



Rochester Hills Minutes - Draft

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City Council Special Work Session

*Erik Ambrozaitis, Jim Duistermars, Barbara Holder, Greg Hooper,
Linda Raschke, James Rosen, Ravi Yalamanchi*

Thursday, August 30, 2007

7:30 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Rosen called the Rochester Hills City Council Special Work Session Meeting to order at 7:35 p.m. Michigan Time.

ROLL CALL

Present 4 - Erik Ambrozaitis, Greg Hooper, James Rosen and Ravi Yalamanchi

Absent 3 - Jim Duistermars, Barbara Holder and Linda Raschke

Others Present:

*Bryan Barnett, Mayor
Jane Leslie, City Clerk
Ed Anzek, Director of Planning/Redevelopment
Scott Cope, Building Official
Ron Crowell, Fire Chief
Paul Davis, City Engineer
Bob Grace, Director of MIS
Julie Jenuwine, Finance Director
Bud Leafdale, General Superintendent - DPS
Roger Moore, Professional Surveyor
Roger Rousse, Director of DPS*

Ms. Holder provided previous notice that she would be unable to attend and asked to be excused.

PLEDGE OF ALLEGIANCE

A moment of silence was observed in honor of Sgt. James S. Collins, Jr. who died from injuries sustained in Iraq.

REVIEW OF AGENDA

PUBLIC COMMENTS

Lee Zendel, 1572 Dutton, stated that privatizing ambulance services would not benefit the residents of Rochester Hills. He explained that private ambulance

companies, just like our fire rescue service, lose money doing emergency medical runs and make it up by doing non-emergency transport.

PROPOSED 2008 BUDGET DISCUSSIONS

President Rosen indicated that at the previous meeting there was discussion if there was double dipping with depreciation and bond repayment. He expressed concern with moving forward on this too quickly without having a complete understanding of policy.

Mr. Yalamanchi stated that after evaluating the information he agrees with Ms. Jenwuine that the depreciation being set aside from a building is different. He explained that the City will not replace the entire building but upgrade it based on the deterioration of the property, noting if there is enough funding to cover those costs that is adequate. Mr. Yalamanchi stated the old building is still being depreciated, which may be more than what the City needs to do upgrades. However, the current bond will expire in 2021, which is in 14 years, and the City does not expect a major breakdown in the building in 14 years, only routine maintenance. He further explained that after 2021 the City will not have a bond payment and will not be transferring the bond payment of \$600,000 to \$700,000 each year. Mr. Yalamanchi stated that if the City continues to depreciate the old way, it will be in good shape; therefore in his opinion what is being recommended is okay.

Mr. Ambrozaitis concurred with President Rosen, indicating there needs to be a deeper discussion.

Lee Zendel, 1575 Dutton, stated that if he were to buy a commercial building, he would sign a mortgage. The City issued bonds. He indicated that mortgage and bonds are different from depreciation and have nothing to do with each other.

Melinda Hill, 1481 Mill Race, suggested Council take the opportunity to wait until next year and decide after the facilities assessment is completed. It can be reduced at that time. Ms. Hill stated that Council is the policy maker and with this proposal, Council is entering into a policy area where no discussion has occurred. She stated this is not the appropriate time to discuss this issue and the discussion should have occurred before tonight.

Mr. Ambrozaitis concurred that Council has never had this discussion before tonight.

President Rosen stated unlike a truck or car where you put money away to replace the vehicle when it needs to be replaced, the depreciation for the building should not be for the entire building. He suggested handling this as in previous years and schedule a policy discussion for Council at the earliest time possible.

Ms. Jenuwine clarified that this change was listed in the Mayor's budget message and was also in the significant notes, noting it has been disclosed in many areas. She further indicated Council did not have a Work Session to

review the policies, and as a result they were not discussed. Ms. Jenuwine explained that these bonds are 20 year bonds, which will retire in 2021. At that time, the building will be 20 years old and there may be major repairs and maintenance. She indicated this policy would allow saving for potential larger items.

(Council Member Jim Duistermars entered at 7:50 PM)

Present 5 - Erik Ambrozaitis, Jim Duistermars, Greg Hooper, James Rosen and Ravi Yalamanchi

Absent 2 - Barbara Holder and Linda Raschke

Ms. Jenuwine stated that this will keep the City compliant with Section 4.2 of the City Charter which requires pre-funding of the assets; however, Council may want to look at prefunding and paying a current bond payment at the same time because that will result in the General Fund paying for the future and current at the same time, noting this could be challenged. Ms. Jenuwine explained if Council wants it back the way it was in the previous year, \$650,000 will be taken out of the Local Road Fund and all obligations will be moved out. She noted the balance is put into the Local Road Fund.

