



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, September 27, 2010

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

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

ROLL CALL

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

Others Present:

*Ed Anzek, Director of Planning and Development
Bryan Barnett, Mayor
Tara Beatty, Chief Assistant
Dan Casey, Manager of Economic Development
Scott Cope, Director of Building/Ordinance Compliance
Ron Crowell, Fire Chief/Emergency Management Director
Paul Davis, Acting Director of DPS/Engineering
Kurt Dawson, Director of Assessing/Treasury
Bob Grace, Director of MIS
Susie Jang, Rochester Hills Government Youth Council Representative
Pam Lee, City Accountant
Jane Leslie, City Clerk
Keith Sawdon, Director of Finance
John Staran, City Attorney*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Pixley, seconded by Klomp, that the Agenda be Approved as Amended to move Legislative File 2010-0336, Adoption of the Fiscal Year 2011 Budget immediately following the Consent Agenda. The motion CARRIED by the following vote:

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

PUBLIC COMMENT

Deanna Hilbert, 3234 Quail Ridge Circle, requested an update on the Water Reservoir Project and questioned whether there is a schedule for reopening negotiations with the Detroit Water and Sewerage Department. She commented that public education efforts for the City's Outdoor Watering Ordinance are inadequate and that businesses are not complying with the Ordinance.

Alice Benbow, 1582 Northumberland, stated that Council does not provide answers to questions raised during public comment. She expressed concern that maintenance fees for water reservoir facilities are not included in the proposed Budget. She spoke in favor of continuing to support Community Media Network's (CMN) television services, stating that CMN provides job skills, access to studio and computer facilities and a way for free speech go out to the people.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

Mayor Barnett responded to Ms. Hilbert, noting that the City received a letter today from the Detroit Water and Sewerage Department (DWSD) listing a schedule of dates for contract negotiation. He made the following announcements:

- City Hall will host a Senior Flu Clinic on Friday, October 1, 2010 from 9:00 a.m. to 2:30 p.m. Reserve an appointment time by calling the Mayor's Office.
- The last NoHaz event for 2010 is scheduled for Saturday, October 2, 2010 at the General Motors Orion Assembly Plant on Giddings Road in Orion Township. The cost to bring hazardous materials for Rochester Hills residents is \$10 per vehicle.
- The Brooksie Way Half-Marathon will be held Sunday, October 3, 2010. Roads along the route will be closed for periodic times during the race. Residents are encouraged to visit the City's or Oakland County's website for information, or call the Mayor's Office with questions. Six thousand runners are expected for the race.
- The Tienken Road Bridge over Stony Creek is slated for completion by October 31, 2010.
- Work is expected to continue for one additional month on the Auburn Road Resurfacing Project. Intersection work is underway for the Americans With Disabilities Act (ADA) portion of the project, to be followed by paving activities.

Mayor Barnett noted the passing of long-time City employee Fred Carter. He stated that Mr. Carter was the Beach Front Coordinator at Spencer Park for the last 26 years and commented that his proudest professional achievement was work at Spencer, keeping the park safe for visitors. He announced that the City will name the lake at Spencer Park Carter Lake as a fitting tribute to a man who gave his all.

A moment of silence was observed to honor the memory of Fred Carter.

Council members each expressed condolences to the family of Mr. Carter.

Mr. Brennan requested that a proclamation for the naming of Carter Lake be presented to the family at a future Council meeting.

*In response to Public Comment, **President Hooper** stated that whenever a question is asked by a resident, he endeavors to respond. He noted that if he does not have the answer, he defers to whoever can provide the information. He stated that he does not comment on personal opinions expressed during Public Comment.*

ATTORNEY MATTERS

2010-0403 Adoption of Resolution to Adjourn to Closed Session immediately following the adjournment of the Regular Meeting held Monday, September 27, 2010 at 7:00 p.m. for the purpose of consulting with the City Attorney regarding the possible purchase or lease of real property

Attachments: [Resolution.pdf](#)

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

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

Enactment No: RES0215-2010

Resolved, that the Rochester Hills City Council hereby agrees to meet in Closed Session, as permitted by State Statute MCL 15.268, immediately following the adjournment of the Regular Meeting held Monday, September 27, 2010 at 7:00 p.m., Michigan Time, at the Rochester Hills Municipal Offices, 1000 Rochester Hills Drive, Rochester Hills, Oakland County, Michigan. The purpose of the Closed Session is to consult with the City Attorney regarding the possible purchase or lease of real property.

