

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI**  
**DRAFT - MONDAY, DECEMBER 19, 2011 AT 7:00 P.M.**  
**COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE ROAD**

Mayor Gatt called the meeting to order at 7:00 P.M.

**PLEDGE OF ALLEGIANCE**

**ROLL CALL:** Mayor Gatt, Mayor Pro Tem Staudt, Council Members Casey, Fischer, Margolis, Mutch, Wrobel

**ALSO PRESENT:** Clay Pearson, City Manager  
Victor Cardenas, Assistant City Manager  
Tom Schultz, City Attorney  
Glenn Lemmon, City Assessor  
Kathy Smith-Roy, Finance Director

**APPROVAL OF AGENDA**

**CM-11-12-179 Moved by Margolis, seconded by Mutch; CARRIED UNANIMOUSLY:**

**To approve the Agenda as presented**

**Roll call vote on CM-11-12-179**                      **Yeas: Staudt, Casey, Fischer, Margolis, Mutch, Wrobel, Gatt**  
**Nays: None**

**PUBLIC HEARING: None**

**PRESENTATIONS:**

1. Presentation of James Farrell Award of Excellence, to the City of Novi for ASA National Championship Tournament 2011, Stuart Alderman – Metro Detroit Amateur Softball Association Commissioner

Mr. Alderman presented the award to the City of Novi for hosting the 2011 Girls 14 & under Class B. He noted that the City of Novi has hosted four National Tournaments in 1991, 1998, 2009, and 2010. The City has hosted numerous State and Local Tournaments. He commented that the teams, the parents, and guests have enjoyed coming to this wonderful City. He made special note of the Parks and Recreation staff. The fields and maintenance staff have been outstanding. Jason Mangum, Director of Parks and Recreation, and Matt Ostermeyer have done an outstanding job working with the Association. The economic impact for these tournaments is over \$1 million dollars. The Association appreciates the partnership with Novi and the Detroit Sports Commission with which this award would not have been possible. Association members from all over the Country have asked him to have tournaments in Novi. He continued to say that the rating this past year was 100%. In 2012, the Girls 14 & under Class A will be held in Novi. In 2013, Novi will host the Girls 10 & under A & B Tournaments.

2. Property Tax Base Primer – D. Glenn Lemmon, City Assessor

Mr. Lemmon explained that the purpose of the presentation is to present estimates for the 2012 - 2013 assessed and taxable values for the City of Novi. The estimates are aimed to provide City Council and City staff with information to build the 2012 – 2013 budget. One of the factors in determining the values is the Inflation Rate Multiplier (IRM). Last year the Rate was 1.7% Statewide. For 2012, the IRM is 2.7% for every property Statewide. He presented the history and explained how volatile the market has been in recent years. The 2.7% increase in values will have minimal impact for the City of Novi. Residential is the largest segment of our tax base, but he noted we have historically continued to have problems with the Commercial and Industrial segments of our tax base.

Mr. Lemmon said that it is important to explain how sales studies are done and how they affect the values. He explained the 12 month sales study versus the 24 month sales study. The 24 month study is used in times when values are appreciating and favors the taxpayer. Due to the appreciating values in Novi, Oakland County has recommended to the State Tax Commission that Novi use a 24 month residential sales study. Novi is one of eighteen Oakland County communities to use the 24 month study. He noted that the 12 month sales study produced a 2.79% Residential move versus the use of a 24 month sales study produced a 1.20% move. The Commercial properties, according to Oakland County, should decrease by 10% and Industrial should decrease by 16%. It puts Novi in an overall negative position as far as taxable and SEV values are concerned.

Mr. Lemmon presented indicators of the City's economic health. The City had 108 Sheriff's Deed for 2011 thru the end of November. He said it compares favorably to the last couple years. In comparing the amount of Sheriff's Deeds to the total transfers was 13%. It is the same as it was in 2006. The two worst years was 2008 and 2009 where the amount of Sheriff's Deed was almost 30% of our sales. Another indicator is the amount of sales from foreclosures is down to 127 so far. He estimated approx. 135 for the year. It is a decrease from 224 in 2009 and 170 in 2010. He stated he sees a resurgence of confidence in Novi because of the steady increase in new Construction. Builders are starting to build and sell properties. He discussed the annual value change chart of his presentation for 2005 – 2014 time periods. He discussed his overall projections of a -2.45% for State Equalized Values and a -1.81% for Taxable Values for 2012. He projects a positive range in the next couple years. He presented charts to show the history of value changes by class and the distribution of the 2012 estimated taxable values by class. He explained the charts comparing Oakland County's annual values to Novi's values within the 2007 – 2014 time periods. Overall they showed that Novi's properties are in a better position than the average properties in Oakland County. In discussions he had with Oakland County Equalization Department indicate we should remain in a better position than most other Oakland County communities.

