



Rochester Hills

Agenda Report

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File Number: 2005-0847

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File Type: Administration

Status: To Council Committee

Version: 3

Reference:

Controlling Body: Community Development & Viability / Financial Services / Public Safety Joint Committee

Requester:

Cost:

Introduced: 12/02/2005

File Name: SAD Impact Study

Final Action:

Title: Recommendation to City Council that the SAD Cost Sharing Report deadline be suspended and that the Financial Services Committee be directed to continue discussions in conjunction with millage discussions

Notes: 11-30-2005 - Approved by Council to be referred to Financial Services (RES0423-2005).

06-21-2005 - Approved by Council to suspend deadline and direct Financial Services Committee to continue discussion in conjunction with millage discussions. (RES0220-2006).

Code Sections:

Agenda Date:

Indexes: SAD

Agenda Number:

Sponsors:

Enactment Date:

Attachments: Agenda Summary.pdf, Referral Notice SAD.pdf, 060806 FS Dft Min.pdf, 0847 Resolution.pdf

Enactment Number:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council Regular Meeting	11/30/2005	Referred by Resolution	Financial Services Committee			Pass
<p>Notes: <i>Ms. Raschke brought forward a proposed resolution that would direct the Financial Services Committee to examine the City's Special Assessment District (SAD) process in light of the repeated failures of local road millages.</i></p> <p><i>Mr. Rosen expressed concern that this would "stir up a hornet's nest" and should be prefaced by assuring residents that the City would not force SADs in subdivisions.</i></p> <p><i>Ms. Raschke assured her fellow Council members that it was only her intention that the SAD policy and process be examined by the Financial Services Committee; nothing would be implemented without Council approval.</i></p> <p><i>Mr. Yalamanchi requested more time and information before he would be comfortable moving this item forward.</i></p>							

The consensus of Council was that the matter should be considered and evaluated further as Ms. Raschke had proposed.

Aye: Barnett, Duistermars, Raschke and Rosen
Nay: Ambrozaitis, Holder and Yalamanchi

- 1 Financial Services 01/12/2006 Postponed
Committee

Notes: Referral from City Council requesting Financial Services Committee study the possible financial impacts of Homeowner/City cost sharing divisions in association with Special Assessment Districts

Ms. Holder will discuss this further with Linda Raschke and ask her to clarify her resolution.

* It was stated that the cost of a SAD has to be in proportion to assessment value, as an example, if a SAD costs the homeowner \$10,000 and the City assessment cost to the homeowner is \$8,000, property value must increase by \$8,000.

Postponed discussion until February Financial Services Committee meeting.

- 2 Financial Services 02/09/2006 Discussed
Committee

Notes: Committee members discussed referral from City Council requesting Financial Services Committee study the possible financial impacts of Homeowner/City cost sharing divisions in association with Special Assessment Districts noting the following:

* Current SAD policy is from gravel to pavement, there is no official policy for reconstruction.

* Mentioned that a new policy is needed that requires residents help pay for repairs and/or complete reconstruction considering the cost for different options:

- * Concrete to concrete
- * Asphalt to asphalt

Eric Ambrozaitis stated that by bonding, budget cutbacks and incremental necessities of the tax increases, road improvements could be accomplished.

Ms. Jenuwine stated that the policy was not to raise taxes but to utilize what the City is levies and transfer out of the General Fund and further stated that with a perpetual problem rather than a one time capital expense, bonding is not the solution due to accumulating debt and that it is not prudent in the financial municipal finance world.

Ms. Jenuwine reminded Committee that a long term solution was the consensus of two (2) Committees, its considered good financial planning to have long term policies and make long term decisions.

Committee members discussed the possibility of raising taxes and maxing out the levy to .073 noting the following:

* Considered bond rating if levy is maxed out.
* Marginal difference between City's current levy and City's Headly maximum would generate approximately \$2.5 million.

* It was mentioned amending the City Charter, example being removal of Parks Department from the General Fund.

Mr. Rouse provided history noting the following:

* Currently there are forty two (42) miles of local roads rated poor and sixty (60) miles of

local roads rated fair.

* Poor rated roads consist of thirty (30) miles of concrete and twelve (12) miles of asphalt.
* Asphalt roads are in need of total reconstruction and concrete roads require large section repairs.

* Consultant determined that \$103 million was needed over ten (10) years for repair/reconstruction of local roads.

* Routine maintenance, traffic services and snow removal required \$45 million.

* ACT 51 monies totaled \$12 million

* City of Farmington Hills SAD program is City paying twenty (20%) percent vs residents paying eighty (80%) percent.

