



# CITY OF AUBURN HILLS CITY COUNCIL AGENDA

MEETING DATE: AUGUST 16, 2021

AGENDA ITEM NO. .

## CITY OF AUBURN HILLS TAX INCREMENT FINANCE AUTHORITY MEETING

**July 13, 2021**

**CALL TO ORDER:** Chairman Kneffel called the meeting to order at 4:02 PM

**ROLL CALL:**

Present:	Kneffel, Goodhall, Moniz, Klemanski, Hawkins
Absent:	Dolly, Price, Thornton, Waltenspiel
Also Present:	Brandon Skopek, Assistant to the City Manager, TIFA Executive Director; Andrew Cousino, OHM Advisors; Andrew Hagge, Management Assistant; Ron Melchert, DPW Director
Guests:	8

**LOCATION:** Auburn Hills City Hall, Administrative Conference Room, 1827 N. Squirrel Road, Auburn Hills, MI 48326

### PERSONS WISHING TO BE HEARD

None

### CORRESPONDENCE AND PRESENTATIONS

#### **A. Personal Property Tax Reimbursement Form 5176**

Mr. Skopek stated that each year the TIFA goes through the Personal Property Tax Reimbursement Form process, and that the Personal Property Tax Reimbursement Form 5176 had been submitted to the State of Michigan prior to the June 15 deadline. Mr. Skopek gave the reimbursement expectations for each TIF district. TIF district A, including both Avondale and Pontiac School Districts, anticipates approx. \$280,200. TIF district B, because of the growth seen in the district, is not expected to see any reimbursement. TIF district D, due to the negative capture from the Personal Property Tax, anticipates approx. \$973,000.

Mr. Skopek stated that the TIFA will receive further word from the State of Michigan, as it is currently under review, regarding any changes that may need to be made.

Mr. Hawkins asked when the TIFA can expect those payments from the State of Michigan.

Mr. Skopek answered that the payments can be expected to be made in either late 3<sup>rd</sup> quarter or early 4<sup>th</sup> quarter of 2021.

### APPROVAL OF MINUTES

#### **A. TIFA Regular Meeting Minutes – June 8, 2021**

Moved by Mr. Goodhall to approve the TIFA Regular Meeting minutes from June 8, 2021 as presented.

Supported by Mr. Hawkins

Yes: Kneffel, Klemanski, Hawkins, Goodhall, Moniz

No:

**Motion carried**

#### **B. TIFA Executive Session Minutes**

**Moved by Mr. Moniz to approve the TIFA Executive Session minutes from June 8, 2021 as presented.**

**Supported by Dr. Klemanski**

**Yes: Goodhall, Hawkins, Klemanski, Moniz, Kneffel**  
**No: none**

**Motion carried**

**FINANCIAL REPORT**

**A. FY 2021 Adopted Budget and YTD Summary – June 30, 2021**

Mr. Skopek presented the financial report for the period ending June 30, 2021.

There was no discussion on the financial report.

**Moved by Mr. Hawkins to receive and file the financial report for period ending June 30, 2021.**

**Supported by Dr. Klemanski**

**Yes: Goodhall, Kneffel, Hawkins, Klemanski, Moniz**  
**No: none**

**Motion carried**

**Unfinished Business**

**A. Business Recruitment Grant – Browe Skin & Brow Bar**

Mr. Skopek asked for Mr. Goodhall to make a motion to remove the agenda item from the table, get the motion seconded, voted on, and then the item can be discussed.

**Moved by Mr. Goodhall to remove the agenda item from the table.**

**Supported by Dr. Klemanski**

**Yes: Goodhall, Kneffel, Hawkins, Klemanski, Moniz**  
**No: none**

**Motion carried**

Mr. Skopek reiterated the process of the Business Recruitment Grant. He noted the property is located in TIF District A, making it eligible for a Business Recruitment Grant.

Mr. Skopek noted that the applicant is in attendance to provide the TIFA Board with a presentation on any new information.

