

**BIRMINGHAM CITY COMMISSION MINUTES  
APRIL 22, 2017 BUDGET PUBLIC HEARING  
MUNICIPAL BUILDING, 151 MARTIN  
8:30 A.M.**

**I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

Mark Nickita, Mayor, called the meeting to order and opened the public hearing at 8:33 AM.

**II. ROLL CALL**

ROLL CALL: Present,	Mayor Nickita Commissioner Bordman Commissioner Boutros Commissioner DeWeese Mayor Pro Harris Commissioner Hoff Commissioner Sherman
Absent,	None

Administration: City Manager Valentine, City Attorney Currier, City Clerk Brown, Finance Director Gerber, DPS Director Wood, DPS Manager Filipski, City Engineer O'Meara, Fire Chief Connaughton, Assistant Fire Chief Donohue, Building Official Johnson, Planner Ecker, Senior Accountant Burrick, Police Chief Clemence, HR Manager Taylor, IT Director Brunk, Museum Director Pielack, BSD Director Tighe, Library Director Koschik

**III. BUDGET PRESENTATION**

Finance Director Gerber presented an introductory DVD to the proposed budget for fiscal year 2017-2018, highlighting the following:

- The proposed fiscal year 2017-2018 budget represents the sixth year of revenue growth for the City. The growth has been the result of reinvestment in the City as a result of low interest rates and favorable economic conditions. This has helped lift the City from a period where taxable values dropped 16% and where the City reduced full-time staffing levels by 32%.
- While current forecasts present a more favorable outlook for revenues, in large part due to growth in the housing market, the years ahead will continue to present financial challenges for the City due to rising costs and long-term capital improvement needs.
- The estimated taxable value used for the proposed 2017-2018 budget marks the first time the City's taxable value has risen above its previous high level set in fiscal year 2007-2008. This means that it has taken 10 years for the City to fully recover from taxable value losses it sustained during the Great Recession. During those 10 years, the City has had to manage rising costs.
- The proposed fiscal year 2017-2018 budget continues the City's efforts to minimize expenditure increases while maintaining services and planning for future community needs.

- The total recommended fiscal year 2017-2018 budget, for all funds, including component units, is approximately \$72.2 million, which represents a 13% decrease from the prior year's budget.
- A significant portion of the decrease in expenditures for fiscal year 2017-2018 is attributable to large budgeted capital improvements in the prior year budget.
- The City's recommended fiscal year 2017-2018 General Fund Budget, which represents expenditures for major City operations, totals approximately \$34 million and represents an increase of approximately 5% over the prior year's General Fund budget.
- General Fund expenditures represent 47% of the City's total budgeted expenditures.
- Property taxes account for 69% of revenues within the City's General Fund. Other major sources of funding include Charges for Services and License & Permit fees.
- Within the proposed fiscal year 2017-2018 General Fund Budget, Police and Fire services account for \$12.7 million, or 38% of all expenditures.
- Continuing the City's reinvestment in its infrastructure and equipment, the recommended fiscal year 2017-2018 budget includes \$7.5 million in Capital Improvement projects. Of this amount, approximately \$4 million is budgeted for improvements to streets, sidewalks, sewers, and the water delivery system.
- The recommended fiscal year 2017-2018 budget includes a recommended total property tax levy of 14.6975 mills, which represents a slight decrease from the prior year's budget.
- The City's Operating levy is proposed to increase slightly from 11.1843 mills to 11.2481 mills.
- The Library operating levy is proposed to remain unchanged at 1.41 mills.
- The City's refuse levy is proposed to decrease from 0.8687 mills to 0.8349 mills, as a result of an increase in taxable value.
- The City's debt levy is proposed to decrease from 1.2984 mills to 1.2045 mills as a result of an increase in taxable value.
- The total average residential property tax bill for 2017-2018 is estimated to be \$8,640 based on an average residential taxable value of \$197,500 and estimated total tax levy of 43.75 mills.
- Of the total tax levy of 43.75 mills, the City accounts for 14.6975 mills or approximately 33%. This equates to approximately \$2,900 of the total tax bill of \$8,640. The remainder of property taxes is remitted to Oakland County, State of Michigan, and Birmingham Schools.
- The water rate is recommended to increase 6% for 2017-2018 as a result of a 9% decrease in water service revenue, a 3% increase in the costs of water, and a 2% increase in maintenance costs.
- The sewer rate is recommended to increase by 5.5% as a result of a 4% increase in the cost of sanitary sewage disposal and a 4% increase in maintenance costs.

