

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
TUESDAY, DECEMBER 17, 2013 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, Markham, Mutch, Wrobel

ALSO PRESENT: Clay Pearson, City Manager
Victor Cardenas, Assistant City Manager
Thomas Schultz, City Attorney
Glenn Lemmon, City Assessor

APPROVAL OF AGENDA:

CM-13-12-160 Moved by Fischer, seconded by Casey; CARRIED UNANIMOUSLY:

To approve the Agenda as presented.

Roll call vote on CM-13-12-160 **Yeas: Staudt, Casey, Fischer, Markham,
Mutch, Wrobel, Gatt**
Nays: None

PRESENTATIONS

1. 2014 Property Tax Base Projections – D. Glenn Lemmon, City Assessor

City Assessor Lemmon said the purpose of his presentation was to share his projections for the 2014 property tax base. He stated the Inflation Rate Multiplier (IRM) for 2014 is 1.06% as established by the State Tax Commission for every property in the State of Michigan. The IRM applied to taxable values will have a direct effect on the amount of property tax generated to run the City and schools over the next fiscal year. Additionally, the City's residential properties are the largest portion of our tax base. Oakland County determined the City needs to raise residential property assessed values an average of 8.62% using a 24 month sales study. Last year the average was 3.86%. There has been an increase of values across the entire County. Commercial property assessed values will move on the average of 2.24%. Last year, they were moved down by an average of 4%. The industrial properties are down again this year by 1.13% compared to being down 7% last year.

Mr. Lemmon explained the indicators of how the City is doing overall. One of the indicators of our current condition is to look at how many Board of Review petitions or appeals that were filed. Prior to 2006, appeals averaged about 500 a year. During the recession years, appeals peaked and the number has declined since 2009 to the lowest number ever of 304 appeals for 2013. With the increase in assessments for residential and commercial properties, he expects a slight increase in appeals for 2014. Another

indicator is to look at the number of foreclosures. Oakland County had 2,650 foreclosures year to date. It is a 72% decrease since 2010 in the number of foreclosures. The City of Novi year to date was 49 foreclosures for 2013 and was an 82% decrease since 2010. He noted the average sales price of a property was \$438,000 in 2006, in 2010 the average was \$227,000, and for 2013 the average has increased to \$302,000 which is not at 2006 level but progressing. Mr. Lemmon spoke of additional indicators which are the increase in sales of properties in Novi, Bank sales have declined in 2013, and the gap between assessed and taxable value is expected to increase to 9%. The increase in the gap develops when sales outpace inflation rate multiplier. It is a trend he expects to continue. He projects residential taxable to increase to 4.52% outpacing the IRM of 1.6% because of new construction and uncapping of sales in 2013. Overall, he projects total assessed value to increase by 7.74% and total taxable value to increase by 2.38% in 2014. He presented a chart that showed projected assessed and taxable value changes outpace Oakland County. He said personal property values have been a stable amount on our tax rolls but due to legislation that passed at the end of 2012 there will be changes to the way personal property is taxed. Legislation passed that will affect personal property in 2014 and 2016. Personal property right now contributes about 7% of the assessment roll and consists of over 2,200 properties. In 2014, the legislative change has the ability to remove personal property that is under \$80,000 in value. In order to get the exemption, the taxpayer will have to file personal property statement and an exemption request form. The tax roll will not include the properties that file the forms in 2014. The legislation requires an election in August, 2014 to approve the elimination of the personal property tax that is already eliminated on the tax roll. He didn't think the bill will be supported and didn't see the general public voting on a tax break for businesses. If it doesn't pass, the properties will have to come back onto the assessment roll. If it does pass, he calculated approximately 1,557 property will not be taxed for personal property with 653 properties remaining on the tax rolls that make up approximately \$204 million dollars of value. He calculated 70% of the personal property parcel will come off the roll as exempt but will be under 9% of the total values of the roll. He said currently 30% of the properties pay 92% of the personal property taxes.

He explained the Headlee rollback calculation. The purpose of the Headlee amendment is to measure and limit adjustments due to market increase. It is there to control uncontrolled growth. Headlee allows for inflation but adjustment in excess of the IRM will trigger a millage rollback for operating purposes. Calculations that are equal to more than one do not require a rollback. When the calculation results in less than one, a millage rollback is required. Without personal property, he calculated there may be a slight rollback. The second phase of the legislation refers to 2016 changes. Beginning in 2016, the industrial personal property will start to be phased out. It means that all acquisitions prior to 2006 and after 2012 will be exempted. It will automatically remove \$11 million taxable value from the 2016 assessment roll. Each year thereafter, the oldest remaining year will be exempted until all industrial personal property is exempted after 2022.

