

Rochester Hills, Oakland County, Michigan, Tuesday, January 25, 1994

SPECIAL ROCHESTER HILLS CITY COUNCIL MEETING held at the Rochester Hills Municipal Offices, 1000 Rochester Hills Drive, Rochester Hills, Oakland County, Michigan on Tuesday, January 25, 1994.

Notice was given, in compliance with the provisions of Public Act 267 of the Public Acts of 1976, the Open Meetings Act, as amended, that the Rochester Hills City Council would hold a Special Meeting at 7:00 p.m. on Tuesday, January 25, 1994 in Conference Room #110 of the Rochester Hills Municipal Office, 1000 Rochester Hills Drive, Rochester Hills, Oakland County, Michigan.

President Roberts called the meeting to order at 7:09 p.m., Michigan time.

ROLL CALL

Present: President Patricia Roberts, Members Linda Raschke, Lauren Shepherd,
Kenneth Snell, Patricia Somerville
Absent: Members Scot Beaton, Jon Buller Quorum Present

Mr. Beaton and Mr. Buller gave prior notice that they would be late.

Others Present: Jeffrey W. Cohee, Assistant to the Mayor
James Dietrick, City Engineer
Elyse Lohrer, Administrative Assistant, DPS

SPECIAL ASSESSMENT DISTRICTS STUDY SESSION

(Members received an Outline for Discussion; the Road Improvement Guidelines; an Outline of Modified SAD Process; worksheets showing cost alternatives for specific projects; a 10/18/93 memo from J. Dietrick re Avon Hills Village (#1 & #2) and Rochester Glens, and related information; General Information regarding Local Street SAD's (dated September 1993); the Special Assessments Ordinance (Chapter 6-12); and minutes of the 8/2/93 City Council meeting.)

Mr. Cohee said this study session was called to provide an opportunity for staff and the Council to review current procedures and consider possible ways to improve the SAD process and the manner in which local road improvements are financed.

Are SAD's the Right Way to Finance Local Street Improvements?

Funding for local road improvements is limited to local revenues. Grants are not available for neighborhood street paving or rehabilitation projects. Mr. Cohee said there are two ways he is aware of to raise local revenue. One is by General Fund levy; the second is by a voter-approved millage. It is politically difficult for the Council unilaterally to raise the General Fund millage, and in the long run that option limits the ability to fund city operations. Putting a ballot proposal before the voters is available; however, the voters have turned down several different projects in the past. That alternative may not be successful.

Unless someone can suggest other alternatives, Mr. Cohee said it appears we may be limited to the special assessment process to fund local paving projects. Special assessments are the best way to match the cost of a project to the residents who benefit from the improvement. The city's contribution to each project recognizes that there is a benefit to the city at large.

For gravel-to-pavement projects, it was established many years ago that the city would contribute 10% of the cost. That contribution was based upon a study that determined what the city would save in maintenance costs if the roads were upgraded from gravel to asphalt or cement. For pavement rehabilitation projects, a decision was made that the city would participate with a contribution of 40% of the project cost.

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Mr. Cohee said the Council could decide to increase the level of the city's participation in these projects. If the Council were to increase the city's participation, the Members need to be conscious of the long-term implications of such a decision. The current local road millage will expire following the December 1995 tax collection. The source of revenues now used for the city's participation in local street SAD's will continue to be available only through the 1996 budget year. If the city's participation in SAD's is increased, fewer projects can be undertaken.

Dr. Snell said another option, although it is not a viable one, would be to establish a local income tax.

Ms. Somerville said special assessments are the best way to continue funding street improvements. A lot of paving will have to be done, and Ms. Somerville said it is not fair to use up the city's funds in a few neighborhoods.

Ms. Somerville asked if the cost of acquiring right-of-way and the cost of moving a cornercrib were included in the assessments for the Belle Cone/Homestead/Sunnydale project before that SAD was terminated by the Council. Mr. Cohee said right-of-way acquisition is part of the overall project cost. If the cornercrib were not privately relocated prior to construction, then the cost of moving the obstruction would also become part of the project cost.

Ms. Somerville does not believe right-of-way acquisition or relocating a cornercrib should be included in the costs paid by the SAD property owners. Ms. Somerville said sidewalk installation should not be included in the cost of an SAD. She said a sidewalk was built in front of a barbershop at Hessel and Dequindre; that \$1,300 was included in the total assessment for the North Brooklands SAD. Ms. Somerville said that sidewalk benefits only the barbershop owner. Also, a sidewalk installed at the Precinct 5 building was charged to the SAD, and Ms. Somerville said that sidewalk does not benefit the people in the SAD.

Mr. Cohee said that concern can be discussed under Item 6 on the agenda.

Dr. Snell said one issue that needs to be considered is that property owners in new subdivisions pay the entire cost of the infrastructure in their neighborhoods. Mr. Cohee concurred and said the right-of-way in new subdivisions is donated to the city. The cost of that new construction is included in the price of homes.

Review of Current Road Improvement Guidelines

Mr. Cohee said the Road Improvement Guidelines are an important tool for the Administration. The Guidelines are the policy decisions made by the Council. Projects are designed and decisions are made based upon that city official policy. It is very important to the Administration that everybody understand and adhere to the established rules. It becomes difficult when rules are changed in mid-project. Mr. Cohee encouraged the Council to make any policy changes it intends early and not after a project is in construction.

