



The City of Auburn Hills

City Council Meeting

Minutes

January 12, 2015

CALL TO ORDER: Mayor McDaniel at 7:18 p.m.

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

Present: Mayor McDaniel, Mayor Pro Tem Kittle, Council Members Burmeister, Hammond, Knight, Mitchell, Verbeke

Absent: None

Also Present: City Manager Tanghe, Assistant City Manager Grice, Police Chief Olko, Fire Chief Manning, Fire Inspector Solomon, Deputy City Clerk Novak, Finance Director Schulz, Accountant Wickenheiser, Deputy DPW Director Herczeg, Treasurer Buschmohle, Manager of Fleets & Roads Brisson, Deputy Treasurer Keiser, Fieldstone Manager/Golf Pro Marmion, City Attorney Beckerleg, City Engineer Juidici

16 Guests

4. APPROVAL OF MINUTES

4. Regular Council Meeting – December 15, 2014

Moved by Hammond; Seconded by Verbeke.

RESOLVED: To approve the December 15, 2014 regular meeting minutes.

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.001

5. APPOINTMENTS AND PRESENTATIONS

5a. Motion – Approve Reappointment of Toni Whitley to Board of Review, term to expire December 31, 2020

Moved by Knight; Seconded by Mitchell.

RESOLVED: To confirm the Reappointment of Toni Whitley to the Board of Review for a term ending December 31, 2020.

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.002

5b. Motion – Approve Reappointment of Randy Wyatt to the Brownfield Redevelopment Authority, term to expire December 31, 2017

Moved by Knight; Seconded by Burmeister.

RESOLVED: To confirm the Reappointment of Randy Wyatt to the Brownfield Redevelopment Authority for a term ending December 31, 2017.

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.003

5c. Motion – Approve Reappointment of Kaye Thornton to the Tax Increment Finance Authority, term to expire February 28, 2018.

Moved by Knight; Seconded by Verbeke.

RESOLVED: To confirm the Reappointment of Kaye Thornton to the Tax Increment Finance Authority for a term ending February 28, 2018.

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.004

Mr. Knight thanked Ms. Thornton for serving, as well as the rest of the Board; one of the few boards that are not allowed compensation, as stipulated through State statute.

5d. Administer Oath of Office for Kimberly Wickenheiser as Deputy Finance Director

Mr. Tanghe explained staff has completed the recruiting process for the Deputy Finance Director position, which include searching internal and external candidates. The process resulted in an internal candidate as the best choice for the City based on overall education and experience.

Continuing, Mr. Tanghe agrees with Finance Director Michelle Schulz, that the appointment of Kimberly Wickenheiser as Deputy, is the best choice.

Mr. Tanghe noted Ms. Wickenheiser began her career with the City as a Clerk III in the Treasurer's Office on June 23, 2003. She was later promoted to the position of Accounting Clerk in the Finance Department in 2010, and she was again promoted in 2012, to the position of Accountant. She possesses a Bachelor of Business Management Degree from the University of Phoenix.

Deputy City Clerk Novak administered the Oath of Office to Kimberly Wickenheiser.

6. PUBLIC COMMENT – none

7. CONSENT AGENDA – none

8. OLD BUSINESS

8a. Motion – Approve the Amendment to Fieldstone Food and Beverage Agreement

Mr. Grice explained the approved contract for Kosch Catering, operating as Fieldstone Hospitality, LLC, assumed all restaurant, banquet and catering operations, beginning March 1, 2014. As part of the agreement, Fieldstone Hospitality, became responsible for all operating costs associated with the restaurant food and beverage operations; totaling \$60,000 per year.

The original agreement required twelve monthly payments of \$5,000 per month for the length of the five year contract to cover these costs, with potential adjustments for inflation. Fieldstone Hospitality is now requesting a modification of the payment schedule to eight monthly payments of \$7,500, to be paid during their cash flow season of April through November. The primary idea behind this payment schedule was to ensure that the City was able to cover all costs associated with restaurant building operations.

