

# City of Huntington Woods Long Range Budget and Planning Committee Final Report July 2019

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Photo by Jeff Aisen

# **City of Huntington Woods Long Range Budget and Planning Committee**

## **2019 Final Report**

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# **City of Huntington Woods Long Range Budget and Planning Committee**

## **2019 Final Report**

### **Introduction**

By any measure, the City of Huntington Woods is a very desirable place to live, work and raise families. The City is well-managed, run efficiently, and has an AA+ S&P bond rating. City administrators and officials work conscientiously to provide high-quality programs and services to residents while prudently managing overall staffing levels and expenses.

In addition, the City has a strong base of passionate, dedicated residents who volunteer their time to civic and service organizations such as the Friends of the Library, Women's League, Men's Club and others. Contributions from invested residents help make Huntington Woods a strong and vibrant community.

However, like many cities in our region and across Michigan, Huntington Woods faces significant financial challenges because State policies have limited local government's ability to raise adequate revenue to cover rising costs of providing services. Challenges that impact our ability to raise revenue include:

- The City is almost entirely residential. This lack of economic diversity leaves the City with no major industrial and very little commercial property to share the tax burden for City services.
- The 1978 Headlee Amendment to the Michigan Constitution requires cities to "roll back" their millage so the city-wide increase in property taxes is limited to the rate of inflation or Consumer Price Index. This limits the amount of tax revenue the City has available for funding key services.
- Proposal A, approved by Michigan voters in 1994, implemented changes in the property tax system so that an individual property tax bill is limited to the rate of inflation. As an unintended consequence of the law, the City receives no increased revenue from a property's transfer of ownership. Over the past decade, lawmakers and governors from both political parties have used sales tax collections to fill state budget holes rather than fulfill a statutory revenue sharing promise to local communities. This represents a substantial decline in the amount of revenue the City receives from the State.

With ever-rising costs and the City at its millage cap, Huntington Woods faces significant challenges with regard to financing critical infrastructure projects. Aging roads need to be repaired or reconstructed. Combined storm and sanitary sewers, most of which were installed in the 1920s, need repair or replacement. In addition, City

employee post-retirement benefits are not fully funded and represent a significant financial burden for the City.

There are no apparent sources for additional revenue from the County, State or Federal government. Restrictions exist that limit the nature and amount of revenues Huntington Woods residents can put to a vote through ballot initiatives.

### **Committee Formation, Charge and Activities**

In Spring 2018, the Huntington Woods City Commission and City administrators made it a priority to seek resident input on how to best address the challenges outlined above for the City's long-term financial health. The City invited interested citizens to apply for appointment to the Long Range Budget and Planning Committee.

The appointed Committee consists of more than 20 volunteers representing a cross-section of residents with expertise across multiple fields and industries. A Committee roster with Subcommittee designations is attached as Appendix A.

The City charged the Committee with developing an understanding of municipal budgeting and finances, providing recommendations on a long-term plan to reconstruct City roads, identifying impediments to the City's long-term positive financial health, and recommending revenue and expenditure modifications to achieve long-term positive financial health for the City.

The Committee began holding monthly public meetings in July 2018, working closely with the City Manager and Finance Director as well as City-hired consultants with expertise on municipal finance and infrastructure management.

In October 2018, the Committee established four subcommittees to look closely at specific areas and offer revenue and expenditure modifications to the full Committee for approval.<sup>1</sup> The subcommittees include:

- Roads and Sewers
- Recreation Department and Public Library
- Alternative Revenue Sources
- City Hall, Department of Public Safety and Department of Public Works

In May 2019, the Communications subcommittee formed for the purpose of compiling and editing the final Committee Report and recommending best practices for promoting it to HW citizens.

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<sup>1</sup> The Committee surveyed only the expense categories discussed in this Report. The Committee was not asked to and did not examine any of the City's other expense categories. Two examples are OPEB ("Other Post-Employment Benefits," including health insurance) and pensions for non-Public Safety employees. The Committee did not investigate the potential volatility of such expenses or the possibility that they materially may increase.



The subcommittees brought their recommendations back to the full Committee for approval. The Committee approved this Final Report and its recommendations as a public document for submission to the City Commission. A timeline of Committee activities is attached as Appendix B.

## **Committee Recommendations:**

### **1. Roads**

The Committee recommends that the City adopt a 20-year plan to bring the roads into “good” condition (as defined by the Pavement Surface Evaluation and Rating [PASER] system) by the end of the first three years and then to maintain them at that level through year 20 and beyond.

This plan would entail (a) issuing a \$4.5M bond, which would require annual repayments of \$331K, and (b) increasing the average annual spend on road maintenance by \$234K. The total annual expense increase to the City for this plan would be the sum of those two figures, *i.e.*, \$565K. Please see Recommendation 2, below, for the Committee's views on how to finance that increase.

At present, the average condition of all asphalt roads in the City is poor according to the PASER rating system, even with the City's conscientious efforts to maintain road conditions. The City's historical practice has been to approve capital bonds to finance major road reconstruction, and to fund minor repair activities such as crack sealing and cold patch repair with Act 51 revenue from the State of Michigan.

In contrast, the new road plan calls for a mix of repair strategies, including reconstruction, heavy maintenance and minor repair. This approach is more efficient because it addresses road conditions before they reach a critical point of deterioration. For every \$1 spent on road maintenance to prevent deterioration before the critical point is reached, it costs \$4-\$5 to repair or reconstruct a road that has passed that point.

Consequently, this plan would reduce road maintenance and repair costs (compared to the City's historical practice) even after year 20 because the roads would continue to be in “good” condition at that point.

### **2. Public Safety Pensions**

The Committee recommends a new millage under Public Act 345 for 25 years dedicated to funding Public Safety employee pension costs. Act 345 has been used by neighboring cities and is an exception to the 20 mill cap that Huntington Woods may legally levy.

The resulting revenue would free up \$800K in the General Fund that is currently allocated for Public Safety pensions. The \$800K would be more than sufficient to cover the \$565K increase in expenses for the 20-year road plan.

The millage would be variable, depending on funding needs in any given year, and is not expected to be greater than 2.7 mills and could range as low as 2.0 mills or even lower. Thus, the likely annual tax increase on a home with a \$250K taxable value is estimated at not more than \$675.

The 2.0-2.7 range is based on assumptions and analysis by the Municipal Employees' Retirement System of Michigan (MERS). MERS believes the 2.0-2.7 range would fund the pension obligation over 20 years. The Committee is recommending a cap of 5.0 mills in any given year. This is intended to provide a significant cushion in the event of an economic downturn negatively impacting the MERS assumptions.

Among the advantages of this millage—aside from freeing up revenue in the General Fund for the road plan and other uses—is the increased certainty of being able to fund pensions regardless of economic conditions. Greater certainty is a benefit to the City as it engages in its planning activities as well as an assurance to the retirees.

### **3. Sewers**

The Committee recommends that the City adopt a plan for a Pipe Bursting project. The project would be funded either by an annual fixed rate addition to the sewer bill, which would require approval by the City Commission, or by a new debt millage, which would require voter approval.

As background, in 2017 the City Engineer developed a report including three types of work needed for the sewer system: Pipe Replacement, Pipe Lining, and Pipe Bursting. The City has already developed and implemented funding plans for the first two (through the recently passed sewer bond for pipe replacement and a fixed \$17 per quarter fee included in resident water bills for pipe lining).

The estimated project cost for the Pipe Bursting project is \$7.9M.

Between the two funding options, there is very little financial difference to the average homeowner: \$234 annually (uniform charge) or \$223 annually (new millage).



#### **4. Public Library**

The Committee did not reach final conclusions with regard to the Library. Because there are two potential paths for alternative revenue sources, further study is warranted.

The Library is among the City's larger budget items (\$444K in 2017-2018). Consequently, the Committee recommends that a future project be undertaken by a new committee including the Library Director, the Finance Director and interested residents. The objective would be to investigate possible cost-saving measures and study the two funding scenarios, then make recommendations to the City Commission.

One alternative revenue path is via Public Act 164 of 1877 which authorizes cities to establish a public library and levy a tax of not more than 2 mills with voter approval or 1 mill without voter approval. The Committee considered and decided not to recommend a dedicated library millage at this time. The Recreation Department and Public Library Subcommittee identified experts at the Library of Michigan and elsewhere who can provide advice on this initiative.

Another possible revenue stream would be to create a district library as provided in Public Act 24 of 1989. By establishing a district library in partnership with one or more neighboring communities or governmental entities, the City may realize some cost savings through shared staff. The district library has the ability to levy a millage to cover expenses not to exceed 4 mills. Like the other revenue alternative, a separate library board would be established and have authority over the library. It is recommended that the new committee identify the benefits, both financial and in quality of service, of pursuing that possibility.

The Library provides one of the City's core services. Accordingly, any recommended changes should be made judiciously so as to preserve the current quality of service.

#### **5. Recreation Department**

Latch Key. Latch Key was established at the Recreation Center in the early 1980s to accommodate the large number of children in the City who required the service and Burton School could not meet the demand. The Recreation Department provided a more robust program and extended hours. The Committee determined that rates and policies are not in line with those of adjoining school districts, including Berkley Schools. By bringing them in line, the City could increase program revenue to offset program costs (the cost in 2017-2018 was \$178K). The first step was a rate increase approved at the April 2019 City Commission meeting. Additional steps are outlined in the Recreation Department and Public Library Subcommittee report.



Aquatics Club. The Committee determined that rates are below those of competing facilities, and recommends a market analysis be commissioned to report on whether and how much to increase rates and the impact that doing so would have on membership and usage levels. The Committee also determined that the pool is at capacity only one to five days per year. This suggests the possibility of opening membership to the Berkley School District area (Berkley and North Oak Park in addition to Huntington Woods), probably for an additional fee. The number of outside applications could be limited at first, in order to determine the effect on pool usage, and/or a lottery could be used for outside membership applicants. The Committee recommends that broadening membership should also be a subject of the market analysis. (The pool's cost to the City in 2017-2018 was \$229K.)

Senior Services. The Committee recognizes that services dedicated to seniors are another core service area. No recommendations were identified to reduce that expense. The biggest proportion of the cost are the wages and benefits for the Senior Outreach Coordinator and the Committee encourages the City to utilize her skills to their fullest and to promote the services that she provides to our residents.

Parks. This is the largest budget item among the various Recreation categories (\$277K cost in 2017-2018). It is similar to the Library as a core service, and, as in the case of the Library, the Committee recommends further study by a new committee including City personnel responsible for Parks maintenance and activities, the Finance Director, and interested residents, subject to the same caveat as to preserving the quality of service.

## **6. New General Fund Millage / Headlee Override**

Because City bonds are being paid off, the debt millage rate will be declining. As shown in the Alternative Revenue Subcommittee report, the current debt millage peaks in 2022-2023 and then begins to decline. If a voter-approved Headlee override is passed, the reductions in the debt millage beginning in 2023-2024 and continuing in subsequent years could be replaced with a new millage for the General Fund. Doing so would increase the operating millage rate, thus providing additional revenue for the General Fund with no overall tax increase to residents. The Committee recommends no action at this time but does recommend that the City Commission evaluate this course of action as 2023-2024 draws closer.

## **7. City Hall, Department of Public Safety and Department of Public Works**

This Subcommittee studied operations of these three departments and concluded they are well-managed and efficient. A few recommendations are identified:-



IT Operations. The Committee recommends a third-party review of IT operations for the purposes of sustainability, security, and cost savings.

Online Payment Solutions. The Committee recommends that an analysis/study be conducted to determine the effort and steps necessary to rapidly move the City to online transactions and to provide estimates on potential savings.

Department of Public Safety (DPS) Consolidation/Sharing of Fire Services and Equipment. No significant opportunities for cost reduction in the near or medium term are apparent. Nonetheless, the Committee recommends the formation of committee(s) to continue exploring the potential for DPS consolidation with neighboring communities and for sharing fire services and/or equipment.

Water Department. The Committee encourages the City to continue seeking funding sources to install remote-read water meters throughout the city. While this action will not result in savings to the City's budget, it will provide a new service for more accurate tracking of residential water usage and may help residents avoid high water bills due to an undetected leak.

Department of Public Works (DPW). Similar to the recommendation regarding DPS, the Committee finds no significant opportunities for cost reduction in the near or medium term. Nonetheless, the Committee recommends the formation of committee(s) to continue exploring the potential for DPW consolidation with neighboring communities and for sharing services and/or equipment.

## **8. Communications**

The recommendations in this Report would have a broad impact on every HW citizen. In addition to making the Report available as a downloadable document on the City website, the Committee recommends the City take steps to promote public awareness of the Report and encourage HW citizens to read it. This can be accomplished in several ways:

- Through regular notices in the City's weekly city e-newsletter (distributed via email and on NextDoor.com).
- Through regular social media postings on the City's Facebook page and Twitter feed.
- On the City's public message boards (outside City Hall and at Mary Kay Davis Park).
- On strategically placed lawn signs (similar to the annual Men's Club Auction promotions. The City of Birmingham recently used this tactic to promote awareness of its Master Plan process).

The Committee also recommends holding a joint public meeting of the Long Range Budget and Planning Committee and the City Commission. In addition to providing another means for sharing the Report with HW citizens, the meeting

would be an opportunity for the Committee and City Commission to discuss the recommendations, answer questions and help guide the City's decision-making process.

To help citizens become informed with respect to the issues related to any Committee-recommended initiatives that will be put on a ballot for a public vote, the Committee recommends the City hold town hall meetings in advance of the vote.

**Conclusion:**

The Committee believes its recommendations will help guide the City Commission and administrators toward making tough and prudent financial decisions. The Committee is open to holding a joint meeting with the City Commission to publicly discuss its recommendations and answer questions.

Working together, we are confident Huntington Woods will continue to maintain its standing as a premier suburban community well into the future.



# **City of Huntington Woods Long Range Budget and Planning Committee**

## **Appendix A List of Subcommittee Members**

### Alternative Revenue Sources

- Zac Andreoni
- Kim Bateman
- Adam Kaplan
- Susan Klein
- John Nantais
- Kris Vigliotti

### City Hall, Department of Public Safety and Department of Public Works

- Chuck Batcheller
- Michael Egnotovich
- Fred Fechheimer
- Nicholas Gruber
- Tony Lehmann
- Melanie Wiegand

### Communications

- Kim Bateman
- Joseph Falik
- Shelley Gach-Droz
- Nicholas Gruber
- Jeff Samoray

### Recreation Department and Public Library

- Shelley Gach-Droz
- Joel Kellman
- Michael Lehman
- Frank Mioni
- Lisa Momblanco

### Roads and Sewers

- Sharon Abramsky
- Amit Bhagwan
- Joseph Falik
- Jeff Samoray
- Molly Tripp

# **City of Huntington Woods Long Range Budget and Planning Committee**

## **Appendix B Committee Activity Timeline**

May 2018 – Establishment of committee membership with the following goals:

1. Develop an understanding of municipal budgeting and finances;
2. Provide recommendation on a long-term plan to reconstruct the remaining roads;
3. Identify impediments to long-term positive financial health; and
4. Recommend revenue and expenditure modifications to achieve long-term positive financial health.

June 2018 – Beginning of regular committee meetings. Presentation by City Finance Director with explanation of municipal fund budgeting to identify sources of revenue and services provided as well as the purpose for each Fund:

- General Fund
- Major and Local Road Fund
- Recreation Fund
- Sanitation Fund
- Debt Funds
- Capital Planning Fund
- Water and Sewer Fund
- Budget Stabilization Fund
- Equipment Fund
- Post-Retirement Benefits Fund

July 2018 – Presentation by City Manager with explanation of the following:

- The impact on tax revenue of the 1978 Headlee Amendment to the State of Michigan Constitution and the 1994 legislatively referred constitutional amendment, "Proposal A;"
- Review of estimated cost for road and sewer reconstruction and update on sewer repair project plans and issues.

August 2018 – Presentations by City Manager and City Finance Director with a review of the following:

- The Michigan Municipal League's efforts to promote municipal revenue reform;
- Estimated lost state revenue sharing funds since 2004;
- Historical trends and future projections for City Funds identifying issues and concerns.

October 2018 – Selection of subcommittee assignments and beginning of work with status updates provided at regular full committee meetings.

November 2018 – Engagement of Vettraino Consulting for work with the Road and Sewer Subcommittee.

June 2019 – Submission of subcommittee draft reports to full committee with final edit and draft distributed for review.

July 2019 – Acceptance and adoption of full committee final report and submission to the Huntington Woods City Commission.



**City of Huntington Woods Long Range Budget and Planning  
Committee**

**Appendix C  
Subcommittee Reports**

## **Alternative Revenue Subcommittee Report**

The Alternative Revenue Subcommittee reviewed all statutory sources of revenue available to the City of Huntington Woods and evaluated non-tax based revenue sources.

The Subcommittee assumed the other subcommittees would independently evaluate savings or revenue options and these would be noted in their reports.

The Subcommittee considered:

- City Income Tax
- Headlee Override
- Public Act 164 of 1877 (Library)
- Public Act 345 of 1937 (Public Safety Pensions)
- Public Act 39 of 1976 (Older Persons Services)
- Bonds
- New Marijuana Legislation

The Subcommittee considered a long list of creative suggestions for new sources of revenue and encouraged its members to suggest ideas to stimulate discussion. The following alternative revenue sources are a fraction of the options that were discussed:

- Establish bus services to the airport and non-Berkley School District schools using City buses and charging a fee for the service.
- Purchase and operate Rackham Golf Course.
- Sell City park land for private residential or commercial development that would increase the City's tax base.
- Seek development of I-696 berm owned by MDOT on south side of Wales by private developers, subject to City zoning, to increase the City's tax base.
- Charge for yard waste pick-up (bag tag) and chipping services.
- Seek resident approval for offering access to Huntington Woods for market research.
- Increase library fines and charges for computer rental time.
- Encourage food trucks to operate in mornings (coffee) or at other times within the City and earn revenue through vendor permits.
- Charge for movie rentals at library.

### **Non-Tax Based Options Conclusions:**



The Subcommittee ultimately rejected all of the non-tax based revenue ideas. The reasons for rejection falls into the general categories of:

- Not a traditional role of government and it is difficult to see how competition with private business would be successful.
- The revenue that might be produced would be exceeded by the costs to run the program.
- The revenue would not be sustainable.
- The revenue would not be sufficient to meet future inflationary pressures.
- The charges/fees would not be favorably received by the residents, who appreciate and expect a high level of service without having to pay for particular services.

#### **Tax-Based Options Conclusions:**

##### **Public Act 345**

Of the statutory revenue source options available to the City that could be submitted to voters, the Subcommittee recommends Public Act 345 of 1937 to fund the Defined Benefit legacy Public Safety Employee's pension costs and Defined Contribution costs. This millage has been utilized by neighboring cities and is an exception to the 20 mill cap cities can levy.

**The Subcommittee recommends asking voters for a Public Act 345 millage for 25 years with a cap of 5 mills dedicated to funding the Public Safety pension.** The City would actually only levy a millage equal to the amount to service the annual required contribution. A report by the Municipal Employees' Retirement System (MERS) and a follow-up report by the City Finance Director were completed in April 2019 to determine the estimated millage that would be required to meet the Public Safety pension annual contribution. The estimates are that a variable millage rate from 2.0 to 2.7 mills would fund the pension obligation over 20 years. The supporting documentation and report are attached.

Funding Public Safety pensions in this manner will free up \$800,000 in the General Fund (the amount currently allocated for Public Safety pensions) and provide the City with maximum flexibility in its future financial considerations. The Subcommittee understands that the MERS report is based on a number of assumptions and feels it is prudent to ask voters for the ability to levy a millage that is more than the estimated amount in the event of an economic downturn which would negatively impact the MERS assumptions.

The Subcommittee believes residents would be more likely to support a recommendation for a tax increase if it were:

- For a defined purpose—the legacy Public Safety pensions for both defined benefit and defined contribution costs.
- Limited in amount by the actual annual cost of meeting the pension obligation as determined by MERS, which administers the City's pension plan.
- Of a specific length (25 years) because the City hopes to have the legacy portion of the Public Safety pension obligation funded within 25 years and will not need to levy a millage after that time.
- Of an estimated millage between 2.0 and 2.7 mills.
- Already in-place in neighboring communities like Berkley and Oak Park.

The Subcommittee prepared an estimated impact on tax bills for different scenarios:

**Estimated Annual Tax Increase for Public Act 345 Millage  
To Fund Public Safety Employee Pension Costs**

Taxable Value	Anticipated Range of Assessment Rates			Max. Cap*
	2.0 mills	to	2.7 mills	5.0 mills
\$ 150,000	\$ 300	to	\$ 405	\$ 750
\$ 250,000	\$ 500	to	\$ 675	\$ 1,250
\$ 350,000	\$ 700	to	\$ 945	\$ 1,750
\$ 450,000	\$ 900	to	\$1,215	\$ 2,250

*\*Rates would only be levied to cover the City's annual required contribution (currently estimate by the Municipal Employees' Retirement System of Michigan to range from 2.0 to 2.7 mills). Setting a reasonably higher cap of 5.0 mills is intended to provide a significant cushion in the event of a severe economic downturn without having to draw from the General Fund or request additional future millages over the next 25 years.*

### **Headlee Override**

The Subcommittee also discussed a Headlee override as an alternative revenue source. The Headlee override that voters approved in 2004 has been rolled back and the City is now levying the maximum millage allowable at 17.1096 mills. There is an opportunity to ask the voters for a Headlee override that will not increase the millage rate in the near future. Because the City is paying off current bonds, the debt millage rate will be declining. The estimated debt millage is attached. The City could consider asking the voters for a Headlee override and use the same language as the prior override so that the millage could not be increased by more than ½ mill in any year. In 2024 the debt millage drops from an estimated 5.4158 to 4.9014. This strategy means the City would not need to raise taxes if citizens approve a Headlee override in 2024 and the ½ mill that fell off the debt millage schedule was replaced with a ½ mill for the General



Fund. Since the debt millage rate also drops again in 2025, another ½ mill could be levied for the General Fund without an overall tax increase. The Subcommittee decided not to recommend the Headlee override at this time. We suggest the option be evaluated in 2024 to see if it would benefit the City's long-term financial health.

The Subcommittee is impressed by the cost reductions the City has made since receiving recommendations from a previous Citizen's Ad Hoc Budget Committee. We appreciate the inherent difficulty in implementing cost-cutting measures and concur with the general findings of the other subcommittees that the City is well-run and fiscally well-managed.

## Projected Millage Rate Requirements for Act 345

Fiscal Year	Taxable Value*	Defined Contribution (DC)	Defined Benefit (DB)**	Estimated Millage for DC & DB
7/1/2019	\$373,254,560	\$20,900	\$833,000	2.2877
7/1/2020	380,719,651	32,800	887,000	2.4160
7/1/2021	388,334,044	45,300	770,000	2.0995
7/1/2022	396,100,725	57,400	810,000	2.1898
7/1/2023	404,022,740	70,100	821,000	2.2056
7/1/2024	412,103,194	86,500	838,000	2.2434
7/1/2025	420,345,258	107,500	854,000	2.2874
7/1/2026	428,752,163	130,300	869,000	2.3307
7/1/2027	437,327,207	153,300	886,000	2.3765
7/1/2028	446,073,751	176,500	904,000	2.4222
7/1/2029	454,995,226	199,300	916,000	2.4512
7/1/2030	464,095,130	219,230	932,000	2.4806
7/1/2031	473,377,033	241,153	955,000	2.5269
7/1/2032	482,844,574	262,857	979,000	2.5720
7/1/2033	492,501,465	283,885	1,000,000	2.6069
7/1/2034	502,351,494	306,596	1,030,000	2.6607
7/1/2035	512,398,524	328,058	1,060,000	2.7089
7/1/2036	522,646,495	344,461	1,080,000	2.7255
7/1/2037	533,099,425	361,684	23,000	0.7216
7/1/2038	543,761,413	372,534	18,600	0.7193
7/1/2039	554,636,641	383,710	15,900	0.7205

Projected by Finance Department. Assuming by 2039 all employees would be in DC and would just have cost of living increases.