City Manager Valentine reported:

- This year's balanced budget was guided by established budget goals and reflects an overall decrease of 13% from the prior fiscal year's amended Budget. This is primarily the result of significant infrastructure and capital improvement projects that were planned in the current 2016-2017 fiscal year.
- Included in this net decrease the 2017-2018 recommended Budget provides for a net addition of four full-time positions to meet operating needs within the City.

- The General Fund and unassigned fund balance has been, and continues to be, under extreme pressure. The budget maintains a strong fund balance of 34.5% which is within the range of 17% - 40% established by the City Commission and reinforces our AAA bond rating.
- This budget provides funding for approximately \$7.5 million in capital improvements.
- Water rates are planned to increase 6%, or roughly \$23.00 on average, as a result of a slight increase in water rates, operating costs and less water consumption.
- Sewer rates are planned to increase 5.5% due to higher costs related to the Great Lakes Water Authority (GLWA) and Oakland County Resource Commission, and an increase in maintenance and operating costs.
- The City's overall millage rate is proposed to decrease for the third straight year, while including a slight increase in the City's operating levy of .0638 mills to help address increasing pressure on capital project expenditures.
- The library levy is proposed to remain at 1.41 mills as Phase I of the renovation project is completed.
- Some repetitive themes carry through the general fund such as personnel expenses due to adjustments in retiree health care contributions as recommended by the City's actuary and adjustments in retirement and pension contributions due to smoothing of market losses of the prior fiscal year

#### **IV. DEPARTMENT PRESENTATIONS AND DISCUSSION**

##### **CITY COMMISSION**

City Manager Valentine reported a 6% increase, attributable to a miscellaneous account being inadvertently omitted from the current budget and to funding for business cards with a new City logo.

##### **MANAGER'S OFFICE**

City Manager Valentine reported an increase of 72%, attributable to strategic realignment which adds additional positions. The positions would include a Communications Director to effectively handle the City's expanded communications efforts and an Assistant City Manager.

The Assistant City Manager position will be supplemental to the City Manager's office and the engineering department and will be tasked to assist with efforts such as management of the parking system, the advisory parking committee and some of the Multi-Modal Board efforts.

Salaries for new positions are determined by combining Michigan Municipal League compensation studies with the City's compensation classifications. If the budget is approved the hiring process will begin July 1, 2017.

##### **CITY HALL AND GROUNDS**

City Manager Valentine reported a decrease of 4%, attributable to a decrease in hospitalization costs and retiree healthcare contributions as prescribed by the City's actuary and a carryover from the prior year of an encumbrance for projects under other contractual services.

##### **PROPERTY MAINTENANCE-LIBRARY**

City Manager Valentine reported a 4% increase, attributable to repairs for the loading dock being included in capital projects.

He clarified for Commissioner Hoff funding for the library roof is included in capital projects.

### **LEGAL**

City Manager Valentine reported a slight decrease in the legal Budget, representing a downward adjustment to prior year spending.

### **HUMAN RESOURCES**

Human Resources Manager Yvonne Taylor reported a 2.4% decrease primarily due to a decrease in labor burden costs.

### **CITY CLERK**

City Clerk Brown reported a 5% decrease primarily due to a decrease in labor burden costs.

### **ELECTIONS**

City Clerk Brown commented the Elections budget fluctuates yearly based on the number of elections being held in the fiscal year.

### **FINANCE DEPARTMENT**

Finance Director Gerber reported a slight decrease from the prior year primarily related to labor costs adjustments.

### **TREASURY**

Finance Director Gerber reported changes due to contractual labor.

### **ASSESSING**

Finance Director Gerber reported a 3% increase due to the contract with Oakland County which contains a 3% increase for fiscal year 2017-2018.

### **GENERAL ADMINISTRATION**

Finance Director Gerber reported an increase of 12% due primarily to the street lighting utility and DTE costs.

