



The City of Auburn Hills

City Council Meeting

Minutes

August 19, 2013

CALL TO ORDER: by Mayor McDonald at 7:00 p.m.

LOCATION: City Council Chamber, 1827 N. Squirrel Road, Auburn Hills, MI 48326

Present: Mayor McDonald, Mayor Pro-Tem Hammond, Council Members Doyle, Knight, McDaniel, Verbeke

Absent: Council Member Kittle

Also Present: City Manager Auger, Assistant City Manager Tanghe, Deputy Director/Fire Manning, Assessor Lohmeier, Finance Director Barnes, Police Lt. Gagnon, City Clerk Kowal, Recreation Director Marzolf, City Attorney Beckerleg, City Engineer Juidici

70 Guests

4. APPROVAL OF MINUTES

4. Regular Council Meeting – August 5, 2013

Moved by Doyle; Seconded by Verbeke.

RESOLVED: To approve the August 5, 2013, meeting minutes.

Ms. Doyle complimented the staff for the excellent job on the minutes, reflecting the important Council discussion regarding emergency medical services accurately.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Motion Carried (6-0)

Resolution No. 13.08.138

4b. Workshop - August 5, 2013

Moved by McDaniel; Seconded by Knight.

RESOLVED: To approve the August 5, 2013, Workshop minutes.

Ms. Doyle stated she didn't believe the minutes reflected an important part of the Council discussion or Council agreeing to direct staff to develop a draft strategy regarding the City's public reputation and media strategy.

Mr. Auger stated he wasn't sure the minutes need to be amended; however, Ms. Doyle forwarded him a draft that has been very helpful to organize ideas. Continuing, he stated a meeting is planned for next week, with work continuing on the strategy.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Motion Carried (6-0)

Resolution No. 13.08.139

4c. Executive Session Minutes – 8/5/13, 7/15/13, 7/1/13, 5/20/13, 5/6/13, and 2/18/13

Moved by Knight; Seconded by Verbeke.

RESOLVED: To approve the August 5, 2013; July 15, 2013; July 1, 2013; May 20, 2013; May 6, 2013; and February 18, 2013, Executive Session minutes.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Motion Carried (6-0)

Resolution No. 13.08.140

5. APPOINTMENTS AND PRESENTATIONS

5a. Oath of Office for Three Lieutenant Promotions in Fire Department

Deputy Director/Fire Manning stated the new Fire Lieutenants will serve as shift commanders, newly created positions. The Department started out as a volunteer only station 71 years ago, but has since grown into a highly technical combination department consisting of 52 personnel.

A command training outline has been created, that each Lieutenant is expected to complete over the next 24 months. This core training includes technical, leadership and administrative skills.

Deputy Director/Fire Manning gave brief biographies and introduced the new Lieutenants.

Ms. Kowal administered the Oaths of Office to new Fire Lieutenants Michael Strunk, Owen Milks, and John Hering.

5b. Presentation - Investment Performance Analysis Report – June 30, 2013

Mr. Barnes introduced George Vitta from Asset Strategies, who is the City's fiduciary oversight, with respect to the City's two external Investment Managers, Cutwater and Ambassador Capital.

George Vitta, Assesst Strategies, stated it was a tough month for cash management. The bond market and stock market are fixated on what the Federal Reserve Chairman says. In June, the Federal Reserve Chairman scaled back the quantitative easing, with the idea of buying back bonds which puts cash in the market place. This will contribute to full employment and better economic growth. In the last year employment has improved, approximately 7.4% today with Federal Reserve targeting 6.5%. The Federal Reserve is also targeting inflation, believing it will be about 2.5%, which hasn't been seen in over a decade. The misinterpretation of what the Federal Reserve said has caused a violent uptake in interest rates resulting in a volatile end to the quarter in both equity and fixed income markets. With cash operating funds being short term, they suffered the least amount of damage.

There was a change in leadership between the two Managers; Ambassador Capital is the more conservative of the two Managers. The City's cash portfolio, over time, is much further ahead than other communities. The bond portfolios continue to earn income, income that can be used for the budget process.

The Managers are paying for themselves; with the rate of return and subtracting their fees, there is still a net positive return.

Both Managers are following investment guidelines and policies. The rate of return for the full year is 12 basis points, money market funds have earned zero in the last 12 months. After fees, all the results for the one year, two year, and three years periods are very positive.

Mr. Knight asked if there is anything the City should be doing differently over long-term.

Mr. Vitta stated he is comfortable with the City's long-term investing. Just about every short-term forecaster or analyst agrees the longer-term interest trend in the U.S. is upward, a gradual incline.

