



Rochester Hills Minutes City Council Special Work Session

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

Thursday, August 24, 2006

7:30 PM

1000 Rochester Hills Drive

DRAFT

In accordance with the provisions of Act 267 of the Public Acts of 1976, as amended, the Open Meetings Act, notice was given that a Special Rochester Hills City Council Work Session would be held on Thursday, August 24, 2006, at 7:30 p.m. for the purpose of discussing the proposed 2007 Budget.

CALL TO ORDER

President Rosen called the Special Rochester Hills City Council Budget Work Session Meeting to order at 7:41 p.m. Michigan Time.

Others Present:

*Ed Anzek, Director of Planning/Development
Bryan Barnett, Mayor
Scott Cope, Director of Building/Ordinance Enforcement
Ron Crowell, Fire Chief
Kurt Dawson, Director of Assessing/Treasurer
Julie Jenuwine, Director of Finance
Pam Lee, Director of Human Resources
Jane Leslie, City Clerk
Roger Rousse, Director of DPS/Engineering
Robert Smith, Captain - Oakland County Sheriff's Department*

ROLL CALL

Present: Erik Ambrozaitis, Jim Duistermars, Barbara Holder, Greg Hooper, Linda Raschke, James Rosen and Ravi Yalamanchi

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

Mr. Lee Zendel, 1575 Dutton Road, expressed his support for increased police protection, noting that according to the FBI, the City should have at least 84 patrol officers. He also expressed his opposition to any privatization of the City's emergency medical services.

Mr. Yalamanchi expressed concern that his questions during the budget process had resulted in a defensive response from members of the City's administration. He stressed that his primary concern is for the residents of Rochester Hills and requested that the administration foster greater communication with City Council. He specifically noted the apparent reluctance to have the emergency dispatch service evaluated by an outside consultant.

Mr. Ambrozaitis agreed with Mr. Yalamanchi, and noted his concern that the Oakland County Sheriff's Department services were not properly funded. He requested a list of

the top 25 salaries of City employees to include all compensation including overtime and bonuses.

Mayor Barnett stressed that he encourages the type of discussion that had taken place during the budget process, and pledged his commitment to open communication between City Council and his administration. He clarified that the seeming large increase in salaries was a result of nearly three years of retroactive pay resulting from the conclusion of union negotiations. He also noted some of the "out of the box thinking" on behalf of the administration in an attempt to save tax dollars.

President Rosen expressed his belief that the budget process had progressed well thus far, with Council members asking appropriate questions.

Mr. Duistermars noted that he does not agree with changing processes that are "tried and true" simply for the sake of innovation.

PROPOSED 2007 BUDGET DISCUSSIONS

2006-0620 Discussion - Internal Service Funds - 2007 Budget

Attachments: 0620 Resolution.pdf

FACILITIES FUND

Facilities Fund (631) \$5,074,620

- Maintain the renovated City Hall at a Facilities Condition Index (FCI) of less than 0.05.
- Prepare a Facilities Master Plan to determine current and future building needs; redundancies in building space use; the effect of rising utility costs on building design and operations; and how changing legislation will affect building operations.
- Increase use of the Metasys Energy Management systems at City Hall and the Sheriff's Substation for improved monitoring of equipment operation and energy consumption.
- Continue training of Facilities' staff in preventative maintenance of building equipment.
- Continue the planning, design and construction for improvements based on the following projects listed:
 - * FA-03C - Van Hoosen Jones Cemetery / Development - Construction
 - * FA-03E - Van Hoosen Jones Cemetery / Chapel - Construction
 - * FA-13E - Fire Stations / Vehicle Emission Extraction System - Construction
 - * FA-13F - Fire Station 1 / Kitchen Remodel - Construction
 - * FA-13H - Fire Station 3 / Roof Repairs - Construction
 - * FA-13I - Fire Station 5 / Parking Lot Repairs - Construction
 - * FA-07B - Facilities Master Plan
 - * Borden Park / Maintenance Building Floor - Construction
 - * Borden Park / Maintenance Building Improvements - Construction
 - * Borden Park / Central Irrigation Control - Construction
 - * City Hall / Mechanical Room Floors (3) - Construction
 - * Fire Station 1 / Condenser Replacement - Construction
 - * Museum / Chimney Repairs - Construction
 - * City Hall re-lamping
- Budget reduced by 6% mostly due to a decrease in capital outlay.

