

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, SEPTEMBER 12, 2011 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE ROAD**

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

PLEDGE OF ALLEGIANCE

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

APPROVAL OF AGENDA

CM-11-09-125 Moved by Margolis, seconded by Gatt; CARRIED UNANIMOUSLY:

To approve the Agenda as revised

Roll call vote on CM-11-09-125	Yeas:	Gatt, Fischer, Margolis, Mutch, Staudt, Wrobel, Landry
	Nays:	None

PUBLIC HEARING – None

PRESENTATIONS

1. Community Reads Event and Partnerships for 2011 – Laura Liddicoat, Novi Public Library

Laura Liddicoat, Novi Public Library, shared information on the Library's partnerships. She said partnering with other groups allowed the library to provide more and better services. Ms. Liddicoat said their first program was the Neighborhood Library Association. The libraries of Novi, Northville, Lyon Township, Salem-South Lyon, and Wixom were hosting a Community Read. This year they would be focusing on the book *The Art of Racing in the Rain* by Garth Stein. Another partnership was with Providence Park Hospital, they were offering a variety of "A Better You!", programs to provide open discussions on hot topics in health. She said they were also working with the Novi Community School District which began September 12th with 500 Novi Community School District employees touring the library. She said the library was working with the Oakland Livingston Human Services Agency. She said if someone needed help with transportation, health, finances, child care and other services they could work with the agency, but instead of having to drive to the agency offices, the library was providing drop in hours on Tuesdays from 11am – 1pm until December 27th. The last program she highlighted was the Novi Newbies program. It welcomed new babies, who were residents of Novi and born at Providence Hospital, with their first book bag. It promoted the importance of reading to infants.

2. Providence Park Hospital Anniversary – Jean Meyer, MSN, RN and Lou Martin, Public Relations

Jean Meyer said locally they were one of seven hospitals in the St. John Providence Health System. Novi was the newest of the seven hospitals and opened in September 2008. She said they currently employed 1,686 associates, up 100 employees from last year; they also had 1,450 physicians on their medical staff. She said they had a wonderful fiscal year with every target exceeding their budget. She went over many hospital highlights such as their all private rooms, 24/7 Remote Telemetry Monitoring and 24 hour visitation. She also detailed many services that the hospital offered. She explained many of the community partnerships with Providence Park Hospital.

REPORTS:

1. MANAGER/STAFF – Snow and Ice Management Service Plan for 2011/2012

Mr. Pearson said Mr. Hayes had provided an extensive memo containing pre-planning information for snow and ice management services.

Mr. Hayes said late last fiscal year Council approved several measures to help the Department of Public Services improve their level of service during abnormally large snow events. He said earlier this month they provided Council with a detailed status report to update them on their progress of implementing the measures. He said they needed guidance on implementing major snow routes, as well as the extent to which they should be clearing sidewalks and pathways. He said they proposed adding a sixth major route, which specifically addressed collector streets within major subdivisions. This would help them to get into subdivisions much sooner providing better connection to major roads. He said they were also looking to implement a storm route designation to some of the collector streets which would prohibit on-street parking in the event of storms with four inches of snow or greater. He said the ordinance on sidewalk cleaning stated that everyone in Novi had 24 hours after the end of a snow storm to clean an accumulation of two inches or more from their sidewalks. He said it was important to note that less than 1/3 of all the walks they cleared actually abutted City of Novi property, the remaining 2/3 were scattered throughout the City and typically near or abutting school property. He said they were looking for guidance on how to best clear the sidewalks going forward.

Mr. Pearson said they would be open to suggest referral to the Ordinance Review Committee for the policy matters on sidewalks specifically.

Member Fischer thought it would be best to have the Ordinance Review Committee look at the sidewalk policy and digest what to do. He said it was smart to create a sixth route as part of the major snow plow policy. He asked what a proposed penalty would be for anyone parked on the snow route during a four inch storm.

Mr. Hayes said they would be issued a warning from an officer and if the vehicle wasn't moved, it would be ticketed and towed.

Mr. Pearson said it would be handled by the Police Department.

Member Fischer asked if there had been discussion on having a higher threshold for what would be considered a major storm in the sixth route areas. He said that four inches was the current threshold.

Mr. Hayes said last winter there was a storm with about four inches of accumulation and the snow was so wet that people couldn't get out of their subdivisions. He thought four inches was still an appropriate threshold.

Member Fischer asked if there had been discussion on how to communicate to residents that cars need to be moved off the street.

Mr. Hayes said they would meet with the homeowner associations in each area to update them on what they had planned and why.

Member Fischer asked if they had received feedback from the subdivisions that would be impacted.

Mr. Hayes said they had informally talked to Meadowbrook Glens last winter.

Member Fischer said he was a little hesitant and worried about the Police resources and the possibility of ticketing residents for parking in the streets; he would like to see more discussion and feedback about that. He also wanted to see if creating a larger threshold for accumulation might make more sense for these snow routes.

