



Rochester Hills

Minutes - Draft

City Council Regular Meeting

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

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

Vision Statement: The Community of Choice for Families and Business

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

Monday, June 22, 2009

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

*President Hooper called the Regular Rochester Hills City Council Meeting to order
at 7:03 p.m. Michigan Time.*

ROLL CALL

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

Others Present:

*Bryan Barnett, Mayor
Alan Buckenmeyer, Parks Operations Manager
Dan Casey, Manager of Economic Development
Scott Cope, Director of Building/Ordinance Compliance
Ron Crowell, Fire Chief/Emergency Management Director
Paul Davis, City Engineer
Pam Lee, Director of Human Resources
Jane Leslie, City Clerk
Keith Sawdon, Director of Finance
John Staran, City Attorney
Pratyusha Yalamanchi, Rochester Hills Government Youth Council Representative*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Pixley, seconded by Webber, that the Agenda be approved as Amended to Move Item 2009-0240, Acceptance for First Reading - an Ordinance to Article VI to Chapter 82, Personnel of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan to establish a Retiree Health Benefit Plan and Trust, repeal conflicting Ordinances, and prescribe a penalty for violations, to follow the Consent Agenda. The motion CARRIED by the following vote:

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

PUBLIC COMMENT

Jim Tokarski, 2560 Eastern, stated that he has been having difficulties regarding trash pickup at his home and reported that Allied Waste has been leaving orange tags on his waste can each week indicating he should be placing the can in different locations away from his home. He noted that he has filed complaints with the Building Department with no response; and commented that he was not in favor of a single trash hauler as it removes his rights to select his own waste hauler.

Scot Beaton, 655 Bolinger, reported that a sign on a property on Rochester Road north of Bordine's advertises a "New Retail Center with Pad Sites" and commented that from his experience, this could be fast food restaurants with drive-throughs. He commented that he recalled that this property, adjacent to Eddington Subdivision, was zoned Residential and questioned why this property was now considered Commercial.

Lee Zendel, 1575 Dutton, stated that he attended the last two meetings of the Deer Management Advisory Committee (DMAC) and commented that certain members of the DMAC and its audience refuse to believe that there is an overpopulation of deer in the City. He stated that the City residents should not be responsible for paying for the DMAC's recommended solutions and further commented that individuals addressing the DMAC should be required to give their name and address.

Kari Johnson, 3298 Everett, stated that as a concerned resident of Country Creek Village Subdivision, noise levels from M-59 are unacceptable at the community pool in the summertime, making it difficult to hear. She requested Council include Noise Barrier 10 (NB-10) along M-59 in the upcoming Budget, and requested that Congressman Peters be contacted to redirect the Tienken Road Federal Earmark to build NB-10.

Melinda Hill, 1481 Mill Race, expressed her appreciation to the homeowners who opened their private yards to individuals attending the Rochester Hills Museum at Van Hoosen Farm's Garden Walk. She commented that the Special Joint Meeting held between the Councils of Rochester and Rochester Hills was a poor use of tax dollars and did not include Public Comment. She questioned when Mayor Barnett would provide Historic District residents with answers to a list of twenty questions they had provided during informational meetings previously held regarding the Stoney Creek and Winkler Mill Historic Districts.

James Resovsky, 637 East Nawakwa, stated that while he was thrilled to be afforded the opportunity to raise a family in Rochester Hills, he has mixed emotions regarding the Country Club Village Subdivision's amenities versus the excessive drone of freeway noise. He commented that the entire subdivision of 250 families is affected by the freeway, not merely the 44 families indicated in the Noise Study.

Dana Gallant, 619 East Nawakwa, expressed that there is a great need for NB-10. She provided Council with photos of a car and boat that ran off the freeway and landed in the brush near the Subdivision and stated that this barrier is critical for safety.

Deanna Hilbert, 3234 Quail Ridge Circle, commented that she has been attending DMAC meetings and believes that individuals should be allowed to come from other communities to be a part of the dialogue. She questioned whether the Mayoral Assistant position had been filled.

Robin Dumoulin, 3693 Old Creek, reported that her family's home is on the corner of Old Creek and Nawakwa and stated that when she and her sister play outside, they have to scream to hear each other.

Noelle O'Neill, 3640 Winter Creek, commented that over 700 residents will be negatively affected when M-59 is widened. She stated that this is the only development that has land that is level with M-59 and noted that Wildflower Subdivision will be affected as well, as their property values are tied to values in Country Creek Village Subdivision. She commented that individuals have attempted to sell their homes but cannot because of M-59 and requested Council include NB-10 in the 2010 Budget.

Giuliana Deaconu, 3190 Fallen Oak, stated that deer/car accident numbers have decreased from 219 in 2007 to 167 in 2008. She commented that deer population estimates have been reduced from 1,500 in 2008 to 375 in 2009, and noted these population decreases were with no intervention. She stated that residents should deer-proof their gardens by choosing the right plants and flowers and use a single-strand of fishing line as a fence. She noted that more accidents were caused by young drivers. She questioned whether the Mayor was in attendance as scheduled at a session at the Older Person's Center.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

President Hooper requested that Mayor Barnett direct staff to address Mr. Tokarski's concerns regarding Allied Waste and dead-end and one-way streets. He noted that no updated factual numbers have been released regarding car/deer accidents and the deer population. He reported that the City received a response from the Michigan Department of Transportation (MDOT) at 4:00 p.m. today regarding the sound wall along M-59 and this response was forwarded to City Council and those interested residents; however, he had not had the opportunity to review the information. He encouraged residents to attend the Festival of the Hills at Borden Park on July 1, 2009 and the Rochester Hills Government Youth Council's (RHGYC) 5k Run/Walk to Benefit Veterans with Traumatic Brain Injury on June 27, 2009 at Bloomer Park.

In responding to Mr. Tokarski, **Mr. Ambrozaitis** reported that Allied would be picking up trash on one-way streets on both sides of the street.

Scott Cope, Director of Building/Ordinance Compliance concurred that this would be the case.

Mr. Ambrozaitis commented that the City should review the Local Road Fund and make appropriate changes in order to fund a noise barrier along M-59 as adjustments were made to locate funding for other projects in the City. He stated that the zoning change along Rochester Road north of Bordine's was approved before he was on City Council, and reported that the developer has a Planned Unit Development (PUD) to construct a 700,000 square foot strip mall. He noted that at one point in time, condominiums were proposed, and commented that while he was not in favor of condominiums at that time, they would be more favorable than another strip mall. He reported that the Monday, June 15, 2009 Special Joint Meeting held with the Councils of Rochester and Rochester Hills contained discussions related to mutual collaborations.

Mr. Pixley displayed the RHGYC's 5k Run/Walk t-shirt to be given to 5k participants and encouraged everyone to register, noting that he and Council member Webber signed up to run. He encouraged everyone to attend the Festival of the Hills and stated that it is a great way to celebrate the City.

Mr. Webber forwarded an e-mail received from Linda Raschke, Deer Management Advisory Committee member to Jane Leslie, City Clerk, for inclusion in the DMAC file. He commented that he was looking forward to participating in the RHGYC's upcoming 5k and reported that he had participated in Relay for Life activities at Hart Middle School this past weekend.

Pratyusha Yalamanchi, Rochester Hills Government Youth Council Chairperson, reported that proceeds from the 5k Run/Walk would be donated to the Brain Injury Association of Michigan's Veterans Program and noted that individuals could visit the City's website to download registration forms.

