



Rochester Hills

Minutes

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Home Page:
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City Council Regular Meeting

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

Monday, February 25, 2008

7:30 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Hooper called the Regular Rochester Hills City Council Meeting to order at 7:30 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:

*Ed Anzek, Director Planning and Development
Bryan Barnett, Mayor
Julie Jenuwine, Director of Finance
Pam Lee, Director of Human Resources
Jane Leslie, City Clerk
Roger Rousse, Director of DPS/Engineering
John Staran, City Attorney*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Ravi Yalamanchi, seconded by Michael Webber, to Approve the Agenda as Amended to Remove Legislative File 2007-0447 from the Consent Agenda and to Add it to New Business. The motion CARRIED by the following vote:

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

PUBLIC COMMENT

Lee Zendel, 1575 Dutton Road, referred to an editorial in the Wall Street Journal that concluded that Michigan has the largest population loss, with two families moving out for every family moving in. He cited other states that are also experiencing losses, and inferred that outward migration patterns in these states are due to the fact that they have state income tax. He stated that governors would be wise to heed these migration trends when considering state finances. Mr. Zendel commented that raising taxes will merely cause the taxpaying class to leave.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

Mayor Barnett announced the following:

- The State of the City address will be held on Thursday evening, February 28, 2008, at 7 p.m. at the new DPS Facility. The Ribbon Cutting Ceremony was held last Friday, February 21, 2008. He encouraged residents to take a tour of the new facility.

- The Sound the Alarm Campaign has raised \$3,000 to date. The Mayor's goal is at least \$7,000. On March 15, between 9 a.m. and 3 p.m., Fire and City personnel will be targeting several areas and going door to door to find homes that need this installation. He invited Council members to join them.

Mayor Barnett presented a display board with an example of how residents can minimize the ice and snow that City snowplows push into their driveway approaches. The City plows 280 miles of road, and it is impossible to avoid snow and ice being pushed into residents' driveways, but if residents clear an approach just beyond their drive, they can help minimize this. With the increase of heavy snow and ice, it is also very difficult for the plows to clear much closer to mailboxes without damaging them.

Sara Etienne, Rochester Hills Government Youth Council Representative, gave a status update on the Youth Summit scheduled for April 26, 2008. She also informed Council of their plans for Voter Registration days at area high schools.

Vern Pixley welcomed Pei Wei Asian Cuisine, which opened in a new location in the Boulevard Shoppes on Walton across from Crittenton Hospital.

ATTORNEY MATTERS

City Attorney John Staran had nothing to report.

PRESENTATIONS

2008-0072 Presentation Regarding the Impact of Other Post-Employment Benefits (OPEB)

on the City of Rochester Hills; Michael J. Blackburn of Blackburn Actuarial, Inc., presenter.

Attachments: [Agenda Summary.pdf](#)
[OPEB Presentation.pdf](#)

Julie Jenuwine, Director of Finance, discussed the City of Rochester Hills' Other Post-Employment Benefits (other than pension) and the fact that there was no actuarial service needed prior to the new Governmental Accounting Standards Board (GASB) statements. This includes the Supplemental Retiree Health Care (SRHC) program.

Background:

A committee established in 2000 developed recommendations to design a retiree health care program for City employees. There was no program prior to this. After discussion with the committee and employees, the following two programs were recommended: 1. A defined contribution-type benefit called the Retiree Health Savings (RHS) - a contribution of a certain percentage (four percent for most employees) paid on an annual basis to the employees' accounts. The City pays annually into that account and that is the expense of that liability. 2. A Supplemental Retiree Health Care Program (SRHC). This is a small benefit calculated and provided to certain employees at the City, determined by the following: As of March, 2001, if a City employee had ten years' of service, they would be included into the SRHC program. This program would supplement their defined contribution program. This was designed to help employees establish and accumulate enough money to be sufficient in their retirement to pay their retiree health care costs. A formula was determined that utilizes their years of service into a calculation in order to get a monthly contribution. There were 125 people who qualified at that time. The contribution range was \$75 to \$468 per month.

GASB 45 now requires municipalities to value Other Post-Employment Benefits, which is the City's SRHC program. This is provided in the following presentation.

GASB also requires the valuation of an Implicit Rate Subsidy, which will be explained in the presentation.

The intention of the presentation is to explain the requirements, and not to make decisions as to whether to establish a trust at this time.

Ms. Jenuwine introduced **Michael Blackburn, A.S.A., E.A., M.A.A.A.**, President, Blackburn Actuarial, Inc., who gave the following presentation regarding the Impact of OPEB Benefits on the City of Rochester Hills:

Presentation:

Other Post-Employment Benefits (OPEB) added to GASB agenda in 1988:

-GASB 12 was issued in 1990, indicating an interim statement on OPEB disclosures - a "weak" disclosure standard.

- GASB 26 was issued in 1994, detailing an interim standard for reporting OPEB administered through pension plans, and requiring separate reporting of pension and OPEB liabilities.
- GASB 34 was issued in 1999, requiring accrual-based accounting.
- A Proposed OPEB statement was issued in February 2003 and revised in January 2004.
- GASB 43 and 45 were issued in 2004, moving from a pay-as-you-go to accrual based accounting of OPEB benefits as required by GASB 34, similar to accounting for pensions.

What is OPEB (Other Post-Employment Benefits)

- Include post retirement benefits other than pensions: Retiree healthcare insurance, including medical, dental, vision, hearing, retiree life insurance, retiree long-care insurance, implicit rate subsidies and retiree premiums based on blended active/retiree rates.
- Are considered a form of deferred compensation that should be recognized as benefits are earned while an employee is working.
- Benefits not included: Special termination benefits, early retirement incentive programs, payment of accumulated sick leave, retiree pays full cost of program, defined contribution plans, cash payments of stipends.

