



Rochester Hills

Minutes

City Council Regular Meeting

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

*David J. Blair, Susan M. Bowyer Ph.D., Ryan Deel, Dale A. Hetrick, Carol Morlan,
Theresa Mungoli and David Walker*

Vision Statement: *The Community of Choice for Families and Business*

Mission Statement: *"Our mission is to sustain the City of Rochester Hills as the premier community of choice to live, work and raise a family by enhancing our vibrant residential character complemented by an attractive business community."*

Monday, November 13, 2023

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Deel called the Regular Rochester Hills City Council Meeting to order at 7:01 p.m. Michigan Time.

ROLL CALL

Present 6 - David Blair, Susan M. Bowyer, Ryan Deel, Dale Hetrick, Carol Morlan and Theresa Mungoli

Absent 1 - David Walker

Others Present:

*Bryan Barnett, Mayor
Chief Sean Canto, Fire Chief/Emergency Services Director
Ken Elwert, Parks & Natural Resources Director
Bill Fritz, Public Services Director
Tim Hollis, Deputy Building/Ordinance/Facilities Director
Brooke Insana, Human Resources Director
Gary Nauts, Facilities Manager
Leanne Scott, City Clerk
Joe Snyder, Chief Financial Officer
Karen Somerville, Deputy Assessing Director
John Staran, City Attorney
Laurie Taylor, Assessing Director
Leslie Turnbull, Human Resources Advisor
Mike Viazanko, Building/Ordinance/Facilities Director
Jodi Welch, Manager of Ordinance Services*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Blair, seconded by Morlan, that the Agenda be Approved as Amended to reorder Legislative File 2023-0509 "Request for Purchase Authorization - PARKS: Contract/Blanket Purchase Order for the construction and installation of the Innovation Hills Trail Pedestrian Bridge in the amount of \$2,844,050.00 with a 5% project contingency in the amount of \$142,202.50 for a total not-to-exceed project amount of \$2,986,252.50; Z Contractors, Shelby Township," to be placed immediately preceding Legislative File 2023-0515 under New Business. The motion carried by the following vote:

Aye 6 - Blair, Bowyer, Deel, Hetrick, Morlan and Mungiolli

Absent 1 - Walker

COUNCIL AND YOUTH COMMITTEE REPORTS

Rochester Hills Government Youth Council (RHGYC):

President Deel introduced RHGYC Representative, Maya Vijayakumar.

Ms. Vijayakumar shared that the RHGYC is planning an Exam Study Night in January at the Library and is also adopting a family through the New Day Foundation. She continued that the RHGYC will be volunteering at Light the Village and the City's Swearing-In Ceremony. She announced that the next RHGYC meeting will be on December 6, 2023 at the Museum.

RECOGNITIONS

2023-0519 Recognition of City Council Vice President Susan Bowyer, Ph.D., and City Council Member Dale Hetrick

A video presentation honoring Vice President Bowyer and Mr. Hetrick was shown.

President Deel presented Mr. Hetrick with a plaque in recognition of his service on the City Council.

Mr. Hetrick expressed that it has been a pleasure to serve as a City Council Member for the past eight years.

President Deel presented Vice President Bowyer with a plaque in recognition of her service on the City Council.

Vice President Bowyer shared that she has learned so much from everyone at the City and thanked her fellow City Council Members for their support.

Presented.

PUBLIC HEARINGS

2023-0518 Request for Adoption of the Resolution Approving Transfer of Industrial Facilities Exemption Certificate 2016-178 for T.A. Systems, Inc.

Attachments: [111323 Agenda Summary.pdf](#)
[IFT Transfer Application_100923.pdf](#)
[JENOPTIK Letter Oct 2023_A.pdf](#)
[Real Property Abatement Financial Analysis_110223.pdf](#)
[Public Hearing Notice.pdf](#)
[RH 08 Abatement Policy 2016R.pdf](#)
[2008 Tax Exemption Chart.pdf](#)
[Lease Agreement.pdf](#)
[Industrial Facilities Exemption Cert.pdf](#)
[IFE Application Affidavit of Fees.pdf](#)
[Resolution \(Draft\).pdf](#)
[Suppl Presentation.pdf](#)

Pam Valentik, Economic Development Manager, **Ted Brown**, T.A. Systems, and **Jeff Behm**, T.A. Systems were present.

Ms. Valentik stated that in 2016, Jenoptik Automotive North America (Jenoptik) had a multi-phased plan to grow business in North America. She added that in July of 2016, City Council approved a 12-year real property tax abatement for Phase One of Jenoptik's construction of a 100,000 square foot building. She explained that Jenoptik planned to create and retain 200 jobs and invest \$12.8 million at 1500 West Hamlin Road. She shared that the City was notified by Jenoptik this Summer that they were downsizing their operations in Rochester Hills. She stated that on November 1, 2023, Jenoptik closed on the sale of their building to T.A. Systems. She continued that the development agreement between the City and Jenoptik stated that if they were to leave the City or that building before the expiration of the tax abatement, the City would have the ability to ask them to pay back all of the taxes saved (a clawback). She discussed that they have received a letter from Jenoptik asking for the clawback proceedings to begin and for the remaining balance of the Industrial Facilities Exemption Certificate to be transferred to T.A. Systems. She stated that the City will be collecting approximately \$371,000 from Jenoptik for the clawback.

She shared that the new owners of 1500 West Hamlin Road have submitted an application to transfer the Industrial Facilities Exemption Certificate, which has six years remaining, to T.A. Systems.

