is considered more advantageous to adjust interest rates by amendment.*

Mr. Rosen noted that the Open Space Fund Fund Balance is increasing, and pointed out that is because funds have not been expended for the purchase of property. He noted that other component fund balances are decreasing.

Mr. Sawdon responded that Fund Balances are being expended by design, noting monies used for Major Road Projects. He reiterated that Fund Balances will be expended for Capital Improvements, not to pay salaries.

Mayor Barnett pointed out that Debt Service Funds were decreasing as well.

Mr. Yalamanchi stated that Fund Balances should be expended for Roads and to purchase Green Space properties.

Mr. Sawdon noted that the maintenance budget for Local Roads is \$4.5 million. He mentioned that if the Police Millage I and II are not renewed, the City will be scrambling to find a funding source.

President Hooper mentioned that last year \$800,000 was transferred out from the Water Resources Fund to Local Roads. He stated that he would support

not transferring 0.1 mill to the Water Resources Fund as proposed. He commented that this item would be included in a Straw Poll for Council.

Mr. Yalamanchi questioned where staffing is being reduced.

Mayor Barnett responded that the net change was four full-time positions. He stated that a Fire Administrative Secretary, Fire Prevention Officer, Account Clerk II and Senior Appraiser were removed from the budget.

Mr. Yalamanchi questioned why a Communications position remains, as the City no longer handles its own 911 Dispatch services.

Mayor Barnett responded that this individual remains a liaison for Dispatch Services and handles all City phones, pagers and internal networking. He noted that the proposed Water Resources Budget will stretch that Fund's solvency for five to ten additional years. The requested 0.1 mill transfer provides funds for minimal projects for ten years.

Discussed.

2011-0347 Discussion - Trust and Agency Fund (700's) - 2012 Budget

Attachments: [081511 Budget Presentation Schedule.pdf](#)
[Suppl Supplemental Retiree Trust Fund Presentation.pdf](#)

- Supplemental Retiree Trust Fund

See Legislative File 2011-0341 for Council Discussion.

Discussed.

2011-0341 Discussion - General Fund (100's) - 2012 Budget

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[Suppl Human Resources Presentation.pdf](#)
[Suppl Parks & Forestry Presentation.pdf](#)

Scott Cope, Director of Building/Ordinance Compliance, introduced **Kelly Winters**, Deputy Director of Building/Ordinance Compliance, and **Bob White**, Supervisor of Ordinance Services. He gave the following presentation regarding the Building and Ordinance Compliance Department:

BUILDING / ORDINANCE

- Building Department (371)
- Ordinance Compliance (372)
- Weed Control (535)

BUILDING DIVISION*Building Division's Purpose:*

- *To make sure that buildings in our community are safe for everyone to enjoy.*
- *To be a helpful partner in the construction process.*

Building Department - Innovative by Nature:

- *Only nationally accredited building department in Michigan; and one of only 15 in the nation*
- *A "Partnership Mentality"*
- *A key component to attracting businesses and keeping buildings safe*
- *Utilizing our resources:*
 - * *Facilities Maintenance*
 - * *RFP Development*
 - * *Project Management*
 - * *Trouble Shooting*
- *Shared services with Shelby Township*

He stated that the permit process is a key component to bringing businesses to the community, and the Department has developed new ways to streamline the process. He noted that in some cases contractors can begin construction, at their own risk, while plans are still being prepared for review. He stated that this change is a move to accommodate the pace of business. He explained that Building Department Inspectors are also utilized for many facilities maintenance functions, providing troubleshooting and diagnostics. He pointed out that the City has shared electrical and plumbing inspection services with Shelby Township five times to date, with no money changing hands thus far.

- *Coming soon:*
 - * *Fast-track residential permits, with no construction plans needed for projects under 1,000 square feet*
 - * *No more bonds for residential construction*
 - *720 bonds for 2010*
 - *Lower permit costs for residents and contractors*
 - *Time and cost savings for the City*

Mr. Cope stated that bonds really do not serve any purpose, and their elimination will lower permit costs for residents and contractors. He continued:

Signs of Recovery Continue:

- *New House Construction Activity:*
 - * *69 through July 2011*
 - * *43 through July 2010*
- *New Commercial Building Activity:*
 - * *6 through July 2011*
 - * *0 through July 2010*
- *New House Permits are up 66 percent from 2009.*
- *Total Building Department Permits:*

- * 2010 Total Permits up 28 percent from 2009
- * June 2011 Total Permits up 29 percent above June 2010

Building Department Revenues:

- 2010 Revenues up 58 percent or \$569,426 from 2009

He noted that 2011 Revenues are on track to match or exceed 2010.

Building Department Expenditures:

- Expenses reduced 33 percent from 2007

He pointed out that a slight uptick is projected for 2012 due to professional services; Fire Suppression services are being contracted out due to the loss of an Inspector.

Building/Ordinance Staffing Levels:

- 33% reduction since 2006

ORDINANCE DIVISION

Ordinance Division's Purpose:

- To enhance and preserve the quality of life in our community by developing and effectively enforcing the City's Ordinances.

