



City of Pleasant Ridge  
23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069

**City Commission Meeting  
November 18, 2014  
Agenda**

Honorable Mayor, City Commissioners and Residents: This shall serve as your official notification of the Regular City Commission Meeting to be held Tuesday, November 18, 2014, 7:30 P.M., in the City Commission Chambers, 23925 Woodward Avenue, Pleasant Ridge, Michigan 48069. The following items are on the Agenda for your consideration:

**REGULAR CITY COMMISSION MEETING—7:30 P.M.**

1. Meeting Called to Order.
2. Pledge of Allegiance.
3. Roll Call.
4. PUBLIC DISCUSSION – items not on the Agenda.
5. Consideration of the Governmental Reports.
6. Consideration of the City Commission Liaison Reports.
  - \*Historical Commission – Commissioner Scott
  - \*Recreation Commission – Commissioner Krzysiak
  - \*Committee Liaison – Commissioner Foreman
  - \*Planning Commission/DDA – Commissioner Perry
7. Consideration of the 2014 Beautification Awards.
8. Consideration of the following Consent Agenda.

*All items listed on the Consent Agenda are considered to be routine by the City Commission, will be enacted by one motion and approved by a roll call vote. There will be no separate discussion of these items unless a City Commissioner or visitor so requests, in which event, the item will be removed from the consent agenda and considered as the last item of business.*

  - a. Consideration of the minutes of the Regular City Commission Meeting held Tuesday, October 14, 2014.
  - b. Consideration of the Monthly Disbursement Report.
  - c. Appointment of City Manager James Breuckman, as the City representative and City Clerk Amy Drealan, as alternate to the Intergovernmental Cable Communications Authority, term to expire November 10, 2015.

- d. Appointment of Mayor Kurt Metzger, Commission Ann Perry, and City Manager James Breuckman, as the City's representatives to the Fire Protection Agreement Committee, term to expire November 10, 2015.
  - e. Appointment of City Manager James Breuckman as delegate, and Assistant City Manager Scott Pietrzak as alternate to the Southeastern Oakland County Resource Recovery Authority (SOCRRA) Board of Trustees.
  - f. Appointment of Assistant City Manager Scott Pietrzak as delegate, and City Manager James Breuckman as alternate, to the Southeastern Oakland County Water Authority (SOCWA) Board of Trustees.
  - g. Appointment of Mayor Kurt Metzger as delegate, and City Manager James Breuckman as alternate to the Annual Meeting of the Michigan Municipal League to be held in October 2015.
  - h. Appointment of Mayor Kurt Metzger, as the City's delegate representative and City Manager James Breuckman, as the City's alternate representative to the General Assembly Board of the Southeast Michigan Council of Governments (SEMCOG).
  - i. Establishing a public hearing on Tuesday, December 9, 2014, at 7:30 p.m., to solicit public comments on the proposed Oakland County Community Development Block Grant Program Year 2015 Community Application and Subrecipient Agreement.
  - j. Establishing a public hearing on Tuesday, December 9, 2014, at 7:30 p.m., to solicit public comments on an ordinance to amend Chapter 26 of the Pleasant Ridge City Code, Zoning, Article 4 – R-1A, R-1B, R-1C, and R-1D Single Family Residential Districts, Yard and Bulk Requirements Table; Article 5 – R-2, Two Family Residential Districts, Yard and Bulk Requirements Table; Article 6 – RM Multiple Family Residential Districts – Low Rise, Yard and Bulk Requirements Table; Article 7 – RO Restrictive Office, Yard and Bulk Requirements Tables; Article 12 – General Provisions, Section 26.12.1 Yard and Bulk Requirements to add a new Section 26.12.4 Sky Plane Side Yard Setback Requirements.
  - k. Resolution regarding the City's compliance with PA 152.
- 9. Consideration of the proposed Amendment to the Intergovernmental CATV Agreement.
  - 10. Consideration of applicants for the City of Huntington Woods Library Board.
  - 11. Consideration of establishing a public hearing on Tuesday, December 9, 2014, at 7:30 p.m. on an Ordinance to amend Section 2 of the Pleasant Ridge City Code, Administration, Division 9, I-696 Segregated Capital Asset Fund.
  - 12. City Manager's Report.
  - 13. Other Business.
  - 14. Adjournment.

In the spirit of compliance with the Americans with Disabilities Act, individuals with a disability should feel free to contact the City at least seventy-two (72) hours in advance of the meeting, if requesting accommodations.



*23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069*

### **Regular City Commission Meeting October 14, 2014**

Having been duly publicized, Mayor Metzger called the meeting to order at 7: 30 p.m.

Present: Commissioners Foreman, Krzysiak, Perry, Scott, Mayor Metzger.  
Also Present: City Manager Breuckman, City Attorney Need, City Clerk Drealan.  
Absent: None.

#### **Public Discussion**

Mr. Ted Zachary, 68 Devonshire, mentioned that a new environmental group will be meeting on the third Monday of each month, 7:30 p.m., at 4 Ridge in Pleasant Ridge. Members of the group are Ted Zachary, Judy Zachary, Gail Gerdan and Leslie Jones. The group will discuss environmental issues related to the community and the world at large, and will also host educational speakers. Residents and interested parties are welcomed to join the group. For more information, contact Leslie Jones, 19 Fairwood, 248-506-4754.

Mr. Rob Sakat, 8 Fairwood, commended the City for its website and the easy access to information for meeting agendas and police information.

#### **Governmental Reports**

Ms. Karen Twomey advised the Commission that she is running for another 6-year term for the Ferndale School Board. Ms. Twomey reported that are preschool options available in the school district, The Little Eagles and Grant Early Childhood/Head Start Program. Little Eagles does have after-school care options. Ms. Twomey reported that the Superintendent is hosting his meetings, and the next one will be October 21<sup>st</sup> at M-Brew. Ms. Twomey reported that University High School Student 10<sup>th</sup> grader Kalen Reily has spent four months on a team constructing a dune buggy to run on electric energy at NextEnergy in Detroit through S.T.E.M. Ms. Twomey reported that GM Tech Center has donated 200 books to Roosevelt. Ms. Twomey reported that Ferndale High School student Jacob Keller won the No. 1 singles title in the OOA Blue Division tennis championship. Ms. Twomey reported that there is a new initiative in the district, "OK-2-SAY" initiative which replaces a culture of silence amongst students with a culture of collective responsibility. Students are empowered to make schools safer with a 24-hour hotline. Ms. Twomey thanked the Commissioners and City Officials for attending the homecoming tailgate. Commissioner Perry inquired as to the debates for the upcoming election, and Ms. Twomey reported that only one is scheduled at this point for October 25<sup>th</sup>.

County Commissioner Gary McGillivray reported that Oakland County has joined the Great Lakes Water Authority after a long process. Monies will be put into repairing and upgrading the

infrastructures, and there will be a cap at a 4-percent increase in a 1-year period. It may take a year to set up a board. Commissioner McGillivray reported that he is up for election and appreciates everyone's support.

Fire Chief Kevin Sutherland, Ferndale Fire Department, had nothing to report.

Interim Police Chief Kevin Nowak, Pleasant Ridge Police Department, reported that a larceny suspect was arrested as a result of a video taken by a resident a month prior and the good police work by Officer Nagy. Commissioner Foreman commended the police department for its effort and also the resident for capturing the video.

### **City Commission Liaison Reports**

Commissioner Perry reported that the Planning Commission and the Downtown Development Authority (DDA) did not meet in September. The next meeting is scheduled for Monday, October 27<sup>th</sup>. The Planning Commission meeting will also be a public hearing for two proposed zoning amendments. City Manager James Breuckman added that one of the zoning amendments deals with accessory dwelling units, i.e. second story garages, which the City Ordinance is silent on. The proposed ordinance will either allow for these accessory units with an approval process or outlaw them altogether. The other amendment deals with dimensional standards that are being updated for setbacks and prevent "big-foot" housing.

Commissioner Scott thanked Commissioner Perry for covering the Historical Commission meeting in his absence. Commissioner Scott reported that the Historical Museum has undergone some renovations over the last few months and will be open on Saturday, October 18<sup>th</sup>, 10:00a to 12:00p. Commissioner Scott reported that the antique show was a success and that revenues were up from the prior year. Also, the hors d'oeuvres on Friday night were a great hit and will probably be a repeat next year. Commissioner Scott reported that details for the I-696 anniversary celebration on January 15<sup>th</sup> will be coming soon.

Commissioner Krzysiak reported that the Toddler Halloween Party will be held on October 25<sup>th</sup>, 10:00 a.m., at 4 Ridge. On October 26<sup>th</sup> at the DPW Yard, the annual Halloween Hayride through town will be hosted along with many other activities. On October 27<sup>th</sup>, a Kids Halloween Party will be held at 4 Ridge, at 6:00 p.m. Commissioner Krzysiak reported that the Women's Club will have their annual dinner on November 7<sup>th</sup>, 5:30p – 7:30p, 4 Ridge. Tickets are available at City Hall. Commissioner Krzysiak reported that the renovations at Gainsboro Park are nearly complete, and that access cards will be issued in November to allow Pleasant Ridge residents access to the building. The play structure components have been purchased and should be installed in the upcoming weeks, weather permitting. Commissioner Krzysiak invited residents to attend the next Recreational meeting Wednesday, October 29<sup>th</sup>, 7:00p, to discuss upgrades to the City's parks.

Commissioner Foreman gave an update on the Ferndale School District and reported that some of the computer equipment was destroyed due to the recent flooding, and many years of teachers' study plans and information was lost. An outside IT group has been hired at a savings of \$40,000 per year for the next 3 years, and they are upgrading systems, selling off unused equipment, and are providing backup systems. Commissioner Foreman reported that the homecoming and tailgate event was a great success. The Eagles won 37-0. Commissioner Foreman reported that the District will be hosting a new improved website that will allow easy access to information. Commissioner Foreman reported the following upcoming events: October 18<sup>th</sup> is the All-District Fall Festival, 11a

– 3p, J.F.K. Elementary, which includes a haunted hallway; October 20<sup>th</sup>, School Board meeting, 7:00p, Harding; November 4<sup>th</sup>, Election Day, no school; November 8<sup>th</sup>, 2<sup>nd</sup> Annual Just for Kicks, 4:00p, at The Loving Touch.

### **Consent Agenda**

#### **14-3130**

Motion by Commissioner Foreman, second by Commissioner Scott, that the Consent Agenda, be approved, as listed.

Adopted:                      Yeas: Commissioner Foreman, Scott, Krzysiak, Perry, Mayor Metzger  
Nays: None.

### **Police Chief appointment - Kevin Nowak**

City Manager James Breuckman reported that Sergeant Nowak has been serving as the interim chief since the end of June. Sergeant Nowak has served with the department for 8 years and is very well respected amongst fellow law enforcement officers and residents.

#### **14-3131**

Motion by Commissioner Perry, second by Commissioner Scott, to approve the appointment of Mr. Kevin Nowak as the City of Pleasant Ridge Police Chief as recommended.

Adopted:                      Yeas: Commissioner Perry, Scott, Foreman, Krzysiak, Mayor Metzger  
Nays: None.

Oath administered by Clerk Amy Drealan. Chief Nowak had his mother pin his new badge on him. Chief Nowak thanked the City Officials, his co-workers, family and friends, and looks forward to moving the city forward and meeting the residents.

### **Pleasant Ridge Community Pool 2014 Season Report**

Assistant City Manager Scott Pietrzak reported that the overall weather during the summer produced the lowest attendance at the pool in the last 6 years. Two adult-only swim nights were held during the season for those 18 and older until 9:00 p.m., unfortunately with chilly weather. One of the nights included a 50+bingo at the pool in which 20-25 players participated. These nights will be held again next season. There were no contamination problems, and this is the fourth consecutive summer with zero problems. Also, there were no serious incidents to report, other than some minor scrapes and bruises. The pool will re-open May 22, 2015. Commissioner Foreman inquired if there would be a polar plunge next year, and Mr. Pietrzak responded that it will be weather dependent. Commissioner Krzysiak thanked Mr. Pietrzak and the staff for the great service provided to the residents who use the pool.

### **Resolution – P Cards with Fifth Third Bank**

Clerk Amy Drealan explained that the purchasing cards are basically the same as a credit card. The current American Express cards are not earning any type of rebates, and the new MasterCard with Fifth Third will not only provide a rebate, but will have the annual fees waived. The MasterCard network will provide more range of use because not everyone accepts American Express. Some of the accounts payable can be moved to the procurement program that will reduce the amount of

checks that have to be cut and reduce some of the workload for staff monitoring the accounts payable.

**14-3132**

Motion by Commissioner Foreman, second by Commissioner Scott, that the Resolution authorizing the City Manager to issue purchasing cards (P-Cards) on behalf of the City of Pleasant Ridge be approved as recommended.

Adopted:                      Yeas: Commissioner Foreman, Scott, Krzysiak, Perry, Mayor Metzger  
                                     Nays: None.