President Rosen stated that most Council members did not understand the significance of what was being suggested or proposed until the actual numbers were made available, noting this change is significant.

Mr. Ambrozaitis stated that he is not suggesting there are any improprieties but he is asking for further discussion to help Council understanding so Council can make a proper decision.

Mr. Hooper stated that he is satisfied with what is being proposed, noting the change is correcting what the City should have been doing. He stated he does not see this as any impropriety, but rather moving forward in the appropriate fashion.

Melinda Hill, 1481 Mill Race, noting Council had no discussion regarding this change prior to August 1st, stated she does not have an understanding of what is being done; there is a difference between a mortgage and depreciation. She suggested Council request an attorney's opinion regarding this issue. She commented that Council should leave it as it was last year and have a policy discussion at some point.

2007-0478 Discussion - Special Revenue Funds (200's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

203 - LOCAL STREET FUND - REVENUE

Julie Jenuwine, Finance Director, reviewed the Local Street Fund Significant Revenue and Program Changes as follows:

Significant Changes:

- 544000 - State Transportation Fund decreased -1% , \$5,880, due to a projected reduction in Act 51 gasoline tax revenue and vehicle registration in the State of Michigan
- 545000 - State Funds - Local Road Program increased 2%, \$1,100, due to actual historical trend; this is the same projection as for the Major Road Fund
- 607010 - Charge for Service - Legal Review Fees increased 100%, \$200 due to actual historical trend
- 610003 - Charge for Service - City Inspections decreased 66%, \$40,000, due to actual historical trend and a projected decline in private development
- 610005 - Engineering Consultant decreased 50%, \$5,000, due to actual historical trend and a projected decline in private development
- 610008 - Charge for Service - Labor & Signs decreased 33%, \$5,000, due to actual historical trend
- 664001 - Interest & Dividend Earnings increased 34%, \$20,540, due to 2007 interest earnings budgeted too low
- 699101 - Transfer In - General Fund increased 49%, \$1,692,180, due to City Council's request for \$3.5 million to be transferred from the General Fund to the Local Street Fund to support Local Street Operations & Rehabilitation, as well as the Mayor's recommendation that as much available funding as possible go to support the Local Street Rehabilitation projects, as these are a top priority.

Ms. Jenuwine concluded by stating the total Proposed 2008 Budget for Local Street Fund Revenue is \$6,539,270.

444 - LOCAL STREET FUND - TRANSFER OUT**454- LOCAL STREET FUND - CONSTRUCTION**

Roger Rouse, Director of Public Services, stated that the proposed budget is in line with City Council's goal to provide reliable and safe infrastructure throughout the City. He further stated that the Local Street Fund Construction cost center is responsible for planning, designing, and construction improvements to the City's 237-mile local street network, including street construction and rehabilitation. Mr. Rouse explained these efforts can include roadside drainage improvements and the construction and/or rehabilitation of new street bases and travel surfaces. He further explained these efforts are performed by recognizing needs as determined by the City's Pavement Management System and petitions from citizens through the Special Assessment District (SAD) process in accordance with City ordinances.

Objectives:

- Amend the existing policy for paving gravel roads through the use of Special Assessment Districts (SAD) to reflect the current funding levels for local streets

- Continue the planning, design, construction, and if necessary, right-of-way acquisition for improvements for the following projects listed in the CIP:

* LS-01 - Local Street Improvement Plan - will use Shadowoods Program for these projects

- > Birch Tree Lane, Birch Tree Court Repaving
- > Heritage Oaks Subdivision Repaving
- > Sherwood Forest Drive, Sherwood Drive and Mount Oak Repaving

* LS-03 - Local Street Concrete Slab Replacement/Construction

- > Cumberland Subdivision & other various sections

Significant Changes:

- 703000 - Salaries & Wages decreased 61%, \$31,010, due to a reduction in staffing dedicated towards local street construction inspection from FY 2007 projected

- 801000 - Professional Services decreased 50%, \$10,000, due to actual historical trend

- 802004 - Fleet decreased 45%, \$12,700, due to a reduction in staffing dedicated towards local street construction inspection.

This matter was Discussed

(Council Member Linda Raschke entered at 8:02 PM)

Present 6 - Erik Ambrozaitis, Jim Duistermars, Greg Hooper, Linda Raschke, James Rosen and Ravi Yalamanchi

Absent 1 - Barbara Holder

2007-0480 Discussion of the Capital Funds (400) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

LOCAL STREET FUND - CONSTRUCTION (454) AND ROUTINE MAINTENANCE (464)

Mr. Rousse reviewed the 2007 Local Road Conditions Map noting the following:

- The roads indicated in red are in the worst condition.
- The roads indicated in green are roads that would be considered for extending their life cycle.

