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August 6, 2014

Via E-Mail

Mr. Greg Hooper, President
City Council
City of Rochester Hills
1000 Rochester Hills Drive
Rochester Hills, MI 48309

Re: ***Fire Department Funding***

Dear President Hooper:

At the last City Council meeting, the question was asked whether the City has the ability to specially assess or charge an additional service fee to frequent users of EMS services such as senior housing facilities. I have researched the question and have discussed it with Fire Chief Canto. My conclusion is I find no legal authority to specially assess or charge an additional service fee.

The City Charter authorizes the City to specially assess for public improvements. But, emergency medical responses are not a public improvement, but rather a public service for special assessment purposes. I researched for other authority under state law to specially assess for fire department services. The Police and Fire Protection Act, MCL 41.801 et seq, authorizes township, villages and cities under 15,000 to specially assess for police and fire services, but the Act does not apply to Rochester Hills due to our population. Also, that Act contemplates community-wide special assessment and not just special assessment of certain service users.

There is also an issue in regard to several of our senior housing facilities which are tax exempt housing developments under the Michigan State Housing Development Authority Act and financed through MSHDA and federally-aided mortgages. These developments include Cliffview, Mercy Bellbrook, Waltonwood and Danish Village which pay a service charge to the City in lieu of taxes. The tax exemption and service charge is locked in for the duration of the mortgages, and there may be no ability to unilaterally increase or tack onto the current service charges.

I have discussed with Chief Canto whether the fee charged for EMS responses can be increased. Unfortunately, there are limitations associated with doing so in the sense that Medicare and Medicaid pay certain amounts for services for which we cannot lawfully charge more. Similarly, commercial insurers limit the amounts they will pay for certain services.

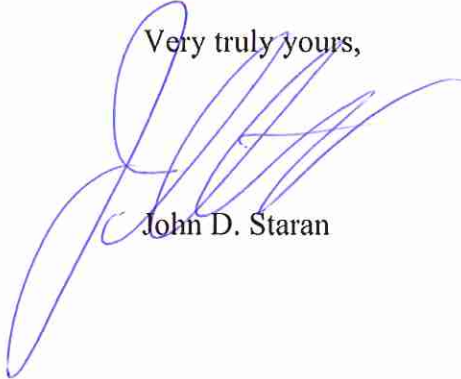
August 6, 2014

Page 2

Although for patients covered by commercial insurance the City may charge more and bill any amount not covered by insurance directly to the patient, that may lead to collection difficulty and public relations problems too.

Consequently, I do not believe it is feasible to specially assess or charge an additional service fee to frequent users of EMS such as senior housing facilities.

Very truly yours,



John D. Staran

JDS/ijd

cc: Mayor Bryan Barnett
Fire Chief Canto