



# The City of Auburn Hills

## City Council Meeting

### Minutes

June 3, 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, Kittle, Knight, Verbeke  
**Absent:** McDaniel  
**Also Present:** City Manager Auger, Assistant City Manager Tanghe, Director of Emergency Services/Police Chief Olko, DPW Director Melchert, Community Development Director Cohen, Fleet Director Skinner, Library Director McCoy, Manager of Public Utilities Herczeg, Deputy Director Hardesty, City Treasurer Buschmohle, City Clerk Kowal, City Attorney Beckerleg, City Engineer Stevens  
Guests 10

#### 4. APPROVAL OF MINUTES

4a. Regular City Council Meeting – May 20, 2013

**Moved by Kittle; Seconded by Doyle.**

**RESOLVED: To approve the May 20, 2013 City Council minutes.**

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke**

**No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.089**

Mr. Knight requested Ms. Kowal double check on the next meeting date for the Beautification Advisory Commission as noted in those minutes.

**5. APPOINTMENTS & PRESENTATIONS – none.**

#### 6. PUBLIC COMMENT

State Representative Tim Griemel commented on the consent judgment, forcing Pontiac School District real property owners to pay the \$7.8 million MESSA, health insurance bill for the Pontiac School District staff, which the School District has neglected to pay through the tax rolls. He has been working very hard on trying to avoid the tax levy that is anticipated to be included in this July's tax bill. At one point, it was hopeful that the State Department of Treasury would arrange for a tax anticipation loan to the School District, with a portion used to pay the insurance bill and not be levied on the tax rolls. Unfortunately, as the School Districts financial situation continues to decline the State Department of Treasury has become increasingly reluctant to arrange a loan, questioning how and when the loan would be paid back. He has continued speaking with State Treasurer Andy Dillion and the tax anticipation loan is most likely not going to be made. There is some chance a bond may be issued by the School District to spread out, over a longer period of time, the tax levy. There is also the possibility of holding off a little longer, and placing the tax levy on the December tax bill; however, MESSA would have to agree to the December billing. He has been in touch with MESSA, in attempt to compromise in some form to minimize the burden to the tax payers. Today he spoke with the president of MESSA and she is somewhat willing to reach a compromise. Mr. Griemel also noted, the Pontiac School District has not paid a number of other creditors as well; an additional \$3 to \$4 million that is additionally owed to MESSA.

Mr. Griemel also noted work is being done on a number of other School District issues as well, but is focusing right now on this tax levy. As more information becomes available, he will keep the City informed.

Mr. Griemel noted the possibility of other creditors proceeding down this same path so they may also get paid; this is a very real concern that the tax payers get hit with many other tax levies. He has been in discussions with the Governor as well as fellow legislatures of what to do with other school districts facing insurmountable challenges.

Mr. Kittle thanked Mr. Griemel for the update and understood there is legislation that would close the loophole that MESSA used and other creditors may try and use and hopes Mr. Griemel will co-author or at least sign the legislation if it materializes.

Mr. Griemel stated there has not been any legislation introduced as of yet; however, he had discussions with Chrysler about closing the ability of creditors to public entities, or at least school districts, of getting a judgment and placing it on the tax rolls. Chrysler will be paying a very large portion of the tax levy because of its size and value. Writing the legislation isn't easy because creditors working with public entities want a guarantee they will be paid. One thought, with school districts particularly, is to divert the State aid directly to creditors in certain instances.

Linda Hasson, a Pontiac resident noted she had given Council packets of information regarding the Pontiac School District and requested each Council Member attend the School District meeting being held Tuesday, June 4<sup>th</sup>, at 5:30 p.m., at 47200 Woodward, the Odell Nails Administration Building, in attempt to discover what is happening in the District with the financing. She stated she is aware of money currently being deducted from employee paychecks for MESSA.

She isn't pleased having an emergency manager in Pontiac, noting one emergency manager's suggestion was to not pay any health insurance bills, in an effort to save money.

**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. Beautification Advisory Commission – April 24, 2013

7b. Motion – Approve Bid Award to Purchase High Pressure Lifting Air Bag Systems

**RESOLVED: To approve the purchase of three (3) sets of high pressure air bag systems from Firehouse Resources, LLC in the amount of \$18,923.73 and authorize the City Manager to convey acceptance by purchase order.**

Mr. Kittle noted a bid submitted for the lifting air bag systems for much less; however, the company was unreliable and didn't forward any requested information.

**Moved by Doyle; Seconded by Verbeke.**

**RESOLVED: To approve the Consent Agenda.**

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke**

**No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.090**

**8. OLD BUSINESS**

8a. Motion – Approve Revised Memorandum of Understanding for the Oakland County Violent Gang Safe Streets Task Force

Deputy Director Hardesty noted the Department has been involved in this task force since 2009. The FBI and Department of Justice has updated the Memorandum of Understanding including language as well as the participants involved. The new Memorandum of Understanding has highlighted areas of new language as well as a copy of the current Memorandum of Understanding.

Ms. Verbeke was surprised to see the number of highlighted areas in the new Memorandum of Understanding, and asked if all the highlighted portions were changes.

Deputy Director Hardesty explained if the majority of a paragraph had been changed, he highlighted the entire paragraph as opposed to just the individual words. The Liability section was completely updated with new language, which City Attorney Beckerleg has reviewed. There are also new sections such as Less than Lethal Weapons.

