



Rochester Hills

Minutes - Draft

City Council Work Session

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
(248) 656-4600
Home Page:
www.rochesterhills.org

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

Wednesday, September 5, 2007

7:30 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Rosen called the Regular Rochester Hills City Council Work Session to order at 7:31 p.m. Michigan Time.

ROLL CALL

Present 7 - Erik Ambrozaitis, Jim Duistermars, Barbara Holder, Greg Hooper, Linda Raschke, James Rosen and Ravi Yalamanchi

Others Present:

*Ed Anzek, Director of Planning and Development
Bryan Barnett, Mayor
Dan Casey, Manager of Economic Development
Scott Cope, Director of Building/Ordinance Compliance
Ron Crowell, Chief, Fire Department
Bob Grace, Director of MIS
Mike Hartner, Director of Parks & Forestry
Julie Jenuwine, Director of Finance
Jane Leslie, City Clerk
Roger Rousse, Director of D.P.S.
Robert Smith, Captain, O.C.S.O.*

PLEDGE OF ALLEGIANCE

REVIEW OF AGENDA

PUBLIC COMMENTS

Mr. Lee Zendel, 1575 Dutton, referenced an article in the Wall Street Journal stressing the importance of calling 911 when dealing with a possible emergency rather trying to drive yourself and possibly experience a heart attack along the way.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

Mr. Ambrozaitis extended his condolences to the family of U.S. Sgt. James S. Collins, Jr., a resident of the City of Rochester Hills.

Ms. Raschke thanked Mr. Anzek, Director of Planning, for correcting misinformation regarding a resident's claim of being removed from the Street Committee as printed in the Oakland Press.

Mayor Barnett thanked the staff and the residents for making the August 23, 2007 American Red Cross Blood Drive at City Hall success and made the following announcements:

- The Arts and Apples Festival, and the OPC yearly Homemade Apple Pie fundraiser is this weekend.

- Tuesday, September 11, 2007 is the Primary Election.

PUBLIC HEARINGS

The following two (2) Legislative Files are related to Ovonyx Technologies

2007-0494 Request to establish an Industrial Development District at 2956 Waterview Dr. for Ovonyx Technologies.

Attachments:

[090507 Agenda Summary.pdf](#)

[Public Hearing Notice.pdf](#)

[Nosanchuk Ltr 062907.pdf](#)

Mr. Dan Casey, Manager of Economic Development, introduced Mr. Ed Stall, President and CEO of Ovonyx Technologies Incorporated, who gave a brief overview of the Memory Chips Ovonyx creates, as follows:

- semi conductor memory technology
- flash memory technology used in digital cameras
- cell phones
- IPODS
- PDAs
- proposing to create 10 new jobs

President Rosen Opened the Public Hearing at 7:51 p.m.

Mr. Rick Patterson, 61 Childress, questioned the City giving a multi-million dollar company a break when funding street maintenance has been an issue.

President Rosen Closed the Public Hearing at 7:54 p.m.

Mr. Yalamanchi inquired as to when they thought they would be adding

additional staff.

Mr. Stall responded that they would phase it in within two years of project completion.

Mr. Yalamanchi questioned the City's Tax Abatement Policy, asking what kind of financial analysis is performed. He stated that in the future he would like to have some financial analysis guidelines in place when reviewing applications.

Mr. Hooper questioned if the abatement being requested is for eight years. He also inquired as to the City's policy in the past and the time frames they have been based upon.

Mr. Casey replied that based on the current tax abatement policy, they qualify for eight years and therefore, the request is for eight years. The only issue that may be is if Energy Conversion Devices, Inc. (ECD) does not renew their lease; Ovonyx may then: (1) pick up a lease in the same space; (2) transfer their operation to another Rochester Hills facility and transfer the tax abatement with them; or (3) walk away from the facility and go somewhere else and lose the benefit of the abatement after the third year. He suggested that the Development Agreement could be used as a guideline to address these issues.

Mr. Hooper questioned if they could have a three year abatement with the option to come back in three years and request another tax abatement.

Mr. Casey replied that the certificate from the State Tax Commission will indicate the length of the term. He offered to contact the Tax Commission and ask if they have ever granted an extension.

President Rosen questioned if there are any callback provisions if Ovonyx became successful and wanted to move their business out of the City.