He explained that the gap between SEV and taxable values has declined over the years and it keeps getting closer. He stated that until we get to a point where the appreciation in property out weights the IRM. We won't start to see that gap start to grow again.

Next, Mr. Lemmon explained the new construction addition to values. There was a steady decline in residential to 2010 but an increase in 2011 and a projected increase in 2012. Commercial and Industrial is hard to project for 2012 because the field work is not complete but it will not be a lot. In the future there should be an increase in values. New construction has helped with the Residential post Board of Review for 2011. This year he is projecting a plus to taxable value of 1.6% to almost 3% with new construction for Residential. Commercial and Industrial will still be in the negative numbers. He explained his future projections. He said he projects that there may be a reduction of personal property because of legislation with a five year phase out. He is hoping for a rebound in the Commercial and Industrial to offset the reductions. He summarized that over all it is good news. We are recovering as well or better than most communities in Oakland County and in Southeast Michigan.

Mr. Lemmon presented other factors affecting the Assessing and Treasury Departments. He wanted to note that a lot of the services these Departments provide are mandated by legislation. They provide services to the State, County, City and Schools. Approx. 75¢ of the tax dollar goes to other jurisdictions. Most of it goes to the Schools. We usually do not seek monetary compensation for our services. Presently, the Assessing Department processes and monitors the Principal Resident Exemption (PRE) which is a reduction of school operating taxes. There a Bill that is currently in Legislation to expand the responsibility of local governments regarding the PRE. The Bill is designed to pro-rate the exemption. If the Bill is passed, it would create a burdensome and unfunded mandate for the Departments. He asked for any support to oppose this legislation.

Member Mutch asked how close he was with his projections last year. Mr. Lemmon said he projected SEV would be down about -3.6%, but we were -2.4%. Member Mutch asked in terms of impact on revenue, do you have any numbers of the effect on the General Fund. Mr. Lemmon said that Kathy Smith-Roy will present the numbers. He stated the General Fund will be down approximately another \$600,000-\$700,000 in revenue with no consideration of other factors. Member Mutch asked if Mr. Lemmon could elaborate on the factors that are affecting the Commercial and Industrial properties. Mr. Lemmon said that generally they are distressed sales. Tax Tribunal has been difficult because there are no good sales for defenses. We are down to about 1,000 properties. The sampling is very small and difficult to make determinations. Most other communities are in that -10 to -15% range on Commercial and -16% Industrial or more. Member Mutch asked if the values of projects presented to the Council significantly affect the values that he will be placing on the new buildings. Mr. Lemmon said he makes an adjustment to markets when he does his studies. He makes an overall adjustment to those properties. The fact that the Commercial and Industrial properties are in decline will

have an effect on any new buildings being built. Member Mutch asked where Mr. Lemmon is seeing the positive side of increases. Mr. Lemmon hasn't got very far into his studies yet. Member Mutch would like to see what areas of the City are seeing increases and decreases to help them target their investments. Member Fischer asked what kind of burden would be placed on him if there was another cutoff date for the PRE. Mr. Lemmon said he has about 15,000 improved properties. 96% have a PRE. It is a lot of work for just the 4% without a PRE. He thinks there still should be one date in time. Multiple dates magnify the process. Mayor Pro Tem Staudt asked about the phase out of personal property tax. He recalls that utilities represented 50 or 60% of the value of personal property. He heard that Utilities probably won't be affected by the Legislation. Mr. Lemmon showed 100% of the personal property in his chart and Mayor Pro Tem Staudt asked if he would show the effect without the Utilities in the estimates. He noted houses in his area have sold on the average for about \$100,000. He would have a hard time seeing an increase in taxable values. Mr. Lemmon said he takes his sales studies very seriously.

**REPORTS:**

1. MANAGER/STAFF - NONE
2. ATTORNEY - NONE

**AUDIENCE COMMENT: NONE**

**CONSENT AGENDA REMOVALS AND APPROVALS (See items A-T)**

Mayor Pro Tem Staudt asked to remove items P and R.

**CM-11-12-180 Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY:**

**To approve the Consent Agenda as amended with removal of items P and R.**

**Roll call vote on CM-11-12-180**

<b>Yeas:</b>	<b>Casey, Fischer, Margolis, Mutch Wrobel, Gatt</b>
<b>Nays:</b>	<b>None</b>

- A. Approve Minutes of:
  1. December 5, 2011 – Regular meeting
- B. Enter Executive Session immediately following the regular meeting of December 19, 2011 in the Council Annex for the purpose of discussing pending litigation, labor negotiations, property acquisition and privileged correspondence from legal counsel.

