



Rochester Hills Minutes City Council Regular Meeting

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

Wednesday, July 27, 2005

7:30 PM

1000 Rochester Hills Drive

DRAFT

CALL TO ORDER

President Hill called the Regular Rochester Hills City Council Meeting and Work Session to order at 7:43 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
John Staran, City Attorney
Jane Leslie, City Clerk
Ed Anzek, Director of Planning/Development
Judy Bialk, Recording Secretary - Planning
Dan Casey, Economic Development Manager
Scott Cope, Director of Building/Ordinance Enforcement
Paul Davis, City Engineer
Kurt Dawson, Director of Assessing/Treasurer
Julie Jenuwine, Director of Finance
Raymond "Bud" Leafdale, General Superintendent
Roger Rousse, Director of DPS/Engineering
Paul Shumejko, Transportation Engineer*

Residential Streets Ad-Hoc Committee Members:

*- Gary Elliott - Don Ruff
- Paul Franklin - Tom Satkiewicz
- Ben Jones - John Strzalka
- Dave Kibby - Beth Tilove
- Brenda Mueller - Henry Ware
- Dennis Mueller - Bill Windscheif
- Jerry Romito*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

Resolved that the Rochester Hills City Council hereby approves the Agenda of the Regular Rochester Hills City Council Meeting of July 27, 2005 as presented.

A motion was made by Barnett, seconded by Raschke, to Approve the Agenda as Presented.

The motion carried by the following vote:

Aye: Hill, Barnett, Dalton, Duistermars, Holder, Raschke and Robbins

PUBLIC COMMENT

Ms. Debbie Geen, 3128 Walton Boulevard, Chairperson of the Residential Vision Committee, stated that there is a "lack of trust between voters and City officials." She noted the following issues that have contributed to that lack of trust:

- * The trip to a municipal conference on Mackinac Island for all seven Council members.
- * The "over-built" City Hall.
- * Recent approval of the \$12 million DPS Facility.
- * The lack of competitive bids for City legal services.
- * The use of cable franchise fees for cable television broadcasting.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

President Hill clarified that Council has not voted to approve the DPS Facility and not all cable franchise fees are used for the City's cable station. She further noted that the City pays dues to "important organizations that help us know how to move forward, to vision, to build this community, to interact regionally so we can provide the best service possible for the least amount of money."

Ms. Holder stressed the need for the City Hall renovation for safety and efficiency purposes and described the conditions at the DPS Facility as "deplorable." She emphasized the value of networking with other community leaders at conferences such as the one on Mackinac Island.

Mr. Barnett indicated that City Council is aware of the "trust issue," but stressed that residents distorting facts further damages that trust relationship. He asked that residents do their best to ensure that their public statements are "true, accurate and complete."

Mayor Somerville explained that the changes to City Hall were mandated by Federal law in order to comply with the Americans with Disabilities Act. She further noted that all information at City Hall is open to public scrutiny and Ms. Geen has been invited repeatedly to review any and all information she chooses.

Mr. Duistermars explained that, in many circumstances, by law, monies cannot be transferred between funds.

Mr. Dalton asked to be advised when Ms. Geen's committee meets so that he and other Council members can be afforded the opportunity to provide input at their meetings.

Ms. Raschke asked Ms. Geen and her committee to tour the DPS garage to see the need for a new facility.

ATTORNEY MATTERS

City Attorney John Staran described a recent ruling by the Michigan Supreme Court in a case involving the City of Novi and the condemnation of private property for a public road that would primarily service private property. Mr. Staran noted that the decision shows "increasing deference to local determinations of public necessity" on the part of the Court.

UNFINISHED BUSINESS

2005-0495

Adoption of Resolution declaring 3098 Research Drive as a Speculative

Development prior to approval of an industrial facilities exemption certificate for BMD Group, Inc., applicant

Attachments: Agenda Summary.pdf; BMD Development Agreement.pdf; 0495 Resolution.pdf

Mr. Dan Casey, Economic Development Manager, briefly reviewed the information provided at the previous City Council meeting noting that a key component of BMD Group is the assembly of automobile engines and components along with a significant amount of research and development. It is this aspect of their business that qualifies them for a tax abatement. He further noted that the company had already exceeded their job creation estimate by one additional employee. As a final point of clarification, Mr. Casey stated that the company was requesting a 50% reduction of mills that are levied for taxing jurisdictions excluding the State Education Tax.