- The roads indicated in blue will require more in depth repair and will need to be repaved in the near future.

He noted that the information is used for the City's repaving strategy. The City uses a combination of repair, replacement and maintenance strategies to address local roads.

Council Discussion:

Mr. Ambrozaitis stated that the roads in Cumberland Subdivision are deplorable. He inquired as to the cost to repair Cumberland Subdivision using the Shadowoods Subdivision standards.

Mr. Rousse responded the entire subdivision would cost between \$5 million and \$8 million.

Mr. Ambrozaitis inquired if the cost would cover a better than average standard or an average standard and how long the repair would last.

Mr. Rousse responded to reconstruct the entire concrete road, including all substructures, the road would last 25 to 35 years. He noted that in light of financial limitations, this alternate strategy is being proposed, and will have a lifetime on the repairs of five to eight years. He stated this would also be consistent with City Council's goals of a three to five year local street funding solution. Mr. Rousse indicated that there are different ways the roads are failing and different ways roads can be repaired, that is why there is an increase in slab replacement.

Mr. Ambrozaitis noting that Cumberland Subdivision roads are the worst, stated the roads need to be repaired.

President Rosen, noting that Cumberland roads are all concrete, indicated that there is a strategy that is fundamentally different between concrete and asphalt.

Mr. Rousse concurred noting that the soil is moving from underneath the surface and the surface is collapsing. He further indicated that many of the collapses are a result of drainage problems, which will need to be addressed.

Mr. Yalamanchi, referencing Objective 1 regarding Special Assessment Districts, requested a timeline with some recommendations by December of this year so that Council can discuss the changes and move forward.

Mr. Rousse responded there are a number of topics that the Technical Advisory Committee could review including Special Assessment Districts, drainage and reconstruction techniques.

Mr. Duistermars stated that the residents may not like the way the road looks with the concrete slab replacement program; however the residents need to consider the way the road looks versus the way the road is functioning.

Mayor Barnett stated the concrete road repair is one area that needs to be

reviewed. Council needs to give the Administration some flexibility where the funds need to go. He stated that Cumberland has been a priority for the last year and it will be completely reconstructed through the Major Road Fund. Mayor Barnett encouraged Council Members to drive the roads, specifically Birch Tree, Birch Tree Court and Sherwood, which are in dire need of repair. He noted that the dollar goes farther with asphalt than concrete. Mayor Barnett stated the objective is to continue the discussion regarding Special Assessment Districts (SADs); however this budget does not call for any money to be allocated to SADs. He further stated that if Council wants to move forward with resident participation for road repair, it would also be appropriate to discuss what level of participation this year or next year; otherwise it could be accomplished through a budget amendment.

Melinda Hill, 1841 Mill Race, stated she supports Council's Goals and Objectives which includes a Local Road Committee to have a recommendation in time for the 2009 budget. She noted in the present budget, in order to sustain the Local Road Fund which includes \$3.5 million in addition to the State Act 52 revenue, the General Fund is contributing over \$5 million. Ms. Hill questioned the increase of \$1.5 million to the Slab Repair Program, noting the transferring of General Funds to the Road programs is not sustainable. She suggested scaling back the Slab Repair Program to something more realistic.

Mr. Hooper stated that if the City did not do reconstruction the local roads have maintenance and operation expenses of \$3.3 million per year. The Act 51 only brings in \$1.2 million per year. This results in a shortfall of \$1.85 million per year. A General Fund transfer is needed to keep operation functions going. He further indicated the City does not have money for a Reconstruction Policy and needs an effective targeted short term solution. Mr. Hooper stated the \$1.5 million will be transferred into the Local Road Fund no matter what to keep status quo. He further indicated that Council Members should not campaign for specific subdivisions to be done but rather do an analysis and do the worst subdivisions first. Mr. Hooper stated that Council should charge the administration to have a fair and independent analysis completed so it is not seen as politically motivated. He further indicated that he would like to see \$100,000 in the budget for a SAD Program. He further indicated that although the administration has increased the Chloride Program from \$60,000 to \$80,000 with the revised policy to look at streets that have the most traffic, he would like to see that at \$100,000.

Mr. Yalamanchi concurred with Council Member Hooper regarding setting aside \$100,000 for SADs, noting that SADs need to be addressed as a viable option to the road program.

Lee Zendel, 1575 Dutton Road, stated that the City needs a street millage, noting there are 100 subdivision roads that need to be repaired. He indicated fixing roads in pieces by doing four subdivisions a year will not fix the problem.

Mr. Ambrozaitis stated that this is an election year budget and concurred with Council Member Hooper to dismiss the politics from it and look at the worst situations first.