Mr. Skopek reiterated the quotes for the buildout processes range from \$280,000 to \$380,000, and the applicant has secured \$224,700 in private financing. He noted that this is a second location/expansion for Browe Skin & Brow Bar, meaning the applicant falls into the 2<sup>nd</sup> tier of the program, which ranges from \$30,000 to \$100,000. The applicant has noted the total cost of the expansion is approx. \$350,000. Mr. Skopek reiterates the staff's position which is that a grant award of \$100,000 shall be reserved for prospective restaurants or a user that will revitalize an existing building. He noted again that based on the guidelines of the Business Recruitment Grant and the applicant's financial information, the staff recommendation is to award a Business Recruitment Grant of a not-to-exceed amount of \$30,000.

Mr. Skopek turned the discussion back over to the Board for questions for staff or the applicant.

The Board did not have any questions.

Chairman Kneffel called on the applicant to begin their presentation.

Among the presenters on behalf of the applicant are; Mr. Michael Wayne, Mr. Alec Harris, Mr. Nick Browe, and Ms. Kristen Browe.

Ms. Browe stated that she started her business in November of 2019 and was forced to closed four months later due to the COVID pandemic. She stated that the growing downtown location in Auburn Hills attracted her to The Jordan 3250. She has grown to averaging between 170 and 180 clients per month but has grown out of her current location in Rochester Hills because they can only attend to one client at a time.

Ms. Browe highlighted the uniqueness of the new day spa. The location would have private spa rooms as well as a large open space for events and groups to gather.

Ms. Browe noted that appointments average between 30 and 90 minutes. Clients frequent the business once every three to six weeks. The business's average transaction is \$110. She also noted that on average, women spend \$313 per month on beauty services. Ms. Browe referenced her large social media following that assists the growth of her business. Currently, Browe Skin & Brow Bar does upwards of \$4,000 to \$5,000 per week in sales. Ms. Browe also mentioned that she has signed a 10-year lease with two five-year options.

Mr. Harris stated that the applicant has secured additional funding through negotiations with another lender.

Mr. Wayne noted that he understands the Board's position that \$100,000 is too steep. He also explained that after securing an additional lender, the applicant still has a funding gap of \$68,000.

Mr. Wayne indicated that the applicant has amended their request to the Board. The applicant is now seeking a Business Recruitment Grant worth \$68,000.

Ms. Browe notes some points regarding the beauty industry in general. The beauty industry is growing, and skin care is the largest sector of the beauty industry, making up 23.7% of the industry next to haircare. She references a 1998 theory called the Lipstick Effect, which states that women don't stop spending money on personal services when the economy is down. She mentioned that now skin care has exceeded cosmetics, stating that having healthy skin is now more important than having nice makeup. She also states that men have come to make up a larger portion of the sales in the skin care sector. She referenced an article that stated when people go to a downtown salon, then they are more likely to stop at at least one more other store in the downtown.

Vice Chairman Klemanski asks how many employees the applicant will have at this location. Ms. Browe mentions that currently she has herself and one other employee. Dr. Klemanski asks if that is a contracted employee. Ms. Browe answers that it is a W-2 employee, adding that she does not believe in contracted employees. Ms. Browe states that she will have two to three other estheticians and at least two to three other spa/management positions.

Vice Chairman Klemanski asks for the hours of operation and how many days per week they will be open. Ms. Browe answers that they will be open seven days per week, and the last appointment a client can book is for 8:00 PM and open at either 8:00 or 9:00 AM. Dr. Klemanski asks if they will be closing their other location at Adams Rd. and M-59. Ms. Browe answers "yes."

Mr. Moniz inquires about how much more business they will be doing in the downtown Auburn Hills location compared to their current location in Rochester Hills. Ms. Browe believes she can double or triple the business and clients. Ms. Browe states they she will have four spa rooms, and five chairs for brows, lashes and facials. Mr. Moniz asks how many clients they will bring into their location each day, on average. Ms. Browe responds, "between 20 and 40." Mr. Moniz asks if they will serve alcohol and asks for the square footage of the location. The answer to those questions are yes and 3,275 sq. ft., respectively.

Mr. Hawkins asks about the comfort level clients will have going into a salon in the post-COVID environment. Ms. Browe stated she has noticed clients have felt increasingly comfortable coming into their location, beginning at the start of 2021.

The applicant called upon Lillian Briggs, the Property Director for the Fountain Circle Apartment Homes Development, she made the case that the applicant is a necessary to bolster and revitalize the downtown. She stated that downtown Auburn Hills does not need another restaurant.

