

**BIRMINGHAM CITY COMMISSION MINUTES
APRIL 18, 2015 BUDGET PUBLIC HEARING
MUNICIPAL BUILDING, 151 MARTIN
8:30 A.M.**

I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Stuart Lee Sherman, Mayor, called the meeting to order and opened the public hearing at 8:32 AM.

II. ROLL CALL

ROLL CALL: Present,	Mayor Sherman Commissioner Dilgard Mayor Pro Tem Hoff Commissioner McDaniel Commissioner Moore Commissioner Nickita Commissioner Rinschler
Absent,	None

Administration: City Manager Valentine, Attorney Currier, Clerk Pierce, City Engineer O'Meara, Building Official Johnson, City Planner Ecker, IT Manager Gemmell, HR Manager Taylor, Finance Director Gerber, Senior Accountant Burrick, Fire Chief Metz, Assistant Fire Chiefs Connaughton and Donohue, Police Chief Studt, Deputy Police Chief Clemence, Lieutenant Albrecht, DPS Director Wood, Public Works Manager Matthews, PSD Director Heiney, Museum Director Pielack, Library Director Koschik

III. BUDGET PRESENTATION

A video was presented regarding the proposed budget for fiscal year 2015-2016.

Mr. Valentine presented an overview of the budget. He noted that there is a decrease of 13% overall from the last fiscal year budget. The main factors contributing to this were the completion of infrastructure improvements from the prior fiscal year in the capital projects fund and the carryover of projects from FY 13-14 to 14-15 in special enterprise funds. The budget provides for an aggressive capital improvements program such as sewer improvements and repairs, water main improvements, improvements to the City streets and sidewalks, improvements to the parking system and park improvements.

In response to a question from Mayor Pro Tem Hoff regarding the increase in the labor burden, Mr. Valentine explained the three components in the labor burden include the pension costs, retiree health care costs, and medical costs. While the pension cost and retiree health care costs are decreasing, the medical costs are increasing.

**IV. DEPARTMENT PRESENTATIONS AND DISCUSSION
COMMISSION**

Mr. Valentine explained that there is a slight increase in the budget primarily attributed to an increase in printing and publishing costs for the City calendar and conferences and workshops.

MANAGER'S OFFICE

Mr. Valentine explained the overall reduction is due to the decrease in the labor burden. He noted that there is a 1% increase for building improvements and the reduction in the library property maintenance is attributed to the cost for the freight elevator in the current fiscal year budget.

HUMAN RESOURCES

HR Manager Taylor explained that the increase is due to the HR staffing transitions and adjustments over the last year. She confirmed for Mayor Pro Tem Hoff that the transition was from the Assistant City Manager/HR Director and HR Generalist to the HR Manager and HR Coordinator position, as well as the addition of the HR Intern and HR Consultant. This results in two full-time and two part-time positions.

CITY CLERK

City Clerk Pierce explained that the overall budget has slightly decreased. There is an increase in Salaries and Wages which reflects additional hours for an existing part-time position. In addition, there is a small increase for Other Contractual Services as the Deaf & Hearing Impaired Services has requested an increase to cover their mileage reimbursement.

Ms. Pierce explained that the Election budget is relatively flat overall. The projected amount for elections has increased this year due to the special May election which will be reimbursed by the state. She noted that there is an increase in the election inspector pay and equipment rental due to the increased cost to rent a truck to deliver and pick up election equipment.

FINANCE DEPARTMENT

Finance Director Gerber explained that the reduction in salaries and wages is due to the retirement of the previous director. The assessing budget is flat as there is no change in the contractual arrangement with Oakland County. He noted that the amount is based on the number of parcels.

Mr. Valentine confirmed for Mayor Pro Tem Hoff that the other contractual services is for BASCC and the Cultural Council. Commissioner Rinschler noted that it was projected that BASCC would have a higher need. Mr. Valentine noted that the amount was requested by BASCC.

Mr. Gerber noted that pension administration budget is where the costs are recorded for managing the pension system. The pension system reimburses the general fund for these costs. It has increased as a result of the value of the investments have increased. As the portfolio increases, so do the expenses.

PLANNING

Ms. Ecker explained that the contractual services has increased due to a request to do a City wide master plan. She explained that Multi-Modal Plan recommends traffic consulting services, document imaging services and a bike pedestrian count at twelve locations. She noted that the downtown action plan includes the Bates Street extension and survey and concept plan, as well as the next phase of bike rack installation.

BUILDING

Building Official Johnson explained that publications has increased due to the purchase of essential code standards required by the State of Michigan. He confirmed for Commissioner McDaniel that some of the codes are electronic.

