



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, March 21, 2007

7:30 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Rosen called the Rochester Hills City Council Work Session Meeting to order at 7:38 p.m. Michigan Time.

ROLL CALL

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

Others Present:

*Ed Anzek, Deputy Director of Planning/Development
Bryan Barnett, Mayor
Dan Casey, Manager of Economic Development
Ron Crowell, Fire Chief
Jane Leslie, City Clerk
Roger Rousse, Director of DPS/Engineering
John Staran, City Attorney*

PLEDGE OF ALLEGIANCE

REVIEW OF AGENDA

PUBLIC COMMENTS

Jay Wiencko, 508 Marquette, Community Media Network (CMN) Executive Director, updated the Council on the current events at CMN Public Access Television for the past 18 months. He stated the facilities and equipment have all been updated. He advised the facility now has computer based editing suites for producers, which creates a better environment for more programming. He stated the new equipment provides an opportunity to create new training courses for the public. He complimented the Board of Directors who spent a lot of time helping CMN move forward in a very positive way. He thanked the City of Rochester Hills for their support. He invited the public to visit the facility.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

Mayor Barnett thanked the Rochester Hills Government Youth Council for doing such a wonderful job at the Michigan Municipal League (MML) Conference in Lansing with their portrayal of a mock Council. He stated the City was well represented by it's Youth Council. He expressed his appreciation of their hard work.

Ms. Raschke acknowledged the students from Rochester High School who were attending the meeting.

Mr. Duistermars congratulated the Youth Council on their participation at the MML Conference. He thanked the Clerk's Office staff for making all of the arrangements so the Youth Council could attend the conference.

Mr. Ambrozaitis stated he would like the Police Millage renewal to be on the ballot in November. He stated he was in support of Police Millage II, but was against Police Millage III.

Ms. Holder stated she was no longer on the Sister City Committee for Rochester.

ADMINISTRATION

2006-0958

Revised Conditional Land Use - City File No. 98-037.3 - St. Paul's Albanian Catholic Community Church Parking Lot Addition and associated landscaping (42 new parking spaces on approximately .5 acre). St. Paul's is located on two parcels totaling 25 acres on Auburn, west of Rochester Road, north of M-59, zoned R-3, One Family Residential, Parcel Nos. 15-34-127-006 & 15-34-201-014, St. Paul's Albanian Catholic Community Church, applicant

Attachments: Agenda Summary.pdf; Map.pdf; Staff Report.pdf; Site Plans.pdf; Memo Anzek.pdf; Minutes PC 011999.pdf; Minutes PC 010400.pdf; Minutes PC 011800.pdf; Resolution.pdf

Mr. Anzek explained that the St. Paul's Albanian Catholic Church was proposing a 42-space addition to the northeast portion of their property for parking. He mentioned the previous concerns of the Planning Commission regarding the natural feature setback, and the organization of Auburn Road at the entrance of the church. He advised they have met with the Michigan Department of Transportation (MDOT) to discuss the concerns and conditions.

Mr. Frank Gjakaj advised Council of the discussion that he and Paul Davis, City Engineer, had with MDOT. He stated MDOT requested a curb alongside Auburn Road on the north side of the church, and also requested a 150 ft. right turn lane to allow cars to turn into the subdivisions that are north of the church. He stated there was not enough room to do what was being requested, so he contacted MDOT. He further stated he was told by MDOT nothing else could or should be done.

Mr. Anzek stated he was not in attendance at the meeting Frank Gjakaj had with MDOT, and he would like to contact MDOT and get verification of what was discussed at that meeting.

Mr. Yalamanchi questioned Frank Gjakaj if the addition of 42 spaces for parking would be enough to cover the parking shortage they have experienced.

Mr. Gjakaj replied the church has three to four Masses per year, which require more parking spaces, and the addition of 42 parking spaces would solve the problem.

Mr. Anzek explained there is still a need for more discussion with MDOT on the issue of how the traffic will flow in front of the church, and the effect on the traffic flow within the two subdivisions that are adjacent to the church.

President Rosen requested Mr. Anzek return to Council when he has received an answer from MDOT.

Discussed

2007-0203

Request for Purchase Authorization - DPS/ENG: Purchase order for replacement of 8 new vehicles in the amount of \$143,036.00; Red Holman Pontiac GMC Toyota, Westland, MI

Attachments: Agenda Summary.pdf; Criteria for Vehicle Replacement.pdf; 2500 4x4 pickup07.pdf; 15004x4ExtCabpickup07.pdf; Canyon Ext 07.pdf; MeterVan 07.pdf; Vehicles Being Replaced.pdf; Resolution.pdf

Mr. Roger Rouse, Director of DPS/Engineering, requested City Council to authorize the purchase of eight new vehicles utilizing the Oakland County Cooperative Purchase Program. He stated the vehicles are purchased through this program at a significantly lower cost than retail, and surplus vehicles are disposed of through the Michigan Intergovernmental Trade Network online auctions. He advised purchasing the vehicles at a discount and then years later selling them at a Public Auction, would save the City a substantial amount of money.