Ms. Verbeke also noted the addendum of a \$60,000.00 cap for forfeitures and asked if there had been a change.

Deputy Director Hardesty explained previously, if the forfeiture was over \$100,000.00, the money would be dispersed among the agencies for operating expenses; that cap has been reduced to \$60,000.00.

Responding to Mr. Knight, Mr. Beckerleg stated none of the changes in the liability is detrimental or would jeopardize the Task Force.

Ms. Doyle asked if there is any one person from Auburn Hills assigned full time to this Task Force.

Deputy Director Hardesty stated since 2009 and 2010, there is no one at this time assigned full time to this Task Force. Currently, time spent is approximately four to eight hours a month, depending on needs of cases or situations arising. It is up to each department to assign someone to the task Force, and it could result in spending some full time hours. The Memorandum does not state the amount of time a participant must invest; that is at the discretion of each entity.

Ms. Doyle asked for clarification of what is a Less than Lethal device.

Deputy Director Hardesty explained it may be a taser, a bean-bag round a sock round, baton, or anything used to take control without taking a life. The weapons are not referred to as non-lethal because there is always the possibility of someone losing their life with one of these weapons; it is minimal - less lethal. The less than lethal weapons are used by individual agencies and by their personnel, through their own training and sole responsibility. If another agency uses the non lethal weapons, they must be used in accordance with that local agency's policies, as well as being trained by that agency.

**Moved by Knight; Seconded by Doyle.**

**RESOLVED: To approve the Memorandum of Understanding for the Oakland County Violent Gang Safe Streets Task Force between the Federal Bureau of Investigation and the Auburn Hills Police Department, Bloomfield Township Police Department, Homeland Security Investigations, Michigan State Police, Oakland County Sheriff's Department, and Waterford Township Police Department and authorize the Director of Emergency Services to sign the agreement.**

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke**

**No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.091**

## **9. NEW BUSINESS**

### **9a Motion – Approval of Site Plan, Special Land Use Permits, and Tree Removal Permit / Ralco Industries Inc. World Headquarters**

Mr. Cohen explained this site is located across from Fieldstone Golf Club. Ralco Industries has been located in Auburn Hills for 28 years and is currently occupying two buildings on Auburn Court. Ralco has outgrown the two current locations and is also in the process of diversifying their clientele and need to move to a larger facility. A 124,297 sq. ft. world headquarters and manufacturing facility is being proposed on 18.80 acres zoned I-2, General Industrial district. A Special Land Use Permit is needed for the stamping operation, as well as a small outside storage area in the rear of the building.

Mr. Cohen reminded Council, it was the ordinance amendment permitting a building height to extend to 50 feet that allowed this project to move forward; the rear portion of the bay is 49 feet tall.

Continuing, Mr. Cohen noted the two curb cuts on Taylor Road, a number of access points for the truck traffic, and in general has been reviewed and staff recommends approval. The whole team for Ralco Industries is present and available to answer any questions.

Bennett Donaldson stated Mr. Cohen did a thorough job of describing the project and asked if there were any questions. Ralco Industries is a stamping operation, but is moving forward with a new wheelchair product which has recently been marketed overseas.

Mayor McDonald suggested the history of Ralco Industries be shared with the Council, noting the length of time the business has been in Auburn Hills, and wishes to build a new facility to remain in Auburn Hills.

Tom Ritter, CEO of Ralco Industries, stated the company has been in Auburn Hills since 1986, and is bursting at the seams. The metal stamping is only approximately 25% or 30% of the business. The company is more of a precision manufacturing, welding, and assembly facility. There is a lot of robotic welding, tubular manufacturing and metal stamping, supporting the automobile portion of the business. The company recently acquired technology from Johnson & Johnson known as push rim assist wheelchair, the only technology like this in the world. The wheelchairs will be exported to Europe, the Middle East, South America, Asia, Canada, as well as remaining in the U.S. The wheelchairs have passed FDA testing and are now moving into the production stage. The first orders have been received this week; both sides of the business are going very well.

Ms. Hammond questioned where the outside storage would be located.

Mr. Cohen explained the outdoor storage will be covered and screened from one side, with evergreen trees around the perimeter; and because it will be covered, the height will be restricted. It will be very difficult to see the outside storage because the facility will be so large.

Mr. Knight would generally be concerned about the press operation, but reading the detailed explanation provided, he is very comfortable with it and commended both staff and the petitioner for offering such a great explanation.

Ms. Doyle asked Mr. Ritter why he chose to stay and build in Auburn Hills.

Mr. Ritter stated the City has served his company well and is a great place to live and work. Auburn Hills is also the center of the universe for the American automobile. There have been various business climates over the years and things are again improving for the State and the State is treating businesses well; it is time to make a further investment. The company looks to the Michigan colleges when seeking new employees.

Ms. Doyle asked if the new employees will be for the new wheelchair portion of the business and why, the majority of the wheelchairs will be exported.