In addition, Fieldstone Hospitality is also asking for a one-time credit for the two months at the beginning of the contract; the winter of 2013 - 2014 was historic for heavy snowfall and cold temperatures. As a result, the spring of 2014 was one of the slowest starts Fieldstone Golf Club has experienced in years. Consequently, the actual golf season was delayed a couple months and did not truly begin in March as intended at the signing of the contract. It is for these reasons, that staff is recommending a one-time credit in the amount of \$10,000 to mitigate losses in the initial two months of this five year agreement. It should be noted, Fieldstone Hospitality, LLC has already paid for March and April 2014, so the credit will be applied to November and December 2014, which have not yet been collected.

Ms. Hammond pointed out that Fieldstone Hospitality knew the commitments of the season prior to signing a contract. They also knew the shape of the kitchen and there was some needed work to be done.

Mr. Tanghe explained the \$5,000 credit per month, is a lease payment that covers the operating costs. The contract was rushed, assuming a March 1st start date, which didn't happen because of the weather. Fieldstone Hospitality didn't really get into full swing until May 1st, and that is where the credit comes from. There was the expectation that there would be business, regardless if work was being done in the kitchen.

Continuing, Mr. Tanghe noted if the weather had been cooperative, the golf course would have been open and operating. He believes most of the work had to be done by March, with anticipation of being open for business. The contract date was based on the start of the season.

Ms. Mitchell requested this be looked at as two separate items, one as adjusting a payment schedule and the other as a credit. She appreciates recognizing this new relationship, but feels making an adjustment this early in a contract is like giving this vendor a bidding preference. She understands the late start of the season, but believes the contract should have been robust enough to push through the late start. There may be favorable years later in the contract with an extended season.

Mr. Tanghe doesn't believe it is preferential treatment because the agreement comes before knowing when the season will start. He confirmed this request came from Fieldstone Hospitality, and believes it is a fair request.

Ms. Mitchell noted another vendor may have submitted a bid that would have covered such issues as a late starting season and not have asked for a credit.

Mr. Tanghe stated this request is only because this was the beginning of a new contract, starting later than anticipated; there won't be an annual visit to the contract.

Mayor McDaniel asked if changes were being done to the kitchen at the start date of the contract, or were the changes done prior to the start date.

Mr. Marmion explained in the past the restaurant has always been ready for an April 1st start date; Fieldstone Hospitality was not ready for business until April 23rd.

Mayor McDaniel noted, if Fieldstone Hospitality was to begin March 1st, but the City was doing work in the building, and not making the building available to Fieldstone Hospitality until April 1st; then why was Fieldstone Hospitality not ready for business until April 23rd.

Mr. Marmion stated it was a holding pattern until customers came in. There was one month, March, that was not the fault of Fieldstone Hospitality.

Mr. Knight asked if he could make a motion for the first part of the issue, as requested by Ms. Mitchell and then continue the conversation.

Mr. Beckerleg confirmed the recommendation can be separated into two items.

Moved by Knight; Seconded by Mitchell.

RESOLVED: Move to amend the contract language in the Food and Beverage Services Agreement between The City of Auburn Hills and Fieldstone Hospitality, LLC., from “the Contractor shall pay the City the sum of Five Thousand Dollars (\$5,000.00) monthly, due the first day of each month,” to “the Contractor shall pay the City the sum of Seven Thousand Five Hundred Dollars (\$7,500.00) monthly, April through November, due the first day of the month.”

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.005

Mayor McDaniel stated at this point, he understands the month of March was beyond the control of Fieldstone Hospitality, because of the work being done. He asked if there were bookings for the month of April that were postponed because of the weather.

Mr. Marmion explained Fieldstone Hospitality was aware the golf course typically opens for business anywhere from March 1st to April 1st; however, generally opening between March 15th and April 1st.