Mr. Moniz disagreed and mentioned that Mr. Wayne is proposing a future restaurant. Mr. Moniz indicated that he believes Mr. Wayne will be coming back to the TIFA Board for another Business Recruitment Grant for his future restaurant.

**Moved by Dr. Klemanski to award a Business Recruitment Grant in the not-to-exceed amount of \$40,000 to Browe Skin and Brow Bar for their tenant buildout at 3250 Auburn Road, Auburn Hills, Michigan 48326 from TIF-A account #251-735-967.100 and authorize the Executive Director to execute all necessary documents and verify grant compliance. All final documents shall be reviewed and approved by the City Attorney.**

**Seconded by Mr. Moniz**

Secretary Goodhall is concerned that the grant award is not enough. Dr. Klemanski states that his motion is above the staff recommendation and the building is new and does not fit within the guidelines of revitalizing an existing building.

Secretary Goodhall believes that the Board is at risk of giving money back to the State because the Board is not spending enough. Mr. Skopek assured the Board that TIF-A has projects in the past and on the horizon that will come with large expenditures. Mr. Skopek references future costs associated with the parking structure for approximately \$500,000.

Chairman Kneffel called for a vote.

**Yes: Goodhall, Kneffel, Hawkins, Klemanski, Moniz**  
**No: none**

**Motin carried**

Ms. Browe mentioned that she hopes to be open for business on October 1, 2021.

#### **NEW BUSINESS**

##### **A. Access Control for Security Fencing at the Public Safety Building**

Mr. Skopek stated to the Board that approval for security fencing was approved in April, and that the Board discussed a need for access controls. Mr. Skopek relayed that the DPW went out to bid for access control and everything associated with that. Mr. Skopek noted that the bid came back within the TIFA budget of \$200,000.

Mr. Skopek mentioned that if the project were to go over budget, then that could be responded to with administrative approval limits, but Mr. Skopek also mentioned that the Board would remain updated by staff if that were to take place.

Mr. Skopek turned the discussion over to the Board, accepting questions and notes that DPW Director, Ron Melchert, is also present for questions from the Board.

Chairman Kneffel asked about the timeline for fence installation. Mr. Melchert noted that they are still awaiting permitting from the Community Development Department, and he expects to see construction in August.

Mr. Moniz asked if some electrical work will be in-house. Mr. Melchert replied that in-house electrical work will be minor, noting further that most of the electrical work was included in the RFP.

Mr. Moniz inquired about the potential for two pedestrian egress gates on the West and East sides of the project and a cost associated with that. Mr. Melchert responded that code will determine the necessity of the egress gates. Mr. Melchert noted also that the pedestrian gate would cost approximately \$1,800.

**Moved by Mr. Moniz to approve a contract with Detection Systems Engineering, 1450 Temple City Drive, Troy, MI 48084 for access control expansion associated with the Public Safety fence project in the amount of \$33,627 to be funded from account number 253-737-972.000.**

**Seconded by Mr. Hawkins.**

**Yes: Goodhall, Kneffel, Hawkins, Klemanski, Moniz**

No: none

Motion carried

#### **B. Parking Lot Improvements – Civic Center Park**

Mr. Skopek recalled in May of 2021, the Board awarded a bid to construct a new Seyburn Pavilion on the municipal campus at a cost of \$160,270. Mr. Skopek noted that as part of the project, a reconstruction of the parking lot that once serviced the Seyburn Mansion is also proposed. The total budget for the construction of the new pavilion and parking lot is \$250,000.

Mr. Skopek stated that after the contract award for the pavilion and design/bid fees for the parking lot, the TIFA has a remaining budget of \$75,730. He noted that in addition to this project, the City has budgeted funds to replace stairs and pathways on the Municipal Campus and to construct an access drive to the new storage building – this aspect of the project has a budget of \$300,000 from the General Fund.

Mr. Skopek stated that the total budget for the entire scope of work, including the new pavilion, is \$550,000, which is split between the TIFA and the General Fund; \$250,000 and \$300,000 respectively. He noted that OHM Advisors packaged the new parking lot, stair and pathway replacement, and new access drive together to achieve economies of scale. These four components are in addition to the construction of the new pavilion. And the low bidder for the project was Best Asphalt, Inc. bidding at \$439,307.30.

