



# Rochester Hills

## Minutes - Draft

### City Council Regular Meeting

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

*J. Martin Brennan, Greg Hooper, Nathan Klomp, 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, May 24, 2010

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 - J. Martin Brennan, Greg Hooper, Nathan Klomp, Vern Pixley, James Rosen, Michael Webber and Ravi Yalamanchi

## Others Present:

*Ed Anzek, Director of Planning and Development  
Bryan Barnett, Mayor  
Scott Cope, Director of Building/Ordinance Compliance  
Ron Crowell, Fire Chief/Emergency Management Director  
Paul Davis, City Engineer  
Kurt Dawson, Director of Assessing/Treasury  
Pamela Gordon, Director of Human Resources  
Bob Grace, Director of MIS  
Mike Hartner, Director of Parks and Forestry  
Captain Mike Johnson, Oakland County Sheriff's Office  
Jane Leslie, City Clerk  
Keith Sawdon, Director of Finance  
John Staran, City Attorney  
Michelle Thorpe, Rochester Hills Government Youth Council Representative*

## PLEDGE OF ALLEGIANCE

## APPROVAL OF AGENDA

**A motion was made by Yalamanchi, seconded by Pixley, that the Agenda be Approved as Presented. The motion CARRIED by the following vote:**

**Aye** 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

## PUBLIC COMMENT

**Bob Kittle**, 4132 Arcadia Drive, Auburn Hills City Council Member, commented that it is rewarding to have discussion between the City Councils of Auburn Hills and Rochester Hills regarding the potential for the sharing and consolidation of activities. He applauded Council for taking on difficult decisions and noted that a five-year financial forecast is unique as most cities do not do such forward-looking.

**Sara Rich**, 425 Cypress, spoke in support of keeping the Environmental Education Center (EEC) open, commenting that she has attended camps at the EEC and learned responsibility and survival in the wild. She stated that she is a member of the Rochester High School Conservation Club, volunteers at the EEC and wants to become an environmentalist.

**Jan Rich**, 425 Cypress, stated that the EEC is valuable, as few opportunities exist for children that are science-oriented.

**Amanda Schlagel**, 1096 Seville, commented that she volunteered at the EEC and considers experience the greatest teacher. She pointed out that schools can provide indoor classes; however, the EEC provides a hands-on experience.

**Beth Webb**, 484 Cypress, stated that she is a registered dietician and sees the link between obesity and inactivity first-hand. She noted that the EEC allows children to experience nature and physical activity and commented that moving the EEC to Van Hoosen Farm would lead to more passive forms of learning.

**Michelle Crossley**, 805 Spartan, expressed her support of the EEC.

## LEGISLATIVE & ADMINISTRATIVE COMMENTS

**President Hooper** noted that discussions on the Environmental Education Center (EEC) will be held in conjunction with the 2011 Budget Discussions in August. He announced that the Memorial Day Parade would begin at 10:00 a.m. at Mount Avon Cemetery in Rochester and end at Veterans Memorial Pointe on Livernois Road.

**Mr. Pixley** commented that students should celebrate safely and appropriately during prom and graduation season. He mentioned that this past Saturday, a 5K Run at Bloomer Park was held in memory of Ashleigh Iserman to support safe boating legislation. He noted that six years ago, Ashleigh was killed the night before her graduation while attending a graduation party on a lake.

**Mr. Brennan** encouraged everyone to attend the Memorial Day Parade and preceding ceremony at Mount Avon Cemetery. He thanked Bob Kittle, Auburn Hills Council Member, for his comments and mentioned an article he had read advocating the cooperation and consolidation of governments to cut costs.

**Mr. Klomp** thanked those who came to speak in support of the EEC. He announced that the Rochester Avon Recreation Authority will host the Tons of

*Trucks event on June 5, 2010 between 9:00 a.m. and Noon, noting that truck enthusiasts will see firetrucks, police cars, a tank and a helicopter from Beaumont Hospital.*

**Mr. Webber** stated that he participated in the 5K in memory of Ashleigh Iserman this past weekend. He announced that the Heritage Days will be held in the Rochester Municipal Park on Saturday and Sunday of the Memorial Day Weekend, and will include the Lions Club Car Show.

**Michelle Thorpe**, Rochester Hills Government Youth Council (RHGYC) Representative, reported that the RHGYC will plant flowers in the City Hall garden on June 7, 2010. She announced that preregistration is encouraged for the 5K Run/Walk in Memory of Dillon Cope, with proceeds to benefit the University of Michigan C.S. Mott Children's Hospital on June 19, 2010 from 9:00 to 11:00 a.m. at Bloomer Park. She stated that interested individuals can visit the City's website to print out the registration forms, noting that all minors participating must have a parent consent form.

**Mayor Barnett** made the following announcements:

- The Memorial Day Parade will begin with a ceremony at 9:15 a.m. at Mt. Avon Cemetery in Rochester. He noted that this is the 60th anniversary of the Korean War and members of the Korean Baptist Church will participate in the ceremony at Veterans Memorial Pointe. Jim Smalley is the Parade's Grand Marshall.
- The NoHaz Collection was held on Saturday, May 22, 2010 at Oakland University. Participation was down considerably, most likely due to the inclement weather. Rochester Hills residents made up the largest number of those participating. He noted the next collection will be held in Lake Orion on June 12, 2010 and participation will be evaluated after that collection.
- The Auburn Road bridge over M-59 was completed last Thursday.
- The Tienken Road bridge in the Historic District will be closing for 45 to 60 days on June 18.
- Paddlepalooza will be held on Saturday, June 5, 2010 on the Clinton River beginning at 9:00 a.m. in Auburn Hills and ending at the Rivercrest.
- The City is doing everything possible to investigate alternatives for the Environmental Education Center and will present these alternatives to City Council during the budget discussions.

## ATTORNEY MATTERS

**City Attorney John Staran** had nothing to report.

## PRESENTATIONS

- 2010-0233** Proclamation in Recognition of the Stoney Creek High School Competitive Cheerleading Team, Michigan High School Athletic Association 2010 State Champions

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

**Mayor Barnett** commented that he is pleased to see Stoney Creek win this competition and invited the team's coach to comment.

**Tricia Williams**, Stoney Creek High School Cheer Coach, noted that the team received its first Regional Championship this year and is the Division One State Champion Team. She announced that the Team is also a Division One Academic All State Team, receiving the highest grade point average of any Division One team. She noted that these championships came after a long season of hard work and stated that the team competed nine times up to the playoff tournaments.