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.

2010-0397 Approval of Minutes - City Council Regular Meeting - July 19, 2010

Attachments: [CC Min 071910.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0216-2010

Resolved, that the Minutes of a Rochester Hills City Council Regular Meeting held on July 19, 2010 be approved as presented.

2010-0350 Approval of Minutes - City Council Regular Meeting - July 26, 2010

Attachments: [CCMin 072610.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0217-2010

Resolved, that the Minutes of a Rochester Hills City Council Regular Meeting held on July 26, 2010 be approved as presented.

2010-0384 Request for Purchase Authorization - DPS/ENG: Agreement for Municipal Street Lighting for the installation of a street light at the pedestrian refuge island crossing being constructed as part of the Tienken Road Bridge Replacement at Stony Creek and payment in the amount of \$2,470.44; DTE Energy, Cincinnati, OH

Attachments: [Agenda Summary.pdf](#)
[DTE Street Light Agreement.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0218-2010

Resolved, that the Rochester Hills City Council hereby authorizes the agreement for Municipal Street Lighting for the installation of a street light at the pedestrian refuge island crossing being constructed as part of the Tienken Road Bridge Replacement at Stony Creek and payment in the amount of \$2,470.44 to DTE Energy, Cincinnati, Ohio, and further authorizes the Mayor to execute the agreement on behalf of the City.

2009-0255 Request to Affirm the Local Road Millage shall be levied to provide funds for the 2011 through 2020 tax revenue years

Attachments: [Agenda Summary.pdf](#)
[022210 Agenda Summary.pdf](#)
[Ballot Question Option A.pdf](#)
[Ballot Question Option B.pdf](#)
[012510 Agenda Summary.pdf](#)
[121409 Agenda Summary.pdf](#)
[Spreadsheet sorted by CC Ranking.pdf](#)
[Spreadsheet sorted by Area.pdf](#)
[Spreadsheet sorted by Timing.pdf](#)
[Spreadsheet sorted by No Action Needed.pdf](#)
[081009 Agenda Summary.pdf](#)
[Replacement Millage Ballot Question \(Rev 072809\).pdf](#)[072709 Agenda Summary.pdf](#)
[Final Spreadsheet Strgly Rec 2009.pdf](#)
[Final Spreadsheet Strgly Rec 2009 In Process.pdf](#)

[Final Spreadsheet 2010+.pdf](#)
[Road Debt Schedule \\$1.6 million.pdf](#)
[Replacement Millage Ballot Question \(072209\).pdf](#)
[071309 Agenda Summary.pdf](#)
[062909 Agenda Summary.pdf](#)
[Final Report to Council.pdf](#)
[Suppl 012510 Preliminary Millage Forecast #2.pdf](#)
[Suppl 012510 Mayor's memo w attachments.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0219-2010

Whereas, the electors of the City of Rochester Hills, at the August 3, 2010 Primary Election, approved by a margin of 70% - 30%, the Local Road Millage Ballot Proposal authorizing the City to replace the expiring, previously-voted bond debt millage of 0.3545 mills with a tax levy of up to 0.3545 mills for 10 years, beginning in 2011 and continuing through 2020; and

Whereas, the City Council desires to hereby clarify and affirm its intent in submitting the ballot proposal to the voters that, consistent with all discussion, debate, deliberation and public discourse concerning the Local Road Millage and the City's budget, the Local Road Millage shall replace the expiring debt millage with no overlap nor gap in the millage levy, and shall be levied to provide funds for the 2011 through 2020 tax *revenue* years.

Therefore, the Rochester Hills City Council resolves and affirms that the aforesaid Local Road Millage shall be levied to provide funds for the 2011 through 2020 tax *revenue* years.

Passed the Consent Agenda

A motion was made by Pixley, 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

NEW BUSINESS

2010-0336 Adoption of the Fiscal Year 2011 Budget

Attachments: [Agenda Summary.pdf](#)
[Straw Poll Changes Budget Impacts.pdf](#)
[080910 Agenda Summary.pdf](#)
[2011 Proposed Budget Message.pdf](#)
[2011 Budget Presentation.pdf](#)
[Suppl 2011 Budget Presentation \(Revised\).pdf](#)
[Suppl CMN Budget Amendment.pdf](#)
[Suppl Yalamanchi Document.pdf](#)
[080910 Resolution.pdf](#)
[Resolution.pdf](#)

Public Comment:

Deanna Hilbert, 3234 Quail Ridge Circle, commented that she observes a \$12 million decrease in the proposed Budget from the 2010 Budget. She stated that the Water Reservoir Project should be included in the 2011 Budget and noted that adding the project would increase the budget by approximately \$10 million.