**City Manager's Report**

City Manager Breuckman reported that the P-card program became available through the City's participation in Michigan International Trade Network (MITN) and was a cooperative contract with communities in MITN and Fifth Third Bank to provide the opportunities and benefits of this program. City Manager Breuckman reported that there will be millage workshops on October 15<sup>th</sup> and 22<sup>nd</sup>. The fact sheets on the millage requests are available on the City's website. Refreshments will be provided. City Manager Breuckman gave an update on some of the cost-saving measures the City has been partaking. The new LED lights in the parking lots are already showing a savings on the electric bills. City Manager Breuckman reported that the City's healthcare plan will be renewed on December 1<sup>st</sup>. One of the things the Citizens Advisory Committee recommended is a way to save costs and the plan changes have realized a \$12,000 savings to the City. City Manager Breuckman reported that there will be a change in the phone system at City Hall going from the old copper lines to VoIP (Voice Over IP) at a savings of \$900/month. The City Hall and Police Department will now have separate numbers. Notifications will be sent to the residents. City Manager Breuckman reported that there was a Presidential Disaster Declaration as a result of the August 11<sup>th</sup> storms, which a link is provided on the City's website. The City experienced approximately \$18,000 in additional costs for trash hauling, and 85-percent of those costs will be reimbursed as a part of this declaration from the Federal Government. City Manager Breuckman reported that a study has begun involving Woodward Avenue with the WA3 focusing on the Pleasant Ridge area and engineers will be starting the investigation in November, and review hearings will be set sometime in February 2015. City Manager Breuckman reported that a town hall meeting will be held on November 20<sup>th</sup>, at 4 Ridge, dealing with east side street parking problems and the new alleyway project from I-696 to Devonshire. Notification will be sent out for this meeting.

Assistant City Manager Pietrzak reported that the street leaf collection will begin approximately October 22<sup>nd</sup>. The website will have more information. Residents are reminded to make sure there are no rocks, sod, twigs, roots, or large items in the leaf piles. Do not park vehicles over piles of leaves because there is a possibility that the catalytic converter can cause a fire; and, also, make sure vehicles are not left on the street when leaf pickup is scheduled. Mr. Pietrzak reported that Cambridge is 95-percent complete. Top soil and sod will be provided within the next week, weather permitting. The last part of the project will be in the spring of 2015 with the planting of new trees. Residents will be notified when the trees will be planted. Mr. Pietrzak also reminded that the Women's Club Lasagna Dinner will be held Friday, November 7<sup>th</sup>, 5:30p – 7:30p. Tickets are available at City Hall and everyone is encouraged to buy in advance because this event does sell out. Mr. Pietrzak reported that the new playground equipment is ordered and should be delivered soon, and weather permitting, the construction will begin. Mayor Metzger inquired as to the new DPW

supervisor, and Mr. Pietrzak responded that “Nick” has been working a few weeks and is adjusting to the Pleasant Ridge team.

As to the August 11<sup>th</sup> storm damage, Commissioner McGillivray reported that FEMA will be in town until November 24<sup>th</sup> for anyone who needs to have an inspection. Fire Chief Sutherland added that the Small Business Administration is also in town to assist residents and provide loans.

### **Other Business**

City Clerk Amy Drealan reminded everyone that the election is November 4<sup>th</sup> and absentee applications are available on the website or at City Hall. The last day for absentee ballots is Saturday, November 1<sup>st</sup>, 9:00a – 2:00p.

Commissioner Foreman commended Chief Nowak for his years of service and looks forward to seeing the positives that will be put forth in his efforts in the future. Commissioner Foreman reported that he and City Manager Breuckman attended the Regional Storm Water Summit on October 3<sup>rd</sup>. The emphasis focused on looking for a more natural method of capturing the rain water before it gets into the sewer system. Commissioner Foreman reported that PR Beautification Committee will be meeting this week to make the final selection of the four homes and one business that will receive awards at the next City Commission meeting in November.

Mayor Metzger mentioned that it has been a gratifying year serving as Mayor and thanked the Commissioners and City officials for their service. The Mayor encouraged the residents to vote at the upcoming election and to also attend the upcoming open houses.

Commissioner Scott encouraged residents to study up on all the issues up for the election because it is a pivotal year for Michigan.

With no further business or discussion, Mayor Metzger adjourned the meeting at 8:53 p.m.

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Mayor Kurt Metzger

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Amy M. Drealan, City Clerk  
/mat

## OCTOBER 2014

ACCOUNTS PAYABLE

PAYROLL LIABILITIES	\$	8,822.10
TAX LIABILITIES	\$	305,241.39
ACCOUNTS PAYABLE	\$	574,941.05
<b>TOTAL</b>	<b>\$</b>	<b>889,004.54</b>

PAYROLL

October 1, 2014	\$	29,874.64
October 15, 2014	\$	28,293.37
October 29, 2014	\$	34,514.10
<b>TOTAL</b>	<b>\$</b>	<b>92,682.11</b>





**CHECK REGISTER FOR CITY OF PLEASANT RIDGE**  
**PAYROLL LIABILITIES**  
**October 2014**

PG 1

Check Date	Check	Vendor Name	Description	Amount
10/1/2014	1311	MIFOP	UNION DUES-OCT 2014	\$ 188.00
10/1/2014	1312	MISDU	FOC DEDUCTIONS	\$ 224.60
10/1/2014	1313	ROOSEN, VARCHETTI & OLIVIER	GARISHMENT FEES	\$ 327.49
10/1/2014	1314	M&T BANK - ICMA	RETIRMENT CONTRIBUTIONS	\$ 714.11
10/1/2014	1315	ICMA RETIREMENT TRUST	DEFERRED COMP CONTRIBUTIONS	\$ 1,254.74
10/1/2014	1316	M&T BANK-ICMA	HEALTH RETIREMENT SAVINGS CONT	\$ 198.36
10/15/2014	1318	MISDU	FOC DEDUCTIONS	\$ 224.60
10/15/2014	1319	ROOSEN, VARCHETTI & OLIVIER	GARISHMENT FEES	\$ 236.00
10/15/2014	1320	M&T BANK - ICMA	RETIRMENT CONTRIBUTIONS	\$ 624.11
10/15/2014	1321	ICMA RETIREMENT TRUST	DEFERRED COMP CONTRIBUTIONS	\$ 1,279.84
10/15/2014	1322	M&T BANK-ICMA	HEALTH RETIREMENT SAVINGS CONT	\$ 173.36
10/29/2014	1324	MISDU	FOC DEDUCTIONS	\$ 224.60
10/29/2014	1325	ROOSEN, VARCHETTI & OLIVIER	GARISHMENT FEES	\$ 1,095.25
10/29/2014	1326	M&T BANK - ICMA	RETIRMENT CONTRIBUTIONS	\$ 624.11
10/29/2014	1327	ICMA RETIREMENT TRUST	DEFERRED COMP CONTRIBUTIONS	\$ 1,061.88
10/29/2014	1328	M&T BANK-ICMA	HEALTH RETIREMENT SAVINGS CONT	\$ 371.05
TOTAL PAYROLL LIABILITIES				\$ 8,822.10

**CHECK REGISTER FOR CITY OF PLEASANT RIDGE**  
**TAX LIABILITIES**  
**October 2014**

PG 2

Check Date	Check	Vendor Name	Description	Amount
10/08/2014	2221	CITY OF PLEASANT RIDGE-DDA	2014 TAX COLLECTIONS TO 10-6-2014	\$ 3,425.87
10/08/2014	2222	CITY OF PLEASANT RIDGE-GENERAL	2014 TAX COLLECTIONS TO 10-6-2014	\$ 103,923.74
10/08/2014	2223	CORELOGIC REFUND DEPT	2014 SUMMER TAX OVERPAYMENT	\$ 1,084.08
10/08/2014	2224	CORELOGIC REFUND DEPT	REFUND OF 2014 SUMMER TAXES	\$ 6,040.94
10/08/2014	2225	FERNDALE PUBLIC SCHOOL	2014 TAX COLLECTIONS TO 10-6-2014	\$ 50,146.70
10/08/2014	2226	FIRST AMERICAN TITLE INSURANCE CO	OVERPAYMENT 2014 SUMMER TAXES	\$ 5.63
10/08/2014	2227	OAKLAND COUNTY TREASURER	2014 TAX COLLECTIONS TO 10-6-2014	\$ 83,183.44
10/22/2014	2228	CITY OF PLEASANT RIDGE-DDA	2014 TAX COLLECTIONS TO 10-20-2014	\$ 617.14
10/22/2014	2229	CITY OF PLEASANT RIDGE-GENERAL	2014 TAX COLLECTIONS TO 10-20-2014	\$ 24,868.13
10/22/2014	2230	FERNDALE PUBLIC SCHOOL	2014 TAX COLLECTIONS TO 10-20-2014	\$ 11,322.29
10/22/2014	2231	LAWRENCE SOPHIEA	OVERPAYMENT 2014 SUMMER TAXES	\$ 805.41
10/22/2014	2232	OAKLAND COUNTY TREASURER	2014 TAX COLLECTIONS TO 10-20-2014	\$ 19,818.02
TOTAL TAX LIABILITIES				<u>\$ 305,241.39</u>

**CITY OF PLEASANT RIDGE CHECK REGISTER**  
**ACCOUNTS PAYABLE**  
October 2, 2014

PG 3

Check Date	Check	Vendor Name	Description	Amount
10/02/2014	19086	ARROW UNIFORM RENTAL	MAT RENTALS & JANITORIAL SUPPLIES	\$ 224.18
10/02/2014	19087	AT&T	TELEPHONE SERVICES	\$ 114.09
10/02/2014	19088	BELFOR PROPERTY RESTORATION	48 MAYWOOD CLEAN UP	\$ 1,427.15
10/02/2014	19089	CITY OF BERKLEY	SEPT DISPATCH SERVICES	\$ 3,394.61
10/02/2014	19090	CITY OF FERNDALE	FIRE PROTECTION AGREEMENT OCT	\$ 21,166.67
10/02/2014	19091	CITY OF FERNDALE	2014 LEAF STORAGE AGREEMENT	\$ 5,411.00
10/02/2014	19092	COMCAST	TELEPHONE SERVICES	\$ 523.42
10/02/2014	19093	COMPASS MINERALS	BULK SALT DELIVERY	\$ 7,836.32
10/02/2014	19094	DES MOINES STAMP	CITY HALL PAID DATE STAMP	\$ 70.00
10/02/2014	19095	JAY'S SEPTIC TANK SERVICE	DDA CONCERT IN THE PARK	\$ 95.00
10/02/2014	19096	NANCY ZIMMERMAN	CONSTRUCTION REIMBURSEMENT	\$ 190.06
10/02/2014	19097	SCORE AMERICAN SOCCER, INC	YOUTH SPORTS SUPPLIES	\$ 330.20
10/02/2014	19098	SOCRRA	SPECIAL CHARGES & RECYCLE BINS	\$ 782.14
10/02/2014	19099	WEX BANK	FUEL PURCHASES FOR POLICE CARS	\$ 1,623.86
10/02/2014	19100	WOODWARD AVENUE ACTION ASSOC.	CONSULTATION SERVICES FOR I-696	\$ 7,500.00
10/02/2014	19101	WOW! BUSINESS	TELEPHONE SERVICES	\$ 133.63

Total For 10/02/2014:	\$ 50,822.33
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**CITY OF PLEASANT RIDGE CHECK REGISTER**  
**ACCOUNTS PAYABLE**  
October 9, 2014

PG 4

Check Date	Check	Vendor Name	Description	Amount
10/09/2014	19102	21ST CENTURY MEDIA-MICHIGAN	PRINTING OF LEGAL ADS	\$ 2,652.83
10/09/2014	19103	ARROW UNIFORM RENTAL	MAT RENTAL & JANITORIAL SUPPLIES	\$ 223.67
10/09/2014	19104	BEIER HOWLETT PC	CITY ATTORNEY SERVICES	\$ 81.65
10/09/2014	19105	BOSTON MUTUAL LIFE INS. CO.-G	HEALTH CARE BENEFITS	\$ 201.50
10/09/2014	19106	BRET SCOTT	ANTIQUUE SHOW REIMBURSEMENT	\$ 87.67
10/09/2014	19107	CAROLE ZUPAN	ANTIQUUE SHOW REMIMBURSEMENT	\$ 33.38
10/09/2014	19108	COMCAST	TELEPHONE SERVICES	\$ 74.80
10/09/2014	19109	COMMUNITY MEDIA NETWORK	COMMISSION MEETING RECORDINGS	\$ 200.00
10/09/2014	19110	DTE ENERGY	CITY UTILITY SERVICES	\$ 2,039.22
10/09/2014	19111	ERADICO SERVICES INC	EXTERMINATOR SERVICES	\$ 96.00
10/09/2014	19112	G2 CONSULTING GROUP	ENGINEERING SERVICES	\$ 2,559.00
10/09/2014	19113	JANI-KING OF MICHIGAN, INC	JANITORIAL SERVICES	\$ 2,161.00
10/09/2014	19114	KENNETH BORYCZ	MECHANICAL INSPECTIONS	\$ 386.25
10/09/2014	19115	KEVIN STULTZ	ELECTRICAL INSPECTIONS	\$ 168.75
10/09/2014	19116	MICH DEPT OF TRANSPORTATION	TRAFFIC SIGNAL ENERGY	\$ 213.53
10/09/2014	19117	MICHIGAN TOURNMENT FLEET	CAMBRIDGE RECONSTRUCTION	\$ 400.00
10/09/2014	19118	OAKLAND COUNTY TREASURER	CLEMIS MEMBERSHIP FEES	\$ 46,714.70
10/09/2014	19119	PUBLIC SAFETY CENTER, INC	POLICE DEPARTMENT SUPPLIES	\$ 180.06
10/09/2014	19120	RAY KEE	BUILDING INSPECTIONS	\$ 1,200.00
10/09/2014	19121	ROCKET ENTERPRISE, INC	CITY FLAG SERVICES - RENEWAL	\$ 870.00
10/09/2014	19122	SIR SPEEDY	BUSINESS CARDS - NOWAK	\$ 91.51
10/09/2014	19123	SOCRRA	REFUSE COLLECTION CONTRACT	\$ 7,250.00
10/09/2014	19124	SOCWA	WATER PURCHASES SEPT 2014	\$ 13,303.20
10/09/2014	19125	TECH RESOURCES, INC.	WEB HOSTING & REMOTE BACKUPS	\$ 94.90
10/07/2014	19126	CAPITAL ONE COMMERCIAL	OFFICE, RECREATION, SPEACIAL SUPPLIES	\$ 4,790.42
Total For 10/09/2014:				\$ 86,074.04

