



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, March 30, 2009

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:

*Bryan Barnett, Mayor
Scott Cope, Director of Building/Ordinance Compliance
Kurt Dawson, Director of Assessing/Treasury
Jane Leslie, City Clerk
Roger Rousse, Director of DPS/Engineering
Keith Sawdon, Director of Finance
Rachel Schlagel, Rochester Hills Government Youth Council
John Staran, City Attorney
Bob White, Supervisor of Ordinance Services*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Ambrozaitis, seconded by Webber, that the Agenda be Approved as Amended to add Legislative File 2009-0144, Request for Approval of Michigan Department of Natural Resources Canada Goose Nest Destruction and Canada Goose Round-Up for Arcadia Park under Any Other Business. The motion CARRIED by the following vote:

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

PUBLIC COMMENT

Jan Duzzie spoke on behalf of her mother, **Julia Harlukowicz**, 3839 Samuel, stating that her mother is a senior citizen who lives on \$8,400 per year and commented that the \$46 quarterly cost for the Single Trash Hauler Program was a burden on her income. She requested that seniors have the opportunity to cancel the service or have the cost covered by the City.

Lee Zendel, 1575 Dutton, stated that the Recycle Bank Program rewards consisted mostly of discount coupons, and commented that similar discounts were available elsewhere to residents without participating in this program. He suggested that residents could receive more benefit from the shoplocal.com website. He commented that some of the recycling had not been picked up today, the first day the Single Trash Hauler Program began.

Deanna Hilbert, 3234 Quail Ridge Circle, questioned whether the posted position on the website for a Chief Assistant to the Mayor had been filled.

David Tripp, 960 E. Tienken, stated that the Tienken Road corridor from Dequindre Road to Squirrel is a residential corridor which defines the fabric of the community and commented that the corridor improvements would have a great impact on many City resources adjacent to this road. He commented that he understood that infrastructure improvements are functions of available funding and timing, and that it is imperative that Rochester Hills have an overall plan for this corridor which would result in a roadway that would enhance the community. He suggested that the list of improvement projects proposed along this corridor from 26 Mile to Auburn Hills were piecemeal and would destroy the character of this residential corridor.

Joe Luginski, 985 E. Tienken, requested that the Administration schedule a public hearing with the Road Commission of Oakland County to review all proposed plans with residents. He commented that the Michigan State Historic Preservation Office should be contacted regarding proposed improvements to the Tienken Bridge that lies within the Stoney Creek Historic District to request a Section 106 Review under the National Historic Preservation Act of 1966. He also requested City Council form an advisory committee with citizen, City, County and State representatives to discuss this issue; and asked Council to set an agenda item at its next meeting to review additional information.

Tom McMillin, State Representative, 1261 Oakwood Court, reported that he held a public meeting at City Hall in January and he would hold another at City Hall in May. He provided a toll-free phone number, 1-866-969-0450, which constituents could use to express District concerns or request assistance with items such as unemployment benefits. He noted that his State committees include Education, Labor, Family and Children Services, and Government Operations, and commented that as a Certified Public Accountant, he was fighting for Michigan businesses. He stated that while the Democrats do have a large margin in the House, the committees he participates on try to be bipartisan in their efforts.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

President Hooper stated that every single family home is required by Ordinance to contract to remove their trash through a licensed waste hauler. He noted that the City has negotiated a rate for the entire City which leverages the buying power of the whole community. He commented that, unfortunately, there were no opportunities for waivers for any resident. He stated that the City Administrator position has not been filed, and commented that no decisions had been made regarding any Tienken Road widening project. He announced that the 28th Annual Rochester Area Prayer Breakfast would be held on Thursday, May 7, 2009, at the Shotwell-Gustafson Pavilion on the grounds of Oakland University with Ernie Harwell as the keynote speaker and commented that the public was welcome to attend. Tickets are available for \$20.

Mr. Brennan stated that he wished to congratulate the Rochester High School Mock Trial Team, which took Third Place in the State Competition in Lansing last week. He noted that the team was Captained by Rochester Hills Government Youth Council member Sam Kilberg, and his daughter Caitlyn Brennan.

