



# Rochester Hills

## Minutes - Draft

### City Council Regular Meeting

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*Susan M. Bowyer Ph.D., Ryan Deel, Dale A. Hetrick, James Kubicina,  
Stephanie Morita, Mark A. Tisdell, and David Walker*

**Vision Statement: *The Community of Choice for Families and Business***

**Mission Statement: *"Our mission is to sustain the City of Rochester Hills as the premier community of choice to live, work and raise a family by enhancing our vibrant residential character complemented by an attractive business community."***

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Monday, July 29, 2019

7:00 PM

1000 Rochester Hills Drive

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[2019-0336](#)

Request for Acceptance of the Engineer's Report for the proposed paving project of Bolinger Street and set the date of August 12, 2019 for the Public Hearing

**Attachments:** [100719 Agenda Summary.pdf](#)  
[Rhodes Correspondence 091019.pdf](#)  
[Assessor Report to Petition of Objections.pdf](#)  
[Petition of Objection Report.pdf](#)  
[072919 Agenda Summary.pdf](#)  
[Engineer Report.pdf](#)  
[Bolinger SAD District.pdf](#)  
[Bolinger St SAD.pdf](#)  
[Design Construction Cost Estimate.pdf](#)  
[072919 Resolution \(Draft\).pdf](#)

**Joe Snyder**, Chief Financial Officer, **Allan Schneck**, Public Services Director, and **Paul Davis**, Deputy Public Services Director/City Engineer, were in attendance.

**Mr. Davis** noted that this item and the next item on the agenda are for different streets, but follow the same process which started at the end of 2017. He stated that one of the milestones in the Special Assessment District (SAD) process is to prepare an Engineer's Report and submit it to Council; this Report provides a summary and reflects the cost of the project and scope of work. He stated that the request before Council tonight is to accept the attached Engineer's Report and to schedule a public hearing on necessity to advance to the next step in the process.

**President Tisdell** stated that one of the concerns raised during several discussions is the cap of \$12,000. He noted that the SAD policy does require annual adjustments per Consumers Price Index (CPI) utilizing a specific source. He questioned when these adjustments will actually be made.

**Mr. Snyder** responded that the SAD policy states that the index to inflation factor utilized is from the Bureau of Labor Statistics Consumers Price Index less food and energy for the Detroit Metropolitan Area for each subsequent year. He explained that CPI inflation factor is updated every 2 months. He mentioned that the existing SAD policy went into effect in April of 2017 and

*recommends looking at the April inflationary factor each year which is released by early- to mid-May of each year. Per SAD policy, the cap should be indexed to inflation on an annual basis.*

**President Tisdell** commented that the baseline goes up each year so it is an annual compounding. He stated that the \$12,000 figure that is there now was in the petitions that they accepted in February 2018 for both Bolinger and Michelson. He questioned at what point in the process does the \$12,000 cap reset consistent with the SAD policy.

**Mr. Synder** stated that they will know the number to reset it to in early May of each year. He explained that one of the next steps in the process is an opportunity for objections to improvements. At that point, it would be nice to let the residents know the new amount they would be in for and be able to make any objections. He noted that shortly thereafter is a draft special assessment roll so they would definitely want to have the number set by then.

**President Tisdell** stated that the opportunity to reject is a more lenient petition requirement at 50 percent plus one whereas the acceptance is 60% plus one. He mentioned that if residents were going to go through the rejection process it would be reasonable that they should have that proper cap figure prior to that time. He questioned if they had an approximate number from April 2017 to April 2019.

**Mr. Synder** responded that it is 12,398.76 using the inflationary CPI factors from April 2017 to April 2018, then to April 2019. He noted that the next opportunity for that number to be reset is May 2020 so until then this is number.

**President Tisdell** questioned if there is additional language they should put in to note the \$12,393.76. He commented that what they are charged with this evening is accepting the engineering report, which does not commit them to anything nor does it say they agree with the number.

