

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, DECEMBER 21, 2015 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 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 Burke, Casey, Markham, Mutch, Wrobel

ALSO PRESENT: Peter Auger, City Manager
Victor Cardenas, Assistant City Manager
Thomas Schultz, City Attorney

APPROVAL OF AGENDA:

CM 15-12-175 Moved by Wrobel, seconded by Casey; CARRIED UNANIMOUSLY:

To approve the Agenda as presented.

Roll call vote on CM 15-12-175 **Yeas: Staudt, Burke, Casey, Markham, Mutch, Wrobel, Gatt**
Nays: None

PUBLIC HEARING - None

PRESENTATIONS

1. Library Annual Report – Julie Farkas, Library Director and Mark Sturing, Library Board President

Ms. Julie Farkas, Library Director, gave a visual presentation about Novi Library. She spoke about how well the Library is doing after 5 years in the new Library and celebrating 55 years with the Friends of the Novi Library. She mentioned they had their greatest amount of attendees at their Summer Reading program this year. They have been working hard to meet their strategic planning goals set in 2015. She said they are proud of the Teen Space they offer at the Library because of a partnership with the Library, Parks and Recreation Department, Youth Assistance and the Novi School District. She thinks it has made a big difference in the Community and has given the teens somewhere to spend time with their friends and study. She thanked Council for their support on various projects. She said they have a good staff and Library Board.

Mr. Sturing complimented Mr. Farkas, Library Director and her staff. The Board doesn't interfere with the daily activities of the Library nor with the great things they have accomplished. They managed to use reserves and spread them out for the increased expenses. He was happy to say they were able to increase the services and hours with the budget they had. Also, the pension plans are fully funded. He thinks they have to

keep watch in the future, but feels good about what they have done and where they are headed.

Mayor Gatt said many people have commented positively about the Library. He was concerned about the gap in the revenues versus the expenses and may address it during budgeting. He said to keep up the good work they were doing.

Member Wrobel asked about the contract with the café. Ms. Farkas said it has been resolved and they are currently working with the contractor.

2. Keep Michigan Beautiful Awards for Meadowbrook Commons Recognition – Jeff Muck, Director of Parks, Recreation and Cultural Services

Mr. Muck said Keep Michigan Beautiful honored the City of Novi with two awards this year, the Merit Award for the Meadowbrook Commons gazebo build and the Michigan Award for the City's efforts at Pavilion Shore Park. Keep Michigan Beautiful recognizes beautification, enhancement and restoration projects throughout the State of Michigan. He presented the Mayor with the two plaques he received.

Mayor Gatt said the Library is a jewel, but our parks are impressive. He mentioned how hard Mayor Pro Tem Staudt worked to make the Pavilion Shore Park a reality and he was looking forward to this year's, Pour on the Shore, charity event.

Member Markham asked about the time line for the construction of the restroom at Pavilion Shore Park. Mr. Muck said they anticipate it being completed next summer.

3. 2016 Property Tax Base Projections – D. Glenn Lemmon, City Assessor

City Assessor Lemmon explained the purpose of the presentation was to share his estimates for the 2016 assessed and taxable values for Novi. He said the estimates were aimed at providing staff and City Council information to build a 2016-2017 budget and future budgets. The assessment increases for 2016 will be similar to what was seen before the recession. The increases will be approximately 5-7 % annually. Overall, he expects the assessed value to increase 6.7 % and taxable value to increase 2.47 % based on his projections. Novi continues to benefit from new construction. For 2016, the amount of new construction will be around \$60 million but there will be more commercial and less residential than in the past years. The market values of properties in Novi continue to recover during 2015, although assessments will increase in 2016 but not like what was seen in the last two years. The inflation rate multiplier for 2016 is 1.003 and it is the second lowest inflation rate multiplier that has been seen since the Proposal A went into effect in 1994. Therefore, taxable value growth will be limited to .003 % on individual properties. There were legislative changes to personal property during 2012 and some will take place in 2016. In 2015, there were 896 parcels that took advantage of an exception from personal property. Beginning in 2016, there will be the elimination of industrial personal property. Novi will experience a \$10 – \$14 million loss of taxable value because of the elimination. He spoke about the Headlee slide. Taxable value

changes have three components which are additions, losses, and taxable value adjustment. He explained a positive value adjustment can be a result of inflation rate multiplier and the uncapping of sales that occurred in the previous year. Positive adjustment in excess of the inflation rate multiplier will trigger a roll back on millage rates. A negative value adjustment is a result of personal property depreciation and tribunal reductions. The negative adjustments will offset all or part of the positive adjustment from the uncapping. The Assessing Department has determined a projected .9997 Headlee rollback. He spoke about the Tribunal Cases and that the Assessing Department has worked hard to keep the reductions to about 15% over the last 8 years. In 2016, he didn't expect to see as many cases as in the past because the economy is improving.

