



Rochester Hills

Minutes - Draft

City Council Regular Meeting

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

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

Vision Statement: The Community of Choice for Families and Business

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

Monday, June 7, 2010

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Hooper called the Regular Rochester Hills City Council Meeting to order at 7:01 p.m. Michigan Time.

ROLL CALL

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

Others Present:

*Tracy Balint, Project Engineer
Tara Beatty, Chief Assistant to the Mayor
Paul Davis, City Engineer
Mike Hartner, Director of Parks and Forestry
Jane Leslie, City Clerk
Roger Rousse, Director of DPS/Engineering
Keith Sawdon, Director of Finance
John Staran, City Attorney
Bob White, Supervisor of Ordinance Services
Kelly Winters, Deputy Director of Building and Ordinance Compliance*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

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

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

PUBLIC COMMENT

Alice Benbow, 1582 Northumberland, commented that Sheriff's deputies do not do anything about trespassers on her property. She questioned why she was not notified of the last item on the agenda and why it was placed at the end of the meeting.

Deanna Hilbert, 3234 Quail Ridge Circle, requested clarification of the City Attorney's written opinion on the use of park property for other purposes. She commented that the opinion appears to note that as the bonds are paid off, the park property may be used as the City sees fit. She questioned whether a conflict of interest would exist between Council President Hooper and any company supplying materials for a water storage facility.

Ann Edwards, 296 Meadowbridge, announced that the League of Women Voters will host a Candidates' Forum for the 12th District State Senate and County Commissioner Districts 11 and 12 on Wednesday, June 16, 2010 at 7:00 p.m. in the City Hall Auditorium.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

Alex Zelinski, Rochester Hills Government Youth Council Representative (RHGYC), reported that the RHGYC is hard at work preparing for the 5K Run/Walk in Memory of Dillon Cope to benefit the University of Michigan C.S. Mott Children's Hospital to be held on Saturday, June 19, 2010 from 9:00 a.m. to 11:00 a.m. He encouraged everyone to participate in the 5K and commented that Dillon Cope was a student at Adams High School who passed away from leukemia.

Mr. Webber extended his congratulations to the Rochester High School Track Team, which recently took the Division 1 State Championship.

Mr. Rosen commented that given the severe weather events of the last several days, residents should have a National Oceanic and Atmospheric Administration (NOAA) radio in their bedroom to warn of approaching severe weather.

Mr. Brennan reported that the Rochester Hills Firefighters conducted a very successful Fourth Annual Ride for a Cause to benefit the American Cancer Society. The event raised approximately \$3,000.

Mr. Pixley announced that the second NoHaz collection of the year is set for Saturday, June 12, 2010, from 8:00 a.m. to 2:00 p.m. at the Orion Assembly Plant on Giddings Road in Orion Township. He commented that interested residents can now view the Hills Herald online. He expressed congratulations to the area's graduates, noting that he is the proud father of a graduating senior from Rochester Adams High School.

President Hooper reported that inadvertently, individuals who had filled out comment cards were not mailed the customary notification for the Agendas. Once this was brought to the attention of the Clerk's Department, staff placed individual phone calls to every one of the residents who filled out a comment card to ensure

that they received notification of tonight's agenda item. He requested that Mr. Staran address the question Ms. Hilbert raised during Public Comment regarding the use of Park property.

City Attorney John Staran stated that what the City ultimately decides to do with the property it owns is dictated by City Council Policy.

Ms. Hilbert commented that the millage was passed in 1988 to purchase the properties including Riverbend, most of Nowicki, and Borden Parks. She stated that since these bonds have now been paid off she believes that the City feels that it can put a water retention basin in Riverbend Park and a water reservoir in Nowicki Park.

Mr. Staran noted that his legal opinion was limited to the specific facts and circumstances involved and the issue presented; and is not intended to be a sweeping opinion concerning the use of park property, as different circumstances may result in a different opinion. He stated that a separate review would be needed for each specific property. He stated that this opinion is directed toward Nowicki Park and also reflects the opinion of Bond Counsel as well. He explained that under those circumstances, with the bond having been paid off and the property actually having been used or reserved for park use for twenty years, the City met the conditions for which the property was purchased and City Council could decide if it so wished to put a reservoir where proposed, as the majority of the property would remain for park use.

ATTORNEY MATTERS

City Attorney John Staran had nothing to report.

PRESENTATIONS

2010-0251 The Clinton River Trail and You Presentation; Friends of the Clinton River Trail, presenters

Attachments: [Agenda Summary.pdf](#)
[Clinton River Trail Presentation.pdf](#)

Fred Phillips, representing the Friends of the Clinton River Trail (FCRT), thanked the City of Rochester Hills for the investment it has made in the Clinton River Trail (CRT). He explained that the FCRT is non-profit support and advocacy group with members from communities surrounding or near the trail. He stated that the FCRT funds all its activities through donations and grants. He stated that the FCRT is an all-volunteer non-profit citizens group consisting of hundreds of members, guided by a 15-member steering committee which meets monthly. He invited interested individuals to access the FCRT's website at www.clintonrivertrail.org and attend the organization's meetings. He gave the following presentation:

Mission:

- A group of residents committed to the vision of a trail that is a safe and enjoyable recreational feature for the communities through which it passes.

He listed the following:

- *Trails are a key amenity and are frequently sought out by developers looking to locate homes or businesses.*
- *A survey by the National Association of Home Builders reports that trails are second only to good highway access when people look for a new community.*
- *Trails increase tourism, increase property values, enhance quality of life and attract businesses, contributing to economic development and community sustainability.*
- *Both Oakland County and the State of Michigan recognize the critical roles that trails can play in rebuilding local economies.*
- *The Clinton River Trail is at the hub of an evolving County-wide trail system a critical link in the planned cross-state trail that will traverse from Port Huron to South Haven.*
- *The Clinton River Trail is 16 miles long, passes through five cities, and is strategically located to connect to several other trails.*

Clinton River Trail: A Collaborative Effort:

- *Friends Group established 2003; 450+ members today*
- *Trail Master Plan adopted 2004*
- *Each city owns and operates their section of the trail - 4.5 miles in Rochester Hills*
- *Coordination via Clinton River Trail Alliance, comprised of a representative from each city, the County and the FCRT meet monthly; however, the group has no authority*
- *Approximately 12.5 miles of 16-mile route completed*

He displayed a short video clip introducing the trail as a community asset, and commented that there are gaps that should be addressed to further benefit the community.

Remaining Infrastructure Gaps:

- *Telegraph Road Bridge (Pontiac Phase III)*
 - * *Construction to start in spring 2010*
- *Pontiac Phase IV - Downtown to Opdyke*
 - * *3.5 mile Temporary Route in place via South Blvd.*
 - * *Phase II, 1.2 mile link to downtown: completed 2009*
- *Crossing Improvements*
 - * *Orchard Lake Rd., Old Telegraph, Crooks, Dequindre*

He pointed out that the CRT should be viewed as one cohesive 16-mile long community asset and listed efforts underway by the FCRT toward this goal.

A fact sheet was distributed, noting what the FCRT organization has accomplished to date:

- *The website has been developed.*
- *A Memorial Bench Program has resulted in the installation of six benches along the trail.*

- Mile Markers and Map Signs have been installed, with the assistance of Mike Hartner, the City's Director of Parks and Forestry.
- FCRT prints the official trail map, and volunteers fill the map boxes weekly. The map boxes were an Eagle Scout Project. 12,500 maps are distributed annually.
- The Sixth Annual Fall Classic Bike Ride will be held on Saturday, September 18, 2010. This event is the FCRT's only fundraiser and brings approximately 200 riders to the CRT.
- The FCRT participated in National Trails Day last weekend, and had a booth at Downtown Rochester's Earth Day Festival.
- Area retailers are encouraged to participate in the trail's special events.

What We're Working On:

- A Desired "Look and Feel" for the Trail

He stated that the FCRT looks to other trails throughout the nation for ideas and are working with professional consultants and alliance groups to establish objectives for the CRT. He commented that student interns from Michigan State University, Oakland County Planning Division and Parks and Recreation staff members, and representatives from each of five communities are cooperating in trail development activities. He reported that the FCRT provided the funding for the \$18,000 consultant's contract. He displayed a picture of the beginning of the trail in Sylvan Lake, noting that the FCRT eventually wants to have all trail access points appropriately developed.

