



Rochester Hills Minutes City Council Work Session

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*Melinda Hill, Bryan K. Barnett, John L. Dalton, Jim Duistermars,
Barbara L. Holder, Linda Raschke, Gerald Robbins*

Wednesday, November 9, 2005

7:30 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Hill called the Rescheduled Rochester Hills City Council Work Session Meeting to order at 7:33 p.m. Michigan Time.

ROLL CALL

Present: Melinda Hill, Bryan Barnett, John Dalton, Jim Duistermars, Barbara Holder, Linda Raschke and Gerald Robbins

Others Present:

*Pat Somerville, Mayor
Jane Leslie, City Clerk
Scott Cope, Director of Building/Ordinance Enforcement
Bruce Halliday, Fleet Manager
Julie Jenuwine, Director of Finance
Roger Moore, Professional Surveyor
Roger Rousse, Director of DPS/Engineering*

PUBLIC COMMENTS

Ms. Mary Jo Dinha, 851 Dressler Lane, Chairperson of Zero New Taxes, stated that the previous day's election that resulted in the defeat of the local streets millage "sent a loud message" that "politicians must learn to live within their budget." She suggested that Special Assessment Districts (SAD) are the solution to the road issue and that the City should "reallocate money to improve the SAD program and make it more attractive."

ADMINISTRATION

2005-0746

Presentation - Stony / Paint Creek Subwatershed Management Plan

Attachments: Aenda Summary.pdf; Stony & Paint Creek Presentation.pdf

Mr. Roger Moore, Professional Surveyor, prior to beginning his presentation, briefly updated the Council regarding the status of the Municipal Separated Storm Sewer System (MS4) permit. He explained that while Rochester Hills does not own or operate storm sewers, the City is in this program because of street drainage and other municipal operated systems on City property. He stated that the City applied for and received a watershed base permit which divided the City into four subwatersheds: the Stony/Paint Creek, the Red Run, the Rouge Main and the Clinton Main.

Mr. Moore then presented the "Stony/Paint Creek Subwatershed Management Plan." He indicated that this plan was established by a group of permit holders within the watershed with the facilitation of consultant ECT, the assistance of the Clinton River Watershed Council, SEMCOG, and the Oakland and Macomb County Drain Commissions.

Clinton River Watershed

- * Extends 80 miles from headwaters to Lake St. Clair
- * River drains 760 square miles
- * More than 1.6 million people in 56 municipalities

Our Community Involvement

- * Michigan Department of Environmental Quality Storm Water Phase 2 Permit
- * Requirements:
 - Public Education Plan-Complete
 - Illicit Detection Elimination Plan - Complete
 - Participation in Stony/paint Subwatershed Management Group - Ongoing
 - Preparation of Stony/Paint Subwatershed Management Plan - Draft Complete
 - Obtain Support from Community

Stony & Paint Subwatersheds

- * Approximately 140 square miles
- * Population 86,000 in 14 municipalities
- * Good water quality
- * High quality riparian corridor
- * Excellent fishing opportunities

Stony/Paint Subwatershed Permittees

- * Addison Township
- * City of Auburn Hills
- * Brandon Township
- * Bruce Township
- * Independence Township
- * Lake Orion
- * Macomb County
- * Oakland County
- * Oakland Township
- * Orion Township
- * Oxford Schools
- * Oxford Township
- * Oxford Village
- * City of Rochester
- * City of Rochester Hills
- * Rochester Schools
- * Shelby Township
- * Washington Township

Why this Discussion?

- * Community Support for Stony/Paint Subwatershed Management Plan

Paint & Stony Creeks' Characteristics

- * Paint Creek Designated Trout Stream
- * Lots of public access

- * Annual brown trout stocking
- * Opportunities for Preserving High Quality Areas

Lakes & Impoundments along Stony & Paint Creeks

- * Paint Creek
 - Lake Orion
 - Many Smaller Lakes
- * Stony Creek
 - Lakeville Lake
 - Stony Creek Lake

What does this mean to us?

- * We are meeting our permit requirements
- * Goals are to preserve high quality areas
- * Minimize impacts from new developments
- * Continue participation in Stony/Paint Subwatershed Group
- * Ongoing and Proposed Actions for all Stony/Paint Subwatershed Representatives

Next Steps?

- * Resolution for Support
- * Plan Submitted to MDEQ November 1, 2005
- * Storm Water Pollution Prevention Initiative (SWPPI) Due May 1, 2006
- * SWPPI is community-specific actions
- * SWPPI prepared from this Plan we are discussing today

Mr. Moore asked Council to consider some efforts that might help preserve and protect the watershed such as acquiring and preserving land adjacent to the river. He assured Council that the City is already working towards meeting the goals identified in the watershed management plan and in the SWPPI.

