



# Rochester Hills

## Minutes

### 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."*

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Monday, November 22, 2010

7:00 PM

1000 Rochester Hills Drive

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## CALL TO ORDER

*President Hooper called the Regular Rochester Hills City Council Meeting to order at 7:00 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:

*Bryan Barnett, Mayor  
Tara Beatty, Chief Assistant  
Dan Casey, Manager of Economic Development  
Scott Cope, Director of Building/Ordinance Compliance  
Paul Davis, Acting Director of DPS/Engineering  
Kurt Dawson, Director of Assessing/Treasury  
Lance DeVoe, Park Ranger II  
Jean Farris, Supervisor of Procurement  
Bob Grace, Director of MIS  
Mike Hartner, Director of Parks and Forestry  
Jane Leslie, City Clerk  
Harvey Li, Rochester Hills Government Youth Council Representative  
Keith Sawdon, Director of Finance  
John Staran, City Attorney*

## PLEDGE OF ALLEGIANCE

## APPROVAL OF AGENDA

**A motion was made by Pixley, seconded by Webber, 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

**Ying Wan**, 3326 Connors Dr., announced that the Shen Yun Performing Arts Chinese Music and Dance Company will be performing at the Detroit Opera House January 20 through 23, 2011. She explained that classic Chinese dance is an art almost lost in mainland China as a result of the Cultural Revolution. The non-profit organization, based in New York, established a performing arts institute to revive and teach classic Chinese dance.

**Alice Benbow**, 1582 Northumberland, stated that Legislative File 2010-0503 regarding the proposed Northwest Water Reservoir should have been placed at the top of Council's agenda. She commented that the City should enforce its Ordinances and any and all campaign contributions should be disclosed. She mentioned that Auburn Hills recently adopted an ordinance regarding conflicts of interest. She stated that residents should be able to opt out of the Single Waste Hauler Program.

**Lee Zendel**, 1575 Dutton, stated that the City should thank the taxpayers of the United States for the grant to upgrade lighting and windows in City Hall and noted that Chinese funds comprise approximately 43 percent of the grant monies. He commented that Americans should remember important times and dates their lifetime, pointing out that President John F. Kennedy was assassinated 47 years ago today; a crucial day in history that led to events that changed American culture.

**Peggy Fisher**, 3508 Wedgewood Drive, stated that the opposition to building water reservoirs in the city is growing. She commented that constructing a water reservoir on park land does not fit into the City's Mission Statement and is a potential for disaster. She stated that locating a water reservoir next to Adams High School would provide an attractive nuisance for teens and would cause property values to fall.

**Gary Uhl**, 3508 Wedgewood Drive, expressed the Bridgewood Farms Homeowner's Association's opposition to the construction of a water tower on Location B-4, stating that the park location is used by hundreds of residents and is the reason that many Bridgewood Farms residents purchased their homes. He mentioned that the proposed land use is against the Master Land Use Plan. He stated that a water reservoir does not belong in anyone's backyard in Rochester Hills and would be a target for vandalism next to the high school.

**Dee Hilbert**, 3234 Quail Ridge Circle, stated that Council made the decision to hold off on water reservoirs earlier in the year and noted that it now seems that the project is quickly going forward. She pointed out that the reservoir in Novi belongs to a mall, the reservoirs in Pontiac were built 20 years ago when General Motors car production was at its highest, and the reservoir in Birmingham was deemed not cost-effective and now stands empty. She commented that there are no guarantees of lower rates and the maintenance bills will go on forever. She questioned when public meetings will be held with TetraTech.

## LEGISLATIVE & ADMINISTRATIVE COMMENTS

**President Hooper** stated that tonight's water reservoir item is to discuss whether to direct the Administration to enter into negotiations with the City of Auburn Hills to see if it is feasible to include them as a part of a consortium for the water reservoir should Rochester Hills move forward. He stated that the only decision made thus far on water reservoirs was to award a design contract to TetraTech, and noted that there is no construction contract, bid or decision on how funding may occur. He commented that the ultimate goal is to save water and sewer utility users money over the long term, noting that the double-digit rate increases of the past are expected to continue.

**Mr. Pixley** mentioned that the design of water reservoirs is very important to ensure that the structures will fit in with the surrounding areas. He wished everyone a Happy Thanksgiving.

**Mr. Brennan** congratulated the Stoney Creek High School Chamber Singers for winning a \$10,000 "Glee" award for their music program. He mentioned that discussions on Water Reservoirs have been held for some time and stated that the business model to reduce water rates will be confirmed before proceeding. He requested that residents keep an open mind, noting that he reviewed an unsigned e-mail today that alleges that trees will be removed and 30-foot fencing installed. He commented that the double-digit rate increases are unconscionable and the City will save substantially by bringing water in during non-peak hours. He stated that Thanksgiving is the greatest non-commercial holiday and is all about family, affirming our heritage and traditions; and commenting that one great right is that of free speech.

**Mr. Klomp** commented that there will be much more discussion forthcoming on the proposed Water Reservoir issue. He wished everyone a Happy Thanksgiving.

**Mr. Rosen** wished everyone a happy holiday season. He recalled that he was in his Twelfth Grade English Class when he heard of President Kennedy's assassination.

**Mr. Webber** announced that the Rochester Hometown Christmas Parade will be held on Sunday, December 5, 2010 in downtown Rochester.

**Harvey Li**, Rochester Hills Government Youth Council (RHGYC) Representative, reported that the group is planning for a third annual 5K run next year to benefit a charity within Rochester Hills yet to be determined. He announced that the RHGYC is continuing work on a promotional video to help expand awareness of the RHGYC's work in the community and will help at the City's Holiday Family Fun Night.

**Mayor Barnett** stated that City Hall will be closed for the Thanksgiving Holiday

- on Thursday, November 25th and Friday, November 26th. He noted that Thursday's trash pickup will instead move to Friday, and Friday's pickup will move to Saturday. He made the following announcements:
- Much erroneous information is being distributed by flyer and e-mail regarding the proposed water reservoirs. Anyone with questions or comments regarding the proposed reservoirs can phone Paul Davis, Acting Director of DPS/Engineering directly at 248-841-2486.
  - The Robotics Club Team comprised of Stoney Creek and Adams High School Students won the Oakland County Competitive Robotics Association Wall Ball Fall County Championship. The winning team will be present at a meeting to be held at FANUC Robotics tomorrow.
  - Information on campaign contributions of more than \$20 to a candidate may be obtained on the Elections Division portion of Oakland County's website.
  - The Coats for the Cold program is ongoing. Donations appear to be down this year and residents are encouraged to drop new and lightly-used coats into the bin in City Hall's front vestibule.
  - The Holiday Helpers Giving Tree is located in front of the Mayor's Office in City Hall. Residents are encouraged to select a card to provide a gift for someone in need.
  - A new company, which will be discussed later in tonight's agenda, will be locating to Rochester Hills, adding 200 jobs.

He noted that earlier today he was at a meeting at the Texas Book Depository in Dallas where the assassination of President Kennedy took place.

## ATTORNEY MATTERS

*City Attorney John Staran had nothing to report.*

## PRESENTATIONS

**2010-0498** Deer Management Advisory Committee final report and recommendations to City Council

**Attachments:** [Agenda Summary.pdf](#)  
[DMAC Report & Recommendations.pdf](#)  
[Suppl Deer Complaints.pdf](#)  
[Suppl MDNR Ltr on Immunocontraceptives.pdf](#)

**Jim Kubicina**, Chairperson, Deer Management Advisory Committee (DMAC) reported that the DMAC held four meetings this year, beginning in May when the Southeast Michigan Council of Governments (SEMCOG) data was available for Deer Vehicle Collisions (DVCs). An aerial flyover was conducted to review the deer population on February 11th, and while the deer population surveyed increased by 34 percent (107 deer in 2010; 80 in 2009), DVCs were reduced by three over last year (168 in 2008; 165 in 2009). He noted that while the deer population exceeded the benchmark of a 20 percent increase, DVCs did not exceed the benchmark of 200 in any given year; and, therefore, the DMAC is recommending the continuance of non-lethal control methods. He explained that there is still an overall reduction in the average population numbers of the herd over prior years most likely attributed to the occurrence of the Epizootic Hemorrhagic Disease (EHD) in 2008. He noted that deer complaints to City Hall appear

to be down, as 108 were received in 2009 and to date in 2010 only 52 have been received.

