

**CITY OF WIXOM  
LOCAL DEVELOPMENT FINANCE AUTHORITY  
49045 PONTIAC TRAIL  
TUESDAY, MAY 3, 2016**

This meeting of the Wixom Local Development Finance Authority came to order at 7:32 a.m. with the following individuals in attendance:

**MEMBERS:** Vice Chairperson Joseph Baker, Raymond Cousineau, James Cutright, Mayor Kevin Hinkley, Wayne Glessner, Teri Les, Dennis Olsen, Joshua Springer and Commissioner, Philip Weipert  
**ABSENT:** Chairperson Eddie Osman (excused), Joseph Bell (excused), Dr. Jacqueline Shadko (excused)  
**OTHERS:** Debra Barker (Business Liaison), Jon Booth (City Engineer), Clarence Goodlein (City Manager), Stacey Banks (Assistant to the City Manager), Tim Sikma (Director DPW), and Kathy Venegas (Recording Secretary)

**Determination of a Quorum:**

A quorum of the Local Development Finance Authority was present for this meeting.

**Approval of Agenda:**

**MOTION** and second by Board Members Cousineau and Cutright to approve the May 3, 2016 LDFA Meeting Agenda.

**VOTE:**

**MOTION CARRIED**

**Public Comments:**

None.

**Approval of December 9, 2014 Meeting Minutes:**

**MOTION** and second by Board Members Olsen and Springer to approve the December 9, 2014 Meeting Minutes.

**VOTE:**

**MOTION CARRIED**

**Hearings:**

None.

**Old Business:**

None.

**New Business:**

- A. Request for Approval of a Fourth Amended and Restated Development Tax Increment Financing Plan of the City of Wixom's Local Development Finance Authority (LDFA).

City Manager Goodlein said that there was a report sent to all Board Members with a description of the projects that he wanted to add to the list and a discussion of the reprioritizing of the construction. He said that the City was successful in obtaining a grant for reconstruction of West Road east of Beck. The amount of that grant was approximately \$850,000. The estimated total project cost is \$1.3 million and we are hoping to get a \$500,000 contribution from LDFA. He said we also want to do the Beck Road project and the cost sharing for that project would include \$1.3 million from the LDFA, and about \$736,000 would come out of the major road fund. Frank St., Anthony Dr., Wixom Tech Dr., and West Tech Dr. are all in a state of serious disrepair. Beck Rd. has a PASER rating of 3. He explained that the lower the PASER rating, the worse off the road is. The other roads have a PASER rating of 2. City

Manager Goodlein said that the City was hoping to bundle all of these projects into one construction for a savings of \$300,000. He said if we bundle those projects, when that construction is done we would be ready to move into the West Rd. project. He said that Wixom Tech Dr. and West Tech Dr. are in such a terrible state of disrepair that we've been contacted by businesses that have been embarrassed to bring clients to their buildings because of the state of the roads. It's become very difficult to market property on those roads. He said that the hope was to get LDFA committee's support for reprioritizing the projects as they are presented in the packet; and then vote to approve the proposed funding to take to City Council.

City Manager Goodlein said that while most of the board members may not have driven these roads, he felt everyone knew the condition of Beck Rd. He wanted them to know that these others are worse than Beck. He encouraged the board to drive those roads to really see how bad it is. He said that Mr. Booth from the Engineering firm Hubbell, Roth & Clark can answer specific questions about the roads. Mr. Booth has looked at these roads and confirmed the PASER ratings that were done by our DPW.

Mayor Hinkley asked if any of the Board Members did not know what a PASER rating is. When Board Members said they did not know, he asked Mr. Booth to give an explanation of the PASER ratings and how those ratings are used by communities to determine what road work needs to be done.

