

**MEETING MINUTES
CITY COUNCIL STUDY SESSION MEETING
CITY OF FARMINGTON HILLS
APRIL 28, 2014 – 6:30PM
CITY HALL – COMMUNITY ROOM**

The City Council 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, Assistant to the City Manager Geinzer, Directors Gajda and Lasley and Attorney Joppich

TRANSMITTAL OF PROPOSED BUDGET:

Finance Director Gajda provided City Council with an overview of the proposed budget outlining the total General Fund revenues and expenditures for Fiscal Year 2014/15. He noted that while the FY 14/15 General Fund Revenue Budget is relatively flat compared to FY 13/14 year-end projection, the proposed budget maintains City services, makes operational improvements where previous budget cuts made it difficult to keep up with work loads and increases support for the City's Capital Improvement Program.

Director Gajda stated that the FY 14/15 General Fund Expenditure Budget is 2% higher than the FY 13/14 year-end projection. He pointed out that the increase results primarily from increased contributions to the Capital Improvement Program, increases in support services for higher costs in areas of general liability and property insurance, postage, street lights, tax tribunal refunds, proposed pay increases for non-union employees, 4 new full-time positions and an increase in the City's contribution to the District Court's budget based on the shared formula with the City of Farmington.

Mr. Gajda reviewed the FY 14/15 General Fund Unassigned Fund Balance and Assigned Fund Balance and commented that those are being maintained at healthy levels for the City. He added that the City of Farmington Hills has the 9th lowest tax rate among the County's cities and major townships for 2013.

He further reviewed the City's tax history, state shared revenue, and graphs showing revenue dollars by source and revenue and expenditure dollars by fund and City-wide capital expenditures.

Mr. Gajda discussed the taxable value forecast beyond FY 14/15 and how Personal Property Tax legislation and the proposal that is to be on the August, 2014 ballot would affect that forecast. He noted that the Public Safety Millage Fund will end FY 14/15 with a 3.2 million dollar fund balance and is forecast to maintain a sufficient fund balance to sustain Public Safety services until the expiration of part of its millage in June 2016. With regard to the Parks and Recreation Millage Fund, it is expected to have a \$362,000 fund balance at the end of FY 14/15, but is expected to provide for less annual general fund program support through its millage expiration of June 2019.

Mr. Gajda explained the decline in revenue for major road funding and noted that historically the City has relied on the Special Assessment District (SAD) Revolving Fund to fund the City's share of local SAD projects; however, this funding can be unpredictable. He stated that there is a real need to define and establish a long-term funding strategy for major and local roads.

Discussion was held on the Personal Property Tax legislation and the impact if the ballot proposal did not pass in August, 2014.

Councilmember Bridges inquired about the expenditures to the District Court. Mr. Gajda explained that the revenues coming in are less than the contributions being made to the Court.

Councilmember Lerner inquired how health insurance rates have increased across the board, but the city has been able to maintain essentially the same budget as last fiscal year.

Director Gajda explained that the City is self-funded and staff typically budgets 1-2% higher than what they are currently paying out. He added that each year the health insurance rates are budgeted higher than what is actually paid out as they plan for maximum costs and assume full staffing.

City Manager Brock reiterated that the City is fully self-insured at this time and employees are more involved with choosing a health plan that is right for them and their families. He stated that as staff goes through the budget, Council may be able to better see the areas where there were some savings that help to offset the overall health care costs and maintain the current budget level.

Councilmember Bridges questioned if the City had a health care audit and actuarial audit conducted each year. Mr. Gajda responded that the City is required to prepare a monthly report for health care and an actuarial audit is conducted annually.

City Manager Brock mentioned that during the Public Services budget, Council will be further discussing options for road funding.

Councilmember Massey stated that the City should begin discussions now on the Public Safety Millage and assess the need for a renewal given it that it expires in June 2016.

Discussion was held on the costs associated with the District Court and the Ice Arena. It was noted that the debt for the Ice Arena will be ending in the next year and the City is always looking at ways to maximize the use of the Ice Arena.

Mayor Pro-Tem Bruce encouraged further discussions regarding the continued operations of the Ice Arena by the City.

Councilmember Bridges commented that the City needs to look at reducing costs in any way it can prior to asking for more funding from residents by way of a millage.

City Manager Brock reminded City Council that the budget study sessions to review each department budget were scheduled for Tuesday and Wednesday, April 29th and 30th at 6:30pm in the Community Room.

ADJOURNMENT:

Mayor Brickner adjourned the study session meeting at 7:25pm.

Respectfully submitted,



Pamela B. Smith, City Clerk