

A Special Meeting of the Royal Oak City Commission was held on Thursday, June 3, 2010, in the City Hall, 211 Williams, Royal Oak. The Meeting was called to order by Mayor Ellison at 6:00 p.m.

ROLL CALL	PRESENT	ABSENT
Mayor	Ellison	
Commissioners	Andrzejak Capello Drinkwine Poulton Rasor Semchena	

Adjourned to Closed Session

Moved by Commissioner Capello
Seconded by Commissioner Rasor

BE IT RESOLVED that the City Commission hereby adjourns to Closed Session for purposes of Collective Bargaining and Attorney/Client Privilege.

ROLL CALL VOTE

AYES: Commissioner Poulton, Semchena, Andrzejak, Rasor, Capello, Drinkwine and Mayor Ellison

NAYS: None

ABSENT: Commissioners Poulton (6:06PM) and Rasor (6:04PM)

MOTION ADOPTED

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A Special Budget Meeting of the Royal Oak City Commission was held on Thursday, June 3, 2010, in the City Hall, 211 Williams, Royal Oak. The Meeting was called to order by Mayor Ellison at 6:31 PM.

ROLL CALL	PRESENT	ABSENT
Mayor	Ellison	
Commissioners	Andrzejak Capello Drinkwine Poulton Rasor Semchena	

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PUBLIC COMMENT

Mr. Al Simmons, 528 Orchard View, spoke regarding story of how ALS arrived within five minutes to take him to Beaumont. Had the ambulance not arrived, he would not be present at the meeting. He chose to live in Royal Oak because of the excellent reputation of the Fire and Police departments and supported paying for the services he receives from the City.

Ms. Joan Johnson, 709 Lockwood, felt the staffing layoffs were detrimental to the financial well being of Royal Oak. She was furious having received a flyer of scare tactics from the Fire and Police department.

She wants to pay for the services she receives, but needed to know what they are and how much they will cost. Once the information was provided, would be willing to look at a millage.

Ms. Nancy Chinn, 5098 Thorncroft, requested the unions and the City talk to each other and have a common goal. Put out to the public what they need and a millage would work this time.

Mr. Nick Bayma, 2915 Evergreen, felt it was important to have strong police, fire and ambulance services and that a millage was important.

Mr. Joseph Bates, 4112 Coolidge, stated a firefighter was at his door with a flyer and felt police and fire and ambulances were important. He had a harassment issue and called the police department and was told to not bother filing a report because they are too busy. He wanted to feel safe.

Mr. Rick Karlowski, 419 Virginia, did not oppose a millage, but was concerned they were going to be back in two years talking about the same issues. He voiced concerns regarding early retirements and benefits. The unions need to come to grips. The City only has so much money. He suggested volunteer firefighters if they could not get concessions. If a millage is proposed, he wanted to see a long term solution.

Mr. Mark Wilkinson, 432 S Washington, his wife is a member of the ROFD and he supported keeping ALS. He did not think a private ambulance service would have the same response time as what they have now. To have to wait for an ambulance is not a good system. If minimum times are decreased to where they can't do anything, it's only one small disaster that will be terrible.

Ms. Ellen Atone, 527 W Webster, supported fire and police department and was in favor of a millage.

Mr. Brendan Wehrung, 702 Irving, felt the owner of Emagine should be present regarding discussion of valet parking at the Farmer's Market. He was pleased that millage discussion would be brought forward. Requested agendas be posted sooner.

Ms. Carolyn Wemple, 1051 Oakridge, supported paying more taxes for services. She had a break in at her house and she felt bad she was taking up the police time because they are so busy.

Mr. Charles Kaminskis, 201 Austin, was concerned with private ambulance service and wanted to keep what they have now.

Mr. Ken Bernek, 527 S Campbell was in support of the police and fire department. Did not think private ambulance service was the way to go. Would be willing to vote for a millage, but not just as a short term fix.

Commissioner Drinkwine announced he received an anonymous flyer in the mail with his picture attacking him. He wanted it known it did not intimidate him and would not make him do anything that he thought was not right. The individual who put the flyer together was free to contact him directly.

Mayor Ellison expressed that they all have different philosophies, but they are at a point and time of making the toughest decisions that they have ever had to make. He has the utmost trust and faith with everyone sitting up at this table. They are working together and going forth as the cc to deliver them the best service they can and they will find solutions to this. He asked that they have faith in them.

