



The City of Auburn Hills
City Council Meeting
Minutes

July 13, 2015

CALL TO ORDER: Mayor McDaniel at 7:05 p.m.
LOCATION: City Council Chamber, 1827 N. Squirrel Road, Auburn Hills, MI 48326
Present: Mayor McDaniel, Mayor Pro Tem Kittle, Council Members Burmeister, Hammond, Knight, Verbeke
Absent: Council Member Mitchell
Also Present: City Manager Tanghe, Assistant City Manager Grice, Police Chief Olko, Fire Chief Manning, City Clerk Kowal, City Assessor Lohmeier, DPW Director Melchert, Manager of Municipal Properties King, City Attorney Beckerleg, City Engineer Juidici
9 Guests

4. APPROVAL OF MINUTES

4a. Regular City Council Meeting – June 22, 2015

Moved by Verbeke; Seconded by Kittle.

RESOLVED: To approve the June 22, 2015 City Council meeting minutes.

VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Verbeke

No: None

Resolution No. 15.07.128

Motion Carried (6 – 0)

Mayor McDaniel noted Property Acquisition has been added to the Executive Session.

5. APPOINTMENTS AND PRESENTATIONS

5a. Presentation – Upcoming Pontiac Schools Millage Election / Dr. Vickie Markavitch, Chief Executive Officer of Field Services/Cost Recovery, Oakland Schools

Dr. Markavitch explained the old Pontiac schools is not what the New Pontiac schools are. She recently stepped down from her position of being the Superintendent of the Oakland County Schools, and accepted an offer to be the Field Services Executive Officer, which allows her to stay connected with the Pontiac schools, as she has the last several years.

Pontiac Schools entered into a consent agreement in 2013, because of their financial situation, resulting from some bad management practices, loss of enrollment, the recession, and budget cuts seen across the State. After the first year of the consent agreement, Pontiac's deficit was reduced by 24%, and is expecting to see another reduction at the November audit. The consent agreement includes the State Department of Treasury overseeing all contracting, all purchasing; all budgetary spending done by the Pontiac schools. Per the consent agreement a third party, Oakland Schools, is running the business office and department of human resources, chose by Pontiac schools.

The audit of 2013, prior to the consent agreement had over 30 citing's and this last audit had only two citing's.

The achievement at all grade levels is going up, as compared with the Northwest Evaluation Association, Pontiac's local evaluations, as well as the ACT's.

Pontiac school district is not financially equipped to handle their facilities, every school district in Michigan relies on bond issues or sinking fund levies to maintain school buildings. State funding is not available for the maintenance of the school facilities. Most school districts are able to get a ballot issue approved for building maintenance, but Pontiac schools have not had an approved millage since the early 1990's, resulting in all the buildings being in desperate need of repair. Two years ago the State Treasury required Pontiac to do a school facility audit, which was conducted by Barton Mallow, who identified some critical safety, security, and heating issues. The only way for the repairs to be made is through the sinking fund levy which is being requested on the August ballot. Without the approval, it is unknown how much longer the buildings will be viable. The consent agreement is a 14 year agreement, between the State Treasury Department, Michigan Department of Education, and Oakland Schools; all will remain partners with Pontiac schools for the duration of the agreement and continue to oversee the operations.

The five year sinking fund will address the most serious issues of the buildings. Without the funding the buildings will not be useable and the children will have no place to go for schooling. At that point, the State would have to intervene and determine where all the Pontiac students would be attending school. There is also an issue with insurance companies willing to insure the buildings, knowing the district doesn't have much money to maintain the buildings properly.

Many people aren't aware of the consent agreement and the oversight that is included with the agreement, and are hesitant to support the sinking fund.

Ms. Kowal confirmed for Mr. Kittle the ballots have been mailed, and some have already been returned.

Mr. Knight stated he is the treasurer for the Pontiac Promise Zone, and asked how the sinking fund will be used.

Dr. Markavitch stated none of the schools having cooling systems, except for portable systems. Those buildings with only heating systems are the buildings that need the most work. This sinking fund will only cover the minimum of what needs to be done to the facilities.

Ms. Verbeke explained she and another person had a meeting with Dr. Markavitch a while back and asked that Auburn Hills be released from the Pontiac School district, but was unsuccessful, though it was a good meeting. She asked if the bond fails, how many of the schools will be immediately closed.