Mr. Yalamanchi suggested presenting a possible three to four year short term SAD policy to worst case subdivisions and depending upon their response or agreed upon cost sharing, City would then repair the worst case subdivisions and in the meantime work on a long term solution.

Mr. Rouse made mention that Powerhorn Ridge Road is a Major Road and therefore would cost those residents nothing due to repairs being funded 100% percent out of the Major Road Fund.

Ms. Jenuwine stated that one-half (1/2) a mil \$1.7 million is transferred to Major Roads Fund and as long as the City's assumptions were correct she suggested stopping the transfer temporarily for two (2) years to allocate monies for current priorities such as local roads. She reiterated the importance of reinstating the transfer back to Major Road Fund in year three (3) with at least one-quarter (1/4) of a mil.

Mr. Rouse stated that the City has a cost sharing responsibility with State projects on the "drawing board" which the State has postponed. He further reminded Committee members that if the State should come back tomorrow with intent to begin a project, the City would have to come up with cost sharing funding.

* Both Ms. Jenuwine and Mr. Rouse agreed that there was enough funding in the Major Road Fund for State cost sharing future projects.

2 Financial Services 03/09/2006 Discussed
Committee

Notes: Julie Jenuwine, Finance Director, discussed Special Assessment District noting the following:

* It was noted by Roger Rouse, Director of DPS, that from 2003 to present, the City's operating budget has decreased by almost one half, from \$4.8 million in 2003 to \$2.3 million in 2006.

* Due to the decreased operating budget, a SAD example was noted: Beginning in 2007 if the City contributed ten (10%) percent SAD cost, would create a \$1.6 million operating budget deficit.

Barb Holder stated the need to develop a policy that would apply to everyone.

Eric Ambrozaitis expressed his concern regarding past practice where the City paid for local road repair vs. making the residents pay creating resentment among the citizens.

Ravi Yalamanchi suggested developing a short term solution to take action now and at the same time develop a long term solution.

Ms. Holder mentioned that residents did not want to pay for other resident's projects and that a SAD is a solution to fixing poor roads.

* Another concern expressed was that residents could possibly end up paying for a Special Assessment District plus a Road Millage in the future.

Mr. Rousse stated that "good practice" would be for the City to utilize the money for maintenance to prevent further deterioration of other roads.

Ms. Jenuwine stated that she is waiting for a SAD Policy to come from City Council.

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| 2 | Financial Services Committee | 05/04/2006 | Tabled | | |
| | Notes: | Chairperson Holder moved agenda item to follow Water and Sewer rate discussion. | | | |
| 3 | Financial Services Committee | 06/08/2006 | Approved and Referred | Community Development & Viability Committee | Pass |
| | Notes: | Committee members discussed the possible financial impacts of Homeowner vs City cost sharing divisions in association with Special Assessment Districts noting the following:

Chairperson Holder noted that Financial Services Committee could not make a recommendation to City Council by deadline date of June 15th and, therefore, requested an extension to further study and discuss before a recommendation is made. She also entertained a motion that Special Assessment Districts discussion be included in with the expiring millages discussion and the local road issue discussion that will be held at various committees.

Aye: Atkinson, Holder and Yalamanchi
Absent: Ambrozaitis and Rea | | | |
| 4 | City Council Regular Meeting | 06/21/2006 | Adopted by Resolution | | Pass |
| | Notes: | Rosen - can't meet deadline

Aye: Ambrozaitis, Duistermars, Holder, Hooper, Raschke, Rosen and Yalamanchi | | | |
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Text of Legislative File 2005-0847

..Title

Recommendation to City Council that the SAD Cost Sharing Report deadline be suspended and that the Financial Services Committee be directed to continue discussions in conjunction with millage discussions

..Body

Whereas the Rochester Hills City Council at a regular meeting on November 30, 2005 passed a resolution directing the Financial Services Committee to study the possible financial impacts to the City of differing homeowner/City cost sharing with regard to Special Assessment Districts (SAD) and report back to City Council no later than June 15, 2006; and

Whereas the Financial Services Committee has determined that the matter of Special Assessment District (SAD) cost sharing should be included in the current millage issues under discussion at various Council communication committees.

Be It Resolved that the Financial Services Committee hereby recommends that the Rochester Hills City Council suspend the previous deadline for receipt of the Financial Services Committee SAD cost sharing report; and

Be It Further Resolved that the Financial Services Committee hereby recommends that the Rochester

Hills City Council direct the Financial Services Committee to continue the evaluation of the SAD cost sharing issue in conjunction with discussions regarding proposed new and renewing millages.