Changes to the SAD Process

Mr. Cohee said the Council has witnessed that people who attend SAD public hearings have sometimes been ill informed or misinformed, through no fault of their own other than missing information meetings or neglecting to contact the city to verify information.

The Administration proposes changes to improve the flow of information to SAD property owners and minimize confusion.

Mr. Cohee reviewed the steps currently followed:

1 - Interest Expressed by Residents. When it appears there is a high level of interest in pursuing a neighborhood paving project, the staff schedules a public information meeting.

2 - Public Information Meeting. All property owners (as indicated by the city's tax rolls) in the potential SAD are invited to the meeting. At the meeting the property owners are given general information that outlines what the project would entail, very rough cost estimates and additional information to help them decide whether or not they wish to go forward with the SAD project. In most neighborhoods, there is a good turnout; however, there are always people who do not attend.

Proposed Procedural Change - Mr. Cohee said the Administration proposes to provide more information to the property owners prior to the public information meeting. Information on the city's SAD policies and a list of commonly asked questions and answers about the SAD process, improvements, assessments and other recurring concerns would be included in the mailing.

3 - Petitions. At the end of the meeting, residents wishing to circulate petitions are asked to leave their names, addresses and phone numbers. Petitions are then prepared for them to circulate. The property owners are responsible for organizing their petition drive, circulating petitions and turning them in within a six-month period.

4 - First Contact With Council. After petitions are received and certified, the Council must decide whether or not to accept the petitions and proceed with engineering and cost estimates.

Proposed Procedural Change - The staff recommends that, after petitions are accepted, the Council ask for volunteers to serve as "citizen representatives" or some other designation. Volunteers should be told what their role will be. The extent to which the volunteers perform is a matter of individual commitment. It has been the city's experience that citizen representatives have contributed to the process in a positive way.

Dr. Snell said perhaps notification should be sent to all the property owners to let them know that the Council will consider accepting petitions and will solicit volunteers to represent their neighborhood in the SAD project. That may avoid a problem of people saying they would have volunteered, but they did not know the opportunity existed.

[Enter Mr. Beaton]

The Council requested, and Mr. Cohee concurred that it would be desirable, that notification be sent to all property owners in the proposed SAD to let them know the petitions are on the Council agenda. Dr. Snell encouraged that the notice inform people of the opportunity to participate as a neighborhood adviser in the project; possibly, interested individuals could contact the city prior to the Council meeting in order to be put on a list. Dr. Snell said that would provide an opportunity for someone who may wish to volunteer, but is unable to attend the Council meeting.

Ms. Somerville said it is important that residents be notified and provided as much information as possible at the earliest stage in the process. The first contact, prior to the public information meeting, should let them know what an SAD is; what the city's responsibility is; what the property owner's responsibility is; what the guidelines state; and that Community Development Block Grant funding is available to assist low- and moderate-income families.

Ms. Somerville said there is less chance of a problem if people are as well-informed as possible. She said problems in Brooklands came about because not all of the people were

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kept informed. Also, there was misinformation about the extent to which the city would participate. Ms. Somerville said not all misinformation comes from those who object to paving projects.

Dr. Snell said each mailing adds to the project cost. It is necessary that Council consider how many times mailings are sent out, because that staff time and the costs of mailing will be charged to the project and paid by the residents.

Ms. Somerville said, if the initial contacts are well done, the process will go more smoothly. She said people need to be told early on that the city is not responsible for anything in the right-of-way -- landscaping, fences, sprinklers, boulders.

Mr. Cohee said a draft of what is proposed to be sent out will be presented to Council. He continued the review of the SAD process:

5 - Council Receives Cost Estimates, Holds Public Hearing, Determines Necessity of Project, and Makes Tentative Decision to Proceed. Cost estimates are prepared based upon design. These estimates are more accurate than what has been presented to date, since specific local conditions are now taken into consideration.

Proposed Procedural Change. In the past the detailed cost estimates have been sent to residents and discussed at a City Council public hearing. The Administration recommends that an informal meeting be held prior to the Council's public hearing. This would allow residents to spend time with engineering staff to review design plans and specifications and to get answers about individual concerns. It is anticipated that such a session would allow residents to be much better informed when the Council holds its public hearing on necessity.

6 - Petitions of Objection. After the public hearing, property owners in the SAD have 14 days in which to circulate petitions of objection. If a majority (as defined in the ordinance) signs petitions of objection, the project is terminated unless a supermajority of the Council votes to proceed.

Proposed Procedural Change. The Administration proposes a change in the time frame for circulating petitions of objection. Rather than having petitions available the day following the public hearing, the staff recommends that the 14-day circulation period commence 10 days following the public hearing. This delay would allow time for a mailing from the city to advise all SAD property owners of (1) the Council's tentative decision to proceed with the project; (2) the petition of objection option and procedure; (3) the significance of signing a petition of objection.

It has been at this stage of the process that charges of misinformation have most frequently been made between neighbors. The Administration believes many neighborhood problems could be avoided, if a letter of explanation were sent by the city, stating that the petition's only purpose is to terminate the paving project.

[Enter Mayor Ireland]

Recap of Proposed Procedural Changes.

