



Rochester Hills

Minutes

City Council Regular Meeting

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

*Erik Ambrozaitis, J. Martin Brennan, Greg Hooper, 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, June 23, 2008

7:30 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Hooper called the Regular Rochester Hills City Council Meeting to order at 7:31 p.m. Michigan Time.

ROLL CALL

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

Others Present:

*Dan Casey, Manager of Economic Development
Julie Jenuwine, Director of Finance
Pam Lee, Director of Human Resources
Jane Leslie, City Clerk
Roger Moore, Professional Surveyor
John Staran, City Attorney*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Webber, seconded by Ambrozaitis, that the Agenda be Approved as Amended removing Legislative File 2007-0856, Review of Harding Road Property. The motion CARRIED by the following vote:

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

PUBLIC COMMENT

Bill Bidwell, 2055 Avoncrest, spoke against a T-Mobile cellular tower proposed to be placed on West Middle School property. He requested Council not approve

any requests for the tower and cited liability issues and health risks to school children and residents from exposure to electromagnetic fields. He felt that a cellular tower in this location could compromise the property values of nearby residents.

Lee Zendel, 1575 Dutton, stated that he recently visited a Marietta, Georgia subdivision where five waste haulers service the residents. He noted that their roads were not damaged and commented that he feels that climate and construction methods have more impact on roadway damage than the type of traffic. He stated that he has not had any response from area residents who have waste haulers in their subdivisions five days a week. He also stated that he reviewed the Request for Proposal (RFP) prepared by the City, and that this RFP raises the possibility that a single hauler will be chosen. He feels this is a monopoly that could drive the smaller haulers out of business.

Melinda Hill, 1481 Mill Race, inquired about the progress of work on some of the City's major roads, including Tienken Road. She asked if Council had any information as to the status of any Federal funding, or criteria for funding, for the improvements to this road.

Linda Goulet, 2031 Avoncrest, spoke against the proposed T-Mobile cellular tower at West Middle School. She stated that she is a Technology Research Manager for Comerica Bank, and that numerous towers already exist in the city that could meet T-Mobile's needs. She cited health risks and property value impacts as reasons to not allow a tower in this location. She requested Council help resolve this by suggesting alternatives.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

President Hooper stated that he participated in the American Cancer Society's Relay for Life activities held in the past week and that he was overwhelmed by the generosity of the City's employees. Regarding a proposed cellular tower at West Middle School, he stated that he will pursue the City's options with Mayor Barnett and City Attorney, John Staran. He commented that typically, schools are exempt from City Ordinances. He mentioned that a cellular tower request from T-Mobile submitted for an Adams and South Boulevard location has been approved by the Planning Commission, and that the City has been in contact with T-Mobile. He also stated that he will provide an update on the Tienken Road project and its funding.

Mr. Brennan requested the City look at Oakland County's investigation of the feasibility and benefits of a four-day work week and review whether this could be an option for some City functions.

Mr. Ambrozaitis stated he wanted to thank Mayor Barnett and Mr. Pixley for their assistance at the Rochester Area Youth Assistance (RAYA) fundraiser last Tuesday. He also acknowledged Hour Detroit Magazine's recognition of Cynthia Kidder for her work with the Band of Angels, a group helping those with Down's Syndrome. He commented that he had the opportunity to meet an outstanding young American, Evan Clark, a seventeen-year-old working toward his Eagle Award in Scouting.

Mr. Pixley reiterated President Hooper's congratulations to City staff who participated in the Relay for Life fundraising efforts. He also extended his congratulations to RAYA for their successful fundraiser.

In response to a possible cellular tower at West Middle School, Mr. Rosen stated that Rochester Hills has an ordinance to control cellular towers. The City pioneered the idea to include language to control towers and encourage co-location, and this has reduced the number of towers in the City immensely.

Mr. Webber announced the Festival of the Hills set for Tuesday, July 1, 2008, at Borden Park.

Mr. Yalamanchi echoed the congratulations given to City staff for their Relay for Life fundraising efforts.

ATTORNEY MATTERS

City Attorney John Staran had nothing to report.

PRESENTATIONS

2007-0856 Review of Harding Road Property

Attachments: [Agenda Summary.pdf](#)
[Nomination Form - Harding Street.pdf](#)
[Resolution.pdf](#)

This matter was Removed from the Agenda at the request of the Green Space Advisory Board.

Enactment No: RES0210-2008

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.

2008-0323 Approval of Minutes - City Council Regular Meeting - May 5, 2008

Attachments: [CC Min 050508.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0181-2008

Resolved, that the Minutes of a Rochester Hills City Council Regular Meeting held on May 5, 2008 be approved as presented.

- 2008-0308** Request for Approval of the storm water detention system maintenance agreement between the City of Rochester Hills and Simon Rochester Hills, 1961 E. Auburn, LLC.

Attachments: [Agenda Summary.pdf](#)
[Map.pdf](#)
[Agreement.pdf](#)
[Exhibit A.pdf](#)
[Exhibit B.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0182-2008

Resolved, that the Rochester Hills City Council, on behalf of the City of Rochester Hills, hereby approves the storm water detention system, relative to the details of the development and use, repair and maintenance of the storm water system, for Clark Gas Station, for City File No. 86-758.2, between the City of Rochester Hills and Simon Rochester Hills, 1961 E. Auburn, LLC, 24501 Ecorse Road, Taylor, MI 48180.

- 2008-0311** Request to Schedule a Public Hearing regarding the establishment of an Industrial Development District at 1665 W. Hamlin.

Attachments: [062308 Agenda Summary \(Revised\).pdf](#)
[062308 Resolution \(Revised\).pdf](#)
[062308 Agenda Summary.pdf](#)
[062308 Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0218-2008

Whereas, C & D Building, LLC, owners of the Hamlin Industrial Condominium, have requested the establishment of an Industrial Development District (IDD) for Unit 3, also known as 1665 W. Hamlin Road, and further identified as:

Unit 3, Hamlin Industrial Condominium, according to the Master Deed recorded in liber 39410, pages 389 through 438, both inclusive, Oakland County Records, and designated as Oakland County Condominiums Subdivision No. 1941, together with rights in general common elements and limited common elements, as set forth in the above described Master Deed and as described in Act 59 of the Public Acts of 1978, as amended, and

Whereas, Public Act 198, of 1974, as amended, requires that City Council hold a public hearing before considering the request.