Mr. Ritter explained there is a 20% to 25% U.S. market for the wheelchairs, a small percentage largely because of Medicare and Medicaid systems don't relate well to medical devices. The technology is very advanced, it looks like and acts as a typical wheelchair; however data is input includes the weight and size of the user to enable the chair to climb ramps, travel across grass or uneven surfaces, and when going downhill uses a breaking system so the chair isn't moving too quickly. Johnson & Johnson started marketing the wheelchair, but pulled it when trying to sell the I-bot; a much more expensive chair being aggressively marketed than the push rim assist chair. In some ways this chair is the predecessor to the Segway; the medical side of that technology.

Mr. Ritter continued stating another reason this is such a welcomed wheelchair in Europe is because most countries are not ADA compliant as here in the U.S.; as well as many cobblestone type streets and walks. There are 28 core countries this wheelchair will be marketed in.

Ms. Doyle noted Auburn Hills is trying to be a very progressive community regarding environmental issues, and asked why it is so difficult for any new construction to not be LEED certified, asking if it is meaningless.

Mr. Ritter stated meaningless isn't correct, it is very expensive. The investment is greater than the return, if the cost can't be recouped from producing any specific product. Everything that can be done, from a cost perspective, in constructing this building will be done; but many of the certification items are very expensive.

Responding to Mayor McDonald, Mr. Ritter stated making the wheelchairs is a complex rehab device, so they are custom built; each person has specific measurement taken to make a very specific chair for their body. This is the only robotically welded chair in the world, using the automotive technology has given them the ability of changing the way of making medical devices. The retail value of the chair is about \$9,000.00.

Mr. Ritter confirmed for Ms. Verbeke that he will not allowing truck stacking on Taylor Road; there will be an adequate number of loading docks available so the trucks will not have to wait.

**Moved by Knight; Seconded by Verbeke.**

**RESOLVED: To accept the Planning Commission's recommendation and approve the Site Plan, Special Land Use Permits, and Tree Removal Permit for Ralco Industries, Inc. – World Headquarters and subject to staff and consultant's conditions.**

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke**

**No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.092**

**9b. Motion – Accept the DOE Workplace Charging Challenge and Become a Partner in the Initiative**

Mr. Cohen noted Auburn Hills has led in Michigan and nationally in preparing for plug-in electric vehicles (PEV) with the help of the Clean Energy Coalition. The City has been making significant strides in preparing Michigan for the electric vehicles, but also the City has been looked at as a resource from several states from outside the Midwest. The City has been included in handbooks for Hawaii, California, and Oregon, as how to adopt an ordinance to encourage developers to add PEV charging stations or prep for them for the future. The City has worked with 14 businesses over the two years, resulting in 58 spaces being prepped and 18 charging stations installed. The Department of Energy (DOE) has been very interested in what Auburn Hills has been doing. Last year he, Mr. Cohen, traveled to Los Angeles and presented the City's PEV sign which was designed by OHM and City staff. The sign has become the standard regulatory charging sign for the State of Michigan.

The City has been invited to become a partner with DOE; the City currently meets all conditions of becoming a partner. If Council chooses to become a partner, the announcement will be made in June along with several other companies becoming partners.

Mr. Cohen stated he is only aware of Sacramento being a partnering city.

Mr. Kittle commended Mr. Cohen on the information included in the packet, very thorough and very well done.

**Moved by Verbeke; Seconded by Hammond.**

**RESOLVED: To accept the DOE's Workplace Charging Challenge and become a Partner in the initiative.**

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke**

**No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.093**

**9c. Motion – Accept the Fuel Forward Fleet Study and Adopt the Resolution Authorizing Efforts that Advance Alternative Fuel Adoption within the City's Fleet and that Help to Support the Development of Alternative Vehicle Fueling Infrastructure within the City**

Mr. Cohen introduced Mark Rabinsky and Heather Seyfarth, Clean Energy Coalition members he has been working with the last two years on preparing Michigan for plug-in electric vehicles (PEV). A second task force is currently working on planning for alternative fuel vehicles; compressed natural gas, propane and PEV's. As part of the City's participation in two grants, the Clean Energy Coalition offered to do a fleet study, providing data to move forward with a propane program for the police pursuit vehicles. Auburn Hills will be the first City in the State to adopt such a resolution which allows for technology neutral and cost effective alternative fuel vehicles.

Mark Rabinsky thanked Mr. Cohen and his team, noting as a municipality, Auburn Hills is second to none leading in the areas of alternate fuels and has been a great partner.

Mr. Rabinsky continued stating CEC is a non-profit, non-partisan organization based in Ann Arbor. The Coalition is heavily focused on evaluating cost saving solutions, addressing environmental solutions through clean energy and reducing the amount of energy used. There are three separate divisions within the Coalition and the Department of Energy (DOE) program lies in the vehicle technology division which focuses on reducing the amount of petroleum. This group currently runs the Ann Arbor's Clean City's program, as well as Detroit's, which includes Oakland County.

Approximately two years ago, funding was received for the Plug-In Michigan Ready program. The Coalition worked closely with Mr. Cohen and his team and the Auburn Hills plan to develop a State wide plan.