Rochester Hills OPEB: The Supplemental Retiree Healthcare Program for closed group plus Implicit Rate Subsidy for all.

What is an Implicit Rate Subsidy?

- Medical Premiums are more expensive as a person ages. They utilize more medical services and utilize more expensive medical services
- Current single premium = \$466/month, regardless of age
- The approximate cost of insurance at various ages varies: Age 25=\$259/month; 35=\$331; 45=\$424; 55=\$564 (subsidy is \$98/month); 64=\$794 (subsidy is \$328/month).

Impact of Implicit Rate Subsidy

OPEB must take into account the overage for all future years.

Why are the Rules Changing?

Objectives of the Proposed OPEB Statement

- Provide a true picture of cost of providing government services by properly recognizing the ultimate cost of OPEB benefits.
- Systematically recognize OPEB cost over an employee's working lifetime as services are rendered
- Calculate the actuarial accrued liability for benefits earned to date
- Determine the "annual cost" of future benefits
- Estimate future cash flow requirements for benefits
- Monitor the funding progress of the plan.

Key Accounting Requirements

Required accounting calculations:

-Annual Required Contribution (ARC) - the annual "actuarial" cost of the benefits earned. Normal Cost (value of benefits earned in current year) + Amortization of unfunded actuarial accrued liability (value of benefits previously earned).

-Balance Sheet Liability (Net OPEB Obligation). Cumulative difference between ARC and contributions paid to an irrevocable trust.

Timeline and Frequency

Effective dates:

-2008 Fiscal Year

-Earlier application of the standards is encouraged

-Will require an actuarial valuation of the plan every 2 years

What does this mean to the City of Rochester Hills?

	SRHP	Implicit Rate	Total
New Minimum ARC (30 year)	\$133,000	\$156,000	\$289,000
Less Current Pay-as-you-go Cost	\$ 60,000	N/A	\$ 60,000
Less Implicit Rate Subsidy	N/A	\$ 19,000	\$ 19,000
Equals Increase in City Expenses	\$ 73,000	\$137,000	\$210,000
Actuarial Accrued Liability	\$ 1,969,000	\$ 1,541,000	\$3,510,000
ARC with 1 year Amortization	\$ 1,974,000	\$ 1,596,000	\$3,570,000

NOTES: These figures assume that the City funds the full ARC each year.

What causes the increase in expense?

Current (Pay as you go) vs. New (ARC)

Current: Includes only current retirees.

New: Includes projections for all employees and retirees

Current: Considers only current year premiums

New: Considers impact of anticipated future increases in medical costs.

Current: No recognition of benefits earned to date

New: Includes amortization of benefits earned to date, but not previously recognized

Current: All employees and retirees under age 65 charged the same rate.

New: Implicit subsidy of rates for retirees exists and must be valued.

Financial Advantages of Funding the Liability

To Fund or Not to Fund:

-“The discount rate should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits”

Financial Advantages of Funding the Liability

Funded vs Unfunded (pay as you go)

Funded: Contributions deposited into an Irrevocable Trust (usually higher than current cash flow)

Unfunded: No change to current cash flow for payment of benefits

Funded: Benefits paid from the Trust

Unfunded: Benefits paid by the general assets of the employer

Funded: Long-term investments

Unfunded: Short-term investments

Funded: Higher investment return (2-3% for fixed income investments)

Unfunded: Lower investment returns

Funded: Decreases the Liability and ARC

Unfunded: Increases the Liability and ARC

Funded: Full ARC funded - no net book liability. Partial ARC funded - some book liability created

Unfunded: Book liability - ARC minus pay-as-you-go

Funded: No impact on credit rating

Unfunded: Adverse impact on credit rating

Funded: Benefit security for retirees

Unfunded: May not be able to afford even the pay-as-you-go in the future

Funded: Liability = \$3,510,000; Min ARC = \$289,000 (at 5%)

Unfunded: Liability = \$4,549,000; Min ARC = \$340,000 (at 3%)

Deciding whether or not to fund - impact of the discount rate

	<i>Unfunded Plan</i>	<i>Funded Plan</i>
<i>General Fund Assets</i>	\$3,570,000	\$ 0
<i>Trust Assets</i>	\$ 0	\$3,570,000
<i>ARC</i>	(\$4,657,000)	(\$3,570,000)
<i>Net Fund Balance Impact</i>	(\$1,087,000)	\$ 0

NOTE: ARC is the Normal Cost plus the Actuarial Accrued Liability amortized over one year.

Mr. Blackburn responded to City Council's questions as follows:

- An average cost is established when younger employees pay more than their cost, while older employees and retirees pay less than their cost. The difference between the average cost and the actual cost for older employees is called the Implicit Rate Subsidy.

- The City is paying the difference in the premiums for the retirees because retirees are being included in the entire group to be covered. This raises the age of

the group and in turn increases the premium.

- The annual recalculation of premium is higher each year both due to employees retiring and the aging population of the active employees.

- When calculating costs for the SRHC program into the future, the City has to consider the amount of benefit the employee is eligible for based on their years of service, and also the Implicit Rate Subsidy (the difference between what the retiree's total charge is [what the City is being charged based on the group rate] and the value of the insurance they are receiving based on their age). Retirees are actually receiving two benefits: the explicit amount that is defined by the Supplemental Plan and the implicit amount because they are receiving a substantial deal on the insurance.

- In order for retirees to be eligible to receive the Supplemental benefit, they must remain on the City's insurance policy.

Ms. Jenuwine noted that the Implicit Rate Subsidy is an actuarial valuation, not an intentional program the City developed.

Mr. Yalamanchi inquired if the City would be better off not mixing the retirees into the same pool as the active employees, and somehow keeping the funding separate.

