



Rochester Hills

Minutes - Draft

City Council Regular Meeting

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
(248) 656-4600
Home Page:
www.rochesterhills.org

*J. Martin Brennan, Greg Hooper, Nathan Klomp, Vern Pixley, James Rosen,
Michael Webber and Ravi Yalamanchi*

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, January 24, 2011

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

*President Hooper called the Regular Rochester Hills City Council Meeting to order
at 7:00 p.m. Michigan Time.*

ROLL CALL

Present 7 - J. Martin Brennan, Greg Hooper, Nathan Klomp, Vern Pixley, James Rosen,
Michael Webber and Ravi Yalamanchi

Others Present:

*Tara Beatty, Chief Assistant
Paul Davis, Acting Director of DPS/Engineering
Aly Difilippo, Rochester Hills Government Youth Council Representative
Jane Leslie, City Clerk
Laisa Magucha, Rochester Hills Government Youth Council Representative
Keith Sawdon, Director of Finance
Rachel Schlagel, Rochester Hills Government Youth Council Representative
John Staran, City Attorney
Kelly Winters, Deputy Director of Building/Ordinance Compliance*

Mayor Barnett provided prior notice that he would not be in attendance.

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Webber, seconded by Pixley, that the Agenda be Approved as Presented. The motion CARRIED by the following vote:

Aye 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

PUBLIC COMMENT

President Hooper announced that the Special Meeting scheduled for Monday, January 31, 2011 at 7:00 p.m. will encompass all issues related to water, including reservoirs, potential site selection, proposed Ordinance Amendments for Area Maintenance Meters and Odd/Even Watering Restrictions, and consideration of a resolution in support of a Regional Authority to govern the Detroit Water and Sewerage Department (DWSD).

Public Comment:

Jim Donnelly, 3260 Tamarron, stated that the three former Rochester Hills Dispatchers hired by Oakland County after the transfer of Emergency Dispatch Services to the County are no longer employed and their positions were filled with Deputies scheduled for layoff from the Oakland County Jail. He commented that the dispatching services provided are deplorable and questioned whether services will deteriorate further once Oakland County transitions to provide dispatch for the City of Pontiac. He noted that the Rochester Hills' Dispatch Center had an A-1 rating. He questioned how Oakland County's Dispatch Center is rated and whether dispatchers are required to have the same qualifications and training level as Rochester Hills Dispatchers. He pointed out that the dedicated Fire Millage is set aside for Fire Services; and stated that the \$3 million in the Fire Fund should be used to bring back Dispatch Services and not fund water reservoir construction.

Thomas Ryan, 3626 Hollenshade Drive, expressed opposition to the proposed location for the northwest water reservoir and noted that voters in the closely-affected subdivisions represent seven to eight percent of the 27,000 registered voters in the City. He stated that a disregard for the intended use of City parks and green spaces could allow parks to be used for DPW yards, salt storage facilities, or senior high-rises; and noted that the proposed site is only one of two small parks in the northwest quadrant of the city. He questioned whether Council voted to purchase the Goddard Site for the second tank and requested that Robert's Rules of Order be suspended for the January 31, 2011 Special Meeting.

Shabbir Bhatti, 1297 Chaffer Drive, stated that the proposed location for the water reservoir places the adjacent subdivision, a high school and a middle school in jeopardy. He stated that if a water reservoir is needed that badly, it should be placed somewhere on the City Hall parcel.

Tracy Fraccarolli, 1263 Cobridge, displayed a sign in opposition to the water reservoir project.

Alice Benbow, 1582 Northumberland, questioned why the water reservoir issue was not made a part of this evening's agenda. She commented that the January 31, 2011 Special Meeting should be televised to keep residents informed. She mentioned that in observing presentations made at City Hall to Fourth Grade Tour groups, more information should be given the students about water reservoirs and other City topics.

Noreen Warner, 1170 Chaffer, questioned whether the Goddard Property was purchased for the purpose of constructing a water reservoir and whether the

City is still considering selling water to Auburn Hills. She commented that Council would lose their elected positions if they choose to go against the wishes of the community.

Alan Boyd, 562 Middlebury, stated that he questioned Mayor Barnett during his campaign as to whether he would be fiscally conservative and would listen to the people who elected him. He expressed opposition to the water reservoir project, noting that two schools are adjacent to the proposed northwest site and commented that the City should deal with the DWSD.

Gary Uhl, 3508 Wedgewood Drive, commented that he represents over 2,000 potential voters who agree that a water reservoir does not belong in a residential area. He mentioned that he sent an e-mail in December inviting Council Members to walk the subject property. He displayed photographs of the proposed northwest reservoir site, superimposing water storage tanks on the photos. He commented that future parks and green space millages would be doomed.

Peggy Fisher, 3508 Wedgewood Drive, stated that she commends Council for attempting to control escalating water rates; however, she would voice support for a better solution, noting that reservoirs do not address the corruption or mismanagement of the DWSD. She commented that she supports a regional water authority to assume control of the DWSD.

Steve McGarry, 2164 Clinton View Circle, expressed concern over e-mails circulating which allege that Council's last closed-door session was to move forward with purchase of the Goddard Property and commented that action on the property should not be taken prior to presentation of the business case. He questioned the legal opinion rendered regarding use of the property, noting that residents voted for the millage to fund this bond for a purpose deemed valuable. He stated that residents concerned about the process will be voting soon.

Donna Kokitka, 3370 Palm Aire Court, questioned when the business case will be reviewed and why public questions are not being addressed. She stated that decisions on water reservoirs put family and homes in danger and stated that residents should have a vote on the project.

David Bartlo, 1248 Chaffer Drive, commented that residents are in fear of the water reservoir project. He stated that the format of the January 31, 2011 Special Meeting will heighten this fear as there will be no format for dialogue. He pointed out that Council was willing to set up a Deer Management Advisory Committee; however, it is unwilling to include citizen input for water reservoirs.

Mike Mortier, 1260 Chaffer Drive, suggested that Council should take itself out of the decision and put the reservoir project to a vote on the ballot.

Tim Brooks, 1115 Chaffer Drive, stated that he wished to express overwhelming community opposition to both reservoirs and commented that the City has shown a lack of due diligence. He questioned how long-term rates will be affected, how construction will be funded, what are best and worst-case payback scenarios, what the impact will be on homeowners' taxes and water bills, how additional efforts can

be directed to enforce water conservation in lieu of reservoirs, what the project's annual costs to maintain will be, what potential litigation costs might be, and what efforts could be directed to work with other municipalities for regional reorganization.