Mr. Ron Crowell, Fire Chief, advised he needed to make a correction to the information that Council received in regards to the Fire Department vehicles; he requested four Administration vehicles and one plow, which totals five vehicles not seven as stated in their information. He advised due to significant maintenance increases, he was replacing the departments' 1993 pickup truck, as it was one of the plow vehicles used to remove snow at the Fire Stations. He stated the Fire Department would be replacing a Pontiac Bonneville, two Dodge Intrepids, and one Ford Crown Victoria. He advised in conjunction with the DPS vehicles, the Fire Department's vehicles would be auctioned on the Michigan website which will give the City a good price for the vehicles.

Mr. Hooper questioned Mr. Rouse if all of the vehicles in the budget book were a complete list of all of the vehicles that DPS and the Fire Department have in their fleet.

Mr. Rouse replied that all fleet vehicles listed are available for use by the DPS and the Fire Department.

President Rosen commented on the fact that so many vehicles need to be replaced at the same time.

Mr. Crowell stated five of the Fire Department's ambulances are due to be replaced in 2007 based on mileage, condition, and use. He advised vehicles in the past have had to be replaced within five years. He was confident the vehicles he purchased in 2002 would not have to be replaced for at least seven years, due to the quality of the vehicles.

Ms. Raschke commented that the four-wheel drive vehicles make more sense for the Fire Department to drive, given the rough terrain they sometimes have to drive on.

Mr. Crowell agreed with Ms. Raschke and stated the Yukon is a very versatile vehicle and durable. He stated the Yukon is a very efficient vehicle for the service the department provides, and the needs they have. He thanked President Rosen for allowing this item to be put on the Agenda with such short notice, but the deadline for ordering the Yukons is March 31st. He explained if the vehicles were not ordered by March 31st, 2007 he would have to wait for new pricing for the 2008 vehicles, and his vehicle purchase has already been put off for one year.

Discussed

2007-0208

Request for Purchase Authorization - FIRE: Purchase Order for Fire Department vehicles in the amount of \$163,523.00; Red Holman Pontiac GMC Toyota, Westland, MI

Attachments: Agenda Summary.pdf; Vehicle Replacement.pdf; Yukon Specs.pdf; Pick Up Specs.pdf; Resolution.pdf

Included in discussion with item number 2007-0203.

Discussed

2007-0192

Discussion regarding development of Interchange Technology Park (Hamlin Road property)

Attachments: Agenda Summary.pdf; Hamlin Rd Prop Powerpoint Presentation.pdf

Mr. Casey, Manager of Economic Development, gave a presentational update on the Hamlin Road property, which is presently owned by the City of Rochester Hills. He stated land prices have been declining in the Rochester Hills area and this property does not have the same value from the date the City originally purchased it. The following is a synopsis of that presentation:

CURRENT STATUS

- 1) Market is still low
- 2) Land prices are declining
- 3) The Hamlin Property has returned to the tax rolls because it no longer is considered to be "serving a public purpose"
- 4) True cash value \$4,087,680; well under the minimum \$4.5-million we have to sell the property for

ANNUAL TAXES DUE BEGINNING IN 2007

\$99,000.00

OPTIONS FOR TAX PAYMENT

- 1) Pay the tax annually until property sells
- 2) Sell the land to the Local Development Finance Authority (LDFA) and let it pay annual taxes
- 3) Convey property to the Economic Development Corporation (EDC) until it sells - property will become tax-exempt in 2008

RECOMMENDATION # 1

Sell the property to the LDFA, entering into a payback agreement. Allow the LDFA to market the property.