Mr. Kittle noted this would be a credit, not a cash payment. Fieldstone Hospitality has committed to make some significant changes and improvements, including bringing in a chef master. He is in favor of supporting the credit as recommended by staff.

Mr. Knight stated he would support a credit, because of the significant improvements he understood were being made; though he was not pleased with the service he had received. He stated if a credit is given, it should be with the understanding it was only because of the start-up issue, it won't be an annual occurrence.

Ms. Hammond noted, considering the City was still working on the building in March, she would be willing to give credit for the month of March, but not April.

Mr. Burmeister agreed with giving credit only for the month of March.

Ms. Verbeke is in favor of the full credit, because of the contract beginning March 1st was at the City's request.

Mayor McDaniel acknowledged Fieldstone Hospitality was told to be ready for business by March 1st, but that wasn't possible because work was being done in the building. April 1st the building was ready to go. He is support of giving the credit for March.

Mr. Marmion confirmed the restaurant opened for business April 23rd, but the golf course was opened April 1st.

Moved by Knight; Seconded by Hammond.

RESOLVED: City Council shall grant a one-time credit in the total amount of \$5,000 for November 2014 for losses incurred in March 2014 due to the building being under renovations. Furthermore, authorize the City Attorney to draft an amendment and for the City Manager to execute the amendment on behalf of the City.

Ms. Mitchell stated because the City, the landlord of the facility, didn't have the facility available for the vendor to start business on March 1st, she will support the motion. She wants the vendor to be successful, but doesn't want to set a precedence with crediting vendors.

VOTE: Yes: Burmeister, Hammond, Knight, McDaniel, Mitchell

No: Kittle, Verbeke

Motion Carried (5-2)

Resolution No. 15.01.006

Mr. Kittle asked for a brief golf course outlook report from Mr. Marmion.

Mr. Marmion stated golf in Michigan was down 10% last year. The golf course is in good shape and so far for 2015, 100% of the leagues are back, approximately 20 events scheduled, and outings are being booked daily. Michigan hasn't had a spring in three years.

Mr. Kittle asked if the greens were covered this winter, or if any other precautions have been taken.

Mr. Marmion explained greens 10 and 15 were covered, and a lot more sand was put on the greens in the fall as a precautionary effort to curb ice damage.

8b. Motion – Approve Recommendation of Investment Manager

Ms. Buschmohle explained Asset Strategies was retained by the City to assist with the identification, evaluation, and selection of an active cash investment manager to replace Ambassador Capital. The City Council approved to engage two external investment firms, Ambassador Capital Management and Cutwater Asset Management (formerly MBIA), to manage a portion of the City's operating cash. In September 2014, Ambassador Capital was terminated. In the interim, Cutwater was asked to oversee management of the Ambassador account, while a Staff Committee evaluated its options.

Asset Strategies prepared an "Operating Cash Manager Search Report", from a number of investment manager organizations initially considered for this role. Nine firms received a Request for Proposal (RFP) and seven firms responded. Candidate firms were selected based on experience and success in managing enhanced cash portfolios as well as their willingness to manage a custom portfolio that will comply with Michigan Public Act 20 of 1943.

The Staff Committee elected to interview three managers, Clear Arc Capital Inc., Cutwater Asset Management, and PFM Asset Management, LLC.

The expanded Committee, including Mayor McDaniel and Mayor Pro Tem Kittle, interviewed the three candidates. After much discussion, the Committee unanimously agreed to retain Cutwater as the sole investment manager for the following reasons:

1. Manager Presentation was clear and compelling
2. Manager results have exceeded expectations
3. Manager record of service and support to the City and staff
4. Competitive fee structure
5. Nearly all of their Michigan local government clients utilize only one investment manager for all of their cash investing

The Committee recommends City Council retain Cutwater Asset Management as the sole investment manager; rates are ten basis points for all assets up to \$25 million and six basis points thereafter.