Boyd Farnam, 3435 Wedgewood Drive, stated that his State Farm Insurance Agent told him that should a reservoir failure send water into his home, he would not be covered without flood insurance. He mentioned that even a 10 percent failure would send 300,000 gallons at his house and commented that he would have trouble selling his home versus one that does not require flood insurance.

Avi Sisso, 1282 Cobridge Drive, requested that the format for next week's Special Meeting be changed for open conversation.

Cheryl O'Connell, 1158 Cobridge Drive, read a poem written in the fashion of a Dr. Seuss book in opposition to water reservoirs.

Bill O'Connell, 1158 Cobridge Drive, stated that an alternative to water reservoirs would be to use the City's Radio Read System to deliver meter information and provide water use data around the clock; he applauded past and present Council Members for their support of this upgrade. He urged Council to table water reservoirs until the full benefits of the Radio Read technology can be realized.

Erin Howlett, 3597 Aynsley Drive, stated that subsequent to comments made by City staff citing Carmel, Indiana as an example that water reservoirs have a neutral effect on property values, she contacted Paul Pace, Water Operations Manager for Carmel for additional information. She reported that he explained that it was known by those purchasing homes that the adjacent property was an industrial site that would become the site of a water reservoir. She stated that Mr. Pace mentioned that adjacent homes did not need flood insurance as any liability for damage would fall on the City.

Gordon Duda, 340 Silvervale, commented that while he is not near the proposed water reservoir site, he is disturbed about the decision-making process. He stated that residents learned about the proposal sometime last year and there are no plans for resident input on the ballot. He mentioned that funding is proposed to be done quietly through an internal process and the proposal ignores green space guidelines. He questioned whether the lack of a solid financial plan signifies a weak stewardship of City resources.

Conan Duda, 3335 Palm Aire Court, stated that he expects elected officials to make educated decisions on how to spend his hard-earned money and questioned whether there was due diligence to evaluate the original business plan. He commented that those supporting the reservoirs have lost his vote.

Maryann Roeglin, 3568 Wedgewood Drive, requested Council suspend action on water reservoirs and noted that Detroit Mayor Dave Bing has expressed interest in a regional water board.

Laurie Puscas, 1806 West Ridge, questioned whether documents concerning

the January 31, 2011 Special Meeting will be on the website and whether property has been purchased for the reservoirs. She questioned whether the Older Persons' Commission's vote held in December regarding a pension contribution plan was valid as the Interlocal Agreement indicates that a majority of the Commission shall be necessary for the Commission to take any official action. She pointed out that according to the Agreement, five votes would have been needed to pass the resolution and noted that the vote was four to three. She expressed concern that the contribution plan would place a burden on a gem in this community and stated that she would hate to see seniors receive less.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

Laisa Magucha, Rochester Hills Government Youth Council (RHGYC) Representative, reported that the RHGYC is busy working on its June 5K Run/Walk to benefit Rochester Area Neighborhood House and is planning innovative new ways for fund raising.

Mr. Yalamanchi expressed appreciation to those in attendance for sharing their thoughts, noting that when you have discourse, it is important to have civility. He commented that he understands and feels the residents' frustration, mentioning that he has said that reservoirs should not be located within neighborhoods. He encouraged active participation on January 31st.

Mr. Webber noted that he is working with Mr. Brennan on a resolution to be included on the January 31st agenda to support a Detroit Water and Sewerage Department (DWSD) regional authority. In response to public comments, he stated that Council's recent closed session did not concern purchase of property for a reservoir. He stated that he appreciates Ms. Puscas' comments regarding the Older Persons' Commission and hopes that City Attorney John Staran can provide some clarification of the concerns raised regarding quorums. He announced that the Fire and Ice Festival will be held this weekend in downtown Rochester.

Mr. Rosen mentioned that the City Council Rules of Procedure allow for less formal work sessions and suggested that Council consider using those rules for the upcoming meeting on January 31st.

Mr. Klomp noted that he has directed questions he has received in e-mails back to staff and hopes for a good and productive meeting on January 31st. He expressed appreciation for the critical role of the public in expressing its opinions and stated that this is what Democracy is all about.

Mr. Brennan commented that he looks forward to an informative meeting on January 31st.

Mr. Pixley mentioned that dialogue is important and resident feedback is

appreciated. He commented on the acts of violence recently directed at Police Officers and stated that these officers should be thanked for what they do to protect everyone.

President Hooper addressed questions and comments raised during Public Comment, responding with the following:

- City Council made the decision to outsource Dispatch to Oakland County and not raise the millage rate. Part of the agreement was that three Dispatchers would be hired. As Oakland County has laid off officers, union bumping procedures were followed. This was nothing that was preplanned or the City wished to have happen; the City itself eliminated three Oakland County Sheriff's Office positions.
- All meetings of City Council operate under Robert's Rules of Order and City Council Rules of Procedure, as will the meeting for January 31st. The meeting will be televised.
- Consideration of support for a DWSD regional authority will be on the agenda for January 31st.
- He looks forward to the Administration's updated business case for reservoirs. Questions raised during Public Comment will be included as a part of the discussion, including water rates, potential funding sources for reservoirs, payback, conservation in lieu of reservoirs, maintenance costs, effects on property values and the business case. The Ordinance Amendment passed in 2008 was successful in shifting the irrigation demand to the exclusionary time period and will hopefully be instrumental in significantly decreasing or flattening the water rate increase for the coming water year. The consideration of reservoirs is to eliminate the sinusoidal wave representing the residential component and bring the City's use to a flat-line draw of water. Consideration of the use of park property has been referred to City Attorney John Staran for additional input.
- Implementation of the City's Radio Read system is another example of a long-term solution which resulted in a savings in water rates two years ago.
- Anyone wishing to review information the City has can contact Paul Davis, Acting Director of DPS/Engineering ahead of next Monday's meeting.
- The City has not purchased any property for reservoirs.
- Reservoirs have been discussed by this and previous City Councils many times over the past two decades, including the following recent meetings, with public comment at each meeting:
 - * June 29, 2009, discussed and approved a request for approval to conduct a Feasibility Study.
 - * October 19, 2009, Council awarded the contract for a Feasibility Study.
 - * January 11, 2010, Council heard the Consultant's presentation of the Feasibility Study.
 - * February 8, 2010, the Water and Sewer Technical Review Committee (WSTRC) submitted a recommendation to Council regarding a water reservoir program.
 - * April 12, 2010, Council considered a recommendation from the WSTRC to continue to consider reservoirs.
 - * May 3, 2010, the Administration presented site recommendations, the proposed locations were discussed, and Council directed the Administration to

review and present alternative sites.