Dr. Markavitch stated she isn't sure, depending on how well the current patches hold. Last winter there were a few emergencies and the bandages held enough to get the schools through the winter. The heating system at the junior high is very critical, being very old it is impossible to predict.

Mr. Kittle noted there was a capital millage in place for 25 years, at 3.87%, which expired June 30, 2015. This new 2.78 mills is one mill less, that what has been collected over the past 25 years.

Dr. Markavitch stated that is correct. This will be enough to take care of the immediate heating, safety and security issues that need addressing. It is the hope that as Pontiac improves, enrollment will grow; enrollment has declined by half. With increased enrollment, there may be enough funds generated, however, it may be necessary to ask the public again for another millage in five or six years.

Mr. Kittle stated with the new State School Superintendent, he hopes funding issues can be reviewed and discussed.

Dr. Markavitch stated she and her colleagues have finally gotten approval from the Governor to have a School Adequacy Funding Study done. There hasn't been one conducted in the State since the 1960's. The study should be conducted by spring and determine how school funding should be calculated and distributed.

Responding to Mr. Burmeister, Dr. Markavitch isn't sure of the exact number of Auburn Hills' students attending Pontiac schools, but believes the number to be rather small. She also stated if this initiative fails and as long as the Pontiac schools are operating, there will be more attempts to have the millage approved.

Ms. Verbeke noted that during their meeting, Mr. Moore had stated there were a number of things that must fall in place in order for Pontiac Schools to remain open and one of those was a \$10 million loan from the State Treasury.

Dr. Markavitch stated the legislature filled up the Pontiac School District account with \$10 million and that funds are available. She mentioned that the district has submitted the paperwork to the Treasury on Thursday and things are moving along pretty well.

Mr. Knight noted two-thirds of Auburn Hills falls within the Pontiac School district, but not many of the students attend Pontiac schools. He believes the millage should be at least double of what is being asked, and believes many of the voters won't be in favor of this millage because it only keeps the schools open but not really making any improvements.

Dr. Markavitch stated Pontiac has four times the concentration of special education need students, more than any of the surrounding districts and only 60% of the funding needed to educate those students is received. Pontiac also has the highest number of poverty students in the county. The teachers have taken an 11% pay cut, there have been huge benefit cuts, and keeping staff is challenging when the pay increases by \$10,000 in an adjacent district. She is very excited from the charts she saw earlier today showing markers indicating the increase in achievement across the board for all grades in reading, math and science. She is pleasantly surprised with the results, given the predicaments of everything taking place in the schools.

Mayor McDaniel thanked Dr. Markavitch for speaking with Council.

Mayor McDaniel stated there is an additional Presentation by City Manager Tanghe.

5b. Presentation – Recognition of City Clerk Receiving the Life Time Achievement Award

Mr. Tanghe noted recently, City Clerk Terri Kowal, received an award, explaining in January, the City Manager's office nominated Ms. Kowal for City Clerk of the Year award, but, she had already received Township Clerk of the Year in the past. The Michigan Association of Municipal Clerk's presented Ms. Kowal with the first ever, Life Time Achievement Award at the recent conference on Mackinac Island.

Mr. Tanghe proceeded to give a brief overview of Ms. Kowal's professional history; she was elected Shelby Township Clerk in 1996, and went on to serve four, four-year terms, and the longest serving clerk in Shelby Township. In 2011 Ms. Kowal became the new City Clerk in Auburn Hills. Over her 20 years of municipal clerk experience, she has been active in professional organizations that support and advance the position of municipal clerks. Among her activities she is a charter member of the Michigan Association of Municipal Clerks, since 2000, and has held many titles. She has also been a member of International Institute of Municipal Clerks since 1996, and has recently served as the Region 5 Director. She is currently a member of the Oakland County Clerk's Association.

Mr. Tanghe congratulated Ms. Kowal on receiving the first Life Time Achievement Award.

Mayor McDaniel expressed his and City Council's appreciation for Ms. Kowal being an important part of staff over the last four years and noting she has been an excellent addition to the team. He congratulated Ms. Kowal for her achievements.

Mayor McDaniel suspended the meeting for a short reception for Ms. Kowal.