Mayor Landry thought it was a very comprehensive proposal. He liked the idea of creating a sixth major route and having an independent contractor clear it. He also liked the idea of having the Ice Arena clear their own area which would free up more employees. He liked the idea of trying to negotiate with MAPE to require some minimum required overtime and cross training employees to drive some of the lighter duty vehicles. With respect to the snow route, he thought it was a good idea but he shared Member Fischer's comment about notifying the residents. He asked if it would be possible to update the residents through Nixle.

Mr. Pearson said he thought Nixle would be a great option.

Mayor Landry said he liked the idea of the City only clearing pathways adjacent to City property and he supported sending it to Ordinance Review.

Member Staudt said he was concerned with anything that would inhibit the ability of any child or student to get to a school for any reason. He received e-mails expressing residents dissatisfaction with the proposal to reduce the amount of shoveling or plowing for the school routes.

Mayor Pro Tem Gatt said he felt it was too comprehensive an issue to debate and come up with a conclusion on the spot. He said it should go to Ordinance Review where they could review it at leisure time and come back with a proposal. He said he would be opposed to ticketing the residents and towing their cars. If the goal was to

get a car off the street, a ticket wouldn't do it. He thought the plows should go around the cars and plow them in if they were parked in the street. He said he didn't feel it would be fair that residents in subdivisions with wider streets would be able to stay on the street and residents in subdivisions with more narrow streets would be subject to more enforcement.

Member Wrobel thought it should go to Ordinance Review very soon. He said if he were on a street that he knew had to be plowed; common sense said that the car should be moved. He asked Mr. Hayes if the new vehicles being considered for approval would eliminate the problem of having vehicles under repair and not in useable condition to plow the snow.

Mr. Hayes said one of the vehicles on the Agenda would be a replacement vehicle; a 1986 vintage truck would be gone. He said they were adding a tandem axle truck which would provide better performance.

Member Margolis wondered if there was some sort of compromise on the snow routes. She said she understood why they needed to get cars off the street. She thought it was a good idea to look at designating snow routes, having a procedure that gave warnings along the way to people. She agreed it was common sense but thought signs that said snow route would give residents an idea that they needed to think about it more clearly.

Mr. Hayes said signage would be implemented.

Member Margolis said if it was going to go to Ordinance Review, she would be interested to see if a private contractor could clear the school routes and what the costs would be.

Member Mutch said he was concerned to scale back the clearing of sidewalk routes to any significant degree, keeping in mind that the school districts were requiring more students to potentially walk to school. He said he understood, from the City's perspective that they didn't want to create a perception of unfairness by clearing sidewalks in certain areas of the City and not others. He said many of those routes that were currently being cleared were within the walking zones. He said at a minimum they should look at the walking routes as routes that they would continue to clear. He said he realized Novi had people who walked through the City as their main form of transportation and their needs had to be recognized in the wintertime as well. He liked the idea of looking at alternatives such as a private contractor. He thought the City should coordinate with the School Districts to share the responsibility of clearing the sidewalks. He agreed they should move forward with an additional sixth route. He was still concerned with proper notification to residents about the snow routes. In other communities if there was a snow emergency, it was announced on the local news channels. In Novi's case it would be up to the City to get that information out, the Mayor mentioned one form of doing that could be Nixle; they had to have something in place. He said he would like more information on how the City would notify

homeowners and receive more feedback from homeowner associations to get their take on it.

2. ATTORNEY - None

AUDIENCE COMMENT – None

CONSENT AGENDA REMOVALS AND APPROVALS (See items A-U)

CM-11-09-126 Moved by Margolis, seconded by Gatt; CARRIED UNANIMOUSLY:

To approve the Consent Agenda as presented

Roll call vote on CM-11-09-126 **Yeas: Fischer, Margolis, Mutch, Staudt,
Wrobel, Landry, Gatt**
Nays: None

- A. Approve Minutes of:
 - 1. August 22, 2011 – Regular meeting
- B. Enter Executive Session immediately following the regular meeting of September 12, 2011 in the Council Annex for the purpose of discussing labor negotiations and privileged correspondence from legal counsel.
- C. Approval to award a one-year renewal option of the Agreement for Professional Engineering Services to Orchard, Hiltz & McCliment, URS Corporation, and Spalding DeDecker Associates with no changes to the terms, conditions, or fee structure through September 24, 2012.
- D. Approval to change the regular Council meeting from Monday, October 10, to Monday, October 17, 2011.
- E. Approval of Request by E & M, Inc. (Society Hill) for one-year extension, to October 9, 2012, of site plan approval of a 312-unit apartment project developed as a PD-1 option in a multi-family (RM-1) district, located at the southwest corner of Novi Road and 12 ½ Mile Road, previously extended under a consent judgment and subject to annual extension reviews.
- F. Approval to accept the Michigan Natural Resources Trust Fund Grant TF-10-043 for the development of the Landings Park Trailhead/Waterfront.
- G. Approval to award the first contract renewal option to Impressive Promotional Products for youth and adult sports apparel, with an estimated annual cost of \$35,000.
- H. Approval to award the first one-year renewal option for the general printing services contract (business cards, envelopes, letterhead and forms) to Accuform

Printing & Graphics based on the same terms, conditions, and pricing submitted on their original bid dated May 19, 2010, with an estimated annual cost of \$12,000-\$15,000.

