

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, DECEMBER 21, 2009 AT 7:00 P.M.
COUNCIL CHAMBERS - NOVI CIVIC CENTER - 45175 W. TEN MILE ROAD**

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

PLEDGE OF ALLEGIANCE

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

ALSO PRESENT: Clay Pearson, City Manager
Pamela Antil, Assistant City Manager
Tom Schultz, City Attorney

APPROVAL OF AGENDA

**CM-09-12-156 Moved by Margolis, seconded by Gatt; CARRIED UNANIMOUSLY:
To approve the Agenda as presented.**

**Roll call vote on CM-09-12-156 Yeas: Gatt, Crawford, Fischer, Margolis, Mutch,
Staudt, Landry
Nays: None**

PUBLIC HEARING - None

PRESENTATIONS

**1. Recognition of the 2009 Novi High School Girl's Field Hockey Division Champs –
Mayor Landry**

Mayor Landry stated as a matter of course, City Council recognized State Champions and usually do not recognize Divisional Champions. However, they were making an exception for an exceptional reason because this group of young ladies in the very first year of existence won the Divisional Championship for Women's Field Hockey. He commented Council thought this was special and deserved special recognition. Mayor Landry stated they would each receive a certificate for their outstanding accomplishment and participation on the Novi High School Varsity Field Hockey 2009 Division Championship Team. Coach Amy Kilgore was present and said they were incredibly honored to be honored tonight. She said that those present were just part of the hard working team and what they had done in just two years was pretty remarkable as they beat every first, second and third year team. This past year they also beat some long term established teams. Coach Kilgore said she was very proud of the Novi team.

State Representative Hugh Crawford was present and said he wanted to congratulate all the girls on the team and read a tribute signed by him and State Senator Nancy Cassis.

Mayor Landry, on behalf of the City of Novi, thanked the team for their fine effort and achievement and for representing the City of Novi.

2. Property Tax Base Primer 2010 - D. Glenn Lemmon, City Assessor

Glenn Lemmon, City Assessor, said this year would affect all sectors including commercial and residential, as most every property would see a reduction in taxable value and the decline would continue at least into the next two years. He said foreclosures were estimated county wide by Oakland County to be one in every 60 properties in 2009 that were the subject of a foreclosure; Novi fared better being one in 91. Mr. Lemmon said he was anticipating that Novi would be close or slightly less than last year if not slightly less as far as foreclosures. He was also encouraged by the sales from foreclosures as banks were interested in selling foreclosed properties and some were not concerned with the amount they were getting for them. So, there were properties out there that were in competition with the normal stock of properties found in neighborhoods. He noted that competition drove down values on all properties. Mr. Lemmon said for the 2010 sales study being put together now, he estimated that 30% of the sales he worked with were sales from foreclosures. He said he was encouraged that these properties were being absorbed back into the market at a very brisk rate.

Mr. Lemmon said Novi had been very fortunate to have enjoyed a very healthy climate for new construction over the past eight or ten years. He said the peak was in 2006 when \$162 million was added but last year it was \$89 million added from new construction. He said even though there had been some declines in market value they had been offset by the new construction; so Novi had not felt some of the reductions that other communities had because Novi had been buoyed up by the new construction. Mr. Lemmon said he hoped that in 2010 when the assessment roll had been formalized they would be able to get up to \$20 million, which was a quarter of where Novi was last year. He believed new construction would stagnate until all the other properties were absorbed back into the market place, as builders couldn't compete with the foreclosed properties. He displayed how the assessed and taxable value percentage changes had declined over the past several years. There had been a steady decline in the assessed value down to this year's projection, which was a combined total of a negative 11%. Mr. Lemmon said the County had done a 12 month, 10-1-08 to 9-30-09, study this year, as opposed to a 24 month study because it told them what was happening right now. When they did the studies for Novi, they compared the actual sales in Novi to the assessed values in Novi. If the sales were higher than the assessments, he would have to move properties up and if less, he would move them down. He said they were projecting a negative 12.83% for residential properties and a negative 9% for commercial and industrial. He said he also had to consider properties that were selling between October 1, 2009 and the end of the year, which was tax day. Mr. Lemmon said these properties were still in decline and he projected instead of being a negative 12.83% it would be closer to a negative 14% with no further changes to the commercial, industrial. He said when it was all added together, the commercial, industrial, residential and personal property, he estimated there would be a negative 11.9% reduction in assessment. He said when new construction was added in it would take them down to a negative 11.4% for assessments. He said Oakland County's projection for 2011 was an additional 12.5% down county wide after this year with an additional 5% for 2012. He said they were expecting the market to bottom out in 2011 and slowly start to come back up. He said Novi tended to fare a little better than most of the County so he was anticipating it to be down about 10% and for the following year he estimated a negative 7% for 2012.

