



The City of Auburn Hills

City Council Meeting

Minutes

June 18, 2012

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, McDaniel, Verbeke
Absent: None
Also Present: City Manager Auger, Assistant City Manager Tanghe, Director Olko, City Assessor Lohmeier, City Clerk Kowal, Finance Director Barnes, Deputy DPS Director Grice, City Treasurer Buschmohle, Deputy Assessor Blinkilde, City Attorney Beckerleg, City Engineer Steven, Library Director Stephanie McCoy, State Representative Greimel, County Commissioner River, Assessing Clerk Little.
11 Guests

4. APPROVAL OF MINUTES

4a. Regular City Council Meeting – June 4, 2012

Moved by Kittle; Seconded by McDaniel.

RESOLVED: To approve the minutes of June 4, 2012 Regular City Council Meeting.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.095

4b. Goals & Objectives Workshop – June 9, 2012

Moved by Verbeke; Seconded by Knight.

RESOLVED: To approve the minutes of June 9, 2012 Goals & Objectives Workshop.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.096

5. APPOINTMENTS & PRESENTATIONS

5a. Appointment – Micheal Lohmeier as City Assessor

Ms. Doyle congratulated Mr. Lohmeier on achieving the highest score in the State and for being the Valedictorian of his class in completing the Assessor 4 certification.

Responding to Mr. Kittle, Mr. Auger stated Mr. Lohmeier will be the Assessor of record; if a contract assessor is needed, that person will be a contract employee with an agreement.

Moved by McDaniel; Seconded by Kittle.

RESOLVED: To appoint Micheal R. Lohmeier to the position of City Assessor effective June 19, 2012 with an annual salary of \$92,206.00

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.097

Ms. Kowal swore in Mr. Lohmeier as City Assessor.

6. PUBLIC COMMENT

State Representative Tim Greimel thanked Council for sending the resolution to the State regarding synthetic cannabis – K-2 and Spice. He encouraged Council to continue passing resolutions that are important issues to the City, noting legislature pays attention when residents and local City Councils speak out. Mr. Greimel noted in this past week four bills have been passed addressing this problem; two from the House and two from the Senate and will be signed into law by the Governor on Tuesday. These new bills will make new formulations for synthetic marijuana illegal and will make it easier for the State Administration to quickly ban new synthetic marijuana formulas on a temporary basis until the legislature can formally act to make new formulations illegal.

The proposed Regional Transit Authority for Southeast Michigan initially excluded northern Oakland County including Auburn Hills; however there is an amendment to include a east/west route that would run from Mt. Clemens to Pontiac. This been stalled because some State Senators object to the legislation; the earliest this issue will be discussed is after the summer recess in the fall.

The State passed the school aid fund and the general fund budgets, both of which he voted against. Last year hundreds of dollars per pupil were cut from school districts, and despite the fact the State had a surplus of several hundred million dollars, there was very little restored to the schools in this budget. Avondale, Pontiac, nor Rochester schools will see any money restored to them. Regarding the general fund, the surplus money

spent was \$5 million for staff salary increases and new unspecified positions in the governor's office. He feels strongly that the new tax on seniors' pensions should be repealed as well as cuts made to the earned income tax credit which was designed to ensure those low income individuals who are working get a higher take-home amount of money; however, those cuts remain in this year's budget.

On a positive note, there was some broad middle class tax relief passed this past week by reducing the income tax rate.

Finally, he has monthly office hours; the first Saturday of every month he will be at the Toasted Bun on Auburn Road from 9:00 a.m. until 11:00 a.m. He also has hours on the first Monday evening of every month at Nick's Corner in Pontiac at the corner of Auburn Road and Paddock Street from 6:00 p.m. until 8:00 p.m. His cell phone number is available to all residents, 248-425-7525.

Mr. Knight asked how Mr. Greimel sees the personal property tax progressing through the legislatures that will take effect in September.

Mr. Greimel explained he and some of his colleagues see the personal property tax as punishment for businesses; however, taking away the tax will leave many local communities with lower revenues. Currently, Auburn Hills receives approximately 20% of that tax.

Mr. Kittle noted one way to make sure the local municipalities are not unprotected is to jack up the statutory revenue sharing portion. Mr. Kittle asked Mr. Greimel with the windfall the State has, does he see increased disbursement of the EVIP money.

Mr. Greimel explained EVIP program is designed to award municipalities that meet certain best practices. He feels very strongly that the EVIP money should be increased; however, it did not happen in this budget, which is another reason he voted against this budget. Municipalities are cutting back dramatically in many of their services as statutory revenue sharing has disappeared. It makes sense to replace it with a program that has certain criteria of best practices and try to incentivize municipalities to adopt best practices. Unfortunately the total pot of EVIP money is not anywhere close to the old pot of statutory revenue sharing. Short answer, it's not in this year's budget and he doesn't think there is any likelihood in it increasing until possibly the following year's budget. He has not heard many serious discussions of significantly increasing EVIP money next year.

County Commissioner Angela River explained the County Commissioners passed a resolution supporting two of the synthetic marijuana bills. One bill allows to charge up to a \$1,000 fine and/or 93 days in jail. The Oakland County Sheriff has been speaking with other sheriffs around the country and they're pushing to make this national legislation.

