

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
TUESDAY, NOVEMBER 13, 2007 AT 7:00 P.M.
COUNCIL CHAMBERS - NOVI CIVIC CENTER - 45175 W. TEN MILE ROAD
cityofnovi.org**

SWEARING-IN CEREMONY – Mayor Landry, Council Members Crawford, Gatt, Staudt

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

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Landry, Council Members Capello, Crawford, Gatt, Margolis, Mutch, and Staudt

ALSO PRESENT: Clay Pearson, City Manager
Pamela Antil, Assistant City Manager
Tom Schultz, City Attorney
Marina Neumaier, Assistant Finance Director

Mayor Landry stated it had been a privilege and honor for the past two years to work with Mayor Pro Tem Kim Capello, and it was his honor to re-appoint Kim Capello as Mayor Pro Tem for the next two years.

APPROVAL OF AGENDA

Mayor Landry added, to Mayor and Council Issues, Item #1 Traffic Light at Cherry Hill and Meadowbrook Road.

**CM-07-11-317 Moved by Gatt, seconded by Capello; CARRIED UNANIMOUSLY:
To approve the agenda as amended.**

Voice vote

PROCLAMATION

1. Novi Youth Assistance Celebrating 50 Years - John O'Brien, Chairperson

Mayor Landry presented a proclamation to John O'Brien in recognition of the 50th anniversary of the Novi Youth Assistance program.

Mr. O'Brien thanked the Council for their support over the last 50 years and said they had appreciated the help, and their belief and vision in the Youth Assistance program.

PRESENTATIONS

1. Introduction of Julie Farkas, Designated Novi Public Library Director

Bob Cutler of the Library Board said two great things had occurred with the Library. The Library Bond had been approved by the Novi residents and Julie Farkas had been designated as the Novi Public Library Director.

Ms. Farkas said it was a pleasure to be working with the Library and the City of Novi. She looked forward to the next two and a half years as they moved forward to the new library building and working with Council.

2. Comprehensive Annual Financial Report, June 30, 2007: Audit Presentation – Plante and Moran PLLC

Joe Heffernan and Kathy Kercorian were present from Plante Moran.

Mr. Heffernan said the Comprehensive Annual Financial report was not a document from Plante Moran but was from the City's Finance Department. He said their job was to do an audit, which was to look at the data that made the report up and give an opinion as to whether the document was a fair presentation. Mr. Heffernan said their opinion was that it was a fair presentation of the City's financial picture. He said communities had to have a basic financial statement but didn't have to have a comprehensive annual financial report, which had the letters up front to explain to a reader what the data meant. It also had statistical sections in the back, which gave a ten year presentation as well as much more detailed information on some of the key items such as debt, taxable values, etc. He said this document had been submitted each of the last 8 or 9 years to the GFOA, and awards had been received for that. He said more and more communities were trying to get the award because they could see the value in the extra information but still less than 5% of communities in Michigan had received that award.

Mr. Heffernan said during the last five years every city, village, township and the State of Michigan had seen difficult economic times in terms of being able to predict and count on their revenue. However, Novi had managed it quite well and has had higher and higher expectations of the Finance Department in order for it to be managed, and he thought they had come through really well. Mr. Heffernan thought the Finance Department was doing an excellent job of keeping the Council informed so they could manage themselves with the difficult times. He said the City's financial position had not been slipping but had been maintaining, and he thought to maintain where they were with what they've had the last five years had been very hard to do. He said that only happens with really good close management of spending and the whole financial picture. He said that was to be commended that Council was able to do that and the Finance Department was able to help the Council make those decisions.

Kathy Kercorian showed a graph that represented the current year and the previous five years. She said looking at the total revenue from 2006 to 2007 they would see that the City's revenue increased overall about 7.8%. If looking at the two revenue sources that made up the majority of the revenue it would be the property taxes and the State Shared Revenue combined, which accounted for 77% of all revenue in any one year. She said looking at the property taxes, Novi had experience good growth over the last 5 years; from 2006 to 2007 the City recognized a 9% growth in property taxes. This was because of new residential construction and commercial and industrial growth that had helped to keep the property tax revenue growing. However, as the City looked to the future and with the current housing market and economy the City would probably not expect that growth to continue. In fact, the City would probably see that level off and come to a stagnant level.

She said State Shared Revenue accounted for about \$3.6 million coming into Novi during 2007. The piece that would be at risk, which would be the statutory piece that the State had been taking away each year, would be about \$400,000 for the City of Novi. Ms. Kercorian said with the current situation at the State, the amount of dollars that would be at risk for the City would be about \$400,000. She said the other \$3.2 million would be constitutional State Shared Revenue, which was mandated and had to go to the City and would not be at risk. Ms. Kercorian said Building Permits and Plans had an increase this year of about 17%, and that had to do with special projects going on with commercial work.

Ms. Kercorian said the next graph represented the General Fund expenditures and the last five year trend. If looking at the overall expenditures for the City of Novi, they would see that from 2006 and 2007 it would look as though overall expenditures increased about 11.7%. However, that percentage increase included the million dollar contribution the City dedicated to fund post health care retirement. If that piece were taken out, the overall expenditure would be consistent with the revenue of about 7.8%. She said pointing out a few items that increased significantly from last year, Building, Planning and Neighborhood Services went up 17% but was consistent with revenue growth in that area of 17%.

The next graph represented the General Fund fund balance. The City had been successful over the last few years of increasing that fund balance a little each year. So, in the current year, even with the health care retirement contribution, they were still able to increase the fund balance slightly by about 3.8%. She spoke of the undesignated fund balance and said it was the portion of the fund balance that was there for every day operations for the City to use, and it had slightly increased as well.

Next graph took that undesignated fund balance and compared it to the annual expenditures in the General Fund each year. Ms. Kercorian said they would see that the fund balance and designated portion represented about 22% of the annual expenditures each year in the General Fund. She said that was about 2.7% and would be an appropriately strong balance for the City of Novi that had seen the growth over the last few years, with the housing market and the commercial growth but now looking to the future they would see some changing growth patterns.

Mr. Heffernan reviewed the graph of the Water/Sewer Fund. He said the revenues were slightly larger than the expenses and that told them that the rates were set appropriately. He said the bottom line, which was the amount of working capital took a dip in 2006 because of investments made in the water and sewer infrastructure, but continued to have a very slight increase and it was maintaining itself where Council would want it.

Mr. Heffernan said the last graph put the tax burden into perspective. He said they had the tax rates for all the Oakland County comparable communities, and Novi was the sixth lowest tax rate in Oakland County at 10.54 mils. He said the reason for that millage rate was the taxable value per capita was healthier in Novi than in most other communities with higher millage rates. The taxable value per capita was a combination of the housing stock in Novi was relatively affluent and was not degrading in any sense as everyone was keeping their homes up well and that was important. Also, there was an appropriate mix between the commercial/industrial verses the residential. He said communities that were over burdened on the residential without some portion of commercial/industrial end up having a lower taxable value per capita. He said having an appropriate mix and having the housing stock where

residents were maintaining their homes kept the taxable value per capita high, which was very important for long term financial health.