Alice Benbow, 1582 Northumberland, stated that it is up to government to distinguish between wants and needs, and commented that many things concern her about the proposed Budget. She stated that she appreciated the fiscal conservatism of some members of Council; however, was concerned over the spending of others.

Cynthia Khan, 6902 Aurora Drive, Troy, commented that as an immigrant to the United States, this country has allowed her freedom of religion and speech. She stated that she took a Community Media Network (CMN) production class and produces shows to help individuals understand the challenges they may face when immigrating to this country. She requested Council reconsider cutting CMN's funding.

Mark Thompson, 2143 Elkhorn Drive, spoke in opposition to cutting funding to CMN. He commented that there are many ways that government speaks to the people, but not enough places for residents to speak to and with each other.

Jay Wiencko, 508 Marquette, Executive Director of CMN, stated that many individuals have come to address Council to speak from their hearts to request that funding for CMN continue. He commented that the Oakland Press, along with organizations and non-profits utilizing CMN television support continued funding. He stated that the development of a scholarship program is not feasible. He pointed out that as CMN funding is provided through cable subscriber fees, the subscribers should have a say in how these monies should be spent. He mentioned the services that CMN provides to the City of Rochester and suggested that before the City makes a decision to terminate funding, it should find out what services CMN could provide to Rochester Hills.

Melinda Hill, 1481 Mill Race, commented that she is frustrated over the proposed Budget. She stated that reports that the City is not using Fund Balance are not entirely accurate and only apply to the General Fund, which makes up only one-third of the total millage rate. She listed the Fund Balances for Major Roads, Facilities, Water Resources, Fire and Police, and expressed concern that these Funds will show deficits in future years. She commented that while the recession might be viewed as being over, it could take ten years for revenues to return to 2007 levels.

President Hooper stated that only the design contract, currently underway, has been approved for the Water Reservoir Project. He pointed out that when decisions are needed for the purchase of land and/or the issuance of a construction

contract, the Water Reservoir Project will return to Council for a vote. He noted that historically Budget Amendments result in total budget numbers increasing or decreasing, commenting that projects are removed during the Fourth Quarter and are added back in for the following year's First Quarter.

Mr. Sawdon commented that the Third Quarter Budget Amendments will also contain two bond refinancings and one bond defeasance. He stated that these amounts are included in the Budget Amendment closest to the time the transaction occurred.

President Hooper noted that the Detroit Water and Sewerage Board has provided information in writing what rates will apply if the City moves forward in constructing water reservoirs and becomes a Max-Day Customer.

Mr. Sawdon explained that any Fund Balances proposed for use in the Fiscal Year 2011 Budget are related for Capital projects and are not proposed for use for operations.

President Hooper noted that Council received the Mayor's Draft Budget and held a number of public meetings and a Public Hearing to discuss its contents. He commented that following those meetings, a Straw Poll was undertaken, with the majority results of the Straw Poll incorporated and reflected in the bottom line.

Council Discussion:

Mr. Yalamanchi requested a recap of the changes to the Proposed Budget, including the following:

- Whether the original allocation from the General Fund to the Water Resources Fund was moving into Local Roads and how the needs of the Water Resources Fund will be addressed.
- Why the amount for City Council Travel and Seminars and Professional Services was not reduced to the lowest amounts suggested in the Straw Poll to Council.
- What Membership Dues are included.
- When will payment be made to CMN for monies currently due the organization.

Mr. Sawdon responded with the following:

- The Water Resources Fund will now pull from its Fund Balance instead of pulling from the General Fund for necessary expenditures.
- For Travel and Seminars and for Professional Services, the range of dollars suggested by Council Members in the Straw Poll was reviewed and a number was selected based on historical expenditures.
- An appropriation of funds is necessary before funds can be remitted to CMN. This appropriation is included in the Third Quarter Budget Amendment. Once the Budget Amendment is adopted, funds owing will be disbursed to CMN.

President Hooper noted that the amount for Membership Dues in the Intergovernmental Cable Communications Authority was removed from the budget.