Moved by McDaniel; Seconded by Verbeke.

RESOLVED: To accept the Investment Performance Analysis as prepared by Asset Strategies for the year to date activity as of 6-30-2013.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Motion Carried (6-0)

Resolution No. 13.08.141

5c. Proclamation – Drive for Pledges Day

Mayor McDonald explained this pledge includes City Council Members pledging not to text while driving.

Mr. Auger stated the City was approached by AT&T to be one of the lead cities this year in AT&T's public relations campaign to draw attention to the fact that texting while driving is against the law and asked Council to join AT&T in taking the pledge.

Moved by McDaniel; Seconded by Doyle.

RESOLVED: To Proclaim September 19, 2013 as No Texting Day.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Motion Carried (6-0)

Resolution No. 13.08.142

6. PUBLIC COMMENT

Kay Sendegas, an Auburn Hills resident is seeking Council's help with College Heights, where she buses approximately 30 children. There are many very poor people living in the park and living conditions in the park are horrible. There are homes that are being sold for \$100 to \$450; someone needs to look into what is going on. She works with St. Vincent and there are many calls made to that area, because many of the homes have no furnaces or water heaters. There are many homes currently for sale and they are dreadful. One morning while she was waiting with the kids for the bus, she saw the manager and asked him if the homes actually sell. Continuing, she stated he got an attitude and said he sold four this week and next week he will be selling three. She understands nothing can be done for the people currently living in the homes, but something must be done with the homes that are being sold.

Mayor McDonald stated he would talk with Mr. Auger, and get the Code Enforcement Officers out to see what can be done. The City has no control over how the park is run.

Mr. Auger agreed, the City has no jurisdiction over the park, and the City will do what it can and then pass the information on to the State for possible action.

7. CONSENT AGENDA

All items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

7a. Board and Commission Minutes

7a.1. Tax Increment Finance Authority – August 13, 2013

Moved by McDaniel; Seconded by Knight.

RESOLVED: To approve the Consent Agenda.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Motion Carried (6-0)

Resolution No. 13.08.143

8. OLD BUSINESS

8a. Public Hearing/Motion – Approve Industrial Facility Exemption Certificate/New Real and Personal Property/Ralco Industries, Inc.

Mr. Lohmeier introduced Jim Piper and Paul DeLong, and explained the petitioner was before Council at the last meeting, August 5, 2013, seeking a 12-year abatement for real and personal property for property located on Taylor Road. There would be 88 jobs retained in the community with an additional 20 to 70 new jobs created as a result of this project. The real property investment is \$8,752,265 and personal property investment is \$3,584,850 for a total investment of \$12,337,115.

Continuing, Mr. Lohmeier explained the petitioner applied for a 12-year abatement, but the City's policy has a maximum of eight years; which the Tax Incentive Review Committee recommended. The applicant was told they could return to the Tax Incentive Review Committee to request an additional four year abatement prior to the eight-year abatement expiring.

The savings to the company for an eight-year abatement would be \$808,615 and the City's revenue loss would be \$218,644. If a 12-year abatement is approved, the savings to the company would be \$1,203,267 and the revenue loss for the City would be \$327,041. The resolution included is for the eight-year abatement, but can be amended to reflect 12-years if approved by Council.

Eight-years is the maximum the City policy allows; the Abatement Policy was approved in March 2012 by City Council. At the time, City Council approved a provision to allow five Special Projects, allowing for either personal or real property or a combination of both. By using the Special Project designation, the eight year policy could be exceeded, up to 12-year abatement.

Mr. McDaniel asked about the Special Project criteria and if there was an outline explaining the special criteria or what would be considered.

Mr. Lohmeier stated a Special Project was never defined; it was left open to what City Council wished to consider on a case-to-case basis.

Mr. McDaniel asked if the State had referred to what a Special Project may be.

Mr. Lohmeier explained the Special Project is an identification of the City, the State allows a city to grant up to a 12-year abatement, PA 198 exemption. The City's policy was created for an eight-year maximum abatement; based on the investment amount and the type of property being invested in.

Mr. McDaniel stated he was looking for a reason to consider this a Special Project to grant the 12-year abatement and asked what Special Projects have been considered.

Mr. Auger explained when City Council decided on allowing Special Projects, there were three criteria to consider – significant impact, significant investment or significant creation of new jobs in the community. This project would touch on each of the criteria, especially almost doubling their workforce.

