



# Rochester Hills Master Report

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**File Number: 2004-0469**

<b>File Number:</b> 2004-0469	<b>File Type:</b> Finance	<b>Status:</b> Held in Council
<b>Version:</b> 4	<b>Reference:</b>	<b>Controlling Body:</b> City Council
<b>Requester:</b> Community Development & Viability Committee	<b>Cost:</b>	<b>Introduced:</b> 05/21/2004
<b>File Name:</b> Local Road Millage Initiative	<b>Final Action:</b>	

**Title:** Approval of Road Millage Ballot Language

**Notes:**

**Code Sections:**

**Indexes:** Millage, Roads

**Sponsors:**

**Attachments:** Agenda Summary.pdf, RR Public Education Initiative Outline & sample timeline 052704.pdf, 3.2 Mils - 10 yr w/o MRF transfer.pdf, 3.08 Mils - 10 yr w/o MRF transfer.pdf, Residential Streets Talk Show Outline.pdf, Livonia 2002 Road Campaign.pdf, 0469 Resolution.pdf

**Agenda Date:**

**Agenda Number:**

**Enactment Date:**

**Enactment Number:** RES0216-2004

## History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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1	Community Development & Viability Committee	05/27/2004	Discussed				
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**Notes:** *The consensus from the previous joint Community Development and Viability & Financial Services Meeting held May 20, 2004 was to move forward with a millage request.*

*Mr. Mark Nottley, from Rehmann Robson, distributed an outline for the final report (attached to the legislative file) that pertains to the draft final report that will be forth coming on June 7, 2004. The report will include the following:*

- \* *"Real road funding" that includes anticipated funding shortfalls with operations and construction.*
- \* *A solid millage number for model assumptions.*
- \* *No transfer monies from the General or Major Roads Funds.*

*Ms. Dalene Sprick, from Rehmann Robson, reviewed an outline for the public education initiative and sample timetables (attached to the legislative file) that included the following points:*

- \* *Terminology is very important such as:*
  - *Use the word "initiative" instead of "campaign" to take the politics out .*

- Use the words "residential streets" instead of "local roads" to create more meaning for residents.

- \* Specifically address the number of miles of road work to be done and the cost per mile to repair or reconstruct or overlay the roads.

Ms. Sprick noted that the first suggested step would be for the Committee to determine who will lead the initiative. She discussed the following considerations:

- \* City Council Members and Mayor are limited due to political nature of their positions.
- \* A citizens support group has the ability of a campaign nature.
- \* A task force can consist of staff, committee members and citizens.
- \* An outside consultant or staff person is the most viable option.
- \* An attorney would review the ballot language for state legislation and city charter issues.

Ms. Sprick suggested a second step would be for the Committee to perform a "community attitudinal assessment survey" that includes the following:

- \* Ask residents how they become aware of city issues, i.e. where do they get their information from so dedicated funding for educating residents can be appropriately directed.
- \* Determine the underlying crucial community issues and craft the message to deliver a better package by using the following:

- A phone survey could poll about 385 to 400 residents and would cost approximately \$5,000 to \$7,000.
- Structure the message to be personal and clear for residents to understand
- Use different messages for different population groups but have an overriding theme.
- Possibly tie road quality to property values.
- Develop materials to convey the message such as:
  - . easy to read handouts
  - . slide presentations
  - . press packets
  - . newspaper articles
- Develop media contacts.

- \* Distribute materials before absentee ballots are returned and before the election.

1 Community Development 06/24/2004 Recommended for City Council Pass  
& Viability Committee Approval

**Verbose Action:** Resolved that the Community Development & Viability Committee and the Financial Services Committee recommend that City Council place a proposal on the November 2004 General Election ballot to request a 3.2 millage dedicated for the City's Residential Street Program for a ten (10) year period.

**Notes:**

Mr. Anzek provided copies of the following which are attached to this file:

- \* An outline for two proposed Residential Streets Talk Shows in late June and late July
- \* A chart reflecting the cost a resident would have to pay to reconstruct or to repave his/her road

The Committee discussed the millage amount needed for the Local Road Program.

Aye: Cosenza, Kaszubski, Dalton, Hill, Atkinson and Zendel  
Nay: Barnett

Absent: Holder and Duistermars

2 Community Development 07/07/2004 Discussed  
& Viability Committee

**Notes:** Chairperson Barnett stated the purpose of the meeting was two-fold; (1) to receive the Final Report from Rehmann Robson, and (2) to hear a presentation regarding Livonia's successful 2002 road millage campaign.