Mr. Booth said that there is a PASER manual included in the packet from today. He said the cover sheet of this manual summarizes the whole PASER rating system. He explained that the PASER rating is merely a numerical value on the condition of a road. He said that a higher number rating is better e.g., 10 would be a new road; a 1 would be West Rd. Communities prioritize construction projects based on PASER ratings. Different roads with different PASER ratings require different types of rehabilitation or maintenance or reconstruction. If the road is a 6, 7 or 8 it might just need some crack sealing to preserve the higher rating. When you get into the middle range of the ratings, you get more into structural rehabilitation which would include milling off a couple of inches and replacing. Once the rating dips down into the 1, 2 or 3 you're at the point of reconstruction which would be completely removing the paved material and rebuilding it. The cost for each level, maintenance, rehabilitation or reconstruction goes up exponentially the further down the PASER rating you go. The concept behind the PASER rating system is to keep roads at a 6, 7, or 8 rating as long as possible so they don't have to go to full blown reconstruction. This is more of an asset management way to think of things.

Mr. Booth added that there is a table in the packet that shows a compilation of the PASER ratings of all the roadway segments within the City. He said about \$22 million worth of roadwork has been identified in order to bring all roads from their existing condition up to a 9 or 10 rating.

Board Member Olsen said that December, 2014 was the last time this Board met. He said that according to the minutes of that meeting, we prioritized projects as Beck Rd. first; Wixom Rd. & I-96 interchange landscape enhancements as number two and then Anthony Dr. and Frank St. Obviously that has changed. He noted that the landscaping project at Wixom and I-96 has been bumped down but he understood why. He thought that it made sense to reprioritize but wanted to clarify where we are in the process. He thought that the previous prioritization of projects went to City Council for approval. He thought that since that time it has evolved and now this current proposal is where we stand today.

City Manager Goodlein confirmed that Board Member Olsen was correct in his assessment of the current situation. He added that in 2014 the City hadn't done the PASER survey and thus wasn't aware of level of deterioration on these roads. He also thought that in 2014 the City didn't realize the economy of bundling the projects. He said that when it was realized that there was such an enormous benefit to the bundling of the projects, it was thought that every road with a PASER 1 or 2 rating in the south end of the City could be reconstructed. That would leave only a couple roads with a 2 or 3

PASER rating in the north end of the City and those roads would be addressed with the regular roadway rehabilitation plan.

City Manager Goodlein said that in answer to inquiries from City Council he is putting together a 10 year plan to make every road on the south end of the City new. The roadway system on the north end of the City can be maintained with the roadway millage. The roadway millage doesn't provide enough money for maintenance on the south side of the City as well. Because of that, the roadways around the industrial complexes have been neglected since their construction. Those roads are starting to deteriorate to the point that the people who occupy the buildings there are unhappy. We don't want those people to consider leaving because of the roads.

Board Member Olsen asked for clarification regarding the term "bundling the projects." He said that current projects numbered 2-6 are slated for 2017 construction. City Manager Goodlein said that those are the projects that would be bundled. Board Member Olsen asked if that would mean one contract and one contractor. Mr. Booth said that yes, it would be one large project.

Vice Chairperson Baker wanted to clarify that the role of the LDFA is to identify potential projects while City Council has full say. So today what we're doing is adding those three additional projects to our plan so that our funds can be used. He wondered if that assessment was correct. City Manager Goodlein said yes that is correct, but what he hoped the committee would also do is to make a recommendation that the list of projects as presented to them would be prioritized for construction as shown in the construction year. He believed that such a recommendation would be within the committee's authority. He continued that with one project the City would be able to get rid of all of the worst roads on the south end of the City. This plan would allow us to repair all of the roads that have a PASER rating of 2 and then on the heels of that project would move right into the project to redo West Road that has a PASER rating of 1. He said that there is no way to fix West Rd. without completely rebuilding it. He continued that the City has spent a lot of time discussing these projects with our engineers to see how to get the most out of our money and that's how this plan and this prioritization was determined. He said that in addition to approving the proposed funding allocation, he would ask the Board to recommend that the prioritization as presented in the table be strongly considered by City Council.

