CALL TO ORDER: Mayor McDaniel at 7:07 p.m.
LOCATION: City Council Chamber, 1827 N. Squirrel Road, Auburn Hills, MI 48326
Present: Mayor McDaniel, Mayor Pro Tem Mitchell, Council Members Burmeister, Kittle, Knight, Verbeke
Absent: Council Member Hammond
Also Present: City Manager Tanghe, Assistant City Manager Grice, Police Chief Olko, Treasurer/Finance Director Schulz, City Clerk Kowal, Fire Chief Manning, Assessor Griffin, Deputy Treasurer/Finance Director Wickenheiser, DPW Director Melchert, Senior Director Adcock, Recreation Director Marzolf, Golf Manager Marmion, Community Development Director Carroll, Director of Authorities Mariuz, Community Development Director Cohen, Management Assistant Harris, Deputy Assessor Collias, City Engineer Juidici, City Attorney Beckerleg
6 Guests
Mayor McDaniel stated there is no need for an Executive Session, so it has been removed and the Agenda Item numbering has been amended to reflect the deletion.

4. APPROVAL OF MINUTES
4a. Regular City Council – September 26, 2016
Moved by Verbeke; Seconded by Kittle.
RESOLVED: To approve the September 26, 2016 City Council meeting minutes.
VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None
Resolution No. 16.10.176 Motion Carried (6–0)

5. APPOINTMENTS AND PRESENTATIONS
5a. Presentation to Council of Awards for the DDI
Mr. Melchert presented to City Council and explained the City has received four awards for the University Drive / I-75, Diverging Diamond Interchange. Two awards are related to the engineering excellence, Preliminary Design Concept by OHM Advisors and the actual engineering of the bridge and two for government collaboration, including Oakland University contributing to the streetscape; six funding sources coming together for the construction of the interchange.

6. PUBLIC COMMENT
Clarence Bennett, resident, stated the American Legion would like to have more floats in the parade, and he suggested the use of golf carts for the platform for more floats.

7. CONSENT AGENDA
Mr. Knight requested removing Item 7c. from the Consent Agenda.
7a. Board and Commission Minutes
   8a.1. Downtown Development Authority – September 19, 2016
   8a.2. Tax Increment Finance Authority – September 20, 2016
   8a.3. Brownfield Redevelopment Authority – September 20, 2016
7b. Motion – Approve Delinquent Tax Transfers to 2016 Winter Tax Bills
RESOLVED: To accept the transfer of the delinquent special assessments in the amount of $414,815.53 for collection on the 2016 City of Auburn Hills Winter Taxes, in accordance with Ordinance # 634, Resolution No. 74-108, 74-143, and MCL 211.44(3)(4) and (7).
Moved by Verbeke; Seconded by Mitchell.
RESOLVED: To approve Consent Agenda items 7a. and 7b.
VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None
Resolution No. 16.10.177 Motion Carried (6 – 0)

7c. Motion – Approve the Video Service Local Franchise Agreement for AT&T Michigan
Mr. Knight asked for an explanation of what this agreement contains.
Ms. Carroll explained the City allows AT&T access to the rights-of-way and in return, AT&T gives the City a portion of the rates it receives from residents; a 5% franchise fee and a 1% PEG (public education and government) fee, which goes to the local public programming services. This is a common practice for all cable companies that provide cable services.

Mr. Beckerleg noted the fee percentages are set by law.

Moved by Knight; Seconded by Mitchell.
RESOLVED: To approve the Video Service Local Franchise Agreement for AT&T Michigan for a term of ten (10) years.

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 16.10.178  Motion Carried (6 – 0)

8. OLD BUSINESS

8a. Motion – Approve Combined PUD Step One – Qualification / Step Two – Site Plan / Lamar Advertising Company – Digital LED Billboard
A request was received from Lamar Advertising Company to postpone this request to a date uncertain.

Moved by Verbeke; Seconded by Burmeister.
RESOLVED: To postpone indefinitely the plans for the PUD Step One – Qualification / Step Two – Site Plan for Lamar Advertising Company – Digital LED Billboard subject to the terms and conditions of the Development Agreement.

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 16.10.179  Motion Carried (6 – 0)

8b. Motion – Approve IFEC Extension / Norma Michigan, Inc.
Mr. Griffin explained Norma Michigan has had an eight IFEC beginning December 31, 2009 and ending December 30, 2016, and are requesting approval for an additional two years. The maximum extension allowed is four years. The extended amount of the abatement is for real property only, $3,805,000.

Mr. Griffin explained this abatement was approved in 2009, when personal property was still eligible for a tax abatement. If the company chooses not to apply for the MPP exemption, they will still pay the personal property tax. He assumes the MPP will be applied for.