6. PUBLIC COMMENT

Kay Sendegas, 3131 N. Squirrel Road, is very pleased with the progress being made on Squirrel Road and noted how courteous the construction workers are when traveling through the construction zone. She asked to have the holes filled just prior to the pavement at the beginning of the road construction.

7. CONSENT AGENDA

7a. Board and Commission Minutes

7a.1. Beautification Advisory Commission – May 20, 2015

7a.2. Downtown Development Authority – June 15, 2015

7a.3. Beautification Advisory Commission – June 17, 2015

7b. Motion – Approve Request for Designation of Non-Profit Organization/St. Clair Butterfly Foundation – Gaming Resolution

RESOLVED: To approve the request for recognition of nonprofit status for the St. Clair Butterfly Foundation for the purpose of their obtaining a charitable gaming license.

Moved by Verbeke; Seconded by Knight.

RESOLVED: To approve Consent Agenda items 7a. and 7b.

VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Verbeke

No: None

Resolution No. 15.07.129

Motion Carried (6 – 0)

8. OLD BUSINESS – none

9. NEW BUSINESS

9a. Public Hearing/Motion – Request to Waive Business Residence Requirement for ALTE, LLC IFEC 2011-160 and Revoke Certificate

Mr. Lohmeier explained this is a request to waive the two year resident requirement and seek forgiveness for leaving the facility located at 4425 Purks Road. A four year IFEC was granted in 2011 and is set to expire December 31, 2015. The company is leaving the facility due to economic challenges in the industry. In the letter sent explaining why the company is leaving the facility, in part reads:

“Our business outlook has changed drastically forcing our business to retrench and refocus ... refunding the tax incentives at this time would place a hardship on ALTe Technologies, as we attempt to rebuild the business”.

The taxes refunded to the City is approximately \$6,000 for the past four years. This facility is now occupied by Shannon Precision Fasteners, who had their ribbon cutting in March.

Mr. Lohmeier is asking for the revocation of the abatement, as required by State statute, when a company does not operate the business as stipulated in the certificate. If the revocation isn't sought, the City would be liable for the certificate. With the new tax law changes, there is no sunset provision if the abatement isn't revoked. The abatement would continue until the public act takes effect and in this case, it would take effect in 2021.

There are no delinquent property taxes or any property tax appeals, to the best of his knowledge.

Mr. Lohmeier suggested to include in the first motion, a stipulation that the 2015 taxes be paid in full and on time. The second motion is for the revocation of the certificate, which will expire this year and not wait for the 2021 sunset.

Darren Post, President and CEO, ALTe, LLC, explained ALTe was founded in 2009 with the goal to offer hybrid electric upgrades; there was a lot of promise for the new industry. The industry peaked in 2012 – 2013 time period and then the EPA regulations changed, which became very expensive.

In 2014 a new business plan began on how to better meet the need of current customers, refocusing on new vehicles and overseas hybrid electric vehicles. The demand in China for electrified vehicles far exceed the demand in the U.S., and recently a contract with a business in China has been signed.

ALTe is currently leasing a portion of the Purks Road building from Shannon Precision Fasteners, who purchased the building. Shannon Precision Fasteners has also allowed ALTe to store in trailers on the property, containing equipment and vehicles, while a building search continues. ALTe is currently operating as a virtual office until a move in ready building is located. A new Department of Energy (DOE) loan through the ATVM (Advanced Technology Vehicles) program has been applied for as the business rebuilds.

Mr. Lohmeier confirmed for Mayor McDaniel the amount that could be owed by ALTe for the time of the abatement is \$6,000.

Ms. Hammond asked if this abatement was in conjunction with the MEGA grant program.

Mr. Lohmeier stated he isn't sure if there was the MEGA grant attached to the IFEC.

Mr. Knight stated he is sympathetic, noting the building where ALTe was housed has been sold and completely taken over by the new company.

Mr. Lohmeier stated that is correct, though ALTe mail is still being forwarded to that address and the current occupant has been lending conference room space for ALTe to work out of.

Mr. Knight noted though ALTe is no longer occupying the whole building, there is another business that has taken over the space, so the building is not vacant. He hopes a building can be found that is suitable for ALTe in Auburn Hills.

Mr. Kittle asked what the total taxes would be for 2014.