The Michigan Green Fleets program is able to develop a tool to evaluate fleets and the amount of energy fleets use; 2011 was used for the model. The goals are to reduce fuel costs, reduce the overall petroleum use, and overall greenhouse

gas emissions. Fleet data gathered was type of vehicles, odometer readings, the calculated annual fuel use, which resulted in a baseline analysis determining how much fuel the fleet uses. In the end a petroleum reduction plan is established for cost reduction solutions, behavior changes, develop scenarios to determine which alternative fuels or technologies make sense. During the 2011 period, the City spent approximately \$285,000, using 2,000 gallons of fuel, resulting in over 1,200 tons of greenhouse gas emissions and over 2,200 barrels of petroleum.

Though the pick-up trucks used the most gas, the police pursuit vehicles had the largest emissions, because of the miles per gallon burned.

Ms. Doyle asked if the reason for the police emissions is from quick acceleration.

Mr. Rabinsky stated the large emissions are because of idling cars.

Continuing, Mr. Rabinsky explained the fuel spread cost is significant when comparing alternative fuels with gasoline; the alternatives are less.

Mr. Knight questioned the chart which shows the Charger police pursuit vehicles and the miles per gallon (mpg), noting the increase of mpg in 2011 and asked for an explanation.

Mr. Rabinsky questioned the statistics himself, and wasn't sure what had occurred.

Mr. Knight also questioned the first graph showing the City fleet vehicles and requested an explanation of annual mileage for the vactor truck; how that vehicle could accumulate over 18,000 miles in a year.

Mr. Auger noted the vactor truck is on the road almost every day, and can very easily put on 18,000 miles a year.

Mr. Melechert explained the vactor truck is on the road the majority of the year, at least 340 days. The mileage includes back and forth to the job, back and forth for dumping as well as filling with water; there is a lot of travel time in preparing the vehicle to do its job.

Mr. Rabinsky suggested the police vehicles would be good candidates for alternative fuels and suggested if Council approves the suggestion, that a resolution be approved declaring the alternative fuel adoption; being the auto capital of the world. Mr. Rabinsky noted this year Chrysler will be marketing a Ram pick-up that will use compressed natural gas and offer through retrofits a propane alternative. Most auto manufacturers are moving towards offering alternative fueled vehicles.

Mr. Kittle stated he appreciates the job being done and would like to see less dependency on foreign fuels and the decrease of greenhouse gases.

Ms. Doyle questioned if the alternative fuel would decrease the amount of emissions from idling police pursuit vehicles.

Mr. Rabinsky stated there would be a savings with propane, but not a significant amount. Propane is a by-product of the refinery process, so there are some greenhouse gas emissions; it is also a domestic fuel that isn't being imported. When the propane is pressurized it is in liquid form, but when released it becomes a gas.

Responding to Ms. Doyle, Mr. Rabinsky noted the positives of converting to propane is, less greenhouse gas emissions, significant cost savings, and it is a domestic fuel.

**Moved by Verbeke; Seconded by Kittle.**

**RESOLVED: To accept the Fuel Forward Fleet Study conducted by the Clean Energy Coalition and adopt the enclosed resolution authorizing efforts that advance alternative fuel adoption within the City's Fleet and that help to support the development of alternative vehicle fueling infrastructure within the City.**

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke**

**No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.094**

**9d. Motion – Approve the purchase of eight (8) Propane Auto Gas Units/Installation/Training**

Mr. Melchert noted in February Council approved the purchase of eight pursuit vehicles, which are reaching or have reached their service life. At the time, Police, Community Development and DPW met to discuss the possibility of using propane fuel for the pursuit vehicles. Other alternative fuel options were discussed; electric vehicles will not perform for pursuit vehicles, the charge does not hold all day; compressed natural gas is cost saving; however, the infrastructure to support could cost the City in excess of \$1 million. Using compressed natural gas the garage would need to be modified to allow for extra ventilation. Continuing, Mr. Melchert explained the savings on investment with the propane alternative would be the best return on investment.

Mr. Melchert noted the highest annual fuel cost is for the pursuit vehicles, approximately \$94,000 and second highest cost is for the DPW dump trucks and pick-up trucks. The City cost for propane gas is currently \$1.69 per gallon; recent gasoline prices have been approximately \$2.95 per gallon. This would result in an annual savings of \$20,266.00. As gasoline prices increase, propane gas will also increase proportionately; as well as any deductions in cost.

The annual miles traveled, per pursuit vehicle is 19,000 miles; the vehicle life on average is 4.72 years. Generally, during the third year of pursuit vehicles, new vehicles are already being looked at; the goal has been to try and keep those vehicles for 4.72 years, trying to break even.

The fuel economy loss is 10% and could be as high as 25% in some vehicles; the manufacturer of the system believes the savings to be less than 10%. The preventative maintenance is approximately 7% less than current. This is a bi-fuel system; the vehicle is started using gasoline and once the engine has warmed up, it will automatically switch to propane. The change-over is seamless and unnoticeable and the performance of the vehicle is the same as using gasoline.

The cost for the changeover will be approximately \$4,000.00 per vehicle; the infrastructure for the dispensing unit cost is \$15,700.00, with an additional \$3,000.00 for an electrical line to be installed to run the unit. The return on investment should be seen within two years. The greenhouse gas emissions from the eight converted vehicles will be reduced by approximately 13%.

Regarding propane safety, there is no harm to the groundwater, surface water or soil from propane gas; being a gas it disseminates into the air. Propane can't be ingested; it's non-carcinogenic, non-toxic, and non-corrosive. There is an odorant added so leaks can be detected, as is done with natural gas. Of all the alternative fuels, propane has the least flammability range, an ignition source of at least 940 degrees is needed to ignite the propane, whereas gasoline's ignition point is 430 to 500 degrees.