Mr. Brown presented the following information regarding T.A. Systems:

- Who We Are
 - T.A. Systems offers comprehensive automation solutions to multiple industries, including automotive, agricultural, logistics, and more
 - A member of the Rochester Hills business community for over 40 years
 - Specializing in robotic automation, a Fanuc Authorized System Integrator, our services included design and manufacturing, provide cradle-to-grave

customer support

- Our facilities utilize a vertical manufacturing approach, allowing efficient and competitive deliveries to our customers, operating under one shift and with minimal truck traffic

- T.A. Systems is poised for rapid growth, 30%+ from 2022 with continued growth into new markets in 2024

- Our Team

- 120 Employees

- In-House Design

- Mechanical/Electrical/Programming

- Robo Guide - Virtual Programming

- In-House Vertical Integration

- CNC Machining

- Ultrasonic Sonotrode Manufacturing

- Fabrication

- Program Management

- In-Plant Support and Services

- Product Design Assistance (DFM/DFA)

- R&D - Problem Solving

- Prototype Development

- Ultrasonic Tooling and System

- Dedicated Launch Support

- Training

- Why 1500 Hamlin Road

- In our current facilities, our engineering teams are split between two buildings and our manufacturing floor space constraints prevent us from efficiently utilizing the space

- Our search for a new home began over two years ago, lack of suitable buildings resulted in the purchase of land in Auburn Hills to build a new facility

- We achieved site plan approval in Auburn Hills, but delayed the project due to inflationary pressures, in the meantime, 1500 Hamlin Road became an option

- 1500 Hamlin Road meets all requirements to operate as efficiently as possible. Open manufacturing floor space, consolidated workforce, modern environment, ability to expand in the future

- T.A. System's two facilities compose approximately 70,000 square foot of space, 1500 Hamlin Road is approximately 100,000 square feet with further expansion capabilities

- The additional space allows us to continue our momentum of growth in the future and encourages retention of quality engineers and technical work force

- T.A. Systems has recently been acquired by a large PE firm, accelerating our growth plan, with expansion in new markets and job creation

- 1500 Hamlin Road Investment

- 120 Jobs Retained

- 20 New Jobs

- \$750,000 Building Improvements

- \$250,000 New Equipment

Ms. Valentik remarked that the Industrial Development District was already

created, so the only action before Council is the decision to transfer the balance of the Industrial Facilities Exemption Certificate. She added that T.A. Systems has already signed a development agreement that contains the same terms and conditions that the City had with Jenoptik. She explained that if Jenoptik had stayed for the remaining six years of the tax abatement, approximately \$655,000 would have been collected for all the taxing jurisdictions. She continued that the sale of the building has uncapped the taxable value of the building. She shared that the City Assessor has estimated that with the approval of this transfer, approximately \$750,000 will be collected for all the taxing jurisdictions over the next six years. She stated that there are five other properties in the City with active Industrial Facilities Exemption Certificates.

President Deel Opened the Public Hearing at 7:38 p.m.

John Tenny, 2724 Emmons Avenue, shared that he does not think the tax abatement should be transferred and that the company should pay their taxes. He added that this does not fall in line with the Rochester Hills Business Policy. He expressed that he would love the business to stay in the City, but that they should not receive a tax break.

Mr. Hetrick thanked T.A. Systems for being a long-standing business within Rochester Hills. He expressed that this is a win-win deal for the City and T.A. Systems.

Vice President Bowyer shared that she is glad that T.A. Systems is staying in Rochester Hills and that the building at 1500 Hamlin Road does not need to remain vacant.

Mr. Blair also expressed that this is a win-win situation for the City.

President Deel thanked T.A. Systems for their continued investment in the City. He stated that this tax abatement would meet or exceed the current City Council Policy Goals that have been established. He added that this is an example of T.A. Systems being a great partner with the City.

Ms. Morlan remarked that she is pleased that T.A. Systems is staying in Rochester Hills.

Mayor Barnett stated that T.A. Systems is a perfect match for the City and that the robotics field is important to the City. He thanked T.A. Systems for investing in the City.

President Deel Closed the Public Hearing at 8:06 p.m.

Adopted by Resolution

Aye 6 - Blair, Bowyer, Deel, Hetrick, Morlan and Munglioli

Absent 1 - Walker

Enactment No: RES0286-2023

Whereas, pursuant to P.A. 198 of 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing held on July 18, 2016, this City Council by resolution established Industrial Development District; and

Whereas, the Rochester Hills City Council approved an application from Jenoptik Automotive North America requesting an Industrial Facilities Exemption Certificate 2016-178 for real property investments located at 1500 W. Hamlin Road; and

Whereas, T.A. Systems, Inc has filed an application for a transfer of Industrial Facilities Exemption Certificate 2016-178 with respect to real property components in the amount of \$12,883,382 of a new facility located within the Industrial Development District at 1500 W. Hamlin Road; and

Whereas, the applicant, the Assessor, and a representative of the affected taxing units were given written notice of the transfer application and were offered an opportunity to be heard on said application; and

Whereas, T.A. Systems, Inc has substantially met all the requirements under Public Act 198 of 1974 for the transfer of Industrial Facilities Exemption Certificate 2016-178; and

Whereas, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Rochester Hills, after granting this certificate, will not exceed 5% of an amount equal to the sum of the SEV of the unit, plus the SEV of personal and real property thus exempted; and

Now, Therefore, Be It Resolved the City Council of Rochester Hills that:

1. The City Council finds and determines that the granting of the transfer of an Industrial Facilities Exemption Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, **shall not have the effect of substantially impeding the operation of the City of Rochester Hills, or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Rochester Hills.**

2. The application from T.A. Systems, Inc. for a transfer of Industrial Facilities Exemption Certificate 2016-178, with respect to a New Facility on the following described parcel of real property situated within the Industrial Development District to wit: T3N, R11E, SEC 21 PART OF S 1/2 OF SEC BEG AT PT DIST N 86-50-00 E 1875.96 FT FROM SW SEC COR, TH N 03-10-00 W 825.53 FT, TH ALG CURVE TO LEFT, RAD 5789.65 FT, CHORD BEARS N 43-17-15 E 562.00 FT, DIST 562.22 FT, TH N 40-30-20 E 32.78 FT, TH S 03-10-00 E 1236.40 FT, TH S 86-50-00 W 430.00 FT TO BEG EXC S 60 FT, ALSO EXC E 11 FT OF N 12 FT OF S 72 FT 9.51 A) be and the same is hereby approved.

3. The Industrial Facilities Exemption Certificate when issued shall remain in force for the remaining years approved under Industrial Facilities Exemption certificate 2016-178 with an end date of December 30, 2029.

PUBLIC COMMENT for Items not on the Agenda

John Tenny, 2724 Emmons Avenue, questioned why the Mayoral election has not been certified yet and that it is causing the City to lose credibility.