Thanked Council for allowing her and others to come forward to the podium and speak, unlike other communities who require a speaker to sign in and for the positive impact Council has.

Continuing, Ms. River explained Oakland County Library deals with the visually and physically impaired, but has limited hours. An arrangement with Rochester Hills now allows anyone visually or physically impaired the ability to access information from the Rochester library.

Ms. River commended the Police Chief and her staff on how quickly the police officers were distributing stickers identifying establishments that don't sell synthetic marijuana.

Kay Sendegas commended Council for choosing Micheal Lohmeier as the new City Assessor. She also commented on the beautiful flowers at the City entrances and noted what a great job was done.

Ms. Sendegas knows there are new owners of the golf dome, but balls continue to come over the 80 foot net that has been mended in a hodge-podge fashion, and recently picked up 24 golf balls. The home where most of the golf balls land has four small children living there. She noted that Ordinance Enforcement Officer Darge has been to the dome several times and has done the best he can with the situation.

Again, she requested the senior housing project not be forgotten.

Mr. McDaniel asked if the City could put a stop of play on the dome until the errant golf ball situation has been remedied, with the Community Development Department inspection and approval.

Mr. Auger stated the dome is improving, but still not up to par. Repairs to the net have been done and cleaning the site is ongoing. The City has shut them down in the past, prior to them repairing the net.

Mr. McDaniel suggested shutting them down again as the balls continue coming over the net. It might motivate them to make repairs immediately and correctly.

Mr. Knight stated this problem had been corrected once before by changing the direction from straight out to about 20 to 30 degrees to the northeast.

7. CONSENT AGENDA

Item 7a.2. was removed from the Consent Agenda.

7a. Board and Commission Minutes

7a.1. Beautification Advisory Commission – May 23, 2012

7b. Motion – Approve 2012 Sewer Rehabilitation Construction Services

RESOLVED: To award the bid of the 2012 Sewer Rehabilitation Construction Services to Superior Excavating, Inc., P.O. Box 4290, Auburn Hills, MI, in the amount of \$415,133.00. In addition, approve the OHM Scope of Construction Services in the amount of \$54,500.00 and materials testing services by Schleede Hampton Associates in the amount of \$4,000.00; for an overall project cost of \$473,633.00. Furthermore, to authorize the City Manager or his designee to approve any change orders necessary to bring project to a successful completion.

Moved by McDaniel; Seconded by Verbeke.

RESOLVED: To approve the Consent Agenda Items 7a.1. and 7b.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.098

7a.2. Tax Increment Finance Authority – June 12, 2012

Mr. Kittle asked about the pathway construction project, the amount seems very large. He will defer the question until agenda item 9b. is discussed.

Moved by Kittle; Seconded by McDaniel.

RESOLVED: To accept the TIFA Minutes from the Consent Agenda, Item 7a.2.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.099

8. OLD BUSINESS – None.

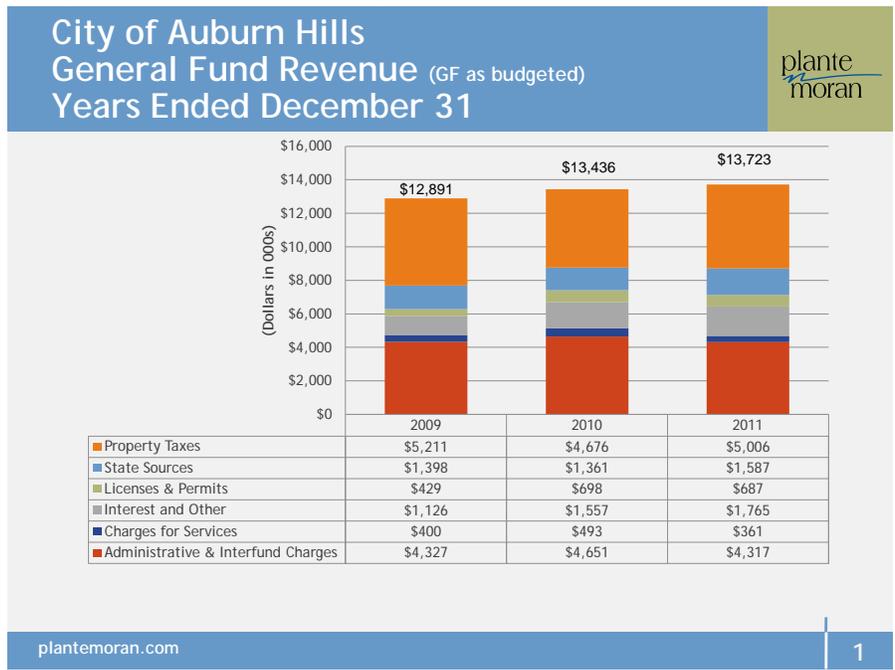
9. NEW BUSINESS

9a.1. Motion – Accept Plante Moran’s 2011 Audited Financial Statements

David Helisek introduced himself, Michelle Watterworth and Beth Bailey, explaining they were each involved in different aspects of the annual City audit. There have been changes in the financial statement this year, the GASBE Statement 54. Comparing last year’s statement and this year there are two noticeable changes; one is the fund balance classification for the governmental types and the other is definition of fund types.