- Mail detailed information prior to first public information meeting.
- Notify all SAD property owners when petitions to initiate paving project will be presented to the Council, and advise property owners of opportunity to volunteer as project adviser.
- Hold a public information meeting prior to the public hearing on necessity.
- Delay 14-day period for circulating petitions of objection to commence 10 days following the public hearing. Notify all SAD property owners of petition of objection process and significance.

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Mr. Cohee said the second public information meeting is important to provide an opportunity before the public hearing to give property owners more detailed information about the project design and new cost estimates. The estimates provided in the first public information meeting are very crude by necessity.

Ms. Roberts said the fact that cost estimates change, sometimes drastically, from the initial estimate to a more detailed estimate is what puts off people. She believes there must be a way to give more exact information initially.

Mr. Cohee said the Administration seriously debated whether or not to provide any cost information at the first meeting. If the first cost estimate turns out to be too low, people will be angry because they think the true costs were misrepresented. On the other hand, if no cost is estimated, they lack information they need when deciding whether or not to initiate the process.

Ms. Roberts said she would prefer the first estimates to be too high, rather than too low. That way people will be pleased when the cost is reduced.

Mr. Cohee said the staff will use historical information received from current and past projects and will hope to present valid numbers.

Mr. Cohee said the Council has to realize also that the cost estimates provided at public information meetings are based on the Road Improvement Guidelines. For current SAD projects, after estimates had been provided at public information meetings, the Council made policy decisions (i.e. regarding ditch depth and tree removal) that had a substantial impact on the price of the projects.

Ms. Shepherd suggested providing a cost range, rather than trying to give a precise figure.

Sandra Boone, 3424 Cone, said people are concerned about some of the costs included in projects. She said they do not understand why they would be charged for things like mailbox post replacement, removal of signs, removal of shrubbery or replacement of concrete slabs.

Mr. Cohee said whatever is in the right-of-way that has to be removed to build the project is included in the cost of the project. If the resident does not take the initiative and remove the obstruction, then it will be removed by the city's contractor and the cost of removal will be charged to the project. Construction cannot wait for each resident to clear the right-of-way in front of their homes.

[Enter Mr. Buller]

Council discussed the information letter proposed to be sent prior to petitions of objection becoming available. Ms. Somerville suggested that the letter say the petition is a legal document which states clearly at the top what it would accomplish.

Mr. Buller suggested that words such as "SUCCESS OF THIS PETITION WILL TERMINATE THE PAVING PROJECT" be boldly printed on the petitions of objection.

Mr. Beaton said another approach would eliminate the petition process. He said secret ballots could be mailed to each property owner, along with an information brochure and a self-addressed stamped envelope. If 51% of the ballots return to the city hall in opposition to the project, then it is terminated. If 51% approve, then it will proceed. He said secret ballots could also be used to initiate the process. Mr. Beaton said the petition process is archaic; people see who has signed petitions and then disputes start between neighbors. It is recorded, several Council Members said they did not believe Mr. Beaton's suggestion would be legally sustainable.

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Mr. Cohee asked if the Council agrees that the proposed procedural changes make sense. It is recorded, there was no objection to the proposed changes.

Selection of Citizen Representatives

Mr. Cohee said the importance of designating representatives early is to get local residents involved when the engineer conducts a walk-through of the streets.

Ms. Shepherd said there has been previous discussion about notifying all SAD residents when a walk-through would occur, although no Council vote was taken on that issue. Ms. Shepherd said it had been suggested that it would be cumbersome to involve all residents in the walk.

Mr. Dietrick said that, in some of the walks he has conducted, he "gained troops" as the group proceeded. The more people joined the walk, the longer it took, the more questions were asked, and the more difficult it was to provide answers, because of the lack of structure. Mr. Dietrick said he is not trying to exclude people from the process; but there must be a balance of the right number to have a manageable situation. Mr. Dietrick said the staff tries to get at least one representative per street.

Dr. Snell said the Council should try to avoid appointing only people who favor the paving project. The Council also must avoid appearing to delegate any of its responsibility to citizens. He also cautioned that, no matter what process is followed, there will always be people who claim they were left out of it.

Mr. Beaton suggested that a job description be written that explains what the individual is expected to do and not to do.

Mr. Dietrick said, from the perspective of designing the project, the value of the local representative is the information about local conditions they can provide to assist with the engineering. The resident is in the neighborhood daily and sees what happens seasonally. That type of information is of great value. Mr. Dietrick said he believes the role of providing information to the city is they key; rather than putting residents in the more awkward position of having to report to their neighbors.

Dr. Snell said it is one thing to ask the citizen to provide pertinent information to the city. The potential is great that problems would arise if the citizen is expected to be any kind of representative of the project to the neighborhood.

Mr. Dietrick concurred. He said residents should not be expected to go to their neighbors to explain what may occur in front of their homes.

Ms. Shepherd said that, when the mailing is sent regarding the first meeting, it would be helpful if there were a place to allow property owners to write down or draw a sketch of particulars they want the city to be aware of regarding their own property. Mr. Cohee said that suggestion will be incorporated in what the Administration presents to the Council for review.

Mr. Cohee said the Council needs to determine what role the citizen representative is to play in the process. It is clear to the staff that designated residents are valuable in the design process. Beyond that, Mr. Cohee does not know what role the Council believes the individual should have.