Mayor Barnett made the following comments and announcements:

- He requested Mr. Cope address Mr. Tokarski's concerns regarding Allied Waste.
- He stated that he would have Derek Delacourt, Deputy Director of Planning, respond to Ms. Hill's Historic District concerns.
- He announced that Tara Beatty, Chief Assistant, had joined his staff and will be working largely as a Grant Writer. He noted that this addition was met with an equal reduction in staffing.
- Residents were cautioned that unscrupulous individuals are attempting to scam senior citizens in the community in providing seal coating services, and commented that before giving anyone a check, residents should call the Oakland County Sheriff's Department to verify that these individuals' credentials are appropriate.
- The website, www.makeitmichigan.org, was receiving tremendous hits and was designed to encourage General Motors to utilize the Orion Plant in its

reorganization plans.

- The Relay for Life event held this past weekend at Hart Middle School was the culmination of a year-round fundraising effort by the City's team, Eddie and the City Cruisers, who raised \$18,000 this year.

- The City coordinated a weight-loss contest, Rochester Hills' Biggest Loser, between its employees; and two firefighters took top honors in the competition. He reported that 40 individuals lost over 300 pounds collectively and noted that wellness of City employees affects the City's health care costs.

- The Festival of Hills, set for July 1, 2009 expects an attendance of between 35,000 to 45,000 people. He announced that a sponsor has donated 10,000 free ice creams to be distributed during the event.

ATTORNEY MATTERS

City Attorney John Staran had nothing to report.

CONSENT AGENDA

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

2009-0237 Request for Approval of Fireworks Display Permit Application for Festival of the Hills, to be held at Borden Park on July 1, 2009; Melrose Pyrotechnics, Inc., applicant

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

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0161-2009

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

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

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

Therefore It Is Resolved that the Rochester Hills City Council does hereby approve a permit for Melrose Pyrotechnics, Inc., to provide a fireworks display for the Festival of the Hills at Borden Park on July 1, 2009.

Passed the Consent Agenda

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

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

(Mr. Ambrozaitis exited at 7:53 PM and re-entered at 7:55 PM)

The following Agenda Item was discussed separate from the Consent Agenda.

2009-0217 Request for Purchase Authorization - DPS: Award of the contract for the 2009 Thermoplastic Marking Program in the amount of \$42,029.94 with a 5% contingency of \$2,101.50 for a total not-to-exceed amount of \$44,131.44; R.S. Contracting Inc., Casco, MI

Attachments: [Agenda Summary.pdf](#)
[2009 Program.pdf](#)
[Bid Tabulation.pdf](#)[Contract Extension.pdf](#)
[Resolution.pdf](#)

Public Comment:

Melinda Hill, 1481 Mill Race, requested an explanation of the amount of this purchase authorization, commenting that amounts spent in prior years were less.

Council Discussion:

Mr. Rosen reviewed the list of roads to be marked and questioned why Powderhorn was listed for marking as this was new roadway. He further questioned why marking was slated for some streets every year if thermoplastic would last longer.

President Hooper questioned why Powderhorn had originally been marked with paint rather than thermoplastic, and inquired how the lifespan of thermoplastic marking compared to paint.

Paul Davis, City Engineer, responded that Powderhorn was completed late in the year and paint was used. He explained that thermoplastic is more durable and markings that are inlaid into the pavement are not damaged by snowplows. He noted that the City is taking advantage of coordinating the purchase of thermoplastic with Oakland County's program to receive lower prices. He stated that he did not have specific lifespan information on thermoplastic available tonight.

President Hooper questioned whether this item could be delayed until the next meeting in order to gather additional information for Council.

Mr. Davis agreed that this item could be postponed until the next meeting.

Postponed.

ORDINANCE FOR INTRODUCTION

2009-0240 Acceptance for First Reading - an Ordinance to add Article VI to Chapter 82, Personnel, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to establish a Retiree Health Benefit Plan and Trust, repeal conflicting Ordinances, and prescribe a penalty for violations

Attachments:

[062209 Agenda Summary.pdf](#)
[Ordinance.pdf](#)
[Spec Mtg Min Excerpt 101800.pdf](#)
[Reg Mtg Min Excerpt 101800.pdf](#)
[Reg Mtg Min Excerpt 022508.pdf](#)
[062209 Resolution.pdf](#)

Keith Sawdon, Director of Finance, stated that the City administers three retiree health care programs:

- *Retiree Health Savings Program, a defined-contribution program, which is an employee-contribution program wherein the City contributes a certain amount based on the employee's compensation. The value of that account when the employee retires is used toward his or her retiree health care cost. That program is provided through ICMA, which also provided the Plan and Trust Documents for that program.*
- *Supplemental Benefit Program, designed for long-term employees of the City, of which there are only approximately 100 eligible individuals. It had been determined that at the time that the Retiree Health Savings Program was put in place, these employees would not have had time to build up a sufficient balance to cover their health care costs.*
- *Implicit Rate Subsidy, a program designed to allow retired employees to buy into the City's health care policy at the rate the City currently pays, making this a blended rate. By allowing retired employees to participate in the City's health care plans, it creates a subsidy. The City's experience rates increase resulting from having retirees on the City plan. He explained that the difference in the City's experience blended rate based on having retirees on the City plan creates the Implicit Rate Subsidy.*

He explained that this proposed Ordinance would help the City with future funding toward the Supplemental and Implicit Rate programs. He stated that in 2008, Government Accounting Standards Board requirements (GASB-45) mandated that the City must now recognize the long-term liability for Other Post-Employment Benefits, namely the Supplemental Benefits and the Implicit Rate Subsidy. In February, 2008 the City retained an actuary to calculate those liabilities and City Council received the actuary's summary reporting the various manners in which

the City could fund these liabilities. He stated that as the City moves forward, it needs a place to keep these funds and this place is in an Irrevocable Trust Document. He noted that after a issuance of an Request for Proposal, Cynthia Billings of Sullivan Ward was retained to develop the Trust Documents. He explained that this would be a Section 115 Trust, and would be tax-exempt. Earnings of the Trust would stay in the Trust; and in the future, the Trust would be used to pay benefits and help the City cover the subsidy.

Council Discussion:

Mr. Yalamanchi requested clarification of the composition of the Board of Trustees outlined in the Trust Document and questioned whether more than the City's Treasurer and Finance Director should be named Trustees. He questioned how employee turnover would affect the Board of Trustees and commented that he wished to see more individuals included on the Board for continuity.

Cynthia Billings, Sullivan Ward, indicated that the City's Treasurer and Finance Director were currently Trustees for the Pension Fund and commented that in most cities, these individuals are Trustees for this fund as well. She noted that the Board of Trustees could be expanded to include more individuals and suggested that a Council Member be considered as well for inclusion on the Board.

Mr. Yalamanchi questioned how the liability would be funded, and once established, if Council would review the liability each year.

Mr. Sawdon responded that \$3.5 million would cover both the Supplemental liability and the Implicit Rate Subsidy. He stated that funding options and recommendations could be discussed during the Budget Amendment item. He noted that the City is required to provide an actuarial report every two years, a time-frame based on its eligible employee population, to determine whether the Trust is over or under-funded. He commented that the City will most likely require this Trust to be in existence for 30 years or more. He noted that the proposed Trust document requires reporting the value of the Trust annually, and this report will also present funding differences.

Ms. Billings noted that by Law, the City is required to report unfunded liabilities; however, it is not required to fund them and stated that the Trust does not require the City to fund these liabilities either.

President Hooper suggested changing the Trust language to include the City Treasurer, Finance Director and a City Council-Appointed Resident on a Board of Trustees.

Mr. Rosen questioned whether the Supplemental Program would disappear when the eligible employees no longer utilized this benefit. He questioned what would happen when a retiree reaches the age of 65.

Mr. Sawdon responded that as long as the City allows retirees to buy into the City's health care policy at the City rate, the Implicit Rate Subsidy will exist. He

noted that if retirees were no longer allowed to buy into the City's health care policy at City rates, the City would then only have the Supplemental portion until the completion of that program. He noted that once a retiree reaches 65, they move to Medicare and the Implicit Rate then disappears. He noted that the Implicit Rate Subsidy would exist as long as employees are eligible to retire at age 55.