President Rosen stated that he is comfortable with the \$3.5 million transfer, but not \$5 million. He stated that Heritage Oaks is where Shadowoods was 10 years ago, noting that subdivision was built in 1988. He noted he would rather delay the work and see that subdivision get closer to a three to five year repair life. At that time in the future, Council may have a policy set in place to handle the repairs. President Rosen further indicated that the City will have to scale back the road program or do other things to have General Fund monies fund it.

Paul Davis, City Engineer, stated that currently the City's policy is to do the worst first. Although the City is not in a position to change now, in the future once the City is past the short-term fix, Council may want to look at the "best bang for your buck" policy, which does not mean the worst first. Mr. Davis stated the Engineering Department is constantly making cost-effective decisions and using the "best bang for your buck" policy, doing overlays at the right time and using repair strategies.

Mr. Rousse stated that an overlay essentially costs \$125,000/mile and adds 50% to the life cycle of the road. However, it is unpopular to spend money to do overlays when you have roads that are deteriorating. Mr. Rousse stated the best thing to do is to intervene before the road deteriorates.

Ms. Raschke stated that some subdivisions are 20 to 30 years old. She further stated that the City is at the crossroads of a failed millage, noting the residents do not trust government. She concurred with Council Member Hooper regarding placing SAD seed money into the budget, noting the City cannot continue doing the best it can with the funds it has.

Paul Miller, 1021 Harding, stated there is an equity issue involved with the roads, noting when a millage is passed, it is passed equally on to the taxpayers. Therefore it is difficult to get a 3-mill road millage passed by people who live on a gravel road. Mr. Miller suggested asking for a smaller millage that would address a specific plan, and the residents may approve it. He further indicated storm drainage issues play into the cost of road maintenance, noting the hidden costs. Mr. Miller concluded by stating the City needs a plan that is fair to the residents.

Mr. Hooper stated that the CIP consistently has Local Road Reconstruction in it at a cost of \$5 million each year. However the City needs \$55 million to address the road issues and the City does not have the funds. Mr. Hooper stated that Council needs to know specifically what will be cut from the budget to fund the local road reconstruction.

Mr. Ambrozaitis stated that he did an appraisal of Cumberland Hills Subdivision, and the property values have fallen. He noted that roads indirectly affect the property values. He further stated that whether the decision is made to fix the worst first or go for the biggest benefit per expenditure, fixing the roads has statistically the highest probable effect on the property values that surround it.

Mr. Davis concurred with Council Member Ambrozaitis indicating that deteriorated roads have an indirect effect on the community's picture as a whole

and the quality of life. He further indicated that it is perceived that subdivisions that have poor roads will detract from Rochester Hills and one's ability to sell a home. If the quality of life is being brought down, it affects everyone in the community.

This matter was Discussed

(Council Member Ambrozaitis exited at 8:49 PM and re-entered at 8:50 PM)

Mr. Duistermars suggested rather than using the pavement condition rating, to let the subdivisions go down to 2 or 1. Then the residents that are next in line will become the advocates for the millage.

Ms. Raschke stated that the mortgage companies and lending institutions have put people in difficult spots. She further stated that if residents are willing to go back to SADs and share the cost, it would be advantageous for everyone. Ms. Raschke further stated that there are residents, such as those who live on North Livernois, who prefer to live on a gravel road, and would still vote for a road millage, because all the roads are the residents' roads.

President Rosen stated that in regards to the budget he would like to see less go into local roads and have a millage proposal.

Mr. Rousse responded that if the repaving costs are offset, then more will be spent on maintenance, noting that is where the City staff gets taxed. In addition the roads will continue to deteriorate. He further noted that the roads designated in red can go for one to three years, but the maintenance costs will increase.

Mayor Barnett stated that although Heritage Oaks looks acceptable from a visual perspective, the City took core samples, the result of which determined that this is the right time to do that subdivision. He further indicated there are many factors that play into the local road discussion including what residents are willing to pay and the City's moral obligation. Mayor Barnett noted that for the last road millage proposal, only one precinct passed the millage and it was Shadowoods. The second precinct that came close to passing the millage was Cumberland. He further indicated there are many obstacles to getting a millage passed including private roads, condominiums, and apartment complexes. Mayor Barnett stated that no one should be confused that the City found a hidden solution to fixing the roads in the community. He stated the proposal this year is for \$5 million to fix three to four miles of the 217 miles of local roads. Mayor Barnett suggested Council continue to pursue a local road policy, noting the City cannot do what it has done in the past.

Mr. Duistermars stated that the Shadowoods reconstruction came out of emergency funds and the City has less funding. He further indicated that he was not advocating letting the roads go bad. He stated there needs to be a balanced solution.