Mr. Casey stated that it is his job to evaluate all requests for tax abatements made to the City and bring forward only those "that make good business sense to the City." To that end, he recommended approval of the tax abatement for BMD Group based on the following reasons:

- 1) The application qualifies for abatement under the City Council's tax abatement policy.
- 2) Based on the policy and projected investment of \$1.5 million, the retention of thirteen employees, the creation of four new positions, the company does qualify for up to six years for abatement of real property.
- 3) Based on the policy, the company does not meet the minimum requirements for an abatement of personal property.
- 4) The project retains a Rochester Hills company.
- 5) The project increases the City's tax base by an estimated \$22,606 over the six-year period of the proposed abatement and \$101,743 over the same period to all taxing jurisdictions combined, excluding the State Education Tax.
- 6) The company's growth projections are significant over the six-year period of this abatement, from approximately \$3 million as of 2004, to \$50 million over the next two to three years. Employment is projected to grow from twelve employees to twenty-five employees over that same time period.
- 7) The project will result in the build out of a building that will immediately begin to generate new tax revenue. It further has encouraged the current property owner, General Development, to begin the construction of the third building on the five-acre site.
- 8) The company's average salary is \$55,000, which is well over the national average, and consistent with the City's desire to attract professionals to live and work in the community.
- 9) The company has pledged to be a good corporate citizen and become involved in the community.

Finally, Mr. Casey noted that the approval process must follow a specific order:

- 1) Resolution declaring the parcel is a speculative development.
- 2) Resolution establishing the industrial development district.
- 3) Resolution approving the application for the tax abatement.

He noted that, according to the City's tax abatement policy, BMD Group qualifies for and he recommends a six-year tax abatement of real property only.

Adopted by Resolution.

Whereas, Public Act 198 of 1974, as amended, permits communities to declare by resolution parcels of land for speculative development; and

Whereas, the Rochester Hills City Council by Resolution on July 27, 2005 established an Industrial Development District at 3098 Research Drive; and

Whereas, GDC No. 8, LLC, owners and developers of 3098 Research Drive began construction of a new speculative building in 2004 with no tenant or buyer under contract to lease or purchase the building; and

Whereas, the new speculative building is not completed and, therefore, has not been vacant for more than nine (9) years; and

Whereas, the new speculative building has never been occupied and is not a replacement facility.

Resolved that the Rochester Hills City Council hereby declares that the building identified as 3098 Research Drive is a speculative development as defined in Public Act 198 of 1974, as amended.

The motion carried by the following vote:

Aye: Hill, Barnett, Dalton, Duistermars, Holder, Raschke and Robbins

Enactment No: RES0245-2005

2005-0453

Adoption of Resolution to Establish an Industrial Development District at 3098 Research Drive; BMD Group, Inc., applicant

Attachments: Agenda Summary.pdf; 072005 Agenda Summary.pdf; Public Hearing Notice.pdf; 070605 Agenda summary.pdf; Resolution to Set Public Hearing.pdf; 0453 Resolution.pdf

PUBLIC COMMENT:

Ms. Debbie Geen, 3128 Walton Boulevard, Chairperson of the Residential Vision Committee, commented that fiscal problems cannot be solved by increasing taxes and provided examples from other communities that had cut expenses.

President Hill reminded Ms. Geen that the discussion was regarding the tax abatement application by BMD Group, and that her comments must relate to that issue only.

A motion was made by Dalton, seconded by Raschke, that this matter be Adopted by Resolution.