Mr. Heffernan said they had a letter of comments for the audit. First, he explained the audit standard changes for this year and next, which had significant changes. The one that impacted the year ended June 2007 was a communication change, and it wasn't noticed this year because it didn't have an impact on Novi. The definition of what auditors were expected to do was changing, and they did it in two ways. The first way for 2007 said when auditors were looking at all internal controls, checks and balances, in the past when a problem was found they had to bring it to Council's attention. Now, they say auditors should be doing something different and the governing bodies should expect auditors to bring things to their attention when there were relatively minor issues so the governing body could decide whether they might become a problem someday or not. He said that was a new requirement that began with the June 30, 2007 audit, and any internal control deficiencies that might not be problems today, but were still considered deficiencies and might grow into something in the future, they would have had to have brought that to Council's attention. He stated that next year there would be a second very significant change and Council would probably see different comments from them as a result of this next year. The second change, some are calling a mini version of Sarbanes-Oxley, which he didn't like to do because there was such a negative connotation to it, but that legislation that started four years ago affected publicly held corporations. The Auditing Standards Board had been asked to put in a "skinny down" revised version for all other audits for any corporation, public sector/private sector. He said starting with next year's audit, auditors would have to do a real study and evaluation of internal controls, an assessment of those controls and say what they thought about them, and corroborate why that was and look for evidence to corroborate that these things were or were not happening and then link that to the rest of the audit. He said that change would be significantly noticeable and would begin December 2007, and they had already created the forms and processes to do that and had shared it with the City staff. He said having excellent internal controls was important, and thought having a second set of eyes paying more attention to them was probably a good thing for all organizations.

He said regarding State Shared Revenue, the legislation that affected 2007 was enacted October 1, 1997 and sunsets with the 2008 budget. Mr. Heffernan said some of the complications that were discussed in the letter were the three part formula that was in the current legislation was one that was being phased in over a 10 year period but 3 or 4 years into it it had to be abandoned. He said this was because instead of State Shared Revenue increasing it started to decrease and the three part formula didn't make sense. Instead, the legislature had to look at the prior year as a base and then make adjustments downward, which was the fair way to do it. However, that meant now to renew that was much more complicated, what was fair as growth began, applying the three part formula would probably not be a fair distribution among cities, villages and townships.

Mr. Heffernan said other things that would affect single business tax would be there would be pressure to start paying it again to counties as they start coming out of that formula. He said two years ago the counties stopped receiving State Shared Revenues in exchange for the advancement of their property tax millage from December 1 to July 1.

Mr. Heffernan said because personal property tax was not as significant for Novi it had not impacted Novi as much as the depreciation tables change that would have had a decrease in the neighborhood of 10% on the revenue stream. This would include the utility tables that were also changed.

Mr. Heffernan said the Michigan Business Tax was a State tax and the only way it might impact Novi would be because of what the State did with tax relief for commercial/industrial property. He said there was twice as much relief for the industrial as there was for the commercial and so the Assessor might notice businesses looking and contemplating whether they were really a commercial property or should they be industrial. He noted the property tax legislation the State had been looking at had been tabled. However, if brought up again, it would have a significant impact in terms of the pop up tax on new property as it was causing Headlee to continue to roll back, and that was having a significant impact on communities' ability to raise taxes when necessary.

Mr. Heffernan said the Cable Franchise Legislation changed as of the March quarter 2007. The good news was that so far the revenues that were coming in seemed to be close to prior years.

Mr. Heffernan said Act 51 changes, Major and Local Streets, had improved the ability to transfer money from Major Street to Local Street Fund, which was something that Novi had typically done, about 25% of those revenues. However, Novi also had the Municipal Street Fund which was funded through the property taxes, and much more significant amounts were coming from there that could go to either major or local.

Mr. Heffernan said the accounting rules had changed starting July 1, 2008 regarding the retiree health care, and it would have to count the retiree health care as it was being earned. It would not necessarily be forced to make contributions, although Council had already started making contributions an additional million dollars during June 30, 2007 that was contributed. He said that was the right thing to do and the more they could contribute either the sooner or the more they could contribute those were the two things that would reduce the long run cost of retiree health care. The other would be looking at the benefit package but that was harder with unions, etc. Mr. Heffernan said when looking at a given promise of payments in the future the State passed Act 149 in 1999, which allowed any money set aside, as long as it was segregated from the General Fund to be used just for retiree health care, it allowed that to be invested with the pension act that should result over the long run in a 7 to 7 ½% rate of return. He said they should want to pay it all in if Council could afford it because it would reduce long run cost. If it couldn't be paid, he encouraged them to pay what they could afford and increase that over a number of years to get to 100%. He said that was clearly the message of the rating agencies, they knew it was difficult but they were expecting them to work towards full funding.

Member Margolis said the public needed to understand that one of the pieces of this was the growth and fund balance over the last several years. She said in very tough economic times Council had been able to continue to grow the money set aside, the Rainy Day Fund, over time and she thought that was important. Also, she noticed the calculation in the report regarding the debt service per capita. She said that had been reducing over time and she saw that as a very strong recommendation in terms of fiscal responsibility, in terms of really reducing the amount being paid in debt service so that more could be done on a pay as you go basis. She asked if she was correct or were there other calculations going to that. Mr. Heffernan said he

wouldn't feel as strongly as she did. He said he knew that this Council had a lot of discussions because 10 to 12 years ago the amount of debt the City was taking on was increasing pretty dramatically. He said, at the time and still believed to be true, that almost all of the debt that was being issued had a set repayment on it whether a voted tax millage or special assessment debt. He said both types of debt were for specific projects with very specific guaranteed repayment terms, and so it was being managed well. Also, within the budget, the property taxes included unlimited general obligation tax debt so the City was levying to pay for it; Council had still maintained 10.5 mil. He looked at the debt, because of the guaranteed repayment, as not being an issue although in general it was absolutely one of the things that Standard and Poors and Moody's looked at. He said most debt didn't have the set repayment terms; so they really do want to look at the amount of debt per capita.

Member Margolis said on page 23, it was basically fiduciary funds and asked if this was a new reporting in this, and asked if it was a new requirement. It talked about pension and other employee benefits. Mr. Heffernan said this was the employee health care benefits fund and was the amount Council set aside. He said it was not new but had been there for the number of years they had been setting aside the retiree health care assets. She asked what the difference was between the Pension and Other Employee Benefits - Retiree Health Care Benefits column and the Agency was. Mr. Heffernan said because MERS was a separate entity for pension when they give money to MERS it was being reported in a footnote but because Council had no responsibility for managing those assets it was not in the document. He said the Agency assets of \$13 million were the instances where the City was acting as a third party and holding money that they were expecting to return to developers once they performed the things they were asked to do. So, Council was just acting as an agent really as part of their oversight role over a lot of the building and developing to make sure the deposits the City was taking to make sure that they perform like they were supposed to and then it would be refunded. If not, dealing with it at that point. Member Margolis said then this was basically financial guarantees that developers give the City, etc., and the other column was retiree health care.

Member Margolis said on page 43 there was a projected debt service column and from 2008 through 2012 there were reductions in what was projected that would have to be paid for debt service. Then from 2013 to 2017 there was a jump and she asked if that was a balloon that would be refinanced. Mr. Heffernan said no, once they got past the first five years, the accounting standards called for five increments; each of these were four or five year periods.

Member Mutch said in terms of long term debt, with the approval of the Library Bond, they would see that in their next fiscal statement the first payment was required for that and that would be going out for the length of the bond and would be added on. Mr. Heffernan said the Library debt was another example of these guaranteed payments because it was approved by the voters, it is an unlimited general obligation tax bond and he expected they would be levying millage in the exact amount of the next year's debt service. He said that really didn't put the City's finances at risk of how they would be able to repay that debt. It's already in the voter approved guarantee. Member Mutch said in terms of the rating agencies, while they might look at the City taking on more debt, one point to look at was it was a guaranteed repayment and it would work to the City's advantage from their viewpoint. Mr. Heffernan agreed.