**Tom McDonald**, DMAC member, pointed out that the population numbers reported are those that were viewed in the areas surveyed and do not represent the total deer population in Rochester Hills.

**Mr. Kubicina** reported the following DMAC recommendations:

- Reimbursement of the Parks budget by the DMAC budget for the cost of the aerial survey (\$1,100).
- The following non-lethal methods are recommended to be continued:
  - \* The Feeding Ban Ordinance.
  - \* The Educational Component.
  - \* Efforts to improve signage.
  - \* The Administration should promote continued brush clearing by Oakland University at the corner of Avon and Adams Roads.
  - \* Buy or rent three movable signs to be used on major roads with high DVC occurrences in October and November.
  - \* Any monies left over in the DMAC budget could be directed toward the purchase of two radar speed signs to be located in high DVC areas.

He stated that the DMAC recommends a continued ban on bow hunting within the City. He explained that while the committee initially looked toward having a contingency plan in place in the event that the population and DVC numbers increase drastically, following a presentation by Officer Ben Shively from the Michigan Department of Natural Resources (MDNR), it was determined that a bow hunting program would not be feasible to implement within the City. He also noted that a review of immuno-contraceptives with MDNR officials found that no contraceptive is authorized for use in Michigan.

Mr. Kubicina thanked the Clerk's Department for DMAC committee staff support. He stated that should Council decide to continue the DMAC, several of the current members would be willing to come back to serve another term.

**Mr. McDonald** noted that the work of the committee did prove that people working together with very different views could reach a consensus. He commented that while deer will never go away in Rochester Hills, the City is still below the benchmarks set for action. At this point the DMAC does not see a need for further population control methods.

**Monique Balaban**, DMAC member, thanked Council Members Webber and Brennan for their participation and support and stated that the DMAC has come a long way. She stated that the committee strived to find ways to coexist with wildlife, noting that it is not feasible to introduce recreational hunting in the City.

**Public Comment:**

**Don Hughes**, 3744 Bald Mountain, Auburn Hills, stated that the DMAC has done a great job and expressed his hope that City Council will follow its recommendations.

**Joyce Janicki**, 22493 Milner, St. Clair Shores, stated that she applauded the work of the DMAC, commenting that the committee has created a model that other cities and communities should work toward.

**Laurie Puscas**, 1806 West Ridge, stated that she was pleased to see that even with an increase in population, there is a decrease in DVC numbers, and stated that much credit goes to the implementation of signage and brush clearing activities. She questioned whether information exists on where accidents occurred this past year.

**Sharon Demming**, 8510 Charles Court, Sterling Heights, expressed her thanks to the DMAC for giving the matter so much attention and serious thought, and stated that she is in full agreement with the DMAC's recommendations.

**Alice Benbow**, 1582 Northumberland, commented that originally only two individuals appointed to the DMAC were in favor of non-lethal methods and credited Ms. Balaban for promoting non-lethal methods.

**Ivan Neubauer**, 85 Bellarmine, expressed congratulations to Mr. Kubicina for his leadership of the DMAC and commented that he hopes that Council will concur with the recommendations. He related deer population control efforts in central Europe, noting that bow hunting is strictly forbidden in several countries.

**Council Discussion:**

**Mr. Webber** thanked the DMAC members for their efforts and noted that through its work and public input, a model was created for other communities in the area to look at urban deer management. He commented that the MDNR presentation on bow hunting was very informative. He stated that the DMAC has put together benchmarks and a framework to move forward.

**Mr. Rosen** stated that the work of the DMAC and general public awareness has made a difference. He commented that the City has done about as much as it can do under the existing regulatory constraints and noted that almost every community in Oakland, Macomb, Livingston, and other surrounding counties have the same problems. He stated that a DNR-based or State-based solution should be encouraged and commented that the problem will just continue to come back.

**Mr. Brennan** thanked the members of the DMAC, noting that the Committee has undertaken quite a journey. He stated that he is pleased with the benchmarks set and commented that the DMAC should remain in place for an additional year. He mentioned that the DMAC's recommendation to add radar speed signs is a very good idea. He pointed out that the City was told that the MDNR was investigating the deer population problem, yet nothing has been done at that level.

**Mayor Barnett** thanked Mr. Kubicina and the other DMAC members and commented that the Administration will continue to stay engaged regionally. He reported that the Administration has received word that Oakland University will continue brush clearing this year and will extend the clearing farther east on Avon.

A motion was made by Webber, 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: RES0272-2010

**Resolved**, that the Rochester Hills City Council hereby accepts the recommendations of the Deer Management Advisory Committee and requests that the Mayor maintain engagement with the various offices of the Michigan Department of Natural Resources, State and local government levels.

**Further Resolved**, that the Deer Management Advisory Committee be kept in place as a committee for 2011.

## CONSENT AGENDA

**2010-0410** Approval of Minutes - City Council Special Meeting - September 13, 2010

**Attachments:** [CC Special Mtg Min 091310.pdf](#)  
[Resolution.pdf](#)

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

Enactment No: RES0256-2010

**Resolved**, that the Minutes of a Rochester Hills City Council Special Meeting held on September 13, 2010 be approved as presented.

**2010-0411** Approval of Minutes - City Council Regular Meeting - September 13, 2010

**Attachments:** [CC Min 091310.pdf](#)  
[Resolution.pdf](#)

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

Enactment No: RES0257-2010

**Resolved**, that the Minutes of a Rochester Hills City Council Regular Meeting held on September 13, 2010 be approved as presented.

**2010-0412** Approval of Minutes - City Council Regular Meeting - September 20, 2010

**Attachments:** [CC Min 092010.pdf](#)  
[Resolution.pdf](#)

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

Enactment No: RES0258-2010

**Resolved**, that the Minutes of a Rochester Hills City Council Regular Meeting held on September 20, 2010 be approved as presented.

**2010-0413** Approval of Minutes - City Council Regular Meeting - September 27, 2010

**Attachments:** [CC Min 092710.pdf](#)  
[Resolution.pdf](#)

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

Enactment No: RES0259-2010

**Resolved**, that the Minutes of a Rochester Hills City Council Regular Meeting held on September 27, 2010 be approved as presented.

**2010-0457** Request for Purchase Authorization - MIS: Project budget for the purchase of MIS budgeted technical equipment, supplies and software in the amount not-to-exceed \$53,100.00; Cooperative Contract and Other Supply Sources

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

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

Enactment No: RES0260-2010

**Resolved**, that the Rochester Hills City Council hereby authorizes a project budget for the purchase of MIS budgeted technical equipment, supplies and software utilizing cooperative contracts and other supply sources in the amount not-to-exceed \$53,100.00.

**2010-0458** Request for Purchase Authorization - MIS: Purchase of annual GIS software support and maintenance in the amount not-to-exceed \$31,200.00; Environmental Systems Research Institute, Redlands, CA

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

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

Enactment No: RES0261-2010

**Resolved**, that the Rochester Hills City Council hereby authorizes the purchase of annual GIS software support and maintenance to Environmental Systems Research Institute, Redlands, California in the amount not-to-exceed \$31,200.00.

**2010-0459** Request for Purchase Authorization - MIS - Purchase of Oracle Enterprise One Support Services through December 31, 2011 in the amount of \$40,000.00; Rimini Street, Inc., Las Vegas, Nevada



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

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

Enactment No: RES0262-2010

**Resolved**, that the Rochester Hills City Council hereby authorizes the purchase of Oracle Enterprise One Support Services through December 31, 2011 to Rimini Street, Inc., Las Vegas, Nevada, in the amount of \$40,000.00.

**2010-0460** Request for Purchase Authorization - MAYOR: Blanket Purchase Order for various maintenance, hardware and building supplies in the amount not-to-exceed \$35,000.00 through December 31, 2011; Home Depot, Rochester Hills, MI

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

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

Enactment No: RES0263-2010

**Resolved**, that the Rochester Hills City Council hereby authorizes a Blanket Purchase Order for various maintenance, hardware and building supplies to Home Depot, Rochester Hills, Michigan in the amount not-to-exceed \$35,000.00 through December 31, 2011.