He continued to explain property values history and projections for the City of Novi. He discussed the Michigan Tax Tribunal cases. In the past four years, the City has disposed of almost 1,000 cases. When the economy went into recession, the number of cases

increased. The Assessing Department took an aggressive approach on defending the appeals. Outside appraisers are hired when necessary and in-house appraisals are done as much as possible. An analysis is done to negotiate the best possible solution but is taken to trial only when necessary. Limited transactions over the last several years have not been beneficial to communities in general. Until the last year, most properties that had been sold were distressed and now there has been a turn around. The case load has dwindled to 63 cases that are open. In March there will be more cases following March Board of Review but he thought the amount of projected losses will be more manageable. He stated the full value of 63 cases is \$118 million. He projects the settlements to be within the range of 15 – 25% of value as in the past.

Member Mutch thanked Mr. Lemmon for the presentation. Member Mutch pointed out in 2010 non-residential was about 42% and in 2017 it is projected to be about 33% of the total tax base for Novi. In the 90's there was discussion in City Government that our tax base was becoming unbalanced. That the City had a significant residential component and it wasn't being offset by commercial and industrial development. There were discussions of how to increase that type of development. Member Mutch asked Mr. Lemmon if he thought residential valuations have become so high and continue to grow relative to commercial and industrial or is the commercial and industrial just not keeping pace. Member Lemmon pointed out how residential properties reacted very quickly and commercial and industrial properties react slower. When the market went bad residential properties went down initially and have rebounded quicker. Commercial and Industrial lag behind and haven't returned yet. As time goes on, the balance between the two is about what he would expect to see. We have a heavy residential community but he thought that Novi is not that different than other communities. He said Novi has a nice balance. Member Mutch asked if the election does eliminate personal property how it will affect that balance and what percentage of our overall tax base does that personal property tax represent. Mr. Lemmon said the 1,500 properties of personal property only make up \$19 million out of the \$220 million personal property base. If the legislation doesn't pass, we will have to add relatively small properties that are under \$40,000 back onto the roll. We have over \$3 billion on our tax roll. The biggest concern for Mr. Lemmon was the difficulty of adding the properties back onto the tax roll. Member Mutch asked if his expectation was to maintain two different rolls. Mr. Lemmon answered he has discussed it with Oakland County but haven't come up with a plan. Member Mutch said the information in his presentation was very helpful and looked forward to more information on personal property tax.

Member Gatt thanked Mr. Lemmon for the detailed report and neighboring communities would welcome the news he presented to Council.

REPORTS:

1. MANAGER/STAFF - Council Goals Revisited

City Manager Pearson thanked Mr. Lemmon and his staff because the work load and the complexity they have to deal with is staggering. The value of his presentation has

proved that it keeps the City informed. They use the information for revenue projection and multi-year budget under the auspices of the early input session held in January. He asked the staff to put together an update to the Council Goals and Objectives that was done last January. We have provided reports during the course of the year in different forms but thought it would be helpful to share it now. There is an updated piece that lists the short term/long term goals on the seven items and how they stand now. There have been a few items included that were not in the current budget and/or multi-year financial plan. He provided the traditional red box objectives. They are items included in the budget that are being tracked and reported every quarter. It is meant to provide Council with a status and information for the next budget session.

Mayor Gatt asked if the venue will be changed. City Manager Pearson asked for Council's consideration of moving it from Fire Station #4 even though it has worked out well. It would be easier logistically in the Chambers and allows the session to be broadcast live. There would be some continuity with the ability to work on the laptops and it is consistent with keeping the public's work in the Council Chambers. Mayor Gatt thought it was important for our transparency in government to broadcast live. He welcomes the move. Member Fischer commented that it makes sense to move it to the Chambers, although he liked the idea of holding the meeting outside of the Chambers, in spirit of getting more people involved. He asked Administration and Council to think about how we go about our goal setting in general from a structure perspective. He explained that there are seven items that Council tries to establish short term and long term goals for. It adds up to fourteen different items and then members have to come up with two to four goals in the fourteen buckets. He asked Administration before the goal setting to think about how to combine some of the items or if the long term and short term is the way to continue. He thought that the infrastructure of how we set these goals might go a long way to making them more valuable for Council and Administration. Mayor Gatt thanked Member Fischer and said he had the discussion with Mr. Pearson about working on some changes.