- C. Approval of the transfer of all rights to renewal escrowed 2010 Class C Business with Dance-Entertainment permit, located at 25750 Novi, Suite 104, Novi, MI 48375, Oakland County, from Paradise Entertainment, Inc. to United Bank and Trust, with license to remain in escrow. Transfer is for recordkeeping purposes only; license will remain in escrow until final disposition by the United Bank and Trust.
- D. Approval of recommendation from the Consultant Review Committee to award a two-year Façade/Architectural Consulting Services Contract to DRN and Associates (with option for a one-year renewal) and adoption of revised fee schedule.
- E. Approval to award an engineering services agreement for design engineering of the Garfield Road Water Main project to URS Corporation, in the amount of \$40,944.
- F. Approval of a Storm Drainage Facility Maintenance Easement Agreement from HCP Land, LLC, for the Haggerty Corridor Corporate Park – Phase II development located between 13 and 14 Mile Roads and between M-5 and Haggerty Road, in Section 1 (parcels 22-01-200-041 & 042 and 22-01-400-022, 025, 026 & 027).
- G. Approval of a Storm Drainage Facility Maintenance Easement Agreement and acceptance of a Warranty Deed for additional right-of-way along Beck Road from Oakland Baptist Church, a Michigan ecclesiastical corporation for the Oakland Baptist Church development located at 23893 Beck Road, just south of Ten Mile Road in Section 29 (parcel 22-29-226-019).
- H. Approval of Traffic Control Order 11-41 requiring northbound traffic on Hudson Drive to yield at Cartier Drive and Traffic Control Order 11-42 requiring westbound traffic on Nadlan Court to yield to Hudson Drive.
- I. Approval to accept a highway easement from Gjek & Maria Nukulaj located at 41420 Nine Mile Road as part of the Meadowbrook Road and Nine Mile Road Traffic Signal Modernization and Improvement project in the amount of \$3,634 (parcel 50-22-26-476-041).
- J. Approval of a resolution to vacate the existing sidewalk easement and pathway easement located at 41420 Nine Mile Road on property owned by Gjek & Maria Nukulaj to be replaced with a highway easement containing the existing sidewalk and pathway.
- K. Approval to award a contract for design engineering services for the 2012 Neighborhood Road Program to Orchard, Hiltz & McCliment, Inc. (OHM) for a design fee of \$63,500.
- L. Acceptance of a warranty deed for additional right-of-way on Eleven Mile Road and a warranty deed for additional right-of-way Taft Road from the Basilian Fathers of Milford for the Basilian Fathers Residence development located at

26095 Taft Road, near the northwest corner of Taft and Eleven Mile Roads in Section 16 (parcel 22-16-451-076).

- M. Acceptance of a sidewalk easement from the Nancy Lannom Trust for the Basilian Fathers Residence development located at the northwest corner of Taft and Eleven Mile Roads in Section 16 (parcel 22-16-451-077).
- N. Approval of a one-year contract renewal to Municipal Web Services to host and maintain the City of Novi's two public websites and intranet website for the approximate annual amount of \$64,200.
- O. Approval to amend the Statement of Investment Policy, Objectives and Guidelines, City of Novi Retiree Health Care Fund to provide additional clarification, update the actuarial information (section D), and update the styles index (benchmark) example (section H).
- P. Approval of resolution to add Good Shepherd Evangelical Lutheran Church and Novi Public Library to the City of Novi's polling locations transferring Precincts 2 and 16 respectively to those Voting Precincts effective August 2012.
- Q. Approval of updates to the Administrative Personnel Policy – Amend employee healthcare premium contribution from 10% to 20%.
- R. Approval of contract award for printing and mailing the utility bills, tax bills, and assessment notices to 360 Services International, for the estimated annual amount of \$17,460.
- S. Approval of Resolution Appointing a Hearing Officer.
- T. Approval of Claims and Accounts – Warrant No. 858A, 858B and 858

#### **MATTERS FOR COUNCIL ACTION – Part I**

1. Consideration of Recommendation from Council Rules Committee to amend Council Organization Rules and Order of Business.

Mayor Pro Tem Staudt noted there was a specific recommendation that will require action. It is the creation of a Committee to interview applicants for Youth Council. Mayor Gatt said the City Attorney told us prior to the meeting that we are one of the few City Councils that interview for Boards and Commission members. The Committee would start with interviewing applicants for Youth Council and then Council will open up the discussion at a later date to include other Boards and Commission interviews. Mayor Pro Tem made a motion to include a Committee for interviews of applicants for Youth Council. Member Mutch suggested a whole Council would be best to interview certain Boards and Commissions, especially, those with a lot of responsibilities.

**CM-11-12-181 Moved by Staudt, seconded by Margolis; CARRIED UNANIMOUSLY:**

**To approve recommendation from Council Rules Committee to amend Council Organization Rules and Order of Business to include a Youth Council Interview Committee.**

**Roll call vote on CM-11-12-181**                      **Yeas: Fischer, Margolis, Mutch, Wrobel,  
Gatt, Staudt, Casey**  
**Nays: None**

Member Casey, Wrobel and Fischer volunteered to be on the Interview Committee.