Mayor Gatt thanked Mr. Lemmon for all his hard work and asked what will 2016 look like. Mr. Lemmon said there will be an increase in revenue of about 2.5 % mostly from new construction. He noted a lot of communities don't have that. Mayor Gatt asked if the Headlee rollback was a deciding factor. Mr. Lemmon said it was early in his calculation, but felt it will be around a 1 factor or slightly under. It would be difficult to go any further into the future. He noted that the low cost of energy was one of the factors that kept the inflation rate multiplier low for 2016.

Mayor Pro Tem Staudt asked how close the estimates were on the amount of taxable value set aside for tax tribunals. Mr. Lemmon said they set aside about \$50 million in the beginning and a few years were close to that amount, but the past year there was \$16 million and slightly more than that the year before. He recommends having about \$15 million allowance for tax tribunal cases. Mayor Pro Tem Staudt asked if it protected the City by doing it that way. He thought it was very confusing to him because it is an estimate of value instead of dollars. Mr. Lemmon thought it was good they had the allowances. Mayor Pro Tem Staudt asked how close to the prediction of 2022 before property taxable values would return from before the recession. Mr. Lemmon said if the inflation rate multiplier was an average of around 2.5 %, they would be on that projection, but now it may take longer. New construction does help.

Member Mutch asked about personal property trends. Mr. Lemmon thought that the local economy is getting better with more businesses moving into Novi. More businesses are investing in construction which will build up personal property rolls to some degree. However, in 2014 to 2015 there were 896 properties that got a reduction to zero. The largest reduction will be the first year of the phase out. The reductions will not be noticeable in the next 10 years. He thinks there will be some growth in personal property, but in the long run he feels it will eventually be eliminated. He explained that if the phase out of the industrial personal property works well, there could be a phase out of commercial also. Member Mutch asked about some numbers on his spread sheet. Mr. Lemmon explained the reason for the differences. Member Mutch asked if the uncapping of property counts in the calculations for Headlee. Mr. Lemmon said the City gets a portion of it, but the City gets a reduction that goes with it. The Headlee calculation measures taxable value adjustment. The inflation rate multiplier (IRM) is given and with increases over the .3% IRM, will roll the Headlee back and balance out

by tribunal reductions and personal property depreciation. The rollback has been minimized because of the tribunal reductions and personal property depreciation is offsetting the effect they have on the Headlee. Member Mutch noted most people have seen their property values recover, but the Headlee has kept the taxes down. He said the City would like to see more revenues to provide services. Mr. Lemmon said it is a situation where the assessed and taxable differences increase and said next year there will be even more uncapping of property to add into the Headlee calculation. Member Mutch described those who have been paying property taxes based on the peak values of 2007 and asked if they were paying what they were paying 10 years ago. Mr. Lemmon said they are not paying anywhere close to what they were paying because the property values declined and they lost on the average of 30%. Taxable values decreased also. Member Mutch mentioned it would be desirable to have a balanced tax base, but it can't be the case in Novi because the way it was developed. He thought Mr. Lemmon highlighted the importance of increasing the commercial industrial tax base as much as possible. He asked what Mr. Lemmon was basing his projections on for commercial industrial values for the next few years. Mr. Lemmon said he was making the assumption that commercial industrial properties will increase 2.5 % in assessment and \$13 – \$15 million per year in new construction. Member Mutch said he was impressed with Mr. Auger's previous experience in Auburn Hills with his efforts to increase the commercial industrial tax base. He would like to see the City try to improve and exceed the predictions because it will help in the long run. He felt residential is a strong and important part of our tax base, but he would like Administration to try to improve the projections. He noted overall the City is doing well, but it doesn't always translate into a lot of new revenue.

REPORTS:

1. MANAGER/STAFF – Assistant Manager Cardenas spoke about putting the Capital Improvement Program (CIP) information in electronic form. In years past, they would give the members of the CIP Committee a large binder but now have moved the information online. He displayed a link for reference on how to use the site. The site format is by fiscal year and by the various categories making up the CIP. Each of the categories references the individual project and the description for the specific item being purchased. There is an interactive map and also traditional spreadsheets.

2. ATTORNEY – None

AUDIENCE COMMENT – None

CONSENT AGENDA REMOVALS AND APPROVALS:

CM 15-12-176 Moved by Wrobel, seconded by Burke; CARRIED UNANIMOUSLY:

To approve the Consent Agenda as presented.