### **Passed the Consent Agenda**

**A motion was made by Webber, seconded by Brennan, 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 items were discussed and adopted by separate motion.**

**2010-0463** Request for Purchase Authorization - MAYOR: Blanket Purchase Order for office supplies and equipment in the amount not-to-exceed \$65,000.00 through December 31, 2011; Office Depot, Plymouth, MI; Central Michigan Paper, Grand Rapids, MI; Preferred Toner Solutions, Canton, MI and other office supply vendors as appropriate

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

#### **Public Comment:**

**Alice Benbow**, 1582 Northumberland, questioned whether Rochester Hills vendors could be utilized.

**Jean Farris**, Supervisor of Procurement, responded that the City participates in

*the Michigan Intergovernmental Trade Network (MITN) and purchases office supplies through a cooperative contract. She reported that the MITN met with the three major office suppliers to review their cooperative contracts; however, upon review, the MITN has delayed awarding a new contract. Meanwhile, the City's current supplier, Office Depot, has agreed to extend the current contract and offered an additional five percent rebate incentive. She commented that it is important for municipalities to work as a group when purchasing items such as office supplies, as the limited quantities purchased by each individual municipality do not qualify for best pricing or rebates offered. She stated that Office Depot has the lowest pricing for the City's needs.*

**A motion was made by Klomp, 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: RES0264-2010

**Resolved**, that the Rochester Hills City Council authorizes a Blanket Purchase Order for office supplies and equipment in the amount not-to-exceed \$65,000.00 through December 31, 2011 to Office Depot, Plymouth, Michigan; Central Michigan Paper, Grand Rapids, Michigan; Preferred Toner Solutions, Canton, Michigan and other office supply vendors as appropriate.

**2010-0496** Designation of City Depositories for 2011

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

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

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

**Abstain** 1 - Yalamanchi

Enactment No: RES0265-2010

**Whereas**, there now may be and hereafter from time to time come unto the hands of the Treasurer of the City of Rochester Hills, Michigan, certain public monies belonging to or held for the State, County or other political units of the State or otherwise according to the law; and

**Whereas**, under the laws of Michigan and the City's Investment Policy, the Rochester Hills City Council is required to provide by resolution for the deposit of all public monies coming into the hands of said Treasurer, in one or more bank(s).

**Now Therefore Be It Resolved**, that the following financial institution(s) be added as a depository for City funds and other public monies coming into the hands of said Treasurer during the Fiscal Year beginning January 1, 2011 and ending December 31, 2011.

Broker/Dealers/Safekeeping  
Bank of America Merrill Lynch  
J.P. Morgan Securities Inc./J.P. Morgan Clearing Corp.  
Morgan Keegan & Company, Inc.

Multi-Bank Securities Inc.  
Morgan Stanley Smith Barney  
UBS Financial Services, Inc.

Pooled Accounts

Ambassador Capital Management/Ambassador Money Market Fund  
Columbia Government Fund/Bank of America  
Federated Securities Corp./Federated Government Obligations Fund 05  
Cutwater Investor Services Corporation/Michigan CLASS

Banks

Bank of America  
Bank of Rochester/The Private Bank and Trust Company  
JP Morgan Chase Bank  
Citizens Banking Corporation  
Charter One Bank  
Comerica Bank  
Community Central Bank  
Fifth Third Bank  
Flagstar Bank  
First Place Bank  
Huntington Bank  
PNC Bank, N.A.  
TCF Bank

***Be It Further Resolved***, that each of the above depository(ies) so designated is/are hereby requested, directed and authorized to honor all checks for payment of monies drawn on the various accounts when bearing the actual or facsimile signature of persons authorized by the City of Rochester Hills to sign said checks and orders.

## PUBLIC HEARINGS

2010-0447 Request for Approval of a Personal Property Tax Exemption under PA 328 for Bright Automotive

**Attachments:** [112210 Agenda Summary.pdf](#)  
[Application.pdf](#)  
[5 Year Analysis.pdf](#)  
[Public Hearing Notice.pdf](#)  
[110810 Agenda Summary.pdf](#)  
[110810 Resolution.pdf](#)  
[112210 Resolution.pdf](#)

***Dan Casey, Manager of Economic Development, stated that Bright Automotive plans to move its Technical Center from Indiana to Michigan, selecting a location on Hamlin Road. He explained that the 62,000 square foot building next to Volkswagen was formerly a call center for Chrysler, and has been vacant for approximately one year after Chrysler's lease was voided through the bankruptcy process. He stated that the high-tech flex building is perfect for a technical center. He commented that the project proposes to create 204 new jobs over the next***

five years, investing \$9.1 million initially, with \$3 million additional investment planned for future years. He mentioned that there will be a co-location of some of the company's suppliers to the facility as well, creating additional jobs and investment.

He noted that the company is requesting a two-year tax exemption under Public Act 328 (PA 328), the Personal Property Tax Act. He explained that PA 328 provides a 100-percent tax exemption for an approved number of years for personal property only and will not include real estate taxes. He stated that as a State Michigan Economic Growth Authority (MEGA) project, the community fortunate enough to attract the company must provide an incentive match, extending either a tax abatement or tax exemption. He pointed out that until one year ago, the City of Rochester Hills was not eligible to extend a tax exemption under PA 328, and explained that initially, this type of exemption was reserved for core or distressed communities, or those located around an urban center such as Detroit or Grand Rapids. The State amended the MEGA Act, allowing any MEGA project eligible for tax credits in any community to be allowed to apply for a PA 328 tax exemption.

Mr. Casey commented that start-up companies experience a cash burn, and conserving cash in any way possible in the first two or three years of a project is desired. After consideration of both a tax abatement or a tax exemption, a PA 328 exemption is being requested by Bright Automotive to provide a tool to benefit the company in its start-up phase.

**Mike Donoughe**, Chief Operating Officer, Bright Automotive, stated that Bright Automotive was founded in early 2008 as a spinoff from the Rocky Mountain Institute in Boulder, Colorado. He explained that the company's initial project is the creation of a plug-in hybrid electric vehicle for the light-duty commercial vehicle market. The goal is to significantly reduce operating costs through reduced fuel usage and decrease greenhouse gas emissions, creating an environmentally-responsible vehicle. The high-tech vehicle, produced in partnership with General Motors, will feature lightweight materials, control electronics and a plug-in hybrid system. The principle activities of the facility will include vehicle design, development and validation testing. The company projects that 200 jobs will be directly created, along with an estimated 300 indirect jobs co-located throughout Southeast Michigan.

**Mr. Casey** reviewed the tax implications of the proposed exemption, noting that total taxes exempted over the two-year period would be \$128,126 for all jurisdictions, with the City's portion of exempted taxes being \$52,613. Total taxes paid by the company during the five-year lease, factoring in the exemption will be \$107,903, with the City receiving \$44,309. He explained that if the company were to apply for a standard tax abatement, they would be eligible for eight years under City Council's current Tax Abatement Policy, noting that they have a five-year lease and extensions that could be requested. He pointed out that the proposed tax exemption will result in approximately \$6,000 less tax revenue to the City over a five-year period; however, an abatement granted for an eight-year period would exceed the exemption by approximately \$22,000. Therefore, a two-year tax exemption will benefit the City over an abatement granted for eight years. In the sixth year, the exemption becomes an advantage to a community.

He pointed out that City Council's Tax Abatement Policy does not relate directly to PA 328; however, he noted that the goals and objectives for a tax abatement will be true here as well. He stated that the vast majority of the jobs created will be for engineers and scientists, providing higher wages. The company also will occupy a vacant building in the City, and plans to invest an additional \$3 million not covered by the exemption. He commented that there is some risk in providing an exemption to a start-up company as there is no guarantee of success; however, Bright Automotive has a strong partnership with General Motors and the Federal Government, a unique product, and little current competition.

He explained that with an abatement, a clawback provision is typically included in the development agreement. He noted that a development agreement has not yet been drafted; however, once complete, it will be brought back before Council for consideration.

**President Hooper Opened the Public Hearing at 8:43 p.m. Seeing no public input, President Hooper Closed the Public Hearing at 8:44 p.m.**

**Council Discussion:**

**Mr. Webber** stated that he is supportive of the exemption, provided that a clawback agreement is included in the development agreement.

**Mr. Yalamanchi** questioned why the exemption yields a higher tax savings than an abatement and whether the full \$12 million will be invested immediately.

**Mr. Casey** responded that all of the property is exempted for two years and explained that personal property depreciates every year. He noted that \$9.1 million is projected as the initial investment, and approximately \$3 million invested after the exemption expires would be fully taxed.