(1) *Evaluation of Funding Strategies for Local Road Reconstruction and Maintenance Final Report.*

Mr. Nottley from Rehmann Robson, gave a brief synopsis of the Final Report which was distributed to committee members. The report contained the following sections:

\* Section I, the Executive Summary, contained the following goals:

- Determine the precise needs of the local streets network and related costs
- Evaluate all available funding options and conclude on an appropriate mix of revenue - possibly to include a dedicated local streets millage
- Outline an approach for educating the public regarding the needs of the local streets system and the need to move quickly to address a growing problem that will affect quality of life, and potentially, residential property values

\* Section II, the Overview of the Local Roads Issue

\* Section III, the Evaluation of Local Road Needs and Related Financial Requirements, included the following highlights:

- The Pavement Management System (PMS) was used to analyze residential street conditions
- Twenty-five percent (25%) of residential streets are classified as poor condition
- An estimated \$103 million is needed for residential street over the next 10 years

\* Section IV, the Evaluation of Funding Options, contained the operating loss over the next ten (10) years due to cut backs of ACT 51 monies

- Rochester Hills has the lowest millage for city services when compared to other cities of the same population

Section V, the Outline for a Public Education Strategy, contained the following:

- Appoint a project manager
- Clearly define legal parameters
- Commission a community attitudinal survey (optional)
- Develop a specific public education message
- Develop an initial public education kit
- Develop a specific public education activities plan

Mr. Nottley stated the Final Report completed Phase I of the consulting services for the City. Phase II would consist of Rehmann Robson providing marketing services, which is at the City's discretion. However, Rehmann Robson will design a brochure as a gratis service.

Chairperson Barnett thanked Mr. Nottley for the synopsis of the Final Report and opened the floor for discussion. The recommendation made at the June 24, 2004 joint meeting of CDV and FS will go forward to the City Council along with the Final Report to a Special City Council Meeting scheduled for July 14, 2004.

(2) *Livonia Experience 2002*

Mayor Somerville introduced Mr. Bill Costick an engineer, from Orchard, Hiltz & McCliment and the former Mayor of Livonia, Mr. Jack Kirksey.

Mr. Kirksey distributed various handouts regarding Livonia's successful road millage campaign

conducted in 2002 (electronically attached to Legislative File #2004-0469) and explained their millage campaign which included the following:

- \* Livonia was faced with the same situation as Rochester Hills and had the lowest millage of any city in Wayne County
- \* Livonia has had two (2) years of experience with the implementation of their road plan; it is going very well
- \* Livonia has the third (3rd) highest SEV in the State of Michigan; to levy a mil yields a great deal of money
- \* Livonia launched a millage campaign in a two (2) month period prior to a primary election
- \* Livonia wrestled a long time about the actual millage amount and ended up with .89 mills for a ten (10) year duration; the amount also included replacing sidewalks and city trees due to damage
- \* Millages can be passed at either a Primary or a General Election, but a Primary Election would be the preferred time to place a millage on a ballot
- \* Livonia had a strong consensus from the "major players" such as the mayor, city council and citizens groups. They were comfortable with it and really believed in it
- \* Livonia has a sixty percent (60%) residential base and a forty percent (40%) commercial base
- \* Livonia preached a two-fold message to residents: that there were "two (2) major players in town" - the residents and the business community. They tried to make the businesses, who are the corporate citizens, feel valued rather than always hearing complaints about truck traffic or noise, etc.
- \* Livonia conducted the following promotional activities:
  - Editorial Boards - went to them early and sold them on the reasons for launching the millage campaign (an example of a positive editorial was included)
  - Civic Associations, Senior Citizens and Other Public Meetings - attended many throughout the community
  - City-wide Newsletter - mailed to 45,000 households and businesses that zeroed in on information rather than trying to promote a "yes vote" on the millage
  - Local TV - created three (3) one-half hour presentations on roads that zeroed in on information rather than trying to promote a "yes vote" on the millage
  - Council meetings - Mayor Kirksey would have an "audience communication" and provide an update on a weekly basis
  - Block Parties, etc. - communicated with people on a "grass roots" level
- \* Livonia conducted Surveys that included the following:
  - Volunteer callers that conducted the phone survey were residents who lived on various types of streets (asphalt, concrete, poor condition, excellent condition). They were given a detailed explanation of the results of the scientific road survey including the implications the whole financial picture with the goal of getting them involved as citizens who would do something about it
  - Volunteer callers asked residents specific questions to determine the position of public support and to talk one-on-one with people during the phone survey
- \* Livonia solicited feedback from the volunteer callers who conducted the phone survey
  - Residential streets were listed on a web site with an index from the scientific road survey, so residents and businesses could see what kind of repair or attention would be promised to their particular road