Ms. Jane Leslie, City Clerk, explained that the original cost of \$169,000 for a Cemetery Chapel was intended for a combined storage facility and chapel. As those plans have been revised, a reduced budget of approximately \$60,000 for a chapel only is now recommended.

President Rosen suggested that approximately \$75,000 would be an appropriate budgeted amount for the chapel.

Mayor Barnett stressed that the monies from the Perpetual Care Fund are from the sale of cemetery lots and do not represent tax dollars.

Mr. Ambrozaitis stressed the need to retain the money in the Perpetual Care Fund for its intended uses.

Resident Melinda Hill, 1481 Mill Race, agreed that Perpetual Care Fund money should not be used to construct a chapel.

Mr. Roger Rouse, Director of DPS/Engineering, provided the following explanations for the 1) City Hall re-lamping, 2) Mechanical Room floor improvements, and 3) Facilities Master Plan:

- The light bulbs in City Hall have life cycles that will cause them to burn out at approximately the same time. Thus, they plan to be proactive in replacing them all at once as a cost saving measure in terms of labor.
- The new floor covering for the mechanical rooms in City Hall is a non-slip design for wet surfaces and will increase safety.
- The Facilities Master Plan is intended to inventory all City buildings in an effort to identify needed repairs and maintenance in a proactive manner. This is intended to save the City money in the long run. As City staffing is at a minimum, this will require the services of an outside consultant.

FLEET FUND

Fleet Fund (661) \$3,449,630

- Continue to work with the DPS Facility architect and construction manager to refine the plans and layout for the proposed building renovation, in order to improve upon the efficient processes for the fleet maintenance function.
- Improve the tracking and accuracy of fleet specific performance and workload indicators by researching options.
- Ensure that the vehicles and equipment, which were scheduled for replacement, due to the local roads funding situation are being kept beyond their life cycle, are safe and reliable at the lowest possible cost.
- Provide training for mechanics for the maintenance and repair of new fire apparatus and maintain EVT (Emergency Vehicle Technician) certifications at levels I, II and III (master).
- Provide increased training for mechanics for the maintenance and repair of City vehicles and equipment. Because of budgetary constraints in regards to training in recent years, mechanics have fallen behind in keeping up-to-date with rapidly changing technological advances.
- Research the feasibility and options for the implementation of a "Paperless Shop"

module to the computerized maintenance system which will improve accountability, productivity and accuracy of vehicle life cycle costing.

- Budget increased by 25% due to increase in replacement capital.

Mr. Rousse noted that the proposed budget reflects the replacement of vehicles that had been deferred in previous years.

Ms. Julie Jenuwine, Director of Finance, explained that when vehicles are depreciated and then sold at auction, those funds are accounted for through the budget amendment process.

Mr. Rousse indicated that, while some vehicles can be utilized for a time beyond their scheduled replacement, there reaches a point of diminished returns in terms of increased maintenance costs. He stressed that, as City vehicles are very well maintained, they fetch a very good price at auction.

Mr. Ambrozaitis questioned whether providing uniforms to DPS workers is common practice.

Mr. Rousse noted that he believed it was common across all municipalities, noting that DPS work is often "a dirty, difficult job."

Mr. Yalamanchi questioned whether the City had ever considered leasing vehicles for City uses.

Mr. Rousse explained that the option of leasing vehicles had been explored in the past, but was deemed not cost effective primarily due to all of the maintenance requirements prior to returning the leased vehicles.

Discussed

2006-0617

Discussion - Debt Service Funds - 2007 Budget

Attachments: 0617 Resolution.pdf

DEBT SERVICE FUNDS

Local Street / 2001 Series (313)

- The Local Street Improvement Bond fund - 2001 Series is used to account for the annual principal and interest payments of the 2001 Local Street Improvement Bond Debt.

- This debt issue of \$2.365 million was used to support the 2001 Local Street Improvement Program. The source of revenue to pay the annual debt payments comes from a Transfer-In from the Local Street Fund. This debt issue is payable through fiscal year 2016. Interest Rates range from 3.25% to 4.60%.

Local Street (SAD) / 2001 Series (314)

- The Local Street Improvement Special Assessment District (SAD) Bond Fund - 2001 Series accounts for the payment of debt created for the improvements of specific local streets including the Avon Hills / Relyea Acres, Klem Gardens / Hillcrest and South Boulevard Subdivisions.