Member Mutch asked for clarification in terms of the fund balance, one of the items they had a challenge sorting through during the budget time was the construction code fees. He said that construction code fee money that comes in from the City's perspective, it could only be spent on those activities and it might show up as fund balance but it was not fund balance that Council could spend on roads, police cars, etc. Mr. Heffernan agreed and said to the extent that was in fund balance, the fund balance was required to be reported as reserved fund balance and it would not be available for general governmental type activities. It could only be used for additional construction code activities of which, with the large projects that had come in and paid their fees, it would be used for the activities related to those projects that had not taken place yet. Member Mutch said the idea with that funding was that those fees were in relation to the cost that the City was incurring; so as those fees go away as the projects were completed the costs would go away as well. Mr. Heffernan said over the long run not in any given 12 month period but over the long run the City had the responsibility to monitor those fees and make sure they were being set at a level over the long run where the revenues coming in would approximately equal the expenses that it expected to incur and was incurring.

Member Mutch said he knew there was discussion in the report about Novi strength in terms of property tax growth because of growth in taxable values of properties in Novi. He noted he knew there had been recent news articles talking about Oakland County and the negative growth they were seeing in their property tax values, and knew people in Novi had seen flat or declining property tax values in this past year. He asked Mr. Heffernan to talk about the general trend and how it would impact Novi as a City. Mr. Heffernan said he audited a lot of communities in Oakland County and everyone was dealing with this. He said from July 1, 2007 through June 30, 2008 the tax was already fixed and collected. He said what they were looking at was when they go to measure those tax values, the home values, December 31, 2007, Oakland County was expecting to have decreases in fair market values of homes. He said that would affect the tax bills that went out July 1, 2008, which was for the 2008 and 2009 years, and they would deal with that next budget year. Also, they needed to understand the difference between taxable value and the assessed value. The State Equalized Value or assessed value meant the same thing and was supposed to be the Assessors best measurement of 50% of the true cash value or fair market value. He said if fair market values decline, so would the assessed value or the SEV. He said the taxable value was a different number in that in 1994 with Proposal A they started out the same, and then as assessed values had gone up, the taxable values only went up by the rate of inflation at 2 ½ to 3 ½ depending on what year it was. He said there was a significant difference between them. So many communities that don't have the same kind of new homes and reselling that Novi had; most communities that were more stable were finding that there was about a 30% difference. He said assessed values would have to come down 30%, Oakland County was saying they thought 7%, they would have to come down four times that before it would really have an impact on Council's ability to budget and spend. He said Novi was a little different and needed to be a little more careful because there were a lot of homes that were not here since 1994 and those homes, the taxable value and the SEV had only been growing apart for the last three to five years. He said if there was some percentage of decline, then it was more likely to hit. He thought that with many of the existing home stock that had been in Novi for ten years and more, which was the majority of homes, he expected to see inflationary growth. He said for the ones that were newer it would cause their taxable dollars to go down and when that's blended all together he would guess it was likely Novi would end up with a flat or a relatively small increase; he expected not to have another 10% increase like they saw this year.

Member Mutch said in terms of budget projections and looking at the next budget year, obviously the conservative estimate would be the safest one, if the economy continued on the way it has been for the last year or two. Mr. Heffernan said by the time Council got into the heart of their budget discussions next year, they would have better information and it wouldn't be as much as a guess with better data.

Mayor Landry congratulated Mr. Pearson and Ms. Smith-Roy for the ninth award on the Certificate of Excellence on Financial Reporting.

3. Cityofnovi.org Economic Development Website Update - Neighborhood and Business Relations Group

Mr. Pearson said Ara Topouzian and Cindy Uglow had done a lot of work on this and Mr. Topouzian would provide a brief update.

Mr. Topouzian showed some new changes on the website. He said this had been revised to be geared to the site selector, the developer and business. He commented it had become very important for the City and for economic development. It had been their experience that when putting these types of pages together they had to think about who the viewer would be, and were pages that needed constant updating. He commented they were in the process of getting additional software to be able to track how the new pages were doing as far as frequent visitors, etc., and where they were coming from. Mr. Topouzian said under the "Doing Business" section there were a number of different categories and they had added more to it. He said under "Why Novi" there were bulleted items answering that question and was geared to the developer/businesses that might be considering Novi as their new home. "Doing Business" was a new section and under "Development Review Process/Review and Recommendations" was a check list for the planning side of things and gave an overview of what to expect when bringing a development to the City of Novi. It also gave them an idea of what Community Development, Planning and Building were looking for and he thought it would be very popular. Also, found on the page were sign ordinances, OST zoning information, etc. The website also listed current major developments that Novi was proud of that were finished or currently being built or improved. He said the website talked about "Marketing and Resources" and a lot of the things that the Neighborhood Business Relations Department had been focusing on with Ms. Uglow's B.A.T. visits, Business Assistance Team and the Cable shows and adding to that the different events that Ms. Uglow had going on such as Coffee and Conversation, etc. Mr. Topouzian said they had listed some of the major employers of the City of Novi, their business, number of employees and under their business name there was a link to their website as well.

Mr. Topouzian said new to the site was "Property Searches" to be able to locate available property, and available buildings for lease or for sale. He said businesses, developers and realtors could go on line and search by square footage, zoning ordinance if for sale or lease, etc. He said they could also learn preliminary and contact information about the development, and could be updated by the developer or City staff. He thought the most important point to note was it got people to drive to the website more often than not. Partnerships had been listed out differently. He said Novi certainly partners with many different organizations such as Oakland County, Automation Alley and MEDC and had listed organizations Novi belonged to and were active with, a number of the international chambers, local chambers, Michigan Works, etc. He commented they would be links to help people and to give information on what

Novi was doing. A link had been added for the Business Registration forms as well because it helped them build their data base and helped when he and Ms. Uglow did retention visits as well.

Mr. Topouzian said they also added a "Share Your Stories" and "Available Property" sections. These were areas that would draw people to the website and was free of charge. He said they encouraged local businesses, small or large, if they had a story about promotion, or something that was good happening to their company, send it to Mr. Topouzian or Ms. Uglow and they would get it on the web. He said it was a little promotion for Novi's local businesses.

REPORTS

SPECIAL/COMMITTEE

Mayor Landry reported a wonderful occasion Friday night. The Novi Parks Foundation had their first annual black tie gala, and at the gala the ITC Corporation announced that they were donating \$500,000 to the Novi Parks Foundation. He said it would be \$100,000 a year for five years and it was an awesome contribution and commitment by a wonderful corporate member of this community and they were all very thankful of that.

CITY MANAGER

Mr. Pearson congratulated everyone, and thought they had a great team in place, and he and the staff team were looking forward to a great two years ahead.

Mr. Pearson said there were now e-packets, which would get as much information out as easily as possible to the residents. The e-packets could be found on the website 24/7 and residents could download the very same information that Council had. He encouraged people to use the website as it had a lot of useful information.

Mr. Pearson said they had heard about the audit, but there was another document that received an award last week and that was the budget document. The award was from the Government Finance Officers with another notation for distinguished budget presentation and that was a team effort and the Council set the tone as to how they wanted that presented.

DEPARTMENTAL - None

ATTORNEY - None

AUDIENCE COMMENTS

Senator Cassis and Representative DeRoche were present to congratulate Members Crawford and Staudt as new members of Council. She said their extensive involvement in the City and support of it was truly recognized tonight as they joined Novi's wonderful Council. They also congratulated Member Gatt for the distinction of another four years.

Senator Cassis said on behalf of herself and Representative DeRoche that Mayor Landry was the steady hand that continued to guide the Novi ship of State, and he did it well. She offered congratulations to all of Council on the passage of the Library Bond bring Novi into the 21st

century with, she was sure, one of the finest buildings anywhere in Oakland County that would serve so many citizens so well. Senator Cassis said they were looking forward to continuing the very fine working relationship they had with Council, and that Council knew they could count on them and they would always be there for them. She wished them the very best.

