

Oakland to Chrysler: 'Yes' on road funds

By Tim Richard
staff writer

Oakland County is saying "yes" to Chrysler Corp., a letter at a time.

A key committee of the County Board of Commissioners sent a strong signal when it voted to loan money for preliminary engineering on local roads in the city of Auburn Hills.

"Chrysler will provide 10,000 jobs — that's just Chrysler," said Auburn Hills Mayor Robert Grusnick. "Its suppliers in the park will provide another 10,000 jobs."

"Chrysler is talking about a \$500 million investment in a few years. But it's going to take over \$30 million for water, sewer, roads and all the other goodies to get them here," Grusnick said.

THE FINANCE committee of

the county board puzzled for two hours last week over how it could scrape up the "front money," how Auburn Hills could pay it back, whether other communities would ask the same kind of aid, and whether to charge interest on the loan.

An open question is whether and how the state will put up \$21 million for highway improvements.

"Chrysler will not make a commitment until road construction can be started this spring," said Joseph Joachim, the executive's economic development director.

"We have reached the so-called 11th hour," Joachim said.

Added William Hampton, the city's attorney: "If the concept is not passed today, you might as well kiss the project good-bye."

Replied Commissioner Anne Hobart, R-Waterford, a finance committee member: "I don't like this if

you don't do it our way, it's no go." But she voted for the \$2.5 million in front money to get the project started.

The resolution passed 10-0.

JOHN GRUBBA, managing director of the Oakland County Road Commission, explained how the complicated deal would work:

"County general government agreed to loan up to \$2.5 million, which the Auburn Hills Tax Increment Finance Authority has agreed to pay back.

"The county will make the money available to the Oakland County Road Commission for preliminary engineering for roads at the Auburn Hills Tech Park.

"We will hire the city engineer of Auburn Hills to do the preliminary engineering," said Grubba, pointing to Adams and Hamlin roads as needing much work.

The \$2.5 million figure is not a hard-and-fast loan but more like a line of credit, Grubba said.

"IF THE STATE Legislature doesn't act (in this fall's session) on the commitment of the state Department of Commerce for \$21 million for local roads, the city of Auburn Hills has the authority to call a halt to the preliminary engineering.

"I don't think it (the legislative appropriation) has been introduced yet. We do know that \$21 million doesn't include federal highway money. That's the piece that isn't there," Grubba said.

Commissioner Ralph Nelson, R-Rochester, whose district extends across part of Auburn Hills, called the state money "a major piece of funding that isn't in place . . . a funding gap."

But Nelson, sponsor of the resolution to provide the \$2.5 million,

sought to assure commissioners it would bring wide economic benefits.

"I keep getting the feeling (you think) this is something for Auburn Hills or (Commissioner) Roy Rewald," Nelson said.

COMMISSIONERS, even though favoring the Chrysler project, had many questions about its complexity and about setting precedents.

"It's a project of tremendous magnitude . . . meritorious . . . worthy," said Commissioner Alex Perloff, D-Southfield. "But we've got a budget to contend with."

"I believe in this project," said Commissioner James E. Lanni, R-Royal Oak. "But my concern is that

this week it's Auburn Hills, next week it may be Novi."

County funds being limited, Lanni asked for establishment of an "infrastructure bank" to put up advance money for such projects. But the finance committee, faced with the need to act on the Auburn Hills proposal, didn't have time to work on a long-term plan.

Commissioner James Doyon, D-Madison Heights, had qualms about the Auburn Hills TIFA, which captures property taxes on new construction, denying the revenues to local school districts. "One of the components is Pontiac School District, which is one of our most distressed school districts," said Doyon.

Road Commission, unions agree

Two union locals have reached tentative agreements with the Oakland County Road Commission, ending the possibility of a work stoppage this week.

Local 529 of the American Federation of State, County and Municipal Employees will vote Thursday on a contract covering 123 salaried workers.

AFSCME Local 92, representing 303 hourly workers, also has a tenta-

tive agreement and will hold a ratification vote sometime this week, a Road Commission spokesman said Friday.

CONTRACTS for both locals expired June 30.

Meanwhile, two other AFSCME units — representing 11 superintendents and 26 foremen — continued to work without contracts.

Earlier last week, the Road Com-

mission notified Locals 92 and 529 their contracts won't be extended beyond Sunday.

The workers had refused to ratify an earlier tentative agreement that had been reached by the Road Commission and AFSCME negotiators. Those agreements called for wage and salary increases amounting to 9.26 percent over three years, according to the Road Commission.

Both locals had been working un-

der terms of the past three-year contract, which had been extended on a meeting-to-meeting basis since June 30. That extension could have been terminated by either side with 10-day notice. The OCRC delivered management's notice that termination would occur yesterday if no new agreement were reached.

Both sides declined to reveal terms of the agreements pending ratification votes.

Bankers wary of low GM rate

A banking official urged car buyers to be wary of General Motors' 2.9 percent interest rates on new cars that are stockpiled.

"GM is offering the public a choice of a cash rebate or subsidized financing. It is very difficult for the consumer to determine which choice is really the better deal," said Patrick W. Harrison, chairman of the American Bankers Association committee on consumer credit. Harrison is also executive vice-president, Commerce Union Bank in Nashville.

Harrison pointed out that a cash rebate, if applied to the purchase price of the car, could result in a lower monthly payment using conventional bank financing than financing with subsidized loans made through GM's captive finance affiliate, General Motors Acceptance Corp.

"Further, there are many ways

that the costs of subsidizing these rates can be passed back to the unsuspecting consumer," such as unnecessary options and additional dealer preparation charges.

MEANWHILE, a GM official reported a "blockbuster" reaction to his six-week cut-rate auto financing.

"We are getting reports from GM dealers across the country of huge crowds — in some cases, standing room only — in their showrooms," said James G. Vorhes, vice president for GM customer sales and service staff.

Vorhes said daily sales were running as much as six times higher than normal. A Grand Rapids woman customer sat on the hood of a Nova for an hour and a half until a salesman could talk to her.

THE BANKERS group warned,

"Before signing any deals, the car buyer should check with their banker, who has the knowledge necessary to compare total consumer costs."

The American Bankers Association is the national trade and professional association for full service banks. The combined assets of its member banks represent approximately 95 percent of the industry total.

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