Ms. Jenuwine suggested that that discussion should be held at a later date. This discussion is to explain the valuation of the Post-Employment benefits, based on assumptions the actuary puts together.

Mr. Blackburn clarified that the City has thus far only considered the Supplemental benefit amount, and needs to consider the Implicit Rate Subsidy.

Responding to Mr. Pixley's question, **Mr. Blackburn** stated there is no personal tax implication to the benefit received by the employee because it is considered a welfare benefit, and welfare benefits are tax-free.

Mr. Blackburn responded to Mr. Rosen by stating that GASB now states that a portion of retirees' costs must be accrued now, during each year of employment, so that upon retirement, the value of the retirement benefit is recognized.

Mayor Barnett reminded Council that this is a closed program. Initially there were 125 members, and now only approximately 100 employees are in this program.

Mr. Blackburn responded to the inquiries of Council as follows:

- GASB and the City's auditors will require that the Implicit Rate Subsidy be reported. This is not an assumption that all retirees currently included will be staying on the plan. Realistically those that have to pay the full premium may find other sources for insurance, whether that be a spouse's plan, or whether they choose not to pay the additional amounts. They use reasonable assumptions on how many will.

- In 2001 there were few city councils, school boards, or county boards that were even considering this Implicit Rate Subsidy. The initial drafts of the GASB accounting statements did not take this into consideration.

- Based on typical populations, he feels the numbers cited in the study are adequate.

- GASB is moving to an accrual basis form of accounting and wants to begin monitoring retirement promises by public employers.

- The bottom line impact of all of this is going to be the impact on the City's credit rating and bond rating. If the City funds this the way GASB would like to see this done, the bond rating agencies will take it more favorably because the City will be staying current with reporting its liabilities.

- GASB rules say this amount can be amortized over a period of up to 30 years. Therefore, GASB believes that these liabilities should be paid into an Irrevocable Trust. GASB calls the amount paid into an Irrevocable Trust the Annual Required Contribution (ARC).

- ARC consists of two portions: The normal cost for that year that employees are earning, and the amortization payment to pay down the liability that has built up. The difference between the ARC and what is actually being paid will show up as an unfunded liability on the balance sheet. This is a cumulative amount over time and this number will affect the bond rating.

- The City will have to have an actuarial valuation of the plan done every couple of years. By redoing this at intervals, this number can be recalculated to monitor and plan for these amounts needed.

- The \$3.570 million represents today's dollars. Over the next 40 years the City could be looking at over \$8 million in undiscounted payments.

- The City's auditors will be looking to consider both the current liability and what the liability should actually be, estimating a cost for future retirees. In addition, projections should be made on future medical premiums to consider the Implicit Rate Subsidy. The third portion is the amortization of the amounts not recognized to date for prior years.

In response to Mr. Yalamanchi's question, **Ms. Jenuwine** stated that an expense amount of approximately \$40,000 per year was recorded on a pay-as-you-go basis for the Supplemental piece. The liability amount, however, has not been recorded.

Mr. Blackburn explained that the balance sheet for the City will start with a zero liability, with the actual amount disclosed in the footnotes to the financial statement. The only way the liability will build up is if there is no contribution to an Irrevocable Trust Fund. As long as the contribution to the Trust is made, the City will keep a zero net unfunded liability.

Mr. Yalamanchi noted that disclosing the liabilities in this manner would not reflect true liabilities and requested a discussion on the pros and cons of setting up the Irrevocable Trust.

This Matter was Presented.

(RECESS 9:12 p.m. - 9:19 p.m.)

CONSENT AGENDA

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

2008-0050 Request for Acceptance of an Off-Site Watermain Easement granted by Rochester Community Schools for the Faith Evangelical Presbyterian Church.

Attachments: [Agenda Summary.pdf](#)
[Map.pdf](#)
[Watermain Easement.pdf](#)
[Exhibits.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0040-2008

Resolved that the Rochester Hills City Council, on behalf of the City of Rochester Hills, hereby accepts an off-site watermain easement granted by Rochester Community Schools, 501 W. University, Rochester Hills, MI 48307, for the construction, operation, maintenance, repair and/or replacement of a watermain easement over, on, under, through and across land more particularly described as Parcel No. #15-22-451-020.

2007-0865 Request for Purchase Authorization - DPS/GAR: Increase of Blanket Purchase Order for 5G Slag in the amount of \$6,500.00 for a total not-to-exceed amount of \$17,000.00; Edward C. Levy Co., Detroit, MI

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)
[010708 Agenda Summary.pdf](#)
[010708 Extension Letter.pdf](#)
[010708 Bid Tabulation.pdf](#)
[010708 Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0041-2008

Resolved, that the Rochester Hills City Council hereby authorizes the increase of the Blanket Purchase Order to Edward C. Levy Co., Detroit, Michigan for the purchase of 5G Slag in the amount of \$6500.00 for a total not-to-exceed amount of \$17,000.00 through December 31, 2008.

- 2008-0077** Request for Purchase Authorization - DPS/GAR: Blanket Purchase Order for 22A gravel in the amount not-to-exceed \$36,000.00 through December 31, 2008; Tri-City Aggregates, Inc., Holly, MI

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

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0042-2008

Resolved that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order to Tri-City Aggregates, Inc., Holly, Michigan for the purchase of 22A gravel in the amount not-to-exceed \$36,000.00 through December 31, 2008.

