

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, OCTOBER 26, 2015 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 TEN MILE ROAD**

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

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Gatt, Mayor Pro Tem Staudt, Council Members Casey, Markham, Mutch, Poupard, Wrobel

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

APPROVAL OF AGENDA:

CM 15-10-145 Moved by Casey, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve the Agenda as amended with the removal of Consent Agenda, item E.

Roll call vote on CM 15-10-145 **Yeas: Staudt, Casey, Markham, Mutch, Poupard, Wrobel, Gatt**
Nays: None

PUBLIC HEARING – None

PRESENTATIONS – None

REPORTS:

1. MANAGER/STAFF – None
2. ATTORNEY – None

AUDIENCE COMMENT:

Chris Brallier, 27699 Belgrave Pl., representing the Homeowners' Association of Knightsbridge Gate, asked that some type of plan or information be given to the residents regarding their streets.

Mayor Gatt made a statement about the Knightsbridge Gate road issue. He stated the City Administration is aware of the issues with the roads. They have been communicating with the developer for several months and evaluating options to get them completed in accordance with the site plan and consent judgment that governs the development. There is an impasse with the developer as to what needs to be done to complete the roads, but the intent is to do whatever can be done to get them completed. At this point, litigation is likely but that determination will be finalized once the City Manager returns. The roads are private so the City cannot contribute public

tax dollars to their completion and the City enforcement actions will be taken into account as well.

Anand Verma, 27581 Albert, thanked Council for action as the Novi Police contacted them and provided additional patrols. Regarding the road issue, he realized it was private not public, but with small kids playing on the streets, he requested necessary action.

Chiraj Shah, 51231 Brompton, thanked Council for addressing the road conditions. The roads are getting worse. They could bring in presentation material to the Council regarding the condition of the roads if necessary.

Satish Gurram, 27569 Cromwell, stated the roads were really bad in Knightsbridge Gate. He thanked Council for the additional Police patrols. There was no smooth transport for any vehicles and drivers and they had to dodge potholes causing them issues with realignment on the vehicles. His family and others were concerned with the safety of their children and pets. He requested Council to make the roads a top priority in his subdivision.

Rajendra Patil, 27486 Albert St., noted their issue wasn't on the agenda. They asked how they can get their issue heard. He was happy to hear of the City's direction to date. He asked if there was anything they can do as citizens to make this a bigger forum to solve this together. He asked for guidance on what they can do regarding the issue of private roads vs. public roads. He was concerned about what will happen when the winter comes. The only thing they know to do is to come to Council. Also, he noted at 12 Mile and Napier, there was no street light and asked if something could be done there.

CONSENT AGENDA REMOVALS AND APPROVALS:

CM 15-10-146 Moved by Wrobel, seconded by Poupard; CARRIED UNANIMOUSLY:

To approve the Consent Agenda as amended to remove item E and postpone it.

- A. Approve Minutes of:
 - 1. October 12, 2015 – Regular meeting

- B. Approval to set a public hearing on November 23, 2015 on the Collection and Disposal of Solid Waste: Refuse, Recyclables & Yard Waste and Other Services proposed Request for Proposals.

- C. Approval of a Storm Drainage Facility Maintenance Easement Agreement from The Catholic Central High School of Detroit, a Michigan nonprofit corporation, as

part of the Catholic Central Parking Lot Expansion Site Plan located south of Grand River Avenue and west of Wixom Road (parcels 22-18-200-022, 22-18-200-023 and 22-18-200-024).

- D. Acceptance of a pathway easement from The Catholic Central High School of Detroit, a Michigan nonprofit corporation, as part of the Catholic Central Parking Lot Expansion Site Plan located off of Twelve Mile Road west of Wixom Road (parcels 22-18-200-022 and 22-18-100-005).
- E. Approval of Change Order No. 1 to Merlo Construction Company for the Eight Mile Pathway project in the amount of \$167,186 to remove Alternate 2 from the contract award because it is planned for construction by the adjacent developer. **REMOVED AND POSPONED**
- F. Approval of Claims and Accounts – Warrant No. 950

Roll call vote on CM 15-10-146

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

MATTERS FOR COUNCIL ACTION

- 1. Approval of a Resolution Regarding Agreement for the Financing of Street and Utility Improvements and the Creation of Special Assessment on Property with West Park Office, LLC for the creation of Special Assessment District 178C to finance construction of roadway and utility improvements associated with the Crossroads Commerce Park project to be located on Parcel Nos. 22-17-101-010 and 22-17-101-012, south of Grand River Avenue and west of Providence Parkway, and approval of related Special Assessment Roll.