- This debt issue of \$2.475 million was used to support the 2001 SAD paving of the Avon Hills / Relyea Acres, Klem Gardens / Hillcrest and South Boulevard Subdivisions. The sources of revenue to pay the annual debt payments comes from special

assessment collections and from a Transfer-In from the Local Street Fund. This debt issue is payable through fiscal year 2016. Interest Rates range from 2.60% to 4.70%.

- As of July 31, 2006, the outstanding amount of the SAD is 28%. The early amount of payoffs is attributable to refinancing due to recent favorable mortgage interest rates. Public Improvement Special Assessment Bonds are expected to be repaid from assessments collected from the benefiting landowners. However, if such collections are insufficient to repay the debt, the debt is secured by the full faith and credit of the City.

Local Street / 2002 Series (325)

- The Local Street Improvement Bond Fund - 2002 Series is used to account for the annual principal and interest payments of the 2002 Local Street Improvement Debt.

- This debt issue of \$4.600 million was used to support the 2002 Street Improvement Program. The source of revenue to pay the annual debt payments comes from a Transfer-In from the Local Street Fund. This debt issue is payable through fiscal year 2017. Interest Rates range from 3.00% to 4.50%.

Drain Debt Fund (331)

- The mission of the Drain Debt Fund is to account for the annual payment of principal and interest of debt service created by the construction of Chapter 20 Drains.

- Revenues are generated from tax levies, and expenditures are made for principal and interest. These county bonds payable represent the City's annual pro rata share of storm sewer construction and improvement bonds issued by Oakland County. Payment is secured by the full faith and credit of the City.

Local Street (SAD) / 1994 Series (337)

- The Local Street Improvement Special Assessment District (SAD) Bond Fund - 1994 Series accounts for the payment of debt created for the improvements of specific local streets including the Eysters Avon, Juengels Orchard and Glidewell Subdivisions.

- This debt issue of \$2.105 million was used to support the 1994 paving of the Eysters Avon, Juengels Orchard and Glidewell Subdivisions. The sources of revenue to pay the annual debt payments come from special assessment collections and from a Transfer-In from the Local Street Fund. This debt issue is payable through fiscal year 2009. Interest Rates range from 4.75% to 7.75%.

- As of July 31, 2006, the outstanding amount of the SAD is 2%. The early amount of payoffs is attributable to refinancing due to recent favorable mortgage interest rates. Public Improvement Special Assessment Bonds are expected to be repaid from assessments collected from the benefiting landowners. However, if such collections are insufficient to repay the debt, the debt is secured by the full faith and credit of the City.

Local Street (SAD) / 1995 Series (338)

- The Local Street Improvement Special Assessment District (SAD) Bond Fund - 1995 Series accounts for the payment of debt created for the improvements of specific local streets including the Gilsam, Belle Cone and Sunnydale Subdivisions.

- This debt issue of \$2.100 million was used to support the 1995 paving of the Gilsam, Belle Cone and Sunnydale Subdivisions. The sources of revenue to pay the annual debt payments come from special assessment collections and from a Transfer-In from the Local Street Fund. This debt issue is payable through fiscal year 2010. Interest Rates range from 4.25% to 7.25%.

- As of July 31, 2006, the outstanding amount of the SAD is 3%. The early amount of payoffs is attributable to refinancing due to recent favorable mortgage interest rates. Public Improvement Special Assessment Bonds are expected to be repaid from assessments collected from the benefiting landowners. However, if such collections are insufficient to repay the debt, the debt is secured by the full faith and credit of the City.

OPC Building Debt (368)

- The Older Persons Commission (OPC) Building Bond Debt Fund accounts for the paying of the annual principal and interest payments for the City of Rochester Hills portion of the bond issue.

- This City of Rochester Hills share is \$9.770 million of the \$14.000 million total debt issue which was sold in September 2001. Revenues are generated from tax levies, and expenditures are made for principal and interest. This debt issue is payable through fiscal year 2021. Interest Rates range from 3.50% to 5.00%.

- The OPC Building Debt Millage was approved by the voters of Rochester Hills on November 7, 2001 with an unlimited millage allowance for twenty years through fiscal year 2021 in order to pay annual principal and interest payments associated with the debt associated with the construction of the Older Persons Commission Building. In fiscal year 2007, it is proposed to levy 0.2012 mills to pay the current portion of interest and principal due on this debt issuance.