2. Approval to award procurement of a Truck-Mounted Combination (Jet and Vacuum) Sewer Cleaner to Jack Doheny Supplies, Inc. in the amount of \$345,915.

**CM-11-12-182 Moved by Margolis, seconded by Fischer; CARRIED UNANIMOUSLY:**

**To award procurement of a Truck-Mounted Combination (Jet and Vacuum) Sewer Cleaner to Jack Doheny Supplies, Inc. in the amount of \$345,915.**

**Roll call vote on CM-11-12-182**                      **Yeas: Margolis, Mutch, Wrobel, Gatt  
Staudt, Casey, Fischer**  
**Nays: None**

3. Approval to award a one-year forestry services contract extension to Asplundh Tree Expert Company for an estimated annual amount of \$142,000.

**CM-11-12-183 Moved by Margolis, seconded by Mutch; CARRIED UNANIMOUSLY:**

**To award a one-year forestry services contract extension to Asplundh Tree Expert Company for an estimated annual amount of \$142,000.**

**Roll call vote on CM-11-12-183**                      **Yeas: Mutch, Wrobel, Gatt, Staudt,  
Casey, Fischer, Margolis**  
**Nays: None**

4. Approval of resolution to authorize Budget Amendment #2012-2.

**CM-11-12-184 Moved by Margolis, seconded by Mutch; CARRIED UNANIMOUSLY:**

**To approve resolution to authorize Budget Amendment #2012-2.**

Roll call vote on CM-11-12-184

Yeas: Wrobel, Gatt, Staudt, Casey  
Fischer, Margolis, Mutch  
Nays: None

AUDIENCE COMMENT: NONE

MATTERS FOR COUNCIL ACTION – Part II: NONE

COMMITTEE REPORTS: None

**MAYOR AND COUNCIL ISSUES**

1. Process and consideration of naming City public park property at Old Novi Road and Novi Road (The Landings) – Member Wrobel noted phase 1 will be implemented and felt it was time to name this historical location. This should be determined by community input and suggested the possibility of a contest for the new name. Council discussed that there should be a committee and a time line to accomplish this soon. Mr. Pearson noted there would be an official name along with the naming rights. Member Margolis noted not a lot of people know the history of it or that the city owns it. A contest would be a great opportunity to educate the public. Council asked for a process from City Administration and some Council members felt a policy discussion would be in order. Another suggestion was to utilize the consultants already working on this project to bring forth a recommendation on the process.

**CONSENT AGENDA REMOVALS FOR COUNCIL ACTION:**

P. Approval of resolution to add Good Shepherd Evangelical Lutheran Church and Novi Public Library to the City of Novi's polling locations transferring Precincts 2 and 16 respectively to those Voting Precincts effective August 2012.

City Clerk Cornelius spoke on this issue. There will be three elections in 2012. Two locations have had multiple Voting Precincts. In order to reduce the high volume of traffic, there have been discussions to determine the transfer of Precincts 2 and 16. It would be of no cost to the taxpayers.

CM-11-12-185

Moved by Fischer, seconded by Staudt; **CARRIED UNANIMOUSLY:**

To approve item P of CONSENT AGENDA

P. Approval of resolution to add Good Shepherd Evangelical Lutheran Church and Novi Public Library to the City of Novi's polling locations transferring Precincts 2 and 16 respectively to those Voting Precincts effective August 2012.

Roll call vote on CM-11-12-185

Yeas: Gatt, Staudt, Casey, Fischer, Margolis,  
Mutch, Wrobel

Nays: None

R. Approval of contract award for printing and mailing the utility bills, tax bills, and assessment notices to 360 Services International, for the estimated annual amount of \$17,460.

Council asked Kathy Smith-Roy, Finance Director, why the bid was 50% less than what was budgeted. It was determined and confirmed with Ms. Smith-Roy that the postage was not included in the bid. The cost of postage is reflected in the budgeted amount.

CM-11-12-186 Moved by Staudt, seconded by Mutch; CARRIED UNANIMOUSLY:

To remove item R of CONSENT AGENDA

R. Approval of contract award for printing and mailing the utility bills, tax bills, and assessment notices to 360 Services International, for the estimated annual amount of \$17,460.

Roll call vote on CM-11-12-186

Yeas: Staudt, Casey, Fischer, Margolis,  
Mutch, Wrobel, Gatt

Nays: None

AUDIENCE COMMENT: None

#### ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 8:12 P.M.

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Robert J. Gatt, Mayor

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Maryanne Cornelius, City Clerk

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Transcribed by Jane Keller

Date approved: January 9, 2012