



CITY OF AUBURN HILLS  
CITY COUNCIL AGENDA

MEETING DATE: APRIL 22, 2019

AGENDA ITEM NO. .

**CITY OF AUBURN HILLS  
TAX INCREMENT FINANCE AUTHORITY MEETING**

**April 9, 2019**

**CALL TO ORDER:** Vice Chairman Kneffel called the meeting to order at 4:01 PM.

**ROLL CALL:**

Present:	Kneffel, Thornton, Roberts, Goodhall, Klemanski, Waltenspiel
Absent:	Hassett, Dolly, Price
Also Present:	Brandon Skopek, Director of Authorities; Jeffrey Baker, Police Chief; Ellen Taylor, Fire Chief; Alan Lee, Firefighter
Guests:	None

**LOCATION:** Administrative Conference Room, Auburn Hills City Hall, 1827 N. Squirrel Road, Auburn Hills, MI 48326

**PERSONS WISHING TO BE HEARD**

None.

**CORRESPONDENCE & PRESENTATIONS**

None.

**APPROVAL OF MINUTES**

**A. Regular Meeting Minutes – March 12, 2019**

**Moved by Mr. Goodhall to approve the Regular TIFA Minutes from March 12, 2019 as presented.**

**Supported by Mr. Klemanski.**

**Yes: Kneffel, Thornton, Roberts, Goodhall, Klemanski, Waltenspiel**

**No: none**

**Motion carried**

**FINANCIAL REPORT**

**A. FY 2019 Adopted Budget and YTD Summary – March 31, 2019**

Mr. Skopek presented the financial report for period ending March 31, 2019. He reviewed the investment accounts stating that TIF district A has approximately \$1.87 million cash and \$1.24 million invested between three separate accounts including Investment Pooling, Insight and MiClass, TIF District B has approximately \$3.1 million cash, and approximately \$5.6 million invested with Insight. TIF District D has approximately \$1.3 million cash on hand and \$1.3 million invested with Insight.

TIF A has received 64% of its budgeted property tax revenue, which is a 16% increase from the last reporting period and has utilized approximately 7% of its budgeted expenditures. TIF B has received 67% of its budgeted property tax revenue, which is a 20% increase from the last reporting period and has utilized approximately 2% of its budgeted expenditures.

Mr. Skopek reminded the Board that per the resolution passed by the TIFA Board of Directors in July 2018, the TIFA will transfer a \$160,000 loan to the Downtown Development Authority (DDA) in April 2019 from TIF B for the site improvement grant awarded for the Robertson Brothers development on Squirrel Court. The DDA will begin payback to the TIFA in the first quarter of 2020.

Revenues to date for TIF D include vehicle charging fees, delinquent personal property tax, and interest. Approximately 8% of budgeted expenditures have been utilized to date.

There was no further discussion on the financial report.

**Moved by Ms. Roberts to receive and file the financial report for period ending March 31, 2019.  
Supported by Mr. Goodhall.**

**Yes: Kneffel, Thornton, Roberts, Goodhall, Klemanski, Waltenspiel  
No: none**

**Motion carried**

**OLD BUSINESS**

None.

**NEW BUSINESS**

**A. Consider Approval of Funding for the Public Safety Fitness Center Renovation Project**

Mr. Skopek presented a memo dated April 2, 2019 and stated that Police Chief Baker and Fire Chief Taylor are requesting funding support from the TIFA for the Public Safety Building Fitness Center renovation project. He reviewed that the Public Safety Building was opened in 2001 and included various amenities, one of which being a fitness center. Since that time, some equipment in the center has either been replaced or continuously maintained; however, at this time, much of the equipment has reached its useful service life. He further stated that this request is for the audio/visual and exercise equipment within the center and not the building renovation. The building renovations are being funded by the Department of Public Works from their facilities budget. Although funding is not specifically available by way of a line-item in the TIFA budget, there is adequate funding for this project and staff would prepare a budget amendment later in the year for the Board's approval should the Board approve funding for this project.