Resolved, that the Rochester Hills City Council hereby schedules the Public hearing for City Council's Regular Meeting of Monday, July 7, 2008, and

Be It Further Resolved, to send a certified copy of this Resolution to C & D Building, LLC, attention Brett Baker at 12955 23 Mile Road, Shelby Twp., MI 48315 no later than Friday, June 20, 2008, and

Be It Further Resolved to send a certified copy of this Resolution to all taxing authorities and the City's Assessor no later than Friday, June 20, 2008, and

Be It Finally Resolved to direct the City Clerk's office to print a notice of the Public Hearing in the Rochester Hills Eccentric or another paper of general circulation on Thursday, June 26, 2008.

2008-0313 Request to Schedule a Public Hearing regarding the request for an Industrial Facilities Exemption Certificate (IFT) by Hot Melt Technologies.

Attachments: [062308 Agenda Summary \(Revised\).pdf](#)
[062308 Resolution \(Revised\).pdf](#)
[062308 Agenda Summary.pdf](#)
[062308 Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0219-2008

Whereas, C & D Building, LLC is requesting that City Council establish an Industrial Development District for property located at 1665 W. Hamlin Road, also known as Unit 3 of the Hamlin Industrial Condominium, and further described as:

Unit 3, Hamlin Industrial Condominium, according to the Master Deed recorded in liber 39410, pages 389 through 438, both inclusive, Oakland County Records, and designated as Oakland County Condominium Subdivision No. 1941, together with rights in general common elements and limited common elements, as set forth in the above described Master Deed and as described in Act 59 of the Public Acts of 1978, as amended, and

Whereas, Holt Melt Technologies, Inc. filed an application for an Industrial Facilities Exemption Certificate (IFEC) on June 6, 2008 for the same property, which it proposes to lease after concluding its due diligence and pending approval of local incentives, and

Whereas, Public Act 198, of 1974, as amended, requires that City Council hold a public hearing before considering an IFEC request and must render a decision within 60 days of receipt of the application.

Resolved, that the Rochester Hills City Council hereby schedules the Public hearing for City Council's Regular Meeting of July 7, 2008, and

Be It Further Resolved to authorize the City Clerk's office to publish notice of the Public hearing in the Rochester Eccentric or a paper of general circulation on Thursday, June 26, 2008, and

Be It Further Resolved to send a certified copy of the notice to Holt Melt Technologies, Inc., attention Bryan Tanury at 1723 W. Hamlin Road, Rochester Hills, MI 48309 no later than Friday, June 20, 2008, and

Be It Finally Resolved, to send a certified copy of the notice to all taxing jurisdictions and the City's Assessor no later than Friday, June 20, 2008.

Passed the Consent Agenda

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

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

The following Consent Agenda Item was discussed and set over to a future meeting:

2008-0314 Request for Purchase Authorization - MAYOR: Blanket Purchase Order for Citywide Microfilming Services in the amount not-to-exceed \$97,500.00; Advance Microfilm Service Company, Port Huron, MI

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

Lee Zendel, 1575 Dutton, asked that this item be removed from the Consent Agenda. He questioned whether the process of microfilming was outdated and stated that another method for long-term storage should be investigated.

Mr. Yalamanchi questioned whether other technologies could be used.

President Hooper requested that the Administration respond to the inquiries regarding alternatives to microfilming.

Council concurred to postpone this item until information on other possible technologies could be prepared.

This matter was Set Over to a Future Meeting.

Enactment No: RES0205-2008

PUBLIC HEARINGS

2008-0291 Request to establish an Industrial Development District for Parcel Nos. 15-29-452-027 and -028, Rochester Hills, MI 48309

Attachments: [Agenda Summary.pdf](#)
[Public Hearing Notice.pdf](#)
[Resolution.pdf](#)
[061608 Agenda Summary.pdf](#)
[061608 Resolution.pdf](#)

Dan Casey, Manager of Economic Development, introduced Dave Nenno, President and CEO of A. Raymond; Earl Brown, President and CEO of Rayconnect, Inc.; Timothy O'Neil, Treasurer and Chief Financial Officer of A. Raymond; and Larry Gormezano, Manager, Michigan Economic Development Corporation. He stated that this is a project that will retain a company in Rochester Hills; Rayconnect, Inc., and its parent company, A. Raymond. Rayconnect is requesting a tax abatement and the establishment of an Industrial Development District for a newly constructed building to be located in the Smart Zone west of Crooks Road and South of M-59 on a ten-acre parcel of property that begins where Austin Avenue is stubbed. The company is proposing to invest \$14.5 million in the construction of a new building as well as new personal property. He stated the project will retain 148 combined employees in Rochester Hills and will also result in 37 new jobs within two years of the completion. He stated that City staff has been working on this project for more than two years. North and South Carolina have also submitted incentive packages to lure this company. The company has completed an exhaustive review of criteria used to evaluate a site location, including wages, local and State taxes, Worker Compensation rates, building construction costs and land costs. The State's Michigan Economic Growth Authority (MEGA) Board approved an incentive package valued at approximately \$2.5 million to win the project. After an analysis of the costs, the company noted that it was \$6 million cheaper to relocate to a southern location. At that time, Michigan offered more incentives to offset the gap and retain the company. Last week the company announced that they will be staying in Michigan. The City of Rochester Hills must approve the tax abatement to complete the process. The company has applied for a twelve-year tax abatement for the building as well as the new personal property.

Earl Brown, President and CEO of Rayconnect stated that Rayconnect, was established in January of 2005. The company is currently located in a leased facility at 3011 Research Drive, and also subleases space from its parent company at 3091 Research Drive. Rayconnect designs, validates and manufactures quick-disconnects for fluid-handling applications. Although the majority of its business is automotive, the company is looking for growth and diversification. The company is a Tier Two or Tier Three supplier, whereby the company typically sells its product to another supplier that adds value before it goes to an original equipment manufacturer (OEM). Companies manufacturing vehicles around the world that contain Rayconnect products include: General Motors, Ford, Chrysler, BMW, Toyota, Honda, Nissan, Hyundai, Jaguar, Land Rover, Aston Martin, International Truck, Caterpillar, Mercury Marine, Polaris, Harley Davidson Motorcycle and Victory Motorcycle. Rayconnect also exports approximately ten percent of the product it manufactures in Rochester Hills to Japan, South America and Europe.

He stated that since first introducing the products in 2000, sales have increased forty-fold. About twenty-four months ago, the company began an in-depth

analysis to determine the right location for a new facility. Approximately a dozen locations were investigated in North and South Carolina, as well as sites in Rochester Hills. Incentive packages were received from the different locations. The analysis factored land costs, construction costs, operating costs, taxes and incentives. Over a five-to-ten year horizon, there was a substantial gap with an incentive to locate to one of the southern sites. After the most recent analysis, and based on the new MEGA legislation and the efforts of Rochester Hills, it was determined to be in the best interests of the shareholders and employees to remain in Rochester Hills.

