

**COUNCIL PROCEEDINGS**  
**CITY OF FLAT ROCK, MICHIGAN**  
**MONDAY, DECEMBER 4, 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 ProTem Dropiewski, Council Member Gagne, Martin, Painter, Tefend and Wrobel.

Absent: Mayor Jones.

12-04-06-1 Motion by Gagne supported by Wrobel to excuse the absent member Mayor Richard Jones. (Mayor Jones arrived late at 7:40 P.M.)

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

**3. APPROVAL OF MINUTES:**

12-04-06-2 Motion by Gagne supported by Wrobel to approve the Regular City Council Meeting Minutes of 11/20/06 as submitted. Motion carried unanimously.

**4. CITIZENS TO BE HEARD:**

Carol Mowl of Rockridge Estates asked for an update on the property adjoining her subdivision previously referred to as the Meijer potential land development. Mr. Mans reported that the City of Flat Rock continues to actively solicit Meijers and that they are currently looking at three different sites and at this time there is nothing new to report.

**5. REPORTS FROM DEPARTMENT HEADS:**

Fire Chief Bill Vack reported on the St. Vincent de Paul fire on Friday, December 1, 2006. Mr. Vack thanked the surrounding communities, Rockwood, Huron, Woodhaven and Brownstown for their support and spoke of the challenges encountered due to our present water line infrastructure. There was a water supply problem and had to go off site to reach two fire hydrants on Seneca and Cooke Street. Fire Department arrived in minutes after fire...nothing showing on the outside of building upon arrival. Firefighters observed flames in stairwells and attic. Plan of attack was a plan of defense due to the construction of the old building. Chief Vack thanked the Police Dept. and DPS Dept. and others for their assistance and will meet with these departments for future reference in addressing this kind of situation.

**6. REPORTS FROM COUNCIL MEMBERS:**

Councilman Painter congratulated Ron and Carol Klingel on the 50<sup>th</sup> Anniversary.

Councilman Tefend reported on the telephone call he had made to Waste Management regarding their services. He said they reported to him that they have had some personnel and equipment problems and are looking into the various issues. Mr. Tefend asked DPS Director Bruce Hammond to keep an eye on them.

Councilman Dropiewski wished everyone a safe and responsible beginning to the holiday season.

Councilman Wrobel asked for an update on the Community Center... Members...Residents and Non-Residents.

**7. MAYORS COMMENTS: (None)**

**8. BID OPENING REPORTS: (None)**

**9. UNFINISHED BUSINESS:**

a. Letter from Acting City Clerk George W. Mans Re: Scheduling a public hearing for CDBG at the regular council meeting of December 18, 2006.

12-04-06-3 Motion by Dropiewski supported by Tefend to set the CDBG public hearing date for December 18, 2006, at the regular council meeting. Motion carried unanimously.

b. Letter from Barbara Fedon, Chairperson of the Historical Preservation Commission, requesting approval to make the fifth payment to Phoenix Contractors, Inc. in the amount of \$61,740 for the Smith Hotel Restoration, Phase 3 project.

12-04-06-4 Motion by Tefend supported by Painter to approve payment to Phoenix Contractors, Inc. in the amount of \$61,740 as stated. Motion carried unanimously.

c. Letter from Barbara Fedon, Chairperson of the Historical Preservation Commission, requesting approval to upgrade the flooring in the Smith Hotel.

12-04-06-5 Motion by Tefend supported by Gagne to approve the request to upgrade the flooring in the Smith Hotel as requested. Motion carried unanimously.

**10. NEW BUSINESS:**

a. Discussion with Auto Alliance Incorporated Re: Tax Abatement. Gary Roe, President and CEO of Auto Alliance International, Inc. was unable to attend the meeting due to a trip to Japan. In his absence was Don Gelinis, Vice President Corp. Planning & Chief Financial Officer, Kathleen McIntyre from Ford Government Affairs & Economic Manager Developer, and Brian Harris, former CEO of AAI. Mr. Gelinis stated he joined AAI in Mid-September of 2006. Dan Pampuch, Plant Controller; George Renaud, Working on the Tax Abatement; Mark Yassay, Corporate Treasurer and Stacey Washington from Public Affairs.

Mr. Gelinis thanked Flat Rock for the recent Tax Abatement Program of eight years with a two year construction. He said within 3-6 months they would be back for another tax abatement on a proposed Mustang line improvement.

Mr. Gelinis passed out documents to the City Council for clarification of Mazda's original abatement request. He went thru the documents with the City Council explaining AAI's position on the abatement and their new and recently adopted plan to control contractors and subcontractors on the issue of building permits for the now present and future work to be done at AAI. He told Council that AAI was embarrassed to find out that their contractors and subcontractors had failed to pay building permits for the 2002 Mustang line and that they

negotiated a payment with the City of Flat Rock for \$400,000 to bring the permits up to year 2005.

