



Rochester Hills Minutes - Draft

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Police and Road Funding Technical Review Committee

*Don Cline, Jr., John Dalton, Dale Hetrick,
Tim Jacobson, Walter Johnson, Nancy Soisson, Ted Zellers*
Council Members: Greg Hooper, Michael Webber
Youth Member: Ishan Patel

Wednesday, February 24, 2010

6:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

Chairperson Cline called the Police and Road Funding Technical Review Committee meeting to order at 6:02 p.m. Michigan Time.

ROLL CALL

Present 7 - John Dalton, Greg Hooper, Tim Jacobson, Don Cline, Walter Johnson, Michael Webber and Ted Zellers

Absent 3 - Dale Hetrick, Nancy Soisson and Ishan Patel

Others Present:

Paul Shumejko, Transportation Engineer
Keith Sawdon, Director of Finance

PUBLIC COMMENTS

None.

APPROVAL OF MEETING MINUTES

2010-0098 Approval of Meeting Minutes - February 4, 2010

Attachments: [020410 Minutes.pdf](#)
[Resolution.pdf](#)

A motion was made by Hooper, seconded by Cline, that this matter be Approved as Presented. The motion CARRIED by the following vote:

Aye 7 - Dalton, Hooper, Jacobson, Cline, Johnson, Webber and Zellers

Absent 3 - Hetrick, Soisson and Patel

Resolved, that the Minutes of the Police and Road Funding Technical Review Committee meeting held on February 4, 2010 be approved as presented.

DISCUSSION ITEM

2010-0063 Police and Road Funding Discussion

Attachments: [2010 Survey SAD.pdf](#)
[Preliminary Millage Forecast #2.pdf](#)
[Spreadsheet Sorted by CC Ranking.pdf](#)
[Spreadsheet Sorted by Area.pdf](#)
[Spreadsheet Sorted by Timing.pdf](#)
[Spreadsheet Sorted by No Action Needed.pdf](#)
[Purpose and Charge.pdf](#)
[Mayor's memo w attachments.pdf](#)

Chairperson Don Cline stated the discussion would begin with the SAD Policy and that the committee members should have all received the 2010 Survey SAD.

Mr. Paul Shumejko was present at the meeting to answer any questions regarding the City's SAD Policies and stated that the 2010 Survey SAD was prepared by the City's Engineering Department. Don Harning, City Engineer had prepared the spreadsheet and Barbara Smith communicated with the various communities that were included in this Survey.

Member Greg Hooper asked Mr. Shumejko if there was anything specific that caught his attention about the other communities.

Mr. Shumejko stated that he had not reviewed it prior to this meeting.

Mr. Keith Sawdon commented that most of the communities had no funding matches and were primarily funded by the district.

Member Hooper asked about the City's SAD Policy history and the amount of funding matches.

Mr. Shumejko reported his recollection from 1998 or 1997 which was not a local road policy but approval had been for the residents' individual costs to be capped at \$4,000.00 per assessment. He gave a brief description of the calculation determinations that were made and reported that by the last SAD which to his recollection was 2002, that some of the subdivisions were much larger and accounted for larger frontages which resulted in an increase to the City's construction expenditures. He stated that historically, most of the SADs involving the City were for the paving of gravel roads and had not involved the repavement of existing subdivisions.

Discussion ensued regarding the SAD processes, subdivision projects and how residents would request to pursue a special assessment. The question was asked if it was possible to research the affect on property values where the roads had been repaved.

Mr. Shumejko responded that the Assessing Department has been collecting data where roads had been paved from gravel and where roads had been

reconstructed, such as Shadow Woods. He recalled that the appreciation was noticeable but not until two to three years had passed and homes were being sold.

The committee members present discussed that the residents who elect improvements will take care of the appearance of their properties. Discussion moved to the difference in cost when paving whole subdivisions versus portions of subdivisions. It was noted that heavy traffic flow would move from gravel roads to the paved roads and that conflicts could occur between subdivisions due to increased traffic concerns. From a cost and efficiency standpoint, it was determined that it would be better to pave the subdivision as a whole rather than in portions. Questions were asked by committee members if there are any specific rules involved in setting up a special assessment district and **Mr. Shumejko** responded that he thought the district could be set up as directed by City Council.

A committee member asked if there is a maintenance plan in place for emergency repairs such as potholes and other similar breakdowns in the road surface and **Mr. Shumejko** spoke about the City's capital improvement plan addressing some of the problem areas. **Mr. Sawdon** stated that funding continues to be an issue as the City attempts to maintain and repair deteriorations in the road surfaces. The committee members determined the importance of having special assessments to be another way the residents could set priorities and take an active part in the financial responsibility for the roads to be reconstructed. **Mr. Shumejko** commented that one of the challenges among homeowners would be the cost sharing issue of dividing the financial responsibility equally among all of the homeowners for reconstruction of concrete slabs in a subdivision rather than the financial cost falling solely on the homeowner whose home is directly located at the site of the concrete slab to be reconstructed.