Pam Lee, Director of Human Resources, commented that as employees eligible for the Supplemental program retire and expire, that group will decrease and eventually disappear. She explained that prior to the introduction of the Supplemental Benefit and Retiree Health Savings programs, the City did not have a defined health care benefit plan. She stated that as long as she has been aware, the City has allowed retirees to purchase health care on the City's plan; however, no funding was ever allocated.

Mr. Rosen commented that it would be prudent to consider setting this up as two separate Trusts, as one would eventually be completed.

Mr. Sawdon responded that it is possible to set up two Trusts; however, he noted that there would be no co-mingling of the two portions of the Trust and stated that the Trusts would be valued separately and kept distinct.

Ms. Billings stated that Section 115 of the Internal Revenue Code, could allow a revision of the draft Trust language that upon satisfaction of the Trust, any remaining assets can return to the City for the portion of the Trust that will close.

Ms. Lee clarified that eligible employees use this benefit to buy into the City's health insurance programs. She noted that if the eligible employee purchases their own health insurance, they are not entitled to this benefit.

Mr. Sawdon confirmed Ms. Lee's statement and stated that those eligible to participate in the Implicit Rate Subsidy portion are terminated off the City's plan after they reach age 65.

President Hooper suggested that the Trust language be revised to reflect that the extra funds return to the City after completion of the Supplemental portion.

Ms. Billings commented that she would have to verify that this language change would be approved by the Internal Revenue Service.

Mr. Ambrozaitis questioned whether the City can afford to contribute to the Implicit Rate Subsidy indefinitely and commented that he would like to see more analysis on the impact of this liability over time. He noted that two separate trusts are warranted and commented that he wished to see a member of City Council be included on the Board of Trustees. He commented that he is interested in being appointed to this Board.

Mr. Sawdon responded that the GASB-45 requirement changes caught many governments off-guard. He commented that many local governments allow their retirees to buy into their health care plans and noted that this is an expensive liability, comprised of approximately \$1.5 million in today's dollars.

He explained that this benefit was contained in the City's current union contracts, and noted that if Council chose to fund this liability, a Trust should be created where this money would be tax-exempt. He commented that as union contracts are renegotiated, the Ordinance language could be amended to reflect changes.

Mr. Webber agreed that additional members should be incorporated into the Board of Trustees and that it was vital to comply with GASB-45 and establish this Trust.

Mr. Yalamanchi commented that Citizen representatives appointed to the Board of Trustees should have Certified Public Accountant knowledge and a background in Trusts.

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

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

Resolved, that an Ordinance to add Article VI to Chapter 82, Personnel, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to establish a Retiree Health Benefit Plan and Trust, repeal conflicting Ordinances, and prescribe a penalty for violations is hereby accepted for First Reading.

Further Resolved, that the Draft Ordinance include the following revisions:

- 1) Only the Supplemental Benefit program be included.
- 2) The Board of Trustees specified in 82-174 (b) shall consist of the City Assessor/Treasurer, the Finance Director of the City of Rochester Hills, one Council Member appointed by Council, and two Citizen Representatives with CPA knowledge and a background in Trusts, appointed by Council.
- 3) The Trust include wording that when the Trust is terminated, any remaining funds revert back to the City.

PUBLIC HEARINGS

2009-0239 2009 2nd Quarter Budget Amendment / Appropriations

Attachments: [Agenda Summary.pdf](#)
[2009 2nd Qtr BA Net Budget Amendment.pdf](#)
[2009 2nd Qtr Budget Adjustment \(Detail\).pdf](#)
[2009 2nd Qtr Budget Amendment \(Detail\).pdf](#)
[Suppl Charts.pdf](#)
[Public Hearing Notice.pdf](#)
[Resolution.pdf](#)

Keith Sawdon, Director of Finance, pointed out the following items contained in the Budget Amendment:

General Fund:

- *The Supplemental Benefit Program for Retiree Health Care was the largest item contained in the Budget Amendment, amounting to \$1.3 million.*
- *Road Fund: The Local Development Finance Authority decided to partially fund the Austin Drive Extension. This will provide the Major Road Fund with approximately \$713,000 to offset some of the costs for the extension.*
- *Fire Fund: This Fund contributes toward the Supplemental Benefit.*
- *Fire Capital Fund: This Fund reflects both the sale of surplus equipment and a lower-than-expected purchase cost for new equipment.*
- *Water and Sewer Operating Fund: The Supplemental Benefit passes through this Fund; depreciation adjustments are made as well.*
- *Water and Sewer Capital Fund: This Fund contains incoming money from the Water and Sewer Operating Fund*
- *Fleet Fund: This Fund reflects adjustments made for bids received for Capital purchases, both up and down.*
- *Retiree Health Trust: The Trust is established in order to earn revenue.*

He noted that the increase in the General Fund Budget of \$1.3 million is almost exclusively related to Retiree Health Care funding and commented that if this amount were removed, the General Fund Budget would be going down due to falling operating costs. He noted that prior to this amendment, the General Fund balance had a surplus and noted that this Amendment would show a decrease by \$133,030. He likened this to a 30-year mortgage payment and stated that if this Supplemental Benefit were funded fully, the money would be in the Trust and could be invested, allowing a much higher level of earning than the current short-term portfolio. He stated that given a number of policy changes that could occur with the Implicit Rate Subsidy, it is recommended that this liability be recognized and money placed into the Trust by an annual contribution approach.

Budget Amendment Summary:

*\$1,156,460 into Fund Balance
\$ 101,560 reduction in Operating Expenses
\$ 751,690 postponed in Capital Expenditures
\$3,440,660 in transfers to other funds*

President Hooper Opened the Public Hearing at 8:51 p.m.

Melinda Hill, 1481 Mill Race, questioned the following items in the Budget Amendment:

- *Why Pathway construction projects were being deferred*
- *Was the Adams Road Irrigation Project removed*
- *Was the Technology Drive Project deferred*
- *Why a Tienken Road Needs Study was included, as the City was not expecting to contribute any funds toward the Study*
- *What was included in a M-59 watermain betterment and replacement project*

President Hooper Closed the Public Hearing at 8:54 p.m.

Paul Davis, City Engineer responded that Pathway projects are being deferred

because most projects are in the design stage and not ready for construction. He commented that the City fully intends to go forward with these projects when they move into final design and right-of-way acquisition phases. He stated that the current Pathway Millage will generate monies for resurfacing existing pathways, performing maintenance and building new pathways; however, this Millage would not be sufficient to fund all future Pathway projects. He noted that the deferral of the irrigation system on Adams Road was also due to timing.

Mr. Sawdon commented that the Tienken Road Needs Study was included in the Second Quarter Budget Amendment as of the end of May; however, this amount would reverse out in the Third Quarter Budget Amendment.

Mr. Davis stated that several mains under M-59 are being affected by the construction activities and an older six-inch watermain is being upgraded to an eight-inch minimum size. He noted that the Michigan Department of Transportation (MDOT) will replace existing mains, but not increase their size, nor replace outside of the freeway right-of-way. As the City has requested a size increase, and the six-inch main continues outside of the right-of-way, the City must fund the difference.

Mr. Ambrozaitis commented that he was bothered by the inclusion of \$1.3 million being placed into the Trust account and stated that he wanted to be reassured that the City was working on its spending.

Mr. Sawdon responded that the funding being put into the Trust was out of the \$2 million that Council set aside last year designated to Fund Balance for this liability. He stated that a Trust is being created to move the money within this Amendment. He commented that in terms of the budget as a whole, if the Trust transaction were removed along with the money coming from LDFA, the numbers would be down. He noted that the funding moving into the Trust will then grow and noted that the longer the City waits to fund the Supplemental liability, the less investment earnings will be for this money.