Mr. Casey responded that there are callback provisions in the Development Agreement and that it is standard practice for the City to include those provisions in their agreements. He stated that Council has the option to approve the abatement, to not approve the abatement, or to approve the abatement for a shorter term of years.

This matter was Discussed.

2007-0493 Request for Approval of an Industrial Facilities Exemption Certificate (IFT) for Ovonyx Technologies at 2956 Waterview Drive.

Attachments: [090507 Agenda Summary.pdf](#)
[Development Agreement.pdf](#)
[Application.pdf](#)
[Nosanchuk Ltr 062907.pdf](#)
[Profile.pdf](#)
[ECD Lease.pdf](#)
[Financial Analysis-Personal.pdf](#)

Mr. Casey reported that in 2005, City Council approved a tax abatement for the BMD Group for real property only for a speculative building at 3098 Research Drive for a period of six years. He mentioned that in 2005 they lost their largest client causing them to not be able to complete the building project. This also resulted in them having to put the building on the market for sale or for lease. He stated it was on the market for over one year before Skybird Products became interested in the property. BMD is currently in the second year of the abatement with four years remaining. Mr. Casey explained that once an Industrial Facilities Tax Exemption (IFT) is granted by City Council, the City Council has the ability to transfer the IFT to another company or transfer it from another community into our community. He noted that Skybird is applying to complete the building project and fulfill the commitment that was originally made by BMD Group pointing out that their projected investment in the facility, including equipment, is higher than the original application. He stated that they have completed acquisition of the building and have begun construction of the facility in the building with an anticipated October occupancy goal. He then introduced Bill Duke from Skybird Products.

Mr. Bill Duke, Skybird Products, stated he has been a resident of Rochester, Michigan for the last six years and he reviewed the purchase of the building located at 3098 Research Drive earlier this year. He explained that they are asking for the transfer of the tax abatement and as with any IFT, there is an investment in the City for a start up cost noting usually a purchaser would expect a return somewhere down the road. He then proceeded to share his personal background and the background of Skybird Products.

This matter was Discussed.

2007-0495 Request to transfer the Industrial Facilities Exemption Certificate #2005-388 for 3098 Research Dr. from BMD Group/E-Motive to Skybird Products.

Attachments: [090507 Agenda Summary.pdf](#)
[Development Agreement.pdf](#)
[Public Hearing Notice.pdf](#)
[Application.pdf](#)
[Skybird Financial Analysis -Real.pdf](#)
[Skybird Financial Analysis-Personal.pdf](#)
[Duke Ltr 071707.pdf](#)
[Purchase Agreement.pdf](#)

President Rosen Opened the Public Hearing at 8:13 p.m.

President Rosen Closed the Public Hearing at 8:13 p.m.

Also refer to Legislative File 2007-0493

Mr. Dan Casey, Manager of Economic Development, provided a brief history on this item.

Mr. Bill Duke, President of Skybird Products, described the aluminum siding clip that is currently being distributed and sold at Lowe's stores and eventually at Home Depot stores. He stated that this transfer will support the start up cost of this project.

Mr. Yalamanchi questioned the recovery of the abatement that was given to BMD.

Mr. Casey responded that the transfer of the IFT would help gain the benefit of the abatement. He stated Skybird is currently paying the taxes on the building.

Mr. Yalamanchi questioned if all of the manufacturing of this product would happen in Rochester Hills.

Mr. Duke responded that the molding would be in Fraser, but the assembly would happen in Rochester Hills. He stated that there would be back up for molding in Rochester Hills but he does not want to be in the molding business.

President Rosen questioned if the IFT transfer is approved, would City lose much other than the tax abatement granted in the first and second year to BMD.

Mr. Casey responded that the City would benefit because Skybird's investment of personal property is higher than what BMD Group's would have been and that is not subject to the abatement; therefore it will generate 100% taxes to all jurisdictions.

This matter was Discussed.

The following three (3) Legislative Files are related to Proposed Green Space Property Acquisitions

2007-0317 Request for Approval for the Green Space Acquisition of East Childress property, known as Parcel No. 15-15-426-023.