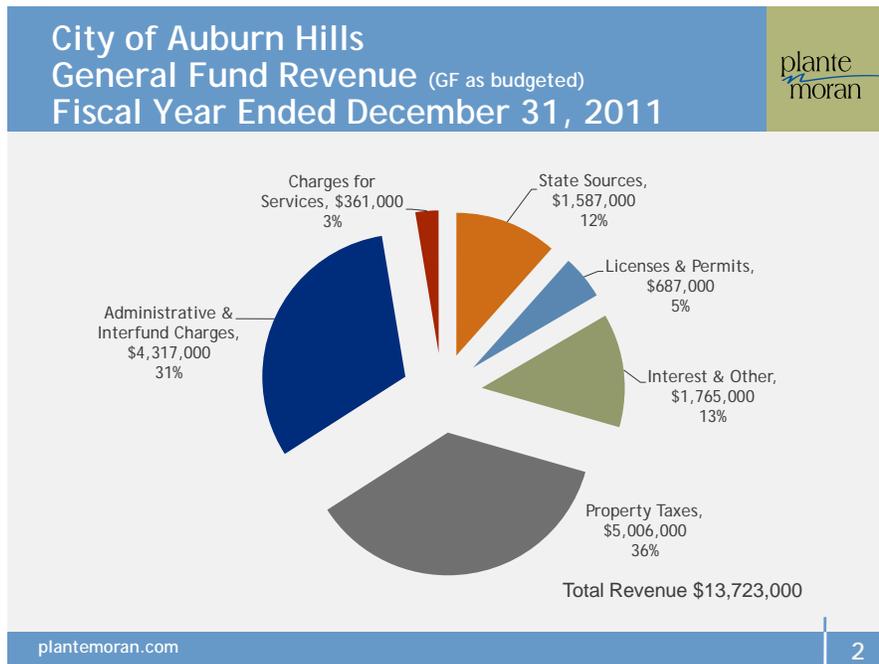
As a result of the audit, Plante Moran was able to give the City’s financial statement an unqualified opinion, which is the highest level of assurance Plante Moran can give a set of financial statements. The statements presented fairly reflect the financial position of the City as of December 31, 2011.

Ms. Watterworth explained the slide presentation will highlight the most relevant pieces portraying what financially took place in Auburn Hills during 2011. The first slide showed the General Fund comparing 2009, 2010, and 2011.



Mr. Kittle asked if the 2010 and 2011 tax revenue included the MTT liabilities.

Ms. Watterworth explained they both include it, but 2010 liability increased significantly and 2011 there was a slight income raise.

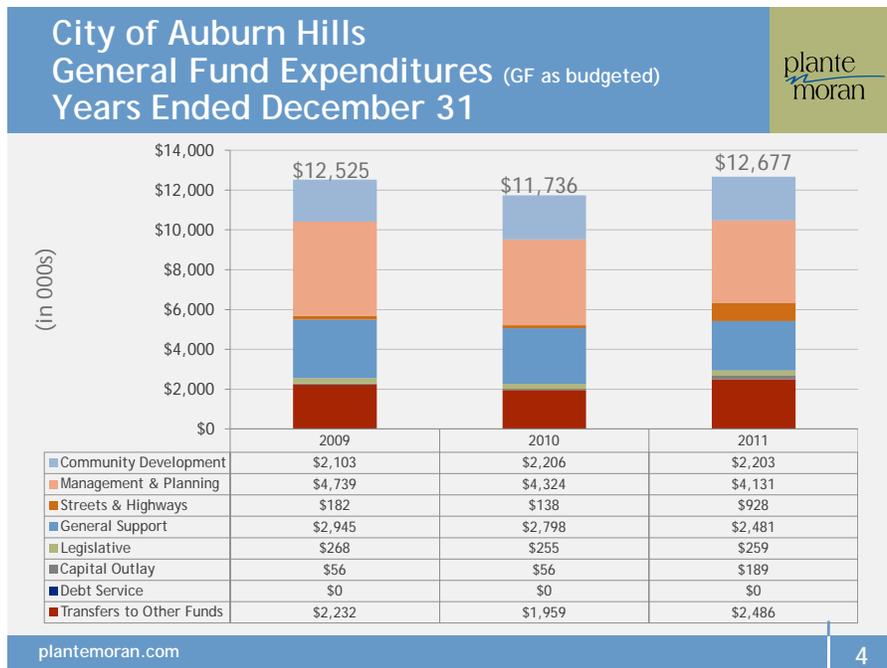


This slide breaks down the major components.