Mr. Rosen questioned whether the Tienken Road Study could be removed from this Amendment.

Mr. Davis stated that originally, three entities would participate in this Study, with a contribution of \$15,000 each by Rochester, Rochester Hills, and the Road Commission for Oakland County (RCOC). After the City of Rochester declined to participate, Rochester Hills declined as well, and RCOC determined it would fund the study on its own.

Mr. Rosen questioned whether the funding for the Supplemental liability could be done over a period of three years. He further questioned how much of the contribution was designated to the Supplemental liability versus the Implicit Rate Subsidy.

Mr. Sawdon responded that funding this liability over a period of time was reviewed; however, he noted that lost income from the investment will hurt the City. He commented that funding this liability now will be viewed favorably by the Auditors, bondholders and be favorable for the City's credit rating. He noted

that the City currently has a AA-Rating, which is needed minimally to issue any debt, and commented that it is important that the City maintain this rating. He noted that the Supplemental contribution totaled \$1,222,600 and the Implicit Rate Subsidy (comprising the contribution over time of 1/30th of the Implicit liability) was \$104,000.

Mr. Yalamanchi questioned whether the contribution to the Trust would drop Fund Balance. He commented that it was his impression that the cost of the Implicit Rate Subsidy had an annual cost of \$1.5 million. He questioned whether the Implicit portion should be funded in its entirety as well.

Mr. Sawdon responded that it would drop Fund Balance. He noted that the Actuary's report, based on a five percent annual return, computed the Implicit Rate Subsidy from all funds as \$1.5 to \$1.6 million, if the full amount was deposited into the Trust. He pointed out that the Actuary recommended an annual required contribution, and noted that the \$104,000 was the General Fund's contribution of this annual amount. He commented that the Fire Fund and Water and Sewer Funds would have contributions as well.

Mr. Yalamanchi requested an update on all Major Roads projects. He questioned the status of the Michelson Pump Station Project.

Mr. Davis responded that several punch list items remained for the Michelson Pump Station Project's completion.

Mr. Webber stated that he supported removing the Tienken Road Study from the Second Quarter Budget Amendment. He commented that he would like to see the Pathway projects go forward.

Mr. Sawdon responded that the Tienken Road Study could be removed from the Budget Amendment without adjusting figures, as the Mayor had the authority to move amounts under \$25,000 without additional Council approval.

Mr. Pixley questioned how many retirees currently buy health care through the City and how much they paid per month. He stated that he agrees with funding the Trust liability. He commented that he was pleased that operating expenses have been reduced by \$100,000 and expressed appreciation for Administration's efforts to reduce these expenses.

Mr. Sawdon responded that a single retiree can purchase health care through the City for \$327 per month. He commented that he was not positive of the exact number of employees currently purchasing health care through the City and would prefer to provide a report with actual numbers.

Mayor Barnett stated that he would have Administration prepare an update on Road projects and noted that this update provides a moving target with the consideration of Stimulus Funding, requests and project delays. He noted that the Austin Road project was the culmination of an investment to keep jobs in the city.

A motion was made by Webber, seconded by Pixley, 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: RES0156-2009

Whereas, in accordance with the provisions of Public Act 2 of 1968, the Uniform Budgeting and Accounting Act, and the Charter for the City of Rochester Hills, Chapter III Section 3.7, the City Council may amend the budget during the fiscal year, either on its own initiative or upon recommendation of the Mayor; and

Whereas, in accordance with Section 19 of Public Act 2 of 1968, the Uniform Budgeting and Accounting Act the City Council may permit the Mayor to execute adjustments to the budget within limits;

Whereas, the Public Hearing for the proposed 2009 2nd Quarter Budget Amendments was noticed on May 28, 2009; and

Whereas, the proposed 2009 2nd Quarter Budget Amendments were available for public viewing beginning on June 12, 2009; and

Whereas, at its June 22, 2009 meeting City Council held a Public Hearing on the proposed 2nd Quarter Budget Amendments.

Now, Therefore, Be It Resolved that the Rochester Hills City Council hereby approves the following 2009 fund totals as amended, with the removal of funds allocated for the Tienken Road Study:

101 - General Fund	\$27,909,650
202 - Major Road Fund	\$10,073,460
203 - Local Street Fund	\$ 6,903,830
206 - Fire Department Fund	\$ 8,388,240
299 - Green Space Fund	\$ 1,170,550
391 - 1998 Refunding Debt Fund	\$ 1,707,560
392 - 2002 Refunding Debt Fund	\$ 53,860
402 - Fire Capital Fund	\$ 833,500
403 - Pathway Construction Fund	\$ 1,548,660
592 - W&S Operating Fund	\$31,051,220
593 - W&S Capital Fund	\$ 5,466,430
661 - Fleet Equipment Fund	\$ 3,480,050
736 - Retiree Health Trust Fund	\$ 2,124,480
848 - LDFA Fund	\$ 1,183,000
851 - SmartZone Fund	\$ 451,030

and, Therefore, Be It Resolved, the Mayor is 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.

NOTE: Fund totals include contributions to fund balance

2009-0213 Request to approve the establishment of an Industrial Development District at 2700 Product Dr., Rochester Hills, Michigan

Attachments: [Agenda Summary.pdf](#)
[Public Hearing Notice.pdf](#)
[060109 Agenda Summary.pdf](#)
[060109 Resolution.pdf](#)
[Resolution.pdf](#)

Dan Casey stated that the City has been working with Webasto Roof Systems, Inc., noting that the company was one of the City's larger employers. He commented that the company has been in the City for many years and has never received any incentives. He reported that Webasto contacted the Mayor and Administration to discuss that they were faced with the necessity of closing a plant, either in Rochester Hills or in Kentucky. He noted that both Michigan and Kentucky put together packages to retain the business and reported that the Michigan Economic Growth Association (MEGA) Board approved a Standard MEGA and a Retention MEGA to retain this company in Rochester Hills contingent upon Council's approval of the tax abatement request as a local match. He reported that Webasto, a privately-held company employing 300 individuals in Rochester Hills to manufacture sunroofs for the automotive industry, has three facilities in the city, including its headquarters, a technical center and an assembly plant. He explained that the project entails the transfer of equipment from Kentucky to Rochester Hills of approximately \$3.6 million in value; and noted that this is an abatement request for this equipment. He commented that the project would retain 153 jobs in Rochester Hills and result in the creation of 61 new jobs, 46 within the first two years of the project.

Brett Healy, President and Chief Executive Officer, Webasto Roof Systems, Inc., provided an overview of his company:

Webasto World-Wide Facilities (58 locations):

- Headquarters in Rochester Hills
- 32 Production Plants
- 25 Subsidiaries

Europe (32 locations):

- Headquarters in Germany (Stockdorf near Munchen)
- 12 Production Plants
- 19 Subsidiaries

Americas:

- 8 facilities

Asia and the rest of the world (15 locations):

- 11 Production Plants
- 4 Subsidiaries

He commented that the company was family-owned and relatively conservative in its finances, and reported that revenues were down 40 percent over time. He stated that the company is very much sustainable, but was suffering in the North American Free Trade Agreement (NAFTA) region.