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**WATER AND SEWAGE DISPOSAL RATE
(REVISITED)**

There was a 24 million dollar revenue requirement for the water and sewer fund for fiscal year 2010/2011. There is an additional 1 million dollar cash requirement relative to the current fiscal year for this function. Significant contributing factors to the rate increases were the following:

Sewage – Oakland County Water Resources Commission (OCWRC) flat storm rate increases of 16.2% to \$6,199,625.

Sewage – OCWRC (mark-up) Commodity rate increase 35.5% (to \$1.03) due to Emergency Repair Reserve.

Sewage – Detroit Commodity rate increase of 8.8% (\$11.07 to \$12.04)

Water – SOCWA/DWSD Commodity rate increase of 8.5%

Royal Oak has had a decreased consumption of water since 2002, which equates less to spread for fixed costs. Many communities have been decreasing as well.

Royal Oak staffing increase equates to 1.04 FTE or \$0.50 per Mcf (\$92 and \$104).

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**PARKING REVENUE
(REVISITED)**

There was discussion regarding extending the hours of the meters, including changing the meters, having meters that would accept credit cards and possible charging for Sunday parking. City Manager Johnson handed out a list of revenues that would be generated with any changes to the parking fees (Exhibit A).

Moved by Commissioner Andrzejak
Seconded by Commissioner Capello

BE IT RESOLVED, that effective July 1, 2010 the flat rate structure for the Center Street deck be changed to a flat fee of \$5.

ADOPTED UNANIMOUSLY

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Moved by Commissioner Andrzejak
Seconded by Commissioner Semchena

BE IT RESOLVED, the meter enforcement is amended from 11AM – Midnight effective July 1, 2010.

Friendly Amendment to include changing the hours of operation to the multi-rate areas of the City.

Moved by Commissioner Andrzejak
Seconded by Commissioner Semchena

BE IT RESOLVED, that the meter enforcement is amended from 11:00 AM – Midnight for all parking lots, with the exception of the lots at 14 Mile/Rochester and the lots North of Catalpa.

ADOPTED UNANIMOUSLY

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TAXES

City Manager Johnson handed out proposed Millage figures to the Commission (Exhibit B) for discussion.

Moved by Rasor
Seconded by Poulton

BE IT RESOLVED, the City Commission requests the administration to explore how tax enhancements would work for Royal Oak which would include a millage and income tax.

BE IT FURTHER RESOLVED, that staff prepare a link on the website for a survey that the public may take regarding what services they want.

Commissioner Drinkwine requested City Manager Johnson to define the level of service they need and what it would cost.

Commissioner Poulton requested that they study the effects of instituting a city income tax in lieu of the property tax to fund city operations.

After discussion the motion was withdrawn. Commission directed City Manager to look into ideas discussed and report back to them.

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OTHER REVENUE ENHANCEMENTS

Discussion included increases in license fees for those who use more city services and possibly have the item on a future agenda.

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PUBLIC SAFETY STAFFING

Commissioner Capello presented a proposal to preserve six police officer positions and three fire fighter positions for the 2010/2011 budget year. It would be a one time fix. The first was with the \$8,000 in the budget that was voted to be eliminated. With Motor Pool they could forgive the police department for their current contribution to the Motor Pool, which amounts to roughly \$461,000. The budgeted accounts that had zero actuals, but budgeted dollars for emergencies equated to \$78,000 and City Manager Johnson had agreed to give back half, which equaled \$39,000. The last place she looked was the fund balance for Information Services. They had received an e-mail from Mr. Scott Newman of the Information Services Department of what his priorities and projects were. At the tail end was a recommendation to retain \$1.3 million, which she did and took the balance of that which gave them \$467,000. The grand total of the reallocations was \$975,496. Her recommendation was to use those funds to add nine public safety officers for the year, with six being from the police department and three from the fire department.

The commission decided to go ahead with Commissioner Capello's plan as presented for a one time adjustment.

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BUDGET POLICIES

City Manager Johnson stated the second year of the budget is violating their fund balance policy and Finance Director Rudd was asking for a revision to the fund balance policy.

The commission was aware and a resolution would be prepared to that effect once the final budget was approved.