**CITY OF PLEASANT RIDGE CHECK REGISTER**  
**ACCOUNTS PAYABLE**  
**October 16, 2014**

PG 5

Check Date	Check	Vendor Name	Description	Amount
10/16/2014	19127	ALL PRO EXERCISE, INC.	EQUIPMENT MAINTENANCE	\$ 252.00
10/16/2014	19128	AMERA PLAN	HEALTH CARE BENEFITS	\$ 259.35
10/16/2014	19129	AMERICAN SOCCER COMPANY, INC	RECREATION SUPPLIES	\$ 330.20
10/16/2014	19130	ARROW UNIFORM RENTAL	MAT RENTALS & JANITORIAL SUPPLIES	\$ 229.06
10/16/2014	19131	AT&T	TELEPHONE SERVICES	\$ 242.93
10/16/2014	19132	CITY OF PLEASANT RIDGE-GENERAL	MERS CONTRIBUTIONS	\$ 17,032.63
10/16/2014	19133	COMCAST	WIRELESS, TELEPHONE SERVICES	\$ 370.84
10/16/2014	19134	CONSUMERS ENERGY	CITY UTILITY SERVICES	\$ 131.59
10/16/2014	19135	EGT GROUP, INC	FALL RIDGER PRINTING	\$ 3,148.69
10/16/2014	19136	G2 CONSULTING GROUP	CAMBRIDGE RECONSTRUCTION	\$ 1,290.00
10/16/2014	19137	GLENN FEARN	EMR TRAINING REIMBURSEMENT	\$ 65.00
10/16/2014	19138	H2O IRRIGATION, INC	CAMBRIDGE RECONSTRUCTION	\$ 8,645.40
10/16/2014	19139	HOLIDAY FOOD CENTER	MEETING SUPPLIES	\$ 59.79
10/16/2014	19140	MARGIE PROVENZANO	HAYRIDE PONY RIDES	\$ 550.00
10/16/2014	19141	MICHIGAN MUNICIPAL LEAGUE	MML UNEMPLOYMENT Q-3	\$ 114.56
10/16/2014	19142	NIGHT AND DAY PRODUCTION	HALLOWEEN PARTY DJ	\$ 300.00
10/16/2014	19143	OAKLAND CO. PARKS & RECREATION	HALLOWEEN HAYRIDE	\$ 450.00
10/16/2014	19144	PLANTE & MORAN PLLC	ACCOUNTING SERVICES	\$ 5,209.00
10/16/2014	19145	QUILL CORPORATION	OFFICE SUPPLIES	\$ 183.40
10/16/2014	19146	SCHEER'S ACE HARDWARE	BLDG & PARK MAINTENANCE	\$ 120.87
10/16/2014	19147	TECH RESOURCES, INC.	COMPUTER REPAIRS& MAINTENANCE	\$ 165.00
10/16/2014	19148	THE PERFECT WATER CO	RECREATION SUPPLIES	\$ 39.95
10/16/2014	19149	USZTAN CONSTRUCTION	SHELTER & MUSEUM REPAIRS	\$ 23,390.00
Total For 10/16/2014:				<u>\$ 62,580.26</u>

**CITY OF PLEASANT RIDGE CHECK REGISTER**  
**ACCOUNTS PAYABLE**  
**October 23, 2014**

PG 6

Check Date	Check	Vendor Name	Description	Amount
10/23/2014	19150	ADKISON, NEED & ALLEN P.L.L.C.	CITY ATTORNEY CONTRACT	\$ 1,196.25
10/23/2014	19151	ALBANA KOKA	HISTORICAL MONTHLY CLEANING	\$ 50.00
10/23/2014	19152	AMERICAN EXPRESS	OFFICE, REC, SPECIAL SUPPLIES	\$ 8,279.99
10/23/2014	19153	ANDERSON, ECKSTEIN & WESTRICK	CAMBRIDGE & ALLEY PROJECTS	\$ 15,075.90
10/23/2014	19154	ARROW UNIFORM RENTAL	MAT RENTAL & JANITORIAL SUPPLIES	\$ 223.67
10/23/2014	19155	BCBS OF MICHIGAN	HEALTH CARE BENEFITS	\$ 27,373.63
10/23/2014	19156	BOARD OF WATER COMMISSIONERS	IWC CHARGES FOR SEPTEMBER 2014	\$ 687.04
10/23/2014	19157	BRILAR	DPW CONTRACTED SERVICES	\$ 28,242.80
10/23/2014	19158	BS&A SOFTWARE	SOFTWARE MAINT & UPGRADE	\$ 8,370.00
10/23/2014	19159	CITY OF BERKLEY	SEPTEMBER PRISONER BOARD	\$ 45.00
10/23/2014	19160	CITY OF OAK PARK	2014 BASEBALL UMPIRE FEES	\$ 420.00
10/23/2014	19161	CITY OF ROYAL OAK	WATER AND SEWER MAINTENANCE	\$ 8,657.92
10/23/2014	19162	CONOR FAUGHNAN	NEWSLETTER/FLYER DELIVERY	\$ 600.00
10/23/2014	19163	CONSUMERS ENERGY	CITY UTILITIES	\$ 46.94
10/23/2014	19164	DAVE DEAN	DDA CONCERT ENTERTAINMENT	\$ 800.00
10/23/2014	19165	DES MOINES STAMP MANUFACTURING	POLICE DEPARTMENT STAMP	\$ 70.00
10/23/2014	19166	DILSIO CONTRACTING INC	CAMBRIDGE RECONSTRUCTION	\$ 178,574.11
10/23/2014	19167	DOMINIC CARDELLI	REISSUE PAYROLL CHECK	\$ 297.44
10/23/2014	19168	HUNT SIGN COMPANY, LTD	NAME A STREET PROGRAM SIGN	\$ 56.00
10/23/2014	19169	ICMA RETIREMENT CORPORATION	ANNUAL PLAN FEE	\$ 250.00
10/23/2014	19170	INTEGRATED SAFETY & SECURITY GROUP	PARK IMPROVEMENTS	\$ 3,365.00
10/23/2014	19171	J & J AUTO TRUCK CENTER	POLICE CAR MAINTENANCE	\$ 54.80
10/23/2014	19172	LANDSCAPE STRUCTURES INC	PARK IMPROVEMENTS	\$ 37,365.00
10/23/2014	19173	LEGAL SHIELD	PREPAID LEGAL SERVICES	\$ 25.90
10/23/2014	19174	LIGHTING SUPPLY COMPANY	BUILDING MAINTENANCE	\$ 129.04
10/23/2014	19175	MAT COURT RECORDING AND COURT SR	CITY COMMISSION MEETING MINUTES	\$ 125.00
10/23/2014	19176	NYE UNIFORM	POLICE UNIFORM ALLOWANCE	\$ 451.00
10/23/2014	19177	OAKLAND CO ANIMAL CONTROL	DOG LICENSSES SOLD	\$ 81.25
10/23/2014	19178	QUILL CORPORATION	OFFICE SUPPLIES	\$ 67.82
10/23/2014	19179	SOCRRA	REFUSE COLLECTION CONTRACT	\$ 7,480.64
10/23/2014	19180	STEPHANIE BALL	RENTAL DEPOSIT RETURN	\$ 100.00
10/23/2014	19181	TECH RESOURCES, INC.	DOMAIN RENEWAL, COMPUTER BACKUP	\$ 225.00
10/23/2014	19182	USZTAN CONSTRUCTION	GAINSBORO RENOVATIONS	\$ 6,200.00
10/23/2014	19183	VERIZON	WIRELESS SERVICES	\$ 50.08
Total For 10/23/2014:				\$ 335,037.22

**CITY OF PLEASANT RIDGE CHECK REGISTER**  
**ACCOUNTS PAYABLE**  
**October 30, 2014**

PG 7

Check Date	Check	Vendor Name	Description	Amount
10/30/2014	19184	A&F WATER HEATER & SPA SERVICE	MAINTENANCE AND REPAIRS	\$ 973.00
10/30/2014	19185	ABC ENTERTAINMENT	TODDLER HALLOWEEN PARTY	\$ 150.00
10/30/2014	19186	ARROW UNIFORM RENTAL	MAT RENTAL & JANITORIAL SUPPLIES	\$ 223.67
10/30/2014	19187	BOSTON MUTUAL LIFE INS. CO.-G	HEALTH CARE BENEFITS	\$ 155.00
10/30/2014	19188	CITY OF FERNDALE	FIRE PROTECTION PAYMENT	\$ 21,166.67
10/30/2014	19189	DETROIT EDISON COMPANY	COMMUNITY STREET LIGHTING	\$ 4,040.80
10/30/2014	19190	JASON NAGY	UNIFORM ALLOWANCE	\$ 232.61
10/30/2014	19191	KEVIN STULTZ	ELECTRICAL INSPECTOR SERVICES	\$ 528.75
10/30/2014	19192	LIGHTING SUPPLY COMPANY	BUILDING MAINTENANCE SUPPLIES	\$ 39.65
10/30/2014	19193	MICH.ASSOC.OF CHIEFS OF POLICE	MEMBERSHIP DUES - NOWAK	\$ 115.00
10/30/2014	19194	MICH.MUNICIPAL WORKER'S COMP.	MML WORKERS COMPENSATION	\$ 3,083.00
10/30/2014	19195	PAM KAMPF	2014 FALL CLASSES	\$ 1,440.00
10/30/2014	19196	REPLENISH YOGA	2014 SUMMER CLASSES	\$ 2,118.40
10/30/2014	19197	TECH RESOURCES, INC.	COMPUTER REPAIRS MAINTENANCE	\$ 95.00
10/30/2014	19198	THE PERFECT WATER CO	WELLNESS CENTER SUPPLIES	\$ 39.95
10/30/2014	19199	THE VARSITY SHOP	SWIM TEAM, RECREATION	\$ 4,354.90
10/30/2014	19200	TOSHIBA BUSINESS SOLUTIONS, USA	OFFICE SUPPLIES	\$ 453.00
10/30/2014	19201	TOSHIBA FINANCIAL SERVICES	COPIER LEASE	\$ 877.83
10/30/2014	19202	WOW! BUSINESS	CABLE SERVICES	\$ 133.60
10/30/2014	19203	ZOGICS	WELLNESS CENTER SUPPLIES	\$ 206.37

Total For 10/30/2014:

\$ 40,427.20



# City of Pleasant Ridge

Amy M. Drealan, City Clerk

From: Amy M. Drealan, City Clerk  
 To: Jim Breuckman, City Manager  
 Date: November 13, 2014  
 Re: 2015 CDBG Program

In order to qualify for Federal funding through the Community Development Block Grant (CDBG) Program, a Public Hearing must be held and a resolution adopted by the governing body to approve the application and Subrecipient agreement. Pleasant Ridge qualifies for \$5,000 in CDBG funds, reduced in 2012 from \$8,000.00; the minimum funding level. Since the City receives funding at the minimum level, all the funds must be programed into one designated category.

It has been increasingly difficult to find an appropriate way to spend the City's eligible CDBG funds. Several years ago, the City's low/moderate income area was eliminated and the city lost its ability to designate funds for programs such as sidewalk repairs, tree planting, and street improvements, which require at least a portion of the project be in the low/mod area. Listed below is the program category and recommended funding for the 2015 Program year. This is the same program the City funded in 2014.

**Public Services/ - \$5,000  
 Senior Services**

**Public Service funds are designated to provide seniors, age 62 and above, transportation services for the Senior Travel Club, meals at the 50+ club events and other related workshops geared towards residents 62 and above. This program also may be used for the reasonable costs of overall program management, coordination, monitoring and evaluation for the program.**

The City could designate our funding to other programs such as HAVEN or Oakland County Home Improvement. However, this would result in the City forfeiting our entire \$5,000 allocation to outside entities. Therefore, it is staff's recommendation that we continue to designate the money for Public Services/Senior Services.

The first step in this process is to establish a public hearing on Tuesday, December 9, 2014, to solicit public comments on the 2015 Community Development Block Grant (CDBG) Community Application and Subrecipient Agreement.

Please feel free to contact me should you wish to discuss this matter further.





# City of Pleasant Ridge

James Breuckman, City Manager

From: Jim Breuckman  
 To: City Commission  
 Date: November 11, 2014  
 Re: Recommended Zoning Amendment – Dimensional Standards and Sky Plane

The following is background information about the proposed Zoning Amendment that would add EBL setback requirements, add sky plane side yard setback requirements, increase lot coverage permitted for certain zoning districts, and reduce the permitted height for accessory buildings.

The attached amendments were recommended for approval by the Planning Commission on October 27, 2014.

## 1. Established Building Line Setback Requirement

Currently we require a 30-foot setback in all of our residential zoning districts. However, all or most of our streets have established building lines which are greater or lesser than 30 feet. For instance, on Oakland Park houses are set back 50 to 55 feet, on Ridge houses are set back 130 to 135 feet, on Norwich houses are set back 40 to 45 feet, and on Maywood houses are set back 22 to 27 feet.

When there is a clearly established building line along streets, it is best if new houses conform to the requirement and be built along the same building line to preserve the character and consistency on the street. Under our existing requirements a new house could be constructed well out in front of houses along Oakland Park or Ridge, and would be required to be built well behind existing houses on Maywood.