Mayor McDonald stated what caught his attention is the company expanding into the motorized wheelchair market and being the only company producing these chairs in Michigan.

Mr. Piper noted they too are excited to be producing the wheelchairs, noting there is a big show being held in Europe that they will be attending. Continuing, Mr. Piper stated the Clinton River Medical Products, is just starting up and the motorized wheelchair business, the power assist module is unique branding to a manual wheelchair. The new building will be the new headquarters and high-tech manufacturing site for RALCO Industries, and it is intended to include the Clinton River Medical Products as well. In order to accomplish the construction of the new building to house both businesses, they are hoping for the 12- year tax abatement approval along with the incentive that is being provided by the State of Michigan. The two abatements together will help get this business off on a good start. As noted on the application there is a wide range of jobs, between 20 and 70. Twenty jobs will be for the RALCO portion and the remaining 50 will be for the Clinton River Medical Products, which will be higher paying jobs. This will be about a \$2.5 million investment in new jobs. What is not included in the abatement is additional investments in three to seven years for another \$1 million in equipment. The bank would be excited to see the abatement as well, to continue to fund and see the cash flow analysis that was projected with the incentive.

Mayor McDonald asked from where the majority of the sales expected.

Mr. Piper stated a majority of sales will come from overseas; there has been a lot of interest from Europe. There is also signed agreement from Canada, with approximately 40% of sales coming from the U.S.

Mr. Knight stated in 2012, the Policy was the best guide available, and as far as he is concerned a simple motion by Council and the Policy can be changed. He is in favor of granting the 12-year abatement. He asked Mr. Lohmeier why the last four years is the average of the taxes from the first eight years, since the tax savings would be much less in the last four years of a 12-year abatement because of asset depreciation. He believes the tax savings will be much less.

Mr. Lohmeier stated when doing tax projections, he looks at the value of the property throughout the length of the certificate; it is a guesstimate of what real estate will be worth eight years from now versus 12 years from now. Continuing, Mr. Lohmeier stated Mr. Knight is correct on how the last four years was determined, by averaging the eight year tax savings. He believes at some point, real estate will increase in value and off-set some of the personal property depreciation; to what degree he doesn't know. The real estate was left as a constant, at the investment amount, \$8.7 million for the first eight years and depreciation multipliers as mandated by the State for the personal property for the eight years and the additional four years. He did not hedge the real estate up.

Mr. Lohmeier stated his predecessor's formula would be to deduct 15% to 20% of the first dollar for first three years, stabilize it for two or three years, then be increased at 1.5%. It is a guesstimate at what the market will do and he thought the best reflective approach for this type of property, because most of the investment is in real estate, was to put the real estate in at the exact amount that's being invested in. It will probably be less on the books next year dollar-for-dollar, but he would hope it would increase in value in about year four or five, where it would make-up for the depreciation of the personal property.

Mr. Knight questioned the possibility of upping the assessment in five years, because of the building value.

Mr. Lohmeier stated his calculations have kept the real estate flat for the first eight years because he doesn't know what the real estate will be worth in year three or four; however, he does know the personal property will depreciate significantly at the beginning and then will level off, at the curve of the linear basis, but he hope to see some growth by year nine in the real estate to off-set the depreciation of the personal property. He stated by keeping the real estate flat in the calculations, the scenario presented would be the most the company could see in savings.

Mr. Piper stated currently they pay approximately \$35,000 in taxes on the building, which will continue, since his father-in-law will still own the building.

Ms. Verbeke asked if there have been any Special Projects receiving a 12-year abatement.

Mr. Lohmeier stated not since the new Policy was implemented in 2012, nor has any applicant sought a 12-year abatement. Prior to adoption of the new Policy, there were Special Projects and with the adoption of the new Policy, there was also the creation of allowing five new Special Projects.

Mr. Knight noted if the 12-year abatement is granted, the petitioner must remain in the City for 16 years or repay the abated money.

Mr. Lohmeier stated a Tax Incentive Policy Agreement has been signed by the applicant, which includes the fact of any more than an eight-year abatement, the applicant must remain in the City an additional four years or repay the abated taxes.

Ms. Verbeke asked for clarification regarding the TIRC recommendation of granting an eight year abatement with the possibility of requesting an additional four-year abatement at a later date.

Mr. Lohmeier explained the maximum abatement allowed by the State is 12 years; if an eight year abatement was approved, the applicant could request an additional four years at any point prior to the eight year abatement expiring.

Ms. Verbeke asked Mr. Piper to explain the incentive the State is providing.