It was confirmed for Mr. Knight that there will be benchmarking periodically to evaluate how Cutwater is doing.

Ms. Buschmohle explained the previous two investment managers each started with \$10 million and were increased to \$25 million. Currently, Cutwater is managing over \$50 million of the City's investments.

Ms. Hammond liked having two investment managers, better checks and balances.

Mr. Tanghe noted having two investment managers was discussed during this process, and there was concern if one investment manager was wise. He had asked during the search process if other Michigan clients had multiple investment managers. A list of Michigan municipalities having only one investment manager, includes Rochester, Birmingham and Ann Arbor.

Mayor McDaniel stated if there were any reason the Committee Members were torn with which investment manager to use, it may have been necessary to choose more than one. There was no hesitation of going solely with Cutwater Asset Management, based on past performance and on the ability for staff to have open communications.

Mr. Knight stated it is obvious over the last five years that Cutwater outperformed the other investment manager, which should be a comforting factor; but benchmarking is still necessary.

Mr. Kittle noted not only did Cutwater outperform the other fund, they also outperformed the benchmarks consistently. The liquidity factor with Cutwater is almost instantaneously, whereas others had a lag time.

Moved by Mitchell; Seconded by Kittle.

RESOLVED: To approve Cutwater Asset Management as the Sole Investment Manager for the City's investments and authorize the City Manager to execute the Amendment to Investment Advisory Agreement.

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.007

9. NEW BUSINESS

9a. Motion – Approve the Amendments to Fire Code

Fire Chief Manning explained Fire Inspector Fred Solomon is an expert on this topic, so he will make the presentation to Council.

Inspector Solomon explained this is a request to update the Fire Code ordinance to coincide with the new building codes and combine the Fire Prevention and Hazardous Materials ordinances. The Hazardous Materials ordinance was written in 2003 and has not been updated since.

Mr. Kittle asked if the hazmat changes will require the Fire Department personnel to conduct all new inspections.

Inspector Solomon stated the Department has already been doing re-inspections. The hazmat changes don't require anything new, it is mostly procedural updates; the hazardous materials reporting process has been simplified and streamlined.

Mr. Kittle noted this ordinance includes leaf burning and there has been talk of tightening up the current ordinance and making it more enforceable; asking if there will be any changes to that section.

Fire Chief Manning stated the Leaf Burning Committee hasn't met to discuss the next steps, so there isn't any planned changes for that section. That section can be amended at a later date, as well as some other language revisions, such as burning twigs and branches that goes against State law. The intent is to bring this ordinance up to date with the building codes and update the hazardous materials portion at this time.

Mr. Tanghe noted City Council's workshop on March 9th, will be discussing leaf burning.

Ms. Verbeke asked should Council propose changes to the leaf burning at the March 9th Workshop, if it wouldn't be advantageous to put the ordinance on hold, to include all the changes at one time.

Mr. Tanghe suggested to move forward with this recommendation, because it is likely the March 9th Workshop won't have any definitive answers regarding leaf burning.

Mr. Beckerleg noted this proposed ordinance is to adopt the 2012 International Fire Code, because currently, the City is operating under the 2009 Code.

Inspector Solomon explained with this update, it will allow fire code references to coincide with the building, plumbing and electrical codes. This will also reference newer standards, including new technology that has become available, as well as providing the Fire Department more up-to-date standards and guidelines to work under.

Fire Chief Manning noted that combining the two, it will ensure the hazmat portion of the ordinance gets updated on a regular basis.

Mr. Burmeister asked if there were any significant changes in the Fire Code from 2009 to 2012.

Inspector Solomon explained the Fire Code was extensively reorganized, with many of the chapter numbers being completely changed; however, the content hasn't changed much.

Moved by Burmeister; Seconded by Mitchell.