Municipal Building Debt (370)

- The Municipal Building Bond Debt Fund accounts for the paying of the annual principal and interest payments of the bond debt issued for the renovation and expansion of the City of Rochester Hills Municipal Offices.

- In March 2002, the City of Rochester Hills issued a \$9.500 million debt issue for the renovation and expansion of the City Municipal Office. The Building Authority is used as the mechanism for the annual payment of principal and interest. The source of funding for the annual debt service payments is a Transfer-In from the General Fund. This debt issue is payable through fiscal year 2021. Interest Rates range from 3.125% to 4.75%.

Refunding Bond / 1998 Series (391)

- The General Obligation Refunding Bond Fund - 1998 Series accounts for the annual payments of principal and interest created by refunding the remaining portion of Series 1989, 1990A and 1990B bonds. (Parks and Museum Bonds, Parks and Recreation Bonds and Library Building Bonds.)

- Three funds were eliminated in 1998 by the refunding of these debt issues. Revenue is generated from tax levies, and expenditures are made annually for principal and interest. In 1998, the City defeased certain general obligation bonds by placing the proceeds in an irrevocable trust to provide for debt service retirement of the old bonds. This debt issue is payable through 2010, with interest rates ranging from 3.90% to 4.90%.

- In fiscal year 2007, it is proposed to levy 0.0501 mills to pay the current portion of interest and principal due on this debt issuance.

Refunding Bond / 2002 Series (392)

- The General Obligation Refunding Bond Fund - 2002 Series accounts for the annual payment of principal and interest created by refunding the callable portion of Series 1989, 1990A and 1990B bonds. (Parks and Museum Bonds, Parks and Recreation Bonds, and Library Building Bonds), subsequently refunded in 1993.

- Revenue is generated from tax levies, and expenditures are made for principal and interest. In 2002, the City defeased certain general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The Refunding Bonds are payable through 2008, with interest rates ranging from 2.00% to 3.50%.

- In fiscal year 2007, it is proposed to levy 0.3292 mills to pay the current portion of interest and principal due on this debt issuance.

Mr. Yalamanchi suggested that, as there appears to be enough money in fund balance to pay off the Local Street (SAD) / 1994 Series and Local Street (SAD) / 1995 Series, the remainder of funds be moved to the Local Street Fund to be used in 2007.

Ms. Jenuwine explained that that would be the case once the final bond payments are made in 2009 and 2010.

Resident Melinda Hill, 1481 Mill Race, reminded Council that the use of Debt Fund fund balance dollars for local streets was part of the previous year's plan to address the local roads issue in conjunction with the failed local roads millage.

Discussed

2006-0616

Discussion - Special Revenue Funds - 2007 Budget

Attachments: Budget Workshop Presentation Schedule.pdf; 0616 Resolution.pdf

MAJOR ROAD FUND

Major Road Fund / Revenue (202)

- Increase community involvement and public education to promote the need for an adequate funding source in order to manage the needs, priorities and strategies for operation, maintenance and rehabilitation of the City's Major Road System.

- Implement the Major Road Improvement Plan as detailed in the Capital Improvement Plan.

- Act 51 revenue projected to remain flat at \$3.1 million.

- Transfer from General Fund proposed at 0.1000 mill.

- Use of \$3.7 million of fund balance toward construction projects.

Construction (452) \$6,247,050

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

- * MR-01B - Crooks Road (Auburn to M-59) - Construction
- * MR-01C - Crooks Road (South Boulevard to Auburn) - Construction
- * MR-01D - Crooks Road at Auburn (Eastbound Right-Turn Lane) - Construction
- * MR-02A - Hamlin Road (Crooks to Livernois) - Engineering & ROW Acquisition
- * MR-05A - Adams Road Relocation - Construction
- * MR-16B - Auburn (Goldfinch to Grant) request to withdraw
- * MR-20A - Grandview at Tienken (Traffic Signal & Road) - Engineering
- * MR-23B - Meadowfield Drive Reconstruction - Engineering & Construction
- * MR-26C - Livernois Irrigation System - Construction plus Landscaping - Awaiting

approval from the State of Michigan

- * MR-30 - John R Rehabilitation (Hamlin to Auburn) - Construction
- * MR-31 - John R Rehabilitation (Auburn to South Boulevard) - Construction
- * MR-40 - Tienken Road Corridor Improvements - Engineering
- * MR-44 - Powderhorn Ridge Reconstruction - Engineering & Construction
- * MR-49C - Avon Road (Princeton to Grovecrest) - Construction

Routine Maintenance (462)

- Research the use of alternative de-icing chemicals and application techniques to minimize cost and waste.
- Explore the cost benefit ratio of installing self-contained salt spreading mechanisms on dump trucks.
- Investigate the cost of utilizing GPS surface temperature devices to direct snow plowing operations.
- Evaluate alternate road rehabilitation techniques to minimize reconstruction and maintenance costs.
- Budget increased by 19.6% due to personnel costs, interfund Fleet charges and increased boulevard mowing and stump removal.