- 2008-0067** Request for Purchase Authorization - DPS/ENG: Blanket Purchase Order/Traffic Signal Maintenance Participation Agreement for the Walton Blvd and Brewster Road Traffic Signal Improvement Project in the amount not-to-exceed \$40,950.00; Road Commission for Oakland County, Waterford, MI

Attachments: [Agenda Summary.pdf](#)
[RCOC Brochure.pdf](#)
[LTAP Article.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0043-2008

Whereas there currently exists a traffic signal on Walton Blvd at its intersection with Brewster Road with signal indications for all approach legs; and

Whereas the City of Rochester Hills, after a traffic investigation, has determined that a traffic signal modernization is necessary to improve traffic safety at the intersection of Walton Blvd. and Brewster Road; and

Whereas, the Road Commission for Oakland County, being the primary road agency for the traffic signal maintenance and operations at this location, has the staff and other resources available to design and install the proposed traffic signal improvements; and

Whereas the total project cost is estimated at \$117,000.00 with the City of Rochester Hills calculated share to be 33 1/3% at an estimated cost of \$39,000.00 available from City Major Road Act 51 Funds.

Resolved that the City of Rochester Hills City Council is supportive of traffic signal modernization improvements at Walton Blvd. and Brewster Road intersection.

Resolved that the Rochester Hills City Council authorizes a Blanket Purchase Order to Road Commission for Oakland County, Waterford, Michigan for the upgrade of the existing traffic signal at the intersection of Walton Blvd. and Brewster Road in the amount not-to-exceed \$40,950.00, which includes a \$1,950.00 (5%) contingency.

Resolved that the Rochester Hills City Council authorizes the Mayor to sign the Traffic Signal Maintenance Participation Agreement for the Walton Blvd. and Brewster Road Traffic Signal Improvement project on behalf of the City.

Resolved that a certified copy of this resolution be filed with the City Clerk of Rochester Hills, Oakland County, Michigan and with the Road Commission for Oakland County, Waterford, Oakland County, Michigan.

2008-0068 Request for Purchase Authorization - DPS/ENG: Blanket Purchase Order/Traffic Signal Maintenance Participation Agreement for the Avon Road and Old Perch Road Traffic Signal Improvement Project in the amount not-to-exceed \$40,950.00; Road Commission for Oakland County, Waterford, MI

Attachments: [Agenda Summary.pdf](#)
[RCOC Brochure.pdf](#)
[LTAP Article.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0044-2008

Whereas there currently exists a traffic signal on Avon Road at its intersection with Old Perch Road with signal indications for all approach legs; and

Whereas the City of Rochester Hills, after a traffic investigation, has determined that a traffic signal modernization is necessary to improve traffic safety at the intersection of Avon Road and Old Perch Road; and

Whereas, the Road Commission for Oakland County, being the primary road agency for the traffic signal maintenance and operations at this location, has the staff and other resources available to design and install the proposed traffic signal improvements; and

Whereas the total project cost is estimated at \$117,000.00 with the City of Rochester Hills calculated share to be 33 1/3% at an estimated cost of \$39,000.00 available from City Major Road Act 51 Funds.

Resolved that the City of Rochester Hills City Council is supportive of traffic signal modernization improvements at Avon Road and Old Perch Road intersection.

Resolved that the Rochester Hills City Council authorizes a Blanket Purchase Order to Road Commission for Oakland County, Waterford, Michigan for the upgrade of the existing traffic signal at the intersection of Old Perch Road and Avon Road in the amount not-to-exceed \$40,950.00, which includes a \$1,950.00 (5%) contingency.

Resolved that the Rochester Hills City Council authorizes the Mayor to sign the Traffic Signal Maintenance Participation Agreement for the Avon Road and Old Perch Road Traffic Signal Improvement project on behalf of the City.

Resolved that a certified copy of this resolution be filed with the City Clerk of Rochester Hills, Oakland County, Michigan and with the Road Commission for Oakland County, Waterford, Oakland County, Michigan.

- 2008-0078** Request for Purchase Authorization - DPS/ENG/BUILDING: Blanket Purchase Orders for weed mowing services for private vacant and occupied lots in the amount of \$35,000.00 and for shoulder right-of-way, detention basin and pathway mowing in the amount of \$50,750.00 for a total not-to-exceed amount of \$85,750.00. Kleen Kut, Washington, MI

Attachments: [Agenda Summary.pdf](#)
[Bid Tabulation.pdf](#)
[Resolution.pdf](#)
[Suppl Info Rev. Agenda Summary.pdf](#)
[Resolution \(Revised\).pdf](#)

This matter was Adopted by Resolution

Enactment No: RES0045-2008

Resolved that the Rochester Hills City Council hereby authorizes Blanket Purchase Orders for weed mowing services for private vacant and occupied lots in the amount of \$35,000.00 and for shoulder right-of-way, detention basin and pathway mowing in the amount of \$50,750.00 for a total not-to-exceed amount of \$87,750.00 to Kleen Kut, Washington, Michigan through December 31, 2008.

Passed the Consent Agenda

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

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

New Business was moved ahead of Public Hearings at the request of President Hooper.

NEW BUSINESS

- 2007-0447** Request for Purchase Authorization - DPS/FACILITIES: Increase Blanket Purchase Order for Snow Removal Services at four (4) City owned facilities, in the amount of \$25,000.00 for a not-to-exceed amount of \$70,700.00; Advanced Services Landscape, LLD, Sterling Heights, MI.

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

022508 Agenda Summary.pdf
022508 Suppl Info Rev. Agenda Summary.pdf
022508 Resolution.pdf
080807 Agenda Summary.pdf
080807 Resolution.pdf

Roger Rousse, Director of DPS/Engineering, stated three groups plow snow during the winter months. They include DPS employees, Parks employees, and a contractual service that clears snow around all City buildings. This year, due to the amount of snowfall and fluctuations in temperature, the need for those services have increased. The amount being requested is an estimation of what will be needed to complete this season.

Mr. Ambrozaitis mentioned that although he understood, he felt Mr. Rousse should discuss why a private contractor was being used, from a cost standpoint, versus City employees.