Section 26-12.3, Neighborhood Compatibility does require that new construction be consistent with adjacent properties with respect to “building placement on the lot, including setbacks and distances between buildings.” This provision does provide some protection against the house sticking out in front of others when the building line is greater than the minimum required setback, but it does not provide any relief when the building line is less than the required setback. It is also an unclear requirement, as the schedule of regulations requires a 30 foot setback but then the neighborhood compatibility requirements *may* require a greater setback.

Staff is recommending that the 30 foot minimum setback requirement be replaced with an Established Building Line setback requirement. This is a commonly used provision in many ordinances, with Birmingham and Huntington Woods being a notable nearby examples.

## 2. Sky Plane Side Yard Setback Requirements

“Bigfoot” houses is a term that refers to new construction in existing neighborhoods that is out of scale or character with the established character of the neighborhood. While re-investment in

existing neighborhoods is without question a good and desirable thing, we should be vigilant to ensure that we have proper controls in place to allow for new houses that meet the needs of today's housing market while controlling the potential negative impacts on neighboring properties.

One way of accomplishing this is through the use of sky plane setback requirements in side yards. A sky plane is a line that extends inwards from the property line at a 45 degree angle. New construction may not penetrate the sky plane, which ensures that an adequate supply of light and air is preserved for existing houses when a new house or addition is constructed.

Sky plane requirements are used in ordinances across the country (New York City, Baltimore, and Boulder<sup>1</sup> are notable examples), but are not commonly used in Michigan. These kinds of regulations are a great way to ensure that new construction does not loom over existing houses, particularly on smaller lots where houses are closer together. Given that the explicit purpose of a sky plane requirement is to preserve an adequate supply of light and air to neighboring properties, a sky plane setback requirement is in keeping with the purpose of zoning regulations.

### 3. Lot Coverage

If the side yard sky plane requirement is adopted, it will have the impact of reducing the cubic space available for building on a lot. In order to ensure that we are still allowing and encouraging reinvestment in our City, we could increase the maximum lot coverage in our smaller lot zoning districts to ensure that we are not reducing the buildable volume on our smaller lots in the R-1C and R-1D districts. The increase would be from 30% to 35%.

By way of comparison, here is how nearby communities handle maximum lot coverage on smaller lots (i.e. lots with a minimum lot area requirement of 6,000 square feet or less):

Birmingham: 30%

Huntington Woods: 30%

Royal Oak: 35% (total ground floor area of all buildings may not exceed 1,800 sq. ft.)

Ferndale: 35%

Berkley: 35%

Note that none of the above communities have side yard sky plane requirements.

### 4. Accessory Building Height

Staff recommends that the maximum height for accessory structures be reduced to 15 feet. This height is consistent with the maximum height for an accessory structure in Birmingham, Royal Oak, and Berkley. It is higher than permitted in Huntington Woods. A 15 foot maximum height for accessory structures will still allow for a bonus room above a garage, but it will reduce the potential impact on neighboring properties and reduce the chances of illegal accessory dwelling units being developed. Staff also recommends including a provision that prohibits the peak roof elevation of an accessory building from being higher than the peak roof elevation of the principal structure on the lot.

G:\Code and Ordinances\Zoning Ordinance\Amendment Working Files\EBL and Bigfoot Standards\City Commission Introduction 2014.11.11.docx

<sup>1</sup> Boulder's regulations can be viewed at <http://www.colocode.com/boulder2/chapter9-7.htm>. They form the basis for our recommended language.



City of Pleasant Ridge

Ordinance No. \_\_\_\_

AN ORDINANCE TO AMEND THE PLEASANT RIDGE ZONING ORDINANCE, ARTICLE 4 – R-1A, R-1B, R-1C, and R-1D SINGLE FAMILY RESIDENTIAL DISTRICTS, YARD and BULK REQUIREMENTS TABLE; ARTICLE 5 – R-2, TWO FAMILY RESIDENTIAL DISTRICTS, YARD and BULK REQUIREMENTS TABLE; ARTICLE 6 – RM MULTIPLE FAMILY RESIDENTIAL DISTRICTS – LOW RISE, YARD and BULK REQUIREMENTS TABLE; ARTICLE 7 – RO RESTRICTIVE OFFICE, YARD and BULK REQUIREMENTS TABLE; ARTICLE 12 - GENERAL PROVISIONS, SECTION 26-12.1 YARD AND BULK REQUIREMENTS and TO ADD A NEW SECTION 26-12.4 SKY PLANE SIDE YARD SETBACK REQUIREMENTS.

THE CITY OF PLEASANT RIDGE HEREBY ORDAINS:

**Section 1.** Article 4, R-1A, R-1B, R-1C, and R-1D Single Family Residential Districts, Yard and Bulk Requirements table is hereby amended to read as follows:

	R-1A	R-1B	R-1C	R-1D
Minimum Lot Area (square feet)	14,000	9,500	5,500	4,500
Minimum Lot Width	80	65	50	40
Maximum Height (in feet)				
Principal	35*	35*	35*	30*
Accessory	<del>18</del> 15	<del>18</del> 15	<del>18</del> 15	<del>18</del> 15
Minimum Setbacks				
Front	<del>30</del> **	<del>30</del> **	<del>30</del> **	<del>30</del> **
Rear	25	25	25	25
Side (one)	5	5	5	5
Side (total)	13	13	13	13
Minimum Floor Area per Dwelling Unit				
1 Floor	1,700	1,300	900	750
2 Floors	1,900	1,500	1,100	900
3 Floors	--	--	--	--
Maximum Lot Coverage (%)	30%	30%	<del>30</del> 35%	<del>30</del> 35%

\* Refer to Section 26-12.4 for side yard sky plane building height requirements.

\*\* The front yard setback requirement is based on the established building line. See Section 26-12.1, footnote 9 for established building line setback requirements.

**Section 2.** Article 5, R-2 Two Family Residential Districts, Yard and Bulk Requirements Table is hereby amended to read as follows:

R-2	
Minimum Lot Area (square feet)	4,500
Minimum Lot Width	40
Maximum Height (in feet)	
Principal	30*
Accessory	<del>18</del> 15
Minimum Setbacks	
Front	<del>30</del> **
Rear	25
Side (one)	5
Side (total)	13
Minimum Floor Area per Dwelling Unit	850
Maximum Lot Coverage (%)	30%

\* Refer to Section 26-12.4 for side yard sky plane building height requirements.

\*\* The front yard setback requirement is based on the established building line. See Section 26-12.1, footnote 9 for established building line setback requirements.

**Section 3.** Article 6, RM – Multiple Family Residential Districts – Low Rise, Yard and Bulk Requirements Table is hereby amended to reduce the maximum building height for accessory buildings from 18 to 15 feet.

**Section 4.** Article 7, RO – Restrictive Office, Yard and Bulk Requirements Table is hereby amended to reduce the maximum building height for accessory buildings from 18 to 15 feet.

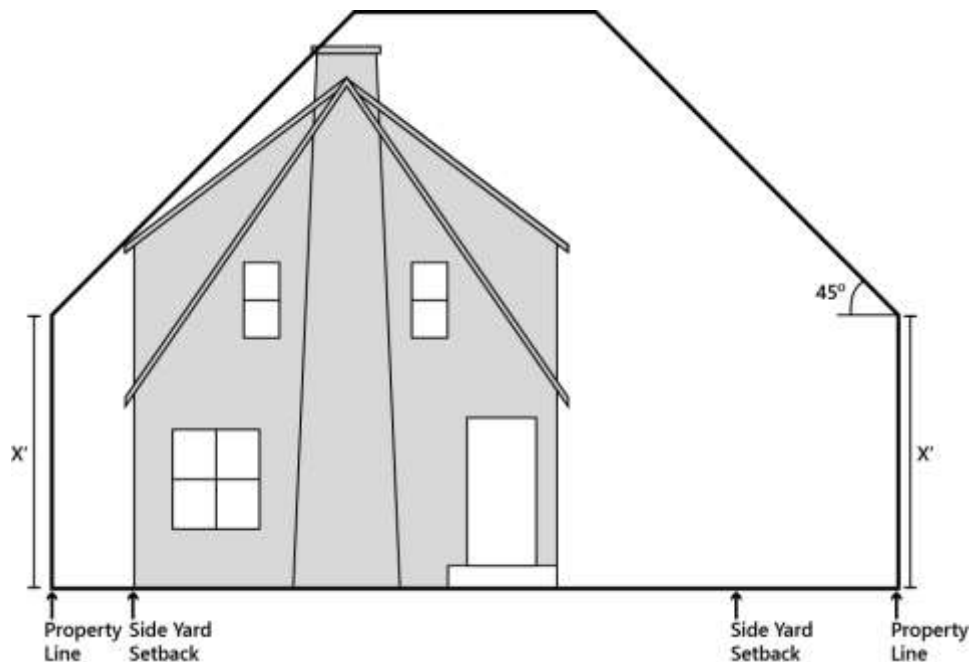
**Section 5.** Section 26-12.1. Yard and Bulk Requirements of the Pleasant Ridge Zoning Ordinance is hereby amended to read as follows:

	R-1A	R-1B	R-1C	R-1D	R2	RM	RO	C	M	P
Minimum Lot Area (sq. ft.)	14,000	9,500	5,500	4,500	4,500	8,000	5,000	--	--	--
Minimum Lot Width (ft.)	80	65	50	40	40	80	50	--	--	--
Maximum Building Height (ft.)										
Principal Building	35 <sup>(2)</sup>	35 <sup>(2)</sup>	35 <sup>(2)</sup>	30 <sup>(2)</sup>	30 <sup>(2)</sup>	35	35	40	40	--
Accessory Building <sup>(1)</sup>	<del>18</del> 15	<del>18</del> 15	<del>18</del> 15	<del>18</del> 15	<del>18</del> 15	<del>18</del> 15	<del>18</del> 15	--	--	--
Minimum Setback (ft.)										
Front <sup>(2)</sup>	<del>(9)</del> 30	<del>(9)</del> 30	<del>(9)</del> 30	<del>(9)</del> 30	<del>(9)</del> 30	30	20	10	30	10
Rear <sup>(3)</sup>	25	25	25	25	25	25	25	10	30	0
Side (one) <sup>(4)</sup>	5	5	5	5	5	5	5	0	60	0
Side (total)	13	13	13	13	13	13	13	0	30	0
Minimum Floor Area (sq. ft.) <sup>(5)</sup>										
One story	1,700	1,300	900	750	(6)	(7)	--	800	--	--
Two stories	1,900	1,500	1,100	900	--	--	--	2,000	--	--
Three stories	--	--	--	--	--	--	--	3,500	--	--
Maximum Lot Coverage	30%	30%	<del>30</del> 35%	<del>30</del> 35%	30%	30%	40%	40%	50%	--
Neighborhood Compatibility	Refer to Footnote 8									

1. In all districts, one (1) accessory buildings per zoning lot is permitted and shall not exceed a height of ~~eighteen (18)~~ fifteen (15) feet or occupy an area more than 30% of the established rear yard or 750 square feet whichever is less. The peak roof elevation of any accessory building may not exceed the peak roof elevation of the principal structure.
9. When an established building line exists, the minimum required front yard setback shall be the average setback of homes within 250 feet and on the same block. The front building wall of any new construction may not be set back more than 5 feet from the established building line. If no established building line exists, the minimum front yard setback shall be 30 feet.
10. Refer to [Error! Reference source not found.](#) for sky plane side yard building height requirements.

**Section 6.** Section 26-12.4. Sky Plane Side Yard Setback Requirements is hereby added to the Pleasant Ridge Zoning Ordinance, reading as follows:

1. **Purpose.** Buildings with tall side walls may impact privacy, views or visual access to the sky on neighboring properties. The purpose of the sky plane height standards is to ensure that buildings step down towards neighboring properties in order to enhance privacy, and to preserve views and visual access to the sky on lots or parcels that are adjacent to new development.
2. **Scope.** This section shall apply to any new construction, addition to an existing building, or modification of an existing building, inclusive of both principal and accessory buildings. Such activities shall comply with the requirements of this section, in addition to the maximum permitted height for the zoning district. Existing buildings which do not comply with the sky plane setback requirement may be maintained so long as the nonconformity is not increased. Alterations which reduce but do not eliminate the nonconformity are permitted.



3. **Measurement Standards.** Any proposed addition, reconstruction, or new construction shall not pen

*Figure 1. The sky plane begins at a point above the side yard property line and then angles inwards towards the center of the lot at a 45 degree angle until the sky plane meets the maximum building height or intersects with the sky plane that extends inwards from the lot line on the opposite side of the lot or parcel. In the above illustration, X equals either 10 or 17 feet.*

etrate the sky plane.

The sky plane for portions of a lot that are adjacent to an existing house or within 10 feet of the rear building wall of an adjacent house (measured at a 90 degree angle from the back of the existing adjacent house), the sky plane shall be measured at a 45 degree angle from a point 17 feet above the existing grade along the side yard property line or the top of wall elevation of the existing house plus two feet, whichever is lower. For portions of a lot that are not located adjacent to or within 10 feet of an existing adjacent house, the sky plane shall be measured at a 45 degree angle from a point 10 feet above the existing grade along the side property line.