Whereas, GDC No. 8, also known as the General Development Company, as owner of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, has filed a request with the City of Rochester Hills City Council for the establishment of an Industrial Development District under the "Plant Rehabilitation and Industrial Development Districts Act of 1974," as amended; and

Whereas, the proposed development district is that property located at 3098 Research Drive, Rochester Hills, Michigan, more particularly described as:

A parcel of land part of Lot 32 of the "Rochester Hills Executive Park" part of the southeast ¼ of Section 29 and the southeast ¼ of Section 30, T.3 N., R.11 E., City

of Rochester Hills, Oakland County, Michigan, according to the plat thereof recorded in Liber 199 of plates, Pages 26,27,28,29 and 30, Oakland County Records, being more particularly described as:

Beginning at the northwest corner of said Lot 32; thence along the southerly right-of-way line of Research Drive (70 feet wide) the following two (2) courses: (1) N 85°57'25" E., 50.00 feet; and (2) 105.38 feet along the arc of a curve to the left (radius 358.23 feet, central angle 16°51'17" long chord bears N 77°31'46" E., 105.00 Feet); thence 51.16 feet along the arc of a curve to the right (radius 212.50 feet, central angle 13°47'41", long chord bears S 10°56'25" E., 51.04 feet); thence S 04°02'35" E., thence S 85°57'25" W., 160.00 feet along the southerly line of said Lot 32 to a point on the easterly line of Technology Drive (70 feet wide) said point also being the southwest corner of said Lot 32; thence N 04°02'35" W., 292.85 feet along the easterly right-of-way line of said Technology Drive to the point of beginning. Containing 47,376 square feet or 1.087 acres and subject to easements and restrictions of record.

Whereas, the Rochester Hills City Council held a public hearing regarding this request at the Regular Meeting of July 20, 2005 at 7:30 p.m. in the Council Chambers, at 1000 Rochester Hills Drive, Rochester Hills, Michigan, during which the owner of the property 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.

Now, Therefore, Be It Resolved, that the Rochester Hills City Council determines that the levies of ad valorem taxes are at a rate that, 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.

The motion carried by the following vote:

Aye: Hill, Barnett, Dalton, Duistermars, Holder, Raschke and Robbins

Enactment No: RES0246-2005

2005-0425

Approval of Industrial Facilities Exemption Certificate for BMD Group, Inc.

Attachments: Agenda Summary V6.pdf; Financial Calc.pdf; 072005 Agenda Summary.pdf; Public Hearing Notice.pdf; 070605 Agenda Summary V3.pdf; 061505 Agenda Summary.pdf; Letter GDC-EMotive 20050606.pdf; application-EMotive.pdf; legal desc-EMotive.pdf; Project Costs EMoti

Mr. Barnett made a motion that the tax abatement period be for only four years, rather than the six years recommended. He noted that he favors job creation over job retention and that the policy recommends "up to" six years, but does not require that Council grant six years.

Ms. Holder noted that the purpose of the abatement was also to retain a business in Rochester Hills. She further indicated that there are protections in the agreement that will render it null and void if certain employment conditions are not met.

Mr. Dalton noted that "Michigan is suffering a real recession." He expressed concern for workers leaving the State for jobs elsewhere and noted that this type of agreement can help put Rochester Hills "on a solid financial footing."

President Hill expressed her support for the six-year abatement, and her belief that it will "generate new tax revenue for the community." She further noted her belief that Mr. Casey had been "prudent in who he has brought forward and made recommendations about."

A motion was made by Barnett, seconded by Robbins, that this matter be Adopted by Resolution.

Whereas, BMD Group, Inc., as owners of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, are 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 3098 Research Drive, Rochester Hills, Michigan, more particularly described as follows:

A parcel of land part of Lot 32 of the "Rochester Hills Executive Park" part of the southeast $\frac{1}{4}$ of Section 29 and the southeast $\frac{1}{4}$ of southeast $\frac{1}{4}$ of Section 30, T.3 N., R.11 E., City of Rochester Hills, Oakland County, Michigan, according to the plat thereof recorded in Liber 199 of plates, Pages 26, 27, 28, 29 and 30, Oakland County records, being more particularly described as:

Beginning at the northwest corner of said Lot 32; thence along the southerly right-of-way line of Research Drive (70 feet wide) the following two (2) courses: (1) N 85°57'25" E., 50.00 feet; and (2) 105.38 feet along the arc of a curve to the left (radius 358.23 feet, central angle 16°51'17" long chord bears N 77°31'46" E., 105.00 feet); thence 51.16 feet along the arc of a curve to the right (radius 212.50 feet, central angle 13°47'41", long chord bears S 10°56'25" E., 51.04 feet); thence S 04°02'35" E., thence S 85°57'25" W., 160.00 feet along the southerly line of said Lot 32 to a point on the easterly line of Technology Drive (70 feet wide) said point also being the southwest corner of said Lot 32; thence N 04°02'35" W., 292.85 feet along the easterly right-of-way line of said Technology Drive to the point of beginning. Containing 47,376 square feet or 1.087 acres and subject to easements and restrictions of record.

Whereas, BMD Group, Inc. has made application to the Rochester Hills City Council for an Industrial Facilities Exemption Certificate under the above noted legislation; 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. The project is a speculative development and the building is a new facility that has not previously been occupied by a tenant.
- c. Completion of the facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to create employment.

- d. 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 speculative facility on industrial property.
- e. The construction of the industrial facility meets the objectives of job creation within the established industrial corridor of the City of Rochester Hills.

Now, Therefore, Be It 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 BMD Group, Inc. for an Industrial Facilities Exemption Certificate for a period of four (4) years for real property; and

Be It Further Resolved, that the accompanying agreement between BMD Group, Inc. and the City of Rochester Hills is hereby approved and is to be sent to the Department of Treasury and the State Tax Commission along with this resolution; 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.

The motion failed by the following vote:

Aye: Barnett, Raschke and Robbins

Nay: Hill, Dalton, Duistermars and Holder

Attachments: Agenda Summary V6.pdf; Financial Calc.pdf; 072005 Agenda Summary.pdf; Public Hearing Notice.pdf; 070605 Agenda Summary V3.pdf; 061505 Agenda Summary.pdf; Letter GDC-EMotive 20050606.pdf; application-EMotive.pdf; legal desc-EMotive.pdf; Project Costs EMoti

Responding to questions from Mr. Robbins, Mr. Casey noted that, were the abatement denied, the City would collect taxes on a partially completed building and land value for an indefinite period of time, as opposed to the more favorable real and personal property taxes that would be generated by an office building. He explained that the abatement amount would be \$22,606 over a six-year period.

A motion was made by Dalton, seconded by Duistermars, that this matter be Adopted by Resolution.

Whereas, BMD Group, Inc., as owners of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, are 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 3098 Research Drive, Rochester Hills, Michigan, more particularly described as follows:

A parcel of land part of Lot 32 of the "Rochester Hills Executive Park" part of the southeast ¼ of Section 29 and the southeast ¼ of southeast ¼ of Section 30, T.3 N., R.11 E., City of Rochester Hills, Oakland County, Michigan, according to the plat thereof recorded in Liber 199 of plates, Pages 26, 27, 28, 29 and 30, Oakland County records, being more particularly described as:

Beginning at the northwest corner of said Lot 32; thence along the southerly right-of-way line of Research Drive (70 feet wide) the following two (2) courses: (1) N 85°57'25" E., 50.00 feet; and (2) 105.38 feet along the arc of a curve to the left (radius 358.23 feet, central angle 16°51'17" long chord bears N 77°31'46" E., 105.00 feet); thence 51.16 feet along the arc of a curve to the right (radius 212.50 feet, central angle 13°47'41", long chord bears S 10°56'25" E., 51.04 feet); thence S 04°02'35" E., thence S 85°57'25" W., 160.00 feet along the southerly line of said Lot 32 to a point on the easterly line of Technology Drive (70 feet wide) said point also being the southwest corner of said Lot 32; thence N 04°02'35" W., 292.85 feet along the easterly right-of-way line of said Technology Drive to the point of beginning. Containing 47,376 square feet or 1.087 acres and subject to easements and restrictions of record.

Whereas, BMD Group, Inc. has made application to the Rochester Hills City Council for an Industrial Facilities Exemption Certificate under the above noted legislation; 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. The project is a speculative development and the building is a new facility that has not previously been occupied by a tenant.
- c. Completion of the facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to create employment.
- d. 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 speculative facility on industrial property.
- e. The construction of the industrial facility meets the objectives of job creation within the established industrial corridor of the City of Rochester Hills.