Mr. Ambrozaitis stated that the Daylight Savings Time change should remind residents to change smoke detector batteries. He also commented on the upcoming Final Four College Basketball tournament and expressed his hopes for a Michigan State University (MSU) win.

Mr. Pixley stated that the upcoming Prayer Breakfast is a great annual event and commented that it will be great to hear 92-year-old Ernie Harwell's inspirational message. He stated that he has received favorable reports from residents regarding the start-up of the Recycle Bank Program. He also expressed school spirit for the MSU Spartans.

Mr. Rosen questioned whether the City would be ensuring that containers from other waste haulers would be picked up from residents. He commented that the Road Commission of Oakland County has scheduled its Strategic Planning Meeting with City Council on Monday, April 20, 2009 at 2:00 p.m. in the City Auditorium and noted that although this meeting is not open for public participation, the public may attend.

Mr. Webber noted that Rochester Adams Highlander Alumni Jon Crandell is a member of the MSU Spartan Basketball Team.

Mr. Yalamanchi stated that he has received numerous inquiries from residents not wanting to participate in the Single Trash Hauler Program requesting to have their fees waived. He also questioned how the City would ensure other hauler's trash bins would be removed. He stated that residents should be given an opportunity to express their concerns on the upcoming Tienken Road project.

Rachel Schlagel, Rochester Hills Government Youth Council (RHGYC) Representative, announced that the RHGYC will be hosting a 5k Run/Walk on June 27, 2009 at Bloomer Park to benefit Veterans with Traumatic Brain Injuries and stated that the RHGYC was seeking sponsors and donations.

Mayor Barnett made the following comments:

- The Administration and Council have received an e-mail from Oakland County indicating that the City is currently in a waiting process while the Environmental Assessment (EA) is being completed on the Tienken Road project. He commented that the EA is due back for review in May and noted that a three-lane option was added. He stated that when the EA is complete, the City will hold a public hearing to review it. He responded to Mr. Tripp stating that he was not aware of any information the City has received from Oakland County indicating that Tienken Road is slated for widening to four lanes.
- The Chief Assistant to the Mayor position has not been filled.
- City Hall will be closed on Good Friday, April 10, 2009.
- Regarding the Crooks Road Project, he provided the following update on the project's components:
 - * Part One consists of the widening of M-59, with bids to be let in August and construction to commence in the fall of 2009
 - * Part Two consists of repaving M-59 from Wide Track in Pontiac up to the Rochester Hills City limits
 - * Part Three consists of the Crooks Road bridge work over M-59. He commented that the State has evaluated the bridge's condition and as a result, this project was more likely to move forward. He noted that there would be several design options. He stated that in order for this project to occur, it may be necessary for the City to contribute funds; and further noted that it would likely accompany Part Two. He noted that the Crooks Road Project may come before Council for further discussion on April 20, 2009
- Regarding the start of the Single Trash Hauler Program, he noted that while there are often difficulties with the start up of any new program, the City has addressed many issues that have arisen and has received many more compliments than complaints. In response to Mr. Zendel, he stated that main purpose of the Recycle Bank Program was to encourage recycling. He noted that over fifty tons of recycling came in today, the first day of the program, and commented that the hauler had so much recycling that they could not get through Fairview Farms Subdivision on the first day and would return to complete their pickup. He commented that 38 percent of the community has signed up for the Recycle Bank Program thus far. He asked Scott Cope and Bob White to address pickup concerns and trash receptacle locations.

Scott Cope, Director of Building/Ordinance Compliance, stated that the opt-out question has been a difficult concern for the City. He noted that in the City's investigation of single hauler programs in other communities, all communities contacted that began an opt-out program for residents have eliminated it. He noted the pickup schedule for different areas of the City. He commented that the cart manufacturer experienced a mold breakdown; and stated that the southeastern area of the City, scheduled for Thursday pickup, has had a delay in delivery of their recycling carts. He requested residents in that area, consisting of approximately 2,000 homes, use their current recycling bins for this first week's pickup and stated that they would receive Recycle Bank points.