Ordinance Division - Innovative by Nature:

- Enforcement philosophy:
 - * Goal is compliance, not fines
 - * Reduced attorney times
- Tracking inspectors' time with asset management software
 - * Tool to verify we are focused on our goals
- Laptop program proposed
- Continue to keep ordinances up with the times
 - * Amusement devices; computer gaming
 - * Special events
 - * Sign Ordinance
 - * Dog Ordinance
- Coming to you soon:
 - * Zoning Review Fees
 - Cover cost for plan reviews
 - * Update Zoning Ordinance to address concrete/steel decks

Single Solid Waste Hauler/Recycle Bank:

- Only 32 complaints in 2011 January to June
 - * 57 percent reduction from 2010
 - * 1,517,334 service stops

- * 99.99 percent success rate
- \$3,800 in Revenue received for recycling

Mr. Cope expressed his thanks to the City's Single Solid Waste Hauler, Republic/Allied and Mr. White, the program's coordinator. He commented that the program would not be going as smoothly as it is without Mr. White's oversight.

Home Foreclosures:

- *A proactive approach:*
 - * *Currently 418 homes in foreclosure; down 23 percent from 2010*
 - * *Each inspected monthly*
 - * *1,001 inspections completed year to date*
 - * *66 violations issued*

Connecting With Our Residents:

- *HOA meetings spring and fall*

Ordinance Division Significant Changes:

- *"No HAZ" program cost reduced to \$35,000*
 - * *2009: 2160 cars*
 - * *2010: 1006 cars*
 - * *2011 to date: 564 cars (one event left)*
- *Improving the way we operate*
 - * *Laptop Computer Program for Ordinance Inspectors*
 - *Four laptop computers and printers*
 - *Improve efficiencies*
 - *Reduce customer service workload*

He directed Council to Page 139 and 140 of the Budget Book for a review of how the Department's Goals and Objectives relate to Council's Goals and Objectives.

535 Weed Control:

- *Continued focus on vacant homes*

Mr. Cope pointed out that Weed Control revenues match expenses.

FACILITIES DIVISION

Facilities Division's Purpose:

- *To manage and maintain City-owned facilities in an efficient and safe manner so they can be used and enjoyed by residents, employees and visitors.*

Facilities Division - Innovative by Nature:

- Utilizing our resources:
 - * Building Department Inspectors
 - Facilities Maintenance
 - RFP Development
 - Project Management
 - Trouble Shooting
- Environmental Education Center (EEC) rented to Clinton River Watershed Council (CWRC)
 - * The City is receiving \$17,000 per year

2010-2011 Significant Projects and Activities:

- Energy Efficiency and Conservation Block Grant (EECBG) projects:
 - * Parking lot lighting upgrades at Borden Park, City Hall and DPS
 - * Energy Management System installed at Fire Station (FS) #1, #3 and #4
 - * Interior Lighting Upgrade at FS #1 and Oakland County Sheriff's Office (OCSO)
 - * FS #1 Roof Insulation upgrade
 - * Glass replacement at City Hall and FS #1
 - * FS #2 and FS #3 new HVAC system installed
- These projects were completed with grant money received from the U.S. Department of Energy. The estimated energy cost savings is over \$60,000 per year, reflected in the budget with projected decreases for electric and natural gas.
- FS #1 new HVAC system
 - EEC Building new boiler installed
 - City Hall security system
 - OCSO new gate
 - FS #5 new vehicle exhaust system

Significant Projects for 2012:

- Americans With Disabilities Act (ADA) upgrades at various City buildings based on 2010 ADA Study
- FS #1 exterior painting/staining
- City Hall energy management system update
- Upgrade electrical panels at various City buildings based on 2008 Spectrum Study

Facility Division Staff Changes:

- 18 percent reduction since 2006

Facility Division Significant Changes:

- Contractual Services increased 5.3 percent or \$22,860
 - * Due to Dispatch Services moving to Oakland County
- Electric Utility decreased 5.9 percent or \$25,000
- Gas Utility decreased 22 percent or \$35,000
- Repair and Maintenance increased 22 percent or \$65,990
 - * Due to projects noted as "poor" in the 2008 Facilities Condition Study

Mr. Cope explained the increase in Contractual Services, pointing out that previously, the City's Dispatch Staff monitored the City's alarm systems. As Dispatch has been transferred to Oakland County, a private company is now used to monitor these systems, increasing the Contractual Services line item. He referred to page 275 through 276 as how the Facilities Division Goals and Objectives related to City Council's Goals and Objectives.

Council Discussion:

President Hooper congratulated the Building Department staff for its professionalism and leadership shown.

Mr. Yalamanchi requested information on the following:

- *How the permitting process will function for projects under 1,000 square feet if plans are not required and whether these projects will still be required to meet the Building Code.*
- *Whether lowered project permit costs are due to the elimination of bonds.*
- *Why the laptop program was not put into place previously as was expected.*
- *Whether the Fire Suppression Inspector position will be filled.*
- *Whether a 150 percent increase in revenues will be realized by the increasing construction numbers.*
- *If a summary of the 2008 Facilities Study is available with cost estimates.*
- *How the number of foreclosures are determined.*

Mr. Cope responded with the following:

- *The Permit Tech position is key for review of projects under 1,000 square feet. A plot plan will be required showing what is proposed. The City provides detailed Construction Guidebooks, and Inspectors will also ensure that a project meets all Ordinance requirements. This idea came from San Antonio, Texas, where the process has functioned very well.*
- *Construction bonds start at \$50, plus \$25 per additional \$1,000, to a maximum of \$500 for a residential project. Bond elimination will reduce total permit costs.*
- *The laptop program was originally scheduled for 2010; however, MIS determined that the software originally designated would no longer be available or supported. The program was re-evaluated and a new software is proposed.*
- *The individual who previously held the Fire Suppression Inspector position possessed a National Institute for Certification in Engineering Technologies (NICET) certification. Professional Services will still be needed until the Inspector selected gains the level of experience and certification to do these types of inspections.*
- *Revenue numbers are up from last year; in addition, a large project is proposed. The Department feels that the revenues proposed are realistic numbers.*
- *The Spectrum Study completed in 2008 provided an evaluation of each building and its condition, noting everything from roof, flooring, paint, electrical and plumbing. The projects included in this budget are currently rated as "poor" or "unacceptable". The Study concluded with a recommendation on areas that*

should be focused on and did not include specific cost estimates. It is suggested that these projects be completed while still in maintenance mode, as it will cost more to do them once they become emergencies.