4. **Encroachments.** Permitted encroachments into the sky plane include:
- a. Roof overhangs or eaves for the primary roof, provided that the overhang or eaves do not project more than 30 inches horizontally beyond the sky plane.
  - b. A rooftop solar system.
  - c. The gable end of a sloping roof form, provided that:
    - (1) The roof ridge of the gable end does not extend more than eight feet beyond the sky plane, including any roof overhang.
    - (2) The portion of the gable end that extends beyond the sky plane has a maximum width of 40 feet, including any roof overhang.
  - d. Dormers, provided that:
    - (1) The highest point of any dormer is at or below the height of the primary roof ridge.
    - (2) The portion of any dormer that extends beyond the sky plane limit has a maximum width of eight feet, including any roof overhang.
    - (3) The maximum height of any dormer is six feet or less, as measured from the surface of the roof on which it is located to the top of the dormer roof.
    - (4) The combined width of all dormers does not exceed fifty percent of the length of the roof on which they are located.
    - (5) The space between dormers is not less than one-half the width of the adjacent dormer or the average of the two if they are different sizes, whichever is greater.
  - e. Chimneys.

Insubstantial encroachments that are small and do not substantially increase the bulk of the building, including antennae, small architectural details, sculptural elements, decorations, etc.

**Section 7.** Severability – This ordinance and each article, section, subsection, paragraph, subparagraph, part, provision, sentence, word and portion thereof are hereby declared to be severable, and if they or any of them are declared to be invalid or unenforceable for any reason by a court of competent jurisdiction, it is hereby provided that the remainder of this ordinance shall not be affected thereby.

**Section 8.** Repeal and Effective Date

Repeal – All regulatory provisions contained in other City ordinances which are inconsistent with the provisions of this ordinance are hereby repealed.

Effective Date - This Ordinance shall be effective fifteen days after enactment and upon publication.

---

Kurt Metzger, Mayor  
City of Pleasant Ridge

Certificate

I hereby certify that the foregoing ordinance was adopted by the City Commission of the City of Pleasant Ridge at a meeting thereof on \_\_\_\_\_, 20\_\_

---

Amy M. Drealan, Clerk  
City of Pleasant Ridge

Planning Commission Public Hearing: .....Monday, October 27, 2014  
Planning Commission Recommendation: .....Monday, October 27, 2014  
City Commission Introduction: .....Tuesday, November 18, 2014  
City Commission Public Hearing: .....  
City Commission Adoption:.....  
Published:.....  
Effective:.....



## City of Pleasant Ridge

Scott Pietrzak, Assistant City Manager

From: Scott Pietrzak, Assistant City Manager  
 To: Jim Breuckman, City Manager  
 Date: November 11, 2014  
 Re: PA 152 – Health Care Insurance

Effective January 1, 2012, Public Act 152 of 2011, requires public employers and elected officials to contribute toward their health care benefit costs. Key items included in this bill are:

- The Bill allows public employers to use an 80/20 cost share arrangement and limits the employer contribution to no more than 80% of the total plan cost.
- The Bill limits the amount a public employer can pay for the annual cost or illustrative rate of benefits to an amount equal to \$5,992.30 for individuals, \$12,531.75 for individual and spouse coverage and \$16,342.66 for full family coverage, multiplied by the number of employees receiving benefits. The public employer can allocate its payments for medical benefits plan costs among its employees and elected officials as it sees fit. The limits will be adjusted for medical inflation annually.
- If a collective bargaining agreement is in place and conflicts with the requirements of the Act, the requirements do not go into effect until the contract is amended, expires, is extended or renewed.
- A local unit of government may exempt itself from the requirements of this act by a 2/3rds vote of the governing body.

Local governments have three options; the 80/20 provision, the “hard-cap” or the opt-out. Whatever is decided, formal action is required before January 1, 2015, and considered on an annual basis. If not action is taken, communities will be in violation of the Public Act and would lose 10% of their CVTRS monies in 2015. As you may recall, the City adopted a resolution to opt-out of this provision for 2014.

Currently, Pleasant Ridge employees contribute 10% of their health care costs. For a family that equates to approximately \$2,600/year. Employees must also contribute to the deductible amount, or for a family coverage, an additional \$1,000/year.

I am recommending the City opt out of the provisions for 2015. During the last health care renewal, the City was able to achieve a savings of \$12,500 this year by making some plan adjustments. Over the next year, the City will continue to explore medical coverage options in an attempt to further reduce costs, as it has over the past several years.

Please feel free to contact me should you wish to discuss this matter further.





## **City of Pleasant Ridge**

### **RESOLUTION**

#### **A RESOLUTION ELECTING TO COMPLY WITH THE PROVISIONS OF PUBLIC ACT 152 OF 2011 EXERCISING THE CITY’S RIGHT TO EXEMPT ITSELF FROM THE REQUIREMENTS OF THE ACT FOR THE NEXT SUCCEEDING YEAR**

**WHEREAS,** On September 27, 2011, the Publically Funded Health Insurance Contribution Act, Act No. 152 of the Public Acts of Michigan of 2011 (“Act 152”), became effective on the State of Michigan; and

**WHEREAS,** Act 152 establishes standards and process with respect to medical benefit plans offered by public employers; and

**WHEREAS,** the City of Pleasant Ridge has historically recognized, in its role as steward for the public funds entrusted to it, that it must effectively manage those limited resources; and

**WHEREAS,** the City of Pleasant Ridge constantly engages in a review of expenditures in order to maximize the value it receives for goods and services; and

**WHEREAS,** the City Commission of the City of Pleasant Ridge believes that, as elected representatives for the City and answerable directly to the City’s voters, it is best positioned to determine what benefits (including medical benefits) ought to be offered in order to attract and retain the best qualified City employees at the lowest overall costs; and

**WHEREAS,** the City Commission of the City of Pleasant Ridge further believes that compensation determinations for City employees are most properly the responsibility of the City’s elected representatives, and not the State of Michigan or its officials; and

**WHEREAS,** to express its support for home rule government and to recognize that it is the City Commission’s duty to manage City affairs in order to be most responsive to City voters, taxpayers and residents.

**NOW, THEREFORE, BE IT RESOLVED, that:**

1. Pursuant to Section 8 of Act 152, the City of Pleasant Ridge hereby exempts itself from requirements of Act 152 for the next succeeding year.
2. All resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, repealed.

*I Amy M. Allison, duly certified Clerk of the City of Pleasant Ridge  
do hereby certify that the foregoing Resolution was adopted by the  
Pleasant Ridge City Commission at its Regular Meeting held  
Tuesday, November 18, 2014.*

---

*Amy M. Allison  
City Clerk*



# City of Pleasant Ridge

James Breuckman, City Manager

From: Jim Breuckman, City Manager  
 To: City Commission  
 Date: November 13, 2014  
 Re: Intergovernmental Cable Communications Authority (ICCA) Funding

## Overview

Attached to this memo you will find items relating to the amendment of the ICCA Agreement regarding funding of the ICCA. The existing agreement, adopted over 30 years ago, calls for funding to be provided by the 11 member communities based on pro-rata household share based on the 1980 census. The proposed amendments would change this to a hybrid model with a \$1,000 flat fee and the remaining portion based on proportional population. All 11 communities must adopt the proposed amendment in order for it to become effective.

## Background

The Intergovernmental Cable Communications Authority (ICCA) was founded in 1981 for the mutual benefit of all members in order to provide most technologically advanced cable distribution system at the lowest possible cost and provide for a single market to be served by franchisees. On a day-to-day basis, the ICCA monitors the administration of cable franchise contracts with Comcast, Wide Open West, AT&T, and without public access provider, Community Media Network (CMN). The ICCA coordinates assistance from the various providers for the public events held in each of our communities as well as responds to complaints by our citizens with respect to cable television services. We have been active with other municipal organizations in lobbying for changes to the Michigan Uniform Franchise Act as well as being responsive to the Michigan Public Service Commission with respect to the experiences of our member communities.

The Authority is charged with conducting audits of the signal strength, clarity and noise to signal ratios and other industry standards to insure the best practices are used in allowing the best quality picture to come to each individual household. The ICCA was instrumental in the development and implementation of a (CPO) Consumer Protection Ordinance that helped define standards of customer service that were expected from our Cable Providers including standards for notifying our residents of changes in service or billing. This ordinance was adopted by all 11 member communities and saved thousands of dollars in legal fees for its development. Once again the ICCA is undertaking a franchise and PEG fee review of three (3) cable providers to check if there are any under-payments since the last review.

As a result of these efforts, Pleasant Ridge has benefited by receiving an estimated \$14,273 in direct payments and customer credits over the past 30+ years due to the work that the ICCA has accomplished in administering and auditing the revenues due each community based upon the requirements of Federal, State and Local Statutes as they pertain to the operation of the cable system franchise providers.

In its 30 years of operation, the ICCA has continued to provide these services at no cost to the member communities by using grant monies provided by the initial franchise agreements signed in 1981. At this time, the fund balance for operations is dwindling. The ICCA is at a point where member communities will need to financially contribute if it may continue. Without member funding, the ICCA could be forced to discontinue its oversight duties, as there is no other funding.

## Requested Action

The ICCA board has forwarded the attached Intergovernmental CATV Agreement Amendment. The amendment would change Section VI. Responsibility of Members, subparagraph F. Payments to the Authority. This section did not exist in the original agreement. If approved, the fee to Pleasant Ridge will be \$1,190 for 2014, and any annual increases, if required, shall be no higher than the annual rate of inflation as measured by the CPI provided for property tax calculations, or 3% whichever is less. The funds for the annual membership fee will be paid for out of the general fund.

A resolution of adoption is included for your use should you wish to approve this amendment.

## **AMENDMENT TO INTERGOVERNMENTAL CATV AGREEMENT**

**THIS AMENDATORY AGREEMENT** is made this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by and between and among the municipalities and other political subdivisions of the State of Michigan (hereinafter “Parties” or “Members”) who are or who become signatures hereto.

### **W I T N E S S E T H:**

**WHEREAS**, the parties hereto did on \_\_\_\_\_ enter into an Intergovernmental CATV Agreement; and,

**WHEREAS**, pursuant to the terms of Article XVI. Amendments of said Agreement, the parties specifically retained the right to modify said Agreement; and,

**WHEREAS**, the parties presently desire to modify and amend the original Intergovernmental CATV Agreement as is hereinafter set forth;

**NOW, THEREFORE, IT IS AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:**

“VI. Responsibilities of Members - .....

F. Payments to Authority- Pay to the Authority a membership fee to enable the Authority to meet its operating costs and expenses. The fee will be established by the ICCA Board of Directors and approved by each member community. The fee will be due annually on December 31 of each year. It shall be the policy of the Intergovernmental Cable Communications Authority to report to each community the level of unassigned fund balance at the end of each yearly operating cycle, as determined by outside audit counsel. The ICCA will be required to convey all audit information to each member community within 30 days of audit approval. The Authority will seek to maintain a level of fund balance sufficient for operations as per the recommendation of audit counsel, however, not more than 125% of annual audited operations. Changes in

membership fees shall be based upon the currently adopted fee schedule for each member community. Annual increases, if necessary, shall be no higher than the annual rate of inflation as measured by the Consumers Price Index provided for property tax calculations or 3%, whichever is less.

ICCA MEMBER COMMUNITY	AVERAGE OF 2011 FRANCHISE FEE AND POPULATION	BASE FEE	Annual Membership Fee
Auburn Hills	1,340	1,000	2,340
Berkley	1,050	1,000	2,050
Clawson	760	1,000	1,760
Ferndale	1,240	1,000	2,240
Hunt Woods	480	1,000	1,480
Oakland Twp	1,050	1,000	2,050
Pleasant Ridge	190	1,000	1,190
Rochester	860	1,000	1,860
Rochester Hills	4,300	1,000	5,300
Royal Oak	3,910	1,000	4,910
Troy	3,920	1,000	4,920
<b>TOTAL FEE</b>	<b>19,100</b>	<b>11,000</b>	<b>30,100</b>

Membership fee will be due by December 31, 2014 and each December 31<sup>st</sup> thereafter to fund the ICCA Authority.”

All other provisions contained in the original Intergovernmental CATV Agreement dated \_\_\_\_\_, including all amendments, are hereby affirmed and the parties hereto have executed this Agreement as of the day and year first written above.

In the Presence of:

CITY OF \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_



# City of Pleasant Ridge

## Candidate Questionnaire

Name: <b>Edith Blakney</b>	
Date: <b>10/6/2014</b>	Pleasant Ridge Resident For (years): <b>2</b>
Occupation: <b>Attorney</b>	

Commissions On Which You Want to Serve (please check all applicable boxes):

- |  |  |
|--|--|
| <input type="checkbox"/> Board of Review       | <input type="checkbox"/> Recreation Commission                     |
| <input type="checkbox"/> Historical Commission | <input checked="" type="checkbox"/> Zoning Advisory Committee      |
| <input type="checkbox"/> Planning Commission   | <input checked="" type="checkbox"/> Huntington Woods Library Board |

### Interests/Reasons/Qualifications

I am interested in this position because of how beneficial the library is to our community. My toddler participates in the story book and music hour and utilizes the toys and books at the library. The library provides a good place for families to meet and for children to start friendships, learn to read, and enjoy learning. The library is also an excellent resource for continuing education and leisurely reading.

### Boards/Commissions/Committees on Which You Have Served (list municipalities and dates)

--

### Other Organizations

Oakland County Bar Associations: Mentor Match Program, St. Paul AME Zion Trustee Board

### Education

BA- Michigan State University  
JD- Thomas M. Cooley Law School

### Additional Information

License to Practice Law- State Bar of Michigan, P75965.  
I am passionate about preserving community services and organizations and ensuring that these organizations are able to benefit every member of our community.