\* Livonia formed a committee that was headed by an upstanding citizen known for bringing people together and selling ideas. Duties and obligations were explained along with a calendar and a budget. The campaign budget was approximately \$7,000.00 which included newsletters, letters to editors and an organized letter writing campaign with assigned topics. The goal was to achieve a constant flow of letters each week. The millage passed by fifty-three percent (53%)

\* Livonia's campaign committee never met at their city hall or used their city phones which is extremely important to adhere to the law regarding this issue

Chairperson Barnett thanked Mayor Kirksey for his presentation and the opened the floor for questions which resulted in the following discussion:

\* Livonia spent approximately one (1) year conducting surveys, gathering data and selling people on the millage idea; the actual millage campaign was started two (2) months prior to a primary election

\* A campaign that becomes too extensive time-wise loses it's momentum and the urgency which needs to be there

\* Livonia developed the campaign committee in two (2) phases:

- Phase 1 consisted of soliciting residents to become part of an exploratory committee regarding the road conditions

- Phase 2 consisted of asking those in the exploratory committee to become part of the millage committee which then became a citizens advisory committee

- The advisory committee continues to meet with the professionals, i.e. road engineers, etc. and select the roads that will receive repairs one (1) year in advance

\* Livonia did not give specific finish dates of when residents' roads would be repaired; they clarified that by saying "sometime within the ten (10) year period

\* Livonia tried to increase their SADs, and even thought the process works, it is such a cumbersome and slow moving process that it could never catch up with the rate of road deterioration

\* Mayor Kirksey and his office organized the majority of the campaign and developed most of the materials, etc. because he has had a lot of experience regarding millages. However, there was solid support from Livonia's Council for the millage and when talking to various groups, etc.

\* Livonia used a list of residents who voted at the last four (4) to five (5) primary elections from their Clerk's office to determine if the street on which they resided needed repairs and targeted them for support

\* Even though Livonia residents and businesses are traditionally supportive of millages, they also have aggressive anti-tax groups. Livonia asked their anti-tax groups for a plan to repair roads if taxes were not raised, as well as, explaining that property values are directly related to the condition of the streets in front of their residences or businesses

\* Livonia's road repair needs should not be nearly as great ten (10) years from now because part of the millage was for maintenance that was not being performed.

\* Livonia's \$7,000 budget for mailing flyers, etc. was from private money collected. The newsletter that was used twice was a budgeted expense dedicated for educational materials

\* It was suggested that it would be very beneficial to place the millage proposal describing which roads will be addressed on an easel board at the local library for people to view because people who use libraries tend to vote

Chairperson Barnett and the Committee members thanked Mayor Kirksey for his very informative presentation.

2 City Council

07/14/2004 Adopted by  
Resolution

Pass

**Verbose Action:** Resolved that the Rochester Hills City Council hereby approves the placement of a request for up to 2.9213 mills over the next ten (10) years millage proposal on the November 2, 2004 General Election ballot for the local street program to provide for the maintenance, repair, snow plowing, repaving and reconstruction of residential streets.

Further Resolved that the City Council directs City Attorney John Staran to prepare the proposed ballot language to be reviewed and approved by City Council at a subsequent regular meeting.

**Notes:**

*Mr. Ed Anzek, Director of Planning/Development, explained there is a need for a dedicated source of revenue to maintain, repair, reconstruct and provide general ongoing maintenance to residential streets. He noted that the road millage funds would be used to bring substandard roads up to a "good" level and would include routine maintenance, sealing, repairing/filling cracks, winter plowing, etc. Mr. Anzek explained that previous forms of funding, including bonding and State dollars, were no longer adequate sources to address the problem. He then introduced Mr. Mark Nottley and Ms. Dalene Sprick, Rehmann Robson, 675 Robinson Road, Jackson, Michigan, the consultants contracted by the City to examine the issue and determine possible funding solutions.*

*Mr. Nottley presented the following information regarding their study:*

*Objectives of Study*  
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*\*Determine Local Streets System Needs:*

- Condition*
- Cost*

*\*Evaluate Funding Options*

*\*Recommend a Funding Approach*

*Structure of the Report*  
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*1. Overview of the Local Roads Issue*  
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- Many local roads paved prior to 1990*
- Historically - large monetary transfers required to maintain local road fund*
- Current Financial Issue:*
  - \* Proposal A and Headlee impacts*
  - \* Limited tax base growth*
  - \* Shrinking State aid*