The fuel tanks are 20 times more puncture resistant than the current gasoline or diesel tanks and have over-filling prevention devices. There are also safety devices and shut-off valves in the event a fuel line ruptures. There is a pressure release valve installed in every tank in the event the pressure point is exceeded; the tanks, if properly maintained should last up to 40 years.

The DPW staff will be trained and receive certification to install and maintain the tanks. There is some concern with mechanical warranty issues; however, the Magnuson-Moss Warranty Act requires the vehicle manufacturer must agree the after-market system addition is what caused the failure of the vehicle before the warranty can be voided. To date, he isn't aware of any system that has been installed and has caused a warranty void of a vehicle.

Mr. Melchert went on to describe the fuel dispenser, being very similar to a gasoline fuel pump. With the purchase of the fuel, the pump will be included. It is anticipated to use approximately 13,000 gallons of propane for the eight vehicles in a year.

A number of locations have been considered for the pump; however, the most cost effective is the Mansion, near the circular driveway. The Mansion has the three-phase electrical that is required, and an electrical line could easily be run for the pump. This site also allows for easy maneuverability of the police vehicles.

Mayor McDonald asked if the propane fuel will extend the life of the cars.

Mr. Melchert stated definitely for the engine life, but the other items such as the transmission and suspension will wear the same. When these vehicles wear-out, the propane units will be removed and the cars will transformed back to the original gasoline fueled vehicles and the units can then be installed in the new cars. The work will be completed by the trained and certified DPW staff.

Mayor McDonald asked for clarification, if the City was to only purchase the new cars, what savings would there be between doing nothing, adding the tanks, and taking into consideration the price of gas and the price of propane.

Mr. Melchert explained after the return on investment in 2.5 years, if the vehicle makes it to the 4.72 years, as it has, there is about a \$44,000.00 savings overall.

Mr. Knight noted the presentation was well done and suggested looking into the device so the police vehicles don't have to consistently idle.

Mr. Melchert stated that subject needs more research.

Ms. Doyle asked how Chrysler has responded to installing this technology in the Dodge Chargers.

Mr. Melchert stated Chrysler doesn't have any issue with the installation; this particular auto fuel system has been installed on a number of Chargers throughout the Country. Chrysler may have an issue with the warranty if damage occurs; however, there is protection with the Magnuson-Moss Warranty Act. Some of the sales people have said there won't be an issue; however, there are those that want to protect the company stating if there is damage, the warranty will not be valid.

Ms. Doyle stated her concern is the Magnuson-Moss Warranty Act is being used as a precedent, which may or may not work. She knows OEM's will generally not honor a warranty if the vehicle has been altered unless, possibly in court. Continuing, Ms. Doyle asked if American Alternative Fuel is a qualified vehicle manufacturer approved by Chrysler.

Mr. Melchert didn't believe American Alternative Fuel Company is approved by Chrysler, nor are any others that he is aware of, with the exception of Rousch.

Ms. Doyle noted Rousch is currently working on some Ford vehicles, a pilot program; so Ford has approved another manufacturer to modify Ford vehicles, but Chrysler has not. She is supportive of the idea, but is concerned the warranty for the Chargers will not be effective and having legal expenses incurred trying to enforce with Chrysler the Magnuson-Moss Warranty Act.

Mr. Melchert invited Ms. Doyle to the DPW building to see how non-invasive the unit installation is.

Ms. Doyle asked if any of the Auburn Hills' officers have driven any of these vehicles, or have contacted the Livonia police department, who is partnering with Ford for the pilot program.

Mr. Melchert noted there are a few police agencies that use this fuel system, including London, Ontario, and all are pleased and anticipate on expanding their fleets; but no one has spoke with Livonia.

Director Olko stated a Dodge Charger was brought to the City for a few days to test drive. Sgt. Miarka and Lt. Gagnon both drove the retro-fitted car and didn't notice any difference in the performance. Director Olko stated she was not aware of Livonia having any of these vehicles, noting she would call the Livonia Chief tomorrow.

Ms. Doyle stated the cost is \$4,000.00 to convert each vehicle, and asked what the cost will be to revert back to gasoline at the end of the vehicles life.

Mr. Melchert stated the cost would be the DPW mechanic's time. If this program goes well, there are plans to convert other pursuit vehicles as well as some DPW vehicles.

Ms. Doyle asked the life expectancy of the propane units.

Mr. Melchert stated those units may be used one other time for another vehicle; he isn't sure if it can be extended to a third vehicle.

Mr. Kittle suggested having a statement in writing indicating the unit can be removed from the first vehicle and be installed on a second vehicle.

Mr. Kittle believed this is the way to go, as alternative fuels are used more the cost of the infrastructure will decrease as well as reducing the dependency on foreign oil. Continuing, Mr. Kittle noted on the cost comparison chart the price for propane is \$1.69 per gallon and the cost of gasoline is listed as \$2.95; how is the price of gasoline and propane determined.

Mr. Melchert explained the listed gasoline price is less taxes and a wholesale price.

Ms. Skinner confirmed no taxes are paid on the gasoline.