Bob White, Supervisor of Ordinance Services, stated that trucks picking up refuse and recycling use mechanical arms, and he requested that all residents put their carts at the road's edge, with the handle facing the home, at least four

feet apart, and away from mailboxes. He stated that many of the prior haulers were removing their carts; however, he mentioned that residents who kept these containers could use them for additional refuse capacity and Allied would dump them. He noted that residents who want to convert an old cart to a compost bin can call Allied to request a "Compost" sticker to use for the bin. He further stated that residents who wished to dispose of their old containers could put them at the curb with a note attached and Allied would take them. He gave the toll-free numbers for Allied (1-800-858-0089) and Recycle Bank (888-727-2978) and requested residents begin using these numbers to address concerns and complaints. He also noted that Recycle Bank has a website, www.recyclebank.com, which residents should use to activate their accounts. He commented that if residents have lost their activation code mailing, they could still register online by inputting their cart number and information. He also suggested that residents could call the toll-free number and register.

In response to Council questions, **Mr. Cope** made the following comments:

- There was no opt-out for an owner of multiple properties.
- The City's agreement with Allied does not mandate that a resident must use the bin they receive. He stated that Allied will pick up bins that residents do not want, but will be waiting thirty days to do this. He suggested that residents who wished to return their bins call Allied's customer service line.
- The trucks would pick up one side of the street at a time.
- Residents could contact Allied to receive an additional waste cart for \$1.20 per month. Mr. Cope commented that he would verify whether this would also apply to an additional recycle cart.

Mr. White responded to Council questions with the following:

- The chips in the recycling carts were scanned as they were delivered to each residence and coordinate with the activation code. He also noted that residents must use the recycling bins to receive credit in the Recycle Bank Program.
- The first billing will go out April 15, and then would follow on the 15th of the first month of each quarter. Residents could call the customer service line or go online to apply for discounts.

Mr. Ambrozaitis commented that although he has received a number of phone calls indicating that not having an opt-out is an inconvenience to some residents, with the current foreclosure crisis it is impossible to offer an opt-out that could exclude banks.

Mayor Barnett stated that the Ordinance requiring that every single family home contract for a trash hauling service has been in place since early 1980s. He noted that residents could suspend pickup for six weeks, one time per year, and that with senior citizen discounts, prepayment and online payment credits, the cost could be as low as \$125 to \$130 per year per household. He noted that Recycle Bank has a high customer satisfaction rating and they now have a recycling program for electronics including personal computers, laptops, iPods and cell phones. He commented that residents can visit Recycle Bank's website and print up a prepaid postage envelope to ship these electronics for recycling and would receive recycle points.

Mr. White requested that residents utilize Allied's customer service system first and contact him at 248-841-2441 if they are unable to have their problems or concerns resolved.

Mayor Barnett reported that the City would receive \$640,000 in Stimulus funding related to energy efficiency. He stated that Chrysler has announced that a call center would be opened in Rochester Hills, bringing this center back from India. He introduced a video from WXYZ Channel 7 News highlighting Magna's upcoming production of an electric vehicle in Rochester Hills.

ATTORNEY MATTERS

City Attorney John Staran had nothing to report.

RECOGNITIONS

2009-0049 Recognition of J. Martin Brennan, Jr. for serving as Board President for the Community Media Network from 2005 through 2008

Attachments: [Agenda Summary.pdf](#)
[012609 Agenda Summary.pdf](#)
[012609 Resolution.pdf](#)
[Resolution.pdf](#)

Jay Wiencko, 508 Marquette, Executive Director of Community Media Network (CMN), expressed his gratitude to J. Martin Brennan for his leadership role as Board President of CMN from late 2004 to December 31, 2008; this leadership has set the tone for CMN and what benefits each constituent community. He presented Mr. Brennan with a plaque in honor of his service.

Mr. Brennan stated that he was honored to be a part of CMN and commented that the organization consisted of a great team. He noted that Laurie Puscas has succeeded him as Rochester Hills' representative to the Board of CMN. He requested that Mr. Wiencko provide an update on CMN.

Mr. Wiencko commented that many exciting things are happening at CMN including a new project, News Briefs, which give the opportunity for trained members to become reporters out in the field. He noted that anyone interested in learning more could visit the website CMNTV.org/News.

Presented.