* June 7, 2010, Council approved the award of a contract for Engineering Design services only and identified a priority listing of sites. The Tienken Road site received a higher priority over the Nowicki Park site. All three potential sites have been identified for the past one-and-a-half years.

* November 22, 2010, after the Administration's contact with adjacent communities, Council approved negotiations with Auburn Hills to determine whether their participation would be feasible if the reservoirs were to move forward.

ATTORNEY MATTERS

City Attorney John Staran had nothing to report.

PRESENTATIONS

2011-0032 Presentation of the Rochester Hills Government Youth Council Bi-Annual Report to City Council

Attachments: [Agenda Summary.pdf](#)

Rachel Schlagel, Chairperson, and **Aly Difilippo**, Vice-Chairperson, Rochester Hills Government Youth Council (RHGYC), reported on the RHGYC's activities so far this year, and noted the following:

- The RHGYC kicked off its year's activities with a barbecue on the City Hall patio, with icebreakers to get to know each other and a meet-and-greet luncheon with Mayor Barnett and the City's Directors.
- The RHGYC's first meeting was held at Fire Station No. 1 where the group toured the station.
- In late October, Sresht Rengesh's family graciously opened their home to the RHGYC members; and the group experienced a traditional Indian holiday, learning about the Indian culture and enjoying much ethnic food.
- Clerk Leslie explained the election process to the group during their regular October meeting and encouraged those members old enough to consider working during November's election.
- Several RHGYC members worked as student election workers at City Hall and at various precincts.
- A very colorful RHGYC participated in the Rochester Hometown Christmas Parade, dressed as M&Ms to reflect the Parade's theme, Candy Lane on Main.
- Members painted faces, played games with the children and helped Santa during the City's Holiday Family Fun Night.
- The group caroled at Mercy Bellbrook and distributed holiday cards to the residents.

Ms. Schlagel noted that while the first half of the year has been extremely busy, the group is just getting started. She and Ms. Difilippo noted the upcoming activities for the RHGYC:

- Planning activities are underway for the group's annual 5K Run/Walk. The RHGYC's goal is to donate \$10,000 to the Rochester Area Neighborhood

House (RANH).

- The group is looking forward to helping during the Mayor's State of the City address.

Ms. Schlagel thanked Council for the opportunity to sit on the various Boards, Commissions and Committees and participate during Council meetings.

Council Discussion:

Mr. Pixley noted that the group also serenaded Council with a holiday song at the last meeting of 2010. He mentioned that Trip Brennan gave an outstanding discourse on leadership at a recent Council meeting noting the RHGYC's involvement and the engagement of youth in the community. He questioned how the RHGYC strives to communicate with and engage youth in the schools.

Ms. Schlagel responded that the group is hard at work to complete a video to promote the RHGYC and noted that one of the members has shot much footage that will be used. She mentioned that last year's group actively promoted the 5K to cross-country and other sports teams.

Ms. Difilippo commented that voter registration activities in the high schools promotes the work of the group.

Mr. Pixley congratulated the RHGYC for being a very active organization of fine young individuals.

Mr. Brennan questioned what different fund raising activities the group is undertaking.

Ms. Difilippo responded that the RHGYC is setting up several different means for fund raising, and stated that Maggie Moo's, Max and Erma's and Buffalo Wild Wings will participate by contributing a percentage of proceeds on a specific day, to be announced soon, for those dining on behalf of the RHGYC. She mentioned that the group will hold a pop can drive in various subdivisions and will collect returnable bottles and cans following Super Bowl Sunday.

Ms. Schlagel commented that the RHGYC looks forward to good community support for the 5K to benefit the RANH, and pointed out that in recent times the organization has found the need to help many local families.

Mr. Brennan questioned whether 5K participants will be given an opportunity to sponsor other runners as well.

Ms. Schlagel responded that they would.

Mr. Webber thanked Ms. Schlagel and Ms. Difilippo, noting that the RHGYC members are excellent ambassadors for the City.

Presented.

CONSENT AGENDA

All matters under Consent Agenda are considered to be routine and will be enacted by one motion, without discussion. If any Council Member or Citizen requests discussion of an item, it will be removed from Consent Agenda for separate discussion.

- 2011-0011** Request for Purchase Authorization - BLDG: 2011 Oakland County Household Hazardous Waste (No Haz) Inter-Local Agreement and not-to-exceed blanket purchase order in the amount of \$50,000.00; Oakland County Waste Resource Management Division, Waterford, MI

Attachments: [Agenda Summary.pdf](#)
[2010 No Haz Participants by Community & Comparison 2009.pdf](#)
[2010 No Haz Program Costs.pdf](#)
[2010 No Haz Estimated Costs.pdf](#)
[Hazardous Waste Interlocal Agreement.pdf](#)
[No Haz Participation & Costs '03-'09.pdf](#)
[North Oakland Household Hazardous Waste Consortium.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0011-2011

Whereas, the northern cities, villages, and townships in Oakland County are committed to protection of the natural environment and preventing toxic materials from entering our waterways and landfill resources; and

Whereas, the improper handling and disposal of toxic and poisonous household chemicals also poses a health risk to our citizens; and

Whereas, recognizing there is a need to provide regular and easily accessible household hazardous waste collection services to North Oakland County residents; and

Whereas, collection events for household hazardous waste have become widely accepted as the best way to provide citizens with a safe method of disposal of these toxic and poisonous household chemicals and for the communities to realize the economies of scale, and

Whereas, Oakland County, through its Waste Resource Management Division, has joined these northern Oakland County communities in creating the North Oakland Household Hazardous Waste Consortium (NO HAZ), and

Whereas, the NO HAZ Consortium has developed a household hazardous waste collection program, and

Whereas, a NO HAZ Interlocal Agreement has been drafted to address necessary legal, liability and responsibility issues for both the County and the participating communities, and identifies Oakland County's role in administering and managing the NO HAZ program, and;

Whereas, the NO HAZ Interlocal Agreement establishes a NO HAZ advisory board to assist and advise Oakland County in the development of the NO HAZ program.

Now, Therefore, Be It Resolved, that the City of Rochester Hills City Council hereby

approves the attached NO HAZ Interlocal Agreement and authorizes the Mayor and City Clerk to execute the agreement on behalf of the City.

