



The City of Auburn Hills

City Council Meeting

Minutes

April 16, 2012

CALL TO ORDER: by Mayor Pro Tem Hammond at 7:00 p.m.
LOCATION: City Council Chamber, 1827 N. Squirrel Road, Auburn Hills, MI 48326
Present: Mayor Pro Tem Hammond, Council Members Doyle, Knight, Verbeke
Absent: Mayor McDonald, Council Members Kittle and McDaniel.
Also Present: City Manager Auger, Assistant City Manager Tanghe, Director Chief Olko, DPS Director Melchert, City Assessor Bennett, City Clerk Kowal, Roads & Facilities Manager Brisson, City Attorney Beckerleg, City Engineer Juidici, and Library Director Stephanie McCoy.
9 Guests

4. APPROVAL OF MINUTES

4a. City Council Joint meeting with Rochester Hills March 26, 2012

Moved by Knight, Seconded by Verbeke.

RESOLVED: To approve the minutes of March 26, 2012 Joint Council Meeting with Rochester Hills.

VOTE: Yes: Doyle, Hammond, Knight, Verbeke

No: None

Motion carried (4-0)

RESOLUTION NO. 12.04.060

4b. Regular City Council Meeting – April 2, 2012

Moved by Doyle, Seconded by Knight.

RESOLVED: To approve the minutes of April 2, 2012 Regular City Council Meeting.

VOTE: Yes: Doyle, Hammond, Knight, Verbeke

No: None

Motion carried (4-0)

RESOLUTION NO. 12.04.061

5. APPOINTMENTS & PRESENTATIONS

6. PUBLIC COMMENT

7. CONSENT AGENDA

7a. Board and Commission Minutes

- 7a.1. Board of Review – March 6, 2012
- 7a.2. Board of Review – March 12, 2012
- 7a.3. Board of Review – March 13, 2012
- 7a.4. Board of Review – March 21, 2012
- 7a.5. TIFA – April 10, 2012

7b. Renewal of Used Car Lot Licenses

RESOLVED: To approve renewal of Used Car Lot Licenses for the 2012/2013 licensing period for A&S RV Center, Newcomb's Service, Inc., Oakland Truck and Equipment Sales, Inc. and Parts Place, Inc.

Moved by Doyle; Seconded by Verbeke.

RESOLVED: To approve the Consent Agenda as presented.

VOTE: Yes: Doyle, Hammond, Knight, Verbeke

No: None

Motion carried (4-0)

RESOLUTION NO. 12.04.062

8. OLD BUSINESS – None.

9. NEW BUSINESS

9a. Move to approve the assignment of the Lease between Tower Assets Newco IV, LLC and the City.

Attorney Derk Beckerleg addressed the Council on this Tower assignment. He informed the Council Members that this tower has gone through a re-assignment once before. Ms. Doyle inquired if this is an industry wide situation, where the towers change owners. Mr. Beckerleg replied that it is becoming more common. He also informed the Council that the agreement places all responsibility for the tower on the new owner. Mr. Knight asked if there are any complaints from companies who would like to be on the tower and who were denied. Mr. Beckerleg stated there are spaces available, but he is not sure how many or where they are right now.

Moved by Knight, Seconded by Verbeke.

RESOLVED: To approve the assignment of the Lease between Tower Assets Newco IV, LLC and the City for that portion of the Civic Center property on which the communications monopole, antenna tower, and equipment building are located to Global Tower, LLC and to approve the Agreement Regarding Ground Lease between the City and Global Tower, LLC, and authorize the City Manager to sign the agreement regarding the Ground Lease.

VOTE: Yes: Doyle, Hammond, Knight, Verbeke

No: None

Motion carried (4-0)

RESOLUTION NO. 12.04.063

9b. Motion – Move to approve the request for relocation of Plastics Plus Inc.