**Mayor Barnett** read the Proclamation and invited each individual team member to come up to the front of the auditorium to be recognized. He thanked Coach Williams and Assistant Coaches Brooke Miller and Claire Mozer for representing the City so well.

**Presented.**

**Whereas**, the Stoney Creek Cougars captured the 2010 Michigan High School Athletic Association (MHSSA) Division 1 State Championship on March 6 at the Delta Plex in Grand Rapids, Michigan.

**Now, Therefore, Be It Resolved**, that the Mayor and City Council of Rochester Hills hereby express our community's admiration for the teamwork, commitment, cooperation and talent of the Stoney Creek Cougars 2010 Division 1 Competitive Cheer State Champions, and express our thanks for the dedication of their coaching staff; and

**Be It Further Resolved**, that on behalf of the Citizens of Rochester Hills, we express our pride in the accomplishments of the following athletes and coaches:

Samantha Andrews	Ashley Gaabo	Samantha Ottolini
Alexandria Basher	Taylor Hughes	Carly Pascaretta
Haley Baudendistel	Emmaclare Hurst	Madeline Reader
Bryana Bayly	Jill Kelly	Colleen Reidy
Javonna Brooks	Hailey Mancuso	Teren Richards
Jacqueline Cox	Nicole McCormick	Abigail Schrode
Elizabeth Difranco	Kelsey McNeely	Danielle Sovey
Taylor Dimoff	Courtney Merlo	Heather Thomas
Michelle Egan	Marisa Montalbano	
Riley Frenak	Hannah Norton	

<u>Head Coach</u>	<u>Assistant Coach</u>	<u>Assistant Coach</u>
Tricia Williams	Brooke Miller	Claire Mozer

2010-0237 Oakland County Parks Presentation; Daniel J. Stencil, Oakland County Parks' Executive Officer, and Matt Felton, Oakland County Parks and Recreation Marketing Supervisor, presenters

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

**Daniel Stencil**, Executive Officer, Oakland County Parks, presented the Oakland County Park System's Community Connection Initiative. He noted that the County has more things in common with local units of government than ever before in creating a great place to live, work and play, while faced with funding challenges and a need to have programs and facilities that are sustainable. He introduced a video that highlighted the programs, facilities and services provided by the Oakland County Parks System, and gave the following presentation:

Purpose of Presentation:

- Update on Oakland County Parks and Recreation (OCPR)
- Share Recent Research Data
- Share Implementation of Strategic Plan
- Partnerships, Collaborations, Opportunities
- Share Millage Awareness Information
- Answer Your Questions

He noted that Mike Hartner, the City's Director of Parks and Forestry, has served on the Oakland Trails Advisory Council since its inception in 2005 and has provided a great deal of leadership and input. He commented that 146 miles of trails currently exist today.

Research Findings - 2006, 2008, 2010:

- County residents have a need = OCPRC Focus
  - \* Trails/walking opportunities for connectivity
  - \* Maintain facilities at a high level
  - \* Continue to acquire open space for passive/active recreation

Mr. Stencil noted that the County has developed over 68 miles of trails within the park sites.

Need for programs:

- Special events/festivals
- Adult fitness/wellness
- Nature interpretive
- Family Recreation

He highlighted the nine core programs that the OCPR has chosen to focus its efforts on as part of its strategic planning process:

OCPRC Core Programs:

- Aquatics
- Mobile recreation and outreach
- Seasonal events
- Golf
- Health and wellness
- Nature interpretation
- Outdoor adventure
- Adaptive recreation
- Volunteers

He noted that a business model has been developed for operating the County Parks in establishing a number of standards and policies that could be shared with local units of government and stated that the OCPR invested over \$3.5 million into information technology. He commented that the DestinationOakland website is available to share information on what is going on in cities and townships in the County as well.

Strategic Approach to Planning:

- Trails, recreation opportunities and inter-connectivity
- Business plan model
- Standards and policies
- Upgrading customer service
  - \* DestinationOakland.com portal
  - \* Online reservation and registration
  - \* Point of sale

He mentioned the resources that the OCPR can provide:

Resources:

- Trails coordination (OTAC)
- Program planning and partnering
- Technical assistance
- Recreation Assistance Partnership (RAP)
  - \* Mobile recreation visits
  - \* Youth adventure programs
  - \* Bus transportation to the parks
- Americans with Disabilities modifications

He introduced Matt Felton, Marketing Supervisor and Rochester Hills resident, as the OCPR's newest staff member. He reported that within the last month the OCPR added an additional \$50,000 fund for transportation, and has three motor coaches available to provide to local units of government and area non-profits to bring seniors and youth to the parks. He explained that transition plans are in place for necessary Americans with Disabilities Act modifications. He stated that OCPR has also contracted with Michigan State, Central Michigan and Ferris State Universities to develop a comprehensive inventory of all the recreation programs, services and facilities that exist in Oakland County.

Partnership, Collaboration, Consolidation:

- Countywide analysis of facilities/programs
  - \* Identify gaps, duplicated efforts
  - \* Goal: Develop a comprehensive master plan to manage dwindling resources
  - \* Provide information for community five-year recreation plans

He noted that this information will be made available to local units of government to assist in updating five-year community recreation master plans in order to keep the local municipalities' plans current and eligible for grants.

- OCPR will support county-wide planning
  - \* Urban/rural land acquisition balance
  - \* Concentration on urban recreation
  - \* Plans in process

Mr. Stencil reported that as of the 2000 Census, Oakland County is over 66 percent urbanized. He stated that OCPR wants to ensure it will provide support to areas of Oakland County where outreach can be provided.

Millage Renewal Vote (August 3):

- 0.2415 mills to operate, maintain, improve and acquire
- Less than \$25 per year for a \$200,000 market value home
- Ten-year renewal
- 72 percent of voters support

He explained that the ten-year millage renewal is at the Headlee roll back amount of 0.2415.

Feedback:

- Input on Oakland County Parks
  - \* Strengths
  - \* Weaknesses
  - \* Opportunities
  - \* Challenges
- Follow-up survey will be sent

He noted that the City will be asked to provide feedback for the Oakland County Parks System, to better help OCPR assess the opportunities and challenges that it can improve upon.

Council Discussion:

**Mr. Webber** questioned whether the survey included only parks users or included all residents.

**Mr. Stencil** responded that surveys were done by telephone and by mail, with results reported in aggregate. He reported that the survey was done with a plus or minus of four percent accuracy.