Mr. Rousse described various rehabilitation techniques that are being used which are not full reconstruction, noting these techniques do not provide for the full life cycle of the road as a reconstruction. He further noted that Heritage

Oaks is not the same as the Shadowoods project where the asphalt was removed and replaced. Mr. Rouse further noted that Cumberland would be a partial reconstruct.

Mr. Ambrozaitis stated that in the larger subdivisions the deficient roads are affecting the property values. He stated it is time to put Cumberland and Heatherwood on the list for road repairs because they affect 400-plus property values in the City.

Ms. Raschke, referencing 452 - Major Roads, Objective MR-18 - Dutton Rd. (Tall Oaks - Livernois)/Design, asked that when this project is done, if the Road Commission for Oakland County could do the other 3/10ths going west with curb and gutter because of the wash that will come down the Dutton hill which will clog the catch basins.

Mr. Davis responded that Oakland Township is supportive of this project and he will work with the Road Commission.

474 - LOCAL STREET - TRAFFIC SERVICE: No discussion

494 - LOCAL STREET - WINTER MAINTENANCE: No discussion

494 - LOCAL STREET - ADMINISTRATION : No discussion

2007-0478 Discussion - Special Revenue Funds (200's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

214 - PATHWAY MAINTENANCE FUND: No discussion

This matter was Discussed

2007-0480 Discussion of the Capital Funds (400) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

403 - PATHWAY CONSTRUCTION FUND

Objectives:

Roger Rouse, Director of Public Services, stated that the development of a transition plan for reaching compliance with the Americans With Disabilities Act (ADA) is the most significant objective.

Council Discussion:

Mr. Ambrozaitis inquired if the name of pathways can be changed, noting they need to be differentiated from the trailways. He further stated that he initially assumed pathways had nothing to do with local roads, but has learned in reality they help the local roads.

Mr. Rousse responded that there is a large degree of liability in sidewalks, pathways, bikeways and trailways, noting Council Member Ambrozaitis' comments are a good topic for discussion by the Ad Hoc Citizen Pathway Committee.

Mr. Ambrozaitis inquired as to the pathway plans for John R north of Avon on the east and west side.

Mr. Rousse responded that 1900 feet of asphalt is planned for the east and west side of that section, noting additional information is available in the CIP book under John R Pathway. He indicated construction of this section is planned for 2009.

Mr. Yalamanchi, referencing the continued planning, designing and construction of the Auburn Pathway Gaps, Alexander to Livernois, (PW-06A), South Blvd. Pathway construction - Crooks to Pine Trace, (PW-10), John R Pathway from Avon to Bloomer (PW-31E), noted that he feels the pathway along Raintree is more critical. He inquired whether there is a rush to get these projects completed.

Mr. Rousse explained that the initially the millage allowed for pathway along major roads; therefore those are the only ones that have been planned and have been prequalified. He further explained that under the original criteria, Avon was ranked as a pedestrian generator to the park. Mr. Rousse explained that the recent millage allows pathways in other areas of the City, which includes collector roads such as Raintree and Firewood; however because the City does not have the same right-of-way, there are some issues with construction. He explained that because these are hilly areas, ADA requirements are more difficult to meet. Mr. Rousse stated that the criteria to rank these projects, which includes, funding, estimated pedestrian use, cost and how it fits into the pathway program, will be available for next year's CIP.

Mr. Davis explained that the last Master Pathway Plan contained criteria for major roads which included 120 feet of right-of-way; subsequent to that five years ago the City had defined criteria in response to the Community Development & Viability Committee and created a ranking system which included such things as right-of-way cost, total project cost, connectivity to schools, trails and parks. Mr. Davis stated when the Pathway Committee is formed the formula will be reviewed and the Committee will reconsider projects already submitted.

President Rosen, referencing PW07-C - Adams Pathway from Powderhorn to Tienken, noted that there is a pathway on the west side of the street and the proposal is to do both sides of John R. He inquired if it would be better to get a continuous mile road to mile road on one side of the entire City before starting on the other side of the street, noting this should be the first charge of the Pathway Committee to analyze.

Mr. Davis stated that the Committee would have to create the building blocks of the policy. He noted that the policy in the past indicated that pathways would be

on both side of roads everywhere.

Mr. Duistermars inquired if Council had set a policy that indicated a desire to do more construction on the pathways.

Ms. Jenuwine responded that the Millage goes into the Maintenance Fund and operating expenses are covered; the balance of that goes into the Construction Fund. She noted the proposed budget indicates the full levy of the millage.

Ms. Raschke stated that letters were sent to all school principals regarding the Michigan Safe Routes to Schools Program. This program, all but design, is funded by Federal monies. She indicated it is important for a community to get the kids on safety paths.