RESOLVED: To repeal Ordinances 728, Hazardous Materials and 835, Fire Prevention, and adopt an ordinance that updates and combines Fire Prevention and Hazardous Materials into one ordinance on a first reading. Set a public hearing, second reading and final adoption on January 26, 2015.

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.008

~~9b. Motion – Approve the Purchase of 15 New Chrysler Vehicles~~

Removed from the Agenda at City Council's request and renumbered accordingly.

9b. Motion – Approve the Purchase of Crane Body and Service Crane

Mr. Brisson suggested postponing this item, because this is contingent upon the purchase of one of the Chrysler vehicles that has been removed from this evening's agenda. The price will not change if postponed to the next City Council meeting.

This item is postponed until the purchase of the new vehicle is approved.

Mr. Brisson gave a brief overview of the current fleet. As of December 31, 2014 there were 120 license plated vehicles in the fleet: 67 Chryslers – sedans, mini-van, SUV's, and light duty trucks; 14 Ford light duty trucks; 16 GM's – light and medium duty trucks and vans; 1 Mercedes Springer Van; 22 various manufacturer's heavy duty trucks and fire apparatus; 7 Caterpillars – heavy equipment loaders, graders, excavator and backhoe; 10 utility trailers; 168 various equipment – chainsaws, mowers, grounds maintenance equipment, asphalt paving equipment, small tractors. Today's total fleet is 305.

Fleet reductions include the Fire Department losing two aging SUV's for one Ram 1400 pickup truck. The DPW will be requesting one new crane truck and retiring two aging crane trucks. Retired vehicles and equipment were sold on MITN, for \$185,274. The sale Included 27 vehicles and two vehicles seized by police, 13 equipment items and five utility trailers. Six of the vehicles, 12 equipment items and five utility trailers retired, will not be replaced.

9c. Motion – Approve the Purchase of Replacement Chevrolet Tahoe 4X4 Special Service Vehicle

Mayor McDaniel thanked Mr. Brisson for the detailed report. He also noted staff submits the packet information the Thursday before the City Council meeting, and as witnessed with tonight's agenda, staff continues to work on packet items such as the vehicle purchase. The purchase was pulled from the agenda with the discovery of saving more money than what was being proposed.

Mr. Kittle stated he is very pleased with the analysis done; it is exactly what he has been asking for. He appreciates the comparisons between the dealerships and MITN.

Mr. Brisson stated there will continue to be comparisons between purchasing and leasing options every year; Enterprises is the largest leasing company, but next time he will also look at others.

Mr. Tanghe confirmed for Mr. Knight another Tahoe is necessary; the equipment on the current Tahoe will be removed and put on the new Tahoe.

Mr. Brisson stated the new Tahoe is identical to the current Tahoe and is a four wheel drive vehicle. The current Tahoe has 90,000 miles and by the time the changeover occurs, six to eight months, it will likely be pushing 100,000 mile.

Mr. Knight hoped this vehicle will have decent looking wheels, he also stated from time to time, the trucks need to be painted. The fleet vehicle is a direct reflection on the City.

It was noted good looking wheels are quite expensive and for the beating they take, standard wheels are just fine.

Moved by Mitchell; Seconded by Hammond.

RESOLVED: To approve the purchase of one 2015 Chevrolet Tahoe 4X4 Special Service Vehicle from Berger Chevrolet, 2525 28th Street, SE, Grand Rapids, Michigan 49512 in the amount of \$31,893.00. Funding is provided from Fleet Vehicles account 661-442-981.000.

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.009

9d. Motion – Approve the Purchase of Tandem Axle Dump Truck with Wing Plow for Winter Operations

Mr. Brisson explained this is the identical truck he requested last February; a tandem axle truck, larger of the City's two dump trucks, on a Freightliner chassis with a wing plow and Monroe Truck equipment. The wing plows have been fantastic and can clear one and a half lanes of snow with one push as opposed to the old plows of clearing only about three-quarters of a lane.

This purchase would be made through a cooperative purchasing group, with the lead agency being Rochester Hills.

