

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, DECEMBER 18, 2017 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 Breen, Casey, Markham, Mutch, Wrobel

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

APPROVAL OF AGENDA:

CM 17-12-185 Moved by Casey, seconded by Mutch; CARRIED UNANIMOUSLY

To approve the Agenda as presented.

Roll call vote on CM 17-12-185 **Yeas: Staudt, Breen, Casey, Markham, Mutch, Wrobel, Gatt**
Nays: None

PUBLIC HEARING:

1. Request to Establish an Industrial Development District for Orotex Corporation

Public hearing opened at 7:01p.m.

Colleen Crossey, 22279 Brockshire St., requested that City Council decline the request for tax abatement for this company and all others. She believed the City of Novi taxes that are paid are not optional, they are required by law. Taxes are required to provide services for the community such as roads, road repair, and other things. There are many different things they could use the tax money for. She believed giving one or two companies a tax advantage over their competition is bad for business. There are lots of small businesses that do great things, but they don't get abatements. She encouraged them to vote no. She thought it was important that the City post this information far ahead of time so people will know what tax abatements are coming up so they can make room in their schedules to come and speak their mind.

Public hearing closed at 7:04 p.m.

2. Request to Establish a Tax Exemption Certificate for Orotex Corporation

Public hearing opened at 7:05 p.m. and closed at 7:06 p.m. with no public input.

PRESENTATIONS:

1. Recognition of Employee of the Year – Ryan Trainer

City Manager Auger asked Ryan Trainer to come down. He said he was pleased to present Ryan Trainer as Employee of the Year. He works in the Department of Public Services, Water and Sewer Division. Ryan is an excellent employee. He had an outstanding year with a lot of compliments from residents that he was working with. Everyone that emailed about his work commented on how knowledgeable and pleasant he was. During the water incident, Ryan didn't need direction. He reached out to the largest water users right away, as the event was unfolding, to let them know they needed to take action. He was always thinking about residents of Novi.

Mr. Trainer thanked City Council and many others for their encouragement and said it was quite an honor. Mayor Gatt said on behalf of Council, they are so proud and all of our employees are what make Novi great.

MANAGER/STAFF REPORT: None

AUDIENCE COMMENT:

Rachel Sines, 2219 Austin, spoke about the development proposed along Old Novi Road. She spoke with developer and found they were asking the City to narrow Old Novi Road, which is a major route. There is a development going in along Old Novi Road and Novi Road. The entrances will be off Old Novi Road. There will be increased traffic. By removing existing infrastructure just for the developer to have a few more feet to build seems like nonsense. She asked them to not change the existing road. She said she has also reviewed the Master Plan. Throughout the document there are concerns about the aging population and where they want to live. She said the Master Plan talked about baby boomers and how they want to maintain their current residence within Novi and provide smaller single family housing. It also mentions that all developments should be sensitive to adjoining residential neighborhoods. She referenced Pavilion Shore Village as it is known in the Master Plan. The City should seek development of a cohesive village that complements the surrounding neighborhood. It actually proposes one story cottage court style homes that would be perfect for young professionals and empty nesters.

Colleen Crossey, 22279 Brockshire St., requested that the Rules Committee of the City Council convene and reconsider the three minute time period that people have to speak. The Northville City Council gives their citizens five minutes. If not, then perhaps another person who plans to speak could yield their time to someone else.

CONSENT AGENDA REMOVALS AND APPROVALS:

CM 17-12-186 Moved by Casey, seconded by Wrobel; MOTION CARRIED: 7-0

To approve the Consent Agenda as presented.

- A. Approve Minutes of:
 - 1. November 27, 2017 – Regular meeting
 - 2. December 4, 2017 – Regular meeting

- B. Approval of a request to transfer ownership of a Class C Business License issued under MCL 436.1531(4), with SDM License, Sunday Sales Permit (AM and PM), Dance/Entertainment Permit, Outdoor Service Permit, and two additional Bar Permits from Rojo Six, LLC to Michigan Brewing Company, LLC d/b/a Rojo Mexican Bistro and Michigan Brewing Company located at 42875 Grand River Avenue, Suites 103 and 104, Novi, MI 48375.

- C. Acceptance of Open Space Preservation Easement from Pulte Homes for the purpose of preserving certain existing woodlands and woodland replacement trees, wetlands, landscaped open space areas and parks within the Beacon Hill Meadows project site, JSP 15-08, located at the northeast corner of Twelve Mile Road and Meadowbrook Road in Section 10 of the City.