Mr. Rousse explained that the reasons were two-fold: First it would take City employees off public roads, and time is of the essence. The lots are to be cleaned before the start of the workday. The contract is structured accordingly. Secondly, this is an open competitive bid, taking the best qualified responsible bidder. Mr. Rousse feels the City does save substantial amounts bidding the services.

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

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

Enactment No: RES0082-2008

Resolved that the Rochester Hills City Council hereby authorizes the increase to the Blanket Purchase Order to Advanced Services Landscape, LLC of Sterling Heights, Michigan, for 2007-2008 Snow Removal Services at four (4) City owned facilities, in the amount of \$25,000.00 for a not-to-exceed amount of \$70,700.00 through October 15, 2008.

2008-0064 Request for Purchase Authorization - DPS/FACILITIES: Blanket Purchase Order for Heating and Air Conditioning Maintenance Services for City Hall, Fire Station #1, DPS Garage and Oakland County Sheriff's Sub-Station in the amount not-to-exceed \$187,130.00; Johnson Controls, Inc., Auburn Hills, MI

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

Roger Rousse, Director of DPS/Engineering, indicated there has been a relationship developed over the years with Johnson Controls and he feels that they provide a high degree of service both for repairs and also for maintenance.

Mr. Yalamanchi asked if this includes the old DPS garage.

Mr. Rousse stated that initially the contract covered that, but they do not

anticipate much happening in that facility. The old garage will only have lights and garage doors. The heat will be discontinued, and a portion of the building will be demolished. Utilities to that facility will be minimized. They plan to demolish the front portion of the building, which includes the Administrative Offices, and keep the long narrow portion for cold storage of materials.

A motion was made by Ravi Yalamanchi, seconded by Michael 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: RES0037-2008

Resolved that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order to Johnson Controls, Inc., Auburn Hills, Michigan for the purchase of heating and air conditioning maintenance services for City Hall, Fire Station #1, DPS Garage and Oakland County Sheriff's Sub-Station in the amount not-to-exceed \$187,130.00 through April 10, 2010.

2008-0081

Request for Purchase Authorization - DPS/ENG: Blanket Purchase Order for Geotechnical Engineering and Construction Inspection and Material Testing Services in the amount not-to-exceed \$250,000.00; Schleede Hampton Associates, Inc., Birmingham, MI

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

Mr. Rousse indicated this service is used for a number of activities including material testing and geotechnical preparation for road projects, drain and sewer, and water projects. On any road project, there is initial analysis done, core samples, existing road structure, development of rehabilitation program, and testing of the materials as they go down. This blanket funnels the services through and becomes part of the total project cost. Areas targeted to use this money include Local Roads, Drains, Sewer, Water, and Major Roads. These services are also used for some environmental services for determining wetlands or soil compounds in wetland areas. There is also an amount in this blanket for unforeseen needs that might come up during a project or during an emergency service, such as a watermain repair.

Mr. Hooper questioned if this proposal is to extend through 2009.

Mr. Rousse indicated the original proposal was for three years with the option to extend for two additional years. Tonight's request is for the two-year extension under the original blanket.

A motion was made by Ravi Yalamanchi, seconded by Vern 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: RES0038-2008

Resolved that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order for geotechnical engineering and construction inspection and material testing services to Schleede Hampton Associates, Inc., Birmingham, Michigan in the amount not-to-exceed \$250,000.00 through December 31, 2009.

PUBLIC HEARINGS

2005-0191 Request for approval of the amended LDFA Development Plan and Financing Plan.

Attachments: [Agenda Summary.pdf](#)
[Restated LDFA Dev. Plan.pdf](#)
[Restated LDFA Finance Plan.pdf](#)
[Restated LDFA Plan Appendices.pdf](#)
[Restated LDFA Plan Table 2 Tax Rolls.pdf](#)
[Adams Road - Map 2A.pdf](#)
[Austin Dr. Ext. Map 2B.pdf](#)
[ITP Map 2C.pdf](#)
[Map 1 LDFA CTP Flat.pdf](#)
[Map 3 SmartZoneZoning.pdf](#)
[Legal Notice 013108 & 022108.pdf](#)
[Resolution.pdf](#)
[012808 Agenda Summary.pdf](#)
[042005 Agenda Summary.pdf](#)
[Restated Develop Plan LDFA.pdf](#)
[LDFA Resolution Amended Plan.pdf](#)
[032005 Public Hearing Notice.pdf](#)
[031605 Agenda Summary to set PH.pdf](#)
[031605 Resolution to set PH.pdf](#)
[042005 Resolution.pdf](#)
[012808 Resolution.pdf](#)

Edward Anzek, Director of Planning and Development, indicated this is the Public Hearing requested for the changes to the Local Development Finance Authority (LDFA) that were brought before Council on January 28, 2008.

President Hooper Opened the Public Hearing at 9:34 p.m.

Seeing no Public Comments, President Hooper Closed the Public Hearing at 9:34 p.m.

Council Discussion:

Mr. Rosen recalling a previous discussion regarding the installation of the road on this property, stated he thought that the guidance received at the time indicated that installing the road was not the best direction to go.

Mr. Anzek concurred that that was the result of the discussion at that time. The thought behind this proposal is not to charge in and do this, but to do it only if it is requested by a person who is going to develop the site, and can be used as an incentive to bring the deal together. They would like it in the plan as a demonstration of proof that they would be ready to go if the City would be so fortunate as to have two or three users that needed a street, they would be able to offset that cost and make the deal happen. The City does not plan on proceeding until a deal might include this, and it may not be done at all if someone takes the whole acreage.

Mr. Rosen stated he appreciated the idea that this is an option only if needed, and wants the record to reflect that it is not something Council intends to do, just to do.