Mr. Rosen commented that he may not have appeared as engaged in this Budget process as he had in the past. He stated that he does not get any pleasure from seeing revenues decline as he had been predicting they would for the past three years. He commented that while the Mayor made a significant step in reducing expenditures with the Proposed Budget, it is only a first step. He pointed out that if future projections are reasonably accurate, the City will see continued depressed revenues due to declines in retail, commercial and office property values following the trend of the residential market. He stated that City tax revenues could potentially bottom out more than one-third lower than revenues from 2009, and commented that by preparing for the worst, the City can be proactive to prevent hitting a wall later. He pointed out that changes to the Mayor's proposed Budget resulted in increased spending of approximately \$750,000. He stated that the Budget, as originally proposed, was minimally acceptable; however, as revised, it is less so.

Mr. Pixley stated that the Administration as a whole has done an excellent job in developing the Budget. He mentioned that declining revenues have been met with declining expenses and noted the City departments' efforts in personnel reductions, changing operations and showing professionalism, spirit and intent. He stated that while the future cannot be predicted, the City can move forward with the knowledge it has. He commented that while there is no perfect budget, this is an excellent budget.

Mr. Brennan thanked everyone who participated in the budget process. He noted that the City's departments have made cuts and while lean, are still effective. He stated he is cognizant of all the comments regarding CMN, the Environmental Education Center and Deer Management, and pointed out that he has made his position known on all of these issues. He commented that when he views the proposed Budget in totality, he believes it merits his support. He stated that he is optimistic that the City will continue to operate in a prudent fashion, providing services for its citizens and doing better every year with less.

Mr. Yalamanchi stated that while he wished to contribute to the process to improve the proposed Budget, he does not feel his suggestions will be met with support. He thanked the Administration and Council for their hard work, noting that there was never a question about dedication and commitment. He pointed out that he made a presentation in 2007 to bring ideas to help in the long term, and noted that last year, he advocated for a three-year budget. He commented that he believes that the City missed an opportunity to establish a long-term road millage earlier this year. He stated that he does not understand the decision to limit access to CMN television, commenting that it provides freedom of speech. He mentioned that he does not agree with the movement of cost centers into Council's budget and stated that the Capital cost for the Water Reservoir Project should be included in the Budget at this time. He commented that moving \$800,000 into Local Roads for reconstruction for 2011 is only a temporary solution. He presented a handout containing ten suggestions for the future:

1. *The solution of asking for new taxes or additional taxes is not a good one in the current economic conditions.*
2. *Our tax structure needs to be amended. There needs to be community dialogue and voter participation on the amendment. Council and Mayor should lead.*
3. *Continue to develop five-year forecasting and move toward developing five year full budget(s) beginning in 2011.*
4. *Look to consolidate departments, aggressively pursuing combining services with surrounding communities, or contracting services out.*
5. *Eliminate services that are not critical to the functioning of the City government.*
 - a. *Progress is being made to privatize the Van Hoosen Museum. The City needs to set a deadline of 2012 to develop an Action Plan and begin its implementation.*
 - b. *All EEC programs should be privatized to be collaborated and conducted by non-profit organizations.*
 - c. *The need for a City TV should be evaluated.*
6. *The Facilities Fund has a balance of \$8.3 million as of December 2009, more than he projected during the discussions last year of the Fiscal Year 2010 Budget. The City must freeze the transfer of funds from General Fund for a period of three to five years to sustain Police Services and Local Road Reconstruction.*
7. *Capital Fund has a balance over \$3 million. This is an opportunity to use some of the funds in short-term to sustain Local Road Reconstruction.*
8. *Sustaining employee benefits at the current levels of a 14 percent contribution to pension, 3.5 percent to 5 percent longevity, year after year will be difficult. Rising health care costs need to be addressed more than what is being done now.*
9. *If none of the above makes sense, it will definitely force the City to do more layoffs, and cutting salaries and wages by five percent to ten percent or so.*
10. *Council should be willing to forego their salary and benefits and the Mayor willing to take cuts during these tough economic times.*

Mr. Yalamanchi concluded, noting that it is his hope that more time will be spent in discussing and developing a comprehensive approach to the Budget for a sustainable long-term. He commented that he has two choices: to support the budget or to vote no for the right reasons. He stated that he will choose the latter.

