



Rochester Hills Minutes City Council Work Session

1000 Rochester Hills Drive
Rochester Hills, MI 48309
(248) 656-4660
Home Page:
www.rochesterhills.org

*Erik Ambrozaitis, Jim Duistermars, Barbara Holder, Greg Hooper,
Linda Raschke, James Rosen, Ravi Yalamanchi*

Wednesday, January 3, 2007

7:30 PM

1000 Rochester Hills Drive

DRAFT

CALL TO ORDER

President Rosen called the Regular Rochester Hills City Council Work Session to order at 7:30 p.m. Michigan Time.

ROLL CALL

Present: Erik Ambrozaitis, Jim Duistermars, Barbara Holder, Greg Hooper, Linda Raschke, James Rosen and Ravi Yalamanchi

Others Present:

*Bryan Barnett, Mayor
Dan Casey, Manager of Economic Development
Susan Galeczka, Deputy Clerk
Bob Grace, Director of MIS
Jane Leslie, City Clerk
Leanne Scott, City Council Coordinator
John Staran, City Attorney*

PLEDGE OF ALLEGIANCE

President Rosen called for a moment of silence in honor of the late 38th President of the United States Gerald Ford.

REVIEW OF AGENDA

PUBLIC COMMENTS

Mr. Mark Avery, 1871 Fair Oak Court, questioned when Council would be discussing the City's tax assessing process and how residents can participate.

President Rosen noted the City's Assessor Kurt Dawson would be providing a presentation on the assessing process at the Council's February 7th Work Session. He indicated that there would be no time limit on the discussion assuming it remained focused on the tax-assessing topic.

LEGISLATIVE AND ADMINISTRATIVE COMMENTS

Mr. Ambrozaitis discussed the following issues:

- *Thanked residents who sent him Christmas wishes.*
- *Spoke in memory of President Ford and urged residents to visit his Presidential Museum.*

- Stressed that the City should have a "basic property code" to deal with the issue of blight in the City.

- Asked that future City Council members not be permitted to participate in the City's pension plan.

Mr. Ambrozaitis indicated that he had been asked to limit his requests for information from the City administration. He noted that he is elected by residents and will continue to ask questions as he has before.

Mr. Duistermars stated that no one in the City is attempting to prevent Mr. Ambrozaitis from seeking information. He then wished everyone Happy New Year and expressed his condolences for President Ford.

Ms. Raschke noted that Gerald Ford was an outstanding Michigander. She then acknowledged that Mayor Barnett had won an award from the Jaycees.

Mr. Yalamanchi also wished everyone a Happy New Year.

Mayor Barnett thanked Ms. Raschke for noting his recent honor and thanked the Jaycees. He then wished everyone a Happy New Year. He announced that the Tienken Road Bridge had opened on December 23rd and thanked Council for allowing that project to be expedited. Finally, Mayor Barnett explained that the City had received a positive determination in the Older Persons Commission (OPC) litigation case, noting that the City was deemed to be in accordance with the law in permitting residents between the ages of 50 and 59 to use the OPC health and fitness facilities.

PUBLIC HEARINGS

2006-0858

Request to establish an Industrial Development District at 2965 Technology Drive, Rochester Hills, MI 48309

Attachments: Agenda Summary.pdf; 121306 Agenda Summary.pdf; Public Hearing Notice.pdf; Letter Requesting IDD.pdf; Establish Public Hearing Resolution.pdf; 0858 Resolution.pdf

Mr. Dan Casey, Manager of Economic Development, described the tax abatement request as follows:

- American Axle & Manufacturing (AAM) submitted a tax abatement request in December of 2006.
- AAM was proposing an investment of approximately \$13 million in new equipment.
- The AAM Technical Center in Rochester Hills is their showcase research and development center globally.
- No new jobs will be created, however, 28 jobs will be retained.
- The Technical Center, built in 1995, is 116,000 square feet.
- The Technical Center was recently expanded without a tax abatement request.
- Some of the Technical Center employees are residents of Rochester Hills.

Mr. Casey stressed that the request does not include the creation of jobs, but noted that, as City Council's Tax Abatement Policy is retention-based, retained jobs can be considered the same as new jobs.