Mr. Skopek introduced Police Chief Baker and Fire Chief Taylor.

Police Chief Baker thanked the Board for the opportunity to present their proposal for the fitness center renovation project. He provided history on the fitness center and discussed the need to update the center and the equipment contained within the center. He further stated that the fitness center is open to all employees and will assist with improving the health and wellness of all City employees, not only the Police Department and Fire Department.

Fire Chief Taylor thanked the Board for the opportunity to present their proposal. Staff has researched numerous pieces of equipment proposed to be installed in the fitness center to ensure the equipment selected will last for many years and will save on long-term costs associated with maintenance.

Fire Chief Taylor reviewed the equipment proposed to be installed in the fitness center and stated that it is a requirement for Fire Department personnel to exercise one hour a day when they are on shift.

Mr. Klemanski asked what the plans were to get other City employees to utilize the fitness center.

Fire Chief Taylor stated that they will send out communications to City staff about the newly renovated fitness center and encourage staff to utilize the space.

Vice Chairman Kneffel asked if the plan was to purchase or lease the equipment and how long the equipment lasted.

Firefighter Alan Lee stated the equipment would be purchased. He further stated that they propose to install plated equipment with less moving parts in order to increase the longevity of the equipment and reduce maintenance costs.

Mr. Waltenspiel asked if there was a maintenance contract associated with the equipment.

Firefighter Lee stated that there is typically a one-year warranty associated with the equipment and that there would need to be a maintenance contract with the cardio equipment due to the electronic components.

Fire Chief Taylor has stated that the invitation to bid would include a line item for additional warranties to understand what additional costs would be associated with the equipment.

Mr. Klemanski asked if this was an appropriate use of TIFA funds within the TIFA Act.

Mr. Skopek stated that this would be an appropriate use of funds.

Mr. Klemanski asked where the funds would be transferred from at the end of the year for the amendment.

Mr. Skopek stated that funds would likely be pulled from investments to cover the project.

Mr. Klemanski asked if the delivery charges were typical for this type of project.

Mr. Skopek stated that delivery charges are typically included in the bid pricing.

Ms. Roberts asked if this would assist with reducing health insurance costs.

Mr. Skopek stated that he does not have an answer at this time, but that this project is part of a larger health and wellness program for City staff.

**Moved by Ms. Roberts to authorize Chief Taylor and Chief Baker to issue an Invitation to Bid for fitness and audio/visual equipment contained in the spreadsheet attached, with a limit for all purchases in the not-to-exceed amount of \$75,000. Funds are to be utilized from the 2019 TIF District D budget.**

**Supported by Mr. Waltenspiel.**

**Yes: Kneffel, Thornton, Roberts, Goodhall, Klemanski, Waltenspiel**

**No: none**

**Motion carried**

#### **B. Consider Approval of Resolution Renewing Auburn Hills Chamber of Commerce Lease**

Mr. Skopek presented a memo dated March 28, 2019 for the resolution renewing the Auburn Hills Chamber of Commerce lease for three years from 2019-2022 for the TIFA owned office space at 3395 Auburn Road, Suite A. The Auburn Hills Chamber of Commerce has had a Lease Agreement with the TIFA since 2010. The lease was last renewed in 2016 and expires July 31, 2019. The Chamber has paid monthly installments of \$1,300 for 2016/17, \$1,359 for 2017/18, and \$1,148 for 2018/19. Each year has witnessed a 4% increase. Staff has been working with the Chamber of Commerce Board of Directors to negotiate a mutually agreeable monthly lease rate. The proposal is as follows:

- For the period of August 1, 2019 through July 31, 2020, the monthly lease shall be \$1,475; \$12.48/sf annually
- For the period of August 1, 2020 through July 31, 2021, the monthly lease shall be \$1,534; \$12.98/sf annually
- For the period of August 1, 2021 through July 31, 2022, the monthly lease shall be \$1,596; \$13.50/sf annually

The rate covers routine maintenance and upkeep of the office space, with larger projects at the space planned as budgetary items.