ADVANTAGES

- 1) City retains control of process and final approvals of sales or leases
- 2) LDFA's (Smart Zones) can buy, sell, lease and even construct projects
- 3) LDFA can bond for immediate payback
- 4) LDFA can sell or lease property below market rate

DISADVANTAGES

- 1) *Future deals will have to go through review and approval by LDFA Board before going to City Council*
- 2) *The property will still be taxable, but the LDFA will become responsible for payment*
- 3) *A negotiated portion of the LDFA's captured taxes will be committed long-term to either the payback to the City or payment on bonds*

PROSPECTS

- 1) *2-acre 30,000-s.f. Corporate HQ, with Research & Development and manufacturing - a Rochester Hills company - occupancy in 2 years*
- 2) *110,000 - 120,000 s.f. manufacturing and corporate HQ - a Rochester Hills Company - Occupancy in March, 2008*
- 3) *30,000-s.f. Automotive HQ and engineering - Hamlin is 2nd choice - occupancy?*
- 4) *60,000-s.f. auto supplier with HQ - occupancy in mid-2008*

LAND COST IS STILL A PROBLEM

- 1) *Market rate for comparable land is \$200,000 to \$250,000 per acre and declining*
- 2) *Companies are still leaving Michigan for lower cost states. They're being offered:*
 - a. *Free or low-cost land*
 - b. *Grant money - COMERICA*
 - c. *Free job training*
 - d. *Lots of infrastructure for free*

PROSPECT # 1

- 1) *Company that has been located in the Rochester area since its inception in 1985*
- 2) *155 employees and tax revenue to all jurisdictions of \$160,000 from personal property of which \$30,475 is City tax*
- 3) *No available buildings of 120,000 s.f. in Rochester Hills*
- 4) *Local competition - aggressive lease package*
- 5) *Eliminating land cost reduces rent by \$1.00/s.f.*

PROSPECT # 4

- 1) *Considering sites in North and South Carolina with free land*
- 2) *Offered many incentives to relocate*
- 3) *Michigan's package is woefully short - \$6-million gap*
- 4) *Michigan's operating costs are higher than most states*
- 5) *The company may stay if we eliminate land costs, preserving 200 jobs, and \$227,000 in current revenue to all jurisdictions*

Mr. Casey provided a graph on revenue projection

OPTIONS

- 1) Continue marketing the property the same and pay land tax
- 2) Convey the property to the EDC later this year - becomes tax exempt
- 3) LDFA or City develops the property as a condo development
 - a. Float bonds to construct buildings, then lease or sell the buildings
- 4) Conduct an auction
 - a. We pay auctioneer commission
 - b. We lost control over development except through normal site and building plan review
 - c. What if buyer seeks a rezoning?
- 5) Request For Proposal (RFP) to select Preferred Developer
 - a. Land payment delayed until leases are signed or PA's completed
 - b. Land development costs are negotiated
 - c. Developer and City work together to plan for the development and market the property
- 6) Conduct an RFP to sell off the property in parcels
 - a. City develops a concept plan for development
 - b. Drafts RFP

COUNCIL DISCUSSION

Mr. Yalamanchi thanked Mr. Casey for his presentation. He stated his concern that the City purchased the property for 6.1 million dollars and now the property is worth 4.5 million dollars. He reiterated from Mr. Casey's presentation the fact that beginning in 2007 the taxes owed on the property are \$99,000.00. He questioned if the City could sell the land to the LDFA and then convey the property to the EDC.

Mr. Casey advised he was not sure of all the legal ramifications if the City sold the property to the LDFA and then conveyed it to the EDC. He stated he would like to converse with a Municipal Attorney who is familiar with EDC's.

Mr. Yalamanchi stated if the law allows this kind of transaction, the City should definitely look at this option. He asked Mr. Casey the following questions regarding the \$99,000.00 taxes, which are due this year:

- * Would the City be paying themselves?
- * Is the tax revenue going to different taxing authorities?
- * Is this property under the Smart Zone or the Oakland University incubator?

Mr. Casey replied that it is in the Smart Zone and further explained that 45% of the tax would go back to the LDFA, and the City would be paying itself.

Mr. Yalamanchi requested clarification regarding the various bond issue suggestions in Mr. Casey's presentation.

Mr. Casey explained that he would recommend bonding twice; one for the LDFA to pay

the City back for the land; then pay the interest on the bonds.

Mr. Yalamanchi *inquired if the LDFA paid off the City's debt for this property, could the LDFA deed it to the EDC, or could the City hold it in transition until the City was ready to develop it when the prospects came to fruition.*

Mr. Anzek *advised the property was purchased from Water and Sewer Funds in 1999. He stated there is an obligation to return the monies to the Water and Sewer Fund. He stated approximately three years ago the State changed the law for the capturing of LDFA Funds.*

Mr. Casey *stated that the disadvantage in transferring the property to the EDC is it makes the property exempt.*

Mr. Yalamanchi *stated he would prefer the Water and Sewer Fund be fully funded as quickly as possible.*

Mr. Casey *advised approximately one year ago the right-of-way was separated from the property on Hamlin Road. He stated today there is 15.6 acres available for sale, this acreage is after the right-of-way has been excluded.*

Mr. Ambrozaitis *questioned whether or not the property was listed through a Multi Listing Service (MLS).*

