

2/7/17

Below, please find the results of last Thursdays meeting of the SAD study group.

1. Assessment share will be based upon **buildable lots** utilizing the subject roadway rather than home value. About two-thirds of the 900+ residences on gravel roads in Rochester Hills are below \$190,000 in market value.
2. The Assessing Department will identify and **confirm the number of buildable lots** participating in the gravel-to-asphalt SAD.
3. Costs will be distributed **60% to residents and 40% to the City**. With minimal annual maintenance savings and the regulated (Prop A and/or Headlee) impact on taxable value, a return on investment calculation demonstrates the greatest benefit goes to the assessed property owner.
4. The assessed property owner's project contribution will be **capped at \$12,000 indexed annually to inflation including food and fuel**. The City will control the contracting process and construction standards. The City will, therefore, bare the open-ended cost exposure. Capping the residents' financial exposure eliminates the incentive or desire to pursue construction savings that may result in higher future maintenance costs that will be borne by the City. NOTE: \$12,000 per property owner cap is for 2017 SAD projects. This cap will be indexed to inflation utilizing Bureau of Labor Statistics, Consumers Price Index - food and energy table for Detroit Metropolitan Area for each subsequent year.
5. The assessment applied to each confirmed buildable lot will be paid on a **ten-year amortization** schedule with current SAD interest rate applied. This will return the City's upfront costs within a reasonable schedule relative to anticipated reconstruction costs.
6. A **simple majority** of confirmed assessable property owners is required to initiate or terminate the SAD process.
7. Any SAD project with a per buildable lot assessment in excess of **\$20,000** will trigger an obligation to seek economies of scale by **bundling with other similar proximate City project(s)**.
8. The **Capital Improvement Plan (CIP) budget process** will be triggered when City Council votes to accept property owner signatures resulting in the initial engineering report.
9. Staff will create a **SAD Flow Chart** illustrating process specifics to create and manage appropriate property owner expectations.
10. The policy will be **reviewed in three years** (year 2020) for applicability and economics.

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Mark Tisdell
President, Council Member At Large
City of Rochester Hills, Michigan