Mr. Kittle noted current wholesale propane gases as listed on the web list the price as approximately \$1.00 per gallon.

Mr. Melchert understood there is a tax incentive from the government that the consumer may take advantage of; \$0.50 per gallon. He will do more research to investigate prices.

Mr. Kittle questioned the safety of the tanks if there should be an explosion; with it being on the City Campus, would it put a number of people in harms way.

Mr. Melchert wasn't sure what the results might be if an explosion occurred; however, there are a number of safety features on the pump system, including the tanks being much tougher than gasoline tanks. Armor piercing bullets have been used to put a hole through the tank with no explosion. Once the propane starts leaking, it dissipates into the air very rapidly; the propane is so cold, when it hits the air it dissipates.

Mr. Knight projects the propane fuel retro-fits will be so popular at the time the eight Chargers are ready to be replaced, that there won't be a need to revert the cars back to gasoline and will be auctioned off as is. Continuing, Mr. Knight doesn't believe the propane will explode, because of its high flash point.

Mr. Knight was concerned with the drastic difference in price of the propane gas units and wants to make sure the low bidder's product is similar to the others.

Mr. Melchert stated that was a consideration when reviewing the bids; however, American Alternative Fuel was investigated, revealing they have been in business for several years, producing this equipment and performing the retro-fits for more than eight years. American Alternative Fuel has been successful with similar projects and nothing has been found to negatively impact the company. American Alternative Fuel will convert at least two vehicles in Auburn Hills, while training DPW staff on the installation, and once the Staff is comfortable with the installation, American Alternative Fuel will be done with the installations.

Ms. Doyle noted American Alternative Fuel is not certified by Chrysler, but asked if they are in good standing with Chrysler.

Mr. Melchert stated he isn't sure if Chrysler Corporation is or is not in good standing with American Alternative Fuel. Many retro-fits have been done by American Alternative Fuel on Chrysler vehicles that are performing wonderfully.

Ms. Doyle asked who at Chrysler has been asked about this process.

Ms. Skinner stated she can't recall the person's name; however, he is in charge of the dealerships as well as speaking with the dealership salesperson.

Ms. Doyle stated she is in full support of this type of project, but she is concerned why OEM, located in Auburn Hills hasn't been approached by the City in an attempt in forging a relationship. Using OEM's wisdom of people who are in charge of flexible fuel programs. Continuing, Ms. Doyle stated she would like to know what successful projects American Alternative Fuel has completed. She would also like to know someone at Chrysler who is familiar with American Alternative Fuel Company; all going back to the warranty issue.

Mr. Knight stated even if Chrysler is unhappy with this conversion, the warranty would be voided for the engine and fuel systems, not other issues.

Mr. Knight questioned if a motion could be made noting that after further investigating American Alternative Fuel Company, and it is decided the City criteria is not met, could the next low bidder be granted the bid without coming back to Council for approval.

Mr. Beckerleg stated yes, a motion could be made.

Ms. Doyle stated her concern would be there hasn't been enough investigation into the next bidder.

Mr. Knight the motion could include the bid go to the next qualified low bidder; if the next low bid doesn't check out, then proceed to the third or fourth if necessary.

Mr. Auger stated if Council wishes for the Staff to further investigate American Alternative Fuel Company before moving forward, they will do so, and if there are any red flags, the issue can be brought back to Council for approval.

Mr. Kittle noted there are many great questions raised on this issue and doing more homework is advisable, including a discussion with a knowledgeable person in power train or fuel systems and/or engineering and clarification about the warranty; looking at the price of liquid propane gas vs. assumptions made to validate the numbers. In principle, he believes the Council is in support of the project, but there is some uneasiness.

Mr. Auger agreed, explaining at the beginning of the process there were many reluctant Staff members. Director Olko was very concerned with how the propane tanks would react when police cars are rear ended and how to protect those officers, and the mechanics trying to figure out how the propane would work and why it worked. The London, Ontario police department has been using the propane tanks for 20 years. Both the Ontario mechanics and the police officers are very pleased with the systems and attesting how well they work. The return on investment in Ontario was very quick, because of the cost of their gasoline. The mechanics are very pleased with how clean the propane runs and noted less maintenance is needed. The Ontario mechanics still do routine maintenance on the vehicles such as suspension work and brake checks, but oil changes become almost non-existence. The cost numbers Mr. Melchert indicated are on the conservative side. Also, Mr. Auger stated, most of the participating Staff was not excited about being part of this project, they too were skeptical, but all of them have done a lot of research to answer their many questions.

Mr. Kittle noted this is not new technology and Chrysler had a compressed natural gas program in the 1970's and early 1980's; Japan's entire taxi fleet is compressed natural gas.

Mayor McDonald suggested the City contact Brian Glowjack, the City's contact from Chrysler, and find out from him how installing the propane retro-fits will affect Chrysler's warranty.

Mr. Auger stated the City will be in contact with Chrysler, but he fears Chrysler will not take a public stance on this issue, but give a nod that this technology is there. The OEM's are all experimenting with different types alternative fuels, and each want their choice to be the widely accepted form with the American people.