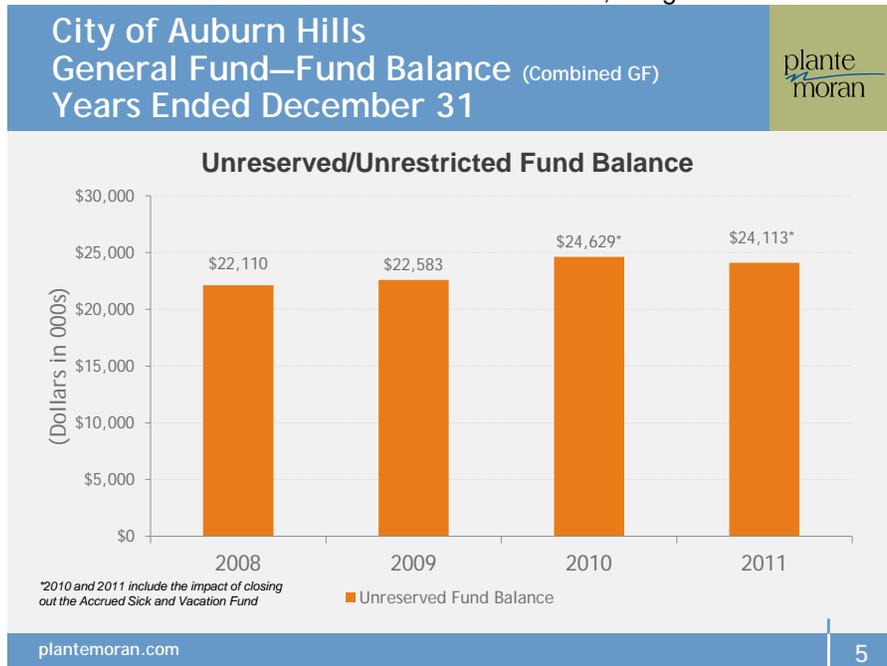
Budget Year	12/31/10	12/31/11	12/31/12	* 12/31/13
Assessment date (based on sales from 12-24 months prior)	12/31/08	12/31/09	12/31/10	12/31/11
Levy date	12/1/09	12/1/10	12/1/11	12/1/12
Taxable value (Ad Valorem)	2,222,364,040	1,950,737,110	1,788,798,940	1,669,896,835
Percent increase <decrease>	<2.8%>	<12.2%>	<8.3%>	<6.6%>

* Projected based on information obtained from Oakland County

This indicates the time delay between property tax assessment and when the amounts would be recognized in the financial statement. This includes the projections for the next two years.



The increase for 2011 is the transfer to other funds; the golf course.



This graph not only looks at the pre GASB 54 fund, but because of the adoption of GASB 54 the general fund as shown in the financial statement now incorporates six additional funds, including police and fire. The consolidation of what used to be general fund plus these six other funds is what is represented here. The large difference between 2009 and 2010 is the adoption of GASB 54 and closing out one of the funds, the accrued sick and vacation fund; resulting in a \$1.4 million impact to the general fund.

City of Auburn Hills Water & Sewer Fund - Trend Information Years Ended December 31



* Projected based on data from City's Finance Dept

City of Auburn Hills Golf Course Fund - Trend Information Years Ended December 31



The cash flow expenses line does not include depreciation or amortization; however, it does include expenses for capital outlay, which for the golf club has not been significant.

Mr. Helisek reviewed the section of the Plante Moran letter regarding deficiencies in the City's internal controls. The first related to journal entries, with the majority related to capital assets and employee compensation, specifically compensated absences. The second is the timeliness of the bank reconciliations, ideally the reconciliation should be done shortly after the bank statement has been received.

Mr. Knight noted Plante Moran does not review the City's internal controls.

Mr. Helisek explained there is an understanding of the internal control process and the system is tested; there is not an internal control audit.

Mr. Knight asked how City Council is assured the internal controls are adequate.

Mr. Helisek explained the process includes accounting and control questionnaires given to the finance department.

Mr. Knight stated it is not acceptable for bank accounts not being reconciled monthly.

Mr. Kittle asked for specifics regarding the material weaknesses of the journal entries regarding capital assets and employee compensation.

Ms. Watterworth explained because of GASB 54 there was confusion on what balances get recorded where. Those funds were not put in the proper location in accordance with generally accepted accounting principles. The City implemented a new capital asset system this year going from Excel spread sheets to a BS&A module, resulting in a number of items needing to be fixed and adjusted. When Plante Moran started the audit, they too, identified a number of things that needed adjusting and fixing. This should be a one-time event because of the conversion to the new system.

Mr. Kittle asked if written corrective measures should be implemented in accounting and not just a verbal discussion.

Mr. Helisek explained it is not a requirement to have a written directive; however, because this report is submitted to the State Treasury, the Treasury could at anytime ask the City to respond to any journal entries.

Ms. Doyle asked for clarification regarding comments in the letter noting there were many journal entries, but only three were listed in the letter; how is it quantified.

Mr. Helisek explained it isn't the number of journal entries, it is the sum of a specific journal entry. In the case of the capital asset amount and the new system, there was a re-determining of the capital asset number. The adjustment was only \$1,000 so it wouldn't rise to the level that would have a significant impact on the statement. A determination may be made if there hadn't been a certain journal entry, which would make the financial statement be materially misstated.

Mr. Helisek explained if a journal entry makes it in this letter, then yes, it is important enough to be brought to Council's attention. This is the first time the bank reconciliation was included an audit letter.