He clarified the \$110,000 wage adjustment expense is moved out of this account and disbursed to the appropriate departmental accounts.

He confirmed funding of \$5,000 for the installation of public art is being reinstated in this budget.

Commissioner Hoff asked questions concerning the current and proposed budgets' funding for NEXT. Finance Director Gerber agreed to investigate the work included in the current year's budget for NEXT.

City Manager Valentine, addressing questions about funding for the City logo change, explained the original budget was reduced to \$5,000 based on a change in the parameters of the project toward a pro bono type of arrangement.

### **TRANSFERS OUT**

Finance Director Gerber explained the fund records money being disbursed for uses such as road work for major and local streets and current or future capital projects. Also included is

reimbursement to the sewer fund for the *Wolf v. Birmingham* lawsuit.

### **PENSION ADMINISTRATION**

Finance Director Gerber explained this fund records pension costs, actuarial fees, and the costs of Comerica handling the processing of retirement checks. These fees are reimbursed to the general fund by the pension fund, so it has zero net effect on the general fund.

### **COMMUNITY DEVELOPMENT PLANNING**

City Planner Ecker reported an increase of 12% which represents a new full-time position, offset by the elimination of a planning position and a part-time position. Also included in the increase are charges for the Master Plan.

Commissioner Hoff had questions regarding the current budget and why it doesn't reflect the changes in the timing of the project. City Manager Valentine explained the budget document before the Commission for consideration contains FY 2016-2017 numbers from November, 2016. Subsequent discussions and reallocation of funds will reflect in the final document.

### **BUILDING**

Building Director Johnson reported a 20% increase, attributable to an increase in cost from the McKenna Services contractor, and a planned redesign of the front counter and support staff workstations to increase service proficiency.

### **PUBLIC SAFETY**

Police Chief Clemence reported a 1.43% decrease attributable to a reduction in expenditures.

### **DISPATCH**

Police Chief Clemence reported a 4.56% increase due to the hiring of one new full-time dispatcher. The dispatch operation will transition to the same 12-hour shift format as the police operation with two full-time dispatchers in each platoon, and four part-time dispatchers for the department's busiest hours, typically 8:00 AM – midnight.

Responding to questions from the Commission, Police Chief Clemence affirmed:

- Beverly Hills, which contracts with Birmingham for dispatch services, pays 35% of all operational costs, including the cost of a new hire.
- The contractual relationship began in 2012, and both entities are satisfied.
- Having dispatchers on the same platoon system as sworn officers allows for direct connections with the shift supervisors and better productivity.
- Many communities are switching to the 12-hour shift format for dispatchers.
- Current dispatchers in the department were surveyed about working 12-hour shifts and seven of the eight were in favor of the switch.
- The 12-shift configuration for dispatchers will be studied after one-year, as was done with the police officers, in order to evaluate the program. The one-year study of the police officer group showed an increase in productivity with the advent of 12-hour shifts. Tickets were up 8%, and arrests were up 19%.

### **LAW & DRUG ENFORCEMENT FUND**

Fire Chief Connaughton and Police Chief Clemence reported:

- Forfeiture money from the DEA, in which we no longer participate, may still be received from a few outstanding cases when those cases are resolved.
- As a member of the Oakland County Narcotics Enforcement Team, an annual share of forfeiture funds is received in December and averages between \$30,000 - \$40,000.
- The funds may be used for any police related activity, such as a camera system.
- The County has created a spreadsheet of estimated forfeiture funds through 2029 to aid local departments in long-range budgeting.
- The expected share for Birmingham in fiscal year 2017-2018 is \$30,000 - \$40,000, which is being allocated for two ballistic vests for two new officers.
- A new in-car video system is another future project which could be purchased with forfeiture funds.
- When the legislature and statutes are more clear on the issues, the department will likely institute body cameras.

## **FIRE**

Fire Chief Connaughton reported a 2% increase primarily due to an increase in retiree health care contributions.

