



An artist's rendering of Ralco Industries' new headquarters.

'Paddlepalooza' Moved to June 15

Blame Mother Nature.

Heavy rainstorms that started midweek and continued through the weekend caused water levels on the Clinton River to rise, prompting the postponement of Auburn Hills' much-anticipated Fifth Annual Paddlepalooza canoe/kayak race, originally set for June 1.

The good news is, the event is still on, moved to its planned alternate date of Saturday, June 15.

This year's contest offers three paddling activities, an eight-mile single-person kayak race, an eight-

mile two-person canoe race, and an eight-mile adventure river paddle. All three events end near the patio at the River Crest Banquet Center overlooking the river.

"People can still preregister up to the 15th," said Auburn Hills Recreation Director Brian Marzolf.

Participants will begin launching their watercraft at 8:30 a.m. sharp.

Prizes will be awarded to winning paddlers for each race class.

To preregister or for details, visit www.auburnhills.org.

High Tech Lamp Posts Save Energy

Ever in search of ways to beautify its downtown, the city of Auburn Hills recently installed a new state-of-the-art lighting and sound system on select lampposts between Squirrel and South Squirrel roads.

The new lampposts use energy-efficient LED bulbs, and are set on a schedule that automatically adjusts their brightness throughout a 24-hour period. Also, the "smart poles" on which

the bulbs are mounted can be controlled wirelessly via laptop, iPad, or telephone, and are capable of playing music and broadcasting prerecorded announcements during events or in case of an emergency.

Music will play over the speakers throughout the day and into the evening. The poles are also equipped with multi-colored lights that can direct pedestrian traffic or for aesthetic effects.

Ralco to Expand Facility in Auburn Hills

by Irena Granaas

It was thumbs up for Ralco Industries, Inc., on June 3 as the Auburn Hills City Council gave formal approval of its plan to build an expanded facility in the city.

Ralco, a manufacturer of metal stampings and welded assembly solutions for the automotive and non-automotive market, will invest approximately \$13.5 million to construct a 125,000-square-foot world headquarters and manufacturing facility in Auburn Hills, city officials said.

The structure will be built on an 18.8-acre site located along the north side of Taylor Road near Fieldstone Golf Club.

The new headquarters building will replace Ralco's current headquarters, located at 2720 Auburn Court in Auburn Hills, and will consolidate it with the company's technology and engineering facilities, currently located at 2860 Auburn Court.

Ralco President Jim Piper said the primary reason for the expansion is the growth the company has experienced in recent years.

"We've grown quite a bit . . . We're bursting at the seams," he said.

In fact, Piper noted, the company was in talks with officials in the city of Pontiac about building a new headquarters facility, "but, unfortunately, it fell through."

Now that approval has been granted, Piper said the company hopes to break ground on construction by the end of the month.

"Our plan is to be able to move in by February 2014," he said.

Ralco Industries was founded in 1970 by Ralph Cowie. Piper and Ralco Industries CEO Tom Gitter, who have been with the company for 15 and 25 years, respectively, are both sons-in-law to Cowie, whom they bought out in 2004.

The firm currently employs 88 people, and Piper said Ralco Industries expects to hire between 20 and 70 additional staff. The reason the numbers vary so much, Piper explained, is that he and Gitter have another business, Clinton River Medical Products, and are currently in discussion with the state about building a facility in Michigan, and if that is approved, the higher number would apply.

The parking lot will accommodate up to 199 vehicles, enough to handle the up to 158 employees.

Piper said everyone at Ralco is pleased that they will be staying in Auburn Hills.

"We're very excited. They've been super to work with, and it's gone very quickly and very smoothly," he said.

Piper praised Steven J. Cohen, Auburn Hills director of Community Development for smoothing the process.

"(Steve) has been tremendous. He has an excellent team and they've pulled out all the stops for us," he said.

Piper also had good words for Plante Moran CRESA (Corporate Real Estate Advisory) in South-

field, which led the company through considering its various options and through the planning process.

"We are excited that Ralco Industries has chosen to stay in Auburn Hills and continue to grow with us," said Cohen. "Ralco could have built this new facility anywhere in the Midwest, but they want to be here. That's great news not only for the city of Auburn Hills but also the state of Michigan."

"We are pleased to demonstrate to the world that manufacturing is alive and growing in Michigan," Piper said, "and we are excited to make this investment in Auburn Hills."

"Michigan is home for both Tom Gitter and me, and we look forward to continuing our long-standing relationship with the communities in which we live and work."