From Mers Projection

\* Assumes a 2% annual increase in taxable value

\*\* Uses projections from the MERS report for Scenario 2



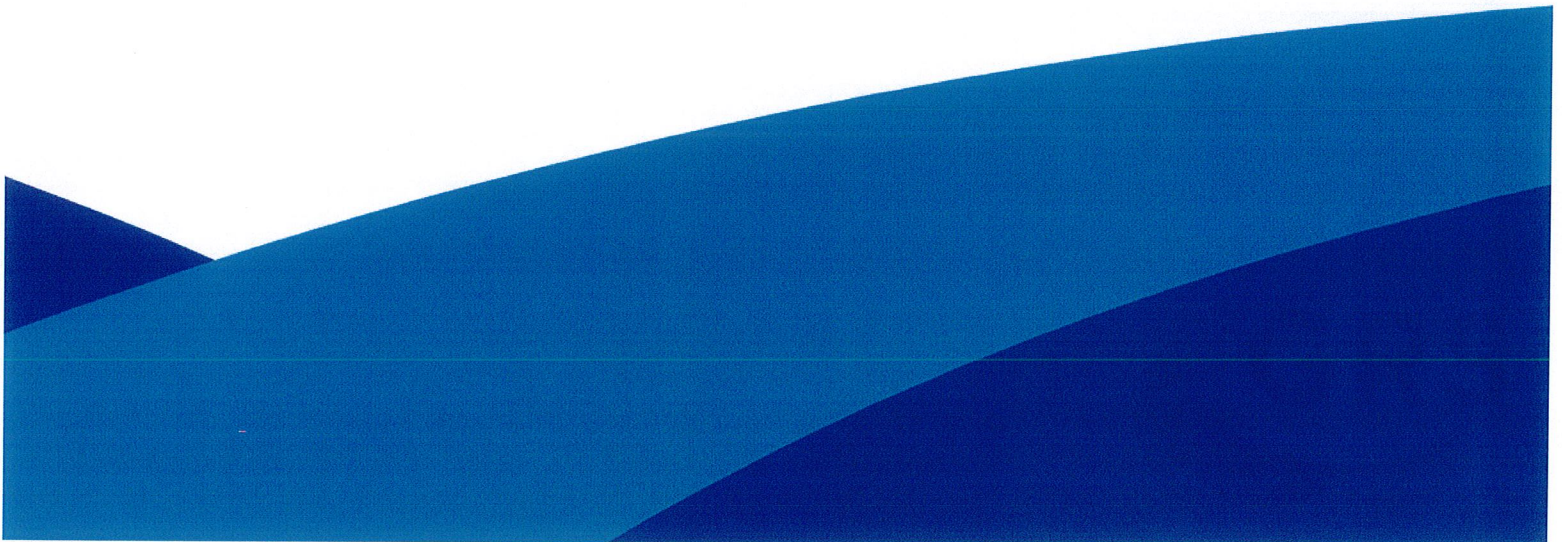
# DEBT SCHEDULE-ALL OBLIGATIONS

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL	TV Growth	Millage Required <sup>1</sup>
19-20	1,248,920	685,384	1,934,304	373,254,560	5.1823
20-21	1,589,253	637,177	2,226,430	378,853,378	5.8768
21-22	1,655,054	580,418	2,235,472	384,536,179	5.8134
22-23	1,643,394	520,014	2,163,408	390,304,222	5.5429
23-24	1,686,303	459,205	2,145,508	396,158,785	5.4158
24-25	1,574,727	396,139	1,970,866	402,101,167	4.9014
25-26	1,285,176	344,322	1,629,498	408,132,684	3.9926
26-27	1,332,818	300,126	1,632,944	414,254,675	3.9419
27-28	1,178,136	257,684	1,435,820	420,468,495	3.4148
28-29	1,060,272	220,420	1,280,692	426,775,522	3.0009
29-30	1,080,000	182,838	1,262,838	433,177,155	2.9153
30-31	1,135,000	141,501	1,276,501	439,674,812	2.9033
31-32	1,190,000	98,138	1,288,138	446,269,935	2.8865
32-33	685,000	63,963	748,963	452,963,984	1.6535
33-34	720,000	39,376	759,376	459,758,443	1.6517
34-35	765,000	13,388	778,388	466,654,820	1.6680

# Municipal Employees' Retirement System of Michigan

Huntington Woods, City of (6303) Divisions 02, 20,  
and 21

Ad Hoc Projection Scenarios





April 29, 2019

In care of:  
Municipal Employees' Retirement  
System of Michigan  
1134 Municipal Way  
Lansing, Michigan 48917

The purpose of this report is to show the financial implications to the employer of different plan funding projection studies for Huntington Woods, City of (6303) – Divisions 02, 20, and 21. The report consists of separate sections that correspond to the different plan scenarios being studied.

- An executive summary that describes the plan provisions and provides a brief explanation of the results.
- Exhibits showing the long term contribution impact of the alternate scenarios.
- Graphs showing the projected funded ratio and employer contribution under both the current and alternate scenarios.

This report was prepared at the request of MERS on behalf of the municipality and is intended for use by the municipality and those designated or approved by the municipality. **The report may be provided to parties other than the municipality only in its entirety.** GRS is not responsible for unauthorized use of this report.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The valuation was based upon information furnished by MERS staff, concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the municipality and MERS staff.

The Plan Document Article VI sec. 71 (1)(d), provides the MERS Board with the authority to set actuarial assumptions and methods after consultation with the actuary. This report was prepared using certain assumptions approved by the Board. The MERS Board adopted the actuarial assumptions based on the recommendations of the prior actuary. A description of these assumptions and methods can be found as follows:

- Plan Document, v03152018,
- Actuarial Policy, DOC 8062 (2019-02-28), and
- 2017 Appendix to the Annual Actuarial Valuation Report.

On February 28, 2019, the Board adopted new economic assumptions for use beginning with the December 31, 2019 annual valuation report. These assumptions are a 7.35% investment rate of return and a 3.00% wage inflation assumption. The Board has a review of the demographic assumptions scheduled during 2019-2020. Changes resulting from these studies will have an impact on the level of calculated employer contributions.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the municipality as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

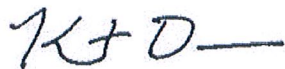
David T. Kausch and Kurt Dosson are Members of the American Academy of Actuaries (MAAA) and meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

Sincerely,



David T. Kausch, FSA, FCA, EA, MAAA



Kurt Dosson, ASA, MAAA





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# EXECUTIVE SUMMARY



## Executive Summary

The purpose of this report is to show the financial implications to the employer of a plan funding projection study for Huntington Woods, City of (6303) – Divisions 02, 20, and 21. The following table summarizes each scenario modeled.

Scenario	Division	Description
Modified Baseline	Pbl Sfty (02), P S Cmnd (20), P S Cmd B (21)	<p>Current Defined Benefit (DB) provisions            Division Status and Link Status: Closed, Not Linked            Funding Policy:                Division 02 – No Acceleration                Division 20 – No Acceleration                Division 21 – Accelerated to 5-Year Amortization</p> <p>Assumed Discount Rate: 7.35%            Assumed Wage Inflation: 3.00%</p>
1	Pbl Sfty (02), P S Cmnd (20), P S Cmd B (21)	<p>Current Defined Benefit (DB) provisions            Division Status and Link Status: Closed, Not Linked            Funding Objective: Target 75% funded as of the 2029 fiscal year            Funding Policy:                Division 02 – Accelerated to 5-Year Amortization                Division 20 – Accelerated to 5-Year Amortization                Division 21 – Accelerated to 5-Year Amortization</p> <p>Assumed Discount Rate: 7.35%            Assumed Wage Inflation: 3.00%</p>
2	Pbl Sfty (02), P S Cmnd (20), P S Cmd B (21)	<p>Current Defined Benefit (DB) provisions            Division Status and Link Status: Closed, Not Linked            Funding Objective: Target 100% funded in 20 years            Funding Policy:                Division 02 – Accelerated to 15-Year Amortization                Division 20 – Accelerated to 15-Year Amortization                Division 21 – Accelerated to 15-Year Amortization</p> <p>Assumed Discount Rate: 7.35%            Assumed Wage Inflation: 3.00%</p>

The results of our calculations are shown in the following section:

- The long term impact sections include projections to illustrate the potential financial impact of each scenario. Included in these sections are comparisons under the modified baseline scenario and each alternate scenario as follows. The impact is only shown on the defined benefit plan for and in total for the three divisions.
  - Tabular displays of the projected Actuarial Accrued Liability (AAL), Valuation Assets, and funded ratios
  - Graphical displays of the projected funded ratio
  - Tabular and Graphical displays of the projected pattern of contributions

Comments regarding the calculations:

- There has been a change in actuary and actuarial software since the December 31, 2017 valuation. As a normal part of any actuarial transition, modeling the current benefits in new actuarial software may result in a change in value when compared to the published 2017 annual valuation. In order to isolate the impact of the proposed change, both the current and the proposed benefits columns were prepared in the new actuarial software.
- Under scenario 1, a combined funded ratio of 75% is achieved as of the 2029 fiscal year. Each division is expected to attain a 75% funded status at a different date.
- Under scenario 2, a combined funded ratio of 100% is achieved within the desired 20 year timeframe. Each division is expected to attain a 100% funded status at a different date.
- The scenarios are illustrative in nature and were assembled under the standardly available funding policies available to closed divisions within open employers. There are other amortization policies which could achieve the same goals.
- The proposed scenarios illustrated in this report are valued as if they occur on the valuation date, December 31, 2017. The results should not be used for short-term budgeting purposes. These projections illustrate the long term pattern of employer contributions for the purpose of comparing the financial implications of each plan design. A projection is not a prediction. Future costs will be determined by future actuarial valuations and may change based upon actual experience.
- Refer to a separate study dated January 30, 2019 to show the potential impact of a change in plan type from DB to DC for divisions 02 and 20. The modified baseline reflects closing of divisions 02 and 20.



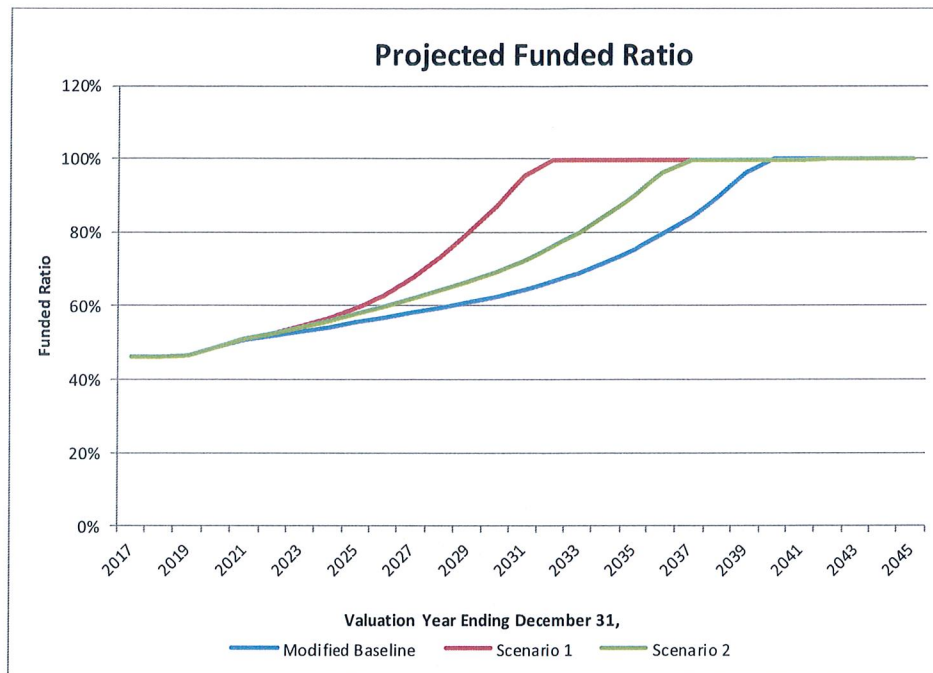
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## **LONG TERM IMPACT –DIVISIONS 02, 20, AND 21**

# Huntington Woods, City of (6303) – Division 02, 20, and 21

## Projections of Actuarial Accrued Liability, Valuation Assets, and Funded Ratios

### 7.35%/3.00%



Valuation Year Ending December 31,	Modified Baseline			Scenario 1			Scenario 2		
	Actuarial Accrued Liability	Valuation Assets	Funded Ratio	Actuarial Accrued Liability	Valuation Assets	Funded Ratio	Actuarial Accrued Liability	Valuation Assets	Funded Ratio
2017	\$15,000,000	\$6,910,000	46%	\$15,000,000	\$6,910,000	46%	\$15,000,000	\$6,910,000	46%
2018	15,300,000	7,030,000	46%	15,300,000	7,030,000	46%	15,300,000	7,030,000	46%
2019	15,500,000	7,190,000	46%	15,500,000	7,190,000	46%	15,500,000	7,190,000	46%
2020	15,700,000	7,660,000	49%	15,700,000	7,670,000	49%	15,700,000	7,670,000	49%
2021	15,900,000	8,070,000	51%	15,900,000	8,110,000	51%	15,900,000	8,110,000	51%
2022	16,100,000	8,340,000	52%	16,100,000	8,460,000	52%	16,100,000	8,460,000	52%
2023	16,300,000	8,640,000	53%	16,300,000	8,870,000	54%	16,300,000	8,840,000	54%
2024	16,500,000	8,950,000	54%	16,500,000	9,350,000	57%	16,500,000	9,260,000	56%
2025	16,700,000	9,250,000	55%	16,700,000	9,910,000	59%	16,700,000	9,670,000	58%
2026	16,800,000	9,530,000	57%	16,800,000	10,600,000	63%	16,800,000	10,100,000	60%
2027	16,800,000	9,770,000	58%	16,800,000	11,400,000	68%	16,800,000	10,400,000	62%
2028	16,800,000	9,990,000	60%	16,800,000	12,400,000	74%	16,800,000	10,800,000	64%
2029	16,700,000	10,200,000	61%	16,700,000	13,400,000	80%	16,700,000	11,100,000	67%
2030	16,500,000	10,400,000	63%	16,500,000	14,500,000	87%	16,500,000	11,500,000	69%
2031	16,300,000	10,500,000	64%	16,300,000	15,600,000	95%	16,300,000	11,900,000	73%
2032	16,100,000	10,700,000	67%	16,100,000	16,100,000	100%	16,100,000	12,200,000	76%
2033	15,900,000	10,900,000	69%	15,900,000	15,800,000	100%	15,900,000	12,700,000	80%
2034	15,600,000	11,200,000	72%	15,600,000	15,500,000	100%	15,600,000	13,200,000	85%
2035	15,300,000	11,500,000	75%	15,300,000	15,200,000	100%	15,300,000	13,800,000	90%
2036	14,900,000	11,800,000	79%	14,900,000	14,900,000	100%	14,900,000	14,400,000	96%
2037	14,500,000	12,200,000	84%	14,500,000	14,500,000	100%	14,500,000	14,500,000	100%

**Notes:**

- (1) The results shown above are based on the December 31, 2017 assumptions without any phase-in.
- (2) A projection is not a prediction. Future costs will be determined by future valuations and may change based on actual experience.

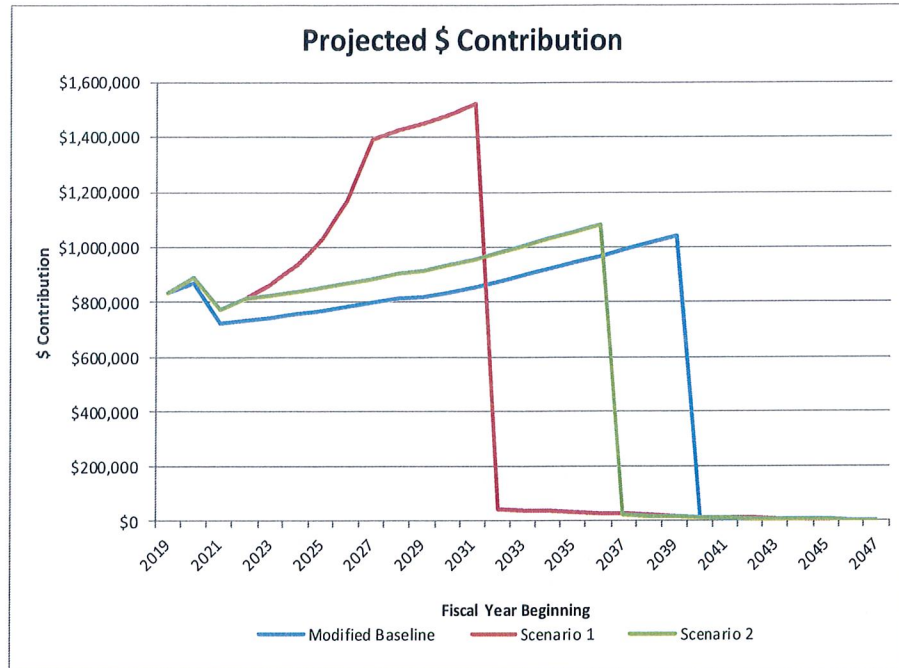
**This report may be provided to parties other than the municipality only in its entirety.**



# Huntington Woods, City of (6303) – Division 02, 20, and 21

## Projections of Employer Contributions

### 7.35%/3.00%



Fiscal Year Beginning July 1,	Modified Baseline	Scenario 1	Scenario 2
	Total Employer Contribution	Total Employer Contribution	Total Employer Contribution
2019	\$833,000	\$833,000	\$833,000
2020	868,000	887,000	887,000
2021	724,000	770,000	770,000
2022	732,000	810,000	810,000
2023	741,000	862,000	821,000
2024	756,000	935,000	838,000
2025	769,000	1,030,000	854,000
2026	782,000	1,170,000	869,000
2027	796,000	1,390,000	886,000
2028	811,000	1,420,000	904,000
2029	820,000	1,450,000	916,000
2030	833,000	1,480,000	932,000
2031	853,000	1,520,000	955,000
2032	874,000	40,100	979,000
2033	897,000	37,500	1,000,000
2034	920,000	36,300	1,030,000
2035	942,000	32,600	1,060,000
2036	966,000	28,700	1,080,000
2037	990,000	24,700	23,000
2038	1,020,000	20,700	18,600
2039	1,040,000	17,100	15,900

**Notes:**

- (1) The results shown above are based on the December 31, 2017 assumptions without any phase-in.
- (2) A projection is not a prediction. Future costs will be determined by future valuations and may change based on actual experience.

**This report may be provided to parties other than the municipality only in its entirety.**

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## **IMPORTANT COMMENTS**



## Important Comments

1. The liabilities were calculated using the actuarial assumptions and methods adopted by the MERS Retirement Board and do not assume 100% retirement when first eligible. Actuarial assumptions and methods do not determine the cost of the benefits provided; they only impact the pattern of employer contributions. If future experience is unfavorable compared to the assumptions used, employer contribution rates will increase in future years, and vice versa. For example, if members retire when first eligible, the actual liabilities would be higher than calculated resulting in higher employer contributions.
2. The actuarial value of assets used to determine both the funded ratio and the required employer contribution is based on a smoothed value of assets. Only a portion of each year's investment market gain or loss is recognized in the current actuarial value of assets; the remaining portions of gains and losses will be reflected in future years' actuarial value of assets. This reduces the asset volatility impact on the determination of the required employer contribution and funded ratio. The smoothed actuarial rate of return for 2017 was 6.08%.

As of December 31, 2017, the actuarial value of assets is 101% of market value. This means that there is a net outstanding asset loss that is not yet recognized in the actuarial value of assets. Absent future asset gains offsetting, the net outstanding asset loss will be recognized in future actuarial valuations and is expected to decrease funded ratios and increase employer contribution requirements.

3. Unless otherwise indicated, a funded status measurement is based upon the actuarial accrued liability and the actuarial value of assets. The measurement is:
  - a. Inappropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.
  - b. Inappropriate for assessing benefit security for the membership.
  - c. Dependent upon the actuarial cost method which, in combination with the amortization policy and asset valuation method, affects the timing and amounts of future contributions. The amounts of future contributions will differ from those assumed due to future actual experience differing from assumed.

A funded status measurement of 100% is not synonymous with no required future contributions. If the funded status were 100%, the Plan would still require future normal cost contributions (i.e., the cost of the active membership accruing an additional year of service credit).

4. The funded status shows the relationship of the assets to the amount needed to fund past service benefits, the actuarial accrued liability under valuation assumptions.
5. Contribution requirements take into consideration prior service with other MERS entities (for eligibility service only), reflected in the difference between benefit and vesting service. If members have service not reflected on the results page (e.g., prior MERS or Act 88 service), the unfunded liabilities and employer contributions may be understated.

## Important Comments (Concluded)

6. The actuaries' understanding of the default invoicing procedure is that a percent of pay employer contribution is applied for open divisions and a dollar amount is applied for closed divisions.
7. The results of separate actuarial valuations generally cannot be added together to produce a correct estimate of the employer contributions. The total can be considerably greater than the sum of the parts due to the interaction of various plan provisions and assumptions used.
8. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.
9. The calculations are based upon assumptions regarding future events, which may or may not materialize and proposed plan provisions. The actual impact of the proposed plan change(s) will change over time as actual experience emerges. Contact your MERS representative at 800-767-MERS if you believe that:
  - a. The assumptions are unreasonable,
  - b. The plan provisions are missing or incorrectly described,
  - c. Conditions have changed since the calculations were made,
  - d. The information provided in this report is inaccurate or is in any way incomplete, or
  - e. You need further information to make an informed decision.
10. Unless otherwise noted, the following information, assumptions, and funding methods were used in the projections under the various options:
  - a. Demographic, financial information, and benefit provisions provided by MERS for the December 31, 2017 valuation.
  - b. The assumptions and methods used in the December 31, 2017 annual valuation, with the exception of the investment rate of return and the wage inflation assumption.
  - c. All demographic assumptions will be met during the projection period.
  - d. If new hires are included in the valuation, the active population is assumed to remain stable during the projection period.
  - e. Demographic assumptions under the DC plan are unchanged from those of the DB plan, if applicable.
  - f. The Market Value of Assets will earn the assumed investment return each year during the projection period.
  - g. There will be no benefit changes during the projection period.
  - h. The employer contributions through June 30, 2019 are not affected, and are based on previous annual actuarial valuations.



## **Huntington Woods Recreation Department and Public Library Subcommittee Report**

The subcommittee focused its efforts on evaluating and making recommendations concerning the financial health and longer-term financial viability of the Latch Key program operated out of the Recreation Center, the Aquatic Club and the Library.

As a general conclusion, the subcommittee finds that several Recreation Department program expenses are not offset by revenue and will likely continue to exist in the future if remedial steps are not taken.

To address and improve the City's long-term financial health, the subcommittee believes changes could be implemented to the income, expenses, rates, fees and related items pertaining to the Latch Key Program and the Aquatic Club. We noted differences between revenue and costs/expenses primarily in four areas:

- Latch Key
- Aquatics Club
- Senior Programming
- Parks Operation/Maintenance

The City Finance Director provided the subcommittee with Recreation Department financial figures for review (*see Exhibit A, attached*).

### **Subcommittee Recommendations**

#### **Latch Key:**

The subcommittee confirmed that Latch Key program rates for 2018-19 are below the rates of the Berkley and Royal Oak school districts (*see Exhibit B, attached*).

- The subcommittee recommended to the City Commission that the City increase its rates to align with rates currently charged by the Berkley School District (BSD). At its April 23, 2019 meeting, the City Commission approved this proposal and raised the overall rates 8% and the late fees from 10% to 20% for the 2019-20 school year. Berkley was chosen because all families in the Berkley School District would be pay the same rate regardless of which Latch Key program they chose.
- The subcommittee recommended to the City Commission that Snow Day and Vacation Day rates should match BSD rates effective Fall 2019 (*see Exhibit C, attached*). The City Commission approved this proposal at its April 23, 2019 meeting.

The new rates beginning September 2019 are reflected in the chart below:

<b>HW Latch Key Rates</b>		
	<b>Former Rate</b>	<b>New Rate (effective Sept. 2019)</b>
AM	\$7.15	\$7.75
PM w/ 4:30 pick up	\$7.65	\$8.25
PM w/ 6 pick up	\$11.60	\$12.50
1/2 vacation - 4:30	\$26.00	\$32.00
1/2 vacation - 6	\$29.00	\$35.00
Vacation - 4:30	\$31.60	\$41.60
Vacation - 6	\$36.00	\$46.00
Late fee	10%	20%

Daily rates represent an 8% increase

Vacation rates based on Berkley School District rates

The subcommittee anticipates the approved increases in Latch Key rates described above will generate nearly \$17,000 in additional revenue beginning with the 2019-20 school year. However, Latch Key will still operate at a significant loss, so the following are suggestions for the future.

- For the 2020-2021 school year, the subcommittee recommend implementing the BSD policy of one rate for an afternoon pickup, regardless of the time parents pick up their children. Having a flat rate of \$12.50 (rather than offering a second, discounted rate of \$8.25 for pickups before 4:30 p.m.) will allow for streamlined payments and increased revenue.
- The Parks and Recreation Advisory Board should monitor Latch Key rates at least annually to determine, at a minimum, if increases or raises are needed to cover inflation or other unexpected cost increases. Rates should continue to match or exceed the BSD Rates so Latch Key does not operate at a loss. The Parks and Recreation Advisory Board should deliver a Rates Report to the City Commission no later than March each year so the appropriate rates and fees can be established for the upcoming school year.