Mr. Piper explained MEDC has not yet finalized the incentive, but in the past there were Mega Grants available, which Ralco Industries qualified for and allowed them to move forward with this project. They have asked for an amendment to the Mega Grant, to include Clinton River Medical Products as part of the grant and to restart the effective date of the Mega Grant with the construction of this new building.

Ms. Verbeke noted if this will be the only production of this type of wheelchair in Michigan, she asked who in the United States also produces this type of wheelchair.

Mr. Piper stated his company purchased the patent for this wheelchair technology from Johnson & Johnson, so Clinton River Medical Products will be the only company producing this wheelchair for quite some time.

Mr. McDaniel noted if Council approves this as a Special Project, which it is within the parameters of the Policy, with no need for the Policy to be amended.

Ms. Doyle was confused by conflicting comments stating there currently are no Special Projects, but in the written back-up materials, one Special Project is noted. She asked for clarification.

Mr. Auger stated Special Projects have been approved in the past, prior to the adoption in 2012 of the new Policy; however, none have been approved since the adoption of the new Policy.

Ms. Doyle asked what the one Special Project was and why was it approved, she would like to know what the benchmark was for Council to approve it as a Special Project.

Mr. McDaniel believed it was Faurceia, who was bringing 200 jobs to the area.

Mr. Auger explained each Special Project is considered on its own merit, as long as it falls within the Policy guidelines.

Mr. Lohmeier explained the past Policy allowed for five Special Projects. When the new Policy was adopted it included an additional five Special Projects. The last Special Project approved by Council, he believes, was U.S. Farathane whose certificate expires in 2022, which began in 2010. Continuing, Mr. Lohmeier believes U.S. Farathane brought approximately 300 hundred new jobs to the City.

Mr. Auger stated U.S. Farathane was a new business to the City, and therefore all the jobs were new jobs in the City; whereas Ralco is remaining and growing in the City.

Mr. Lohmeier noted U.S. Farathane fall under the old Policy for Special Projects, and Ralco would be a Special Project under the new Policy.

Ms. Doyle concluded there would then be two references for what may be considered a Special Project.

Mr. Knight explaining some history behind the number of years stated in the past, a 12-year abatement was common, requiring the businesses to remain in the City two years after the expiration of the abatement. Then the normal became an eight year abatement as the maximum, with the two additional years clause of remaining in the City. When requests came in for 12-year abatements, it was decided to require the additional four years of remaining in the City, if granted.

Ms. Doyle stated with an eight year abatement, it will save the company \$800,000, with \$200,000 directly impacting Auburn Hills. The remaining \$600,000 is revenue for other taxing authorities, and she isn't sure if Council should be making decisions for them.

Mr. Lohmeier assured Ms. Doyle, all the other taxing authorities are always invited to the meetings to voice their opinions. Responding to Ms. Doyle, Mr. Lohmeier stated yes, this would also include Pontiac Schools, providing the property is located within the Pontiac School District.

Ms. Doyle noted if this 12-year abatement is granted, it will save the company \$1.2 million, with the City losing about \$327,000 and the other entities approximately \$900,000, including the Pontiac Schools. She realizes Auburn Hills has not raised their taxes; however, a tax was imposed on the Auburn Hills residents, because Pontiac School cannot pay their bills. She feels very strongly and does not support the 12-year abatement. She is happy the company is located in Auburn Hills and is expanding and supports the eight-year abatement, but in light of the residents having to pay more taxes she will not support the 12 years, noting the company can come back and ask for an extension at a later date.

Mr. Knight stated this abatement will not affect Pontiac Schools, unless there is a sinking fund millage. All the school taxes that are abated go straight to the State, including the 18 mills for commercial property. The State then distributes the money to the school districts.

Mr. Lohmeier explained a total portion of the millage is for the Pontiac School District and made whole by the State.

Ms. Verbeke asked Mr. Lohmeier who the other taxing authorities were.

Mr. Lohmeier stated school operating fund, the City, the library; the total millage rate is reduced by half with a tax abatement.

Ms. Verbeke asked if Pontiac Schools has a sinking fund millage.

Mr. Lohmeier stated there is a debt millage for Pontiac Schools, other than the MESA judgment. Continuing, he explained the State provides the funding for the school districts, including Pontiac. He isn't sure how the State is reimbursed for the tax abatements. The taxes go to the State, as indicated by Mr. Knight, and the State makes the schools whole.