Presented.

## 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.

**2010-0194** Approval of Minutes - City Council Regular Meeting - March 22, 2010

**Attachments:** [CC Min 032210.pdf](#)  
[Resolution.pdf](#)

**This Matter was Adopted by Resolution on the Consent Agenda.**

Enactment No: RES0135-2010

**Resolved**, that the Minutes of a Rochester Hills City Council Regular Meeting held on March 22, 2010 be approved as presented.

## PASSED THE CONSENT AGENDA

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

**Aye 7** - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

**The following consent agenda item was discussed and adopted by separate motion.**

**2010-0223** Request for Purchase Authorization - DPS/ENG: Contract for Engineering Design Services for the Technology Drive Extension to Adams Road Project in the amount not-to-exceed \$19,780.00; Hubbell, Roth & Clark Inc., Bloomfield Hills, MI

**Attachments:** [Agenda Summary.pdf](#)  
[HRC Proposal.pdf](#)  
[Technology Drive Extension Map.pdf](#)  
[MDOT Appvl Lmted Access ROW.pdf](#)  
[HRC Proposal EPE.pdf](#)  
[Resolution.pdf](#)

**Mr. Yalamanchi** recalled that a portion of the design and engineering for the project was completed last year and questioned what part still remained.

**Paul Davis**, City Engineer, responded that early preliminary engineering was completed last year for submission to the Michigan Department of

*Transportation (MDOT) for right-of-way and design review, noting that the City requested a breach of the limited access right-of-way for the interchange for the Technology Drive connection. He explained that this request is for the remainder needed to complete the design. He noted that the City received approval from MDOT to breach the limited access right-of-way and can now proceed with the second half of the design. He pointed out that this is a high-priority project for the Local Development Finance Authority.*

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

**Aye** 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Enactment No: RES0129-2010

**Resolved**, that the Rochester Hills City Council hereby authorizes the contract to Hubbell, Roth & Clark Inc., Bloomfield Hills, Michigan for Engineering Design Services for the Technology Drive Extension to Adams Road Project in the amount not-to-exceed \$19,780.00 and further authorizes the Mayor to execute a contract on behalf of the City.

## PUBLIC HEARINGS

2010-0235 FY 2010 2nd Quarter Budget Amendments

**Attachments:** [Agenda Summary.pdf](#)  
[2010 2nd Qtr BA Overview Final.pdf](#)  
[2010 - 2nd Qtr Budget Amendments.pdf](#)  
[2010 - 2nd Qtr Budget Adjustments .pdf](#)  
[2010 - Budget Amendments.pdf](#)  
[Public Hearing Notice.pdf](#)  
[Resolution.pdf](#)

**Keith Sawdon**, Director of Finance, summarized the Second Quarter 2010 Budget Amendment:

- Capital Expenditures are reduced by \$4,073,620
- Operating Accounts decrease by \$74,550
- Inter-Fund Transfer-Out increases by \$44,330
- Total Revenue increases by \$341,170 to \$109,574,860
- Total Expenditures are \$4,047,340
- The Total Revised Budget is \$114,698,120

*He explained that engineering cannot be classified as a Capital expenditure until Council approves a Capital project, and pointed out that this Amendment reclassifies \$56,500 from the Operating to the Capital side as projects begin to move forward. He noted that the Amendment also adjusts for additional Capital projects that are moved forward to a future budget year.*

*He summarized the Budget Amendment by Fund Level, noting that the most significant changes are to Capital Projects in the Major Road and Local Road Funds, as projects were deferred in both Funds. In addition, a small Capital Project was deferred in the Fire Fund. He commented, however, that the Technology Drive Project, removed for this Budget Amendment, should be included as DPS now believes that this project could be completed in 2010. He noted that*

reincorporating this project would change the figure for the Major Road Fund, Fund 202, to \$5,329,350.

**President Hooper Opened the Public Hearing at 8:00 p.m.**  
**Seeing No Public Input, President Hooper Closed the Public Hearing at 8:01 p.m.**

**Council Discussion:**

**Mr. Yalamanchi** requested clarification on the following items:

- Why Dispatch Expenses are considered Capital Expenditures
- What the City's contribution will be for Tienken Road and M-59 Rehabilitation projects
- Will the Tienken Road right-of-way acquisition process be completed this year

**Mr. Sawdon** responded that Dispatch Expenses include capital equipment necessary for the transition to Oakland County's Dispatch service, including electronic routing equipment.

**Paul Davis, City Engineer**, stated that the M-59 Widening project is being funded by Federal Stimulus monies. He explained that the M-59 Resurfacing Project from Opdyke to Crooks Road is slated for 2011; and stated that originally, the resurfacing portion of the project along with the Interchange work was slated for 2010. He commented that the Tienken Road Widening Project is still in the Environmental Assessment stage and noted that Oakland County is projecting that this project will be delayed until 2012. He stated that the right-of-way acquisition may begin, but will most likely not be completed this year.

**Mr. Yalamanchi** questioned why Local Road Capital Projects are being deleted, as Council allocated funding last year during the Budget process.

**Mr. Sawdon** responded that Local Roads operation and maintenance expenses generally run \$4.5 to \$5 million per year, while Local Roads receives only approximately \$1 million in Gas and Weight Tax revenues, resulting in a \$3.5 to \$4 million funding gap. He noted that Local Roads depends on a significant transfer from the General Fund and explained that the five-year financial forecast shows a significant drop in Taxable Value, leading to decreased revenues. He stated that the Administration anticipates that Local Roads will have funding difficulties beginning in 2011, and becoming more significant for 2012 and 2013. Therefore, the Administration recommends deferring reconstruction activities to allow funding for patching, repairing and snowplowing in 2011, 2012 and 2013.

**Mayor Barnett** stated that the Administration is proposing to temporarily suspend reconstruction activities and move to a maintenance mode.

**Mr. Yalamanchi** questioned whether last year's budget process could have predicted the lack of maintenance funding. He recalled that he had made a recommendation during the 2010 Budget process which was not supported to pull \$1 million from Capital Fund to move to Local Roads.

**Mr. Sawdon** responded that when last year's financial forecast was completed, an eight percent drop in Taxable Value was projected to affect Fiscal Year 2011. During last year's budget process, that projected drop for 2010 was increased to 10 percent. Current projections are for an 11 percent drop for 2011. He explained that originally, an additional five-percent drop was projected in 2012; and that drop is now projected to be twelve percent. He stated that as Taxable Values also affect Police Services and Fire Funds, these Funds will need additional support from the General Fund. He explained that as the budget process for 2011 progresses, the Administration should have updated projections for Local Road funding.