### **Aquatics Club:**

Since the HW Aquatics Club charges for seasonal memberships, the subcommittee studied nearby private pool facilities to compare rates. We conclude that HW pool season pass membership rates are far below what private facilities charge. We chose the nearby private clubs for comparison because if Huntington Woods did not have a community pool, residents would need to seek out a private club as the residents of Berkley, Ferndale, Royal Oak and Birmingham (plus many others) do.

The Woodside club in Farmington Hills, Forest Hills in Birmingham and the Beverly Hills Aquatic Club charge between \$625-\$790 annually (these facilities also charge between \$2300 and \$2700 for the first year of membership). The current HW Aquatics Club rates are outlined below:

<b>2019 HW Aquatics Club Season Pass Membership Fees</b>
--



Category	Fee
Senior (ages 60+)	\$115
Adult (ages 18+)	\$156
Child (to age 17)	\$131
Family of two	\$249
Family of three	\$284
Family of four	\$311
Family of five	\$337
Family of six or more	\$362

The subcommittee believes that the current pool season pass membership fees should be increased to offset the expense of the pool. However, in order to charge rates commensurate with nearby private facilities, we believe the Aquatics Club would need to make some facility improvements to provide a similar level of services and features (i.e. upgrading locker rooms, serving healthy and upgraded meals and snacks at the Snack Bar, providing more chairs / seating, providing towels, addition of a seasonal employee to act as a pool manager and handle patron needs, etc.). As an additional service, the Aquatics Club might consider opening the pool to families earlier in the day if time slots for swimming lessons are condensed.

The subcommittee also noted that the pool is at capacity only one to five days per year. There may be an opportunity to increase pool revenue by opening pool memberships to families in the Berkley School District (BSD) to include Berkley and north Oak Park, outside of first-year HW applications. These BSD residents already have privileges at the pool. They can join the HW swim team and if a BSD family has a child on the swim team, they can purchase a family pool membership. Fees would include the standard added fee (\$40/year facility fee and a 25% surcharge) which are in place to equalize the tax burden borne by HW residents. These fees are the same charged to Royal Oak residents in the BSD. A lottery could possibly be offered for these additional memberships. Additional research is needed to determine the appropriate number of pool memberships to offer. Memberships would be offered first to HW residents. If the pool still has capacity, additional memberships could be offered to BSD families.

At this time, it is not clear if an increase in pool membership rates would offset the cost of facility improvements. Nor is it clear if opening up pool memberships to families in the Berkley School District would earn sufficient revenues to offset facility improvements costs.

- The subcommittee recommends a market analysis study to determine what additional revenues could be generated by increasing the annual pool season pass membership fees and opening memberships to the entire Berkley School District. Part of the study should include a facility improvement cost analysis to determine if increased revenues would offset improvement expenses.

### **Seniors Programming:**

- The subcommittee recommends the Recreation Department conduct an internal audit of its current program offerings and consider and encourage greater



program usage by bringing in outside program vendors (such as Bianco). Outside vendors would be expected to offer more trip options. Although this would likely result in only a minimal increase in revenue, additional trip options would represent service expansion.

### **Recreation Department Staffing:**

- There may be opportunities to achieve costs savings through Recreation Center employee attrition. The subcommittee recommends that the Recreation Director seek to reduce the number of full-time Recreation Department staff with due consideration to positions open by retirement and other new hires.
- The subcommittee recommends that Recreation Director review Recreation Department staff job descriptions (*see Exhibit C, attached*) to determine if positions can be consolidated to achieve savings without compromising services.

### **Recreation Center Rates/Fees Policy:**

- The subcommittee recommends that the Parks and Recreation Advisory Board review all rates/fees annually to determine if costs have increased. The Board should submit a Rates Report to the City Commission no less than 30 days prior to the city's annual Budget Approval meeting.

### **Parks Operation/Maintenance:**

- The subcommittee recommends that the city explore the option of developing a conservancy model (similar to the Detroit Riverfront Conservancy but on a smaller scale) within the next two years as a potential fundraising vehicle. A conservancy could assume responsibility for repairs and upgrades to the parks, tennis courts, sports fields, shuffleboard court, pickleball court, outdoor equipment and pool. This action could potentially reduce city costs and responsibilities, although it could also open up discussion for naming city parks after private donors and corporations.

### **Huntington Woods Public Library:**

The City Finance Director provided the subcommittee with HW Public Library financial figures for review (*see Exhibit D, attached*).

- At this time, the subcommittee does not recommended a dedicated library millage. The subcommittee consulted with recognized experts at the Library of Michigan, Ferndale District Library Assistant Director Darlene Hellenberger, and Shirley Bursma, who has helped more than 40 libraries pass successful millages. All parties advised that we need more time, strong criteria and organization to prepare for a possible library millage.
- The subcommittee also explored establishing a district library, which would allow the City to levy a millage for library operations. A district library would also require fewer library personnel, thus reducing expenses. However, HW would



need to secure a partner to form a district library. The City of Ferndale formed a district library in 2014 by partnering with the Ferndale School District and Royal Oak Township. Many district libraries serve several communities. Within the next five years, the City should complete a viability study for forming a district library.

### **Woods Gallery:**

- The subcommittee recognizes that the HW Library maintains the Woods Gallery in the lower level/Cultural Center of the building. The Gallery's goal is to provide an artistic outlet for artists in the area to share their works, which can be enjoyed and appreciated by the community. The Gallery sells approximately \$2,000 in art sales annually and receives revenue in the form of a small percentage from art sales. However, with the employment of a part-time Gallery Coordinator, the Gallery operates at a substantial loss of approximately \$8,000. The subcommittee recommends that the Gallery identify ways to reduce costs or, if necessary, the HW City Commission consider eliminating the Coordinator position.

### **Subcommittee Conclusions**

We trust the City Commission will give careful attention to the financial issues as discussed in this report. While we fully appreciate the services and amenities that are part of the fabric of living in Huntington Woods, the financial issues must be considered carefully and seriously.

# EXHIBIT "A"

2017-2018 Recreation Revenue & Expense						
	Direct Revenue	Direct Expenses	Direct Difference	Allocated Revenue*	Allocated Expenses**	Overall Difference
Bus	27,576	46,209	(18,633)	2,577	32,780	(48,836)
Aquatic Club	246,778	291,655	(44,877)	23,061	207,019	(228,835)
Leagues	33,564	19,699	13,865	3,136	13,982	3,019
Classes	138,817	89,606	49,211	12,972	63,604	(1,421)
Senior Programming	7,910	63,936	(56,026)	739	45,383	(100,670)
Latchkey/Pre K	293,022	291,777	1,245	27,382	207,106	(178,479)
Camps	307,883	212,375	95,508	28,771	150,745	(26,466)
4th of July	20,309	26,682	(6,373)	1,898	18,939	(23,414)
Parks Maintenance	-	161,985	(161,985)	-	114,979	(276,964)
Total	1,075,859	1,203,924	(128,065)	100,536	854,537	(882,066)

\* Allocated revenue includes property taxes, grants, facility rentals, and Miscellaneous revenues

\*\* Allocated Expenses includes wages and benefits for clerical staff, maintenance staff, and the department director. It also includes supplies, uniforms, utilities, training, building maintenance, and office equipment. \$96,082 of recreation expenses is pension costs for employees that have already retired. \$48,041 of this is included in allocated expenses. \$24,020 is charged directly to parks, and 24,021 is included in the direct cost of Leagues, Latchkey, and camps.



## Exhibit B

<b>Latch Key Rates, February 2019</b>			
<b>AM &amp; Pick up before 4:30 p.m.</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
1 day/week	\$14.80	\$22.00	\$19.75
2 days/week	14.80	22.00	17.24
3 days/week	14.80	22.00	17.25
4 days/week	14.80	22.00	16.86
5 days/week	14.80	14.25	16.55
<b>AM &amp; Pick up after 4:30 p.m.</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
1 day/week	\$18.75	\$22.00	\$19.75
2 days/week	18.75	22.00	17.24
3 days/week	18.75	22.00	17.25
4 days/week	18.75	22.00	16.86
5 days/week	18.75	14.25	16.55
<b>AM only</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
1 day/week	\$7.15	\$11.00	\$7.00
2 days/week	7.15	11.00	5.12
3 days/week	7.15	11.00	5.25
4 days/week	7.15	11.00	5.18
5 days/week	7.15	7.65	5.10
<b>PM only pick up before 4:30 p.m.</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
1 day/week	\$7.65	\$14.00	\$12.75
2 days/week	7.65	14.00	12.12
3 days/week	7.65	14.00	12.00
4 days/week	7.65	14.00	11.68
5 days/week	7.65	8.70	11.45
<b>PM only pick up after 4:30 p.m.</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
1 day/week	\$11.60	\$14.00	\$12.75
2 days/week	11.60	14.00	12.12
3 days/week	11.60	14.00	12.00
4 days/week	11.60	14.00	11.68
5 days/week	11.60	8.70	11.45
<b>Full vacation day pick up before 4:30 p.m.</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
	\$31.60	\$37.00	\$46.00
<b>Full vacation day pick up after 4:30 p.m.</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
	\$36.00	\$37.00	\$46.00
<b>Half day pick up before 4:30</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>

	\$26.0 0	\$28.0 0	\$35.0 0
<b>Half day pick up after 4:30 p.m.</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
	\$29.0 0	\$28.0 0	\$35.0 0
<b>Snow day</b>	<b>HW</b>	<b>ROSD</b>	<b>BSD</b>
	\$36.0 0	\$50.0 0	\$46.0 0

### **Exhibit C**

## **RECREATION DEPARTMENT EMPLOYEE JOB RESPONSIBILITIES**

### **RECREATION DIRECTOR**

1. Conduct / coordinate studies to evaluate the recreational needs and interests of various age groups in the community. Compile and evaluate statistics to determine effectiveness and interest in current and/or proposed recreation activities.
2. Prepare long and short-term plans for the development and financing of new and revised recreation programs.
3. Determine personnel needs and administer personnel policies. Responsible for hiring and training employees and evaluating performance. Oversee hiring of seasonal recreation program workers.
4. Works with the Parks and Recreation Advisory Board and other City administrators on programming matters to maximize benefits from recreation services and to develop means of funding improved programs.
5. Coordinate City participation and assistance to groups sponsoring special community events.
6. Oversee a variety of recreation programs, sporting leagues, child care programs, other leisure time activities and the maintenance and upkeep of parks and related facilities.
7. Prepare the annual budget request for the Recreation Department. Monitors receipts and expenditures to assure they are within budget limitations approved by City Commission.
8. Make presentations and performs other community relations work to promote the use and financial support of the City's recreation programs and facilities.
9. Respond to public inquiries regarding recreation programming, facility availability and other related issues.
10. Perform related work as required.
11. Supervise Recreation Department staff.

### **RECREATION SUPERVISOR**

1. Editor/coordinator for the quarterly city newsletter
2. Edit and publish the monthly Senior Forum
3. Book and coordinate Concerts-In-The Park
4. Coordinate and schedule the city sports programs
5. Order and distribute equipment for sports programs
6. Hire staff for sports programs and recruit volunteers
7. Responsible for CDC Concussion Certification of all coaches, participants and staff
8. Plans, implements, schedule and evaluate adult special events for the community
9. Department liaison for Berkley Hoops
10. Department liaison for SOCS
11. Department liaison for the Men's Club Auction and golf outing
12. Department contact for ICHAT background checks
13. Responsible for researching and scheduling adult trips



14. Responsible for room, park and field rental permits
15. Coordinate staff events as needed
16. Social media advertising
17. Responsible for entertainment for senior Holiday Party
18. Make and answer phone calls as needed
19. Assist with programs as needed

### **LATCHKEY/CHILD CARE DIRECTOR**

1. Prepare and maintain State of Michigan Licensing status
2. Maintain open communications with the State Licensing Consultant
3. Program Director for State of Michigan Child Care License
4. Responsible as Program Director for preschool, latchkey & camp licensing
5. Interview, hire and supervise all Latchkey staff
6. Arrange for CPR/AED/First aid training for all staff
7. Coordinate staff finger printing
8. Attend monthly Oakland County School-Age Child Care meeting
9. Plan 16 professional development hours for staff members every year
10. Organize program curriculum
11. Responsible for Latchkey budget
12. Responsible for daily scheduling of each child
13. Coordinate individual student enrichment class schedules and coordinate return pick-up schedule
14. Email weekly pick-up schedules for Burton teachers for grades K-3
15. Responsible for creating monthly schedules and coordinate printing
16. Responsible for ordering supplies
17. Responsible for maintaining snack supplies
18. Maintain contact with parents as needed
19. Troubleshoot individual problems as they arise with latchkey participants
20. Plan craft projects as needed
21. Prepare Parent Handbook and update as needed
22. Follow-up with missing / delayed children
23. Represent and advertise Latchkey program at school district functions
24. Prepare yearly registration forms and submit newsletter information
25. Work with Records Clerk to establish deadlines
26. Prepare flyers as needed
27. Plan in-house 'fieldtrips'
28. Plan bus fieldtrips and reserve bus
29. Track registration #'s
30. Provide emergency care when needed
31. Chairperson and staff liaison for the 4<sup>th</sup> of July Parade
32. Assist with special events as needed

### **PROGRAM COORDINATOR – TEEN / CAMP / SPECIAL EVENTS**

1. Create and manage the planning of a diversified recreation program to meet the needs and interests of the community
2. Organize and coordinate community special events
3. Order supplies as needed for programs and events

4. Oversee the operation of the summer day camps offered for children ages 3.5 years through fifth grade, including budgeting, planning, programming, and hiring, supervising and training seasonal camp staff
5. Oversee and arrange specialty camps
6. Develop and plan for future recreation needs of the community
7. Prepare and maintain financial and activity records and evaluations for programs
8. Oversee and guide teen programs, teen council, teen trips, Leader-in-Training program and special events for teens
9. Assist with developing and administering contracts and agreements with vendors and service providers related to recreation programs
10. Answer citizen inquiries and respond to complaints regarding department procedures, policies and programs
11. Represent the city and recreation department at meetings and conferences as needed
12. Prepare news releases and social media posts as required
13. Assist department staff as needed

#### **PROGRAM COORDINATOR – AQUATICS / CLASSES / EVENTS**

1. Create and manage a diversified recreation program to meet the needs and interests of the community
2. Oversee the operation of the swimming pool including budgeting, planning, programming, hiring, supervising and training lifeguards and café staff
3. Organize and assist with the coordination of community special events
4. Assist with recreation software management
5. Department liaison with the Hurricane swim team
6. Maintain current Health Department certification
7. Maintain contact with instructors as needed (emergency cancellations, registration)
8. Order program equipment and supplies
9. Schedule pool repairs as needed
10. Prepare and maintain financial and activity records and evaluations for programs
11. Assist with developing and administering contracts and agreements with vendors and service providers related to recreation programs
12. Answer citizen inquiries and responds to complaints regarding department procedures, policies and programs
13. Prepare news releases and flyers as required
14. Represent the city and recreation department at meetings and conferences as needed
15. Prepare preliminary figures regarding programs for the annual city budget and oversees the expenditure of approved funds
16. Provide timely information for the city's quarterly newsletter
17. Develop and plan for future recreation needs of the community
18. Perform related work as required
17. Represent the City and Recreation Department at meetings and conferences as needed
18. Prepare preliminary figures regarding programs for the annual city budget and oversee the expenditure of approved funds
19. Provide timely information for the city's quarterly newsletter
20. Develop and plan for future recreation needs of the community
21. Perform related work as required

#### **SENIOR OUTREACH / BUS TRANSPORTATION**

1. Coordinate Monday Lunch Bunch
2. Responsible for coordination and implementation of the Senior Health Fair
3. Responsible for coordinating Pen Pal program with Burton School



4. Responsible for Holiday Party
5. Co-sponsor activities with Teen Council
6. Responsible for hiring, training and scheduling bus drivers
7. Prepare daily bus schedules
8. Provide reassurance calls as needed
9. Assist residents with home and health situations
10. Refer residents to appropriate agencies for assistance
11. Prepare and submit monthly bus reports
12. Prepare monthly reports for Senior Advisory Committee
13. Organize monthly Blood Pressure readings
14. Responsible for monthly movie
15. Assist at the front desk as needed
16. Make and answer phone calls as needed
17. Provide emergency care when needed
18. Assist with programs as needed

### **OFFICE MANAGER**

1. Open the building at 8:30a
2. Training of front desk part-time personnel
3. Responsible for processing registrations/calls/answering questions at front desk
4. Transfer incoming calls to appropriate staff member
5. Provide requested information
6. Prepare monthly work schedules
7. Prepare and submit monthly bus reports
8. Prepare invoices
9. Process registrations
10. File
11. Maintain supply of forms for the front desk
12. Order and inventory office supplies
13. Make phone calls as needed
14. Responsible for HARP program
15. Responsible for Village Players ticket program
16. Provide emergency care when needed
17. Assist with special events as needed
18. Fill in as needed for occasional evening or weekend shift
19. Additional duties as needed

### **RECORDS CLERK**

1. Train and provide support to Department staff with all software updates, procedures and concerns.
2. Maintain contact with software provider with questions, concerns and suggested upgrades.
3. Management and oversight of financial transactions that occur in the Recreation Center.
4. Provide support and reports to staff including but not limited to household registration and account status, link individual forms to programs for registration, prepare camp lottery for spin, track camp lottery forms, update staff with enrollment and waitlists, provide payroll and pool membership information.
5. Coordinate class registration information and input seasonal program data.
6. Responsible for balancing and submitting the daily program revenue report to the Finance Department.
7. Collect employee application information and submit bi-weekly payroll for all seasonal and full-time staff to the Payroll Department.

8. Collect and track time off requests. Maintain calendar of requested time off.
9. Coordinate the daily room schedule for camps, classes, rentals and drop-in activity.
10. Answer citizen inquiries and respond to questions regarding household account balance and program registration concerns. Provide annual childcare statements.
11. Determine room/facility availability to schedule requests for gym & fields.
12. Responsible for tracking, follow-up and collection of all outstanding household account balances.
13. Prepare and provide registration reports as needed by Department staff.
14. Coordinate program software reports with the Finance Department.
15. Assist front-line staff members when needed.
16. Assist with a variety of special community events when needed.
17. Perform related work as required.

#### **PARK MAINTENANCE STAFF (2)**

1. Seasonally landscape all parks and areas within and along the perimeter of the city
2. Maintain landscape equipment
3. Maintain park equipment
4. Install park equipment as needed
5. Maintain athletic fields
6. Maintain required certifications for playground inspector
7. Train and Supervise seasonal staff
8. Responsible for recycling in all city offices
9. Responsible for snow removal around all city buildings
10. Supervise volunteer park clean-up
11. Maintain tennis courts as needed
12. Set-up and remove nets
13. Clean pool deck surface
14. Maintain filters/lighting in all city buildings
15. Remove trash/recycling from city buildings, parks and perimeter areas
16. Assist other departments as needed
17. Maintain garden areas as needed
18. Remove leaves from parks
19. Remove snow from parking lots and walkways
20. Maintain painted surfaces as needed
21. Construction of items for program needs
22. Deliver newsletters to Metroplex
23. Order supplies as needed
24. Assist with special events as needed
25. Assist with program set-up as needed
26. Work weekends as needed

#### **BUILDING MAINTENANCE STAFF (2 – 1 am / 1 pm)**

1. Clean and sanitize all bathrooms daily including floors, sinks, mirrors, toilets/urinals, walls and stalls
2. Vacuum all rugs and carpeting daily in the back of the building
3. Vacuum front office areas regularly
4. Mop floors in the back of the building daily
5. Mop front hallway
6. Empty recycling and trash daily in all rooms
7. Maintain clean glass throughout the building
8. Maintain a clean café and café eating area including floors, counters, stainless steel surfaces



9. Maintain a clean Senior Room including shelves and kitchenette
10. Maintain a clean gym including but not limited to floors, glass and bleacher area
11. Maintain clean drinking fountains
12. Maintain Latchkey facilities
13. Respond to emergency clean-up
14. Order cleaning supplies as needed
15. Replenish all paper products
16. Dust all surfaces in rooms as needed
17. Assist with special events as needed
18. During pool season, mop pool hallway and clean glass on exit/entry doors
19. Working knowledge of pool equipment maintenance
20. Maintain required pool certification
21. Maintain required Health Department certification for café
22. Working knowledge of café equipment
23. Working knowledge of security system
24. Room Set-up & clean-up for classes and special events
25. Store items in the basement as needed
26. Work weekends as needed
27. Assist with programs as needed
28. Perform related work as required

## Exhibit D

11/14/2018

### REVENUE AND EXPENDITURE REPORT FOR CITY OF HUNTINGTON WOODS PERIOD ENDING 06/30/2018

% Fiscal Year Completed: 100.00

		YTD BALANCE	
		06/30/2018	% of total
GL NUMBER	DESCRIPTION	NORMAL (ABNORMAL)	
101-000-566.000	State Aid	6,075.96	1%
101-000-658.000	Library Fines	7,297.75	1%
101-000-658.001	Pleasant Ridge Contract	41,408.94	8%
101-000-659.000	Penal Fines	17,748.54	3%
		72,531.19	14%
	General Fund absorbs difference	444,349.50	86%
Dept 790 - LIBRARY			
101-790-702.000	SALARIES	110,953.28	
101-790-706.000	WAGES/HOURLY	144,407.03	
101-790-715.000	BENEFIT/SOCIAL SECURITY	19,651.16	
101-790-716.000	BENEFIT/HOSPITALIZATION/OPTICAL	16,995.15	
101-790-718.000	BENEFIT/RETIREMENT	64,065.05	
101-790-719.000	BENEFIT/DENTAL	1,849.49	
101-790-724.000	BENEFITS	6,792.87	
101-790-727.000	SUPPLIES/OFFICE	3,826.46	
101-790-756.000	SUPPLIES/OPERATING	10,015.54	
101-790-802.000	PROFESSIONAL SERV	43,194.36	
101-790-853.000	COMMUNICATIONS/TELEPHONE	3,186.92	
101-790-860.000	TRANSPORTATION	737.05	
101-790-880.000	PROMOTION/COMMUNITY	1,003.00	
101-790-920.000	UTILITIES	15,070.12	
101-790-934.000	MAINTENANCE/OFFICE EQUIP	5,752.29	
101-790-956.000	MISCELLANEOUS	2,450.00	
101-790-978.000	BOOK PURCHASE	29,227.59	
101-790-978.002	PERIODICALS	13,082.83	
101-790-978.003	RECORDS,TAPES,DISKS	24,620.50	
Net - Dept 790 - LIBRARY		(516,880.69)	



June 17, 2019

TO: Full Committee

RE: Final Report and Findings of the Road and Sewer Subcommittee

This report represents a summary of the findings of the Road and Sewer Subcommittee and is presented in two sections:

Section 1: Proposed 20-Year Road Plan

Section 2: Proposed Funding of the Sewer Bursting Project

### **Section 1: Proposed 20-Year Road Plan**

The Road and Sewer Subcommittee have worked with Huntington Woods Administration, Vettraino Consulting and engineering firm Spalding DeDecker to study and develop 20-Year Road Infrastructure Plan options. The purpose of this memorandum is to provide the Huntington Woods Long-Range Budget and Planning Committee (Full Committee) with a summary of this work.

After discussing the Subcommittee's goals and objectives for a long-term, sustainable, road infrastructure plan with the Administration and consultants, the Subcommittee recommended Spalding DeDecker prepare a Pavement Surface Evaluation and Rating (PASER) study of the City's road network, which was completed in November 2018.<sup>1</sup> PASER is a system for visually rating the surface condition of pavement from a scale of 1 to 10, with 1 being a pavement in a failed condition and 10 being pavement in excellent condition (see Attachment 1 for an outline of the rating system). The Michigan Transportation Asset Management Council has selected the rating system as the statewide standard.<sup>2</sup> An important concept of the PASER study is the overall condition of the pavement network represented by a weighted average "Overall Condition Index" (OCI) rating (also referred to as the Average PASER Rating). Spalding DeDecker's study included a field evaluation of every street segment. As of November 2018, the City's OCI rating was a 5.093.

The map of Huntington Wood's PASER study results is included as Attachment 2.