In Recognition of Your Service
On Monday, January 26, 2009, we gratefully acknowledge

J. Martin Brennan, Jr.
CMN President 2005-2008

In recognition of valuable contributions made to the cause of Public Access Television, and on behalf of the members, producers and viewers who have been well-served by Community Media Network, we, the Board and staff of CMN, thank you deeply for your history of committed service and effort.

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.

- 2009-0131** Request for Purchase Authorization - DPS/GAR: Increase existing blanket purchase order for crack sealant material in the amount of \$35,000.00 for a new not-to-exceed total of \$55,000.00; National Highway Maintenance System, LTD, LLC, Akron, OH

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

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0101-2009

Resolved, that the Rochester Hills City Council hereby authorizes the increase of an existing blanket purchase order to National Highway Maintenance System, LTD, LLC, Akron, Ohio for crack sealant material in the amount of \$35,000.00 for a new not-to-exceed amount of \$55,000.00 through July 31, 2009.

Passed the Consent Agenda

A motion was made by Webber, seconded by Ambrozaitis, including the preceding item 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 adopted by separate Motion:

- 2009-0125** Request for Purchase Authorization - DPS/ENG: Acquisition of necessary right-of-way property in conjunction with the Hamlin Road, Crooks to Livernois Construction Project for Parcel H-17, Sidwell 15-21-477-023 in the amount of \$21,000.00; Ronald Brewer and Donna Brewer, Central Lake, MI

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

A motion was made by Ambrozaitis, 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: RES0099-2009

Resolved, that the Rochester Hills City Council hereby authorizes the acquisition of necessary right-of-way property in conjunction with the Hamlin Road, Crooks to Livernois Construction Project for Parcel H-17, Sidwell 15-21-477-023 to Ronald Brewer and Donna Brewer, Central Lake, Michigan, in the amount of \$21,000.00.

NOMINATIONS/APPOINTMENTS

2009-0113 Nomination/Appointment of three (3) Citizen Representatives to the Zoning/Sign Board of Appeals for a three-year term to expire March 31, 2012

Attachments: [Agenda Summary.pdf](#)
[Appointment Form.pdf](#)
[031609 Agenda Summary.pdf](#)
[Notice of Vacancies.pdf](#)
[Nomination Grid.pdf](#)
[Jim Duistermars CQ.pdf](#)
[Philip Hurst CQ.pdf](#)
[Jason Long CQ.pdf](#)
[Michael McGunn CQ.pdf](#)
[Joe Pullukat CQ.pdf](#)
[Gerard Verschueren CQ.pdf](#)
[Murray Woolf CQ.pdf](#)
[Resolution.pdf](#)

President Hooper stated that Jim Duistermars, Jason Long, Michael McGunn and Gerard Verschueren had been nominated at the March 16, 2009 Regular City Council Meeting and instructed Council to vote for three nominees. The nominees received the following votes:

Jim Duistermars: Hooper, Brennan, Pixley and Webber

Jason Long: Ambrozaitis, Pixley, Rosen, Webber and Yalamanchi

Michael McGunn: Hooper, Ambrozaitis, Brennan, Rosen and Yalamanchi

Gerard Verschueren: Hooper, Ambrozaitis, Brennan, Pixley, Rosen, Webber and Yalamanchi

Mr. Yalamanchi recognized Mr. McGunn, who was in attendance, for his service on the Zoning/Sign Board of Appeals.

A motion was made by Webber, seconded by Brennan, that Jason Long, Michael McGunn and Gerard Verschueren be Appointed. The motion CARRIED by the following vote:

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

Enactment No: RES0098-2009

Resolved, that the Rochester Hills City Council appoints Jason Long, Michael McGunn and Gerard Verschueren to serve as Zoning/Sign Board of Appeals Representatives for three-year terms expiring March 31, 2012.

- 2009-0126** Request to Confirm the Mayor's appointment of Keith Sawdon to the Economic Development Corporation to fill the vacancy of Jonathan Rea, term to expire March 31, 2012

Attachments: [Agenda Summary.pdf](#)
[Keith Sawdon CQ.pdf](#)
[Jonathan Rea Resignation.pdf](#)
[Resolution.pdf](#)

A motion was made by Yalamanchi, seconded by Ambrozaitis, 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: RES0095-2009

Resolved, that the Rochester Hills City Council hereby confirms the Mayor's appointment of Keith Sawdon to fill the vacancy of Jonathan Rea on the Economic Development Corporation for a term to expire March 31, 2012.