**Mr. Yalamanchi** questioned whether removing funds for Local Roads construction could be deferred until the budget process begins. He commented that while maintenance is critical, certain roads in the City are in very poor condition.

**Mr. Sawdon** responded that if the City waits until the Budget discussions to act, it would miss the construction season anyway. He stated that the Administration is reviewing different funding options for Local Roads, and by the August Budget discussions would know the results of the August Ballot Proposal.

**President Hooper** commented that it appears that the funds deferred from the Local Road Asphalt and Concrete Programs, along with \$3 million in Capital Funds, would be used for maintenance activities for the next few years. He stated that last year's projections were obviously not pessimistic enough.

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

**Aye** 6 - Brennan, Hooper, Klomp, Pixley, Rosen and Webber

**Nay** 1 - Yalamanchi

Enactment No: RES0130-2010

**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 2010 2nd Quarter Budget Amendments was noticed on April 29, 2010; and

**Whereas**, the proposed 2010 2nd Quarter Budget Amendments were available for public viewing beginning on May 14, 2010; and

**Whereas**, at its May 24, 2010 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 2010 fund totals as amended:

101 - General Fund	\$ 25,944,730
202 - Major Road Fund	5,329,350
203 - Local Street Fund	6,718,740
206 - Fire Fund	7,927,420
214 - Pathway Maintenance	666,480
232 - Tree Fund	38,910
313 - Street Improvements (2001 Series)	268,770
314 - SAD Street Improvements (2001 Series)	216,800
325 - Street Improvements (2002 Series)	433,740
331 - Drain Debt Millage Fund	2,307,670
368 - OPC Building Debt Fund	779,350
391 - 1998 Refunding Debt Fund	1,408,180
402 - Fire Capital Fund	355,500
403 - Pathway Construction Fund	1,756,800
420 - Capital Improvement Fund	151,810
592 - W&S Operating Fund	30,603,190
593 - W&S Capital Fund	5,781,620
631 - Facilities Fund	5,106,040
736 - Retiree Healthcare Trust Fund	212,220
848 - LDFA Fund	884,550

**and, Therefore, Be It Further 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.

## NOMINATIONS/APPOINTMENTS

**2010-0134** Nomination/Appointment of one (1) Citizen Representative to the Historic Districts Study Committee to fill the unexpired term of Peggy Schodowski ending December 31, 2010

**Attachments:** [Agenda Summary.pdf](#)  
[Appointment Form.pdf](#)  
[052410 Agenda Summary.pdf](#)  
[Nomination Form.pdf](#)  
[Notice of Vacancy.pdf](#)  
[Julie Dobies CQ.pdf](#)  
[Adam Kochenderfer CQ.pdf](#)  
[HDSC Cmte Appt Memo.pdf](#)  
[Resolution.pdf](#)

**President Hooper** noted that Ms. Schodowski will be recognized for her service to the community.

**President Hooper Opened the Floor for Nominations.**

**Mr. Webber** nominated Adam Kochenderfer.

**Mr. Rosen** nominated Julie Dobies.

**President Hooper Closed the Floor for Nominations.** He noted that as there are more nominations than vacancies, this item will return for a vote in two weeks.

Discussed.

## NEW BUSINESS

2010-0234 Request for Nonprofit Designation for a Charitable Gaming License from the State of Michigan - Michigan Rollin' Pistons

**Attachments:** [Agenda Summary.pdf](#)  
[MI Rollin' Pistons Ltr.pdf](#)  
[IRS Nonprofit.pdf](#)  
[MI Rollin' Pistons Bylaws.pdf](#)  
[Articles of Incorporation.pdf](#)  
[Resolution.pdf](#)

**Noelle Kowall**, President of the Michigan Rollin' Pistons, stated that her organization is a wheelchair basketball team that has been in existence for six years allowing children ages six to 18 who are physically impaired to compete locally and nationally within the National Wheelchair Basketball Association. She commented that the team competed in Denver, Colorado at the National Championships and finished third. She noted that nine colleges in the United States now have wheelchair basketball programs and reported that one of her athletes now competes at the University of Illinois. She stated that the organization received its own non-profit declaration from the Internal Revenue Service in November of 2009. She explained that the organization's average budget is between \$20,000 and \$30,000 per year and stated that the organization wishes to hold raffles and Fifty/Fifty drawings at their games, as all the financial responsibilities of the team now fall on the parents.

**Mr. Pixley** questioned how the organization is currently raising funds.

**Ms. Kowall** responded that the Michigan Thunderbirds, an adult team, previously supported the group as the Junior Thunderbirds; however, the adult team can no longer continue supporting the team. The team currently hosts a bowling tournament and has solicited donations in front of Walmart. Raffles were conducted in the past under a gaming license held by the Ann Arbor Center for Adult Living, the organization that supports the Michigan Thunderbirds. As the group is no longer a part of the Ann Arbor organization, it can no longer use their gaming license. She noted that as an organization for children, the group feels that it can receive more fund raising support than if it included adults.

**Mr. Pixley** requested that a summary of gaming licenses be prepared.

**Jane Leslie**, City Clerk, responded that she would distribute the summary to Council.

**Mr. Yalamanchi** stated that while he is supportive of this organization, he wishes to see a moratorium on gaming licenses until a Policy is developed.

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

**Aye** 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Enactment No: RES0131-2010

**Resolved**, that the request from Michigan Rollin' Pistons located at 2438 Wortham Drive, Rochester Hills, Michigan 48307, Oakland County, asking that they be recognized as a nonprofit organization operating in the community for the purpose of obtaining a charitable gaming license, be considered for approval.

**2010-0191** Request for Purchase Authorization - DPS/ENG: Contract for the 2010 Pathway Rehabilitation Program in the amount of \$308,115.00 plus a 10% contingency in the amount of \$30,811.50 for a total not-to-exceed amount of \$338,926.50; Rotondo Construction Corporation, Farmington Hills, MI

**Attachments:** [Agenda Summary.pdf](#)  
[Bid Tabulation.pdf](#)  
[Suppl Pathway Location Map.pdf](#)  
[Suppl Eddington Blvd New Pathway.pdf](#)  
[Resolution.pdf](#)

**Paul Davis**, City Engineer, explained that the City performs regular maintenance activities on pathways, including snowplowing and spot repairs. He noted that this item will preserve the City's 80 miles of pathway and includes predominantly crack sealing and overlays in select locations. He displayed a map indicating pathway areas needing repairs. He mentioned that this year, the City was approached by a homeowner's association and asked to incorporate a sidewalk portion within their subdivision as a pass-through cost to allow the association to receive the benefit of the City's lower construction costs. He noted that the area from Essex to Windrift Lane will incorporate a five-foot concrete path to allow children to walk safely, out of traffic.