Attachments: [Agenda Summary.pdf](#)
[Purchase Agreement.pdf](#)
[Public Hearing Notice.pdf](#)

***Mr. Bill Windscheif** gave a brief overview of the Green Space Advisory Board and the goals and ideals that had been set at its inception. He described the procedures of property interest acquisition as follows:*

Parcel Identification

- natural features inventory
- priority 1-3 of parcels that are vacant, unrestricted, underutilized, GIS, site attributes and County Greenway

Determine Availability

- contact by letter
- set window of opportunity
- Property Nomination Form
- Informational session

Assemble Candidate List

- apply greenspace/natural features criteria
- price
- easement
- development rights and partial sale/split

Develop Target Properties

- seek grants and report to City Council
- the appraisal and negotiation processes
- options and recommendations to City Council
- public hearing
- GASAB's final report
- City Council authorization
- purchase/acceptance of donation

Mr. Windscheif further explained the GSAB Property Evaluation Criteria as follows:

Water Sources

- rivers

- streams
- ponds
- lakes
- wetlands
- floodplains

Habitat Protection

- wildlife habitat
- woodlands

Recreational/Historical Resources

- Clinton River greenway corridor
- other streams and trail corridors
- adjacency/connectivity
- scenic views
- passive recreation
- historical/cultural
- community planning

Other Factors

- uniqueness
- market value considerations
- development risk
- steep slopes
- size of property

Adverse Factors

- environmental hazards
- higher than "market value" costs
- any unique detractors

President Rosen Opened the Public Hearing at 8:21 p.m.

PUBLIC COMMENT:

Ms. Margaret Patterson, 61 Childress, questioned the development of the dirt road, the land for a park and all the necessary accommodations that a park would require. She also expressed concern that people had been dumping garbage over the cliff for years and whether the City was going to have the area cleaned up.

Mr. Richard Patterson, 61 Childress, inquired about the clean up of this land and stated he would like to see the City, as owner, clean it up. He questioned what the land will be used for and whether or not residents will be allowed to hike on it. Referring to the tax abatement issue brought up earlier, he questioned if the City gives a tax break to a large business, where is the money made up?

Mr. Andrew Krupp, 168 Cloverport Avenue, voiced his support of the Green Space Advisory Board and the history of the grassroots campaign that began in residents' homes and developed into what is today the Green Space Advisory Board.

Ms. Lois Golden, 645 Apple Hill Lane, supported the actions for the health of the Clinton River. She also mentioned that there is funding available that could help with this project through the Michigan Natural Resources Trust Fund Grant Application and suggested that these resources be looked into.

Mr. Dan Keifer, 719 Fieldstone Drive, stated his support of these acquisitions.

Mr. Paul Miller, 1021 Harding Avenue, stated his support of these acquisitions and gave the background and history on the use of midden heaps by most land owners before organized garbage pick up practices were begun.

President Rosen Closed the Public Hearing at 8:35 p.m.

Mr. Duistermars questioned if there were plans to develop these properties.

City Attorney Staran explained that at the present time, nothing would be done developmentally with the property, that would be for further discussions down the road. He stated the goal is to preserve the open space noting that there may or may not be restrictions on public access of these properties; just because land is publicly owned does not necessarily mean that it is open to the public. He stressed that the first goal is to acquire the properties for the preservation of Green Space and to determine how to go about achieving this.

President Rosen explained that there are due diligence clauses in place in the event a problem arises with the acquisition of the properties or if some environmental concerns arise during this process.

City Attorney Staran supported President Rosen's reference to the standard due diligence period that gives the City the opportunity to evaluate a number of conditions of the properties.

Mr. Duistermars raised the issue of public liability if the City were to acquire these properties.

President Rosen inquired whether or not matching grants had been explored.

Mr. Michael Hartner, Director of Parks & Forestry, stated that April 2008 is the next opportunity to apply for such a grant and that agreements, notifications and disclosure statements would have to be produced. He noted that the Mead Road parcel has a lot of elements on it that would score very well on the criteria required by the Natural Resources Trust Fund. He mentioned that his department already has the grant application in draft form, so the April deadline can be met.

President Rosen questioned if the City purchased these parcels before applying for the grant, would that close any opportunities.