Traffic Service (472)

- Apply chloride for dust control with an application rate of 1,000 gallons per mile.
- Develop a method to control the unpermitted practice of landscape materials being dumped in roadways causing driving obstructions.
- Develop a Street Lighting Policy.
- Implement a street sign replacement program that uses life cycle analysis to determine replacement dates.
- Update primary route street signs to meet updated size requirements.
- Budget increased by 9% due to increased cost for electric traffic device maintenance.

Winter Maintenance (482)

- Clear all major roads of snow and ice within 48 hours after a major snow storm.
- Clear drainage structures that contribute to ice accumulation on roadways within 24 hours of notice.
- Communicate winter road conditions through the City's website.
- Coordinate snow removal operations with adjoining communities to maintain continuity of major thoroughfare access.
- Budget increased by 9.5% due to personnel costs and de-icing materials (salt, etc.).

Administration (492)

- Provide incentives for employees to attend the Michigan Public Service Institute on Customer Service.

- Attend ten (10) homeowner association meetings to discuss Major Road traffic issues within the City.

- Participate in the Traffic Improvement Association Community Outreach program on regional traffic operations.

- Budget reduced by 18% due to Master Thoroughfare Plan in 2006 and decrease in allocated interfund charges for General Fund Administration and Insurance.

Council members questioned some of the projects listed and suggested road improvements they would prefer to see undertaken.

Mr. Rousse explained the various reasons for changes in project scope, primarily noting increased costs.

Mayor Barnett and **Mr. Hooper** reminded Council members that these projects had gone through the CIP process and ranking. Mr. Hooper cautioned his colleagues that the budget process is not the appropriate forum to begin discussions on new road projects. He stressed that Council should use the tools that are in place such as the CIP process for such matters.

President Rosen agreed with Mr. Hooper that "budget time is not the time to second guess the CIP process.

Resident Melinda Hill, 1481 Mill Race, indicated a need for improved maintenance of boulevards, suggesting the use of drought tolerant plantings. She then questioned the \$75,000 budget item for engineering on Tienken Road when no construction is planned for four years beyond the bridge replacement.

Mr. Rousse explained that the Tienken Corridor runs between Livernois Road and Sheldon Road, not just the section where the bridge replacement is taking place.

Discussed

(Recess 9:17 p.m. - 9:28 p.m.)

2006-0616

Discussion - Special Revenue Funds - 2007 Budget

Attachments: Budget Workshop Presentation Schedule.pdf; 0616 Resolution.pdf

LOCAL STREET FUND

Local Street Fund / Revenue (203)

- Increase community involvement and public information to demonstrate the need for an adequate funding source to manage the needs, priorities and strategies for operation, maintenance and rehabilitation of the City's neighborhood streets.

- Budget increased by 53% due to the following:

- * \$1.0 million use of Fund Balance.
- * \$1.2 million in Act 51 revenue.
- * \$3.4 million in Transfers-In from General Fund.

Construction (454)

- Amend the existing policy for paving of gravel roads through the use of Special

Assessment Districts (SAD) to reflect the current funding levels for local streets.

- *Shadow Woods Subdivision rehabilitation.*
- *Budget increased by 99%.*

Routine Maintenance (464)

- *Create an inventory of locations for local street repairs to incorporate into the 2008 Local Street Repair Program.*
- *Budget increased by 51%.*

Traffic Service (474)

- *Implement a paperless work order system to improve work processes and to assist in the coordination of data migration for the sign inventory system.*
- *Budget increased by 6%.*

Winter Maintenance (484)

- *Revise plow route maps as necessary to increase the efficiency of winter maintenance activities.*
- *Budget increased by 11%.*

Administration (494)

- *Budget increased by 48%.*

Mayor Barnett discussed his plan for the repair of the roads in Shadow Woods subdivision. He noted that the administration had analyzed several different methods and eventually came to a compromise with a "middle-of-the-road" proposal that addresses the major problems.