Mr. Anzek stated that the City is seeing interest in three- to five-acre tracts. When Council decided the property was surplus and directed the marketing of it, the advice and guidance from about five or six commercial brokers indicated the City should sell it as-is, as one parcel.

President Hooper stated that it will come back to City Council should there be a purchaser. That will determine whether someone will buy the entire property or a portion of it, and the City can make a decision at that time.

Mr. Anzek stated that he felt it was useful to show individuals that might be interested in three-to-five acre sites that the City is willing to work with them.

Mr. Ambrozaitis asked if, from a negotiation standpoint, that it would be better to not put it in and leave it as a potential caveat later.

Mr. Anzek responded that it was a part of the City moving swiftly, at the pace of business. If this were not included in the plan, he felt the City's promises would be hollow.

Mayor Barnett stated he felt it was extremely helpful to have the flexibility of having that option be recognized by the governing body as a potential.

Mr. Pixley commended the Planning and Economic Development Department and the Mayor for being proactive on this in light of the speed of business. He felt that the appropriate steps were being taken to be ready should something happen.

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

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

Nay 1 - Ambrozaitis

Enactment No: RES0047-2008

Whereas, the Rochester Hills Local Development Finance Authority (RHL DFA) was established on May 4, 1994; and a Development Plan and Tax Increment Financing Plan, "the Plan", were approved by City Council on May 3, 1995, and

Whereas, on April 20, 2005, the boundaries of the Authority District were expanded by Resolution of City Council to conform with those of the certified technology park, and

Whereas, the Plan was amended and adopted by the City Council on July 15, 1998, and

Whereas, the Plan was further amended and adopted by the City Council on April 20, 2005, and

Whereas, the board of a Local Development Finance Authority may amend a development plan and financing plan, pursuant to Public Act 281 of 1986, as amended, Section 17 [MCL 125.2167], and

Whereas, the RHLDFFA has amended the Plan, as permitted by Act 281 of 1986, and the Plan meets the requirements as set forth in the Act, and

Whereas, the Council has found that the RHLDFFA's Development Plan and Tax Increment Financing Plan meet the requirements set forth in the Local Development Financing Act, Act 281 of 1986, and

Whereas, the Council has found that the proposed method of financing the public facilities is feasible and the Authority has the ability to arrange the financing, and

Whereas, the Council has found that the proposed development is reasonable and necessary to carry out the purposes of the plan and the purposes of said Act, and

Whereas, the Council has found that the amount of captured assessed value estimated to result from the adoption of the SmartZone Plan is reasonable, and

Whereas, the Council has found that the land to be acquired under the development plan is reasonably necessary to carry out the purposes of the plan and the purposes of said Act, and

Whereas, the Council has found that the development is in reasonable accord with the approved master plan of the City of Rochester Hills, and

Whereas, the Council has found that public services are adequate to service the property in the development plan, and

Whereas, the Council has found that the proposed improvements and zoning are reasonably necessary for the project and for the City of Rochester Hills, and

Whereas, a public hearing was held on February 25, 2008 to elicit comments and concerns of the public.

Now, therefore, be it resolved that the Council determines that both said development plan and tax increment financing plan constitute a public purpose, and

Be it further resolved that the Council approves the Restated Rochester Hills Local Development Finance Authority Development Plan and Tax Increment Financing Plan, and

Be it further resolved that all resolutions and parts of resolutions, insofar as they conflict with the provisions of this resolution, are hereby rescinded, and

Be it finally resolved that the City Clerk is directed to inform the taxing jurisdictions of the fiscal impact of the Development Plan and Tax Increment Financing Plan by forwarding a copy of the Plans to the chief financial officer of each jurisdiction.

CITY COUNCIL

2007-0465 Discussion regarding the Purpose, Charge and Membership of the Police and

Road Funding Technical Review Committee

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

President Hooper presented a proposed committee composition and asked City Council if they concurred with having three Council members (previously appointed) and appointing four citizen representatives to this committee.

Mr. Webber stated he appreciated President Hooper's lead in putting the proposal for the committee composition together. He questioned some of the wording, asking whether Council would consider more broad wording rather than specifying the November 2008 ballot.

President Hooper indicated that was one of the expected results, but offered that the Committee may not offer this result. This does not mean that the Committee would cease existence on June 1 either. He felt the Committee would continue to deliberate other options.

Mr. Webber did not have a problem with the June 1 date. He questioned if by using that wording Council would assume that is what the group will recommend.

President Hooper explained that the reason for including the June 1 date is if something is to be included on the November ballot, it would need to be prepared by the end of June or July 1. He included June 1 so that there could be a month to deliberate.

Mr. Staran indicated that Mr. Webber's concern could be addressed by adding "if any" to the language in the resolution at 1.a.1.

President Hooper stated that if the committee composition is approved this evening, the vacancies would be posted and open to anyone in the community to send in their resume and show interest. It would be brought back to Council within two weeks from tonight to make nominations for citizens to be appointed to the committee.

Mr. Rosen stated that the first order of business should be to get the three Council members appointed to this committee, Captain Smith, Roger Rouse, Paul Davis, and other major administrators involved, together to lay out what information the Committee already has assembled. Once this information is in order, the timetable is fairly straightforward. He does not want to see something pushed for the November ballot that is unlikely to pass.

Mayor Barnett recalled that there is information from when he was a Council member that might be helpful, and requested that this be looked at. He specifically requested going back to the last Police proposal that came forward and the consultant's work on the road funding issue that was reported to Community Development Block back in 2004, as initial starting points.

Mr. Rosen recalled that last summer, Mr. Rouse, Mr. Davis and he had a discussion about resurrecting the Road Committee. He indicated Mr. Davis had a fair compilation of information that may prove helpful.

President Hooper stated he will request this information for the Committee.