Assessor Bennett introduced this item to the Council. Plastics Plus is requesting permission to relocate prior to the end of the term of its existing IFEC. The 8 year certificate was issued in 2004 for the facility located at 4225 N Atlantic. The approved investment was \$1,850,000 for real and personal property. The expiration date of the certificate is 12/31/2012. Under the IFEC agreement the company signed in 2004, the company agreed to remain in the city for the period of the IFEC unless permission for relocation is granted by the City Council. The agreement further provides that if the company “chooses to leave the City without permission for relocation prior to the end of the term of the IFEC, the City Council has the right to recapture from the Company up to and including the total amount of taxes abated by the IFEC.” The company has indicated that it has a potential third party lessee/purchaser for the facility. The new owner/lessee may also be applying for a transfer and extension of the certificate. The potential payback for relocation without permission, based on the tax savings to date, including the estimated tax savings for the year 2012 is \$135,843.

Mr. Zaremba, the owner of Plastics Plus, explained that the building was valued at about \$3.2 million in 2004, when they purchased it. Due to the economic downturn, the building has lost most of its value. In 2009, he had to borrow \$700,000.00 to keep the building afloat. That loan affected their operating capital. He now has the opportunity to enter into a long term lease with a company named LXR Biotech, with an option to purchase within 3 years. They need the building as soon as possible; they cannot wait any longer as they have several contracts that they need to fill.

Mr. John Lee, president and owner of LXR Biotech, addressed the Council. He explained that his company produces nutra-pseudics, including an energy drink called Eternal Energy. They just entered into a contract to sell the products at Wal-Mart, and have several more potential sales on the table. They need to begin more production as soon as possible. They have looked at many sites, and would like to be in Auburn Hills at the Plastics Plus location. However, if it will not be available soon they will be forced to choose another site. They are producing enough products now to fill 2 trucks a day, but plan to accelerate production to 4000 bottles per hour. They need this facility as soon as possible.

Mr. Knight asked Mr. Zaremba if he was going to move out to a building about the same size, why wouldn't he just stay here? Mr. Zaremba replied that they need to get out from under the building costs, and hope to relocate here in Auburn Hills. Mr. Knight went on to say that he is usually opposed to allowing an IFEC business to move prior to the end of their contract. In this instance, he does appreciate that Mr. Zaremba addressed the Council, was up front about the whole issue, and also the fact that this IFEC only runs until December 31, 2012. He can support this request.

Ms. Doyle stated that she would like to see some of the abated taxes returned, even if only a portion. She agrees this is a unique situation and would like to see LXR here in Auburn Hills. Ms. Doyle inquired of Mr. Beckerleg if we would be setting a precedent if we allowed Plastics Plus to leave without the claw-back paid. Mr. Beckerleg responded that it would not be setting a legal precedent.

Mr. Auger addressed the Council, suggesting that perhaps a motion could be made that allowed Plastics Plus to avoid recapture of the taxes abated if they sell the building.

Discussion by Council on the suggestion followed. Ms. Doyle liked the option, and wondered if they could also add that if the building is leased for 10 years, or sold, the claw-back would be waived. Ms. Hammond reminded the applicant that there are only four Council members here, so he will need a unanimous vote tonight. He does have the option to have action postponed until the next meeting. Mr. Zaremba replied that he cannot delay LXR that long. He stated that he would be agreeable to the proposal suggested by Mr. Auger.

Moved by Doyle; Seconded by Knight.

RESOLVED: To approve the request for relocation of Plastics Plus Inc. from the facility located at 4225 North Atlantic prior to the end of the term IFEC 2004-593 without recapture of the taxes abated by the IFEC, provided that LXR Biotech executes a 10 year lease for the subject

property and building and/or a sale of the building and property to XLR Biotech occurs within 3 years.

VOTE: Yes: Doyle, Hammond, Knight, Verbeke

No: None

Motion carried (4-0)

RESOLUTION NO. 12.04.064

9c. Motion – Approve the 2012 Asphalt Maintenance Program and award the bid.

DPW Director Melchert addressed the board on the asphalt maintenance program. He explained that this is an annual program that allows us to keep the streets in the best shape possible. The cape-sealing has been working very well. The bids were received on Friday, March 30, 2012. Mr. Melchert stated that the costs also include the engineering and testing for the program. His recommendation is to award the contract to the lowest bidder, who has worked for the City in the past. The proposed project consists of patching, over-banding and cape-sealing maintenance on the following roadways:

- **Brimfield Avenue, Hillfield Road**
- **Churchill Neighborhood:** DeRay Court, Gannon Court, Guanonocque Street, Robert Court, and Rosetta Court
- **Perry – Walton Subdivision:** Glenrose Street, Hatton Road, and Zelma Drive
- **TIFA B:** Coe Court, Willot Road

Moved by Verbeke; Seconded by Doyle.