Mr. John Chasney, Director of Global Tax Planning & Compliance; **Ms. Dawn Uranis**, Government & Corporate Relations; and **Mr. Don Kurecka**, Facilities Director for the Technical Center of AAM, provided a video presentation that explained the services provided by the Technical Center, specifically noting the following:

The Facility Houses the Following

- Product Test Labs
- Corporate Materials Lab
- Noise, Vibration and Harshness Labs
 - * 4-Wheel Drive Chassis Dyno
 - * Driveline Dyno
 - * Gear Mesh Dynamics Tester
- Road Load Simulator
- Electronic Control Systems Lab
- Systems & Modules Lab and Advanced Design Lab

Metallurgical Capabilities including

- Materials Specifications Analysis
- Chemical Analysis
- Organic Materials Analysis
- Competitive Analysis
- Corrosion Testing

Corporate Materials Lab Includes

- Scanning Electron Microscope
- X-Ray Diffraction
- Inductive Plasma

Mr. Chasney explained that General Motors had been AAM's primary customer; however, the company has diversified over the years and now serves approximately 100 clients. He noted that the company has expanded to five continents and recently registered its 100th patent in less than thirteen years. He stressed that AAM is committed to quality, team effort and seamless transition from engineering to final product.

Ms. Uranis stressed that AAM is the 12th largest automotive supplier in the United States and the 25th largest in the world.

Mr. Larry Gormezano, Manager of the Southeast Michigan Office of Business Development for the Michigan Economic Development Corporation, noted the importance of this company to the State of Michigan, stressing that it was important for Rochester Hills to cement its relationship with this company.

Ms. Maureen Krauss, Deputy Director of Economic Development & Community Affairs for Oakland County, noted the positive relationship the company has with Rochester Hills and stated that it is a great company for the County and State as well. She noted that retaining companies in a community contributes to the attraction of new businesses.

Mr. Casey noted the following regarding the specific abatement request:

- The Technical Center employs 150 workers.
- The request is for a twelve-year abatement; the Council policy restricts it to eight years, although Council can waive the restriction.

- The tax abatement review committee found the request to be compliant with Council's policy and recommended approval.

- A \$13 million investment would generate \$255,000 in taxes to the City over eight years.

Mr. Ambrozaitis questioned how this abatement would assist AAM.

Mr. Kurecka noted that to compete globally, AAM requires new equipment to enable them to validate equipment for overseas markets. This abatement would assist them in purchasing the needed equipment.

Ms. Uranis stated that AAM is constantly searching for new and improved technology to secure future business.

President Rosen **Opened the Public Hearing at 8:26 p.m.**

There being no Public Comment, President Rosen **Closed the Public Hearing at 8:27 p.m.**

Mr. Yalamanchi asked what the possibility would be that AAM would move their research and development operations out of the United States.

Ms. Uranis stressed that the company had recently invested heavily in their Michigan facilities and, thus, has no intention of relocating. She noted that they intend to remain near the auto industry.

Mr. Casey explained that the tax abatement agreement would include a "clawback" provision that permits Council to change the abatement if the company's circumstances were to change, thus affecting the generation of taxes.

President Rosen questioned the need for the tax abatement and whether it would influence the retention of this company.

Mayor Barnett stressed that the City gains by approving this abatement and it represents investment in the community by a company with a "tremendous record."

Mr. Hooper spoke in support of the abatement, noting that the company fits in with the City's Master Land Use Plan.

Mr. Yalamanchi asked if the City's Tax Abatement process could be streamlined.

Mr. Casey explained that the Council's policy is very effective and State law, to a degree, dictates the timeline. He noted that all abatements since the policy took effect have been processed within the State's minimum time frame requirement.

Presented

2006-0857

Request for an Industrial Facilities Exemption Certificate (IFT) for personal property at 2965 Technology Drive, Rochester Hills, MI 48309

Attachments: Agenda Summary.pdf; Company Overview.pdf; 121306 Agenda Summary.pdf; Public Hearing Notice.pdf; Application.pdf; Financial Analysis-Personal.pdf; Set Public Hearing Resolution.pdf; 0857 Resolution.pdf

President Rosen **Opened the Public Hearing at 8:28 p.m.**

There being no Public Comment, President Rosen Closed the Public Hearing at 8:29 p.m.