**Mr. Rosen** questioned whether the personal property will include cubicles, computers, laboratory equipment and prototype machines.

**Mr. Donoghue** responded that ancillary equipment will include that which will be used in design, development and prototyping. He noted that the cubicles are already in place from the former tenant and will be used.

**Mr. Rosen** commented that it is obvious that a two year exemption makes sense for a start-up company. He noted that if the company does not succeed, there will be nothing to claw back. He stated that although the City is putting its money at risk, it is a viable prospect for the City.

**Mayor Barnett** stated that the City is not putting money at risk, nor will it be losing money. The taxes currently assessed to the vacant building will continue to be received. He explained that the exemption abates new taxes and the City will gain the opportunity to receive more taxes in year three. He pointed out that the City will be gaining jobs in a very competitive market and the relocation of this company to Rochester Hills will bolster the City's reputation regionally as an alternative energy leader.

*Mr. Donoghue noted that the BrightAutomotive.com website already has links to career opportunities.*

**A motion was made by Webber, 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: RES0266-2010

**Whereas**, Bright Automotive has submitted an application under Public Act 328 of 1998, as amended, and is requesting a personal property exemption for new personal property to be located at 3851 Hamlin Road in Rochester Hills (the "Property"), also known as Parcel Number 70-15-30-103-002 and further described as:

T3N, R11E, SEC 30 PART OF NW 1/4 BEG AT PT DIST N 00-02-21 E 316 FT & N 00-10-40 W 687.43 FT & N 84-49-37 E 228.56 FT FROM W 1/4 COR, TH ALG CURVE CONCAVE ELY, RAD 849.12 FT, CHORD BEARS N 37-38-05 E 730.68 FT, DIST OF 755.34 FT, TH N 26-52-52 W 30 FT, TH ALG CURV CONCAVE SELY, RAD 879.12 FT, CHORD BEARS N 76-31-46 E 408.24 FT, DIST OF 412 FT, TH N 89-58-13 E 285.85 FT, TH S 45-00-59 E 176.82 FT, TH S 00-01-47 E 45.51 FT, TH S 20-33-07 W 295.77 FT, TH S 61-42-54 W 295.77 FT, TH S 82-38-57 W 883.55 FT TO BEG EXC BEG AT PT DIST N 00-02-21 E 316 FT & N 00-10-40 W 687.43 FT & N 84-49-37 E 228.56 FT & N 82-38-57 E 883.55 FT & N 61-42-54 E 295.77 FT & N 20-33-07 E 295.77 FT & N 00-01-47 W 45.51 FT & N 44-01-47 W 126.97 FT FROM W 1/4 COR, TH ALG CURVE TO LEFT, RAD 1963 FT, CHORD BEARS S 84-33-37 W 182.29 FT, DIST OF 182.35 FT, TH S 81-55-56 W 67.73 FT, TH N 80-47-39 E 162.39 FT, TH ALG CURVE RIGHT, RAD 917.93 FT, CHORD BEARS N 83-19-29 E 80.52 FT, DIST OF 80.55 FT, TH S 44-01-47 E 11.87 FT TO BEG 13.06 A 7-27-09 FR 001; and

**Whereas**, the Property is located in the Rochester Hills Local Development Finance Authority District, an eligible district under PA 328 of 1998, as amended, and the district was established on March 2, 2005; and

**Whereas**, Bright Automotive is an eligible business and engaged in research and development of electric vehicles; and

**Whereas**, City Council held a Public Hearing to consider this request on November 22, 2010.

**Resolved**, that the Rochester Hills City Council hereby authorizes an exemption of new personal property for Bright Automotive, to be located at the facility identified above, for a period of two years, to begin on December 30, 2011 and expire on December 30, 2013; subject to the condition that a development agreement including a clawback provision be submitted to City Council for approval; and

**Be It Further Resolved**, to authorize the City Clerk's office to forward the application and this resolution to the State Tax Commission no later than February 28, 2011.

## NOMINATIONS/APPOINTMENTS

**2010-0456** Request to Confirm the Mayor's reappointments of Thomas Dohr, Martha

Peters, Joshua Raymond and Ronald Vogt, and the appointment of Annice Marie Dieters-Williams and Beckie Francis to the Citizens Pathway Review Committee for one (1) year terms expiring December 31, 2011

**Attachments:** [Agenda Summary.pdf](#)  
[Dieters-Williams CQ.pdf](#)  
[Dohr CQ.pdf](#)  
[Francis CQ.pdf](#)  
[Peters CQ.pdf](#)  
[Raymond CQ.pdf](#)  
[Vogt CQ.pdf](#)  
[Resolution.pdf](#)

**A motion was made by Yalamanchi, seconded by Webber, 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: RES0267-2010

**Resolved**, that the Rochester Hills City Council hereby confirms the Mayor's reappointments of Thomas Dohr, Martha Peters, Joshua Raymond and Ronald Vogt, and the appointment of Annice Marie Dieters-Williams and Beckie Francis to the Citizens Pathway Review Committee for one (1) year terms expiring December 31, 2011.

## UNFINISHED BUSINESS

**2010-0445** Request to Consider Adoption of the restated resolution, to replace RES0252-2010 adopted at the November 8, 2010 Regular Meeting, regarding the request of a transfer of employment for Ovonyx Technologies, Inc. located at 2956 Waterview Drive

**Attachments:** [Agenda Summary.pdf](#)  
[110810 Agenda Summary.pdf](#)  
[Ovonyx Relocation Ltr.pdf](#)  
[110810 Resolution.pdf](#)  
[Resolution.pdf](#)

**Mr. Yalamanchi** questioned whether this item was to restate the resolution that was passed at the November 8, 2010 meeting.

**John Staran**, City Attorney, stated that this item is intended to clarify the action taken by Council at the last meeting relating to Ovonyx Technologies whereby Council voted to approve the Transfer of Employment, subject to Ovonyx's repayment to the City of the taxes that had been abated. He noted that the motion that was included in Council's packet for the November 8 meeting was adapted during the meeting to reflect the action that was taken; however, the prepared resolution was intended for a different action than what was taken. He stated that the resolution passed reads a little awkwardly and the recitals of the resolution do not support the action that Council took. He noted that having reviewed the meeting video and considering Council's actions, he has attempted to restate the resolution in a way he felt reflected what the intent of the Council was, based on the comments that had been made. This restated resolution is before Council for consideration tonight.

**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: RES0268-2010

**Whereas**, on September 12, 2007, the Rochester Hills City Council approved a request from Ovonix Technologies, Inc. ("Ovonix") for an Industrial Facilities Exemption Certificate for personal property only for six years; and

**Whereas**, in connection with that request, the City and Ovonix entered into a Development Agreement, dated September 17, 2007 setting forth the parties' representations, understandings and obligations concerning the tax abatement; and

**Whereas**, in approving Ovonix's tax abatement request, the City Council relied on and was induced by Ovonix's representations regarding its location of its business in the City, its substantial proposed investment in new personal property, and its retention of existing jobs and creation of new jobs; and

**Whereas**, Ovonix has notified the City that it will be relocating from Rochester Hills at the end of the year and requests the City Council to approve the transfer of employment and equipment outside of Rochester Hills; and

**Whereas**, Section 9 of the Development Agreement between the parties says, in pertinent part:

"The applicant, Ovonix Technologies, Inc., agrees to remain in the City of Rochester Hills for the period of the Industrial Facilities Exemption Certificate to retain the benefits of the abated taxes unless permission is granted by the City Council. Failure to obtain permission prior to the end of the term of the Industrial Facilities Exemption Certificate shall result in the right of the City to recapture from applicant all taxes abated plus interest...Further, it is understood that Ovonix Technologies, Inc. subleases space at 2956 Waterview Dr. from Energy Conversion Devices, Inc., whose lease initially expires in 2010 with an option to renew for five additional years. Should Energy Conversion Devices, Inc. not renew or extend the lease beyond 2010, Ovonix Technologies, Inc. will not be penalized by the City for failure to remain in the facility for the duration of the abatement period. *Ovonix Technologies, Inc., however, will make a reasonable good faith effort to remain in Rochester Hills for the duration of the abatement...*"; and

**Whereas**, the City Council, at its November 8, 2010 regular meeting, heard and considered Ovonix's explanation of the circumstances and reasons for moving its business, employees and equipment away from Rochester Hills; and

**Whereas**, although the City Council understands the explanation and the opportunities and convenience Ovonix's new location will provide, Ovonix has not demonstrated to the City Council's satisfaction that Ovonix made a reasonable good faith effort to remain in Rochester Hills, at the same or different location, for the duration of the abatement.