Mr. McDaniel stated U.S. Farathane was the Special Project receiving a 12-year abatement. Continuing, he stated he too is in favor of the eight years, but what intrigued him with the 12-years is because this is a medical device, which will enable the company to lock in their pricing to be competitive in the market. The 12-year abatement will also allow 50 jobs for the community as opposed to possibly only increasing the workforce by 20 jobs. If granting an eight-year abatement, the company would have to reconfigure their pricing. He also noted, in the past Council has almost always allowed the additional four year abatement to those that have returned asking for an extension.

Ms. Doyle stated she understood the reasoning and the long-term pricing, but the company has stated they have a very good business model based on the eight-year abatement. The company has unique technology without any competitors; she doesn't see the need for the competitive pricing.

Mr. McDaniel argued there are definitely competitors, just not with the same technology.

Mr. Piper stated they have competitors wanting them to locate their headquarters elsewhere, by offering incentives.

Ms. Doyle stated the City is offering an eight-year abatement.

Mr. Piper stated the 12-year abatement is definitely part of the decision whether to locate the wheelchair portion of the company in Auburn Hills or not.

Mr. Knight stated he doesn't believe Council has extended an eight-year abatement more than a few times. If a 12-year abatement is warranted, they've been approved; otherwise it is generally an eight-year abatement. He doesn't want it to appear that the Council will approve all requested extensions on abatements; there must still be good reason for an extension.

Moved by McDaniel; Seconded by Knight.

RESOLVED: To approve the request for an 12-year IFEC pertaining to new real property and personal property for Ralco Industries, Inc. for a total real property investment of \$8,752,265 and personal property investment of \$3,584,850 for a total investment of \$12,337,115 of real and personal property combined by adopting the attached resolution (Attachment A).

Ms. Hammond asked if the Council approves and eight-year abatement and the State does not approve the Mega grant, will the headquarters still be located elsewhere.

Mr. Piper stated the company is not looking to leave Auburn Hills, Ralco has been located in Auburn Hills for a very long time, but they must do what is best financially for the wheelchair portion of the business. The location for the wheelchair portion will hinge financially on the abatement and the grant received from the State. Ralco will remain in Auburn Hills regardless.

Ms. Verbeke stated she was in favor of the eight year abatement, but will approve the 12-year because it will retain and add jobs to the area as well as a new market being brought to Auburn Hills.

VOTE: Yes: Hammond, Knight, McDaniel, McDonald, Verbeke

No: Doyle

Resolution No. 13.08.144

Motion Carried (5-1)

9. NEW BUSINESS

9a. Motion – Approve Purchase of 10 Rugged Laptops and Vehicle Mounts for AHFD Fire Apparatus

Lt. Gagnon explained the Fire Department was awarded Federal 2012 Assistance to Firefighters Grant (AFG) for the purchase of ten rugged laptops along with software to be placed in AHFD apparatus. The funded amount for this grant is \$48,500. Currently the Fire Department does not have laptops in the vehicles so this is a step forward in technology.

Ms. Verbeke asked if these computers will be connected with the Police. In the past, as an example, if the Fire Department had been called because of a burning issue, there wasn't a way to immediately receive information from the Police Department if there had been other violations.

Lt. Gagnon stated no, the LIEN laws in Michigan do not allow firefighters access to police information on the computer; it raises confidentiality issues. There are computers available to purchase through Oakland County that are connected to CLEMIS; however, the cost out-weighs the benefit of what a firefighter would need on a scene. This will allow access to files of specific buildings and what may be stored in the building such as hazardous materials, building plans can be seen and locations of fire hydrants, as well as other pertinent information.

Responding to Ms. Verbeke, Lt. Gagnon stated the purpose of the laptops are to allow on scene incident command mapping of all of the major facilities hazmat buildings in the City. There has been a lot of time and study creating the maps, having access to Oakland County's ArcGIS, which is used for property locations and owners. The main purpose is to get a proper location, determine what materials are in a building and with the new Mutual Aid Agreements within Oakland County; additional resources can be requested to meet the needs of the situation with real time information.

Ms. Hammond noted the software cost of \$3,500 and asked if the software would need to be renewed each year and if so, at what cost.

Lt. Gagnon didn't believe there will be annual updates at an additional cost.

Moved by McDaniel; Seconded by Verbeke.

RESOLVED: To approve the purchase of ten (10) rugged laptops along with software and mounting equipment from Mobile-Teck and authorize the City Manager to convey acceptance by purchase order.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Resolution No. 13.08.145

Motion Carried (6-0)

9b. Motion – Verizon Wireless Request to Replace Antennas

Mr. Auger explained Verizon Wireless would like to update their antennas that are located on the City Campus. Mr. Beckerleg has reviewed the agreement, and staff recommends approval.