The foundation of Spalding DeDecker's advice to the Subcommittee is the City should focus on the average condition of roads, rather the condition of any one road segment. Below are the lane miles of the City by OCI rating:

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<sup>1</sup> The cost of the PASER Rating study was reimbursed 100% by SEMCOG

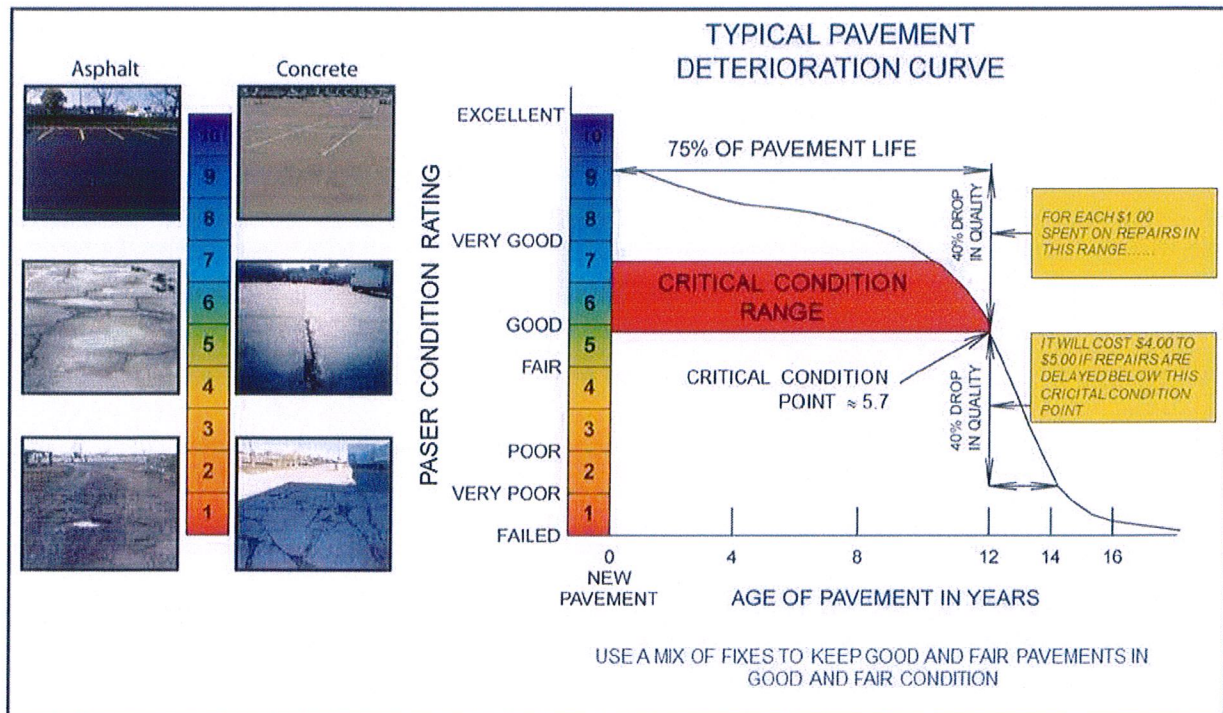
<sup>2</sup> <https://www.michigan.gov/tamc/0,7308,7-356-82161---,00.html>

## Road and Sewer Subcommittee – Final Report to the Full Committee

Surface Type	Lane Miles	10	9	8	7	6	5	4	3	2	1	Total	OCI
Asphalt	46.511	0	4.108	2.919	3.382	5.486	4.968	6.202	14.142	5.304	0	46.511	4.721
Concrete	10.379	0	0	0.342	7.508	2.379	0	0.15	0	0	0	10.379	6.760
Total	56.890	0.000	4.108	3.261	10.890	7.865	4.968	6.352	14.142	5.304	0.000	56.890	5.093
Average PASER Rating	5.093												
		%	0%	7%	6%	19%	14%	9%	11%	25%	9%	0%	

As noted above, 45% of the City’s road lane miles are in the red, considered “poor” (an OCI rating of 4 or less). It is important to note that the average condition of all asphalt roads in the City is “poor” (an OCI of 4.721), while its concrete roads are in “good” condition (an OCI of 6.760), for an average 5.093 OCI. The asphalt roads are all of the City’s neighborhood roads, the concrete roads are 11 Mile Road and Coolidge Highway.

Spalding DeDecker has expressed an opinion that an OCI score of 5.70 (approximate “critical point” on the deterioration curve) or higher produces a pavement network that has satisfactory driving conditions and allows for efficient use of resources to maintain the pavement. Below is a graphical representation of the critical point of determination. Note the curve slope at approximately 5.70 and the cost estimates of repairs on the right side of the graphic. At the point of approximately 5.70 the rate of deterioration accelerates. If maintenance activities can be performed before the critical point it slows the deterioration rate and roads can be maintained more efficiently (for each \$1.00 spent on road maintenance to prevent a road from deteriorating beyond a condition of 5.70, it will cost \$4-\$5 to perform significantly heavier repairs or reconstruction on a road that falls into disrepair below 5.70).



The Subcommittee agreed the City should establish a goal of an OCI of 5.70 (consistent with Spalding DeDecker’s minimum pavement rating goal) or higher at the end of a ten-year and twenty-year period. While it would be great if the City could target a higher OCI rating, the Subcommittee recognizes funding is limited and the community has several funding priorities. By focusing on an



## *Road and Sewer Subcommittee – Final Report to the Full Committee*

OCI of near 5.70, the Subcommittee believes it is both being responsive to the need to improve the road network long-term and remain financially responsible.

The City's current average annual spending on road infrastructure maintenance and repair is \$166,000, which primarily funds minor repair activities such as crack sealing and cold patch repair. This funding is part of the funding received from the State of Michigan's Act 51. Historically, the City has approved capital bonds to finance road reconstruction. The Subcommittee reviewed best practices strategies with Spalding DeDecker. Best practice for effective pavement management is to utilize a mix of repair strategies including "reconstruction," "heavy maintenance" and "minor repair." As noted above, historically the City has focused nearly entirely on "reconstruction" (fixing only the worst roads) and "minor repair." A mix of heavy maintenance activities (mill and overlay, microsurface, infrared heat patching, spot base repair, etc.) focuses on maintaining roads before they fall into poor condition. This "mix of fixes" is the basis of the long-term strategies the Subcommittee reviewed.

Spalding DeDecker ran numerous funding and street condition scenarios for the Subcommittee to consider.<sup>3</sup> In addition to the five strategies below, the Subcommittee also considered options such as road materials (concrete/asphalt), curb and gutter condition, and reconstructing all the poor roads in the City at the same time which was estimated to cost \$17.5 million and did not include maintaining the fair to good roads.

The Subcommittee assumed the City would continue to spend at least \$166,000 on road maintenance in the future and worked with Spalding DeDecker to develop five strategies to review in detail. For purposes of this summary memorandum, all City-owned roads are included in each of the strategies.<sup>4</sup> Below is a brief summary of the five strategies:

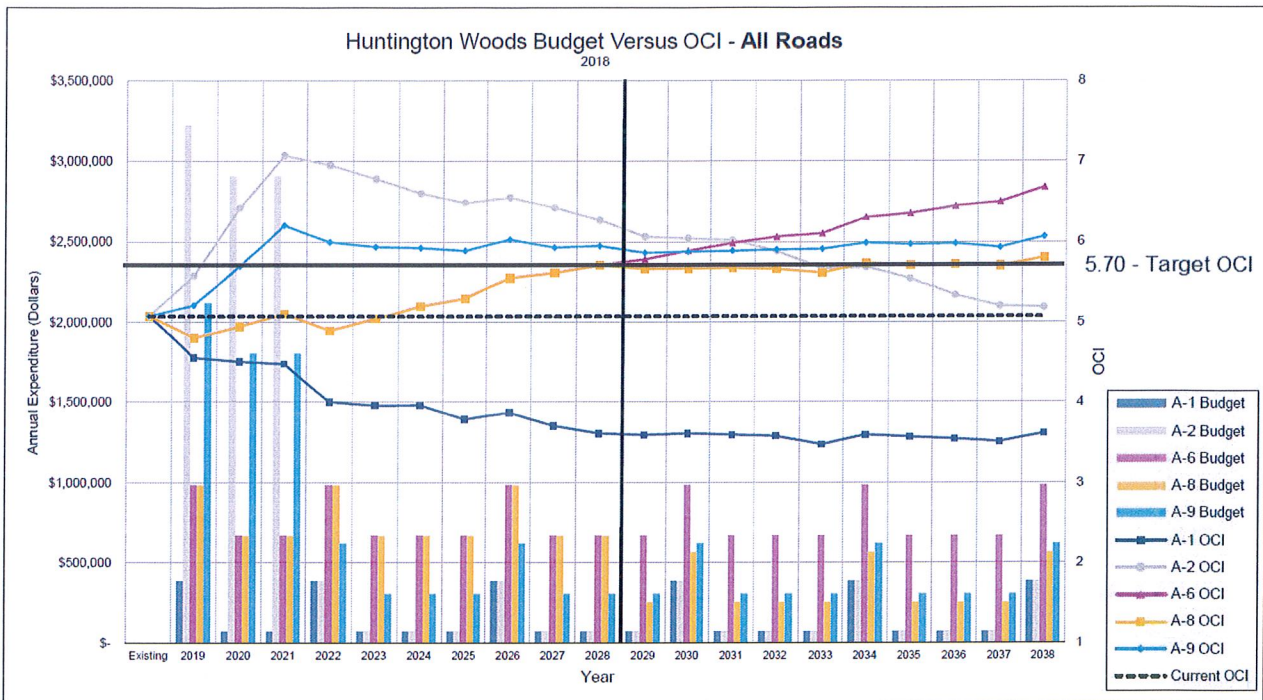
Strategy	Description	20-year cost	Year 20 OCI
A-1	Continue to spend the same amount on annual road maintenance and repair (\$166k per year)	\$3,320,000	3.614
A-2	Continue to spend \$166k each year; spend \$3m additional per year for the first 3 years (\$9m capital investment)	\$11,822,000	5.185
A-6	Increase annual road maintenance and repair budget to \$765k for 20 years	\$15,300,000	6.677
A-8	Increase annual road maintenance and repair budget to \$765k for 10 years; spend \$350k per year for years 11 – 20	\$11,150,000	5.806
A-9	Increase annual spending from \$166k to \$400k for the full 20-year period; spend \$1.5m additional per year for the first 3 years (\$4.5m capital investment in the first three years)	\$12,500,000	6.064

Below is a graphical representation of each strategy:

<sup>3</sup> For all strategies, the cost to reconstruct sections of Borgman, Nadine, York and Ludlow as part of the sewer work in 2019-2021 was not included the funding, but the improved pavement condition on these streets was accounted for in the resulting OCI in each strategy.

<sup>4</sup> The Subcommittee worked with Spalding DeDecker to separate the strategies for Residential Roads (asphalt) and Primary Roads (concrete), in order to more accurately project the cost difference of maintaining the local asphalt roads and the major concrete roads.





Based on an analysis of the options, the Subcommittee believes strategy A-9 (the bright-blue color) and strategy A-8 (the yellow color) represent the best options for achieving the goal of a sustainable road condition.<sup>5</sup> Of these two, the **Subcommittee most favors strategy A-9** for the following reasons:

- Strategy A-9 positions the City well at the end of the twenty years. Not only would the City be above the 5.70 target, but the slope of the graph shows that continuing to spend at a consistent and manageable rate would maintain the roads in good condition after that date.
- The strategy invests an additional \$1.734 million in each of the first three years, which will significantly improve the OCI of the City road network in an immediate way. These results will be viewed favorably by the residents.
- The Subcommittee believes a capital investment of \$4,500,000 over the first three years is a feasible investment. The investment of \$400,000 for road maintenance in years 1 – 20 is an increase of \$234,000 per year from the City's current road spending. The Subcommittee

<sup>5</sup> Notes regarding the Subcommittee's opinion on why the other options were not favored:

A-1	This is the status quo: road conditions are never at the target OCI, worsen over time, and would be very expensive to correct at year 20.
A-2	Higher early infusion of capital results in dramatic improvement in years 1-3; but then long downward slope, going below the target OCI in 2030; continuing to decline past year 20.
A-6	The annual increase is more expensive (more funding would be needed from operations) and the OCI stays below 5.70 for the first 10 years. The total cost is also much higher than the other options.
A-8	This option has the same problem with annual cost as in A-6 for first ten years; does not reach target OCI until 10th year.



thought it might be practical to identify this level of increase in spending. (See notes below regarding funding).

- The Subcommittee reviewed a theoretical scenario of how many roads would be impacted by construction in these first three years and opined that the amount of construction would not overly burden the community nor jeopardize access for emergency vehicles.
- The Subcommittee also recommends an educational campaign be developed to inform residents of the need for a different strategy for sustainable street infrastructure. The information should focus on the current condition of the pavement network and the goal of improving the average condition of the entire network, focusing both on the ride quality of the streets and the future financial savings by investing in the network before the average condition deteriorates further.

As noted above, the City would need to utilize a combination of its current road funding, debt and increased internal financing in order to pursue strategy A-9. The City has several options for financing the 20-year plan. The Subcommittee recognizes its limitation in not having all information needed to recommend the most appropriate funding option, however it would like to provide the Full Committee with its consideration of the subject.

The plan requires:

- (1) An initial three-year total capital expense of \$4,500,000:
  - This could be financed through a bond. A 20-year, 3.75% interest rate bond would result in an annual payment of approximately \$331,000. The annual bond payment could be paid by:
    - o A voter approved debt millage of just over one mill (a little more than \$140 per year for the median home value); or
    - o If the City determines the Public Safety pension plan should be converted to an Act 345 plan, funded by a voter approved millage, the City could reallocate funds from the General Fund to cover the annual bond payment.<sup>6</sup>
- (2) An annual increase in road maintenance funding of \$234,000 per year:
  - In order to internally fund years 1 – 20, the City would have to reduce expenses in other areas; use savings realized from increased efficiencies; and/or utilize available funds if the Public Safety pension funding system changes.

The Subcommittee recognizes that road infrastructure improvements will need to be blended with the other objectives of the Full Committee and the goals of the City, however, in order to demonstrate the opportunity to fund the 20-Year road strategy through approval of Act 345 Public Safety pension funding plan, the Subcommittee developed a summary funding and timeline plan.

It is important to recognize the funding noted is an average, and the actual funding required will vary year-to-year, depending on the project plan and specific projects the City chooses to fund. The A-9 plan prepared by Spalding DeDecker includes the following:

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<sup>6</sup> Although we recognize that the pension funding topic is outside the scope of the Subcommittee, there was some discussion about sources of income to meet the increase in annual road spending. If the full Committee decides to recommend that there should be a debt millage for the roads, we suggest that it be presented to the City Commission at the same time as any other millage recommendations (such as pensions) are presented.



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Year	1	2	3	4	5	6	7	8	9	10
Average	1,900,000	1,900,000	1,900,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Projected (A-9)	2,121,000	1,805,000	1,805,000	620,500	305,500	305,500	305,500	620,500	305,500	305,500
Difference	(221,000)	95,000	95,000	(220,500)	94,500	94,500	94,500	(220,500)	94,500	94,500

Year	11	12	13	14	15	16	17	18	19	20
Average	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Projected (A-9)	305,500	620,500	305,500	305,500	305,500	620,500	305,500	305,500	305,500	620,500
Difference	94,500	(220,500)	94,500	94,500	94,500	(220,500)	94,500	94,500	94,500	(220,500)

As noted above, there will be years the City spends more and others when they will spend less than the average. The City should plan to transfer a consistent \$400,000 contribution to a “Roads Maintenance Fund” (separate from its Local and Major Roads Funds); so funding is available for each year of the plan. It is important to remember, “A-9” is a model, the City will annually adjust its actual work plan. Every year the City will work with its consulting engineer to determine the projects to be completed and subsequently the amount of funding needed.

Based on Scenario A-9 the estimated 20-year funding plan would be:

### A-9

#### Summary

<b>Total 20-year Road Investment</b>	<b>12,500,000</b>
Existing annual funding dedicated to roads	166,000
New annual funding needed for the plan	565,000

Annual funding required and invested	Year 1	Year 2	Year 3	Year 4 through Year 20	Year 21
Capital - First 3 Years Invested	1,500,000	1,500,000	1,500,000		
Debt Payment Needed	175,000	331,000	331,000	331,000	158,000
On-Going Maintenance Invested	400,000	400,000	400,000	400,000	
Maintenance Funding, Existing	166,000	166,000	166,000	166,000	
Maintenance Funding, Needed	234,000	234,000	234,000	234,000	

As noted above, the city currently allocates approximately \$166,000 of funds received from Local and Major Road Funds for road maintenance projects. The City will need approximately \$565,000 per year of new, additional, funds committed to road improvement to fund the plan. These funds would be used to pay the bond debt (\$331,000) and additional maintenance investment (\$234,000). The total invest in roads over the 20-year plan is \$12,500,000.

It is recommended the City consider allocating funds available from the Act 345 proposal for two specific priorities: road improvements and long-term liability (pension and OPEB) reduction. The Subcommittee recommends a portion of the \$800,000, which is the amount of General Fund money that would be available to be reallocated if Act 345 proposal is approved, to be committed to pay the principle and interest on the capital improvements bond and an increase in ongoing maintenance, as outlined in Scenario A-9 (after year one, amount of approximately \$565,000 per year). An annual budget summary, “Timeline for Funding and Road Projects 2020-2024,” is included Attachment #3.



## Section 2: Proposed Funding of the Sewer Bursting Project

In early 2017, City Engineer Nowak and Fraus Engineers developed a “Preliminary Sewer System Cost Repair/Replacement Cost Estimate.” The report included three different types of repairs for the combined sewer system: Pipe Replacement, Pipe Lining and Pipe Bursting. The City has developed funding plans for the Pipe Replacement and Pipe Lining projects. The Subcommittee was tasked with developing a plan to fund the Pipe Bursting repairs. With the Administration and consultants, the Subcommittee considered several options.

Below is a summary of the estimated project cost and two funding options:

### **CITY OF HUNTINGTON WOODS ESTIMATED COST IMPACTS OF PROPOSED SEWER BURSTING PROJECT**

<b>ESTIMATED PROJECT COST</b>	
Original cost estimate (2017):	\$6,400,000
Estimated engineering costs (12%):	\$ 768,000
Cost inflation (8%):	\$ 512,000
Cost of bond issuance (3.3%):	\$ 211,200
<b>Estimated 2019 Cost (rounded up):</b>	<b>\$7,900,000</b>

<b>Estimated Annual Debt Service (20 year term)</b>		
Principal\Rate	3.75%	4.00%
<b>\$ 7,900,000</b>	\$ 568,500	\$ 581,300

Assume 3.75% for a millage supported Bond.  
Assume 4.00% for a Revenue Bond.

<b>Debt Millage Rate</b>	
Principal\Rate	3.75%
<b>\$ 7,900,000</b>	1.5900

<b>Annual Property Tax Impact on Average Taxpayer (TV: \$140,773)</b>	
Principal\Rate	3.75%
<b>\$ 7,900,000</b>	<b>\$ 223.83</b>
<i>\$/month</i>	\$ 18.65
<i>\$/quarter</i>	\$ 55.96

Funding Option #1: Debt Millage. A new debt millage would require voter approval for a millage supported Bond, but not count toward the City's millage cap.

<b>Annual Fixed Sewer Charge per Customer - Uniform Charge for All Customers</b>	
Principal\Rate	4.00%
<b>\$ 7,900,000</b>	<b>\$ 234.11</b>
<i>\$/month</i>	\$ 19.51
<i>\$/quarter</i>	\$ 58.53

Funding Option #2: Annual fixed rate addition to the sewer bill. This will not require voter approval and would be funded by a Revenue Bond.

The Subcommittee also reviewed, in detail, the option of including the cost on the sewer bills as a commodity charge (based on the amount of water used), rather than a fixed rate charge. The Subcommittee determined a fixed rate is appropriate because the debt payment is a fixed cost. A fixed rate based on meter size was also reviewed, but because of the City's current rate structure and its limited number of large meters, a uniform charge is being presented. If, in the future, the City

## *Road and Sewer Subcommittee – Final Report to the Full Committee*

considers a change in its sewer/water rate structure to a meter-based system, a fixed charge based on meter size should be considered.

As noted in the graph, between the two options there is very little financial difference to the average homeowner. While the Subcommittee offers no recommendation between the two options, it does recommend that one of them be adopted in order to fund the Pipe Bursting plan prepared by the City Engineer.

The Subcommittee recognizes that road and sewer infrastructure improvements will need to be blended with the other objectives of the Full Committee and the goals of the City. Based on a further review of the other subcommittees' work and other City priorities, the Road and Sewer Infrastructure Committee looks forward to discussing the information in this report.

Sincerely,  
The Members of the Roads and Sewer Subcommittee of the  
Long-Range Budget and Planning Committee



Attachment #1

Outline of the PASER system

**Rating system**

<b>Surface rating</b>	<b>Visible distress*</b>	<b>General condition/ treatment measures</b>
<b>10 Excellent</b>	None.	New construction.
<b>9 Excellent</b>	None.	Recent overlay. Like new.
<b>8 Very Good</b>	No longitudinal cracks except reflection of paving joints. Occasional transverse cracks, widely spaced (40' or greater). All cracks sealed or tight (open less than 1/4").	Recent sealcoat or new cold mix. Little or no maintenance required.
<b>7 Good</b>	Very slight or no raveling, surface shows some traffic wear. Longitudinal cracks (open 1/4") due to reflection or paving joints. Transverse cracks (open 1/4") spaced 10' or more apart, little or slight crack raveling. No patching or very few patches in excellent condition.	First signs of aging. Maintain with routine crack filling.
<b>6 Good</b>	Slight raveling (loss of fines) and traffic wear. Longitudinal cracks (open 1/4"–1/2"). Transverse cracks (open 1/4"–1/2"), some spaced less than 10'. First sign of block cracking. Slight to moderate flushing or polishing. Occasional patching in good condition.	Shows signs of aging. Sound structural condition. Could extend life with sealcoat.
<b>5 Fair</b>	Moderate to severe raveling (loss of fine and coarse aggregate). Longitudinal and transverse cracks (open 1/2" or more) show first signs of slight raveling and secondary cracks. First signs of longitudinal cracks near pavement edge. Block cracking up to 50% of surface. Extensive to severe flushing or polishing. Some patching or edge wedging in good condition.	Surface aging. Sound structural condition. Needs sealcoat or thin non-structural overlay (less than 2")
<b>4 Fair</b>	Severe surface raveling. Multiple longitudinal and transverse cracking with slight raveling. Longitudinal cracking in wheel path. Block cracking (over 50% of surface). Patching in fair condition. Slight rutting or distortions (1/2" deep or less).	Significant aging and first signs of need for strengthening. Would benefit from a structural overlay (2" or more).
<b>3 Poor</b>	Closely spaced longitudinal and transverse cracks often showing raveling and crack erosion. Severe block cracking. Some alligator cracking (less than 25% of surface). Patches in fair to poor condition. Moderate rutting or distortion (greater than 1/2" but less than 2" deep). Occasional potholes.	Needs patching and repair prior to major overlay. Milling and removal of deterioration extends the life of overlay.
<b>2 Very Poor</b>	Alligator cracking (over 25% of surface). Severe rutting or distortions (2" or more deep). Extensive patching in poor condition. Potholes.	Severe deterioration. Needs reconstruction with extensive base repair. Pulverization of old pavement is effective.
<b>1 Failed</b>	Severe distress with extensive loss of surface integrity.	Failed. Needs total reconstruction.

\* Individual pavements will not have all of the types of distress listed for any particular rating. They may have only one or two types.



Attachment #2

Map of the City's PASER ratings





## *Road and Sewer Subcommittee – Final Report to the Full Committee*

### Attachment #3

#### Potential Timeline for Funding and Road Project 2020 - 2024

Below is a draft schedule of both the funding and project timeline, assuming road plan A-9 is adopted and Act 345 funding is approved by the voters. Note: the “light green” amounts are funds that the City will determine, each budget year, whether to invest in infrastructure improvements or funding long-term liabilities. It is important to note the City has pension liabilities beyond the Public Safety pension costs.

#### **Timeline for Funding and Road Projects 2020 - 2024**

General Fund Allocation \$800,000

5/1/2020	Approve Act 345 millage		
7/1/2020	\$800,000 available in Gen Fund budget		
<b>Fiscal Year 2020-2021</b>			
7/1/2020	2020 - 2021 budget	175,000	Bond payment (interest only)
	2020 - 2021 budget	234,000	Added to road maintenance
	2020 - 2021 budget	100,000	Engineering
	2020 - 2021 budget	291,000	*
8/1/2020	1st road maintenance project		
1/1/2021	sell road bonds and get proceeds		
4/1/2021	1st road reconstruction project		
4/1/2021	Bond interest payment		
<b>Fiscal Year 2021-2022</b>			
7/1/2021	2021 - 2022 budget	331,000	Bond payment
	2021 - 2022 budget	234,000	Added to road maintenance
	2021 - 2022 budget	235,000	*
8/1/2021	2nd road maintenance project		
10/1/2021	Bond interest & principle payment		
4/1/2022	2nd road reconstruction project		
4/1/2022	Bond interest payment		
<b>Fiscal Year 2022-2023</b>			
7/1/2022	2022-2023 budget	331,000	Bond payment
	2022-2023 budget	234,000	Added to road maintenance
	2022-2023 budget	235,000	*
8/1/2022	3rd road maintenance project		
10/1/2022	Bond interest & principle payment		
4/1/2023	3rd road reconstruction project		
4/1/2023	Bond interest payment		
<b>Fiscal Year 2023-2024</b>			
7/1/2023	2023-2024 budget	331,000	Bond payment
	2023-2024 budget	234,000	Added to road maintenance
	2023-2024 budget	235,000	*
8/1/2023	4th road maintenance project		
10/1/2023	Bond interest & principle payment		

\* Expected available to fund long-term liabilities and infrastructure priorities

# 2019 Huntington Woods Long Range Budget and Planning Committee

## City Hall, Department of Public Safety and Department of Public Works Subcommittee

### City Hall

The subcommittee reviewed finances and met with City Manager Amy Sullivan and Finance Director Tim Rowland. Some of the items reviewed included:

- IT operations
- Roles and responsibilities of City Hall staff
- Cross-functional activities being performed including: administrative, financial, procurement, etc.