Mr. Webber *thanked everyone who took the time to participate in the process. He commented that not all the cuts make sense to him, noting that he has a passion for Public Safety and feels the Budget moves in the wrong direction in reducing the Police Budget. He stated that as a whole, he supports the total Budget. He mentioned that some of Mr. Yalamanchi's proposals merit review, noting that he has always been supportive of a multi-year budget. He commented that he takes no pleasure in the cuts; however, he is ready to move forward. He stated that as evidenced by the City's recent credit rating upgrade, Council is taking steps to address concerns. He pointed out that the City is providing as many services as it can at the reduced taxes it receives; and stated that the City cannot hoard money.*

Mr. Klomp commented that this is a coming together of a Council and a City. He noted that as a person coming to Council from the private sector, the Budget process is a different experience for him. He stated that he has not heard anything concrete that would cause him to object to the Budget that the Mayor has put forward and commented that he is proud of the City for being forward-thinking. He pointed out that good government is done with great debate and he appreciates everyone coming out to give their opinions on the Budget. He stated that he is cautiously optimistic for the future of Rochester Hills, noting that the City has done better than most in these tough economic times.

Mayor Barnett expressed his thanks to Council on behalf of the Administration. He stated that while he may not agree with all of Mr. Yalamanchi's suggestions, they will be included in future discussions. He pointed out that he preferred his original Budget as proposed as well; however, he noted that it is impossible to find something that everyone, including 70,000 residents, will all agree upon. He stated that the City has made major reductions, reducing staff by 20 percent since 2006, and making deep cuts in ways to ensure that residents will not see significant reductions in City services. He pointed out the following efforts that have taken place: major collaborations with neighboring communities in areas of MIS, Building and Fire; internal reorganizations to maximize efficiency and reduced reliance on consultants and outside vendors; reductions in overtime; and overall reductions in expenses of 25 percent, far over reductions in revenues. He noted a \$2 million reduction in personnel services. He stated that the City is living within its expenses and commented that very few communities and school districts can say that they are not using fund balance for operations. He commented that this shows a strong recognition of a Council that gives clear and concise direction on a fiscally conservative path. He stated that this Budget is a significant step in recognizing the City's long-term economic situation, and noted that it was incredibly telling to receive the report from Fitch's in New York upgrading the City's bond rating to the highest possible rating that a municipality can achieve.

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

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

Nay 2 - Rosen and Yalamanchi

Enactment No: RES0220-2010

Whereas, in accordance with the provisions of Public Act 2 of 1968, Public Act 621 of 1978, the Uniform Budgeting and Accounting Act for Local Government, the Special Appropriations Act pursuant to PA 493 of 2000, and Section III of the Charter for the City of Rochester Hills, the Mayor as the Chief Executive Officer prepared the proposed budget for the ensuing year and submitted it to the Council at its first meeting in August; and

Whereas, at its August 9, 2010 meeting City Council acknowledged receipt from the Mayor of the Proposed 2011 Budget Plan and set a Public Hearing to be held September 13, 2010 at 7:00 p.m. to solicit comments on the proposed budget plan from the public; and

Whereas, at its September 13, 2010 meeting City Council held said Public Hearing on the proposed millage rates to defray the fiscal year 2011 proposed budget expenditures; and

Whereas, subsequent to the City Council's review and comments the Mayor adjusted the original proposed budget; and

Resolved, the following list of funds sets forth the general appropriations for the City and adopts the following City Budgets for fiscal year 2011.

Fund 101 - General Fund	\$ 20,788,900
Fund 202 - Major Road Fund	\$ 6,532,160
Fund 203 - Local Street Fund	\$ 5,165,020
Fund 206 - Fire Fund	\$ 6,989,890
Fund 207 - Special Police Fund	\$ 8,772,090
Fund 211 - Stoney Creek Perpetual Care Fund	\$ 0
Fund 213 - RARA Millage Fund	\$ 612,330
Fund 214 - Pathway Millage Fund	\$ 587,560
Fund 232 - Tree Fund	\$ 74,000
Fund 244 - Drain Maintenance Fund	\$ 886,180
Fund 265 - OPC Millage Fund	\$ 1,034,340
Fund 299 - Green Space Millage Fund	\$ 71,730
Fund 313 - Street Improvement Bond - 2001 Series Fund	\$ 260,770
Fund 314 - SAD Street Improvement Bond - 2001 Series Fund	\$ 235,800
Fund 325 - Street Improvement Bond - 2002 Series Fund	\$ 472,490
Fund 331 - Drain Debt Fund	\$ 2,007,150
Fund 369 - Older Persons Building Bond Refunding Fund	\$ 714,850
Fund 370 - Municipal Building Debt Fund	\$ 408,880
Fund 393 - Municipal Building Refunding Bond - 2010 Series Fund	\$ 322,580
Fund 402 - Fire Capital Fund	\$ 470,000
Fund 403 - Pathway Construction Fund	\$ 490,000
Fund 420 - Capital Improvement Fund	\$ 0
Fund 510 - Sewer Operations	\$ 12,174,690
Fund 530 - Water Operations	\$ 17,225,810
Fund 593 - Water & Sewer Capital Fund	\$ 4,586,860
Fund 595 - Water & Sewer Debt Fund	\$ 242,140
Fund 631 - Facilities Fund	\$ 4,473,380
Fund 636 - MIS Fund	\$ 1,816,380
Fund 661 - Fleet Fund	\$ 3,418,470
Fund 677 - Insurance Fund	\$ 616,000
Fund 736 - Retiree Health Care Trust	\$ 115,950
Fund 843 - Brownfield Redevelopment Fund	\$ 0
Fund 848 - LDFA Fund	\$ 316,340
Fund 851 - SmartZone Fund	\$ 199,110
Fund 893 - EDC Fund	\$ 670

