

**MEETING MINUTES
CITY COUNCIL SPECIAL BUDGET STUDY SESSION MEETING
CITY OF FARMINGTON HILLS
APRIL 29, 2014 – 6:30PM
CITY HALL – COMMUNITY ROOM**

The City Council special budget study session meeting was called to order by Mayor Brickner at 6:30p.m.

Council Members Present: Brickner, Bridges, Bruce, Knol, Lerner, Massey and Steckloff

Council Members Absent: None

Others Present: City Manager Brock, City Clerk Smith, Assistant City Manager Boyer, Directors Gajda, Lasley, Mekjian and Randle, Police Chief Nebus and Attorney Joppich

BUDGET REVIEW FOR VARIOUS CITY DEPARTMENTS:

City Attorney:

City Attorney Joppich commented that his proposed budget remains stable from last year and has actually decreased by \$500. He noted that various items fluctuate from year to year such as costs for prosecution, court defense and Michigan Tax Tribunal. He stated that he joined his current firm two years ago and they have just moved to a new building in Farmington Hills at Twelve Mile and Halsted Roads. He stated that they also have hired several new attorneys to the firm and look forward to continuing to serve the City.

Health Insurance Costs

Finance Director Gajda distributed a spreadsheet showing health insurance costs based on some questions at the study session held on Monday, April 28th. He explained that insurance costs are budgeted based on illustrious rates and are based on the number of current employees including vacancies that are anticipated to be filled. He stated that the City was also required to adopt hard caps for insurance costs, which have increased.

Councilmember Lerner questioned that there has been a \$500,000 increase in insurance costs, yet the bottom line budget has remained essentially the same as last year.

City Manager Brock explained that the health insurance costs vary by department and that once Council reviews the budget, it might be clearer where the city experienced some savings that helped to offset those costs and maintain the budget at the same level.

Human Resources

Director Randle commented that the FY 13/14 Year End Projections versus the budgeted amount increased due to a long-term employee retirement payout. He noted that the budget in that area will stabilize this coming fiscal year due to newer employees, lower salaries and less sick/vacation payouts required.

City Manager Brock pointed out that this is an example of where the City has experienced a reduction in the budget of over \$50,000.

Central Services

Director Lasley pointed out that the City is doing more business with their P-Cards (City Credit Cards) and as a result received an \$11,000+ rebate. He noted that this also represents a savings for the accounts payable department as that department does not have to issue a paper check.

Councilmember Lerner inquired about the increase in mailings and postage. Director Lasley responded that they underestimated the costs for Election materials to be mailed last year and added that there are still notices that are required by law to go out by first class mail for certain projects.

Councilmember Bridges inquired about the MITN site for posting bid specifications and if the City was still a member. Mr. Lasley stated that the City is a member and the group continues to grow. He noted that this is a self supporting system that is paid for through use by the vendors.

Councilmember Lerner inquired if the website re-design was included in the budget. Mr. Lasley confirmed that it was and staff is conducting surveys of other communities in the area to determine best practices and to help streamline the website. He added that the City is working towards having complete control over the website.

In response to Mr. Bridges, Mr. Lasley stated that the City's facebook site is the only two-way communication and that this is not promoted through the website. He noted that the website includes a comment page where residents can comment or ask questions and that is forwarded on to the appropriate department.

Mayor Pro-Tem Bruce inquired about the increase in general liability and overhead lighting under Support Services Budget; and why there is a budget amount for Tax Tribunal Refunds but \$0 estimated.

Finance Director Gajda responded that there were active claims bill this year and this line item reflects a combination of the lawsuits and any settlements. He noted that the budget also included a reserve at all times. He stated that the costs for overhead street lighting was underestimated; and explained that the City is required to budget for their expected liability; however, they do not expend anything for this out of the City's budget.

Councilmember Massey inquired about the peaks and drops in Disability Funding. Mr. Gajda explained that this is based on the claims received. City Manager Brock commented that this is offset somewhat by payroll costs as disability is paid out at 60% of an employees regular pay.

Councilmember Lerner inquired about city-wide technology. Mr. Lasley stated that this includes upgrades to the network infrastructure approved by City Council. He stated that the scheduling software package was also approved, but the project had to be postponed due to lack of resources at the time as staff was busy bringing the City of Farmington onto the City's network. He added that his staff is also in the process of upgrading all XP computers as that software is no longer being supported.