**Therefore, the Rochester Hills City Council resolves that:**

Ovonix's request to transfer employment and equipment outside of Rochester Hills is granted, subject to the condition that Ovonix shall repay the abated taxes (without interest or penalty); and



The State Tax Commission shall be requested to terminate Industrial Facilities Exemption Certificate #2007-447 due to the relocation of the business and equipment outside of the Industrial Development District. The Council further requests the City Administration to forward this Resolution to the Commission no later than December 31, 2010.

## NEW BUSINESS

**2010-0495** Request to Schedule a Public Hearing to consider the request by Otto Bock Polyurethane Technologies, Inc. for an Industrial Facilities Exemption

**Attachments:** [Agenda Summary.pdf](#)  
[Development Agreement Draft.pdf](#)  
[Suppl Development Agreement \(Revised\).pdf](#)  
[Suppl Presentation.pdf](#)  
[Exhibit A 2008 Tax Exemption Chart.pdf](#)  
[Application.pdf](#)  
[Application Question 6a.pdf](#)  
[Application Section 6b.pdf](#)  
[Otto Bock Brief History.pdf](#)  
[5 Year Analysis.pdf](#)  
[112210 Agenda Summary.pdf](#)  
[112210 Resolution.pdf](#)  
[Resolution.pdf](#)

**Dan Casey**, Manager of Economic Development, explained that the proposed project is another Michigan Economic Growth Authority (MEGA) project scheduled to go before the Lansing MEGA Board in December. The company has applied for a tax abatement, to include a local match. He commented that information on the project is still considered sensitive until the MEGA Board acts and will be discussed at the public hearing, if approved. He explained that the request presents a unique circumstance, as an existing Industrial Facilities Tax (IFT) covers a small portion of the subject building which was originally an office built by Energy Conversion Devices who occupied the building for the first two years of an eight-year tax abatement. This portion of the facility was then subleased to Thyssen Krupp, and the abatement was transferred at that time. Thyssen Krupp has indicated an interest in leaving and wishes to sublease to another company, requesting a transfer of their portion of the abatement.

He stated that the City was successful in attracting this German automotive supplier, which is proposing to open its first facility in the United States to create 100 jobs. As the company proposes to significantly alter the building by changing improvements that were subject to abatement and made four years ago, upon review the City feels it is more appropriate for the company to apply for a new tax abatement and terminate the old one.

**A motion was made by Webber, seconded by Brennan, 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: RES0299-2010

**Whereas**, an Industrial Development District was established on September 6, 2006 at

2923 Technology Drive, also known as Parcel number 15-30-477-012; and

**Whereas**, Otto Bock Polyurethane Technologies, Inc. is proposing to lease the building and has applied for a state of Michigan MEGA tax credit which requires a local match, and the match is a proposed tax abatement of real and personal property; and

**Whereas**, the MEGA Board is proposed to act on the MEGA request on December 14, 2010; and

**Whereas**, Otto Bock Polyurethane Technologies, Inc. filed an application for an Industrial Facilities Exemption Certificate on November 4, 2010; and

**Whereas**, Public Act 198, of 1974, as amended, requires that City Council hold a Public Hearing before considering the request and must render a decision within 60 days of receipt of the application.

**Resolved**, that the Rochester Hills City Council hereby schedules the Public Hearing for City Council's Regular Meeting of Monday, December 13, 2010; and

**Be It Further Resolved**, to authorize the City Clerk's office to publish notice of the Public Hearing in the Rochester Post on Thursday, December 2, 2010; and

**Be It Further Resolved**, to send a copy of the notice to Otto Bock Polyurethane Technologies, Inc., attention Stephen Carr, at 2 Carlson Parkway N., #100, Minneapolis, MN 55447, no later than Thursday, December 2, 2010; and

**Be It Finally Resolved**, to send a copy of the notice to all taxing jurisdictions and the City's Assessor no later than Thursday, December 2, 2010.

**2010-0464** Request for Approval of Amendment No. 1 to the Detroit Water & Sewerage Department (DWSD) Contract

**Attachments:** [Agenda Summary.pdf](#)  
[Amendment #1.pdf](#)  
[DWSD Contract.pdf](#)  
[W&S Tech Rev Cmte Resolution.pdf](#)  
[Resolution.pdf](#)

**Paul Davis**, Acting Director of DPS/Engineering, stated that Council is requested to pass a resolution to amend the City's existing water contract with the Detroit Water and Sewerage Department (DWSD). He explained that approximately one year ago, the City entered into the first Model Water Contract. He pointed out that the contract incorporated an opportunity for a reopener after two years. The next reopener will be three years from now, then every five years from that time until the completion of the 30-year contract. He explained that DWSD uses a Technical Advisory Committee consisting of DWSD officials and other communities to set rates. The committee reviews all aspects of the system, including rates, capital improvement projects and other operational areas. He stated that the DWSD requests that the participating communities provide a resolution by mid-January regarding Amendment No. 1 which will be used to set rates for the next three years.

He pointed out that DWSD looks at the Maximum-Day experienced in setting rates. He noted that this does not equate to the capacity of the system, as the

plant is capable of producing more water than what is used. He stated that during the Maximum Day during the year, each community's usage is reviewed. During the initial Model Water Contract, the City of Rochester Hills had a peak hour increment of 51 million gallons per day (MGD). Amendment No. 1 will drop the City's peak hour increment to 37.4 MGD. He explained that the City's proactive campaign over the last two years to shift the peak and redistribute water use including the midnight to 5:00 a.m. watering restrictions for programmable outdoor irrigation systems has been effective. During this year's Maximum Day, the City's usage peaked at 4:00 a.m., as opposed to previous years when the peak was between 6:00 a.m. and 7:00 a.m. He stated that while this shift and drop in usage should be celebrated, the 37 MGD flow experienced during peak hour is still significantly more than the 8 to 9 million gallons that the City uses on an average day.

He stated that in meetings with the DWSD, the City was asked to provide an estimate of annual water usage for the upcoming three-year period. This information is incorporated by the DWSD to set the pressures delivered to the four feeds into the community: two on South Boulevard, one near Adams and Walton and one near Dequindre and Avon. He commented that this information will also give the City a range of pressures that it should expect to receive from the DWSD, explaining that when the City considers whether to construct water reservoirs, those feeds must be deemed sufficient to fill the reservoirs.

Mr. Davis stated that current rate based on using 445,000 units annually is \$24.34. The projected decrease in water usage to an estimated 410,000 units was considered along with the peak hour shift, yielding a new estimated rate decrease of 20 percent to approximately \$20.08. He stated that this decrease can be attributed to changes the community made on how water is used.

**Public Comment:**

**Dee Hilbert**, 3234 Quail Ridge Circle, questioned why water rates and water reservoir agenda items are placed at the end of the agenda. She stated that she attended the Water and Sewer Technical Review Committee meetings and while a rate decrease is good news, monthly charges from the DWSD will increase, yielding rates to be the same next summer. She questioned whether residents will see a reduction in water bills if reservoirs are built and what would happen if the City's usage continues to decrease. She questioned whether the DWSD will keep raising rates to make up the difference or if the City will raise rates to pay for reservoirs. She stated that there must be a ceiling with the rates and commented that at some point in time, the communities will refuse to pay. She mentioned that homeowners will simply stop watering, leading to a deterioration of landscape within the City. She stated that if there is no definitive savings to be realized on a water bill, water reservoirs do not seem to be a good idea.

**Alice Benbow**, 1582 Northumberland, expressed concern that the County Commissioners cannot force the DWSD to open its books to provide information on the true cost of the water. She commented that the City has used the Water and Sewer Fund to renovate City Hall and build the DPS Facility. She questioned why the entire Model Water Contract was not attached to the agenda item.

**Council Discussion:**

**President Hooper** noted that Council's Rules of Procedure dictate the placement of agenda items. He commented that even though the City has been successful in shifting its peak hour and will realize a reduction in rates, this decrease will be eaten up by the annual increases assessed to all communities in July of each year to cover inclusion of the fixed component.