Mr. Klemanski asked how the proposed rate compares to the market rate.

Mr. Skopek stated that the proposed rate is under the current market rate being sought for other downtown spaces due to the significant interest downtown; however, the Chamber of Commerce has maintained a positive relationship with the TIFA and it is unlikely that the TIFA would be able to fill the space at the current market rate. Therefore, staff recommends approval of the rate as presented.

Vice Chairman Kneffel asked who provided the general maintenance services.

Mr. Skopek stated that the Department of Public Works has an employee that handles the maintenance needs of the office space as well as the University Center and the DEN.

Vice Chairman Kneffel asked if the Chamber of Commerce Board of Directors has approved of the proposal.

Mr. Skopek stated that Jean Jernigan, President of the Auburn Hills Chamber of Commerce, has stated that the Chamber Board has approved of the proposal.

**Moved by Ms. Thornton to adopt the attached resolution renewing the lease agreement between the Auburn Hills Tax Increment Finance Authority and the Auburn Hills Chamber of Commerce for a period of three years.**

**Supported by Mr. Klemanski.**

**Yes: Kneffel, Thornton, Roberts, Goodhall, Klemanski, Waltenspiel**

**No: none**

**Motion carried**

### **C. Discussion: Direct Marketing Campaign**

Vice Chairman Kneffel introduced an idea for a direct marketing campaign to attract hotel visitors within a few miles of downtown Auburn Hills to downtown restaurants. The purpose is to encourage the Sunday through Thursday hotel visitors to visit downtown restaurants. He suggested creating print materials to place in hotel lobbies that display downtown restaurant information and would also include a QR code that would directly link users to a webpage which contained detailed restaurant information and a location map. He estimated that the campaign could be completed for less than \$2,000 and shared a dining brochure with the Board that is already included in hotel lobbies throughout the City.

Mr. Waltenspiel suggested creating a site utilizing Squarespace for a limited cost that is easily accessible. He discussed the different capabilities that Squarespace can offer administrators and users.

Vice Chairman Kneffel stated there still needs to be a presence of print materials in hotel lobbies and a website would serve as an addition. He added that the campaign is very direct to focus on the transient visitors.

Ms. Roberts asked if the proposed site would only be accessible by QR code or if you could find it through an internet search.

Vice Chairman Kneffel stated the site may be able to be viewed without a QR code, but he does not have an answer at this time.

Mr. Waltenspiel suggested placing a URL on the printed material as well.

Ms. Thornton stated she would also like to see a URL included.

Vice Chairman Kneffel stated that he would like to propose the idea to the DDA for their engagement in the campaign as well.

The general consensus of the Board was to proceed with a direct marketing campaign.

Mr. Goodhall stated that the proposed website would likely appear in an internet search regardless of the URL used.

Mr. Waltenspiel suggested using the URL downtownauburnhills.org.

Mr. Skopek stated that the City currently owns the URL downtownauburnhills.org and it directs users to the downtown page on the City's website.

Mr. Skopek added that staff will need to solicit quotes for the campaign to follow the City's purchasing policy. Further, he would like to ensure that staff would retain access to administrator rights for the proposed website rather than relying on a third party.

Mr. Waltenspiel stated that Squarespace would allow staff to determine who had access to the website.

Vice Chairman Kneffel stated the intent would be to allow staff administrator access to the website.

Mr. Waltenspiel asked if the Board should proceed with a social media campaign as well.

Vice Chairman Kneffel that for now he would like to see the Board proceed with this direct campaign and then expand to other mediums in the future.

Mr. Skopek stated that he will solicit quotes for print materials in hotels and for the creation of a webpage containing downtown restaurant information. He added that he will research the cost to create the print materials in house as well.