- Home foreclosure numbers are received from Oakland County. Many homes that were previously in foreclosure have moved through the process for resale.

Mr. Rosen stated that the No HAZ program is valuable and should continue. He concurred with eliminating the residential bond, noting it will be helpful, especially if a resident is doing his own work. He commented that he is not sure that he supports eliminating the plan requirement for projects under 1,000 square feet.

Mr. Klomp questioned whether the pace of foreclosures has been slowing.

Mr. Cope responded that it has, noting that last year, the City saw 518 foreclosures.

Mr. Klomp questioned whether an applicant can still submit plans and request a full review for a smaller project.

Mr. Cope responded that they could, noting that the streamlined process is intended for those with more experience. He commented that staff members are there to help navigate through the permitting process.

Mr. Brennan questioned how the Department addresses blight in the City and whether many complaints are received.

Mr. Cope responded that Ordinance Inspectors patrol and review foreclosed homes on a monthly basis. Homes are put on a lawn cutting list and a bill is submitted to the owner. If the bill is not paid, it goes to the taxes for the property. He commented that homes in foreclosure often change hands. While a couple of difficult properties have been encountered, the Department is finding relative success in dealing with them.

Mr. Brennan questioned whether alarm monitoring is an annual cost.

Mr. Cope responded that it is.

Mr. Pixley questioned whether the elimination of bonds will create any exposure or liability for the City.

Mr. Cope responded that it most likely would not, noting that purpose of a bond is to cover costs in the event that the City had to finish a project. Staff time is expended to process refunds.

Mr. Yalamanchi questioned whether eliminating bond requirements necessitate an Ordinance Amendment.

Mr. Cope responded that it will; an Amendment would be coming forth.

Discussed.

2011-0346 Discussion - Internal Service Funds (600's) - 2012 Budget

Attachments: [082911 Budget Presentation Schedule \(Revised\).pdf](#)
[081511 Budget Presentation Schedule.pdf](#)
[Suppl Facilities Presentation.pdf](#)
[Suppl MIS Presentation.pdf](#)

- Facilities Fund (631)

See Legislative File 2011-0341.

Discussed.

**(Mr. Brennan exited at 8:00 p.m.)
(Recess 8:00 p.m. to 8:25 p.m.)**

Present 6 - Greg Hooper, Nathan Klomp, Vern Pixley, James Rosen, Michael Webber
and Ravi Yalamanchi

Absent 1 - J. Martin Brennan

2011-0341 Discussion - General Fund (100's) - 2012 Budget

Attachments: [082911 Budget Presentation Schedule \(Revised\).pdf](#)
[081511 Budget Presentation Schedule.pdf](#)
[Suppl Gen Fnd Rev-Transfer Out Presentation.pdf](#)
[Suppl Mayors Department Presentation.pdf](#)
[Suppl Building-Ordinance Presentation.pdf](#)
[Suppl Assessing - Treasury Presentation.pdf](#)
[Suppl Clerks Presentation.pdf](#)
[Suppl Planning & Ecn Devel Presentation.pdf](#)
[Suppl Human Resources Presentation.pdf](#)

Kurt Dawson, Director of Assessing/Treasury, introduced the proposed budgets for Assessing, Treasury and Board of Review:

ASSESSING / TREASURY

- *Assessing (209)*
- *Board of Review (247)*
- *Treasury (253)*

ASSESSING DEPARTMENT

Assessing Responsibilities:

- *Assure that property assessment rolls are lawful, accurate, and equitable*
- *Develop annual tax roll pursuant to State Property Tax Law and the City Charter for use by all taxing authorities within Rochester Hills*
- *To ensure accurate records, the staff performs:*

- * Annual maintenance of 27,000 property records
- * Door-to-Door real property appraisals and exterior property reviews
- * Personal property account audits
- * Property Transfer Affidavit Program maintenance
- * Principal Residence Exemption Program maintenance, review and audits
- To ensure resident input, the staff:
 - * Perform property reviews by appointment
 - * Hold an annual Assessor's Review in February
 - * Assist residents with Board of Review and Tax Tribunal Appeals
 - * Assist taxpayers with assessment related issues and information

Changes and Challenges:

- Reduced staff 29 percent from 2006 to 2012
 - * The budget is down 8.20 percent in 2012 due primarily to a reduction in personnel services
- Changing economy - recession - falling property values
- Increase in appeals before the Local Board of Review
- Increase in appeals before the Michigan Tax Tribunal
- Fewer property sales
- Tracking of Foreclosure Sales
- Reduced resources to complete the assessment roll maintenance

Budgeted Staff - 2006 to 2012:

- Since 2006, a 29 percent reduction in staffing (three positions), with one of these positions proposed for elimination in 2012
- Current staff certifications:
 - * Seven with State assessment certifications
 - * Six with Personal Property certifications
 - * 157 years of assessment related experience

Mr. Dawson noted that the Department's FY 2012 budget is down 8.2 percent, representing approximately \$100,000.