Lori Switzer, tax manager for Norma Michigan, explained this request if for an extension of real property. The America’s headquarters for Norma is located in Auburn Hills, and have approximately 290 employees in Auburn Hills.

Mayor McDaniel opened and closed the public hearing at 7:24 p.m., hearing no comment.

Moved by Verbeke; Seconded by Kittle.
RESOLVED: To approve the request for an additional two (2) years of abatement for Norma Michigan Inc. and IFEC 2009-049 by adopting the attached resolution (Attachment A).

Mr. Beckerleg confirmed for Mr. Knight this request includes the four-year clawback clause.

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 16.10.180  Motion Carried (6–0)

9. NEW BUSINESS

9a. Motion – Approve Traffic Signal / Great Lakes Crossing
Mr. Melchert explained this is an agreement between the City and Taubman Auburn Hills Associates Limited Partnership, Great Lakes Crossing Outlets (GLCO) owner. This agreement forms a partnership for construction of a traffic signal at Great Lakes Crossing Drive and Great Lakes Crossing Outlets Driveway #4, adjacent to the Steak n’ Shake restaurant. A transportation review was done by DKS Associates, Inc., stating the intersection of Driveway #4 and GLC Drive experiences severe congestion during peak traffic periods and recommend a traffic signal be installed. OHM performed a traffic warrant study and confirmed the need for a traffic signal at the intersection.

It is suggested a temporary solution be constructed by Thanksgiving 2016, with a permanent signal completed by September 2017. The agreement notes the City will take the lead doing the engineering and the construction. The GLCO owners, will reimburse the City, 100% for all costs including the annual maintenance and operation of the traffic signal.

Ms. Verbeke agrees there is a need for a signal, but asked when the studies were conducted.

Mr. Melchert explained the original transportation study was completed in December of 2015 and the traffic warrant study was conducted August 2016. The OHM traffic study included vehicle counts during the 2015 Christmas shopping season. Ms. Verbeke asked about the street markings in the shopping center interior roads. She also asked if this signal will be a flashing light during non-peak hours.
Mr. Melchert explained those markings were done by Great Lakes Crossing, to work in conjunction with this proposed traffic signal work. The operation study still needs to be conducted to determine the signal configuration and light timing.

John Eggert, Development Director for the Taubman Company, the parent company of Great Lakes Crossing Outlet Center, explained they are doing channelization to the internal intersection drives in an attempt to make traffic to flow better. He thanked City staff for helping to work through this process over the last year. GLCO is very appreciative of allowing the traffic signal and is gladly paying 100% of the cost and ongoing maintenance. Many traffic scenarios have been discussed, looking for solutions.

Moved by Kittle; Seconded by Knight.

RESOLVED: To approve the Agreement between the City of Auburn Hills and Taubman Auburn Hills Associates Limited Partnership for construction of a traffic signal at Great Lakes Crossing Drive and Great Lakes Crossing Outlets Driveway #4.

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 16.10.181

9b. Motion – Accept 1st & 2nd Quarter 2016 Monitoring Network Review Summaries /Oakland Heights Development

Andy Foerg, Environmental Consulting Solutions, explained there are no changes for the first quarter report, the levels are all acceptable. MW-31SR was showing a pattern of increasing concentrations. It was concluded the water movement from the pond into the perch zone is contributing to the variability of the water quality in MW-31SR. No further investigation is warranted, but will be kept under a watchful eye. The second quarter also resulted in some very low levels of volatile organic compounds found in wells 47D and 46, in the northeast corner of the landfill. These will be resampled in the third quarter monitoring.

MW-47D and MW-46 have had several volatile organic compounds reporting at very low concentrations. Regulations require resampling for volatile organic compounds within 90 days from the August 2016 event. Continued monitoring of MW-47D and MW-46 is warranted. It is believed there may be problems with the pump, within the well, and the exhaust from the pump is creating the volatile organic compounds. The pump will get fixed and another sampling will be done; he is sure that should resolve the problem.

Mr. Burmeister asked how long it takes from the time a sample is taken to receiving the results.

Mr. Foerg believes the entire process of the sample being taken to submitting the findings to Brown & Caldwell for analysis and sending a report to Oakland Heights is probably three to four weeks.

Moved by Knight; Seconded by Verbeke.

RESOLVED: To accept the First and Second Quarter Y2016 Monitoring Network Review Summaries prepared by Environmental Consulting Solutions of the Oakland Heights Development Landfill Reports.