CONSENT AGENDA

All matters under Consent Agenda are considered to be routine and will be enacted by one motion, without discussion. If any Council Member or Citizen requests discussion of an item, it will be removed from Consent Agenda for separate discussion.

- 2023-0499** Request for Approval to exempt the City of Rochester Hills from the requirements of Public Act 152 for Benefit Year 2024

Attachments: [111323 Agenda Summary.pdf](#)
[CoRH PA152 Analysis 2024.pdf](#)
[Resolution \(Draft\).pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0287-2023

Whereas, Public Act 152, mandates specified health care premium contributions by City employees unless the governing body elects to exempt employees by a two-thirds majority vote; and

Whereas, City medical plan premiums will have a seven-tenths percent (.7%) decrease, compared to a proposed seven percent, +7% increase budgeted for 2024 and well below the five percent, +5% annual target first established by City Council in 2013;

Resolved, City Council authorizes that the City of Rochester Hills shall continue to be exempt from the requirements of Public Act 152 of 2011 for the 2024 plan year.

- 2023-0505** Request to Accept the Second Amendment to Watermain Easement from Gauss Group LLC, a Delaware limited liability company, for Tractor Supply

Attachments: [111323 Agenda Summary.pdf](#)
[Second Amend Water Main Eas.pdf](#)
[Location Map.pdf](#)
[Resolution \(Draft\).pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0288-2023

Resolved, that the Rochester Hills City Council, on behalf of the City of Rochester Hills hereby accepts the Second Amendment to Watermain Easement for the construction, operation, maintenance, repair and/or replacement of a water main on, under, through and across land more particularly described as Parcel #15-30-326-015, granted by Gauss Group LLC, a Delaware limited liability company, whose address is 520 Newport Center Drive, Suite 480, Newport Beach, CA 90013, for Tractor Supply.

Further Resolved, that the City Clerk is directed to record the easement with the Oakland County Register of Deeds.

- 2023-0506** Request for Adoption of a Resolution to Authorize the Mayor or his agents to make application to the Road Commission for Oakland County for the necessary permits for posting road closures and detour routes for the 2023 Annual Rochester Hometown Christmas Parade scheduled for Sunday, December 3, 2023

Attachments: [111323 Agenda Summary.pdf](#)
[2021-2023 Community Event Permit.pdf](#)
[2023 RochesterXmasParadeRoute.pdf](#)
[Resolution \(Draft\).pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0289-2023

Whereas, the Cities of Rochester Hills and Rochester jointly host an annual Christmas season parade conducted under the auspices of the Rochester Regional Chamber of Commerce; and

Whereas, the parade route begins on Rochester Road, south of Tienken Road in the City of Rochester Hills, and proceeds south along Rochester Road to Third Street in downtown Rochester; and

Whereas, staging this event requires closing certain State and County routes and using others for posted detour routes; and

Whereas, the two cities coordinate parade planning by dividing responsibility for obtaining necessary permits, with the City of Rochester Hills applying to the Road Commission for Oakland County for the detour and the closure of Walton at Livernois, and the City of Rochester applying to the Michigan Department of Transportation for the closure of Rochester Road from E Second Street to Tienken Road.

Resolved, that the Rochester Hills City Council authorizes the Mayor or his agents to make application to the Road Commission for Oakland County for the necessary permits for posting road closures and detours; and

Be It Further Resolved, that the parade detour routes be scheduled for **Sunday, December 3, 2023** (subject to change due to Covid-19 regulations) between the hours of **12:30 p.m. and 4:00 p.m.** on Livernois, Avon, Rochester, and Tienken Roads; and

Now, Therefore, Be It Resolved, that the City of Rochester Hills will faithfully fulfill all permit requirements, and shall save harmless, indemnify, defend, and represent the Board of County Road Commissioners against any and all claims for bodily injury or property damage, or any other claim arising out of or related to operations authorized by such permit(s) as issued; and

Be It Further Resolved, that a certified copy of this Resolution be filed with the City Clerk of Rochester Hills, Oakland County, Michigan and with the Road Commission for Oakland County, Waterford, Oakland County, Michigan.

2023-0511 Request for Purchase Authorization - PARKS: Increase to Blanket Purchase Order for vault toilet cleaning in the amount of \$3,000.00 for a new not-to-exceed amount of \$28,000.00 through April 30, 2024; Turner Sanitation, Lake Orion, MI

Attachments: [111323 Agenda Summary.pdf](#)
[Resolution \(Draft\).pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0290-2023

Resolved, that the Rochester Hills City Council hereby authorizes an increase to the blanket purchase order for vault toilet cleaning to Turner Sanitation, Lake Orion, Michigan in the amount of \$3,000.00 for a new not-to-exceed amount of \$28,000.00.

2023-0517 Request for Purchase Authorization - MIS: Blanket Purchase Order for the annual software and support services for the City's ERP system, JDEdwards in the amount not-to-exceed \$51,311.40 through January 6, 2025; Oracle America, Inc., Dallas, Texas

Attachments: [111323 Agenda Summary.pdf](#)
[Resolution \(Draft\).pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0291-2023

Resolved, that the Rochester Hills City Council hereby authorizes a blanket purchase order for the annual software and support services for the City's ERP system, JDEdwards to Oracle America, Inc., Dallas, Texas in the amount not-to-exceed \$51,311.40.

Passed the Consent Agenda

A motion was made by Hetrick, seconded by Morlan, including all the preceding items marked as having been adopted on the Consent Agenda. The motion carried by the following vote:

Aye 6 - Blair, Bowyer, Deel, Hetrick, Morlan and Mungoli

Absent 1 - Walker

LEGISLATIVE & ADMINISTRATIVE COMMENTS

Clerk Scott addressed the public comment regarding the certification of the election. She stated that the Oakland County Board of Canvassers is currently conducting the canvas for the election. She explained that Proposal Two has extended the time for the canvas because military ballots can be received up to six days after an election. She remarked that the canvas is on track and that they are hoping for the election to be certified by November 17, 2023.

She shared that Aaron Geer has joined the Clerk's Office team as the Administrative Coordinator - City Council.