BOARD OF REVIEW

- Required by the State of Michigan General Property Tax Law and the City Charter
- The City has three three-member boards with a potential for an alternate for each board
- March Boards hear current year valuation appeals only
- July and December Boards correct Clerical Errors and Mutual Mistakes of Fact, and the state of Homeowners Principal Residence Exemptions
- There was a significant increase in the number of appointments before the Board from 2006 through 2009, followed by a decline in appointments from 2009 to 2011. The appointment numbers are still significantly higher than the average number from 1995 to 2006.

He explained that staff gives personal attention to each file that goes before the Board of Review and on to the Michigan Tax Tribunal. No change is requested in the budget for Board of Review for 2012.

TREASURY DEPARTMENT

- Effectively manage the timely collection, distribution, and prudent investment of City funds
- Primary responsibilities include:
 - * Bill, collect, and distribute property taxes
 - * Bill and collect for City services
 - * Custodian of all City monies and investments
 - * Process City bond debt payments
 - * Point of inquiry for property tax and all payment information
 - * Process the sale of dog licenses
- We are continually seeking further departmental efficiencies through the research of new banking services and related electronic based technologies

The Treasury Department has 3.5 full-time positions: Director, Deputy Treasurer, Clerk Cashier, and Bookkeeper. Two Part-Time Assistants are critical during busy times and to supplement staff during vacations. Since 2001, staff has been reduced by 50 percent.

Mr. Dawson noted that in the City's recent survey, nine out of ten respondents indicated that they are satisfied with Treasury services. The 2012 budget is proposed to increase by 2.2 percent, or approximately \$12,000, related to personnel benefits.

Council Discussion:

Mr. Pixley noted that State Equalized Value totals as well as average sale prices have dropped significantly.

Mr. Yalamanchi questioned the following:

- Whether customers can pay water bills online.
- How many appeals are currently pending or outstanding and whether there is a projection of their outcome. He commented that he heard that there typically was a 15 to 20 percent loss of value after a tax tribunal appeal.
- What the impact of the outstanding appeals will be to the City's revenue.
- How foreclosures impact residential value appraisals.
- Whether the projected 6.6 percent drop in revenues takes all factors into account.

Mr. Dawson responded with the following:

- Customers have a number of ways to pay utility and tax bills online.
- The Tax Tribunal has completed 2009 residential appeals and is currently working on 2010 appeals. The Department prepares information for these appeals in advance of receiving notice of a hearing date. He pointed out that if a taxpayer requests an appraisal in addition to tax records, the City must secure an appraisal. Monies are in the budget to cover those instances.
- He will provide information on how many appeals are currently outstanding.

- Estimates have been prepared for worst-case scenario for revenue drops along with what the Administration believes will really happen. The largest liability from appeals came for tax year 2009.
- Foreclosures draw values down; however, their impact is not as great as when the foreclosures first spiked. Foreclosures are now holding their value, the market is no longer flooded with them, and prices are beginning to stabilize. They are not expected to have as significant of an impact going forward.
- The projected drop of 6.6 percent is considered appropriate. Recent values have stabilized in the Residential Market. Commercial values are still decreasing, but not to the extent as they have over the last couple of years. He pointed out that Personal Property values grew last year for the first time in a couple of years. He noted that Personal Property depreciates each year; and when a gain is shown, it is from new investment.

Mr. Webber questioned whether Mr. Dawson thought that the proposed projected investment earnings are appropriate, or if they should be set at 2011 levels.

Mr. Dawson responded that there are other factors affecting interest income and it is his view that interest earnings will increase.

Mr. Webber questioned whether the City provides its assessments to residents and businesses in enough time for them to mount an effective appeal at the Board of Review level.

Mr. Dawson responded that the Michigan Legislature mandates that assessments be provided 14 days prior to the first meeting of the hearings of Board of Review. He noted that the City tries to get them out a week or two before that statutory deadline to provide an opportunity for individuals to come talk to staff first. He commented that while the State is considering a 30-day mandate, that timeframe could prove problematic, as recording sometimes takes longer.

Mr. Rosen cited performance indicators on page 114 of the Budget Book, and mentioned that Aggregate Sales Value and Aggregate Sales Price have declined over time. He questioned how those figures relate to Taxable Values and whether the State is including short sales and foreclosures in these statistics.

Mr. Dawson responded that the Aggregate Sales Value and Aggregate Sales Price can be skewed if more low-value homes are selling. He noted that this number does not include short sales and foreclosures. He commented that Assessing Staff investigate foreclosure sales to determine whether the properties incurred any damage, or if the bank underpriced a property to dispose of it quickly. If either situation is encountered, those sales are not included.

CLERKS

- City Council (102)
- Elections (191)
- Clerk's Department (215)

- Cemetery (276)
- Stoney Creek Perpetual Care (211)

CLERK'S OFFICE

Jane Leslie, City Clerk, introduced **Susan Koliba-Galeczka**, Deputy Clerk, and **Leanne Scott**, City Council Coordinator. She explained that the Clerk's Office includes several divisions: Clerk's, City Council, Elections and Cemetery. She stated that almost all functions of the Clerk's Office are mandated by law. She noted that the Clerk's Office provides copies of all City records requested.