- 2009-0094** Nomination/Appointment of one (1) Citizen Representative to the Deer Management Advisory Committee to replace the appointment of Damian Kassab for a term to expire December 2009

Attachments: [Agenda Summary.pdf](#)
[Appointment Form.pdf](#)
[031609 Agenda Summary.pdf](#)
[031609 Appointment Form.pdf](#)
[030209 Agenda Summary.pdf](#)
[030209 Resolution.pdf](#)
[Nomination Form.pdf](#)
[Monique Balaban CQ.pdf](#)
[Martha Black CQ.pdf](#)
[Don Booth CQ.pdf](#)
[William Carlson CQ.pdf](#)
[William Davidson CQ.pdf](#)
[Giuliana Deaconu CQ.pdf](#)
[Allen Decker CQ.pdf](#)
[Carol Donovan CQ.pdf](#)
[Dina Douthitt CQ.pdf](#)
[Jerome Gross CQ.pdf](#)
[Susan Jaracz CQ.pdf](#)
[Damian Kassab CQ.pdf](#)
[Jim Kubicina CQ.pdf](#)
[Thomas McDonald CQ.pdf](#)
[Erik Olson CQ.pdf](#)
[Joseph Podvin CQ.pdf](#)
[Linda Raschke CQ.pdf](#)
[Frank Seleno CQ.pdf](#)
[Siegrid Stern CQ.pdf](#)
[Kathryn Wojcik CQ.pdf](#)
[Suppl Info Deanna Hilbert CQ.pdf](#)
[Suppl Info Ruth Vince CQ.pdf](#)
[Notice of Vacancy.pdf](#)
[031609 Resolution.pdf](#)
[Resolution.pdf](#)

President Hooper stated that it had come to light that Damian Kassab was not a Rochester Hills resident and, therefore, was not eligible to be a member of the Deer Management Advisory Committee. He noted Council would vote for one citizen who had been nominated at the March 2, 2009 meeting, and received votes at the March 16, 2009 meeting, to become the seventh citizen member of the Committee.

Public Comment:

Ruth Vince, 1469 Avon Circle East, stated that she was disappointed to learn that Council had voted to stop the deer cull, and commented that she thought it had been handled very well. She noted that she lived behind City Hall, only three lots away and wished to serve on the Committee.

Don Hughes, 3744 Bald Mountain, Auburn Hills, stated that he was dissatisfied with Council's appointments at their last meeting, and hoped that City Council would take this opportunity to improve the balance of the Committee. He stated that other communities have decided to use non-lethal methods to manage coyote overpopulation.

Nominees received the following votes:

Susan Jaracz - Hooper, Pixley and Webber

Joseph Podvin - Ambrozaitis, Brennan, Rosen and Yalamanchi

A motion was made by Rosen, seconded by Pixley, that Joseph Podvin be Appointed. The motion CARRIED by the following vote:

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

Enactment No: RES0096-2009

Resolved, that the Rochester Hills City Council appoints Joseph Podvin to the Deer Management Advisory Committee to replace the appointment of Damian Kassab for a term to expire December 2009.

NEW BUSINESS

2009-0120 Adoption of Amendments to *City Council Rules of Procedure* to change the Regular Meeting and Work Sessions start time to 7:00 p.m.

Attachments: [Agenda Summary.pdf](#)
[031609 Agenda Summary.pdf](#)
[Memo from Mayor.pdf](#)
[031609 Resolution.pdf](#)
[Resolution.pdf](#)

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: RES0097-2009

Resolved, that the Rochester Hills City Council amends its City Council Rules of Procedure as follows:

Article III. Meetings of Council

Section .02 Regular Meetings:

(b) Regular Meetings shall be held in the Rochester Hills City Hall, 1000 Rochester Hills Drive, commencing at 7:00 p.m. unless the time and/or place is changed by Council resolution or by the Council President pursuant to Section .01 (iii) and notice of such change, as required by the Open Meeting Act, is given.