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OTHERS

There was nothing else brought forward to discuss.

This item was postponed to June 3rd.

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Upon Motion of Commissioner Capello, Seconded by Commissioner Poulton, and adopted unanimously, the Special Meeting was adjourned at 9:59 P.M.

Melanie Halas, City Clerk

The foregoing Minutes of the Special Meeting held on June 3, 2010, having been officially approved by the City Commission on Monday, July 12, 2010, are hereby signed this twelfth day of July.

James B. Ellison, Mayor

Exhibit A

Parking Notes

Extend Hours past 10:00 PM

2009 Ticket Revenue from tickets issued 9:00PM-10:00PM
 Additional Enforcement Cost
 Net Ticket Revenue Estimate per hour

121,411
(9,000)
 112,411

40,002

Meter Revenue Estimate per hour
 Additional Collection Cost
 Net Meter Revenue Estimate per hour

78,000 (Assumed 50% occupancy, 3 days/wk, @.50)
(4,165)
 73,835

Total Net Revenue Estimate per hour

186,246

One time costs to change meter signage
 Payback (in months)

(45,000)
 3

Change all street meters to multi-rate

Additional Revenue
 Additional Collection Cost
 Net Revenue Increase

40,000
(2,136)
 37,864

One time costs to change meters
 Payback (in months)

(42,000)
 13

Sunday Parking

No estimates available. We would need to do counts.

7th Street lot

Revenue @ \$5/vehicle (assuming 100 vehicles, 3 days/wk)
 Meter Revenue (assuming 100 vehicles, 3 hrs, 3 days/wk)

78,000
(35,100)
 42,900

Operating Cost
 Net

(27,600)
 15,300

Lost Ticket Revenue could easily offset this.

Raise Flat Rate at Center Street Structure to \$5

117,552 see separate analysis

Review all parking rates

10% 328,000
 20% 656,000
 30% 984,000

Structures haven't had a rate change since 2002
 Meter rates haven't changed since 2005

Millage Figures

Projected additional tax revenue from a millage increase							
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	
Amount of Increase (in Mills)							
1	2,135,326	1,928,228	1,873,528	1,873,528	1,916,323	1,970,756	
1.5	3,202,988	2,892,342	2,810,291	2,810,291	2,874,485	2,966,133	
2	4,270,651	3,856,456	3,747,055	3,747,055	3,832,646	3,941,510	
2.5	5,338,314	4,820,571	4,683,819	4,683,819	4,790,808	4,926,888	
3	6,405,977	5,784,685	5,620,583	5,620,583	5,748,969	5,912,265	
3.5	7,473,640	6,748,799	6,557,346	6,557,346	6,707,131	6,897,643	
4	8,541,303	7,712,913	7,494,110	7,494,110	7,665,292	7,883,021	
4.5	9,608,965	8,677,027	8,430,874	8,430,874	8,623,464	8,868,398	

Increase needed to maintain 2009-10 level of services

Revenue	29,071,462	27,540,039	27,135,543	27,135,543	27,452,003	27,854,513	
Transfers	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000	
Expenditures	38,865,280	39,836,912	40,832,835	41,853,656	42,899,997	43,972,497	
Shortfall	7,768,818	10,271,873	11,672,292	12,693,112	13,422,994	14,092,984	
Mills needed to balance	3.64	5.33	6.23	6.77	7.00	7.15	
Shortfall w 3 mills	1,362,841	4,487,189	6,051,709	7,072,530	7,674,024	8,180,719	

Impact on an average residential taxpayer

Taxes Paid	2009-2011	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Ave Residential TV	77,078	70,239	63,917	62,320	62,320	63,566	65,155
Current tax rate (all)	11.71	11.71	11.71	11.71	11.71	11.71	11.71
Ave Residential taxes	903	823	749	730	730	745	763
Ave Reduction from '09-'10	0	80	154	173	173	158	140

Taxes that would be owed with increase of

1	70	64	62	62	62	64	65
1.5	105	96	93	93	93	95	98
2	140	126	125	125	125	127	130
2.5	176	160	156	156	156	159	163
3	211	192	187	187	187	191	195
3.5	246	224	218	218	218	222	228
4	281	256	249	249	249	254	261
4.5	316	288	280	280	280	286	293