The scope of the new investment will be a 64,000 square foot new facility which will be the headquarters for Rayconnect, as well as the location for sales and engineering. He stated that a move would have been inevitable if the incentives from Rochester Hills and the new MEGA legislation were not available.

Larry Gormezano, Manager, Michigan Economic Development Corporation, stated that retaining Rayconnect was important to the State. In May, the legislation was changed to accommodate retention projects. The new legislation requires companies to retain a minimum of fifty jobs, and make a minimum investment of at least \$50,000 per employee retained, showing a commitment of capital investment in both real and personal property. This is the first retention project MEGA has completed under the new legislation. They are committing \$120,000 in job training for 46 new jobs. Money will also be committed to improve technology skills for the retained jobs. Oakland County is committing \$50,000 out of its Incumbent Workers Program for the Michigan Works Agency. He strongly urged the City's support of this project.

Mr. Casey thanked Mr. Gormezano for his support at the State level. He gave some background on the company's proposed location, stating it was in the Smart Zone in an area originally rezoned to Light Industrial in the early 1970s. He stated this project could be a catalyst to assist the City in attracting future development to this area. In addition, the City is proposing to extend Austin Avenue west to connect Devondale, and pave Devondale northward to its termination at M-59. The plan was to conduct a preliminary engineering and right-of-way acquisition this year and do road construction in 2010. The City is working with Rayconnect's developer toward doing that extension this year and next year as opposed to waiting until 2010, and utilizing a payback agreement whereby the developer would fund the road costs up front and the City would pay them back at the conclusion when the City accepted it. The road extension is necessary to provide Class A Industrial Access to the site.

Mr. Casey outlined the tax implications for this project. He stated that this is in the Local Development Finance Authority (LDFA) District, and gave the following figures:

New Real Property Taxes without Abatement - \$1,658,872.00

New Personal Property Taxes without Abatement - \$260,595.00 (to all jurisdictions).

City portion of new taxes for Real and Personal Property combined - \$475,046.00

*With Abatement, Taxes paid to all jurisdictions combined - \$861,960.00
City portion of these taxes with the Abatement - \$237,523.00.*

With the project's location in the LDFA District, taxes can be captured for Oakland County as well as Oakland Community College. In addition, its location in the Smart Zone allows capture of eligible School mills to fund the OU Incubator.

LDFA total tax benefit over twelve years of the abatement - \$711,803.00 in new taxes.

City debt mills collected from the project - \$14,204.00

Smart Zone capture to benefit the OU Incubator - \$261,467.00

Total benefit of this project over the twelve-year period is estimated to be \$987,000.00 in new tax revenues. In addition, retaining the firm in Rochester Hills will not lead to a loss in personal property should the company move.

Mr. Casey stated that the abatement eligibility timeframe for this type of project is twelve years.

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

Seeing no public comment, President Hooper Closed the Public Hearing at 8:14 p.m.

Council Discussion

Mr. Yalamanchi stated he appreciated Rayconnect's decision to reinvest in Rochester Hills. He inquired as to how many positions Rayconnect and A. Raymond currently had in Rochester Hills.

Mr. Brown stated that Rayconnect currently has 60 positions and A. Raymond has 88 positions in Rochester Hills. He also stated that several employees on the A. Raymond payroll support Rayconnect as well, and will become Rayconnect employees at the time the company moves. In addition, new jobs created will include skilled labor, engineers, salespeople and finance people. The forecast is to add 37 positions over a period of two years.

Mr. Yalamanchi inquired which industries the company would be targeting for diversification.

Mr. Brown stated that the company would diversify into other motor vehicles, such as Caterpillar, International, motorcycles and recreational vehicles. The company is also looking at diversifying into other industrial and residential applications as well. Their goal is to be less dependent upon the automotive industry.

Mr. Yalamanchi questioned who the company's customer base was.

Mr. Brown responded that currently their largest end-item customer is Toyota, encompassing thirty percent of sales. He stated that the Japanese transplant companies represent approximately 55 to 60 percent of sales. He stated the

company has a good mix of OEM customers.

Mr. Yalamanchi requested that Mr. Casey provide additional information to Council to clarify eight-year versus twelve-year abatement period eligibilities.

Mr. Casey stated that since this included both a real and personal property tax abatement, a twelve-year period applies. He also stated that the abatement applies to new taxes.

Also see the discussion under Legislative File 2008-0294.

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

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

Enactment No: RES0185-2008

Whereas, the City of Rochester Hills Administration is requesting that the City Council establish an Industrial Development District (IDD) for property identified as 2559 Devondale Street, further identified as Parcel Number 15-29-452-028 and Parcel Number 15-29-452-027, further described as:

(2559 Devondale)

T3N, R11E, SEC 29 SUPERVISOR'S PLAT NO 9 PART OF LOT 1 & ALL OF LOT 2, ALL BEING DESC AS BEG AT PT DIST N 01-01-10 E 125.12 FT FROM SW COR OF LOT 1, TH N 01-01-10 E 229.55 FT, TH N 19-01-20 W 193.76 FT, TH N 01-04-48 E 28.01 FT TO NE COR OF LOT 1, TH N 87-01-10 E 801.69 FT, TH S 01-35-30 W 588.87 FT, TH S 88-31-00 W 379.46 FT, TH N 00-58-05 E 125.11 FT, TH S 88-31-00 W 348.61 FT TO BEG, and

(Vacant Land)

T3N, R11E, SEC 29 SUPERVISOR'S PLAT NO 9 PART OF LOT 1 BEG AT SW LOT COR, TH N 01-01-10 E 125.12 FT, TH N 88-31-00 E 348.61 FT, TH S 00-58-05 W 125.11 FT, TH S 88-31-00 W 348.72 FT TO BEG, and

Whereas, the Rochester Hills City Council held a Public Hearing regarding this request at the Regular Meeting of June 23, 2008 at 7:30 p.m. in the Council Chamber, at 1000 Rochester Hills Drive, Rochester Hills, Michigan during which the owner of the property, taxing authorities, and all interested parties were given the opportunity to be heard, and

Whereas, the establishment of an Industrial Development District is consistent with the objectives of the City for industrial development and the creation of new employment opportunities.