- I. Approval of Claims and Accounts – Warrant No. 851
- J. Approval to award a one year contract with two annual renewal options to Sheila Nauseda for Hair Salon services at Meadowbrook Commons beginning September 28, 2011.
- K. Acceptance of a Non-Development Easement from Providence Hospital and Medical Centers, Inc., for Providence Orthopaedic Center, SP06-22, located on the east side of the Providence Park Ring Road, south of Grand River Avenue in Section 17. The easement covers 18,988 square feet.
- L. Approval to award an engineering services contract for design engineering services related to the I-96 Pedestrian Crossing Study to Orchard, Hiltz & McCliment, Inc. (OHM), in the amount of \$13,200.
- M. Approval to award an engineering services contract for design engineering services related to the development of Complete Streets Standards and Specifications to Orchard, Hiltz & McCliment, Inc. (OHM), in the amount of \$21,661.
- N. Approval of a request from Krista Franchi for a variance from Section 11-194(a)(19) of the Design and Construction Standards to permit: 1) a reduction in the size of a secondary emergency access easement across Units 5 and 6 of the Mirabella Estates Condominium Subdivision from the required 25 feet to 15 feet and 2) a reduction in the physical width of the emergency drive from the required 18 feet to 15 feet. The secondary access was required on the approved site plan for Mirabella Estates Condominium (formerly known as Meadowbrook 8 Subdivision).
- O. Approval to award a one year renewal option of the Debris Removal contract with Bob Myers Excavating Inc., based on the terms, conditions and pricing of the existing contract for an estimated annual cost of \$30,000 and an effective date of September 12, 2011.
- P. Approval to award a one-year renewal option on a unit price contract for backup snow removal support services on an as-needed basis for major and local roads to Rotondo Construction Corporation.
- Q. Adoption of MERS 2010 Restated Uniform Defined Contribution Program Resolution for the Dispatchers Division 20 (effective for Dispatch new-hires after September 1, 2011).

- R. Adoption of Resolution to Amend the VantageCare Retirement Health Savings (RHS) Program to include the Dispatchers (effective for Dispatcher new-hires after September 1, 2011).
- S. Approval to dispose of nineteen (19) surplus in-car cameras with the intention of providing them to the Warren Police Department and the Hazel Park Police Department.
- T. Approval to award the Photography contract to Princeton Studios for sport leagues and special events.
- U. Approval of amended resolution for approval of Industrial Facilities Exemption Certificate for Tognum, adding representation required by the State Tax Commission.

MATTERS FOR COUNCIL ACTION – Part I

1. Approval of Resolution Opposing Elimination of Personal Property Tax on all Businesses, Shifting Burden to Residents, unless there is Dedicated Replacement Revenue of Equal Amount.

Mr. Pearson said it was a policy statement for Council's consideration. He said at the state level they had been talking about removing personal property from the property tax base. Under the Michigan Law, personal property was business uses for their inventory, fixtures, computers, and the like. He said each year they signed an affidavit stating how much they had and taxes were derived from that. He said the City of Novi received about \$2 million in revenue across all funds from personal property. He said it would be devastating for that to go away and not be replaced. He said this was a policy statement to the legislatures to be put on the record opposing the elimination. He said replacing it would have to be constitutionally guaranteed because the track record in Michigan and other states was that once it was replaced, it faded away as time went on. In the City of Novi's case the top three payers were the utility companies which were not going anywhere. He said when legislature actually started working on this they should be more specific. He said if they took down the tax base, it would have to be made up somewhere else and would probably fall on residents and other businesses.

Member Mutch said he wanted to bring the focus more specifically on the impact of the loss of personal property tax revenue on the City of Novi. He also wanted to focus on the core purpose of the resolution, to make legislature in Lansing realize the impact on Novi and how the loss of personal property tax base would result in a tax increase on all Novi residents, homeowners and businesses. He said the loss of that tax base would cause a subsequent increase in the debt millage to cover that shortfall. He also wanted to focus on the potential impact on Novi's services and focus on businesses where personal property tax revenue had the biggest impact. He said they had to focus on continuing to attract those businesses to Michigan and to Novi without getting into a situation of eliminating the personal property tax on businesses that operated under a

regulated system and didn't have any control over bringing the revenues back to the local community. He thought the revised draft captured the intent of what they wanted to communicate to the people in Lansing.