Mr. Hartner explained this purchase opportunity would be arranged through a holding agency much in the same way the Clinton River Trail was purchased. He stated that if the City purchased the property, the City would not be eligible

for a grant, but if the holding agency, Trust Republic Land, were to purchase the land and to resell it to the City, then the City would be able to use the grant. If the City did not get the grant, the property could be paid for with monies from the millage.

Mr. Ambrozaitis questioned if the City would be protected, should they find that property they purchased had environmental issues.

City Attorney Staran responded that the Clinton River Trailway was purchased using the Trust Republic Land as a holding agency and it was handled successfully. He stated that as far as the liability issues regarding environmental problems, the Purchase Agreement has clauses to address those issues should they arise.

City Attorney Staran, responding to Mr. Yalamanchi's question if 120 days due diligence time would be sufficient to protect the City, stated that he had expressed concern for the large parcel. He stated that even though 120 days appears to be a long time, everyone will need to work quickly to be sure all questions regarding this parcel are answered. He mentioned that the City has options as to which avenue they would like to take in acquiring these properties, whether through the grants from the Natural Resources Trust Fund or having Republic Land Trust acquire it on our behalf.

Mayor Barnett commented that many people should be credited for their hard work in getting to this point regarding the acquisition of these properties. He also mentioned that individuals could donate their property to the City pointing out that the City just acquired the parcel along the Clinton River behind Rivercrest.

President Rosen commented on the comparisons of prices per acre among the three parcels of property: East Childress, West Childress and Mead Road.

This matter was Discussed.

2007-0504 Request for Approval for the Green Space Acquisition of West Childress property, known as Parcel No. 15-15-426-022.

Sponsors: Green Space Advisory Board

Attachments: [Agenda Summary.pdf](#)
[Purchase Agreement.pdf](#)
[Public Hearing Notice.pdf](#)

This matter was Discussed.

2007-0505 Request for Approval for the Green Space Acquisition of 1460 Mead Rd. property, known as Parcel No. 15-01-100-009.

Sponsors: Green Space Advisory Board

Attachments: [Agenda Summary.pdf](#)
[Revised Purchase Agreement.pdf](#)
[Purchase Agreement.pdf](#)
[Public Hearing Notice.pdf](#)

This matter was Discussed.

2007-0537 Request for Approval of the 2007 3rd Quarter Budget Amendments

Attachments: [Agenda Summary.pdf](#)
[Public Hearing Notice.pdf](#)
[2007 - 3rd Qtr Budget Amendments.pdf](#)

President Rosen Opened the Public Hearing at 9:32 p.m.

President Rosen Closed the Public Hearing at 9:32 p.m.

Ms. Julie Jenuwine, Director of Finance, introduced the proposed Third Quarter Budget Amendment for 2007. She explained "lookbacks" for each department that did not spend all of their budgeted money for the year, once the audit has been completed. She also explained what a "true up" is, a more definite charge for actual usage of particular items like Facilities. She stated that the General Fund total budget is proposed to decrease.

President Rosen mentioned that there are three items of concern: Facilities, Administration and Workers' Compensation Change. He also mentioned that he was not comfortable with the accounting method being changed from user charges versus depreciation. He stated that this should be a policy issue that City Council should discuss and determine.

This matter was Discussed

(Recess 9:32 p.m. - 9:52 p.m.)

ADMINISTRATION

2007-0260 Request for Purchase Authorization-DPS/Engineering: Accept the amended Contract for the Shadow Woods Subdivision & the Clinton River Trailway Surfacing Project and Award additional work to C & G Myers Construction, LLC;

Milford, MI for Van Hoosen Jones Stoney Creek Cemetery Road Extension; the Fire Station #5 Parking Lot Rehabilitation; the Clinton River Trailway Parking Lot and Pathway; and the Waltonshire Court Paving increasing the Blanket Purchase Order in the amount of \$138,716.68 for a new not-to-exceed amount of \$2,952,666,83.

Attachments: [Agenda Summary.pdf](#)
[Leach Rd Parking Lot.pdf](#)
[C&G Myers Quote - Waltonshire.pdf](#)
[C&G Myers Quote Cem FS & Trail.pdf](#)

Ms. Melinda Hill, 1481 Mill Race, questioned why the City is using bond money to repair a private road.