Mr. Helisek continued explaining the journal entries are based on accounting principles, especially this year because the GASB 54 standard has been implemented. The journal entries are because of the new computer system and reconciling is not something that will happen annually, nor is the closing of a fund; but needed to be brought to Council's attention. There would be concern if the audit revealed the same problem or error time after time.

The third point, with the implementation of GASB 54, with the fund balance types and the consolidation of certain funds into the general fund, Plante Moran had to make suggestions to change the financial statement to ensure when presented they would be in accordance with GAAP.

Mr. Kittle asked for clarification on a statement in the letter, *'Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used'*.

Mr. Helisek explained the beginning fund balance on the financial statement shows a prior period adjustment, as if it had been combined the prior year so it will enable the general fund to rollover from one year to the next.

Mr. Kittle asked since the golf course had a deficit fund balance of \$861,000 in 2011 if it is classified as a major fund deficit.

Responding, Mr. Helisek stated yes, and the City has a deficit elimination plan on file with the State to cover the deficit.

Mr. Barnes explained the City submitted to the State in 2009, a five-year plan deficit elimination plan. The City must continuously measure the deficit every year and make sure the City is in compliance with the plan.

Responding to Mr. Kittle, Mr. Barnes explained on the qualifying statement there is a box that can be checked noting there is an approved elimination plan. The golf club is the only fund for which the City has an elimination plan.

Mr. Knight asked if the auditors review cash balances as shown on the records against the balances in the various check books.

Mr. Helisek stated they don't look at every outstanding check for every bank account the City has; but they do check the bank reconciliations. There are specific audit steps that address the bank balances, the book balances and address significant reconciled items.

Mr. Kittle asked if the accrued vacations and absences are no longer tracked as a liability.

Mr. Helisek explained the fund based statements would not be; it is recorded under GASB 34 as a liability. GASB 54 is a mechanism of how the City handles the fund on a go-forward basis.

Mr. Barnes explained previously the City had \$1.3 million recorded in all the funds in terms of future liability that held employee's future vacation, sick and comp time. Due to GASB 54, the modified accrual basis on the government funds statement, it was taken out and that is what Plante Moran corrected. The City eliminated a

liability that was always recognized and artificially raised the fund balance, and now the liabilities are gone, just disappeared, which is not reality. Unfortunately on the government wide statements, which is only one page we put it right back on.

Ms. Bailey reviewed the budgetary stress, noting the City's larger revenue sources have been declining. Property taxes have dropped approximately 22% since 2008 and are projected to drop an additional 7% for 2012. State revenue sharing has been declining since 2001, particularly from the statutory portion, which was replaced with the EVIP program. The EVIP program would allow the City to earn \$45,000. Overall the revenues have declined approximately 9% comparing this year to three years ago.

The census results show an increase in population for Auburn Hills of approximately 8%, which increases the statutory revenue sharing for the City, increasing from \$1.3 million in 2010 and estimated to be \$1.6 million by 2013.

Ms. Bailey continued explaining how the City can receive EVIP funding. Option one has three components, the first is accountability and transparency, so the City must update the citizen's guide and dashboard; create a projection for one year out of where the City expects to be with revenues and expenditures. The second is updating the consolidation of services plan, which must include what proposals were implemented, were there any barriers while implementing, a timeline to accomplish the proposal and add one new consolidation or collaboration initiative. If it isn't possible to add a new initiative, a short paragraph explaining why it isn't possible, is necessary. The third portion is employee compensation. All new hires must be put in a retirement plan that caps the City's contribution at 10% per person, the pension multipliers must be changed to 1.5 times years of service up to 3 times years of service. To calculate the final average compensation when someone retires, a three year average must be used. Lastly, new hires must pay at least 20% of their health care. Option two specifies that the new health care act has been implemented, using the hard caps. Option three is not offering medical benefits.

Regarding the elimination of personal property tax, Ms. Bailey explained it is proposed if the taxable value of personal property is \$40,000 or less, there won't be any taxes due; however, if \$41,000 or more a tax bill will be generated on the actual amount, times the millage rate. As in the past, it will remain on the honor system for businesses to report an accurate value of personal property. The \$40,000 amount was arrived at because that amount doesn't generate much in taxes, but still requires all the time and paperwork. Over time the commercial and industrial property will end up being exempt, with some phase-ins starting in 2016. The City could lose \$270,000, approximately 2% of the \$13 million general fund revenue. Anything over and above that, the State will look to a reimbursement fund which is funded by expired tax credits, subject to appropriation each year by legislature. If this is year-by-year and the money isn't available, there isn't any guarantee for the communities to collect. One provision is the *'poison pill'*, which states in any given year if the legislature does not appropriate enough to give communities the 98%, and then personal property tax would revert back to the old system. There is thought that businesses may shy away from Michigan if it is possible at any given time the State could revert back to collecting personal property tax.

Continuing, Ms. Bailey explained the deficit elimination plan now must be filed concurrently with the submission of the audit report, failure to do so can result in the State withholding revenue sharing.

There is a bill that would prohibit communities from hiring their own retirees back on a contract basis if they are drawing on a defined benefit pension plan. Those that are currently in that situation would be grandfathered in.