Mr. Johnson explained the increase to other contractual services is due to the agreement with McKenna Services for additional support for plan review and inspections. He noted that training has increased due to additional staff certifications. Commissioner Dilgard commented that he is glad to see the City is investing in training staff to improve the quality of the staff and increase their knowledge base.

POLICE

Police Chief Studt explained the reduction in the overall budget. He explained that an officer is assigned to a special investigative unit which increases the interlocal and cooperative agreements. He explained that the canine unit has been eliminated as it was not cost efficient. He pointed out the addition of a sworn officer.

Chief Studt explained that the dispatch budget is slightly reduced as the staffing level has finally been settled which includes six full-time and six part-time. He noted it is a 35% share with Beverly Hills. In October, an upgraded dispatch system will be implemented which will require additional training.

FIRE

Assistant Fire Chief Connaughton explained the overall reduction is due to retirements, and a reduction in emergency preparedness and supplies. In response to a question from Commissioner Nickita, Chief Metz explained that the fire department has cooperative arrangements with other communities which work together to utilize services.

ENGINEERING

City Engineer O'Meara explained that the department is having a hard time filling the part-time seasonal positions and noted that one of these positions would be made into a full-time position. Mr. Valentine noted that adding the full-time position would add consistency to the department.

Mr. O'Meara explained the sidewalk program and funds for the upcoming Hamilton Ave streetscape project which would replace all the sidewalks in the Hamilton Ave stretch. The sidewalk program has been decreasing in terms of expenditures as the sidewalks are in relative good shape. Commissioner McDaniel requested a carriage walk be added to the South Old Woodward triangle as people are walking in the street.

PUBLIC SERVICES

DPS Director Wood explained the decrease in personnel due to retiree benefits and health care. She explained the slight increase in the telephones and operating supplies due to the five year average. She explained the property maintenance has decreased and noted that an energy efficiency audit will be completed on the property for heating and cooling services. She reviewed the enforcement of the weed and snow ordinance and the ice arena budget.

In response to a question from Mayor Pro Tem Hoff, Mr. Valentine explained that the issues with the holiday tree were worked out. It is anticipated that there will be no issues next year as it was an electrical issue.

Ms. Wood explained that the increase in the parks and recreation is due to expectations in other contractual services such as site plans for various parks and park site review. She noted the

Quarton Lake Maintenance continues as well.

Ms. Wood confirmed for Mayor Pro Tem Hoff that the budgeted amount for design services is for design and consultant services, not implementation and includes items such as a mowing contractor, irrigation services, ballfield maintenance, invasive species.

The Commission discussed the number of water main breaks. Mr. Matthews explained that the frost level was the deepest staff has seen in this area.

SPECIAL REVENUE FUNDS

City Manager Valentine distributed the current figures. He stated that in some funds the fund balance will start to deteriorate and that consideration needs to be part of the conversation today.

Finance Director Gerber explained the change in fund balance year to year. He explained that with construction, it is a competitive business so costs have come in higher than anticipated which is another reason the fund balance is starting to degrade a bit. He explained how funds are recorded.

Mr. Valentine stated that the hand out shows how this fund will be depleted in time given the existing funding arrangements that are followed. Commissioner Rinschler stated that the question should not be that the fund balance is going down, but how much the City is allocating in the budget for local and major streets keeping in mind the size of the general fund balance.

Mayor Sherman explained that the issue is that there are projects that are budgeted. By putting money aside each year for the projects, there are no peaks and valleys in the cash flow. He stated the question is how the City is going to make sure it has enough funds so taxes do not have to be raised.

ENTERPRISE FUNDS

City Engineer O'Meara explained that the current budget request reflects routine restoration work done every year. The North Old Woodward parking structure is budgeted for the routine concrete patching and waterproofing in 2016. In addition, funds will be spent on camera and communication upgrades at all the entrance/exit gates as the City migrates to the off-site management company of the structures.

Mr. O'Meara confirmed for Commissioner McDaniel that the LED lighting has only been installed in the Pierce Street Structure. He confirmed for Commissioner Rinschler that the parking rates will be considered at the next Commission meeting.

Finance Director Gerber explained that the water supply fund is projected to have an 18% increase in the rate which equates to 7% increase in the rates. Average user would see a \$25.00 increase per year. He explained the reason for the increase includes the number of units sold per year by the DSWS. The number of units is dramatically less than before. In addition, he explained the increase with the average water bill.

Mayor Pro Tem Hoff left the meeting.