Representative DeRoche offered his best wishes as well. He said it was about 10 years ago tonight that he was sworn in in this chamber. He commented it seemed like a moment ago but in terms of what the City had accomplished, it had been a very long time with a lot of accomplishments. He noted just seeing them go through the audit was such a breath of fresh air compared to Lansing. He said the entire budget they had just reviewed with the auditors was the difference in that Lansing had welfare parents whose daycare was paid by the State because they wanted them to work, and they paid people who have their relatives watch their kids more than they paid Kinder Care or Toddler Time. He felt they should be paid the same as Kinder Care and if a relative less, because they didn't have rent and utilities. He said just that difference alone would be about \$37 million but they were unsuccessful in getting that reform through this year. He said watching such a good stewardship of money was refreshing, and it was something that as representatives in Lansing, they would continue to pursue. The City's future was bright and coming home and seeing the construction underway and the other opportunities in Novi was something that they didn't have State wide right now. He said Novi was blessed and asked that they keep the momentum going with the new Council members. He congratulated Mayor Landry for his re-election.

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

Member Gatt removed Item I.

Mayor Pro Tem Capello removed Item F.

Member Mutch removed Item E.

**CM-07-11-318 Moved by Gatt, seconded by Margolis; CARRIED UNANIMOUSLY:
To approve the Consent Agenda as amended.**

Voice vote

- A. Approve Minutes of:
 - 1. October 22, 2007 – Regular meeting
- B. Approval of 2008 City Council meeting dates.
- C. Acceptance of a Conservation Easement from Lotus Bank for property located at the northeast corner of Twelve Mile and Dixon Roads, covering 0.13 acres of trees and natural vegetation.
- D. Consideration of Zoning Ordinance Text Amendment 18.219, to amend Ordinance No. 97-18, as amended, the City of Novi Zoning Ordinance, at Article 30, Administration and Enforcement, Section 3004, Temporary Special Exception and Temporary Special Land Use Permits. **Second Reading**
- G. Approval to award a contract for engineering services for the Sanitary Sewer SCADA (Supervisory Control and Data Acquisition) System Implementation project to Stantec Consulting Michigan Inc. for a not-to-exceed fee of \$44,269.

- H. Approval of the final balancing change order and final payment to DOC Contracting, Inc. for the Beck Road Water Main Replacement project (east side of Beck Road between Grand River Avenue and Eleven Mile Road) in the amount of \$51,037.35.
- J. Approval to award a service contract for the Sanitary Sewer Televising and Cleaning project (a CMOM-identified project) to Doetsch Industrial Services, Inc., the lowest qualified bidder, in the amount of \$86,895.
- K. Approval of Claims and Accounts – Warrant No. 756

MATTERS FOR COUNCIL ACTION – Part I

- 1. Consideration of request from Zubin Antia and Anthony Marougi, owners of Zaam, LLC, doing business as Bar Louie, 44375 W. Twelve Mile Road, Space G152 at the 12 Mile Crossing at Fountain Walk for a new quota Class C liquor license.**

Lee Klein of JME Consultants, Inc., was present representing Mr. Antia and Mr. Marougi who were also present. He said his clients had entered into an agreement with Bar Louie out of Chicago to develop multiple Bar Louie restaurants in Michigan. Bar Louie was currently located in Grand Rapids, Flint, Livonia and Ann Arbor and was a unique operation that considered themselves as the "Cheers" for the older, upscale type of crowd. Mr. Klein commented it was something that was not in the City of Novi. The location for this restaurant would be at the Lifestyle Center, and he had been involved in the negotiations and execution of the lease with HHT Devco. It would be approximately 6,700 sq. ft. and would be located across from Emagine Theatre and Lucky Strike. Bar Louie targeted the older type crowd and their demographics were more concentrated between the age group of 35 to 45 and up. It did not cater to the younger adults who looked more for the Hooter's or Champs bar restaurants. It was the type of place to have a quiet drink, dinner with family, and enjoy an upscale art deco motif. Mr. Klein said a Bar Louie representative was present from Chicago, and a representative from the landlord was present. He said the premise itself would be approximately \$1.2 to \$1.3 million in improvements and renovations to the interior and exterior facade. One of the nice things about Bar Louie was that it gave clients a unique atmosphere, upscale art deco, and was the "Cheers" for the white collar man and the professional in jeans or a suit. Mr. Klein said what they would bring to Novi that the community currently didn't have was that niche of the market that Bar Louie had with the clientele it catered to and the nature of what it did that would attract and be a very comfortable place for families and professionals.

A representative of Bar Louie out of Chicago said he was a district partner and oversaw the franchise operations. He said Bar Louie was neither a bar nor a restaurant but was the best of both. Just like "Cheers" the owner's of the bar actually bartended themselves to make sure every guest was welcomed, treated properly and controlled the amount of alcohol consumption on premise. He said they had no DJ's and had no dress code; it was a people code. They felt their guests were the #1 point of importance because if they were happy, the managers and owners were happy, the place would make money. What made them unique was that 85% of their menu was made from scratch, and the drink recipes and menus followed that same sort of thinking.

He said Bar Louie locations were not cookie cutters because they try to fit into the area rather than have the area fit into what their needs were. This was basically because they felt they

answered to their guests and the community and encouraged all of their franchises and corporate stores to do community events in cooperation with their cities.

Mr. Klein said when looking at the ordinance and the provisions Council was considering the first item he would address was under Section 314.4 which asked whether there was a need for the facility at the location proposed. He said in 40 to 50 hours of negotiations that he had been involved with the HHT Devo people and the landlord, they had talked with him about the direction the mall had taken since HHT Devco took the mall over. He said they had encouraged him and talked positively about the research they did to find out who Bar Louie was, what was being proposed and the fact that this was a marriage made in heaven with what they wanted to do in their mall. His understanding was, under the ordinance, in terms of redevelopment, that was part of when the municipality would determine who they would give the Class C Licenses to. He said it was in part to encourage people to come who were willing to commit to the community to help with its redevelopment, and that was what was happening at the Lifestyle Center. Mr. Klein believed Bar Louie would be a very integral part of what was going to happen with that redevelopment particularly in that area where there had been problems with the younger people that were in there. Bar Louie would cater to the mature upscale adult, and what a convenient wonderful place for them to be at. He said HHT Devo committed over \$900,000 to their tenant improvements to encourage Bar Louie to come in there. He said they looked at multiple locations and ultimately when everything was taken into consideration they looked at what was going on in Novi, their opportunity at this site and in the mall to be a part of that redevelopment program, and thought this was the place they wanted to be for their first flagship restaurant. He thought they fit the requirements of the ordinance in that they were unique, had their own niche in terms of what Bar Louie did and brought all of that into a circumstance that would enhance the redevelopment of a center that was going in the right direction.

Member Gatt congratulated them on a fine presentation, but stated he would not be able to support their endeavor. He said he didn't find Bar Louie as unique and felt the liquor licenses the City held were precious commodities that would be used to encourage businesses that were so unique that they would succeed on their own merit. He believed Bar Louie would succeed but didn't think they needed the license from the City of Novi to succeed, and didn't believe a case had been presented that was strong enough to warrant giving one of Novi's three Class C Liquor Licenses to Bar Louie's. He encouraged them to move forward and bring a license in from elsewhere. The mall redevelopment was a wonderful thing, but unfortunately there were a lot of restaurants and bars in that mall in the same area. He wished him best success.