Mr. Waltenspiel asked if restaurant information could be added to the existing downtown auburn hills page.

Mr. Skopek stated that merchant information was included on the existing webpage during the Dream Vacation Sweepstakes last summer, but has since been removed. He displayed the City's website for the Board to review.

Vice Chairman Kneffel stated that he would like to see a separate website created rather than utilizing the existing website.

Ms. Thornton asked what the budget numbers attached to the memo were referencing.

Mr. Skopek stated that the attachments are the line-item detail for TIF District A's and TIF District B's community relations and marketing budget. He added that a majority of the funds from TIF District A's community relations budget have been dedicated to downtown events for 2019 including the corporate event being held in August and the amphitheater and splash pad grand opening event. Further, TIF B's marketing budget was included in the packet in the event the Board wanted to market restaurants within TIF District B in addition to downtown restaurants.

Vice Chairman Kneffel asked about the website pricing staff included in the memo.

Mr. Skopek stated that the numbers were to show the cost of creating a separate website should the Board wish to pursue with that option. The rates and examples included in the packet were gathered from the City's website hosting company. The tier one example included in the packet is a completely customized website at a cost between \$10,000 and \$15,000 for set up and an annual hosting fee of \$1,800. Tier two provides templates for users to choose from and has less capabilities than a fully customized website. The cost for tier two is between \$3,000 and \$6,000 for set up with an annual hosting fee of \$1,800. He displayed the website examples included in the packet.

Mr. Waltenspiel stated he would rather add to and improve the existing website rather than create a new website.

Ms. Roberts asked if a facilities directory website page could be added to accompany the direct marketing campaign. The facilities directory could include restaurant, retail, service, and event information.

Mr. Skopek stated that the website information was provided for the Board to review and discuss. He added that should the Board like to create an additional page or separate website for downtown, he can research additional costs associated with each.

Vice Chairman Kneffel asked if the Board should proceed with advertising to the mass market as well.

Mr. Skopek recommends focusing on retention before any major recruitment initiatives take place.

Ms. Thornton asked when the joint meeting between the TIFA Board and DDA Board was taking place.

Mr. Skopek stated that the joint meeting will take place on April 15, 2019 at 6:00 p.m. at the University Center. The purpose of the meeting is to present to the Boards who our target audience is, current marketing trends, and the different marketing tools available. He added that there will be a brainstorming session between the Boards later on in the evening.

Mr. Goodhall asked if there was an agenda for the meeting and if someone was facilitating the brainstorming session.

Mr. Skopek stated an agenda will be sent out later in the week and staff will be facilitating the brainstorming session.

Vice Chairman Kneffel concluded that the consensus of the Board is to continue with the proposal to create print materials to place in hotel lobbies, accompanied by a separate webpage that contains downtown restaurant information and a location map.

Mr. Skopek will solicit quotes for the creation of print materials to place in hotels and for the creation of a webpage containing downtown restaurant information.

Vice Chairman Kneffel asked staff to include replenishment of print materials in the quotes.

#### **BOARD MEMBER COMMENTS**

None.

#### **DIRECTOR UPDATES**

Mr. Skopek updated the Board that Lorenzo Lizarralde, owner of Chateau Aeronautique Winery and Blue Skies Brewery, has received City Council approval for an application to the Michigan Liquor Control Commission for a small wine maker and micro brewer license, and on-premises tasting room permit to be located at 3358 Auburn Road. Blue Skies Brewery will have 16 taps of Blue Skies beer, cider, and Chateau Aeronautique wine. Blue Skies Brewery is looking at a target opening date of late 2019/early 2020.

Mr. Waltenspiel asked if the brewery would be managed by the owners of Michigan By The Bottle.

Mr. Skopek confirmed that Blue Skies Brewery would be managed by the owners of Michigan By The Bottle.