President Hill asked that Mr. Moore keep Council apprised of any potential future cost mandates or requirements so that Council can budget appropriately. She also asked Mr. Moore if the City has any influence on the practice of drawing back the water in the Stony Creek in the spring which often reduces water levels to a few inches.

Mr. Moore explained that Oakland County lakes are controlled by court order, however, efforts were being made to address this issue in conjunction with other communities, the Department of Natural Resources and the Clinton River Watershed Council.

Presented

2005-0645

Discussion regarding the DPS Facility

Attachments: Agenda Summary.pdf; 112105 Barnett Letter.pdf; 111605 Agenda Summary.pdf; 110905 Agenda Summary.pdf; Agenda for DPS Presentation Nov. 9 05.pdf; Rouse Work Session Memo.pdf; Outside vehicle storage.pdf; Site Plans.pdf; Cost estimate.pdf; Alternative Summ

1. INTRODUCTION AND OVERVIEW OF MAXIMUS FACILITIES PROGRAM

Mr. Roger Rouse, Director of DPS/Engineering, introduced **Mr. Ron Zuhorski**, Architect with Yamasaki Associates, and **Mr. Matt Hubbard**, Chief Estimator of DeMattia Group, noting that they had been involved in this project since 2001 when the Maximus study had

been conducted. He briefly reviewed the findings of that study, which had determined, due to the age and various inefficiencies of the current facility, that the best and most economical solution would be to build a new DPS Facility.

2. REVIEW OF BUILDING DESIGN

Mr. Zuhorski described the architectural design of the proposed facility, both external and internal, while displaying renderings and floor plans, which addressed the many inadequacies of the current facility.

President Hill noted that some residents had indicated to her that storing vehicles in a heated facility could result in accelerated corrosion due to road salt.

Mr. Rouse acknowledged that possibility but indicated that it would be minimal and mitigated by the increase in efficiency when vehicle warm up periods are substantially reduced. In addition, he noted that most of the vehicles in question will be constructed of stainless steel. He also clarified that the garage area would be heated to a maximum of 40 degrees.

Mr. Zuhorski further explained that the building design includes a wash bay to remove salt build up from vehicles on a daily basis when they return to the facility.

President Hill questioned whether having an enclosed facility will require an extensive exhaust system.

Mr. Zuhorski assured Council that the exhaust system included in the building design was standard for this type of facility.

Mr. Duistermars stressed to the residents that while the building is physically attractive, it appears more costly than it actually is, due to the use of more cost effective materials and design procedures.

Mr. Barnett questioned whether the City's DPS needs have changed since the inception of this project in 2001, especially in light of the recent failure of the local roads millage. He asked, "To what level of road funding did you design this building to accommodate?"

Mr. Rouse noted that they had anticipated 60 employees for the facility based on the City's population. Although he anticipates some reduction in staff due to the failure of the local roads millage, he stressed that even assuming a staff of 45 employees would represent double occupancy of the existing building.

Mr. Barnett noted that he does not dispute the need for the facility, but rather the scope of the proposed project.

Mr. Zuhorski explained that the proposed facility has been designed to allow for future expansion to the west.

Mr. Rouse also noted that the majority of the construction work needed for local roads would be contracted, thus having no impact on the size of the new DPS Facility.

Ms. Raschke, Ms. Holder and Mr. Duistermars cited many deficiencies in the existing building, stressing the need for a new facility.

Ms. Raschke questioned whether the building design could be changed to reduce cost.

Mr. Rouse noted that one option would be a pre-engineered building he described as, "a tin can, a huge pole barn." He explained that, as a significant amount of money has already been expended to this point, the additional cost and delay to redesign for a "tin can" will likely result in the same cost for a lesser building.

PUBLIC COMMENT:

Ms. Debbie Geen, 3128 Walton Boulevard, Chairperson of the Residential Vision Committee, suggested that this vote be held until the newly-elected Council members are seated. She questioned how millions of dollars can be spent on this facility when local roads should be the priority.

Ms. Brenda Savage, 1715 Northumberland Drive, recommended that the vote on this matter be deferred until the new Council is seated.

President Hill clarified that no vote would be taken on this matter until the regular Council meeting on November 16th.

Mr. James Rosen, 811 Snowmass, noting that he is an automotive engineer, explained that "the worst thing you can do is bring a salt truck or snowplow into a relatively warm garage after you wash it." He stated that this combination of elements will speed the chemical reaction and increase the rate of corrosion. He expressed his concern that more money would be spent on increased maintenance of vehicles. He suggested that the City consult a corrosion specialist or consider a carport-type design rather than an enclosed garage.