Assistant City Manager Cardenas said the estimated cost of the road is \$1.5 million. The property owner will be charged an annual interest rate of 5% for 15 years. The loan will be out of the Water and Sewer Fund and there is significant capacity in the Investment Fund to finance the project. Our risk is mitigated by the fact that the SAD is attached to the retail property. If, for some reason, it goes under, it will be maintained with the sale of the property.

CM 15-10-147

Moved by Wrobel, seconded by Staudt; MOTION CARRIED: 6-1

To approve a Resolution Regarding Agreement for the Financing of Street and Utility Improvements and the Creation of Special Assessment on Property with West Park Office, LLC for the creation of Special Assessment District 178C to finance construction of roadway and utility improvements associated with the Crossroads Commerce Park project to be located on Parcel Nos. 22-17-101-

010 and 22-17-101-012, south of Grand River Avenue and west of Providence Parkway, and approval of related Special Assessment Roll, subject to final review and approval of the form of the Agreement and related exhibits, including the authority to make required changes thereto, by the City Manager and City Attorney.

Member Mutch said one of his concerns was the way the parcel was divided as a developable and a non-developable parcel. He noted, in the future, if there was a tax foreclosure situation, it may cause a problem for the City. City Attorney Schultz explained that it has happened before. There will be a lot split after the road is built. It will be a separate parcel. The agreement is that once the road is complete and has been accepted, the SAD will attach only to the western developable parcel. If there is a split of the western parcel, the SAD will be proportioned to the new parcels. If, for some reason, the owner lets the property to the east go, in the agreement, the property owner to the west agrees to maintain the property to the east and pay the taxes on it. It would become an obligation of the west parcel. It should help the City avoid the situation where someone hasn't taken care of the east parcel. Member Mutch asked what was the term of the agreement? City Attorney Schultz said it will be the 15 years or paid off sooner. Member Mutch noted it may happen in the future. He asked about the City's exposure to risk in a scenario where the developer is unable to pay the SAD. He wanted to know how the City is protected if the City recovers the property by default and the value of the property declines. Finance Director Carl Johnson explained that Special Assessments are attached to the real property. Special Assessments are billed on an annual basis. If the tax payer defaults on the SAD, the property would go to the County Tax Land Bank where they try to collect it. If not collected, it then would go up for a tax sale. The City has the benefit of it going to a County tax sale where it can be sold to another developer that would continue the payments on the SAD. Member Mutch confirmed, if it goes to tax foreclosure, the special assessment doesn't go away and whoever buys the property would have to pay back the existing years on the SAD. Finance Director Johnson said because it is billed annually and he gave a scenario if it went to tax sale, but didn't get enough to cover the taxes and assessment, if no one purchased it and the property went to tax sale; after that the City has the right of first refusal. The City would then probably take the property back and would be responsible for the balance of the SAD, but would own the property and infrastructure. Member Mutch said the City could be responsible for the amount and what the City wouldn't be able to collect. Member Mutch said the sale of the property would go towards paying off the Special Assessment. Finance Director Johnson said the benefit would be the financing of it. That was where the City makes some money on it. Some special assessments, depending on the size, the City issues debt on behalf of the special assessment. There is an administrative fee charged on the repayments. Since we do have capital reserves, this is an investment of the Water and Sewer Fund and the repayments would benefit that fund. The 5% interest rate is about 2-3 times higher than what the City is getting on other investments. Member Mutch said this has been difficult for him. He anticipates everything will progress, but he has to keep in mind of the potential exposure. Fortunately, the parcel is located on the Grand River Corridor and it is adjacent to Providence Park. If it became

a bad situation, the City should be able to recoup the monies. It doesn't seem like the City would accrue a significant amount of liability, but the potential is still there. If it was in another location, he would not be willing to consider this proposal. He appreciated that Mr. Johnson was getting a greater rate of return, but there was a reason for that. It is challenging and was inclined to support it because of the location and owner. If it will be approved, there is some risk and liability that can accrue to the City. Finance Director Johnson explained it would be the same for any special assessment, only in this case, there are only two parcels. Member Mutch said in this case, because there was a single developer, the risk is higher.