RECEIVED

NOV 10 2014

## City of Pleasant Ridge

### Candidate Questionnaire

CITY OF PLEASANT RIDGE

Name: <b>Paula Matyas</b>	
Date: <b>November 10, 2014</b>	Pleasant Ridge Resident For (years): <b>June 2013</b>
Occupation: <b>Retired</b>	

#### Commissions On Which You Want to Serve (please check all applicable boxes):

- |  |  |
|--|--|
| <input type="checkbox"/> Board of Review       | <input type="checkbox"/> Recreation Commission                     |
| <input type="checkbox"/> Historical Commission | <input type="checkbox"/> Zoning Advisory Committee                 |
| <input type="checkbox"/> Planning Commission   | <input checked="" type="checkbox"/> Huntington Woods Library Board |

#### Interests/Reasons/Qualifications

My interest in serving is to become more fully involved with the heart of my community. Public libraries are often the first point of personal contact with community that residents have, and I believe serve as a gateway to participate therein. Free access to reading material and information is a starting point for inspiration and education. A sincere belief in this system and willingness to enhance and contribute to this environment, will allow my working with others to integrate these qualities.

#### Boards/Commissions/Committees on Which You Have Served (list municipalities and dates)

Have not served on municipal boards.

#### Other Organizations

UAW member since 1978. Served on following Committees:  
Civil Rights Committee, Education Committee, Women's Committee.  
ESA (Epsilon Sigma Alpha) A leadership and service organization for women that pursues projects which make a difference locally, nationally and internationally.  
American Red Cross

#### Education

Henry Ford Community College, Oakland Community College, Michigan State University,  
National Labor College: Liberal Arts/Labor & Industrial Studies/Health & Safety

#### Additional Information

Having worked with General Motors Corporation for 32 years, and being transferred 8 times, has given me the unique opportunity to experience a variety of library systems from large cities to small rural communities.





# City of Pleasant Ridge

## Candidate Questionnaire

Name: <b>Mari Vaydik</b>	
Date: <b>10/2/14</b>	Pleasant Ridge Resident For (years): <b>1+, since July 2013</b>
Occupation: <b>Director of Development, University of Michigan Library</b>	

Commissions On Which You Want to Serve (please check all applicable boxes):

- |  |  |
|--|--|
| <input type="checkbox"/> Board of Review       | <input type="checkbox"/> Recreation Commission                     |
| <input type="checkbox"/> Historical Commission | <input type="checkbox"/> Zoning Advisory Committee                 |
| <input type="checkbox"/> Planning Commission   | <input checked="" type="checkbox"/> Huntington Woods Library Board |

### Interests/Reasons/Qualifications

My interest in libraries has been a life long one, first as an avid reader, then as a Master of Library and Information Science student and now as an employee of one of the world's greatest academic research libraries at U-M. I am keenly interested in the role that libraries play in communities and feel that my experience in libraries, fundraising and arts and culture organizations could contribute greatly to the advisory board's efforts.

### Boards/Commissions/Committees on Which You Have Served (list municipalities and dates)

Waugoshance Lighthouse Preservation Society, board member, Mackinac City, 2010-present; Green Living Science, board chair, Detroit, 2010-2014; Forward Arts, board member, Detroit, 2010-2014.

### Other Organizations

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### Education

Master of Library and Information Science, Wayne State University, 2004  
Bachelor of Science, Northern Michigan University, 1999

### Additional Information

Past employee of both the Detroit Institute of Arts and the Detroit Symphony Orchestra.



# City of Pleasant Ridge

James Breuckman, City Manager

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From: Jim Breuckman, City Manager  
To: City Commission  
Date: November 13, 2014  
Re: Segregated Capital Asset Fund (SCAF) Investment Reclassification

## Overview

Attached to this memo you will find items relating to the creation of a parks operations and maintenance special revenue fund within the SCAF. The items include a proposed amendment to the SCAF Ordinance (Chapter 2, Division 9 of the City Code), an amended investment policy, and a letter from the City Attorney regarding the proposed ordinance amendment.

## Background

The proposed ordinance amendment is necessary to create and govern the investment and use of monies generated by the parks operations and maintenance special revenue fund. The special revenue fund was made possible by an amendment to state law in 2008 that allows for investment of special revenue monies under the State pension fund act. This allows for a wider array of investment options for the City, opening up the possibility for greater interest and dividend returns and also for long-term capital appreciation on principal.

## Next Steps

The process to complete the creation of the parks operations and maintenance special revenue fund is as follows:

1. City Commission schedules the public hearing for the proposed SCAF ordinance amendment (November, 2014)
2. City Commission holds public hearing for proposed ordinance amendment (December, 2014)
3. City Commission deliberates on proposed ordinance amendment (December, 2014 or January, 2015)
4. City Commission adopts revised investment policy (December, 2014 or January, 2015)
5. City Commission reviews Investment Committee members and appoint new members as necessary (December, 2014 or January, 2015)

## DRAFT – November 13, 2014

### DIVISION 9. I-696 SEGREGATED CAPITAL ASSET FUND

#### **Sec. 2-131. Establishment.**

The city shall establish, and by this division does hereby establish, a special fund to be entitled I-696 segregated capital asset fund (referred to in this division as ``the fund"). The fund shall be inclusive of a fund invested under the terms of Section 1 of Public Act 20 of 1943 (MCL 129.91, as may be amended or superseded in the future), and a Parks Special Revenue Fund invested under the terms of Section 7a of Public Act 20 of 1943 (MCL 129.97a, as may be amended or superseded in the future).

(Code 1979, § 2-101; Code 1997, § 2-131)

#### **Sec. 2-132. Allocations.**

There shall be allocated to the fund the following sums receivable from the state, forthwith upon such receipt, pursuant to the state's condemnation of city-owned property under Public Act No. 87 of 1980 (MCL 213.51 et seq.) (`the act"):

- (1) The amount of the state's "good faith offer" of just compensation for city property taken by the state, and for damages to remaining city-owned property, required to be paid by the state for the city's immediate use under the act.
- (2) Any additional amount received by the city as just compensation for city property taken, and for damages to remaining city-owned property, as a result of final judgment or settlement of the proceedings instituted pursuant to the act.
- (3) Interest on the amount received by the city from the state under subsection (1) of this section for the period from March 14, 1984, to date of receipt.
- (4) Interest on the amount received by the city from the state under subsection (2) of this section for the period from March 14, 1984, to date of receipt.

(Code 1979, § 2-102; Code 1997, § 2-132)

#### **Sec. 2-133. Principal; investment by city.**

All sums received by the city under section 2-132(1) through (4), inclusive, are hereby deemed to constitute the fund's principal. Such principal shall be invested and reinvested by the city at the highest level of return consistent with safety, prudence, and sound financial practice in accordance with the City's adopted Investment Policy. The fund's principal shall not be invaded except as otherwise expressly provided in this division.

(Code 1979, § 2-103; Code 1997, § 2-133)

#### **Sec. 2-134. Interest and investment returns.**

All interest and investment returns received by the city on the fund's principal ~~shall be deemed interest and~~ shall be used solely for the purposes set forth in section 2-135, except as otherwise expressly provided in this division.

(Code 1979, § 2-104; Code 1997, § 2-134)

#### **Sec. 2-135. Use of interest and investment returns.**

The purpose of the fund being to mitigate, to the maximum extent reasonably possible, the loss of and damage to city property, and related damage caused directly or indirectly to

## DRAFT – November 13, 2014

the city by the highway, the following uses for interest on the fund's principal (in such amounts and with such priorities as may be allocated and determined by the city commission from time to time) shall be exclusive until such time as such purposes have been achieved:

- (1) To replace lost recreational property or otherwise to enhance the city's recreation program.
- (2) To purchase needed capital equipment and/or to repair existing equipment, expenditures previously deferred for lack of sufficient city funds, such insufficiency being caused in major part by the erosion of the city's tax base attributable to the highway.
- (3) To fund such studies and furnish such seed monies as may be necessary or appropriate to initiate the city's evaluation of development and/or redevelopment projects designed to restore, or prevent the further erosion of the city's tax base, including, without limitation, the redevelopment or other revitalization of the city's commercial district on the east side of Woodward Avenue.
- (4) Such other uses as are consistent with the basic purpose of the fund as set forth in this section and which are properly characterized as uses designed to replace or to restore and repair capital assets of the city lost or damaged as a result of the highway.
- (5) Interest and investment returns earned from investment of the Parks Special Revenue Fund may be used for operation and maintenance of the City's recreational properties, including, without limitation, salaries, wages, benefits, and employer-paid employment taxes for the recreation director and other employees of the City's parks and recreation department allocable to parks operation and maintenance; general maintenance and repair of the Community Center building and swimming pool; general maintenance and repair of other park properties (including irrigation, lawn mowing, fertilization, and maintenance and replacement of landscaping); general maintenance and repair of all recreational facilities and equipment within the Community Center or any city park; supplies used by the parks and recreation department; and promotional and other expenses for recreational programming.
- ~~(56)~~ Upon realization of the purposes set forth in this section, interest on the fund's principal then, but only then, except as otherwise expressly provided in this division, may be used for the city's general operating expenses and for purposes not directly or indirectly related to loss or damage sustained by the city as a result of the highway, as such purposes may be designated by the city commission.
- ~~(6) Nothing in this section shall preclude payment by the city from the fund's principal, forthwith upon the city's receipt of such principal, of such sums as may then be owed by the city to its technical advisors and consultants for services rendered by such advisors and consultants relating to I-696 and/or proceedings under the act; provided, however, upon receipt by the city of reimbursement from the state for any such expenditures, under applicable provisions of the act or otherwise, such reimbursed sums shall forthwith be~~

~~reallocated to the fund's principal.~~

(Code 1979, § 2-105; Code 1997, § 2-135)

**Sec. 2-136. Administration.**

The fund itself and all transactions relating thereto shall be established, administered and accounted for in accordance with this division and with such recommendations as may be furnished to the city by its auditors and approved by the city commission. If so recommended by the auditors, or if independently deemed appropriate by the city commission, the fund shall be included in any capital program of the city and hence shall be subject to the provisions of sections 6.07 and 6.08 of the Charter.

(Code 1979, § 2-106; Code 1997, § 2-136)

**Sec. 2-137. Invasion of principal or diversion of interest or investment returns.**

- (1) It is the enduring sense of the city commission that the public welfare requires that the fund's principal not be dissipated or depleted, and that interest on the fund's principal not be diverted to uses other than those specified in this division, unless and until the purposes of the fund have been achieved to the maximum extent reasonably possible. Accordingly, no invasion of the fund's principal or diversion of the fund's interest or investment returns shall occur except as may be required by the most urgent and compelling circumstances and in accordance with the following procedure: any resolution for invasion of the fund's principal or diversion of the fund's interest or investment returns shall first be introduced by any city commissioner by causing such resolution to be placed on the agenda for any regular meeting of the city commission or any special meeting called for such purpose. Such resolution, after its introduction, shall not be subject to immediate adoption but shall be set for public hearing. After such public hearing, the resolution may be moved for adoption and must be seconded. Adoption shall require the affirmative vote of four members of the commission and shall be supported by an express finding of the commission that the resolution is justified by compelling and urgent circumstances and express findings by the commission of the underlying facts supporting such conclusion.
- (2) The principal balance of the parks special revenue fund shall be added to over time by means of retaining interest and investment returns generated by the fund at a rate that exceeds the annual rate of inflation to preserve the parks special revenue fund's value in perpetuity. The interest and investment returns generated by the fund in excess of the rate of inflation may be used to support the City's parks and recreation operations and maintenance.
- (3) Should, due to market fluctuations which impact the value of the principal, the parks special revenue fund's principal value fall below the amount established by the City Commission by resolution upon its initial funding plus any future additions to the fund by City Commission resolution, adjusted for inflation, only interest or dividends shall be removed from the parks special revenue fund until the market value of the fund's principal recovers and is higher than the amount established by said resolution(s), adjusted for inflation.

(4) For the purpose of this Section, inflation shall be measured by the United States Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U).

(Code 1979, § 2-107; Code 1997, § 2-137)

**Sec. 2-138. Interpretation of division.**

The city commission shall have the sole right to construe and interpret this division and all provisions thereof, and its construction and interpretation shall be final, conclusive and binding on any and all persons or parties directly or indirectly affected thereby.

(Code 1979, § 2-108; Code 1997, § 2-138)

**Sec. 2-139. Revocation and amendment of division.**

This division may only be revoked or amended by the affirmative vote of four members of the city commission.

(Code 1979, § 2-109; Code 1997, § 2-139)



# City of Pleasant Ridge

James Breuckman, City Manager

## Administrative Policy #2014-02

### Investment Policy

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## I. Scope

This investment policy applies to all activities in regard to investing the financial assets of all funds (current and anticipated in the future) of the City of Pleasant Ridge. These funds are accounted for in the city's annual financial report and include:

- General Fund
- Act 51 Major & Local Street Funds
- Segregated Capital Assets Fund (SCAF), [including the Parks Special Revenue Fund](#)
- Water & Sewer Fund
- Trust & Agency Fund
- Any other funds created by the City, unless specifically exempted by the City Commission

## II. Investment Objectives

The following investment objectives will be applied in the management of city funds.