Mr. Skopek sought input from the Board regarding their participation in possibly renovating the Seyburn Mansion for a childcare facility. The City would not participate in running the facility, but would rather lease the space out to a private daycare company. City administration has administered an internal survey of staff to gauge interest in a daycare facility and whether staff would utilize the facility if it was on City grounds. Initial results indicate that staff would utilize a daycare facility. Rough estimates of the project indicate total project costs would be around \$500,000. Should the Board wish to participate in this project, funds would be utilized from TIF District D and split over two fiscal years. The renovation could begin as early as this fall for an occupancy in winter or late spring. He concluded by stating he is looking for an indication from the Board on whether they would like to proceed with participation in this project.

Ms. Roberts stated her concerns with renovating the space for only a daycare. She would like to see the space renovated for multiple different users.

Mr. Skopek stated that the renovations would be made to make the space suitable for daily use and not necessarily for one specific user.

Ms. Thornton asked for additional information on the daycare operator.

Mr. Skopek stated that there has not been an operator identified, but that there was staff interest in having a daycare on site. This proposal was generated through that interest.

Ms. Thornton stated her concerns with the cost.

Vice Chairman Kneffel asked how the TIFA would make up that cost and if there was a lease amount associated with the space.

Mr. Skopek stated he does not have that information at this time, but he could conduct further research and report back to the Board.

Ms. Thornton asked if this was an incentive for City employees.

Mr. Skopek stated that this would serve as an incentive for employees and could assist with employee retention and recruitment.

Vice Charmain Kneffel stated he would like to see a complete proforma for the project.

Mr. Skopek stated he could gather additional information for the Board to assist in their decision.

Mr. Skopek stated that staff has been approached about the City's interest in purchasing the building located at 3342 Auburn Road in downtown Auburn Hills. He reviewed the property highlights and sales sheet for the Board. He is seeking input from the Board on whether this is a property they would be interested in.

Mr. Goodhall asked if there was private interest in the property.

Mr. Skopek stated that his understanding is that the purchase price is too high at this time and has deterred interested parties from purchasing the building.

Mr. Goodhall asked if the building was occupied.

Mr. Skopek stated that the building is currently vacant. He added that having control of the site would assist the City with attracting destination restaurants and retailers to downtown.

Ms. Roberts agreed that having the site under control would assist with attracting additional merchants downtown.

Ms. Thornton stated that the TIFA Board could offer incentives to potential users if the TIFA owned the building.

Mr. Klemanski asked about development opportunities with the University Center and the site at 3342 Auburn Road.

Mr. Skopek stated that there is significant interest downtown and these buildings could serve as an attractive development if they were to be packaged together.

Mr. Waltenspiel agreed that this could generate additional interest downtown.

The consensus of the Board was that there was interest in gathering additional information on the property.

Mr. Skopek updated the Board that staff has been approached by private entities about making the DEN available for purchase. His recommendation is to retain this space for public use, but that it is a decision of the TIFA Board since they are the owners. He is seeking input from the Board on whether they would like to make this space available for private use.

The consensus of the Board is to retain the DEN for public use.

Mr. Skopek reminded the Board of the joint meeting between the DDA and TIFA Boards on April 15, 2019 at 6:00 p.m. at the University Center.

**ANNOUNCEMENT OF NEXT MEETING**

The next regularly scheduled TIFA Board of Directors meeting is Tuesday, May 14, 2019 at 4:00 PM at Auburn Hills City Hall Administrative Conference Room, 1827 N. Squirrel Road, Auburn Hills, Michigan 48326.

**ADJOURNMENT**

**Moved by Mr. Waltenspiel to adjourn the TIFA Board meeting.**

**Supported by Ms. Thornton.**

**Yes: Kneffel, Thornton, Roberts, Goodhall, Klemanski, Waltenspiel**

**No: none**

**Motion carried**

**The TIFA Board of Directors meeting adjourned at 5:40 p.m.**

Respectfully submitted,

Steve Goodhall  
Secretary of the Board

Brandon Skopek  
Executive Director