North American Facilities:

- CRB Headquarters America, Rochester Hills

- * Corporate Offices; Purchasing/Sales/Administration; Engineering; and Program Management
- Assembly Operations, Rochester Hills
 - * Assembly 1: Assembly; Quality & Engineering - 100,000 square feet.
 - * Assembly 2: Closed October of 2008, consisting of 70,000 square feet
- Lexington, Kentucky
 - * Assembly, 205,000 square feet
 - * Assembly 6: Assembly/Glass Encapsulation - 101,000 square feet, closed July 2009
- Test and Development, Rochester Hills
 - * Test Lab; Prototype Development; Electronics Development; Sound Room - 23,000 square feet
- Roof Preparation and Stamping, Livonia, Michigan
 - * Assembly 5: Roof Preparation; Welding; Stamping - 85,000 square feet
- Assembly Operations; Irapuato, Mexico
 - * Roller Blinds; Sunroof Assembly - 26,000 square feet

He reported that Webasto does business with nearly every manufacturer of vehicles and had a balanced portfolio of customers, not all based in the Detroit Big-Three market. The product base includes sunroofs, polycarbonate roofs, all-glass roofs and the Ford Edge's arc glass. The company is transitioning into moveable surfaces, including cargo covers, grille vents and thermal systems.

Webasto's History in Rochester Hills:

- 1984 Webasto relocates all operations to Rochester Hills
- 1987 Webasto opens second building in Rochester Hills
- 1989 Webasto opens Test and Development Center in Rochester Hills
- 2001 Webasto opens new North American Headquarters in Rochester Hills
- 2008 Webasto consolidates two Rochester Hills assembly facilities to one facility

Webasto currently has three facilities and has 286 employees in Rochester Hills.

Consolidation Activities:

- In October 2008 Webasto consolidated its two Rochester Hills assembly facilities into one facility
- In January 2009 Webasto began consolidation of its Murray Kentucky Stamping Facility to its Livonia Stamping Plant. Consolidation will be complete by July 2009
- In April 2009 Webasto decides it must either close an assembly facility in Rochester Hills or Lexington, Kentucky

Mr. Healy stated that assuming that the company receives a Michigan Economic Development Corporation MEGA credit and Rochester Hills tax abatement, the Company will keep its Rochester Hills facility open resulting in:

- 153 jobs retained in Rochester Hills
- 61 new jobs created
- \$3.6 million investment
 - * Assembly line for the Chrysler CD Program
 - * Assembly line for GMX 322 (Cadillac CTS)

* Assembly line for the Honda Acura BM/MD.

Projects moving to Rochester Hills:

- Cadillac CTS
- Dodge Journey
- Chevy Traverse
- Acura ZDX

Mr. Healy commented that regardless of Council's ultimate decision, the company has seen a brilliant turnaround as to the City being business-friendly. He related the company's experience in obtaining approval for a gravel parking lot 15 years ago, noting that by the time it was approved, Webasto had already built their first facility in Lexington, Kentucky. He noted that this change in the company's preconceived notion of Rochester Hills is one of the reasons why they have considered remaining here.

Mr. Casey commented that the new jobs created will be offered to people here in Michigan. He reviewed that the request is for an eight-year abatement for Personal Property only and explained that based on the Tax Abatement Policy, the company is eligible for the eight year abatement. He reviewed the tax implications of the abatement, noting that the investment will generate \$194,886.00 in new personal property taxes for all authorities over eight years without the abatement with the City's portion of the new taxes combined at \$80,389.00. If approved by City Council, the City's portion of new taxes will be \$40,194.00 over the eight-year period. He commented that these numbers should be viewed in comparison to the tax revenues that would be lost if Webasto left Rochester Hills.

President Hooper Opened the Public Hearing at 9:45 p.m. Seeing no Public Comment, President Hooper Closed the Public Hearing at 9:46 p.m.

Council Discussion:

Mr. Ambrozaitis expressed his support for the company.

Mr. Yalamanchi questioned the types of new jobs and pay scales to be created and asked whether the company's decision to remain is based on logistics.

Ted Zimbo, Chief Financial Officer, of Webasto Roof Systems Inc., responded that these jobs would be assembly workers to manufacture sunroofs in the \$10.00 to \$12.00 per hour range. He commented that many laid-off autoworkers could be recruited to fill these positions.

Mr. Healy commented that the company also pays full benefits. He responded that the company looked at the logistics of its customer base, closure costs, synergy and investment related to real estate. He stated that when viewed, these costs were extremely close and that the cost to transfer to Lexington would have been more in the short-term, but less costly long-term. He noted, however, that the costs were close enough that Rochester Hills' response was a positive influence to the decision, and commented that he personally would

prefer to stay here.

Mr. Yalamanchi questioned whether Webasto still owned the facility that was closed during consolidation of the two Rochester Hills factories to one in 2008.

Mr. Zimbo responded that the closed facility was leased and Webasto did not renew the lease on that building.

Mr. Casey noted that although Webasto closed that facility, the equipment and employees were retained here in Rochester Hills and another shift added to the remaining facility.

Mr. Brennan stated that he was greatly encouraged to hear Webasto was receiving a great response from the Administration in cutting red tape.

Mr. Pixley concurred, adding that he was happy that Webasto made the decision to stay.

Mayor Barnett thanked the Webasto officials, indicating that they are supporters of the Mayor's Business Council. He commented that State Senator Mike Bishop deserves credit for allowing the City to meet their timeline for approvals and he urged for Council's unanimous support.

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

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

Enactment No: RES0157-2009

Whereas, Webasto Roof Systems, Inc. has requested that an Industrial Development District be established at 2700 Product Dr., further known as Tax Parcel No. 15-28-303-017, and further described as:

Lots 16, 17, 18, 19, 20 and 21, TAN Industrial Park, as recorded in Liber 184 of Plats, Pages 15 through 18, Oakland County Records; and

Whereas, the Rochester Hills City Council held a public hearing regarding this request at the Regular Meeting of June 22, 2009 at 7:00 p.m. in the Council chambers, at 1000 Rochester Hills Dr., Rochester Hills, Michigan, during which the owner of the property, taxing authorities, and all interested parties were given the opportunity to be heard; and

Whereas, the establishment of an Industrial Development District is consistent with the objectives of the City for industrial development and the creation of new employment opportunities.

Resolved, that the Rochester Hills City Council determines that the levies of ad valorem taxes are at a rate, when taken together with the rates of ad valorem taxes levied by any other taxing authority which levies taxes within the City of Rochester Hills, equals or exceeds \$30.00 for each \$1,000.00 of taxable value, and therefore is eligible for designation as an Industrial Development District pursuant to said Act; and

Be it Further Resolved, that the above listed legal description is hereby designated an Industrial Development District.

2009-0214 Request to approve an Industrial Facilities Exemption Certificate for Webasto Roof Systems, Inc.

Attachments: [Agenda Summary.pdf](#)
[Development Agreement.pdf](#)
[TB Analysis.pdf](#)
[Letter MEDC 052609.pdf](#)
[060109 Agenda Summary.pdf](#)
[Application.pdf](#)
[Suppl Presentation.pdf](#)
[060109 Resolution.pdf](#)
[Resolution.pdf](#)

President Hooper Opened the Public Hearing at 9:55 p.m. Seeing no Public Comment, President Hooper Closed the Public Hearing at 9:56 p.m.

Dan Casey, Manager of Economic Development, noted that the development agreement required a correction to the number of jobs listed, changing the number from 207 to 153.