Councilmember Bridges inquired how staff determines when it is time to make upgrades to computers. Mr. Lasley stated that the goal is not to have to repair the insides of a computer so 5 years is typically a good time frame.

Public Services

Councilmember Bridges inquired if the line item for Road Maintenance and Supervision is for patching of the roads or includes the City's 7-year plan for maintenance.

Director Mekjian explained that this account is for labor only and that there are other line items in the budget that address funding for major and local roads.

Discussion was held on various line items that have either increased or decreased and the increase in vehicle purchase costs. It was noted that the Public Services budget included the request for an additional supervisor position for DPW.

Director Mekjian mentioned that the City had pursued several grant opportunities for projects, but the City was not at the top of the list to receive grant funding and those projects will be pushed to future years, which is one reason for the increase to the proposed FY 14/15 budget over the year end projections for FY 13/14.

It was noted that the City has purchased new vehicles to replace older pool cars, which included one hybrid vehicle; and costs for DPW trucks have gone up.

Staff explained that the increase in overtime and fuel costs was a result of the tough winter that the City experienced and those figures typically fluctuate based on the weather. It was noted that the City also switched over to a new fuel system and better data for a full year would be provided in next year's budget. The increase in sick and vacation was due to the retirement of a longtime employee; and the fluctuation in salaries was due to past retirements and replacing staff with new employees receiving a lower salary, less longevity, etc.

Councilmember Bridges inquired about additional state funding for roads. Director Mekjian responded that there was some funding provided by the State that would be distributed to local communities and that funding was approved after the budget was prepared.

Director Mekjian provided City Council with a spreadsheet showing the financial forecast for maintaining major and local roads and how a proposed road millage could help with funding some of the proposed projects. He stated that state revenue sharing has been flat and is starting to increase, but the cost to do business is also increasing. He added that while the City has successfully pursued federal grants, there is a 20% funding match required for those grants.

Councilmember Bridges inquired about reliance upon grant funding in past years. Director Mekjian explained that in past years there was enough state revenue coming in, but that is no longer the case. He stated that there is not enough General Fund money to match the grants or contribute to the labor fund and the City is relying solely on Act 51 funding at this time.

Councilmember Lerner suggested significantly increasing funding for the Joint and Crack Sealing Program due to the condition of the roads after such a tough winter. He stated that he feels this should be a high priority.

Mr. Mekjian stated that his department will be putting together a pavement management plan to determine existing road conditions and the funding necessary to adequately maintain the roads. He added that the City has been maintaining local roads through Special Assessment Districts, but will need to determine how to handle the roads where there is no organized subdivision association to take the lead on those projects. He suggested that one possibility is to look at these as a public health, safety and welfare issue and for the City to initiate those projects when needed.

City Manager Brock stated that this is a change in past policy, but could be done. He further discussed the option of a road millage.

Further discussion was held on special assessment districts and how to move forward with maintaining some of the local roads.

Councilmember Knol commented that the City may need to make those tough decisions if it is a health, safety and welfare issue.

Councilmember Bridges stated that he would not want to significantly deviate from past policy, but would support the City initiating a project if there were a safety concern.

Further discussion was held on how the City might handle local road maintenance and special assessment districts. City Engineer Cubera commented that another option may be to have Council consider resident initiating projects that have less than 50% of the residents in favor. The policy at this time is that staff will not bring a project to Council for consideration unless there is over a majority of the residents in favor of the project.

Councilmember Steckloff suggested some type of formula that took into consideration the longevity of the road and percentage of residents in favor.

Director Mekjian commented that the pavement maintenance plan that his staff will be preparing should help City Council make some decision on this issue.

Police Department

Councilmember Massey requested information on the percentage of cases that have been closed. Police Chief Nebus responded that he would be happy to provide those statistics to City Council.

Discussion was held on the number of dispatched runs that included runs for Franklin and Bingham Farms handled by the City's dispatchers; and it was questioned if the City was paid per run.

Chief Nebus explained what constitutes a dispatched run and stated the City is not paid per run but on a contractual basis.

Councilmember Knol inquired about the staffing changes. Chief Nebus explained the proposed staffing changes noting that he is requesting an additional Lieutenant position and would be reducing the Police Officers by two positions. He further discussed re-organization of the Department and plans to promote from within in order to build succession in the Department.

Councilmember Lerner mentioned that a couple years ago during budget, there were discussions that there was not enough staffing to cover vacation requests and he inquired if that has changed and if the Police Department will be utilizing the new scheduling software.