Commissioner Rinschler questioned where the loan from the General Fund to the Lincoln Hills Club

House is accounted for in the budget. He stated that the intention should still be to repay that loan and questioned how that would be done. Mr. Valentine stated that he will return to the Commission with the information.

INFORMATION TECHNOLOGY

IT Manager Gemmell explained that the computer maintenance expenses have increased due to components that need to be replaced. Connectivity expenses have increased due to the need for increased speed for connectivity between City Hall and the Museum in order to support their strategic needs. Additionally the internet speed level has been upgraded. He noted that those expenses are recovered through grant funding through the Birmingham Area Cable Board. The network upgrade request has increased. He noted that there is a need to replace the server and firewall.

In response to a question from Commissioner Dilgard, Mr. Gemmell explained that future enhancements to the website include improved workflow such as electronically submitted requests. Mr. Valentine stated that additional videos will be placed on the website and social media sites.

PRINCIPAL SHOPPING DISTRICT (PSD)

PSD Director Heiney presented an overview summary of the budget. The maintenance and capital improvements will include additional flower troughs and hanging baskets. The santa house has been fully remodeled and a handicap accessible ramp will be installed. The sidewalk powerwashing is held in the spring and fall. Special events continue to draw great crowds. He noted that an agency has been selected to assist in the rebranding of the PSD. He commented on marketing done to promote the PSD and noted that more advertising type work is being done in house due to talented staff. He explained that the occupancy rate is over 98%.

In response to a question from Commissioner Nickita, Mr. Heiney explained the outreach done to new businesses regarding the PSD.

The Commission recessed at 12:08 PM.

The Commission reconvened at 12:23 PM.

HISTORICAL MUSEUM

Museum Director Pielack explained the focus on the digitization of records and physical storage of the archives. She explained that capital expenditures have been requested to complete an archival storage room, enhance the park with wi-fi, and removal of invasive plants. She further explained that the siding on Allen House needs to be replaced. Commissioner McDaniel suggested checking into cedar siding that is specially milled. Ms. Pielack explained that once there is a sense of what we want to do, it will be easier to see where the funding opportunities exist.

BALDWIN PUBLIC LIBRARY

Library Director Koschik explained that revenues are increasing slightly, and benefit costs are decreasing as a result of retirements and new hires in the defined contribution program, therefore the available funds are being used to provide improved services to the public by increasing the number of staff hours, improved programming, more technology assistance, increased collections, programs, software, furniture and equipment. He noted that the library will be taking over \$100,000 out of the fund balance this year for technology projects.

Mr. Koschik explained the plan for the renovation of the adult services area as the timeline calls for the conceptual plan and budget to be approved by the end of the year. Funding will come out of savings, trust and fund balance. Once there is a plan in place, the library will be requesting a temporary millage rate increase. The project is anticipated to be completed in 2017.

Mayor Sherman suggested the library board develop a policy for the reserve fund. He noted that 30% is at the high end for a reserve account and noted that the Finance Department could provide guidance.

BROWNFIELD REDEVELOPMENT AUTHORITY

Finance Director Gerber explained that the Brownfield Redevelopment Authority is responsible for approving new brownfields. Currently there are four approved brownfield sites and the City is receiving tax incremental financing from two of them. He noted that in the budget it is anticipated that there will be some developer reimbursements coming through.

TRIANGLE DISTRICT CORRIDOR IMPROVEMENT AUTHORITY

Finance Director Gerber explained that it is not anticipated there would be many expenditures here as it is unknown what kind of services and expenses will occur. It is anticipated that some funds would come in next year if the Corridor Improvement Authority is approved. Mr. Valentine explained for Commissioner McDaniel confirmed that the plan review is in process at Oakland County and takes sixty to ninety days.

CAPITAL PROJECTS FUND

Commissioner Rinschler commented on the fund balance of the major and local street fund. He expressed concern that the City is being asked to subsidize a national, state, and county problem just because our residents can afford it. If the City continues with the current allocation for roads, it will be unsustainable. Mayor Sherman added that the City has invested so much in the roads that the fund balance has gone down. One other factor to enter into the discussion is that the taxable values have increased.

TAXABLE VALUES PRESENTATION

Finance Director Gerber presented the taxable values in the proposed budget compared to the actual taxable value and the effect on the operating, library, debt, and refuse levy. He noted that the increase came from new construction and change in ownership. The Commission discussed the information presented, the effect of revenues on expenses, the fund balance and the distribution of funds.

The Mayor closed the public hearing and adjourned the meeting at 1:56 PM.

Laura M. Pierce
City Clerk