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 16.10.182

9c. Motion – Adopt 2017 Fee Schedule

Mr. Knight was initially concerned with the price increase for the burial fee, but has learned the burial costs is less than the actual cost to the City and the cost is also in-line with costs at other community cemeteries. Asked if the January increase in the water fee is keeping pace with the increase of water costs from the consolidated water source.

Mr. Melchert stated there is anticipated water increase from the Great Lakes Water Authority for water services of at least 4%. The contract will be reopened in the next month and will be negotiating a new maximum day volume, which should bring the rate down. The increase in January allows to maintain solvency of the fund. The same with sewer, there is no plan for a July increase.

Moved by Mitchell; Seconded by Burmeister.

RESOLVED: To adopt the 2017 City of Auburn Hills Fee Schedule as submitted.

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 16.10.183

9d. Public Hearing / Motion – Adopt 2017 Budget and Millage Rates

Ms. Schulz explained this budget has $57.5 million in expenditures, net of transfers. She made the following PowerPoint presentation:
The General Fund is 46% of the budget and the Water/Sewer Fund is 25%. The 2017 budget includes $5.9 million in street improvements, $3.2 million in water and sewer improvements, $1.6 million in vehicle and heavy equipment purchases. Staff and equipment purchases have been increased in the Fire Department due to the passage of the fire millage. There has been a reduction in water and sewer increases as compared to the prior year; 5% down from 8%. 
The real property valuation has increased, however, the overall property valuation decreased due to the personal property exemption in 2016 which effects the 2017 revenues. There are no plans for a millage increase in 2017 or the out years projection, no additional debt, and the legacy costs remain adequately funded through 2021.

Regarding the Water and Sewer Fund, the second largest fund, the revenue, is almost totally funded with charges for services. There is some grant and interest income and some non-cash contributions also planned. While the fund will use some reserve in 2016 through 2018, barring additional capital expenditures and any significant changes in sewer and water treatment funds, the fund should be replenished in 2019 through 2021.

<table>
<thead>
<tr>
<th>General Fund Expenditures</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUNCTION</strong></td>
<td>ACTIVITY</td>
<td>AMENDED</td>
<td>REQUESTED</td>
</tr>
<tr>
<td>Administration</td>
<td>$3,872,521</td>
<td>$4,238,715</td>
<td>$4,473,346</td>
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<tr>
<td>Fire</td>
<td>3,442,416</td>
<td>3,900,514</td>
<td>4,799,875</td>
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<tr>
<td>Police</td>
<td>8,396,719</td>
<td>8,967,408</td>
<td>9,068,016</td>
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<tr>
<td>Infrastructure</td>
<td>6,304,569</td>
<td>3,471,410</td>
<td>7,379,295</td>
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<tr>
<td>Community Programs</td>
<td>1,082,834</td>
<td>1,123,942</td>
<td>1,141,059</td>
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<tr>
<td>General Support</td>
<td>3,274,922</td>
<td>3,365,243</td>
<td>3,792,562</td>
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<tr>
<td>Planning/Development</td>
<td>1,212,244</td>
<td>1,184,114</td>
<td>1,208,622</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$27,585,525</td>
<td>$26,252,346</td>
<td>$31,852,775</td>
</tr>
<tr>
<td>% Change from Prior Year</td>
<td>-4.83%</td>
<td>15.51%</td>
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<tr>
<td>$Change from Prior Year</td>
<td>$(1,333,179)</td>
<td>$5,610,429</td>
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</tr>
</tbody>
</table>
Police - the anticipated Police property tax revenue, funds almost all of the operational expenses. The decision to contract dispatch with the County has improved the Police Department’s financial position. The 2017 budget includes full staffing; some of the other sources of revenue keep the Department solvent. There is some concern in 2020, the
outlook can be improved with a reduction in costs, an increase in current property tax evaluations (beyond the normal inflation costs), or additional revenue sources.

Fire – The recent approval of the Headlee Override, improved the Department’s position to add much needed staff for both medical and fire calls. An additional short-term grant award improved the 2016 through 2018 projection nicely; in 2020 the funding picture begins to change.

General Fund (excluding Police and Fire) – Relies on outside revenues, such as the State, developers, and programs to cover expenditures. The property tax revenues do not cover operational and fixed costs, not looking at wages and benefits, the additional revenue thus far, has helped to balance it out. In 2017, there is a planned $5.9 million in transfers to fund necessary road infrastructure projects. This continued gap, if left unattended, will severely impact the health of the City.
Looking at the General Fund and the five year forecast, currently the need to use reserve continues from 2015 and forward. After the budget process last year, staff reacted and the City now expects to reserve more resources in 2016.
than expected which directly impacts the ability to address some of the road and infrastructure projects in 2017. Staff remains aware of using the reserve in the out years.