A. Approve Minutes of:

1. December 7, 2015 – Regular meeting
- B. Approval to adopt Resolution Approving Amendment to Agreement for Multi-Jurisdictional Administration of Cable Television Franchise in order to extend the date for filing a Notice of Withdrawal from January 1 of any year to April 1 of any year.
- C. Acceptance of a Conservation Easement from Park Place East of Novi, LLC., as a part of the Park Place East development, located on the south side of Nine Mile Road between Napier Road and Garfield Road in Section 31 of the City.
- D. Approval to apply for a 2015 Assistance to Firefighters Grant (AFG) to replace the Novi Fire Department's Self-Contained Breathing Apparatus (SCBA) equipment with a total potential 10% match of \$18,655 by the City of Novi.
- E. Approval of resolution adding Precinct 22 to the Northwest boundary of the City due to population growth and move Precincts 20, 21, and 22 to a permanent location of Novi Middle School (Precincts 20 and 21) and Deerfield Elementary (Precinct 22).
- F. Approval to award an engineering design services agreement to Orchard, Hiltz & McCliment for the ITC Community Sports Park Pathway Resurfacing project in the amount of \$9,916.
- G. Approval to award a project to Kennedy Industries for the purchase and installation of Mission M113C Monitoring/Alarm systems at sixteen sanitary lift stations, in the amount of \$47,786.
- H. Approval to award additional material testing and geotechnical services to Soil & Materials Engineers for the 2015 Neighborhood Road projects in the amount of \$20,277.
- I. Approval of the final payment to Highway Maintenance and Construction, Inc. for the 2014 Chip Seal project in the amount of \$9,531.92, plus interest earned on retainage.
- J. Approval of Traffic Control Order 15-26 to prohibit parking in the emergency turnaround at the north end of North LeBost Drive in Willowbrook Estates (at the gate).
- K. Acceptance of a water system easement and a pathway easement from Highpoint Group, LLC as a donation for the 14 Mile Road Pathway and Water Main project located at 41295 W 14 Mile Road (parcel 22-01-100-002).
- L. Acceptance of a warranty deed from Alwazeer Enterprises, LLC for the dedication of the master planned 60 feet of right-of-way along 14 Mile Road for

the 14 Mile Road Pathway and Water Main project located at 41121 W 14 Mile Road (parcel 22-01-100-003).

- M. Approval of a Storm Drainage Facility Maintenance Easement Agreement from Mirage Development, LLC, for Orchard Hills North located south of Ten Mile Road and west of Meadowbrook Road.
- N. Approval of a resolution terminating a portion of an existing water main easement (recorded at Liber 10421, Page 493, Oakland County Records) at the request of Novi Crescent 2, LLC, as part of the Novi Crescent Phase II Development located north of Crescent Boulevard and west of Novi Road (parcel 22-15-476-048).
- O. Approval of repurchase of sewer tap coupons at face value in the amount of \$99,997, subject to the current hold executing documentation of the Purchase and Release as determined by the City Manager and City Attorney.
- P. Authorization to complete purchase of approximately 3.15 acre parcel of property north of Twelve Mile Road on the west side of Novi Road from Eileen S. Schmidt, Trustee of the Steve Nahina Trust u/a/d August 31, 1978, for a purchase price not to exceed \$17,000 plus closing costs determined by the City at the time of closing, subject to final review and approval as to form of purchase and transfer documents by the City Manager and City Attorney.
- Q. Approval of Change Order to Fishbeck, Thompson, Carr & Huber, Inc., for the Pavilion Shore Park Restroom/Shelter Building architectural and engineering services in the amount of \$38,617.
- R. Approval of Claims and Accounts – Warrant No. 954

Roll call vote on CM 15-12-176

**Yeas: Burke, Casey, Markham, Mutch, Wrobel,
Gatt, Staudt**

Nays: None

MATTERS FOR COUNCIL ACTION:

- 1. Adoption of a Resolution to approve Amendment No. 4 to the Water Service Contract with the Detroit Water and Sewerage Department (DWSD) to adjust the contract values related to annual volume, maximum day and peak hour water usage.

City Manager Auger said the water storage facility was a result of great futuristic plans from past Councils. The water storage facility has saved money going forward. The payback on the facility is astronomical considering the type of investment.