Member Markham noted the concept plan was wide open as to what is going to go on the site. It gave her pause to ask if this will be a successful development long-term. She mentioned the risk. It will be divided into two lots, but the developable lot could be divided into 3 in the future. She would be more comfortable if she understood what the benefit to the community is going to be and it seemed to her like it was a loose plan. They are asking for the money from the City to build a road but, she would like to know the concept of what they are planning to put there.

Mr. Gary Jonna, Whitehall Realty, 39525 13 Mile Road, explained that the natural features create two very distinct upland zones for development. The roadway would be deeded to the City as a public thoroughfare. The property to the east is encumbered by the utilities and wetlands for storm water management. In the drawings, they've shown three potential buildings. There has been a schematic design given the way the boundaries of the upland parcels lend itself to a very particular type of development. The footprints of the buildings could vary, but they are looking at buildings of 50,000-60,000 square feet on the southwest portion of the site and then a building of about 75,000 square feet multi-story on the northwest part of the site. He had been in discussions with the Planning Department where they have asked the same questions. The plans demonstrate clearly how the natural land features could be managed and the type of development. Given their significant level of investment of the site and with the SAD, it would be marketed as a corporate headquarters facility or it could be two distinct users. It could provide an expansion of St. John Providence Health System in the future or it could provide for a medically related ancillary development that would want to adjoin a major health campus. He feels the vision is realistic. They are looking for a corporate campus that could be multiple buildings and medical office buildings that would be allowed under the zoning. Member Markham thought her issue was that they were building a road for a development that wasn't well defined. She said it is possible with a downturn in the economy; the City could end up with a road without a concrete plan. She is uncomfortable with \$1.5 million of taxpayer dollars going towards something that is not as well defined such as a subdivision. She asked if there was another public purpose for the road besides supporting the development. Mr. Jonna thought there is by virtue of this SAD, they are bringing a site with a lot of environmental impacts that is highly desirable to market. He said right now it is difficult to bring the property to market. The SAD will greatly enhance the property and make it attractive to potential users. He noted that the stated goal of the master plan is to transform the Grand River Corridor. He hopes the economic

development purpose was to take a site that has environmental impacts and provide the necessary infrastructure to bring it to market at a very desirable location to spur redevelop along a difficult area of the Grand River Corridor. Member Markham asked him about the MDEQ permit and where does it stand. Mr. Jonna said if approved, they have the ability to move very quickly. He noted the bids were coming in this Friday and would like to have a contract in place by November 4th. The plan is enhanced with the MDEQ permit which is a valuable entitlement and key to the development of the parcel. The MDEQ allows them to impact the wetlands to install the roadway and utilities. Member Markham asked if there has been thought given to permanently preserving that undevelopable parcel as a conservation easement for long-term. Mr. Jonna answered that the MDEQ permit provides them to remove the out-of-control vegetation and part of the permit allows them to remove it, control it and do wetland mitigation. The site is 31 ½ acres with only 14 acres of it to be developed. There is preservation, mitigation, enhancement and a conservation easement. It has been an eight year endeavor working on this site because of the optimal location. The location will be the best of both worlds.

Mayor Pro Tem Staudt noted another public benefit was the taxable value of the building. He thinks it is a considerable public benefit and over the course of the 15 years weighted against hundreds of thousands of taxable value is a risk he would be willing to take. Mr. Jonna said this is a partnership that will allow the property to be brought to the market and be competitive and attractive to create SEV. Mayor Pro Tem Staudt noted they have talked about the kinds of investments they can make other than tax abatements to encourage development in our City. This investment has risk as does tax abatements, but the return is so significant, that it was something to consider in a greater scale down the road. He supported it.

Roll call vote on CM 15-10-147

**Yeas: Mutch, Poupard, Wrobel, Gatt, Staudt,
Casey
Nays: Markham**

2. Approval of an ownership transfer of a 2015 Resort B-Hotel & SDM Licensed Business with Sunday Sales Permit (AM & PM) and New Dance-Entertainment Permit from Novi Crescent Hotel, LLC to WPS Novi, LLC, located at 42100 Crescent Blvd., Novi, MI 48377.