She congratulated the Mayor, Theresa Mungoli, and David Blair on their reelections. She also congratulated Jason Carlock and Marvie Neubauer on their elections to the City Council. She thanked her staff, the elections workers, the City staff, and the Rochester Hill Public Library for their help during the last election.

She shared that Shelby Henderson has also joined the Clerk's Office team as the Administrative Associate II - Youth Council.

Mr. Staran reiterated that Oakland County handles the canvassing and that State law allows 14 days to complete the canvas.

President Deel expressed that it has been a privilege to serve with both Vice President Bowyer and Mr. Hetrick. He announced that Vice President Bowyer has been involved in bringing a total of 40.17 acres of Green Space in the City. He continued that she also helped guide the path of the City by serving on the Planning Commission. He shared that he appreciates Mr. Hetrick's insight, wisdom, and contributions to the City Council.

Vice President Bowyer provided some farewell comments in which she stated that she wrote a piece in the Hills Herald outlining her time on City Council. She shared how proud she is of the transformation of the Auburn Road Corridor, Innovation Hills, and the Green Spaces in the City. She thanked all of the City's Directors and Mayor Barnett for their support and leadership over the past eight years. She also thanked the residents of Rochester Hills and stated that it has been an honor to serve them.

Mr. Hetrick highlighted some of the City's departments and explained that the Parks & Natural Resources Department has benefited from the Parks Millage and that he can't wait to see how the Parks continue to progress in the City.

He thanked the MIS Department for making sure that our City's cyber technology is secure.

He remarked that the Planning and Economic Development team is outstanding and that they have done a terrific job.

He shared that the Building/Ordinance/Facilities Department is fantastic and pointed out that Jodi Welch has been helpful in providing information to him and his fellow Board Members on the Zoning Board of Appeals.

He stated that the Department of Public Services has been great in assisting with the City's infrastructure. He highlighted their assistance with the redevelopment of the Brooklands District.

Ms. Mungoli thanked Vice President Bowyer for her leadership, dedication, and for putting the community first. She also thanked Mr. Hetrick for bringing a different perspective to the Council and for his willingness to work hard for the City.

She expressed thanks to Clerk Scott and her team for conducting a successful election.

She welcomed Aaron Geer to the Rochester Hills team.

She thanked Mayor Barnett and Mr. Blair for an interesting election cycle. She expressed thanks to the residents for their continued support of her for the next four years. She stated that she is looking forward to working with incoming City Council Members, Marvie Neubauer and Jason Carlock.

Mr. Blair thanked the voters of District Two who supported his election to four more years on the City Council.

He expressed his thanks to Vice President Bowyer and Mr. Hetrick for their support and friendship over the last four years.

***Ms. Morlan** wished Vice President Bowyer and Mr. Hetrick the best and thanked them for their support and encouragement. She congratulated Ms. Mungoli and Mr. Blair on their reelection. She thanked Clerk Scott and her team for all they have done with conducting the election.*

***Vice President Bowyer** thanked Clerk Scott for running a wonderful election.*

***President Deel** shared that he was able to go to the early voting site and thanked Clerk Scott for how well-run the election was.*

***Mayor Barnett** provided the following City updates:*

- He thanked those who helped in his campaign for Mayor and stated that it is the thrill of his life to be the Mayor of Rochester Hills*
- He thanked Clerk Scott and her team for running a great election*
- He congratulated Ms. Mungoli, Mr. Blair, Marvie Neubauer, and Jason Carlock*
- The Veteran's Day service was on Saturday morning, where the Space Force flag was dedicated*
- The Paint the Plows program was a couple of weeks ago and a lot of students were in attendance*
- The Drexelgate Parkway project is expected to be complete next week*
- The Dutton Road Bridge is expected to be opened tomorrow*
- There are two Open House events scheduled to talk about the development of Bloomer Park, Brooklands Park, Nowicki Park, and Spencer Park:
 - Saturday, November 11, 2023 @ Van Hoosen Museum (Calf Barn), 1:00 p.m. - 4:00 p.m.*
 - Tuesday, November 14, 2023 @ City Hall (Second Floor), 6:00 p.m. - 9:00 p.m.**
- The playground equipment at Wabash Park is being upgraded*
- The Mayor hosted a Podcast and Lomas Brown, former Detroit Lions Player, was a guest*
- Brooke Insana was introduced as the new Human Resources Director for the City*
- Light the Village is this Friday where there will be a Fireworks Display*

ATTORNEY'S REPORT

***Mr. Staran** expressed that it has been a pleasure working with Vice President Bowyer and Mr. Hetrick over the past eight years.*

NOMINATIONS/APPOINTMENTS

2023-0500 Request to Confirm the Mayor's Reappointment of Robert Justin, Mark Sera,

and Thomas Turnbull to the Brownfield Redevelopment Authority for a three-year term to expire November 13, 2026

Attachments: [111323 Agenda Summary.pdf](#)
[Justin CQ.pdf](#)
[Sera CQ.pdf](#)
[Turnbull CQ.pdf](#)
[Resolution \(Draft\).pdf](#)

A motion was made by Hetrick, seconded by Morlan, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Bowyer, Deel, Hetrick, Morlan and Munglioli

Absent 1 - Walker

Enactment No: RES0292-2023

Resolved, that the Rochester Hills City Council hereby confirms the Mayor's reappointment of Robert Justin, Mark Sera, and Thomas Turnbull to the Brownfield Redevelopment Authority for a three-year term to expire November 13, 2026.

NEW BUSINESS

2023-0507 Request to Approve the Tentative Agreement between the City and Michigan Association of Fire Fighters (MAFF) Local 50, effective January 1, 2024 through December 31, 2024

Attachments: [111323 Agenda Summary.pdf](#)
[Resolution \(Draft\).pdf](#)

Chief Sean Canto, Fire Chief/Emergency Services Director, and **Brooke Insana**, Human Resources Director, were present.

Ms. Insana stated that she is honored to be the City's new Human Resources Director and that she is looking forward to helping drive the City forward with her diverse background and passion for Human Resources.