Mr. Lemmon said along the lines of taxable value, he was anticipating the inflation rate multiplier to be a negative 0.3% for 2010. He said every property in the State would be subject to a calculation that involved a negative inflation rate multiplier. He said, in Novi, most every property would see some kind of taxable value adjustment just because values had gone down and it thought about 88% of the properties would see that kind of action this year. There is a small group of properties would be properties that had a gap between their assessed and taxable but they would get a reduction because of the negative 0.3%. There would be a very small segment, 1% or less, that would see some kind of an increase because of sales had uncapped or properties had new construction. Mr. Lemmon said this equated to a negative 10.2%, which were estimates. He said there were limitations; assessed and taxable values could go down at any rate but taxable values could only go up at the rate of inflation. He said unfortunately, after the 10.2% reduction in taxable value, Novi would be just about where it was in taxable value in 2005 and would have lost, from 2006 through 2009, any increases they saw.

Mr. Lemmon said the consumer price index from 2006 on was 3.3%, 3.7%, 2.3%, 4.4% and what was projected as the negative 0.3%. He said 2007 through 2009 were unchanged. He said Novi was going to take a big hit this year. In addition to the negative 10.2% on taxable value he was projecting he also wanted to take into account any loss provisions that they were projecting such as tribunal losses, Board of Review losses or the State Tax Commission. He said he was projecting a taxable value decrease of another \$95 million to account for those things. Instead of the negative 10.2% he was estimating that by the end of 2010 it would have grown to a negative 12.89%. Mr. Lemmon said Oakland County was the assessor for about 27 different communities and they were reporting that from 2008-2009 they had a 480% increase in their Michigan Tax Tribunal cases. He said Novi had increased 230% in that same time. Mr. Lemmon said currently they had \$267 million tribunal cases in contention. He said the person filing a petition with the tax tribunal would say the assessed value was X amount and they felt it should be this, so the difference was the amount in contention. He said it had been averaging about 40% under what the actual taxable was. Novi was in better shape than most communities and instead of the 40% it was down about 12% or 13%. Mr. Lemmon said as far as the residential properties going down, out of 50 communities in Oakland County, there were only seven that had a lower adjustment than Novi. There were only three communities taking less reduction in commercial than Novi and only two communities taking less in the industrial sector. Mr. Lemmon said with what Novi had to offer he felt Novi should rebound faster than the other communities around.

Member Mutch said when foreclosure sales occur were they happening at values where they were still seeing a popup affect or were they selling so far down. Mr. Lemmon said those sales were dragging everybody down with them. He said most of the ones he had seen were down 20% to 40% over the assessed values that he had on the properties to begin with. The sales from foreclosure were about 40% less than the assessments. Member Mutch asked of the percentage of sales happening how many fall into the category of distress sales. Mr. Lemmon said they tried to eliminate distress sales because they weren't representative of the market. He said assessors didn't want to include sales from foreclosure but they had become so prevalent in the neighborhoods that they had to start considering them. So, last year and this year they had been given a better look and were including them to the point that as long as there wasn't one sale that was so far off it was dragging down the rest of the study they were looking at. They were trying to set some parameters and look at sales that happen within a certain range of value. He said they were expecting about 650 sales over a twelve month

period and about 220 of those would be sales from foreclosure. Mr. Lemmon said the foreclosure sales were happening everywhere from multi million dollar homes to small homes. Member Mutch asked about the impact to the City on the General Fund. Mr. Lemmon said he didn't calculate that out but he could take what he was projecting for this year and take off another 10% or so, assuming the millage rate would stay at roughly 4.9 for the General Fund, and come out with a fairly good estimate and compare that back. Member Mutch said he would like to see that just to get an idea of what they were looking at. Mr. Lemmon said he would be glad to get that to him.

