

COUNCIL PROCEEDINGS

CITY OF FLAT ROCK, MICHIGAN

MONDAY, NOVEMBER 20, 2006

The regular meeting of the Flat Rock City Council convened at the Municipal Building on the above date at 7:30 p.m.

1. PLEDGE OF ALLEGIANCE:

2. PRESENT ON ROLL CALL: Mayor Jones, Council Member Gagne, Dropiewski, Martin, Painter, Tefend and Wrobel.

Absent: None.

ALSO PRESENT: DPS Director Bruce Hammond, Building Director John Russ, City Attorney David Grunow, Police Chief Steve Tallman, Recreation Director Joan Pawlukiewicz, Economic Development Director and Acting Clerk George Mans, and Clerk Receptionist Jevetta Smith.

3. APPROVAL OF MINUTES:

11-20-06-1 Motion by Gagne supported by Wrobel to approve the Regular City Council Meeting Minutes of 11/06/06 as submitted. Motion carried unanimously.

4. CITIZENS TO BE HEARD:

Cub Scout, Brandon Hunter, 30517 Mapleview, wanted to know why there wasn't a sidewalk from Willow Springs to Woodruff off Huron River Drive. This is a 700 feet long area that needs a sidewalk so approximately (22) twenty-two kids would have a safe way to walk to and from school. Mayor Jones agreed that we need a sidewalk there and would be a consideration for next year's budget.

Carolyn Grapentine, Environmental Science Teacher from Flat Rock High School commented that this was the third year of Huron River Monitoring under the guidelines of the Huron River Watershed Council, funded by Auto Alliance. The program provides: (1) Methods used in scientific river study, (2) An enjoyable experience that encourages students to become life long river stewards, and (3) Assistance to the Flat Rock community in decisions that affect their river and streams. The primary goal is to educate people and to guard against contributing pollution through everyday activities, which is the greatest source of water pollution today. She gave a report on Huron River stating that after thirteen years of testing the river and basin, it remains healthy and seems to be getting cleaner each year. Councilman Gagne commented that the river is very clean. Ms. Grapentine told Mr. Dropiewski that the only concern at this time is the buildup of the zebra muscles in the river.

5. REPORTS FROM DEPARTMENT HEADS:

Mr. Mans spoke favorably of approximately 50% of the registered voters that turned out to vote and of the high number of absentee voters in the State General Election...and to the good success of running the election. He also spoke on Economic Development in reference to the Royal Arc Welding purchase of the J.G. Morris building adjacent to them on Vreeland Road for future expansion.

John Russ reported that on December 11, 2006, the Planning Commission will have a public meeting at the Community Center on the Master Plan at 7:30 PM – 9:00 PM. Mr. Russ announced that the Sidewalk Program has been shut down and will have to wait until springtime to do Aspen and Tamarack...due to the cold weather.

Chief Tallman announced that City Hall and the Police Dispatch is being technologically updated with a new security system and should be completed by December...City Hall then the Community Center.

Bruce Hammond said that the Crack & Joint Sealing Project is about finished and the Telegraph & Matilda construction should be done by the end of November.

6. REPORTS FROM COUNCIL MEMBERS:

Councilman Gagne and Dropiewski wished everyone a Happy Thanksgiving.

Councilman Tefend asked if election precincts could be changed to accommodate voters more efficiently and was told that it is in the process of being taken care of. He also asked Mr. Hammond to tweak the garbage company on their inconsistencies and poor services.

Councilman Painter wished everyone a Happy Thanksgiving and rebutted a news article that claimed the people who voted for the AAI Abatement were not concerned about the City of Flat Rock. Mr. Painter stated that just because the newspaper writes it, it doesn't mean it is true.

7. MAYORS COMMENTS:

Concerned about some misunderstandings regarding past history and whether the City of Flat Rock was in good enough financial condition to give a tax abatement at this present time, Mayor Jones gave a brief history of the automobile manufacturer and the City of Flat Rock.

In 1973 when Ford Motor Company built the Flat Rock Ford Casting Plant there were no tax abatements in existence. At that time Flat Rock sold a \$26 million dollar bond issue at a lower interest rate to finance their industrial pollution controls. In 1983 the Ford Casting Plant closed up and left town. In 1984 it was then sold to Mazda as a 50/50 Mazda/Ford ownership, which became Auto Alliance. Since Mazda took over in 1984 they have enjoyed a 100% tax abatement for the 1st 14 years of which two years was for construction and 12 years tax abatements resulting in a savings of over \$80 million. Mayor Jones says Mazda has gotten abatements every year except for the year of 1992, which was the year there was a new President, new attorney and new PR person. The City of Flat Rock has proven over the years they are business friendly by given abatements consistently over the years...which is why Mayor Jones says he takes issue with the President of AAI when he says we have to

prove we're business friendly or for saying he wants to be partners with Flat Rock.