After spending a significant amount of time with the City staff, we determined that City Hall is extremely well run. A small number of employees are cross-trained and perform multiple roles.

#### - IT Operations

*The subcommittee recommends a third-party review of IT operations for sustainability, security and cost savings. Currently, there are servers housed/located at City Hall and there may be a more practical and cost-effective method for managing IT on behalf of the City departments. For example: outsourcing this function for a monthly fee to include all maintenance, support, hardware/software upgrades, etc. A review would include recommendations for improvements to the IT operations mentioned above, plus a cost analysis of potential options for remaining status quo, or transitioning to another solution (to include business, technology and economic benefits for both options).*

One option for significant savings would be eliminating City administrative functions along with related management and transferring those responsibilities to another local municipality or a 'regional' government. Although this option may not be palatable to the citizens of HW, it's an option that should be considered, especially in the event of an economic downturn.

#### - Online Payment Solutions

A potential cost-saving opportunity is transitioning all in-person fee payments (including but not limited to: water bills, taxes, fines/tickets, Recreation class registration, etc.) to an online platform. Although the City presently is making strides here, it may be time to have other experts review these operations. Since in-person payment processing is very labor intensive, all 'walk-in' payment activities should quickly be transformed to a digital platform.

According to the City Manager, an initiative is currently underway to digitize payment processes with the goal of creating convenient online payment options. This may be an excellent opportunity for an existing employee to conduct a study on the effort it would take to complete a City-wide online initiative and opportunities for any full-time employee (FTE) savings.

*The subcommittee recommends that an analysis/study be conducted to determine the effort it would take to the rapidly move the City to online transactions and provide estimates on savings, i.e., how many and/or what percentage of FTEs across the various departments are currently involved in managing/processing in-person payments.*



## Department of Public Safety (DPS) – (See Appendix A, B, C)

Members of the subcommittee met with HW Department of Public Safety (DPS) Director Chief Andrew Pazuchowski on two occasions to discuss the following:

- Understanding the current staffing level (16 FTEs) based on 24-hour shift cycle
- Consolidation of public safety services with another local municipality
- Elimination of fire services and HW would procure from another municipality
- Potential for providing fire services to Pleasant Ridge
- Elimination of 'functions' intended to bring about savings
- Current and future Department hiring strategies

### Staffing:

The DPS staffing model is based on 24-hour shifts, which allows for a fewer number of officers. This creates a savings in providing benefits, albeit, overtime is worked to cover all required shifts. This works for our Department and according to Chief Pazuchowski the officers like working in this manner. If HW moved to a traditional 12-hour shift structure, the City would need a full-time staff of 24 employees, which would increase the City's labor costs (salary, healthcare, 401k, etc.). Considering this, the subcommittee supports the current staffing structure.

### Consolidation:

An exhaustive study and recommendation to move forward with developing a plan to consolidate DPS with another local municipality was completed by the previous Financial Ad-hoc Committee in 1994. After being presented numerous options/recommendations for consolidation, the City Commission choose not to consider consolidation at that time. However, consolidation *may* still be a feasible alternative in the future, resulting in long-term savings.

The subcommittee believes that any short-term options (2-5 years) savings would be negligible, at best. Consolidation options though, should continue to be explored, but cannot be completed in a short time frame due to the amount of effort and time it would take to find a willing partner; negotiate with the respective parties (including the various unions representing officers); determine and agreeing on oversight, operational plans and priorities; and demonstrating the benefits of consolidation to HW residents if the study determines there are cost savings.

*The subcommittee recommends continuing to explore the potential for consolidation with one of HW's neighboring communities, as we believe the way in which public safety services are delivered will continue to evolve in the both the long-and-short term, especially due to innovations in technology.*

### Sharing of fire services/equipment:

Although there is a 'mutual aid' agreement between Huntington Woods, Berkley and Oak Park, there appears to be an opportunity to share fire equipment. Chief Pazuchowski indicated that when a fire occurs in any of the three cities, each City responds as part of the mutual aid agreement. This seems to be redundant, and the subcommittee believes there could be an opportunity for efficiencies as stated above. These efficiencies may be in the form of an 'authority' or another type of formal cooperative agreement.

*The subcommittee recommends that the HW City Commission reconstitute the Long Range Budget and Planning Committee to form an ongoing citizen-led initiative working with the public safety directors, city commissioners and administrators, and residents from Berkley and Oak Park to explore the feasibility of establishing a formal authority in order to gain efficiencies, cost savings and improved service for all three cities engaged in the current mutual aid agreement. This committee would not be limited to a review and related recommendations for sharing equipment, but instead take a broader view into efficiencies that could be gained, over time, in the providing fire services to the three communities (and potentially Pleasant Ridge per the item below).*

#### **Additional source of revenue in providing fire services to Pleasant Ridge:**

In past years, there have been attempts by HW to negotiate an agreement with Pleasant Ridge to assume responsibility for its fire service. Numerous 'dry-runs' were successfully executed to validate that government-certified response times could be met. The former ad-hoc committee analyzed and recommended that HW pursue this option with PR. The subcommittee's understanding is there were conversations to this effect, but PR decided to continue its relationship with Ferndale.

*Per the above, the subcommittee recommends that the reconstituted committee cited above explore the option to provide fire services to PR. This effort may be part of the existing 'mutual aid' agreement or if an authority were to be formed, it could be contained within the authority.*

#### **Elimination of specific functions, i.e., director, lieutenants, investigators, etc.**

As outlined above, if an authority were to be formed, a review of the number of DPS leaders, detectives, lieutenants, administrators, etc. from all departments should be reviewed and recommendations for consolidation recommended. In light of the fact that each department has such personnel, there could be potential for reductions. This may not be done as a priority, but instead, a longer-term opportunity (phase two).

### **Department of Public Works (DPW)**

#### **PERSONNEL**

The DPW in the 1960's had about 20 full-time employees because the City provided rubbish collection services. In the 1980's the department reduced those employees to 12 by contracting out this service. In the 1990's this was eventually reduced to 10 employees. By the 2000's the DPW was down to eight employees. This was accomplished by privatizing a host of services including tree removal, trimming, road building and reconstruction, traffic signal maintenance, water-main installation, crack sealing and other services. In 2010 City had only seven full-time DPW employees. That number is now up to eight full-time employees including an office manager.

The DPW is responsible for maintaining 24+ miles of major and local roads (or 5.4 employees per square mile). Interestingly the City of Berkley maintains 50+ miles of major and local roads with 14 employees (or 5.4 employees per square mile, the same as Huntington Woods). Both cities perform the same DPW functions and have privatized the same services.

*The subcommittee's recommendation - The City cannot operate the DPW in its current format with any further reduction in staff. No budget savings were identified. Given the staffing size of*



*our most similar city (Berkley), even if the City were to operate a consolidated department, or entertain a contract to provide services with Berkley, savings would not be obtainable.*

## **WATER DEPARTMENT**

The DPW is responsible for maintaining all water distribution systems in the City, including water main repairs, meter repairs and replacements and water meter reading for billing and audit purposes. This includes maintaining proper flow in hydrants for firefighting capabilities. The DPW utilizes two personnel for two days during each month to read water meters for billing purposes. Due to the small staff size, it is unlikely that eliminating any employees would be possible if radio-read technology were used for meter reading every month. The DPW administration concurs with this conclusion.

***Preliminary review, conclusion** – The City may be able to replace an employee with a part-time person or eliminate one full time position if other services were eliminated, for instance privatizing meter-reading responsibilities. Some budget savings are possible, however the cost of the installation of a radio-read system is expensive. The current meters are being replaced as necessary with non-metallic Sensus® meters capable of being utilized in a radio-read environment should the City find funds to install the technology city-wide. That said, the cost of the system and the slim change of staff reductions make any savings to tax payers non-existent.*

## **EQUIPMENT**

The DPW owns a Vactor® sewer maintenance vehicle. The replacement cost is \$460,000 today. The administration believes that although the vehicle is 18 years old, the amount of machine operating hours are low. Therefore, in the short term, the DPW administration believes that replacement of the device is not likely at this time. The Department believes that continuing to maintain the Vactor is a better option in the short term. Longer term, the DPW will consider a lease program once the vehicle becomes too expensive to repair. DPW administration believes it is prudent to use the machine more often and to add additional part time summer staff to clean and televise the sewer mains on a regular basis.

## **DPW YARD – LOCATION**

The DPW yard sits on 11 Mile Road. The feasibility of moving the DPW yard and function to another jurisdiction in close proximity to Huntington Woods, has been discussed. Should there be a dedicated effort to utilize a single DPW yard site through a multiple-city agreement, the DPW believes the participating municipalities may achieve some savings in equipment costs.

***Preliminary review** – the cost of relocating the DPW to another site outside the City would not allow long term savings to accrue, unless there were agreements struck with neighboring communities to combine yard services and therefore reduce equipment costs.*

## **ROADS AND ROAD FUNDING (See Appendix D)**

Road and right-of-way maintenance in Huntington Woods is almost entirely paid for by Act 51 gas tax dollars derived from a 67-year-old formula enacted in 1951. No change has been made to update the formula since then. The inequities in the formula discriminate against smaller cities simply due to their size.

As an example:

In 2018 Berkley received \$1,433,622 in Act 51 Road Funding

In 2018 Huntington Woods received \$606,008 in Act 51 Road Funding

Huntington Woods is 56% of the size of Berkley and has nearly the same road structure, yet Huntington Woods received only 42% of the Act 51 funding Berkley received in the same period of time. This 14% differential adds up quickly. In ten years the lost revenue estimate is approximately \$145,780 based upon the present formula.

This means that small cities like Huntington Woods require more transfers from the General Fund or other mechanisms like bonding to pay for road maintenance.

***Preliminary review** – For nearly 70 years, the State has used a formula for funding roads that does not treat cities equitably. Act 51 gas tax funding is antiquated and allows for a large disparity in annual funding for road maintenance activities and operations. The fact that a mile of road is worth twice as much in the same region for the same roadway has caused and will continue to exacerbate the road maintenance issues statewide. Huntington Woods will need to vigorously fight this battle with the State to change current policy. The City should continue to lobby State lawmakers for a fair and equitable change in road funding policies through its membership in the Michigan Municipal League.*

### **Overall subcommittee findings:**

The subcommittee was impressed by all three department directors. Each of the entities are extremely well-run and their leaders are consciousness about their budget obligations. The residents of Huntington Woods should be proud of the way these individuals run their departments and more importantly, that they provide excellent service to our city.



### Public Safety Budget Dynamics and Economic Realities

#### Report for the Long Range Budget and Planning Committee

The Long Range Budget and Planning Committee was charged reviewing HW Department of Public Safety (DPS) operations. Based upon this charge, here are some initial conclusions based upon the data, discussions and realities of operating the department in 2019. The data illustrated in the attached charts (Appendices B and C) were derived from a thorough review of the Comprehensive Annual Financial Report compiled from four neighboring cities (Berkley, Oak Park, Pleasant Ridge and Royal Oak).

In all cases, DPS costs are sizeable and command up to 88% of all General fund operations<sup>1</sup> inclusive of all tax revenues. Therefore, any impact on the General Fund is extremely pronounced. Because the cities are so different in terms of taxable values many factors play into the ultimate costs on a per-employee basis and to residents. This does not take into consideration some of these cities have additional millage supplied by **Public Act 345** which allows added millage to be collected to defray the costs of PS pensions<sup>2</sup>.

The first issue examined is each city's commercial, industrial and residential property makeup.

As shown in Appendix B, Oak Park and Royal Oak have substantially higher non-residential property than do the other cities<sup>3</sup>

**Question:** *Are DPS costs for residential property lower if there are more commercial and industrial parcel counts?*

**Answer:** Yes, generally. Because of the larger amount of non-residential tax base in Oak Park, the residential cost per parcel is substantially less at \$802.12 vs HW at \$1,243.48.4 By far the lowest average taxable value per home is in Oak Park—even though the cost of DPS is high, the cost per homeowner is relatively low due to the lower value of residential property.

**Question:** *Is the DPS cost per capita lower if there are more commercial and industrial parcel counts? Based upon the amount of commercial/industrial property, is there a large amount of change in the cost per capita of Public Safety as well?*

**Answer:** Yes. There is a reasonably large difference in the cost per capita, but because of the relatively large size of the Oak Park PSD budget, PA 345 offsets some of the pension costs. This amount would be substantially larger if Oak Park were not an Act 345 community. Oak Park spends \$438 per capita vs HW at \$506 per capita<sup>5</sup>

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<sup>1</sup>Percent of operations to general operating (line 48)

<sup>2</sup>Act 345 millage (line 26)

<sup>3</sup>Percentage Taxable value commercial/industrial/residential (line 13,14)

<sup>4</sup>PS cost per residential parcel (line 40)

<sup>5</sup>Cost per capita (line 41)

## APPENDIX A – PUBLIC SAFETY DATA

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The cost to the individual homeowner in Oak Park for public safety services is less than Huntington Woods because there is a higher number of non-residential parcels and the value of each residential parcel is small. In Oak Park the average **Taxable Value per parcel is \$32,1306, vs \$140,772 in Huntington Woods.** Huntington Woods property owners are impacted because of the high percentage of residential parcels.

**Question:** *Since the four neighboring are larger than Huntington Woods, can the amount of manpower can be lessened i.e. spread out over a larger area and therefore reduce the number of Public Safety Officers needed?*

**Answer:** No. The cities have between 8.3 and 12.98 public safety officers per square mile<sup>7</sup> (averaging about 10 per square mile) so the notion of combining forces in order to utilize the size of city component generally *will not accrue to any savings*. Additionally, the makeup of Huntington Woods is so different compared to the other four cities, it would be unlikely to make this a viable option.

Because the size of the taxable value is so high in Huntington Woods relative to the other communities and the ratio of public safety employee per square mile is relatively the same, (about 9-10 public safety employees per square mile), Huntington Woods property owners will always carry the burden of increasing costs for DPS services.

**Question:** *So would the overall cost to each individual homeowner be reduced if department combinations were to occur?*

**Answer:** No. Royal Oak's public safety costs are significantly higher than other communities due to the Emergency services provided through a full-time fire department. Each police officer in Royal Oak costs \$460,000 whereas each public safety employee in HW costs \$213,000.<sup>8</sup> Oak Park costs are relatively high as well, however the cost is borne substantially by the commercial/industrial base. So an individual homeowner in Oak Park pays \$556 for DPS costs due to the size of the commercial base and the low taxable value of residential property in Oak Park.

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<sup>6</sup>Average home value (line 23)

<sup>7</sup>Public Safety officer per square mile (line 45)

<sup>8</sup>Cost per Public Safety officer (based upon overall dept costs) (line 49)



## APPENDIX A – PUBLIC SAFETY DATA

**Question:** *Could Huntington Woods achieve DPS savings by combining departments with Berkley?*

**Answer:** No. Berkley is a PA 345 community. A separate levy was established many years ago to provide for DPS pension costs. This millage was equal to 2.2684 mills in 2017. The total millage that must be levied to pay for the cost of the DPS is 12.7199 mills. The residential homeowners pay 11.3389 mills and the remainder is borne by the commercial/ industrial base. As you can see in Chart #1 below, Berkley has 12.98 public safety employees per square mile to HW's 10.20. An average home in HW pays \$1,215 for DPS services—in Berkley the amount is \$1,098.00. Looking at the department on a "per officer" basis, one mill pays for 2.67 officers in Berkley and 1.68 officers in HW. This is due to the substantially higher average taxable value in HW at \$140,772 vs \$96,863 in Berkley. The department cost per residential parcel in Berkley is less than HW because Berkley has more commercial property which bears a portion of the cost. The per-parcel cost in HW is \$1,285 vs \$1,073 in Berkley. On an overall basis, the DPS costs are roughly equal between both cities. The 11% commercial industrial base does lower the cost of doing business in Berkley, but not to a large degree. In summary, aggregating departments into one unit would likely not save enough over the long term to make the process worthwhile, even when considering other economic factors such as commercial/industrial development.

**CHART 1**

	BERKLEY	HW
Public Safety operating	6,537,971	3,197,637
Public Safety operating and Act 345	7,956,983	3,197,637
Public Safety Employees	34	15
PS - cost to residential property	7,093,129	3,092,527
PS - cost to commercial property	863,854	105,110
PS - cost per square mile	3,037,016	2,175,263
Cost of Public Safety (in Mills)	12.7199	8.9302
Cost PS to residential Homeowners (in Mills)	11.3389	8.6366
PS Cost per Commercial/Industrial parcel	130.65	42.26
PS Cost per residential parcel	1,072.77	1,243.48
PS Cost per parcel citywide	1,203.42	1,285.74
Gross Public Safety Cost per capita	519.01	506.20
Residential Cost per capita -PS	462.67	489.56
PS annual cost per avg home (based upon value)	1,098.33	1,215.80
PSO per sq mile	12.98	10.20
How Many PSO will one mill account for (based on dept costs)	2.67	1.68
Homeowner pays per PSO a total of	1,098.33	1,215.80
Percentage Cost of Public Safety to tax Collections	88%	47%
Department operating cost including Act 345	234,029	213,176

**Conclusion:**



## APPENDIX A – PUBLIC SAFETY DATA

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We live in a very dynamic urban area, compared to homogeneous out-state townships, villages and cities. These include gross taxable value and taxable values that pertain to commercial/industrial parcels. Based upon the data reviewed here, the amount and **cost of each DPS are similar between our four neighboring cities**, with the exception of Royal Oak which runs a co-equal ambulance/emergency/public safety operation (see Appendix B line 49). The difference lies in the values of residential property and the millage needed to sustain these operations at approximately the same level of service i.e. 10.2 public safety employees per square mile average. Due to lower property values in Oak Park, the City needed a voter-approved PA 345 millage to offset declining property values. Royal Oak also provides EMS services (a private ambulance service handles this function in HW). This service required the Royal Oak to increase its millage and included a PA 345 millage. In Berkley's case, the Charter millage provisions presented a stumbling block to adequately fund DPS services many decades ago. Berkley determined early on that using a PA 345 millage would free up operating millage.

Although there are large differences between the communities for taxable values and in commercial and industrial values, the DPS costs are very similar. Although the DPS costs per capita range between \$438 and \$7639 (with the exception of the large cost of emergency services in Royal Oak) the costs are strikingly similar. **In very certain terms Huntington Woods is getting the bang for the buck in operating its DPS with 15 employees at \$3,197,637 annually.**

- This subcommittee believes that unless a **baseline contract** for DPS services via the City of Oak Park, Berkley or Royal Oak can provide for **a cost certain with a CPI modifier that could be negotiated** that would only rise based upon a narrow set of guidelines (such as aggregate TV) and Proposition A provisos and that the public safety employee per square mile and response times can be determined to be static, **there is no incentive looking at the financial costs of operation to combine services in any meaningful way.**
- Based upon HW's OPEB and pension liabilities, it may be a disincentive to aggregate services because HW pays only a small fraction of OPEB costs through the current public safety budget. It would not be in the best interest of any other city to assume these costs into an authority or a sub-unit when HW's unfunded OPEB costs would "drag-down" the value of the funded portion of OPEB costs on the balance sheet in neighboring cities. HW does pay the normal cost of the pension program, which is included in the 3.197 million dollar public safety budget. All three communities that have larger public safety departments have PA 345 provisions, and pay for DPS legacy costs through this vehicle. As of this writing, HW is paying less than 10% into the OPEB Trust Fund.
- Finally, to exacerbate the issue of coordinating or combining services, recently Royal Oak levied a \$100 million dollar bond issue to pay for the total cost of the calculated OPEB liability, which includes a substantial amount for public safety employees. It would be politically very difficult to move in a direction that would add liability to Royal Oak's balance sheet.

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<sup>9</sup>Costs per capita, Appendix B, line # 41



# Appendix B - Public Safety Data

## Economic Data Values as of 6/30/2017 based upon CAFR Reports

Index #	Description	Berkley	Royal Oak	Oak Park	Pleasant Ridge	H W
1	assessed/residential	644,893,730	2,510,634,750	453,217,560	197,419,750	478,159,040
2	assessed/commercial	62,685,330	508,729,940	109,031,800	6,456,890	7,708,160
3	assessed/industrial	858,810	45,297,720	28,039,000	-	-
4	assessed/real total	708,437,870	3,064,662,410	590,288,360	203,876,640	485,867,200
5	personnal property	13,749,000	125,109,600	43,550,990	2,052,320	5,147,800
6	Grand Total assessed	722,186,870	3,189,772,010	633,839,350	205,928,960	491,015,000
7	TV Residential	557,642,430	2,087,920,010	317,258,070	145,600,170	346,301,530
8	TV Commercial	53,456,860	423,697,010	101,727,150	5,313,810	6,622,380
9	TV Industrial	707,960	39,757,990	25,813,190	-	-
10	personnal property	13,749,000	125,109,600	43,550,990	2,052,320	5,147,800
11	Grand Total TV	625,556,250	2,676,484,610	488,349,400	152,966,300	358,071,710
12	TV value non-residential	67,913,820	588,564,600	171,091,330	7,366,130	11,770,180
13	TV Percentage non-residential	11%	22%	35%	5%	3%
14	TV Percentage residential	89%	78%	65%	95%	97%
15	commercial parcels	575	1,331	503	34	27
16	industrial parcels	280	191	153	-	-
17	Percentage Non-residential Parcels	13%	6%	6%	3%	1%
18	residential parcels	5,757	24,398	9,874	1,225	2,460
19	total parcel count	6,612	25,920	10,530	1,259	2,487
20	2017 population (est)	15,331	59,112	29,654	2,467	6,317
21	Size of City (Sq Miles)	2.62	11.79	5.16	0.57	1.47
22	One Mill City-wide equals	625,556	2,676,485	488,349	152,966	358,072
23	Average Home Taxable Value	96,863.37	85,577.51	32,130.65	118,857.28	140,772.98
24	Oer Mill per residential parcel equals	96.86	85.58	32.13	118.86	140.77
25	Total local tax levy (less debt)	12,1414	13,4050	21,7590	17,1156	19,1369
26	Public safety Millage or Act 345	2,2684	3,8374	7,7557	-	-
27	Act 345 millage collections	1,419,012	10,270,742	3,787,491	-	-
28	Non- PS Tax Collections	7,595,129	35,878,276	10,625,995	2,618,110	6,852,383
29	Total Operating Tax Revenue	9,014,140	46,149,018	14,413,486	2,618,110	6,852,383
30	Grand total local levy (less debt)	14,4098	17,2424	29,5147	17,1156	19,1369
31	Public Safety operating	6,537,971	34,856,261	9,213,830	1,383,383	3,197,637
32	Public Safety operating and Act 345	7,956,983	45,127,003	13,001,321	1,383,383	3,197,637
33	Public Safety Employees	34	98	61	6	15
34	PS - cost to residential property	7,093,129	35,203,480	8,446,359	1,316,766	3,092,527
35	PS - cost to commercial property	863,854	9,923,523	4,554,963	66,617	105,110
36	PS - cost per square mile	3,037,016	3,827,566	2,519,636	2,426,988	2,175,263
37	Cost of Public Safety (in Mills)	12.7199	16.8606	26.6230	9.0437	8.9302
38	Cost PS to residential Homeowners (in Mills)	11.3389	13.1529	17.2957	8.6082	8.6366
39	PS Cost per Commercial/Industrial parcel	130.65	382.85	432.57	52.91	42.26
40	PS Cost per residential parcel	1,072.77	1,358.16	802.12	1,045.88	1,243.48
41	PS Cost per parcel citywide	1,203.42	1,741.01	1,234.69	1,098.80	1,285.74
42	Gross Public Safety Cost per capita	519.01	763.42	438.43	560.76	506.20
43	Residential Cost per capita -PS	462.67	595.54	284.83	533.75	489.56
44	PS annual cost per avg home	1,098.33	1,125.59	555.72	1,023.15	1,215.80
45	cops per sq mile	12.98	8.31	11.82	10.53	10.20
46	Cost of (1) PSO in Mills	2.67	5.81	2.29	0.66	1.68
47	Homeowner pays per Cop a total of	1,098,325.52	14.72	14.02	179.15	83.81
48	Cost in % of Public Safety to tax Collections	88%	76%	64%	53%	47%
49	Department operating cost including Act 345	234,029	460,480	213,136	230,564	213,176
50	DPW Operating	3,961,969	12,216,069	4,662,197	1,185,647	1,446,559
51	DPW Employees	13	45	24	1	8
52	DPW - cost to residential property	3,531,836	9,529,730	3,028,814	1,128,552	1,399,009
53	DPW - cost to commercial property	430,133	2,686,339	1,633,383	57,095	47,550
54	DPW - cost per square mile	1,512,202	1,036,138	903,527	2,080,082	984,054
55	Cost of DPW (in Mills)	6.3335	4.5642	9.5468	7.7510	4.0399
56	DPW - cost per capita	258	207	157	481	229
57	DPW cost per parcel	599	471	443	942	582
58	DPW cost per commercial/industrial parcel	77	28	28	25	6
59	DPW cost per residential parcel	522	444	415	916	575
60	2017 City Hall operating	3,253,442	10,372,611	4,078,708	811,094	1,083,856
61	Cost of General Government (in Mills)	5	4	8	5	3
62	Residential Cost per capita - CH	189.17	136.89	89.36	312.95	165.94
63	2017 City Hall Employees	11	43	39	3.5	6