Mr. Buller said citizen representatives can be helpful at the time construction is winding down. There are always last-minute details that need to be resolved. Mr. Buller said he has been told that merely calling city hall has not always resulted in satisfactory restoration. He mentioned Brooklands as an example. Mr. Buller said the citizen representative seems

a logical person to call attention to details that need to be completed before the project is closed.

Mr. Dietrick said problems affecting individual property should probably be directed right to the city rather than through an intermediary in the neighborhood. He does not believe any resident wants to be in the middle in discussions about restoration of property.

Mr. Cohee said he hopes the Council will understand that a great deal was learned from the Brooklands project. The staff is cognizant of the problems that occurred there; everyone has learned from that project; and the problems that occurred should not be repeated.

Dr. Snell said people forget that the Brooklands project was one of the largest local road paving projects ever undertaken in Oakland County and possibly in the state. As such, problems did arise as a result of size of the project more so than as a result of the process that was followed. Dr. Snell said a lot of positive things came out of the Brooklands project.

Dr. Snell suggested that the citizen representative role be limited to providing personal knowledge and information to the city regarding problem areas. We should avoid any perception that representatives are neighborhood captains who have some responsibility to poll their neighbors or to disseminate information from the city to the neighborhood. Dr. Snell said the expectation should be that the representatives share with the city information they already possess. He believes the city needs to be careful to avoid any perception that people are being asked to function *in loco* city.

Mr. Cohee said citizens are able to point out places where drainage problems occur each year, or soft spots that do not show up in soil borings, and similar local problems. Such information helps the engineers produce the best possible design.

It is recorded, the Council concurred with Dr. Snell that the term "representative" is not appropriate. Mr. Cohee said the staff will prepare a proposal based on what has been discussed and present it to the Council for approval.

Costs Related to Water & Sewer Utilities and Storm Drain Adjustments.

Mr. Cohee said the Council tried to find places to reduce costs of the SAD projects approved last fall. Council removed the cost of hydrant relocation from the project cost, and that cost will be paid in full by the city. The Council had also discussed having the city pay the full cost of drainage adjustments and adjustments to water and sewer facilities. The worksheets provided in tonight's packet show the costs of those items.

Dr. Snell asked if the decision on hydrant relocation was a policy decision or a project-by-project decision. Mr. Buller said the Council did not change the policy; the decision was made three times on a project-by-project basis.

Mr. Cohee said water, sewer and drain facilities are installed in advance of road improvements. These utilities are perceived as public health and safety improvements and are funded through user fees (water and sewer) or through the ad valorem property taxes levied for drains. The Oakland County Drain Office is the city's agent for building Chapter 20 drains and selling bonds. The city uses tax dollars from the drain fund to pay the principal and interest on the bonds.

In most cases, the consensus for road improvements does not come until years after the drains, water and sewer have been installed.

Mr. Cohee said the installation of water, sewer and drains has to be done in light of conditions that exist at that time. These utilities cannot be built in anticipation that at some future date the road might be paved; for instance, placing a drainage outlet where a

roadside ditch might be located 10 years in the future. Utilities have to be placed where they will function for the period time from their installation to whenever the road improvements occur.

Unless a change is made to hold off on water, sewer and drainage installation to coincide with road improvements, it will always be necessary to make some adjustments to these utilities at the time paving occurs.

Mr. Beaton said that, if the cost associated with relocating water, sewer and drainage is paid 100% by the city, he can see that would not be equitable to people in finished subdivisions for whom the full cost for roads and utilities was included in the price of their homes.

Mr. Beaton said the reason he is looking at having these utility costs paid 100% by the city is to try to reach the goal of paving all local streets. In the long run, Mr. Beaton said there is a savings to the city in having paved streets, because of the reduction of maintenance costs. Mr. Beaton said he wants to see the city paying a greater share now to get projects completed, and receiving a greater benefit in the long run from the savings associated with road maintenance costs.

Mr. Beaton said it is absolutely correct that there is favoritism in having the city pay the costs of hydrant removal and changes to the water, sewer and drainage structures for these projects; however, he believes the long-term maintenance savings justifies that upfront cost.

Dr. Snell said the problem is that, the more money the city puts into one project, the less there is to spread around for other projects. The argument that putting more city funds into each project will allow us to reach a goal of 100% paving is not right.

Dr. Snell said it is important to have a set of rules stating what the city will contribute to the cost of special assessment projects. Otherwise, people in an SAD get the idea that their vocal objections will cause the city to pay a greater share, simply because they believe the city wants the road project completed. The problem with bending the established rules to give a greater share to one project is that the Council is then in the position of being charged with inequity unless the same benefit is granted to others.

Mr. Buller said that is exactly what happened with the Belle Cone project. People said at a public meeting said they knew if they objected strongly, then the city would agree to pick up a greater share in order to get the project done.

Mr. Beaton said the city was already in trouble with the Belle Cone project because of work previously done on Devondale Street. He said Belle Cone residents were aware that Devondale homeowners did not pay any costs associated with that project, including culvert installation, relocating shrubbery or other items in the right-of-way, or moving mailboxes.