She explained that this request is for the Michigan Association of Fire Fighters (MAFF) one-year contract extension. She added that this group consists of part-time Fire Fighters and that the wage increases are consistent with other bargaining groups. She stated that this contract extension will be effective on January 1, 2024.

President Deel congratulated Ms. Insana on her new position.

Ms. Munglioli thanked Leslie Turnbull and Chief Canto for negotiating this contract.

A motion was made by Munglioli, seconded by Morlan, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Bowyer, Deel, Hetrick, Morlan and Munglioli

Absent 1 - Walker

Enactment No: RES0293-2023

Whereas, negotiations between the City of Rochester Hills and MAFF Local 50 have resulted in a tentative one-year extension, for the period of January 1, 2024 through December 31, 2024.

Resolved, that City Council hereby grants approval of the settlement for the above contract term extension.

2023-0508 Request for a 30-Year Payment in Lieu of Taxes (PILOT) Agreement, by Related Affordable, in order to purchase and make renovations and upgrades to Avon Towers, located at 435 S Livernois

Attachments: [111323 Agenda Summary.pdf](#)
[Related Affordable Request.pdf](#)
[MCL 125.1415a.pdf](#)
[Ordinance.pdf](#)
[Avon Towers – PILOT Presentation.pdf](#)
[Resolution \(Draft\).pdf](#)

Laurie Taylor, Assessing Director, **Zack Simmons**, Related Affordable, and **Katie Wheeler**, Related Affordable, were present.

Ms. Taylor stated that Related Affordable has submitted a request for a tax abatement for Avon Towers, a senior housing community, located at 435 South Livernois Road. She added that in exchange for the exemption, Related Affordable has proposed a Payment in Lieu of Taxes (PILOT) Agreement with the following key attributes: a fixed annual PILOT service charge set at four percent of the annual net shelter rents and a 30-year term to match the terms of the low-income housing tax credit regulatory agreement.

Mr. Simmons shared that he has worked at Related Affordable for the last ten years, focusing on affordable housing. He presented the following information regarding Avon Towers and Related Affordable:

- Introduction to Related Affordable

- Related Affordable (RA), a subsidiary of The Related Companies, L.P. (Related), is a leading acquirer, developer, and preserver of affordable housing throughout the U.S. Founded in 1972, Related has its roots in affordable housing development and today stands as one of the world's largest private real estate developers.

- Related has maintained its commitment to developing quality affordable housing. RA's focus is on preserving America's affordable housing stock by acquiring and/or rehabilitating aging affordable assets that are at risk of losing affordability, thereby extending affordability with significant physical renovations and upgrades. In total, RA controls over 50,000 units of affordable housing across the country.

Ms. Wheeler presented the following information related to Avon Towers and Related Affordable:

- Avon Towers: Affordable Senior Housing in Rochester Hills

- Avon Towers is a 125-unit affordable multifamily rental property for seniors located at 435 S. Livernois Road, right next to Ascension Providence Rochester Hospital.

- Built in 1979, the property consists of one midrise building with 116 one-bedroom units and nine two-bedroom units restricted to persons aged 62 and older as well as disabled adults.

- Avon Towers also offers central laundry facilities, a community room, library, computer room, and outdoor patio area in addition to on-site management and off-street parking.

- The property is a quality place for seniors to live, but it is in need of renovation to ensure its longevity as a critical affordable housing asset in the local community.

- Homelessness Among the Elderly is on the Rise

- "Homeless shelters and aging-service groups in numerous cities say they are seeing more elderly people in desperate need of housing than in years past. A confluence of factors are driving the increase...including soaring rents, a nationwide shortage of affordable housing, and the winding down of pandemic-related aid programs."

- "Debbie Sholley, 62, is afraid of being evicted from her rented Boise, Idaho, home after experiencing financial difficulties following the death of her husband...She is on a waiting list for the Section 8 low-income Federal housing program, but that could take well over a year."

- RA Plans to Extend Affordability at Avon Towers

- Avon Towers operates under a project-based Housing Assistance Payment (HAP) Contract with the Department of Housing & Urban Development (HUD), which covers all 125 units and ensures that tenants pay no more than 30% of their household incomes on rent.

- The property's HAP contract expires on October 31, 2024, meaning that its affordability is at risk if not preserved.

- RA intends to enter into a 20-year Section 8 HAP renewal contract (the longest term allowed by HUD) as well as new regulatory restrictions with the Michigan State Housing Development Authority (MSHDA) to maintain the affordability of the property for current and future residents for at least 30 more years.

- RA Also Plans to Rehabilitate Avon Towers

- In conjunction with the extension of the affordability of Avon Towers, RA intends to undertake an approximately 12-month renovation to improve various aspects of the property. The total renovation budget is projected to be approximately \$8.1 million, including contingency (or \$65,000/unit). Upgrades will include:

- Unit interior work (including upgrades to bathrooms and kitchens)

- Common area work (including new flooring, painting, and signage)

- Repairs to mechanicals, elevator, façade (including new windows), and roof

- ADA accessibility compliance work
- Landscaping, outdoor lighting, and asphalt repairs/paving
- Modernization of the on-site office, community room, and laundry facilities
- Energy efficiency upgrades

- Impact on Residents & the Larger Community
 - Benefits to Residents
 - Aging in Place: Senior households will be able to remain and age comfortably in their homes
 - Strong Financial Outcomes: Continued housing affordability will promote residents' economic wellbeing
 - Strong Health Outcomes: Continued housing stability and enhanced housing quality will promote physical and mental health
 - Access to Critical Community Amenities within a One-Mile Radius: Kroger, Walgreens, Ascension Providence Rochester Hospital, and Rochester Municipal Park
 - Benefits to the City & Region
 - Curb Appeal: Rehabilitation will significantly improve the exterior appearance of the property and promote neighborhood attractiveness
 - Job Creation: Project is estimated to create 20-25 jobs over 12 months and will recruit from the local community
 - Local Spending: Mitigated rent burden facilitates local business patronage and spending
 - Regional Business Support: Project must incorporate products manufactured by Michigan-based companies