Mayor Hinkley said that in 2014 the LDFA was reactivated. He said that the City was in the position where there was approximately \$3 million that either had to be allocated for some projects or that funding would be lost. Since the LDFA was under a time constraint and didn't have any real recommendations from the City engineers or planner, the current plan and prioritization was determined without sufficient knowledge. He said that City Council relies on Boards such as Tax Abatement, DDA, Planning Commission, Zoning Board of Appeals and the LDFA to ask the questions, and investigate the proposals and then make recommendation to Council. So it is this Board's challenge to do just that. When Council meets, they might ask a few questions of the City Manager, Mr. Booth, or Mr. Sikma and make a decision. He said as someone that's been on council for 16 years, he wanted everyone to know that Council does rely on the Boards and trusts that those committees have done the homework and asked the questions.

Board Member Cousineau clarified that the LDFA is going to make the recommendation to Council and then Council will ultimately act on our recommendation and they're the ones that will actually make the determination of what funds will be spent on which project.

Board Member Olsen asked whether the original \$3 million is still there. City Manager Goodlein answered that it is.

Board Member Cutright wondered if West Rd is our worst road why that project has to wait until 2019. City Manager Goodlein explained that it is because the grant funding is set that way.

Mr. Booth stated that there is a potential to advance construct. That would entail fronting those funds and then getting reimbursed in 2019. He said that option will be explored. The plus side to that is the project gets done early; the negative is that the City has to initially fund the project before reimbursement.

City Manager Goodlein stated that we have determined that there will be a savings of \$300,000 to \$400,000 by bundling Beck Rd., Frank, Anthony, Wixom Tech and West Tech. It hasn't been determined if there would be any benefit to bundling West Rd. into that project. He said if it was determined that there would be a significant savings in also bundling that project; Council would have to seriously consider advancing the money.

Board Member Cousineau wondered where the additional \$800,000 is coming from. Mr. Sikma answered that it is Federal Aid.

Board Member Cousineau then asked for more detail regarding the complaints that have been received from area businesses regarding the roads in question. Ms. Barker answered that we have a lot of European and Asian companies here in Wixom and they are all about green space and nice roads, public safety, etc. She said that's the first question she is asked every time. She said she also gets calls from people who work in the area complaining about damage to their tires because of the road. Board Member Cousineau thought that bundling the projects seems to be a benefit to both the businesses and to the City and makes a lot of sense.

Ms. Barker added that many of the European companies have partner companies that come here to do business and then consider moving to our City as well.

City Manager Goodlein noted that Ms. Barker has been able to encourage some of these companies' acquaintances and friends to come to Wixom and settle. He agreed that there is a different expectation for green space and roads that people bring from Europe. It is hard to get them to go to places where that kind of thing isn't present.

Board Member Springer said that he has seen a master road plan and wondered where these roads fall on that plan. Mr. Booth said there is a 2011 road master plan update which contains a list of what projects were going to be done over the next 20 years. He said that West Rd. is the only one of the roads being discussed today that is on the list and it is scheduled for 2019. All the rest are not on the list.

Mr. Sikma added that the 2011 master road plan was based on a 2008 PASER study. He said at that time the average rating was 6.7 for the City. When the PASER study was done in 2015, the average PASER rating in the City decreased to 5.7. He said this was a startling piece of information indicating that the roads were really deteriorating faster than it was thought.

City Manager Goodlein said that the other startling information was that the engineers recently did an analysis that provided us with the amount of money that we would need to spend on an annual basis simply to maintain the average rating that we have today. He asked Mr. Booth to expand on that. Mr. Booth brought the Asset Management Plan to the Board's attention. He said that if the City spends \$0 projecting 10 years out, the average PASER rating would go from 4.8 to 1.9. Using the current millage rate which generates about \$650,000 in 10 years the average PASER rating would go from 4.8 to 3.2. So you're not making any headway spending the money that's currently being spent. In order to break

even or keep the PASER rating at about a 4.8 or 4.4, it would cost approximately \$1.3 million. And to make a positive improvement in the average PASER rating in the City, it would cost approximately \$2 million a year which would take you from a 4.8 to a 5.8 in 10 years. Those numbers give you a sense of the order of magnitude of what's happening to your roadways and how much money has to be spent in order to do something positive with your overall PASER ratings.

