



CITY OF AUBURN HILLS

City Council Workshop

Minutes

August 13, 2018

CALL TO ORDER: Mayor McDaniel at 5:35 PM

LOCATION: Admin Conference Room, 1827 N. Squirrel Road, Auburn Hills, MI 48326
Present: Mayor McDaniel, Council Members Burmeister, Hammond, Kittle, Knight, Moniz, Verbeke

Absent: None

Also Present: City Manager Tanghe, Assistant City Manager Grice, City Attorney Beckerleg, City Clerk Pierce, Director of Senior Services Adcock, Director of Community Development Cohen, City Planner Keenan, Director of Public Works Melchert, Deputy Director of Public Works Stahly, Mgr of Public Utilities Michling, Finance Director/Treasurer Schulz, Deputy Finance Director/Deputy Treasurer Farmer, Fire Chief Taylor, Assistant Fire Chief Macias, Police Chief Baker, Police Lt. Gagnon, Recreation Director Marzolf, City Engineer Juidici, Management Assistant Intern Benoit

Ms. Schulz presented the 2018 Amended Budget and the 2019-2023 Projected Budget. She explained that the major assumptions include:

- 3% growth and 2.54% CPI on 2018 assessment, levied in 2019, which will show an increase in the 2020 tax revenues
- General Fund transfer to Retiree Health Trust spread over three years, of \$1M in 2018, \$750K in 2019, and \$250K in 2020
- Personal Property Tax Reimbursement at 100% until 2020, which will drop to zero by 2023
- Increased road funding from the state through 2021
- Includes all road projects from previous years wish lists within the current budget through 2023
- Assumes the average increases in wages of 2% and average increase in all benefits of 5.5%
- 2.5% increase in January, 2019 for both water and sewer
- New special assessment district for west entrance, revenues to begin in 2020.

Ms. Schulz explained that beginning in 2018, transfers to roads and related debt will burden the general fund resources. She pointed out that the impact to the fund balance shows that the total revenues are insufficient for non-public safety operational costs beginning in 2019. She explained that the current millage sufficiently covers police and fire direct expenses through 2023, however the police and fire operations will quickly become fully dependent on the millage for support. She noted that the other indirect administrative costs of the police and fire operations outside of their budgets will see continued decreased subsidy by way of net revenue to the overall general fund.

Ms. Schulz explained the General Fund Projections. In response to a question by Mr. Kittle, Ms. Schulz explained the plan to prefund the pension at \$3M in one year and \$1M in the next. She noted that in 2019 pension funding was removed as the City will be in a good spot with the new GASB requirements.

Ms. Schulz explained the wage and benefit projections, Fieldstone Golf Operations projections, and the water and sewer projections for 2018-2023. She noted that the annual water and sewer rate increases by 2.5% from 2019-2023. Council requested a list of the capital improvement projects for the next workshop and agreed to contact Ms. Schulz with any items they would like discussed at the next workshop.

The meeting adjourned at 6:40 PM.

Kevin R. McDaniel, Mayor

Laura M. Pierce, City Clerk