CM-11-09-127 Moved by Mutch, seconded by Margolis; MOTION CARRIED: 5 – 2

To approve the revised Resolution Opposing Elimination of Personal Property Tax on all Businesses, Shifting Burden to Residents, unless there is Dedicated Replacement Revenue of Equal Amount

Member Margolis said she was concerned with approving the revised version because it just came in and she didn't have a chance to compare it side by side with the original version. She said she agreed with the sense of the original resolution. She found it interesting that one level of government could repeal a tax that impacted another level of government. She said fundamentally it was a huge part of their budget but was an even larger part of other Municipalities budgets. She said there was no differentiation between different types of businesses, if the purpose of eliminating the tax was to be more competitive; the legislature had to be more targeted on how they went about doing it.

Member Staudt said he wouldn't support the resolution. He said he talked to State Senators and State Representatives and no one seemed to have an alternative that was palatable to anybody. He said at this point, giving relief to three of the largest utilities in the state and not expecting any return on rates or anything else made no sense. He said if Lansing decided to move forward they had a lot of explaining to do because it would cut a valuable revenue source and they didn't have a good alternative. He looked at it as something to help guide their thoughts but wouldn't support any resolution until he had a very clear picture of what Lansing was going to do from a revenue standpoint and repeal of the personal property tax.

Mayor Pro Tem Gatt said he thought a resolution was premature. He agreed that it was a bad idea waiting to happen but it hadn't happened. He said he thought we should get in touch with State Senator Kowall and State Representative Crawford instead of sending a piece of paper to the Clerk's Office in Lansing.

Mayor Landry said the idea of eliminating personal property tax was, in his opinion, a horrible idea. He said 80% of that revenue went to Cities, if the State of Michigan legislature wanted to make Michigan a better place for businesses they should do it with someone else's money. As Member Margolis said, it didn't make sense to make the cities pay for it. He said the resolution told Lansing that we didn't like the idea.

Roll call vote on CM-11-09-127

**Yeas: Margolis, Mutch, Wrobel, Landry,
 Fischer**
Nays: Staudt, Gatt

2. Approval to amend the City's Fund Balance/Reserve policy to include certain Special Revenue Funds and the Capital Replacement Reserve policy for the Enterprise Funds (in addition to the General Fund-Fund Balance policy).

Mr. Pearson said it was a policy item for consideration. After last year's budget and looking at the interworking's of all the funds it struck him that there was a formal policy for the General Fund but only internal guidance for the other funds. He said it wasn't all funds; it was funds that were property tax related, or enterprise funds and capital replacement funds.

Member Margolis said this documented the policies that they had followed for the past six budget cycles where she participated. She said the Council had approached a number of different issues including documenting and clarifying policy issues.

CM-11-09-128 Moved by Margolis, seconded by Fischer; MOTION WITHDRAWN:

To approve to amend the City's Fund Balance/Reserve policy to include certain Special Revenue Funds and the Capital Replacement Reserve policy for the Enterprise Funds (in addition to the General Fund-Fund Balance policy)

Member Mutch said he had concerns about some specific provisions in the Fund Balance policy as it was currently written. The first was with the Special Assessment Revolving Fund, specifically the language that limited the Special Assessment Revolving Fund for future reconstruction and maintenance of City roads. He said they had used that fund in past budget years to pay for road reconstruction but his concern was that this particular fund should have a limited use to capital projects. He said he didn't want to see the fund used for operational purposes and the way it was currently worded, the fund could be used for operational purposes. He said he didn't agree to limiting it to road improvements, he thought they should look at the fund for future capital improvement projects in addition to road improvements. He said road improvements were a priority for City Council but there were other potential capital improvement projects that would benefit from being funded. He said this particular fund could be a resource to utilize for that purpose. Another concern for him was the Tree Fund. There was no fund balance designated for the Tree Fund, in last year's budget the language that had been in previous budget documents to set aside \$500,000 in the Tree Fund was removed. He said past City foresters pointed to the fact that they had the tree fund when the Emerald Ash Borer disease struck the City of Novi. The City's tree fund allowed Novi to replant new trees replacing the trees that were lost which many communities were not able to do. He said that fund balance reserve was money the City wanted to have in case something else struck the City tree population and a significant number of trees were lost. He said the timing of approval stuck him as a policy decisions for the Council to discuss at goal setting time. He said the General Fund, fund balance and setting aside funds for capital projects, which were noted in the Parks and Recreation Fund, were policy decisions to be made by a Council. He said instead of making those decisions now, a couple months away from an Election, the proper time to discuss it would be at a goal setting time. He said they should get direction from the Council at

that time and put together a document that could be part of the budget process. He thought it was a policy decision for the next Council to make and he wouldn't support adopting this right now.

Member Staudt said he shared many of Member Mutch's comments and would also like to talk about it during goal setting. He said there were a lot of things going on within the policy that weren't consistent with his thoughts on how fund balance should be used. He found it interesting that the term minimum range was used in a lot of the balances but it wasn't used in the General Fund balance. He thought of the General Fund balance as a minimum range even though it wasn't written that way. He said he would like to see the next Council look at this; it should have long standing implications because it was a policy that shouldn't be changed frequently. He said he would oppose it currently, but thought it would come up shortly after an election and lead into the next budget session.