Board Member Les said that in order to do that we need to triple our road millage.

Mr. Booth said that we did look at the difference if we were to take out the roads being discussed today. He said that with these improvements an expenditure of \$2 million after 10 years would bring the average PASER rating up to a 6.1. He said that these projects will have a significant impact on overall numbers.

Mr. Sikma asked Mr. Booth to explain the difference between a 5 rating going to 1 as opposed to a 10 going to 5; it's not the same amount of time.

Mr. Booth said that a 10 rating going to 5 spreading out over time would progress fairly slowly. The rating deteriorates drastically faster from 4 to 1. He said the PASER rating helps determine where to spend the money. He said that it might be more beneficial in a given year to crack seal a number of roads to preserve them at a 9 to get more time out of them before you have to spend the big dollars on reconstruction or rebuilding. The concept is to take the average 15 years that an asphalt road usually lasts and try to stretch that into 20, 25 or even 30 years by maintaining it at a higher rating.

Board Member Glessner said that he agrees with the administration on the road rehabilitation project and the proposed funding. He said he also thinks the PASER ratings are well done. He said we have to pay attention to what's going on with economic development south of Pontiac Trail. He said the only comment he had was that we should recognize that Wixom Tech has a PASER rating of 3 while Avanti Tech has a PASER rating of 2. He said he sees no reason not to proceed with the proposal. He felt that the work done is excellent and long overdue.

Vice Chairperson Baker asked Mr. Booth if items 1-6 on the list are all 1 or 2 PASER rated roads. It was determined that they were all 1, 2 or 3. He wondered if it would make sense to look at some of those roads that are rated 9 or 8 and allocate some of our funding for those. Mr. Sikma answered that those costs are part of operational budgets. The City is looking at receiving more funds in 2017-2018. He noted the difference between an operational expense and construction expense. He said that the Asset Management Plan that Mr. Booth spoke about will help determine where those operational funds will be best spent.

Vice Chairperson Baker wanted to clarify that what the Board is actually approving to add items 1, 5, and 7 that weren't in the plan previously. He added that by putting those items in the plan, it allows LDFFA funds to be spent on those projects without question. City Manager Goodlein concurred and said that would allow the City to save at least \$300,000. He said that there are other roads that need attention and the solution for that is to put together a comprehensive 10 year plan to address every road south of Pontiac Trail. That plan would address those roads with a separate source of funding than the road millage. The belief of the administration is that the road millage as it is can still support the roads north of Pontiac Trail. It cannot support the roads on the south side of Pontiac Trail and that will require a separate plan that will be presented for discussion before the end of the year.

Mayor Hinkley wondered about on the possibility of doing West Rd. sooner rather than later. He asked how much money was taken out of the Land Acquisition Fund for the Trailway that will be coming back to us. City Manager Goodlein said that in order to push the West Rd. project forward, the City

would have to advance \$854,000. Mayor Hinkley wondered if, in order to get to that, we could use the \$250,000 that came out of the Land Acquisition Fund that's coming back to us along with some money from the Budget Stabilization Fund. City Manager Goodlein thought that might be possible but that he would have to find out whether we can use money from Land Acquisition for this purpose. He said that would have to be looked at, especially if it would mean a savings to the City.

Mayor Hinkley thought that if we could borrow that money from ourselves, save money and push the project forward it would make perfect sense.

Board Member Cutright wondered if that was an issue for Council rather than for the LDFA. Board Member Glessner added he thought it might be for economic development also. Board Member Cutright wondered how much is in the Land Acquisition Fund. Ms. Barker said about \$1.2 million.