Responding to questions, Fire Chief Connaughton explained:

- The closure of Chesterfield Station for six months will not significantly impact utility costs. Gas and electric use will decrease slightly, but water use from Chesterfield Station will shift to Adams Station with the transfer of firefighters from one station to the other.
- Fire personnel are trained as paramedics, with paramedics being able to provide a much higher level of health care to citizens than EMTs. It is a departmental requirement for personnel to be paramedics when hired. Currently 21 of 27 firefighters are trained paramedics, with a plan that all will be in the future.
- Fire runs are trending downward nationally. In Birmingham 76%-78% of runs are medical, and 3%-4% are fire related. The remaining runs are for a variety of citizen assist issues.
- The Department is budgeted for 27 firefighters, and total personnel of 31, which represents no change from the prior year.

## **EMERGENCY PREPAREDNESS**

Proposed budget for fiscal year 2017-2018 emergency preparedness represents no change from the current year.

## **ENGINEERING**

City Engineer O'Meara reported the proposed budget is status quo from the current year.

City Manager Valentine explained the work load in the Engineering Department will be impacted by the strategic realignment in the City Manager's office, with the new Assistant City Manager assuming duties with the parking system, managing SP, working with the Advisory Parking Committee and other advisory boards.

## **SIDEWALKS**

City Engineer O'Meara reported the sidewalk program will remain the same in the coming year. The current fiscal year allocation of \$1 million for the sidewalk portion of the Old Woodward reconstruction project will be pushed forward to next year to coincide with the postponement of the project.

## **ALLEYS**

City Engineer O'Meara reported no changes in the alley plan.

Mayor Nickita initiated discussion about improvements to the Willits Alley. City Manager Valentine reported the private component of the alley is the section which is in the worst condition and the City is hoping to encourage the owners to improve that portion.

The City Manager and Commissioners discussed future plans for a coordinated effort to improve the City's alleys. Some items mentioned for consideration were trash concerns, repairs, parking, and improved walkability.

## **PUBLIC SERVICES**

DPS Director Wood and DPS Manager Filipski reported an 8% increase primarily attributable to the purchase of software for recreation programs and software for street tree inventory, and to increased costs for facility cleaning and maintenance. DPS Director Wood confirmed for Commissioner Hoff that costs for implementing the new City logo on signage is incorporated in this budget.

## **PROPERTY MAINTENANCE**

DPS Director Wood reported a less than 1% increase primarily due to storm water charges.

## **WEED/SNOW ENFORCEMENT**

DPS Director Wood reported an increase of \$20,000 for contractual services for cutting lawns and snow removal for properties in violation of applicable ordinances. She explained the contractual costs are recouped from fines. Finance Director Gerber confirmed that reinstating the Hearing Officer, and thus having standards in place for addressing appeals, results in better compliance with paying the fees.

## **ICE SPORTS ARENA**

DPS Director Wood reported an increase of \$10,000 to cover the purchase and installation of cameras. Responding to questions regarding the possibility of repairs being needed to the ice cooling system, DPS Director Wood explained investigation into existence of a possible leak and its location will be undertaken after the season ends. An update will be provided through the City Manager.

## **COMMUNITY ACTIVITIES**

DPS Director Wood reported a slight budget decrease.

City Manager Valentine announced the City will not produce a fireworks event this year. He explained the event has evolved into a regional event, placing an increased demand on resources, and raising concerns about the City's ability to provide the resources necessary to sustain a safe event. Police Chief Clemence and Fire Chief Connaughton reported that, in discussions with their staffs after last year's event, there was unanimous agreement that the event has outgrown the City's resources for providing adequate public safety supervision.

City Manager Valentine reported a media plan is in place to communicate the cancelation of the event to the public.

## **PARKS & RECREATION**

DPS Director Wood reported a 6% increase, primarily due to increases in water utility and storm water fees.

Commissioner Bordman commented that the City keeps creating master plans for parks, which involves the residents and raises expectations, but the plans are not being implemented. She indicated when she served on the Parks and Recreation Board priorities were set. She suggested the budget include accumulation of funds to implement priority items. Commission Hoff agreed.

City Manager Valentine explained a master plan process has three phases: 1) the master plan is the conceptual plan; 2) the final plan with full specifications and cost estimates is created in the second phase; and 3) the plan is then added to the capital projects plan where it is prioritized among other capital projects based on available funding. He also noted the DPS is preparing to update the Parks Master Plan which will further clarify the priority of parks projects. He reported this year \$125,000 has been identified in the capital improvement plan for pre-funding Park improvements, and is earmarked for the project to connect Booth Park with Bates. Current projections show \$600,000 available by 2019 to construct the project.