- Maintaining One Trail through Five Cities
- Our Goal: Make the Clinton River Trail a "World Class" Trail

He invited interested Rochester Hills individuals to participate in the June 11, 2010 kick-off meeting at 8:30 a.m. in the Oakland County Executive Office Building, and suggested the following additional ways that the City could help:

- Make sure all departments are on board
- Render assistance when landscape architects and others need information
- Include the Clinton River Trail in the City's Master Plan or Parks Master Plan
- Assist with the Fall Classic Bike Ride, and identify businesses in the area that might want to become a ride sponsor
- "Talk up" the trail with local businesses

Council Discussion:

Mr. Klomp commented that he has spent a good deal of time on trails throughout Michigan and stated that Rochester Hills is very fortunate to have a terrific trail system. He questioned how individuals on the trail could know who they might communicate with about the trail and how trail road crossings are designed. He requested information on how clean-up efforts are progressing for graffiti on the M-59 overpass.

Mr. Phillips responded that information is available on the CRT's website, maps along the trail have contact information, and the FCRT uses Facebook

and Twitter to reach out to the public. He explained that crossings are designed to go perpendicular to roadways to minimize a pedestrian's exposure time. He commented that pedestrian islands are also used where possible. He reported that the Michigan Department of Transportation has brought a crew to clean up the M-59 overpass and will be doing additional work to that bridge shortly.

Public Comment:

Ronald Vogt, 791 Dartmouth Drive, expressed his thanks to the City for its support of the CRT Alliance and the improvements made to the trail surface and signage to date. He commented that the 4-1/2 mile stretch of the CRT that passes through Rochester Hills is one of the most scenic of the entire trail. He suggested that the City should consider making improvements to trail access within Bloomer Park, noting that the pathway to the trail is not consistent and no signage exists.

President Hooper expressed his appreciation for the efforts of the FCRT.

Presented.

CONSENT AGENDA

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

2010-0189 Approval of Minutes - City Council Regular Meeting - April 12, 2010

Attachments: [CC Min 041210.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0137-2010

Resolved, that the Minutes of a Rochester Hills City Council Meeting held on April 12, 2010 be approved as presented.

2010-0242 Request for Acceptance of a 60-foot Highway Easement granted by Rochester College

Attachments: [Agenda Summary.pdf](#)
[ROW Exhibit.pdf](#)
[Highway Easement.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0138-2010

Resolved, that the Rochester Hills City Council, on behalf of the City of Rochester Hills, hereby accepts a highway easement granted by Rochester College, a non-profit corporation, 800 West Avon Road, Rochester Hills, MI 48309, City File #94-426, over, on,

under, through and across land more particularly described as Parcels #15-15-376-001, #15-15-451-003 and #15-15-451-006.

Further Resolved, that the City Clerk is directed to record the easement with the Oakland County Register of Deeds.

- 2010-0245** Request for Approval of Fireworks Display Permit Application for Festival of the Hills, to be held at Borden Park on June 30, 2010; Melrose Pyrotechnics, Inc., applicant

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

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0139-2010

Whereas, Melrose Pyrotechnics, Inc. of Kingsbury, Indiana, has provided the fireworks display for the Festival of the Hills for the past eleven years; and

Whereas, Melrose Pyrotechnics, Inc. has provided the necessary insurance with the City of Rochester Hills named as also insured; and

Whereas, the Rochester Hills Fire Department has no objection to the issuance of a fireworks permit providing their safety procedures are followed.

Therefore, Be It Resolved, that the Rochester Hills City Council does hereby approve a permit for Melrose Pyrotechnics, Inc., to provide a fireworks display for the Festival of the Hills at Borden Park on June 30, 2010.

- 2010-0254** Request for Approval of an amendment to the City Pension Plan Document allowing separated employees to rollover all or part of the City sponsored 457 plan funds into the City's pension plan

Attachments: [Agenda Summary.pdf](#)
[457 Rollover Option Amendment.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0140-2010

Whereas, the Trustees see benefits to making our Pension Plan Document as flexible as possible;

Therefore, Be It Resolved, the amendment that allows the direct rollover of 457 funds from a City sponsored 457 plan to the City's Pension Plan Document, as presented, shall be approved and become effective immediately.

Passed the Consent Agenda

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

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

ORDINANCE FOR INTRODUCTION

2010-0253 Acceptance for First Reading - an Ordinance to amend Sections 54-741 through 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](#)
[060710 Agenda Summary.pdf](#)
[W&S TRC Resolution 052610.pdf](#)
[060710 Resolution.pdf](#)
[Resolution.pdf](#)

Keith Sawdon, Director of Finance, stated that each year, the Water and Sewer Technical Review Committee (WSTRC) meets to review water and sewer rates for the upcoming billing season, which runs from July 1 through June 30 of the following year. He explained that recently the WSTRC met on May 26, 2010 to review the various scenarios that the City has looked at in the past, the function of the water and sewer system and the methodology used. He noted that the system should operate similar to a business and cover its costs through the revenue it generates within each billing period. He stated that a target is to maintain a 90-day cash position for operating funds. He noted that the City purchases services from the Detroit Water and Sewerage Department (DWSD) and bills these services to its customers; and the customers typically pay the City 30-days later. He noted that the City generally requires a 30-day operating cash position to maintain and pay bills as they come due while waiting for receipts. This philosophy was used by the WSTRC when setting rates for recommendation. He explained that the water and sewer bill is currently comprised of three charges:

- A Customer Charge, representing the cost of generating a bill, regardless of volume used.
- A Commodity Charge, representing the volume purchased in water, sewer or both.
- A Capacity Charge, representing meter size. All customers receive a Capacity Charge related to meter size.

After a review of the City's billing structure, the WSTRC recommends that the Capacity Charge be rolled into the Commodity Charge, as it relates to volume. This change will make the bill easier for customers to understand and encourage water conservation. Currently, the average residential customer purchasing 12 units every two months pays the same Capacity Charge as a customer who purchases 24 units. He stated that models built incorporating Capacity Charge into the Commodity Charge yield the same revenue. He explained that if the Capacity Charge is incorporated into the Commodity Charge, the bill for the average residential customer purchasing 12 units of water and sewer will go from \$103.84 to \$113.20 for next year; a \$9.36, or nine percent, increase. He pointed out that DWSD has notified the City that its water commodity portion of the bill will increase by 14.4 percent for the next billing year.

He further explained that over the last several years, the Customer Charge portion of the bill included charges for the conversion of water meters for wi-fi. Last year, a rollback of a portion of those charges was made resulting from a 75 percent completion of that project. The remaining 25 percent of this charge will be removed for the coming year as the project is now complete. He noted that this reduces the proposed Customer Charge by 25 percent and pointed out that had this charge not gone down, an 11 percent overall increase would be realized. He reported that customers paying a flat-rate sewer charge will see their bill increase five percent from \$51.30 to \$53.89.

Public Comments:

Greg Domka, 891 River Bend, requested explanation of the Capacity Charge, noting that water volume is measured no matter what meter size it goes through.

Alice Benbow, 1582 Northumberland, noted that the City of Troy has saved over \$1 million by cutting consumption. She stated that she was disappointed in the lack of representation of the City's residents.

Melinda Hill, 1481 Mill Race, questioned whether the WSTRC received an analysis of flow versus meter size, how revenues will change with the recommended rate structure, and if the City will receive the same total revenue. She commented that things are more understandable when broken down. She questioned whether DWSD provided rate comparisons for all communities, including what DWSD charges each community and what that community in turn charges its customers. She commented that Rochester Hills' rates were almost at the bottom of all other DWSD communities.

Deanna Hilbert, 3234 Quail Ridge Circle, questioned whether other communities are making billing structure changes such as the WSTRC is proposing.

President Hooper commented that the Capacity Charge was confusing to customers and rewarded high-end users. He stated that low-end users, such as senior citizens, essentially subsidized the high-end users. He questioned whether the Water and Sewer System has broken even in the last couple of years.