Mr. Casey *replied the property is listed on the Co-Star System which is the largest database in the metro area and nationally. He advised it is also on other databases, such as the State database, and one that is only available to brokers.*

Mr. Ambrozaitis *questioned whether the listing gave information regarding the possibility of buying smaller parcels of the property if the buyer does not need all 15.6 acres.*

Mr. Casey *advised in the three years the property has been for sale some of it has been sold.*

Mr. Ambrozaitis *questioned why the City waited four years to market the property.*

Mr. Anzek *stated the property was purchased in 1999, but the decision to not build the DPS garage on the property was in 2002, then the property was marketed.*

Mr. Ambrozaitis *stated his concerns for the state the City was in with having property for sale that has gone down in value:*

- * The City should look at the private sector to sell this property for them.*
- * Does not want the City to get deeper involved in the sale of the property.*
- * The City should not sell bonds; they should look at pricing the property for sale quickly.*
- * The City should sell the property through a Commercial Broker.*

Mr. Casey *readdressed Option #5 from his presentation to elaborate why this option could be very beneficial to the City. He stated some of the conversations that he has had with developers regarding the redevelopment of the Hamlin Road property:*

- * Would do the concept plan for the development of the property.*
- * Will mutually market the property with the City*

* Do not want to purchase the property; thus, be in the same situation as the City and owning the property but searching for a buyer.

* Will develop a concept plan and build a spec building; negotiate the land price into the deal; the City would get paid for the proportional amount of the land assigned to that individual tenant; once each building was 75% leased, they would begin another building.

Mayor Barnett questioned what funds the \$99,000.00 in taxes would go into.

Mr. Anzek explained 20% goes to the City, 20% goes to the County, and 60% goes to the State Education Fund.

President Rosen gave statements regarding what he envisions for the Hamlin Road property:

- * More building room; more ease in moving around the area.
- * A higher-class company.
- * Not in favor of bonding for development.
- * Wants to protect the City's bond rating.
- * Agrees with Option #1, to continue marketing the property.
- * Not sure if he wants to transfer to LDFA.
- * Option #3, the LDFA developing the property and floating bonds is too aggressive.
- * The RFP to select a preferred developer "may be" possible.
- * Very leery of selling it in parcels.

PUBLIC COMMENT

Lois Golden, 645 Apple Hill Lane, stated Options #1 and #2 of Mr. Casey's presentation are the preferred options. She commented that she does not want the City to be "hasty" in selling the property. She stated conveying the property to the EDC might be a preferable solution.

COUNCIL DISCUSSION

Mr. Yalamanchi stated his suggestions for the Hamlin Road property issue:

- * Continue to pay the taxes.
- * Look at the possibility of moving the property under the LDFA.
- * Explore the opportunity of moving it to the EDC.
- * Once the property is transferred to the LDFA, let the LDFA start making payments into the Water and Sewer Fund.

Ms. Holder stated by giving tax abatements, shows the City is trying to keep the companies.

Mr. Hooper stated he was in favor of entering into discussions with the developers. He

stated the City should be more aggressive.

President Rosen *stated the City will pay the taxes in July, and hopefully the property will sell before the next taxes are due.*

Mr. Casey *advised there are two companies interested in coming into Rochester Hills to do business, one from a neighboring community and one from out of state.*

Discussed

CITY COUNCIL

ANY OTHER BUSINESS

Mr. Ambrozaitis *stated his concerns regarding the competition between businesses. He suggested a moratorium on retail business. He stated the City should be concerned regarding all of the vacancies in this community where businesses have left an old building and built a new one. He encouraged fellow Council members to take a look at the pension benefit for the new incoming Council members. He advised he would like the 911 dispatch turned over to the Oakland County Sheriff's Department.*

Ms. Raschke *commented that she would like a workshop to fully discuss the issue of turning over the City's 911 dispatch to the Oakland County Sheriff's Department.*

(Recess 10:07 p.m. to 10:15 p.m.)

ANY OTHER BUSINESS (Continued)

Ms. Holder *commented she was of the understanding that you have to be on Council for a certain number of years before becoming vested in the pension benefit.*

President Rosen *advised that a Council member does not become vested for a pension until he has been on Council for four years.*

NEXT MEETING DATE

Regular Meeting - Wednesday, March 28, 2007 at 7:30 p.m.

ADJOURNMENT

There being no further business before Council, President Rosen adjourned the meeting at 10:21 p.m.

*JAMES ROSEN, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

SUE SMITH
Administrative Secretary
City Clerk's Office

Approved as presented at the May 23, 2007 Regular City Council Meeting.