- D. Approval of recommendation from Consultant Review Committee to award the Agreement for Civil Engineering Private Development Field Services to Spalding DeDecker for a five-year term and adoption of associated fees and charges, effective December 18, 2017.

- E. Approval of recommendation from the Consultant Review Committee to award the Agreements for Professional Engineering Services for Public Projects to Orchard, Hiltz and McCliment, AECOM – Great Lakes, and Spalding DeDecker for a period of five years, effective December 18, 2017.

- F. Approval of the final payment to Sorensen Gross Construction Services, LLC, for the West Park Storage Reservoir project in the amount of \$7,140.00, plus interest earned on retainage.

- G. Approval of the final payment to Z-Contractors, Inc. for the Meadowbrook Road Culvert Replacement project in the amount of \$20,899.47, plus interest earned on retainage.

- H. Approval of the final payment to Pro-Line Asphalt Paving Corporation for the 2016 Neighborhood Road Program – Asphalt Streets (Contract 3) project in the amount of \$57,443.95, plus interest earned on retainage.

- I. Acceptance of residential streets in Andelina Ridge Phase 2 and adoption of Act 51 New Street Resolution accepting Daroca Court, Estrada Lane, Sevilla Circle, and Pamplona Lane as public, adding 0.48 miles of roadway to the City's street system.

- J. Approval of Traffic Control Orders 17-35 through 17-41 for traffic control signs within Andelina Ridge Phase 2 Site Condominium.
- K. Approval of recommendations from the Interview Committee for Appointments to Youth Council and Youth Boards & Commissions Representatives.
- L. Approval of Claims and Accounts – Warrant No. 1002

Roll call vote on CM 17-12-186 **Yeas: Breen, Casey, Markham, Mutch, Wrobel, Gatt, Staudt**
Nays: None

MATTERS FOR COUNCIL ACTION

- 1. Mayoral Appointments to the Economic Development Corporation, the Planning Commission, and the Corridor Improvement Authority.

Mayor Gatt submitted Binyamin Qamruzzaman for nomination to the Economic Development Corporation.

CM 17-12-187 **Moved by Staudt, seconded by Casey; CARRIED UNANIMOUSLY**

To approve the appointment of Binyamin Qamruzzaman to the Economic Development Corporation.

Roll call vote on CM 17-12-187 **Yeas: Casey, Markham, Mutch, Wrobel, Gatt, Staudt, Breen**
Nays: None

Mayor Gatt submitted Katila Howard for nomination to the Planning Commission.

CM 17-12-188 **Moved by Casey, seconded by Wrobel; CARRIED UNANIMOUSLY**

To approve the appointment of Katila Howard to the Planning Commission.

Roll call vote on CM 17-12-188 **Yeas: Markham, Mutch, Wrobel, Gatt, Staudt, Breen, Casey**
Nays: None

Mayor Gatt said he was submitting several people with staggering terms to the Corridor Improvement Committee. He submitted Councilmember Markham and Mayor Pro Tem Staudt both with a one-year term expiring on 12/31/2018. Brandon Stewart, resident of the corridor, and Jeff Wainwright, business owner in the corridor both for the two-year terms expiring 12/31/2019. Joe Hursche, President of Providence Park, and John O'Brien, business owner in the corridor for the three-year terms expiring 12/31/2020. Blair

Bowman, business owner in the corridor and Rob Ledbetter, a resident in the corridor for the four-year terms expiring 12/31/2021.

CM 17-12-189 Moved by Wrobel, seconded by Staudt; CARRIED UNANIMOUSLY

To approve the appointments to the Corridor Improvement Committee: Councilmember Markham and Mayor Pro Tem Staudt for one-year terms expiring on 12/31/2018; Brandon Stewart and Jeff Wainwright for two-year terms expiring 12/31/2019; Joe Hursche and John O'Brien for three-year terms expiring 12/31/2020; Blair Bowman and Rob Ledbetter both for four-year terms expiring 12/31/2021.

Roll call vote on CM 17-12-189

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

Nays: None

2. Approval of Resolution to establish an Industrial Development District by its owner Orotex Corporation for parcel 50-22-26-378-005 at 22475 Venture Drive.