There are pension plan changes for PA 314, stipulating what pension plans may invest in; some of the limits are being increased for the foreign investments, real estate, basket clause (the catch all). It also imposes some limits on the amount that can be spent for training for pension board members. There is also a provision that says the pension board members themselves can get together and self-police and remove other pension board members even if they were appointed by Council. There is a provision to allow communities to bond for unfunded pensions and retiree health care liabilities.

Ms. Bailey noted an e-mail blast was sent last Friday, and these last items are more detailed in that e-mail.

Moved by Kittle, Seconded by Doyle.

RESOLVED: To accept and approve the City's Financial Report with Supplemental Information for the year ending December 31, 2011 and the related communications report as presented by the City's independent auditors, Plante Moran and corrective action measures relative to the inconsistencies that were identified.

Ms. Doyle asked what Plante Moran was assuring the City of with this report.

Mr. Helisek explained the opinion given is that the statements as presented fairly reflect the financial position of the City, as of December 31, 2011. The revenue, the expenditures, the cash flows and everything else in those statements that they are materially accurate.

Ms. Doyle read from a Plante Moran letter 'We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.' and asked for clarification.

Mr. Helisek explained the auditors are giving a direct opinion stating this information has been audited, and accurately reflects the financial position of the City. There are certain items such as the Management Discussion and Analysis, which is written by the City and is an overview of the City's financial status, is not audited. The audit consists of samples of some of the funds, not all funds are audited.

Ms. Bailey stated this audit opinion is the same opinion that any auditor would give. The basic financial statements have been audited and the auditors have given their assurance that it's fairly stated. There are other portions of the financial statement that is required supplemental information, so it's required to supplement what's been audited, it is not required to be audited; it supplements what has already been audited. The audit is based on the City numbers and day-to-day transactions. The auditors make sure the financial statements are materially accurate, every transaction throughout the year is not examined, it would be cost prohibitive. The audit testing is geared towards the risk areas and big dollars; everything else is in a pool and subject to be tested. The internal controls are also reviewed to understand how the City processes transactions through the system.

Mr. Auger noted every year the City makes specific requests of the auditors to look at something particular and see how the City is doing with those internal controls.

Ms. Bailey stated there are surprise audit procedures to keep things from getting predictable.

Mr. Knight requested that the fund balance page include the net cash in the bank and the amount of cash in the investment accounts, showing it equals the fund balance amount.

Ms. Bailey stated Mr. Barnes has a combining schedule which shows the individual funds that were collapsed and the cash fund balance as well as some liabilities. Cash is not always going to equal the fund balance. There is a schedule of all the bank reconciliations and all of the cash balances in each fund; it isn't included in the audit report, but is available.

Mr. Kittle suggested Plante Moran have a "fund balance 101 lunch and learn" program.

Ms. Bailey agreed, she could meet with Council and have a mini seminar, including property taxes and how they work, the Headlee Amendment, Proposal A, state share revenue history, and an opportunity for more questions.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.100

9a.2. Motion – Accept Amended Budget to Meet GASB 54 Requirements

Mr. Barnes explained GASB 54 included several significant financial reporting changes that impacted the City for the first time in its financial report for the year ending December 31, 2011. The major changes in reporting included six governmental funds previously reported as separate funds were consolidated with the General Fund; the Major and Local Road funds and the Water and Sewer funds previously each a separate fund were consolidated into the Major & Local Road fund and the Water & Sewer fund; the Retiree Health Care fund, previously a separate governmental revenue fund, was changed to an internal service fund for financial reporting; and the Accrued Sick and Vacation fund, previously reported as an internal service fund, has been eliminated.

The former descriptions of the fund balances in governmental funds were expanded to five categories. The fund balance categories vary from a restricted fund balance to an unassigned fund balance category which would have no impediments or limitations on the required spending.

In order to comply with the requirements it is also important to begin to budget for each of these activities in the same manner as they have to be reported. The changes required by GASB 54 have been made to the City's financial system; however, the 2012 budget has not yet been adopted by the City Council in the format required by GASB 54.

The changes required to amend the City's 2012 operating budget include the following:

Total revenues and expenses at the fund level will be amended to include the funds that have been consolidated with another fund. Revenue and expense transactions between formerly separate funds that are now consolidated will be eliminated; thus reducing total revenues and expenses by the same amount.

The amended budget maintains the integrity of the original adopted budget by only eliminating an equal amount of the intra-departmental revenues and expenditures included in the original budget.

Mr. Barnes explained for Mr. Kittle, that major transferring of funds should be a budget amendment.

Moved by Kittle; Seconded by Doyle.

RESOLVED: To approve the amended 2012 budget by fund level with total revenues of \$50,729,109 and total expenditures of \$62,732,858.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.101

9b. Motion – Approve Recommendation for North Opdyke Pathway Construction

Mr. Grice explained this pathway will create a full connection between the City's south border from South Boulevard to Walton Boulevard. Not only will the pathway be beneficial to businesses along Opdyke but also show Auburn Hills' commitment to being a walkable community.