Mr. Sawdon responded that customers using 15 units or less during a billing cycle will pay less than they would if the billing structure does not change. He noted that in collapsing the Capacity Charge into the Commodity Charge, the intent is to ensure that the City does not generate more in revenue than it would under the three-rate structure. He pointed out that the Water and Sewer System has lost money in past years. He explained that in setting rates to generate enough revenue to offset expenses, a prediction is made as to the amount of water and sewer use that will be sold. During a rainy season, and during lower economic times, less commodity is sold. He reported that when rates were set for the period of July 2008 through June 2009, it was expected that more water would be sold than actually was; and commented that the City did not sell enough water to

support the rate structure. He stated that the same effect is realized for July 2009 through June 2010 and the revenue side has again fallen below predictions. He noted that while expenses go down when less water is sold, the City still has fixed costs to be covered within the rate structure. He further stated that the City has fallen short in its intent to maintain a 90-day cash position in its operating fund and presented a five-year plan to the WSTRC to move toward attaining this operating reserve.

Council Discussion:

Mr. Yalamanchi questioned whether the proposed increase of 11 percent addresses the operating deficit and any corresponding shortage in Fund Balance.

Mr. Rosen questioned whether the proposed rate is higher than it would have been if water consumption was the same as in past years. He commented that the City is facing the same situation that DWSD is facing, noting that as people use less water, the rate increases to compensate.

Mr. Sawdon responded yes to both questions. He commented that 2007 was the largest peak period in the City's recent history and stated that the City sold 4.7 million units in that billing cycle. He noted that the City now sells under 3.4 million units and needs to cover its fixed costs with less units. He pointed out that the City used to build a rate model that viewed the last five years of volume sales, and now looks at more recent usage to better incorporate the effects of the economy and water conservation efforts.

Mr. Rosen stated that he is not convinced that incorporating the Capacity Charge is the right way to cover fixed costs as volumes decrease.

Mr. Sawdon stated that the City's fixed costs are approximately \$2 million per year. He commented that the WSTRC believes that low-end users who buy less than six units, and typically include senior citizens, will benefit from this rate structure change.

Council questions included the following:

- What fixed costs are, as a percentage of total expenses.
- How the sewage use portion is incorporated into the bill.
- Whether the billing change could be reversed at a later date.
- Whether per-unit charges are the same for water as for sewer.

Mr. Sawdon responded with the following:

- Total system expenses are approximately \$26 million to \$27 million; this includes depreciation charges.
- The sewer portion of a resident's bill is based on the flow of water through the household meter. The Area Maintenance (AM) Meter reading is used as a deduction in relation to sewer flow. If a residence has no AM Meter, then it is assumed that all water flows through the sewer.
- A Capacity Charge could be reintroduced in the future. The WSTRC reviews the rate structure every year.
- For every unit of water coming in, a unit of sewer usage is assessed. The charge per unit of water is not the same as the charge per unit of sewer.

Mr. Klomp commented that the cost is being shifted to heavy users from low-end users and commented he would like to see an incentive to conserve water.

Mr. Sawdon responded that the bulk of usage is residential, with the average customer using 12 units. The average user of 12 units will have a lower bill with this proposed structure. He stated that break-even is 15 units and noted that the majority of the City's customers will be better off under the new billing structure.

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

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

Nay 1 - Rosen

Enactment No: RES0148-2010

Resolved, that an Ordinance to amend Sections 54-741 through 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 is hereby accepted for First Reading.

NOMINATIONS/APPOINTMENTS

2010-0134 Nomination/Appointment of one (1) Citizen Representative to the Historic Districts Study Committee to fill the unexpired term of Peggy Schodowski ending December 31, 2010

Attachments: [Agenda Summary.pdf](#)
[Appointment Form.pdf](#)
[052410 Agenda Summary.pdf](#)
[Nomination Form.pdf](#)
[Notice of Vacancy.pdf](#)
[Julie Dobies CQ.pdf](#)
[Adam Kochenderfer CQ.pdf](#)
[HDSC Cmte Appt Memo.pdf](#)
[Resolution.pdf](#)

President Hooper stated that Adam Kochenderfer and Julie Dobies were nominated at the May 3, 2010 Regular City Council meeting to fill the unexpired term of Peggy Schodowski on the Historic Districts Study Committee. Per Council Policy, the nominations were set over to this evening for a vote.

Public Comment:

Alice Benbow, 1582 Northumberland, stated that the individual selected for this Committee should ensure its historic buildings are not allowed to go unmaintained, and then be listed for sale at exorbitant prices.

President Hooper directed Council to vote for one of the nominees.

The nominees received the following votes:

Adam Kochenderfer: Hooper, Brennan, Klomp, Pixley and Webber

Julie Dobies: Rosen and Yalamanchi

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

Enactment No: RES0142-2010

Resolved, that the Rochester Hills City Council appoints Adam Kochenderfer to serve as Historic Districts Study Committee Representative to fill the unexpired term of Peggy Schodowski ending December 31, 2010.

NEW BUSINESS

2009-0480 Request for Approval of a Mechanical and Electronic Amusement Device License for Game Over Lounge, located at 1524 E. Auburn Road, Suite 50, pursuant to Chapter 10, Article IV of the City of Rochester Hills Code of Ordinances

Attachments: [Agenda Summary.pdf](#)
[Parental Consent Form.pdf](#)
[Permission Slip.pdf](#)
[012510 Agenda Summary.pdf](#)
[Bldg Dept Memo 011310.pdf](#)
[120709 Agenda Summary.pdf](#)
[Game Over application.pdf](#)
[Bldg Dept Memo 110409.pdf](#)
[Ordinance.pdf](#)
[120709 Resolution.pdf](#)
[012510 Resolution.pdf](#)
[Resolution.pdf](#)

Constantin Carstea, owner of the Game Over Lounge, was in attendance.

Mr. Rosen stated that the recently-adopted Ordinance requires the submission of a policy and he did not see a separate policy document included with the application materials.

Mr. Carstea responded that the policy is detailed on the permission slip and contains the rules for the guests who visit the facility.

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

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

Nay 1 - Brennan

Enactment No: RES0141-2010

Whereas, the applicant known as Game Over Lounge (Mr. Constantin Carstea, Owner) has applied for a Mechanical Amusement Device License, has met the criteria for the license pursuant to Chapter 10, Amusement/Entertainment, and is in compliance with

Chapter 138, Zoning Ordinance of the City of Rochester Hills Code of Ordinance.

Resolved, that the Rochester Hills City Council hereby approves the Mechanical Amusement Device License as requested by Mr. Constantin Carstea, Owner, Game Over Lounge, located at 1524 E. Auburn Road, Suite 50, Rochester Hills, Michigan 48307, in accordance with Chapter 138, Zoning Ordinance of the Code of Ordinances of the City of Rochester Hills.

Be It Further Resolved that the City Clerk is authorized to issue the license.

2009-0247 Request for Acceptance of the Land Acquisition Project Agreement for Project Number TF09-165, Sheldon-Mead Greenspace Acquisition

Attachments: [Agenda Summary.pdf](#)
[Land Acquisition Project Agreement.pdf](#)
[062909 Agenda Summary.pdf](#)
[062909 Resolution.pdf](#)
[Resolution.pdf](#)

Mike Hartner, Director of Parks and Forestry, explained that this agreement is the next step in acquiring the 39.31-acre parcel at the southeast corner of Sheldon and Mead Roads. The Michigan Natural Resources Trust Fund (MNRTF) Board presents a project agreement to the local community to set the requirements to preserve the property for passive recreation. Execution of this agreement is necessary to receive the grant monies from MNRTF of up to \$510,000, or 50 percent, of the total cost of the land acquisition. He noted that the City Attorney has had an opportunity to review the agreement.

Public Comment:

Scot Beaton, 655 Bolinger, stated that a portion of the subject property is swamp, and commented that when voters approved an Open Space Millage, it was not intended to be used for properties that could not be developed. He stated that while it is important to use the Open Space Millage to protect the environment, the City has Ordinances in place for this purpose and commented that it is better to allow wetlands and woodlands to remain in the hands of private owners. He suggested that open space could be preserved in areas slated for strip malls. He stated that between the City share of \$500,000 and the grant share of \$500,000, the 39.31 acre property translates to \$25,000 per acre, noting that this is a large amount to pay for acres of swamp.

Paul Miller, 1021 Harding, commented that intent of the Open Space Millage is to look for high-quality natural state land to be preserved in perpetuity and is not intended for land to be sold by or swapped with a developer. The reasons behind the movement toward preserving open space included consideration of the build-out of the City, increasing awareness of the importance of the natural environment, and the realization that for every new development, the City might actually lose 50 cents for every dollar of revenue gained in terms of increased infrastructure costs as these costs cannot be passed on to developers in Michigan. He stated that he did not participate in the scoring of the Mead Road property and congratulated the City for securing a partial grant. He mentioned that with each additional acquisition, it becomes more critical for the City to pay attention to native plants versus invasive species. He commented that the City should move toward enacting a model ordinance to protect native species.