Economic Development Director, Alan Weber introduced Orotex Corporation. He explained that Orotex has been in Novi on Venture Drive since 2010. They started with a small staff and now employ 82 people with 13 temporary employees as well. They will be looking to potentially hire those temps if the tax abatement is approved. Their current Novi location is considered their North American Headquarters and Research & Development. They produce sound dampening products for the automotive industry. The current project that they are looking at is to add a 60,000 square foot addition to their current 60,000 square feet. He showed them a rendering of the proposed addition. He did note that it wasn't a final rendering of the site plan. The abatement they are considering is for two-years. It will save them \$150,000 over the two years. It doesn't seem like a lot of money when compared to the challenges that exist here within the City to continue to do the expansion. They have options in Tennessee with incentives and in addition to suppliers and customers wanting them to locate there. They also have an option in Wayne County where it is a ready to move in 120,000 square foot facility. This abatement is important for the City to retain these employees. There is a supply station that needs to be moved if they stay at their current location. This is a challenge for the project to continue to move forward. There are offers from the Michigan Economic Development Corporation (MEDC) that support this project. The Business Development Program and Oakland County Michigan Works also support this project with \$90,000 in services and training. He said that after evaluation from the Economic Development team at the City of Novi, it became apparent that they supported it from a staff level. They have been very involved with Novi Schools and looking at opportunities to train and bring in students to give them trade skills that are necessary for their company. Bill Reynolds, Plant Manager of Orotex, explained why they want to remain and expand here. Mr. Reynolds thanked City Council for considering their request. He has been the plant manager since 2002 when they started

in Farmington Hills. They had a 15,000 square foot facility. They moved to Novi in 2010 and purchased the current facility. They have grown to 82 full time employees. They have secured new business that will start here in March 2018 with the start of productions. They will be busy through 2019. The key is they already have this business. They must find more production and distribution space. They had various options; this option would help them continue partnership with City of Novi. A business partner wants them to do business in Tennessee and they have an option in Mexico, but they would like to stay in Novi. As mentioned, the electrical service is where addition would be located, so that would have to be moved and it is very expensive. They will be in trouble in terms of space by mid-2018. They feel they are a very good advocate of the community. They participate with Gleaners, Capuchin Soup Kitchen; they support the Robotics Programs at schools. They are working with Novi High School to get students who aren't college bound on their team to learn a trade. They also support the Japanese School, Ringo Kai. Their philosophy is believing in strong partnerships which they feel is the key to success. They hope City Council considers their proposal to continue partnership with City of Novi.

CM 17-12-190 Moved by Staudt, seconded by Wrobel; MOTION CARRIED: 4-3

To approve of the Resolution to establish an Industrial Development District by its owner Orotex Corporation for parcel 50-22-26-378-005 at 22475 Venture Drive.

Mayor Pro Tem Staudt said this was a perfect example of a very committed local company. He can see the reason for the two year abatement. They are looking to offset the cost of relocating the power. He felt this was a great use of tax abatement.

Member Casey stated that both this item and the following are related to Orotex. She disclosed that she works for GM and Global Connected. Her role doesn't involve working with suppliers of vehicle components. She believed she could be objective on both of these questions.

**Roll call vote on CM 17-12-190 Yeas: Wrobel, Gatt, Staudt, Casey
Nays: Breen, Markham, Mutch**

3. Approval of Resolution authorizing application from Orotex Corporation for an Industrial Facilities Tax Exemption Certificate for new improvements of approximately 60,000 square foot addition to an existing facility located at 22475 Venture Drive and related Agreement concerning Industrial Facilities Tax Abatement.

CM 17-12-191 Moved by Staudt, seconded by Wrobel; MOTION CARRIED: 4-3

To approve of the Resolution authorizing application by Orotex Corporation for a 2-year Industrial Facilities Tax Exemption and Agreement concerning Industrial Facilities