Ms. Galeczka highlighted the functions of the Records Division:

Records Division:

- City-wide Records Management Program
- Official Keeper of City Records
- Freedom of Information Act (FOIA) Coordinator
- Birth and Death Records

She stated that staff has conducted a comprehensive inventory of all City records and continues to change how records are managed according to new policies and objectives. She reported the following:

- The Division continues to work with the State of Michigan as a part of a pilot Birth and Death Registry program. This program has eliminated the need for the City to purchase expensive new technologies to manage vital records.
- City records stored offsite have been reviewed and audited and moved to a new vendor. Over 1,200 boxes remain with the new vendor and 900 boxes were moved to the DPS Facility, providing significant cost savings. The switch provided a 35 percent reduction in the cost of storage and 45 percent reduction in the cost of services. The DPS Facility has room to accommodate 400 additional boxes.
- The City has been asked to do more with less, and embrace new technologies. Accounting, DPS and Engineering Departments have begun imaging documents that were previously microfilmed. Other imaging projects are in the process of being reviewed and prioritized and decisions will be made based on available funding. The imaging component has been added without adding to the budget.

Ms. Galeczka thanked Council and the Mayor for their support of the Records Archive Management Program (RAMP).

Clerk Leslie continued the Clerk's Office presentation:

City Council Division:

- City Council Support Staff
- Passports/Notary Services
- Coordinator for the Rochester Hills Government Youth Council (RHGYC)

She stated that the City Council Division provides support to City Council through their minutes and packet preparation. As of this past June, the City Council Division took on the new responsibility of becoming the Passport Agents for the City. She explained that this function was previously handled by the Clerk's Division; however, changes mandated by Homeland Security's rulings required a separation of this duty from all staff members that might handle and create birth and death records. Passport Processing was suspended during the month of May until an inspection was completed by Department of State Representatives approving the new procedures. She noted that this change has made it possible for the City to continue serving its residents and helped maintain that revenue stream. She commented that the Department is on-target in 2011 to exceed earnings for 2010.

Ms. Scott stated that the primary role of the staff in the Council Division is to provide administrative support to City Council and serve as the liaison between Council and the residents, Council and business owners, and Council and City Staff. In addition staff members:

- *Ensure compliance with the Open Meetings Act by preparing and posting meeting notices for all Regular and Special City Council Meetings, various independent Boards and Commissions, as well as all Council-created Technical Review Committees.*
- *Work closely with all City departments to coordinate and gather all the necessary paperwork to assemble Agendas and ensure that minutes are transcribed to preserve the historical integrity of these meetings.*
- *Assemble and process the necessary documentation to update the City's Ordinances.*
- *Administer and maintain the online Legislative System utilized for City Council as well as the City's other Boards and Commissions.*
- *Maintain over 145 Candidate Questionnaires from residents currently serving, or having an interest in serving on Boards, Commissions and Committees, as well as coordinating postings and assembling questionnaires for specific vacancies as they arise.*
- *Partner with other departments throughout City Hall to prepare agendas, meeting packets and minutes for various Boards, Commissions and Committees. Because Council has been diligent about being fiscally responsible by reducing the number of Regular City Council Meetings, staff has been able to step up to the plate to fill a void caused by recent staffing reductions throughout the City.*
- *Process passports to continue to provide the same level of customer service residents are accustomed to.*
- *Provide Notary Services; with 51 individuals served to date in 2011.*

She noted that with the anticipation of at least two new Council Members, staff will be coordinating orientation sessions with Department Directors and key personnel, as well as holding in-house training for Parliamentary procedures, compliance with the Open Meetings Act and understanding the FOIA process.

Ms. Scott stated that staff is very pleased to continue work with the Rochester Hills Government Youth Council (RHGYC). She mentioned that a new opportunity has been presented for the RHGYC to serve as the Youth Advisory Committee (YAC)

for the Community Foundation of Greater Rochester. She explained that the Kellogg Foundation requires that Michigan Community Foundations have a YAC in place to review applications received for grants for youth-related projects and activities. This opportunity would allow RHGYC members to gain valuable experience as youth grant makers and open the door for to participate in Leadership Forums with other YACs throughout Michigan. She mentioned that this could not come at a better time, as the Michigan Municipal League has discontinued the youth leadership programs it previously offered. She noted that this topic will come before Council for further discussion and to request approval in order to move forward.

She expressed thanks on behalf of Council Staff for the opportunity to serve both City Council and the residents of the community.

Clerk Leslie highlighted the responsibilities of the Elections and Cemetery Divisions:

Elections Division:

- Voter Registration
- Federal, State and Local Elections
- Candidate Assistance

She commented that while the Election Division encompasses 1.5 staff members, the entire Clerk's Staff is involved whenever the City holds an election. Three elections are expected in 2012, including a Presidential Primary tentatively scheduled for late February or early March. She reported that at the last Presidential Election in 2008, over 12,000 absentee ballots were issued. While the elections will most likely take approximately 46 percent of the Clerk's Office time next year, it is proposed that the Department will spend a little less than what was spent in 2008, due to streamlining of the election process. She announced that electronic poll books have taken the place of paper lists and books, providing accurate election information at the polls, voter updates and saving time at the end of an election when voter history must be updated. She commented that supply costs will be reduced. To incorporate the electronic poll books into the recent August City Primary, approximately 160 election workers received extensive training. She noted that very few problems were experienced.

Cemetery Division:

- General Operations and Maintenance
- Lot and Monument Sales
- Preservation and restoration of the City's two historic cemeteries

She stated that Calvin Leach, Cemetery Sexton, manages the day-to-day cemetery operations. The newly-constructed Chapel at the Van Hoosen Jones-Stoney Creek Cemetery is now being used for funeral services, eliminating labor to set up and take down tents on the site, and provides shelter and a comfortable location for families. She reported that Monument Sales have begun, with the first sale occurring at the end of May. Cemetery Staff continue to do headstone repair

and maintenance at the City's two historic cemeteries. She noted that these two cemeteries came to the care of the City without any specific funding, and costs are covered out of the Cemetery Operations Budget. She mentioned that when stones are damaged beyond repair, they are replaced at the City's cost.

