

MINUTES
CITY OF FARMINGTON HILLS
CITY COUNCIL STUDY SESSION MEETING
CITY HALL – COMMUNITY ROOM
MAY 14, 2018

The Study Session meeting of the Farmington Hills City Council was called to order by Mayor Massey at 6:00pm.

Council Members Present: Bridges, Bruce, Knol, Lerner, Massey, Rich and Steckloff

Council Members Absent: None

Others Present: City Manager Boyer, City Clerk Smith, Directors Barr, Mondora and Randle and City Attorney Joppich

WATER/SEWER RATES PRESENTATION

Karen Mondora, Director of Public Services, introduced Tim Prince and Raphael Chirolla from the Oakland County Water Resources Commission (WRC).

Mr. Chirolla explained that the Great Lakes Water Authority (GLWA) rates should be finalized by the end of May and they are currently proposing a 2% increase in their budgets. He noted that 1/3 of the wholesale water customers renegotiated contact limits and the sewer shares are in their second year of a two year implementation. Mr. Chirolla stated that a Memorandum of Understanding (MOU) has been finalized and was based on the many letters received by communities with regard to having to pay for those communities not paying their bills. Mr. Chirolla reviewed the basic rate calculation used to calculate water/sewer rates.

Mr. Prince and Mr. Chirolla reviewed the projected sewer and water sales and proposed rate summary noting that overall combined sewer and water rates are proposed to increase by approximately 4.7%.

Mr. Prince discussed the FY 2017 sewer system maintenance program including major maintenance proposed, system lining and replacement program and pump station repair and replacements as well as the grant funding for the Sanitary Sewer Asset Management Plan. He went on to review the water system highlights including the Lead and Copper Rule Proposal by MDEQ, the recent 14 Mile Road water main break in Farmington Hills and follow up by staff due to that break.

Director Mondora reviewed the city's water main replacement program and projects completed and future projects within that program.

In response to Council about cost allocation, Mr. Chirolla stated that GLWA is in the process of reviewing and potentially revising the way they allocate costs and this review is proposed to be done by 2020/2021.

Mr. Prince added that there has been a decrease in sales projected throughout Oakland County and most costs are fixed so there is a similar increase in costs across communities.

Discussion was held on communities that are not currently paying their bills and other communities having to pick up those costs.

Mayor Massey inquired if Farmington Hills could renegotiate their costs as others have done. Mr. Chirolla stated that negotiations will re-open for Farmington Hills with the GLWA in July and this occurs every 5 years currently.

DEFINED CONTRIBUTION POLICY

Gary Mekjian, Assistant City Manager, explained that the City has been part of a defined benefit (DB) pension plan for years and adopted and implemented a 401(a) defined contribution (DC) pension plan for certain benefit groups hired after July 1, 2006 and additional groups were added to that plan in 2007 and 2008. He stated that currently the cities policies and ordinance provide little guidance for the DC pension plan and with the expected growth of employees that will be in this plan in the future, staff is recommending the proposed policy to address the city's fiduciary responsibilities and provide more oversight over the plan. Included in the policy is the creation of a Defined Contribution Retirement Committee (DCRC) whose main purpose is to select and monitor the offerings within the DC investment portfolio to ensure good performance while minimizing costs to the participants.

The policy was drafted by the city's pension attorney and has been reviewed by the City Attorney. Mr. Mekjian introduced Attorney Aaron Castle and Consultant Mark Woolhise of MBC Investment Consultants.

Attorney Aaron Castle explained that the city's fiduciary responsibility is to provide oversight of the investments. He stated that the Pension Board oversees the DB plan but it is not that clear with the DC plan as the employees in the DC plan can make their own investment decisions but the city's has the fiduciary responsibility to make sure that the investments are performing and that the fees are reasonable and this is the primary reason for going through this process and drafting the proposed policy.

City Manager Boyer stated that the plan was implemented but did not have a lot of oversight and with more employees coming into the plan, more oversight is needed and this will provide better options for the employees.

Assistant City Manager Mekjian reviewed the proposed policy noting that the purpose of the policy is to improve oversight for the DC pension plan, meet the city's fiduciary responsibility and provide a better managed plan for the employees.

Discussion was held on the proposed policy, oversight structure and make-up of the committee and if that would include a Council liaison. Consultant Mark Woolhise responded that he typically has not seen a Council liaison but he is not opposed. Attorney Castle added that he also would not be opposed.

Mr. Woolhise added that all fees would be very transparent and the program would save the participants money. City Manager Boyer added that there is no change to the city, but it will provide better options for the employees.

The consensus of City Council was to allow staff to move forward with the proposed policy that would come before Council at their next regular meeting in June for consideration.

ADJOURNMENT:

The study session meeting adjourned at 7:14pm

Respectfully submitted,



Pamela B. Smith, City Clerk