A motion was made by Michael Webber, seconded by J. Martin Brennan, that this matter be Adopted as Amended by Resolution to move forward with the Committee and accept Citizen nominations at the March 10, 2008 City Council Regular Meeting. The motion CARRIED by the following vote:

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

Enactment No: RES0254-2007

Resolved that the Rochester Hills City Council has agreed to establish the Purpose, Charge and Membership of the Police and Road Funding Technical Review Committee as follows:

Purpose and Charge: The Committee shall be responsible for the following:

- 1) To analyze Police and Road Funding and propose short and long term strategies to City Council for review, deliberation and placement, if any, on November 2008 ballot.
- 2) Prepare recommendations, if any, by June 1, 2008.
- 3) Report Monthly to City Council on Committee progress.

Membership:

City Council - Three (3) Council Members: Mr. Brennan, Mr. Rosen and Mr. Webber were appointed to this Committee on December 5, 2007.

Citizen Representatives - Four (4) Citizen Members appointed by Council.

Administrative Representatives - As deemed necessary for input/assistance and maintaining "notes" for the meetings (one of whom shall be the Rochester Hills Commander).

Rochester Hills Government Youth Council (RHGYC) Representative - One (1) Member selected by the Youth Council..

Term of Appointment:

The term shall be until Committee is dissolved by City Council or December 2008, whichever occurs first.

2007-0900 Discussion regarding the Creation of a Charter Non-Structural Technical Review Committee

Attachments: [Agenda Summary.pdf](#)
[Committee Composition.pdf](#)
[Resolution.pdf](#)
[110707 Agenda Summary.pdf](#)
[Charter Non-Structural Cmte Composition.pdf](#)

President Hooper introduced the proposed Committee and its composition including three Council members and four Citizens.

Mr. Webber offered that the same change "if any" be added to this resolution.

President Hooper added the wording "if any" to section 1.a.1 of the resolution. He mentioned that if this resolution would pass tonight, Council would appoint two to three Council members to the Committee as well. The four citizen representative vacancies could be posted as well.

A motion was made by Ravi Yalamanchi, seconded by Michael Webber, that this matter be Adopted as Amended by Resolution to create the Charter Non-Structural Technical Review Committee and accept nominations at the March 10, 2008 City Council Regular Meeting. The motion CARRIED by the following vote:

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

Enactment No: RES0049-2008

Resolved, that the Rochester Hills City Council creates the Charter Non-Structural Technical Review Committee as follows:

Name of Committee: Charter Non-Structural Technical Review Committee

Purpose and Charge: The Committee shall be responsible for the following:

- 1) To analyze the City Charter and propose possible Charter Amendments for Non-Structural items to City Council for review, deliberation and placement, if any, on November 2008 ballot.
- 2) Prepare recommendations, if any, by June 1, 2008.
- 3) Report Monthly to City Council on Committee progress.

Membership:

City Council - Two (2) or Three (3) Members

Citizen Representatives - Four (4) Citizen Members appointed by Council

Administrative Representatives - As deemed necessary for input/assistance and maintaining "notes" for the meetings.

Rochester Hills Government Youth Council (RHGYC) Representative - One (1) Member selected by the Youth Council

Term of Appointment:

The term shall be until the Committee is dissolved by City Council or December 2008, whichever comes first.

2007-0900 Appointments of Three (3) City Council Members to the Charter Non-Structural Technical Review Committee.

Attachments: [Agenda Summary.pdf](#)
[Committee Composition.pdf](#)
[Resolution.pdf](#)
[110707 Agenda Summary.pdf](#)
[Charter Non-Structural Cmte Composition.pdf](#)

President Hooper indicated two to three Council members should be appointed this evening.

President Hooper nominated himself to the Committee.

Mr. Yalamanchi nominated himself to the Committee.

Mr. Rosen nominated himself to the Committee.

A motion was made by Hooper, seconded by Webber, that this matter be Adopted by Resolution to appoint Council Members Hooper, Rosen and Yalamanchi. The motion CARRIED by the following vote:

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

Enactment No: RES0049-2008

2008-0083 Discussion regarding Single Trash Hauler

Attachments: [022508 Agenda Summary.pdf](#)
[Mayor Memo 021208.pdf](#)
[CC Min 032906.pdf](#)
[CC Agenda 032906.pdf](#)
[Cope Memo 032406.pdf](#)
[2004 Recommendations.pdf](#)
[CC Minutes 051403 & 012804 and Agenda 072104.pdf](#)

Public Comment:

Lee Zendel, 1575 Dutton Road, spoke against the Single Trash Hauler stating there are many services provided to residents that government does not get involved in. He requested that Council address the following issues prior to going out for an RFP:

- How will the residents pay for this service, if the City chose to provide it
- Will the trash hauler charge a fuel surcharge
- What funds will the monies received from collections be credited to
- Will the City be receiving any money from the trash hauler for the recycled products that are sold
- Will the trash hauler be paid in advance, or net 30

Pat Turner, 2407 Culbertson, spoke in support of the Single Trash Hauler. It is her opinion that this would decrease wear and tear on roads, and cited a study by the American Association of State Highway and Transportation Officials road test, that indicates trucks can do more than 10,000 times the damage done by a normal

passenger car. She feels that the right to choose one's own trash company infringes on the best interest of the City and the majority of the residents. She requested that Council seriously consider the single trash hauler situation.

City Council Discussion:

Mr. Rosen provided the mind map developed two years ago to Council, which includes a fanning out of all the questions and decisions. He stated Council has reviewed most of these issues in prior years.

Mr. Brennan stated that during his campaign last fall, approximately 90 percent of the residents he talked to requested the City look into the Single Trash Hauler issue. He would like to see the Administration directed to seek an RFP after the public hearing is held.