"We are grateful for all of the efforts provided by Auburn Hills, Oakland County and the state of Michigan to make this dream a reality," Piper added. "This business expansion demonstrates our commitment to innovation, technology and, most importantly, our employees and the community."

Farmington Hills-based JB Donaldson is the developer for the estimated \$13.5 million construction project. Plans call for about 14,000 square feet of the building to be used for office space, while the remaining 111,000 square feet are slated to be used for the plant facility.

Auburn Hills to Waive Fee on PSD Tax Levy

by Irena Granaas

While Auburn Hills city officials, residents and business owners are still investigating options to dodge the \$4 million tax liability imposed by the Pontiac School District's (PSD) default on health insurance premiums for its employees, the Auburn Hills City Council did what it could to ease the burden in the meantime.

The council voted unanimously at its June 3 meeting to waive the administrative fee the city typically collects in addition to the taxes owed.

As previously reported in the *Oakland Tech News*, Auburn Hills is one of eight cities with students attending PSD schools that are currently on the hook to pay a share of the PSD \$7.8 million the district owes its health insurance provider, the Michigan Education Special Services Association (MESSA).

Although Auburn Hills has only a few hundred students in the district, the amount per community is based on property values. Since total property in the northern half of Auburn Hills (where students attending Pontiac schools reside) is actually more valuable than all of the property in Pontiac, Auburn Hills was assessed nearly half of the total unpaid amount, at this point slated to be added to the June tax bill sent to residential and business property owners.

"The Pontiac School District's mess represents an unprecedented situation of mismanaged funds, with Auburn Hills taxpayers and those in seven other cities and townships – and not the district – held responsible. The city council could not in good conscience accept \$40,000 in administrative fees that would otherwise accompany the approximately \$4 million payment

of this burdensome tax that must be borne by Auburn Hills' commercial and residential property owners," said Auburn Hills Mayor Jim McDonald.

Auburn Hills City Manager Pete Auger said the current situation as "untenable," and a long-term solution needs to be found before further burdens are imposed on taxpayers, especially since the PSD is behind on payments to MESSA for 2012 and for 2013 as well.

"Our goal is to see action at the state level that provides a permanent, viable option for the management of Pontiac Schools moving forward, whether that means the District remains viable or the students are assigned to other functioning districts close to their home," said Auburn Hills City Manager Pete Auger.

"It sends the message, 'We know you have to pay this – we don't want to add to your burden,'" said Stephanie Carroll, coordinator of the city's Community Relations and Legislative Affairs, in a June 4 interview. "I think the council's action speaks volumes to their commitment to the community, both businesses and residents."

Gary Fralick, director of Communications for MESSA, said in an interview that lack of payment for health insurance premiums has been an ongoing problem with the Pontiac School District. He said in 2011, the district was making "more than minimal" payments but fell behind, and by 2012 was starting to make only minimal payments on their monthly MESSA premiums.

"My understanding is they made very limited payments, certainly way less than half . . . The district has a history of fiscal mismanagement," he said.

Fralick said district officials spent millions out of their budget on other priorities. "They've basi-

cally made a choice to not pay these bills," he said.

Fralick said when MESSA officials asked district representatives why the district wasn't meeting its obligation, "I know there were numerous phone conversations, emails and meetings . . . They were always 'hopeful' of making payments . . . MESSA has had tremendous patience with the district. 'Repeatedly, district officials pledged to pay the bill and have failed to do so.'"

When Fralick was asked why MESSA continued to provide services when the district fell behind, he said, "Pontiac schools had a legal contract with MESSA to provide health benefits to its employees. MESSA provided the services as agreed, and the district failed to pay."

Fralick said a few weeks ago State Superintendent of Schools Michael Flanagan approved the district's deficit elimination plan, "and with that approval, MESSA is committed to working with the district to get their account current."

According to Timothy Gardner, general counsel and Human Resources director for the Pontiac School District, the problem "Primarily is a cash-flow shortage."

"With limited funds, we were unable to pay the amount . . . It's quite a substantial amount of money to catch up on."

He conceded that the PSD is already behind on its MESSA payments this year as well.

Asked what the district plans to do to remedy the situation, Gardner said, "We are hopeful the state will approve a tax anticipation note (which investopedia.com defines as a short-term debt security issued by a state or local government to finance an immediate project that will be repaid with future tax collections) so we can pay off some of our vendors, including MESSA."



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