Mr. Auger stated the City has talked with Chrysler, and the public approval that is being sought probably won't happen. He believes Staff is satisfied with the off-the record nod and the comments of what they've seen; Ontario also uses Chargers as their police vehicles. Mr. Auger noted the new Chargers have a rack in the trunk, directly ordered from Chrysler, for all the electronics which will allow room for the propane tank. The City and Chrysler have been working together this project, the City can reconnect with them, and Staff is still sure this is the way to proceed even without the public approval of a warranty. Chrysler does not want to commit to a warranty and have everyone and anyone retro-fitting cars.

Mayor McDonald isn't so much concerned with the warranty, but would like some type of verification from Chrysler about the work being done on the cars; Chrysler may possibly have knowledge of American Alternative Fuel Company.

Mr. Kittle asked what type of warranty a police vehicle has with Chrysler.

Ms. Skinner stated a three year and 36,000 miles as of the last purchase.

Mr. Auger confirmed for Mayor McDonald that if Council moves this forward, the City will make contact with Chrysler and report to Council the outcome.

Ms. Doyle suggested postponing this item until Staff has done some more research.

Mr. Knight stated he isn't willing to postpone the motion, stating sometimes chances have to be taken; alternative fuels have been used for a number of years, and the investment is not that great compared with the return.

Mr. Kittle agreed with Mr. Knight, also noting he has faith in the Staff and confidence that the research was done.

**Moved by Knight; Seconded by Hammond.**

**RESOLVED: To approve the purchase of the eight (8) Propane Auto Gas Units, including installation and training on new 2013 Dodge Charger Police pursuit vehicles, in the amount of \$32,860.00 to American Alternative Fuel, 12634 Route 9 W, West Coxsackie, NY 12192, with the understanding that due diligence will be done as discussed.**

**VOTE: Yes: Hammond, Kittle, Knight, McDonald, Verbeke**

**No: Doyle**

**Motion Carried (5-1)**

**Resolution No. 13.06.095**

**9e. Motion – Approve purchase of Propane (minimum 10,000 gallons) and one (1) Propane Fueling Dispenser**

Mr. Knight noted the City will be purchasing the propane dispenser, but the tank to be used is owned by Ferrell Gas. He assumes competitive bidding will take place when it is time to purchase more fuel, and questioned if fuel is purchased from a competitor, will Ferrell Gas remove the tank, requiring the City to purchase one.

Mr. Melchert explained one of the options in the proposal is for the City to purchase a tank, a new one at \$3,200.00 or a used one at \$1,200.00. The City will be provided with used tank; at the end of the \$1.69 price guarantee for the year, when the City does the competitive bidding process and if Ferrell Gas is not the low bid, the City will have the option of purchasing the used tank for \$1,200.00 or it can be removed and a tank be purchased elsewhere.

Mr. Kittle asked Mr. Melchert to clarify the cost as noted in the memo, which states Ferrell Gas submitting two bids; \$2.39 per gallon of propane, a minimum of 1,000 gallons, with tank and the dispenser stays at zero dollars; the other \$1.69 per gallon of propane with tank and if the dispenser stays the cost is \$15,700.00, and asked if there was a third option. The dispenser with propane purchase at \$2.30 is zero, with the \$4,000.00 is baked in at the lower price.

Mr. Melchert explained the third option would be to purchase the tank itself.

Mr. Kittle suggested the possibility of postponing this motion or looking into the price of fuel; he believes if the wholesale prices or less the taxes should be less than \$1.69 per gallon.

Mr. Melchert assured Mr. Kittle, the pricing will be investigated.

Mr. Knight explained if the City is going to use Ferrell Gas equipment, and eventually the City purchases fuel elsewhere, the \$15,700.00 includes the tank.

Mayor McDonald asked if the City leases the tank, could in a year or so the City purchase the tank.

Mr. Melchert wasn't sure; the proposals submitted didn't include purchasing the leased tank. Mr. Melchert stated he is very comfortable that the City will see a return; the cost of the tank will be paid for very quickly.

**Moved by Kittle; Seconded by Knight.**

**RESOLVED: To approve the purchase of a fuel dispenser in the amount of \$15,700.00 and the purchase of propane fuel from Ferrell Gas, 15317 Telegraph Road, Monroe, MI 48161 for one year at a price of \$1.69(9) per gallon (minimum 10,000 gallons) with the understanding that Staff will investigate the wholesale price of LPG before executing the contract.**

Mr. Knight asked when the one-year contract starts, since the cars are not yet retro-fitted.

Mr. Melchert explained the price expires on June 30, 2014. Once Staff has done their due diligence, the contract will be signed and the amount locked in.

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke  
No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.096**

**9f. Motion – Approve the purchase of a 2014 Combination Jet and Vacuum Truck**

Mr. Melchert explained this vehicle is used almost every day, not only cleaning, but working with the camera crew to find deficiencies in the sewer system.

Mayor McDonald asked if this is a shared vehicle with other communities.

Mr. Melchert stated because this vehicle is used almost every day, no, it isn't shared.

Mr. Knight was disappointed he didn't receive any information on this vehicle to review prior to the meeting, this is a \$250,000.00 purchase that must be justified, believing it is necessary.

Mr. Herczeg explained this vehicle is already one year past being replaced. The trade-in value maximizes the value of the machine now, as opposed to later when it is worth much less; it helps to minimize the new cost. The maintenance on this machine isn't cheap and the problems can't always be fixed by the City mechanics.