Section .03 Work Sessions:

(b) Work Sessions shall be held in the Rochester Hills City Hall, 1000 Rochester Hills Drive, commencing at 7:00 p.m. unless the time and/or place is changed by Council resolution and notice of such change, as required by the Open Meetings Act, is given.

2009-0132 Discussion regarding the formulation of a Fund Balance Policy

Attachments: [Agenda Summary.pdf](#)
[Draft Fund Balance Policy.pdf](#)

Keith Sawdon, Director of Finance, stated that this was a proposed Policy in response to Council discussion at the Team Building Workshop at Oakland University in January.

Public Comment:

Melinda Hill, 1481 Mill Race, commented that a Fund Balance Policy appears on Page 17 of the 2009 Budget book and questioned why there was a need to redraft a new policy. She stated that the larger issue is deciding whether to spend Fund Balance. She stated that priorities should be developed for 2010 and beyond; both short-term and long-term. She commented that the City should be hesitant to spend Fund Balance at this time.

Council Discussion:

Mr. Yalamanchi questioned why the City did not consider retaining a Fund Balance of 20 percent. He questioned how the Fund Balance Policy would relate to Special Revenue Funds such as the Rochester Avon Recreation Authority (RARA) Fund, Older Persons Commission (OPC) Fund, Pathways and Green Space. He suggested that references to RARA and OPC Funds could be removed from the draft policy language. He also questioned how the policy applies to Special Revenue Funds, such as the Tree Fund and the Stoney Creek Perpetual Care Fund. He noted that there was \$1.6 or \$1.7 million in the Tree Fund, and suggested that \$1.5 million be set as an Endowment Fund, noting that the interest earnings could be used for operations. He questioned whether including the Tree Fund in this Policy could allow the entire Fund to be available for use.

Mr. Sawdon responded that a 15 percent Fund Balance is the national average, and this percentage is a benchmark throughout many communities, the percentage contained in the policy for Oakland County, and is supported by the Government Finance Officers Association. He commented that 15 percent is equivalent to two months' operating revenue. He stated that the Fund Balance Policy would not apply to RARA and OPC as they are millage-driven. A Fund Balance Policy would not be appropriate for a fund such as Green Space, as there would be times when the Fund Balance would be large and then it would be expended. He stated that a Fund Balance Policy would apply more toward Major Roads, Local Roads and the Drain Maintenance Fund. He commented that the Policy could list categories, rather than specific funds. He stated that there was no need to spend any Fund Balance, and the Policy should be used to give a conscious knowledge of what the City would do if it needed to go below these levels.

Mr. Yalamanchi suggested that discussion on the Policy be continued after the final Audit numbers are received this spring.

Mr. Sawdon stated that a draft Audit would be completed in late April or early May.

Mr. Yalamanchi questioned whether in-depth budgeting based on projections for 2010, 2011, and 2012 could be done, rather than utilizing a five-year rolling

basis. He commented that transfers were stopped to the Capital Improvement Project a few years ago and transfers to Major Roads were reduced to 0.1 mill last year. He suggested that this transfer be stopped and future funding replacement costs under the Facilities Fund be reviewed in the 2009 Budget to determine what expenditures could be deferred for four years. He stated that these numbers could be reevaluated annually.

Mr. Sawdon stated that these numbers would be reviewed as the Administration gets into the 2010 Budget documents and would be addressed during the Budget Workshops.

Mr. Yalamanchi questioned whether the City would pursue the Debt Millage that would expire in 2010.

President Hooper responded that this was under discussion in the Police and Road Funding Technical Review Committee and the Committee's recommendations would be forthcoming to Council.