- RA's Proposed Rehabilitation Strategy
 - An affiliate of RA will acquire and recapitalize the property in Q2 2024
 - RA will undertake a renovation of the property, spending in excess of \$8.1 million over 12 months
 - The renovation will focus on modernizing units, enhancing amenities, extending the property's useful life, and improving quality of life for residents
 - In connection with new tax-exempt bonds and 4% Low Income Housing Tax Credits, RA will enter into new regulatory agreements with MSHDA that will ensure the property provides affordable housing to residents of Rochester Hills for at least the next 30 years
 - To enable new long-term financing via MSHDA, RA is proposing to work with the City of Rochester Hills and enter into a new PILOT agreement in order for the lender/investor to underwrite a consistent stream of property tax expense that ensures the transaction is financially feasible
 - Timing of Closing: Q2 2024
 - Renovation Timing: Approx. 12 months
 - Target Completion: May 1, 2025
 - Financing: Tax-Exempt Bonds & 4% LIHTC's
 - Bond Issuer: MSHDA
 - LIHTC Allocator: MSHDA

- Proposed 4% PILOT
 - RA proposes to enter into an annual Payment in Lieu of Taxes (PILOT) set at 4% of net annual shelter rent, defined as total rent collected less utility expenses, over a 30-year term. The first year payment is expected to be

approximately \$87,400 and escalate annually

- Total Estimated Tax Revenue Over 30 Years: \$3.5 million
- This PILOT will provide the project with predictable future property tax payments that can be underwritten by our financing partners and make the preservation project feasible

- PILOT Intent & Eligibility

- The State of Michigan and Federal government have created incentives to encourage the development of housing for low-income and disabled residents. Tax and financing programs are intended to make these properties economically feasible to operate.
- Michigan statute MCL 125.1415a provides that housing owned and operated by a non-profit or Limited Dividend Housing Association (LDHA) for occupancy by low-income residents is eligible for an exemption from ad valorem property taxes.
- Program Criteria:
 - Owned/operated by a non-profit or LDHA
 - Construction/rehabilitation financed by a federally or state-aided mortgage or loan
 - Occupied by low/moderate-income residents
 - Make a Payment in Lieu of Taxes (PILOT)
- Avon Towers' Eligibility
 - Owned by Avon Towers Preservation Limited Dividend Housing Association Limited Partnership
 - Rehabilitation to be financed with MSHDA tax-exempt bonds and Federal LIHTC's
 - Is and will continue to be income-restricted at 60% of AMI
 - Proposed PILOT is 4% of annual shelter rent

Mr. Simmons presented the following information regarding Avon Towers and Related Affordable:

- Local Related Affordable Precedents
 - New Baltimore: New Baltimore, MI
 - In 2022, RA worked with MSHDA and the City of New Baltimore, MI to structure another similar transaction
 - MSHDA issued \$9.23 million in short-term conduit tax-exempt bonds and allocated over \$6 million in LIHTC's to finance the acquisition and renovation of New Baltimore Place in New Baltimore
 - RA also worked with the City to structure a PILOT for the property to ensure this project was financially feasible
 - Butternut Creek: Charlotte, MI
 - In 2022, RA worked with MSHDA and the City of Charlotte, MI to structure another similar transaction
 - MSHDA issued \$9.72 million in short-term conduit tax-exempt bonds and allocated over \$5.8 million in LIHTC's to finance the acquisition and renovation of Butternut Creek in Charlotte
 - RA also worked with the City to structure a PILOT for the property to ensure this project was financially feasible
 - Woodland Hills: Jackson, MI
 - In 2021, RA worked with MSHDA and the City of Jackson, MI to structure

a transaction very similar to our proposal for Avon Towers

- MSHDA issued \$10.53 million in short-term conduit tax-exempt bonds and allocated over \$7.7 million in LIHTC's to finance the acquisition and renovation of Woodland Hills in Jackson

- RA also worked with the City to structure a PILOT for the property to ensure this project was financially feasible

President Deel stated that there are no procedures for something like this in place, so an ordinance would have to be written. He shared that the City Assessor has estimated that Year One taxes would have been approximately \$142,000, which is about a 30 percent difference from what is being proposed. He explained that he would like to have further study on this proposal that looks at three things: the demand for affordable housing, the impact on the City infrastructure, and the long-term fiscal impact to the City. He requested that City Council allows time for further study of this item.

Ms. Mungiola shared that there is a cost to the City to enter into this agreement.

Ms. Taylor remarked that the Assessing Department will work on providing an estimate that shows the taxes collected over the next 30 years versus the proposed PILOT agreement.

Ms. Mungiola inquired how Related Affordable intends to make money on this project if they are capped at how much can be charged for rents.

Mr. Simmons responded that the acquisition of the property will likely not occur without this PILOT. He added that residents of the units pay 30% of their income in rent and HUD pays the difference, up to a market-comparable rent.

Ms. Mungiola requested clarification if the PILOT were not to proceed, that Related Affordable would not be acquiring Avon Towers.

Mr. Simmons stated that would likely be the case.

Ms. Mungiola questioned if there will be enough time for City Council to study this issue and Related Affordable to proceed with this request before the October 2024 deadline.

Mr. Simmons discussed that there is enough time and that they are hoping to come to an agreement within the first couple of months in 2024.

Ms. Mungiola inquired whether there is anything that would prevent the current owner from reapplying with HUD and also questioned if Related Affordable is planning on subcontracting the ownership of the facility to another company.

Mr. Simmons responded that the current owner would be able to reapply with HUD if they chose to do so. He continued that the acquisition entity would be a single-purpose entity that would be owned by Related Affordable. He added that Related Affordable intends to acquire and own properties for long periods of time.

Ms. Mungiola questioned what is going to happen to the residents while the renovations are underway and if the rents will be in danger of being increased.

Mr. Simmons explained that one option is they will renovate any vacant units first and residents will be transferred to those units while their unit is being renovated. He continued that another option is to move residents into local hotels for an estimated period of two weeks while the renovations occur. He added that a third-party consultant would be hired to be a liaison between the residents and the contractor. He shared that the property is 90-100% occupied at all times and that the rent is not based on inflation, it is solely based on the resident's income.

Ms. Mungiola commented that she understands President Deel's concerns to get more information on the financial impact of this agreement.