Moved by Knight; Seconded by Doyle.

RESOLVED: To direct the City Manager to approve the request of Verizon Wireless to replace six (6) of their existing twelve (12) antennas with like equipment on the monopole tower located at 3303 East Seyburn Drive within the spirit of the lease agreement with the City of Auburn Hills.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Resolution No. 13.08.146

Motion Carried (6-0)

9c. Motion – Consideration of Oil and Gas RFP

Mr. Marzolf explained this is to release oil and gas leasing rights on City owned property. Both Rochester Hills and Waterford Township are both currently involved in this process. There appears to be a vein of natural oil and gas underground in the northern area of Auburn Hills, stretching roughly from near Great Lakes Crossing eastward toward the E. Dale Fisk Hawk Woods Nature Center, and potentially beyond in both directions. Privately owned firms involved in developing oil and gas are currently pursuing leasing rights to do so in these areas. This is a potential new income source for some municipalities, including the City of Livonia, and park systems like Kensington Metropark and the Huron-Clinton Metropolitan Authority for example.

With this opportunity in mind, and recognizing the need for new, non-traditional funding sources as an additional means for continued progress and growth, City Staff has drafted a Request for Proposal for Council consideration. The RFP invites interested parties to submit proposals to lease the oil rights on City-owned properties, including roads, right-of-ways, parks, and other properties owned by the City within the areas of interest. The proposals will include examples and locations of current operating wells located on municipal properties, three municipal references, insurance requirements and proposed oil and gas lease options for the City to consider. Lease options to consider are a bonus payment per acre, paid up front, and an offer of royalties if or when gas or oil is found.

An example published by the MSU Extension office, depicts the magnitude of royalties in the ideal situation using gross income: Situation: 40 acres, one oil well at 25 barrels per day for 200 days at \$90 barrel equals \$450,000 per year.

Revenues generated from the leasing of oil and gas rights on certain City properties could be used to help fund a variety of quality of life programs and facilities throughout the City as well as future operational and infrastructure needs of the City.

If further exploration of this opportunity is appealing, staff will release the RFP, and develop a report which will be brought back to Council for further consideration. As the RFP indicates, the City reserves the right to reject any and all proposals.

Mr. Beckerleg has reviewed the RFP and finds it to be in good order.

Mayor McDonald asked if an RFP is not sent and oil and/or gas are found under Hawk Woods because an area resident allowed the drilling, would the City still receive royalties.

Mr. Beckerleg believed the City would receive royalties. He also noted the City cannot prohibit drilling in Auburn Hills. Continuing, Mr. Beckerleg confirmed for Mayor McDonald it would be more beneficial to the City to send out an RFP. Generally up-front bonuses are offered as well as being able to negotiate the percentage of royalties.

Mr. Knight stated this is an exciting possibility. He believes if the Palace, for example, signed a lease with an oil company, the City wouldn't receive a royalty because the City owns Hawk Woods; only those that sign the lease would be able to share in the royalties.

Mr. Beckerleg explained, not the Palace, but properties on either side of the parcel being drilled, there would be pipe lines installed that would affect other properties, and therefore collect royalties as well. The royalties may not be the same, but could have been determined had it been allowed on your property to begin with.

Ms. Verbeke asked with the City owned property, many parks have wetlands and asked if those wetlands are allowed to be disturbed and how might it affect them.

Mr. Marzolf explained there would be a non-development lease; there would be no structures or wells on any of the property. The drilling can be done horizontally for up to a mile or two away from the site.

Mr. Auger stated there is a drilling operation at the MSU Training Center at Crooks and I-75, which isn't noticeable.

Ms. Doyle stated she was approached about eight years ago to do drilling on her property. She went through the process with attorney's who specialize in this area and had a good contract in the event anything was found; which nothing was. She learned through the process to negotiate the second mile, because typically only the first mile down is negotiated.

Mr. Auger noted a company approached the City, who was exploring and testing in the northern area of the City. Auburn Hills is the only community he is aware of that explained because this is public property, there is a process to be followed which includes an RFP.

Mayor McDonald stated this will allow the City to receive information to discuss and then decide whether or not to proceed.

Moved by Knight; Seconded by Doyle.

RESOLVED: To support the release of the Oil & Gas RFP to explore oil and gas leasing rights on City properties.