President Hooper requested that William Windschief, Green Space Advisory Board Chairperson, comment on the scoring process.

Mr. Windschief explained that the GSAB consists of nine members and evaluates many different properties. He noted that the members of the GSAB are not in total agreement on every property and stated that not all properties reviewed are brought forward for consideration. He commented that this particular property scored relatively high, utilizing criteria which takes wetlands, proximity to trails and rivers, amount of wooded areas and other pertinent features into consideration. He noted that parcels are also reviewed as to whether they would qualify for grants.

Mr. Hartner explained that any property recommended to City Council has been fully vetted, and has been walked by the GSAB, along with a naturalist and a biologist with consideration given to input from the Michigan Department of Natural Resources (MDNR). He noted that this property meets the spirit and intent of the Open Space Millage, noting Stoney Creek to the north and the fact that there is a lack of park property in the northeast section of the City. He recapped the review process for the property and noted that the GSAB came before Council in June, prior to application for, and notification of receipt of the Grant Award.

Mr. Windschief stated that other properties reviewed by the GSAB were discounted due to the presence of wetlands. He announced that GSAB members will be walking an additional nominated property tomorrow evening, June 8, 2010 at 6:00 p.m., and stated that the public is welcome to attend GSAB meetings.

Council Discussion:

Mr. Rosen questioned what portion of the property is wetlands. He stated that he has come to value the GSAB's appreciation for environmental factors and noted that properties deemed environmentally valuable are almost always difficult to build on.

Mr. Hartner responded that 14.45 acres of the 39-acre parcel is wetlands, and noted that not all of the wetlands areas are contiguous. He explained that the development plan for the fifth phase of the subdivision originally enabled fifty lots. He noted that while the configuration of the parcel leaves some buildable property to allow cul-de-sac roads to be finished, the acquisition will protect the most sensitive portion of the property.

Mr. Webber expressed his appreciation for the GSAB's work. He pointed out that the grant award is for an amount up to \$500,000, however, the negotiation process for the property is not complete and the purchase price could be less. He stated that whenever the City can receive funds from other sources to acquire these properties it stretches the dollars approved by the millage. He stated that the City is not acquiring lands to build parks, it is purchasing these properties to preserve them.

Mr. Hartner agreed, noting that two state appraisals are required to set fair market value and stated that the property is passive open space.

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

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

Enactment No: RES0143-2010

Resolved, that the Rochester Hills City Council does hereby accept the terms of the Agreement as received from the Michigan Department of Natural Resources and Environment, and that the City of Rochester Hills does hereby specifically agree, but not by way of limitation, as follows:

1. To appropriate all funds necessary to complete the project during the project period and to provide up to Five Hundred Ten Thousand dollars (\$510,000) to match the grant authorized by the DEPARTMENT.
2. To maintain satisfactory financial accounts, documents, and records to make them available to the DEPARTMENT for auditing at reasonable times in perpetuity.
3. To regulate the use of the property acquired and reserved under this Agreement to assure the use thereof by the public on equal and reasonable terms.
4. To comply with any and all terms of said Agreement including all terms not specifically set forth in the foregoing portions of this Resolution.

Further Resolved, that the Mayor or his designee is authorized to execute the agreement on behalf of the City.

2010-0252 Request for Purchase Authorization - FISCAL: Blanket Purchase Order/contribution 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 \$596,000.00 through June 30, 2011; Michigan Municipal Risk Management Authority, Livonia, MI

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

Keith Sawdon, Director of Finance, explained that this insurance renewal covers the period from July 1, 2010 to June 30, 2011. He commented that in response to Council's request, a Request For Proposal (RFP) is in process and will be issued sometime in October of this year for next year's coverage period. He explained that of the total amount requested, \$496,000 is the amount necessary for coverage and \$100,000 is the contribution to the Self-Insured-Retention Pool. He noted that an asset distribution of \$123,000 will be received by the end of June as a rebate.

Public Comment:

Alice Benbow, 1582 Northumberland, questioned how much of the request included the cost of risk management consulting and whether any member of

Council received any campaign contributions from the organizations involved.

Scot Beaton, 655 Bolinger, commented that the Michigan Municipal Risk Management Authority (MMRMA) was set up years ago as a government entity because of spiraling out-of-control insurance costs. He thanked Mr. Sawdon for pursuing an RFP for next year.

Council Discussion:

President Hooper requested a breakdown of the costs.

Mr. Sawdon explained that most of the cost is related to actual coverage. The Stop Loss Policy protects the City from large losses beyond the self-insured amount. The majority of the \$496,000 is actual insurance cost. The \$100,000 Self-Insured Pool amount is actually the City's money, set aside on the books of the MMRMA.

Mr. Webber requested an update on the RFP process, commenting that he has advocated that the City bid this insurance out.

Mr. Sawdon responded that following Council's direction early this year, work began on an RFP. Once Budget activities are complete, the RFP will be finalized and placed on the MITN site in mid-October, with a return date of mid-December. He stated that he expects to present a recommendation to Council in January, with Council's decision by February, far in advance of the 90-day requirement for notice of discontinuance of the policy with MMRMA. He commented that in order to meet the current renewal cycle, it would have been necessary to issue an RFP for return by April 1; and noted that it was not feasible to complete the process for this period.

Mr. Pixley questioned whether the \$100,000 constituted a self-funded deductible, how long the City has been with MMRMA, and how many rebates the City has received during this time.

Mr. Sawdon responded that this figure covers the City's first out-of-pocket cost and if not used, this amount stays within the City's account with MMRMA. He explained that most of the distribution rebated to the City is actually based on investment performance, and noted that the insurance pool invested in equities which performed well. He stated that the City has been with MMRMA since 1985, and has received an asset distribution of \$100,000 on average each year since 2005.

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

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

Enactment No: RES0144-2010

Resolved, that the 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 \$596,000.00 through June 30, 2011.

- 2009-0419** Request for Purchase Authorization - DPS/ENG: Award of Contract as part of the total project cost for engineering services for water reservoirs in the amount not-to-exceed \$508,985.00; Tetra Tech, Inc., Detroit, MI

Attachments: [Agenda Summary.pdf](#)
[Alternate Site Costs.pdf](#)
[TetraTech Proposal.pdf](#)
[020810 Agenda Summary.pdf](#)
[Proposals Tabulation.pdf](#)
[OverallWest.pdf](#)
[OverallEast.pdf](#)
[Sawdon Memo 052810.pdf](#)
[Estimated Water Storage Rate Impacts.pdf](#)
[Fund Balance Loan Availability.pdf](#)
[Proposed Loan Schedule.pdf](#)
[Sample Borrowing Agreement Resolution.pdf](#)
[Water Rate Comparison.pdf](#)
[Email from DWSD 042910.pdf](#)
[050310 Agenda Summary.pdf](#)
[Suppl Presentation \(Revised\).pdf](#)
[Presentation.pdf](#)
[Alternate Site Comparison.pdf](#)
[Adams Reservoir.pdf](#)
[Adams Reservoir North.pdf](#)
[Tienken Reservoir.pdf](#)
[John R Reservoir.pdf](#)
[Bloomer Reservoir.pdf](#)
[Shelton Dealership Reservoir.pdf](#)
[Goddard Reservoir.pdf](#)
[Meadowfield Reservoir.pdf](#)
[Dicks Parking Lot Reservoir.pdf](#)
[Overall Wm Map.pdf](#)
[101909 Agenda Summary.pdf](#)
[101909 Resolution.pdf](#)
[020810 Resolution.pdf](#)
[Suppl Staran Letter 040810.pdf](#)
[Suppl 2011-2030 City Water Cost Impacts - Zellers.pdf](#)
[Resolution.pdf](#)

President Hooper noted that while he works in the construction industry and knows the firms who bid on this project, he did not participate in the bid or proposals in any way and has no financial interest in the contract; and as such, does not see a need to recuse himself from this item.