Resolved, that the Rochester Hills City Council determines that the levies of ad valorem taxes are at a rate, when taken together with the rates of ad valorem taxes levied by any other taxing authority which levies taxes within the City of Rochester Hills, equals or exceeds \$30.00 for each \$1,000.00 of taxable value, and therefore is eligible for designation as an Industrial Development District pursuant to said Act, and

Be It Further Resolved, that the above listed legal description is hereby designated an Industrial Development District.

2008-0294 Request for an Industrial Facilities Exemption Certificate (IFT) by Rayconnect, Inc. for Real and Personal Property

Attachments: [Agenda Summary.pdf](#)
[Application.pdf](#)
[Captured Taxes Analysis.pdf](#)
[RayConnect Financial Analysis-Personal 1.pdf](#)
[RayConnect TB Analysis-Real.pdf](#)
[Personal Property Depreciation.pdf](#)
[Public Hearing Notice.pdf](#)
[Resolution.pdf](#)
[Revised Resolution.pdf](#)
[061608 Agenda Summary.pdf](#)
[061608 Resolution.pdf](#)

Mr. Casey stated that the company is eligible for an abatement of up to two years for a construction phase. Based on the proposed construction schedule, the building is expected to be completed next spring. Therefore, the first year of the abatement will be a partial assessment encompassing an expected one-year of construction, and twelve full years after completion.

President Hooper Opened the Public Hearing at 8:20 p.m.
Seeing no Public Comment, President Hooper Closed the Public Hearing at 8:20 p.m.

Also see the discussion under Legislative File 2008-0291.

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

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

Enactment No: RES0186-2008

Whereas, Rayconnect, Inc., as owners of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, are located within an Industrial Development District under the "Plant Rehabilitation and Industrial Development Districts Act of 1974," as amended, and

Whereas, the Industrial Development District is that property located at 2559 Devondale Road, further identified as Parcel Number 15-29-452-028 and Parcel Number 15-29-452-027, further identified as:

(2559 Devondale)

T3N, R11E, SEC 29 SUPERVISORS'S PLAT NO 9 PART OF LOT 1 & ALL OF LOT 2, ALL BEING DESC AS BEG AT PT DIST N 01-01-10 E 125.12 FT FROM SW COR OF LOT 1, TH N 01-01-10 E 229.55 FT, TH N 19-01-20 W 193.76 FT, TH N 01-04-48 E 28.01 FT TO NE COR OF LOT 1, TH N 87-01-10 E 801.69 FT, TH S 01-35-30 W 588.87 FT, TH S 88-31-00 W 379.46 FT, TH N 00-58-05 E 125.11 FT, TH S 88-31-00 W 348.61 FT TO BEG, and

(Vacant Land)

T3N, R11E, SEC 29 SUPERVISOR'S PLAT NO 9 PART OF LOT 1 BEG AT SW LOT

COR, TH N 01-01-10 E 125.12 FT, TH N 88-31-00 E 348.61 FT, TH S 00-58-05 W 125.11 FT, TH S 88-31-00 W 348.72 FT TO BEG, and

Whereas, Rayconnect, Inc. has made application to the Rochester Hills City Council for an Industrial Facilities Exemption Certificate under the above noted legislation, and

Whereas, A Public Hearing regarding this request was held at City Council's Regular Meeting of June 23, 2008 in which the taxing authorities, applicant and public were given an opportunity to be heard, and

Whereas, the Rochester Hills City Council has reviewed the application and made the following findings:

- a. The granting of the Industrial Facilities Exemption Certificate, considered together with the aggregate amount of Industrial Facilities Exemption Certificates previously granted and currently in force, does not have the effect of substantially impeding the operation of the City of Rochester Hills or impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Rochester Hills in which the facility is located.
- b. Completion of the facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to create employment.
- c. Completion of the facility does not constitute merely the addition of machinery and equipment for the purpose of increasing productive capacity, but rather is primarily for the purpose and will primarily have the effect of providing a new facility on industrial property.
- d. The construction of the industrial facility meets the objectives of job creation within the established industrial corridor of the City of Rochester Hills.

Now, Therefore, Be It Resolved, that pursuant to Section 9, (1) and (2) of Act 198 of Public Acts of 1974, as amended, the City Council of the City of Rochester Hills hereby approves the request of Rayconnect, Inc. for an Industrial Facilities Exemption Certificate for a period of up to two (2) years during the construction phase and twelve (12) years after completion of construction, for real and personal property, and

Be It Further Resolved, that the accompanying agreement between Rayconnect and the City of Rochester Hills is hereby approved and is to be sent to the Department of Treasury and the State Tax Commission along with this resolution, and

Be It Finally Resolved, that the Mayor is authorized to sign the agreement after review by the City Attorney's office as to form.

ORDINANCE FOR ADOPTION

- 2008-0292** Acceptance for Second Reading and Adoption - An Ordinance to amend Sections 54.741, 54.743, 54.744 and 54.745 of Article XII, Utilities, of Chapter 54, Fees, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to modify water and sewer rates and fees, repeal conflicting ordinances, and prescribe a penalty for violations

Attachments: [Agenda Summary.pdf](#)
[Ordinance.pdf](#)
[Resolution.pdf](#)
[061608 Agenda Summary.pdf](#)
[Presentation.pdf](#)
[Example #7.pdf](#)
[061608 Resolution.pdf](#)

Mr. Staran stated that the effective date for this Ordinance will be July 1, 2008.

Mr. Webber requested clarification on the water and sewer rate increases coming into the City.

President Hooper stated that the City of Detroit has raised water rates 11.9 percent. The City of Detroit raised sewer rates, and Oakland County raised the rate for a Bond Issue for repair of the Oakland/Macomb Interceptor, resulting in a 19.64 percent increase for sewer charges. These increases are being passed along.

A motion was made by Yalamanchi, seconded by Pixley, that this matter be Accepted for Second Reading and Adoption by Resolution. The motion CARRIED by the following vote:

Aye 6 - Brennan, Hooper, Pixley, Rosen, Webber and Yalamanchi

Nay 1 - Ambrozaitis

Enactment No: RES0187-2008

Resolved, that an Ordinance to amend Sections 54.741, 54.743, 54.744 and 54.745 of Article XII, Utilities, of Chapter 54, Fees, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to modify water and sewer rates and fees, to repeal conflicting ordinances, and prescribe penalties for violations, is hereby accepted for Second Reading and Adoption, and shall become effective on Tuesday, July 1, 2008, the day following its publication in the Rochester Eccentric on Thursday, June 26, 2008.

NOMINATIONS/APPOINTMENTS

2008-0315 Nomination/Appointment of one (1) Citizen Representative to the Historic Districts Study Committee to fill the unexpired term of Dennis Mueller ending 12/31/2009.

