

2. ATTORNEY – None

AUDIENCE COMMENT – None

CONSENT AGENDA REMOVALS AND APPROVALS (See items A-J):

CM 14-09-151 Moved by Casey, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve the Consent Agenda as presented.

- A. Approve Minutes of:
 - 1. September 9, 2014 - Special
 - 2. September 11, 2014 - Special
 - 3. September 15, 2014 – Regular meeting
- B. Enter Executive Session immediately following the regular meeting of September 22, 2014 in the Council Annex for the purpose of discussing privileged correspondence from legal counsel.
- C. Approval to award the Parks, Recreation and Cultural Services Capital Needs Assessment to M.C. Smith Associates and Architectural Group in the amount of \$19,800.
- D. Approval to award an engineering services agreement with Orchard, Hiltz & McCliment for design engineering services related to the Fire Station #3 Parking Lot Rehabilitation project in the amount of \$8,920.
- E. Approval of a Storm Drainage Facility Maintenance Easement Agreement from McDonald's Corporation for the McDonald's Development located at 21050 Haggerty Road (parcel 22-36-476-008).
- F. Approval to award a unit price contract to Asphalt Solutions LLC., the low bidder, for the FY14/15 Infrared Roadway Repair Program in an amount not to exceed \$50,000. The contract term is one year with two one-year extensions.
- G. Adoption of resolution and approval of agreement to authorize membership in the Michigan Water/Wastewater Agency Response Network (MiWARN).
- H. Approval to purchase one (1) used unmarked vehicle from Varsity Lincoln, Novi MI for the Novi Police Department Investigative Section in the amount of \$29,000, less trade-in value of \$6,000 for a net cost to the City of \$23,000 based on the lowest quote.
- I. Re-appointment of Community Development Director to Building Authority for a three-year term ending March 1, 2017.

J. Approval of Claims and Accounts – Warrant No. 924

Roll call vote on CM 14-09-151

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

Nays: None

Absent: Markham

MATTERS FOR COUNCIL ACTION

1. Approval of Resolution Approving Application of Harman Becker Automotive Systems, Inc., for an Industrial Facilities Exemption Certificate for an approximately 188,000 square foot New Facility to be located at the northeast corner of M-5 and 13 Mile Road, and related Agreement Concerning Industrial Facilities Tax Abatement.

Mr. Auger said this project is consolidating several of their facilities into one. There are almost 800 existing employees at the one location with an additional 120-150 in the future. It looks like a great project and looks forward working with them through the process.

Philip Eyler, Senior Vice President gave an overview of the project. Harman Becker is about a \$5.3 billion international organization. The company has three divisions and is number one in the world markets. Their divisions are called Infotainment, Lifestyle, and Professional. Two of the divisions are in Michigan and require highly trained professionals in the business. The project will allow them to consolidate and expand into one facility. The facility will become their North America Headquarter. He displayed the building renderings. It will have office space, car labs, a testing facility, and a pilot manufacturing facility. It will have a fitness center, a cafeteria, and a medical clinic included for employees. It will become an important North America showcase for all our automotive customers. Their target completion date is in late of 2015. Local involvement in all the regions that they operate is very important to them. He gave examples of what non-profits they have sponsored in Michigan.

Member Wrobel confirmed with the City Attorney that the agreement with Harman Becker would be Council's decision to extend for an additional four years. He noted this is just a recommendation to the State. He said that not every project comes to Novi qualifies for a tax abatement. City Council with the City Administration looks at each case individually if the abatement is warranted. In his opinion, granting the eight year tax abatement for the Harman Becker project was the right thing to do for Novi. He gave his reasons. It will add \$37 million of new investment in Novi, the proposed land lease is for the minimum of 15 years, and it will bring in an additional 637 new/existing high quality jobs by 2018. Given the nature of the business conducted at this location, the project will have negligible impact on the City's infrastructure and resources. The claw back provision in the agreement protects Novi's tax revenue if Harman Becker

chooses to leave Novi during the abatement period or within two years after. Since it is only 50% tax abatement, the City of Novi and Oakland School district will still receive additional revenue during the abatement period.

CM 14-09-152 Moved by Wrobel, seconded by Staudt; MOTION CARRIED: 5-1

To approve the Resolution Approving Application of Harman Becker Automotive Systems, Inc., for an Industrial Facilities Exemption Certificate for an approximately 188,000 square foot New Facility to be located at the northeast corner of M-5 and 13 Mile Road, and related Agreement Concerning Industrial Facilities Tax Abatement.