Member Staudt said his company had been looking at a lot of buildings at 60% or 70% off to relocate and had been told, by those who were good at this, to wait until 2010, because the commercial real estate market would have a very significant decrease in value. He asked Mr. Lemmon what his comments would be about the potential of having an extremely volatile commercial market in 2010 and moving into 2011. Mr. Lemmon said it had always been his opinion that residential properties were more athletic and fluid and they rebound faster. He said commercial/industrial properties were more glacial in their movement and it took them a while to catch up. He said that was why they were seeing them down 9% and last year there was no movement at all and next year they might be down another 9% or 10% on top of that. He said a lot depended on the seller's motivations. He said he generally dealt with properties after they had sold or transferred so he was not sure how the motivations were in the actual market. Member Staudt said there was a lot of motivation out there to move very new properties that had very significant value and he was concerned about how that would manifest in Novi where there was a lot of new commercial buildings.

Mr. Pearson pointed out that they were in really good hands in terms of keeping tabs on this. He said last January was the first time they had this kind of presentation giving the scope of the changes and that it wasn't following the traditional pattern. He said they asked Mr. Lemmon to do some predictive things before all the information was there. He commented that hadn't changed, so this year they asked him to do it a month earlier and that was why they were seeing this report. Mr. Pearson thought it was important to give Council a little context going into budgeting and goal setting. Mr. Lemmon said, if Council allowed him to, he would keep them up to date as he got further into his studies and started to formulate some numbers. Mayor Landry said he would appreciate it.

REPORTS

1. MANAGER/STAFF - None

2. ATTORNEY - None

AUDIENCE COMMENT - None

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

**CM-09-12-157 Moved by Margolis, seconded by Gatt: CARRIED UNANIMOUSLY:
To approve the Consent Agenda as presented.**

Roll call vote on CM-09-12-157 Yeas: Crawford, Fischer, Margolis, Mutch,

Staudt, Landry, Gatt

Nays: None

- A. Approve Minutes of:
 - 1. December 7, 2009 – Regular meeting
- B. Approval to award bid for replacement of rooftop furnaces and make-up air unit at the Ice Arena to Delta Temp, the low bidder, in the amount of \$36,500.
- C. Approval of the request from TMA Enterprises of Novi, Inc. to transfer all stock in 2009 Resort Class C licensed business located at 44375 W. Twelve Mile, Space G-149, Novi, MI 48377, Oakland County wherein Thomas M. Ansley (40) and Thomas D. Ansley (35) and Steven A. Menker (25) transfer a combined 100 shares to new stockholder, AMC Wings, Inc.
- D. Approval of Sign Ordinance Text Amendment 09-100.39, to amend Chapter 28, Signs, of the City of Novi Code in order to increase the frequency that the text or message on a changeable copy sign can change. The proposed ordinance will modify the standard from a maximum of one text change per minute to four text changes per minute.
Second Reading
- E. Approval of Text Amendment 09-149.09 to amend Chapter 3, Alcoholic Liquor, of the Novi Code in order to add a section relating to licensing policy, revise the application process, clarify review criteria, and make other changes relating to application review and revocations/non-renewal. **Second Reading**
- F. Approval to award the Generator Preventative Maintenance and Repair Contract to DAC Technologies, the lowest qualified bidder, in the estimated amount of \$15,715 (annually).
- G. Approval to award annual tree pruning contract to Owen Tree Service Inc. in the not to exceed amount of \$50,000.
- H. Approval to apply for a DTE Energy Tree Planting Grant, for a maximum grant award of \$3,000 (City's grant share is \$3,000 to be funded from the Tree Fund).
- I. Approval of the Balancing Change Order No. 2 to Audia Concrete Construction, Inc. for the 2009 Pathway Construction project in the amount of \$31,841.98.
- J. Approval of Traffic Control Order 09-19 for the installation of a stop sign requiring northbound Albert Street to stop at 12 Mile Road.
- K. Approval of Traffic Control Order 09-20 for the installation of a stop sign requiring westbound 12 Mile Road to stop at Napier Road.
- L. Approval of the final payment to Nagle Paving Company for the Vista Hills Pavement Resurfacing project in the amount of \$18,853.66.