Chief Nebus stated that he was able to honor 89% of the vacation requests this past year.

City Manager Brock confirmed that the new scheduling software was primarily for both the Police and Fire Departments.

Councilmember Bridges inquired if the Chief felt any additional Officers were needed to maintain the status of being one of the safest cities in the State. Chief Nebus responded that while they are the 11th largest City Police Department in the State and could certainly do more with more Officers, he feels that they are operating well and at the same time being fiscally responsible.

Mayor Pro-Tem Bruce inquired about the decrease in total traffic crashes and to what that would be attributed. He also inquired about the use of round-a-bouts and how those are operating in the City.

Chief Nebus commented that he would attribute the decrease in vehicle accidents to newer vehicles with enhanced controls and features as well as the engineering and timing of traffic lights. He stated that he is a supporter of round-a-bouts and can't argue with the statistics that they help to reduce accidents.

Councilmember Lerner questioned why the expected Revenue for Federal Forfeiture Funds was zero. Deputy Chief Comini explained that per the Federal Government, the City is not allowed to budget for federal forfeiture funds so the expected balance is always zero in the budget, but historically has never been the actual budget.

Director Gajda added that the auditors want to see a budget for this line item so the City budgets for expenditures, assuming no revenue.

Councilmember Bridges asked about the increase in uniform costs. Chief Nebus stated that the Department is making a conversion to Class B uniforms; and contractually, the Officers are provided 5 sets. He noted that the amount of equipment that the officers are required to carry on their uniform has increased.

Finance Department

Director Gajda stated that for the most part his budget has remained status quo. He indicated that the budget does include one new position, which was eliminated a few years ago; but with new governmental accounting standards creating more work, it has been difficult for his Department to keep up with the work. He noted that the budget also includes a subscription to a database system requested by the City Assessor. This system would allow the City access to more information and commercial assessment and comparables outside of the City limits and allow for the City to better defend the assessments made on properties to the Tax Tribunal. It is believed that the City should be able to recoup some of the money spent on the subscription in cases won by the City with regard to assessment appeals.

Mayor Brickner asked if the Personal Property Tax is eliminated would that take some of the burden off the Assessing Department. Mr. Gajda stated that it could lessen the burden on the Department if Personal Property Tax was totally eliminated, but to what extent it is unknown.

It was noted that the increase in sick and vacation was due to two anticipated retirements this year.

Councilmember Lerner questioned the lack of contribution to the post employment benefits for the FY 2011/12 and 2012/13.

Mr. Gajda explained that contributions were made, but used to be reflected in each Department's budget. Starting with FY 2013/14, this funding was moved to its own account.

Discussion was held on potential sources to add funding to the Joint & Crack Sealing Program. City Manager Brock cautioned using General Fund money for roads.

Discussion was held on the ice arena and debt for that facility. It was noted that the debt would fall off next year. City Manager Brock stated that staff continues to review options for operating the Ice Arena.

Councilmember Bridges inquired about the Parks and Recreation Millage. Assistant City Manager Boyer stated that the millage funds have been used to continue the level of programming offered by the City, but due to less funding coming in proposed new projects have not been completed.

The following Budgets were reviewed by City Council:

Boards, Commissions & Agencies; City Administration; Brownfield Development Authority and Corridor Improvement Authority.

Councilmember Lerner inquired if the schools contribute funding towards the salary for the Youth Assistant. Councilmember Massey stated that most funding comes from Oakland County through the Court system. He noted that the schools did not contribute funding last year; however the youth program is still housed in a school building.

Councilmember Knol inquired about the increase in membership licenses. City Manager Brock stated that the fees are trending up for memberships. He noted that for conference and workshops, he maintained the current policy to rotate and send a few Council members to each conference.

Assistant City Manager Boyer indicated that the City Administration budget includes a slight increase in staffing to allow for an intern year round.

With regard to the Brownfield Authority budget, Mr. Boyer stated that the AT&T Building was being demolished and that bids should be going out by the end of the week for removal of that building.

City Manager Brock stated that Assistant to the City Manager Geinzer could not be present this evening and would like to briefly discuss the Corridor Improvement Authority budget with Council at tomorrow evening's budget study session.

ADJOURNMENT:

Mayor Brickner adjourned the study session meeting at 9:55 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'P. Smith', with a stylized flourish at the end.

Pamela B. Smith, City Clerk