VOTE: Yes: Doyle, Hammond, Knight, McDaniel, McDonald, Verbeke

No: None

Resolution No. 13.08.147

Motion Carried (6-0)

10. COMMENTS AND MOTIONS FROM COUNCIL

Mr. Knight:

- Thanked whoever fixed the clock.
- Asked if the chimes could be adjusted to reflect the actual time, it has been off two minutes fast for years.
- He hasn't noticed any new road markings on Auburn Road and wants to make sure some additional markings are done, particularly going southbound on North Squirrel and turning right. Also the lane lines need to be wider.
- Appreciated Ms. Sendegas' comments about the trailer park, but he doesn't know what the solution is.
- He has done some research regarding emergency medical services and questioned if the City wants to have control of the medical emergency services or not. He realizes discussion will occur during budget talks as well as having a joint meeting with the Public Safety Advisory Committee. He believes the City should be controlling what happens with the residents, though the current outside company does a good job.

Ms. Verbeke:

- The lines on the roads downtown are difficult to see as well as the old lines are still visible, including the lines for turning southbound onto Squirrel Road. Once school begins, the buses will be backing up traffic and no one will be able to get around the buses, maybe the lights can be adjusted.
- Questioned if the Library has a generator or not, because the Library was closed Saturday due to the power outage.

Mr. Auger stated there were numerous issues with the power outage, even for those with generators. There is a switch that should flip to activate the generator power, but it stuck mid-way through the flip. It wasn't realized the switch did not work until a half-hour later; there is battery back-up that lasts for 30 minutes. Mr. Cagel from I.T. came in, as well as the City's electrician to get things up and running. The work was completed and believed to have remedied the problem, but the electrical company will be in Wednesday to make sure the problem doesn't occur again.

- Residents on Alberta asked for a curb-cut to access the strip mall; one of the stores agreed it was a good idea. She asked how the residents would be notified of the decision.

Mr. Auger stated letters will be mailed to the residents notifying them that their voices were heard and a curb-cut will be constructed, he believes this fall.

- Asked what can be done with Baldwin Road, if the County isn't going to do any repairs to the barely passable road.

Mr. Auger stated the City is continuing to work with Oakland County, who has jurisdiction over Baldwin Road. The DPW has been watching for other communities that aren't using their tri-party funding and trying to get them transferred to Auburn Hills.

- Asked what can be done to get police patrol on Collier Road, the speed limit is 25 mph and cars drive at 50 and 60 mph.

Mr. Auger stated extra patrol can be assigned.

- Asked if College Heights is a private road.

Mr. Auger stated yes.

Ms. Doyle:

- Noted not all the homes in College Heights are in terrible condition and supports anything the City can do to help the area. She agrees it is very sad for people to buy these houses, but it may be one-step away from homelessness.
- David Lonier, a resident, keeps Council informed about smart meters, and he sent a communication from the Detroit Free Press that says there are 23 Michigan communities that have passed ordinances opposed to the smart meters. She is curious if staff has kept up with what is going on with the smart meters and not just ignoring the issue.

Mr. Auger stated it has been looked into and not ignored. There are claims that certain groups make, but those claims can't be verified.

Ms. Hammond:

- The City's TV station has been out the last few days and Mr. Tanghe suggested it may be because of the power outage. She hopes City staff checks on the TV station periodically, making sure it is working correctly.

Mr. McDaniel:

- Has recalled substantial building code violations in College Heights in the past. The City was very active and did help to curb some activities. He hopes the City will again be active in that community.
- Is looking for updates on the angle parking and agrees with Ms. Verbeke that the old lines are visible and asked if something else could be done to remove the markings. The bike lane marking seems to be in the middle of the lane and extra large. He thought the renderings shown had the markings to the far right and considerably smaller. Also would like to know if all the road striping is completed or is there more to be done. He has seen DTE working on the electricity by the new student housing structures and asked for an update.

Mr. Tanghe stated there is now permanent power at the parking structure and at the University Center; the elevator equipment was being delivered to the University Center. As of last week, the apartments did not have permanent power, because each unit will be individually metered.

The University Center is on track to receive its furnishing on September 9th, construction will be completed by then as well as the wooden floors refinished and carpeting installed. Completion of the furniture installation should be September 11th. The parking structure is completed, including the landscaping. There will be a ribbon-cutting ceremony October 3rd, hosted by the Tax Increment Finance Authority, which will include the DEN, the apartment's retail, the parking structure and the University Center.

- Asked about southbound Squirrel Road near of M-59.

Mr. Juidici explained the contractor for Squirrel Road has diamond grinders scheduled for Thursday, weather permitting.

