



# The City of Auburn Hills

## City Council Meeting

### Minutes

January 7, 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

**Also Present:** Assistant City Manager Tanghe, Director Olko, City Clerk Kowal, City Assessor Lohmeier, Water Resource Coordinator Keenan, Department of Public Services Director Melchert, Water Resources Director Herczeg, Library Director McCoy, City Attorney Beckerleg, City Engineer Stevens

8 Guests

#### 4. APPROVAL OF MINUTES – none

#### 5. APPOINTMENTS and PRESENTATIONS

#### 6. PUBLIC COMMENT

#### 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.

*Item 7a. was removed from Consent Agenda.*

7b. Motion – To Adopt the Resolution Approving the Proposed Revised Alliance of Rouge Communities Bylaws

**RESOLVED: To adopt the resolution approving the proposed revised Alliance of Rouge Communities Bylaws.**

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

**RESOLVED: To approve the Consent Agenda item 7b.**

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

**No: None**

**Motion carried (6-0)**

#### **RESOLUTION NO. 13.01.001**

7a. Board and Commission Minutes

7a.1. Board of Review – December 11, 2012 (This item was removed from Consent Agenda by Council Member Doyle.)

Responding to Ms. Doyle, Mr. Lohmeier explained July and December Board of Reviews valuation issues are not discussed. It is for poverty exemptions, principal residence exemptions and qualified clerical errors, which largely deal with personal property. The amounts are not included in the minutes, because the minutes are based on State tax rules, and tax collection change is not considered by the Board of Review. There was a December Board of Review calculation done and the taxable value change was a reduction of \$396,450; the actual tax collection by the City of \$4,186.59.

For a poverty exemption, the resident completes an application and submits it to the Assessor's office with supporting documentation. That could include household expenses and receipts, pharmacy receipts, which are then reviewed by the Assessor's office against the State of Michigan and City poverty guidelines. The Assessor's office presents the information to the Board of Review.

The applicant comes before the Board of Review, who may possibly have more questions, after which the Board of Review makes their decision.

The exemption is only for one year. It must be reapplied for each year and the taxable value is set by the cap value each year.

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

**RESOLVED: To accept the December 11, 2012 Board of Review minutes.**

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

**No: None**

**Motion carried (6-0)**

**RESOLUTION NO. 13.01.002**

**8. OLD BUSINESS - none**

**9. NEW BUSINESS**

**9a. Public Hearing/Motion – Benteler Automotive Corporation – Request to Amend IFEC 2011-206 for Personal Property from \$824,000 to \$1,366,388**

Mr. Lohmeier explained Benteler Automotive Corporation moved from Pond Run Drive to 2650 Opdyke Road, downsizing shop and engineering space that is no longer needed, adding needed corporate office space. Approved by City Council and the State Tax Commission for personal property was an investment of \$824,000. Benteler submitted a request to approve a revised cost that exceeds the original cost estimate.

Mayor McDonald opened the public hearing at 7:10 p.m.

Alisha Cieslak, General Counsel and Naomi Sofolic, Tax Manager for North American Headquarters introduced themselves. Ms. Cieslak explained the company moved to this location in November 2011 and submitted cost estimates for the personal property improvements. As those renovations proceeded, it was realized the estimates were on the conservative side and an upgrade was needed in some of the materials being used. Originally the landlord was going to have wiring completed to support their needs; however, that didn't happen and it was an additional expense.

In response to Ms. Doyle, Ms. Cieslak stated there are approximately 120 employees at the Auburn Hills location, which is the international business hub for the company. There are additional employees that travel to and from the location as well. The increase in cost also included adding more cubicles to the facility after realizing the need to hire more employees.

Mr. Lohmeier explained Benteler is a tenant on the property so improvements such as plumbing, drywall, carpeting, a dishwasher and such are determined as personal property since the purchases are at the tenant's expense.

Mayor McDonald closed the public hearing at 7:15 p.m.

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

**RESOLVED: To approve the request for the amendment of IFEC 2011-206 for Benteler Automotive Corporation for a total personal property investment of \$1,366,388 by adopting the attached resolution (Attachment A).**

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

**No: None**

**Motion carried (6-0)**

**RESOLUTION NO. 13.01.003**

**9b. Motion – Approve the Reopening of the Detroit Water and Sewer Contract for 2013.**

Mr. Herczeg explained the Department of Public Services requested a contract renegotiation with Detroit Water and Sewer Department (DWSD) to adjust consumption estimates for 2013. The City engineers determined the City's usage has steadily increased since 2010, the last contract negotiation.