**Mr. Davis** commented that the DWSD has recently incorporated a monthly fixed charge, which is different that the commodity charge.

**Keith Sawdon**, Director of Finance, explained that the DWSD generates revenue from a combination of Fixed Rate and Variable Rate charges. The DWSD's fixed costs are incurred even if the system pumps no water and have become a component of the rate structure. He explained that the City purchases approximately \$10 million of water each year. He commented that over time, the Fixed Rate component will grow to a level higher than the Variable Rate component and the City will most likely pay the same total amount.

**President Hooper** questioned whether the DWSD's rates will go up when usage decreases and whether the City breaks even between revenues and expenses in the Water and Sewer Fund. He noted that the Water and Sewer Technical Review Committee (WSTRC) is charged with reviewing the DWSD's change in the commodity charge and providing a recommendation for rates to City Council on an annual basis. He questioned how the Water and Sewer Capital Funds are used.

**Mr. Sawdon** noted that the City has fixed costs as well, which are spread out when more water is used but still need to be absorbed if less water is used. He explained that the City's system lost money in 2008 and in 2009. He pointed out that the WSTRC sets rates based on the estimation of water sold, and stated that as volume decreases, the per unit rate structure yields revenues that are not enough to cover costs. He commented that the City is attempting to capture its costs in 2010. He explained that the Water and Sewer Fund is an Enterprise Fund, and receives no tax revenues. He pointed out that while the DPS Facility was financed by the Water and Sewer Fund, every function occupying the building that is not related to Water and Sewer pays rent to reimburse the Fund. He stated that the original City Hall construction and its renovation were financed with Building Authority bonds.

**Mr. Davis** stated that discussions with and communications from the DWSD address the large fixed cost that the system experiences. He reported that a document available on the DWSD's website states that the large proportion of fixed costs means that the DWSD has to raise its rates four-percent for every five-percent reduction in water sales. He noted that less water does mean rate increases, as 80 percent of the DWSD's costs are fixed costs. He commented that Rochester Hills has over 400 miles of watermain, many gate valves, fire hydrants and pressure reducing valves to maintain and there is a cost associated with maintaining them.

*Council Members raised the following questions:*

- *When the new projected rate will be effective.*
- *How the City compares to the DWSD's other municipal customers.*
- *How hydraulic considerations factor into the water rate.*
- *How rates might be affected if the City is able to realize another 15 to 20 percent drop in usage and whether this would translate to another rate drop at the next contract reopener in three years.*
- *What percentage of the City's bill currently represents the fixed rate component.*

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

- *The new projected rate will be effective from July 1, 2011 through June 30, 2012. He noted that the City's peak from 2010 occurred on July 7th.*
- *The City originally had the highest peak incremental difference between peak hour usage and maximum day of all 85 DWSD customers. Now, the City ranks approximately 12th out of the 85.*
- *Hydraulic considerations take into account the distance from treatment plants, elevation and energy costs to arrive at a rate structure that would be fair among all communities. There is more cost to pump water to higher elevations at a greater distance.*
- *The City has demonstrated that the water usage campaign has been effective and peak hour has been shifted. It is not likely to reduce peak usage much further, for instance, from 37 MGD to 23.8 MGD.*

**Mr. Sawdon** noted that as the DWSD reaches their maximum on the fixed rate component of the total bill, the City will most likely see 25 percent of its costs attributed to the fixed rate component.

**Mr. Pixley** questioned whether the City would pay approximately \$2.5 million in fixed costs to the DWSD no matter what the water usage is.

**Mr. Sawdon** responded that the DWSD did adjust the City's fixed rate, noting that had the annual volume of 410,000 been in place for 2010, the monthly rate would have decreased by approximately \$12,000 per month. He explained that as the City uses less of the DWSD's capacity, its proportionate share falls as well.

**Mr. Rosen** commented that the City realized a 20 percent decrease and a three-hour shift with little enforcement of the Outdoor Watering Ordinance. He stated that the City's education program was modest and with more effort, another 20 percent drop might be realized. He mentioned that many shopping centers and car dealers are reported to not be in compliance. He questioned how the new rate of \$20.08 will be incorporated and whether it will be effective for the next three years.

**Mr. Sawdon** stated that \$20.08 becomes the starting point for 2011 rates and the decrease will lower the impact of any DWSD-imposed increases. He explained that this rate is subject to adjustment as the DWSD sets rates each year based on a commitment the City makes to the volume of water it estimates it will purchase.

**Mr. Davis** mentioned that the City does not have the right to reopen the contract every year.

**Mr. Rosen** questioned whether the DWSD will raise the City's rate if water usage decreases, what the actual bills to the City from the DWSD are each year and what the total Water and Sewer Budget is. He commented that more serious efforts should be undertaken to influence water usage, noting that keeping the peak hour shifted to an earlier time makes a huge difference in rate calculations.

**Mr. Sawdon** responded that if less volume is used, the DWSD will increase rates to cover costs. He commented that if the City estimates it will sell 3.4 million units and sells 3.8 million units, the City will generate more revenue. If the City instead sells 3.2 million units, it will be necessary for the City to adjust its rates for the next period to cover the shortfall.

**Mr. Davis** commented that it behooves the City to estimate as closely as possible and stated that the total estimated usage was decreased based on the data for the past few years.

**Mr. Rosen** mentioned that rates are likely to be inversely proportionate to usage, noting that if rates go up by 20 percent, usage will most likely decline 18 to 19 percent. Likewise, if prices decrease by 20 percent, usage will most likely increase. He stated that between the rising rates and the recession, usage has fallen. He requested a breakdown of the City's commodity and fixed costs for the Water and Sewer budget.

**Mr. Sawdon** responded that the water portion of the DWSD bill is approximately \$10 million and the sewer portion is between \$8 million and \$9 million. The total Water and Sewer budget is roughly \$32 million, including maintenance, depreciation, fleet, rentals and transfers out.

**Mayor Barnett** noted that 145 violations were noted, resulting in 132 red tags and 67 code compliance letters. He commented that the City's education program followed the same strategy that was undertaken to promote participation in the Census and proved to be extremely successful. He noted that Council enacted the Outdoor Watering Ordinance in 2008 and the peak was moved to 4:00 a.m. within two years. He commented that moving the peak from 4:00 a.m. to 3:00 a.m. would not make any difference in rates. He stated that the DWSD holds most of the strings, as there is no other option for water. He commented that discussions on water reservoirs, area maintenance meters and other topics are being undertaken and encouraged each resident to get accurate information from the City. He commented that when Rochester Hills became a City, it had \$40 million in Fund Balance due to a buildup of lateral charges. Council made a decision to subsidize water rates and the fund was drawn down to its current level. He commented that social engineering has been successful and stated that the City is open to more ideas.

**President Hooper** pointed out that the City will always have peaks in water usage. The City is not penalized if the peak occurs during the DWSD's exclusionary period, currently midnight to 5:00 a.m. He commented that the Outdoor Watering Ordinance has been very successful. He noted that a residential peak hour component still remains as residents still have higher morning and evening use when rising and when returning home, and one way to flat-line the City's residential home usage and create a steady draw is to implement reservoirs.

**Mr. Yalamanchi** questioned whether the City's water expenditure will drop from \$10 million to \$9.2 million with the new projected rate.

**Mr. Sawdon** responded that if the rate is not adjusted by the DWSD for the next cycle, the City will then see a drop in costs. He mentioned that it is his view that the adjustment will only serve to offset the future increase. The DWSD will most likely increase rates, however, the increase to Rochester Hills will be smaller than to other communities.

**Mr. Yalamanchi** commented that the City will receive its new rate in May or June and it is his expectation that the residents will get the benefit of no increase. He questioned why the rate does not appear in Amendment No. 1.

**Mr. Davis** responded that the DWSD has not yet formulated a specific rate. He explained that John Staran, City Attorney, reviewed the changes to the Model Water Contract. He pointed out that Exhibit A shows configurations, master metering facilities and fine-tuning of water delivery from the DWSD. Exhibit B outlines the volume request and pressures established for the four feeds coming into the City.

**Mr. Yalamanchi** commented that the City should continue to work toward Ordinance compliance and conservation efforts, and suggested implementing alternate-day watering.