RESOLVED: Move to approve the costs associated with the 2012 Asphalt Maintenance Program and award the bid to Highway Maintenance & Construction, PO Box 74411, Romulus, Michigan 48174-0411 in the amount of \$267,830.50. Further, to approve the OHM costs associated with the project for a not-to-exceed amount of \$39,500.00, with an additional \$3,500.00 for materials testing services. Project cost of \$40,218.00 is available from TIFA B account 252-000-935.000 and Local Streets, \$270,612.50, account number 203-000-931.100.

VOTE: Yes: Doyle, Hammond, Knight, Verbeke

No: None

Motion carried (4-0)

RESOLUTION NO. 12.04.065

9d. Motion – Approve the 2012 Concrete Maintenance Program and award the bid.

DPW Director Melchert presented this item to Council. The project scope consists of concrete maintenance via patching and joint repair on N. Squirrel (M-59 to Chrysler), Hamlin Road, & Taylor Road, and sidewalk repairs in the Bloomfield Orchards. Fiore Enterprises, LLC out of Detroit, Michigan is the low bidder for this project. They have been operating under their present name for three years; their officers have over thirty years of experience. They have completed similar projects throughout southeast Michigan, including last year's concrete maintenance work here in Auburn Hills. Based on their findings, he is recommending award of this contract to them in the amount of \$420,727.70, per the unit prices bid for the project. The costs listed also include engineering fees, and testing.

Mr. Knight questioned the sidewalk repairs, as it seems other repairs were made recently in Bloomfield Orchards. Dan Brisson, of the DPW Department, responded that due to the large number of aging trees in Bloomfield Orchards there is a lot lifting of the sidewalks causing uneven pavement.

Moved by Verbeke; Seconded by Doyle.

RESOLVED: To approve the costs associated with the 2012 Concrete Maintenance Program and award the bid to Fiore Enterprises, LLC, 3411 W. Fort Street, Detroit, Michigan 48216, in the amount of \$420,727.70. Further, to approve the OHM costs associated with the project for a not-to-exceed amount of \$59,500.00, with an additional \$12,000.00 for materials testing services. Project cost of \$319,767.05 is available from TIFA A, account 253-000-935.000, Major Streets, \$137,823.75 account number 202-000-935.000, and the Sidewalk Improvement Fund, \$34,636.90, account number 101-444-930.000.

VOTE: Yes: Doyle, Hammond, Knight, Verbeke

No: None

Motion carried (4-0)

RESOLUTION NO. 12.04.066

10. Comments and Motions from Council

Mr. Knight congratulated the Director-Police Chief on her article in the paper. He invited the Council Members and the public to attend the Boys & Girls Club dinner. Information and tickets are available by calling 248-852-5116.

Ms. Verbeke stated that she witnessed an accident on southbound Joslyn near 1-75. It is not the first time she has seen an accident in this location. They seem to be caused by drivers not being aware that the entrance to the 1-75 freeway is on the left, so cars attempt to cross all lanes to get over at the last minute. She would like someone to contact the Oakland County Road Commission and see if better signage can be installed to give motorists more warning that they need to move over lanes to the left. Mr. Auger stated he will contact them.

Ms. Doyle commented on how much she appreciated the new format of the Fire Department report. She asked Director Chief Olko why so much training was devoted to fire suppression, when it seems that is the task on which they would spend the least amount of time. Director Chief Olko responded that the paid on-call firefighters require the most training time to keep them current on the latest techniques.

Mayor Pro Tem Hammond spoke about the visit of the students from Auburn Elementary. She was with them here at City Hall. The students really seemed to enjoy the visit and asked interesting questions. Ms. Hammond reminded City Council of the Volunteer's Dinner coming up on April 24, 2012.

13. ADJOURNMENT

Motion by Doyle, seconded by Verbeke to adjourn the meeting.

Hearing no objections, the meeting adjourned at 7:53 pm.