Mr. Lohmeier stated taxes for the City are just under \$2,000 annually.

Responding to Mr. Kittle, Mr. Post agreed paying those taxes is a fair compromise.

Mr. Kittle stated ALTe got into the alternative energy industry at a time when everyone thought it was going to be the next frontier. He doesn't have any problem with approving the waiver because the building is occupied.

Mayor McDaniel explained this is a case of weighing the risk against the benefit noting all the circumstances have been reviewed for this request of waiving the two year residency requirement. The risk involved could be by denying the request litigation is possible, which would cost the residents far more than the \$6,000 abatement. For that reason and the others mentioned, he too, is in favor of approving the waiver.

Mayor McDaniel opened the public hearing at 8:05 p.m.

Mr. Kittle asked with the retrenchment and reinvention of the company, what the outlook is and if there is a revenue stream.

Mr. Post stated at this point the outlook isn't certain, and it isn't sure what else can be sought from the investors. The China JV is going to take some time and anticipates on seeing some revenue from the engineering work that is being done by September.

Hearing no comment, Mayor McDaniel closed the public hearing at 8:06 p.m.

Moved by Kittle; Seconded by Knight.

RESOLVED: To approve the request by ALTe, LLC. to waive its two-year residence requirement for its tax incentive agreement pertaining to IFEC 2011-160, providing the 2015 taxes are paid in full and in a timely.

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Verbeke

No: Hammond

Resolution No. 15.07.130

Motion Carried (5 - 1)

Moved by Verbeke; Seconded by Burmeister.

RESOLVED: To approve revocation of IFEC 2011-160 by adopting the attached resolution (Attachment A).

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Verbeke

No: Hammond

Resolution No. 15.07.131

Motion Carried (5 - 1)

9b. Motion – Purchase of Carpeting for Public Safety Building

Mr. King explained the carpeting is in desperate need of being replaced. On June 4th, 100 companies were invited to bid on the carpeting. Three companies responded and attended the mandatory site visit. As a result, it is the recommendation of approving the bid from Omega Floors of Harrison Township.

Mr. Knight asked if the bid included the quality of carpeting required and if each bid met the same requirements.

Mr. King replied all met the requirements of the bid specifications.

Moved by Knight; Seconded by Hammond.

RESOLVED: To approve the Bid Award for Public Safety Carpet Installation to Omega Floors in the amount of \$28,316.03 to be paid from Facilities account number 101-265-931.000.

VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Verbeke

No: None

Resolution No. 15.07.131

Motion Carried (6 – 0)

10. COMMENTS AND MOTIONS FROM COUNCIL

Ms. Hammond:

- Apologized for missing the last meeting and thanked Mr. Knight for expressing her appreciation for the Auburn Road markings downtown. She has heard many positive comments from residents about how much easier it is to see the markings. She thanked Mr. Melchert.
- Asked the status of the clock.

Mr. King stated the gear mechanism is on order that has been the holdup of fixing the clock. The motor had to be replaced prior to a thorough evaluation of the clock, when it was discovered that the gear mechanism needed replacing. He stated there is no warranty on the clock and the cost to fix the clock is approximately \$2,500.

- Noted National Night Out is August 4, 2015, at 6:00 p.m., the same night as the election.

Ms. Verbeke:

- Stated a resident had contacted her to complain about the construction on Squirrel Road and asked if there is anything that can be done to make the road a little more passable.

Mr. Melchert stated he will address the problem with the contractor at their next meeting.

Mr. Knight:

- Noted he hears chimes downtown and asked if the chimes are independent from the clock.

Mayor McDaniel stated yes.

Mr. Knight would like the chime to chime on the hour, it is generally two to three minutes off.

- Asked about the Christmas tree, and if the issue has been resolved since the town square and a new tree will probably not be ready at Christmas time.

Mr. Tanghe stated there are currently two alternatives, one is the improvement to the town square, which will require Council discussion and approval and likely not be ready by December; the other alternative is an artificial tree. Mr. Grice will be sending a communication to City Council to discuss the alternatives, though an artificial tree will allow options including changing locations. There will likely need City Council approval because of the costs involved.

Mr. Knight stated he would have no issue using the tree that stands at the southeast corner of the town square for this year only and suggested it be taken into consideration.