Mayor Pro Tem Staudt said this is a great opportunity to get an international headquarters for Novi and to get a high quality development. He appreciated the applicant coming to Novi and staying long term. He supports the project.

Member Mutch asked City Assessor Glenn Lemmon to explain how the property will be classified and the potential for it to change to a different classification. If it did change, how would it impact the personal property tax revenue? Mr. Lemmon said his intentions are to classify it as commercial to the building and personal property. He noted the other two IFT's that were granted are both commercial properties and have not asked for the personal property abatement. He explained all property owners have the right to appeal the classification of the property. The appeal would be to the State Tax Commission and would be up to the petitioner to prove to the State Tax Commission that their operation is industrial in nature, manufacturing as opposed to commercial in nature. He didn't see the completed project and assumes it will be a commercial endeavor. Member Mutch asked if they were to seek a change in classification and it was granted, then because of the changes in the State law, they would qualify for 100% abatement on the personal property tax. Mr. Lemmon said they would qualify for either 100% abatement or as a phase starting in 2016. He noted the unknown is how much personal property they will bring. It could be as much or more than they acquire during the construction period. Member Mutch said that the numbers presented to City Council showed the total taxes abated was going to be about \$250,000. They would have paid about \$500,000 in personal property. The numbers were based on the \$37 million total project amount. He clarified that there is a potential for additional equipment from other locations and would also fall under the abatement. Mr. Lemmon said the additional equipment brought from other locations would not be a part of the abatement. The abatement would only apply to new personal property they purchase during the construction period until the abatement goes into effect approximately December 31, 2015. Member Mutch again noted that if the re-classification is granted then any of the equipment would qualify for the 100%. Mr. Lemmon said not only would the part that is being abated would qualify but all the equipment they bring with them would also be considered industrial, also. Mr. Lemmon said there is more to be considered than just the part that is being abated. Member Mutch said they are paying 100% on the personal property that is in Novi presently. The net impact would be what is brought from outside of Novi. Mr. Lemmon said Harman Becker has four locations in

Novi. He only has personal property on only one of the facilities. Member Mutch estimated it could go from \$250,000 tax abatement to \$500,000 tax abatement approximately. Mr. Lemmon agreed. Member Mutch said the agreement does not have any language that would preclude Harman Becker from seeking a change in classification. Mr. Eyler said he was not aware of any evaluation of that at this time and has presented their plans in good faith. Member Mutch confirmed the properties in Novi were classified as commercial. He asked what percentage of use would justify a change in the classification. Mr. Lemmon said if more than half of the facility is involved in the manufacturing aspect of the business, it would justify a change. Mr. Lemmon said he would have to see how it is being used. Member Mutch asked Matt Sosin, developer of the project, about the Thirteen Mile frontage. He noted it has been suggested a sidewalk should not be included because a piece of property near the site was going to be developed in the future. He thought the property looks like primarily wetlands. He asked Mr. Sosin how the property was going to be developed. Mr. Sosin didn't know but it could be used for expansion for the Harman property. It was considered a developable piece by the Planning Commission and received lot split. Member Mutch confirmed that if the property was to be developed, it would require wetland mitigation. He was concerned that the project will have an impact on revenues because the City is being asked to forgo approximately \$3 million in revenue going forward if there was a change in classification. Member Mutch looks where the City can benefit from things like infrastructure. He thinks the City should be focused on that. When we are serving as a financier for these projects, it becomes challenging for him to support. If this project was coming forward with the sidewalk being included he would be more inclined to consider it. It is unlikely that the property near the project will be developed and looks for the infrastructure to be included in the proposal. He would like to see it addressed.

Member Casey expressed she was pleased to see the reduction in the amount of time requested for the abatement. She was not pleased to see the future consideration for an extension of up to four years. She thanked Mr. Eyler for including the additional information on how Harman Becker works with the communities. She echoed statements made that it is a great project, but the City is forgoing tax revenue. It would have been a great opportunity to bring in some additional infrastructure into this project. She suggested their employees may want to walk on the sidewalk and it would be the right opportunity to bring in the additional infrastructure for this project. Mr. Eyler clarified there will be sidewalks on the site that they will be located on the property and will tie into walking paths. They are very focused on making sure employees have a good walking path as part of the infrastructure. Member Casey agreed, but it was within the development and she was talking about the frontage on Thirteen Mile as well.