Roger Rouse, Director of DPS/Engineering, explained that the Water and Sewer Technical Review Committee (WSTRC) recommends moving forward with the construction of two 3-million gallon water storage facilities, and the Department of Public Services recommends awarding a contract to Tetra Tech, Inc., of Detroit, Michigan, in the amount not-to-exceed \$508,985.00 as part of the total project cost. He stated that this project has been under consideration for decades, originally to address low pressure and fire flow issues. More recently, the Administration recognized that over fifty percent of the costs of operating the City's water system

is for water purchased from the Detroit Water and Sewerage Department (DWSD); and the way to reduce these costs is to become a Max Day customer of the DWSD. A feasibility study of water storage facilities concluded that the payback period is less than three years if built on City-owned property. The process identified locations with the highest elevation in districts where an earlier ISO study showed deficiencies and three City-owned properties were identified within those districts. Consideration was subsequently expanded to include additional alternatives. He noted that Allen Schneck, Public Services Director, City of Pontiac, is in attendance to provide additional information on the economic benefit for Pontiac in becoming a Max Day customer.

Mr. Schneck reported that the City of Pontiac negotiated a model water contract with DWSD to allow the City to become a Max Day customer. He stated that the City of Pontiac has two 5-million gallon ground-mounted storage tanks and one 2-million gallon elevated tank; and through due diligence and analysis, Pontiac is able to operate the filling and draining of these tanks to keep below 13 million gallons per day as a Max Day customer. He displayed a chart which showed how becoming a Max Day customer will affect Pontiac's rates:

DWSD's Proposal:

VOLUME MCF	MAX DAY MGD	PEAK HOUR MGD	ANNUAL REVENUE to DWSD
400,000	14.98	19.28	\$5,703,000
			(Pontiac's current rate base)
400,000	14.98	14.98	\$4,822,000
400,000	13.00	13.00	\$4,355,000

Mr. Schneck explained that the City of Pontiac will realize an annual savings of \$1.4 million in one year as a Max Day customer versus a Peak Hour customer. He noted that Pontiac continues to look toward optimizing the filling and draining of the tanks to yield additional savings in the future. He stated that he received correspondence from DWSD noting that based on this agreement, Pontiac's water rate is \$10.10/MCF, over 50 percent less than Rochester Hills' current rate of \$24.06. He explained that he is a resident of the Rochester Hills and has a vested interest in taking advantage of an opportunity to see water rates lowered; and commented that without storage tanks, there is no way to control usage. He pointed out that there are two peaks during the day: an AM peak when everyone wakes up; and an evening peak, when everyone arrives home again. He commented that Pontiac's model is a real-life demonstration that reservoirs can be used to unify the draw from DWSD.

Mr. Rousse provided additional information on the various locations under consideration, and stated that the least expensive type of storage facility consists of a self-supporting domed roof. He noted that a flat roof is more expensive, requiring interior pillars for support. Additional options include partially-buried domed or flat roof facilities. He reviewed cost summaries for the various sites, noting that costs vary according to the site, distance to the main, preparation required and other utilities involved. He displayed different renderings produced

by the City's consultant showing domed and flat roof facilities built at-grade and partially-buried. He stated that a 2-million gallon flat roof tank is 130 feet in diameter, with side walls of above grade of 15 feet in height, if buried 15 feet into the ground. He explained that a domed roof adds one-tenth of the diameter of the tank to the height of the tank, noting that a partially-buried domed roof tank would be 23 feet above-ground at its highest point, less than the height of a two-story home. To address comments and questions raised by individuals during prior Council meetings, he responded with the following information:

- Tetra Tech was the most responsive, responsible bidder.
- The purpose of the water storage facility is to control future water rates, address historical low pressure problems, and improve fire flow capacity.
- Residents have a right to have Area Maintenance (AM) meters; in many cases that right is included in the property plat. It is not feasible to eliminate AM meters.
- The Administration contacted the Southeast Michigan Council of Governments (SEMCOG) along with other communities who utilize water reservoirs and found no evidence that proximity to water reservoirs affects property values.
- Rates are set by DWSD based on usage patterns with a uniform methodology adopted all for all 85 DWSD customers.
- In a recent brochure handed out by DWSD, entitled "DWSD Rate Setting 101", it was indicated that a five-percent decrease in consumption results in a four-percent increase in unit costs.
- The Water Reservoir issue was discussed at multiple meetings of both City Council and the WSTRC. Should this project go forward, additional Planning Commission meetings and meetings with affected residents will be held.
- The Water Reservoirs will be City-maintained assets.
- After review of the City's Watering Restrictions and their impacts on rates, it was decided not to pursue enforcement.
- Analysis has indicated that it is not uncommon to find reservoirs in residential neighborhoods; in Carmel, Indiana, million dollar homes are located within 200 yards of a water storage reservoir.
- The John R site was purchased by the City in 1988 for use as a public facility. A reservoir is consistent with the purchasing intentions of that property.
- Selling bonds to finance reservoirs is only one of the options considered.
- The Administration has presented both feasibility study information and actual examples that show the construction of water reservoirs is based on sound science principles, based on the methodology in the rate structure.
- Facility lighting will include a single light at a service door for the pump station. Upon investigation, the City found no examples where broadcast lighting was used.
- Multiple fencing options exist for the water storage facility.

Keith Sawdon, Director of Finance, explained that the City could substantially lower interest expense if water storage facilities are financed by borrowing from other City funds. He reviewed the City's current fund balances, and stated that to be more conservative, he doubled the amounts required to be held in reserve by the City's Fund Balance Policy in determining what portion of each fund could be used to finance the project. He noted that these requirements limit the borrowing potential to the following four Capital funds:

- Water and Sewer Capital Fund: \$6,000,000
- Facilities Fund: \$2,000,000
- Fleet Fund: \$1,000,000
- Fire Capital Fund: \$3,000,000

He reviewed a potential borrowing schedule, noting that the Water and Sewer Capital Fund would not be required to pay itself back. He explained that a two-percent Treasury benchmark was utilized for interest rates going forward, noting that the City Treasurer must follow Public Act 20, which limits the City's investments in Government Securities, Certificates of Deposit and other money market-type instruments. Utilizing an interest rate of two percent, the Water Fund would be required to pay just under \$700,000 each year for the next ten years to service the \$6 million loan from the other funds and mentioned that it is possible that with the rate reduction realized, the borrowed funds could be paid back in less than ten years. He pointed out that Oakland County's Delinquent Tax Revolving Fund loaned to other County funds; including financing the purchase of two helicopters for the Oakland County Sheriff's Department.

Mr. Sawdon pointed out that Water and Sewer is a self-supporting system, and receives no tax dollars. He reviewed a three-year cycle of water rates, noting that with 3.4 million units of water usage estimated, eighteen cents per unit will be needed to service the loan amounts during the construction phase. He noted that once the water reservoir comes on-line, while the debt service cost will continue, a \$0.96 to \$1.00 reduction in cost per unit is expected from DWSD. He explained that these numbers were received from Rafael Chirolla, a Rate Analyst for DWSD, and were applied to the City's rate model.

He explained that the Water and Sewer Capital Fund is money put aside to service the City's infrastructure. He noted that the City has approximately 160 million feet of pipe in the ground that is approximately one-third depreciated. At some point in time, this infrastructure will require repair, and the Capital Fund is there for that purpose. He pointed out that depending on the flow of construction activities, a good portion of the \$12 million could be funded directly out of the Water and Sewer Capital Fund without borrowing from the City's other Funds. He noted that funding construction directly out of Water and Sewer Capital would save the two percent interest costs; however, during the height of construction activities in 2011, the Water and Sewer Capital Fund could dip lower than desired.

Public Comment:

Shawn Cooper, 3014 Baypoint, stated that while he appreciates efforts at cost reduction, public outreach concerning this issue has not been fully enacted upon. He commented that consideration should be given to enforcement of existing water ordinances, the benefits of conservation, greenspace, valuation, DWSD counteractive measures to maintain income, real estate valuation impact, and the City's character. He questioned why this proposal is under consideration now before fall negotiations and noted the current tough economic times. He stated that the proposed contract lacks progressive milestones. He requested more

press coverage and notification of this topic, along with timely meeting minute issuance. He commented that the renderings displayed were not representative as they did not show access roads and questioned what NATGUN stood for.

Robert Quigley, 1078 Bloomer, requested that Council consider an industrial park location rather than locating a reservoir on John R. He displayed photographs of reservoirs in industrial park locations in Pontiac and Troy, and stated that the City's Hamlin Road property is serviced by a 16-inch main and is a perfect site for a reservoir.