Now, Therefore, Be It 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 BMD Group, Inc. for an Industrial Facilities Exemption Certificate for a period of six (6) years for real property; and

Be It Further Resolved, that the accompanying agreement between BMD Group, Inc. and the City of Rochester Hills is hereby approved and is to be sent to the Department of Treasury and the State Tax Commission along with this resolution; 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.

The motion carried by the following vote:

Aye: Hill, Barnett, Dalton, Duistermars and Holder

Nay: Raschke and Robbins

Enactment No: RES0218-2005

ANY OTHER BUSINESS

*Mr. Dalton, as Chairperson of the Older Persons Commission (OPC) Board of Directors, announced that **Mr. Lawrence Ternan** of the law firm Beier Howlett had been retained by the OPC Board to assist Mr. Staran in the lawsuit brought against the OPC and the City of Rochester Hills by the City of Rochester.*

NEXT MEETING DATE

Regular Meeting - Wednesday, August 3, 2005 at 7:30 p.m.

ADJOURN TO WORK SESSION

(Recess 8:24 p.m. - 8:35 p.m.)

2005-0496

Presentation by Residential Streets Ad-Hoc Committee

Attachments: Agenda Summary.pdf; Letter Staran 090105.pdf; 080305 Agenda Summary.pdf; Residential Streets Report.pdf; 072705 Agenda Summary.pdf; Report and Millage Proposal.pdf; Supporting Information DRAFT.pdf; Local Road Millage Example.pdf; 080305 Resolution - Dire

Ms. Beth Tilove, 769 Snowmass Drive, read a letter of support from the fourteen-member Residential Streets Ad-Hoc Committee. She then read a Summary which provided a brief history of the City's efforts to address the local streets issue and outlined the Committee's proposal to finance street repair and maintenance through "a combination of graduated tax and policy changes." This Summary stated that although "the millage proposal alone is not sufficient to fund the entire Residential Streets Program" this millage request is lower than the one made in 2004.

*Ms. Tilove then read the five-part **RESIDENTIAL STREET PROGRAM FUNDING PROPOSAL:***

Part 1: Millage Request

A ten-year, graduated millage, beginning at 1.5 mills in 2005 and increasing by 0.33 mills each year thereafter, until a maximum levy of up to 2.75 mills is reached, which is estimated to be in the year 2010. The tax would be assessed at no more than 2.75 for the remaining five (5) years of the proposal. This will generate approximately \$5.1 million in the first year.

Part 2: Debt Service Payments

Decrease the transfers out from the Local Road Fund to the Debt Service Funds. The Debt Service Funds' fund balance will be used to offset the decreased transfers. This will generate approximately \$400,000 to the Local Road Fund in the first year.

Part 3: Capital Improvement Fund

Approve a temporary (two-year) redirection of General Fund monies from the Capital Improvement Fund to the Local Road Fund, equaling one-half mill in 2006 and one-quarter mill in 2007. This will generate approximately \$1.7 million in the first year.

Part 4: Major Road Fund

Approve a temporary (four-year) redirection of General Fund monies from the Major Road Fund to the Local Road Fund, equaling one-half mill in each of 2006 and 2007, and a quarter-mill in each of 2008 and 2009. This will generate approximately \$1.7 million in the first year.

Part 5: ACT 51

Utilize the portion of Act 51 monies that are contributed to the Local Road Fund. This will generate approximately \$1.2 million in 2006.

Funding Proposal Totals for Year One

Part 1 - Millage Request = \$5.1 million

Part 2 - Debt Service Funds = \$0.4 million

Part 3 - Capital Improvement Funds = \$1.7 million

Part 4 - Major Road Funds = \$1.7 million

Part 5 - Act 51 = \$1.2 million

First-Year Total = \$10.1 million

Various Council members commended the Residential Streets Ad-Hoc Committee for their efforts, with **Mr. Barnett** describing the proposed plan as "creatively responsible." However, **Mr. Robbins** did express concern about the projects in the CIP that may result in "an opportunity lost" if they are delayed due to this program.