Mayor Jones stated that prior to 1997 the City could negotiate with companies for value in return for tax abatements... 1998 State Tax Commission made a ruling that this could no longer be done.

Mayor Jones explained that in 2002 Ford/Mazda and Flat Rock entered into talks for 50% abatement for the Mustang line and the end result was a \$6.1 million dollar naming rights for the Community Center. Mayor Jones said without this bargaining agreement the City of Flat Rock would have suffered a revenue deficit of over \$6 million dollars which would have resulted in a large tax millage increase for the residents of Flat Rock.

Mayor Jones said the City of Flat Rock is heading for a \$1,131,000 deficit for the 2007 fiscal year. Mayor said this is why he strongly objects to this abatement. He said the City of Flat Rock has yet to receive any revenue for building permits for years 2003 through 2006, and that this is the same problem that Ford Motor Company is having with other communities such as the Woodhaven Stamping Plant.

Mayor Jones said his proposal to AAI was 12 year abatement with 2 year construction, but Flat Rock was to receive \$200,000 per year for a total of \$2 million dollars over the life of the abatement. Mayor says he thinks this proposal would be in the best interest of AAI and the residents of the City of Flat Rock. He said it would save AAI an additional \$1,138,000 while the residents of Flat Rock would gain \$2,000,000 in revenue over the life of the abatement (12 years plus 2 of construction).

Mayor Jones says the City of Flat Rock still has until December 8, 2006 to change this decision.

Councilman Painter, Dropiewski and Tefend took issue as to not having seen these proposed figures from Mayor Jones before tonight's meeting, however, they expressed their willingness to invite AAI back to renegotiate this abatement.

City Attorney David Grunow stated that the abatement was given to the State Tax Tribunal as an 8 year abatement plus 2 year construction. He said the application has not been acted upon yet by the State Tax Commission and he said he wasn't sure if it could be changed, but it is a possibility that we could present a legal defense saying it proposes a tax burden to a municipality of this size. He also said that the application has not been acted upon yet and an amended application could be presented.

11-20-06-2 Motion by Gagne supported by Jones to rescind the tax abatement in view of the recent information received and agreement regarding building permits as agreed to and that AAI renegotiate with the City. Council continued discussion.

11-20-06-2 Motion by Jones supported by Martin to table the motion until December 4, 2006. Motion failed 4-3 for lack of support.

11-20-06-2 Motion amended. Motion by Jones supported by Martin to table the motion until December 4th Council Meeting and send a letter of invitation to Auto Alliance to renegotiate. Motion carried unanimously.

8. BID OPENING REPORTS: (None)

9. UNFINISHED BUSINESS:

a. Letter from City Engineer Russell Wittman Re: Payment to G.V. Cement Contracting Co, for \$34,503.29 for pavement replacement for Circle Court.

11-20-06-3 Motion by Martin supported by Gagne to approve the payment to G.V. as requested in the amount of \$34,503.29. Motion carried unanimously.

10. NEW BUSINESS:

a. Letter from Mayor Jones requesting Council's approval on reappointments to Boards and Commissions.

11-20-06-4 Motion by Dropiewski supported by Gagne to approve Mayor Jones's reappointments to Boards and Commissions as stated. Motion carried unanimously.

b. Letter from City Attorney David Grunow Re: Benefit Program E for Municipal Employees' Retirement System, File No. 236-A.

11-20-06-5 Motion by Painter supported by Wrobel to adopt Benefit Program E as stated. Motion carried 6-1 (1-Gagne).

c. Letter from Margaret Krizan, Court Administrator requesting approval of 2007 33rd District Court Proposed Budget.

11-20-06-6 Motion by Jones supported by Dropiewski to approve the 2007 33rd District Court proposed budget. Motion carried unanimously.

11. CORRESPONDENCE:

a. Letter from resident Robert Zurawski of 25000 Woodruff Re: Road that runs through Barnes playground for buses only that is unsafe for children and for his home.

Police Chief Tallman stated that he had talked to Mrs. Zurawski and the Police Department is limited to what they can do due to the fact it is school property. He has talked to DPS Director Bruce Hammond and they are going to work with the school to resolve the situation...possibly closing the street to vehicle traffic... allowing school buses only.

12. ADJOURNMENT:

11-20-06-7 Motion by Dropiewski supported by Martin at 8:45 PM to take a 5-minute recess before going into closed session meeting to discuss POAM Negotiations (Patrol Unit). Motion carried unanimously.

11-20-06-8 Motion by Dropiewski supported by Painter to adjourn meeting at 9:10 P.M. Motion carried unanimously.

RICHARD C. JONES, MAYOR

DENNIS R. MOWBRAY, CITY CLERK
By George W. Mans, Acting Clerk

Date: _____
Approved _____