# APENDIX C - MILLAGES NEIGHBORING CITIES

## Appendix C

### MILLAGE COMPARISON OF NEIGHBORING CITIES as of 2017 CAFR

#### Berkley

LIMITATION	MILLS	Reduced	Levied	Margin
Charter or constitutional	10.0000	5.8083	5.8083	0
Over-ride voted	3.0000	2.7614	2.7614	0
Charter Limit via local charter	3.0000	1.7421	1.7421	0
Statute - PA 298 Solid Waste	3.0000	1.7421	1.7421	0
Statute - PA 359	4.0000	2.3229	0.0875	0
Statute - PA 345	unlimited	N/A	2.2684	unlimited
Limt reduced by Headlee	23.00000	14.37680	14.40980	0.00000

#### Royal Oak

Charter or constitutional	11.0000	7.1389	7.1389	0
Statute - PA 298 Solid Waste	3.0000	1.9465	1.9465	0
Statute - PA 359	4.0000	2.5956	0.0180	0
Library	1.0000	0.9263	0.9263	0
Voted Refuse	1.0000	0.9619	0.9619	0
Voted Police /Fire / EMS	3.9750	3.8374	3.8374	0
Voted Roads	2.5000	2.4134	2.4134	0
Limt reduced by Headlee	26.47500	19.82000	17.24240	0.00000

#### Pleasant Ridge

Charter or constitutional	20.0000	10.3714	10.3714	0
Over-ride voted Dedicated - Operating	2.9000	2.6593	2.6593	0
Over-ride voted Library	0.5000	0.4583	0.3675	0.0908
Over-ride voted Dedicated -Park	0.7500	0.6877	0.6877	0
Over-ride voted Dedicated -Pool Imp	1.4000	1.1546	1.1546	0
Statute - PA 298 Solid Waste	3.0000	1.5551	1.5551	0
Statute - PA 359	0.5000	0.4583	0.3200	0
Limt reduced by Headlee	29.05000	17.34470	17.11560	0.09080

#### Huntington Woods

Charter or constitutional	20.0000	11.9267	11.9267	0
Over-ride voted Dedicated - Operating	6.1829	5.4241	5.4241	0
Voted Rec Center	0.2500	0.1953	0.1953	0
Statute - PA 298 Solid Waste	3.0000	1.5908	1.5908	0
Limt reduced by Headlee	29.43290	19.13690	19.13690	0.00000

#### Oak Park

Charter or constitutional	20.0000	15.8571	15.8571	0
Over-ride Dedicated - Operating	1.1437	1.1087	1.1087	0
Over-ride Dedicated - Pub Safety	1.0000	0.9694	0.9694	0
Over-ride Dedicated - Receration	0.5000	0.4847	0.4847	0
Over-ride Dedicated - Solid Waste	0.5000	0.4847	0.4847	0
Over-ride Dedicated - Library	1.5000	1.4457	1.4457	0
Statute - PA 298 Solid Waste	3.0000	2.3781	2.3781	0
Statute - PA 345	7.0000	6.7863	6.7863	0
Limt reduced by Headlee	34.64370	29.51470	29.51470	0.00000



## APPENDIX D

### Act 51 Funds received from the State of Michigan

Actual Receipts	BERKLEY	HW
Feb-18	\$214,396	\$95,562
Mar-18	122,380	54,553
Apr-18	80,976	36,093
May-18	100,918	11,982
Jun-18	128,797	57,407
Jul-18	102,335	45,613
Aug-18	109,077	48,618
Sep-18	134,385	59,899
Oct-18	106,724	47,570
Nov-18	114,931	51,229
Dec-18	104,516	46,586
Jan-19	114,187	50,896
<b>Total</b>	<b>1,433,622</b>	<b>606,008</b>
<b>City Miles</b>	<b>2.61</b>	<b>1.47</b>

HW receives 42% of what Berkley receives in gas tax

HW is 56% the size of Berkley

HW should be receiving the additional 14% (all other factors equal) which would equate to \$18,000+ annually or nearly \$200,000 over a ten year period.

This data shows why small Michigan cities with less "major roadway" (including Huntington Woods) are at a disadvantage with regard to Act 51 receipts. Act 51 provides almost all revenue for street maintenance/minor repairs.

## **Communications Subcommittee Report**

In May 2019, the Communications Subcommittee formed to edit the Subcommittee reports for accuracy/clarity and to draft/revise the Long Range Budget and Planning Committee Report for approval before submission to the Huntington Woods City Commission.

The Subcommittee also believed it would be prudent for the City Commission to remind HW residents of the Full Committee's goals and to inform them of the upcoming release of its Report. To that end, the Subcommittee drafted and shared a series of recommended key messages with HW Mayor Bob Paul, who included a number of them in his "Mayor's Memo" address in the Summer 2019 "Hometown Herald" newsletter (see Attachment A).

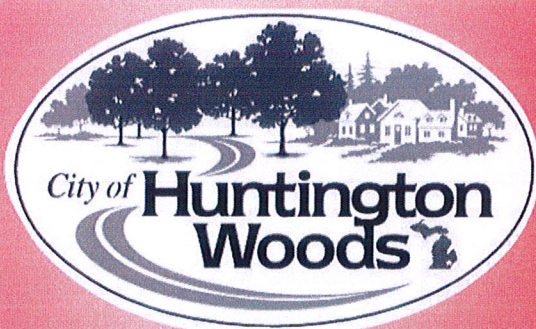
In addition to making the Report available as a downloadable document on the City website, the Subcommittee recommends the City take steps to promote public awareness of the Report and encourage HW citizens to read it. This can be accomplished in several ways:

- Through regular notices in the City's weekly city e-newsletter (distributed via email and on NextDoor.com).
- Through regular social media postings on the City's Facebook page and Twitter feed.
- On the City's public message boards (outside City Hall and at Mary Kay Davis Park).
- On strategically placed lawn signs (similar to the annual Men's Club Auction promotions. The City of Birmingham recently used this tactic to promote awareness of its Master Plan process).

The Subcommittee also recommends holding a public meeting of the Long Range Budget and Planning Committee and the City Commission. In addition to providing another means for sharing the Report with HW citizens, the meeting would be an opportunity for the Committee and City Commission to discuss the recommendations, answer questions and help guide the City's decision-making process.

To help inform citizens of any Committee-recommended initiatives that will be put on a ballot for a public vote, the Subcommittee recommends the City hold town hall meetings before the vote.





# hometown HERALD

VOLUME 45 ISSUE 3

SUMMER, 2019

## Mayor's Memo

*Planning for Huntington Woods financial future in order to make sure we remain a great place to live!*

I have received many questions from residents regarding the Long Range Budget and Planning Committee the City Commission formed almost one year ago. First, I would like to thank the 24 residents that have given of their time, knowledge and resources to serve our community. They are working with city staff and consultants with expertise on finance and infrastructure management to develop a comprehensive report for the City. The Committee was charged with providing recommendations on a long-term plan to address needed road and sewer repairs, identify impediments to the City's long-term positive financial health and recommend revenue and expenditure modifications to achieve long-term positive financial health for the City.



Bob Paul,  
Mayor

The Committee's four sub-committees (1. Roads/Sewers; 2. Recreation/Library; 3. Revenue Sources and 4. City Hall/Public Safety/Public Works) have been meeting monthly and are preparing to issue their recommendations to the City Commission in the next few months. We are looking forward to reading the report, sharing their findings with the entire community, providing opportunities for citizen input and putting a plan in place to move forward in the best interest for our residents.

Some of the recommendations for consideration may include increases in water fees, increased charges for services and/or reductions in services, bonding approval for capital projects, and the potential for property tax increases. Tough decisions will have to be made. As always input from all residents will continue to be a top priority. I'm confident we will work through these financial challenges and Huntington Woods will continue to be a beautiful and desirable place to live far into the future.

I want to put some of the unfounded rumors to rest that the City is in financial distress, it is not. Our City is well-managed and run efficiently. We have adopted a balanced budget for fiscal year 2019 – 2020 and continue to maintain a AA+ bond rating. Our rainy-day fund has a balance in excess of 40% of annual expenditures and we continue to provide high-quality programs and services to residents. However, with all that being said, the City does recognize that with staff already having been reduced to minimal levels, reduced revenues being received from the State, ever-rising costs and the City at its millage cap; we face significant challenges with regard to critical infrastructure projects and continuing to maintain the high level of services our residents expect.

Aging roads need to be repaired or reconstructed. Our sewers, most of which were installed in the 1920s, need repair or replacement. In addition, City employee post-retirement benefits are underfunded (when the City moved away from the traditional pension system for new hires, we knew that in the short-term it would place additional stress on the City's budget but would, in the long-term be financially beneficial).

For more information, contact me (bpaul@hwmi.org or 248 561-4189), any of the City Commissioners, or City Manager Amy Sullivan. Also, agendas of the Budget Committee are available in our weekly e-newsletter (If you aren't already receiving these announcements, I encourage you to sign up).

Looking forward to warmer temperatures finally taking control of our weather and hope to see everyone out and about in our beautiful city.

Your Mayor,

Bob

## KNOX-BOX SERVICE

Residential Knox-Boxes are secure, residential key safes that can only be accessed by first responders. Install a unit by your home's entrance and have peace of mind knowing your property and loved ones are protected.

High-security key safe allows first responders to quickly enter the home without forced entry. Keys and medical cards are stored at the entrance of your home in order to avoid potential delay and damage to property when responding to emergencies.

The Knox Residential Box is a one-time purchase that requires no monthly monitoring fee.

Interested residents should contact Sgt. Jordan at the DPS, 248.541-1180 for approval and program information.



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City of Huntington Woods Long Range Budget and  
Planning Committee

Appendix D  
Meeting Minutes



City of Huntington Woods  
Long Range Budget & Planning Committee  
Wednesday, June 27, 2018  
Minutes

The meeting was called to order at 7:30 p.m. at the Library

Present: Frank Mioni, Tony Lehmann, Lisa Momblanco, Nick Gruber, Kim Bateman, Joel Kellman, Adam Kaplan, Molly Tripp, Fred Fechheimer, Shelly Gach-Droz, Amit Bhagwan, John Nantais, Zac Andreoni, Sharon Abramsky, Joe Falik, Rob Melching, Kris Vigliotti, Susan Klein, Jeff Samoray, Tim Rowland, Jamie Still, Amy Sullivan

Excused: Mike Egnotovitch, Melanie Wiegand, Michael Lehman, Chuck Batcheller, Seth Kritzman

Guest: Claire Galed, David Sloan

1. Introduction of members: A. Sullivan introduced herself and staff members T. Rowland and J. Still. The members introduced themselves and spoke about their interest in the Committee and their background.
2. Appointment of Chair and Secretary: A. Sullivan suggested after talking to former City Manager Alex Allie that the appointments be postponed to a later date so that all members could get to know each other first. A. Sullivan asked the Committee to review the roster and send her any corrections or edits. There is a revised roster that will be sent shortly to the Committee.
3. Set meeting schedule: It was agreed that A. Sullivan would send out a Doodle poll to find the combination of days that worked best for the most members. The Committee agreed to meet twice a month.
4. Review Committee charge: A. Sullivan reviewed the charge adopted by the City Commission. She felt that the City Commission's goal was for the Committee to have recommendations in time for the preparation of the 2019-20 budget but indicated that it was a goal that could be adjusted by the Committee. A. Kaplan suggested that a Google drive be set up so members could easily access relevant documents. J. Still said she would be responsible for setting one up.
5. Review proposed syllabus: A. Sullivan reviewed the syllabus that was prepared by staff and asked if there were questions or items the Committee wanted to add. Some items requested for future discussions included an analysis of the expense vs. income for recreation programming; the city-wide cost for pension benefits, wages and healthcare; a comparison of our debt load to other cities; and information on the ongoing study of alternative housing for older adults.

Documents the Committee requested for the Google drive include the SEMCOG Community Profile which includes current and future demographic information, the City's Master Plan and Master Plan Update, the current budget, minutes from the Senior Housing Study Committee to keep abreast of that issue and summaries from the audit.

6. Review municipal fund budgeting: T. Rowland presented a PowerPoint on the different municipal funds and answered questions from the Committee.

7. Public participation: D. Sloan said the Committee had an important function and encouraged everyone to be open minded and consider thinking outside the box. C. Galed asked if the Committee meeting schedule would be publicized and A. Sullivan indicated it would once it had been set.

8. Meeting adjourned at 8:55 p.m.



City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, July 16, 2018  
Minutes

The meeting was called to order at 7:30 p.m. at the Library

Present: Frank Mioni, Tony Lehmann, Lisa Momblanco, Nick Gruber, Kim Bateman, Joel Kellman, Fred Fechheimer, Shelly Gach-Droz, John Nantais, Sharon Abramsky, Joe Falik, Rob Melching, Susan Klein, Jeff Samoray, Chuck Batcheller, Michael Lehman, Seth Kritzman, Melanie Wiegand, Tim Rowland, Jamie Still, Amy Sullivan

Absent: Mike Egnotovich, Adam Kaplan, Molly Tripp, Amit Bhagwan, Zac Andreoni, Kris Vigliotti,

Guest: Claire Galed, David Sloan, Jay Schwartz

1. Roll Call
2. Approval of agenda
3. Approval of minutes: Moved by S. Gach-Droz, second by F. Fechheimer. Approved unanimously.
4. Google drive overview: J. Still created a Google drive and a link was sent to Committee members. If there are any documents the Committee want added to the drive, please advise staff.
5. Headlee Amendment & Proposal A: A. Sullivan went through a PowerPoint on the two constitutional amendments that have significant impact on municipal budgeting and tax revenue.
6. Millage rates: A. Sullivan reviewed the taxing entities in Huntington Woods and the 2017 tax bill.
7. Road reconstruction and sewer repair update: A. Sullivan passed out maps showing the roads that have not been reconstructed and the Paser rating for those roads which grades the road condition. She said the City Commission is considering placing a bond on the November 2018 ballot for sewer repairs and a decision must be made by August 14<sup>th</sup>.
8. Debt schedule for bonds: A. Sullivan reviewed the current outstanding debt and when the bonds will be paid off.
9. Public participation: J. Schwartz suggested the Committee consider dedicated millages to take pressure off of the operating millage. D. Sloan

reminded the Committee that the Building Fund revenue cannot be used for operating expenses due to the Bolt decision.

10. Other business: S. Abramsky asked if it was possible to annex the property in Royal Oak that is west of Woodward.

11. Adjournment: Meeting adjourned at 8:45 p.m. and the next meeting is Monday, August 6<sup>th</sup> at 7:30 p.m.



City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, August 6, 2018  
Minutes

The meeting was called to order at 7:30 p.m. at the Library

Present: Frank Mioni, Tony Lehmann, Lisa Momblanco, Nick Gruber, Kim Bateman, Joel Kellman, Fred Fechheimer, Shelley Gach-Droz, John Nantais, Sharon Abramsky, Susan Klein, Jeff Samoray, Chuck Batcheller, Michael Lehman, Kris Vigliotti, Adam Kaplan, Tim Rowland, Jamie Still, Amy Sullivan

Absent: Mike Egnotovich, Molly Tripp, Amit Bhagwan, Zac Andreoni, Joe Falik, Rob Melching, Seth Kritzman, Melanie Wiegand

Guest: Claire Galed

1. Roll Call
2. Approval of agenda: A. Sullivan reminded the Committee that the election of a Chair and Vice Chair will be on the next agenda.
3. Approval of July 16, 2018 minutes: Moved by F. Fechheimer second by J. Kellman. Approved unanimously.
4. Michigan Municipal League's Save MiCity presentation: The August 2017 presentation on the City's YouTube channel was played for the Committee.
5. Review estimated lost state shared revenue: A. Sullivan brought the Committee up to date on efforts to improve the State's funding model and said the only change in the last year has been to identify communities that are considered underfunded for their pension and OPEB (retiree health care) obligations. She reviewed the PowerPoints that showed the estimated shortfall of state shared revenue sharing since 2004.
6. Public Participation: C. Galed asked for clarification on the impact on taxable value when homeowners improve their property.
9. Other business: F. Fechheimer asked A. Sullivan to update the Committee on the recent City Commission decision on a bond issue for the critical sewer improvements. The Committee asked that the debt schedule for the bond be placed on the Google drive.
11. Adjournment: Meeting adjourned at 8:55 p.m. and the next meeting is Monday, August 20<sup>th</sup> at 7:30 p.m.

City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, August 20, 2018  
Minutes

The meeting was called to order at 7:30 p.m. at the Library

Present: Frank Mioni, Mike Egnotovich, Lisa Momblanco, Nick Gruber, Kim Bateman, Joel Kellman, Fred Fechheimer, Shelley Gach-Droz, John Nantais, Jeff Samoray, Michael Lehman, Adam Kaplan, Tim Rowland, Jamie Still, Amy Sullivan

Absent: Molly Tripp, Amit Bhagwan, Zac Andreoni, Joe Falik, Rob Melching, Seth Kritzman, Melanie Wiegand, Tony Lehmann, Sharon Abramsky, Susan Klein, Chuck Batcheller, Kris Vigliotti

Guests: Claire Galed, David Sloan

1. Roll Call
2. Approval of agenda: Moved by F. Fechheimer and seconded by J. Samoray to approve the agenda. Approved unanimously.
3. Approval of August 6, 2018 minutes: Moved by F. Fechheimer and seconded by J. Samoray. Approved unanimously.
4. Election of Chair and Vice Chair: Nick Gruber elected Chair and Frank Mioni elected Vice chair. A. Sullivan will continue to take minutes.
5. Historical trends and future projections by fund and identify issues/concerns by fund: T. Rowland presented a PowerPoint on the General Fund, Recreation Fund, Sanitation Fund and Equipment Fund. He reviewed the 10 year history and identified issues for the long term health of the funds. He indicated that 1 mill is equal to about \$350,000 in revenue. A. Sullivan advised the Committee that the Charter has a cap of 20 mills that can be levied and only a handful of dedicated millages can be considered that would be exempt from the 20 mill cap. T. Rowland reviewed those options with the Committee. They are a dedicated millage for library services, sanitation (which the City collects) and senior services.

The Committee asked for detail on the revenues and expenditures for the Recreation Department broken down by activity and what is the estimated administrative overhead cost. A. Sullivan described the contract the City had entered into recently with a company called Munetrix that provides data driven tools that can assist the Committee with forecasting and comparisons to other communities.



A. Sullivan explained this was the last meeting dedicated to reviewing the City's budget and financial concerns. At the next meeting the Committee will determine a process to develop recommendations for the City Commission on the City's long term financial health. A. Sullivan reminded the Committee that the 2003 ad hoc budget committee report was on the Committee's google drive.

The Committee also agreed that its members would begin thinking about which areas of the budget they thought offered the greatest opportunity for improvement on either the revenue or cost side. A next step after that would be for the group to split up into working groups dedicated to a deep dive in those areas.

6. Public Participation: C. Galed asked why the Water Fund wasn't part of the discussion. T. Rowland advised that the only revenue source was water rates so the Committee is not being asked how to improve the fund's long term financial health.

7. Other business: A. Sullivan passed out information that Commissioner Jenks had provided on the Bolt decision that had been discussed at an earlier meeting.

8. Adjournment: Meeting adjourned at 8:29 p.m. and the next meeting is Monday, September 17th at 7:30 p.m.

City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, September 17, 2018  
Minutes

The meeting was called to order at 7:30 p.m. at the Library

Present: Frank Mioni, Lisa Momblanco, Kim Bateman, Joel Kellman, Fred Fechheimer, Shelley Gach-Droz, John Nantais, Jeff Samoray, Michael Lehman, Adam Kaplan, Tony Lehmann, Joseph Falik, Sharon Abramsky, Kris Vigliotti, Susan Klein, Molly Tripp, Tim Rowland

Absent: Amit Bhagwan, Zac Andreoni, Seth Kritzman, Melanie Wiegand, Chuck Batcheller, Mike Egnotovich, Nick Gruber

Guests: Claire Galed, David Sloan

1. Roll Call
2. Approval of agenda: Moved by F. Fechheimer and seconded by J. Nantais to approve the agenda. Approved unanimously.
3. Approval of August 20, 2018 minutes: Moved by F. Fechheimer and seconded by S. Gach-Droz. Approved unanimously.
4. Review Committee Charge: F. Mioni updated the Committee on the charge of the Committee and the current progress on those charges.
5. Update Committee on RFP for municipal consulting services: T. Rowland updated the Committee on an RFP that is being put out for a municipal consultant to assist the committee on funding strategies for sewer and road repairs as well as recommendations on what methods should be used for road repairs. T. Rowland clarified what the purpose of the RFP is, the timeline, and the scope of work. He clarified what work is being covered by the November bond proposal and what is covered by the water fund capital fee.
6. Determine best process to provide options and recommendations to the City Commission: The Committee discussed different options for subcommittees. They discussed the schedule of meetings for the subcommittees and determined they would set their own schedules and report back the full Committee at the regular meetings.

The Committee discussed the value of having a subcommittee to study employees benefits. They requested that the union contracts be added to the google drive.



The Committee asked for detail on the last time a citizen survey was done. They requested that the last survey be added to the google drive. They discussed the value of doing a new survey to gauge what the preferences are of the residents.

The Committee asked for an update on the future projections. T. Rowland updated the Committee on Munetrix. The City is in the process of setting up the Munetrix program to assist the Committee with projections and comparisons.

S. Gach asked about hiring experts in different fields to assist the subcommittees with informing the public about the Committee's recommendations. T. Rowland stated it could be looked at on a case by case basis.

The Committee discussed various combinations of subcommittees and were unable to come to a consensus before the meeting needed to conclude because the Library closed. F. Mioni suggested the City send out a Survey Monkey to get a better feel for which combination of subcommittees the group prefers. T. Rowland said he would do that and we could discuss the results at the next meeting.

7. Public Participation: None

8. Other business: None

8. Adjournment: Meeting adjourned at 9:05 p.m. and the next meeting is Monday, October 1st at 7:30 p.m.

City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, October 1, 2018  
Minutes

The meeting was called to order at 7:30 p.m. at the Library

Present: Frank Mioni, Kim Bateman, Joel Kellman, Fred Fechheimer, Shelley Gach-Droz, Jeff Samoray, Michael Lehman, Tony Lehmann, Joseph Falik, Sharon Abramsky, Susan Klein, Molly Tripp, Zac Andreoni, Chuck Batcheller, Nick Gruber, Tim Rowland, Jamie Still, Amy Sullivan

Absent: Amit Bhagwan, Seth Kritzman, Melanie Wiegand, Mike Egnotovitch, Lisa Momblanco, John Nantais, Adam Kaplan, Kris Vigliotti

Guests: Claire Galed

1. Roll Call
2. Approval of agenda: Moved by F. Mioni and seconded by S. Gach-Droz to approve the agenda. Approved unanimously.
3. Approval of September 17, 2018 minutes: Moved by F. Fechheimer and seconded by J. Samoray. Approved unanimously.
4. Update on municipal consultant services RFP: A. Sullivan said proposals were due October 5<sup>th</sup>. She said the purpose of bringing on a consultant is to provide cost estimates for different scenarios that the Committee wants to explore for road and sewer work. She expected that the consultant would need to confer with an engineering firm as part of the review.
5. Update on forecasting model from Munetrix: T. Rowland provided a 5-year model using a Munetrix program for the General Fund. He will complete a similar forecast for the Recreation Fund. The model showed that the 2020-21 fiscal year is the first time that expenditures exceed revenues in the GF. Information on the breakdown of Recreation Department expenditures by program type has been added to the Google drive. S. Gach-Droz asked if the Munetrix data can break down the revenue sources in more detail from comparable communities and the answer is no. M. Tripp asked what made up the bulk of the transfers out of the GF. They are money to the capital improvement fund, the recreation fund, the road funds and retiree health care. T. Rowland talked about the problems when the fund balance is on a decline – it impacts our bond rating, cash flow and ability to weather emergencies. T. Lehmann said the fund balance had been negatively impacted by the 2008 recession but has been increasing slowly back to the normal level.