Member Margolis said she had eaten at a Bar Louie in Evanston and while she thought it was a good experience and was thrilled they were coming to Novi and felt it was a necessary market for that area, she didn't see the uniqueness. She said listening to him tonight it never made that switch to her that they were the kind of unique and different place that she could justify giving a liquor license to. She said this was a hard decision for Council because they were always encouraging businesses in Novi but they had a responsibility to the ordinances to look at these things clearly. She would be there to eat, the food was wonderful, but she could not support this tonight.

Mayor Pro Tem Capello felt bad as the other Council members did, and Council welcomed them as a business and thought they were the type of business Council was looking for at

Fountain Walk. However, he agreed that their facility was not the unique type of facility they were looking for to give one of their quota licenses to. He said regarding the ordinance, the three major areas they would give their quota licenses to were hotels or motor hotels, assembly or convention centers or supper clubs. He said the ordinance said "whether there was a need for a facility at the location proposed" and he couldn't see that they fit into a specific for that facility. He said there was a need for a lot of facilities at Fountain Walk and he had talked with the developer too, and they were looking into bringing in a variety of restaurants, but not their particular restaurant and their particular need. He didn't think that was what that sub-section meant. He didn't think they complied with "whether the facility tends to provide a service, product or function not presently available to the general public" either. He said Buffalo Wild Wings was there and was similar concept to Bar Louie's. He said regarding the uniqueness to the facility the application said there were 40 other facilities in the U.S. and particularly several in Michigan so it might be unique to that particular shopping center but Council needed to look at a broader spectrum than that. Also, regarding the length of time the applicant had conducted business within the community, he felt this was most important. Mayor Pro Tem Capello said they were a welcomed new business coming in, asked them to please find and purchase a license, and if everything else went well, Council would welcome them with open arms.

Member Mutch commented that he had looked at the issue of the three additional liquor licenses that Novi had gained through the special census, and obviously through a different viewpoint than previous Council members. He commented there were two primary benefits of the special census. One benefit was the potential to receive additional State Shared Revenue, which he didn't think the City would see this year or in future years. The other benefit was the three additional liquor licenses. He thought the best thing they could do with the liquor licenses was to utilize them where they could have a significant amount of economic impact, and he thought that was the biggest priority. Member Mutch thought the most important areas of the City where there could be a positive economic impact was the Main Street/Town Center area and Fountain Walk. Main Street had been targeted as the downtown district and they wanted to encourage development there; however, Fountain Walk had faced some challenges in its development and as young as it was it was now in a redevelopment stage. He said as a City they had been working with the developer trying to make the redevelopment a success, and he saw issuing a liquor license to this applicant at this location as part of that City effort. Member Mutch said it was a significant economic investment in the City, it was a significant economic impact in terms of employment coming from this restaurant/bar, not only themselves but the positive impact it would have in the Fountain Walk area. He said, as the applicant noted, that really was somewhat of a missing element in that development. Lucky Strike and Hooter's catered to a younger crowd and that 20 something post college crowd looked for a different experience. He said when he saw the photos of the different locations it captured what they were trying to present and he thought they did a good job with that tonight, and that was what sold him. He said for those reasons he would support the liquor license, and those were the priorities he would have whether this was approved or not as applicants came forward. He said uniqueness was still part of his consideration but they could nitpick uniqueness to death. He thought they relied on uniqueness when they didn't want to give out a license. Then when someone came forward that wasn't the most unique but for other reasons Council decided they were worthy of that license, then suddenly that was not as important a consideration. He thought because these were extra licenses, the impact from the development and the benefit from the development far outweighed whether this was the most unique restaurant or bar that would come forward for these licenses. Member Mutch said he would support approving the

liquor license and encouraged the applicants, regardless of the outcome, to continue to look at Novi as a place to invest.

Mayor Landry said he would support the comments of Mayor Pro Tem Capello. He said the issue was not whether Bar Louie should get a liquor license or whether they qualified as there was nothing he had seen that that they wouldn't qualify, but that was between Bar Louie and the State of Michigan. The issue was whether or not the City should give them a liquor license free of charge. He said the City had three liquor licenses to give. He said liquor licenses could be purchased from anywhere in the State of Michigan by a business if it proved it was capable of handling it. He said the question was whether the municipality should give the applicant a liquor license. Mayor Landry said he would certainly welcome Bar Louie and thought it would be a wonderful business in Novi, and he supported them entirely. However, with respect to the ordinance, he didn't think it was all that unique. He said they were a national chain and the second criterion was how long they had been doing business in the City of Novi. He said he looked upon quota liquor licenses as a business that there was nothing like it in Novi. Or a long time business in the City and wanted to change from a restaurant to a restaurant that wanted to serve liquor that had been in Novi, employed its people and paid taxes. Mayor Landry said that was what he thought the ordinance was intended for. He thought he would be a great business in Novi but didn't think they qualified for a quota liquor license, so he would not be supportive.

Mr. Klein responded by saying he understood but thought this was an important issue. He said, with all due respect to those who had indicated they couldn't support it under the ordinance, Section A said "facilities for which new licenses may be granted – new licenses may be granted to the following facilities because they represent the City's needs in terms of promoting service, development and social economic benefits." Then it gave four categories. He said they used the licenses to encourage people to come to Novi, and to encourage them to invest in Novi. He said that was the real purpose behind this, and Novi would hand the license out because they wanted someone to invest a million dollars in the community. He said a national chain hotel was coming up on the agenda and they come under Section 1. He asked if they would have anything different or unique and said no, and Council would decide if they would give them a quota license. While he understood what Council was saying about uniqueness, and he agreed with Member Mutch that uniqueness could be found in any place or it could be said that every place was not unique. Mr. Klein said he read the transcript of the last quota license regarding the wine shop and it wasn't because he had been in the community with that wine shop for the last 20 or 30 years; it was granted based on what it was presenting to the community. Mr. Klein urged Council to not simply say "is it really that unique or not". He said the true motivation behind how Council granted the licenses was to encourage people to invest in Novi in the type and nature of business that they wanted to see in Novi, and that according to the ordinance promoted service, development and social economic benefits. He said they were looking to invest \$1.2 million in a mall, in a Life Style Center that had floundered in the past and which a new landlord was spending considerable sums to change its direction. Mr. Klein said they fit exactly in to what that intent and purpose of the ordinance was. He respectfully requested that those Council members that had already voiced an opinion that they couldn't support this rethink what they were doing as to the "why" about that behind the motivation. Mr. Klein said if Council was simply going to hand it to somebody that said "we're going to have a restaurant and want a liquor license and we're going to have ponies walking around inside", very unique but it didn't mean they should receive the liquor license. He said a license should be granted because it fit in with what the community wanted

to have happen. He asked, before a negative motion was made, to reconsider why they were handing out the licenses and under what circumstances. He asked them what they sought to accomplish by offering the licenses, yes it was a free one, yes this was a national chain but his clients were local people. Mr. Antia grew up and graduated from Novi High School and had his home for sale to move back into this area because he would be responsible for direct hands on operation of the restaurant.

