



Rochester Hills Minutes Financial Services Committee

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*Donald Atkinson, David Byrne, John Dalton, Kurt Dawson,
Melinda Hill, Barbara Holder, Julie Jenuwine, Jillian Rataj, Wayne Williams*

Thursday, June 9, 2005

5:00 PM

1000 Rochester Hills Drive

draft

CALL TO ORDER

Chairperson Dalton called the Financial Services Committee meeting to order at 5:08 p.m.

ROLL CALL

Present: Melinda Hill, Barbara Holder, John Dalton and Donald Atkinson

Non-Voting Members Present: Kurt Dawson, Julie Jenuwine

Non-Voting Members Absent: David Byrne and Jillian Rataj

Others Present:

*Jamie Smith, Media Specialist
Roger Rousse, DPS Director
Paul Davis, City Engineer*

Committee Member Jillian Rataj provided previous notice she would be unable to attend and asked to be excused.

ANY OTHER BUSINESS

Chairperson Dalton amended the agenda to discuss Legislative File 2005-0478 first.

2005-0478

Discussion Digital Video Equipment Upgrade

Jamie Smith, Media Specialist, requested Digital Equipment Upgrade noting the following:

** Total cost to upgrade current analog equipment to digital equipment is \$60,000 - \$70,000.*

** Suggested cutting the full one (1) percent funding to CMN down to one-half (1/2) percent, monies could be earmarked to upgrade the equipment in two (2) years or if the percentage was reduced to one-quarter (1/4) percent would allow for an upgrade in one (1) year.*

Committee members thanked Mr. Smith for the update.

Discussed

APPROVAL OF MINUTES

None Presented

COMMUNICATIONS

None Presented

UNFINISHED BUSINESS

2004-0122 Recommendation from Financial Services Committee regarding Water Reservoirs

Attachments: Agenda Summary.pdf; Referral Report.pdf; Amendment to Water Distribution System Study January 2005.pdf; CDV Draft Min Excerpts 012204.pdf; Water Distribution 012204.pdf; Water Distribution Outline & Presentation 042204.pdf; 0122 Resolution.pdf

Roger Rousse, DPW Director, provided a brief update noting the following:

** Four (4) potential locations were identified based on grade lines:*

**Bloomer Park*

**Parcel on John R that the OCDC owns*

**Park property on Tienken west of Adams*

**Park property City currently acquired - Adams Apple*

** Two (2) communications from DWSD received:*

**Approval of reservoirs based on the grade lines*

**How the rates would be restructured if the City moves to reservoirs*

** Two (2) acres should be adequate, which includes an access road and perimeter fencing.*

** Change in thinking by DWSD regarding reservoirs and providing financial incentives:*

**Prefer City builds the reservoirs so that the City will incur maintenance and capital improvement costs.*

**Recommend reservoirs be built now because it serves as an alternative to DWSD having to make improvements to its system.*

** The report recommends two (2) reservoirs - one (1) **two** million gallon and one (1) **three** million gallon*

** Benefits for DWSD to promote water storage:*

**The demand on DWSD is increasing.*

**To meet demands, DWSD would have to improve their old infrastructure and construct and expand system.*

**If a municipality constructs a system, it pays for DWSD to offer financial incentives to not have to incur these additional costs.*

**Cost incentives are to reduce usage during peak rates.*

** Other benefits the City would see:*

** Water available for distribution or redirection if the system fails.*

** Second level back-up.*

** Maintaining pressure for fire protection.*

- * *There are two (2) peak times - 4:00 AM to 8:30 AM and 3:30 PM to 8:00 PM*
- * *As demand increases, inlet pressure goes down because DWSD cannot meet demand.*
- * *Another weakness that occurs is when a fire occurs during peak time and it is combined with DWSD's inability to meet the demand.*
- * *Reviewed what occurs if there is negative pressure in the water main.*

Mr. Rousse stated the next step is to request an RFP for design of the system. He noted that the Mayor is not in favor of reservoirs and feels staff should be working on other priorities.