Committee members and staff assured Council that, while there was risk involved in this part of the plan, according to their future projections, there should be sufficient fund balance dollars to move forward with current and future projects during the four-year diversion from the Major Roads Fund and the two-year diversion from the CIP.

Committee members noted that other options were discussed during the creation of the proposed plan, such as the implementation of a 1% administrative fee and a split millage request, but these and other suggestions were dismissed.

President Hill expressed her concern that the program will, in effect, result in an increase in the General Fund levy to facilitate the redirection of funds from the CIP to the Local Roads Fund. She further cautioned those in attendance that the debt service on bonding is another form of taxation to the taxpayer.

Ms. Holder expressed concern about transferring funds from Major Roads to Local Roads, noting that in the past such transfers were not permitted.

Ms. Julie Jenuwine, Director of Finance, explained that, in this case, the monies are actually being "redirected" prior to their deposit in the Major Roads Fund. Therefore, the transfer is not between the Major Roads Fund and the Local Roads Fund.

Mr. Robbins stressed his desire that a "Plan B" be in place to address the local roads issue should this millage request fail.

Ms. Tilove then read the PROPOSED BALLOT LANGUAGE:

"In order to pay costs associated with the maintenance (including snow and ice removal), repair, resurfacing and reconstruction of local residential streets and bridges, shall the City of Rochester Hills levy a new millage for a period of ten (10) years of up to 1.5 mills (\$1.50 per \$1,000 of Taxable Value) the first year, and levy an additional 0.33 mills (\$0.33 per \$1,000 of Taxable Value) beginning in the second year and each year thereafter until the millage reaches, but does not exceed, a maximum amount of up to 2.75 mills, on the taxable value of all property assessed for taxes in the City of Rochester Hills? If approved, the estimated amount of revenue that will be collected in the first year, if the millage is levied in full, is \$5,102,964, and in the second year and each additional year thereafter an additional \$1,122,652, until the maximum millage of up to 2.75 is reached."

Mr. Windscheif, 2872 River Trail, explained that the proposed ballot language is

different in form in that the Committee attempted to establish the purpose for the money "up front."

President Hill noted that the language describing the progressive increases needed to be clarified.

It was noted that **City Attorney John Staran** would be working with the Committee to clarify and verify the legality of the ballot language to be brought back before Council for final approval.

Ms. Tilove then read the **RESIDENTIAL STREET PROGRAM POLICY PROPOSAL** noting that certain policies are "integral" to the Committee's proposal and urged the Council to act on them:

- 1) Adopt a written statement of the definitions, policies, and guidelines that will govern Residential Streets Program maintenance, repair, resurfacing and reconstruction during the time covered by the Millage.
- 2) Adopt a written policy for snow and ice removal that will be enacted in 2005 and remain in effect for a minimum of ten (10) years. Further, we recommend that staffing and policies that were in place in 2003 be reinstated.
- 3) Adopt a written policy that the City of Rochester Hills shall not impose an SAD as a means of funding the maintenance, repair, resurfacing, or reconstruction of residential streets during the life of the Millage. Cases may still arise where a subdivision elects to enter into an SAD agreement voluntarily.
- 4) Within the Residential Streets Program, we recommend a policy that in cases where 100% of the roads in a subdivision are slated for reconstruction, the replacement road surface will be asphalt per the DPS Specifications, even if the original streets were of concrete.

Mr. Barnett suggested the elimination of proposed policy #3, as it is an unlikely scenario and there is no reason to raise that concern in the minds of voters. He further stressed that #4 does not help get this program passed, as people on gravel or concrete roads may vote against it.

Mr. Robbins noted that there is already a Local Roads Policy in existence and any changes would need to be approved by Council.

Mr. Windscheif and **Ms. Tilove** explained that the Committee's reasoning behind these specific policies was to assure voters that if they approve this millage proposal they will not then be asked to pay for an SAD in their subdivision, nor will the City be spending money on the more expensive process of concrete reconstruction, when asphalt is 20% less expensive for reconstruction.