**Tax Abatement subject to approval by the State Tax
Commission pursuant to Public Act 198.**

Member Mutch wanted to clarify the applicant was seeking the abatement on both the real and personal property tax. Economic Director Weber confirmed that was correct. In the event they don't file in time for the tax abatement, this would cover both. He suggested if he had other questions pertaining to that issue, Assessor Lohmeier would be able to speak to that. Member Mutch said the applicant only referenced the real property tax abatement request. He said there were two pieces to that, both personal and real. He wanted to make sure everyone was clear on what they were voting on. He also spoke about the challenges of the development process in Novi. He asked Mr. Weber if there were specific issues about how Novi does things. Mr. Weber said it had to do with market. They have to go through this process to build a new facility whereas the other locations were ready to go. It had to do with the time frame in which it took to build. Member Mutch said when they said it was a lengthy development process; he took that as Novi being cumbersome. He knows Novi has higher standards in the development process. He asked if there was anything specific they could look at. Mr. Weber explained that it really pertains to each situation and they are doing everything they can to meet the timeline for Orotex so that does not impede the growth that could occur at the City. Member Mutch wondered what their expectation was. Mr. Weber said they hope to break ground in the spring and build as quickly as possible. Member Mutch said this site is straightforward. He didn't believe it had wetlands so it should move through the process in a fairly expedited way. Mr. Weber said it was probably one of the most straightforward development processes. The only issue is the supply box on the vacant lot. He stated that Planning review hasn't occurred yet. Member Mutch commented that he didn't support the establishment of the district and doesn't vote in favor of tax abatements. That is his philosophical view on tax abatements. He commented that of any request he has seen come forward to City Council, this one was probably one of the most compelling in terms of applicant making a case for an abatement. It is an existing company that wants to grow on their existing site. The infrastructure is in place and they were not asking to extend infrastructure. This kind of operation will create jobs that are not typical of the tax abatements they've seen. He believed this operation will have a number of positions for the working class who need jobs also. It was something different than the high tech positions they see with other tax abated companies. This offered opportunities for people to be gainfully employed. Too often they get preoccupied with big ticket projects. He appreciated that the applicant has done a great job in providing information up front. They gave a good level of detail. He felt there were much bigger companies with deeper pockets who don't give this information or justification. He appreciated all the work they did. He said he does not vote for abatements as a rule.

Member Casey asked City Manager Auger if the clawback was two years on the two year abatement. City Manager Auger replied, yes, it is two years. Member Casey said typically she asked applicants what their involvement was in the community. They preempted that question and she thanked them for that. She has always gone on record in saying she looks at the policy and what they are able to do based on terms of

policy that they have set. Sometimes the challenges she faces are that they are a tool used by larger corporations looking to move into Novi. They don't often get opportunity to support a small business in this way. Their willingness to expand on the building they have to stay in Novi. These are employees they want to have. She will support this abatement and thanked them for being a Novi business.

Member Markham stated she was not a fan of tax abatements either for all the reasons stated by some of her colleagues. She was pleased with Orotex as a corporate citizen of Novi. She was happy they wanted to expand here. Her remarks were directed toward the City. It didn't matter at this point what company comes forward. The requirement that this should be a new location; this is an addition to an existing facility. In the packet, there was a chart that listed all abatements they have or have pending. The revenue increase at expiration shows what they will collect eventually. It's all in how they portray it. They were talking about a company that's already here. If they pass the abatement they don't have to pay full share of taxes for a while. For many years they had very few abatements and now they see them at almost every meeting. The feedback she is getting from the residents shows a lot of concern about them having to carry the load. The company talked about what they do for the community. Doubling the size of this building in an industrial location will increase the amount of trucks coming through which will impact 9 Mile Road. What she would like to see with the tax abatements is a real tangible benefit. If they pay fewer taxes and put more impact on infrastructure, she wanted to see where is commensurate give back to residents and rest of the tax payer businesses. She wanted to see real community benefit, like sidewalks, parks or organizational structure. This doesn't offset several hundred thousand dollars. She stated she is happy they are here but her issue with tax abatements has nothing to do with company.

Member Breen thanked Orotex for being here and for what they've done for the City of Novi. She especially liked the statements about bringing skilled trades into schools and working with students that may not be going off to college. Her hesitation has to do with how the abatement program is used and the way the legislation is written. That has to be addressed in Lansing. She indicated by and large that the studies that have been done on this program show there is no clear way to evaluate effectiveness. It truly needs to be an incentive, not something that is regularly asked for. She liked that it was only for two years and not a lot of money. In her job, she deals with clients who work manufacturing jobs and a lot lose their jobs. They try to look for alternative employment because there aren't many of these jobs out there. She was happy to hear that these are the types of jobs being added. Despite that, what she was overwhelmingly hearing from people contacting her about abatements which echo what Member Markham and Member Mutch said; it's not fair to the smaller companies. They are picking and choosing winners and losers. There is no similar program for smaller companies. She said she couldn't support the abatement today, but wished them the best of luck. She hoped going forward they will be able to restructure how the City of Novi is willing to grant the abatements. It should be an even playing field, not just the larger ones.

Mayor Gatt said he is in favor of this. He could see confusion because they were praised by some of Council, but they will vote no. He thought the tax abatement policy worked well. The City doesn't lose money or write checks.

Roll call vote on CM 17-12-191

Yeas: Gatt, Staudt, Casey, Wrobel

Nays: Breen, Markham, Mutch

4. Approval of form of Purchase Agreement, form of closing documents (including Closing Statement), and forms of Deeds for the 2016 Michigan Natural Resources Trust Fund (MNRTF) grant TF16-0111 to purchase approximately 12.57 acres of land located at parcel 50-22-30-476-005, on the southwest corner of Nine Mile and Garfield Roads (the "ITC Regional Trailhead Park" property), and authorization to proceed with closing, subject to final review of and any required amendments to all documents by City Manager and City Attorney, and to amend the budget allowing purchase of the land from the Tree Fund.