Presented

(Recess 8:52 p.m. to 9:03 p.m.)

ADMINISTRATION

2006-0949 Approval of Agreements and Request for Authorization for the Mayor to execute the necessary agreements on behalf of the City to participate in Wireless Oakland for Wireless Internet access throughout Oakland County

Attachments: Agenda Summary.pdf; 010407 Memo Grace.pdf; Wireless Oakland Phase One Deployment Starts in 2007.pdf; Phase II Exh A.pdf; Phase II Exh B.pdf; Phase II Interlocal agreement.pdf; Executed Final Michtel Contract.pdf; 0949 Resolution.pdf

Mr. Bob Grace, Director of MIS, briefly described the request from Oakland County that Rochester Hills agree to participate in the Wireless Oakland project to provide wireless Internet service to the entire County. He noted that there appeared to be no direct charges to the City other than the agreement to waive any fees associated with establishing the network. He indicated that some City assets would be utilized such as buildings and traffic signals.

Council members posed a number of questions, such as how MichTel was selected as the contracted provider, why the service speed was so slow and whether the wireless service would interfere with users' current Internet service, and Mr. Grace assured them that he would research these issues and provide answers as soon as possible.

Council Consensus was to move the matter forward to the next Council meeting.

Discussed

CITY COUNCIL

2006-0957 Discussion regarding the creation of additional Technical Review Committees

Attachments: 011707 Agenda Summary.pdf; 011007 Agenda Summary.pdf; Potential Technical Committees and Discussion Topics for Work Sessions.pdf

President Rosen explained that Council members had received two lists: one list described potential technical review committees and the other listed issues to be addressed by Council. He noted that these lists were generated based on Council discussions over the past year and asked that Council members review each list and prioritize the issues, noting which ones they would like to address first. He indicated that their prioritizations would be compiled for further discussion at an upcoming meeting.

Council members briefly discussed their priorities, primarily noting that local roads and the expiring police millage require immediate attention.

Discussed

ANY OTHER BUSINESS

Ms. Holder, addressing Mr. Ambrozaitis' comments earlier in the meeting, explained that she had been concerned that Council meeting time was being wasted with questions being asked that were already answered within the packet information, and that too much time was being spent on "Legislative and Administrative Comments." She stressed that the intention was for that time to be spent making brief announcements or responding to "Public Comment."

Mr. Ambrozaitis stressed that he does read the meeting packet in detail but often asks questions for the benefit of residents in the audience and at home. He stated that he comes prepared for each Council meeting.

Mr. Duistermars stated that everyone should be permitted to speak and ask questions. He praised the newer members of Council for their knowledge of current issues.

Mr. Hooper questioned Council's priorities, noting that during a recent regular Council meeting "Legislative and Administrative Comments" took longer than approval of the 2007 Budget.

Ms. Raschke noted her surprise at Mr. Ambrozaitis' comments, stating that she has never felt that any Council member was denied the right to speak during Council meetings. She then indicated that the City's Cemetery Committee had requested to speak before Council with regard to the need for a Chapel at the Cemetery.

Mr. Yalamanchi suggested that Council members refrain from responding to the comments of others and to keep the discussion moving forward in a constructive manner. He stressed the need for mutual tolerance and respect for all Council members and City staff.

President Rosen, describing himself as a "gentle guide" with regard to Council meetings, stressed that Council members "have an obligation to do the best we can."

Mayor Barnett echoed Mr. Yalamanchi's comments regarding respect and tolerance and asked that any issues a Council member may have with a City staff member be brought to his attention immediately. The Mayor then briefly described a community survey to assist with future planning and budgets that Oakland University would be assisting the City in implementing at a cost of approximately \$5,000. He explained that draft surveys would be distributed to Council members for their input.

Ms. Holder expressed support for the survey, noting that the idea of a survey had been discussed at the committee level as well.

NEXT MEETING DATE

Regular Meeting - Wednesday, January 10, 2007 at 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Rosen adjourned the meeting at 10:05 p.m.

JAMES ROSEN, President
Rochester Hills City Council

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARGARET A. CASEY
Administrative Secretary
City Clerk's Office*

Approved as presented at the (insert date, or dates) Regular City Council Meeting.