Be It Further Resolved, that the Rochester Hills City Council hereby appoints John Sage as the City's official representative to the NO HAZ Advisory Board, to work with the Oakland County Waste Resource Management Division as needed to plan the NO HAZ program for 2011.

Be It Further Resolved, that the Rochester Hills City Council authorizes a blanket purchase order for participation in the NO HAZ program for 2011 in the amount not-to-exceed \$50,000.00 to Oakland County Waste Resource Management Division, Waterford, Michigan.

2011-0024 Request for Purchase Authorization - CLERK: Blanket Purchase Order for Postage by Phone in the amount not-to-exceed \$40,000.00; Pitney Bowes, Inc., Louisville, KY

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0012-2011

Resolved, that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order to Pitney Bowes, Inc. of Louisville, Kentucky for Postage by Phone in the amount not-to-exceed \$40,000.00 through December 31, 2011.

2011-0025 Request for Approval of Agreement with Oakland County for Ballot Layout and Programming

Attachments: [Agenda Summary.pdf](#)
[Ballot Layout & Prog Svcs.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0013-2011

Whereas, the Rochester Hills City Council accepts the Agreement for Ballot Layout and Programming Services between the City of Rochester Hills and Oakland County.

Now, Therefore, Be It Resolved, that the Mayor and the City Clerk are hereby authorized to execute and deliver the agreement on behalf of the City.

2011-0028 Request for Purchase Authorization - DPS/ENG: Maintenance Agreement and Blanket Purchase Order for professional service costs for maintaining the Rochester Hills Supervisory Control and Data Acquisition (SCADA) system to Perceptive Controls, Inc., Plainwell, Michigan in the amount not-to-exceed \$60,000.00 for one (1) year

Attachments: [Agenda Summary.pdf](#)
[Service Contract 2011.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0014-2011

Resolved, that the Rochester Hills City Council authorizes a Maintenance Agreement and Blanket Purchase Order for professional service costs for maintaining the Rochester Hills Supervisory Control and Data Acquisition (SCADA) system to Perceptive Controls, Inc., Plainwell, Michigan in the amount not-to-exceed \$60,000.00 for one (1) year, and further authorizes the Mayor to execute the Agreement on behalf of the City.

- 2011-0034** Request for Purchase Authorization - DPS/GAR: Blanket Purchase Order for crack sealant material in the amount not-to-exceed \$73,050.00 through December 31, 2011; National Highway Maintenance Systems, LTD, Akron, OH

Attachments: [Agenda Summary.pdf](#)
[BID Tabulation.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0015-2011

Resolved, that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order to National Highway Maintenance Systems, LTD, Akron, Ohio for the purchase of crack sealant material in the amount not-to-exceed \$73,050.00 through December 31, 2011.

Passed the Consent Agenda

A motion was made by Brennan, seconded by Klomp, including all the preceding items marked as having been adopted on the Consent Agenda. The motion carried by the following vote:

Aye 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

The following item was removed from the Consent Agenda for discussion.

- 2011-0026** Request for Approval of an amendment to the City Pension Plan Document allowing for the incorporation of Older Persons' Commission (OPC) full-time employees into the plan document

Attachments: [Agenda Summary.pdf](#)
[OPC Amendment.pdf](#)
[Resolution.pdf](#)

Keith Sawdon, Director of Finance, stated that the Older Persons' Commission (OPC) Board requested information on how the City conducts its pension plan and how City contributions were made. He reported that he attended the OPC's November meeting where he shared different portions of the City's Plan Document with the OPC Board and explained the City's Defined Contribution Plan. He

highlighted how efficient it would be if the OPC opted to utilize the City's investment provider, allowing the OPC to take advantage of the assets that the City has built up to leverage lower management fees for their employees. The OPC Board requested he attend their December meeting; and at that time the OPC Board requested that they be incorporated within the City's Plan Document. Subsequent to that meeting, Cynthia Billings, the City's legal representative for the Pension Plan, was asked to draft a document to allow the incorporation of OPC's full-time employees into the City's Pension Plan Document.

Council Discussion:

President Hooper questioned how many OPC employees would be added and whether their incorporation into the City's plan would result in any costs to the City.

Mr. Sawdon responded that it would not be a cost to the City and would actually be advantageous for the City to have as many assets as possible under its name. He commented that he was not positive of the total number of OPC employees to be included and pointed out that the Council Members sitting as representatives on the OPC Board would most likely be able to answer that question.

President Hooper highlighted the following questions submitted by a resident by e-mail:

- At what meeting(s) prior to the vote on December 9 this was discussed.
- Whether all City Council Members received minutes from the OPC Meetings regarding the pension discussion.
- Why this topic has not been discussed previously at any Council meetings.
- Why the City's Citizen Representatives appointed to the OPC voted in favor of the OPC Pension Plan while Council Representatives on the OPC Board voted against it.
- A full explanation of the proposed pension package for all individuals to be covered should be provided.
- Whether City Council deems that this is an appropriate action for OPC and the community as two of the three communities involved are not in favor.
- Whether City Council feels that the matter has been fully explored and fully represents the desires of the community's taxpayers.

Mr. Yalamanchi stated that OPC employees do not now, and never have had any retirement benefits; and noted that it has been brought up that they should have some sort of a 401K or deferred compensation plan. During discussions by the OPC Board, Mr. Sawdon was invited to explain the City's program and how it worked. At that time they were not making the decision to go with the City's plan, but rather to explore all of the options. He mentioned that the OPC Board discussed that in light of the current financial climate, the OPC Board should exercise caution going forward. He requested the City Attorney address the issue raised whether the Interlocal Agreement would call the OPC's vote into question.

John Staran, City Attorney, stated that until Ms. Puscas raised the question of the vote during Public Comment, he was not aware of or prepared to comment on the issue. He thanked Ms. Puscas for providing what appear to be relevant pages of the Interlocal Agreement; and noted that there have also been two or three amendments to the Agreement. He stated that on the surface, it does appear that the point Ms. Puscas made may be correct, noting that although a majority of the Commissioners being present constitutes a quorum, it does say in Section 7 of the version she provided that a majority of the Commission shall be necessary for the Commission to take any official action at a regular or special meeting. There is some law on provisions similar to that in by-laws and charters, which does indicate that the majority means more than fifty-percent. In that case, if there are only four members that voted in favor of this, that would be less than a majority. Again, he would qualify this answer by stating that he does not know what the OPC By-Laws say and does not know what their course of conduct is. He stated that there are a lot of communities that have provisions like this in their charters and rules of procedure and do not know it, and they are not following them. He commented that if that is the conclusion, then it could be called into question whether the vote the OPC Board took did comport with the Interlocal Agreement and the vote should be looked at more carefully.