Attachments: [Agenda Summary.pdf](#)
[Notice of Vacancy HDSC.pdf](#)
[K'Yhel King CQ.pdf](#)
[Nomination Form.pdf](#)
[Resolution.pdf](#)

Mr. Pixley nominated K'Yhel King to fill the unexpired term of Dennis Mueller through December 31, 2009.

Mr. King stated he is a native of Michigan, and has resided in Rochester Hills for one and one-half years. Prior to returning to Michigan, he resided in Los Angeles, California for fifteen years. He stated he works with the State of Michigan and the City of Detroit to take advantage of recently enacted tax legislation for video

production to attract the entertainment business to the State of Michigan. He currently volunteers with the North Oakland Family YMCA, is the Sprint Track Coach at Rochester Adams High School, and volunteers with the Rochester Avon Recreation Authority track team.

President Hooper stated he appreciated Mr. King's community service, and welcomed him to the Historic Districts Study Committee.

A motion was made by Ambrozaitis, seconded by Pixley, that K'Yhel King be Appointed. The motion CARRIED by the following vote:

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

Enactment No: RES0188-2008

Resolved, that the Rochester Hills City Council appoints K'Yhel King to serve as a Historic Districts Study Committee Representative to fill the unexpired term of Dennis Mueller ending December 31, 2009.

NEW BUSINESS

- 2008-0310** Request for Purchase/Contribution Authorization - MAYOR: Insurance (general liability, motor vehicle physical damage, property and crime coverage) pool contributions, stop loss coverage, SIR (self insured retention) fund replenishment, and risk management consulting in the amount not-to-exceed \$600,000.00 through June 30, 2009; Michigan Risk Management Authority, Livonia MI

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

Julie Jenuwine, Director of Finance, stated that over the last two years, the City has received \$128,124.00 refunded in "net asset" distribution. Michigan Municipal Risk Management Authority (MMRMA) has monies in excess of their actuarially-derived requirements, and these excess funds are distributed back to the communities. She also stated that should the City approve this, information she has indicates that the City will receive in excess of \$200,000.00 in net asset distribution this year.

President Hooper asked whether these distributions were made prior to the last two years.

Ms. Jenuwine responded that this year was the first time that net assets were distributed.

Mr. Pixley questioned whether this could be classified as an insurance captive, where it is a pool of self-insured individuals. He also questioned what catastrophic coverage is included.

Ms. Jenuwine stated that it was a pool, and that the MMRMA covers the Self-Insured Retention Fund (SIR), from the \$150,000 up to the \$4 million mark. The excess, or re-insurance, covers the \$4 million to the maximum amount of \$15 million on the General Liability portion.

Mr. Yalamanchi inquired whether the premiums increased for this year.

Ms. Jenuwine stated that the premium is estimated at \$495,000, and the replenishment of the SIR is \$105,000. She stated this incorporates a small increase, but noted that the City has added the new DPS building to the coverage.

Mr. Webber questioned how the premium costs compare with other cities of similar size and whether the premium takes into account the fact that the City contracts for its police services.

Ms. Jenuwine stated that she does not have comparison numbers for other communities, but that MMRMA does take into account that the City does not have its own Police Department when computing the premium.

Mr. Brennan asked what the premium figures were for 2007 and 2006.

Ms. Jenuwine stated the 2007 figure was \$478,000, and she would have to provide Mr. Brennan with 2006 figures. She noted that there was a general jump in premium this year of three percent.

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

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

Enactment No: RES0189-2008

Resolved, that the City of Rochester Hills City Council hereby authorizes a Blanket Purchase Order/contribution to the Michigan Municipal Risk Management Authority of Livonia, Michigan, for general liability, motor vehicle physical damage, property and crime coverage pool contributions, stop loss coverage, SIR (self insured retention) fund replenishment, and risk management consulting in the amount not-to-exceed \$600,000.00 through June 30, 2009.

2008-0322 Salary Recommendation for Directors' General Adjustment - 2009

Attachments: [Agenda Summary.pdf](#)
[Director & Mayor Salary Rec.pdf](#)
[General Adjustments Survey 2007.pdf](#)
[EE Group Wage Adjustments.pdf](#)
[April 2008 CPI.pdf](#)
[Resolution.pdf](#)

Pam Lee, Director of Human Resources, stated that the Human Resources Technical Review Committee (HRTRC) met four times during the period of April through June to discuss salary recommendations. As a result of the discussions, a one percent adjustment to the budget for department directors' general adjustments for 2009 was being proposed.

Public Comment

Melinda Hill, 1481 Mill Race, made a general comment on all the salary

adjustment items, stating that she did not feel it was appropriate to have any increases in salaries this year. She noted that with the tough economic times, an increase was not warranted. She questioned the longevity bonuses that City employees receive. She stated that she was not opposed to the equity adjustment for the Clerk.

Council Discussion

Mr. Rosen stated that he was not unsupportive of a one percent adjustment, but felt that the City needed to demonstrate to the taxpayers that spending is under control.

Mr. Pixley concurred with Mr. Rosen that this was a difficult decision to make, and stated that this was an element of discussion with the HRTRC. He stated that he does support the one percent increase, and feels that it does send a message that the City is in difficult times. He also stated that the City has dedicated staff with strong expertise in their fields.

Responding to Mr. Webber's inquiry, **Ms. Lee** stated that the Budget Year 2008 increase was 2.3 percent.

Mr. Webber stated that one percent does not keep up with cost of living increases. He commented that the City staff consists of dedicated, knowledgeable and experienced employees, and that their expertise saves the City money. He stated he supports a one percent increase, and feels it sends a clear message that Council wants these people to continue in their current positions with the City.

Mr. Yalamanchi thanked Ms. Lee for her efforts. He stated he has had the opportunity to work with most of the City's directors and concurs that they are professional and dedicated. He stated that from a macro perspective, we are in hard economic times. Many individuals have lost jobs, must relocate, or have not seen raises in years. According to information Ms. Lee provided, the Directors will get between 1.5 and 5.5 percent longevity above their base pay. He stated that if the longevity amounts were not in place, he would have felt that the increases should be even more than one percent.

Ms. Lee stated that all full-time City employees receive longevity as a benefit.

Mr. Yalamanchi stated that he was in support of last year's 2.3 percent increase, but not supportive of the performance pool of funds. He stated that in light of efforts to curb expenditures because of decreased revenue projections, he is not in favor of any increase this year. He reiterated that this was in no way a reflection of the directors' performance, dedication or commitment.

President Hooper stated that longevity is not a bonus, rather it is a benefit, much like health care.