Mr. Knight stated he would like a life cycle cost analysis on for this machine as well as other machinery when being replaces.

Mr. Auger stated this should have been replaced last year; instead some repairs were made to make it through another year. This year the trade-in value of \$175,000.00 and next year the trade-in value will be considerably less. If this machine is out of commission, being the only one the City owns, the sewer work that needs to be done can't be.

Mayor McDonald asked what the base price consisted of, and how the determination was made on which vehicle to purchase.

Mr. Herczeg explained not all the manufacturers use the same cab or chassis; the written specifications gave each manufacturer options to complete a truck. All the manufacturers offered slightly different options, which were tested by Staff and a side-by-side comparison so all manufacturers were given the opportunity to submit a fair bid. The trade-in

value was quite extreme; however, Jack Doheny has quite a network outside of Michigan and his machines seem to hold their value.

Responding to Mr. Knight, Mr. Herczeg stated all qualifying bids have the same cab and chassis and after all the options are added, they all become equivalent.

Ms. Verbeke asked the age of the vehicle, and what the average life cycle for such a machine is.

Mr. Herczeg stated the current vehicle is now entering its seventh year; they generally last six years. This is a separate line item in the 2013 budget.

Mr. Kittle asked what the line item of the budget is.

Mr. Herczeg stated \$401,000.00 was budgeted.

Mr. Kittle was curious as to how the others don't meet the specifications.

Mr. Herczeg stated Southeastern Equipment Company had five items that didn't meet the specks, including not offering the debris hopper and held only nine cubic yards, the specs state minimally 12 cubic yards. The PSI offered is less than requested as well and this company didn't receive good reviews from a customer.

Mr. Kittle noted the trade-in value is worth noting and questioned if there has been any consideration in leasing this type of vehicle.

Mr. Herczeg stated leasing is a very expensive option. The payoff is the value the machine holds in trade-in, contractors and other communities look for the value of a trade-in. Another option is for the City to auction off the machine; however, the build and delivery time on the new machine takes six to eight months. It is difficult to have the machine sold and not release it until delivery of the new machine takes place a number of months later.

Mr. Herczeg confirmed for Mr. Kittle, yes, it is conceivable the money will not be spent until next fiscal year.

Ms. Doyle noted she is agreement with Mr. Knight and would like to see backup materials prior to agreeing to purchases.

**Moved by Knight; Seconded by Hammond.**

**RESOLVED: To purchase one 2014 Combination Jet and Vacuum Truck from Jack Doheny Supply in the amount of \$252,446.24.**

Mr. Kittle requested a tour of the current vector truck and to see the lease vs. buy analysis.

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke**

**No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.097**

9g. Motion – Approve the Waiver of 1% City Admin Fee for Pontiac Schools Added Tax

**Moved by Doyle; Seconded by Verbeke.**

**RESOLVED: To authorize the Treasurer's Office not to collect the City's 1% administration fee on the summer 2013 tax bill for that portion only of the tax bill relating to the special levy for the Pontiac School District's MESSA judgment.**

**VOTE: Yes: Doyle, Hammond, Kittle, Knight, McDonald, Verbeke**

**No: None**

**Motion Carried (6-0)**

**Resolution No. 13.06.098**

## 10. COMMENTS AND MOTIONS FROM COUNCIL

Ms. Hammond:

- It was brought to her attention by both residents and business owners that the lights downtown have been on during the day and asked if there was a reason they were on.

Mr. Melchert stated the Intel-Streets has been installed and programming has been ongoing, he will look into it; for the lights outside of the immediate downtown area, most likely maintenance is taking place.

- Ms. Hammond asked if a traffic light situation on northbound Squirrel, to westbound M-59 could be investigated by the Police; there is confusion among the drivers whether a car can proceed on red or not.

Director Olko stated she would have Officers observe the situation tomorrow.

Mr. Knight:

- He missed Ms. Hammond at the Memorial Day Parade. There was a last minute fair; however, there was no entertainment for the children, so many ate and left. He hopes the City will work with the American Legion, along with other service clubs to provide entertainment for the children, such as the bouncey houses, and a band for the adults.

Ms. Hammond suggested the City ask the American Legion if the help would be appreciated, and if so, what type of help they would like.

- Friday night is Concert in the Park and the following Thursday is a concert at the Community Center. There is also a dance floor at the Friday night concerts.

Mayor McDonald:

- Noted the DPS is now the DPW.  
Mr. Melchert noted there are slip-ups, but they are quickly correcting themselves.
- At the Goals and Objectives meeting there was some discussion regarding the Library and the possibility of Council having a joint meeting with the Library; at Mayor McDonald request, Mr. Tanghe sent a letter on behalf of Council requesting the meeting. A response was received from the Library President Mitchell, saying they would have to review the guidelines, policies, and recommendations by the State and the Library Association concerning having a joint meeting with other elected bodies.

**11. CITY ATTORNEY'S REPORT** – none.

**12. CITY MANAGER'S REPORT**

- Had a successful trip to the Mackinaw Policy Conference and will prepare a report to share with Council soon.

**13. ADJOURNMENT** The meeting adjourned at 9:52.

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James D. McDonald, Mayor

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Terri Kowal, City Clerk