Mr. Beaton said those people should have had to pay for that improvement, if other people in the city are going to be charged for the same kind of improvement. Mr. Beaton said it was probably a large mistake on the city's part to make the Devondale improvements without creating a special assessment district.

Mr. Beaton said the city undertakes ditching projects, including culvert installation each year at no cost to the local residents. As long as that is being done, he believes the utility costs in road projects should be picked up entirely by the city.

Dr. Snell said a past mistake does not justify perpetuating the error.

Sandra Boone (address given earlier) said the ditch in front of her home needs work, but the city has not wanted to put effort into fixing the problem in anticipation that it would be corrected when the paving project is in construction.

Mr. Cohee said there was no mistake made with the Devondale ditching project. After Chapter 20 drains are built, the city routinely ditches the public roads to provide adequate drainage. The major purpose of Chapter 20 projects is to provide better area drainage. One way to accomplish that is to improve road drainage. There have been a number of Chapter 20 drains implemented in the past five years; the city does not have the workforce to accomplish the ditching as quickly as everyone would like, but each year the city does as much as it can.

Mr. Cohee said there will have to be adjustments to the Devondale drainage facilities, if those residents ever decide to pursue a paving project. Those costs will then be included in the road project and charged to the special assessment district.

Dr. Snell said the city gets caught both ways. If drainage improvements are made and then some of the work is redone to accommodate road improvements, people criticize the city for doing the same thing twice rather than holding off on the first project in anticipation that road improvements would be made. If drainage improvements are postponed in anticipation that a road project is imminent, people complain that the city is trying to put off the work so that the SAD will have to pay the costs. Dr. Snell said the key is probably to make sure people are told why action is or is not being taken.

Mr. Beaton said perhaps the policy should be changed so that Chapter 20 drains and swales will be built as closely as possible to the specifications established for road projects, since eventually that street will be paved.

Mr. Dietrick said that is a practical impossibility. In order to make Mr. Beaton's suggestion work for the future, the engineers for the drain project will have to design what the future will hold beyond the scope of their assigned task. Mr. Dietrick said standards have changed over the years. The County Road Commission formerly had a 20' standard width for local roads; that is not the standard used today.

Mr. Dietrick said a drain project becomes a road project if it has to anticipate all the changes associated with a potential future road improvement. The drain engineer would have to identify tree removal, profile what the road will look like in order to maintain the proper depth of ditches, and identify where the ditch will finally be located. That is a major project, well beyond a drainage project.

Mr. Dietrick said the design of Chapter 20 drain projects attempts to situate utilities in a fashion that allows them to be readily extended. Some pipes have open end sections to make it easier for future adjustment when a road improvement occurs. Mr. Dietrick said the drain project engineer does not know exactly where all of the road-related utilities will be located. The advantage of new private development is that all the utilities are integrated at one time. Even when that is the case, there is considerable engineering work involved in making a plan in which all of the facilities work together.

Mr. Cohee said that, if the city had unlimited funding, it would design all utilities, drains and roads at one time and work from that design. The city's revenues do not permit that luxury.

Mr. Cohee said the Council raised these issues. The question is one of funding and how the Council wants to allocate city funds. Mr. Cohee recommended against hiding the cost of road projects in the water and sewer fund and in the drain fund; that is an inappropriate way to fund the road projects. If the Council feels it is important that the city pay a greater percentage of road projects, then the city's contribution ought to come from road funds.

Dr. Snell said that, if the Council wants to reduce the special assessment paid by property owners, then the Council should increase the percentage of the city's contribution. He said that is more honest than pretending to reduce the cost of the project.

Mr. Buller said the question is what additional percentage could the city afford and what would be the cost in terms of ability to fund other projects. If the city's contribution were increased to 15%, how would that limit the city's ability to undertake additional projects for other neighborhoods.

Mr. Cohee said the public road millage will be levied for the last time in 1995; therefore, the 1996 budget year is the last year the public roads millage is available unless the voters approve a renewal or new millage. Mr. Cohee said that millage generates about \$1.6 million per year. When the millage expires, unless there is a renewal or new millage, the road fund will be in a deficit situation just for operations.

Ms. Somerville said the special assessments in the past have included a 10% engineering fee, a 15% administrative fee, and a 1% collection fee. Also, if the assessment is higher than actual project costs, the city may keep the excess if the excess amount totals 5% or less of the assessment.

In response to Ms. Somerville, Dr. Snell said paving assessments have not changed greatly over the years. The lowest benefit unit cost he recollects was in the \$2,500 range, and most assessments over the years have been between \$3,000 and \$3,500.

Ms. Somerville said the city gets one percent over the bond cost, in addition to the numbers she cited early. She said the city is getting approximately 30% from each assessment. Mr. Cohee questioned that figure. Ms. Somerville said the 15% administrative fee is one example. Mr. Cohee said that is part of the cost of the project. The city incurs that cost to have city employees involved in administering the project. If the employees were not working on the paving project, they would be working on something else. Ms. Somerville said the employee gets the same hourly wage whether they are in the field or not.

Mr. Cohee said the staff charges time to the projects they work on, whether that is a drainage, water, sewer, road, pathway, or other project. The 15% administrative is a true cost of the project.