**Public Comment:**

**Alice Benbow**, 1582 Northumberland, questioned whether the company selected contributed to any City official's election campaign.

**Council Discussion:**

**Mr. Klomp** commented that he was pleased to see the subdivision pathway included in the program.

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

**Aye** 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Enactment No: RES0132-2010

**Resolved**, that the Rochester Hills City Council authorizes a contract to Rotondo Construction Corporation, Farmington Hills, Michigan for the 2010 Pathway Rehabilitation

Program in the amount of \$308,115.00 plus a 10% contingency in the amount of \$30,811.50 for a total not-to-exceed amount of \$338,926.50 and further authorizes the Mayor to execute a contract on behalf of the City.

- 2010-0221** Request for Purchase Authorization/Approval of Cost Participation Agreement - DPS/ENG: Contract for the rehabilitation of Walton Boulevard from east of Adams Road to easterly City Limit in the amount of \$339,546.00; Road Commission for Oakland County, Beverly Hills, MI

**Attachments:** [Agenda Summary.pdf](#)  
[Tri-Party Agreement.pdf](#)  
[Rochester Hills Balance.pdf](#)  
[Resolution.pdf](#)

**Paul Davis**, City Engineer, explained that the project consists of crack and seating the existing pavement, milling the existing concrete pavement at the curb and gutter line, and providing a three-inch asphalt overlay on Walton Boulevard, east of Adams, to the Rochester City Limits. He commented that this method minimizes cracking of the overlay. He stated that the project will also include an additional eastbound cross-over within the existing median island east of Meadowbrook Drive to allow cars to make a left turn to proceed west on Walton, noting that this will improve the traffic situation for the shopping plaza on the south. Approaches will be reconstructed at Brewster, Old Perch and Rochdale, as well as the addition of a dedicated right-turn lane for the westerly Rochester High School Drive entrance. He noted that improvements mandated by the Americans with Disabilities Act will also be incorporated at existing pathway ramps. He pointed out that the local share of this project will expend the remaining Tri-Party Funds the City has available, and noted that the Road Commission for Oakland County has agreed to cover the shortage in funds to complete the project.

**Public Comment:**

**Scot Beaton**, 655 Bolinger, suggested that Walton be reconstructed as a boulevard to increase property values. He questioned whether Crooks Road or the Avon Bridge might be a better utilization of the Tri-Party Funding.

**Alice Benbow**, 1582 Northumberland, stated that Crooks Road and the Avon Bridge should be fixed first and commented that Congressman Peters should be asked to assist in locating Federal funding for the repairs.

**Deanna Hilbert**, 3234 Quail Ridge Circle, questioned how projects are selected, noting that Crooks is in very poor condition.

**Council Discussion:**

**President Hooper** requested an update on the M-59 Interchange and Crooks Road Project.

**Mr. Davis** stated that recent information received from the Michigan Department of Transportation (MDOT) indicates that funding has become available in the 2010 budget year resulting from projects receiving the benefit of lower bid prices. He explained that MDOT has conveyed that the Crooks Road Interchange project is

proceeding again and the City will have a three percent Act 51 share of the costs, or approximately \$300,000. He reported that MDOT is planning on proceeding with advertising the Interchange project through design/build at the end of August, with construction projected for the spring of 2011. He explained that MDOT intends to end the project at Star Batt Drive and noted that the Administration has made a request that if monies are available, MDOT consider continuing the project up to Hamlin Road. He mentioned that if MDOT will not consider adding the area to Hamlin, then the City and the RCOC will need to meet and discuss what options are available. He noted that at a minimum, that portion of Crooks needs resurfacing; and at best case, the road should be widened to Hamlin. He stated that he requested MDOT representatives arrange a time to come before Council to present an update on road projects.

**President Hooper** questioned how much of the City's Tri-Party Funds remain.

**Mr. Davis** stated that the total Tri-Party balance available to the City encompassing all portions is \$1,018,639, including a 2009 allotment of \$490,000 and a 2010 allotment at the reduced funding level of \$227,000. He commented that these funds are not sufficient to complete the portion of Crooks Road between Star Batt and Hamlin, explaining that approximately \$2 million is necessary to widen the road to five lanes. He noted that the City's actual portion of the total funds is approximately \$340,000, one-third of the total.

**Mr. Rosen** questioned who will make up the remainder necessary to complete the Walton Boulevard Rehabilitation Project and whether the City has had experience with the reconstruction technique proposed.

**Mr. Davis** responded that the RCOC will cover the remainder of the funds required to complete the project. He explained the crack and seating construction process, commenting that this method provides structural strength and prevents underlying concrete cracks from affecting the new asphalt. He pointed out that Oakland County has experience with this construction method, explaining that it is not a full reconstruction and should provide a life-span of 10 to 12 years.

**President Hooper** recalled that Tienken Road, west of Adams was redone with a rubbleized concrete with an asphalt overlay. He noted that crack and seating yields larger concrete pieces.

**Mr. Brennan** questioned whether the City's cost will be capped at \$339,546 and if a potential exists for cost overruns. He commented that MDOT should come before Council to address the condition of Crooks Road and the Avon Bridge.

**Mr. Davis** responded that this agreement caps the City's costs; and although unlikely for this project, anything unexpectedly encountered would return to Council. He noted that there is no excavation or utility work associated with the project, nor should any groundwater problems be encountered.

**Mr. Webber** requested an update on the status of the Avon Bridge repairs. He commented that the Walton Boulevard Rehabilitation Project is definitely needed; as well as addressing Crooks Road and the Avon Bridge.

**Mr. Davis** stated that the RCOC is currently submitting applications for Local Bridge Program funding for 2013. He noted that if the bridge is selected, 95 percent of the cost will be Federally funded, with the remaining five percent funded by the RCOC. He commented that while there is no guarantee that the Avon Bridge will be selected, there is a good chance due to the bridge's current poor rating. He stated that it would be several months before the City will know if the project is approved for funding. He noted that the bridge reconstruction is estimated at \$3 million.