**CM-07-11-319 Moved by Margolis, seconded by Gatt; MOTION CARRIED:
To deny the applicant request from Zubin Antia and Anthony Marougi owners of ZAAM LLC doing business as Bar Louie for a new Quota Liquor License for the reasons that they did not meet the standards of the Ordinance in terms of the need for the facility at the location proposed, the uniqueness of the proposed facility or the length of time that the applicant had conducted business within the community.**

**Roll call vote on CM-07-11-319 Yeas: Capello, Crawford, Gatt, Margolis, Staudt, Landry
Nays: Mutch**

- 2. Approval to award a contract to Plante & Moran CRESA for Project Management/Owner's Representative Services related to addition and renovation of Fire Station No. 2 and renovations to the Police Headquarters for a not-to-exceed price of \$60,000 (\$40,000 for Fire Station No. 2 work and \$20,000 for work at Police Headquarters).**

Mr. Pearson said the City would be undertaking some significant capital improvements to existing facilities and primarily to Fire Station #2 on Thirteen Mile Road, and mechanical work at the existing police station. He said after looking at the existing (in house) resources and other options, they felt the most cost effective and efficient way to accomplish this would be to hire an owner's representative. He said they had solicited quotations and Plante Moran CRESA provided a low competitive cost quotation. He said at the last meeting Council had asked how the architect and the owner's representative would work together, and he tried to answer those questions, which produced the information they had tonight,

Mayor Pro Tem Capello said he had major concerns but now saw how Mr. Pearson had broken out the job responsibilities, because there was some overlap in the scope of work between the architect and the project manager. He said they had bid it for a certain cost and there was overlap and scope but when some of the scope was pulled out from one end from the other there should be a reduction in the fee being paid. Mayor Pro Tem Capello said this was because normally when the architect presented his scope he expected to be paid for doing all of what his scope was, but if he wasn't doing that then there should be a percentage or dollar amount reduction. He said he had not seen this and would ask if all the reductions were coming out of the architect's contract and none of it out of Plante Moran's. Mr. Pearson said the overlap was very small and they were doing different things in terms of what the architect's doing and what the owner's representative was doing. He thought they could point to a small section they identified that if they wanted to pull out whatever duplication there might be it would be a relatively small amount.

Ms. Antil said it was a small amount and was primarily was in the area of the surveys geotechnical and the tree surveys. She said they had a meeting with the architect, Plante Moran, City Attorney, and representatives from police and fire to discuss what each of the consultants meant in their proposal in terms of project management and some of the terms they used. She said the architect confirmed for them that they had anticipated, in a number of those categories, for example bid specifications, qualifications and pre-qualifying that they would submit that information to the project manager or the owner's representative but would not serve in that role of identifying those qualifications. She said they took that matrix and put who would be the primary and secondary but the architect confirmed that they didn't wish to be the primary in some of those roles. She commented the only real overlap was in the area of the surveys, which was about \$5,300 and she believed it was the only one they would move over to the Plante Moran side. However, they didn't believe there would be any additional savings because on the tail end of this they would probably need some architectural work done at the police station with regard to the HVAC system. She said they never anticipated bidding that out separately as it made more sense to use whoever was selected, in this case CDPA, as the architect to help with that work as it was progressing at the same time as the fire station work. Ms. Antil commented they anticipated using that savings for the work needed at the police station.

Mr. Pearson said at the mandatory pre-bid meeting when the question came up from the architects regarding whether there would be an owner's representative the answer given to everyone was yes. He said that showed that it was anticipated and built in and that the architects assumed there would be an owner's representation that would be doing the task that had been identified as the primary.

Mayor Pro Tem Capello commented that Ms. Antil responded on the area he was looking at, which was specifically the specifications, bid documents and qualified contractors. He said if they put it in as their scope of work they should be responsible for it, and if the Council was pulling it out, then some of their fee should be pulled out. Mayor Pro Tem Capello suggested that next time they should be more careful or Council would hold them to it.

**CM-07-11-320 Moved by Capello, seconded by Margolis; CARRIED UNANIMOUSLY:
To approve award of contract to Plante & Moran CRESA for Project
Management/Owner's Representative Services related to addition
and renovation of Fire Station No. 2 and renovations to the Police
Headquarters for a not-to-exceed price of \$60,000 (\$40,000 for Fire
Station No. 2 work and \$20,000 for work at Police Headquarters).**

**Roll call vote on CM-07-11-320 Yeas: Crawford, Gatt, Margolis, Mutch, Staudt,
Landry, Capello
Nays: None**

3. Consideration of Zoning Map Amendment 18.678 to rezone from OS-2, Planned Office Service to OS-1, Office Service for property located on the north side of Ten Mile Road, west of Haggerty Road, in Section 24. The subject property is 6.57 acres.

Mr. Delorean said this was a medical building and the physicians were all gerontologists who dealt with people in their 80's and 90's. He said currently there was no parking adjacent to the

building, and it was rather difficult for their clients to cross the parking lot and wide driveway with their walkers, etc. Mr. Delorean said they were seeking to put parking adjacent to the building in the front and they could probably get five spaces in the back with the OS-1 zoning. He noted it was a 6 ½ acre parcel and most of it was vacant. He said OS-1 would also permit future development because the side yards were much narrower than the OS-2.

**CM-07-11-321 Moved by Gatt, seconded by Margolis; CARRIED UNANIMOUSLY:
To approve Zoning Map Amendment 18.678 to rezone from OS-2,
Planned Office Service to OS-1, Office Service for property located
on the north side of Ten Mile Road, west of Haggerty Road, in
Section 24, for the reasons stated in the Planning Review letter.**

DISCUSSION

Mayor Pro Tem Capello stated he didn't have a problem with their request because where they were was surrounded by car dealerships going closer to the lot lines. He noted his concern was the little strip of Ten Mile Road frontage because if this was rezoned, that could open that up to more intensive uses such as pharmacies, barber shops, etc. He wanted to give them what they wanted without opening up that area to additional retail.

Mr. Delorean said they were looking at another medical building in the opposite corner of the property, and he didn't think any commercial use was allowed in terms of retail stores under OS-1 zoning.

Ms. McBeth said the OS-1 District would allow uses such as a bank, beauty parlor or barber shop as a separate building. The OS-2 District allowed larger scale office buildings with those uses contained within that larger building. Mayor Pro Tem Capello said then OS-1 would allow for those additional retail uses without being included in a larger office building. Ms. McBeth said he was correct. He said then there could be retail on the Ten Mile frontage and she agreed. Mayor Pro Tem Capello commented that was his problem with this and thought they might need to go before the ZBA.

Member Margolis said the fact that those uses were very limited and small scale businesses, she felt it was not going to open it up to a broad range of retail. She assumed that a pharmacy/drug store would not be considered. Ms. McBeth agreed and said the beauty parlor, barber shop, churches and the like would be a permitted use. She said they were dealing with a relatively small and narrow piece of property, and most of the site was currently developed with the existing office building, parking lot and a detention basin in the back of the site. Member Margolis said they could demolish the office building and put up a huge beauty salon, correct and Ms. McBeth agreed. She said they were trying to encourage medical office in that area and she didn't want to, for the sake of that small group of businesses, put the applicant through any more hoops. She stated she would support the motion.

Member Mutch said he would take the same approach. In terms of this property, he was looking at the context within which it sat. He said to the west and the south there were OS-1 properties already existing. Member Mutch said those properties could have easily developed with those kinds of retail uses, and the fact that they had not spoke to the viability of the potential of such uses in that area. He said also, if their concern was the impact of such a use, the OS-2 zoning allowed larger and taller buildings and potentially greater traffic impact. He

said in some sense, OS-1 was a down zoning in this area and if there was a redevelopment of an OS-2 site at the maximum that the zoning ordinance allowed could be more of an impact than the continuation of the uses existing plus some additional OS-1 uses. He said he would support the rezoning and thought it was consistent with what was in the area. He understood the concerns of fellow Council members, but thought they were fairly safe that this rezoning would ultimately result in less of an impact than if they left it as it was currently planned.

Mayor Landry said he would echo the comments of the two previous speakers.