**Mr. Davis** responded that there are varying opinions on whether water usage can be reduced further and commented that at some point in time, more reductions will not be realized. He pointed out that efforts to shift the peak time have been successful, and stated that it may take more than controlling irrigation usage to make more of an impact.

**Mayor Barnett** noted that water conservation and education efforts will continue.

**A motion was made by Pixley, 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: RES0270-2010

**Resolved**, that the Rochester Hills City Council hereby approves Amendment No. 1 to the Detroit Water & Sewerage Department (DWSD) Contract and further authorizes the Mayor and City Clerk to execute the updated contract on behalf of the City.

2010-0503 Request for Approval for the City of Auburn Hills to be served by the proposed northwest water reservoir and permit negotiations to complete this request

**Attachments:** [Agenda Summary.pdf](#)  
[Project Status Commun 091310.pdf](#)  
[Add'l Community Involvement Ltr.PDF](#)  
[Auburn Hills Request.pdf](#)  
[Resolution.pdf](#)

**Paul Davis**, Acting Director of DPS/Engineering, stated that the Administration held meetings with City of Rochester, Oakland Township and Auburn Hills officials to explore the feasibility of serving another community with water storage. Out of the three communities approached, Oakland Township and Auburn Hills expressed interest. Auburn Hills communicated their desire to receive approximately 540,000 gallons of water over an 18-hour period, which would be negligible considering the storage that would be available, and would not require an increase in the proposed water storage capacity or main servicing the reservoir. Oakland Township, however, requested a demand for 7,100 gallons per minute, in addition to the needs of Rochester Hills. He explained that this need would have a great impact on the proposed reservoir, and would require an increase in distribution and transmission main size. Furthermore, Oakland Township's request was to service the southwest portion of their community. He pointed out that the City currently provides water to two Oakland Township subdivisions. Upon review of their requirements, it was determined that the proposed reservoir would need to be increased an additional 1.75 million gallons over and above the 3 million gallons proposed. The resulting reservoir would also be difficult to fill during the overnight period. As a result of the large impact expected, the Administration is not recommending Council consider Oakland Township's request further.

Mr. Davis stated that because of the minimal impact of Auburn Hills' request, it is recommended by the Administration that Council authorize the investigation of an interlocal agreement for Auburn Hills' participation in the City's water storage design. He reviewed the prior studies regarding proposed reservoir sizes, and noted that at one time, the East Central reservoir was proposed to be three-million gallons and the Northwest Reservoir was proposed to be two-million gallons. Upon review and determination to include a reserve for additional fire flow, two three-million gallon reservoirs are now recommended.

**President Hooper** noted that any negotiations with Auburn Hills would return to City Council for additional consideration.

**Public Comment:**

The following residents spoke in opposition to the proposed Northwest Water Reservoir:

- **Thomas Ryan**, 3626 Hollensshade Dr., stated that surveyor stakes have been placed on the proposed site on Tienken Road and commented that while the storage structure may only be 15 feet tall, it would be 130 to 140 feet in diameter. He stated that residents do not want this reservoir in a residential area and suggested that Council locate it somewhere on the City Hall campus.
- **Mike Powers**, 3632 Aynsley Dr., commented that Council appears to be



moving forward with both reservoirs and stated that statements that the reservoir will only be 15 feet high are misleading. He mentioned that he moved here from California and gave several suggestions for conserving water.

- **Carol Frankland**, 3128 Charlwood, stated that she attended the Water and Sewer Technical Review Committee (WSTRC) meeting and Mr. Yalamanchi attended her subdivision's meeting. She commented that she drove to look at various reservoirs in other communities and found that they were located in industrial areas. She stated that reservoirs will most likely not lower rates. She questioned whether the City needs two reservoirs and stated that real estate agents consulted state that home values will go down.
- **Scott Stokfisz**, 3441 Charlwood, noted that both locations have changed from those identified in the January 2010 Feasibility Study. He commented that more information should have been given for the business and economic case for each location. He stated that with Rochester Hills' efforts to promote parks and greenspace, it is surprising that the City would consider locating reservoirs in parks.
- **Dee Hilbert**, 3234 Quail Ridge Circle, questioned why no one is in attendance from Auburn Hills to discuss their request and how they would be charged for the water. She stated that she contacted Auburn Hills officials and they expressed that no decision has been made to participate in a reservoir project. She commented that there should be more communication to the residents regarding reservoirs.
- **Stephanie Young**, 3585 Aynsley, stated that she is a sophomore at Adams High School and commented that her biology class uses the property next to the school for study.
- **Dairdre McGlothlin**, 3583 Charlwood, commented that a water reservoir is not consistent with enhancing the vibrant residential character of the area.
- **Charles McGlothlin**, 3583 Charlwood, expressed his opposition to Council's approval of discussions with Auburn Hills, stating that it is premature to begin negotiations relative to a northwest reservoir. He suggested that Auburn Hills should build a reservoir that Rochester Hills could connect to.
- **Erin Howlett**, 3597 Aynsley, stated that it is difficult to get information on the proposed reservoirs and many residents are just learning about this proposal. She commented that it is unclear how the reservoirs will be paid for and what guaranteed savings would be realized.
- **Alice Benbow**, 1582 Northumberland, stated that property values continue to decrease and Council is ignoring the pleas of the residents to consider industrial areas. She commented that any multi-million dollar expenditure should be put to a vote of the people.
- **Carol Wilson**, 3457 Charlwood, expressed opposition to the location of a proposed reservoir next to a residential neighborhood.
- **Herb Holtz**, 3360 Charlwood, noted that during a WSTRC meeting, residents were told by a committee member that if they did not like the location of the proposed reservoir, they should move. He questioned whether Homeland Security measures have been reviewed as they would apply to water reservoirs, noting that they are high-value targets. He commented that his military experience background, he knows that high-value targets typically require a 300-meter circle cleared around them as a safety zone, which would make a proposed reservoir a tremendous eyesore.
- **Pablo Fraccarolli**, 1263 Cobridge, stated that he lives adjacent to the proposed location; however, with the exception of a flyer in his mailbox, he has

been unaware of any plans. He mentioned that he would be contacting Mr. Davis to request information on the business case for reservoirs.

- **Paul Miller**, 1021 Harding, pointed out that he heard Council members state that social engineering does not work; however, communities out west have found success in providing financial incentives to residents to decrease water consumption, such as different landscape or low-flow toilets. He questioned when residents will see smaller water bills if reservoirs are built.

- **Tracy Fraccarolli**, 1263 Cobridge, questioned how a reservoir would affect their residential community. She commented that Council is not listening and she has not received a reply to an email she sent to the Mayor's Office.

**Michael McGuire**, 935 John R, stated that there should be more communication on this proposed project and stated that he wished to commend the Mayor and Council for the progress made. He commented that reservoirs should also be considered as part of a water purification system, noting that the water is filtered for both incoming and outgoing flow. He mentioned that he would encourage negotiation with other cities as long as the residents of Rochester Hills come first and remain in full control of the water reservoirs. He stated that any negotiations to provide water should be for emergency purposes and the other municipalities should pay up front for having the water available. He commented that it is possible that the water reservoir could be made to look nice.

In response to public comment, **President Hooper** questioned why surveying stakes were placed on the proposed property.

**Mr. Davis** responded that a site plan is being prepared for Planning Commission review and a tree survey has been conducted to identify existing tree types, size and locations.

**President Hooper** mentioned the dates of the various City Council Meetings at which reservoirs were discussed and stated that potential locations were discussed in conjunction with Council's authorization of the design contract. He noted that the resolution passed at the June 7, 2010 Council Meeting included a priority listing for the northwest location as site A-3 and commented that alternative sites considered were within Nowicki Park and on a parcel next to Nowicki Park. He confirmed that the only decision made by Council to date has been to award the design contract and questioned what the actual height and diameter of the reservoirs are projected to be.

**Mr. Davis** noted that a three-million gallon reservoir is approximately 130 feet in diameter with a height of 30 feet. He commented Council directed that the tank design for the A-3 location was to strive toward a partially-buried tank; however, the final configuration for that site has not been defined. He explained that typically, the Michigan Department of Natural Resources (MDNR) does not want water reservoirs buried to prevent the possibility of groundwater intrusion. He stated that soil borings will be taken and an assessment made of where the existing groundwater is on the site to determine the options available. He noted that the MDNR will be the permitting agent to determine how much of the tank can be buried.