Ms. Lee stated that longevity is not an additional increase, but it is on top of whatever the salary is. A one percent increase would not be one percent plus their longevity percentage, but it would be one percent above whatever they are

receiving in terms of salary at this time.

President Hooper stated the following:

- *Employees should not be either the highest or lowest paid, but should be the fairest paid.*
- *The City is only as good as its employees. In order to provide excellent professional service, the City should pay at least the average rate. Based on the surveys Ms. Lee has assembled, the City Directors are neither the highest, nor the lowest paid.*
- *The cost of living increase has been higher than one percent. The recommendation of the HTRC for a one percent increase to salaries is less than cost of living increases. Therefore, at one percent, the City's Directors are losing wage-earning power.*

Mr. Rosen reiterated that his decision does not reflect on the competence of City employees. His decision is based on projections of declining revenues. He believes that the next few years will be tough for the City. He acknowledged that Rochester Hills is not as bad off as many neighboring communities, however the City should not back itself into a corner and find it is unable to fund benefits.

Mr. Brennan echoed the comments made by Mr. Pixley and Mr. Webber, stating that it was his opinion that the raises are warranted.

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

Aye 4 - Brennan, Hooper, Pixley and Webber

Nay 3 - Ambrozaitis, Rosen and Yalamanchi

Enactment No: RES0190-2008

Whereas pursuant to Article III, Section 5 of the City Council Policy for Salaries for Department Directors, "at the last regular meeting of the City Council in the month of June, the Human Resources Technical Review Committee shall make a written recommendation to the Council concerning the total equity, general, and performance adjustments, if any, for the compensation for the Department Directors as a group for the succeeding fiscal year"; and

Whereas the Human Resources Technical Review Committee has reviewed and discussed the information provided by the Administration regarding a general salary adjustment for directors and recommends a General Salary Adjustment of a 1% increase to budgeted funds for Department Directors' base salaries for the Fiscal Year 2009.

Be It Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee and approves a General Salary Adjustment of a 1% increase to budgeted funds for Department Directors' base salaries for Fiscal Year 2009, bringing it to \$939,827.62.

2008-0326 Salary Recommendation for Directors' Equity Adjustment Pool - 2009

Attachments: [Agenda Summary.pdf](#)
[Director_Deputy Comparison.pdf](#)
[Assessor.pdf](#)
[Building.pdf](#)
[City Clerk.pdf](#)
[Finance.pdf](#)
[Fire.pdf](#)
[Human Resources.pdf](#)
[MIS.pdf](#)
[Parks_Forestry.pdf](#)
[Planning & Econ Devel.pdf](#)
[Public Services.pdf](#)
[Resolution.pdf](#)

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

Aye 6 - Brennan, Hooper, Pixley, Rosen, Webber and Yalamanchi

Nay 1 - Ambrozaitis

Enactment No: RES0191-2008

Whereas pursuant to Article III, Section 5 of the City Council Policy for Salaries for Department Directors, "at the last meeting of the City Council in the month of June, the Human Resources Technical Review Committee shall make a written recommendation to the Council concerning the total equity, general, and performance adjustments, if any, for the compensation for the Department Directors as a group for the succeeding fiscal year"; and

Whereas the Human Resources Technical Review Committee has reviewed and discussed the information provided by the Administration regarding equity pay for Directors and recommends to City Council that a 6% equity adjustment be budgeted for the City Clerk for Fiscal Year 2009 in the amount of \$4,973.00.

Be It Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee to approve a 6% equity adjustment to be budgeted for the City Clerk for Fiscal Year 2009 in the amount of \$4,973.00.

2008-0327 Salary Recommendation for Directors' Variable Performance (Discretionary) Pool - 2009

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

Mr. Rosen stated that amounts for performance-based discretionary pay was \$20,000.00 in 2007 and \$10,000.00 for 2008. One of the goals of the program is to save money, and paying a small amount of money to save much larger amounts makes sense. The HRTRC's recommendation for this year is \$10,000.00. Council has the opportunity to increase this as well to \$15,000.00 or \$20,000.00.

President Hooper stated that the \$10,000.00 for 2008 has not been allocated yet, and this will most likely be done in December of this year.

Mr. Yalamanchi inquired if any of these funds were used for the Team Building Session.

President Hooper responded that City Council budget paid for the Team Building Session. He stated that performance by Directors, above and beyond the call of duty, should be rewarded. He mentioned that this is money that could return many-fold to the City.

Mr. Yalamanchi concurred that performance should be recognized, but he has difficulty with the system the way it currently is. He believed that there should be a way to expand this beyond the Directors to the employees as well.

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

Aye 5 - Brennan, Hooper, Pixley, Rosen and Webber

Nay 2 - Ambrozaitis and Yalamanchi

Enactment No: RES0197-2008

Whereas pursuant to Article III, Section 5 of the City Council Policy for Salaries for Department Directors, "at the last regular meeting of the City Council in the month of June, the Human Resources Technical Review Committee shall make a written recommendation to the Council concerning the total equity, general, and performance adjustments, if any, for the compensation for the Department Directors as a group for the succeeding fiscal year"; and

Whereas the Human Resources Technical Review Committee has reviewed and discussed the information provided by the Administration regarding a Variable Performance (Discretionary) Pool for the Directors and recommends \$10,000.00 be established to provide for bonus pay, separate from base pay, for the Fiscal Year 2009.

Be It Resolved, that the Rochester Hills City Council hereby approves a Variable Performance (Discretionary) Pool for Directors of \$10,000.00 be established to provide for bonus pay, separate from base pay, for the Fiscal Year 2009.

2008-0324 Salary Recommendation for Mayor - 2009

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

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

Aye 4 - Brennan, Hooper, Pixley and Webber

Nay 3 - Ambrozaitis, Rosen and Yalamanchi

Enactment No: RES0196-2008

Whereas pursuant to Article IV, Section 3 of the City Council Policy for Salary and Fringe

Benefits for the Mayor, "at the last regular meeting of the City Council in the month of June, the Human Resources Technical Review Committee shall make a written recommendation to the Council concerning the base annual salary and fringe benefits for the Mayor for the succeeding fiscal year"; and

Whereas the Human Resources Technical Review Committee has reviewed and discussed the information provided by the Administration regarding a salary recommendation for the Mayor and recommends a 1% salary adjustment in the amount of \$1,020.56 to the Mayor's salary for the Fiscal Year 2009, for a total amount of \$103,076.09 and that fringe benefits continue to apply.

Be It Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee and approves a 1% salary adjustment in the amount of \$1,020.56 to the Mayor's salary for the Fiscal Year 2009, for a total amount of \$103,076.09.