Member Mutch thanked the Mayor and City Manager for bringing this forward and it is very helpful for Council members to have the information in advance of goal setting session. He commented there are a couple of goals that have been carried forward for a couple of years. One is create a plan for upgrading all of our major commercial corridors with street lights and landscaping and the other is to increase the number of local neighborhood parks. He was hoping to see more development of those goals in terms of specifics. He would like to see plans or progress towards those goals. He said there has been a little activity and would like to see more progress. He commented on the goal under infrastructure to work with the Road Commission to develop a plan of improvement for Ten Mile Road. He thought the City needs to be proactive in putting more detail behind the concept. It would be helpful if City Administration could possibly identify projects we can partner with the Road Commission. It is an area he thought that it may be a long time before the Road Commission may initiate anything. Another goal that needed more detail from City Administration was Community natural areas, natural features, and Community character. One of the short term goals was developing a commercial and retail façade improvement program for the southeast quadrant. He would like to see an approach similar to a city seen at a Mayor's Exchange. In the same set of goals included acquiring parkland while property values

are still historically low. A Grants Committee has had meetings with the Parks and Recreation Director. He has expressed some interest in pursuing some opportunities but needs support from City Council to move the activities forward. City Administration should provide more information if there are opportunities to pursue. He spoke of the ones he was concerned with but overall he was pleased to see many moving forward. In the area of short term goals, he would like to see City Administration continue to put focus on them for the remainder of the budget year.

City Manager Pearson announced the Community Relations staff has sent out the 2014 calendars with an "I am Novi" theme.

2. ATTORNEY - None

AUDIENCE COMMENT – None

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

CM-13-12-161 Moved by Casey, seconded by Mutch; CARRIED UNANIMOUSLY:

To approve the Consent Agenda with the exclusion of item G.

- A. Approve Minutes of:
 - 1. December 2, 2013 – Regular meeting
- B. Approval of Recommendation from Council Rules Committee to amend Council Organization Rules and Order of Business.
- C. Approval to enter into an agreement with Camtronics for the upgrade of the Police Department building camera system for \$23,412.38.
- D. Approval of a Street Light Purchase Agreement with Detroit Edison Company for the installation and ongoing operation costs of a street light at the intersection of Scarborough Lane and Meadowbrook Road to serve the Willowbrook Farm development; and approval of an agreement with Willowbrook Farm Homeowners Association for the sharing of installation costs per the City's Street Lighting Policy.
- E. Approval of the final payment to G.V. Cement Contracting Co. for the 2013 Neighborhood Road Program—Contract 1(Concrete) in the amount of \$32,331.80.
- F. Approval of the final payment to Hard Rock Concrete, Inc. for the 2013 Capital Preventative Maintenance Program—Major Roads in the amount of \$94,817.32.
- G. Approval of traffic control orders 13-53 through 13-75 for traffic control signs within the western portion of Section 25. **REMOVED FOR COUNCIL ACTION**

H. Approval of Claims and Accounts – Warrant No. 906

Roll call vote on CM-13-12-161

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

MATTERS FOR COUNCIL ACTION

1. Appointments to Boards and Commissions.

Mayor Gatt submitted one appointment to the Library Board for a partial term that expires March 1, 2015, Craig Messerknecht.

CM-13-12-162 Moved by Staudt, seconded by Casey; CARRIED UNANIMOUSLY:

To approve appointment of Craig Messerknecht to the Library Board for partial term that expires March 1, 2015.

Roll call vote on CM-13-12-162

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

City Clerk Cornelius announced the following were elected:

Beautification Commission, Ian Gallagher for a full term; Board of Review, Debra Blashfield; Election Commission, Pamela Superfisky; not enough votes for a full or partial term to the Historical Commission; Housing & Community Development Advisory Committee; Debra Blashfield and Katrina Kelly for full terms; Zoning Board of Appeals, Linda Krieger, Siddharth Mav Sanghvi, and Alternate, Cynthia Gronachan.

Appointment of Toni Bonner for a full term to the Historical Commission.

CM-13-12-163 Moved by Mutch, seconded by Fischer; CARRIED UNANIMOUSLY:

To approve appointment of Toni Bonner for a full term to the Historical Commission.

City Attorney Schultz said Debra Blashfield could not be on two Boards. There was some discussion that her name would have to be withdrawn from one of the Boards.