Commissioner Hoff questioned the status of Poppleton Park development. City Manager Valentine explained the plans that have been developed are at the conceptual stage. Next the final detailed plans have to be developed before funding can be planned.

Mayor Pro Tem Harris asked about the status of plans for improvements to the ball fields at Kenning Park as a public/private partnership. City Manager Valentine reported an acceptable agreement is in the process of being negotiated and noted there will potentially be some additional unbudgeted costs to the City for the improvements.

Other comments from Commissioners expressed support for funding parks improvements as part of the City's overall strategy for public infrastructure maintenance and improvement.

Commissioner Sherman pointed out that there are only so many dollars available unless taxes are raised, and he believes there is a general consensus from both the Commission and the public that taxes will not be raised. Accordingly, decisions have to be made about how to allocate those dollars. He noted the bulk of the City budget goes to payroll, labor burden, pension and those types of expenses, with only a small portion of the budget available for projects. He noted that is the purpose of having a five-year budget for capital projects.

Mayor Nickita believed there is a need for global evaluation of prioritization and thinking differently about how funding is allocated going forward. Currently we are heavily oriented for one part of infrastructure without fully looking at opportunities to adjust.

DPS Director Wood, in response to questions from Commissioner Hoff, stated funding from the Parks master plan is in the fiscal year 2016-2017 budget. The RFP for development of the updated plan has been released, with the intent to hire a consultant in June to complete the plan in the next six to nine months.

Resident David Bloom expressed his opinion that prefunding is a change in direction from past practice. He suggested the need for a policy with clear direction on how projects will be funded



going forward.

Resident DeAngelo Espree asked if maintenance of Quarton is causing an increase in water and sewage costs to the City. DPS Director Woods stated the costs for maintenance have remained consistent over the last several years.

Dennis Hodges, resident on Poppleton, explained the South Poppleton parks group expected improvements to begin happening once the master plan was adopted. City Manager Valentine reiterated the planning process, explaining the first phase is development of a concept plan which proposes general amenities. The concept plan has to be turned into a final plan with actual scaling, costs, amenities and detail. After that step, the project is put into the capital projects priority list.

Commissioner Sherman responded by referencing projects for which budgeting has begun, noting those projects are in the capital projects plan. Page 390 of the budget lists those projects and shows the plan for funding them over a period of time. Commissioner Sherman explained the next step for Poppleton is creation of a detailed plan so costs can be estimated in order to budget for it.

Mayor Pro Tem Harris underscored Commissioner Hoff's point about the apparent disconnect between our planning, our process and implementation with the public's understanding of that process. He agreed with Commissioner Hoff and Commissioner Bordman that the City has an opportunity to clarify the master planning process for its stake holders.

## **SPECIAL REVENUE FUNDS**

### **MAJOR STREETS & LOCAL STREETS**

Finance Director Gerber explained both funds are impacted by the possible postponement of the Old Woodward project. City Manager Valentine introduced the recommendation to postpone the project, explaining bids for the project came in higher than anticipated and higher than budgeted.

The following Summary Recommendation was presented:

1. Postpone Old Woodward Project until FY 2017-2018
2. Adjust the FY 2017-2018 Recommended Budget as follows:
  - Include Old Woodward Project based on amounts from Option 1 as follows:
    - \$1,753,590 for sidewalks improvements (General Fund)
    - \$2,678,250 for streets improvements (Major Street Fund)
    - \$823,070 for water improvements (Water Fund)
    - \$1,599,610 for sewer improvements (Sewer Fund)
  - Include Old Woodward traffic signals \$400,000 (Major Street Fund)
  - Remove 1<sup>st</sup> year of sidewalk assessment revenue of \$225,000 from General Fund
  - Remove \$450,000 from General Fund transfer to Capital Projects Fund for Old Woodward streetlights.
  - Adjust General Fund property tax revenue to include \$288,000 additional taxes as a result of higher than projected taxable value
  - Remove General Fund transfer to Sewer Fund of \$775,000
  - Decrease General Fund transfer to Local Streets by \$500,000 and increase General Fund transfer to Water Fund by \$500,000
  - Decrease General Fund equipment rental payment to Auto Equipment Fund by \$186,350

The Commission was in general agreement with the recommendations, with none expressing opposition.