- Funds of the City will be invested in accordance with Section 129.91 of the Michigan Compiled Laws, these policies and written administrative procedures.
- The primary objective of the City's investment activities is the preservation of capital and the protection of the investment principal.
- In investing public funds, the City will strive to maximize the return on the portfolio and to preserve the purchasing power but will avoid assuming unreasonable investment risk taking into account the cash flow characteristics of the portfolio.
- The investment portfolio of the City of Pleasant Ridge shall remain sufficiently liquid to enable the City to meet operating requirements such as payroll, accounts payable and debt service payments in a timely manner.
- The City will employ mechanisms to control risks and diversify its investments regarding specific security types or individual financial institutions.
- The investment portfolio shall be designed with the objective of regularly exceeding the average return of three month U.S. Treasury Bills to the extent possible. The investment program shall seek to augment return above this threshold as conditions warrant, consistent with risk limitations identified herein and prudent investment policies.
- Investments shall be made based on statutory constraints and subject to available designated staffing capabilities.
- Funds held for future capital projects (i.e. bond proceeds) shall be invested to produce enough income to offset increases in construction costs due to inflation subject to Federal Arbitrage regulations.
- [Where possible, prepayment funds for long-term debt service shall be invested to ensure a rate of return at least equal to the interest being paid on the bonds.](#)
- [The objective of the SCAF Parks Special Revenue Fund shall be to support parks and recreation maintenance and operations using interest, dividends, and gains on the principal balance of the fund.](#)



### III. Prudence

In managing its investment portfolio, city officials shall avoid any transaction that might impair public confidence in the government of the City of Pleasant Ridge. Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the requisite safety of their capital as well as the probable income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the City's overall portfolio. Investment officers of the City of Pleasant Ridge acting in accordance with this Investment Policy and written procedures as may be established and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion, and appropriate action is taken to control adverse developments.

### IV. Ethics

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose in writing to financial institutions that conduct business with this jurisdiction, and they shall further disclose any large personal performance of this jurisdiction's portfolio. Employees and officers shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales.

### V. Responsibility for the Investment Program

Management responsibility for the Investment Program is hereby delegated to the Investment Committee which shall establish written procedures for the operation of the Investment Program consistent with the Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and procedures established by the Investment Committee.

The Investment Committee shall consist of the ~~city manager~~City Manager, the City Clerk and such other officials designated by the City Commission as may be desired.

A record of the administrative policies, investment program, actual investments conforming to the Investment Policy and Investment Program structures, and minutes of Investment Committee meetings will be maintained by the ~~City Treasurer~~City Manager or his/her designee.

### VI. Cash Management

The City's Policy regarding cash management is based upon the realization that there is a time-value to money. Temporarily idle cash may be invested for a period of one day up to one year depending on when the money is needed. Accordingly, the ~~City Treasurer~~City Manager or his/her designee shall cause to be prepared written cash management procedures which shall include, but not be limited to, the following:

- A. **Receipts.** All monies due to the City shall be collected as promptly as possible. Monies that are received in the Treasurer's office shall be deposited in approved financial institutions no later than the next business day after the receipt by the City. Amounts that remain

uncollected after a reasonable length of time shall be subject to any available legal means of collection.

**B. Disbursements.**

1. Any disbursements to suppliers of goods or service or to employees for salaries and wages shall be contingent upon an available budget appropriation.
2. Disbursement shall be made subject to the following limitations:
  - a) payments from a petty cash fund may not exceed \$30 and must be authorized by a department director.
  - b) payments for goods and services not covered by a contract up to \$500 must be authorized by the ~~city treasurer~~ City Manager or his/her designee or the city manager and department director as needed.
  - c) payments for goods and services covered by a contract within a specific department shall be authorized by the ~~city treasurer~~ City Manager or his/her designee and department director.
  - d) payments for goods and services covered by a contract which is not in a specific department and under \$5,000 or payroll shall be authorized by the ~~city treasurer~~ City Manager or his/her designee pursuant to authority delegated by the city manager.
  - e) payments for goods and services over \$5,000 must be authorized by the city manager, ~~city treasurer~~ City Manager or his/her designee and the department director.

- C. Cash Forecast.** At least annually, a cash forecast shall be prepared using expected revenue sources and items of expenditure to project cash requirements over the fiscal year. The forecast shall be updated from time to time to identify the probable investable balances that will be available.

**D. Pooling of Cash.**

1. Except for cash in certain restricted and special accounts, the City may pool cash of various funds to maximize investment earnings.
2. Investment income shall be allocated to the various funds based upon their respective participation.

## VII. Accounting

The City of Pleasant Ridge maintains its records on the basis of funds ~~and account groups~~, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the City in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Boards (GASB). Accounting treatment will include:

- Investment will be ~~carried at cost or amortized cost which approximates market~~recorded at market value.
- Premiums or discounts will be amortized over the life of the investment.
- Gain or losses of investments in all funds will be recognized at the time of disposition of the security.
- Investment income will be recognized when earned.

## VIII. Delegation of Authority

The ~~City Treasurer~~City Manager or his/her designee is designated as the investment officer of the City of Pleasant Ridge and is responsible for investment decisions made within his or her discretion in applying the procedures adopted by the Investment Committee, under the supervision of the City Manager and adhering to the guidelines established by this Investment Policy.

## IX. Monitoring and Adjusting the Portfolio

The investment officer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments and will adjust the portfolio accordingly.

## X. Investment Performance and Reporting

The ~~City Treasurer~~City Manager or his/her designee shall submit a quarterly investment report that provides the amount of the principal and the type of investment by fund, earnings for the current month, current quarter, and year to date, and a summary report of cash and investments maintained in each financial institution. The report shall provide such other data that may be needed to make an informed investment decision. The quarterly reports shall be submitted to the Investment Committee.

The Investment Committee shall submit an investment report to the City Commission on a quarterly basis. Material deviations from projected investment strategies shall be reported immediately to the Investment Committee. The format of all investment reports will be prescribed by the Investment Committee.

## XI. Portfolio Definition

The portfolio shall be defined as all funds except the Segregated Capital Assets Fund. Exceptions in regards to maturity, liquidity and investment instrument selection will be noted in the respective sections of the policy.

## XII. Investment Maturity and Liquidity

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest the portfolio in securities maturing more than one (1) year from the date of purchase. No more than 50% of the City's total investment portfolio shall be placed in securities maturing in more than one (1) year.

The Segregated Capital Asset Fund may purchase investment funds for its portfolio securities maturing at a maximum time level of five (5) years. This is to allow this fund to be able to stagger investment maturities based upon the nature of this fund and to obtain higher returns when short term rates are less than favorable in light of the need of the City.

### XIII. Diversification

The ~~City Treasurer~~City Manager or his/her designee shall diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities to the extent possible. Diversification strategies shall be determined and revised periodically by the Investment Committee for all funds.

### XIV. Criteria for Selection of Financial Intermediaries and Issuers

Certificates of Deposit shall be purchased only from financial institutions which qualify under Michigan law. Other securities shall be purchased only through financial institutions (which qualify as public depositories which provide the services of a securities dealer, or through the “primary government securities dealers” as designated by the Federal Reserve Bank. These institutions, dealers and issuers must meet capital adequacy guidelines as determined by their respective regulatory agencies and certify that no material adverse events have occurred since the issuance of their most recent financial statements. They must also agree to notify the City in the event of material adverse events affecting their capital adequacy.

### XV. Third-Party Custodial Agreements

All securities purchased by the City under this section shall be properly designated as an asset of the City of Pleasant Ridge and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States government or the State of Michigan, and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the order of the ~~City Treasurer~~City Manager or his/her designee.

### XVI. Internal Controls

The Investment Committee shall establish a system of internal controls, documented in writing, which is designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and/or officers of the City. Required elements of the system of internal controls shall include 1) the timely reconciliation of all city bank accounts (i.e. monthly reconciliations within 30 days of the end of the monthly cycle) and 2) details of delivery vs payment procedures and trust receipt documentation. Internal controls will also encompass at a minimum these additional issues:

- Fidelity bonds for employees.
- Transfers of all funds.
- Custodial safekeeping
- Avoidance of delivery of bearer form or non-wireable securities to the City.
- Written internal confirmations of telephone transactions.
- Identification and minimization of the number of authorized investment officials.
- Documentation of decisions made at the committee level and transactions by investment officials.

## XVII. State Authorized Investment Securities

The following is a list of authorized securities for investment by the Investment Committee pursuant to Public Act 239 of 1988, [MCL Section 129.91](#), as amended:

- A. Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the government national mortgage association;
- B. Certificates of Deposit, saving accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings & loan or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended;
- C. In United States government of federal agency obligation repurchase agreements;
- D. In bankers acceptances of United States banks;
- E. No more than 50% of any one fund may be invested in commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating service and which matures not more than 270 days after the date of purchase; and
- F. In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

## XVIII. Investment Instrument Selection

The portfolio maturities and limits on security issues and issuers which are used to be absolute magnitude guidelines by the Investment Committee are detailed below:

- A. **Portfolio Maturity:** The average maturity of the portfolio may not exceed 180 days, except for the Segregated Capital Assets Fund which may have an average maturity of 1095 days.
- B. **Government Securities:**
  - 1. Portfolio Composition. No more than 10% of the portfolio may be in direct government securities or repurchase agreements involving guaranteed government securities.
  - 2. Maturity Limitations. The maximum length to maturity of any investment in government obligations is 1 years.
- C. **Non-negotiable Interest Bearing Time Certificate of Deposit.**
  - 1. Portfolio composition – a maximum of 50% of the total portfolio may be invested in non-negotiable CD's.

2. Limits on Individual Issuers – all issuers must be eligible to be a depository of surplus funds pursuant to Section 5 or 6 of Act No. 105 of Public Acts of 1855, as amended.
3. Maturity Limitations – no non-negotiable CD may have a maturity date longer than 365 days except for the investments by the Segregated Capital Assets Fund.

**D. Commercial Paper.**

1. Portfolio composition – a maximum of 25 % of the portfolio may be invested in “prime” commercial paper.
2. Individual Issuers- the issuer must be on a current list of approved issuers as developed and maintained by the Investment Committee.
3. Maturity Limitations – the maximum length to maturity for an investment in Prime commercial paper is 270 days.

- E. Money Market Mutual Funds:** A maximum of 100% of the portfolio may be invested in money market mutual funds which meet the state criteria in regards to fund composition.

## **XIX. Limitations on Investment Instrument Selection Absolutes Based Upon Underlying Objectives of Liquidity, Diversification, and Risk Factors**

- Liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through marketable U.S. Treasury bills or money market funds.
- Default risk: Excluding the primary bank, no more than 40% of the overall portfolio may be invested in the individual securities of a single bank (i.e. CDs and pooled funds) or corporation (i.e. commercial paper).
- No more than 25% of the total portfolio may in commercial paper. The total portfolio herein being defined as all city funds investment monies that are available. Positions in individual securities having potential default risk (uncollateralized commercial paper) shall be limited to no more than 5% of the portfolio, so that in case of default, the portfolio's annual investment income would exceed a loss on a single issuer's securities.
- Diversification of credit risk normally will be accomplished through investments in money market funds.
- Risks of market price volatility shall be controlled through maturity diversification limitations set as investment program objectives by the Investment Committee.

## **XX. SCAF Parks Special Revenue Fund**

The following provisions apply to the SCAF Parks Special Revenue Fund. In case of any conflict between the terms of this section and any other section of this policy, this section shall prevail.

- A. Statutory Authorization.** The SCAF Parks Special Revenue Fund may invest in securities identified in the public employee retirement system investment act, PA 314 of 1965, MCL 38.1132 to 38.1140m, pursuant to the authorization contained in Section 7a of the

investment of surplus funds of political subdivisions act, PA 20 of 1943, MCL 129.97a, with the further limitations imposed by this Investment Policy and the City's Segregated Capital Assets Fund Ordinance, City Code Sections 2-131 through 2-139.

**B. Allowable Investment Instruments.** The SCAF Parks Special Revenue Fund principal may be invested in stocks, exchange traded funds (ETFs), mutual funds, and obligations (i.e. bonds) as defined in MCL 38.1132d-e. The SCAF Parks Special Revenue Fund may only be invested in securities that are actively traded on a major United States stock index. The use of low-cost index fund(s) or ETF(s) is preferred.

**C. Liquidity and Maturity.** There is no limitation on investment maturity for the SCAF Parks Special Revenue Fund.

**D. Use of Investment Returns.** The City Commission, with the advice of the investment committee, shall determine annually what interest, dividends, and gains shall be retained in the fund and what should be used to support parks operations and maintenance, with the following stipulations:

1. The principal balance of the fund shall not be diverted or spent except in accordance with the provisions established by City Code, and shall be added to over time at a rate that exceeds the annual rate of inflation to preserve the Special Revenue Fund's value in perpetuity.
2. Should, due to market fluctuations which impact the value of the principal, the parks special revenue fund's principal value fall below the amount established by the City Commission by resolution upon its initial funding plus any future additions to the fund by City Commission resolution, adjusted for inflation, only interest and dividends shall be removed from the parks special revenue fund until the market value of the fund's principal recovers and is higher than the amount established by said resolution(s), adjusted for inflation.
3. Inflation shall be measured by the United States Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U).

## ~~XX.XXI.~~ Investment Program

The exact guidelines for the current investment portfolio shall be established by the Investment Committee taking into account all absolutes contained in the Investment Policy of the City. The program shall be revised and updated on a periodic basis as needed.

Any investment manager representing, advising, or acting on behalf of the City shall sign an affirmation that they have read the policy, understand the policy, and assume responsibility for adhering to the investment policy in relation to the funds entrusted to them.

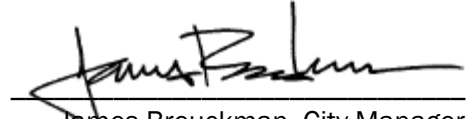
## ~~XXI.XXII.~~ Policy Amendment

If any policy considerations are necessary to be changed under amendments to the state law or through deliberations of the Investment Committee, the Investment Committee shall recommend to the City Commission any changes necessary to the respective sections of this Policy for their consideration.