Mr. Yalamanchi stated that he called Jack Dalton, Chairperson of the OPC Board, requesting that he have a discussion with Marye Miller, OPC's Director. He stated that he received a message today that OPC was in compliance. He noted that since there seems to be clarity needed, Council should send this item back to the OPC Board for review of the action taken.

President Hooper stated that as the question has been raised, he would concur with Mr. Yalamanchi.

Mr. Rosen questioned whether City Council has any governance of the Older Persons' Commission.

Mr. Staran responded that Council appoints representatives to the Board and must approve any ballot language, but has no direct governance of the OPC. He stated that the OPC has its own rules and legal counsel. He pointed out that this is only his preliminary opinion and commented that it would be an appropriate action to send this item back to the OPC Board for additional consideration and to make a determination whether their decision comports with their rules and the Interlocal Agreement.

Mr. Rosen pointed out that if Council does not have a say in OPC's decision, then it is merely being asked to let the OPC tag-along with the City's Plan in the same fashion that the City provides its accounting and fiscal services. He questioned whether the funds would be in separate accounts, noting that he does not want to see the City's retirees' funds endangered by including OPC employees.

Mr. Sawdon responded that the City's employee groups within the plan are

treated separately. He noted that while they may fall under the general umbrella of the plan, when it comes to distributions made out of the pension plans, each employee is an individual account. He explained that when an OPC retiree would take a distribution, it would be reported under OPC's Tax Identification Number and not the City's.

Mr. Rosen commented that while not huge, the budget implications for the OPC for the inclusion of 14 full-time individuals are not trivial. He stated that he would recommend OPC staff check with their attorney whether this constitutes a governance issue or a procedural process issue.

President Hooper pointed out that governance is by the OPC and that the City is merely being asked to include OPC employees into the City's program. He commented that it makes sense to postpone this item to a date in the future.

Mr. Sawdon commented that it would not make sense to move toward incorporating them into the Plan and begin withholding prior to determining whether the OPC's decision is valid.

Mr. Brennan questioned why the City was selected instead of either of the other participating communities and whether the OPC considered the feasibility of entering into its own plan.

Mr. Sawdon responded that the City of Rochester's plan is a defined-benefit plan and the OPC preferred Rochester Hills' approach. He noted that legacy costs are substantial for defined benefit plans. He explained that a plan specific to only the OPC would be very small and management fees could be very high. He pointed out that the City has very structured pension Trustee Administrators and a committee to oversee the plan every quarter.

President Hooper questioned whether the City would be required to contribute any expenses toward the OPC's incorporation into the plan.

Mr. Sawdon responded that it would not, and explained that even the fee for Ms. Billings' review of the Amendment to the City's Plan will be paid by the OPC.

Mr. Webber commented that he did not see a reason to move forward tonight until the legal opinion is rendered whether the OPC's vote was valid. He pointed out that the OPC Board meets next on February 3rd and it would provide an opportunity to come back before Council at its next regular meeting. He mentioned that the budget implication is estimated at approximately \$25,000 if everyone participated in the program. He commented that his vote was based on a consideration that he did not feel the percentages worked.

Mr. Pixley questioned whether incorporating the OPC employees into the City's plan would cause the City to incur additional administrative costs going forward.

Mr. Sawdon responded that the City already sends the Plan Provider an

electronic file, and OPC's incorporation would add 14 records to the 250 it already includes. He stated that it would not be a burden as the City already processes the OPC's payroll and acts as its accounting firm. He noted that the City would most likely gain more from the assets which would be accumulated into the Plan.

President Hooper noted that the item would be Postponed and would most likely return to the February 7, 2011 Regular City Council Meeting.

Postponed.

NEW BUSINESS

(Mr. Rosen exited at 9:02 p.m. and re-entered at 9:04 p.m.)

2010-0420 Request for Purchase Authorization - DPS/ENG: Increase to contract for design engineering and construction engineering services related to Avon Creek Phase I and Phase II projects in the amount of \$42,300.00 for a new not-to-exceed amount of \$74,225.00; Hubbell, Roth & Clark, Inc., Bloomfield Hills, MI

Attachments: [Agenda Summary.pdf](#)
[HRC Proposal Ltr 010511.pdf](#)
[HRC Proposal Ltr 091010.pdf](#)
[HRC Consulting Cost 111610.pdf](#)
[HRC Proj Update Ltr 100209.pdf](#)
[101810 Agenda Summary.pdf](#)
[GIS Map.pdf](#)
[Agreement.pdf](#)
[Agreement Attachments.pdf](#)
[BidTabs.pdf](#)
[101810 Resolution.pdf](#)
[Resolution.pdf](#)

President Hooper stated that while he works in the construction industry and knows the firm involved, he has no financial interest in this firm or project and has had no involvement in the contract with the City. As such, he does not see a need to recuse himself from this item.

Paul Davis, Acting Director of DPS/Engineering, stated that a portion of this request is to increase the purchase order to the design consultant to allow the completion of additional Phase One design work that is currently under construction and appropriate funds to move on to Phase Two design. He explained that during the initial scope of the project, it was determined that the weir wall for the pond overflow was in poor shape and could not be salvaged. A different design for that structure was subsequently incorporated into the bid, requiring additional \$10,000 in Phase One design fees. He noted that the \$135,000 grant awarded for this project covers Phase Two costs; however, a condition of the grant is that the

City must agree to cover the Phase One costs. He mentioned that weather has delayed the completion of Phase One; and in order to move forward on the project for summer construction, Phase Two design needs to begin now. He pointed out that a third component of this request is to appropriate monies for the use of the design consultant to assist during the construction engineering portion of Phase One; as it was determined that the consultant's expertise could be utilized for shop drawing review and other services in conjunction with City Staff.

Mr. Yalamanchi questioned whether the budget for the project was overexpensed in 2010.

Mr. Davis responded that as the end of each year approaches, the Fiscal Department requests an estimate of what will be expended for the remainder of the year. It was thought that more Phase One work would have been completed and estimated at that time that \$14,000 would be expended for the additional design; however, only \$10,000 was actually expended in 2010. He explained that the unexpended surplus will be credited in 2011.