Clerk Leslie pointed out that the Clerk's Department Staffing levels have had a 16.7 percent reduction since 2006. The Department continues to score very high on the public opinion surveys.

Public Comment:

Lee Zendel, 1575 Dutton, stated that the economy has changed drastically since Council last discussed the possible elimination of City Primary Elections. He stated that in view of only a 13.1 percent turnout and a cost of \$60,000 for the August Primary, Council should again revisit placing a Charter Amendment to eliminate City Primaries on the November ballot.

Council Discussion:

President Hooper noted that when the new Council is seated after the November election, perhaps that body will choose to take up the discussion again regarding eliminating the City Primary.

Mr. Webber questioned how the City is reimbursed by the State for elections.

Clerk Leslie responded that after each Presidential Primary, the State Legislature must vote to determine if funding is available to reimburse cities. Reimbursement only covers additional expenses over and beyond regular salary levels, including overtime, election worker wages, required advertisements, and rental of any required equipment. The State pays for ballot printing for Federal and State elections. The City is not reimbursed for City elections.

Mr. Webber questioned whether funding is included in Council's budget for renting signs to be placed on the roadways during high deer traffic times.

Clerk Leslie responded that funding for deer signs was authorized by Council last year and was used for that purpose. This funding was removed from Council's budget for 2012. She commented that she was uncertain whether this funding appears anywhere else within the Budget.

Mayor Barnett noted that the City expended \$4,000 last year for signs from Council's budget. He added that the cost of the deer inventory flyover also came out of this budget. In previous years, the flyover came out of the Parks budget.

Mr. Webber commented that it is his opinion that those signs had an impact for a relatively small amount of money. He requested this expenditure be included in the Straw Poll to Council.

Mr. Pixley stated that the RHGYC's role as a YAC for the Community Foundation will provide a great experience for the group and be an extension of their activities. He questioned when the electronic filing of birth and death records will begin and if it is expected to increase or decrease the City's costs.

Clerk Leslie responded that the State is currently using online filing in a couple of test areas and advised that they are still having some issues with online security. She explained that hospital records will be downloaded directly to the City; however, the City will still receive paper records to process. She mentioned that a software package will not be replaced and the dollar amount that the City must spend on server space will be reduced. She stated that it should decrease costs and prove more efficient in managing the records.

Mr. Yalamanchi stated that he was pleased to hear that the City is moving away from microfilming and questioned when existing records will be placed online.

Ms. Galeczka responded that only so much money is available each year. She commented that the best approach is to start now and move forward; however, if funding is available in third or fourth quarter, some backfile conversion can be undertaken. She noted that previously each department had its own funding for this function; however, it was incorporated into the Clerk's Budget last year.

PLANNING & DEVELOPMENT

- Planning Commission (400)
- Planning Department (401)
- Zoning Board of Appeals (410)

PLANNING AND ECONOMIC DEVELOPMENT

Ed Anzek, Director of Planning and Economic Development, introduced **Pamela Valentik**, Manager of Economic Development and **James Brueckman**, Planning Manager, and requested they give a brief synopsis of their backgrounds to Council.

Ms. Valentik stated that economic and business development are two initiatives that she has been involved in for much of her 16 years of experience. She commented that she has worked in all levels of government, including the Small Business Administration, Macomb County Government, and most recently as Economic Development Specialist for the City of Troy. She noted that she holds a degree in Marketing from Grand Valley State University. She commented that attraction is important; however, retention is critical.

Mr. Brueckman stated that he was previously employed with McKenna Associates for over ten years as the firm's representative to the City. He mentioned that he worked on the City's Master Land Use Plan, the Zoning Ordinance, the M-59 Corridor Plan and the Local Development Finance Authority.

Mr. Anzek gave the following presentation for Planning and Economic Development:

Our Charge:

- *Planning:*
 - * *Guide applicants through the City's approval process*
 - * *Establish vision for future*
 - * *Protect quality of place and build value*
 - * *Create forward-thinking development regulations*
 - * *Preserve our historic heritage and culture*
- *Economic Development:*
 - * *Business attraction/retention*
 - * *Site research/available properties database*
 - * *Incentives*
 - * *Business Liaison*
 - * *Promoting the Community*

Our Clients:

- *Residents and businesses*
- *City Council*
- *Other Departments*
- *Mayor*
- *Future Residents and Businesses*
- *County and State Planning and Economic Development Agencies*

Our Partners:

- *Mayor's Office*
- *City Council*
- *Mayor's Business Council*
- *Engineering, Building, Assessing, Forestry and Fire Departments*

Our Boards and Commissions:

- *Planning Commission*
- *Zoning/Sign Board of Appeals*
- *Historic Districts Commission*
- *Historic Districts Study Committee*
- *Brownfield Redevelopment Authority*
- *Local Development Finance Authority*
- *Economic Development Corporation*

Outside Agencies:

- *OU Incubator/Clean Energy Research Center*
- *Oakland County Planning and Economic Development, Michigan Economic Development Corporation, Road Commission for Oakland County, Michigan Department of Transportation, etcetera*
- *Regional Chamber of Commerce*

Our Results:

Mr. Anzek highlighted much success, noting several large projects including Crittenton Hospital's \$65 million investment in the community and Sunlogic's decision to purchase a building on Waterview, adding 200 new jobs, along with bringing 30 to 40 executives to Rochester Hills. He highlighted New and Accrued Investment in the city, noting that close to \$500 million in tax base has been added to the City. Additional charts were displayed noting the following:

- New Jobs and Companies coming to Rochester Hills
- Retained Jobs and Companies
- The City's Unemployment Rate versus the United States, Detroit Region and Oakland County Unemployment Rates

He pointed out that the City has been running under a six percent unemployment rate for the first part of 2011. The Office and Industrial Vacancy Rate was reduced from 15.5 percent in 2005 to nine percent for the first part of 2011.