CM 15-10-148

Moved by Casey, seconded by Mutch; CARRIED UNANIMOUSLY:

To approve ownership transfer of a 2015 Resort B-Hotel & SDM Licensed Business with Sunday Sales Permit (AM & PM) and New Dance-Entertainment Permit from Novi Crescent Hotel, LLC to WPS Novi, LLC, located at 42100 Crescent Blvd., Novi, MI 48377, because the business currently exists as a licensed premises and has done so without issue for a substantial period of time and provides a necessary service within the area.

Roll call vote on CM 15-10-148

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

3. Consideration of approval of Ordinance Amendment 15-186, as recommended by the Ordinance Review Committee, to amend the City of Novi Code or Ordinance, at Chapter 26, "Peddlers, Solicitors, Commercial Handbills, to add a new Section 26-12 entitled "Do-Not-Knock Registry" and to amend Section 26-10, "Hours of Peddling/Soliciting; Additional Requirements," to refer to same. **FIRST READING**

Assistant City Manager Cardenas said this ordinance was for any commercial entities that would come to a resident's door. It would not involve any non-profit or political visits to residents. If it is approved at the second reading, the Community Relations staff will publicize this widely.

Member Wrobel noted this gives residents an opportunity to put their names on a list if they do not want solicitors that are licensed through the City to come and contact them at their home.

CM 15-10-149

Moved by Wrobel, seconded by Poupard; CARRIED UNANIMOUSLY:

To approve Ordinance Amendment 15-186, as recommended by the Ordinance Review Committee, to amend the City of Novi Code or Ordinance, at Chapter 26, "Peddlers, Solicitors, Commercial Handbills, to add a new Section 26-12 entitled "Do-Not-Knock Registry" and to amend Section 26-10, "Hours of Peddling/Soliciting; Additional Requirements," to refer to same. FIRST READING

Roll call vote on CM 15-10-149

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

4. Approval of resolution to authorize Budget Amendment #2016-1.

CM 15-10-150

Moved by Mutch, seconded by Casey; CARRIED UNANIMOUSLY:

To approve a resolution to authorize Budget Amendment #2016-1.

Roll call vote on CM 15-10-150

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

AUDIENCE COMMENT:

Santosh Akkasali, 27652 Belgrave Place, spoke about the roads in Knightsbridge Gate that Grand Sakwa had defaulted on. He requested that Council address their issues with the roads, as they are all families with small children. They are concerned with winter coming and the condition of the roads. They are hard-working and diverse families. They are experiencing hardships with the roads. Children were having a difficult time playing while riding bikes, scooters or any kind of activities. He noted that some residents were moving out of the subdivision. He asked Council to try to resolve this in a good way.

Pradeep Prabhakeran, 27601 Cromwell, noted he was disappointed that it was not on the agenda and felt some action should be taken on the roads. After the rain, the potholes were filled with rain and it was difficult to tell where the potholes were. There should be some kind of solution to be taken up before the winter comes and resolved between Grand Sakwa and the City of Novi. They would like the Council's attention to this matter.

Prasad Kokatam, 27617 Cromwell, Knightsbridge Gate, asked Council for help. They knew the situation was beyond their control and they wanted Council to take control of it. They wanted to provide a good neighborhood for their sons and daughters and, if no action was taken, there would be more residents coming to each meeting. They might also have to obtain media attention. They were looking for some words and guidance so they could live happily. The City of Novi has been known as a safe place even in other countries. Also, he noted the intersection of 10 Mile and Napier light was an unsafe area and wondered who was responsible for that.

Brian Burke, 45415 Halston, commended Ms. Poupard for selflessly serving the remaining term of Mr. Fischer's seat. Mr. Burke noted he was running for City Council and asked for those watching at home for their support. This was a time for responsible planning and zoning and stated he brought that to the table, having served on both Zoning Board of Appeals and Planning Commission.

Andrew Sarpolis, 31036 Beachwalk, believed in responsible development and felt he has the responsibility to take care of things. If elected, he stated he would definitely take care of the issues residents spoke about.

COMMITTEE REPORTS – None

MAYOR AND COUNCIL ISSUES:

Mayor Gatt thanked Member Poupard for her service on the City Council and presented her with flowers as appreciation for her service.

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION:

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 7:56 P.M.

Maryanne Cornelius, City Clerk

Robert J. Gatt, Mayor

Transcribed by Jane Keller

Date approved November 9, 2015