Joseph Donnelly, 223 Whitney Drive, stated that constructing a reservoir on Rochester Road would highly impact real estate values throughout Heatherwood Subdivision.

Paul Miller, 1021 Harding, commented that most of the City's peak hour customer usage is driven by lawn irrigation; and to reduce the cost of lawn irrigation, the City should encourage alternatives to mowed turf grass. He pointed out that the annual maintenance cost for an acre of turf grass is \$1,000, while the annual maintenance cost for an acre of native plants is only \$140.

Sukhbir Rangji, 488 Arlington, stated that a water reservoir would be an eyesore if constructed near his home and would decrease property values. He commented that the renderings presented show no representation of fencing or lighting.

Bill Freeman, 466 John R, stated that his home is near site B1, and noted that no one would buy a home near a water reservoir. He commented as a representative for District Four, Council Member Klomp should be against a reservoir in this location and stated that it should be constructed on an industrial site.

Lavern Utley, 442 John R, commented that the John R parcel is a swamp area and should not be considered.

Lee Zendel, 1575 Dutton, stated that peak water usage occurs when people use water in the morning, shower, and make coffee; and is not strictly due to lawn watering during the day. He stated that water reservoirs are an investment for the future, noting that millions will be needlessly thrown away and sent to Detroit without reservoirs. He commented that the greatest weight should be placed on the locations that engineers cite as the best combinations of usefulness and costs, and noted that the types of reservoirs should be tailored to each site. He pointed out that shopping centers use large evergreens for screening.

David Kibby, 558 Whitney, stated that after viewing the proposed structures, including one rendering showing a reservoir facility constructed as a tennis court, and seeing the benefits to be realized by the City, he is in favor of moving forward and to further investigate during the design phase. He commented that many of those speaking in opposition merely want to convince the public that Council is doing a poor job. He stated that he has seen signs in neighborhoods which encourage opposition and has seen information distributed that reservoirs

would be surrounded by razor wire and have guard dogs. He commented that people pushed by fear often react without thinking clearly and stated that individuals should get facts from reputable sources.

John Kruger, 664 John R, stated that while he is an engineer and wants to be reasonable about water storage facilities, he does not wish to look at one. He commented that after reviewing the DWSD presentation and the water rates comparison chart, he is not certain that he fully understands why the rate differences are seen as significant.

Scot Beaton, 655 Bolinger, stated that anything built next to a house that is not another house will depreciate that home's value. He commented that he e-mailed Council members a brochure from DWSD that highlights the economy of the region and stated that Detroit is not guaranteeing any water rate decreases. He mentioned that every one of the rate models is based on assumptions.

Todd Rathbun, 765 North Adams Road, commented that he lives across from the proposed A1 site and stated that he did not see rates being so exorbitant that the City should construct reservoirs. He stated that a return on investment period of three years is not realistic and commented that savings will diminish as usage rates continue to go down. He mentioned that DWSD has not provided enough information on the savings to be realized.

Jeff Glaser, 844 Hadley, noted that he is opposed to B3 as a location for an above-ground reservoir. He commented that the Heatherwood Village Homeowner's Association encourages its residents to take better care of their homes and these efforts would be lost. He stated that a water reservoir should either be buried or should be located in an industrial area.

Avi Sisso, 1282 Cobridge, stated that all calculations of cost savings for the next twenty years are based on a constant increase in rates and commented that DWSD will just raise rates later. He stated that reservoirs should be located in commercial areas and not in residential backyards.

Alice Benbow, 1582 Northumberland, encouraged residents to attend the meeting of the Oakland County Commissioners on June 10, 2010 at 7:00 p.m. at the County offices at 1200 Telegraph Road and voice their opinions on water towers. She commented that this size of an expenditure should be put to the vote of the people and stated that the City should not borrow from its funds for construction. She commented that Detroit has not opened their books up for inspection and stated that President Hooper should not vote on this issue.

Deanna Hilbert, 3234 Quail Ridge Circle, stated that the Water Feasibility Study did not provide a good business model. She mentioned that Pat Turner of DWSD stated that she could not ensure that there would not be increases. She stated that there were discrepancies in the costs cited for maintenance. She noted that Troy is saving \$1 million per year by enforcing their watering ordinance. She mentioned that information on the water reservoir issue should be better publicized.

Lyn Toussaint, 1005 Bloomer, questioned why Council was again considering the reservoirs, stating that residents were in attendance from areas around Nowicki Park and John R in opposition to reservoirs being constructed there.

Jamie Smith, 262 Dalton, stated that he would rather have a reservoir on site B3 behind his home than the GMC Truck dealership planned for that property.

Melinda Hill, 1481 Mill Race, questioned why Council did not consider implementing usage reduction in steps. She stated that building a tank now makes no sense and commented that vigorous conservation should be undertaken to achieve further reductions. She suggested that a surcharge be instituted for the above-average water user and questioned why the water usage time ordinance was not being enforced. She questioned whether smaller reservoirs could be constructed and stated that much work needs to be done before proceeding.

Kim Barno, 891 River Bend, stated that Council should not award the contract tonight because there are too many unanswered questions. She commented that she has spoken with adjacent municipalities and they indicated that they are not interested in joining Rochester Hills. She stated that Shelby Township considered one water tower, however, they opted for a voluntary sprinkling ordinance. She questioned when the City would enact a watering ordinance similar to Troy's and begin a campaign to educate residents.

Greg Domka, 891 River Bend, stated that Pontiac is an old community which does not have underground sprinkling systems or a similar residential infrastructure to Rochester Hills. He noted that Troy's sprinkler restrictions save \$1 million per year and have reduced peak hour usage better than any community in DWSD's system. As a result, Troy has been able to negotiate a rate 15 percent lower than the average increase to other DWSD communities. He commented that he contacted Troy's Director of Public Works to ask if water reservoirs were considered, and noted his response that it was determined that perpetual maintenance of the tanks would not make them cost effective.

Deborah Barno, 660 Bolinger, stated that proposed site B3 is too close to a residential area and would have safety concerns and a negative effect on property values. She questioned whether the Administration has a conflict of interest in endorsing site B3, commenting that the property is owned by Russ Shelton, who has been active in political campaigns.

Carol Donovan, 1394 Springwood Lane, commented that as a road millage will be on the August ballot, this \$20 million water storage facility project should also be on the ballot.

Jim Hudson, 2566 Powderhorn Ridge, stated that the percentage of no-pays are higher and average value of the homes surrounding water storage facilities are lower in Pontiac than in Rochester Hills. He questioned what the annual maintenance costs of each site would be. He stated that he did not want the City to borrow from its own funds during this economic time and stated that water bans should be enforced.

James Scarletta, 215 Parsons Lane, stated that he does not see fiscal conservatism that he would expect from this community. He thanked Council Member Klomp for meeting with him and stated that the B3 location is not advantageous to the homes in Heatherwood Village. He commented that he was the one who put signs up in Heatherwood Village against the reservoirs.

Lorraine McGoldrick, 709 Essex, stated that DWSD will continue to raise rates, no matter how the City reduces usage. She commented that approval tonight would be premature and risky. She stated that there were other means of controlling usage, and noted that her water meter had been replaced, while her neighbor's yard continued to show evidence of a water leak for some time before repairs were made.

John Price, 420 Thornridge Court, stated that Heatherwood Subdivision is opposed to B3 as a location for a reservoir. He commented that primary concerns of residents include the height and bright lighting required. He stated that water storage facilities should be constructed in industrial complexes or should be made invisible to homeowners.

Gregory Kosch, 693 John R, stated this project should be discussed extensively before proceeding. He commented that he lives next to the John R parcel and stated that his property was an illegal junkyard for over 50 years and could have contaminated soil. He questioned whether the pond on the property would create flooding problems if a storage facility were constructed there.

Diana Peebles, 273 Shadywood, noted that most residents in attendance were concerned about the proposed locations. She stated that while she did not live near any of the proposed sites, her grandchildren live in that area. She questioned whether a pump station would be noisy and how the City could take residential land and put a business on it. She stated that a facility would be blight to a neighborhood.

Ed Freeman, 308 Willow Grove Lane, stated that Rochester Hills is recognized as one of the finest residential communities in Oakland County and the state. He commented that reservoirs should be constructed in commercial areas.

