

Mr. Sawdon added that over \$167,000 of the amount requested is allocated to postage, and he noted that postage costs keep increasing.

Mr. Yalamanchi expressed his appreciation for including online services. He questioned what an estimated launch date would be and how customers would be able to pay online as well.

Mr. Sawdon responded that a target date would most likely be July 1st and explained that customers will be able to access a link in the online billing module to go to the City's website to pay online. He cautioned that should postage costs continue to rise, it may be necessary to return to Council to increase the Blanket Purchase Order amount.

Mr. Yalamanchi pointed out that as more customers sign up for online services, the City should see its overall postage costs decrease.

Mr. Sawdon concurred, stating that the online services will be promoted.

Mr. Yalamanchi questioned whether information currently included as billing inserts will also be provided via email bills.

Mr. Sawdon responded that it would.

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

Aye - Hooper, Klomp, Kochenderfer, Rosen, Tisdell, Webber and Yalamanchi

Enactment No: RES0027-2013

Resolved, that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order for printing and distribution services for the City's Water and Sewer Utility Bills to Utilitec, Troy, Michigan in the amount not-to-exceed \$250,440.00 through December 31, 2015

2013-0040 Request for Approval of the Draft Special Assessment District (SAD) Policy recommended by the Police and Road Funding Technical Review Committee

Attachments: [Agenda Summary.pdf](#)
[Draft SAD Policy - P&RFTRC.pdf](#)
[Draft SAD Policy - Finance.pdf](#)
[P&RFTRC Resolution.pdf](#)
[Resolution.pdf](#)

Paul Davis, City Engineer/Deputy Director of DPS/Engineering, stated that the Administration is proposing to resurrect the Special Assessment District (SAD) Policy for gravel-to-pavement that was previously in place, as Council included \$200,000 in seed money in the 2013 Budget for this purpose. He explained that the Administration recommends that the previous SAD documents be used as a starting point and be updated, increasing the cap to a suggested \$5,000 with the intent to maintain a 60 percent City/40 percent resident contribution for paving local gravel roads.

Public Comment:

Lee Zendel, 1575 Dutton Road, stated that SADs pit neighbor against neighbor. He questioned how corner lots will be treated and if a \$5,000 cap would pertain to any size lot.

President Hooper commented that the assessment would apply to buildable lots and questioned how corner lots would be treated and if the cap of \$5,000 represents an average lot cost contribution.

Mr. Davis responded that there is more than one type of corner lot and mentioned that this is taken into consideration. He explained that a corner lot can abut two City-owned roads, or a City-owned and a County-owned road. He stated that the \$5,000 cap would apply to potentially buildable lots and would be dependent on zoning. Ownership of a lot wide enough and zoned to accommodate two homes would be billed for two assessments.

President Hooper questioned the basis for a 60 percent/40 percent split.

Mr. Davis responded that the SAD contribution has been 60/40 for paving since he began working for the City in 2000. He commented that he believed this ratio was adopted in the late 1990s.

Council Discussion:

Mr. Webber stated that Council did have a discussion on SADs for gravel-to-paved roads at its August budget workshops and placed \$200,000 into the budget. The Police and Road Funding Technical Review Committee (PRTRC) was directed to review the past SAD policy and make recommendations to resurrect the program. The PRTRC reviewed gravel-to-paved and also looked at paved- to better-paved. He stated that the PRTRC only focused on gravel-to-paved at this point, with an option that Council would direct them to review a policy for paved- to better-paved roads further. He added that should Council decide to proceed, a review of the \$200,000 place holder in the Budget should also be undertaken to determine whether additional funding should be allocated in a future Budget Amendment.

Mr. Rosen commented that as roads are paved, home values increase. He mentioned that initial home prices set by developers take into account the cost for roadway development. He commented that considering gravel-to-paved SADs make sense from a policy perspective. He questioned whether the \$5,000 cap assumes a paving cost of approximately \$12,000.