Mr. Rosen made the following comments regarding the Draft Fund Balance Policy:

- He questioned why Special Revenue Fund non-voted Millages had a low recommended minimum balance.
- He agreed with maintaining a Fund Balance of 15 percent for the General Fund; and commented that he could support a 20 percent Fund Balance as well.
- He stated that the Pathway Fund and Green Space Fund should not be required to maintain any Fund Balance, as those Funds are intended to go to a zero balance when the millage for these Funds runs out. He noted that a Fund Balance should be considered for Pathways for maintenance, in the event that a future millage does not pass.
- Major Roads and Local Roads are heavily dependent on property tax revenue and should maintain a Fund Balance of 15 percent.
- He noted that a Fund Balance of 15 percent would provide two months' of operating and noted that a revenue source would most likely not dry up completely; however, he expressed concern about a steady decline in revenues.
- He noted the global Gross Domestic Product (GDP) is estimated at \$65 to 70 trillion and total global wealth is approximately \$250 trillion; and commented that some private equity concerns estimate that approximately 45 to 50 percent of the globe's wealth has disappeared in the last year due to toxic assets. He stated that this would most likely lead to continued reduced economic activity for houses, cars and other large purchases. He commented that this downturn could potentially affect the world economy for more than 10 to 20 years.

Mr. Webber noted that the City is in relatively stable financial condition relative to Fund Balance compared to many other communities; and mentioned that the State struggles with putting five percent aside. He stated that he was in agreement that the Fund Balance Policy discussion should be tabled until the Audit numbers are presented. He commented that he was interested in investigating the concept of two-year budgeting and stated that he would want to investigate how future increases in costs for health care, for example, would affect expenditures. He

stated that the City needs to strike a balance of setting money aside for the future while ensuring that needed services are provided such as police, roads, fire and vital services.

Mr. Pixley *stated that Council's approach in drafting a Fund Balance Policy should be conservative to safeguard taxpayer dollars. He stated that the proposed policy includes under what conditions Fund Balance would be utilized; however, he noted that this list is not all inclusive. He stated that the Fund Balance Policy needs to ensure that the City will be able to address unanticipated expenditures. He concurred with reviewing the Audit numbers and projections for the economy prior to establishing the parameters for a Policy.*

Mr. Ambrozaitis *stated that it was important to see the results of the Audit for 2008, and made the following comments:*

- He requested an assessment of the City's current position, relative to projections given to Council in March of 2008 and in January of 2009, based on the decline in taxable value and decreasing revenues. He stated that the City should remain conservative.*
- He noted that in 2007 all Fund Balances totaled \$67 million and projections for 2010 indicate a Fund Balance of \$55 million. He requested the reasons for the \$12 million decline in Fund Balance be explained further.*
- He requested that all quarterly budget amendments be presented with more detail as to how the adjustments relate to the original amounts when the Budget was passed. He stated that the budget amendment process promotes a defective Fund Balance Policy.*
- He stated that the State and world economy would continue to affect the City, by continuing the decline in taxable value, revenue sharing and gas tax revenues, and requested that these declines be factored in to the budget projections.*
- He noted that there needs to be equal shared sacrifice between the City's Executive Branch and the Unions.*
- He questioned how the lower taxable value projected for the next four to five years would affect the City's bond rating.*
- He stated that if Fund Balance is depleted, interest revenues will decline.*
- He stated that a Fund Balance Policy should call for use in one-time emergencies and not for reoccurring bills.*
- He requested an explanation how the money in the pass-through funds affects the Fund Balance in the General Fund.*
- He mentioned that businesses in the City are putting expansion projects on hold and questioned how this would affect the City.*
- He requested that projections on increased costs in labor and health care following AFSCME Union negotiations be included, as well as any projections for other fixed costs.*
- He expressed concern about the automotive industry and questioned what would happen to the City from a revenue standpoint if General Motors or Chrysler filed for bankruptcy, were merged or were sold off in parts.*
- He commented that the State of Michigan looked to close a budget gap last year by raising taxes and cutting spending; and is experiencing the same budget problems again this year. He noted that while the City has adequate Fund Balances now, future operating cost projections need to be reviewed to ensure the City is sustained in a downturn.*

President Hooper stated that a financial forecast would be presented to Council at the April 20, 2009 Council meeting.

Mr. Sawdon stated that the City's financial model is live every day, as numbers are provided regarding assessment, health costs and other expenditures. He stated that a Fund Balance Policy would not be considered a mandate to spend and noted that if the Strategic Plan could be met without using Fund Balance, it would not be used. He commented that the Fund Balance Policy would be considered a minimum level that when reached, would trigger other processes. In response to Mr. Ambrozaitis, he stated that the \$12 million decline in Fund Balance was almost all Capital, particularly Major Roads.