- M. Approval to award an amendment to the engineering services contract for additional construction phase engineering services to Anderson, Eckstein and Westrick, Inc., related to the Vista Hills Pavement Resurfacing project in the amount of \$9,100.
- N. Approval to award an amendment to the engineering services contract for additional design engineering services to Anderson, Eckstein and Westrick, Inc., related to the Novi Way and Ten Mile Road Intersection Improvements project in the amount of \$11,250.
- O. Approval of the request of Singh Development for Uptown Place, SP 03-40B, for a one-year Preliminary Site Plan extension to January 9, 2011. The subject property is located in Section 14, south of Twelve Mile Road between Novi and Meadowbrook Roads in the R-C, Regional Center District, utilizing the PD-2 development option.
- P. Approval of Resolution for Building Authority Bond Refunding and Refunding Contract (Senior Complex – Meadowbrook Commons).
- Q. Approval of Resolution authorizing issuance of General Obligation Refunding bonds, Series 2010.
- R. Approval to award bond consulting services for 2010 Refunding Bonds to Bendzinski & Co. (financial advisor), and Miller Canfield (bond counsel).
- S. Approval of Claims and Accounts – Warrant No. 809

MATTERS FOR COUNCIL ACTION – Part I

- 1. Approve Novi's Energy Efficiency and Conservation Strategy for submission to the Department of Energy in the amount of \$533,100.**

Ms. Antil said this was the portion of the Federal requirements that require them to bring back an energy strategy. She said these were items that they all agreed they would look at, as this was a different grant program. She said typically, they applied for grants after they had done a strategy but this part of the stimulus plan came out differently requiring them to identify projects first and then back into the strategy. Ms. Antil said when this was brought to Council several months ago, they indicated that list of projects would likely change based on the result of this consultant analysis. She said they went through a competitive bid process and selected AKT Peerless who did the Level 1 and 2 Energy Audits and they would explain what the differences were. She noted they had a grant compliance team of Marina Neumaier from the Finance Department and Pat Cauchi from the Police Department who did an outstanding job of putting the information together on a program that literally did not exist through the Feds. Ms. Antil introduced Jeremy McCallion, Senior Project Manager from AKT Peerless, and Tony Anthony a principal of the company and Novi resident.

Mr. McCallion said a lot of the information came already provided. The EECEBG, Energy Efficiency Conservation Block Grant Program Award was \$533,100 and in order to see that full allotment of funds an Energy Efficiency Conservation strategy needed to be submitted to DOE, Department of Energy. The submission deadline was January 6th and Mr. McCallion said if all

Level 1 and 2 recommendations were considered the City would get a total retrofit package of about \$427,000 with an estimated savings of about \$101,000, and that was if everything was implemented. They also looked at the recommendation for the Energy Conservation Program allotting some funding to do that outreach and go into the multiple sectors to show them how they could implement some of the energy efficient activities, how to source funding, tax incentives for them and also itemizing administration activities.

Member Margolis asked, regarding additional projects identified, if there were other grants available to fund those in the future. Ms. Antil said they believed that there would be some additional funding and there were also some State funding grants. She said they learned, through the process, that they could do the leveraging and reaching out to the community. She noted that one thing they had done from this process was launch their green web site, provide information to the public through the web site as well as beginning planning for a number of activities and programs etc. They also varied a little from the recommendation and included a non-motorized transportation plan, which was another way they veered from just using the money from just building upgrades, etc. Ms. Antil stated they didn't know yet if the government would release additional funding yet. However, they felt, from the information received from the Department of Energy, that those entitlement communities that received it based on population would be the first that they looked at for the next round of funding. She said they wanted to see that Novi was leveraging those other things, using the savings for additional projects and doing some things in the community. Ms. Antil said they thought they had perfectly set themselves up to be ready for the next round of funding should there be one in the future. She said it appeared that this Administration was interested in those kinds of efficiency and grant programs.

**CM-09-12-158 Moved by Margolis, seconded by Crawford; CARRIED
UNANIMOUSLY: To approve Novi's Energy Efficiency and
Conservation Strategy with the staff recommendations in the motion
sheet.**

DISCUSSION

Member Mutch stated he had a question about the funding for the DPS Facility regarding the improvements recommended would be about \$68,000 but the payback was only expected to be about \$2,200 per year. He said the payback period was estimated to be over 30 years compared to the average to the others, which was in the five to seven year timeframe. He said there was one particular item for \$58,000 with a 30 year payback. He asked why they would allocate that much of that money towards something that didn't generate any significant energy efficiency or payback for the City. Ms. Antil said this was one project that they wanted to try to balance between their Capital needs and this particular grant funding. There were certainly other paybacks even here at the Civic Center that might yield more but that was a project that was in need of the upgrades. She said what they did was a compromise from a staff perspective was to do these improvements which was less than the \$200,000 that they estimated just from a capital perspective in making those changes to the DPS to the \$68,000 or \$69,000 to get the improvements. She said if they went to the DPS Building it needed upgrading in HVAC, windows, lighting, etc. This would give them the basics to at least improve the HVAC piece. So, it was a qualifying project under the grant project but not necessarily the number one from the energy efficiency strategy out of all of the projects but no