Mr. Yalamanchi questioned how this affects the City's financial statements and whether the overexpense appeared in the Fourth Quarter Budget Amendment. He requested Mr. Davis review the project's total costs and questioned what was approved in October.

Mr. Davis responded that Council approved the construction costs to the contractor in October. He noted that the expense was included in the Fourth Quarter Budget Amendment, and Phase Two design will appear in the First Quarter Budget Amendment.

President Hooper noted that this request is a purchase order authorization to enter into the contract with the design consultant and Council will approve the funding as part of the First Quarter Budget Amendment.

Mr. Pixley questioned whether any portion of this request will be covered by grant funds.

Mr. Davis responded that the City is required to cover Phase One costs. He explained that the grant for Phase Two work is a not-to-exceed amount of \$135,000; and stated that \$26,000 for Phase Two design is eligible for reimbursement from the grant. He pointed out that \$100,000 to \$105,000 is estimated for actual construction work; and as long as construction expenses plus engineering costs are less than \$135,000, there will be no local share for Phase Two.

A motion was made by Pixley, seconded by Webber, that this matter be Adopted by Resolution. The motion CARRIED by the following vote:

Aye 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Enactment No: RES0016-2011

Resolved, that the Rochester Hills City Council authorizes the increase to the contract for design engineering and construction engineering services related to Avon Creek Phase I

and Phase II projects to Hubbell, Roth & Clark, Inc., Bloomfield Hills, Michigan in the amount of \$42,300.00 for a new not-to-exceed amount of \$74,225.00.

- 2011-0022** Request for Purchase Authorization - DPS/FLEET: Purchase of Nine (9) new vehicles (replacements for vehicles 39-02, 39-05, 39-14, 39-38, 39-53, 39-93, 39-125, 39-167, 39-168) from Red Holman Buick GMC, Westland, MI in the amount of \$142,829.00 and Berger Chevrolet, Grand Rapids, MI in the amount of \$34,912.00 for a total not-to-exceed \$177,741.00

Attachments: [Agenda Summary.pdf](#)
[Cars & Trucks for CC 2011.pdf](#)
[2500 4x4 Pickup 11.pdf](#)
[2500 4x4Chassis Cab 11.pdf](#)
[3500 Chassis Cab 4x2 11.pdf](#)
[Cruze 11.pdf](#)
[Resolution.pdf](#)

Paul Davis, Director of DPS/Engineering, stated that in accordance with the City's policies for Fleet Services, a number of vehicles are scheduled for replacement. He pointed out that some of these vehicles have higher mileage, and some are older. He noted that Bruce Halliday, Fleet Services Manager, reviews all vehicles and determines which are in need of replacement. This request is for the purchase of nine new vehicles which will replace ten older vehicles in the fleet. He explained that a few of the 4x2 pickup trucks will be replaced by 4x4 trucks that can be used to plow subdivision cul-de-sacs and eyebrows; and commented that this type of usage is rough mileage for these vehicles.

Mr. Pixley noted that the request will result in a net reduction of one vehicle and commented that while the mileage appears low, these vehicles experience rough wear and long idle time on engines.

Mr. Davis agreed, noting that dollars spent per mile driven are tracked on each vehicle to determine replacement timing. He stated that the replacement policy has been successful.

Mr. Brennan questioned what will happen to the current vehicles, where funds from their sale will go, and whether any additional vehicle purchases are anticipated for this year.

Mr. Davis responded that the money received from the auction of the current vehicles will go back into the Fleet Fund. He stated that while there could be an unanticipated need, at the present time there are no plans to request the purchase of additional vehicles this year. He noted that this is an excellent time of year to purchase vehicles at a discounted rate.

A motion was made by Pixley, seconded by Yalamanchi, that this matter be Adopted by Resolution. The motion CARRIED by the following vote:

Aye 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Enactment No: RES0017-2011

Resolved, that the Rochester Hills City Council hereby authorizes purchases orders for replacements of vehicles 39-02, 39-05, 39-14, 39-53, 39-93, 39-167 and 39-168 from Red

Holman Buick GMC, Westland, Michigan in the amount of \$142,829.00 and for replacements of vehicles 39-38 and 39-125 from Berger Chevrolet, Grand Rapids, Michigan in the amount of \$34,912.00 for a total not-to-exceed amount of \$177,741.00.

- 2011-0033** Request for Purchase Authorization - DPS/GAR: Blanket Purchase Order for water meters and equipment in the amount not-to-exceed \$150,000.00 through December 31, 2011; Etna Supply Company, Grand Rapids, MI

Attachments: [Agenda Summary.pdf](#)
[Suppl Meter Information.pdf](#)
[Resolution.pdf](#)

President Hooper noted that while he has had dealings with Etna Supply for his employer in his construction job, he has no financial interest in the company and has had no discussion with the firm about or participation in the bid process. As such, he does not see a need to recuse himself from this item.

Paul Davis, Director of DPS/Engineering, explained that the City uses a variety of water meters and has a regular number of them up for replacement each year. He displayed a chart noting the City's meter inventory at the end of 2009, meters purchased and installed, and the meter inventory at the end of 2010. He noted that costs vary significantly based on the size of the meter and commented that when replacing a meter, the City attempts to salvage any materials it can. He commented that meters are the basis of the City's billing system and this is money well-spent to ensure they are in good working order.

Mr. Yalamanchi requested an update on how meters are scheduled for replacement and questioned whether at some point the entire City will be covered.

Mr. Davis responded that the MXU Program previously undertaken included installation of the automatic meter reading device and noted that this request is for the meters themselves. He pointed out that the City has 22,500 water accounts, with another 11,000 area maintenance meters. He stated that the replacement meters covered in this request constitute a routine maintenance program.

President Hooper noted that in purchasing approximately 1,200 meters each year, it would take 15 years to replace meters throughout the entire city. As the useful life of a meter is approximately 15 years, some replacement each year represents the City's maintenance policy.

Mr. Davis noted that the City adds new meters each year as well, and pointed out for example that Clear Creek Subdivision has a number of new homes under construction.

A motion was made by Webber, seconded by Klomp, that this matter be Adopted by Resolution. The motion CARRIED by the following vote:

Aye 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Enactment No: RES0018-2011

Resolved, that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order to Etna Supply Company, Grand Rapids, Michigan for the purchase of water meters and equipment in the amount not-to-exceed \$150,000.00 through December 31, 2011.