(RECESS 10:45 p.m. to 10:55 p.m.)

President Hooper requested that resident comments be addressed:

- Questions on Troy's watering ordinance, its enforcement and the savings realized.
- What Max Day rate the contracts are based upon; if reservoirs are built, what should the Max Day be.
- If it is possible to become a Max Day customer of DWSD without constructing reservoirs.
- Whether DWSD has published what rates would be in effect if Rochester Hills becomes a Max Day customer.
- What NATGUN stands for.
- How many days per year reservoirs will be used.
- Whether the purpose of the reservoir is for lawn irrigation.
- Whether reservoirs can be located in industrial locations.
- How fencing, lighting and security would be provided for the sites.
- What site plans and approvals will be necessary if this project moves forward.
- Whether the existing retention pond will remain on the site B1, if selected.
- Whether there is a pump station associated with the reservoir and what noise level it will produce.

- *What the maintenance costs for reservoirs will be.*
- *How reservoir size was determined?*
- *Whether other communities were contacted to determine if they wish to participate.*
- *If the land purchase price is a part of the cost analysis.*
- *Whether the design and construction phase should be deferred for an additional year or two for further study.*
- *When a rate reduction would be realized if reservoirs are constructed.*
- *Where Rochester Hills stands in relationship to the other DWSD communities in Peak Hour Increment.*

President Hooper explained that internal funds are being suggested for construction costs rather than bonds as it will provide approximately \$5 million in savings to fund the construction internally.

Mr. Rouse responded with the following:

- *Rick Shepler, Water and Sewer Superintendent for Troy, indicated the following differences between Troy and Rochester Hills:*
 - * *Troy's usage pattern is different than Rochester Hills: Troy is 57 percent residential; Rochester Hills is 73 percent residential.*
 - * *The \$1 million in savings realized was due in part to Troy's high commercial district vacancy rate and high foreclosure rate.*
 - * *Wetter conditions also reduced demand.*
 - * *Troy's 7.9 percent savings resulted from the purchase of 11.9 percent less water. Troy's per-unit rate increased, however, the increase was less than increases experienced by other communities.*
- *Rochester Hills' water usage during the Max Day week for 2009 after restrictions went into effect appears to have increased over 2008. Reasons given for not adhering to the Ordinance include:*
 - * *Landscape professionals in the community suggest that watering during midnight hours promotes mold growth.*
 - * *Area maintenance water meters can be noisy and can disrupt sleep.*
 - * *There are no consequences for not adhering to the Watering Ordinance.*
- *The City's Max Day usage was determined to be 25.81 million gallons per day (MGD). The City negotiates with DWSD based on a usage pattern. A rate reduction was negotiated based on a public education program on water conservation. Additional reductions were not realized as area maintenance meters are seen to encourage water consumption for irrigation systems.*
- *If reservoirs are built, the City would not exceed 15 MGD, allowing a transition from a Peak Hour to a Max Day customer.*
- *The reservoirs would be used 365 days a year.*
- *NATGUN is an acronym for National Gunite, a concrete tank manufacturer serving the Midwest. American Tank also constructs concrete tanks in the Midwest.*

Paul Davis, City Engineer, explained that DWSD has a maximum day that occurs during the year, and uses this day to review how each community contributed to usage. He noted that DWSD's maximum day typically occurs in late June or early July and the City has limited ability to control usage during this day. He commented that upon review of last year's maximum day, it appeared that the

nighttime watering ordinance had little or no effect. He stated that water storage will increase the likelihood of staying under the maximum day usage assigned.

Mr. Rosen noted that the peaks in water usage occur earlier with the Watering Ordinance; however, these peak times do not occur before 5:00 a.m. He commented that additional public education and notification might have a greater effect in controlling water usage and shifting the peak time.

Mr. Rouse continued:

- *Articles on water usage have appeared on the City's web page and in the Hills Herald.*
- *Water storage facilities can be located anywhere; however, some locations may need two pump stations, making costs prohibitive and decreasing return on investment. The locations provided are the most cost-efficient, cost-effective locations.*
- *The City cannot become a Max Day customer without constructing reservoirs.*
- *The purpose of constructing water reservoirs is to reduce the City's Peak Hour usage and become a Max Day customer to reduce rates; not to allow for lawn irrigation.*
- *Correspondence received from Rafael Chirolla, Rate Section Supervisor for DWSD indicated that the Max Day customer rate would be \$13.96 per thousand cubic foot (MCF). Current water rates are \$24.06 per MCF.*
- *Many options exist for security, including decorative fencing, cyclone fencing or brick walls. Cameras can be incorporated using electronic messaging. The reservoirs can be made graffiti-resistant.*
- *Site plans would be prepared and submitted for Planning Commission approval.*
- *The retention pond currently located in site B1 would remain, however, it could be reconfigured and relocated to another part of the property.*
- *No noise would be heard exterior to the pump station. In many cases, pump stations have been constructed to resemble surrounding residential homes.*
- *There is no maintenance cost for the reservoir itself; the pump station requires \$50,000 per year for utilities and maintenance.*
- *Reservoirs were sized at 3 million gallons to ensure that the City becomes a Max Day customer and that all system demands and fire flow capacity are met. The typical reservoir is 130 feet across, with a wall height of 30 feet. Depending on whether the reservoir is constructed at grade or partially-buried, with a domed or flat roof, the height could be as high as 43 feet, or as low as 15 feet.*
- *Three-million gallon reservoirs would not be sized to service other communities. The Administration has had contact with three adjoining communities and only Auburn Hills has expressed a preliminary interest. Once the project goes to design, the communities will be contacted again.*
- *The cost estimations provided include construction costs only, and not land purchase price.*
- *The Water and Sewer Technical Review Committee suggested that Council review the possibility of water reservoirs at this time, noting that reservoirs would offer substantial rate stabilization opportunities.*
- *City Council will decide what to do with the savings achieved; whether savings should be returned to Capital or to the citizens.*

- Rate reductions would be reflected from DWSD when reservoirs become operational; the best case scenario would be in September of 2011, after a month of data on water usage with reservoirs becomes available. He noted that the higher the rate increases, the greater the savings will be.
- The City of Rochester Hills is the highest in Peak Hour Increment of all 85 DWSD communities based on distance, elevation and usage patterns. Being a residential community is a determining factor.

President Hooper noted that the City's rates from DWSD will increase 14 percent for this next period, and Council approved a nine percent increase tonight. He commented that the Mayor has begun an enforcement and education campaign. He questioned whether Pontiac's reservoirs are already built and whether Pontiac has area maintenance meters. He commented that prior attempts made to eliminate or grandfather-out area maintenance meters in Rochester Hills were rejected.

Mr. Schneck responded that Pontiac's reservoirs are in use and are being managed to become a Max Day customer. He noted that Pontiac does not have area maintenance meters.

Council Discussion:

Mr. Klomp explained that he has a goal to be accessible to and keep in touch with the 20,000-plus residents he represents and offered that he can always be contacted by e-mail. He stated that he agrees with the majority of the residents who spoke against reservoirs being constructed near their homes. He mentioned although the cost of locating a reservoir on John R is lower than the alternatives, he was in favor of location B4 as this property is consistent with the surrounding area and adjoins no residences. He commented that the goal is an investment to save the City and its residents money, making Rochester Hills a more desirable place in which to live and do business.

Mr. Yalamanchi stated that he wishes to see the pros and cons for all locations, including economic, engineering, design, distance and social factors. He expressed concern that residents are made to comply with Ordinances while the City is considering placing a huge reservoir into a residential area. He concurred that location B4 should be investigated further. He questioned whether the Administration has received exact rates from DWSD, noting that up to now he had not learned that DWSD quoted a rate of \$13.96. He stated that knowing these rates are important to perform an analysis of the savings and questioned whether DWSD would sign an agreement to commit to a rate.

Mr. Rousse responded that while he cannot quote exact rates, he can make a prediction on average rates.

Mr. Yalamanchi commented that there will be a guaranteed liability whether the money is borrowed from outside sources or financed internally. He stated that the Water and Sewer Capital Fund has been used for rate subsidies, \$6 million was used to purchase the Hamlin Road property, \$30 million was used to build the DPS building, and now it is suggested to use this Fund to construct the reservoirs.

He questioned what would happen if the City had an emergency need for this Fund and whether the residents' costs could be capped to pay off the borrowed funds quicker. He stated that the business case needed to be developed further before proceeding.