Roll call vote on CM-13-12-163

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

Appointment of Tammy-Lee Knopp for a partial term to the Historical Commission.

CM-13-12-164 Moved by Mutch, seconded by Fischer; CARRIED UNANIMOUSLY:

To approve appointment of Tammy-Lee Knopp for a partial term to the Historical Commission.

Roll call vote on CM-13-12-164 **Yeas: Mutch, Wrobel, Gatt, Staudt, Casey, Fischer, Markham**
Nays: None

Member Fischer said he was on the interview committee and thought Ms. Blashfield would do a good job on the Board of Review and recommends withdrawing her nomination from the Housing & Community Development Advisory Committee for the time being until it was determined whether she can be on two Boards.

CM-13-12-165 **Moved by Fischer, seconded by Casey; CARRIED UNANIMOUSLY:**

To approve withdrawal of Debra Blashfield's appointment to the Housing and Community Development Advisory Committee.

Roll call vote on CM-13-12-165 **Yeas: Mutch, Wrobel, Gatt, Staudt, Casey, Fischer, Markham**
Nays: None

2. Consideration of Resolution setting fees for licensing and registration and Ordinances to Amend the City of Novi Code of Ordinances to add Chapter 27.5 for precious metal and gem dealer, secondhand and junk dealers, and pawnbrokers in accordance with State law.

A) Consideration of adoption of Ordinance 14-181, to amend the City of Novi Code of Ordinances to add Chapter 27.5, "Registration and Licensing," for the creation of registration and licensing standards for certain businesses, occupations, and activities, and to reserve sections 27.5-1 through 27.5-15 for general provisions. **FIRST READING**

B) Consideration of adoption of Ordinance 14-181.01, to amend the City of Novi Code of Ordinances, Chapter 27.5, "Registration and Licensing," to add Article II, "Precious Metal and Gem Dealers." **FIRST READING**

C) Consideration of adoption of Ordinance 14-181.02, to amend the City of Novi Code of Ordinances, Chapter 27.5, "Registration and Licensing," to add Article III, "Secondhand Dealers and Junk Dealers." **FIRST READING**

D) Consideration of adoption of Ordinance 14-181.03, to amend the City of Novi Code of Ordinances, Chapter 27.5, "Registration and Licensing," to add Article IV, "Pawnbrokers." **FIRST READING**

E) Consideration of a Resolution setting fees for licensing or registration of precious metal and gem dealers, secondhand and junk dealers and pawnbrokers.

City Manager Pearson said these ordinances are changes to the existing regulations of the State Law and to take advantage of new technology to help law enforcement.

Member Fischer asked for more information on the Leads Online service and if it was similar to a partnership with the dealers. He didn't know if it was voluntary or required through the City or the State. Any background would be helpful and beneficial. Jerrod Hart, Assistant Police Chief, said the Public Act allows the Chief of Police to designate an electronic form of reporting. Currently, Leads Online offers the best alternative for the electronic reporting. It is an easy program to use and business friendly. Member Fischer asked again if it is something they would sign up for voluntarily or is it required. Assistant Police Chief Hart explained with the adoption of the ordinance on the electronic reporting, the City will send out the information regarding Leads Online for a training program. The City would be requiring them to use it.

CM-13-12-166 Moved by Fischer, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve A. – D. of a resolution setting fees for licensing and registration and Ordinances to Amend the City of Novi Code of Ordinances to add Chapter 27.5 for precious metal and gem dealer, secondhand and junk dealers, and pawnbrokers in accordance with State law. **The fees E. will be left to the Second Reading.**

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D) Consideration of adoption of Ordinance 14-181.03, to amend the City of Novi Code of Ordinances, Chapter 27.5, "Registration and Licensing," to add Article IV, "Pawnbrokers." **FIRST READING**

E) Consideration of a Resolution setting fees for licensing or registration of precious metal and gem dealers, secondhand and junk dealers and pawnbrokers. **POSTPONED TO SECOND READING**

Member Mutch confirmed the number of pawn brokers, secondhand dealers, and businesses that deal with precious metals with Assistant Chief Hart. He thought it doesn't affect a wide range of businesses and most businesses already participate in the system. The fees are mandated by State Law and we are staying consistent or changing the minimum amount. Assistant Chief Hart said the precious metal and gem registration that will be kept at \$50 for staff time. The fees were looked at very closely to make sure they were at the minimum of what was allowed by State statute. Member Mutch asked if other communities around Novi are participating with a similar ordinance or is it a new system. Assistant Chief Hart looked at other communities' fees. The Leads Online has brought about other communities to adopt the State Law with public acts. There are 367 businesses in the State of Michigan that are registered with Leads Online and the number is growing every day. Member Mutch noted the concerns of additional regulations and fees on businesses in Novi but there has been a concerted effort to minimize any concerns. It is easy for the businesses to utilize and there is a public safety benefit to the Community.