2011-0027 Informational Update on the City's Request for Proposal related to Property and Liability Protection Insurance

Attachments: [Agenda Summary.pdf](#)
[Pros and Cons for MMRMA.pdf](#)
[Pros and Cons for MML.pdf](#)
[Pros and Cons for Nickel & Saph.pdf](#)
[Add'l Questions to Proposers.pdf](#)
[References.pdf](#)
[Proposals Tabulation.pdf](#)

Mr. Webber stated that as he is employed by one of the firms involved in the bid process, he will recuse himself from discussion and any decision on this matter in the interest to avoid any appearance of impropriety or conflict of interest.

Keith Sawdon, Director of Finance, stated that in February of 2010, City Council requested that an open bid process be conducted prior to the next renewal of Liability Protection Insurance. He stated that the Request for Proposal (RFP) was issued in 2010 with the intent of duplicating the coverage levels of the current provider, the Michigan Municipal Risk Management Authority (MMRMA). On November 1, 2010, four proposals were received and a review committee was formed consisting of himself, Jean Farris, Supervisor of Procurement, Alan Buckenmeyer, Parks Operations Manager, Helen Sultana-Kelly, HR Analyst/Program Coordinator, and Deborah Hoyle, Financial Analyst.

He explained that one of the four proposals received did not complete the required questions, and the committee determined that this proposal would be deemed nonresponsive. He noted that one proposal met the specifications of the RFP entirely while the other two deviated somewhat from the specifications. He pointed out that in the purchase of a tangible product such as a water meter, price is the main consideration; however, in the risk business, one cannot make a determination by premium alone. He stated that the committee completed a process of premium reconciliation to arrive at a common denominator, noting that while one premium may be lower, there might be exclusions, deductibles and aggregate caps that apply. The committee members completed a pro and con evaluation of the firms. A situational-based evaluation was also undertaken with a list of eight hypothetical events that could happen at the City, to allow the committee to better understand what the premium means and what is covered for that premium by each firm. The evaluation committee also contacted the three references that the responding firms were required to submit. He stated that the Administration requests guidance from City Council as to their tolerance for risk. He questioned whether Council would prefer to avoid losing money at all costs; or, if opting for a lower premium, Council will tolerate the accompanying risk.

He noted that the bids represent two pool and one pure insurance concept. He explained that in a pool, risk is shared among all members; while with pure insurance, the risk is between only the City and the insurance company. In the event of a year with high claims, pure insurance does not share risk with those that have a good year. Likewise, in a good year, risk is shared with those in the pool that might have had a bad year. He noted that back in 1984, insurance companies cancelled municipalities in Michigan. He commented that it is quite unusual to not be accepted in a pool.

Mr. Sawdon reviewed the proposals, noting that the City has had generally good experience with MMRMA, the current provider. He stated that MMRMA's premium proposal was the highest, had a limited ability to select legal counsel, and required a 90-day termination notice. He mentioned that because of this 90-day notice, the RFP was issued in October in order to allow enough time for proposal review and notice to be provided for MMRMA's termination for the July renewal date. He stated that many of the private firms would not commit to a proposal that far in advance.

He noted that the Michigan Municipal League's (MML) bid is also pool-based. He reviewed their proposal, noting that their claim adjusters are located within the county, the MML's administration is located in Lansing, a 60-day termination notice is required, and their premium was the second-highest. He mentioned that the City has no experience with them and does not know if claims processing is efficient.

He highlighted Nickel & Saph's (N&S) proposal, explaining it is a pure insurance program which is related to the City's experience and claim history. The City would have flexibility in picking legal defense and could save the City money. N&S's premium was the lowest. N&S's proposal is a pure insurance program underwritten by an insurance company that has an "A" rating. As it is not a pool program, should the City have an excessively bad year, there would be a risk of cancellation. The City would not receive a return of premium paid should it have a good year; however, the City's experience would affect future rates. He noted that it is not known where the claims adjusters are actually located, commenting that it is easier to deal with adjusters that are relatively close. He commented that the City has no experience with the firm.

Mr. Sawdon reviewed the eight events that were posed to the bidders and highlighted their varied responses, noting the coverage and costs to the City for each scenario. Scenarios included the City's denial of a demolition permit because a property was designated historic, landlord-tenant coverage with a long-term lease arrangement of a City building to a non-profit, acts of omission of the Oakland County Sheriff's Department (OCSD), injury to a volunteer at a City-sponsored community event, destruction of a City fire truck with a need for replacement and rental coverage, sewer backups, alleged EMT malpractice, and a crash resulting from a high-speed police chase.

He noted that all three qualified bidders were given the opportunity to review the City's contract with the OCSD. The current provider noted that it is familiar with the contract and the City would be covered. MML's response was not clear as to coverage under their program. While N&S's response appears to state that the City would be covered, they also suggested that the City would have the ability to purchase a Law Enforcement add-on. N&S also noted that a volunteer policy could be purchased. He mentioned that N&S's proposal has an aggregate cap of \$15 million.

Public Comment:

Steven Saph Jr., representing Nickel & Saph, 68 Clinton Street, Mount Clemens, introduced himself as a Principal of the agency, and explained that the agency has been in existence since 1929, with current management in place since 1970.

He reported that N&S insures over 35 public entities in Michigan. The Trident Program operates nationally and has 2,500 clients. He commented that the program has a substantially lower deductible for liability claims and is not a dividend program. He stated that rates are developed from the collective experience of the pool of their client base. He mentioned that N&S is located in downtown Mount Clemens and is the first-responder for loss control, and claims adjusters are within the state. He noted that N&S has an extremely-sophisticated web-based system and physical inspections are provided by Trident. N&S provides seminars for safety-training to clients in the areas of playground safety, employment-related practices, collective bargaining, claim investigations, Michigan Occupational Safety and Health Administration (MIOSHA) concerns, and additional-insureds in contracts and what those insurance certificates should include. He commented that this was the first time in twenty years that a community requested a claims scenario and stated that he is proud of his firm's responses noting that N&S had the lowest out-of-pocket expenses based on the scenarios presented.

Council Discussion:

President Hooper questioned whether July 1 is the anniversary date for the policy, if the rates quoted in the proposals are annual rates, what MMRMA's rate trend has been, and what the liability cap would be for the different proposals.

Mr. Sawdon responded that July 1 is the renewal date, the premiums quoted were annual, and a list of the City's buildings was provided for the quote. He noted that MMRMA's price has been creeping upward with a recent increase of nine percent. He mentioned that there is a \$15 million cap per event for MMRMA and MML and noted that N&S's quote included a \$15 million aggregate cap for liability coverage.