Mr. Webber stated he would like a survey of neighboring communities. He feels we are not ready for an RFP process, although feels this is a step that needs to be taken before discussing cost savings with residents. He mentioned that the residents he spoke with understood that this would not be provided by the City without cost, however, most thought this would provide a savings. He understands that not everyone will be in agreement, and wondered if there is a way to include an opt-out for residents.

Mr. Rosen stated that conceptually, the entire idea of a single hauler is absolutely sensible. He noted that problems come in on the execution. If it is charged on the property taxes, the City will have to have a fairly accurate way of accounting for who received the services and who did not. He discussed the idea of an opt-out for part-time residents. He felt the hauler could handle the billing, and if a monopoly was a concern, one suggestion would be to divide the City into four quarters, or square miles. He feels that the City should not be involved in the billing or collection of funds.

Mr. Pixley stated it is too soon to move to an RFP until the strategy of the administration of this is explored. He mentioned that his conversations with residents have also concluded that a single hauler is a good idea. He stated that he would like to look at ways for the City to lower the expense to the residents and still provide the same value and high level of service, although he does not think the City needs to form a new committee or hire a new consultant.

Mr. Brennan commented that by seeking the RFPs, the respondents would educate the City on how billing and collection could be done. He feels certain that an RFP would be the best way to start the process. He would like to see the major haulers come in an answer the Council's questions on the details.

Mayor Barnett stated in looking at the options laid out that Council could proceed with the gathering of information. He feels there is an advantage in seeking an RFP relatively soon to deal with tangible numbers.

President Hooper stated he would like to seek additional data from surrounding communities, obtain copies of their contracts and details on how they handle this. President Hooper believes once that information is obtained, Council should have a

workshop discussion on what the RFP should look like. At that point, the RFP can be sent out so that an informed decision can be made. He stated that at this point there are too many unknowns to go out for an RFP now.

Mayor Barnett added that 68 percent of the communities in Oakland County have municipal involvement in their trash hauling. Seven out of ten have contracts out currently. There are nineteen communities that have contracts for municipal waste hauling.

President Hooper stated that in addition to our neighboring communities, he would also like to have a survey of who has trash hauling contracts right now in Oakland and Macomb Counties.

Mr. Pixley talked about selecting four, five or six communities and putting that information in a matrix to compare and evaluate all the different options. He still does not necessarily disagree with the idea that an RFP is not the way to go from an educational standpoint.

President Hooper asked if Jean Farris can do a purchasing-type spreadsheet to assemble information and stated that three weeks should be reasonable to come back to Council with an update on this.

This Matter was Discussed.

(Council Member Ravi Yalamanchi exited at 10:16 p.m.)

Present 6 - Erik Ambrozaitis, J. Martin Brennan, Greg Hooper, Vern Pixley, James Rosen and Michael Webber

Absent 1 - Ravi Yalamanchi

ANY OTHER BUSINESS

President Hooper distributed the information requested by Mr. Yalamanchi on the blanket purchase orders that have extended for more than one year.

Advisory Traffic and Safety Board

Michael Webber reported that the Advisory Traffic and Safety Board met on February 12. They approved no parking signs and right-of-way on both sides of Marketplace Circle. This item will be on a future Council agenda for approval. The committee also got an update on the Master Thoroughfare Plan that will have a public forum on March 11, 2008.

Strategic Planning and Policy Review Technical Review Committee

Mr. Webber reported that the Strategic Planning and Policy Review Technical Review Committee met on February 13th to work on the Council's mission and vision statements, as well as their goals and objectives. The Committee will meet again this Wednesday, February 27, to conclude that work with the goal of

presenting the entire document to City Council by March 17.

Trailways Commission

Mr. Webber stated on the Trailways Commission met last Tuesday and they are continuing the year-long process of updating their bylaws. He announced the National Trailway Day will be celebrated on Saturday, June 7, 2008.

The Brownfield Redevelopment Authority

Mr. Webber mentioned that the Brownfield Redevelopment Authority meeting was held on February 21, 2008. The Committee heard an update on the Adams-Hamlin development project. The applicant presented a revised 381 Work Plan which Staff did not recommend be approved that night because they still had questions on the plan before it was submitted to the Michigan Department of Environmental Quality. The question remains as to whether the Environmental Protection Agency will claim jurisdiction or allow the DEQ to have sole jurisdiction. The applicant requested approval of the plan at a special meeting to be scheduled prior to their March 20, 2008 regular meeting.

Environmental Clean-Up and Oversight Committee

Mr. Rosen stated that with respect to the Adams-Hamlin site, the question of whether or not the EPA will take jurisdiction revolves around two questions: When did the contamination occur and whether irrespective of that there is significant risk to the public and to the receptors (Clinton River, etc.). That is a real unknown that may have profound effect on everything that happens there.

Cemetery Citizens Advisory Technical Review Committee

Mr. Pixley reported that at the Cemetery Committee meeting on February 14, the Committee discussed ongoing plans for a chapel on the grounds at the Cemetery. That discussion continues. The March meeting has been cancelled and the next meeting will be April 10.

Mr. Ambrozaitis asked for the status of the proposed Mexican Restaurant near the McDonalds on Rochester Road.

Mayor Barnett stated that he heard that this was reactivated again. He will try to get an update and e-mail Mr. Ambrozaitis.

Mr. Ambrozaitis also requested the Mayor look into the road condition at the intersection of Diversion and Bolinger. He requested some cold patch or concrete repair.

Mayor Barnett indicated there is a challenge with the freeze-thaw. Cold patch does not do much until the weather stabilizes. He stated that if it is an unsafe situation, he will have it addressed.

NEXT MEETING DATE

Regular Meeting - Monday, March 3, 2008 at 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 10:52 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 June 9, 2008 Regular City Council Meeting.