### **COMMUNITY DEVELOPMENT BLOCK GRANT**

Finance Director Gerber reported anticipated funding at the same level as previous years, which is \$30,000. The plan for fiscal year 2017-2018 is to use the funds to address an ADA compliance issue with the exterior doors at the Police Department. There is also some ADA compliance work that could be done at the tennis bubble. ADA playground equipment at Poppleton Park does not meet the federal requirements for CDBG funding.

Commissioner Hoff, noting NEXT has been funded with CDBG money, and pointing out the current political administration is considering removing the funds, was concerned about the negative impact on NEXT. Commissioner Bordman also expressed concern about the negative impact on some of Birmingham's citizens if NEXT is not funded.

### **SOLID-WASTE DISPOSAL**

Finance Director Gerber reported an increase of 3% primarily attributable to the monthly surcharge for the conversion to mixed recycling.

Resident David Bloom asked if the City is confident that the low bid on the Old Woodward reconstruction project would get the job done with quality work. City Manager Valentine responded the range in each bid is based on the range in options, and noted the difference in bid prices between the two vendors was \$1 million across the board.

Mr. Bloom asked if there would be any cost savings by doing the Old Woodward project in conjunction with Bates. City Manager Valentine responded that an RFQ has not been issued for the Bates Street project.

### **ENTERPRISE FUNDS**

#### **Automobile Parking System**

City Engineer O'Meara stated that the parking fund is very strong, money is being put aside for the future projects, and routine maintenance on existing structures is being budgeted.

Responding to questions from Commissioner Hoff, City Engineer O'Meara indicated the increase in promotional costs is tied to the valet program, and the increase in other contractual services reflects credit card fees for parking meters and painting of parking meter pads and posts. The valet program would remain in the fiscal year 2017-2018 budget because the Old Woodward project, if postponed, will still begin construction during that fiscal year.

Mayor Pro Tem Harris asked about the status of the off-site parking program for business owners, and City Engineer O'Meara responded that no one has taken advantage of the option yet.

### **WATER SUPPLY SYSTEM**

City Engineer O'Meara reported a 6% increase in the water rate, due to a drop off of water service charges in the water fund. He explained that after subtracting revenue from water system fees for services other than water use, the net cost has to be charged out through the water rate. There is a downward trend in consumption but there are still the same fixed costs that have to be captured through water rates.

## **SEWAGE DISPOSAL**

City Engineer O'Meara presented a proposed increase of 5.5% to the sewer rate and a 3% increase to storm water rates. He noted Great Lakes Water Authority (GLWA) is still discussing how to structure reallocations of sewage costs. Early indications are that the Evergreen-Farmington System, which is the largest component of sewage expenses in the City, is going to increase by almost 15%.

## **MUNICIPAL GOLF COURSES**

DPS Director Wood reported increases in the overall budget for Lincoln Hills and Springdale are attributable to significant increases in the labor burden, public improvements, and, for Lincoln Hills, a transfer of \$100,000 to the General Fund as a partial repayment on a series of loans for clubhouse renovation and deficits incurred during the economic downturn.

## **INFORMATION TECHNOLOGY**

IT Director Brunk reported the IT budget is relatively static. He confirmed the contract is working well operationally, and Commissioner Sherman pointed out labor costs have decreased by \$30,000 as a result of using a contractor.

## **BROWNFIELD REDEVELOPMENT AUTHORITY**

Finance Director Gerber explained there are four brownfield projects using tax increment financing to develop contaminated sites. The increase in taxable value as a result of the development is used to repay the developer for certain portions of contamination clean-up costs. He noted Staff will be working with the Authority to develop more defined parameters in terms of maximum threshold per year or per project and will bring a recommendation to the Commission.

## **TRIANGLE DISTRICT CORRIDOR IMPROVEMENT AUTHORITY**

City Manager Valentine reported the City is working with Oakland County to reach an approved agreement.