The current rates are based on 180,000 mcf or \$4,033,447, and overall consumption values were constant for 2010 and 2011. In 2012 the City sold 205,407 mcf and paid \$4,404,045 to DWSD. With some convincing, DWSD agreed to re-open the City contract and increase the overall consumption to 203,000 mcf. The new agreement allows the City of Auburn Hills to control resident rates by purchasing more water from DWSD at constant rates. By increasing the volume, it will make sure the City isn't penalized for using a higher volume of water at peak time and will enable the City to determine at the next five-year contract renewal the amount of water that will be needed.

Mr. Knight asked if the City still buys surplus water from Detroit at a lower rate. Mr. Herczeg explained the City continues to buy water at off peak hours to fill the water tower.

Mr. Kittle asked why it is good news for volumes of water to be on the increase.

Mr. Herczeg explained it means the City is growing; in 2008 as businesses were closing, including Chrysler being downsized, the water volumes also decreased because of less usage. Chrysler is one of the top four users of water in the City.

Mr. Herczeg confirmed for Mr. Kittle that many of the stipulations regarding educating citizens is still part of the agreement. The revenue expectancy shouldn't change at all.

Regarding the sewer system and Pontiac selling to Oakland County, Mr. Herczeg explained the Clinton-Oakland contract should be completed this summer with changes to the sewer rates. The capital improvement projects will continue over a 20 year period, and will not likely result in any cost decreases.

Mr. Herczeg noted there were no negative results of reopening the contract with Detroit.

Mr. Melchert, responding to Ms. Doyle, noted the City has never purchased water from the City of Pontiac; but investigation of the opportunity continues. Mr. Melchert also noted there are some other opportunities the City continues looking at with the Oakland County Water Resources Commission. He will be attending a meeting in the next week or so regarding a potential 'authority'. Mr. Melcher confirmed the water rate would be lower from Oakland County than from the City of Detroit.

Ms. Doyle asked for clarification regarding the Contract, that reads in part:

'Section 3.04 of the Contract is amended by deleting in its entirety the existing language and substituting the following language in its place:

Formation of Water Authority. Customer may join with another authority, city, township, village or other municipal corporation...'

Mr. Melchert explained that is referring to the original contract, which allows the City the opportunity to form an authority.

Mr. Herczeg confirmed the City will reach the end of its five-year contract with Detroit at the end of 2014.

Ms. Doyle asked why the water rates went up dramatically last year, and if those rates are built into the contract or if those rates included the overage amounts.

Mr. Herczeg stated the rates are not a result of overages, but because of Detroit's capital improvements on the system. He doesn't believe the rates will be as severe as they have been, but there will be an increase in rates. Continuing, Mr. Herczeg stated the City should be able to anticipate future rates of the multi-year contract with Detroit.

Mr. Melchert explained the formula DWSD uses to calculate rates is totally separate from the contract. Items in the contract help to dictate the rate, such as allocated water consumption, volume, peak hours, max day uses and the like. The formula is not included in the contract.

Mr. Knight was under the impression the City had a water main hooked up to Pontiac to receive water.

Mr. Melchert stated that hookup never took place. The most recent hookup approved by Council was the emergency hookup with Orion Township.

Mr. Knight requested Council be brought up to date on the water issues, since he is not the only one thinking the City was receiving water other sources besides Detroit.

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

**RESOLVED: To approve the Detroit Water and Sewer Contract Re-Open for 2013.**

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

**No: None**

**Motion carried (6-0)**

**RESOLUTION NO. 13.01.004**

## **10. COMMENTS AND MOTIONS FROM COUNCIL**

Mr. Knight:

- Asked when the downtown Christmas decorations would be coming down.  
Mr. Melchert stated in the past, the decorations have been taken down during the first week of February.  
Mr. Knight explained he doesn't consider the white lights on the trees as Christmas decorations and asked if those lights would be left up after the Christmas decorations have been removed.  
Mr. Herczeg believed Mr. Grice had done a cost comparison, and found it wasn't cost effective to remove a portion of the decorations and then return to remove the remaining lights.  
Mr. Knight asked Council to consider leaving the white tree lights up until March 1<sup>st</sup>; the lights bring so much ambience to the City. He sees it more as a public relations issue; unless the cost is that drastic.
- Is amazed at the progress of the garage, noting second story work is being done.