Responding to Mr. Kittle, Mr. Grice explained the plan is to have the connection on both sides of Opdyke from Featherstone to Walton; however, there are many easements that will be needed. If that isn't possible the worst case scenario would be pedestrians crossing Opdyke from side to side in order to continue the north/south route.

Mr. Kittle recalled the City spending a significant amount of money doing upgrades on the east side of Opdyke and asked how this would be affected.

Mr. Grice stated that was part of the Opdyke Road streetscape plan with the majority of the work focused on the intersections. **On this project**, because of the grade, it's necessary to do more work than just cutting a path. This is all new construction starting with an aggregate bed, some areas will need grading, retaining walls, and storm drain improvements.

Mr. Kittle asked if this is a priority and if there are a number of walkers in this area.

Mr. Grice stated this project has been discussed for many years and yes, walkers have been seen crossing Opdyke to reach the many fast food restaurants. The catalyst for moving forward was the pedestrian access created by MDOT when the M-59 bridge was completed.

Mr. Grice explained all of Opdyke Road is Oakland County's jurisdiction. The road commission has made it clear they don't construct pathways.

Mr. Knight said he would vote for this project, but felt the City was spending a large amount of money where there are mostly businesses and very few people live. Also this is a county road and there are other places this money could be beneficial.

Mr. Grice explained it is an important part of the pathway network and will create a huge loop for bikers and walkers.

Mr. Grice stated yes, this project **was in the budget**.

Mr. Kittle hoped it will generate foot and bike traffic and asked for a copy of the City's pathways when similar projects **come** forward.

Moved by Doyle; Seconded by Kittle.

RESOLVED: To approve as recommend by the TIFA Board of Directors the following: approval of the first phase of the Opdyke Pathway Construction (Featherstone to Walton) to be awarded to F. Allied Construction Co. Inc., in the amount of \$365,558.71; approval of the OHM Scope of Construction Services in the not-to-exceed amount of \$67,500.00; approval for materials and testing services by Schleede Hampton Associates in the amount of \$12,000.00; and authorize the TIFA Executive Director or his designee to approve any necessary change orders to bring the project to a successful conclusion. Funding is to be provided by TIFA B, Account No. 252-000-973.000.

Mr. Kittle noted TIFA funds are getting low, and **we need to be watchful with** other projects on the horizon that will also be using TIFA funds.

Ms. Verbeke asked if there is a limit for any necessary change orders.

Mr. Tanghe explained as a rule, 10% is generally used over the entire project cost.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.102

10. COMMENTS AND MOTIONS FROM COUNCIL

Ms. Doyle:

- There has been coverage in the news regarding the phragmites, an invasive plant species, and asked if the City has money to aggressively attack the problem. The plants are taking over Hawk Woods.

Mr. Grice explained the City has a plan in place that is overseen by Water Resource Coordinator Keenan. Two years ago, there was a controlled burn as well as herbicides used in Hawk Woods with some success. The situation gets monitored and another burn and herbicide application will be done as money and time allow.

Ms. Doyle noted the news article she read said this burns very hot and part of the fire on Great Lakes Crossing Drive this past spring had a large portion of phragmites and asked if this is a safety issue. She asked if there was money available or does Council need to take action to be aggressive to control the problem.

Mr. Grice explained there is some funding, but the funding isn't as aggressive as the phragmites. He doesn't believe there will ever be a point of total elimination. The State is working with some beetles that will eat the phragmites with some success. If there is success with the beetles, that will be another option for the City in the future.

Ms. Verbeke:

- Reminded all that Summerfest will be held this coming weekend.
- **Moved by Verbeke; Seconded by Doyle:**
RESOLVED: Direct staff to obtain a quote and present it within the next 30 days, for Council stationary and note cards, embossed with the City logo, City Council, and each Council Members name.

Ms. Verbeke stated this was discussed at the workshop and she wanted to hear other Council Members opinion.

Ms. Doyle stated she supported the motion for discussion. She would prefer the stationary to be simple, with the City logo or City seal and not have each Members name on the stationary.

Mayor McDonald agreed that a note card, with the tag line, 'Honoring the Past, Building the Future' would be sufficient and could also be used by staff.

Mr. Kittle noted as Council Members change there wouldn't be a need to update personalized stationary. He is in agreement with a note card.

Mr. McDaniel thought Council letter head would also be well used, but not to be individualized.

After discussion it was decided to start with 4x6 note cards.