## **GREENWOOD CEMETERY PERPETUAL CARE FUND**

City Manager Valentine explained this fund receives money from the sale of cemetery lots, which is invested and the interest or dividends received on those funds can be used for the care of the cemetery. He commented that \$20,000 is being allocated for the master planning process, and the budget document will be corrected to show that allocation in fiscal year 2017-2018. Future expenditures for the cemetery will be paid out from the interest or dividends of this fund.

## **DEBT SERVICE FUND**

Finance Director Gerber explained this fund records revenue and expenditures for debt payments related to the Parks and Recreation funds. As a result of refinancing, principal payments increased slightly, but overall the City will realize future savings.

## **CAPITAL PROJECTS FUND**

Finance Director Gerber explained this section deals with most of the City's capital expenditures. Some expenditures are significant enough that we tried to transfer money from the general fund to the capital projects fund to finance them. The schedule extends six years, and in addition we are accounting for six years' worth of expenditures expected from the major and local street funds, the water fund, the sewer fund, the automotive parking fund, the golf courses and all other funds

as well. Significant projects for this year include roof replacement at the Library, and updates for the Police Department locker rooms. Money set aside for the street lights for Old Woodward will be delayed based on the postponement of that project.

Responding to Commissioner Bordman, Finance Director Gerber indicated the entry of \$150,000 for Woodward Avenue crossing improvements would be improvements allowed by MDOT of existing crosswalks at Oakland, Bowers, Maple and 14 Mile to encourage slower traffic such as median landscaping and better striping. There is a possibility that MDOT will include in their planned resurfacing project some changes at Oak Street which the City cannot do because it is not an existing crosswalk.

In response to questions from Commissioner Hoff, Finance Director Gerber confirmed the allocation for backyard sewer lining is for the Quarton area. He indicated progress is being made in obtaining the necessary easement agreements from property owners, and the project will be moving forward this year on several blocks north of Oak. City Engineer O'Meara estimated he will spend less than the fiscal year 2016-2017 allocation of \$750,000 on the Quarton sewer lining, and will possibly be able to use about \$250,000 of the allocation on other sewer lining projects this year. Finance Director Gerber confirmed that every block that gets done will improve flow.

The Commissioners encouraged staff to continue actively pursuing the needed easement agreements.

DPS Director Wood confirmed that lease costs for apartment and condo dumpsters showing as expenditures in this fund are offset by rental income, which is entered in the revenue fund.

Answering a question from the audience, Finance Director Gerber reported the switch to LED lighting in the parking structures is accomplished in part with grants from DTE and from DTE rebates, and the project results in long-term cost savings.

The Commission recessed at 12:17 PM and reconvened at 12:35 PM.

## **BIRMINGHAM HISTORICAL MUSEUM ALLEN HOUSE**

Museum Director Pielack reported a reduction of 1.5% for Allen House and 1.5% for Hunter House due to completion of some public improvement projects. She highlighted requests for increases in personnel to expand open hours from four days a week to five days a week and in contractual services for anticipated repairs.

Museum Director Pielack indicated publication costs for the Anniversary would be in the next budget. The Anniversary is December 1, 2018.

Museum Director Pielack explained attendance numbers as reported comprise physical and virtual visitors and include park use.

Commissioner Hoff asked if the Museum should have coordinated their new logo with the City's current logo development for consistency. Mayor Nickita expressed his perception that the logos represent two different entities with specific audiences and it is logical to have separate logos.

Mayor Pro Tem Harris requested a status update on the siding project at Allen House. Museum Director Pielack reported architectural services have been confirmed and the project should start in the next few weeks. She confirmed the project costs are allocated the current year's budget.

### **HUNTER HOUSE**

Museum Director Pielack reported a budget reduction of about 1% over last year, and noted operations are fairly steady with fluctuations in water and utility costs.

### **BIRMINGHAM SHOPPING DISTRICT (BSD)**

BSD Director Tighe reported a 16% increase due primarily to expenses resulting from the Old Woodward construction project such as marketing and other support services, and to a \$55,000 increase for additional planters and holiday decorations.

Responding to questions about the valet program initiated in anticipation of the Old Woodward project, City Manager Valentine explained the intent was to run the program from the 2016 holiday season through the reconstruction project to create awareness and consistency. When the postponement of the Old Woodward project is announced, the BSD will have to re-evaluate how they want to handle the valet program going forward for the additional year. A meeting has been set up with downtown merchants next Thursday.