Mr. Ambrozaitis concurred with President Rosen regarding placing pathways on one side of the street throughout the City first.

Mr. Rouse stated that most of the easy work in the City is completed, noting Mr. Rosen and Mr. Ambrozaitis' strategy may fall in line with future projects.

This matter was Discussed

(City Council recessed from 9:26 PM to 9:36 PM)

2007-0478 Discussion - Special Revenue Funds (200's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

244 - DRAINS FUND

Objectives:

Roger Rouse, Director of Public Services, reviewed the objectives as follows:

- Continue the planning, design, construction and, if necessary, right-of-way acquisition for improvements for CIP project SW-06 - East Ferry Drain.

He stated the Ferry Drain will be integrated with the pump station, catch basin and street sweeping, noting the more material that is removed off the surface and in the catch basin, the less goes into the drain and watershed. He explained that because this deals with water, this year it is a drain activity. For next year's budget it is proposed to be part of the street program.

- Plan and implement the actions identified in the City's Storm Water Pollution Prevention Initiative (SWPPI)

Mr. Roger Moore, Professional Surveyor, stated the City needs to address long term funding for storm water systems. He explained the storm water systems were constructed by the developers privately, and the homeowners associations are responsible for maintaining them. Mr. Moore further explained

the systems are reaching their maximum life and there will be failures. In addition, pipe systems have not been maintained and those will also fail. He indicated the Township Trustees had determined that the storm systems would be installed and maintained privately. The roads, at that time, were owned by the Road Commission for Oakland County. Now the roads are the City's, and ten percent of the drains are the City's with the remaining drains being private. Mr. Moore noted there are more drain sewers than sanitary sewers and water mains and there is no replacement program in place, only repairs in the event of failure. If the City does not look into the future as to how to deal with this issue, there will be problems. Mr. Moore stated that the City has MS4 issues with a new permit coming up this year which requires the City to do street sweeping, catch basin cleaning, and public education to improve water quality.

President Rosen stated that when developing the policy, there needs to be significant input from the subdivisions.

Mr. Moore responded that the Policy Committee went through and defined problems and solutions; however funding is needed. He indicated the Committee is looked at forming a Storm Water Utility, however the *Rowe v Lansing* case prevented the City from doing this. He further noted that some proposed legislation has been drafted and hopefully it will get introduced in Lansing; if it passes, it will address the *Rowe v Lansing* issue and allow the establishing of a Storm Water Utility. Mr. Moore stated that at that time Council could then establish a Storm Water Utility and it could be funded like sewer and water and the user would pay a fee based on how much they contribute to the storm system.

Mr. Ambrozaitis, noting that Heatherwood holds quarterly homeowners association meetings, asked if Mr. Moore would be willing to present this information to the association so residents are informed that they have two choices; the homeowners take care of the problem or go through the formal process through the City.

Mr. Yalamanchi inquired if ninety percent of the responsibility is the subdivision's or the homeowners.

Mr. Moore responded that the responsibility lies with the homeowners associations. He noted that the City has private drains that homeowners are responsible for, but those were installed in the pre-1970s.

Mr. Yalamanchi inquired as to how a homeowners association would go about getting the system repaired.

Mr. Moore responded that for an association that could not get all members to pay and make the repairs, the City with the association's approval, would hire the work to be done and put the charges on the residents' taxes. He further noted the Open Space Agreement also provides the authority to do the work and then bill the association.

Mr. Yalamanchi inquired why this would be handled by water and sewer if it is the homeowners association responsibility.

Mr. Moore responded that with a Storm Water Utility, an association could participate or not participate. He explained that if one pipe needed to be repaired, it may not be the most cost efficient for the City to do the repair; however if it is an enterprise-wide system, it would be more cost efficient for the Storm Water Utility to do it because it would get a better price than the homeowners association.

Mr. Yalamanchi asked why only ten percent being funded. He further inquired as to the problematic areas and what needs to be done to address the issue.

Mr. Moore responded that the ten percent is being funded out of the Local Roads Fund because it directly relates to local roads.

Lee Zendel, 1575 Dutton, stated that the problem is that the retention basins fill up and it costs money to dredge them out. He further explained that all that can be assessed to a member according to the covenant is a certain number of dollars each year. A general meeting has to be held to change that amount and the rules require a 3/4 vote of all homeowners to make the change. He indicated the problem is that an association cannot get the homeowners to come to the meeting.

Ms. Raschke inquired if information can be posted on RHINO.

Mr. Moore responded that the City has a Detention Pond Manual available and the Building Department holds quarterly meetings with the Homeowners Associations.

Paul Miller, 1021 Harding, stated that storm water affects the life span of the road and also gets into SWPPI.