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

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

Enactment No: RES0158-2009

Whereas, Webasto Roof Systems, Inc., as owners of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, is located within an Industrial Development District under the "Plant Rehabilitation and Industrial Development Districts Act of 1974," as amended; and

Whereas, the Industrial Development District is that property located at 2700 Product Dr., further identified as:

Lots 16, 17, 18, 19, 20 and 21, TAN Industrial Park, as recorded in Liber 184 of Plats, pages 15 through 18, Oakland County Records; and

Whereas, Webasto Roof Systems, Inc. has made application to the Rochester Hills City Council for an Industrial Facilities Exemption Certificate under the above noted legislation; and

Whereas, a Public Hearing regarding this request was held at City Council's Regular Meeting of June 22, 2009 in which the taxing authorities, applicant and public were given an opportunity to be heard; and

Whereas, the Rochester Hills City Council has reviewed the application and made the following findings:

a. The granting of the Industrial Facilities Exemption Certificate, considered together with the aggregate amount of Industrial Facilities Exemption Certificates previously granted and currently in force, does not have the effect of substantially impeding the operation of the City of Rochester Hills or impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Rochester Hills in which the facility is located.

b. Completion of the facility is calculated to, and will at the time of issuance of the

certificate, have the reasonable likelihood to create employment.

c. Completion of the facility does not constitute merely the addition of machinery and equipment for the purpose of increasing productive capacity, but rather is primarily for the purpose and will primarily have the effect of providing a new facility on industrial property.

d. The construction of the industrial facility meets the objectives of job creation within the established industrial corridor of the City of Rochester Hills.

Resolved, that pursuant to Section 9, (1) and (2) of Act 198 of Public Acts of 1974, as amended, the City Council of the City of Rochester Hills hereby approves the request of Webasto Roof Systems, Inc. for an Industrial Facilities Exemption Certificate for a period of eight (8) years after project completion for personal property only, and

Be It Further Resolved, that the accompanying agreement between Webasto Roof Systems, Inc. and the City of Rochester Hills, with the number of jobs retained in Item Six (6) changed from 207 to 153, is hereby approved and is to be sent to the Department of Treasury and the State Tax Commission along with this resolution no later than October 20, 2009, and

Be It Finally Resolved, that the Mayor is authorized to sign the agreement after review by the City Attorney's office as to form.

(RECESS 9:58 p.m. to 10:06 p.m.)

ORDINANCE FOR INTRODUCTION

2009-0243 Acceptance for First Reading - An Ordinance to amend Sections 54-741 through 54-745 of Article XII, Utilities, of Chapter 54, Fees, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to modify water and sewer rates and fees, repeal conflicting Ordinances, and prescribe a penalty for violations

Attachments:

[Ordinance.pdf](#)

[062209 Agenda Summary.pdf](#)

[062209 Resolution.pdf](#)

Keith Sawdon, Director of Finance, reported that as a result of the recently renegotiated rates with the Detroit Water and Sewerage Department (DWSD) and receipt of the billing notice from Oakland County Drain Commissioner for the starting period of July of 2008, these new rates are being proposed. He noted that the Water and Sewer Technical Review Committee (W&STRC) reviewed three scenarios:

- Breakeven in 2010
- Breakeven in 2011
- Meet targeted cash flow
- In addition, the W&STRC discussed the non-meter flat rate sewer customer.

He reported that the W&STRC recommended the adoption of the scenario that brings the system into breakeven in 2010, following the 90-day operating cash

and depreciation rule, and a flat-rate charge for non-meter sewer customers changing from 21 units to 12 units. He noted that Capital and Lateral Revenue was moved to the Water and Sewer Capital Fund. He noted that the depreciation expense was also moved into the Water and Sewer Capital Fund so that the depreciation can be used to repair major capital projects. He reviewed the proposed rate changes indicating that the average residential user, generating approximately 13 units, would see their bill move from \$106.42 to \$111.09, an increase overall of 4.4 percent. He noted that a reduction in the customer charge resulted in this 4.4 percent increase and noted that this charge was reduced as the electronic metering project was nearing completion. He commented that had this customer charge not been reduced, the average bill would have gone up 7.9 percent to \$114.85.

President Hooper commented that these figures indicate that the City's capital investment made years ago on electronic metering was paying off this year. He noted that flat sewer rate customers will see their bills go down 30 percent.

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

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

Nay 1 - Ambrozaitis

Resolved, that an Ordinance to amend Sections 54-741 through 54-745 of Article XII, Utilities, of Chapter 54, Fees, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to modify water and sewer rates and fees, repeal conflicting Ordinances, and prescribe a penalty for violations is hereby accepted for First Reading.

ORDINANCE FOR ADOPTION

2009-0219 Acceptance for Second Reading and Adoption - an Ordinance to amend Chapter 54, Fees, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to modify and supplement fees charged for various City services, and to repeal conflicting Ordinances

Attachments: [Agenda Summary.pdf](#)
[Ordinance \(Revised\).pdf](#)
[060109 Agenda Summary.pdf](#)
[Ordinance.pdf](#)
[060109 Resolution.pdf](#)
[Resolution.pdf](#)

Scott Cope, Director of Building/Ordinance Compliance, noted that the revised Ordinance Amendment presented included an addition made by the Oakland County Sheriff's Department to provide a fee for a background report for residents, an adjustment made to Building Department Plan Review Fees, modified Grade Inspection fees, and added a three-year Museum membership.

In response to Mr. Yalamanchi's questions from the June 1, 2009 Council meeting, Mr. Cope responded that Roger Rousse, Director of DPS/Engineering, reported that the City Hall Auditorium and conference rooms have not been

rented out to date on weekends. He noted that these locations are available during weekdays at no charge. He also noted that Pat McKay, Supervisor of Interpretive Services, reports that 20,000 visit the Rochester Hills Museum at Van Hoosen Farm each year and an additional 10,000 use the Museum grounds. Mr. McKay reports that the Museum hosts an average of 20 weddings each year and 27 are scheduled so far this year. After a survey was made of other communities, it was determined that the fees charged for weddings and membership are consistent with those charged in other communities.

Mr. Yalamanchi questioned whether lowering the fees for the Museum might bring more revenue.

Mr. Cope responded that Mr. McKay indicated that it was his opinion that the fees are at the point where they would generate the most revenue.

A motion was made by Brennan, seconded by Yalamanchi, that this matter be Accepted for Second Reading and Adoption by Resolution. The motion CARRIED by the following vote:

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

Enactment No: RES0159-2009

Resolved, that an Ordinance to amend Chapter 54, Fees, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to modify and supplement fees charged for various City services, and to repeal conflicting Ordinances is hereby accepted for Second Reading and Adoption, and shall become effective on Friday, July 3, 2009, the day following its publication in the Rochester Post on Thursday, July 2, 2009.

2009-0220

Acceptance for Second Reading and Adoption - an Ordinance to amend Sections 110-56 through 110-376 of Chapter 110, Fees, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to modify and supplement fees charged for various City services, and to repeal conflicting Ordinances

Attachments: [Agenda Summary.pdf](#)
[Ordinance \(Revised\).pdf](#)
[060109 Agenda Summary.pdf](#)
[Ordinance.pdf](#)
[060109 Resolution.pdf](#)
[Resolution.pdf](#)

A motion was made by Yalamanchi, seconded by Pixley, that this matter be Accepted for Second Reading and Adoption by Resolution. The motion CARRIED by the following vote:

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

Enactment No: RES0160-2009

Resolved, that an Ordinance to amend Sections 110-56 through 110-376 of Chapter 110, Fees, of the Code of Ordinances of the City of Rochester Hills, Oakland County, Michigan, to modify and supplement fees charged for various City services, and to repeal conflicting Ordinances be accepted for Second Reading and Adoption, and shall become effective on

Friday, July 3, 2009, the day following its publication in the Rochester Post on Thursday, July 2, 2009.