Be It Further Resolved, that fringe benefits continue to apply.

2008-0330 Car Allowance for the Mayor - 2009

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

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

Aye 6 - Brennan, Hooper, Pixley, Rosen, Webber and Yalamanchi

Nay 1 - Ambrozaitis

Enactment No: RES0195-2008

Whereas the Mayor currently receives a \$350.00 car allowance as a savings to the City over the annual cost of purchase, insurance, fuel and maintenance for a City-provided vehicle; and

Whereas a \$400.00 car allowance would be consistent with other communities surveyed, offset some of the impact of rising gas prices and continue to provide a savings over estimated annual City vehicle costs.

Resolved, that the Rochester Hills City Council hereby authorizes an increase in the car allowance provided to the Mayor from \$350.00 to \$400.00 per month effective as of the 2009 Budget year.

2008-0328 Salary Recommendation for Boards & Commissions - 2009

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

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

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

Enactment No: RES0194-2008

Whereas pursuant to Article VI, Section 3 of the City Council Policy for Per Diem Pay for Boards and Commissions, "at the last regular meeting of the City Council in the month of June, the Human Resources Technical Review Committee shall make a written recommendation to the Council concerning the compensation for the members of Boards & Commissions for the succeeding fiscal year"; and

Whereas the Human Resources Technical Review Committee has reviewed and discussed the information provided by the Administration regarding the rate of per diem pay for members of Boards & Commissions and recommends to City Council that the rate of per diem pay for members of Boards & Commissions for the Fiscal Year 2009 remain the same as Fiscal Year 2008.

Be It Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee and approves the per diem rate of pay for members of Boards & Commissions for Fiscal Year 2009 remain the same as Fiscal Year 2008 and be set at Seventy-five dollars (\$75.00) for the Chairperson, and Sixty-five dollars (\$65.00) for the Members per meeting attended, for the following Boards and commissions:

Building Authority
Construction/Fire Prevention Code Board of Appeals
Economic Development Corporation
Historic Districts Commission
Planning Commission
Zoning Board of Appeals/Sign Board of Appeals

Further Resolved, that the per diem fee for Fiscal Year 2009 for members of the Board of Review remain the same as Fiscal Year 2008 and be set at One Hundred dollars (\$100.00) per meeting attended.

2008-0329 Salary Recommendation for City Council - 2009

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

Mr. Pixley stated that he felt it would be prudent to request that the Human Resources Technical Review Committee convene at certain intervals throughout the year to discuss ideas and topics rather than just meeting prior to the budgetary process.

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

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

Enactment No: RES0193-2008

Whereas pursuant to Article V, Section 3 of the City Council Policy for Compensation for Members of City Council, "at the last regular meeting of the City Council in the Month of June, the Human Resources Technical Review Committee shall make a written recommendation to the Council concerning the compensation for the members of Council for the succeeding fiscal year"; and

Whereas the Human Resources and Technical Review Committee has reviewed and discussed the information provided by the Administration regarding salary adjustments for members of Council and recommends that the compensation for the Rochester Hills City Council, in the form of a yearly salary for Fiscal Year 2009 remain the same as Fiscal Year 2008, and that the per diem compensation for attendance at meetings in excess of thirty-two (32) meetings per year, pursuant to City Council Attendance / Per Diem Compensation Policy remain the same at \$60.00 per meeting.

Be It Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee and approves the compensation for the Rochester Hills City Council, in the form of a yearly salary for Fiscal Year 2009 to remain the same as Fiscal Year 2008 in the amount of:

City Council President - \$7,850.48 per year
City Council Member - \$6,577.43 per year

Be It Further Resolved, that the per diem compensation for attendance at meetings in excess of thirty-two (32) meetings per year, pursuant to City Council Attendance / Per Diem Compensation Policy remain the same at Sixty dollars (\$60.00) per meeting.

2008-0333 Request for Purchase Authorization - DPS/Eng: Contract for the 2008 Asphalt Road Rehabilitation Program in the amount of \$1,696,810.96 with a 10% contingency of \$169,681.10 to allow for quantity adjustments; Pro-Line Asphalt, Washington, Michigan

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

President Hooper disclosed that he works in the construction industry, knows the parties and individuals involved in these bids, however has no financial interest with any of them and sees no reason to recuse himself.

Mr. Yalamanchi stated that he was impressed that the estimates provided by the Engineering Department were very close to the actual bids for the project.

President Hooper indicated that City streets slated for rehabilitation include Heritage Oaks, Mount Oak Drive, Sherwood Forest and Sherwood Drive, Birch Tree and Birch Tree Court, Brewster Road from Tienken to Dutton and School Road paving near the guard rail east of John R.

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

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

Enactment No: RES0192-2008

Resolved, that the Rochester Hills City Council hereby authorizes a Contract to Pro-Line Asphalt, Washington, Michigan for the 2008 Asphalt Road Rehabilitation Program in the amount of \$1,696,810.96 and further authorizes the Mayor and the City Clerk to execute a contract on behalf of the City.

Resolved, that the Rochester Hills City Council hereby authorizes a 10% contingency in the amount of \$169,681.10 to allow for quantity adjustment based on final measurements verified in the field.

COUNCIL COMMITTEE REPORTS

2007-0465 Discussion on the Police and Road Funding Technical Review Committee's Report

Attachments: [Agenda Summary.pdf](#)
[Final Report to Council.pdf](#)
[022508 Agenda Summary.pdf](#)
[022508 Resolution.pdf](#)
[Committee Composition.pdf](#)

Mr. Rosen gave a summary of the findings of the Police and Road Funding Technical Review Committee. He stated the Committee had divided opinions on what the solutions should be and could not come to any single agreement with any one recommendation. The Committee, however, did develop a suggested road map for how to proceed with Police Funding. The Committee recognized the tightening City Budget, but could not ascertain exactly what shortfalls would occur at this point in time. In the long-term, funding will have to be obtained. Experience with reduced revenues should provide some light on what will be needed.

With respect to roads, a different conclusion was reached. The Committee acknowledged that the rising gasoline costs have a huge impact on the way people act, drive and spend their money. It is estimated that Act 51 monies will be dropping a significant amount, and this will fundamentally change a large portion of the road funding that the City receives. The Committee reported that the City will need to consider alternative methods, naming possible funding sources as straight millages, Special Assessment Districts (SADs) in the existing established neighborhoods for repaving, and Bond Millages.

The Committee reported a potential need of one to two mills for Police funding over the long term, and/or one to two mills for Road funding.