Member Mutch said it was an incredible return on investment. He asked if a second storage tank would be a benefit to the City. City Manager Auger said they always look at opportunities to save residents money, but right now there is nothing going forward at this time. He noted Detroit has a storage facility on 14 Mile Road and after starting our facility, they have wanted Novi to use it. He thought there was leverage there if there is a need for more capacity. Member Mutch noted one of the issues Detroit Water System Department (DWSD) experiences is communities like Novi have significantly reduced water usage while the City systems fixed costs have stayed the same. Even though we are reducing the amount of water used, there are higher costs as Detroit adjusts their rates. He asked if this helps us address those kinds of long term rate adjustments. City Manager Auger answered the Great Lakes Water Authority ordered us to shift those costs to reflect the actual costs. He said the fixed costs and investments are the infrastructure and are the heavy costs of operations and not the actual cost of the water, the commodity that is sold. They shifted those. That was the change that was done this year in the water bills. The cost of the water and the cost of the infrastructures are now balanced out and the City mirrored what the Great Lake Water Authority was pushing through so those costs going forward will be the actual costs because the Detroit Water and Sewer wasn't able to raise enough funds to continue to maintain the system they have. With this water storage facility going forward, it won't be a money saver because with the new consortium, there will be a lot of money that has to be invested into the entire system, Novi will see less increases than other communities in the future.

CM 15-12-177 Moved by Wrobel, seconded by Casey; CARRIED UNANIMOUSLY:

To approve the Adoption of a Resolution to approve Amendment No. 4 to the Water Service Contract with the Detroit Water and Sewerage Department (DWSD) to adjust the contract values related to annual volume, maximum day and peak hour water usage.

Roll call vote on CM 15-12-177

**Yeas: Casey, Markham, Mutch, Wrobel, Gatt,
Staudt, Burke**

Nays: None

2. Consideration of grant of Pawnbroker License to Gold Buy & Jewelry, operating at 40490 Grand River Avenue, Suite D of Gateway Village, as an incidental part of that use, limited to no more than 10% of overall sales.

Mr. Joseph Haddad, Gold Buy & Jewelry owner, addressed Council. He said he had a license in 2012 but didn't have enough sales. The economy has changed with more customers coming to the store looking to trade. He said he would like the license renewed. He projected his sales will be under 10% of total sales probably will be between 2 – 5 %.

CM 15-12-178 Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve consideration to grant Pawnbroker License to Gold Buy & Jewelry, operating at 40490 Grand River Avenue, Suite D of Gateway Village, as an incidental part of that use, limited to no more than 10% of overall sales.

**Roll call vote on CM 15-12-178 Yeas: Markham, Mutch, Wrobel, Gatt, Staudt, Burke, Casey
Nays: None**

3. Approval to award a two year contract for fuel to Ports Petroleum Co., Inc. and RKA Petroleum Companies (a split award) for Truck Transport deliveries (over 5,000 gallons); and Atlas Oil Company and RKA Petroleum Companies (a split award) for Tank Wagon deliveries (under 5,000 gallons) through the Michigan Intergovernmental Trade Network (MITN) cooperative purchasing bid for an estimated annual amount of \$349,000.

CM 15-12-179 Moved by Wrobel, seconded by Staudt; CARRIED UNANIMOUSLY:

To approve to award a two year contract for fuel to Ports Petroleum Co., Inc. and RKA Petroleum Companies (a split award) for Truck Transport deliveries (over 5,000 gallons); and Atlas Oil Company and RKA Petroleum Companies (a split award) for Tank Wagon deliveries (under 5,000 gallons) through the Michigan Intergovernmental Trade Network (MITN) cooperative purchasing bid for an estimated annual amount of \$349,000.

**Roll call vote on CM 15-12-179 Yeas: Mutch, Wrobel, Gatt, Staudt, Burke, Casey, Markham
Nays: None**

4. Appointments to Boards and Commissions:

Mayor Gatt submitted Doreen Poupard for nomination to the Library Board.

CM 15-12-180 Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve Doreen Poupard for appointment to the Library Board.

**Roll call vote on CM 15-12-180 Yeas: Wrobel, Gatt, Staudt, Burke, Casey, Markham, Mutch
Nays: None**

City Clerk Cornelius provided the results of balloting:

Board of Review, James Staschke was reappointed, Peter Winter, was appointed to the full term and Kevin Cassady was appointed as alternate.

Kathy Crawford and Rachel Manela were appointed to the Historical Commission.

Zoning Board of Appeals, Brent Ferrell was reappointed and Jonathan Montville was appointed to a full term.

AUDIENCE COMMENT – None

MAYOR AND COUNCIL ISSUES – None

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION – None

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 7:51 P.M.

Maryanne Cornelius, City Clerk

Robert J. Gatt, Mayor

Transcribed by Jane Keller

Date approved January 11, 2016