NEW BUSINESS

2009-0244 Request for Approval to conduct a feasibility study regarding the construction of a water retention/storage structure

Attachments: [Agenda Summary.pdf](#)
[Rate Differences.pdf](#)
[Rate Differences 2.pdf](#)
[CC Work Session Min excerpt 061202.pdf](#)
[CC Meeting Min excerpt 100202.pdf](#)
[CC Meeting Min excerpt 100103.pdf](#)
[CC Work Session Min excerpt 012605.pdf](#)
[Agenda Summary 012605.pdf](#)
[CC Min Excerpt 062205.pdf](#)
[Amendment to Water Dist Syst Study 0105.pdf](#)
[Agenda Summary w attachment 061705.pdf](#)
[Resolution.pdf](#)

Keith Sawdon, Director of Finance, stated that the Water and Sewer Technical Review Committee (W&STRC) saw some value in purchasing water in off-peak periods, and would like to see the City have additional data before recommending a water storage facility. The W&STRC requests that Council approve authorizing the issuance of a Request for Proposal (RFP) for a study to ascertain whether it is feasible to buy water at off-peak periods.

Public Comment:

Melinda Hill, 1481 Mill Race, stated that the City should move to reduce the water usage rather than consider a water storage facility as the cost is too prohibitive.

Deanna Hilbert, 3234 Quail Ridge Circle, commented that no matter what is done, the water rates will still be raised by the Detroit Water and Sewerage Department. She commented that she has problems with water pressure being too high and questioned whether there were other ways to address low pressure problems in the northwest portion of the City. She questioned whether Arcadis, the firm retained previously to provide the Water Storage Facility Study, also provides construction services and if a facility were approved, would this firm build the water storage facility or would the contract be bid out.

Council Discussion:

President Hooper stated that item was to approve requesting bids for a feasibility study. He noted that the price of the study would not be known until bids are received, and the \$50,000.00 figure cited was a round estimate only. He noted that bids obtained for a feasibility study and construction services five years ago resulted in Council's decision not to move forward at that time.

Mr. Sawdon confirmed that \$50,000.00 was a not-to-exceed figure.

President Hooper indicated that Arcadis provided services for the study and design and noted that construction would be bid out separately. He commented that he was not in favor of moving forward with an investigation into reservoirs until the DWSD 30-year contract was fixed. He noted that peak water usage is a major factor in rates.

Mr. Ambrozaitis questioned whether DWSD could change the rate structure for peak versus off-peak usage. He questioned who would maintain a water reservoir and what the costs for maintaining the reservoir would be. He commented that once these factors and maintenance costs were reviewed, a water reservoir might not be cost-effective.

Mr. Sawdon responded that over time there will be movement within DWSD's rate structure, but the contract contains a set formula, with fixed costs added in. He commented that the preliminary feasibility study performed earlier included rate differentials and maintenance costs. He noted that a new feasibility study will look at all factors.

Mr. Rosen reported a history of pressure problems in his neighborhood most likely attributed to sprinkler systems. He noted that this is the first year that the northwest area is not experiencing a pressure problem and noted it could be the result of the new Watering Ordinance. He commented that he would like to see the City receive more information on peak usage after the Watering Ordinance is in place for a period of time before undertaking this study.

Mr. Webber commented that the City owed it to its taxpayers to undertake the study; however, he would like to see the study cost be lower than \$50,000.

Mr. Brennan reported that discussions on water storage facilities have been held as part of the W&STRC for the past year, and noted that Roger Rouse, Director of DPS/Engineering, endorses completing the study. He commented that Council is charged with a duty to provide services at the cheapest rate possible to its residents and commented that this could be done by building water retention reservoirs. He commented that a water storage facility would stabilize flows and improve the quality of life and over time, would cheapen rates. He expressed his hopes that the prior study could be updated without great cost.

Mr. Yalamanchi expressed concern that the rates charged by DWSD were moving targets. He questioned project estimates in the prior study of \$6.8 million. He stated that while he thought the City should update its study, he is not in support of constructing reservoirs. He questioned whether the City could improve its pumping stations.

Mr. Sawdon explained that prior estimates were based on the number of storage facilities and size of each.

Mr. Yalamanchi questioned whether the study cost would come out of the Water and Sewer Fund.

Mr. Sawdon responded that it would.

Mr. Rosen noted that water usage is tripled in the summertime versus the wintertime, especially in morning hours. He stated that the cost of enforcement of the Watering Ordinance would be low and further commented that if the usage this summer was not lowered over past usage, then the City could undertake more investigation toward reservoirs.

Mr. Pixley questioned whether this would be a request for proposal for only the feasibility study. He commented that he wished to have a chance to decide to approve a water storage facility after review of the study.

Mr. Sawdon responded that a study would also provide a price for the design if Council elects to move forward after reviewing the results.

Mr. Webber questioned whether other comparable communities shared any success stories of water storage facilities.

Mr. Sawdon responded that during contract negotiations, DWSD reviewed other communities that have reservoir systems for the purchase of off-peak water.

Mr. Ambrozaitis questioned whether the amount for the study was contained in the Second Quarter Budget Amendment.

Mr. Sawdon responded that Council would be authorizing the ability to spend, but would not authorize the funds until the RFPs were received.

President Hooper indicated that the metering project was approved eight years ago and is now beginning to pay off.

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

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

Nay 2 - Ambrozaitis and Rosen

Enactment No: RES0163-2009

Resolved, that the Rochester Hills City Council hereby authorizes the Mayor to conduct a feasibility study related to the use of a water retention/storage structure for the City's water system and to expend an amount not-to-exceed \$50,000.00.

Be It Further Resolved, that with the City Council's approval, the City's Purchasing Office shall receive proposals outlining the specifications and requirements for the feasibility study.

2009-0164 Adoption of the Fiscal Year 2010 City Council Goals and Objectives

Attachments: [Agenda Summary.pdf](#)
[Strategic Plng Committee Spreadsheet.pdf](#)
[Strategic Plng Cmte Sprdsht w/ Pg #s.pdf](#)
[Resolution.pdf](#)

Keith Sawdon, Director of Finance, reviewed the summarized priority rankings

of Goals and Objectives discussed at the January 24, 2009 Strategic Planning Session.

Mr. Yalamanchi noted that the first goal was Public Safety; the second goal was Fiscal Management and the third goal was an Economic Tax Base.

Public Comment:

Lee Zendel, 1575 Dutton, questioned why the Administration was directed to establish a list of identifiable cuts to reduce operating expenses by two percent and inquired how this percentage was determined. He questioned why Capital Projects were exempt from being cut. He commented that the City should not establish an Investment Committee, noting that Michigan Law dictates where the City can invest. He commented that City Council should maintain openness and transparency in conducting City business by way of Cable and City webcast, and noted that the Strategic Planning Session was conducted with no meeting minutes. He commented that while the meeting met the letter of the Open Meetings Act, it violated the spirit of it. He requested that Council vote on each section of the proposed Goals and Objectives separately.

Council Discussion:

Mr. Rosen noted that much time has elapsed since the Strategic Planning Session. He commented that the Strategic Planning and Policy Review Technical Review Committee organized the discussion into an understandable format that captured what the entire group was trying to convey. He commented that these Goals and Objectives are directional; however, they should not dictate Council's every action.

Mr. Ambrozaitis suggested that the Strategic Planning Session should be held at City Hall next year with a written record. He commented that these Goals and Objectives are a step in the right direction; however, he would question whether several items, such as implementing the Blight Ordinance, were actually being addressed. He concurred that Council should vote on each item separately and commented that the while the document was important, what Council actually did was more important.

President Hooper commented that two of the lowest-rated items from the Strategic Planning Session were the creation of the Investment Committee and the Street Lighting Policy. He noted that the Street Lighting Policy would become important soon as Council will be deciding on lighting for the Hamlin and Livernois roundabout.

Mr. Webber stated that these proposed Goals and Objectives serve as guidance for the Administration's development of the 2010 Budget and commented that not every Council Member will agree with every item. He stated that these Goals and Objectives are a blueprint going forward and should be reviewed by Council periodically.

Mr. Pixley commented that the Goals and Objectives are directionally appropriate without being so specific that they become meaningless.