**John Staran**, City Attorney, stated that with Council's consent or direction, each year Mr. Snyder can create a short appendix that would be an annual adjustment, which would be administratively made and attached to the policy so that in May of each year we would have that updated number for any future projects.

**President Tisdell** noted that the policy was adopted in April 2017 and the petitions came in February 2018, which left a 10-month period. However, to prevent confusion in the future we will start off with a more accurate cap figure.

**Vice President Morita** thanked them for their hard work in putting these numbers together. She stated she has grave concerns about this project, noting that it is not in line with the SAD policy. She pointed out that the share is supposed to be 60 percent resident, and 40 percent City. However, it is the other way around where it would be 40 percent resident with the cap and 60 percent City, which then kicks in the economies of scale provision. She questioned if they had to wait for a time in the future in order to engage in economies of scale, would they have to redo all the engineering because the

*current costs would no longer apply. She shared the background as to why this policy was revised. She encouraged Council to read the policy, and noted there is a reason most of the share is on the residents who have not previously paid to pave their roads. She mentioned that those living in a paved subdivision already paid to pave their road as part of the construction of their subdivision when they bought their house. She stated that while she appreciates that there is some cost savings to the City once we pave over gravel, it is not the intent of this policy to give people a gift or freebie that is not being afforded to every other homeowner in the City.*

**Mr. Deel** stated this is essentially a three (3) year process, with several different points in the process where the City will interact with the residents. He questioned when, pursuant to the SAD policy, does the cap attach and become fixed.

**Mr. Davis** responded that the policy is unclear as to when that should happen. He stated it is his opinion that it should take place when the engineer's report is submitted because it would let the residents know what the actual figure is so they could decide whether or not they want to undertake the petitions of objections phase. He mentioned other possible times is at the first or second public information meeting.

**Mr. Staran** stated that it is Council's policy and there is room for Council interpretation. He noted this process could take multiple years from start to finish, and noted that the City does not start firming up our numbers and the assessment until we get to the stage of presenting and confirming the special assessment roll. He explained that even at that point, there is still room for adjustment as we go out for pricing and contracting. He stated that Council also needs to consider some of the practicalities and equities if we have a moving target throughout the process, it is probably not going to sit well with the residents. However, he pointed out that if we lock in too early, then that puts the General Fund and the taxpayers at large at risk of picking up a larger share.

**Mr. Deel** commented that it is up to Council to interpret their policy.

**Mr. Staran** responded that if they arrive at an interpretation he suggested they state that for the record and perhaps ultimately bring it back as an amendment. He stated that for these projects that are before Council tonight, they should come to some type of consensus or majority as to how Council wants to construe their policy.

**Dr. Bowyer** commented that it has been two to three years since both the Bolinger and Michelson projects came in, and noted that the prices of road construction have gone up significantly in the last 2 years. She questioned how many SAD's we currently have in the works.

**Mr. Davis** responded that they have had some interest but do not officially have any further projects in the queue. The call for projects on the next round of consideration starts in September so there could be a request for an initial public information meeting and to start pursuing it.

**Dr. Bowyer** questioned if that were to happen would construction start on those next year, or in 2021 or 2022.

**Mr. Davis** responded that it is a 3-year process so there would be a wait.

**Vice President Morita** stated that as one of the members who worked on redrafting the 2017 policy, she wants to stress that there is nothing in the process or the policy which constitutes a compact with any of the residents, or any promise that we are going to go forward with the street construction. She noted she does not want anyone to think that just because they file petitions with the City that we are going to build the roads.

**Mr. Kubicina** stated that back in 2017 he spoke to the residents on Kingsview and Stellma Lane who wanted to participate in the SAD. He mentioned that when Council came up with the new policy of the 60/40 split they withdrew their intent because they did not think they could get the approval of the residents. He questioned why Bolinger decided to go ahead with it.