Mr. Anzek mentioned the success of the Mayor's Business Council/Rochester Hills Innovators and Senior Executives (RHISE) events, noting the tremendous input by participants at no cost to the City. He stated that City was joined by two counties and six cities to host the 2011 Job Hub Event, which was very successful.

Our Budget:

- General Fund Costs for 2012 down five percent from 2011.
- Proposed 2012 Budget 30 percent less than 2008.
- No significant change to costs proposed for seven different Boards, Commissions and Committees.
- Tax Increment Financing (TIF) capture for Madison Park continues. No impact on City costs.
- SmartZone TIF capture continues to be zero due to decline in property values below base year.
- Local Development Finance Authority (LDFA) continues with minimal expenditures. M-59 Corridor Plan identifies target infrastructure. \$200,000 proposed for Major Roads.

He stated that the City's next opportunity will be to attract peripheral development related to the new Oakland University Medical School.

Council Discussion:

Mr. Pixley questioned what the outlook for the OU Incubator will be considering the decrease or elimination of SmartZone funding.

Mr. Anzek responded that he and Mayor Barnett met with Oakland University's President, Dr. Gary Russi, and several different strategies are being explored. Several commercial tax appeals are pending that once resolved may free up funding for the OU Incubator. He noted that Oakland University has expanded its Clean Energy Resource Center, bringing additional attention to the University

and its School of Engineering. He commented that moving forward the tax area could also be expanded, and noted that the SmartZone is a 15-year program with tax capture until 2021.

Mayor Barnett stated that refining the focus from an Incubator for all to a Clean Energy Resource Center will help OU hone in on grant funding.

Mr. Yalamanchi requested the following information:

- When the Master Land Use Plan (MLUP) and Master Thoroughfare Plan (MTP) are due to be updated.
- Whether the City is looking toward redevelopment of existing spaces.
- How changes in Brownfield Redevelopment at the State will affect Madison Park.
- What will happen to captured dollars if the Madison Park development does not move forward.
- Whether the Medical Main Street project has been dropped.

Mr. Anzek responded with the following:

- The MLUP will be reviewed in 2012; the MTP will follow. With the M-59 Corridor Study to be complete soon, it might spur an amendment to the MTP; or it could spur a complete revision. He expressed his opinion that the MLUP serves the City well and may require only a minimal update, possibly completed in-house.
- The City has focused on redeveloping existing spaces; inventory is getting lean on 30,000 to 45,000 square foot spaces.
- It is unknown how the limitations of tax credits for Brownfield work will affect the Madison Park development. If the project is cancelled, the captured monies must be refunded.
- The City is still promoting Medical Main Street.

Mayor Barnett pointed out that the City's focus is on the redevelopment of appropriate areas, and not for an expansion of new areas.

Discussed.

2011-0348 Discussion - Component Units (800's) - 2012 Budget

Attachments: [082911 Budget Presentation Schedule \(Revised\).pdf](#)
[081511 Budget Presentation Schedule.pdf](#)
[Suppl Planning & Ecn Devel Presentation.pdf](#)

- Historic Districts Commission (804)
- Brownfield Redevelopment (843)
- Local Development Finance Authority (848)
- SmartZone (851)
- Economic Development Corporation (893)

See Legislative File 2011-0341.

Discussed.

2011-0346 Discussion - Internal Service Funds (600's) - 2012 Budget

Attachments: [082911 Budget Presentation Schedule \(Revised\).pdf](#)
[081511 Budget Presentation Schedule.pdf](#)
[Suppl Facilities Presentation.pdf](#)
[Suppl MIS Presentation.pdf](#)

Bob Grace, Director of MIS, presented the following:

MIS

- MIS Fund (636)

MANAGEMENT INFORMATION SYSTEMS DEPARTMENT (MIS)

MIS Responsibilities:

- Network Infrastructure and Security
- GIS - Geographic Information Systems
- Update and Implement Technology
- City Website

He explained that MIS is an internal service department. According to the recent City survey, 49 percent of the respondents indicated that they visited the City's website. He stated that MIS is continuing its work toward incorporating cloud-based systems, noting the move to Google Email, network backup systems and data-sharing with Oakland County. The Department budget has decreased by at least 12 percent for the third year in a row.

Significant Changes:

- Professional Services decreased by 47 percent
 - * Pictometry
 - Auburn Hills and the Rochester Community Schools have joined forces, saving at least 25 percent from original cost estimates
- Contractual Services increased by 62 percent
 - * Cloud based backup
 - While cloud based backup contract increases, savings have been realized in other areas, including \$10,000 saved by moving to a cloud-based e-mail system.
- Equipment Maintenance decreased by 62 percent
 - * Network equipment under warranty
- Software Maintenance decreased by nine percent
 - * Backup software

He pointed out that a decision made two years ago to move away from Oracle's financial application and not continue to maintain that software has saved \$500,000 year-to-date with a potential savings of \$750,000 by 2014. He thanked his team for their efforts, noting that the department encompasses 120 years of experience.