Mr. Hawkins asked for clarification regarding the payment steps and structure of the project. Mr. Skopek answered that the TIFA will fund the parking lot reconstruction aspect from Best Asphalt, Inc., explaining further that the total TIFA expense will be up to \$322,239.

Mr. Skopek reiterated that the total budget for all aspects of the project is \$550,000, split between the TIFA and the General Fund. Mr. Skopek also noted that that anticipated cost for all aspects of the project is approximately \$694,477, which is \$144,478 over the combined budget.

Mr. Skopek states the Staff recommendation to proceed with a budget amendment in the amount of \$72,239, which will bring the TIFA's total contribution for this contract with Best Asphalt, Inc. to \$147,969. The total TIFA expense would then be \$322,239. Mr. Skopek relayed the next step would be to go to the City Council and request a budget amendment in the same amount of \$72,239.

Vice Chairman Klemanski asked if the City Council is aware that Staff will be approaching them with a recommendation to amend their budget in the same amount of \$72,239.

Mr. Skopek answered that the City Council is not currently aware, but Mr. Skopek noted they will be if the budget amendment is approved by the TIFA.

Chairman Kneffel asked if the budget amendment was made into a motion for the Board, and asked for clarification regarding which figure was up for an amendment. Mr. Skopek answered that yes, the budget amendment has been made into a motion for the Board. Additionally, staff is asking to amend the TIF-D budget by \$72,239 and authorize up to \$147,969 in funding for the parking lot improvements necessary in the municipal campus.

Chairman Kneffel inquired about the book return booth outside of the Public Library, noting that it is not handicap friendly. Because of that, he asked if the curb in front of that is included in the reconstruction plans for the Parking Lot Improvements Project. Mr. Skopek answered that the curb in front of the return booth for the Public Library is not included in the project scope.

Mr. Moniz inquired about certain “not to exceed” language that might be necessary. Mr. Skopek noted that the Board may insert the “not to exceed” language in their motion before the \$147,969 figure.

Dr. Klemanski about inquired about the accuracy of the bid quotes, due to wide-ranging increases in cost associated with these types of projects. Mr. Skopek noted that he will be holding the contractor to the numbers stated in the memo, and that he does not anticipate the accuracy of the bid quotes to be an issue.

Mr. Hawkins inquired about crew days factoring into the budget for the project. Mr. Cousino explained how crew days factor into the OHM scope of the project.

Mr. Hawkins asked about how many additional parking spaces will be added as a result of the reconstruction. Mr. Cousino guessed that the reconstruction would add approximately 24 additional parking spaces.

**Moved by Mr. Moniz to amend the TIF-D budget to increase funding by \$72,239 in account number 253-737-972.000-MUNIPAVILION. Furthermore, authorize a not to exceed amount of \$147,969 in funding for the parking lot improvements necessary in Civic Center Park.**

**Yes: Goodhall, Kneffel, Hawkins, Klemanski, Moniz**

**No:**

**Motion carried**

**Executive Director Update**

Mr. Skopek noted that the downtown pedestrian alleyway is now complete, aside from a couple of punch list items.

**Board Member Comments**

Vice Chairman Klemanski noted that he has been tasked with chairing a committee for the purpose of reviewing the Business Recruitment Grant process. Dr. Dolly and Mr. Moniz are also a part of the committee. Dr. Klemanski asked the rest of the Board for input and feedback regarding the grant process.

Mr. Hawkins spoke positively about Haus of Brunch, a new restaurant in the Auburn Hills Downtown in the former Dimitri's space.

**ANNOUNCEMENT OF NEXT MEETING**

The next regularly scheduled TIFA Board of Directors meeting is scheduled for Tuesday, August 10, 2021 at 4:00 PM at Auburn Hills City Hall Administrative Conference Room, 1827 N. Squirrel Road, Auburn Hills, Michigan 48326.

**ADJOURNMENT**

**Moved by Mr. Moniz to adjourn the TIFA Board meeting.**

**Supported by Mr. Hawkins**

**Yes: Goodhall, Kneffel, Klemanski, Hawkins, Moniz**

**No: none**

**Motion carried**

**The TIFA Board of Directors meeting adjourned at 5:28 p.m.**

Respectfully submitted,

Steve Goodhall  
Secretary of the Board

Andrew Hagge  
Management Assistant