Member Wrobel agreed with Member Mutch and Member Staudt, he thought they should wait for the next Council to address the policy.

Member Fischer said he never thought it was a bad time to set goals. He didn't think they should sit by idly for the next two months because elections were coming up. He said he was in favor of discussing the item now. He said he appreciated the comments that Member Mutch made but thought they should continue the discussion over the next couple of weeks and see different versions of the item. He said they always talked about how important the fund balance for the General Fund was but in aggregate, these funds were just as important, if not more, than the General Fund.

Member Margolis agreed that it was the current Council's job to look at the policy. She said to not have a policy until January because they were waiting for another Council to come along didn't make sense to her. She said the Council had made a lot of comments on being fiscally responsible and these were important policies to have. As was stated, in aggregate, this was worth more than the General Fund balance which was what they had long conversations about. She didn't think they should wait. She said the tree fund wasn't listed, so they could come back and look at a tree fund policy. She said she wouldn't agree with opening the Special Assessment Funds to capital projects in general. She said the goal was to focus it on infrastructure, roads and the City's major goals.

Mayor Pro Tem Gatt said the Council had been very fiscally responsible. They had the best Fund Balance that he had seen in his eight years on Council. He said every Council Member had the right to put something off or vote for it now.

Mayor Landry said he saw this item as administration responding to Council's willingness to tackle these tough financial issues. He said they raised the City's Fund Balance at goal setting; no other Council had it as high as they did. He said they should have a policy on the other fund balances and this was a proposed policy. He said they should be long range policies; any City Council had the ability to change any policy. Generally speaking he didn't think the City's General Fund balance policy should be

3. Consideration of a Public Act 210 of 2005 Commercial Rehabilitation Act, Tax Abatement Policy as recommended by the Ordinance Review Committee.

Mr. Cardenas said this was a result of Public Act 82 of 2011 which amended Public Act 210 of 2005. The amendment allowed the acceptability of a proposed hotel to an addition of a City Exposition Center as an allowable qualifying facility under the Commercial Rehabilitation Act. He said the Ordinance Review Committee met many times on the issue and came up with a lot of recommendations and criteria for the application.

Mayor Landry said their task was to come up with a proposed policy for Council consideration on how the City would address an application for such a tax abatement. He said this was not a request to grant a tax abatement. It was a policy that came out of Ordinance Review for consideration for adoption by the City on how to allow an applicant to come forward on such a policy.

Member Staudt said in general the policy was very good. He said he always had some question on putting artificial restrictions on terms when State law allowed for longer terms, however, the work that had been done on it was acceptable and he knew they wanted to move forward.

Member Margolis said she would vote to approve the policy. She said that some of the discussion in the Ordinance Review meetings centered on the fact that no matter how they felt about the tax abatement, it was their responsibility to come up with a policy that the Council could approve. Even though she would vote for the policy, there was a large burden of proof that she would be looking for to even consider the tax abatement. She said it was an earmark that was put on a State Law. There was a State Policy around commercial rehabilitation and there was an addition made to that bill by the State Legislature that focused on one particular property, the only property that it applied to was the Suburban Collection Showplace. She said Novi was put in the position to come up with a policy for a tax abatement for that particular location. She said the tax abatement was for a hotel attached to an Expo Center. She said when it initially came to Ordinance Review, one of the first comments they had on it was from another hotel in the City. She said her major concern was that they usually didn't have someone asking for a tax abatement that was in direct competition with many other City businesses. She said recently the Hotel Baronette had over \$2 million of improvements in the City and never asked for a tax abatement. A lot of the language she asked to be put into the policy showed that the project would be of net economic value to the City, its businesses and citizens. She said that was very important to her. She said she was concerned that by giving an advantage to a specific hotel that they would be disadvantaging the other businesses in the City. When the applicant was talking to them about the project, they got information about hotels already in the City. The project proposed was right in the middle of most of the hotel properties it was in direct competition with in the City. She said the business this applied to was already granted one tax abatement by the City. They came back a couple years ago, even though the policy recommended a certain limit to tax abatements, the City passed a change to that policy extending the number of years on the tax abatement and the

organization was granted a second tax abatement by the City. She said this tax abatement under this policy would be a third tax abatement for the same property. She said she had real concerns about that when there were businesses all over the City also struggling. She said she would vote to approve the policy because she felt it was important to have policies in place, but she wanted to be very clear with her fellow members, the citizens and with the applicant that she had a very high burden of proof if she would even consider granting it.