Member Hooper stated that quick repair fixes to road surfaces will not last and will result in the residents paying off their assessments on roads that are deteriorating.

The question was asked, if the preparation of a SAD program would mean that homeowners would fund the full cost of the road reconstruction and payments could be spread out over a fifteen-year period.

Mr. Shumejko stated that part of the SAD programs used in the past were to guarantee that the roads paved (from gravel) would last for the life of the assessment payment cycle. He continued that because four inches of asphalt was applied onto gravel roads, it was determined that within a certain time frame, the subdivisions that had paved roads from gravel would also be eligible for an application of an inch and a half of overlay funded by the City through its regular maintenance program. He commented that it had been a cost effective road program in the past, application of the overlays to pavement while it was still in good condition extended the life of the road surface conditions and aided in the preservation of the road before deterioration had set in.

Conversation ensued regarding the general public being shocked by the actual costs for road reconstruction and the importance of road construction educational programs to make this information well known to residents. It was discussed whether Oakland Township and other communities were experimenting with different types of gravel mixtures as well as crushed limestone.

Member Walter Johnson suggested that the committee include in its recommendations to Council for the combined use of a SAD with a Tax Increment Financing (TIF) to give residents potential to receive a reduction in their taxes in the future.

The committee members proceeded to inquire about the use of TIF, sharing information about TIF, the structure and application of TIF, and that an oversight board would determine the expenditure of TIF monies.

Member Hooper suggested that TIFs might operate similar to the operations of the Brownfield Plan, as the value increases, the tax increases and the net increase is captured into the Brownfield Plan and remains in the Brownfield Plan.

Mr. Sawdon commented that the questions would be good to address to the City Assessor.

Chairperson Cline asked if there was anything further regarding the SAD discussion.

Member Tim Jacobson stated that clarification needs to be made if the committee determination is between gravel to pavement or reconstruction and repair of existing concrete or asphalt roads and what those differences would be so that the residents have a clear thought process. Residents have a tendency to think in terms of what type of particular road surface they are currently living with. People will have differences of opinion of how and when various types of road surfaces should be fixed, paved, reconstructed or as to the performance of scheduled maintenance.

The committee members then discussed their varying opinions as to the costs for the different types of paving, gravel, reconstruction and reworking of existing paved roads. The committee members asked Mr. Shumejko for a breakdown of the miles of City road surface that is gravel and the miles of City road surface that has been paved. Mr. Shumejko estimated approximately 26 miles of gravel road which would be a little over 10% of the roads located in the City which would leave approximately 230 miles of paved road. Comments were made regarding possibly having the City offer a small percentage of seed money from maintenance funds to subdivisions willing to fund the reconstruction of its roads. Discussion turned to the residents' thought process of having purchased paved roads and not wanting to pay for road paving again whereas gravel road residents seem to understand that they have not purchased paved roads. It was suggested by some committee members that if the paved road surfaces were left unmaintained, the paved roads would return to gravel; other members suggested that some residents believe that the City taxes should be more than sufficient to fund the road repair and

reconstruction costs. The questions and ideas discussed by the committee members was to involve the community as a whole for the road care and maintenance through a millage vote but the realization that the community as whole would not feel that all roads would be fairly maintained. It was suggested further that possibly a SAD program would involve the community as a whole, subdivision by subdivision. One committee member stated that there will always be residents who are not interested in road maintenance, regardless of the location.

Mr. Shumejko stated that one of the challenges the funding committee faced back in 2004 and 2005 was the fact that residents employed by the automotive industry were only located in the City for 7 to 8 years and then moving onto other cities. Therefore, those residents were not interested in a 15-year funding plan if they did not expect to be residing within the City for that full length of time.

Member Ted Zellers suggested that while having the SAD program policy in place is a good plan, it is important to choose a plan and be thoroughly consistent. He gave an example that if several subdivisions have funded their own road reconstruction and repair through the use of the SAD program, then in 3 or 4 years, if the City's finances were to improve and resulted in a neighboring subdivision (from the original in the example) having its roads reconstructed and repaired at the City's expense would result in controversy. This would be the case for not allowing the SAD program policy to change year after year.

Member Hooper reported that the City Council had voted at its February 22, 2010 City Council Regular Meeting to put the .35 mills on the August 2010 ballot and the language includes road reconstruction granting SADs, the generation of over \$1 million dollars which will not solve the City's road problems but would provide funding for research of creative solutions or to use the funding toward road repair.

Member Johnson asked if there was any benefit in taking the millage and turning it into a bond.

Discussion ensued as to calculations for debt millage, debt schedule, taxable value for spread millage rate and that the original millage rate had been higher than the .35 being requested on the August 2010 ballot.