Ms. Doyle:

- Supports Mr. Knight's request to leave the white lights up and would like to know the cost before making the decision to leave them up or take them down.

- Asked Director Olko how the police officer who was hit by a car while making a stop.  
Director Olko explained the Officer was responding to a traffic crash at the South Boulevard / I-75 icy overpass. As he was stepping out of the vehicle, a car hit him because of the icy conditions. He was seriously injured, has had some surgeries and is currently home. He has significant injuries to the orbital bones around one of his eyes; he may need more surgery prior to coming back to work. He has been very appreciative of all the concern that has been shown to him.

Ms. Hammond:

- Asked if the white lights could be turned off and not necessarily be taken down.  
Mr. Melchert stated the lights could be turned off. He also stated he would investigate the cost, noting because of the weather, many times the lights need attending because of the rain, snow and ice.
- Wished everyone a Happy New Year.

Mr. Kittle:

- Wished everyone a Happy New Year and hopes this year will be better for all; noting the interesting past few weeks events - the end of the world prediction, asteroids colliding, financial cliff, right to work legislation and personal property reform.

Mayor McDonald:

- He too, would like to know the cost of keeping the white lights lit downtown.
- Auburn Hills is doing well, and the State of City will be January 24<sup>th</sup>.

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

**12. CITY MANAGER'S REPORT** - none

**13. ADJOURNMENT**

Meeting adjourned at 7:36 p.m.

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James D. McDonald, Mayor

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Terri Kowal, City Clerk

**CITY OF AUBURN HILLS  
RESOLUTION  
APPROVING AN AMENDMENT FOR  
BENTELER AUTOMOTIVE CORPORATION  
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE 2011-206**

At a regular meeting of the City Council of the City of Auburn Hills, Oakland County, Michigan, held in the Council Chambers at 1827 N. Squirrel Road, Auburn Hills MI 48326 on the 7th day of January 2013.

The following resolution was offered by Councilperson Knight and supported by Councilperson Doyle:

WHEREAS, the City of Auburn Hills and the State Tax Commission approved an Industrial Facility Exemption Certificate in the year 2011 for Benteler Automotive Corporation for a facility located at 2650 Opdyke Rd, and

WHEREAS, the certificate, known as Industrial Facility Exemption Certificate 2011-206, was approved with an estimated project cost of \$824,000 for personal property, and

WHEREAS, before acting on said application, the City Council of Auburn Hills held a hearing on the 7th day of January, 2013 at a regularly scheduled meeting, for which the applicant, the assessor, and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, Benteler Automotive Corporation has filed an application for an amendment to reflect the revised estimated costs for personal property, and

WHEREAS, Rule 54 of the State Tax Commission allows a local unit to approve the revised cost of an Industrial Facility, and

WHEREAS, it is hereby found and determined by the City of Auburn Hills Council that the granting of the revised cost for Industrial Facility Exemption Certificate 2011-206 is reasonable and proper, and

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

NOW, THEREFORE, BE IT RESOLVED that the request for revised costs in the amount of \$1,366,388 for personal property for Industrial Facilities Exemption Certificate 2011-206, and

The City Council of Auburn Hills finds and determines that granting of this Industrial Facilities Exemption Certificate, together with the aggregate amount of the certificates previously granted and currently in force, under PA 198 of 1974 and PA 255 of 1978, shall not have the affect of substantially impeding the operating of the City of Auburn Hills, or of impairing the financial soundness of a taxing unit which levies an ad valorem property tax in the City of Auburn Hills.

BE IT FURTHER RESOLVED that the City Clerk shall send an original copy of this resolution to the Benteler Automotive Corporation and the State Tax Commission.

AYES: Mayor McDonald, Mayor Pro Tem Hammond, Council Members Doyle, Kittle, Knight, Verbeke  
NAYS: None  
ABSENT: Council Member McDaniel  
ABSTENTIONS: None

RESOLUTION 13.01.003 Approved (6-0)

STATE OF MICHIGAN)

)SS

COUNTY OF OAKLAND)

I, the undersigned, the duly appointed City Clerk for the City of Auburn Hills, Oakland County, Michigan do hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the Auburn Hills City Council held on the 7th day of January, 2013.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on this 9th day of January, 2013.

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Terri Kowal, City Clerk