Be It Further Resolved, the Mayor is hereby authorized to administratively adjust the operating budget line items up to \$25,000 per event, but in no case may total expenditures of a particular fund exceed that which is appropriated by the City Council without a budget amendment. Adjustments from capital accounts and fund balances shall be made only by further action of the City Council.

- 2010-0387** Request for Purchase Authorization - BLDG/FACILITIES: Blanket Purchase Order for janitorial supplies, paper products, green cleaning supplies, cleaning equipment and other items in the not-to-exceed amount of \$110,000.00 through September 30, 2012; Industrial Cleaning Supply, Waterford, MI

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

A motion was made by Webber, seconded by Brennan, 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: RES0221-2010

Resolved, that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order to Industrial Cleaning, Waterford, Michigan for janitorial supplies, paper products, green cleaning supplies, cleaning equipment and other items in the amount not-to-exceed \$110,000.00 through September 30, 2012.

2010-0285 Request for Purchase Authorization - DPS/ENG: Amendment to existing contract for 2010 Concrete Road Slab Replacement Program in the amount of \$53,876.75 plus a 10% contingency of \$5,387.68 for a total not-to-exceed \$429,101.75; Hard Rock Concrete, Inc., Westland, MI

Attachments: [Agenda Summary.pdf](#)
[Change Orders.pdf](#)
[Addl Location Cost Estimate.pdf](#)
[Addl Location Map.pdf](#)
[071910 Agenda Summary.pdf](#)
[City Wide Map.pdf](#)
[Sec 5 & 6 Map.pdf](#)
[Sec 9, 23 & 30 Map.pdf](#)
[Bid Tab.pdf](#)
[071910 Resolution.pdf](#)
[Resolution.pdf](#)

Paul Davis, Acting Director of DPS/Engineering, commented that the City benefitted from lower bids than expected on the 2010 Concrete Road Slab Replacement Program. In order to take advantage of this good pricing, the contractor was asked to prepare a change order to consider additional work. He noted that the current contract is approximately \$64,000 less than the original budget, and stated that the Change Order includes areas of Grandview Drive, at a cost of \$53,000 plus a ten percent contingency. He commented that this particular contractor has been very good to work with.

Public Comment:

Alice Benbow, 1582 Northumberland, questioned why this project was necessary and whether a company in Rochester Hills could have performed the work. She requested an explanation why the City considered Hard Rock Concrete a good contractor.

Mr. Davis responded that Hard Rock Concrete had not done a lot of work for the City previously; however, the City Inspector's opinion has been very favorable toward their work. He noted that the contractor performs quality work,

with good scheduling and completes projects on-time, and has not requested a high number of change orders. He stated that at times, the City might encounter a contractor that does not respond to complaints; and pointed out that this has not been the case with Hard Rock Concrete. He explained that the City would welcome a Rochester Hills contractor to bid on projects, pointing out that the City selects the lowest qualified bidder. He stated that Grandview was chosen as it is a Major Road, with approximately 400 feet of roadway in poor condition.

Mr. Webber noted that as the original project bid came in under budget, Council requested the Administration review what other replacement work could be added for this year.

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

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

Enactment No: RES0222-2010

Resolved, that the Rochester Hills City Council hereby authorizes the amendment to the existing contract for the 2010 Concrete Road Slab Replacement Program to Hard Rock Concrete, Inc., Westland, Michigan in the amount of \$53,876.75 plus a 10% contingency of \$5,387.68 for a total not-to-exceed of \$429,101.75 and further authorizes the Mayor to amend the contract on behalf of the City.