Mr. Ambrozaitis expressed his support for the Shadow Woods road repair project and stated that he would like to see Cumberland Hills' roads addressed in 2008.

Mr. Hooper again noted that a process must be followed to make such determinations as to which subdivision might be next for street repair and/or resurfacing.

Mr. Rouse assured Council that, barring any unforeseen circumstances, the monies budgeted for the Shadow Woods project are adequate.

Ms. Holder, noting that residents have made it clear that they will not support a local roads millage, stressed the need for a solution that will address all of the roads in need of repairs in the City.

Resident John Strzalka, 2777 Winter Park, a resident of Shadow Woods, expressed his appreciation for the proposed repairs to his subdivision, but also cautioned Council that the condition of the City's local roads will continue to degrade unless an overall, long-term solution is found.

Mayor Barnett acknowledged that the Shadow Woods plan is a "one shot solution" that does not address the greater problem of all local roads. He noted that Cumberland Hills had also been examined by the administration and due to the differences between the two subdivisions, it was not feasible to approach that project. He stressed that "it's much more than simply putting a name on a sub and attaching a year. It requires a

plan." He noted that initial cost estimates to address the problems in Cumberland Hills ranged from \$3 to \$7 million dollars. He indicated that the administration and Council need to continue to work towards an overall solution to the local roads problem.

Resident Lee Zendel, 1575 Dutton Road, cautioned Council and the Mayor that if the Shadow Woods project goes forward, other residents will be less likely to support solutions that could benefit the entire City. He questioned what the life cycle for Shadow Woods roads would be as a result of this plan.

Mr. Rousse estimated that the roads would not require heavy maintenance for approximately 20 years.

Resident Melinda Hill, 1481 Mill Race, while noting her sympathy for the residents of Shadow Woods and acknowledging the need for road improvements in that subdivision, expressed her concern that this course of action, to take monies from the General Fund for this project, is a mistake and if the City continues down this path could lead to bankrupting the General Fund.

Ms. Holder dismissed the possibility of using Special Assessment Districts (SAD) to address the problem, as they would ultimately cost residents more than the previous millage request would have. She described her suggestion that was discussed during a previous joint meeting of three of the Communication Committees wherein the City would seek a City Charter amendment to establish a millage for police services, thus freeing up monies from the General Fund for local roads. She further noted that she prefers that Budget meetings not be televised, as she feels the meetings become a political forum and less productive when shown on television.

Mr. Duistermars warned that the Shadow Woods project would set a precedent, thus encouraging other subdivisions to demand the same solution to their road problems.

President Rosen noted that the City has set many contradicting precedents over the years. He noted that residents who bought their homes new in the City paid for the original construction of their roads with the understanding that the City would then maintain them. He questioned the fairness of making those same residents pay for their roads again.

Resident Strzalka reminded Council members that he and all of the residents of the City pay for the local roads when the City bonds for reconstruction. He stressed that it is their tax dollars that pay the debt service on those bonds.

Ms. Jenuwine explained the City has a policy to use debt financing one time only and when the financing will not exceed the life of the project for which the funds are procured. She stressed that debt financing for the ongoing problem of local road maintenance would clearly violate that policy.

Council members agreed that there needs to be a long-term, comprehensive solution to the local roads problem and that it needs to be developed as a joint effort among the City administration, the City Council and residents.

PATHWAYS

Pathway Maintenance Fund (214)

- Perform a GIS-based conditional survey inventory for the entire pathway system to locate and identify deficiencies in the network that can be repaired via the annual Pathway Rehabilitation Program (PW-09).
- Budget increased by 54%.

Ms. Jenuwine explained that the information in the proposed budget assumes the passage of the Pathways Millage ballot proposal. She noted that were the millage to fail, the budget would be amended. She further indicated that there is currently approximately \$2 million in fund balance that would last approximately three years.

Discussed

2006-0618 Discussion - Capital Funds - 2007 Budget

Attachments: 0618 Resolution.pdf

PATHWAYS

Pathway Construction Fund (403)

- Prepare contract documents and bidding specifications for the Pathway Rehabilitation Project (PW-09) of approximately \$250,000 (\$150,000 in CIP), largely consisting of HMA overlay work.