Mayor McDonald:

- Reminded Council there will be a joint meeting with the Public Safety Advisory Board, Monday, August 26, 2013 at 5:30 p.m., in the Council Chamber.

11. CITY ATTORNEY'S REPORT - none

12. CITY MANAGER'S REPORT –none

13. ADJOURNMENT The meeting adjourned at 8:48 p.m.

James D. McDonald, Mayor

Terri Kowal, City Clerk

**CITY OF AUBURN HILLS
RESOLUTION 13.08.144
APPROVING AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
FOR RALCO INDUSTRIES, INC.**

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 **19th day of August, 2013**.

The following resolution was offered by Council Member McDaniel and supported by Council Member Knight:

WHEREAS, pursuant to P.A. 198, 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing held on the **21st day of August, 1995**, the City of Auburn Hills, established an Industrial Development District, commonly referred to as the **Cardell Corporation Industrial Development District; and**

WHEREAS, **Ralco Industries, Inc.** has filed an application for an Industrial Facility Exemption Certificate with the Clerk of the City of Auburn Hills with respect to proposed new **real and personal property** within the **Cardell Corporation Industrial Development District; and**

WHEREAS, before acting on said application, the City Council of Auburn Hills held a hearing on the **19th day of August, 2013** at a regularly scheduled meeting, at which time the applicant, the assessor, and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, construction and installation of the facility has not begun earlier than six (6) months before **May 1, 2013**, the date of the acceptance of the application for the Industrial Facility Exemption Certificate; and

WHEREAS, completion of **the real and personal property** is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create or prevent the loss of employment in Auburn Hills; and

WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Auburn Hills after granting this certificate **will exceed 5%** of an amount equal to the sum of the SEV of the unit, plus the SEV of personal and real property thus exempted.

NOW, THEREFORE, BE IT RESOLVED BY the City Council of Auburn Hills that:

1. The City Council of Auburn Hills finds and determines that the granting of this Industrial Facilities Exemption Certificate, together with the aggregate amount of the certificates previously granted and currently in force, under PA 198 of 1974, and PA 225 of 1978, shall not have the effect of substantially impeding the operation of the City of Auburn Hills, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Auburn Hills.

2. The application for an Industrial Facilities Exemption Certificate with respect to a **New Facility** on the following described parcel of real property situated within the **Cardell Corporation Industrial Development District; to wit;**

The real property parcels the facility is located on is identified as tax parcel 02-14-10-200-022, having an address along Taylor Road, Auburn Hills, MI 48326, including:

Legal Description

T3N, R10E, SEC 10 PART OF NE 1/4 BEG AT PT DIST N 89-39-08 E 330.30 FT FROM N 1/4 COR, TH N 89-39-08 E 983.64 FT, TH S 00-07-12 E 290.12 FT, TH N 89-39-08 E 227.39 FT, TH S 912.76 FT, TH N 62-37-37 W 564.18 FT, TH ALG CURVE TO RIGHT, RAD 523.50 FT, CHORD BEARS N 46-55-27 W 283.37 FT, DIST OF 286.95 FT, TH N 31-13-16 W 722.67 FT, TH ALG CURVE TO LEFT, RAD 351.50 FT, CHORD BEARS N 46-00-11 W 179.36 FT, DIST OF 181.37 FT TO BEG 18.80 A 7-12-13 FR 015 & 016

Also known as tax parcel 02-14-10-200-022. Address: 1925 Taylor Road.

is hereby approved for **real property and personal property improvements**.

3. The Industrial Facilities Exemption Certificate shall remain in force and effect for a period of **twelve (12) years**, and the starting date for the certificate is **December 31, 2013** and the ending date is **December 30, 2025**.

4. The total project investment approved is **\$12,337,115**.

5. **Ralco Industries, Inc.** agrees to operate the facility for which the Industrial Facilities Exemption Certificate is granted for the term of the certificate, plus an additional **four years** after the date of the certificate's expiration.

AYES: Mayor McDonald, Mayor Pro Tem Hammond, Council Members Knight, McDaniel, Verbeke

NAYS: Council Member Doyle

ABSENT: Council Member Kittle

ABSTENTIONS: None

RESOLUTION13.08.144 ADOPTED (5-1)

STATE OF MICHIGAN)

)SS

COUNTY OF OAKLAND)

I, the undersigned, the duly appointed City Clerk for 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 Auburn Hills City Council held on the **19th day of August, 2013.**

IN WITNESS WHEREOF, I have hereunto affixed my official signature on **this 20th day of August, 2013.**

Terri Kowal, City Clerk