The following issues were discussed by Council and Committee members, as well as City staff members:

- * It needs to be specified in the policy that if residents desire concrete construction/reconstruction of their roads they will have the opportunity to pay the difference.
- * It should be clarified in the policy that in situations where only portions of concrete streets are being replaced, concrete will still be used.
- * Proposed Policy #2 should specify that it refers specifically to DPS staffing levels.
- * The City's current Local Roads Policy states that concrete shall be replaced with concrete.

- * *It costs \$938,000 per square mile for asphalt reconstruction, as opposed to \$1.2 million per square mile for concrete reconstruction.*
- * *The current Local Roads Policy will be modified that the Pavement Quality Index will be used to determine road replacement, rather than in prior circumstances when all subdivision roads would be replaced even if only one road needed replacement.*
- * *The current Local Roads Policy needs revamping to cut costs.*
- * *The amount of money the City has paid for SADs has "fluctuated wildly" over the last twenty years.*
- * *The new Local Roads Policy would dictate that a conversion from gravel to paved road would be a 100% SAD.*
- * *The Committee would like to promote the proposed Local Road Policy so voters can make an informed decision.*
- * *Promoting the proposed Local Roads Policy changes could be detrimental to passing the millage.*
- * *Although asphalt is less costly than concrete, concrete roads last longer.*
- * *It is much easier to maintain an asphalt road as opposed to a concrete road.*
- * *The first year of this proposed Local Roads Policy calls for the majority of the monies to be spent on resurfacing roads.*
- * *For every dollar the City spends on resurfacing a road, the City saves three to four dollars on reconstruction costs.*
- * *Committee members felt that the specific policies would reassure voters that their support of the millage would not result in any hidden charges.*
- * *The Committee wants voters to be guaranteed what they are going to get for this money.*
- * *The suggested policy changes were intended to show fiscal responsibility to the voters who will make the ultimate decision on the millage.*

Ms. Tilove read the **RESIDENTIAL STREET PROGRAM RESOLUTION PROPOSAL** which urged the Council to approve the following two resolutions:

A) *The Committee requests that the City Council approve a resolution that the City of Rochester Hills engage, as soon as practical, a firm to help in the development and production of informational and educational materials to be used extensively throughout the community in advance of the November election.*

B) *The Committee requests that the City Council approve a resolution recommending that the Residential Streets Ad-Hoc Committee continue to work with City Administration and the Community Development & Viability Committee (CDV) thereby keeping the lines of communication open between the City and its residents regarding the priority and spending of funds generated by the Millage.*

Mr. Ed Anzek, Director of Planning/Development, explained that RFPs (request for proposal) had been requested by the City and four public relations firms submitted proposals, with a recommendation from City staff forthcoming.

President Hill noted that the City is permitted to expend tax dollars to educate residents regarding a ballot issue

Mr. Robbins expressed concern that questions may be raised as to why a public relations firm is not being engaged to educate the public about other millage requests such as the Open Space and Older Persons Commission millage requests.

Ms. Tilove indicated that the members of the Residential Streets Ad-Hoc Committee are all "willing to work on this campaign." She then read the closing statement of the Committee's report, which praised City staff for their "unstinting cooperation and assistance" and asked that the City Council "approve this Proposal, thus placing it on the November 2005 ballot."

Mayor Somerville thanked all the residents who participated in this process stating that, "I have never seen a residential committee before step forward like this group has."

PUBLIC COMMENT:

Ms. Debbie Geen, 3128 Walton Boulevard, Chairperson of the Residential Vision Committee, raised the following concerns:

* The efforts of the Residential Streets Ad-Hoc Committee have been spent on the wrong priorities.

* There are other creative and innovative alternatives to a tax increase millage proposal.

* Money should be spent on an independent, unbiased municipal consultant rather than a public relations firm to promote a tax increase.

* Many business owners have indicated that they have never heard of a graduated increasing tax proposal.

* Rochester Hills residents are not going to support the graduated road tax unless they have a clearly defined priority list for road maintenance.

Discussed

ADJOURNMENT

There being no further business before Council, President Hill adjourned the meeting at 10:41 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 (insert date, or dates) Regular City Council Meeting.