2010-0380 Request for Purchase Authorization - DPS/ENG: Contract for Nawakwa Road Resurfacing Project in the amount of \$221,734.00 with a 10% contingency of \$22,173.40 for a total not-to-exceed of \$243,907.40; Pro-Line Asphalt Paving Corp., Washington, MI

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

President Hooper noted that while he works in the construction industry and is familiar with the company involved, he has had no involvement in the bid or construction process and as such, sees no reason to recuse himself from this item. He noted that this statement also pertains to the prior Legislative File 2010-0387 discussed tonight, and commented that in that instance, he is not familiar with that particular contractor at all.

Paul Davis, Acting Director of DPS/Engineering, noted that this Major Road Project is included in the 2010 Budget. He explained that this project encompasses approximately 3,600 feet of Nawakwa, from Rochester Road east toward the Country Club Village Subdivision. Originally projected to be an overlay, after engineering and geotechnical review it was determined that approximately 1,300 feet of pavement must be removed and replaced with four inches of asphalt base, with one-and-a-half inch layer of asphalt on top. With the inclusion of this expanded scope, the low bid of \$221,734 is over the original estimate of \$195,000.

Mr. Klomp questioned what Americans with Disabilities Act (ADA) requirements are being addressed and whether the roadway shoulder will be increased along Nawakwa. He related resident's concerns regarding trees removed during the M-59 Widening Project and questioned when replanting will occur.

Mr. Davis responded that ADA work includes pedestrian ramps at Nawakwa and Rochester Roads. He stated that the roadway will match the existing width. He noted that the Michigan Department of Transportation (MDOT) will replant trees at the conclusion of the Widening Project.

President Hooper stated that after MDOT replants trees in the area, the City's Forestry Department will evaluate where additional trees could be placed.

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: RES0223-2010

Resolved, that the Rochester Hills City Council hereby authorizes the contract for Nawakwa Road Resurfacing Project to Pro-Line Asphalt Paving Corp., Washington, Michigan in the amount of \$221,734.00 with a 10% contingency of \$22,173.40 to allow for quantity adjustment based on final measurements verified in the field for a total not-to-exceed of \$243,907.40 and further authorizes the Mayor and City Clerk to execute a contract on behalf of the City.

2010-0382 Request for Purchase Authorization - MAYOR/FISCAL: Contract for professional financial auditing services for City's fiscal years ending December 31, 2010, 2011 and 2012 in the amount not-to-exceed \$235,979.00 with the right to exercise an option to renew for years 2013 and 2014; Plante & Moran PLLC, Southfield, MI

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

Keith Sawdon, Director of Finance, explained that the contract with the City's current auditor expired at the conclusion of the 2009 Audit. A Request for Proposal issued in early summer resulted in six proposals which were reviewed by a committee consisting of Pam Lee, City Accountant, Jean Farris, Supervisor of Procurement, and himself. The ranking criteria considered by the committee included mandatory items, such as Michigan licensing, along with quality and quantity of work in the municipal area and number of clients of comparable size to the City. Also taken into account was how a firm trains both their own staff and their clients to develop a firm understanding of both Generally Accepted Accounting Principles (GAAP) Accounting and Governmental Accounting Standards Board (GASB) pronouncements. He noted that the City's accounting process is extremely complex, with many millages and different funds, and a complex cost-allocation system for Internal Service Funds. The City also reviewed the audit process proposed, including staff allocation, timing of on-site visits and workspace required. He commented that while cost is important, the other criteria reviewed were equally important, and he stated that no one criteria was given any more weight than another.

He noted that through the ranking process, all three committee members ranked Plante & Moran number one. He explained that while Plante & Moran

was the highest bidder, they scored the highest in knowledge, skills and education. He commented that it is important that the City's financials conform to GASB, Financial Accounting Standards Board (FASB) and GAAP accounting, with footnotes clearly, fully and directly disclosing the City's financial position. He stated that it is important to select a firm that is a leader in the forefront of governmental accounting, and noted that Plante & Moran teaches many seminars and classes. He pointed out that the City should select a firm that has a significant amount of experience in producing Certified Annual Financial Reports (CAFR), commenting that a strong CAFR contributes to future bond ratings for the City.

Mr. Yalamanchi questioned whether he should abstain from voting on this item as his organization has a contractual relationship with Plante & Moran.