Mr. Auger said he would bring a quote back to Council.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.103

Mr. Knight:

- Notes there are differences between pathways and walkways and that snow shoveling should be enforced on sidewalks as indicated in the ordinance. He is concerned that the eight foot cement pathway on Shimmons Road is called a sidewalk, and according to the City ordinance sidewalks are to be cleared. He would prefer to see that sidewalk labeled as a pathway, so the burden of shoveling snow wouldn't fall on those residents. He would like the site plan changed to reflect this is a pathway and not a sidewalk.
Mr. Beckerleg confirmed for Mayor McDonald, the width or material of a walkway doesn't make one or the other.
Responding to Mr. McDaniel, Mr. Beckerleg stated the City does not accept any responsibility to clear snow from a pathway, regardless of the walkway title.
Mayor McDonald stated a homeowner must clear a sidewalk.
Mayor McDonald explained when residents call to complain a pathway isn't cleared of snow, the residents are told the City doesn't clear pathways.
Mr. Auger noted the ordinance references sidewalks not pathways. For instance, the Squirrel Road pathway in front of O.U. has natural accumulation of snow, and if the City begins to maintain the pathway then the City is responsible for it. Insurance companies tell you not to clear the pathways because of possible liability issues.
- Noted three Council Members attended the Friday night concert and there was a very good citizen turnout. He spoke with Mr. Marzolf and suggested the need for a 28x28 or 32x32 dance floor; something portable that could be built for less than \$1,000, easy set-up and take down. It is impossible to get people off the dance floor at Summerfest. This may increase attendance at the concerts.
Mr. McDaniel questioned where the dance floor would fit because of topography and the number of people trying to see the band.
Mr. Knight said there is a flat space, not in the middle but to the right side.

- Asked Mr. Lohmeier about the personal property exemption of up to \$40,000 that was mentioned by the auditors.
Mr. Lohmeier explained that is the property tax.
Mr. Knight suggested many of the City's companies are in that range.
Mr. Lohmeier agreed, saying there would be a discrepancy between the taxpayer for an extra couple thousand, the City may see an increase in appeals in that area.
Mr. Knight thinks the City will be hurt with that law.
- Understood that southbound Squirrel Road would have been opened this morning to traffic.
Mr. Juidici explained the contractors have been working on the southbound sections of Squirrel Road and finished pouring cement today. In order for the durability and longevity being sought from the concrete patches, the use of the high-early-strength concrete is being avoided; typically that type of cement doesn't last as long. He suspects the lanes will be opened by Thursday, and phase two will begin.
- Noted the resolutions received from Southfield and would be interested in the resolution regarding personal property tax.

Ms. Hammond:

- Asked Mr. Grice about the streetlights on Squirrel Road, any idea when they'll be working.
Mr. Grice happily reported they should be working tonight.
- Noted the Ice Cream Social starts at 6:00 p.m., Friday.

Mr. Kittle:

- Asked if more effort could be made to make sure the packets are complete. There were a number of items either wrong or missing.
- Noted he missed the workshop, and asked what was next. He reviewed the material and thought it was great and had positive comments from those that attended. He presented Council with a technique he has used in the past – Rule of 5 Technique. The format is to put major goals in a manageable group with subsets. He bucketed the elements that came out from the summary and fit them into more manageable high level categories. He feels this may be a more manageable/understandable format.
He would like to add communications as a bucket, which would include workshops, open issues log, and try to refine from a starting point to very workable.
Mr. Auger agreed with Mayor McDonald that this is similar to AHU, and the High Performance Organization and the Great Workplace Initiative that the City has started; it does try to tie it all together.

Mr. McDaniel:

- Over the last number of months he has had three residents from different areas of the City, come to him and comment about Darren Darge, Ordinance Enforcement Officer. Some of the comments, all positive, were his ability to help get things done, his professionalism dealing with issues and his knowledge and advice he's given. He wanted staff to know there are people in the neighborhoods saying good things.

Mr. Knight:

- Noted the July Council meetings are scheduled for July 2nd and July 16th. He would like to change those dates and defer each by a week to free up the 4th of July week to July 9th and July 23rd.

Moved by Knight; Seconded by Verbeke.

RESOLVED: To change the City Council meetings for the month of July 2012 to July 9, 2012 and July 23, 2012.

Mr. McDaniel suggested July 16th and July 23rd, many people will be gone the second week of July.

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

No: McDaniel

Motion carried (6-1)

RESOLUTION NO. 12.06.104

Mayor McDonald:

- The Summerfest Ice Cream Social is the Council's responsibility to scoop ice cream, and it runs from 6:00 p.m. until 8:00 p.m.

11. CITY ATTORNEY'S REPORT – none.

12. CITY MANAGER’S REPORT

- One item brought up at Goals & Objectives Workshop about the ICS training. The Director of Emergency Services found the City can offer a two-hour class to City Council but 30 days notice would be needed to set it up.

13. EXECUTIVE SESSION – Property Sale

Moved by Verbeke; Seconded by Hammond.

RESOLVED: To adjourn to Executive Session.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.105

Adjourned to Executive Session at 9:38 p.m. Reconvened the Regular Meeting at 10:20 p.m.

Moved by Hammond, Seconded by Doyle.

RESOLVED: To authorize the Mayor and City Clerk to execute the Contract for Sale of Real Property by and between the City of Auburn Hills and FMD Land Company, LLC, under the terms and conditions contained therein. Furthermore, authorize Assistant City Manager Thomas Tanghe to act on behalf of the City of Auburn Hills to execute all documents related to the sale and closing of the properties contained within the sales agreement.

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

No: None

Motion carried (7-0)

RESOLUTION NO. 12.06.106

14. ADJOURNMENT

Hearing no objections, the meeting adjourned at 10:21 pm.

James D. McDonald, Mayor

Terri Kowal, City Clerk