Mr. Robbins indicated that this is a minor concern and it was unlikely that the rust would have a great impact.

Mr. Duistermars, in response to public comment, stressed that the funding for this project will be from the Water and Sewer Funds and, thus, cannot be used for any other expenditures such as local roads.

3. COST ESTIMATE

Mr. Hubbard noted the following changes to the project estimate since September:

Equipment - Reduced by approximately \$80,000.

Projected Construction Cost Escalation 10% - Added in an attempt to project escalations due to natural disasters and the urbanization of China.

Construction Contingency - Some increase.

General Conditions/Supervision - Some increase due to the cost for bonds as well as insurance.

CM Fees - Some increase.

Architect/Engineering Fees - Removed, as these items have been allocated and spent; will no longer be tracked.

Mr. Hubbard stated that the new project budget going forward is \$15,543,152; a net increase of approximately \$725,000 since September.

4. FINANCIAL INFORMATION

Ms. Julie Jenuwine, Director of Finance, provided a brief review of the current Water & Sewer rates noting the changes that were made to the policy in July of 2005:

* It was planned that there would be several years of some larger rate increases in order to have revenues meet or exceed expenditures as well as achieving a Target Fund Balance for the Operating Fund.

- * *The Operating Fund would remain low.*
- * *The Target Fund Balance was to have 90 days of operating revenue to meet cash flow needs and one year of annual depreciation in case of infrastructure or equipment failure.*
- * *Capital and Lateral charges are placed in the Improvement Fund to save for future replacements or extensions of the system.*
- * *A Replacement Fund was created and is supported with annual depreciation dollars.*
- * *The new policy assures that money is being set aside for the future.*
- * *Water and Sewer rates were increased by 12.5% for a two-year period to ease the burden on the customers.*
- * *The increase will result in meeting the Target Fund Balance in 2009.*

Ms. Jenuwine described the following funding scenarios/forecasts. Each scenario is designed to reach the goals of Revenues matching Expenditures in 2006 and the Target Operating Fund in 2007:

Forecast B

- * *Water Commodity Rate Increases:*

*9.5% - first two years
4.0% - next five years*

- * *Sewer Rate Increases:*

*5.8% - first two years
4.6% - next five years.*

This forecast takes into account all of the previously noted information used to set the new customer rates in July, bonding for the \$15.695 dollars for the DPS facility, and incorporates updated information such as:

- *The Sheldon Road project has been reduced by nearly \$2.0 million.*
- *The York Road project has been moved to the LDFA.*

Forecast 2

- * *Water Commodity Rate Increases:*

*18.2% - first two years
2.0% - next five years*

- * *Sewer Rate Increases:*

*5.8% - first two years
4.6% - next five years*

This forecast assumes no rate benefit from water reservoirs and that DSWD increases their rates in the double digits.

Forecast 3** Water Commodity Rate Increases:*

12.8% - first two years
3.9% - next five years

** Sewer Rate Increases:*

5.8% - first two years
4.6% - next five years

This forecast assumes no water reservoirs are constructed and DWSD increases rates by 7.0%.

Forecast 4** Water Commodity Rate Increases:*

8.2% - first two years
3.7% - next five years

** Sewer Rate Increases:*

3.0% - first two years
5.0% - next five years

This forecast assumes the construction of water reservoirs and achieving the peak factor benefit to its maximum, and that the Water & Sewer Operating & Maintenance Fund will receive approximately \$800,000 in rental income from other user departments in the City.

***Ms. Jenuwine** explained that bonding is based on the commodity charge, which is variable, however, every penny increase in the water commodity rate will generate approximately \$43,000 and every penny increase in the sewage commodity rate will generate approximately \$34,000. She further explained that, based on a twenty-year bond at 5%, the annual principal and interest (P&I) payment for each million dollars bonded is approximately \$80,000. Thus, annual P&I will be approximately \$1.259 million for the DPS Facility and approximately \$642,000 for the water reservoirs.*

***President Hill** noted that, assuming all factors remain as presented, Forecast 4, with the bonding of the DPS Facility and the water reservoirs, would place the City "overall in a better situation rate-wise."*

Discussed

COMMENTS & ANNOUNCEMENTS

None.

ANY OTHER BUSINESS

None.

NEXT MEETING DATE

Regular Meeting - November 6, 2005 at 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Hill adjourned the meeting at 10:04 p.m.

*MELINDA HILL, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARGARET A. MANZ
Administrative Secretary
City Clerk's Office*

Approved as presented at the April 19, 2006 Regular City Council Meeting.