Mayor Pro Tem Gatt said he agreed that it was a good policy and he would support it with one hesitation, there were limitations in the policy that said the maximum time period for an abatement was six years. He would like to amend that to say after which the owner may come to Council and request furtherance, just to put it in a six year time limit wasn't fair and it wasn't in keeping with what the legislature wanted. He said they had to keep in mind that it was a private operation and most projects of this nature were funded with public dollars. He said the owner of this company never asked for or received public dollars. He said the Suburban Collection Showplace brought more business, people and acclaim into the City of Novi than any other entity in the City. He said it was a place that was truly one of the anchors of the City of Novi and they wouldn't want to see it go out of business. He said the hotel was just an anchor to keep the Suburban Collection Showplace in business. He said there were hundreds of pages online of similar entities around the country where the hotels and the businesses in the City rally and gather around a new hotel being built onto a convention center. Because the hotel would only have 150 to 200 rooms but would draw hundreds of people and conventions into the City, this one hotel wouldn't be able to house them all. He said it would be a draw not only for this hotel but also for any hotel within 50 miles. He said the businesses in the City would see a dramatic increase in traffic, people and spending. He said the people who put on the shows didn't want to come to a convention center where the people couldn't stay. He said the City wasn't putting up any money; the owner was taking all the risk. He said when the abatement was over the City would be drawing in nice tax revenue. He said it wasn't just about the hotel; it was about the Suburban Collection Showplace being competitive, healthy, and able to sustain itself in Novi. He said he would support the policy and probably support the abatement when it came to Council. He said he would like to see the limitation sentence amended to say that the owner may come back and request furtherance on the abatement.

Member Wrobel said he understood Member Gatt's and Member Margolis's concerns but right now they were discussing whether to have a policy to outline the process. He said he could fully support having a process so they could get to the discussions later on.

Member Fischer thanked the Ordinance Review Committee. He said that Item C in the section on limitations stated a project must not have started more than six months before an application for abatement was received by the City. However, one of the requirements for eligibility was that the applicant must provide a written explanation for the need of the abatement, including a pro forma if requested, and they would not construct or conduct these improvements if the abatement wasn't available. He said

those two points were contradictory to each other. He asked why someone would start a hotel, then apply and go backwards six months if they weren't certain the City would approve the abatement in the first place.

Mr. Schultz said the language in the limitation was out of the statute. It prevented an applicant from starting a project and then coming to get a tax abatement after it was already in process. He said the eligibility criteria was an upfront discussion between the applicant and the City explaining what the proposed development would bring to the City. He said the reference to the pro forma was to make sure the applicant knew the City wanted a lot of detail.

Member Fischer asked if they had to include that language because it was part of the statute or if they could change it to state that the project must not have started.

Mr. Schultz said they didn't have to have that exact language. It was there to point out to the applicant that there was a time frame they had to meet in the process.

Member Fischer said that point confused him. He said if the applicant had to demonstrate that they wouldn't build the hotel if they didn't have an abatement, yet the City granted one retrospectively to someone who started building a hotel six months ago, that meant the applicant was very presumptuous about getting the tax abatement in the first place or they didn't need the tax abatement to go forward with the hotel.

Mr. Schultz said both of those statements were required by the statute. He said the applicant was required to go on record and say they wouldn't make the improvement unless they got the abatement.

Member Fischer said he was fine with leaving it that way but he wanted to be clear that it seemed contradictory to him. In the section on limitations, item D, stated there must be no outstanding taxes, fines or liens owned by the applicant or entity in regards to the property at issue. He asked if property at issue included the hotel and the convention center or if it was just the hotel. He asked if that needed to be clarified.

Mr. Schultz said the intention of the language was the property as a whole. He thought the intention of the Ordinance Review Committee was the whole piece.

Mayor Landry confirmed this was true.

Member Fischer asked if the Act generally froze the taxes at what they were prior to the improvement taking place.

Mr. Schultz said the language of the statute was very technical and long, but it stated that the increase in amount from what already existed was exempt from tax.

Member Fischer asked if they could have some sort of spectrum that talked about a percentage of changes or if the statute prohibited that.

Mr. Schultz said the statute was directed at 100%.

Member Fischer said it was very interesting that there were two policy changes from the State Legislature on the Agenda tonight. He said he could support the policy because he felt it was important to have the policy on the books and he would save his comments on whether to approve the application for abatement for the appropriate time.

