



Rochester Hills

Minutes - Draft

City Council Regular Meeting

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*Susan M. Bowyer Ph.D., Ryan Deel, Dale A. Hetrick, James Kubicina,
Stephanie Morita, Mark A. Tisdell, and David Walker*

Vision Statement: *The Community of Choice for Families and Business*

Mission Statement: *"Our mission is to sustain the City of Rochester Hills as the premier community of choice to live, work and raise a family by enhancing our vibrant residential character complemented by an attractive business community."*

Monday, August 12, 2019

7:00 PM

1000 Rochester Hills Drive

[2019-0355](#)

Public Hearing for the Michelson Road Special Assessment District Paving Project

Paul Davis, Deputy Public Services Director/City Engineer, stated that tonight is the public hearing on necessity for the proposed Michelson Special Assessment District (SAD) Paving Project. He noted Council accepted the engineers report for this project at the July 29th 2019 Council Meeting and scheduled a public hearing for tonight to receive comments in favor or against.

President Tisdell Opened the Public Hearing at 8:14 p.m.

Ron Hankins, 969 Michelson, questioned if a traffic study was done for Michelson and noted that the 18 people on the assessment who live on Michelson probably make up two percent of the traffic on the road. He commented that back when the subdivision went in they were originally told that all that traffic would not be on Michelson, however, Connor was opened instead of having them use Bendelow, so now anybody that is coming to or leaving the subdivision from the south drives down Michelson. He stated that it is not fair for 18 people to have to pay to pave a road for the 200 to 250 houses in the subdivision which he estimates is about 95% to 97% of the traffic on Michelson.

Mr. Davis in response to public comment, he noted that a traffic study was not done. He stated that traffic studies are not required to be done per our SAD policy. He mentioned that there was a traffic study done for a different reason in this area a couple of years ago more generated from the Goddard School development and some of the Country Club Village residents requesting a study, but our policy does not require that one is to be done. In regard to why only the people that live on Michelson are paying for it, he noted that is partly true. He mentioned that we do not have a policy that determines an indirect cost share for other people that might be using the roadway, but the City also pays a share on this. He commented that this cost is not borne just by the residents on Michelson, the City has a pretty significant cost share attributed to this and that would supplement what the residents are paying and capped at paying for going through our policy.

President Tisdell pointed out that it is a Special Assessment District and shared that you have to define the district in some way. He mentioned that the

homeowners along the thoroughfare being improved is the way in which were defining that district for this assessment.

Mr. Davis added that people that live on gravel roads did not pay a cost to have the roadway paved when they purchased their home. He mentioned that other adjacent subdivisions like the Country Club Village subdivision where the cost to pave those roads were wrapped into the home sale prices when the residents purchased their homes so they did end up paying for other public roads that were paved.

Dr. Bowyer questioned what is the total cost of the project.

Mr. Davis responded that the total project cost includes several categories, which includes the engineering preliminary design, the contractor payments cost and inspection costs during the project construction, and then geotechnical testing. He noted that the current estimate for all of those components for Michelson Road is approximately \$631,000.

Dr. Bowyer questioned what percentage the residents have to pay.

Mr. Davis responded that the residents would cover 60 percent of the cost and the City would cover 40 percent. He explained that is the intent but in reality projects are much more expensive now and with this being a small roadway project, it has significant costs that do not benefit from an economy of scale. He mentioned that the residents share does reach the cap and they have determined a \$12,398.76 share to each buildable property. There are 18 lots on Michelson for a total of approximately \$223,000 or about 35.4 percent of the total cost, so the City would pay the remaining 64.6 percent share.

President Tisdell asked Mr. Davis to go over the financing.

Mr. Davis stated that per our SAD policy, the residents have two ways in which they can pay their local share; one is they could pay it all upfront and the other is a repayment plan set up over 15 years. If they pay it all upfront, then they would be paying the capped amount that has been adjusted for inflation of \$12,398.76. He stated that the project has an estimated service life of 15 years and the repayment plan cannot be any longer than what the useful life of the project is, thus the repayment plan is also 15 years. He mentioned that if a resident chooses to finance over that term, an interest rate of one percent above the prime rate is added onto that when it is determined for the project to move forward and be finalized.

President Tisdell reminded everyone along with Council that the 60/40 cost split was designed to recognize that the majority of the benefit goes to the residents, not the City. However, the City controls the process so we put a cap on it at that time of \$12,000 adjusted for inflation. The prior cap was \$5,000. He noted that when we went through this in Committee we even had a road engineer on and we thought two and quarter times was an adequate margin. He explained that the biggest part of the new SAD process was forcing these projects through the normal budget process; the capital improvement process, getting it into budget discussions, and voting on it so when they came due so we knew exactly where

the money was coming from. He stated that many of these roads were not originally built to accommodate the amount of traffic that is on them. He commented that there is a benefit to a growing city to have them paved. He noted that there is a bit of equity issue as other residents have paid for the paved roads in front of their houses as well. He commented that we should not lose sight of the fact that one of the biggest advantages and biggest reasons behind the new process was to get this through our budgetary discussions so when they do arrive, it is not a surprise and is already in the budget for that year. He reiterated that it is a three-year process from start to finish, assuming everything goes well.

President Tisdell Closed the Public Hearing at 8:25 p.m.