Discussion commenced on how the committee should proceed to bring forward an RFP for the design of the reservoirs. It was noted:

- * *The reservoirs are in the 2005 budget*
- * *The need has been established*
- * *It is feasible to construct the reservoirs with a return on investment*
- * *It solves some of the major concerns with the current system*
- * *Construction cost is approximately \$6 million with \$2 million in contingencies and design*
- * *\$1.4 million in savings possible each year*

Paul Davis, City Engineer, stated that the current crisis in the City is the local roads and not the water system. He expressed concern with moving forward with this project because the perception amongst residents will be that the City has funds available and that this could negatively impact what the City is trying to accomplish with road funding.

Ms. Hill stated that this project should move forward and that the City should not put on hold a project that has nothing to financially do with another project. She further stated that the City needs to do a better job of communicating and educating the residents regarding these issues through clear and concise messages and better overall Public Relations.

Mr. Atkinson concurred that the City needs to move forward with this project.

Mr. Dalton stated that the water issues are related to health and safety issues as well as police and fire and that that takes precedent over the road issue. He further reiterated that money from water and sewer cannot be used for road projects.

Ms. Hill stated that in addition to looking at the reservoirs, the Committee needs to look at the City's Water Usage Policy and how water is used in this community today and into the future. Discussion could include such things as progressive rates, area maintenance meters and long-term education on appropriate water usage.

Ms. Holder requested information from DWSD stating that they will reduce peak rates to help the project financially. Mr. Rousse indicated that the communication from DWSD has been provided in the packet.

A motion was made by Hill, seconded by Atkinson, that this matter be Recommended for Approval to the City Council Regular Meeting.

Whereas, the Financial Services Committee has reviewed and studied all of the information regarding the construction of water reservoirs in the City;

Whereas, the Financial Services Committee sees the benefits of moving the Water

Reservoirs Project forward;

Whereas, the Water Reservoirs Project is in the 2005 budget

Now Therefore Be It Resolved, that the Financial Services Committee recommends City Council reaffirm its interest in moving forward with the Water Reservoir Project and request the Administration to move forward with requesting RFP's for the design phase of the Water Reservoirs.

The motion carried by the following vote:

Aye: Hill, Holder, Dalton and Atkinson

NEW BUSINESS

2005-0531 2005 YTD (April) Variance Reports

Attachments: April Variance Report revenue.pdf; April Variance Report Expenditures.pdf; 2005 Variance Report Memo.pdf

Committee members discussed 2005 YTD (April) Variance Reports.

Ms. Jenuwine provided a summary to committee members mentioning funds reflect slightly over budget incorrectly due to quarterly transfers.

Discussed

2005-0352 Pension Plan Update

Ms. Jenuwine provided a Pension Plan Update noting the following:

** Certified letters were sent to trustee directed participants to keep them informed regarding pension investment options.*

** Letter informed employees of the "self directed option" which has six (6) different funds and six (6) different age groups with different risk levels.*

Ms. Jenuwine discussed Committee Plan Document noting that currently Committee Plan Document regulations are not in compliance and is under revision due December 31, 2005.

Discussed

YOUTH COMMENTS

None Presented

ANY OTHER BUSINESS

Chairperson Dalton amended the meeting agenda to discuss Legislative File 2005-0478 first.

2005-0337 2005 DPS Replacement Equipment - Loader and Flail Mower

Attachments: DPS Replacement for 121, 35.pdf

Roger Rousse, Director of DPS, discussed Large Equipment Purchase noting that the Proposal is to combine two (2) pieces of equipment into one (1).

He reported that DPS is compiling a narrative of inventory of all vehicles, replacement schedule, what is beyond replacement schedule, consequences and cost of upkeep of those vehicles.

Discussed

Police Millage

Ms. Jenuwine asked Committee members if they would like to discuss Police Millage at July Financial Services Committee meeting.

Ms. Hill stated that she would like to at least review financial figures.

NEXT MEETING DATE

July 14, 2005

ADJOURNMENT

There being no further business to discuss, Chairperson Dalton adjourned the meeting at 6:03 p.m.

Minutes prepared by Sue Busam