**Mr. Yalamanchi** requested that Mr. Davis look into the pathway that traverses the driveways for the Village of Rochester Hills, noting that individuals in motorized wheelchairs report that they have difficulties crossing there as well as the intersection at Adams and Walton.

**Mr. Davis** indicated that he would relate the driveway concerns to the RCOC and noted that the project will address ADA compliance for intersections.

**Mayor Barnett** stated that every possibility for road funding is being investigated for road and bridge repairs and commented that he is cautiously optimistic that funding will be allocated for the Crooks Road work. He noted that the jurisdictions controlling the various roadways cannot be overlooked and pointed out that the City had offered to front the money for the repairs to the Avon Bridge if it could be guaranteed to be repaid. He reported that the Oakland County Board of Commissions passed a resolution strongly discouraging the use of Tri-Party Funding for road widening and noted that the Walton Boulevard Rehabilitation Project is a \$3 million project that will cost the taxpayers only \$300,000 in taxpayer money.

**Mr. Pixley** questioned whether 10 to 12 years of expected life is acceptable.

**Mr. Davis** stated that roads are generally designed for a 20-year life. He noted that the estimate of 10 to 12 years for this rehabilitation process is very conservative, and the lifespan is likely to be longer.

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

**Aye** 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Enactment No: RES0133-2010

**Resolved**, that the Rochester Hills City Council approves the Cost Participation Agreement for Construction between the Board of Road Commissioners (BOARD) for the County of Oakland and the City of Rochester Hills for the Rehabilitation of Walton Boulevard from east of Adams Road to Livernois Road and authorizes the expenditure of the City's share of a not-to-exceed amount of \$339,546.00 and authorizes the Mayor to execute the agreement on behalf of the City.

**2010-0238**

Request for Purchase Authorization - BUILDING: Blanket Purchase Order for energy efficient products and electrical contractor services for replacement at City facilities in the amount not-to-exceed \$69,803.00; Design and Quality Electric, Inc., Rochester, MI

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

**Scott Cope**, Director of Building and Ordinance Compliance, stated that this is the first of a number of energy-saving projects utilizing the Energy Efficiency and Conservation Block Grant (EECBG) funding. He stated that this project encompasses exterior lighting replacement for parking lots and City buildings, including interior lighting at fire stations. He commented that a savings of \$10,000 to \$18,000 should be realized. He explained that research reports reviewed indicate that induction lighting is better suited for large outdoor areas, at one-third the cost of LED lighting and with better energy efficiency. He commented that energy-efficient fluorescent lighting is best suited for inside buildings.

**Public Comment:**

**Alice Benbow**, 1582 Northumberland, commented that she is pleased to see a company from Rochester was selected.

**Council Discussion:**

Council members raised the following questions:

- What money is included in the budget for this item.
- What the total grant amount is and how the remaining funds will be used.
- How long the City has to utilize the funds.
- Is this project associated with the Asset Management Program.

**Mr. Cope** responded with the following:

- There are some funds within the Facilities Budget for lighting; however, this project is a pass-through cost to the grant.
- The total grant is \$642,700. The City has 18 months to use the funds.
- A number of HVAC projects in City buildings, replacement of glass on the back of City Hall and fire station roof insulation will be accomplished with the grant.
- An extensive analysis was conducted for projects and payback periods; and projects were selected that saved the most money. The Asset Management Program was utilized to assemble the projects to submit for the grant.
- The grant requires a significant amount of reporting.

**Mayor Barnett** stated that the City was the first in Michigan to receive this grant and credited the City's work in completing its energy audit on the City's buildings to submit for the grant.

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

**Aye** 7 - Brennan, Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Enactment No: RES0134-2010

**Resolved**, that the Rochester Hills City Council hereby authorizes and ratifies a Blanket Purchase Order for energy efficient products and electrical contractor services for

replacement at City facilities to Design and Quality Electric, Inc., Rochester, Michigan in the amount not-to-exceed \$69,803.00 and further authorizes the Mayor to execute a contract on behalf of the City.

**(RECESS 9:13 P.M. to 9:23 P.M.)**

**2010-0236** Update on the City's five-year Financial Forecast (FY 2011 to FY 2015)

Attachments: [Agenda Summary.pdf](#)  
[5-Year Financial Forecast 2011-2015.pdf](#)

**Keith Sawdon**, Director of Finance, introduced the Five-Year Financial Forecast and explained that the City utilizes a 20-year fiscal model. He commented that as the view is further off into the future, accuracy of the forecast decreases. He made the following presentation:

Why do we do long range forecasting:

- Helps prevent surprises.
- Helps with Decision Making (What if we... How does this (change) Impact our Budget...).
- Lets us be pro-active instead of re-active.
- A Financial Forecast is NOT intended to be a budget, a proposed spending plan or a policy recommendation to City Council.
- It is the first step in our budget process. It helps us in establishing priorities and allocating resources appropriately.

Mr. Sawdon mentioned that all governments in Michigan are headed toward priority-based budgeting.

Economic Assumptions:

- Economic Assumptions are Based on our Current Business Cycle
  - \* Continuing downturn in citywide taxable values and less funding from the State;
  - \* A tight credit market;
  - \* Continued high unemployment levels; and
  - \* Weak consumer confidence and spending.

He reported that the economy moves in a cycle from recession to moderation, to growth, and then back to recession, noting that the current business cycle is recession. He noted that the constitutional guarantee of a share of sales tax during a recession leads to decreased revenue, as spending is depressed. He explained that the tight credit market further depresses the housing market and affects small business expansion.