Mayor McDaniel stated he recently received two emails from residents who believed the tree that was cut down was a healthy tree. He stated the tree was dying and the entire bottom half of the tree was dead; DPW did a very good job of camouflaging the dead section of the tree.

Mr. Tanghe stated the tree was grand, all lit for Christmas through the efforts of the DPW, but agreed the bottom half of the tree was dead.

Mr. Burmeister:

- Agreed with Ms. Hammond on how good and well seen the striping on the road is.
- Thanked Mr. Tanghe for responding so quickly to the email he had sent regarding a resident.

Mr. Kittle:

- Asked if the email Mr. Burmeister was referring to, was the one Mayor McDaniel had had contact with.

Mayor McDaniel stated there were a few and staff took care of all the concerns quickly.

- Stated all-in-all construction along Squirrel Road is going pretty well, the biggest issues are at the lane cross-overs and where the utilities have been installed. He suggested grading or a light asphalt coating for those areas.
- In the DDA minutes, he appreciated seeing the PalmaHyatt study mentioned.
- Asked about upcoming Council workshops.

Mayor McDaniel:

- Regarding workshops, he'd like Council do reassess the list and see if there should be any additions or deletions. Maybe set a schedule of workshops for the next six months, which would allow staff to gather information that may be needed. It would also allow staff to make suggestions.

11. CITY ATTORNEY'S REPORT – none

12. CITY MANAGER'S REPORT – none

13. EXECUTIVE SESSION

Moved by Verbeke; Seconded by Hammond.

RESOLVED: To adjourn to Executive Session.

VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Verbeke

No: None

Resolution No. 15.07.132

Motion Carried (6 – 0)

Adjourned to Executive Session at 8:19 p.m. Reconvened the regular City Council meeting at 10:01 p.m.

13a. Pending Litigation: FCA vs City of Auburn Hills

No action taken.

13b. Property Acquisition

Moved by Knight; Seconded by Verbeke.

RESOLVED: To authorize the City Manager to purchase property from the Oakland County Treasurer with the property identification number of 14-14-376-030, in an amount not to exceed \$30,745.32; and for the City Manager to execute the necessary documents on behalf of the City. Funds for the purchase are available from capital improvement account 101-901-970-000, Land and Land Improvements.

VOTE: Yes: Burmeister, Hammond, Kittle, Knight, McDaniel, Verbeke

No: None

Resolution No. 15.07.133

Motion Carried (6 – 0)

14. ADJOURNMENT

The meeting adjourned at 10:02 p.m.

Kevin R. McDaniel, Mayor

Terri Kowal, City Clerk

**CITY OF AUBURN HILLS
RESOLUTION 15.07.130
REVOKING AN INDUSTRIAL FACILITY EXEMPTION CERTIFICATE
FOR ALTE, LLC**

At a regular meeting of the City Council of the City of Auburn Hills, Oakland County, Michigan, held in the Council Chambers at 1827 N. Squirrel Road, Auburn Hills MI 48326 on the 13th day of July, 2015

The following resolution was offered by Mayor Pro Tem Kittle and supported by Councilperson Knight:

WHEREAS, ALTE, LLC has vacated the facility 4425 Purks Road and has ceased to operate the facility, and

NOW, THEREFORE, BE IT RESOLVED that the City Council of Auburn Hills hereby determines that Industrial Facility Exemption Certificate 2011-160, including the personal property component, be revoked according to the provisions of Public Act 198 as amended, for failure of the holder to proceed in good faith with the operation of the new facility in a manner consistent with the purposes of the act, and

That the City Assessor submits a copy of this resolution to the State Tax Commission with a request to revoke the certificate.

AYES: Mayor McDaniel, Mayor Pro Tem Kittle, Council Members Burmeister, Knight, Verbeke

NAYS: Council Member Hammond

ABSENT: Council Member Mitchell

ABSTENTIONS: None

RESOLUTION 15.07.130 APPROVED (5-1)

STATE OF MICHIGAN)

)SS

COUNTY OF OAKLAND)

I, the undersigned, the duly qualified and appointed Clerk of the City of Auburn Hills, Oakland County, Michigan do hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the City Council held on the 13th day of July, 2015, the original of which is on file in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on this 14TH day of July, 2015.

Terri Kowal, City Clerk