John Staran, City Attorney, noted that unless this contractual relationship between Plante & Moran and his organization will influence or bias his opinion, he does not see it as a conflict.

Mr. Webber stated that while he heavily weighs the committee's recommendation, he is trying to grapple with the cost differential. He questioned whether the other firms could adequately provide the auditing services, noting that the City recently opted to change its Labor Attorney after the previous attorney had provided services to the City for over 30 years.

Mr. Sawdon commented that the firms that were ranked in the middle had potential for the future, but he did not feel that they currently meet the criteria of having experience with comparable cities. He commented that Andrews Hooper & Pavlik recently added the City of Novi as a client, and as their experience grows, they will become a better candidate for Rochester Hills. He mentioned that Andrews has 20 municipal clients, while Plante & Moran has 370. Abraham and Gaffney, while growing, does not yet have a comparable client list; and their small staff size concerned the committee. He pointed out that the City's fiscal year is a calendar year, and its audit is performed in the middle of tax season. A smaller firm would have to dedicate a larger percentage of its staff to the City during tax season. An audit delivered late could affect the City's ability to issue bonds.

President Hooper questioned how much the City spent last year for auditing services.

Pam Lee, City Accountant, responded that \$79,000 was expended last year for the audit.

Mr. Brennan commented that Plante & Moran has a great historical knowledge of the City's financial situation. He questioned what role Plante & Moran plays in the City's bond rating and whether they are proactive in guiding the City.

Mr. Sawdon responded that while the City produces the CAFR, Plante & Moran has experience from its other 369 clients and can offer ideas on how to make the presentation of the CAFR better. He stated that Plante & Moran is proactive and pointed out that the firm is involved in the development of GASB pronouncements before they are issued. He commented that other firms rely on trade journals to tell them that a pronouncement is being adopted.

Mr. Brennan questioned whether negotiations could be opened with Plante & Moran to determine whether costs could be reduced.

Mr. Sawdon suggested that Council consider authorizing negotiations with Plante & Moran as a preferred supplier.

Mr. Yalamanchi questioned whether the bidders were interviewed.

Mr. Sawdon responded that as Plante & Moran was ranked the highest, and they are the City's current auditor, the committee did not see a need to re-interview the firm.

Mr. Pixley mentioned that the top three candidates could be interviewed. He questioned why Plante & Moran estimated the highest number of hours for the auditing services.

Mr. Sawdon responded that as the current auditor, Plante & Moran should understand the number of hours necessary to get the job done. He noted that the next closest bidder also estimated around 700 hours. He commented that the committee expressed concern that one bidder's estimate of only 540 hours was not enough time to properly perform an audit. He stated that in reviewing the estimate of hours, the committee considered how much time would be spent, how auditing staff would be allocated and how much supervision of the auditing staff would be done.

President Hooper expressed his appreciation for the review committee's professionalism and knowledge. He pointed out that Plante & Moran is only cutting their price by two percent for this lump sum contract and stated that there should be a significant move on their part to remain competitive. He commented that he supports renegotiating with Plante & Moran.

Mr. Yalamanchi questioned whether auditing services for the Older Persons Commission (OPC) was included.

Mr. Sawdon responded that because the City performs accounting work for the OPC and the Rochester-Avon Recreational Authority, the firm selected will perform those audits as well.

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

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

Enactment No: RES0224-2010

Resolved, that the Rochester Hills City Council hereby directs the Director of Finance to negotiate on behalf of the City with Plante & Moran PLLC as the preferred vendor for auditing services for a three-year term contract, subject to approval by City Council, and report back to Council at the October 18, 2010 Regular Meeting.

COUNCIL COMMITTEE REPORTS

Police and Road Funding Technical Review Committee:

Mr. Webber reported that the Police and Road Funding Technical Review Committee will meet on Wednesday, September 29, 2010 at 6:00 p.m.

Sister City Committee - Rochester:

Mr. Webber reported that the Sister City Committee - Rochester will meet on Wednesday, October 20, 2010 at 6:00 p.m. at the Rochester City Hall.

Cemetery Citizens Advisory Committee:

Mr. Pixley announced that an Open House is scheduled for the new Cemetery Chapel on Sunday, October 3, 2010 from 2:00 p.m. to 4:00 p.m.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

Regular Meeting - Monday, October 4, 2010 - 7:00 PM

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting to Closed Session at 9:10 p.m.

*GREG HOOPER, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

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

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