Member Mutch pointed out that there were a couple of aspects of this project that were important to highlight the benefit of going through the Trust Fund process. The Michigan Natural Resources Trust Fund (MNRTF) will pay for 70% of the cost of the acquisition of that property which according to the information provided is a little over \$400,000. The City's contribution will be \$172,000 towards this. It is significant for the City through the State Funding Program. He said the property appraised higher by \$35,000 than the initial estimates for the property. The seller could have asked that the City pay that full appraised price, but they willingly donated that \$35,000 of land value and agreed to the original price that was outlined in the grant application. That was very generous. The property owner recognized the value of the property to the community. He thanked them for that. He mentioned Council's goal to preserve at least 50 acres of woodland property in the City. He said we are 12.7 acres down. He said he will be fully in support of this motion.

CM 17-12-192

Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY

To approve of the form of Purchase Agreement, form of closing documents (including Closing Statement), and forms of Deeds for the 2016 Michigan Natural Resources Trust Fund (MNRTF) grant TF16-0111 to purchase approximately 12.57 acres of land located at parcel 50-22-30-476-005, on the southwest corner of Nine Mile and Garfield Roads (the "ITC Regional Trailhead Park" property), and authorization to proceed with closing, subject to final review of and any required amendments to all documents by City Manager and City Attorney, and to amend the budget allowing purchase of the land from the Tree Fund.

Roll call vote on CM 17-12-192

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

Nays: None

BREAK

Mayor Gatt announced at 7:46 p.m. that they will take a five minute break. The meeting resumed at 7:51 p.m.

5. Council Appointments to Boards and Commissions.

City Clerk Hanson provided the results of balloting:

Mark Evenson was reappointed to the Board of Review. Bob Copes was reappointed to the Election Commission. Tammy-Lee Knopp was reappointed to the Historical Commission. Dan Magee was reappointed to the Housing and Community Development Advisory Committee. David Byrwa, Cindy Gronachan, and Joe Peddiboyina were reappointed to the Zoning Board of Appeals. Thomas Nafso was appointed to the partial term on the Zoning Board of Appeals.

Mayor Gatt congratulated everyone that was appointed and thanked those who weren't for coming forward. The City of Novi needs your support to continue being the great City that it is.

AUDIENCE COMMENT:

Colleen Crossey, 22279 Brockshire St., commented on some of the reasons a company would say they deserved a tax abatement including that they contribute to the community. There are many that do that and pay taxes. At the County level there was a program called CEED Small Business Loan Program. They provide loans to struggling small businesses that are having a hard time with their business. She has a difficult time thinking that on one hand a smaller business has to take out a loan and another business doesn't pay their full share of taxes. Also companies come here and manipulate municipalities and pit one against another. She said you either play by rules or you don't.

Sarah DeMar, a Novi resident, said she has owned and operated Ivy Garden Therapeutic Massage, LLC, in Novi for 15 years. She stated that the State took over massage therapist licensing. She said Ivy Garden is a massage therapy business subject to the massage business license ordinance of Novi. She mentioned the fact that there is an exemption in the State ordinance for Asian massage. They are no longer being allowed to be called massage therapists so businesses that practice Asian massage have unlicensed Asian body workers. She said regarding the massage business ordinance, she wanted to make it clear that those who employ Asian body workers should and must be called Asian massage therapy businesses. She said she should be called a massage therapy business. She mentioned a letter she wrote in October and hoped that everyone read it. She followed up with an email on Friday. She didn't know about the Asian massage exemption until Friday. She also wrote about the issue with Massage Envy having a number of counts of sexual assault levied against it. She did not

believe that a massage business chain inside the City generally behooves people. It is much better to have a State licensed, single therapist business like Ivy Garden. She is the only person working there and can 100% guarantee assault will never happen. She said the CEO of Massage Envy has 20,000 employees and he cannot control their behavior. She hoped moving forward the State licensed single therapist massage therapy businesses be treated with dignity, respect and differentiation from Asian massage businesses as well as even chain massage businesses.

MAYOR AND COUNCIL ISSUES: None

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION: Consent Agenda items which have been removed for discussion and/or action.

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 7:59 P. M.

Cortney Hanson, City Clerk

Robert J. Gatt, Mayor

Transcribed by Deborah S. Aubry

Date approved: January 8, 2018