Mr. Rousse stated there is a lot of uncertainty about the future costs of the storm water system. He noted NPD looks at discharge to the waterway; therefore the City has submitted a Storm Water Management Plan to minimize potential. Mr. Rousse stated that Mr. Moore is on the right track and if the City is proactive it could save substantial funds or residents' funds in the future.

Melinda Hill, 1841 Mill Race, stated that ten years ago it was discussed that the City would be facing this issue. She indicated the City does not know what the Federal mandates will cost; therefore a committee needs to be formed to start discussing this issue. In addition, homeowners groups need to be educated. Ms. Hill stated the problem will be compounding itself unless the subdivisions address the issue, noting this is a very complicated and extremely costly issue.

Mr. Yalamanchi inquired if the City knows which subdivisions have the problems.

Mr. Moore responded no, noting he has been working with many homeowners associations. He indicated the City tries to help them if they have a problem with their pipe and will provide technical assistance.

Mr. Yalamanchi inquired if there is a way to know which subdivisions are having problems and how the homeowners can be advised that there is a mechanism in place to help them.

Mr. Moore responded that the City can determine what is necessary in the detention systems; however the underground systems are different because they are buried and forgotten until they fail.

Mr. Ambrozaitis stated that his homeowners association had cameras installed in the development and found that one house was dumping detergent into the sewers. He stated the key is to be proactive in educating the residents.

Mr. Rousse stated that the Clean Water Act does not make a distinction between public and private. If it is violated, the City is responsible.

President Rosen stated that City has the technology to be in the forefront but does not have the interest.

Mr. Rousse responded that the City has the equipment but does not have the authority because these systems are private systems.

This matter was Discussed

2007-0481 Discussion of the Water and Sewer Funds (500's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

WATER AND SEWER FUND

510 - SEWER DIVISION - OPERATING & MAINTENANCE

Mr. Roger Rousse, Director of Public Services, **Mr. Bud Leafdale**, General Superintendent, and **Mr. Paul Davis**, City Engineer, provided a brief overview noting the following:

- The Mission of the Sewer Division of the Department of Public Service (DPS) is to maintain the waste water collection system in order to ensure uninterrupted service to its customers.

- One of the Goals of the Sewer Division is to provide seamless service to protect the health, safety and welfare of its customers.

530- WATER DIVISION - OPERATING & MAINTENANCE: No discussion

590 WATER & SEWER FUND - CAPITAL

Council Members Discussion:

- WS-30 - Water Meter/Radio Read System

Mr. Yalamanchi inquired if the radio reads were purchased.

Mr. Leafdale responded that the program began with the 2008 budget.

Mr. Yalamanchi inquired if this has resulted in staffing reductions.

Mr. Leafdale responded that two people were reassigned to valve maintenance and one part-time person will not be used.

- WS-12 - PRV Vault Consolidation/Construction pressure reducing valves were put in because of high pressure in the system. Additional loops were added.

In response to Mr. Yalamanchi's questions **Mr. Davis** provided the following information:

* King's Cove: The pressure reducing valve at King's Cove can be removed because of three sites in the same area. This negated the need for the PRV Vault.

* Austin Road - The existing PRV vault is deteriorating and will be abandoned.

* Tienken Road east of Austin - will be replaced with the Kings Cove Vault that will be abandoned.

* Other areas in the City - there is one vault located by Fanuc Robotic, which is between Rochester Hills and Auburn Hills. The City had a pressure differential that was higher than it is now. Staff has been in discussions with Auburn Hills and it has been determined there needs to be a separation there, but may not need pressure reducing valve.

Ms. Raschke inquired as to who monitors the pressure release valves.

Mr. Rousse responded that radio control PRV monitors it and after hours there is an alarm system that contacts dispatch if there is an issue. In turn dispatch notifies the appropriate City personnel.

President Rosen noted that he did not recall the Sanitary Sewer Lining (SS-44) for Shadow Woods being that expensive - \$551,250.

Mr. Davis explained that there is 3,500 feet of lining inside of the sewer with a trench list method. He noted the project was designed in-house and the construction cost is \$550,000.

Ms. Jenuwine noted this is the same amount that was in this year's CIP.

This matter was Discussed

2007-0477 Discussion - General Fund (100's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

GENERAL DISCUSSION

President Rosen provided the following observations:

- Charging a department for the service they perform makes it difficult to understand and it takes too many hours to understand where things go. It is too difficult for people to follow the budget and understand where the money comes and where it goes.

Mr. Duistermars stated that he thinks the budget is reasonable and likes the way it shows what it costs for a department to run.

President Rosen continued with his observations as follows:

- Need to look in every corner to find money to support policing and roads.