Member Casey understood the precious gem dealers have two reporting requirements. Assistant Chief Hart said the Leads Online electronic reporting would replace the duplicate reporting. They will be required to report the transaction one time to the Police Department. Member Casey confirmed that it will be easier if it is done online. Assistant Chief Hart said in January the Police Department processed 283 pawn slips or secondhand stores' transactions at our records bureau. The information has to be entered into the computer data base. With the electronic reporting through Leads Online, they did only 34 in November. It is reducing the amount of time that staff spends entering the data in the computer. Our business community has always worked very well with the Police Department. They do not want to purchase or pawn any type of item that is stolen.

Member Markham said she read the section about pawnbrokers and confirmed there is only one in Novi. She read the section that lists a series of items the system is supposed to prevent people from processing stolen merchandise. Assistant Chief Hart said she was correct and also to require them to report their transactions online. Member Markham specifically asked about the listing of a shotgun and if all firearms are a part of this system. Assistant Chief Hart said she should look at the heading on page 8, 27.5 - 59 and there it specifically addresses the sale or possession of items with serial numbers altered or removed. They would normally fall under the reporting but they would not be allowed to sell them if those serial numbers were altered. It is a crime to possess a weapon with an altered serial number. She asked if we allow the sale of second hand firearms through the system if they follow procedures. He answered that she was correct. In fact, that was one of their early successes with Leads Online. A report of a

stolen weapon he took as a Sergeant on a home invasion was eventually sold to a store on the east side years later and to answer the question, yes they would be allowed to.

Roll call vote on CM-13-12-166

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

Nays: None

AUDIENCE COMMENT – None

COMMITTEE REPORTS – None

MAYOR AND COUNCIL ISSUES – None

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION:

- G. Approval of traffic control orders 13-53 through 13-75 for traffic control signs within the western portion of Section 25.

Mayor Pro Tem Staudt noted he couldn't approve as presented with the nineteen new signs.

Mayor Gatt asked City Manager Pearson to give them a little history about this item. City Manager Pearson answered engineering has spent time going through different neighborhoods to examine the signs. They re-examined Willowbrook and Village Oaks as Mayor Pro Tem had mentioned a majority were traffic controller's replacements for signs that are up and all are warranted by the traffic study. He said he would be glad to provide additional information for the additional signs. In Village Oaks, the nineteen did not have any traffic control and there is a combination of seven yield signs and twelve new stop signs to provide positive traffic control of who has the right of way, etc. Mayor Gatt confirmed there are nineteen new signs in addition to the replacement signs. City Manager Pearson said there were about 80 signs with the nineteen new signs. Mayor Gatt asked if there was a backup study with the signs. City Manager Pearson wasn't sure if the complete study was given. The new signs can be taken off the item and brought back at a later time with additional information.

Member Fischer said he would like to see some additional information on the new signs. He understood the majority of the replacement signs are required by Federal Law to have greater reflectivity on them but he didn't know if the new signs were necessary. There may be possible future safety concerns but Village Oaks is not a new development and has been there for 40 years or more and common sense dictates. He will not support it.

Member Wrobel agrees they need more documentation and information from the Chief of Police whether there are accidents or safety related issues he is aware of.

Mayor Pro Tem Staudt said he would like the item to move forward because the replacements are a necessity and defer the additional nineteen new signs to a later date when we have had an opportunity to look at the additional information.

CM-13-12-167 Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve replacement signs only for traffic control orders 13-53 through 13-75 for traffic control signs within the western portion of Section 25

Member Mutch asked if it creates any problems for the City if the consultants have said this kind of sign has been justified at the location and we turn around and say we don't want to do it. City Attorney Schultz said appropriate State rules and regulations contemplate ultimate approval by City Council. He thought they were within their rights to make that decision.

Roll call vote on CM-13-12-167

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

Nays: None

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 8:11 P.M.

Robert J. Gatt, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Jane Keller

Date approved: January 6, 2014