President Deel stated that this agreement would require a new ordinance to be drafted and that any further discussion regarding the terms of the agreement can be put under New Business on a future City Council Meeting Agenda.

Ms. Mungiola shared that she is concerned that if the City waits too long to decide on this, the current residents at Avon Towers could potentially lose their housing if the building is no longer under a HUD program. She added that she is in favor of an ordinance going forward as long as it doesn't take a long time.

Vice President Bowyer questioned if the \$65,000 that is shown to be spent on each unit also includes the common spaces, and if so, how much is actually being spent on each individual unit. She also inquired how long the renovations are expected to take.

Mr. Simmons explained that the \$65,000 per unit was determined by taking the total investment and dividing it by the total number of units. He continued that the actual amount of money being spent in each individual unit will be approximately \$35,000. He stated that the renovations for each regular unit should take about two weeks and the renovations for each fully accessible unit should take about six to eight weeks, resulting in a total project renovation timeline of approximately 12 months. He added that they are also hoping to bring solar capabilities to the building.

Vice President Bowyer stated that it was her understanding that the residents will pay 30% of their income and HUD would subsidize the remaining rent payments.

Mr. Simmons responded that was correct and that Related Affordable is a for-profit company.

Vice President Bowyer inquired if there was anything in writing that would protect residents if the HUD programs that subsidize the rent payments were to be eliminated over the next 30 years.

Mr. Simmons explained that they would enter into a 30-year commitment with MSHDA and that the standard PILOT agreement in the State of Michigan has

an affordability commitment written into it, therefore, the affordability commitment would also be incorporated into any PILOT agreements they have with the City of Rochester Hills.

Vice President Bowyer expressed that she is in favor of seeking more information about this potential agreement before acting on it.

Ms. Morlan questioned if the residents would see any change in their rent if Related Affordable were to acquire the property. She also questioned what the occupancy rates are of Related Affordable's other properties.

Mr. Simmons stated that there would be no change in the amount of rent residents pay. He continued that subsidized, affordable housing in the State of Michigan is typically 98-100% occupied.

Ms. Morlan inquired if units would be altered to accommodate the senior citizen population.

Ms. Wheeler explained that residents can file a 504 Form that would require Related Affordable to accommodate the needs of the residents. She added that Section 8 housing is infamous for their long waitlists.

President Deel commented that the City is not creating additional affordable housing, and that this facility already existed as affordable housing.

Mr. Simmons stated that was correct and that the distinction with this agreement would be that the current property is at risk of losing their affordability without a plan in place and a large investment spent on the facility.

Public Comment:

John Tenny, 2724 Emmons Avenue, remarked that it would be very difficult for a whole unit to be renovated for only \$35,000. He encouraged City Council to wait on acting on this issue.

Mayor Barnett suggested that City Council send their questions to Related Affordable and that they be invited back to a future meeting for further discussion.

Discussed.

2021-0177 Request for Purchase Authorization - FLEET: Increase to the Blanket Purchase Order for Freightliner heavy duty truck parts in the amount of \$36,000.00 for a new not-to-exceed amount of \$90,000.00 through June 30, 2024; Wolverine Freightliner Eastside, Mt. Clemens, MI

Attachments: [111323 Agenda Summary.pdf](#)
[052421 Agenda Summary.pdf](#)
[052421 Resolution.pdf](#)
[Resolution \(Draft\).pdf](#)

Bill Fritz, Department of Public Services, explained that he is requesting an increase to the Blanket Purchase Order for Freightliner, the City's heavy duty truck parts supplier. He added that they are two-and-a-half years into a three-year agreement and that inflation has caused them to be nearing the Purchase Order limits. He noted that this increase would be enough until next Summer, where they will solicit new bid proposals.

A motion was made by Hetrick, seconded by Blair, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Bowyer, Deel, Hetrick, Morlan and Mungoli

Absent 1 - Walker

Enactment No: RES0294-2023

Resolved, that the Rochester Hills City Council hereby authorizes an increase to the blanket purchase order for Freightliner heavy duty truck parts to Wolverine Freightliner Eastside, Mt. Clemens, Michigan in the amount of \$36,000.00 for a new not-to-exceed amount of \$90,000.00.

2023-0510 Request for Purchase Authorization - MIS: Project Budget for purchase of equipment, supplies and software in the amount not-to-exceed \$116,000.00 through December 31, 2024; State Contracts, National Cooperative Contracts and Other Supply Sources

Attachments: [111323 Agenda Summary.pdf](#)
[Resolution \(Draft\).pdf](#)

Rochelle Lyon, Information Systems Director, shared that she is asking for approval of a project budget in the amount of \$116,000 for MIS to purchase their 2024 budgeted equipment, software, and supplies. She added that they will work with the Purchasing Department throughout the year to ensure that they are getting the best price and value for the City.

A motion was made by Blair, seconded by Hetrick, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Bowyer, Deel, Hetrick, Morlan and Mungoli

Absent 1 - Walker

Enactment No: RES0295-2023

Resolved, that the Rochester Hills City Council hereby authorizes a Project Budget for the purchase of equipment, supplies and software utilizing State Contracts, National Cooperative Contracts and Other Supply Sources in the amount not-to-exceed \$116,700.00 through December 31, 2024.

2023-0509 Request for Purchase Authorization - PARKS: Contract/Blanket Purchase Order for the construction and installation of the Innovation Hills Trail Pedestrian

Bridge in the amount of \$2,844,050.00 with a 5% project contingency in the amount of \$142,202.50 for a total not-to-exceed project amount of \$2,986,252.50; Z Contractors, Shelby Township, MI

Attachments: [111323 Agenda Summary.pdf](#)
[Bid Tabulation.pdf](#)
[Resolution \(Draft\).pdf](#)
[Suppl Emails 110923.pdf](#)
[Suppl Bridge Location.pdf](#)
[Suppl Green Space Trails.pdf](#)

Ken Elwert, Parks & Natural Resources Director, stated that this request is for the construction of a Pedestrian Bridge at Innovation Hills, which has been in the works at the City for the past eight years. He commented that they have worked with the Purchasing Department to help reduce the cost of the bridge by \$750,000. He explained that the bridge would open up approximately one mile of trails on the north side of the Clinton River, adjacent to Innovation Hills. He added that the construction of the bridge would occur almost exclusively on the south side of the Clinton River, protecting the Green Space in that area. He concluded that there are two items being presented to City Council: the bridge construction, which is slightly under budget, and approximately \$200,000 for the construction engineering of the bridge.