Member Hooper stated the importance of the educational campaign to make sure the residents know that this millage is replacing an expiring millage and not raising taxes. He stated further that the City's Attorney had advised against using the word 'renewal' in the ballot language but that using 'replace expiring rates' would be acceptable.

The committee members asked if there are any other millages expiring and it was suggested that the Older Persons' Commission has an expiring millage and would be submitting an item to be placed on the August 2010 ballot. It was mentioned that Green Space has a millage that would be expiring in 2016.

Member Johnson asked about the City using American Bond products because of the rebate offers.

Mr. Sawdon responded that those bonds are designed for use by entities who have a lower credit rating. He stated his hesitation at using federal government bonds wherein monies are promised to be sent every year but expressed his hesitation if funding problems were to arise.

Chairperson Cline inquired if there will need to be separate approval to do this bond assuming the millage is passed at election.

Mr. Sawdon responded that the bonds could be issued as a capital improvement bond under General Obligation Limited Tax Capital Improvement.

The committee members then discussed about the best possible use of the millage monies obtained to get the best possible use from them, the possibility of fund matching, federal government funds for long term road projects and the Act 51 funds.

Mr. Shumejko cautioned that the City has certain restrictions with the Act 51 funds because of its matching requirement as to some of the funding and with all of the projects in the future, if the major road fund balance gets too low, the City has committed to project obligations but would not have the funding for those projects. He explained that for the M-59 road widening, there was stimulus funding but for the Crooks interchange, Walton Boulevard and some other upcoming commitments, the City has a contribution commitment for a portion of the funds.

The question was posed regarding the availability of federal or state monies to use for the City's local roads.

Mr. Shumejko stated his belief that federal and state monies are earmarked for the roads in the federal highway system.

Member Michael Webber commented that for the Tienken Road Project, the City's portion is 10% of the total project cost, which is still unknown at this time.

Mr. Shumejko stated that under initial road requests, the cost breakdown assumption is always 80% federal, 10% City and 10% Road Commission, and if the total expenditure comes under the earmark amount, the fund difference goes back to the federal government.

Member Hooper suggested that the City could formulate an SAD Policy, the money does not have to be spent and the millage would pass this policy.

Mr. Sawdon added because its earmarked.

Member Hooper continued that the 15% match from the City to the residents could come from this money, the information could be provided to the community to see if there is any interest from the residents in doing this.

Discussion among the committee members commenting that this would be a good idea because if the money is spent in the first year, its gone and the residents would question how the money was spent.

Mr. Shumejko added that one benefit would be giving the residents an active role of determining which roads and how the money should be expended on the roads and would help to eliminate competition among the subdivisions.

Mr. Sawdon commented that the 15% would not be generating a large enough pool for all the work to be done.

Member John Dalton commented that he was in support of putting the program together because if left up to the residents, they will wait until the road is gone completely and reconstruction will be an absolute necessity rather than performing overlay work which would be a much higher expense.

Member Hooper suggested that application of the millage monies could go toward the overlay work in asphalt subdivisions.

One of the committee members added that the cost would be lower now at \$2,000 per unit or could inform the residents that if they wait 8 more years, it will cost them \$15,000.00.

Mr. Shumejko suggested that once a road has failed, the road has to be completely reconstructed. However, applications of overlay to a road surface can extend the life of a road.

A committee member commented that the committee seems to be in agreement that various issues in the City will be in aggressive competition for funding because the availability of resources have grown smaller. He stated that performance of a better sales job regarding the important issues in the City will be necessary because the City cannot afford to drift from whim to whim and that the sooner the residents are educated about priorities, the sooner the SAD policy needs to be in place and connected to expiring millages which would create a history to follow, the necessity of creative fund raising and the expenditure of such funds.

Member Hooper responded that it could be difficult to control an SAD policy from change because the members of City Council change every two years and can change the policy. He suggested that the committee could prepare a policy recommendation that if the ballot is successful in August 2010, that the City formulate an SAD Policy regarding shares presented and contributed. He added that this could be part of the education campaign prior to August 2010.

Mr. Shumejko suggested that he could provide the committee with the past SAD policies that could be tweaked to incorporate the 15%.

Discussion ensued that the money would be used on a yearly basis because the City would have to go through a bonding process.

Member Webber asked if any committee members knew of any communities that had been forced to take a tough stance with its residents because of the condition of its roads.

Mr. Shumejko recounted a situation in Farmington Hills where the road was so bad that the City informed the subdivisions that if monies could not be raised, the City would go back to gravel roads and mill the asphalt into the mix and call it good.

Member Webber responded that the City would not take that approach with subdivisions but that some of the residents may have not resided in the City long enough to know the history and condition of their subdivision roads.