Michigan Local Government Benchmarking Consortium:

- Percent overall satisfaction with the quality and reliability of service provided:
 - * Rochester Hills: 96.4 percent; Survey Overall Average: 83.7 percent
- Percent satisfaction with the timeliness for IT assistance requests:
 - * Rochester Hills: 93.9 percent; Survey Overall Average: 78.6 percent
- Percent satisfaction with the IT provider's ability to solve problems:
 - * Rochester Hills: 96.4 percent; Survey Overall Average: 85.0 percent.

Mr. Grace noted that this benchmarking consortium was not a part of the recent City Survey. Rochester Hills received the highest ranking of all communities involved.

Council Discussion:

Mr. Yalamanchi requested the following:

- Whether the incorporation of Google Maps or Google Earth could be pursued rather than Pictometry.
- Whether the number of servers will be reduced after the transition to cloud-based backup is complete.
- Whether he could log in and function on the network from a remote location.

Mr. Grace responded with the following:

- Pictometry provides better resolution with more measuring tools. A parcel can be viewed from different angles and the information can be moved to laptops easier.
- The City currently has 15 servers; this number will eventually be reduced to five.
- Staff can access e-mail and calendars remotely. A remote desktop location can be set up, as it has been for the two employees located at the Sheriff's Office who log into the network via Oakland County equipment.

Discussed.

(President Hooper requested that discussion on Human Resources (233) be held this evening.)

2011-0341 Discussion - General Fund (100's) - 2012 Budget

Attachments: [082911 Budget Presentation Schedule \(Revised\).pdf](#)
[081511 Budget Presentation Schedule.pdf](#)
[Suppl Gen Fnd Rev-Transfer Out Presentation.pdf](#)
[Suppl Mayors Department Presentation.pdf](#)
[Suppl Building-Ordinance Presentation.pdf](#)
[Suppl Assessing - Treasury Presentation.pdf](#)
[Suppl Clerks Presentation.pdf](#)
[Suppl Planning & Ecn Devel Presentation.pdf](#)
[Suppl Human Resources Presentation.pdf](#)

Pamela Gordon, Director of Human Resources, introduced **Nancy Bowman**, Senior Human Resources Analyst and **Helen Sultana-Kelly**, HR Analyst - Program Coordinator. She gave the following presentation:

HUMAN RESOURCES

- Human Resources Department (233)

HUMAN RESOURCES

Human Resources Mission:

- To serve as a strategic partner, helping to build a workforce that can continuously adapt and respond to the challenges of public service.

Personnel Changes:

- 20.3 percent reduction in Budgeted Full-Time Employees per Fiscal Year since 2006

She noted that over the past three or four years, the City has reduced staffing through voluntary exit programs and mentioned that this year's program has resulted in one reduction thus far. The Administration continues to maximize the utility of the remaining workforce.

Human Resources Department Staff:

- 20 percent reduction since 2006

Ms. Gordon noted that benefit responsibilities have shifted to Ms. Sultana-Kelly; with an online benefit enrollment system incorporated. She commented that there is still much to be done to manage benefit vendors along with addressing day-to-day benefit questions. She stated that the Department continues to look to vendor relationships as one way to streamline costs and maximize resources.

Key Human Resources Responsibilities:

- Staffing and Employee Development
 - * Job Specification
 - * Recruitment/Examination and Selection
 - * Performance Management
 - * Organizational Training

- Labor Relations
 - * Negotiate Union contracts
 - * Oversee contract administration
 - * Grievances

She reported that the City has engaged a new Employee Assistance Program vendor. She noted that there are three full-time unions representing 75 percent of the City's workforce. Paid On Call Firefighters have also opted for representation by the Michigan Association of Firefighters.

- Employee Benefits
 - * On-line enrollment and administration
 - * Health insurance
 - * Life/Disability Insurance
 - * Wellness program
 - * Employee Assistance Program
- Safety Program
 - * Worker's Compensation
 - * OSHA/MiOSHA
 - * Safety Training

She noted that the Administration is working to address developments from Lansing and incorporate them into upcoming labor negotiations. She reported that the City was recognized last year as one of the most-improved resulting from its Safety Program, realizing a 25 percent reduction in premiums for Workers' Compensation for 2012. The City previously paid a 40 percent penalty for Workers' Compensation.

Healthy Hills Key Results:

- Incentive-based program rewards healthy behaviors
 - * 49 percent of eligible employees participated
 - * Improvements in cholesterol and blood sugar (lower risk of heart disease and diabetes)
 - * 4.7 percent decrease in high risk factors
 - * 0.3 percent decrease in low risk factors

Human Resources Goals:

- Maximize available resources
 - * Negotiate union contracts/comply with State and Federal legislation
 - * Health care containment
 - Cost-effective health care plans
 - Healthy Hills participation
 - Promote TEAM Employee Assistance services
 - * Job Safety Analysis/Training
 - * Management and legal compliance training
 - Facilitated by TEAM

Council Discussion:

Mr. Webber commented that the City's Wellness Benefit for its employees is worthwhile and questioned whether a line item increase in the Wellness program is due to the incorporation of health coaching.

Ms. Gordon responded that it was, noting that at least one mandatory coaching session is required to receive the benefit.

Discussed.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

Special Budget Meeting - Monday, August 29, 2011 - 5:30 P.M.

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 10:33 p.m.

*GREG HOOPER, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARY JO WHITBEY
Administrative Secretary
City Clerk's Office*

Approved as presented at the (insert date, or dates) Regular City Council Meeting.