Mr. Blair commented that when he first saw how much the project was going to cost, he was against it. He continued that after he experienced the magic of Innovation Hills, he realized that the bridge would be a new icon for the City.

Ms. Mungoli inquired if the emails that went back and forth about this project could be included as a supplemental to the agenda packet.

President Deel stated they would be a part of the agenda packet.

Ms. Mungoli shared that she cannot vote to spend \$3 million on a bridge. She expressed that she realizes it is a challenging topography to build on, but to increase the cost from approximately \$1.2 million to \$3 million is too much of a cost differential. She remarked that there are a lot of other priorities for the City's parks that she would like to see put in place before a bridge is constructed.

Vice President Bowyer expressed that she was also concerned about the high price, but that Innovation Hills is the perfect place to put a rope bridge. She added that by making it a rope bridge, it allows for access to the rugged terrain and limits the amount of foot traffic going across it. She stated that she will support the construction of the bridge because the longer the City waits, the higher the cost will be.

Ms. Morlan questioned if the bridge is a budgeted item and if the Chief Financial Officer, Joe Snyder, is comfortable with this cost.

Mr. Elwert responded that \$3 million of the roughly \$3.2 million project is budgeted and that Joe Snyder has commented that the City is in a strong position to take this from the Capital Fund.

Ms. Morlan concurred with Vice President Bowyer that every year the City

waits to complete this, the costs will continue to rise.

Mayor Barnett explained that his team has worked hard to get the cost down. He stated that the number one Green Space identified in our City is this property and that the number one thing that residents want to see in our parks is more trails. He remarked that the long-term return on investment for this project is going to be worth it for the City.

Mr. Hetrick shared that three years ago the City Council spent \$13 million on the Brooklands area and that it worked out very well. He stated that the \$3 million will pay itself back in terms of enjoyment and recreation. He added that he believes this is a worthy investment in the this space.

A motion was made by Blair, seconded by Bowyer, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 5 - Blair, Bowyer, Deel, Hetrick and Morlan

Nay 1 - Mungioli

Absent 1 - Walker

Enactment No: RES0296-2023

Resolved, that the Rochester Hills City Council hereby authorizes a contract/blanket purchase order for the construction and installation of the Innovation Hills Trail Pedestrian Bridge to Z Contractors, Shelby Township, Michigan in the amount of \$2,844,050.00 with a 5% project contingency in the amount of \$142,202.50 for a total not-to-exceed project amount of \$2,986,252.50 and further authorizes the Mayor to execute an agreement on behalf of the City.

Further Resolved, that the City's acceptance of the proposal and approval of the award of a contract shall be contingent and conditioned upon the parties' entry into and execution of a written agreement acceptable to the City.

2023-0515 Request for Purchase Authorization - PARKS: Blanket Purchase Order/Contract for construction engineering services related to the construction of the Innovation Hills Pedestrian Trail Bridge in the amount of \$249,000.00; Hubbell, Roth & Clark, Inc., Bloomfield Hills, MI

Attachments: [111323 Agenda Summary.pdf](#)
[Proposal for Services.pdf](#)
[Resolution \(Draft\).pdf](#)

See Legislative File 2023-0509 for Council Discussion.

A motion was made by Hetrick, seconded by Morlan, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 5 - Blair, Bowyer, Deel, Hetrick and Morlan

Nay 1 - Mungioli

Absent 1 - Walker

Enactment No: RES0297-2023

Resolved, that the Rochester Hills City Council hereby authorizes a blanket purchase order/contract for construction engineering services related to the construction of the Innovation Hills Pedestrian Trail Bridge to Hubbell, Roth & Clark, Inc., Bloomfield Hills, Michigan in the amount of \$249,000.00 and further authorizes the Mayor to execute the agreement.

2023-0516 Request for Approval of the Purchase Agreement for 3514 S. Livernois Road

Attachments: [111323 Agenda Summary.pdf](#)
[Purchase Agreement.pdf](#)
[Map.pdf](#)
[Resolution \(Draft\).pdf](#)

Ken Elwert, Parks & Natural Resources Director, stated that this request is to purchase 3.8 acres on Livernois Road, adjacent to the existing Ruby Green Space property, for the amount of \$440,000. He added that the previous owner of this property is also the individual that donated a piece of the Ruby Green Space property to the City. He shared that the Green Space Fund increased by about \$100,000 in the last week, resulting in approximately \$330,000 in the Green Space Fund, and the remainder of the purchase will come from the General Fund.

Vice President Bowyer explained that the Ruby Green Space Property came up for sale eight years ago and that the land is in pristine condition. She encouraged her fellow Council Members to support this project because there are not many properties left in Rochester Hills for the City to acquire.

A motion was made by Bowyer, seconded by Munglioli, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Bowyer, Deel, Hetrick, Morlan and Munglioli

Absent 1 - Walker

Enactment No: RES0298-2023

Resolved, that the Rochester Hills City Council hereby approves the Purchase Agreement for 3.8 acres of land at 3514 S. Livernois Road, Parcel #70-15-33-426-025.

Be it Further Resolved, that the Mayor is authorized to undertake such actions and to execute and deliver on the City's behalf such additional documents that are necessary and appropriate to consummate this transaction.

ANY OTHER BUSINESS

NEXT MEETING DATE - Regular Meeting - December 4, 2023 - 7:00 p.m.

ADJOURNMENT

There being no further business before Council, it was moved by Munglioli and seconded by Bowyer to adjourn the meeting at 10:11 p.m.

*RYAN DEEL, President
Rochester Hills City Council*

*LEANNE SCOTT, MMC, Clerk
City of Rochester Hills*

*AARON GEER
Administrative Coordinator
City Clerk's Office*

Approved as presented at the March 4, 2024 Regular City Council Meeting.