The Committee recommended that Council not act this calendar year, but as a part of the budget process ascertain what can and cannot be done, so that by next year, more will be known about the tradeoffs. City residents/taxpayers will then be able to make an informed decision as to what they would support.

Public Comment

Lee Zendel, 1575 Dutton, quoted a statement from the Police and Road Funding Technical Review Committee Report, which stated due to the current economic conditions, there is no use presenting a millage if it is doomed to fail. He then questioned how Council could consider proposing a millage for Trash Hauling.

Council Discussion

Mr. Brennan thanked Mr. Rosen and the rest of the Committee for their work in compiling this report. He stated that the Committee had the participation of Julie Jenuwine, Director of Finance, and Roger Rousse, Director of DPS/Engineering. He stated that Mr. Rousse invited representatives from the City of Farmington

Hills to discuss their use of SADs and their Charter, which states that their City can only provide up to twenty percent for Capital Improvements or Roads. The rest of the funding must come from SADs. Mr. Brennan stated that this raises questions of equity and how much the citizens are willing to put into these improvements. He alluded to the structural recession that the State is in, and cited the rising cost of gas, food, and the uncertain economic times. He believes any millage requests should wait until after the Presidential election, and after a review of whether inflation will stabilize.

He related the Committee's discussion of the Green Space millage, and stated that at some point in time residents will go through an educational process on what level of Police and Road services to expect given the taxes that are currently levied. He questioned whether a millage could be considered to accumulate a pool of funds for later use; however he acknowledged that this may not be the time to consider this type of millage. He stated that the City deserved credit for its ability to accomplish a great deal given the current level of funding. He questioned whether Council will need to begin looking at discretionary funds, Parks or Museum funding. He stated that reports that the City of Rochester accomplishes a great deal with their funds should also take into account that Rochester's millage rate is substantially higher, and they have more revenue to work with. He stated that the Rochester Hills City Charter provides for specific millages, such as OPC and RARA, and does not provide for a broad general millage to pool funds. He commented that the City of Rochester Hills operates at the fourth lowest millage rate in Oakland County.

Mr. Webber stated that as a Committee member, he felt that the group did not disagree on every issue. He acknowledged the two expiring police millages and the deterioration in neighborhood roads and stated that the report presented was not intended to solve the City's Police and Road funding difficulties. He stated that the City has an obligation to budget efficiently and effectively. The Committee did not discuss reductions in Police and Road services, but discussed reductions in nonessential services, acknowledging that many of the nonessential services provide the amenities that residents are accustomed to, such as the City's parks. He stated it was important to maintain the City's infrastructure to assist in retaining business investment in Rochester Hills. He suggested that the Committee continue to meet to discuss longer-term solutions to the funding problems.

Mr. Yalamanchi stated he applauded the Committee and questioned whether there was any discussion on how the expiring bonds could be recaptured.

Mr. Rosen acknowledged that the Committee did discuss the expiring bonds and stated that those are relatively small millages. He stated that the City's spends roughly \$3.5 million of General Fund money on Police services, which translates to approximately a one mill shortage in Police Funding. The Police budget is currently approximately \$7 million and is anticipated to increase by \$2 to \$3 million in five to seven years. He reiterated that the committee is recommending using the upcoming budget process to review where the shortcomings may fall. Then, in one to two years, the public may recognize there is a shortfall and have more support for the alternatives.

Mr. Yalamanchi acknowledged that given the current economic environment, a tax increase request would not be desirable, but recapturing expiring revenue could help to recover some costs. He stated that a review of the City's tax structure is critical because it currently does not provide any flexibility. He stated that millage renewals are often perceived by residents as increases.

President Hooper agreed, stating that a Bond is expiring in 2010/2011 of approximately four-tenths of a mill. If it is placed on the ballot, it would be a replacement, and not an increase. He stated that Rochester Hills has the lowest Police staffing in Oakland County. He also stated that an estimated \$50 million will be needed for Local Roads, and there is no funding provided for it in the next five years. He acknowledged that residents will not all agree on what defines nonessential services. He stated that Council is scheduled to meet on July 7, 2008 to tour the City Park System. He concurred that the Police and Road Funding discussions should be referred to the upcoming Budget Review sessions.

Mr. Rosen agreed, stating that the Council as a whole should consider this issue further, rather than continuing the discussions at the Committee level. He stated that no service provided by the City is nonessential, but some could be considered less essential.

Mr. Webber concurred, and suggested a possible workshop on the levels of services expected by the residents. It would be prudent for Council to prioritize.

This matter was Discussed.

ANY OTHER BUSINESS

Mr. Ambrozaitis requested the Administration have Building and Ordinance Compliance look into the new Mexican Restaurant on South Rochester Road, stating that the building has a boarded up window and that a dumpster in the parking lot is damaging the asphalt. He also requested that a partially constructed modular home on John R be investigated, as work had not been progressing.

Police School Liaison Committee

Mr. Pixley advised Council that the Police School Liaison Committee met with the stakeholders to discuss issues that Council brought forward, and that Mayor Barnett should have a report at an upcoming Council meeting.

Mr. Rosen related that he recently had the opportunity to ride in a 1915 Buick Truck, one of five known to exist, and marveled at today's technology. He wanted to publicly thank Larry Schramm for the ride.

Advisory Traffic and Safety Committee

Mr. Webber related that the Traffic Advisory and Safety Board met on June 10, 2008 and re-elected Ernest Colling Jr. as Chairperson and Carl Moore as Vice-Chairperson. He stated that the Committee discussed problems with Dequindre Road, and will be working with the City's Congressperson, along with Macomb and Oakland County on these issues.

Mr. Yalamanchi thanked citizens who serve on City committees, and suggested Council consider giving them recognition for their efforts.

Public Comment:

President Hooper allowed Robert Clor, 2128 Clinton View Circle, to speak at this time regarding the single trash hauler issue.

Mr. Clor first thanked Council for its vote to adopt the 2008 Asphalt Road Rehabilitation Program, stating that as a Heritage Oaks resident, he will benefit from the project. He also stated that he was definitely in favor of the City moving toward a Single Trash Hauler. He stated he does not consider it a millage increase, because he pays a private contractor for trash pickup now. He stated that the benefits of a Single Trash Hauler include the decrease in unnecessary trucks on the roadways, and the fact that a millage-based system would allow residents to have a tax write-off. He stated that he would rather have the City select one assigned hauler for pickup on one assigned day each week.

NEXT MEETING DATE

Regular Meeting - Monday, June 30, 2008 - 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 9:58 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 August 4, 2008 Regular City Council Meeting.