Mr. Davis responded that when working on the last SAD for gravel-to-paved, staff determined that costs were approaching \$12,000 to \$13,000 per buildable lot. The purpose of increasing the cap to \$5,000 is to maintain the 60/40 ratio. He concurred that while the PRTRC discussed some options such as resurfacing existing streets, the PRTRC's discussions focused on gravel-to-paved. He commented that the City has approximately 24 miles of gravel roads, while it has approximately nine times that distance in paved roads. The PRTRC did discuss that it might consider providing an opportunity for a homeowner's association or subdivision to have a means to contribute funding to have their roads resurfaced.

Mr. Rosen commented that it is his belief that the residents expect that their property taxes will pay for road rehabilitation.

Mr. Yalamanchi suggested that Council consider requiring 60 to 70 percent of the residents sign petitions for an SAD and questioned whether five or six members of Council must approve its creation.

John Staran, City Attorney, noted that Council's approval is dictated by Ordinance and requires six or four-fifths. He added that the requirement of 50 percent of the residents approving the SAD comes from the Ordinance as well.

Mr. Yalamanchi suggested that the Ordinance be reviewed for updating as well.

President Hooper commented that it would be virtually impossible to have 60 to 70 percent of the owners sign petitions.

Mr. Kochenderfer questioned what would occur if the \$5,000 cap is triggered; however, the cost is significantly higher. He noted that the City could be required to pay much more than 60 percent.

Mr. Davis responded that the cap would mean that the City would pay any difference.

Allan Schneck, Director of DPS/Engineering, stated that an SAD Policy should address gravel-to-paved roads, noting that the scope of work is defined and costs can be determined. He pointed out that staff has an understanding of what the industry is bearing in terms of cost for such projects. He commented that different conditions and factors can cause reconstruction and repaving costs to escalate.

Mr. Kochenderfer suggested including language that could allow a change of the percentage; otherwise, the City could face significant exposure. He commented that if Council wishes to consider a paved- to better-paved policy, it should tailor the language to account for the varying costs for reconstruction.

Mr. Klomp stated that the establishment of an SAD is a helpful tool for residents to better their neighborhood. He expressed concern regarding language on page two that allows that Council may establish an SAD even in the absence of 50 percent support of the neighborhood.

Mr. Davis responded that this language is included in the event that there is a safety issue, allowing Council to push through an SAD project without resident support. He pointed out that Council has not approved an SAD project to date without the support of the residents.

Mr. Klomp stated that he is not supportive of language that compels residents toward an SAD.

Mr. Staran pointed out that this language exists in the Ordinance. He stated that in all his time as City Attorney, he has never known the City to go against

the will of the majority in the creation of an SAD. He suggested that should Council want this language removed, the Ordinance can be amended.

President Hooper suggested that this item could be postponed until an Ordinance Amendment is prepared.

Mr. Staran concurred, stating that an Ordinance Amendment and draft Policy could return to Council together.

Mr. Webber suggested that the Policy not be amended if the Ordinance will be subsequently amended. He stated that efforts should be focused on the gravel-to-paved option.

President Hooper stated that more discussion was needed regarding the percentage of residents desiring the SAD, the need for a supermajority of Council to approve an SAD, and the fact that an SAD could be forced upon residents.

Mr. Rosen stated that he is comfortable with leaving in the ability to establish an SAD without a majority of the residents; however, he noted that in most cases, one would be established only when there is a majority. He pointed out that if the Policy remains silent on that issue, it could present a problem later. He concurred with revisiting the Policy at the same time as an Ordinance Amendment.

President Hooper commented that Council should absorb projects costs rather than moving forward with an SAD without resident approval.

Mr. Davis explained that a forced SAD could be required by an unfunded mandate, noting the City regularly is forced to undertake projects from an environmental standpoint.

President Hooper added that it is similar to requiring homeowners to hook up to available sewers within specific timeframes.

Mayor Barnett stated that Council expressed that it wished to re-energize the SAD project. He commented that while he cannot imagine an instance where it would be necessary, a forced SAD is a tool available in the event it is needed.

President Hooper noted that this item would be postponed and rescheduled for a future meeting.

Postponed.

COUNCIL COMMITTEE REPORTS

ANY OTHER BUSINESS

President Hooper announced that a Special Meeting of City Council will be scheduled for Monday, February 11, 2013 at 1:00 p.m. to conduct interviews for the position of City Clerk.