Mr. Shumejko suggested that an education campaign would be ideal to notify the homeowners associations of the status of their roads while the roads are still in fairly good environmental condition and at lower costs for maintenance of the road conditions.

Discussion continued regarding the schedules of homeowner association meetings, it was suggested that flyers could be distributed and that the City maintains a database of the City's roads and their conditions. It was suggested that the pavement condition maps which are part of the City's Capital Improvement Plans on the City's website could be used as part of the various road condition reports. This would coincide with City Council moving toward forecast planning, the residents would be involved in the planning process and encourage further movement away from planning on a year-by-year basis.

Mr. Shumejko added that the City's software could allow him to set a base year of 2010 and project forecasts of road conditions which could include the conditions of various roads if nothing is done to maintain the integrity of the roads.

Discussion moved along to the importance of educating residents regarding the reconstruction and new construction of roads, the timelines, the costs and funding plans, the need for the residents to share in the responsibility for the condition of the roads.

One of the committee members asked if it would be Council's intention that with the millage going out later this year, that the 2011 Budget would not reflect any funds toward local road rehabilitation.

Member Hooper suggested that there may not be available monies in the Mayor's budget and **Mr. Sawdon** responded that the budget can be amended if the ballot is adopted before October 1, the County can be notified.

It was determined that more information would be available once the ballot is voted upon and Budget projections are prepared.

Member Hooper asked Chairperson Cline if he would like the City Staff to provide SAD Policy information and Mr. Sawdon to bring some numbers.

Chairperson Cline concurred and added that he is interested in how the percentages would work.

Mr. Sawdon added that the capture could be analyzed and **Member Hooper** added then ranges on percentage shares could be determined along with average reconstruction and overlay cost. **Member Hooper** continued that the committee's recommendation for a SAD Policy could have two parts to it, one part would be for gravel surfaces to new pavement and the other part would be for the reconstruction of existing asphalt surfaces.

Discussion continued that the Policy should address concrete replacement, asphalt replacement and asphalt overlay and the different percentages along with the City's contributions assuming the millage gets passed. Various marketing and educational points were discussed as how best to reach the residents, the incentives that could bring residents' participation particularly with subdivisions that have been reconstructed.

Member Hooper gave an example of the OPC tax stating that for someone in his age range would not be in receipt of immediate benefits but that the OPC tax is an example of future planning.

It was suggested that for the committee's education campaign, the City's cable channel could broadcast information including promotional videos regarding the road surface condition updates as a communication medium to inform residents of future road maintenance planning. Other suggestions were discussed regarding information being made available to the schools, flyers stuck on mailboxes and information available on the large screen tv that is utilized at Festival of the Hills.

Discussion then evolved to determination of cost estimates for the road projects, the sizing to be used whether its in miles, feet or lot sizes. Then concrete and asphalt prices were discussed along with the grading work and aggregate base being included in the overall construction costs and whether asphalt overlay would be included in the cost estimates.

It was requested that the tax increment financing seminar should be put together as well.

Discussion then turned to the City's website, the design and the information to be posted and possible limitations as to the City's web capabilities and financial limitations for expenditures of this nature.

Mr. Sawdon reported that there may be limitations as to specific promotion of ballot language and **Member Hooper** added that members of City Council would also have to exercise caution as to endorsement, promotion, display or approval of ballot language. Discussion continued as to the information simply being presented as factual information and defensible trends.

Member Hooper requested City Staff to check on the next homeowner

associations' meeting so that determination if a presentation could be made to that group and what the target date might be.

The committee determined that the focus of its next couple of meetings would be the educational campaign and formation of an SAD Policy.

2010-0096 2010 Election of Vice Chairperson

Attachments: [Resolution.pdf](#)

It was the consensus of the committee to wait until the next meeting to move forward with the election of a Vice Chairperson.

ANY OTHER BUSINESS

***Mr. Webber** commented on the importance of the committee addressing the police discussion to optimize the Sheriff's contract and once a meeting schedule is in place, then one of the scheduled meetings could be planned so that Captain Johnson could attend. He stated his understanding that the parks discussion will have to be on the committee's back burner for the time being but that he would like to revisit that topic in the future.*

***Chairperson Cline** concurred stating that one of the topics would be police funding, approximately three or four meetings from this date. He agreed that the parks millage discussion would be revisited at a later date.*

It was determined by a consensus of the committee members present, that the meeting schedule would be determined at the next meeting when all of the members would be in attendance.

NEXT MEETING DATE

Tuesday, March 16, 2010 - 6:00 p.m.

ADJOURNMENT

There being no further business before the Police and Road Funding Technical Review Committee, Chairperson Cline adjourned the meeting at 7:45 p.m.

DON CLINE, JR., Chairperson

*Prepared by Christine A. Wissbrun
Administrative Secretary, City Clerk's Office*