Key Forecasting Points:

- Revenues
  - \* Our Base Year is the Amended (1st Quarter) 2010 Budget and assumes no changes in programs, services or policies
  - \* We are Forecasting Changes in:

- Taxable Values
- Interest Rates
- Future Millage Rates
- State Shared Revenue
- Act 51 (Gas and Weight) Tax

Forecasting Assumptions:

- Revenues
  - \* Taxable Values
    - 11.3%, FY 2011
    - 12.0%, FY 2012
    - 5.0%, FY 2013
    - 0.0%, FY 2014
    - 1.0, FY 2015
  - \* Interest Rates
    - .75%, 2011
    - 1.25%, 2012
    - 1.5%, 2013
    - 2.0%, 2014
    - 2.0%, 2015
  - \* No new or replacement millage is introduced
  - \* State Shared Revenue
    - 2.0%, 2011
    - 1.0%, 2012
    - 0.0, 2013
    - 0.0, 2014
    - 0.0, 2015

*Mr. Sawdon stated that the Assessor's projections for 2011 have proven fairly accurate and noted that the extensive drop in Taxable Values was not predicted. He commented that the State operates on an October-to-September fiscal year. He stated that the Administration would rather rely on how collections are currently running in order to forecast out to the future. He commented that 2012 is projected to be the tail end of the lack of sales tax collection, as consumer confidence should return as employment rebounds. He stated that State Shared Revenue is projected to flatten out for 2013, 2014 and 2015, and rather than predict a number, he would prefer to keep the projection at a zero percent growth for those years. He continued on with revenue projections:*

- \* Act 51 Revenue
  - 1.0%, 2011
  - 1.0%, 2012
  - 1.0%, 2013
  - 1.0%, 2014
  - 1.0%, 2015
- \* Current millage rates remain unchanged

*He noted that as mile-per-gallon gas economies increase and hybrid vehicles become more prevalent, fewer gallons of gasoline will be sold, leading to less Act 51 revenues. He pointed out that the General Fund and Fire Fund still have*

*some ability to spread additional millage up to the Headlee limit; however, the forecast makes no assumption that Council will choose to do so.*

*- Expenditures*

*\* Our Base Year is the Amended (1st Quarter) 2010 Budget and assumes no changes in programs, services or policies*

*\* We are Forecasting Changes in:*

*Salaries and Wages*

*Changes in the Number of Employees*

*Health Care and other Fringe Benefits*

*City's Share of Pension Contributions*

*Inflation*

*Sheriff Contract Changes*

*He reviewed the following assumptions used for expenditures:*

*- Salary and Wages*

*\* 0.0%, 2011*

*\* 0.0%, 2012*

*\* 0.0%, 2013*

*\* 0.0%, 2014*

*\* 0.0%, 2015*

*- Changes in Number of Employees*

*\* None*

*- Vacant Positions remain vacant. No new hires.*

*- Health Care (All Plans)*

*\* 15.00%, 2011*

*\* 15.00%, 2012*

*\* 15.00%, 2013*

*\* 15.00%, 2014*

*\* 15.00%, 2015*

*- City's Share of Pension*

*\* No change*

*- Inflation*

*\* General Citywide Inflation: 1.00% Change*

*\* Capital Project Inflation: 1.00% Change*

*- Sheriff Contract*

*\* 1.0%, 2011*

*\* 1.5%, 2012*

*\* 2.0%, 2013*

*\* 3.0%, 2014*

*\* 3.0%, 2015*

*Mr. Sawdon explained that the Administration does not know the results of bargaining contracts for 2012 and 2013, and prefers to remain status quo on those figures. He stated that the Administration does not want to be in a position to recommend service reductions or changes without a true budget document. He mentioned that health care costs continue to rise, even as employees are asked to contribute more. He pointed out that as projects come forward, bids are coming in more competitive with lower pricing; therefore, the Capital Project Inflation rate was reduced to a one-percent change.*

The All Fund Level (without Water and Sewer) Forecast:

- The first pass at the City's fiscal Forecast is a High Level View.
- It incorporates all General Government Funds and gives an overall forecasted financial position of the City.
- But it doesn't give the level of detail necessary for policy makers to make decisions related to service delivery and program offerings.
- Issues such as planned use of fund balance (for capital projects, i.e., Major Roads, Green Space, etc.) are not adjusted or reconciled with this high level forecast.

The Fund Level Forecast:

- To make the forecast more effective, it is better and certainly more useful to look at the financial forecast at the fund level.
- Our current forecast model for General Fund reduces the amount being transferred to other funds to force expenditures to equal revenues.
- We use the Local Road Fund and the Drain Fund as the safety valves for General Fund because those transfers are not funding a contract (like the Special Police Fund) and the transfers to these two funds are large enough to accomplish our balancing goal.

General Fund Forecast:

Mr. Sawdon displayed a chart of the General Fund's forecast, noting that 2010, 2011 and 2012 are in balance due to the Local Road and Drain Funds. He noted that the deficit shown in 2013, 2014 and 2015 is the amount sent to the Special Police Funds. He reviewed the General Fund's Transfer Out and explained that the General Fund is set to transfer \$5.1 million to Local Roads in 2012, but will not be able to make that transfer for 2013, 2014 and 2015. He commented that resulting from the fall in Taxable Values and the projected increases in the Sheriff Contract, the Special Police Fund will need almost a \$6 million Transfer In for 2015 to maintain contract levels at current staffing.

- For this presentation, we have adjusted our current forecasting model so that General Fund makes a transfer to Local Road Fund large enough to make sure that the Local Road Fund can have enough revenue to cover maintenance costs. We have NOT done that with the Drain Fund. The Drain Fund has a fund balance that can be used for maintenance for a number of years.
- The General Fund transfer to the Local Road Fund DOES NOT provide for any capital projects in that fund.

Mr. Sawdon reviewed Local Road maintenance needs, and summarized the General Fund's forecast for full maintenance support for Local Roads. He commented that Local Roads spends between \$4.7 million to over \$5 million to maintain structure. As the Gas Tax generates only just over \$1 million in 2011, and under \$1 million projected for 2015, a fund gap is realized that is small in the beginning, but grows fast and large. He noted that an influx from the Capital Improvement Fund keeps that gap small at the beginning. He pointed out that the General Fund must give Local Roads over \$4 million in 2015 just to maintain,

*fill potholes, snowplow and crack-seal roads, without any Capital improvement included.*

*He noted that General Fund currently transfers out approximately \$11 million. By 2015, it transfers out the same amount. Considering the decreased revenue, General Fund transfers out more than it collects in taxes. With full support for Local Roads and no change in service from today, the General Fund will have a deficit of \$5.2 million in 2015.*

*He reviewed State Shared Revenue, noting that both sales tax collections and statutory numbers will decrease. He discussed expenses, noting that personnel cost increases are driven by health care costs. He explained that projections through 2015 show that falling revenues and rising expenses affect all funds. He pointed out that declining Taxable Values affects all funds relying on millages.*

*He highlighted the Fire Fund, noting that it collects \$6.4 million in taxes for 2010; and stating that by 2013, it collects only \$4.7 million. He reviewed the increasing personnel expenses supported by the Fire Fund, noting health care increases. He stated that increases in Taxable Value are limited to the rate of inflation; and commented that if homes do not change ownership, taxes cannot increase beyond the capped value. The increase in revenues is offset by the increase in expenses. He stated that government will need to rethink its role.*