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

- * PW-02A - Hamlin Pathway (Crooks to Livernois) - Engineering
- * PW-06A - Auburn Pathway Gaps (Section 28) - ROW Acquisition & Engineering
- * PW-06B - Auburn Pathway (Section 26) - Construction
- * PW-07A - Adams Pathway (Section 31) - Construction
- * PW-09 - Pathway System Rehabilitation Program - Construction
- * PW-31 - John R Pathway (Auburn to South Boulevard) - Construction

Ms. Jenuwine noted that the DPS requested that the Pathway Rehabilitation Program be increased by \$250,000.

Resident Melinda Hill, 1481 Mill Race, questioned some of the planned Pathways to be paved, suggesting alternatives.

Discussed

2006-0616 Discussion - Special Revenue Funds - 2007 Budget

Attachments: Budget Workshop Presentation Schedule.pdf; 0616 Resolution.pdf

DRAIN MAINTENANCE FUND

Drain Maintenance Fund (244)

- Develop a comprehensive storm water management policy that defines the role of the City in storm water management issues and defines a mechanism for funding capital improvements, operations and maintenance of all drainage systems within the City.

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

- Continue compliance with the USEPA NPDES Phase II permitting requirements.

- Continue to participate and support the activities of the Storm Water Advisory Groups (SWAG) for the Red Run, Clinton Main, Stoney/Paint Creeks and the Rouge Main 1-2 Sub-Watersheds.

- Continue to participate and support the Alliance of Rouge Communities (ARC).

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

* SW-06 - East Ferry Drain - Construction \$800,000 (total project \$1.6 million).

- Budget reduced by 43% due to reduction in capital work and reclassification of personnel to other funds.

Mr. Yalamanchi acknowledged that Council had received a written communication from the Mayor and noted that it was clear the City could not continue to levy the Drain Maintenance Millage; however, he questioned whether there was an issue relating to the City having collected the millage for twenty years.

Ms. Jenuwine explained that she had received an opinion from the City's Bond Attorney indicating that, as the City had not been levying at the General Levy Headlee Maximum there is no refund necessary because "the gap between the actual levies in the past years and the actual Headlee ceiling was a large enough gap that that maintenance millage fit in that gap."

Resident Melinda Hill, 1481 Mill Race, questioned whether there would be an explanation to the residents as to how this millage was levied for twenty years. She stated, "Council doesn't, on its own whim, decide to levy taxes."

President Rosen and **Mayor Barnett** assured the residents that more information on this matter would be forthcoming following further research.

Discussed

2006-0619

Discussion - Water & Sewer Funds - 2007 Budget

Attachments: 0619 Resolution.pdf

WATER & SEWER OPERATING FUND

Sewer / Operating & Maintenance (510)

- Implement maintenance and rehabilitation of system deficiencies identified in the Sanitary Sewer Evaluation System (SSES) infiltration/inflow studies.

- Utilize the City's Geographic Information System (GIS) to develop an asset management program for determining life cycle cost of sewer facilities so that usage rates can accurately reflect the cost of service.

- Clean approximately 476,000 feet of the sanitary sewer system in an on-going preventative maintenance cleaning program, while inspecting and flushing known problem areas after storms in order to prevent sewer blockages and assure properly functioning sanitary sewers.

- Provide confined space training for all employees who may be required to enter a manhole, wet well, or lift station.

- Complete the Grant Pump Station improvements.

- Assist the Oakland County Drain Commission with the implementation of the MARS (metering and reporting system) project. The project objective is to compile a data base comparing wet weather conditions to sewer flows so that infiltration and inflow can be measured and corrected.

- Comply with the Environmental Protection Agency Safe Water Act requirements. CMOM (capacity, management, operating and maintenance) provisions. The mandate requires the demonstration of best management practices to avoid sanitary overflows.

- Budget reduced by 32% due to one time sweep of monies to Water & Sewer Capital Fund and depreciation now booked in Capital Fund.

Water / Operating & Maintenance (530)

- Utilize the City's Geographic Information System (GIS) to develop an asset management program.

- Under the EPA's Stage 2 DBP rule, conduct an evaluation of the City's water distribution system, known as an Initial Distribution System Evaluation (IDSE), to identify the locations with high disinfection by-product concentrations. The locations will then be used as sampling sites for Stage 2 DBP rule compliance monitoring.

- Work with the Road Commission of Oakland County (RCOC) to replace the existing water main along Crooks Road from the south side of M-59 to South Boulevard as part of the Crooks Boulevard Improvement project.

- Upgrade the security of significant water facilities throughout the City.

- Continue to install automatic meter reading technology within the City.