Mayor Barnett commented that this discussion on a Fund Balance Policy included much discussion on the City's Budget; and stated that the City will always have a conservative approach. He stated that this economic downturn can be viewed as an opportunity to review many financial issues, and noted that he will be introducing two-year budgeting. He commented that the City has added to Fund Balance, and noted that projections of possible structural deficits would occur if the City did not make any changes. He stated that as long as he is Mayor, the City will have a conservative approach and a long-range view, and he cautioned against reacting to every negative news report. He commented that Council should be pleased with the Audit numbers to be presented. He noted that two months ago, the City had not considered the possibility of Stimulus funding allowing the M-59 Expansion Project, possibly including the Crooks Road bridge, to proceed any time soon. He noted that there will be cuts for the 2010 Budget; however, the City will still provide the necessary services to its residents.

Mr. Ambrozaitis stated that when he votes on budget items, he votes with his conscience. He commented that over the last year he worked hard to remain positive; however, based on the current challenges to the economy he feels the City's view has been too rosy.

Mr. Yalamanchi requested that updated Fund Balance projections be presented to Council.

Discussed.

COUNCIL COMMITTEE REPORTS

None.

ANY OTHER BUSINESS

- 2009-0144** Request for Approval of Michigan Department of Natural Resources Canada Goose Nest Destruction and Canada Goose Round-up for Arcadia Park

Attachments: [Agenda Summary.pdf](#)
[Request from HOA.pdf](#)
[MDNR Letter.pdf](#)
[Information Sheets.pdf](#)
[Nest Destruction Application \(small pond\).pdf](#)
[Nest Destruction Application \(large pond\).pdf](#)
[Round-Up Application \(small pond\).pdf](#)
[Round-Up Application \(large pond\).pdf](#)
[Resolution.pdf](#)

Jodie Paul, 1675 Blushing, stated that she was on the Arcadia Park Subdivision Architectural Committee and was in attendance to represent the subdivision.

Mr. Ambrozaitis thanked Jane Leslie, City Clerk, for helping Arcadia Park representatives assemble the information necessary to bring before Council.

Mr. Pixley noted the deadline of April 1, 2009 on the application for the Nest Destruction Program and asked if this short timeframe was the reason that this item was added to tonight's agenda.

President Hooper stated that it was, and noted that the subdivision representatives would have to transmit the application to the Michigan Department of Natural Resources tomorrow in order for it to be received by the April 1, 2009 deadline.

A motion was made by Ambrozaitis, 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: RES0100-2009

Resolved, that the City of Rochester Hills requests the Michigan Department of Natural Resources (MDNR) to allow Arcadia Park Homeowners Association to conduct a program of Canada Goose Nest Destruction and Canada Goose Round-up for a period of five (5) years. The residents of Arcadia Park are aware that the geese may be euthanized.

Mr. Rosen questioned whether there were any resources in place that could assist residents on fixed incomes defray the Single Waste Hauler Program costs. He questioned whether a private endowment fund could be set up to help defray costs.

President Hooper commented that an endowment fund was investigated for assistance with Water and Sewer bills and that it was not an option for City involvement.

Mayor Barnett responded that he could direct any private individuals on how this could be done, but the City could not be involved.

Mr. Pixley responded that he could investigate the possibility of the Greater Rochester Area Community Foundation (GRACF) being a resource for such a fund.

Mayor Barnett added that a 501(c)(3) Corporation could be required.

Mr. Yalamanchi commented that Neighborhood House has an endowment fund set up at the GRACF that could possibly be utilized and noted that residents should try to support the existing nonprofit organizations rather than develop another program.

Mayor Barnett stated that there have been incidents in the City of individuals posing as City Water employees attempting to gain entrance to homes. He cautioned residents not to let anyone in without proper City identification and stated that residents should immediately call City Hall, or 911, before allowing anyone in. He stated that any City employee requesting to enter a home would wait outside in their City vehicle until their identification was verified.

NEXT MEETING DATE

Regular Meeting - Monday, April 20, 2009 - 7:00 PM

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 10:07 PM.

*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 May 4, 2009 Regular City Council Meeting.