The vision for the dump truck winter fleet operations is to purchase one more wing plow and remove and not replace one or two of the older single axle dump trucks; a smaller fleet, with better equipment.

Responding to Mr. Kittle, Mr. Brisson stated there are 10 dump trucks, and the optimal number of trucks with wing plows would be four; the City is divided into four sections for snow removal purposes. Future trucks beyond the wing plows, will have multiple attachments on a single chassis. It will then be possible to get rid of the smaller trucks; much of the purchasing costs is drivetrain, diesel, and emissions and other components.

Mr. Kittle stated it might be an interesting study to compare from an efficiency perspective of the new wing trucks to the older model trucks and the number of trucks needed to perform the same tasks.

Mr. Brisson stated the fleet will never be 100% wing plow, because wing plows on a truck are then designated as winter fleet trucks; trucks are still needed for year round use.

Responding to Mr. Knight, Mr. Brisson stated if the truck is ordered soon, it should be ready by October or November of this year.

Ms. Verbeke asked if the City has agreements with the County or State for plowing roads and receives reimbursement.

Mr. Brisson stated the City receives reimbursement from Oakland County for plowing South Boulevard and Adams Road within the City limits. The County plows M-24, a State controlled highway; and plowing I-75 requires a different class of truck.

Moved by Knight; Seconded by Burmeister.

RESOLVED: To approve the purchase of a Freightliner Tandem Axle Chassis from Wolverine Freightliner Eastside, 107 S. Groesbeck Highway, Mt. Clemens, MI 48043 in the amount of \$102,320.00; and the body equipment and installation from Truck and Trailer Specialties, 6726 Hanna Lake, Dutton, MI 49316 in the amount of \$104,947.22. Total Truck build cost is: \$207,267.22. Funding is provided from Fleet Machinery and Equipment, account 661-442-977.000.

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

No: None

Motion Carried (7-0)

Resolution No. 15.01.010

10. COMMENTS AND MOTIONS FROM COUNCIL

Ms. Hammond:

- The old lines are still visible on Auburn Road creating drivers to swerve quickly, thinking they are driving through parking spaces. She would like the lines covered or removed.

Mr. Burmeister:

- Kudos to the DPW crew for the snow plowing job, getting the streets cleared quickly.

Mr. Knight:

- The east bound lane lines disappears on Auburn Road; the lane markings need to be darker and wider. A better product needs to be found for better markings, especially the center lines.
- Appreciates how well the roads have been plowed and cleared.
- He would like to have residents register with the Fire Department if they will be burning, he feels by registering there would be better control; the Fire Department would know who was burning if an issue arose.
- The Avondale Youth Assistance is having their volunteer appreciation dinner on February 3rd.

Ms. Mitchell:

- Thanked the River Church for sponsoring the Senior's holiday dinner.
- Thanked Mr. Melchert for his participation in the SEMCOG webinar.
- Appreciated today's Council Workshop; it was well orchestrated and she appreciated all the work staff invested.
- Noted next Monday, January 19th Oakland University will be hosting a Martin Luther King event that is open to the public.

Mr. Kittle:

- Asked if any Council Members will be attending the Capital Conference for the Michigan Municipal League. Mr. Knight stated he'll go, unless another Council Member wishes to attend.

Mayor McDaniel:

- Noted this is the first City Council meeting in 2015, and is looking forward to a very productive year. He wished all a Happy New Year.

11. CITY ATTORNEY'S REPORT – none.

12. CITY MANAGER'S REPORT

- Sea Life Aquarium at Great Lakes Crossing Mall will be opening January 29, 2015.
- He and Ms. Carroll will be attending Keeper of the Dream event at Oakland University on Monday, January 19th.

13. ADJOURNMENT

Hearing no objection, the Meeting adjourned at 8:40 p.m.

Kevin R. McDaniel, Mayor

Terri Kowal, City Clerk