- Implement a program to check, test and repair three-inch and larger water meters to assure that correct revenues are being realized from high-volume users.

- Budget reduced by 42% due to one time sweep of monies to Water & Sewer Capital Fund and depreciation now booked in Capital Fund.

Water & Sewer / Capital (593) \$14,444,540

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

- * SS-02A - Sanitary Sewer Evaluation Study - Engineering
- * SS-24 - Large Sewer Video Camera
- * SS-25 - Sewer Video Camera Software
- * Miss Dig penetrating ground radar
- * WS-01B - Crooks Road (M-59 to Auburn) - Construction
- * WS-01C - Crooks Road (Auburn to South Boulevard) - Construction
- * WS-02A - Hamlin Road (Crooks to Livernois) - Engineering
- * WS-30 - Water Meter / Radio Read System (Split between Water and Sewer)
- * WS-31 - John R Reconstruction Watermain Replacement - Construction
- * FA-04 - DPS Facility - Construction
- * SS-21 - York Road Sewer Extension (Not Included / Project Timeline Revised)
- * WS-10B - Austin Drive Watermain Extension (Not Included in Proposed)

Mr. Rouse provided a brief description of the new meter reading process being implemented and its various benefits and cost savings.

Discussed

Attachments: 0619 Resolution.pdf

DEBT SERVICE FUNDS

Water & Sewer / Debt Service (595)

- Keep debt ratios at a minimum level in order to lessen the impact on user rates.
- Timely pay principal and interest payments due relating to the Extension #5 (Sheldon Road) Bond Issuance.

Discussed

2006-0621

Discussion - Component Unit Funds - 2007 Budget - EDC, LDFA, BRA, SmartZone, OPC, RARA

Attachments: 0621 Resolution.pdf

LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)

LDFA Fund (848) \$1,000,000 - ROW and Engineering

- Utilize incentive programs, supported by State law, such as a Local Development Tax Increment Financing (TIF) Program that encourages the reinvestment of monies to support high quality industrial and business parks.
- Examine the State's revision to the LDFA rules to determine if any advantages exist for revising our LDFA.
- Develop a database identifying all properties, structure improvements, business activities, and tax generation rates.
- Explore the potential for expanding (or decreasing) the LDFA district as projects are identified or as changes are needed.
- Meet with the LDFA Committee to discuss the Master Plan and prepare any recommended revisions based on current knowledge and funding.
- Explore the use of other state supported programs (including the LDFA) for use in other sections of the City.
- Explore the creation of a Businesspersons' Roundtable to seek input on matters of development, redevelopment, market trends and City promotion.

Mr. Ed Anzek, Director of Planning/Development, explained that it had been determined that, because the State changed the definition of qualifying companies, thus significantly increasing the revenue flowing into this fund, it was not necessary to transfer monies from the General Fund to the LDFA Fund. Mr. Anzek went on to discuss two projects: the engineering services for the Technology Drive extension, and Interchange Technology Park.

Mr. Yalamanchi requested a map of the LDFA area.

Mr. Anzek noted he would provide a map to all Council members.

Discussed

COMMENTS & ANNOUNCEMENTS

Ms. Holder, noting the length of time of the recent union contract negotiations, questioned whether this was standard, or whether the City would benefit in the future from the assistance of an outside consultant.

Mayor Barnett noted that the length of the negotiations was not uncommon, although he did acknowledge that it had lasted longer than previous negotiations. With regard to the recent budget discussions, he suggested that he and Ms. Jenuwine compile responses to outstanding Council questions raised during the three Budget meetings, which will be distributed to Council prior to the next Budget meeting on August 31st.

ANY OTHER BUSINESS

President Rosen, noting Mr. Yalamanchi's recent request for Council to reconsider the proposed Pathways Millage ballot language, explained that there would be very little opportunity for Council to meet and discuss the matter and still meet the County's deadline for certification of the language. He further noted that it did not appear that, even if Council called a special meeting, there was enough support to change the language.

It was, therefore, concluded that no special meeting would be called and the proposed ballot language would move ahead as originally approved.

NEXT MEETING DATE

- Special Meeting - Wednesday, August 30, 2006 at 7:30 p.m.
- Special Budget Work Session - Thursday, August 31, 2006 at 7:30 p.m.

ADJOURNMENT

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

*JAMES ROSEN, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARGARET A. MANZ
Administrative Secretary
City Clerk's Office*