Mr. Yalamanchi questioned whether members of the City's Boards, Commissions and Committees were considered volunteers and how much additional coverage for these individuals would cost.

Mr. Sawdon responded that in certain situations, Board, Commission or Committee members would be covered under the Public Officials section and stated that those individuals that volunteer at events such as the Fireworks Festival would be considered volunteers. He commented that he could obtain additional information for coverage costs for a volunteer policy.

Mr. Yalamanchi stated that he would not consider MML's proposal any further and commented that the Administration should continue with a review of the MMRMA and N&S proposals. He requested Mr. Sawdon explain MMRMA's stop-loss cap.

Mr. Sawdon responded that the City chose to cap the amount of exposure of the Self-Insurance portion. If five events occur in a year that tap the Self-Insurance Retention fund for \$150,000 each, once the losses hit \$458,000, the City stops paying and the stop-loss policy takes over.

Mr. Yalamanchi noted that with N&S, it would be \$25,000 no matter what. He questioned whether the City's experience has taken it close to the caps.

Mr. Sawdon responded that the City has not come close to the cap amounts, commenting that a \$2 million payment was the largest to date. He cautioned, however, that this could change.

Mr. Yalamanchi suggested the City consider opting for the lower cost policy and use the difference in premium to set up an insurance losses fund.

Mr. Sawdon mentioned that MMRMA's proposal did provide the City with a two-year premium, if it chose to stay with MMRMA.

Mr. Klomp commented that both pool-based programs required longer notices of termination. He stated that N&S makes the most sense, but acknowledged that there are many factors to consider including the fact that N&S's program is not pool-based.

Mr. Sawdon responded that typically with a pool-concept, the City would remain in until it chooses to leave; and at that time, it would have to render a notice of termination. In the instance of a pure premium program, at renewal time, either the policy is renewed or it is not. He commented that he wished that there were other pure insurance quotes for comparison, but noted that with the long lead-time required, there were no others responding.

Mr. Pixley stated that he would concur with considering MMRMA and N&S further. He questioned whether the City could return to a pool-based system if it was cancelled from a pure insurance program.

Mr. Sawdon responded that it could, however, a down-side to leaving the MMRMA pool is that the City would lose its advantage as one of the founding members of the pool with a high stake in equity. As such, the City receives a higher level of distribution than newcomers to the pool. If the City leaves the pool and returns, it would move down in status.

Mr. Pixley questioned whether the City's last two years of actual events could be re-cast with MMRMA and N&S.

Mr. Sawdon stated that it could.

Mr. Brennan concurred with continuing review with MMRMA and N&S and questioned whether N&S would provide a two-year premium amount.

Mr. Yalamanchi questioned whether N&S could raise the aggregate liability to \$25 million.

Mr. Sawdon responded that N&S was asked if it was possible to uncap the aggregate, and they responded that it was not, as the program quoted has an aggregate of \$15 million.

President Hooper questioned whether one bad year after five good years could trigger termination and how premiums would be affected.

Mr. Saph responded that the insurance industry survived the shock of the events of 9-11, noting that the crisis impacted all communities. He stated that he was very proud that the traditional insurance programs have maintained their position and posture to provide coverage to communities. He noted that he has been in the industry since 1983 and has not handed a notice of cancellation from this carrier to any of his public clients. He commented that there would be adverse impact and repercussions to cancel someone and that decision would be made with deep thought and review. He stated that premiums could go up or down based on experience. He explained that there are two types of claims in the industry: frequency and severity. He commented that if an insured experiences 15 claims all related to employment practices, such as harassment, the premium would be impacted. The shock-loss type of claim is something that the carriers can absorb. He noted that their cover letter committed to a guarantee of pricing for the second and third years. He pointed out that volunteers are covered for liability in the event that someone sues them; however, if a volunteer is injured and has a medical bill, no reimbursement would be provided. He mentioned that a policy covering accidental death and dismemberment could be added to address medical expenses for volunteers. He noted that N&S covers five lines of liability; each of those lines of liability has a dedicated occurrence limit of \$15 million and an aggregate limit of \$15 million. Each of those liability limits are dedicated to damages; the payment of defense expenses are outside of those damages. If a litigated matter goes on for many months, by the time the case is resolved, whether the City is deemed at fault or not, several hundred thousand dollars of litigation expenses could be realized. Those expenses are outside of the limits of liability and will not reduce the available limits to pay damages. That is another buffer to protect those limits of liability. He commented that while limits in excess of \$15 million could be explored, he does not have a community that buys up to limits over \$15 million. He mentioned the various communities covered by the firm.

President Hooper questioned whether the claims adjusters are locally-based and whether the policy includes any Workman's Compensation insurance.

Mr. Saph responded that the physical adjusters are local, however, processing is done out of the state. He commented that he is available during daytime hours at his office to answer questions.

Mr. Sawdon responded that Workman's Compensation insurance is separate and not a part of this proposal.

Mr. Rosen concurred with continuing review with MMRMA and N&S and with reviewing the last three to five years of actual experience. He questioned whether the difference in premium cost is actually reflective of differences in risk.

Mr. Sawdon responded that when reviewing the eight scenarios of events, the differences in risk could be better understood. He commented that after reviewing the risk scenarios, he feels more comfortable with the lower quote. He noted that the pool concept causes those with lower risk to help support those with higher risk.

Mr. Rosen commented that for further review, it would also be prudent to determine the longevity benefit in staying with the MMRMA.

Discussed.

COUNCIL COMMITTEE REPORTS

Rochester Avon Recreation Authority (RARA):

Mr. Klomp noted that the position of RARA Director has been posted.

Brownfield Redevelopment Authority:

Mr. Webber reported that Steve McGarry was elected Chairperson and Thomas Turnbull was elected Vice-Chairperson at the BRA's meeting on January 20, 2011.

Police and Road Funding Technical Review Committee (PRTRC):

Mr. Webber reported that the PRTRC would meet on February 2, 2011 to review recommendations made by the Committee in early 2009.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

Special Meeting - Monday, January 31, 2011 - 7:00 p.m.; Regular Meeting - Monday, February 7, 2011 - 7:00 p.m.

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 10:26 p.m.

GREG HOOPER, President
Rochester Hills City Council

JANE LESLIE, Clerk
City of Rochester Hills

MARY JO WHITBEY
Administrative Secretary
City Clerk's Office

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