6. Discussion on Citizen Survey: The Committee asked if a color copy of the 2010 survey could be uploaded to the Google drive. Staff will search for an original copy. There was discussion about sending out a survey to get updated information. The Committee decided it was premature and it should be discussed again when there are options for residents to consider. S. Gach-Droz said that in prior surveys, Department Heads had assisted in the preparation of questions for the survey. The Committee asked staff to get an estimate for a survey so it can be discussed in the future. K. Bateman said he had prepared questions he thought were relevant and asked that they be uploaded to the Google drive.

7. Results from Survey Monkey on subcommittee options: J. Still provided the Committee with the results and the most popular was this set of subcommittees:

- City Hall, DPW, Public Safety Consolidation
- Recreation and Library
- Road and sewer repairs
- Revenue sources

The Committee agreed to strike “consolidation” from the first subcommittee grouping. Staff will prepare a survey for Committee members to rank their preference for a subcommittee assignment and indicate if they are willing to chair a subcommittee. Staff will make the final sort if there is not an even distribution.

Public – C. Galed reminded the revenue sources subcommittee to consider an income tax as an option.

The subcommittees will meet for the first time at the next regularly scheduled meeting on Monday, October 15<sup>th</sup>. After that, subcommittees will set their own schedule but the entire Committee will continue to meet once a month for updates. The November 5<sup>th</sup> meeting was canceled so the entire Committee will meet again on November 19<sup>th</sup>.

8. Public Participation: C. Galed said that since outside funding is often dependent on our population, it is critical that the City actively promote the upcoming census especially for college students so they are counted as HW residents.

9. Other business: K. Bateman passed out information on ideas he had to augment City services at no cost to the City. He suggested looking into a self-serve postage machine and a UPS drop-off site.

10. Adjournment: Meeting adjourned at 8:37 p.m. and the next meeting is Monday, October 15<sup>th</sup> at 7:30 p.m.

City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, November 19, 2018  
Minutes

The meeting was called to order at 7:30 p.m. at the Library

Present: Frank Mioni, Fred Fechheimer, Shelley Gach-Droz, Jeff Samoray, Michael Lehman, Tony Lehmann, Joseph Falik, Sharon Abramsky, Susan Klein, Nick Gruber, Amit Bhagwan, Kris Vigliotti, Tim Rowland, Jamie Still, Amy Sullivan, Jaymes Vettraino

Absent: Kim Bateman, Joel Kellman, Seth Kritzman, Melanie Wiegand, Mike Egnotovich, Lisa Momblanco, John Nantais, Adam Kaplan, Molly Tripp, Zac Andreoni, Chuck Batcheller

Guest: Claire Galed

1. Roll Call
2. Approval of agenda: Moved by A. Bhagwan and seconded by F. Mioni to approve the agenda. Approved unanimously.
3. Approval of October 1, 2018 minutes: Moved by T. Lehmann and seconded by J. Samoray. Approved unanimously.
4. Introduction of municipal consultant from Vettraino Consulting: Jaymes Vettraino described his role with the sewer and roads subcommittee and work has already begun to assist the communities to identify funding strategies. He can also assist the other subcommittees with forecasting the different scenarios as they are developed. He also has a lot of experience in municipal management which will benefit the subcommittees as they refine their ideas. The Committee asked that the previous reports Vettraino Consulting had prepared be added to the Google drive.
5. Discussion on setting 2019 meeting dates: The Committee agreed to meet the third Monday of the month in 2019 unless there was a conflict with a holiday. A. Sullivan will prepare a proposed schedule for the Committee to review.
6. Update from subcommittees:
  - a. City Hall, Public Safety & DPW: T. Lehmann explained that the subcommittee had talked to A. Sullivan and T. Rowland about the functions and responsibilities that are carried out by City Hall staff. The subcommittee plans to meet with the Public Safety Director and DPW Director shortly for the same purpose. T. Lehmann has spent time



preparing documents that compare several different financial metrics for our neighboring communities to help put the financial condition of the City in perspective. He will share the information with the entire Committee when it is complete.

b. Recreation and Library: M. Lehman said they received financial background information from T. Rowland and are finding that the program expenses are not covered by program revenue. F. Mioni said the subcommittee is looking at opportunities to increase program revenue or reduce expenses. One item that jumped out was the latchkey program is usually run by the school district but at Burton it is operated by the City. They are looking at the fees and charges for programs at other communities. One option is to consider shared services or consolidating into a regional system. The Ferndale library for instance, is an authority and is not operated by the City. S. Gach-Droz pointed out that there are many libraries located in close proximity to the City so would it be more effective to use those libraries and repurpose the library building into a facility that can concentrate on providing more services for our growing senior population? F. Mioni said these were examples of the ideas the subcommittee wanted to study in more detail. S. Gach-Droz said the pool was another good opportunity to see if there are ways to generate more revenue to offset those expenses.

c. Roads and Sewers: J. Samoray briefed the Committee on the meeting with J. Vettraino and traffic engineer Cheryl Gregory. They are focusing on the road issue first and the consultants have been able to provide a lot of assistance for this complex issue. The City obtained an updated Paser evaluation which is a rating of the road pavement from 1 (worst condition) to 10 (new condition). They found the overall average is a little over 5 which is a good condition but believe the average maybe skewed because it includes Coolidge and 11 Mile which are not interior roads and residents are mostly concerned with those roads. He said the study found that 45% of our roads are rated 4 or lower which is poor condition. Annually the City spends about \$165,00 on maintenance doing pavement repairs such as crack sealing and if that amount remains flat, the average condition will continue to decrease. The traffic engineer said the Paser rating that communities strive for is 5.7 because anything below that becomes more expensive to repair than it is to maintain. The subcommittee is also aware that some water mains should be replaced as part of the road program. There are some different strategies to deal with the roads such as one-time fixes to address the poor condition roads only or to spend money on the roads that are still in relatively good shape in order to delay their degradation where it is more expensive to repair. One way to do that is to obtain an ongoing rolling millage dedicated to road maintenance or free up money in the General Fund so it can be used to augment the road maintenance budget. The consultants are compiling additional data for future meetings. The subcommittee is also aware that

once roads have been analyzed, they need to turn their attention to the remaining sewer work that is recommended. N. Gruber said it would be difficult to convince the community to spend money on roads in good condition and ignore the poor condition roads even if that was a better utilization of funds. F. Mioni wondered if Scotia Road could be turned over to the Road Commission because of its proximity to I-696. The Committee asked that the recent Paser evaluation be placed on the Google drive. F. Mioni was concerned that a road may have pavement in good condition but the curb may be deteriorating and wondered if the curb condition was factored into the rating.

d. Revenue sources: S. Klein said the subcommittee identified \$500,000 as a target for increasing revenue or reducing expenditures and then brainstormed ideas. They believed the biggest opportunity was a PA 345 millage which would divert money from the General Fund for Public Safety pension obligations and pay them with a dedicated voter approved millage. Some of the ideas were things like permitting marijuana facilities in the City as a new source of revenue; building homes along the I-696/Wales berm to increase the City's tax base; increasing fees for programs at the Rec. Center and library; promoting programs like the brick sales at the Rec. Center and opportunities to sell sponsorships on water bills. J. Falik wondered if there was an opportunity to generate new revenue by operating Rackham Golf Course. S. Gach-Droz asked the subcommittee to also consider grants and contracting out services in their discussion.

7. Public Participation: None

8. Other business: None

9. Adjournment: Meeting adjourned at 8:43 p.m. and the next meeting is Monday, December 17th at 7:30 p.m.



City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, December 17, 2018  
Minutes

The meeting was called to order at 7:30 p.m. at the Library

Present: Frank Mioni, Fred Fechheimer, Shelley Gach-Droz, Jeff Samoray, Joseph Falik, Sharon Abramsky, Susan Klein, Nick Gruber, Kim Bateman, Joel Kellman, Mike Egnotovich, Lisa Momblanco, John Nantais, Adam Kaplan, Molly Tripp, Chuck Batcheller, Tim Rowland, Amy Sullivan, Jaymes Vettraino, Anthony Moggio

Absent: Seth Kritzman, Melanie Wiegand, Zac Andreoni, Michael Lehman, Tony Lehmann, Amit Bhagwan, Kris Vigliotti

Guest: Claire Galed and David Sloan

1. Roll Call
2. Approval of agenda: Moved by F. Fechheimer and seconded by A. Kaplan to approve the agenda. Approved unanimously.
3. Approval of November 19, 2018 minutes: Moved by F. Fechheimer and seconded by J. Samoray. Approved unanimously.
4. 2019 meeting dates: Moved by J. Kellman and seconded by A. Kaplan to approve the proposed 2019 meeting date schedule.
5. Update from subcommittees:
  - a. City Hall, Public Safety & DPW: N. Gruber explained that the subcommittee had talked to A. Sullivan and T. Rowland about the functions and responsibilities that are carried out by City Hall staff. The subcommittee did not identify any opportunities for savings. The subcommittee plans to meet with the Public Safety Director and DPW Director shortly for the same purpose. They are also trying to meet with Jeremy Wilson from MSU who has an expertise in consolidating departments and Pat Sullivan, former St. Clair City Manager, regarding the creation of a fire authority. T. Lehmann has completed documents that compare several different financial metrics for our neighboring communities to help put the financial condition of the City in perspective.
  - b. Recreation and Library: L. Momblanco said the subcommittee thinks there is a lot of value in a community survey that can be used to educate residents on the City's current financial situation and gather information on priorities for residents. This might be done by identifying

the cost to provide certain services and gauge resident's interest in whether residents were comfortable with the service knowing what it cost to provide. N. Gruber suggested this be looked at later in the process when the other subcommittee was ready to get feedback from residents on their ideas. S. Gach asked J. Vettraino if he had access to the kind of survey the committee was interested in and he said he would help them find one once the scenarios had been narrowed down.

They also looked at the cost to provide Recreation programs and events and whether the revenue they generated covered the cost of the programs. One possible increased revenue stream would be to open the Library room rental to groups that are now excluded. Or should HW consider combining Recreation programming with neighboring cities?

F. Mioni talked about the comparison of latchkey fees to other cities and the Berkley School District. He found that the HW fees were much lower than the comparables. He said the subcommittee is considering a recommendation to either raise fees commensurate with the comparables or see if the school district would take control of the program freeing up room space at the Rec. Center and reducing labor costs to the City. F. Mioni believes the latchkey program losses about \$180,000/year, the senior program costs the City \$100,000/year and the pool has a \$230,000/year shortfall. J. Vettraino suggested the subcommittee consider tying latchkey fees to the school district and then indexing the fees to their rate increase each year. F. Mioni also suggested the City should consider a minimum threshold of participation to make sure there are enough participants to cover program costs or at least minimize losses.

c. Roads and Sewers: J. Samoray briefed the Committee on the projections the consultants had produced looking at 4 different road funding scenarios. They were a mix of a bond referendum for road reconstruction and different amounts of funding for ongoing road maintenance. For each scenario the consultant was able to project what condition the roads would be in, in 20 years. The goal is to identify a mix that is a tolerable bond millage and an obtainable increase in on-going road maintenance dollars. The consultants thought the City should strive to maintain a passer rating of 5.7 because when lower than that, the cost to maintain the roads rises dramatically. In looking at the passer rating, the consultant felt that 45% of our roads were rated 4 or less and it would cost \$17.5 million if they were all repaired at the same time.

d. Revenue sources: K. Bateman said the subcommittee wants to move forward with a recommendation that the City consider asking voters to authorize a PA 345 millage for public safety pension costs. They looked at grants as a source of funding but realized that would not be a sustainable source of funding. They also discussed whether there were



opportunities to increase revenues if the City operated Rackham Golf Course. A discussion ensued on the profitability of golf courses and if the City should require reimbursement for police and fire runs to the zoo and golf course since they don't pay property taxes.

A. Kaplan said ideally if the City could add more housing it would increase the tax base.

6. Public Participation: C. Galed wondered if space at the Rec. Center could be better utilized by seniors than by a latchkey program that losses money. D. Sloan said he believed that the subcommittees are not meeting the requirements of the Open Meetings Act. A. Sullivan said that subcommittees were exempt and would provide a memo to the Committee.
7. Other business: None
8. Adjournment: Meeting adjourned at 8:42 p.m. and the next meeting is Monday, January 14, 2019 at 7:30 p.m.

City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, January 14, 2019  
Minutes

The meeting was called to order at 7:33 p.m. at the Library

Present: Jeff Samoray, Sharon Abramsky, Susan Klein, Kim Bateman, Joel Kellman, Lisa Momblanco, Chuck Batcheller, Tony Lehmann, Amit Bhagwan, Tim Rowland, Amy Sullivan.

Absent: Seth Kritzman, Melanie Wiegand, Zac Andreoni, Michael Lehman, Kris Vigliotti, Frank Mioni, Fred Fechheimer, Shelley Gach-Droz, Joseph Falik, Nick Gruber, Mike Egnotovich, John Nantais, Adam Kaplan, Molly Tripp, and Joseph Falik.

Guest: Jason Jordan

1. Roll Call
2. Approval of agenda: Moved by C. Batcheller and seconded by S. Klein to approve the agenda. Approved unanimously.
3. Approval of December 17, 2018 minutes: Moved by A. Bhagwan and seconded by L. Momblanco to approve the minutes. Approved unanimously.
4. Update from subcommittees:
  - a. City Hall, Public Safety & DPW: C. Batcheller said the subcommittee had recently met with A. Sullivan and Public Safety Director A. Pazuchowski to consider ideas for cost savings in the Public Safety Department. They identified 4 possible scenarios:
    - Sharing fire equipment with a neighboring community
    - Contract with a neighboring community to provide fire services to HW
    - Consolidate with a neighboring community
    - Consider replacing retiring officers with part-time officers

They realize none of these options would create any short-term savings but the subcommittee wants to continue to work with T. Rowland and A. Pazuchowski to determine if there are any cost saving opportunities. C. Batcheller said the subcommittee also wants to look at the advantages and disadvantages for each option because if there are cost savings, then there may be trade-offs too. T. Lehmann said he had updated the metrics worksheet he had developed and will distribute a final draft to the rest of



the Committee. He said after reviewing the statistics, he was encouraged to find that our costs per capita for operating the Public Safety Department were not out of line with other similar cities. It demonstrated that we are very efficient despite being a small city. The subcommittee is still reviewing services and costs for the DPW department.

b. Recreation and Library: L. Momblanco said the subcommittee met with T. Rowland and prepared a list of questions for Recreation Director Mary Gustafson on programming at the Recreation Center. M. Gustafson has responded but the subcommittee has not met to review the information she provided. T. Lehmann asked if the subcommittee had explored making activities available to Berkley residents since their request for a community center millage failed and L. Momblanco said yes. The Committee discussed opening the pool to use by non-residents. Next steps are to follow-up with T. Rowland and M. Gustafson.

c. Roads and Sewers: J. Samoray said the subcommittee continued to meet with the financial consultants and had narrowed the options for road improvements to two. The consultants are looking at the possible funding options for the identified scenarios. T. Lehmann said to make sure that the Charter does not impose any limitations on levying debt if the subcommittee is recommending a bond for road improvements. The two scenarios cost between \$11 – \$12 million over a 20 year period and J. Samoray reminded the Committee that if all the remaining roads were reconstructed at once, the estimate was \$17 million so a long-term plan is actually less expensive. He reminded the Committee that there were 3 different kinds of sewer repairs recommended by the engineers. The sewer replacement work will be funded by the recently approved bond and sewer lining will be funded with the flat \$17 charge on water bills. The subcommittee was tasked with finding funding options for the remaining \$7 million worth of pipe bursting work that is recommended. They looked at 3 different funding options:

- Asking voters for a bond to fund the work and the estimated average tax bill would increase by \$200/year
- Placing a fixed charge on the water bills which could be an action of the City Commission and the estimated required charge would be about \$200/year or \$175 if the charge was based on meter size
- Increasing water rates to cover the cost of construction with a projected estimated cost to the residents being about \$200/year but the consultants warned that traditionally as water rates go up, usage goes down so this was an unreliable revenue stream

The subcommittee will continue to work with the financial consultants to develop a recommendation so the Committee can make an informed recommendation to the City Commission.

d. Revenue sources: K. Bateman said the subcommittee is still leaning towards an PA 345 millage as the best source of additional revenue but they are on hold for now while the City obtains an updated valuation that will more clearly spell out what the future pension obligations are. He noted that Oak Park and Berkley also levy a PA 345 millage. The City needs to work with the City Attorney to determine if the millage can be collected for pension payments over the required minimum contribution as determined by the actuaries to pay down the pension liability sooner. The subcommittee is also looking at other smaller revenue opportunities and studying whether the amount of potential revenue that can be generated is worth pursuing. For example, one possible opportunity would be to place advertisement on City water bills or in the Hometown Herald. Grants should also be explored but they aren't a permanent source of funding. The subcommittee also is looking into the feasibility of a public-private partnership in one of the City's business districts as a possible source of additional revenue. The Committee discussed whether it was feasible to annex the homes in Royal Oak that are on the west side of Woodward.

5. Public Participation: None
6. Other business: A. Bhagwan encouraged those subcommittees who are close to making recommendations, to bring them back so they can be voted on by the Committee as a whole and forwarded to the City Commission.
7. Adjournment: Meeting adjourned at 8:44 p.m. and the next meeting is Monday, February 11, 2019 at 7:30 p.m.



City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, February 11, 2019  
Minutes

The meeting was called to order at 7:31 p.m. at the Library.

Present: Jeff Samoray, Sharon Abramsky, Kim Bateman, Lisa Momblanco, Chuck Batcheller, Frank Mioni, Fred Fechheimer, Joseph Falik, Nick Gruber, Molly Tripp, John Nantais, Tim Rowland, Amy Sullivan.

Absent: Susan Klein, Joel Kellman, Tony Lehmann, Amit Bhagwan, Seth Kritzman, Melanie Wiegand, Zac Andreoni, Kris Vigliotti, Shelley Gach-Droz, Mike Egnotovich, Adam Kaplan.

1. Roll Call
2. Approval of agenda: Moved by F. Fechheimer and seconded by M. Tripp to approve the agenda. Approved unanimously.
3. Approval of January 14, 2019 minutes: Moved by F. Fechheimer and seconded J. Samoray to approve the minutes. Approved unanimously.
4. Update from subcommittees:
  - a. City Hall, Public Safety & DPW: C. Batcheller said the subcommittee is working with Public Safety Director Pazuchowski on possible long-term cost saving opportunities. They are interested in bringing the City of Berkley into the discussion as well. The subcommittee still needs to review the services and costs for the DPW department.
  - b. Recreation and Library: L. Momblanco said the subcommittee met with M. Gustafson who provided additional information on programming and staffing in the Recreation Department. The subcommittee wondered whether they should study if the Parks Department should be part of the Recreation Department since it drove up the Department's budget but City staff said that moving it under a different department would not have any impact on the City's overall budget so it wasn't pertinent to this review. The subcommittee feels that the Department is very interested in raising fees for activities to be on par with other similar communities. There was a discussion about whether increases should be phased in or not and how increased fees might impact participation. It was noted that in addition to increasing revenue, another way to impact the Department's budget is to reduce the cost of overhead expenditures in the Department. N. Gruber asked if the school district had been approached to take over the Latchkey program. The subcommittee indicated that Burton School did not have the required minimum space per child for the number of children currently

enrolled in the program. N. Gruber suggested a third party could perform a market survey of latchkey rates to determine the appropriate rates. J. Nantais expressed disappointment that the Parks and Recreation Advisory Board didn't review the Department's fee schedule on a regular basis to make sure it was commensurate with other communities. The Committee asked the subcommittee to put together a matrix that shows the expenses and revenues of different cost centers (i.e. Latchkey, senior services, pool) and the Committee can review each one individually to determine whether rates should be immediately increased, phased in or left as-is to cover the direct cost of providing the program/service.

c. Roads and Sewers: J. Samoray said the subcommittee had narrowed the options for road improvements to one with a \$5.25 million voter-approved bond for the first 3-years of repairs and then spending \$400,000 annually on repairs and maintenance for years 4 through 20. The consultants are looking at the possible funding options for this scenario. For the sewer repair work, the subcommittee landed on two options to pay for bonds that were needed to fund the repairs:

- Asking voters to approve a bond and the estimated average tax bill would increase by \$224/year
- Placing a fixed charge on the water bills which could be an action of the City Commission and the estimated required charge would be about \$229/year

The subcommittee felt that the decision should be left to the City Commission. The subcommittee believed this information should be presented to the City Commission along with recommendations from the other subcommittees that might impact residents so it can be presented as a package rather than piecemeal.

d. Revenue sources: K. Bateman said the subcommittee is still waiting for information about the City's Public Safety Department pension obligations. They will look at a dedicated millage for libraries and for providing senior services the next time they meet. C. Batcheller asked if the subcommittee had considered selling underutilized park space like the inline skate and skateboard park as a possible revenue source. K. Bateman said the subcommittee believed looking at sustained sources of revenue would have more impact on the City's long-term financial rather than a one-time sale of property. After discussion, the Committee thought that the sale of property should be included in the list of possible choices and it would be up to the City to determine if they wanted to pursue that option.

5. Public Participation: None



6. Other business: A. Sullivan read an email from M. Lehman that he was resigning because he was moving out of the City. K. Bateman expressed concern that the City's study of senior housing might negatively impact the City's financial situation which was contrary to the efforts of the Committee. A. Sullivan went over the history of the senior housing initiative and said that the intent of the review was to determine if residents wanted alternative housing, if there was property that was feasible for that kind of development and to pursue a public-private partnership that would be cost neutral to the City. J. Samoray asked the Committee how they felt about eliminating the sidewalk clearing program to reduce costs. There were mixed feelings and the City Hall, DPW and Public Safety subcommittee said they would discuss that with the DPW Director.
7. Adjournment: Meeting adjourned at 8:40 p.m. and the next meeting is Monday, March 18, 2019 at 7:30 p.m.

City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, March 18, 2019  
Minutes

The meeting was called to order at 7:33 p.m. at the Library.

Present: Kim Bateman, Shelley Gach-Droz, Lisa Momblanco, Chuck Batcheller, Fred Fechheimer, Joseph Falik, Nick Gruber, John Nantais, Joel Kellman, Tony Lehmann, Susan Klein, Amit Bhagwan, Tim Rowland.

Absent: Jeff Samoray, Sharon Abramsky, Frank Mioni, Molly Trip, Seth Kritzman, Melanie Wiegand, Zac Andreoni, Kris Vigliotti, Mike Egnotovitch, John Nantais, Adam Kaplan.

Public: David Sloan

1. Roll Call
2. Approval of agenda: Moved by S. Gach-Droz and seconded by T. Lehmann to approve the agenda. Approved unanimously.
3. Approval of February 11, 2019 minutes: Moved by T. Lehmann and seconded A. Bhagwan to approve the minutes. Approved unanimously.
4. Update from subcommittees:
  - a. Recreation and Library: L. Momblanco said the subcommittee met multiple times in the past month and has come up with a memo of recommendations:
    - The subcommittee found that latchkey rates are below those charged by Royal Oak and Berkley. It is recommended to add a \$10 per child per month charge this year and then implement the Berkley rate schedule for the 2020-21 school year. It is also recommended that snow day and vacation day rates match Berkley immediately because there is a significant difference in those rates. Rates would then be monitored annually by the Recreation Board to determine if increases are needed to cover inflation or other cost increases.
    - The subcommittee recommends Aquatic Club rates increase yearly with inflation and third-party cost increases. It is recommended to open memberships to families in the Berkley School District perhaps through a lottery system. If the City is not willing to open to outside members, rates



should be increased by 20%. The Pool Café should consider hiring a outside vendor to increase revenue. It is also recommended to regulate private swim lessons at the pool and collect user fees from coaches or families.

- The subcommittee also recommends using outside vendors for senior trips, reducing full time staff, reviewing job descriptions, and developing a conservancy to raise funds for parks.

S.Gach-Droz explained that at this time the committee does not recommend going forward with a library millage. It is recommended to further study the idea of a district library first which would allow us to garner more funding.

F. Fechheimer asked if we should put a limit on the amount the General Fund would send to the Recreation Fund. Without a limit there is no incentive to cut costs.

T. Lehmann asked the subcommittee to look further into collaboration opportunities with Berkley.

N. Gruber asked what needs to be moved forward immediately. L. Momblanco explained it is too late to increase pool fees for this year, but latchkey should be moved forward.

- b. Roads and Sewers: J. Falik said the subcommittee said the subcommittee had narrowed the options for road improvements to one with a \$5.25 million voter-approved bond for the first 3-years of repairs and then spending \$400,000 annually on repairs and maintenance for years 4 through 20.