Roll call vote on CM-07-11-321 **Yeas: Gatt, Margolis, Mutch, Staudt, Landry, Capello, Crawford**
Nays: None

AUDIENCE COMMENTS

MATTERS FOR COUNCIL ACTION – Part II

4. Discussion of City Council Committee Appointments

Mayor Landry said several committees were mayoral appointments and several were by general consensus of the Council. Mayor Landry appointed:

Public Access Promotion Committee - Member Gatt agreed to serve and was appointed.

Capital Improvement Program Committee - Members Staudt, Margolis and Mutch agreed to serve and were appointed.

Consultant Review Committee - Members Gatt and Margolis were willing to remain on the committee and Member Crawford agreed to serve.

Ordinance Review Committee currently was served by Mayor Landry, who had to be on that committee, Mayor Pro Tem Capello and Member Mutch. He asked if they would be willing to stay on the committee, and they agreed. An alternate was needed, and Member Gatt agreed to be the alternate, and all were appointed.

Rules Committee - Members Gatt and Margolis agreed to remain on the Rules Committee, and were appointed. Mayor Landry would also be on the committee as mandated.

SEMCOG – Member Crawford agreed to serve and Member Mutch agreed to be the alternate.

Stormwater Mgmt & Watershed Stewardship Committee - Member Staudt agreed to serve.

Pathway and Sidewalk Prioritization - Members Staudt and Mutch agreed to serve.

CM-07-11-322 **Moved by Margolis, seconded by Capello; CARRIED UNANIMOUSLY:**
To approve the aforementioned appointments to City Committees.

Roll call vote on CM-07-11-322

**Yeas: Margolis, Mutch, Staudt, Landry, Capello,
Crawford, Gatt**
Nays: None

5. Referral of Council Organization Rules and Order of Business

Mayor Landry said there were City Council Rules and usually at the first meeting of every City Council the Rules Committee would meet shortly thereafter and review the rules. He said the Rules Committee was made up of himself and Members Gatt and Margolis. He said he would like to meet to discuss whether Council members should have the ability to e-mail each other or the public during a meeting, which he was not in favor of but it needed to be addressed and brought back to Council as a whole.

**CM-07-11-323 Moved by Capello, seconded by Staudt; CARRIED UNANIMOUSLY:
To have the Rules Committee convene and consider any necessary
changes to the rules.**

Roll call vote on CM-07-11-323

**Yeas: Mutch, Staudt, Landry, Capello, Crawford,
Gatt, Margolis**
Nays: None

Mr. Pearson asked if there was a time frame regarding the rules? Member Margolis suggested four weeks and everyone agreed.

6. Consideration of award of a construction contract for the 2007 Traffic Signal Upgrades project (13 Mile and Meadowbrook and 14 Mile and Novi Road) to Metropolitan Power & Lighting, Inc., the lowest responsive bidder, in the amount of \$135,933.

Mr. Pearson said both projects were single upgrades that had been identified in the Capital Improvement Program and other documents. This would be improvements made to add some dedicated turn signals thereby improving safety and traffic flow at these intersections.

**CM-07-11-324 Moved by Margolis, seconded by Capello; CARRIED UNANIMOUSLY:
To award construction contract for the 2007 Traffic Signal Upgrades
project (13 Mile and Meadowbrook and 14 Mile and Novi Road) to
Metropolitan Power & Lighting, Inc., the lowest responsive bidder, in
the amount of \$135,933.**

Roll call vote on CM-07-11-324

**Yeas: Staudt, Landry, Capello, Crawford, Gatt,
Margolis, Mutch**
Nays: None

7. Approve the Program Year 2008 Community Development Block Grant Application in the approximate amount of \$116,071 and authorize the Mayor to sign the Application and Subrecipient Agreement.

Mayor Pro Tem Capello appreciated the work that had been put into this. He commented that it seemed like every year he wanted to take a few thousand dollars away from HAVEN and

give it back to Novi Youth Assistance. He thought NYA did more directly for Novi than HAVEN.

**CM-07-11- Moved by Capello, seconded by DIED FOR LACK OF SUPPORT:
To approve the Program Year 2008 Community Development Block
Grant Application with the exception that HAVEN would receive
\$8,232 and Novi Youth Assistance would receive \$12,000 with the
balance of the award to remain as represented for a total amount of
\$116,071, and authorize the Mayor to sign the Application and
Subrecipient Agreement.**

Member Margolis commented she noticed there was an elimination of the Senior Center Manager and OLSHA, with a reallocation of that to the minor home repair. She said there was a certain percentage that had to be allocated, and asked if minor home repair, at the recommendation of the committee, was now over the amount they had to allocate to it. She believed it was now over by that \$7,000, correct.

Mr. Pearson said there were two OLSHA items and Member Margolis mentioned Senior Center Manager. He said, to be clear, they were not proposing cutting that position, services or any hours. He said they would be able to handle and adjust that so it would be the same hours but handled out of the General Fund. Mr. Pearson said they could only spend 45% of the total allocation; these are estimates, on public services as opposed to the hard cost of the minor home repair. The allocation, as he understood it, maxed out that public service allocation, that's the \$45, 232. He said they were using the balance for the minor home repair for the City wide income qualified programs. Mr. Pearson said this allocation had been recommended by the Citizen Committee and he didn't understand when she said they were paying over for the home repair.

Member Margolis noted it said that "the City's 45% maximum allowed for public service was \$52,232. However, she saw that the recommendation was \$45,232, which was \$7,000 less than was allowed to be allocated for public services. She said one of the comments in the packet was the demand for the minor home repair services had really reduced over the past several years but it was because they believed that marketing wasn't enough. Member Margolis' thought was why were they allocating more to something when the demand had been less. She said they were allocating more than they had to, and asked how much of the fund was expended last year. Mr. Pearson said she was correct in that they were not hitting the maximum.

Ms. Neumaier said the question was how much of the minor home repair program did they spend. She said they had spent about 25% and three individuals had been assisted in 2007 so far. Ms. Neumaier said one of the things the committee wanted to start, if Council approved this level of funding for 2008, was increase the marketing and awareness of this program. She said they thought the demand was there and agreed with Member Margolis that this was the first year that the demand had not been as high as it was previously. Member Margolis said she was more comfortable with that re-allocation because in this economy she thought they would see people who needed that kind of minor home repair.

**CM-07-11-325 Moved by Margolis, seconded by Gatt; CARRIED UNANIMOUSLY:
To approve the allocations as recommended by the committee.**

DISCUSSION

Member Mutch commented he was willing to support the motion but wanted to express some of the same problems he had with the approached CDBG funding that he had expressed in previous years. CDBG funding was a very specific funding source intended for services like, NYA, HAVEN and minor home repair. He said the Senior Center Manager and Senior Center Transportation Services were funded out of that money, which by and large were covered by the General Fund. Therefore, they had used the CDBG funds to supplement two items that were largely funded through the General Fund or supplemented by the Smart Credits which were specifically for transportation services. Member Mutch said he would like to fully fund those two items out of the General Fund. He said they were talking earlier today about a multi million dollar fund balance and here they were trying to figure whether to take \$2,000 from one organization to give it to another. He didn't think that made sense at all. He would look at dedicating all of the CDBG funding to those items so HAVEN and NYA would be fully funded by the City. Then, use General Funds to fully fund the Senior Center Manager and Senior Van Transportation Services separate from the whole CDBG Program and that would free up those monies for all those agencies to be fully funded, and target that money in a way that made the most sense. Member Mutch commended the committee and the work that they had done in terms of identifying the need to really do the outreach, to the religious organizations in the community as well as other organizations that would make contact with people that really did need assistance with the home repair program. He said with the economy the way it was today, he couldn't help but think there were a lot more people who needed assistance from this kind of program. Member Mutch said if they could be reached through this outreach, when they get to that point, they would really want to be able to fund things like minor home repair beyond what they were talking about today. He said when he had brought this up before, there had not been support to do that but thought when they came to the next budget Council needed to look at fully funding those senior services out of the General Fund, which he thought was the appropriate location for those to be funded and then use the CDBG money for these specialized services.