Member Mutch said the current tax abatement policy for industrial properties granted 50% tax abatement for up to twelve years and it was a tiered matrix that was based on the amount of money invested into the property and the number of employees brought in. He said the committee felt it was fair that six years be granted at the 100% tax abatement policy because it would be the equivalent of a 50% policy for twelve years. He said going beyond that would be granting an abatement beyond what any other business in the City could get. He understood the State policy allowed ten years. He said it was important to understand that in the State policy the provision was added onto an existing State statute that didn't deal with hotels attached to convention centers. It primarily dealt with rehabilitating obsolete properties typically found in an urban area, which absent government intervention would not be rehabilitated. He said because they were adding this to it, some of the provisions looked odd or operated in a way that didn't make sense. For instance, when the hotel was constructed it would have zero value for six years from the perspective of the tax assessment. When the hotel was constructed, the owner would be paying no taxes on the hotel for six years, or up to ten years, on that particular property. He said that was nothing the City had dealt with before and obviously limiting that made sense. He said from a practical viewpoint there were concerns raised by other hotel owners in the City on whether it was reasonable to grant a tax abatement for a term beyond which this hotel would really need it. After six years they would either be successful or not and to keep granting a 100% tax abatement beyond that point seemed beyond what would be necessary. He felt six years was a fair number because it was consistent with the other policy. He said the Council had the ability to grant no tax abatement, a term of less than six years, six years or to disregard the policy and go beyond that. He thought the number they selected was reasonable based on the calculation. He said at a committee level they had to decide what standards to put in place for granting the tax abatement. He said when they had industrial tax abatements they had businesses that compared Novi to other municipalities within Michigan or out of state. The argument was made by the businesses that Novi was at a disadvantage from a tax perspective and we had to grant the tax abatement to offset that disadvantage. He said in this example, the hotel wouldn't go anywhere other than in Novi at the Suburban Collection Showplace location; the argument about a tax disadvantage didn't apply. He said when they could compare other locations, they could put in standards that referred to the value of the investment, the number of employees and the offsetting amounts of taxes, but they didn't have that in this case. He appreciated the benefit the hotel brought to the convention center and the benefit the convention center brought to the City of Novi but the City wasn't an expert in financing hotels or the operations of a hotel facility. Through this tax abatement, Novi was affectively subsidizing this hotel and had to make

it successful. He said from his perspective, if a hotel couldn't exist without the tax abatement then he questioned the financial viability of the operation. He understood, as a business owner, if you could get a tax abatement and it added to the bottom line that you would apply for it. Mr. Bowman had been very successful in making that case to the state legislature, but from the City's perspective, he felt uncomfortable that they were entering into a sort of financial arrangement with the particular business and the City was the only partner without the potential to receive an immediate return. He said hopefully at the end of the time frame for the abatement, it would start generating a direct return to the City but otherwise they were dependent on indirect business that would hopefully come from this development. He said they received feedback on the language of the policy and concerns were made about the impact of the facility on competing businesses. He said they left it to the applicant to provide that information. He expected the City to get independent information from the competitors themselves or from some other source, quantifying what the impacts would be. He said everyone would make their argument and he wanted to make sure they had a balanced presentation of the information. He said he would expect Mr. Bowman and the businesses in competition with him to both make their cases and then all that information be brought to Council so they could make a fully informed decision.

Mayor Landry said he had been on the Ordinance Review Committee for six years and there hadn't been one piece of work that he was more proud of than this item. He said they all had their personal opinion on whether the abatement should be granted or not, but they were charged to come up with a policy to flush out all of the prudent issues and that was accomplished. He said they set aside their personal feelings on the abatement and came up with a policy. He liked the six years. They tried to maintain consistency in their policies and the industrial policy had a 50% abatement for 12 years. He would not be in favor of changing the policy to anything other than six years. He said he supported acceptance of the policy.

CM-11-09-130 Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY:

**To approve Public Act 210 of 2005 Commercial Rehabilitation Act,
Tax Abatement Policy as recommended by the Ordinance Review
Committee**

Roll call vote on CM-11-09-130

**Yeas: Staudt, Wrobel, Landry, Gatt, Fischer,
 Margolis, Mutch
Nays: None**

- 4. Adoption of Resolution to rename an existing street from Delwal Drive to Lee BeGole Drive. The street is located on the north side of Eleven Mile Road, between Town Center Drive and Meadowbrook Road, in Section 14.**

Mr. Pearson said the staff looked to make sure it didn't conflict with any existing street names. He said most street names came with subdivisions and were locked in. This suggestion was made to honor former Police Chief Lee BeGole, the street leads to the Public Services building and the gun range so there was a nice tie in with a public

presence there. He said they would like to make it effective January 1, 2012, but could have a ceremony before that.

Mayor Pro Tem Gatt said he came up with the idea. Lee BeGole was the most iconic Novi historian still alive. He said there were other people that probably did more for the City of Novi, but they were no longer here. He said Lee BeGole was 91 years old. It's been said that he had his name on the Police Building. He was the first Township Supervisor, the first Police Chief, the first Fire Chief and the First Public Safety Chief. He said he drove trucks and administered City Council meetings at the same time, he did everything. He said the City of Novi was his family. He thought Lee BeGole deserved all the honors the City could bestow upon him. He said a street that leads to our DPS and pistol range was very appropriate. He said the pistol range had become a source of revenue; they rented it out to many different police agencies.