*In reviewing the Special Police Fund, he noted that this Fund has two millage rates and in 2010 generates approximately \$4.3 million. It is projected that this Fund will generate \$3.2 million in 2013, and will stay in balance as the General Fund's contribution increases as taxable values fall. He pointed out that by 2015, General Fund becomes almost two-thirds of the support needed for Police Services. He noted that the forecast does not adjust for the change in Dispatch Services and makes no assumptions for millages lapsing or being renewed.*

*He commented that of all the funds reviewed, if the Capital portion was removed from Major Roads, the Major Road Fund would be considered healthier, as the Fund generates more in Gas and Weight Tax than is spent on operation and maintenance activities. He stated that Capital outlay projections do fluctuate as projects frequently take long periods of time to proceed from planning through the construction process. He mentioned that the budget process will need to focus on Local Roads, as this Fund does not generate enough revenue to support its maintenance operations and will rely on help from other sources. General Fund's ability to transfer in will diminish and funding gaps will develop. He commented that General Fund sends approximately two-thirds of its tax collection to support other funds; and by 2014, General Fund revenue is not sufficient to make the transfers out necessary.*

*Summary:*

- Like many governments, the City is faced with an economic downturn that will put pressure on funds and their programs and services supported by tax revenues.*
- The economic downturn will last for several more years.*

- Increases in expenditures, mainly from health care costs and transfers to other funds, will add to the pressure that General Fund and other funds will experience during this downturn.
- Council's careful prioritization of services and programs will be needed.
- The City's Strategic Plan will be more important than ever.
- The City will need to bring services in line with revenue sources.

**Council Discussion:**

**Mr. Rosen** complimented Mr. Sawdon and the City's directors for the forecast and stated that this was a more realistic look into the future than was done in the past. He commented that tax revenue is the main concern, pointing out that it appears that there will be a 33 percent drop in tax revenues from 2009 levels. He noted that the City is fortunate to have three years to develop and implement new business models. He commented that the Second Quarter Budget Amendments just passed will change Local Road Funding projections; and pointed out that Major Road Fund obligations are inflexible as the City is obligated to participate in Major Road construction projects. He mentioned that there is little risk to the City if the economy improves quicker than the forecast and questioned what would occur if the commercial/retail sector continues to decline. He noted that the challenge for the City is now to decide how to act, given the forecast.

**Mr. Webber** commented that he is concerned about health care increases and stated that the City must get these costs under control. He stated that the dedicated Police Fund Millage is collecting less than it did previously, and noted that the Police and Road Funding Committee has been working to arrive at alternatives that can be suggested to boost revenues for Local Roads. He stated that the picture painted by this forecast is no different than that seen in many other communities.

**Mr. Yalamanchi** stated that he thought the forecast was less pessimistic than it was pragmatic and commented that the City should have been undertaking this type of view five years ago. He noted that a 15 percent increase in health care costs translates to a compounded increase of 100 percent over five years. He pointed out that investment earnings are also based on fund balances. He commented that it is not acceptable to balance the Local Road Fund from the General Fund. He questioned the following:

- Why a deficit appears for 2009, and whether there is a deficit for 2010.
- What percentage of Gas and Weight Revenue can be transferred to Local Roads.
- How the eventual increase in market value will affect revenues.
- Why the change in Dispatch Services is not included.

**Mr. Sawdon** responded with the following:

- In 2009, Council authorized the moving of the Other Post Employment Benefit (OPEB) Supplemental Benefit Program from General Fund Fund Balance to the Retiree Health Care Trust. He explained that while the year ended with a \$250,000 deficit, it could have been as much as a \$1.3 million dollar deficit due

to the movement of OPEB obligations. He noted that the City ended the year having funded this long-term liability with not much contribution from Fund Balance. He mentioned that the Second Quarter Budget Amendment removed the projected deficit for 2010.

- Fifty Percent of Gas and Weight Revenue can be transferred to Local Roads. Major Roads generates enough in Gas and Weight Tax to cover its own maintenance and is capable of transferring some funds to Local Roads.

- Until homes change hands, Taxable Value increases are limited to the inflation rate, or five percent per year, whichever is lower. There will not be a significant number of exchanges until the credit market improves. As the Consumer Price Index grows, Taxable Value will grow; however, this growth will be offset with increases in costs.

- The Dispatch Service change has not come before Council in a Budget Amendment yet. A savings of approximately \$700,000 per year will be realized.

**Mr. Yalamanchi** noted that the projections also take into consideration status quo in staffing and benefit levels and commented that this will have to be seriously reviewed moving forward.

**Mayor Barnett** commented that the Forecast is considered conservative, and noted that no areas are considered untouchable. He stated that the Administration has made severance offers and noted that major personnel changes are projected. He stated that he would not trade the City's position for any community in Oakland County or southeast Michigan.

**Mr. Rosen** stated that the City has many talented individuals with experience in the restructuring process that could be tapped for assistance.

Discussed.

## COUNCIL COMMITTEE REPORTS

### Deer Management Advisory Committee:

**Mr. Webber** reported that the Deer Management Advisory Committee (DMAC) met on May 28, 2010 and will meet again on June 22, 2010. He stated that the DMAC passed a motion to not pursue lethal means for population control through May 1, 2011. He noted that Mike Hartner, Director of Parks and Forestry, and Lance DeVoe, Park Ranger II, will present the flyover report and crash data to Council sometime in June.

### Sister City Committee - Auburn Hills:

**Mr. Rosen** reported that another Sister City Meeting will be scheduled soon. He commented that an informational package has been put together and sent to Auburn Hills for distribution.

### Police and Road Funding Technical Review Committee:

**President Hooper** reported that the Police and Road Funding Technical Review Committee is working on an informational flyer to be distributed to citizens to describe the Millage Proposal in a non-partisan way.

## ANY OTHER BUSINESS

*Mr. Pixley mentioned that Mayor Barnett will soon be traveling to Harvard to participate in the Executive Excellence Program. He stated that he looks forward to the City benefitting from what he will learn.*

## NEXT MEETING DATE

*Regular Meeting - Monday, June 7, 2010 - 7:00 PM*

## ADJOURNMENT

*There being no further business before Council, President Hooper adjourned the meeting at 10:29 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.*