- Three items in the CIP Fund that do not meet the \$25,000 threshold:

* Smart Cart transferred into Fleet and should come out of the Police Fund

* Cash receipting for Treasury should be a General Fund item

* 48-inch Printer for Sign Shop should be split between the two road funds and not come out of MIS

This totals \$26,000 that should be taken out of the CIP Fund.

- Stay with current policy for debt service coming out of General Fund (\$650,000).

- RAYA expenses should go back into the Mayor's budget pursuant to the City's Ordinance.

Mr. Ambrozaitis provided the following comments:

- Concerned about operating expenses.

- Concerned about budget from a millage standpoint and the fund balances in this budget.

- Not sure if the nine percent less factor is accurate for DPS.

- Concerned with maxing out the General Fund.

- By finding money for Shadowoods, the perception is there that the City has money, which it does not have.

- Concerned about State Revenue Sharing and Act 51 reductions and the State of Michigan's budget issues.

- Needs to have a budget meeting at the beginning of next year to establish priorities and not wait until this point to have discussions.

- Health Care costs have to be forecasted higher until a policy is determined on a national level.

- Would like to see various plans for interest rates: (1) stay the same; (2) go up; (3) go down.

- 40 percent increase in Workers Compensation costs is an issue - is there a problem within the City that is causing this increase in claims.

- Did not discuss the assessed value versus the taxable value issue; 33 percent of the residents did not pay additional taxes into the system and next year 50 percent will not pay additional taxes; have not look at the implications of this issue and Council needs additional information. What will happen if property values stay depressed for five to six years; what are the long term implications.

- Rochester Hills has the fourth lowest tax rate in Oakland County; are cities, villages and townships included in this statistic; if the City would factor into the tax rate a single hauler, would Rochester Hills still be the fourth lowest.

- Overall the Department Heads have decreased their budgets by two percent; however have not heard any major discussion about the reality to change to the 21st century of spending less; how can the City continue to operate with less funds.

- The City is not doing enough to look at the long-term ramification of the structural shift of Michigan's economy.

Mr. Yalamanchi requested Ms. Jenuwine put together a list of things that have come up during the budget discussion and have Council conduct one more session to finalize these issues. He stated Council needs to have a good discussion regarding the unresolved issues so it can give guidance to the Administration for incorporation into the budget.

Mr. Duistermars stated this needs to be done quickly and Council needs to be concise and decisive so the Finance Department has adequate time to incorporate it into the budget.

Mayor Barnett stated the Administration appreciates the conversation and direction; however from a pragmatic standpoint, he inquired what are the major issues Council is concerned with. He indicated many issues brought up during the discussion are things to be discussed at work sessions. Mayor Barnett asked Council to provide specific things that are of concern and the Administration will try to address them. He noted the policy issues are in Council's hands.

Melinda Hill, 1841 Mill Race, referencing Mr. Yalamanchi's and the Mayor's suggestion of a list, stated it is important for this to come back to Council for the

public to hear what those items are. She noted Council may not come to a total consensus on each of these items, but the Administration will get a sense of where Council is.

President Rosen summarized the discussion indicating Ms. Jenuwine will compile a list including tonight's discussion which includes a place for votes or comment; this list will be e-mailed to Council by Friday to be returned completed to the Clerk's Office by Tuesday morning to be compiled for Wednesday night's meeting. He noted this discussion will be added to the September 5th Council Meeting Agenda.

This matter was Discussed

2007-0478 Discussion - Special Revenue Funds (200's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

This Item Set to Future Meeting.

2007-0479 Discussion of the Debt Service Funds (300's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

This Item Set to Future Meeting.

2007-0480 Discussion of the Capital Funds (400) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

This Item Set to Future Meeting.

2007-0481 Discussion of the Water and Sewer Funds (500's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

This Item Set to Future Meeting.

2007-0482 Discussion - Internal Service Funds (600's) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

This Item Set to Future Meeting.

2007-0483 Discussion - Component Units (800) - 2008 Budget

Attachments: [083007 Budget Discussion Outline.pdf](#)

This Item Set to Future Meeting.

ANY OTHER BUSINESS

Mr. Ambrozaitis wished everyone a Happy Labor Day, congratulated the young men and women in the various sports programs and commended the Rochester High School Band.

Mr. Duistermars thanked the Finance Director, Directors, and their associates for their hard work on the budget, noting his appreciation of the many extra hours spent on this task.

NEXT MEETING DATE

Wednesday, September 5, 2007 - Regular Work Session - 7:30 PM

ADJOURNMENT

There being no further business before Council, President Rosen adjourned the meeting at 11:09 PM.

*JAMES ROSEN, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*SUSAN GALECZKA, Deputy Clerk
City of Rochester Hills*

Approved as presented at the (insert date. or dates) Regular City Council Meeting.