Mr. Davis responded that DWSD provided information during contract negotiations on what rate reductions the City receives for having a public education program; and indicated that another reduction would be achieved if mandatory odd-even watering was included in an Ordinance. He stated that DWSD indicated during the model contract negotiations that if the City became a Max Day customer, it would see approximately a 50-percent decrease. He stated that it would have been premature for the City to commit to water storage during the contract negotiations. He noted that a 42-percent decrease is currently projected.

Mr. Yalamanchi commented that the current Ordinance is not being enforced and stated that he suspects most of the violations occur on commercial properties. He questioned whether the watering of City properties adhere to the Ordinance.

Mr. Rouse stated that the City's boulevard irrigation systems are set for midnight to 5:00 a.m. He commented that the current Ordinance allows exceptions for new lawns and new home construction and suggested that any complaints of violations be forwarded to him. He stated that unless the City wishes to actively enforce the Watering Ordinance, it will not see any long-term measurable results.

President Hooper noted that Council unanimously agreed that the Ordinance would not be enforced.

Mr. Yalamanchi said that he would favor location B4 for a reservoir and would not favor Nowicki Park for a northwest location. He stated that Rochester Hills should sustain its characteristics as a residential community and commented that it is not unusual for residents to be upset at the prospect of a reservoir constructed near their backyards.

Mr. Davis stated that often no one site is viewed as perfect, and commented that cost and hydraulic efficiency are considered along with current and adjacent zoning to place a high priority on the sites that make the most sense. He noted that cost may be compromised in the final site selection so that there can be more consideration for locating a reservoir by adjacent zoning.

Mr. Yalamanchi requested an update of any amendments in process to the Watering Ordinance which would incorporate alternative watering dates.

Mr. Brennan stated that the Water and Sewer Technical Review Committee analyzed this subject for at least two years and commented that without question, the City is heading in the right direction in considering water storage. He questioned what the savings would be each year and what location within Bloomer Park is being considered.

Mr. Rousse responded that the City would realize approximately \$4.1 million in savings in the purchase of water, translating to \$2.8 million net savings annually after all construction, maintenance and depreciation costs. City Council would then decide whether to distribute the savings to the residents or return monies to the Capital Funds. He noted that Bloomer Park is one of the most expensive locations considered because of the water main location and stated that the reservoir would be constructed near the road in the area of Bloomer Road and John R.

Mr. Brennan commented that Council's actions last year cutting waste hauling rates in half provided a great service to City residents. He stated that constructing reservoirs would save approximately 70,000 residents a significant amount of money. He noted that businesses would look more favorably toward locating in Rochester Hills and stated that Orion Township is currently constructing reservoirs. He commented that the City must take steps to mitigate the impact of water rates and mentioned that DWSD is gouging the communities with these high water rates. He stated that he did not believe social engineering would control water conservation and stated that he is not interested in amending the City's Budget to hire extra enforcement personnel. He read from a pamphlet published by the DWSD which suggested that rate increases are due to declining usage and the depressed economy, and peak hour demand management will become necessary. Mr. Brennan stated that reservoirs accomplish peak hour demand management.

Mr. Rosen pointed out that Pontiac's water tanks have been in existence for some time and stated that their original purpose was for fire protection. He commented that if Rochester Hills already had water storage tanks and could manage their usage to become a Max Day customer, he would be in support of their use; however, he cannot support water reservoirs at this time or at this proposed scale. He commented that Council had previously determined by passing Resolution 2010-0087 that this discussion should take place later in the year after a resident awareness campaign was undertaken and pointed out that the Mayor and the Administration have begun a 12-step educational campaign similar to that of Census efforts. He stated that Troy reports success in negotiating a rate 15 percent lower than other users and mentioned that the City should have an in-depth discussion with Troy officials regarding their efforts. He noted that communications from DWSD do not provide specific guarantees for future rates. He commented that two or three-million gallon water reservoirs will never result in savings to users, as DWSD promotional materials imply that rates will go up to meet fixed infrastructure costs and counteract reduced demand. He stated that as more communities move to water storage, it will be more difficult for DWSD to maintain the current rate structure with lower flow rates. He mentioned that at the January 11, 2010 meeting, Pat Turner of the DWSD stated that it would become more difficult to maintain the current rate structure and offered no guarantees that DWSD would maintain the Max Day rate structure. Shifting current peak usage instead will reduce the size and number of storage tanks required for the City. He commented that watering restrictions may be sufficient to reduce the peak and potentially allow for the construction of half the proposed storage; and stated that the City should first move to shift its peak usage rates as much as possible before moving forward with reservoirs.

Mr. Pixley noted that the engineering proposal tonight is to develop more specific costs. He questioned how many of DWSD's 85 user communities have storage facilities. He commented that rates are guaranteed to go up and questioned whether Rochester Hills is the highest peak rate user because it has the largest percentage of residential users, and whether this design phase would lock the City into a specific location. He mentioned that he preferred locations B4 and A3. He commented that borrowing from within City funds would afford flexibility in interest, costs and payback and commented that the City has already lost a significant amount of money by not building reservoirs sooner.

Mr. Rousse responded that four of DWSD's 85 user communities have water storage. He stated that the City's rates are not only influenced by the percentage of residential, but by location, elevation and other pumping factors; and noted that this phase will provide engineering work on the selected sites, including soil borings to determine the location's suitability to hold a heavy structure.

Mr. Webber stated that he recognizes that not all of the City's 70,000 residents are represented here tonight. He offered that he preferred location B4, with B6 as also being acceptable. He commented that while he does not feel strongly toward any A location, he would opt for A3.

Mr. Klomp questioned how the projected annual savings of \$2.8 million was computed. He stated that the City is not being fiscally conservative in delaying the project.

Mr. Rousse responded that the \$4.1 million reduction will be offset by the costs to construct and operate the reservoir and pay back the funds to arrive at a \$2.8 million savings on water purchase. He stated that doing nothing is risky as well.

Council discussed the various preferred locations and configurations of flat versus domed roof for each, along with burial possibilities. It was suggested that a second location be considered for the eastern reservoir as the City does not currently own site B4.

Mr. Yalamanchi questioned how the reservoirs would be filled and whether one larger reservoir could be considered.

Mr. Davis pointed out that City has nine individual pressure districts, with reducing valves and booster stations and noted that two reservoirs are recommended. He explained how Rochester Hills' Peak Hour is determined and why the usage rate is very demanding during this period. He noted that DWSD considers elevation factors, horizontal distances to deliver the water, and other components when setting rates between the communities.

Mr. Rousse responded that that two reservoirs are needed in order to become a Max Day customer and stated that the only system modifications required will be for a supply line going in and coming out to allow for the filling of the reservoirs within a five-hour period.

Mr. Davis mentioned that permitting will be required through the Michigan Department of Natural Resources (MDNR). He stated that while MDNR discourages burying reservoirs, it will allow the City to present a design for review. He noted that a site's groundwater will be reviewed during the design phase.

Mr. Yalamanchi suggested that further investigation of site location be undertaken prior to authorizing a design contract.

President Hooper stated that each year the City waits, it does not save \$2.8 million. He commented that the rate formula is set by a technical advisory committee made up by member users and is not set by DWSD itself.

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

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

Nay 2 - Rosen and Yalamanchi

Enactment No: RES0145-2010

Resolved, that the Rochester Hills City Council hereby authorizes award of the contract to complete engineering services for water reservoirs to Tetra Tech, Inc., Detroit, Michigan in the amount not-to-exceed \$508,985.00 and authorizes the Mayor to execute a contract on behalf of the City.

Further Resolved, the Rochester Hills City Council directs the following priority listing for site selection and type of reservoir:

For the Northwest Location:
A3 with a partially-buried flat roof

For the Central Location:
First Priority, B4 with an at-grade domed roof
Second Priority, B6 with an at-grade domed roof

Further Resolved, that the site plans are to be developed and reviewed by the Planning Commission, public hearings held, and recommendations provided to City Council.

COUNCIL COMMITTEE REPORTS

None.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

Regular Meeting - Monday, June 14, 2010 - CANCELLED; Regular Meeting - Monday, June 21, 2010 - 7:00 PM

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 12:59 a.m.

*GREG HOOPER, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARY JO WHITBEY
Administrative Secretary
City Clerk's Office*

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