CM-11-09-130 Moved by Gatt, seconded by Staudt; CARRIED UNANIMOUSLY:

To approve the resolution to rename an existing street from Delwal Drive to Lee BeGole Drive. The street is located on the north side of Eleven Mile Road, between Town Center Drive and Meadowbrook Road, in Section 14

Member Fischer said he thought it was ironic that a year ago they were discussing honorary street names and nobody around the Council table agreed with it. He said since that time they had two proposals for it within one year. He said what he didn't like was that they didn't have a policy to set criteria for who should have a street named after them. He said the main thing the Street Naming Committee looked at was if there was another street named after the said person or if it could be confused with another street of a similar nature.

Mr. Pearson said the scope was to make sure if a call came into dispatch, there was no confusion.

Member Fischer said even though the City Code allowed Council to rename streets they shouldn't do so arbitrarily. He thought they should have a policy. He said he wasn't saying that Lee BeGole didn't do a lot for the City. He wanted to know why Lee BeGole and why the street renaming was happening now. He said the past Chief Doug Shaeffer was with the City for 14 years and he died while he was Chief of the Police in Novi. He did a lot of things to bring the Police Department into the 21st century. He said Former Fire Chief Art Lenaghan was with the City for almost three decades. He said Chief Lenaghan had a statue outside the Civic Center, but he wasn't sure of anything they had for Chief Shaeffer. He said the City would now have a building facing Ten Mile and a street for Lee BeGole. He said he couldn't continue to support the street renaming when there wasn't a policy that Council could use and review.

CM-11-09-131 Moved by Fischer, seconded by Margolis; MOTION FAILED: 2 – 5

To postpone the adoption of the resolution to rename Delwal Drive to Lee BeGole Drive until a street renaming policy was adopted

Member Margolis said policies helped them make clear decisions and she wasn't taking anything away from Lee BeGole or anyone else. She said they needed to set a policy so it was clear how to go about nominating someone for a renaming.

Member Wrobel said he agreed there should be a policy but didn't feel that should delay this opportunity. A policy could be done in the future. He said part of a City's character was embracing its history and Chief BeGole was a founding father of the City. He said he didn't want to see a repeat of the Detroit Tigers honoring Sparky Anderson's number once he was deceased. He would rather honor someone while they were alive so they could see the appreciation and enjoy it. He agreed with having a policy for the future but did not think the item should be tabled.

Member Mutch said he wouldn't support tabling the item. He said he wasn't interested in a policy because he wasn't interested in renaming streets after people. He said if they were going to name a street in the City after somebody, he couldn't think of anyone who had done more to earn that honorary recognition than Lee BeGole. He said his history with the City went back to the Township days. He said there may have been others who played as equal a role in the growth of the City of Novi, but Lee was one of the last of the survivors still around to recognize. He said Delwal Drive was named for a Novi Company who had facilities located on the street. They no longer exist as an entity; the street was honoring an entity that no longer existed. He said there were streets in subdivisions throughout the City named after people relevant to the developers of the subdivisions. They all went through the Street Naming Committee and were approved because they didn't conflict with existing street names. He said in this case, the proposal warranted approval but he didn't want to get into a practice of renaming streets after people. He thought it was a one time basis that could stand on its merits and he would be willing to support it on that basis. He said he wouldn't support the motion to table but would be interested in supporting a motion to approve.

Member Staudt wondered how some of the parks were named because there wasn't a policy for it. He said he would be interested in coming up with a policy for naming parks, roads, and things like that but not for this situation.

Mayor Landry said he wasn't opposed to tackling a policy but didn't agree it should hold up this item. He agreed for all the reasons mentioned by Member Wrobel

Roll call vote on CM-11-09-131

**Yeas: Fischer, Margolis
Nays: Wrobel, Landry, Gatt, Mutch, Staudt**

Roll call vote on CM-11-09-130

**Yeas: Landry, Gatt, Fischer, Margolis, Mutch,
Staudt, Wrobel
Nays: None**

AUDIENCE COMMENT –

Ron Wilson, Owner and Operator of Staybridge Suites Hotel 27000 Providence Parkway, said he was a hotel expert having done it his entire life and when he read the proposed policy on Commercial Rehabilitation Tax abatement, his first comment was that the Ordinance Review Committee did do an excellent job. He said he didn't support the concept and he e-mailed his comments to Council over the weekend. He asked that those charged with developing the actual application take his comments under advisement if for no other reason than to provide clarity to the process. He said he had been through it a few times and although he didn't support the abatement in this case, he thought it would service them all well to provide some additional clarity based on his general experience in the field.

MATTERS FOR COUNCIL ACTION – Part II – None

COMMITTEE REPORTS – None

MAYOR AND COUNCIL ISSUES

1. Refer to Ordinance Review Committee a confirmation or review of the City's approach to existing private residential streets – Council Member Margolis

Member Margolis said it struck her that the Briarwood request for the Special Assessment District would start becoming more popular and she thought they needed to look at it. She said her understanding was that they wanted the City to consider a special assessment district, but they could only do that if they were a public road.

COMMUNICATIONS: None

AUDIENCE COMMENT – None

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 9:00 P.M.

David Landry, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Natalie Laitinen

Date approved: September 26, 2011