Mr. Lee Zendel, 1575 Dutton Road, indicated that he did not see separate bids for the various projects and expressed concern that one contractor is getting the benefit of the Shadow Woods Project and the additional "tag along" projects such as Waltonshire Road and the Fire Department Driveway.

Mr. Roger Rouse, Director of DPS/Engineering, responded that the additional "tag along" projects went through Purchasing and did not substantially increase the scope of the original project, even with the minor adjustments to it.

Mayor Barnett added that the mobilization fees, or the lack thereof, were a big savings benefit.

This matter was Discussed.

2007-0282 Request for Purchase Authorization - DPS/Engineering: Professional Construction Engineering Services for the additional work on the Shadow Woods Subdivision Road Rehabilitation Project, increase blanket purchase order in the amount of \$8,950.00 for a new not-to-exceed amount of \$100,650.00 to Hubbell, Roth & Clark, Inc., Bloomfield Hills, MI

Attachments: [Agenda Summary.pdf](#)
[Amended Proposal #2.pdf](#)

Also refer to Legislative File 2007-0260

This matter was Discussed.

CITY COUNCIL

2007-0497 Proposed 2008 Budget Discussion

Attachments: [Agenda Summary.pdf](#)

Mr. Yalamanchi suggested that the City Administrator position be eliminated from the Budget which would allow funding for additional community officers.

Mayor Barnett responded that by maintaining the City Administrator position in the Budget affords the Mayor the flexibility to change the structure of his staff if necessary. He suggested City Council seriously consider approving the additional of one officer.

Ms. Holder suggested putting together an RFP to study the City's policing needs.

Mr. Duistermars expressed his support for a strong mayoral type of government wherein the citizens are able to choose who they want to head their City, and that if an assistant is needed, this assistant may need a title to reflect the professional position.

Ms. Raschke supported the need for an Assistant to the Mayor, stating that an assistant acts as a buffer, provides strong management support for all departments, keeps the Mayor informed and works well with outside civic and private organizations. She pointed out that it is in the Charter. She stated her support for additional police and stressed the need for patrol car visibility as a possible discouragement to those shopping in our neighborhoods. She thanked Captain Smith and his deputies for all of their hard work.

President Rosen brought up the municipal building debt service issue. He stated Council needs to come to a decision if they are going to change the procedure in how this is being handled or if it is going to continue being done the same as it has always been done. He stated that this is a policy issue not an accounting issue. He commented that Council should decide this for the 3rd Quarter Budget

Amendment for 2007, before the 2008 Budget comes up for a vote.

It was the consensus of Council to move this discussion to the September 19, 2008 Work Session.

Mr. Yalamanchi noted the increase in Blue Cross Blue Shield (BCBS) costs and stated one of Council's objectives is to balance the 2007 Budget, which would mean trying to decide where to make cuts to compensate for the BCBS increase.

Mr. Ambrozaitis suggested that the accounting discussions be put aside for a moment and that Council look at what areas could be trimmed to help with the increasing health care costs.

Mr. Duistermars suggested that the budget discussions should be done periodically over the whole year rather than trying to discuss it in one meeting. He also reminded Council that the millage rate has to be to Oakland County by September 30, 2007.

This matter was Discussed

ANY OTHER BUSINESS

Mr. Ambrozaitis reminded everyone to vote on Tuesday, September 11, 2007. He then directed a question to Mr. Cope regarding the Comcast work site and an unprotected, very large, dangerous hole left behind.

Mr. Cope explained that his department actually has someone investigating this matter and it is his understanding that AT&T was involved as well. He knew that someone was in the process of going over to the site to take care of this situation and if the responsible parties do not, the City will install protection around this area and bill the responsible party for the work.

Mr. Ambrozaitis then went on to inquire about a vacant house located on MacGregor. Because of a recent bulk mailing he was involved in, he is becoming aware of just how many vacant homes there are located in the City right now and expressed his very concern about this growing issue.

Ms. Holder in reference to Mr. Ambrozaitis' comment, stated that the City definitely needs more police officers now.

NEXT MEETING DATE

Regular Meeting - Wednesday, September 12, 2007 at 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Rosen adjourned the meeting at 11:34 p.m.

*JAMES ROSEN, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*CHRISTINE WISSBRUN
Administrative Secretary
City Clerk's Office*

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