~~XXII.~~ XXIII. **Effective Date**

Upon adoption by resolution of the City Commission the Investment Policy will become effective January xx, 20xx. The time period between resolution adoption and effective date will be the transition period in which the Policy will start to be implemented in order to be fully operational by the effective date indicated herein.

Amended: December xx, 20xx

  
James Breuckman, City Manager  
December xx, 20xx





LAW OFFICES

# ADKISON, NEED & ALLEN

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November 10, 2014

VIA ELECTRONIC MAIL

Mr. James Breuckman, City Manager  
City of Pleasant Ridge  
23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069

**Re: Proposed Amendment to SCAF Ordinance**

Dear Mr. Breuckman:

As requested, I reviewed the latest draft of the proposed amendment to Chapter 2 of the City Code dealing with the Segregated Capital Asset Fund ("SCAF"). The form of the amendment is satisfactory.

The proposed revision to Section 2-135(5) includes some specific provisions regarding allowable uses for interest and investment returns for the new Parks Special Revenue Fund. The statute which allows for the more expanded investment options for that fund provides that it must be used for "park operations and maintenance", but contains no definition or further guidance as to the meaning of that term. In my opinion, the allowed uses listed in proposed Section 2-135(5) meet the intent of the statute.

Should you need anything further, please contact me.

Very truly yours,

**ADKISON, NEED & ALLEN, P.L.L.C.**

Gregory K. Need  
Interim City Attorney

/mms



# City of Pleasant Ridge

James Breuckman, City Manager

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From: Jim Breuckman, City Manager  
To: City Commission  
Date: September 4, 2014  
Re: Segregated Capital Asset Fund (SCAF) Investment Reclassification

## Overview

Attached to this memo you will find a letter from our interim City Attorney regarding the reclassification of a portion of the SCAF principal to expand the range of investment options available to the City. The mechanism would be to reclassify a portion of the SCAF principal as a parks and recreation special revenue fund.

This is not a suggestion to spend, consume, or deplete SCAF principal. What is being suggested is to reinvest a portion of the SCAF consistent with sound investment practice in order to achieve higher investment returns, and to allow for capital appreciation of the principal balance to ensure that our City's endowment continues to grow over time.

## Background

The SCAF was created in 1986 as a result of a settlement between the State and the City in connection with condemnation proceedings instituted by the State to "take" City-owned property. The City created an ordinance which protected the principal balance and established permitted uses of the interest generated by the investment of the principal. Essentially, the SCAF became like an endowment fund for the City. The restricted principal balance is \$3,242,872.

For two decades the SCAF generated good returns, generally in the \$100,000 to \$180,000 range.

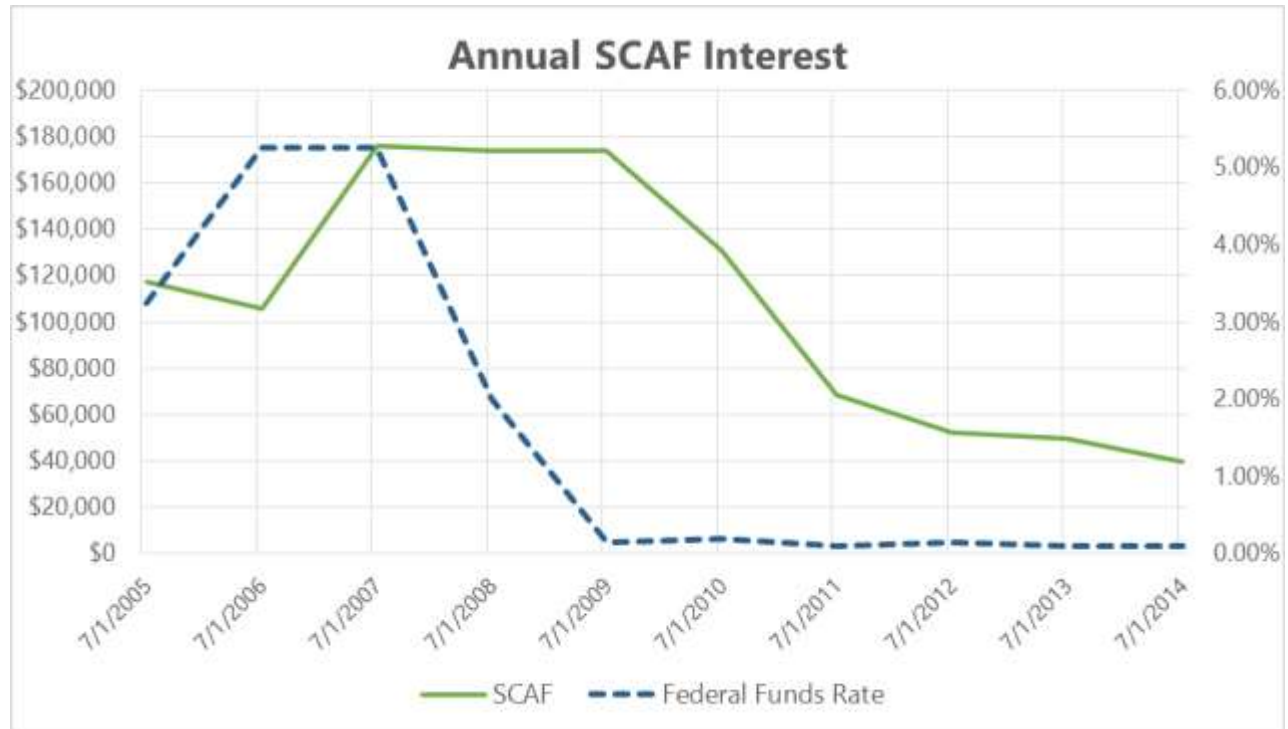
The SCAF principal is invested consistent with the restrictions of Public Act 20 of 1943, which establishes how surplus government funds can be invested. The options are limited to very safe, essentially risk-free investment vehicles such as US Government bonds, certificates of deposit, and investment grade commercial paper with a maturity date of not more than 270 days.

PA 20 was amended by Public Act 404 of 2008 to adopt Section 7a to allow a public corporation which has a special revenue fund consisting of payments for park operation and maintenance to invest those assets under the guidelines of Public Act 314 of 1965, the Public Employee Retirement System Investment Act. The purpose of Section 7a is to expand investment options for those public corporations that have special revenue funds for parks purposes.

This is consistent with the first established use of interest generated by the SCAF: "to replace lost recreational property or otherwise to enhance the City's recreation program" (City Code Section 2.105.a).

## Historical SCAF Returns

Over the past few years SCAF has been returning about 1% on principal, which is less than the rate of inflation. In dollar terms, SCAF interest payments have fallen from about \$160,000 in 2007-2009 to about \$30,000 today, as shown in the following chart. Note that the SCAF return tracks, and slightly lags, changes in the federal funds rate. This is because the types of investments that PA 43 allows Cities to invest surplus funds in closely track the federal overnight funds rate.



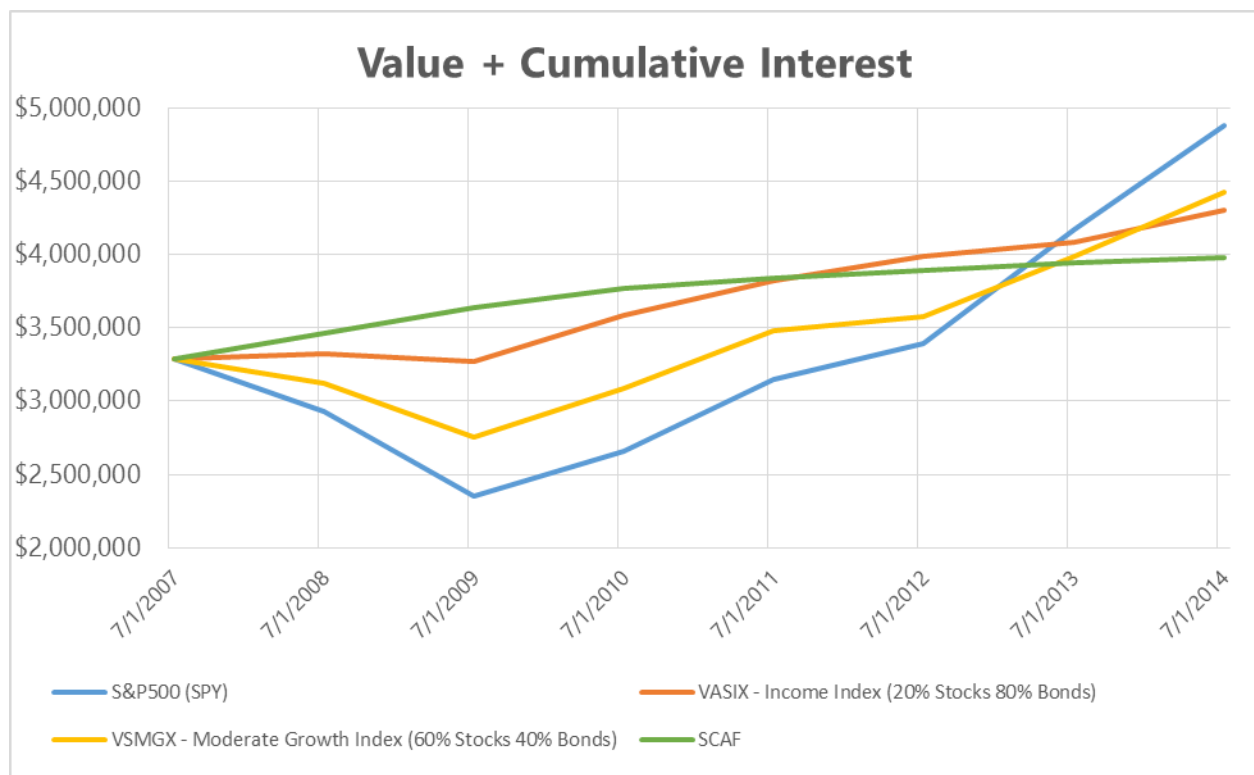
There is a low likelihood of the Fed increasing the overnight rate in the foreseeable future, so it is likely that SCAF will continue to see interest returns of around \$40,000 a year. This represents a loss of over \$100,000 in revenue to the City compared to prior periods.

## Risk/Reward Considerations

Classification of a portion of the SCAF as a special revenue fund would allow for a wider range of investment alternatives, allowing for better short term cash returns and also long-term capital appreciation. It is well-established that the stock market has achieved average annual returns of about 8% over the long-run, and a diversified investment strategy is consistent with “safety, prudence, and sound financial practice” (City Code Sec. 2-103).

Of course, there is always risk involved in investing in the equities and bonds markets, however, that risk is manageable. As a test, the following chart shows that principal value plus the cumulative value of dividends and cash interest payments for SCAF and three alternative investments in securities and bonds if the investments were made on July 1, 2007, which was near the top of the market prior to the downturn of 2008-2009, which was the sharpest downturn since the Great Depression.

The chart shows that the market funds initially lost value, but by 2012 all of them had at least regained their initial value and by 2013 the principal value + retained dividends/interest earnings of the funds had surpassed that of SCAF. This chart shows that despite the short term market risk of investing in stocks and bonds, over the long run all evidence shows that an investment in the market will provide better returns for the City.



## Expected Return

If pursued, Staff would recommend investing a portion of the SCAF in equities and bonds, while retaining a portion in short term nearly risk free instruments, as currently invested. Keeping about 1/3 of the SCAF in short term securities would ensure that the City continues to have a completely secure fund that can be used as a source of financing to fund infrastructure projects, as has been done in the past. The remaining 2/3 would be classified within the SCAF as a recreation special revenue fund and invested in equities and bonds.

We anticipate setting a target return of 4-5% for the reinvested portion of SCAF, with any excess earnings being retained in the fund to build up principal balance and also to provide a buffer against future short term downturns in the market. In the short run, should market fluctuations cause the principal balance of the SCAF to fall below the protected amount the target return would be adjusted and only dividends and cash returns would be taken out of SCAF. This means that, in the short run, returns could be in the 2-3% range, which is still better than current returns as invested today.

Based on an expected return of 4-5% on the market investment, total returns from SCAF would increase from \$40,000 to between \$100,000 and \$120,000. This would result in an increase of \$60,000 to \$80,000 of annual revenue to the City over the long run.

## Relationship to Requested General Operating Millage

As you are aware, the City has placed a question for a general operating millage increase on this November's ballot. If approved, the general operating millage would result in about \$108,000 of new revenue to the City, which will help offset a \$145,000 structural deficit in the City's budget that has existed since 2010.

The proposed SCAF reclassification and reinvestment would generate \$60,000 to \$80,000 of new revenue, and we estimate that we can find an additional \$20,000 to \$25,000 of annual savings by continuing to trim costs and find efficiencies as recommended by the Citizen's Advisory Committee.

In a best-case scenario, where the millage is approved, costs are cut, and SCAF is reinvested and performs as expected and returns 4-5%, the net benefit to the City's bottom line would be about \$200,000 per year. If SCAF is reinvested but returns 2-3%, the net benefit would be about \$170,000 a year.

The City needs \$145,000 to offset deferred maintenance and fund balance draw-downs, but that does not address the issue of the City's fund balance being in an unhealthy state. The City must also begin to save money every year to rebuild our fund balance to a healthy level at 25-30% of general fund expenditures. Thus, putting the City back on healthy footing will require a combination of the millage increase, cost savings, and increased SCAF returns. Any one or two of those three elements will help the City's bottom line, but will not solve the City's funding problem.

## Next Steps

Staff is prepared to continue working on a reclassification of a portion of the SCAF. Next steps would be the creation of an investment strategy, preparation of an amendment to the SCAF ordinance, and preparation of a budget amendment to create the parks and recreation special revenue fund within the SCAF.