Member Fischer said he didn't want the City of Novi to be known as a tax abatement City. He noted the City has a policy designed to bring in exceptional projects with large capital investments. He thinks that is what Harman Becker is and he is excited to see the project. He thought it was a great compromise to reduce the term to eight years because there is so much going on with this project and Council can determine in the future if they warrant another four years.

Mayor Gatt fully supports the proposal. He thought Harman Becker will be beneficial to the taxpayers. He sees tax abatement as an incentive to develop. He knows in today's economic society companies will go where it is best for them. He will fully support it.

Roll call vote on CM 14-09-152

Yeas: Fischer, Wrobel, Gatt, Staudt, Casey
Nays: Mutch
Absent: Markham

2. Consideration of requests from Bottlz, LLC:

A) Consideration of a request for Special Land Use approval for service of alcoholic beverages.

Mr. Auger explained it is a reuse of two different functions of a golf course and restaurant that is currently not being used. The staff is recommending both approvals.

CM 14-09-153

Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve a request for Special Land Use approval for service of alcoholic beverages.

Member Mutch was concerned about allowing liquor sales on the course. It is not a concern in and of its self but understanding the nature of the golf course at the Maples and how it is tightly integrated in the residential community. He looked at the past agreement and this would not be an expansion of the liquor sales.

Member Wrobel said when the Maples was first open, it was a concept housing development with the golf course integrated into it. It did well for a time but then closed. It will help this area of the City revitalize itself by reopening the golf course and club house to bring it back to what it was when it was first established. The applicant is asking for what similar golf courses do in the area. He could support it.

Roll call vote on CM 14-09-153

Yeas: Mutch, Wrobel, Gatt, Staudt, Casey, Fischer
Nays: None
Absent: Markham

B) Consideration of request to transfer ownership of escrowed 2014 Class C & SDM License with Sunday Sales Permit (new AM, existing PM), Specific Purpose Permit (Food), New Specific Purpose Permit (Golf), New Outdoor Service Area,

New Add Bar Permit, for a total of (2) Bars from The Market Café, Inc., 5736 Clarkston Road, Clarkston, MI, 48348 to 31260 Wakefield, Novi, MI, 48377.

CM 14-09-154 Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve a request to transfer ownership of escrowed 2014 Class C & SDM License with Sunday Sales Permit (new AM, existing PM), Specific Purpose Permit (Food), New Specific Purpose Permit (Golf), New Outdoor Service Area, New Add Bar Permit, for a total of (2) Bars from The Market Café, Inc., 5736 Clarkston Road, Clarkston, MI, 48348 to 31260 Wakefield, Novi, MI, 48377. The Maples originally had a clubhouse and liquor license for the building and golf course. Granting the approval will help this area of the City revitalize itself by reopening the golf course and club house to bring it back to what it was when it was first established. The applicant is asking to do what similar golf courses do in the area.

City Attorney Schultz explained this is for the liquor license and wanted to make sure that there is a consistent pattern of the findings of fact. The motion maker should incorporate Member Wrobel's comments if they are agreed upon.

Roll call vote on CM 14-09-154

**Yeas: Wrobel, Gatt, Staudt, Casey, Fischer,
Mutch
Nays: None
Absent: Markham**

3. Approval of Zoning Ordinance Text Amendment 18.270 to amend the City of Novi Zoning Ordinance at Article 19, "I-1, Light Industrial District", Section 1905, "Required Conditions" and Article 23A "Planned Office Service Technology District", Section 2303A, "Required Conditions", to permit and regulate above-ground storage tanks. **FIRST READING**

Mr. Auger explained this amendment changed two things; the 600 gallon maximum size for storage tanks and the screening wall materials to be used to help screen from view. Staff recommends approval.

Member Mutch asked about the language that talks about the screening material. The applicant has the choice of either screening the tanks with the material that matches the existing structure or reinforced concrete. He asked why in OST an enclosure was not required to match the adjacent building and giving them an option. Barb McBeth, Deputy Community Development Director, said a number of situations could occur where the screening wall would take place. The ordinance was very specific in the light industrial district saying the screen wall would be made of masonry materials. They

AUDIENCE COMMENT – None

COMMITTEE REPORTS – 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 8:01 P.M.

Robert J. Gatt, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Jane Keller

Date approved: October 6, 2014