A motion was made by Yalamanchi, seconded by 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: RES0162-2009

Resolved that the City Council establishes the following as its Fiscal Year 2010 Goals and Objectives:

GOAL: PUBLIC SAFETY

To protect the residents, businesses, and visitors of Rochester Hills by providing high quality public safety.

Objective: Identify a community-wide level of public safety service; and the associated costs to deliver such service.

Objective: Develop strategies to secure a long-term funding source for Police Services.

Objective: Review any strategies possible for delivering the current level of service more effectively/efficiently.

Objective: Maintain our focus on providing safe buildings for our community

GOAL: FISCAL MANAGEMENT

To establish policies for fiscal responsibility that ensures short and long-term prosperity thru effective fiscal planning and efficient management of the taxpayers' assets.

Objective: Continue the policy of forecasting revenue and budgets for the next five years on a rolling basis.

Objective: Request that the administration establish a list of identifiable cuts to reduce the operating or non-capital budget by two-percent and provide contingency plans for reduction in revenue.

Objective: Evaluated non-tax, tax, and structural issues in the City Charter for possible amendment.

Objective: Review depreciation formulas and confirm or modify.

Objective: Establish an Investment Committee, made up of local investment professionals, to provide guidance, support and oversight of the City's investment process.

GOAL: ECONOMIC / TAX BASE

To retain investment, maintain the tax and employment base, support redevelopment, and uphold high property values in the City.

Objective: Continue to attract businesses that focus on R&D and "High-Tech".

Objective: Continue support and coordination with OU Inc and SmartZone Initiatives as part of City's attraction and retention program.

Objective: Implement the new Master Land Use Plan and the new Master Thoroughfare Plan.

Objective: Implement current systems and processes and develop a seamless system that minimizes time for approvals and eliminates redundancies.

Objective: Implement the Brownfield Redevelopment policy.

Objective: Encourage the Mayor's Business Council to provide input and feedback to the City.

Objective: Encourage businesses to take an active role in the local economy.

Objective: Continue development of Ordinances for maintenance of existing residential and commercial buildings.

GOAL: COMMUNITY TRUST & PARTICIPATION

To promote effective communication between City Council, administration, residents, businesses, and visitors so that decisions reflect the community's desires and expectations.

Objective: Maintain openness and transparency in conducting City business by way of cable broadcast and web cast of City Council meetings, and accessibility to City documents.

Objective: Utilize web and technology to further enhance communication with residents and allow for online delivery of certain services.

Objective: Engage residents through outreach in the decision making process and encourage community participation and involvement by focusing on committee recruitment.

Objective: Develop a policy to obtain public input via a community survey.

Objective: Inform residents through various media and personal interaction on the numerous issues that affect quality of life.

Objective: Involve youth in leadership growth and in the development of City's future by way of encouraging their participation on the Rochester Hills Government Youth Council.

Objective: Develop a recognition program for resident service on City boards, commissions, committees and other acts of volunteerism.

GOAL: INFRASTRUCTURE MANAGEMENT

To provide reliable, safe and effective infrastructure (roadways, utilities, buildings, etc...) throughout the City.

Objective: Establish a comprehensive local street policy and develop a short and long term funding strategy.

Objective: Sustain the local street program specifically through a targeted repair and replacement program. Maintain funding at 3.5 million from the General Fund in addition to State Act 51 revenue.

Objective: Implement the new Master Thoroughfare Plan.

Objective: Maintain our focus on ensuring that existing and new buildings in the city are safe.

Objective: Implement asset management program effectively.

Objective: Establish a neighborhood drain maintenance policy (including sump pump discharge) and study solutions for drain maintenance funding.

Objective: Review and implement recommendations from Pathway committee.

Objective: Develop a comprehensive policy for Conservation Easements.

Objective: Study and establish a Special Assessment District (SAD) Policy for development and funding gravel roads to asphalt.

Objective: Establish and implement a long-term street lighting policy.

GOAL: EFFECTIVE GOVERNANCE

To provide clear policy direction to the administration for the execution of City programs and services.

Objective: Promote cooperative purchases with other communities as a means to obtain the best price possible.

Objective: Continue improvement of communication between Mayor, administration and City Council.

Objective: Communicate the City's vision, mission, goals and objectives effectively to all City staff and link them to organizational culture and individual performance expectations.

Objective: Explore opportunities for new public/private partnerships, and possibilities for consolidation of City services.

Objective: Implement a comprehensive strategic plan with the administration that is reviewed on an annual basis.

Objective: Explore privatization of certain city functions and develop a plan of action for implementation.

Objective: Implement records management program to improve institutional memory.

GOAL: COMMUNITY / NEIGHBORHOODS

To protect the family-oriented community from adverse events and conditions by strategic planning and proactive management in all aspects of municipal governance.

Objective: Maintain strong relationships with homeowner associations to further neighborhood stability and to make the community a better place to live.

Objective: Implement code enforcement/blight ordinance effectively to preserve existing neighborhoods.

Objective: Establish a neighborhood drain maintenance policy (including a sump pump discharge policy) and study solutions for drain maintenance funding.

Objective: Implement a comprehensive strategic plan with the administration that is reviewed on an annual basis.

Objective: Continue to evaluate and make recommendation(s) to reduce the adverse impact of the deer population in the City.

GOAL: ENVIRONMENT

To promote conservation of water, electricity, etc.

Objective: To move towards a more green city - not only city hall and facilities but promotion within the community and businesses and which businesses we attract.

GOAL: RECREATION, PARKS, CULTURAL

To preserve Rochester Hills' natural resources and recreational character.

Objective: Implement the Green Space Millage effectively.

Objective: Develop and implement funding strategy for maintenance of acquired Green Space.

Objective: Review the need and feasibility of a Parks Millage.

COUNCIL COMMITTEE REPORTS

Police and Road Funding Technical Review Committee:

Mr. Webber stated that a report to Council by the Police and Road Funding Technical Review Committee will be presented at the June 29, 2009 City Council Meeting.

Deer Management Advisory Committee (DMAC):

Mr. Webber announced that the DMAC meeting scheduled for July 7, 2009 is rescheduled to June 30, 2009 at City Hall.

Planning Commission:

President Hooper reported that the Planning Commission will present a Street Lighting Policy to Council in July.

ANY OTHER BUSINESS

Mr. Ambrozaitis commented that he would like to see an Ordinance developed requiring property owners to plant grass and maintain vacant properties. He cited a home on John R that does not have a lawn and stated that Scott Cope, Director of Building/Ordinance Compliance, noted that the City does not currently have an Ordinance mandating that a property owner plant grass. He commented that a vacant home at 583 Whitney is also an eyesore.

John Staran, City Attorney, indicated that he would look into the matter.

Mr. Ambrozaitis questioned who was removing dirt from the Hamlin Road construction project and whether City employees were moving this dirt.

Mayor Barnett responded that the dirt was being moved by the Hamlin Road contractor to the Suburban Softball/REI Site to assist in soil recharging and commented that it was mutually beneficial to both parties. He commented that he was not aware that City trucks were being used to move any of this dirt. He noted that there was leftover soil around the perimeter of the DPS Facility that might have been moved by City trucks.

Mr. Ambrozaitis commented that during a recent public meeting regarding Tienken Road, Road Commission for Oakland County representatives stated that the City should make its wishes known as a governing body.

Mayor Barnett responded that Council voted to wait for the return of the Environmental Assessment (EA) before acting and stated that once the EA is returned, he will make that statement. He commented that he spoke with Congressman Peters' staff this week and conveyed the City's desire for flexibility to use the Federal Earmark for another project in the city. He commented that completion of the EA was projected for late summer.

NEXT MEETING DATE

Regular Meeting - Monday, June 29, 2009 - 7:00 PM

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 11:30 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.