Mr. Gelinas said AAI had met with Flat Rock Building & Safety Director John Russ and that the Building Dept. had liberty to come into the plant as often as was necessary. He also said AAI would carefully police its contractors and subcontractors from now on to insure that the permits were in place.

Mr. Gelinas stated that AAI had intended to spend \$13,400,000 in 2006 on the Mazda redesign, but cut back to only \$4,900,000 due to the unstableness of the auto industry, restructuring of their work force and the reluctance of Flat Rock City Council to give the requested tax abatement.

City Attorney, David Grunow, told Mr. Gelinas in the meeting that he has had it with AAI over their building permits and he was just baffled that AAI could not produce their construction records of past projects and that AAI acted as though they didn't know it was their responsibility to even get permits. Mr. Grunow told AAI it not only was the contractor's responsibility but AAI's in house tradesmen had the same obligation to obtain building or construction permits.

Mr. Grunow told AAI he was glad to see that they were willing to comply with the law now and that the original building permit fees owed to the City of Flat Rock was in excess of \$800,000, but in order to save all of the court and litigation fees, both parties agreed to the \$400,000 fee. There could be a negotiable dollar amount in covering all permitting issues...this could be done.

Mayor Jones stated that AAI is still doing a bad job on keeping the City of Flat Rock current on building permits and is doing no better now then they did with the 2002 Mustang line. He stated that with the current State of Michigan tax proposals made by Gov. Granholm for businesses that AAI stands to enjoy more than \$45,000,000 in revenue gains. Therefore, the Flat Rock tax abatement would be equal to a drop in the bucket as compared to what the state act would be.

Mayor Jones suggested that AAI provide the City of Flat Rock with every contractor's bill and the City of Flat Rock would determine what the permit bill is.

Mayor Jones proposed that the abatement be changed to a one year abatement to see what happens on the Governor's proposed business tax cut. If the Governor's bill fails, then AAI could come back next year and reapply for a tax abatement.

Kathleen McIntyre from Ford Internal Government Affairs spoke about the Michigan Gov. Granholm's business Tax Proposal, Michigan Manufacturing Tax. She said the governor's proposal is not relevant and not affecting any abatements AAI is requesting. She said they are not comfortable banking on that. She couldn't understand how Mayor Jones could compute the tax savings to AAI when Ford Mfg. Co. don't even know what the savings would be. Mayor Jones said it is relatively easy to figure it out based on the Governor's proposal.

Councilman Painter stated he wants to keep the abatement as it stands. He said he didn't want a return to 1982 when the former Ford castings plant folded. "What are the numbers going to be if they say bye-bye?...I'm happy with the eight years. It still gives us what we want (plant staying open) and realistically what they want."

Councilman Dropiewski stated he hopes AAI comes back for an abatement

once a year so they can keep a state-of-the-art plant in Flat Rock and not become obsolete. He said there are (9) nine more Ford plants waiting to announce their closing and he doesn't want one to be Flat Rock...AAI provides about a third of the city's tax base and is a valuable corporate partner that the City hopes will be around for many years to come.

Councilman Gagne asked about the discrepancy in the building permits being paid by AAI and if they were good thru 2002 or 2005...AAI's receipts show paid thru 2005.

Mayor Jones told AAI that they are responsible for the building permits whether or not the contractor pays them or not. Mayor Jones asked Mr. Gelinas to give the City of Flat Rock a copy of each contract as it is given to each contractor, that way the City of Flat Rock will know how to charge for permits and also be better informed.

Councilman Dropiewski asked Mr. Gelinas if this is a good business case for the City of Flat Rock to negotiate its building permits with AAI from now on and Mr. Gelinas agreed. Dropiewski said this should be the plan regardless of an abatement or not and that it should be expedited immediately. Mr. Gelinas agreed.

Councilman Gagne asked for clarification on the time of the abatement. Mr. Gelinas stated it is for two years construction and then an 8 year abatement.

Mr. Gelinas said if there is a more blanket and cost effective process on an annual permit basis that he was willing to review it. He said it needs to be reasonable and defensible.

Mr. Grunow told Council he implemented in writing that if AAI doesn't comply with the building permits that the City of Flat Rock has the right to revoke the tax abatement.

12-04-06-6 Motion by Painter supported by Tefend to take the AAI tax abatement off the table. Motion carried unanimously.

12-04-06-7 Motion by Painter supported by Dropiewski to: **No**- Let the Tax abatement stand as it is or **Yes**- Rescind the 8 year tax abatement. Failed 5-2. (2 Yes, Jones and Gagne). Tax abatement stands as is that was granted on October 30, 2006.

**11. CORRESPONDENCE:** (None)

**12. ADJOURNMENT:**

12-04-06-8 Motion by Painter supported by Dropiewski to adjourn the meeting at 9:10 Motion carried unanimously.

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**RICHARD C. JONES, MAYOR**

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

Date: \_\_\_\_\_  
Approved