The property tax revenue trend, expenses have moderately been increasing, the tax revenue has been declining. The small gains made in 2016, $4.1 million, were tempered by the personal property tax exemptions of City businesses, causing a decline in revenues in 2017.

Staff is confident it can make the necessary changes to improve the current 2020 projection. The goal is total expenditures not to exceed 25% of fund balance. In order to sustain the current physical health of the City, staff will continue to be creative in the day-to-day operations, staff will also be reaching out to the business community and residents for solutions. Staff will also continue with the collaborative efforts of the State, other communities and agencies to fund necessary projects and to control costs.

As we move into 2017 and look into the future, teamwork will be essential.

Staff looks forward to working with our robust business environment and our passionate community.

Together we will find creative solutions to ensure the continued success of the City of Auburn Hills.

Mr. Knight asked if an additional fire truck is included in this budget.

Fire Chief Manning stated there is $500,000 in the fleet budget for fire apparatus, orginially earmarked for an engine. Currently the Department is evaluating its options and there is a possibility of adding a fourth ambulance as backup.

Mr. Kittle is pleased with this presentation and noted previously there were some substantial deficit years of road projects and asked if those projects are being tracked.

Ms. Schulz explained in the budget document, after the Capital Expenditures there is a separate page, a wish list, should funds become available.

Mr. Kittle noted he is very appreciative of the budget staying at the 25% fund balance level. There will be tough times ahead, and the City has been very fortunate to have the TIF districts that have funded the building-out of the City and not incurring debt. Depending on the nature of the capital improvement projects needing to be done, he asks City Council to be open-minded towards incurring debt rather than paying cash for everything, particularly if it will decrease the fund balance to a precarious level. He questioned if there will be a budget committee as previously discussed and if so, when that committee will begin meeting.

Mayor McDaniel stated thus far, two Council Members have agreed to serve, and are still waiting to hear from another. The committee is a go.

Mayor McDaniel opened the public hearing at 8:00 p.m. Hearing no comment, the public hearing was closed at 8:00 p.m.

Moved by Knight; Seconded by Mitchell.

RESOLVED: To accept and adopt the proposed 2017 budget for the City and to approve the proposed millage rates for the City and Library for the 2016 tax year.

Ms. Mitchell thanked staff for the work, the thoroughness of all the discussions and workshops that went into this budget process.

Mayor McDaniel echoed Ms. Mitchell’s comments, thanking City Manager Tanghe, Finance Director Schulz and all the department heads for the many hours invested and the difficult decisions made for this budget.

VOTE: Yes: Burmeister, Kittle, Knight, McDaniel, Mitchell, Verbeke
No: None

Resolution No. 16.10.184

Motion Carried (6–0)

10. COMMENTS AND MOTIONS FROM COUNCIL
Mr. Knight:

- Friday, at 6:45 p.m., people will be gathering on Auburn Road, across from Pixley Funeral Home for the Homecoming Parade and he invited City Council to participate if they wish. The parade beings at 7:15 p.m.

Ms. Mitchell:

- At the August 22nd meeting she requested an update of the City’s participation with the Oakland County Main Street Program; the pro’s and con’s as well as any available information. She would still like to see that information.
- Was excited to see College Night at the DEN and asked if it was attended and if any feedback was provided.
- Asked when the Autumn Festival at Hawk Woods is being held.
  Mr. Tanghe stated this Saturday, 11:00 a.m. until 3:00 p.m.
- The Beautification Awards Ceremony was held and it was a beautiful event. The BAC and staff did a wonderful job on the great event.
- Friday she will be hosting her coffee hour at Bigby Coffee on Joslyn Road, at 6:30 p.m.; all residents are welcomed.

11. CITY ATTORNEY’S REPORT – none

12. CITY MANAGER’S REPORT

- The City has Oakland University scholarships available to Auburn Hills’ residents. He recently asked Oakland University to supply the names of the scholarship recipients so the City is able to follow the recipient’s progress through their college career. He met with three of the four recipients at Fieldstone Golf Club for lunch and wishes them well.
- He and Mayor McDaniel attended a media event for Moceri Company, headquartered in Auburn Hills, regarding their Blossom Collection, a $1.2 billion investment over the next two years. The Blossom Collection has a variety of senior housing options. Two of the developments will be constructed in Auburn Hills; one is under construction now on North Squirrel Road, Villa Mount Claire and the other at a later date. More information can be found at www.moceri.com.

13. ADJOURNMENT

Hearing no objections, the meeting adjourned at 8:12 p.m.

___________________________________  ___________________________________
Kevin R. McDaniel, Mayor  Terri Kowal, City Clerk