Resident DeAngelo Espree asked about plans to grow and improve the Farmers Market and Winter Market events. BSD Director Tighe responded the goal is to improve efficiency by increasing the number of participants. There will be a special kickoff for the 15<sup>th</sup> Anniversary celebration of the Farmers Market.

### **BALDWIN PUBLIC LIBRARY**

Library Director Koschik introduced Library Board President Frank Pisano and Vice President Jim Suhay. Library Director Koschik reported the total request is 1.41 mills. There are increases in personnel for one new part-time position, in collections for electronic resources, for the new maker space which will be opening this summer, replacement of the computer system, building improvements, updates to furniture, carpet, paint and electrical, and increased spending on marketing.

Regarding the Adult Services Renovation, Library Director Koschik explained the additional .31 mills for this year and next year are helping to fund the renovation. Phase I will be completed at the end of May and will be under budget. Any additional money could be applied toward the next phase. The ribbon cutting is set for Sunday, June 11, 2017 at 1:00 p.m.

In response to a question from Commissioner Sherman, Finance Director Gerber said if the millage rate stays at .31 mills the library will have collected \$24,000 more than anticipated. Commissioner Sherman asked if .31 mills is necessary to fully fund the project or if the millage rate could be lowered and still fund Phase I. He noted the City has a significant road project that is short on funding.

Mayor Pro Tem Harris asked if there is consistency with the City's planning for the next two fiscal years as shown in the Library Levy millage rates on page 21 of the budget document and the Library's plans. He was seeking clarity about the City's plan going forward.

Commissioner Sherman believed the budget document's projected library levy in fiscal year 2018-2019, as shown on page 21, is inconsistent with the Commission's intent. He stated his understanding the Commission approved an increase in the library's millage for two years to cover the costs of Phase I, and, further it was understood that the millage increase in the second year might not be for the full amount but only for an amount sufficient to cover the cost of Phase I. Funding of Phases II & III was not approved, with the understanding the Commission would determine whether or not funding would continue after Phase I was completed.

City Manager Valentine explained his takeaway from the funding discussion was that there was interest in starting to prefund the future phases of the project in the interim, similarly to the process of prefunding other capital improvement projects.

Commissioner Sherman stated his understanding of the Commission's intent that Phases II and III would be handled through the capital projects plan. Mayor Nickita concurred with Commissioner Sherman's understanding.

Mayor Pro Tem Harris asked if Commissioners could stipulate that the Commission approved a millage rate increase for both fiscal years 2016-2017 and 2017-2018 which fully fund Phase I of the library renovation project, and the approved, increased amount is the millage rate included in the fiscal year 2017-2018 budget.

Commissioner Sherman reiterated his question if the full millage increase is needed to complete Phase I. He also indicated the Commission will need to decide whether or not to continue the millage increase and use the funds for additional library renovation phases or fund the shortfall in the Old Woodward reconstruction project.

Commission Sherman and Mayor Pro Tem Harris agreed a decision needs to be made at a later date.

Resident David Bloom thanked the Commission for supporting the project and expressed hope they would continue to support Phases II and III.

Library Board Vice President Jim Suhay thanked the Commission for funding Phase I. He stated a cost effective project can be delivered and asked the Commission to continue thinking about subsequent phases. He noted that Phases I & II are integrative plans; to not move ahead with Phase II would not be the right thing to do. He stated the need to start pre-funding, noting construction costs are increasing 4% per year.

## **PUBLIC COMMENT**

In response to questions about Quarton Lake from Mr. Espree, City Manager Valentine stated the maintenance has no bearing on water and sewage charges and is not reflective of proximity to Quarton Lake.

Mayor Pro Tem Harris stated it is important to put the library conversation in proper historical context, and not have the library's request for Phases II and III to be seen as presumptive. The library responded to public input and the City's requests in regard to the original \$21.5 million budget, which can be seen in the success of Phase I. The Library's requests are responsive to the

City's concerns and show the Library's intent to be cooperative in improving the Library consistent with the City's other obligations.

The Mayor closed the public hearing and adjourned the meeting at 1:32 PM.

J. Cherilynn Brown  
City Clerk