**Mr. Davis** responded that Bolinger and Michelson were included in the mix with the other two streets mentioned, and noted that even with the cap going from \$5,000 to \$12,000 they felt they still had support and wanted their roads paved. He commented that the other two streets just decided it was not worth the effort for whatever reason; they dropped out and we have not heard from them since.

**Mr. Deel** stated that the policy represents a give and take relative to if you build your own street, you are in control of it. When a residential subdivision is built, the developer builds the street the way they want to and has control over the project and the contracting for the project. However, when the residents engage in an SAD, they do not have the ability to contract as the City does. The City is in control of the pricing because the City is contracting out the labor. He pointed out that it is the intent here because the residents are not in control of the contracting process.

**Mr. Davis** explained that from a design standard standpoint the residents do not have control of how the roads are built. The City determines the amount of asphalt, the width of the road, and ditching being incorporated. He stated that the City does go through a process to bid these projects, and noted there are a number of different points in this policy where projects can either move forward or they can stop. He explained that he tells the residents that nothing is certain until Council awards the construction project, which is expected to be sometime in 2020 for these streets.

**President Tisdell** addressed the rationale behind most of this, stating that he has been on Council and served on the Public Safety and Infrastructure Committee during this SAD revision process. He pointed out that these dirt roads were designed to handle limited traffic, and as the City has grown many of the gravel roads are far beyond what they were designed for. He mentioned that the majority of the benefit goes to the residents so they flipped it from a 40 percent resident, 60 percent City to a 60 percent resident, 40 percent City. He noted that it was actually Mr. Hooper in some of the Committee meetings who identified the fact that the 60% participant is a partner in this; however, the City

*is not relinquishing control of the process. He added that they put a cap on their exposure and would accept the upside risk, noting the cap went from \$5,000 to \$12,000 as Mr. Davis indicated. He stated that they thought that would get us in the ballpark at the time, adjusting for inflation. He commented that the primary objective in all of this was so it goes through the standard CIP budgetary process, which makes it a 3-year process so there are no surprises when the money goes out. He noted that if Council does not like the numbers they can vote it down. He added that they had had to come up with a number that they thought was appropriate for a cap. He stated that at the time, they put the onus onto the individuals that were going to get the most benefit out of it and put it through the whole process so there would not be surprises. He explained that it was unacceptable when there were a couple of seven-figure obligations that popped up in the middle of the year where the money was going to have to come from the General Fund. He noted that was when they put everything on hold and went back to the drawing board. He commented that they did not rush through this revision process; it took 14 to 15 months to complete. He stated it is his recommendation that the inflation-adjusted cap number needs to be in before the rejection process starts.*

**Vice President Morita** commented once Council finally approves the SAD roll, that would also start a protest period for property owners and questioned why the cap number would not have to be in by that time.

**Mr. Staran** responded that there are two protest periods. He explained that one will be the hearing on necessity, which is the next stage in this project where residents could support or oppose or file the objecting additions. The second opportunity is the second public hearing, which could be in October or November, when we get to the presentation of the special assessment roll and confirmation of the roll. He pointed out that, in fact, residents would have to protest at that time in order to challenge it any further.

**Vice President Morita** suggested that the City overestimates now what we think the inflation factor is going to be at the time the final assessment roll gets approved, and then if this final assessment roll does get approved and it happens to be \$100 less, the residents can not be unhappy with that. She mentioned if we do not tell them upfront that the \$12,000 reflected in our materials right now is not the number that is it actually going to be and that it is going to be something higher, then that is cause for grievance from them. She stated it needs to be really clear that in both this item that were discussing now, and the item that were discussing next that there are proposed assessment rolls in there that are inaccurate and do not show the correct number.

**Adopted by Resolution**

**Aye** 6 - Bowyer, Deel, Hetrick, Kubicina, Tisdell and Walker

**Nay** 1 - Morita

**Resolved**, that the Rochester Hills City Council, on behalf of the City of Rochester Hills, hereby accepts the Engineer's Report for the proposed paving project of Bolinger Street and sets the date of August 12, 2019 for the public hearing on necessity for the project.