Ms. Shepherd asked how the issue of hydrant relocation was raised. Mr. Cohee said someone focused in on it as a way reduce assessments for projects considered last fall. Ms. Shepherd asked if the cost was greater than had been included in previous SAD's. Mr. Cohee said hydrant relocation is a unit cost that has been included in previous SAD's. The costs in the current projects are no different from those that have been experienced in earlier projects.

Mr. Beaton asked why hydrant relocation should be charged to the road fund and not be charged to the water fund. Mr. Cohee said the hydrants function perfectly well where they are located and would not have to be moved if it weren't for the road project.

Ms. Shepherd asked if there is a rationale for increasing the city's contribution to induce neighborhoods to act sooner to get their gravel roads paved. Mr. Cohee said any time the individual assessments exceed about \$3,000, people tend to lose interest in paying for the projects.

Dr. Snell said it had once been considered to set a standard assessment for all paving projects, such as \$3,000 per lot. That was rejected by a majority of Council, because it led to some inequities. People who live in neighborhoods that require minor work would complain that they should not be required to pay the same assessment as residents where considerable engineering and construction funds have to be expended, due to local conditions.

Dr. Snell said the easiest way to pay for local paving would be from a stable fund that is established for this purpose. The only way to set a perpetual millage is by amending the

Charter to authorize a road fund, similar to the fire fund. Dr. Snell would favor considering a Charter amendment that acknowledges local road improvements as a fundamental cost of operations of the city and provides a source of funding to pay that cost. Every local street in the city has a limited lifespan and will eventually have to be repaved. Establishing a source of funding in the City Charter acknowledges that reality.

Mr. Beaton said that cannot be done in a new city. He said people who just bought new homes and live on streets that are not even five years old will not be willing to pay taxes to fix roads in other neighborhoods. Mr. Beaton does not believe Rochester Hills has matured to the point where every street is aging and people are aware that there is an ongoing need for repaving.

Mr. Buller said Rochester Hills has matured to the point where there is approximately \$36 million in pavement rehabilitation that is needed right now.

Dr. Snell said residents in new subdivisions pay for water and sewer installation in their neighborhoods as part of the cost of their new homes. They also pay to replace water and sewer mains everywhere else in the city as part of their monthly water and sewer rates. Dr. Snell said the city is just as mature for water and sewer infrastructure as for roads.

Dr. Snell said the issue is funding. Either the Council can worry over each project and try to figure out how to squeeze a little more money from one place or another, or accept the responsibility for establishing a funding source and funding standards that people can understand and accept. The worst thing the Council can do is treat each project differently and give the appearance of favoring one area over another.

Mr. Cohee said there are three projects (Glidewell, Juengel Orchards, Eyster's Avon Gardens) for which the staff must prepare assessment rolls for Council consideration and award bids. At least two of the neighborhoods want their road paved as soon as construction can begin this year. The staff needs to know if the Council is in a position to decide how much the city will ultimately contribute to these projects. The hydrant relocation cost has been designated by Council as a cost to be borne 100% by the city in addition to the city's 10% contribution to the projects. The staff needs to know if there are other costs the Council intends for the city to pay.

MOTION by Beaton,

Resolved, that, with respect to the special assessment paving projects for Glidewell Subdivision, Juengel Orchards Subdivision and Eyster's Avon Gardens, drainage adjustment costs and water and sewer adjustment costs (as outlined in worksheets provided in the January 25, 1994 City Council Packet) shall be paid for 100% by the City of Rochester Hills and shall not be spread as part of the special assessments for those projects.

Further resolved, that the Rochester Hills City Council hereby determines that the city's Road Improvement Guidelines shall be changed to reflect that the city will pay 100% of the costs for hydrant relocation, drainage adjustments and water and sewer adjustments associated with any gravel-to-pavement special assessment paving projects.

MOTION FAILED FOR LACK OF SUPPORT

Mr. Buller asked the rationale for having the city pick up additional costs. The neighborhoods have agreed that they wish to go forward with their projects, knowing that those costs are included in their assessments. Second, what rationale does Mr. Beaton have for his proposal without knowing what resources are on hand and without knowing how the city's ability to fund other projects will be affected by the proposed policy change. Mr.

(continued)

Buller said he believes Mr. Beaton needs to be able to provide those answers rather than suggesting that the city pay for something because it sounds good.

Mr. Beaton said he is not saying it sounds good. He said it does not sound good at all for the city to pay for these utility improvements. The only reason he proposed the city pay the additional costs was to get these projects moving along.

Mr. Buller said these projects are moving; they have been approved. Two of the neighborhoods did not even circulate petitions of objection.

MOTION by Snell, seconded by Buller,

Resolved, that the Rochester Hills City Council hereby reaffirms the existing Road Improvement Guidelines and Policy with respect to the city's participation in funding special assessment paving projects in the City of Rochester Hills.

Discussion:

In response to Ms. Shepherd, Dr. Snell said his motion would affirm existing adopted policies. It does not provide for the city to pay the costs of hydrant relocation. The resolution addresses the funding policy only; previous discussion this evening regarding procedural changes is not affected by the resolution.

Mr. Buller said the resolution is appropriate for the sake of the projects that will be in construction this year. He believes the Council should in the near future look at the impact of funding future projects with a possible city share of 15%.