Roll call vote CM-07-11-325

**Yeas: Landry, Capello, Crawford, Gatt, Margolis,
Mutch, Staudt**

Nays: None

8. **Consideration of award of a construction contract for the Sanitary Sewer Manhole Rehabilitation project (a CMOM-identified project) to Inland Waters Pollution Control, Inc., the lowest qualified bidder, in the amount of \$204,480.**

CM-07-11-326

**Moved by Margolis, seconded by Gatt; CARRIED UNANIMOUSLY:
To award construction contract for the Sanitary Sewer Manhole
Rehabilitation project (a CMOM-identified project) to Inland Waters
Pollution Control, Inc., the lowest qualified bidder, in the amount of
\$204,480.**

DISCUSSION

Member Mutch wanted the record to reflect that Inland Waters was not the lowest by price, but that upon further review of staff and consultants, the lowest bidder was not considered to be

fully qualified to take on a project of this scope. He said that was the determining factor in this selection.

Roll call vote on CM-07-11-326

**Yeas: Capello, Crawford, Gatt, Margolis, Mutch,
Staudt, Landry
Nays: None**

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

- E. Consideration of request of Singh Development for a two-year extension to the termination date provided in the PRO Agreement for Uptown Park, a 201 unit residential condominium development proposed to be located on a 38.6 acre parcel of land located west of Meadowbrook Road, and south of Twelve Mile Road – Member Mutch**

Member Mutch noted he pulled this from the Consent Agenda because upon reviewing the request which was to extend the PRO Agreement for the Uptown Park development on Meadowbrook Road south of Twelve Mile, he found there was really no criteria in the ordinance standards that would guide an extension, and there was no timeline or expiration indicated. He didn't think that needed to preclude the approval of this request but he thought it was a flaw in the ordinance not to have a timeline in the ordinance. He asked that the City Attorney review it and bring back some feedback.

Mr. Schultz said there was a definition of good cause shown in other areas of the ordinance but there wasn't one for this particular provision. He said he would be happy to look at that and propose some language, if Council directed.

Mayor Landry asked Member Mutch if he would be satisfied if Mr. Schultz looked into it and responded with a memorandum in an off week packet. Then it could be brought up as a Mayor and Council Issue and if needed, could be sent to the Planning Commission or Ordinance Review. Member Mutch was agreeable.

**CM-07-11-327 Moved by Mutch, seconded by Margolis; CARRIED UNANIMOUSLY:
To approve the request of Singh Development for a two-year extension to the termination date provided in the PRO Agreement for Uptown Park, a 201 unit residential condominium development proposed to be located on a 38.6 acre parcel of land located west of Meadowbrook Road, and south of Twelve Mile Road.**

Voice vote

- F. Approval of a request from ADCO, Group, LLC for a one year extension of Preliminary Site approval for SP05-24, Brooktown, a mixed use condominium project located on the south side of Grand River Avenue between Market Street and Meadowbrook Road in Section 23 – Mayor Pro Tem Capello**

Mayor Pro Tem Capello stated ADCO, Group, LLC was not the owner of the Brooktown entity. He said they were owned by Brooktown Commercial Entities, LLC. He said he represented one of the two Brooktown Commercial, LLCs and wanted to disclose that. He stated he had no financial interest in it but if Council wanted to recuse him from voting on this issue, they could. It would benefit his client but would not benefit him in any way.

Mayor Landry said, for new Council members, all elected officials were required to vote on matters before City Council. He said they could not choose which to vote on and which to not vote on. The only time a Council member could be excused from voting was if the other members excused and allowed them to not vote. He said if anyone felt there was a conflict of interest they should raise it, but oftentimes a Council member might seek to recuse themselves saying he/she would prefer not to vote. However, it was up to the other members of Council whether to allow them to vote or not. He asked Mr. Schultz if he saw any reason that there was a conflict of interest, which would require that Mayor Pro Tem Capello not vote on this issue.

Mr. Schultz said one of the Council member's clients actually had an ownership and interest in the property. Mayor Pro Tem Capello said in the commercial aspect of the property, which was covered in the site plan approval. Mr. Schultz said from his perspective, the question for the Council member was whether he was sure he could vote and be fair, but in addition the question would be appearance of propriety as well as anything else. He thought the request to recuse would be appropriate but it would be up to the Council to determine whether it was appropriate.

Member Mutch thought, for appearance purposes, it would be cleaner if Mayor Pro Tem Capello recused himself to avoid raising any issues down the road regarding the approval.

Member Gatt disagreed. He felt Mayor Pro Tem Capello had disclosed his relationship with one of the partners but he had no financial interest, and he didn't think it fell under the parameters of when a member should recuse themselves.

Mr. Schultz asked Mayor Pro Tem Capello if representing the client had any connection with this property; Mayor Pro Tem Capello said yes, in many aspects.

Mayor Landry asked if he represented one of the people involved in this, with respect to legal matters involving this property. Mayor Pro Tem Capello said he did.

Mayor Landry said he would agree that he should be recused. Mr. Schultz said a vote for recusal had to be unanimous.

Member Margolis thought he should be recused, if only for appearance sake.

**CM-07-11-328 Moved by Margolis, seconded by Mutch; CARRIED UNANIMOUSLY:
To recuse Mayor Pro Tem Capello from voting on Consent Agenda
Item F.**

DISCUSSION

Member Gatt stated he would support it, not for appearance, but because he believed there could be a financial interest.

Roll call vote on CM-07-11-328 **Yeas: Crawford, Gatt, Margolis, Mutch, Staudt
Landry**
Nays: None
Abstain: Capello

CM-07-11-329 **Moved by Margolis, seconded by Gatt; CARRIED UNANIMOUSLY:
To approve request from ADCO, Group, LLC for a one year extension
of Preliminary Site approval for SP05-24, Brooktown, a mixed use
condominium project located on the south side of Grand River
Avenue between Market Street and Meadowbrook Road in Section
23.**

Voice vote

Note: Mayor Pro Tem Capello abstained from voting, left Council Chambers during the vote and returned after the vote had been taken.

- I. Approval of resolution to authorize the purchase of additional service credit by City employee, and of resolution to authorize retiree health care deferment – Member Gatt**

Member Gatt stated he removed Item I because he thought, with the new Council, it was time to revisit the issue of an employee purchasing retirement time. He requested that the City Manager provide Council, in an off week packet, a history of this issue, how it came to be, how many people had taken advantage of it, and the financial impact to the City, if any.

CM-07-11-330 **Moved by Gatt; seconded Margolis; CARRIED UNANIMOUSLY:
To approve resolution to authorize the purchase of additional service
credit by City employee, and of resolution to authorize retiree health
care deferment.**

Voice vote

MAYOR AND COUNCIL ISSUES

1. Traffic Light at Cherry Hill and Meadowbrook Road – Mayor Landry

Mayor Landry requested that Administration determine the timing of the light and how it functioned because Council members had been contacted by residents about the light. He requested that Administration deliver to Council, in an off week packet, what the timing of the light was. He wanted to know when it cycled through the red, yellow, green and when it blinked for both Cherry Hill and Meadowbrook Roads. Mayor Landry wanted to look at when the light was fully functioning and what hours it was just blinking.

AUDIENCE COMMENTS - None

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 9:17 P.M.

David Landry, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Charlene Mc Lean

Date approved: November 26, 2007