Mayor Hinkley felt that might be an option for the City to move this forward and get it done. He said that part of the challenge is that our State Shared Revenue is down \$7.9 million. City Manager Goodlein explained that the State has sent the City of Wixom \$7.9 million less than it should have since the beginning of their decrease in revenue sharing to all communities around the State in 2002 or 2003. Mayor Hinkley said that the annual funding that we've seen for years has been decreasing and that's what makes it challenging. Our expenses are increasing, and revenues are decreasing. We don't see the benefit from new businesses like Menards or General RV for 2 years. He said that as a City, our State Shared Revenue has gone down, our property values are going up slightly, our industrial property isn't coming up, so we're challenged with trying to maintain what we're doing with less.

Mayor Hinkley said that we're going to be coming to you as residents and business owners to strongly consider the existing millage that we asked you to pass in 2012. That millage represents \$2.3 million and today, with that money we're at budget. If we take that goes away, we will immediately be \$2.3 million short of budget. Board Member Lee wondered when the renewal will take place and it was answered that the renewal will be asked for in the November election.

City Manager Goodlein added that we have problems as a result of Proposal A and the Hedley Amendment. He said that we don't get the benefit from rise in property values because we only get whatever the inflation rate is. That's tremendously problematic for us because we still have the costs. So between 2007 and now, the rate of inflation has been about 14.9% but property values have increased by 4.7%. So that, combined with the decreases in State Shared Revenue creates a set a set of circumstances where we have to become creative to figure out our funding; which is why we're here to try and use the LDFA money to get a plan for the south end of the city. Ms. Barker reiterated that is a very proactive statement to people who are looking to bring their businesses to Wixom.

Board Member Les said that she thought once this is approved, Ms. Barker could start using that information in her communications with potential companies.

**MOTION** and second by Board Members Glessner and Cutright to approve the Fourth Amendment and Restatement Development and Tax Increment Financing Plan of the City of Wixom's Local Development Finance Authority (LDFA) and recommend the City Council adopt a resolution that would schedule a Public Hearing for the purpose of approving the amended Plan and request that the City Council support the proposal and the new Wixom LDFA Development Plan.

**VOTE:**

**MOTION CARRIED**

Board Member Cousineau wondered if the Board has the \$3.1 million that it is recommending. City Manager Goodlein confirmed that it did.

Board Member Olsen said that right now the City is in good shape. We're in the black, not in the red, and we're not going to be looking for tax increase from the residents in order to cover this. City Manager Goodlein answered that this is just to take the grant money of \$854,000 and put it together with the LDFA money and some major road fund money so that the construction process can be started.

**Information:****Public Comments:**

None.

**Executive Director's Comments:**

Thank you all very much for your time.

**Board Members' Comments:**

Board Member Cousineau wondered what the role of the LDFA is going forward. City Manager Goodlein said that by the time we're done, there may still be money left in this account. However, there are no more funds coming in.

Board Member Glessner wondered if there is any cause and effect with respect to Avanti Drive. City Manager Goodlein said that Avanti Drive is also high on the list to get done. He said that if we are able to put in place the plan for the next 10 years that will be proposed before the end of the year that will be high on the list. He said that's a good example of the roads on the south end of the City that have deteriorated. Those are all original roads and nothing has been done since they were put in. Mr. Booth stated that Avanti Rd. was scheduled for 2020. Ms. Barker agreed that the condition of those roads has a definite effect on what's leasing and not leasing.

Mayor Hinkley said he would like the Board Members to take a look at the barn next door. He said that the DDA is looking at working with the County and rehabbing and restoring the barn. We think we have the ability to seek out significant grant money to do some of the repair. He said that the DDA wanted to ask the Boards and Commissions to look at it and to weigh in with an email to Ms. Barker. He said he thought the barn would really enhance the downtown. He also thanked the Board for their work today. We've got a big challenge in the City with our roads right now. We're looking at \$14 million over the next 8-10 years that we don't have. That's why we're looking at LDFA funds and hoping to get the existing millage renewed so we can continue moving forward.

**Adjournment:**

This meeting of the Wixom Local Development Finance Authority was motioned and adjourned at 8:26 a.m.

Kathy Venegas  
Recording Secretary