Mr. Beaton said the Council told the people of Eyster's Avon Gardens and Juengel Orchards that their projects would be put off with the hope that a better bid would be received. Also, they were advised that the Council would study other ways for the city to contribute to the cost of these projects. It appears to Mr. Beaton that the failure of his motion to receive a second indicates that the sentiment on Council is that the people in those neighborhoods already agreed to pay, so why change the funding. Mr. Beaton said that is not what the Council told those residents last fall.

Mr. Buller said the Council told the residents that Council would have a session to look at possibilities. The focus has to be on the availability of city road improvement funds.

Mr. Dietrick said new bids have been received. The Juengel Orchards cost went down about \$500 per benefit unit. The Eyster's Avon Gardens cost did not improve.

It is recorded, the Council voted by roll call on Dr. Snell's motion:

Ayes: Buller, Shepherd, Snell, Somerville

Nays: Roberts, Beaton, Raschke

MOTION CARRIED

MOTION by Snell, seconded by Buller,

Resolved, that the Rochester Hills City Council hereby requests the Mayor and administrative staff to prepare and present to Council scenarios for possible Charter millage limits that would be feasible for funding local road improvements, assuming a reasonable road life cycle (such as, 15-20 years); and

Further resolved, that the City Council hereby requests the Administration to present to Council information regarding a possible Charter millage ballot proposal that would allow

voters to determine whether or not to establish a dedicated millage (similar to the fire fund) for the purpose of eliminating special assessments as a funding source for local road paving projects.

Discussion:

Dr. Snell said the real issue before the Council is to identify a reasonably stable funding source for local road projects. Assuming an average road assessment is about \$300/year, Dr. Snell said that would translate to a millage rate of about three mills. Actual numbers will clarify that figure; he has used it simply to allow Council to understand what he would expect to see if the motion passes. Dr. Snell said the state allows the city to levy up to three mills for garbage collection. Also, the Charter allows a three-mill levy for the fire fund. Three mills is not an unusual number for a particular service. If such an alternative is found to be desirable, all the problems of individual SAD's are eliminated; the funding is provided; and the city is able to plan for projects, so they proceed sensibly and can be tied in with other utility projects.

Dr. Snell said his proposal is the best way he knows to achieve a stable funding source and to get away from the emotion, the neighborhood divisiveness, and the long-term problems that have to be dealt with under the current SAD system.

Mr. Beaton said there are cities, like Detroit and Pontiac, that have raised millages for garbage collection, parks, and many other specific projects. He said their tax rates increase; the city deteriorates; and people move out because they do not like to pay millages. Mr. Beaton said Rochester Hills has an attractive millage rate that contributes to keeping our city healthy and viable. He believes it is dangerous to increase the millage rate.

Mr. Beaton said the most beneficial thing the Council can do with regard to street rehabilitation projects is to deal with them on a subdivision-by-subdivision basis and not by having the entire city provide that funding. Mr. Beaton said he believes that, if there is a stable funding source, neighborhoods that are in the city's good graces will get preferential treatment. Mr. Beaton said politics will come into the decisions of which project to do first.

Dr. Snell said the city has in place a recognized program for assessing all roads. The Pavement Management program was presented to the Council many years ago; it provides a well-documented, well-established process for determining which roads are in need of repair. Dr. Snell said the city can, without prejudice, base road improvement priority decisions on that plan.

Dr. Snell said that, if there is no stable funding source, the Council can talk all it wants about waiting for neighborhoods to request road improvements. At some time, the neighborhoods will have to pay much more than they do now, because the city will not have funds to contribute.

Dr. Snell said it is desirable to keep the millage rate low. There are two ends of the spectrum for debilitation. One is tax rates that are too high; the other is tax rates that are too low to maintain the infrastructure. Dr. Snell said people will leave Rochester Hills if they feel the city has abandoned its own infrastructure and left it for the residents to maintain, just to claim low tax rates.

Dr. Snell said he is proposing a voted decision by the people of this city. He said the fire fund is not assessed at the full rate authorized by Charter.

Mr. Buller said three mills would generate about \$205 each year from the median-valued house in Rochester Hills. He said that figure is at or below what most neighborhoods would pay for their own special assessment. Mr. Buller said he thinks Mr. Beaton's hyperbolizing

blinded him to the fact that the city does not have the funds to pay for all the road improvements that will have to be made.

Ms. Shepherd said voters have defeated millages that amount to \$15/year.

Mr. Buller said that is true. He said the Council would be remiss in discharging its responsibilities to the community if the Council failed to provide its citizens an opportunity to learn about, and then make a decision about, these questions.

Ms. Shepherd said she is willing to let the people have the opportunity to choose. She hopes there will not be a point when it is demanded that the Council get behind the proposal and push it 100%. Telling people that supporting the proposal is what they should do is asking more of the Council than just giving the voters the opportunity to decide.

Mr. Buller said there is another aspect that makes the proposal more attractive than the SAD system. He said people should think about what the cost is of an argument in a neighborhood that pits pro-paving neighbors against those who oppose the special assessment program. The Council has witnessed those situations; Ms. Somerville and people in other neighborhoods have experienced the divisiveness.

Ms. Roberts said she believes it is a good idea; but she does not believe it will pass. She does not know how people who feel they pay too much in taxes now will be able to afford another \$200 for a road millage.