S. Klein asked about timing of a bond proposal and how much the roads would deteriorate during that time. It was explained that a bond proposal would most likely not occur until 2020.

- c. Revenue sources: K. Bateman said the subcommittee has investigated an Act 345 millage for public safety pensions and a library millage. He met with the Recreation and Library Subcommittee to see what their thoughts were on the library millage. He explained that the library millage will be sent to the full committee for their consideration and the district library idea needs to be further investigated. The subcommittee received information on what a millage would be for Act 345. It would be about 2.6 mills to cover the required contributions. He proposed that the committee could recommend 5.0 mills for 25 years to give the City flexibility.

- d. City Hall, Public Safety & DPW: C. Batcheller said the subcommittee is working with Public Safety Director Pazuchowski on possible long-term cost saving opportunities. They are interested in bringing the City of Berkley into the discussion as well. The subcommittee still needs to review the services and costs for the DPW department. T. Lehmann said the committee is looking into Berkley acting as the first responder for the City, which could potentially allow for two fewer employees
5. Discussion on Community Presentation: N. Gruber requested that each subcommittee bring draft recommendations to the next meeting. He said there is not a need for a community survey at this point. He requested each committee come up with a community bulletin for the next meeting to educate the residents on the issues. K. Bateman said we need to get in front of the commission and inform them of the issues. The commission needs to start getting the message to the community that the committee is studying these issues. S. Gach-Droz suggested that N. Gruber go to the next Commission Meeting and update the Commission on our progress.

Motion by F. Fechheimer Seconded by S. Gach Droz to endorse the recommendation of the Road & Sewer Subcommittee to fund road improvements with a \$5.25 million voter-approved bond for the first 3-years of repairs and then spending \$400,000 annually on repairs and maintenance for years 4 through 20. . Approved unanimously

The Committee discussed if the latchkey recommendations need to go to the Recreation Board or directly to the Commission. N. Gruber will confirm with A. Sullivan how to proceed.
6. Public Participation: None
7. Other Committee member business: None
8. Adjournment: Meeting adjourned at 9:05 p.m. and the next meeting is Monday, April 15, 2019 at 7:30 p.m.



City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, April 15, 2019  
Minutes

The meeting was called to order at 7:30 p.m. at the Library.

Present: Kim Bateman, Shelley Gach-Droz, Lisa Momblanco, Chuck Batcheller, Fred Fechheimer, Joseph Falik, Nick Gruber, John Nantais, Joel Kellman, Mike Egnotovich, Jeff Samoray, Tony Lehmann, Amy Sullivan, Tim Rowland, Mary Gustafson.

Absent: Sharon Abramsky, Frank Mioni, Molly Trip, Seth Kritzman, Melanie Wiegand, Zac Andreoni, Kris Vigliotti, Adam Kaplan, Susan Klein, and Amit Bhagwan.

Public: David Sloan

1. Roll Call
2. Approval of agenda: Moved by C. Batcheller and seconded by J. Nantais to approve the agenda. Approved unanimously.
3. Approval of March 18, 2019 minutes: Kim Bateman provided corrections to the minutes. Moved by S. Gach-Droz and seconded J. Nantais to approve the minutes as corrected. Approved unanimously.
4. Update from subcommittees:
  - a. Recreation and Library: A. Sullivan passed out a proposed Latchkey rate chart that had been reviewed and recommended by the Parks and Recreation Advisory Board. She advised that the Recreation staff had concerns with the subcommittee's recommendation to add a \$10 administrative fee and they felt that an across the board rate increase would be easier to explain and would raise the same revenue as the subcommittee's proposal. Staff prepared a comparison of the proposed rates with those from the Berkley and Royal Oak School District programs to illustrate that the HW rates were commensurate with them. Staff recommends that the rates be further adjusted in the 2020 program year to eliminate the 4:30 p.m. pick up time rate tier and charge the rate for the 6 p.m. pick up to all Latchkey users.

The Committee asked what the anticipated increase in revenue would be with the proposed rates and T. Rowland estimated an additional \$15,000. F. Fechheimer said he was still concerned that the revenue did not cover the program expenses. C. Batcheller

asked M. Gustafson to explain to Latchkey users why the rates were increasing. S. Gach-Droz asked how the Committee can make sure that rates in the future are reviewed annually so they keep pace with other communities.

A. Sullivan asked the Committee for a recommendation on the proposed rates at tonight's meeting so it can be placed on the April 23<sup>rd</sup> City Commission agenda for consideration and be ready to implement in the 2019-20 Latchkey program year. There was discussion about making sure the City Commission was aware that these rates were being recommended for the upcoming year only and that the final Committee report will make further recommendation on Latchkey rates for future years.

Moved by T. Lehmann and seconded by J. Nantais that the proposed rates recommended by the Parks and Recreation Advisory Board be recommended to the City Commission for the 2019-20 Latchkey program year. Approved unanimously.

F. Fechheimer suggested that the Committee recommend that the General Fund transfer to the Recreation Fund be capped at \$750,000 going forward which is a reduction of \$200,000. He believes that the Parks and Recreation Advisory Board is best suited to decide what cuts should be made to accomplish that goal. A. Sullivan said that she believed it was the City Commission's intent to task the Budget Committee with that recommendation.

There was discussion about some of the other suggestions from the subcommittee to raise revenue. One was to increase the fees to use the City pool. C. Batcheller felt that the City rates should be comparable to nearby private club swimming pools since our pool was not open to the public and so operates more like a private pool facility. L. Momblanco said the subcommittee had done some preliminary rate comparison and would provide that information to the City.

S. Gach-Droz suggested that making the Library, and possibly the Recreation Center, available to outside groups, could raise revenue. But that would be partly offset by the increased cost for set up which is done by a City employee. The subcommittee said they would meet and look at their suggestions and try to estimate the proposed increase in revenue and continue the discussion at a future meeting.

- b. Roads and Sewers: J. Samoray asked if the Committee had a preference on what method to use to pay for the pipe bursting work and the Committee advised that they were comfortable asking the



City Commission to choose between a millage supported bond or a flat fee increase added to water bills since the financial impact to residents was so similar. J. Samoray said there was no update on the road construction proposal as the subcommittee was waiting for information on how a PA 345 vote would impact the General Fund budget and potentially free up money to pay for road costs.

F. Fechheimer said he was concerned with the proposal to delay the start of heavy maintenance on roads till the 4<sup>th</sup> year of the program because that would possibly be 2024 if a 345 vote is not scheduled till spring of 2020. The subcommittee agreed that there needs to be further discussion on what the impact will be on the City's budget if the heavy maintenance schedule is started sooner than proposed. J. Falik said he believed that the engineer's proposal for the \$5.25 bond was going to be used for heavy maintenance as well road reconstruction. Staff advised that a 20-year bond could only be used for work that had a 20-year life span and they would get clarification from the engineer on whether the estimate for work included heavy maintenance or not.

F. Fechheimer asked the subcommittee if there was a time frame for the pipe bursting work because he was concerned that if there was another catastrophic rain event before the repairs were complete, that there might be more basement back-ups. The Committee discussed the fact that the proposed repairs do not address capacity in any way, they are repairs only, and so a major rain event may cause back-ups before or after the repairs are made.

- c. Revenue sources: K. Bateman said the subcommittee was waiting for a revised estimate from MERS on what contributions the City can expect to make in the next 10-years before they can make a recommendation to the Committee on what the maximum millage should be for a PA 345 millage request. A. Sullivan explained that MERS had provided an initial projection but it only expected the City to be 60% funded after 10 years so staff asked for a revised projection that would have funding at 75% in 10 years and 100% in 20 years.

K. Bateman said the subcommittee had also looked at a library millage which would require the creation of a library board and a Headlee override as possible revenue sources. C. Batcheller asked if the subcommittee had considered the City selling the park on 11 Mile with the skateboard facility and inline skating rink to a potential developer for new homes. K. Bateman said the subcommittee had considered it but since it was a one-time influx of revenue and not a long term revenue source, they did not pursue it.

But that the Committee as a whole could recommend it to the City Commission if they thought it should be considered. A. Sullivan said that staff had talked about the potential for a Headlee override because some debt is coming off in the next couple of years which would create an opportunity to ask for an override but not create a tax increase.

- d. City Hall, Public Safety & DPW: C. Batcheller passed out a draft report from the subcommittee. They believe the most feasible option for savings will be to explore sharing fire equipment with nearby departments. The subcommittee is recommending that the City create a new committee after the work of the Budget Committee is completed to continue this discussion.

T. Lehmann and F. Fechheimer met with the DPW Director and concur that the DPW is efficiently operated given the number of full-time staff. They believe that sharing equipment with other cities is a potential opportunity to save money. They also felt that relocating the DPW site and combining sites with another city might result in savings. With respect to road funding, the subcommittee believes the only improvement that can be made is for the City to advocate for a change in the Act 51 funding formula that doesn't penalize small cities like HW.

- 5. Discussion on Communication subcommittee: Nick suggested that the Committee consider composing a new subcommittee that can start the messaging campaign to inform residents of the City's long-term financial outlook, why the Committee was formed and what areas are being reviewed. He asked members that are interested in participating in the communications effort to contact either himself or A. Sullivan.
- 6. Public Participation: None
- 7. Other Committee member business: A. Sullivan advised that the City Commission was holding a budget study session for the 2019-20 City Budget on Tuesday, April 23<sup>rd</sup> at 5:30 p.m. if Committee members were interested in attending.
- 8. Adjournment: Meeting adjourned at 9 p.m. and the next meeting is Monday, May 20, 2019 at 7:30 p.m.



City of Huntington Woods  
Long Range Budget & Planning Committee  
Monday, May 20, 2019  
Minutes

The meeting was called to order at 7:03 p.m. at the Library.

Present: Kim Bateman, Shelley Gach-Droz, Lisa Momblanco, Fred Fechheimer, Joseph Falik, Nick Gruber, Joel Kellman, Jeff Samoray, Susan Klein, Sharon Abramsky, Kris Vigliotti, Tim Rowland.

Absent: Frank Mioni, Molly Trip, Seth Kritzman, Melanie Wiegand, Zac Andreoni, Adam Kaplan, Amit Bhagwan, Chuck Batcheller, John Nantais, Mike Egnotovich, Tony Lehmann.

Public: None

1. Roll Call
2. Approval of agenda: Moved by F. Fechheimer and seconded by S. Gach-Droz to approve the agenda. Approved unanimously.
3. Approval of April 15, 2019 minutes: Moved by F. Fechheimer and seconded J. Samoray to approve the minutes. Approved unanimously.
4. Update from subcommittees:
  - a. Roads and Sewer: J.Samoray informed the committee that they have received a revised report from the consultants that breaks out the maintenance work that is not a 20-year fix from the reconstruction work to be funded by the bond. The roads and sewer committee will be meeting on May 21<sup>st</sup> to review the new recommendations and will be finalizing their report for the June meeting.
  - b. Revenue Sources: K. Bateman stated that they have received the Valuation Report from the actuary for the Act 345 millage. They are looking for ideas from the group on how to promote this to the City. N. Gruber said the Communications subcommittee should handle that.

J. Kellman recommended that a real estate committee be organized outside of this committee to study development opportunities that could enhance the community. It would be an ongoing committee after the Long-Range Budget Committee ends. K. Bateman and S. Klein stated that the Revenue Committee did

not study this in detail because it would not be a sustainable revenue source to the city.

- c. City Hall, Public Safety & DPW: N.Gruber stated that the committees report is substantially complete and there have been no updates since the last meeting.
- d. Recreation and Library: L. Momblanco stated that the committee looked further into pool rates based on the suggestions at the last meeting. They found that the Huntington Woods rates are much lower than other pools in the area. They are suggesting that the pool rate be increased to \$600 per year and the level of service offered be upgraded to include a towel service, better food options, and improved locker rooms. It was suggested that the pool could open earlier in the morning to families by consolidating swim lessons to a shorter time period.

S. Gach-Droz indicated that they have added a paragraph to the draft report about the Gallery in the lower level of the library. The gallery coordinator is paid \$10,000 per year and the gallery only brings in less than \$2,000. They are recommending that the gallery should break even or consider elimination the coordinator position.

N.Gruber suggested that subcommittees report be edited to break out how much of the annual loss is due to pension and legacy costs. T.Rowland will create a chart for the committee to include in the report.

K. Bateman questioned why it is being recommended to study a district library over a five-year period. S. Gach-Droz stated we need to find a partner in order to form a district library and this will take time. K. Vigliotti asked why Pleasant Ridge could not be our partner. S. Gach-Droz indicated that this is a contractual arrangement with Pleasant Ridge. It was suggested to put the definition of a district library be added to the report.

- e. Communication: J. Samoray stated that the committee drafted talking points for the Mayor and that the next Commissioners Corner in the Hometown Herald will be about this committee. He explained that the timing of the full report was discussed and working backwards from a Spring Act 345 vote they would need six months to educate and inform the community. It is requested that the subcommittees all submit their final drafts at the June meeting. The Communication subcommittee will complete an executive summary and submit a final report back to the group for approval at the July Meeting. The report would then be sent to the City Commission in August.



S. Gach-Droz asked when we would be able to have a one on one with the City Commission. T. Rowland indicated that he expected there would be a joint meeting most likely before the August Commission meeting to go over the report and answer any questions the Commission may have.

J. Samoray passed out a picture of a sandwich board that Birmingham has all over town to inform the public of a master plan update they are doing. He asked if this is something we should do and what other ways we can get the word out to the public.

5. Public Participation: None

6. Other Committee member business: F. Fechheimer passed out a memo regarding unfunded OPEB benefits. He questioned if the City will be able to continue to fund retiree benefits on a pay as you go basis, or if the future annual costs would be too high. J. Falik asked if this is something we need to hold off on our report for to make recommendations on.

T. Rowland informed the committee that a new OPEB Valuation is done every two years and one is being worked on currently. He is hopeful that the report will be available by the June meeting but if not, it will definitely be available for the July meeting

8. Adjournment: Meeting adjourned at 8:11 p.m. and the next meeting is Monday, June 17, 2019 at 7:00 p.m.

City of Huntington Woods  
Long Range Budget & Planning Committee  
June 17, 2019  
Minutes

The meeting was called to order at 7:05 p.m. at the Library.

Present: Kim Bateman, Shelley Gach-Droz, Fred Fechheimer, Joseph Falik, Nick Gruber, Joel Kellman, Jeff Samoray, Molly Trip, Amit Bhagwan, Tony Lehmann, Amy Sullivan, Tim Rowland.

Absent: Frank Mioni, Seth Kritzman, Melanie Wiegand, Zac Andreoni, Adam Kaplan,  
Chuck Batcheller, John Nantais, Mike Egnotovich, Lisa Momblanco, Susan Klein, Sharon Abramsky, Kris Vigliotti.

Public: David Sloan and Clare Galed.

1. Roll Call
2. Approval of agenda: Moved by F. Fechheimer and seconded by Joel Kellman to approve the agenda. Approved unanimously.
3. Approval of May 20, 2019 minutes: Moved by F. Fechheimer and seconded by A. Bhagwan to approve the minutes. Approved unanimously.
4. Review of draft reports from subcommittees:
  - a. Recreation and Library: J. Kellman said that cost estimates had been added to their report and detail on the district library concept was added. F. Fechheimer asked if the unfunded retiree liability was included in the table and it is. He suggested that it be added to the footnote and that the fiscal year for the dollar amounts be included. J. Kellman asked for an explanation of the Parks Department cost. T. Rowland explained that the cost for the Parks Department represents the wages and benefits for two full-time employees, the cost for summer temporary employees and cost for contractual services for park lawn cutting. S. Gach said the subcommittee did not make specific recommendations about the combining positions at the Recreation Center but the Committee noted that the job descriptions are on the Google drive and they can be included in the report as an addendum for the City Commission to reference. J. Kellman and S. Gach-Droz will work with T. Rowland on a final draft. The subcommittee members thanked T. Rowland for his assistance on their report.



- b. Roads and Sewer: J. Samoray said based on questions from the Committee on when the heavy maintenance would begin, the report has been revised to make it clear that the heavy maintenance will begin in year 1 of the 20-year plan which in turn reduces the amount of the bond needed for the road reconstruction portion of the strategy. The subcommittee acknowledged the assistance of the consultants in the report.
- c. Revenue Sources: K. Bateman passed out the draft report and said that the MERS projection scenario needs to be added to the final draft of the report. The subcommittee decided not to make a recommendation to ask voters for a Headlee override in the future but did mention that it was a possibility the City could look at some other time. J. Samoray suggested adding to the report that the benefit of the PA 345 millage was it frees up \$800,000 in the General Fund budget to be spent on other city priorities. J. Kellman asked if the draft report included a calculation of the PA 345 tax impact on homeowners. K. Bateman said it did not but it could be added to the final draft. There was discussion on the recommendation that the PA 345 millage request be capped at 5 mills for 25 years. Some members of the Committee were concerned that voters would assume the City would levy 5 mills if they didn't understand that the millage rate would be determined annually by the MERS actuarial report. There was a discussion on lowering the recommendation to a maximum of 3 mills. Other Committee members assumed the MERS projections would be revised in the future and rather than have to ask the voters for another millage if 3 mills was not enough, it was better to have a 5 mill cap. T. Rowland pointed out that the PA 345 statute does not require a maximum millage cap or a sunset date. Both items are optional if put before the voters. F. Fechheimer asked if the City had requested, or could request, a lower interest rate assumption from MERS because he felt their 7.35% assumption was too optimistic. A. Sullivan said the actuarial determined contribution would be based on the 7.35% interest rate assumption even if MERS prepared a different scenario for the City. N. Gruber asked that the final report make it clear that the PA 345 recommendation was action that required a vote of the residents. He also asked that the final report detail the reason why the maximum millage cap was different than the estimated millage rates which range from 2.2 to 2.7 per year. J. Kellman asked that the millage impact table show the average homeowner the cost for 2.7 mills and 5 mills.

Motion by F. Fechheimer to limit the maximum millage for the PA 345 proposition to 3.5 mills for 25 years. Seconded by J. Falik.

4 – yes votes

5 – no votes

1 member did not vote

Motion fails.

Motion by N. Gruber to limit the maximum millage for the PA 345 proposition to 5 mills for 25 years. Seconded by S. Gach-Droz.

7 – yes votes          2 – no votes          1 member did not vote  
Motion passed.

- d. City Hall, Public Safety & DPW: N. Gruber stated that there were no changes to the draft report presented at the May meeting.
  - e. Communication: J. Samoray stated the subcommittee planned to meet next week so the final drafts of the subcommittee reports should be sent to A. Sullivan by the end of the week. N. Gruber reminded the Committee that because the 4 subcommittee reports were written by different individuals, the Communication subcommittee may need to make minor changes to the reports so they have a similar tone and the same fonts, etc.
- 5. Public Participation: None
  - 6. Other Committee member business: T. Rowland said the OPEB study is due this week and would be distributed to the Committee. J. Falik said it was important for the Committee members to know if the projections are similar to the amounts being contributed now or if they are substantially different as it will impact the City's long-term financial health.
  - 8. Adjournment: Meeting adjourned at 8:30 p.m. and the next meeting is Monday, July 15, 2019 at 7:00 p.m.



City of Huntington Woods  
Long Range Budget & Planning Committee  
July 15, 2019  
Draft Minutes

The meeting was called to order at 7 p.m. at the Library.

Present: Kim Bateman, Kris Vigliotti, Fred Fechheimer, Nick Gruber, Joel Kellman, Jeff Samoray, Amit Bhagwan, Tony Lehmann, Frank Mioni, Mike Egnotovich, Lisa Momblanco, Susan Klein, Sharon Abramsky, Amy Sullivan, Tim Rowland.

Absent: Seth Kritzman, Melanie Wiegand, Zac Andreoni, Adam Kaplan, Chuck Batcheller, John Nantais, Shelley Gach-Droz, Joseph Falik, Molly Trip.

Public: Clare Galed.

1. Roll Call
2. Approval of agenda: Moved by J. Kellman and seconded by M. Egnotovich to approve the agenda. Approved unanimously.
3. Approval of June 17, 2019 minutes: Moved by F. Fechheimer and seconded by F. Mioni to approve the minutes. Approved unanimously.
4. Review of meeting format

N. Gruber thanked the Committee for their time and effort and also thanks to the communication subcommittee for compiling the final draft. He will make a motion to approve the final draft as written and everyone will have an opportunity to make comments after the vote. If a committee member feels there needs to be substantive changes to the draft, then they should vote no on the motion.

Moved by N. Gruber and second by A. Bhagwan to approve the final draft as presented.

Ayes: Kim Bateman, Kris Vigliotti, Nick Gruber, Jeff Samoray, Amit Bhagwan, Tony Lehmann, Frank Mioni, Mike Egnotovich, Lisa Momblanco, Susan Klein, Sharon Abramsky

Nays: None

Abstain: Joel Kellman, Fred Fechheimer

5. Comments on final draft

Joel Kellman: What is the process to distribute the report? A. Sullivan said it would be passed out to the City Commission at their July 16<sup>th</sup> meeting and a special city commission meeting is set for Tuesday, August 20<sup>th</sup> at 6:30 p.m. to meet with the Budget Committee to discuss the report and answer questions.

Frank Mioni – he likes the report as written and apologized for missing meetings due to a family emergency.

Lisa Momblanco – no comments.

Sharon Abramsky – no comments.

Kim Bateman – no comments.

Tony Lehmann – he likes the report as written and reminded the Committee that the hard work will be to implement the recommendations.

Mike Egnotovich – no comments.

Kris Vigliotti – wanted to clarify that the PA 345 millage in the second recommendation and the Headlee override millage in the sixth recommendation were two different millages.

Fred Fechheimer – he would like to see a 5-year projection to estimate the impact of the recommendations. He is concerned that if they are inadequate then revenue may be diverted from roads to pay for services and the Committee will not have addressed their charge to provide a long-term funding solution. T. Rowland believes that the recommendations will fund services through 2024 and then a Headlee override will need to be considered. He was concerned about making a number of assumptions for a projection but he will look at whether it will be possible to do for the August 20<sup>th</sup> meeting. Fred felt that the language in the Executive Summary that the post-retirement benefits were not “fully funded” did not accurately describe the City’s financial position. The Committee agreed to modify the sentence to read “post-retirement benefits are funded to XX percent” with Tim to provide the percent of funding.

Susan Klein – she is concerned that the reason that action needs to be taken quickly is not stressed enough. She believes graphs are effective in describing the City’s financial concerns and that the revenue shortfalls need to be included in the Executive Summary. She suggested a graph that shows the City’s historical revenue and expenditure figures. The Committee agreed that in the Executive Summary to revise language that refers to “the cost to the City” as the “shortfall” instead. The Committee also agreed to add language that if the pension is not adequately funded, it could affect the City’s bond rating.



Amit Bhagwan - no comments.

Jeff Samoray – no comments.

Joel Kellman – he felt that the post-retirement funded level should be described as being “*only* funded to XX percent”. After discussion, the Committee decided to not revise the language.

N. Gruber amended his motion to approve the final draft with the language agreed on tonight and A. Bhagwan supported the amended motion.

Ayes: Kim Bateman, Kris Vigliotti, Nick Gruber, Jeff Samoray, Amit Bhagwan, Tony Lehmann, Frank Mioni, Mike Egnotovich, Lisa Momblanco, Susan Klein, Joel Kellman, Sharon Abramsky

Nays: None

Abstain: Fred Fechheimer

A. Sullivan suggested the Committee consider writing a cover letter for the report that could express the thoughts that S. Klein had expressed. F. Fechheimer felt that the City Commission was already aware of the importance of taking action. The full Committee had previously agreed that the Final Report content would serve as an executive summary of the individual subcommittee reports. J. Samoray said the Committee’s job was to make recommendations to the City Commission and it was their responsibility to inform the public once they decided on a course of action. He reminded the Committee that the communications subcommittee had recommended the City Commission hold town halls to help inform residents. N. Gruber asked S. Klein to put together some talking points that could be emphasized at the August 20<sup>th</sup> joint meeting.

N. Gruber relayed Chuck Batcheller’s comments submitted via email that the first two paragraphs of the Executive Summary be deleted because they expressed opinions. The Committee did not incorporate those changes into the final draft.

6. Public Participation: C. Galed stressed that many departments and services are provided in the General Fund and that the Recreation Department and Library should not be singled out as the only departments that run shortfalls or be required to offset their costs with revenue. Other departments, such as Public Safety, don’t have this expectation so the Recreation Department and Library should not be treated differently.
7. Other Committee member business: The remainder of the 2019 scheduled meetings is canceled now that the final report has been

completed. There is a joint meeting with the City Commission on Tuesday, August 20<sup>th</sup> at 6:30 p.m. to discuss the report in more detail.

8. Adjournment: Meeting adjourned at 7:55 p.m.