*2. Evaluation of Local Road System Needs*  
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- Road Conditions*
  - \* 135 miles in Good condition*
  - \* 44.85 miles in Poor condition*
  - \* 25 miles in Gravel condition*
  - \* 12.5 miles in Fair condition*
- Ongoing Cost of Reconstruction*
  - \* Fix the backlog of substandard streets*
  - \* Establish a pre-emptive repair program*
- Ongoing Cost of Maintenance*

- \* Routine salting, sweeping, pothole patching, etc.
- \* Traditionally funded by Act 51 and General Fund subsidy
- \* Repair/Overlay costs \$1,518,000
- \* Reconstruction costs \$11,285,000
- \* Funding for Operational Needs Only (Sources)
  - 1) Act 51 32%
  - 2) Unfunded 60%
  - 3) Other Revenue 8%

- Summary of Local Road Financial Requirements: 10 Years

- \* Reconstruction \$58,000,000
- \* Maintenance \$45,000,000
- \* Total Financial Need \$103,000,000

3. Evaluation of Funding Options

- State Act 51 monies
- General Fund subsidies
- Major Road Fund subsidies
- Other Federal or State Grants
- Dedicated Local Streets millage

4. Recommended Approach

- Conclusions on Funding
  - \* A dedicated Local Streets Millage should be considered
  - \* 10-year millage amount: 2.92 mills

Comparative Tax Levys (table)

CITY	POP.	LEVY
Farmington Hills	82,111	11.41
Pontiac	66,337	20.12
Rochester Hills	68,825	9.37
Royal Oak	60,062	11.68
Southfield	78,296	16.85
St. Clair Shores	63,096	15.01
Taylor	65,868	23.58
Troy	80,959	10.05
Average	70,694	14.76

- Public Education
  - \* A further recommendation
  - \* Concise delineation of situation, options and needs

Mr. Nottley stressed the need for a "very strong public education campaign," noting there is no need to exaggerate the situation, as the "facts are pretty self-explanatory."

Mr. Anzek explained the apparent discrepancy between the millage rate recommended by Rehmann Robson (2.92) and the rate recommended by the Community Development & Viability Committee (3.08), noting that the parallel financial model completed by City staff did take into consideration the Special Assessment Districts (SAD) Program the City implemented allowing residents to share in a percentage of the costs to pave their streets. Mr. Anzek did voice his opinion that the 2.92 rate

proposed by Rehmann Robson "is an adequate number to get the job done."

**PUBLIC COMMENT:**  
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Ms. Brenda Savage, 1715 Northumberland Drive, representing Rochester Hills No New Taxes, expressed her opposition to any increase in taxes and questioned the number of roads that could have been repaired with the money spent on Rehmann Robson's research.

Mr. Lee Zendel, 1575 Dutton Road, urged Council to place the issue on the upcoming November ballot.

Ms. Debbie Geen, 3128 Walton Boulevard, Neighborhood Visioning Committee Chairperson, asked that the vote on this matter be postponed and rescheduled to a later Council meeting when it can be placed first on the agenda to facilitate more public comment.

**COUNCIL DISCUSSION:**  
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Council members and staff made the following comments:

- \* The proposed millage rate and time frame should be reduced to be palatable to the voting public.
  - \* Any millage request will face an "uphill battle."
  - \* This plan includes "something for everyone," as all residential streets will be brought up to a good standard.
  - \* The poor condition of residential streets can potentially reduce housing values in a greater amount than the proposed tax increase.
  - \* People are more willing to support a plan if they know they will benefit from it themselves.
  - \* Those individuals who criticize the proposed millage plan are encouraged to offer their own solutions.
  - \* The City cannot keep "playing a shell game" of borrowing money that must be repaid while the roads continue to deteriorate.
  - \* When the Township became a City no plan for local street funding was put in place.
  - \* There is a great need to disseminate information to the voters.
- Aye: Dalton, Barnett, Duistermars, Hill and Holder  
Nay: Robbins  
Absent: Raschke
- 

**Text of Legislative File 2004-0469**

..Title  
Approval of Road Millage Ballot Language

..Body  
Resolved that the Rochester Hills City Council hereby approves placing the following Proposal on the November 2, 2004 General Election:

**BALLOT QUESTION**

**Local Streets Millage**



Shall the City of Rochester Hills levy a new millage of up to 2.9213 mills (\$2.9213 per \$1,000.00 of taxable value) on the taxable value of all property assessed for taxes in the City of Rochester Hills for a period of ten (10) years, beginning in 2004, and continuing through 2013, inclusive, for the purpose of providing funds to pay costs associated with improvement and maintenance of local residential streets and bridges? If approved, the estimated amount of revenue that will be collected in the first year if the millage is authorized and levied in full is \$9,438,200.

Yes

No