Mr. Beaton said there is always the option to abandon the public infrastructure. If neighborhoods refuse to rehabilitate their streets, then the city can turn the roads over to them. Mr. Beaton said people want more control of their lives and are sick and tired of government running around raising costs.

Ms. Roberts said that there are still subdivisions willing to go with a special assessment program. If that willingness stops, then we will have a real problem.

Dr. Snell said the intent of his motion is to explore a new alternative. If a decision is made to put the question to the voters, then there must be an informational source that lets the voters know what the results of a yes or no decision will mean in the short term and in the long term.

Dr. Snell said the Council, as a public body, has an obligation to maintain public roads. Dr. Snell said Mr. Beaton's last suggestion is to abdicate the city's legal responsibilities. Dr. Snell said there are homeowner associations in our city that do not want to pay the costs associated with maintaining their common areas. The Council cannot ask those neighborhoods to take over responsibility for their roads and spend \$10,000 to \$12,000 per home for construction, plowing, storm sewer improvements and related costs.

It is recorded, the Council voted by roll call on Dr. Snell's motion:

Ayes: Buller, Shepherd, Snell, Roberts

Nays: Beaton, Raschke, Somerville

MOTION CARRIED

Rehabilitation of Paved Streets

Mr. Cohee said preliminary information has been compiled in preparation for an information meeting with the residents of Avon Hills Village and Rochester Glens.

(continued)

This would be the first road rehabilitation project in the city where enclosed storm and gutter drainage exists. The preliminary costs for the project are high in comparison to other projects the city has completed.

Mr. Dietrick said the road base has failed; the pavement has failed; patches have failed; and curb lines have settled. He does not believe there is a section of the pavement in those neighborhoods that is not cracked or fatigued to excess. A key element affecting the deterioration is drainage. The rehabilitation techniques in the projected costs include constructing additional facilities to help drain the roadway; picking up sump pump lines that are draining behind the curb line; disconnecting sump pump lines that are draining into sanitary sewers.

Mr. Dietrick said the streets were built in 1977. The two subdivisions are built in an area that is predominately clay. Streets that are built in predominately sand/gravel areas will survive much longer than those built in clay areas.

Mr. Cohee said the neighborhood was built without benefit of sump pump connection to storm sewers. That ordinance requirement came later. The situation in the Glens is that sump pump lines have been taken out to the curb where they discharge water into the subbase. When the freeze-thaw cycle occurs that additional water in the subbase accelerates the deterioration process.

Ms. Shepherd asked if there is a need to address standards for construction in clay areas so we do not recreate this problem in other neighborhoods. Mr. Dietrick said these streets were built to the specifications Oakland County used at the time. Today, we have an ordinance that requires enclosed storm drain connections for all sump pump discharges. Also, we now require a 4" gravel road base and edge drains. Standards have changed.

The cost of this rehabilitation project reflects a desire to make lasting improvements. Mr. Dietrick said nobody wants to make cosmetic improvements that will quickly deteriorate and require a reinvestment in six or seven years.

Even with the city making a 60% contribution for the rehabilitation project, the individual assessments will be very high for Rochester Glens residents. If the two neighborhoods are assessed separately the Avon Hills base assessment is estimated to be \$3,700 and Rochester Glens is \$5,900. Mr. Dietrick said that disparity is due to the difference in parcel size between the two subdivisions.

If the area is assessed as one SAD, the individual assessment for each homesite would be \$4,800. Those are high figures for a repaving project.

Mr. Cohee said the staff can get the process going with the residents; however, it is evident to the staff that the process will be futile, due to the high assessment numbers. People will not be willing to pay that cost.

Mr. Cohee said the staff would like to meet with the homeowners association representatives who contacted the city. The information being provided tonight will be given to those residents, so they can decide whether or not they wish to continue with the process. Not addressing the paving will only delay the problem; Mr. Cohee said a way to deal with the road deterioration in those subdivisions needs to be found.

In response to Ms. Shepherd, Mr. Dietrick said he believes the complaints from those neighborhoods have generally been channeled to the city through the officers of the homeowners associations. Dr. Snell and Ms. Roberts each said they have heard complaints from individuals in the neighborhoods.

Dr. Snell said he agrees with Mr. Cohee's suggestion that the homeowner groups make the decision about whether or not to pursue an SAD solution. It may be that other options, such as a Charter millage, could be available. He said there will be more rehabilitation projects that will have to be addressed.

Mr. Beaton said it is unfortunate that out-of-state tourists get such a break in Michigan. He said we have the lowest sales tax and lowest gasoline tax around. Mr. Beaton said we do not take advantage of taking funding from all of the tourists from Illinois and Indiana who drive all over our roads every summer. Mr. Beaton said that, if the state would pass a \$0.02 increase in the gas tax, the funding for municipalities to fix their roads would be increased.

President Roberts agreed that the staff should discuss the costs with the representatives of the homeowner association. Those representatives can then go back and inform their neighbors of the situation.

Dr. Snell asked that, as SAD's come forward to Council, the staff provide information showing what the impact will be on the city's ability to contribute to future projects, given that the road millage will be expiring soon.

Any Other Business - None.

There being no further business to come before the Council, President Roberts adjourned the Special Meeting at 9:58 p.m.

PATRICIA ROBERTS, President
Rochester Hills City Council

KEITH SAWDON, City Clerk
City of Rochester Hills