**President Hooper** questioned what tree removal is projected and whether the site could possibly be required to be clear-cut for the reservoir. He commented that subsequent to design, the Planning Commission will weigh-in on aesthetics, screening and additional tree planting.

**Mr. Davis** noted that while some trees would be removed, the City is not proposing the removal of all trees; and stated that the tree perimeter will be maintained. He noted that tree removal will depend on the path needed for construction access to the site. He commented that no permit is necessary from Homeland Security for a reservoir. He mentioned that the outside look of the reservoir, fencing and lighting will require approval by the Planning Commission and stated that the design can be made more aesthetically pleasing than a pre-cast concrete panel reservoir.

**President Hooper** commented that the DWSD has stated during the most recent negotiations for the revised contract that if Rochester Hills becomes a Max Day customer and flat-lines its draw on the system, rates will be reduced another \$6.00 per MCF. The difference between the rate charged to the customers and the DWSD's rate to the City will cover the cost of the reservoirs. Once the reservoirs are paid off, the rates charged by the City would go down to the new rate. He noted that the rates charged to Rochester Hills customers are subject to the DWSD's annual increases and the WSTRC's recommendations to Council. He mentioned that comments made by a WSTRC member were reflective of that member's own opinion and did not reflect any other member's opinion. He pointed out that incentives suggested by Mr. Miller for water conservation would cost a great deal to the City, as there are 22,000 residential units served. He questioned whether additional locations were reviewed and what the impact would be to locate a reservoir on City Hall property or in the southwest portion of the City.

**Mr. Davis** responded that the northwest portion of the City has experienced pressure problems and explained that if the reservoir were located further south, it would involve additional pumping and transmission mains. He noted that the City has eight different pressure districts with over 40 pressure-reducing valves in the system. He commented that reservoirs could be located in other locations, but at increased costs.

**President Hooper** questioned how the rate would be structured if negotiations with Auburn Hills were successful.

**Mr. Davis** responded that in the City's current interlocal agreements, typically 150 percent is charged for water. He commented that this is an opportunity to benefit the City and stated that the City is not obligated to provide water to Auburn Hills.

#### **Council Discussion:**

**Mr. Klomp** questioned what the consequences would be to provide Auburn Hills with water. He commented that it makes sense to discuss the business case with Auburn Hills at this point, and stated that he wished to get some insight into what impact a water reservoir would have on the community. He noted that his initial impression was that the reservoir would be mostly surrounded by trees.

**Mr. Davis** responded that the City would lose some of the fire capacity that the reservoir would be designed for and would gain a means to offset some of the costs to construct the reservoir.

**Mr. Yalamanchi** commented that Council is being requested to authorize negotiations with Auburn Hills, and a decision on the reservoir itself would be made later. He requested that City Attorney Staran provide some language for a resolution to limit the authorization to discussion and negotiation with Auburn Hills only.

**John Staran**, City Attorney, suggested resolution language to authorize the City Administration to commence discussion and negotiation with the City of Auburn Hills regarding the possible servicing of Auburn Hills with a proposed northwest water reservoir.

**Mr. Yalamanchi** questioned whether additional cost estimates could be provided for alternative locations.

**Mr. Davis** responded that additional cost estimates could be provided if Council so directs, and commented that it would be helpful if an alternate site could be identified. He stated that a review of a potential site's elevation, adjacent watermains and whether a booster station on the reservoir would be necessary. He explained that the northwest reservoir would be fed by the RC-2 feed in the Walton and Adams area, pointing out that at present there is a 20-inch or 16-inch watermain on Adams Road near Tienken. He mentioned that the intention is to drain the reservoir daily and refill it during a six-hour window. He stated that directing the consultant to review additional sites is beyond the scope of services of the design contract.

**Mr. Yalamanchi** questioned whether including Auburn Hills would hamper the fire capacity of a Northwest Reservoir.

**Mr. Davis** responded that while some capacity would be lost by servicing Auburn Hills, the City would still have a reserve.

**Mr. Brennan** likened the consideration of water reservoirs to Council's implementation of the single waste hauler and noted that once the program began, waste hauling rates to residents were cut in half. He commented that the City has kept its tax rates low and is now striving to control water rates. He stated that design options exist to make reservoirs virtually invisible. He stated that consideration of discussions with Auburn Hills should be put on hold until a final location is selected.

**Mr. Pixley** commented that he described the reservoir height as 15 feet as it was suggested that the tank would be partially-buried. He stated that he is most concerned of how a reservoir will look and fit in and mentioned that as Council proceeds, the business model must be found acceptable. He concurred with opening discussions with Auburn Hills commenting that discussions will not bind the City to anything.

**Mr. Webber** questioned when the Planning Commission would review any site plans and when this issue would next return to Council for a final decision on location.

**Mr. Davis** responded that the consultant was given the go-ahead to proceed with design on the various sites in June; however, because the City does not own both proposed sites, progress on the design has been limited. The consultant has

*informed the Administration that they are looking to submit site plans to the Planning Commission sometime in January of 2011. Review by the Planning Commission is estimated to be undertaken from January through March of 2011, with permitting by the DWSD and MDNR sometime in the range of April through June 2011. He commented that the best-case scenario would schedule construction commencing later in the summer with startup in April or May of 2012. He noted that the startup date is important because the DWSD sets water rates in June. The intention would be to reopen the contract for negotiating a revised rate in December 2011 or January 2012. He stated separate bids would be solicited for the watermain and reservoir construction contracts; and he projects that the construction contract would come before Council no sooner than April 2011.*

**Mr. Webber** commented that he has no problem approving discussions with Auburn Hills. He stated that he is a reluctant supporter until the business case is presented; and he continues to struggle with the reservoir location.

**Mr. Rosen** questioned how much water will be pumped per hour and what horsepower would be required for the pumps.

**Mr. Davis** noted that the design peak pumping rate will be 22,000 gallons per minute to fill and drain the three-million gallons. He commented the design had not yet progressed to determine horsepower.

**Mr. Rosen** commented that it could require a couple-thousand horsepower and between 11:00 p.m. and 5:00 a.m., you would hear the pumps as sound carries.

**Mr. Davis** responded that three pumps are projected and stated that the consultant has indicated that these pumps will not be heard outside of the buildings.

**Mr. Rosen** commented that the Auburn Hills members of the Sister City Committee indicated that their City already has a water tower and is not interested. He stated that low water pressures in the north area of Rochester Hills were experienced years ago and have not occurred since the mid-1990s. He questioned whether the proposed size of the reservoir will change based on the change in usage and what filters will be incorporated into the reservoir.

**Mr. Davis** explained why a three-million gallon reservoir was proposed and commented that the size was not dictated by consideration of Auburn Hills' needs. He stated that mixers might be incorporated to keep the water fresh; however, at this point they are not projected for inclusion.

**Mr. Rosen** commented that once the engineering contract was awarded, it seemed that reservoir construction was considered a certainty. He expressed concern whether rate payers will actually see any decreases in the future. He pointed out that in the correspondence included from Auburn Hills, it appears that they only wish to become a customer; and stated that if Auburn Hills will receive benefits, they should also invest. He commented that no matter where reservoirs are located, they will become a burden to residents. He stated that he is not in favor of negotiating with Auburn Hills.

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

**Aye** 5 - Hooper, Klomp, Pixley, Webber and Yalamanchi

**Nay** 2 - Brennan and Rosen

Enactment No: RES0271-2010

**Resolved**, that the Rochester Hills City Council authorizes the City Administration to commence discussion and negotiation with the City of Auburn Hills regarding the possible servicing of Auburn Hills with a proposed northwest water reservoir.

## COUNCIL COMMITTEE REPORTS

### Sister City Committee / Auburn Hills:

**Mr. Rosen** reported that the Sister City Committee / Auburn Hills has not met since July because of the election.

## ANY OTHER BUSINESS

**Mayor Barnett** announced that AT&T U-Verse now broadcasts City Council meetings live.

## NEXT MEETING DATE

Regular Meeting - Monday, December 6, 2010 - 7:00 p.m.

## ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 11:37 p.m.

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GREG HOOPER, President  
Rochester Hills City Council

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JANE LESLIE, Clerk  
City of Rochester Hills

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MARY JO WHITBEY  
Administrative Secretary  
City Clerk's Office

Approved as presented at the January 10, 2011 Regular City Council Meeting.