matter what they needed to do this project and they suggested it be done through the grant program versus coming back to Council in January when discussing the Capital improvement program budget. Member Mutch said the purpose of the grant program was to generate reductions in expenditures for the City so that these investments made now would pay back. He said if they invested the \$58,000 somewhere else, and got back \$7,000 or \$10,000 in a year rather than a 30 year payback that would be money they would have to do the kind of improvement Ms. Antil was talking about. Member Mutch said there had been changes in what was preliminarily presented to Council regarding the kind of projects they were looking at but they seemed in line with what was previously presented. He asked for an explanation of why some of the others weren't brought forward. Ms. Antil asked if she could give additional information about DPS and he agreed. Ms. Antil said there would be some additional items they would bring back to Council as part of a Capital Improvement Program, it was part of the budget process because there were other things they wanted to do there. The purpose of the stimulus plan was to have some energy savings as well as job creation, etc. She said this still met that criteria; if it didn't the consultant would not have put it on the list because they would know that it would fall through. She said they took some improvements to the Fire Station's 3 and 2 off the list because they believed that the savings generated from that might be some things that they could do through the maintenance activities. She said staff representatives from the Police Department did take off a generator that they determined they didn't need to put on there and they didn't put it as a high priority building since they had just gone through a prioritization through CDPA when they did the building improvements at the Police Station last year. Additional things that rose through the Level 1 and 2 Audits were lighting fixtures, motion sensors, in the atrium there was shading and windows because that glass area lost cooled air in the summer and warm air in the winter. There were things like that that they were already pursuing. She said the \$500,000 went very quickly; So, they tried to focus on those that would give them some balancing on things they knew they wanted to accomplish, as well as those things that would give an immediate return like the ice arena. Member Mutch said one particular interest was the campus wide combined heat and power. Ms. Antil said prior to hiring AKT Peerless they had some good discussions with Novi Energy, a local business, but they couldn't get the interest level of some of the other entities on campus. She said they even pursued that through the City of Northville and said they might be able to do that in the future but that particular project would be well over \$1.7 million. They thought as a start, they might want to do some of these kinds of things at the Civic Center and other buildings first rather than pursuing that because they couldn't get the partnerships in the timeframe they needed for this stimulus grant. She said they had not dropped that as a potential but it was something they would be pursuing as kind of a phase 2 or 3, if they could get the partnerships. Ms. Antil said it was the school properties that had more of an energy draw than the City but they didn't have the Capital to make the investment. So, it would have been the City pursuing and making the investment with the school district receiving the greatest benefit.

Roll call vote on CM-09-12-058

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

Nays: None

- 2. Consideration of signage requests of Alaa Sharrak for Sunshine Market located at the southeast corner of 13 Mile and Novi Road, as part of the Sandstone Agreement.**

Mayor Landry said it had been brought to his attention that apparently there had been some problems with signage as far as meeting the Sign Ordinance. Mr. Pearson said he was correct. It was some signage that had been up at the market, separate from the request before Council, and they had been put on notice that they needed to correct that, and told them last week if they were going to be requesting additional signage they had to get it down. He said they checked it this afternoon and it still wasn't down; so if the Council agreed, he recommended postponing this matter until they come into compliance before they ask for anything more.

CM-09-12-159 **Moved by Gatt, seconded by Margolis; CARRIED UNANIMOUSLY:
To postpone Consideration of signage requests of Alaa Sharrak for
Sunshine Market located at the southeast corner of 13 Mile and Novi
Road, as part of the Sandstone Agreement until they come into
compliance with the Sign Ordinance.**

Roll call vote on CM-09-12-158 **Yeas: Margolis, Mutch, Staudt, Landry, Gatt,
Crawford, Fischer**
Nays: None

AUDIENCE COMMENT - None

MATTERS FOR COUNCIL ACTION – Part II

COMMITTEE REPORTS - None

MAYOR AND COUNCIL ISSUES - None

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION - None

COMMUNICATIONS - None

AUDIENCE COMMENT - None

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 8:01 P.M.

David Landry, Mayor

Maryanne Cornelius, City Clerk

Transcribed by: Charlene McLean

Date approved: January 4, 2010