

City of Northville
CITY COUNCIL SPECIAL MEETING MINUTES
April 11, 2011

Mayor Johnson called the meeting to order at 7:00 p.m. in the Northville City Hall Council Chambers, 215 West Main Street, Northville, Michigan.

CALL TO ORDER

Present: Mayor Christopher Johnson, Mayor Pro Tem James Allen, Councilmembers Douglas Bingham, Nancy Darga, Michele Fecht

Absent None

Also Present: City Manager Patrick Sullivan, Finance Director/Treasurer Sandi Wiktorowski, Financial Analyst Cindy Kushner, Accountant Nancy Piwowar, DPW Director James Gallogly, Housing Director Sherry Necelis, Fire Chief James Allen, Parks and Recreation Interim Director Joanna Harris, Youth Assistance Director Sue Campbell, City Clerk Dianne Massa, Arts Commission members Sue Taylor and Gerry Culpepper, members of the Housing Commission, members of the Citizen's Budget Committee, reporter from Patch.com. There were no citizens present.

PRESENTATIONS

A. Citizen Comments None

APPROVAL OF AGENDA

Motion Allen, seconded by Fecht to approve the agenda as presented. **Motion carried unanimously.**

FY 2011/2012 BUDGET REVIEW

Capital Improvement Plan (A-1)

Appendix A pertains to the City's Six Year Capital Improvement Plan (CIP) which is essential to the planning process of the City of Northville, the Twenty Year Capital Improvement Plans for the Street, Drainage and Sidewalk Improvement Program; the Water System, the Fire Equipment Replacement Fund, and the Police Equipment Replacement Fund.

Northville Youth Assistance (page C – 46): Northville Youth Assistance is funded through a shared service agreement with the Charter Township of Northville and is on a calendar-year fiscal year. The current budget is approved through December 31, 2011. The contribution from the City of Northville's General Fund budget is reduced due to Census 2010 data.

Discussion ensued pertaining to Northville Township's shared services millage and the use of their shared services fund balance. At the end of 2014, approximately \$500,016 will remain in their shared services fund balance. While the fund balance is being spent, it is far from gone and the millage is up for renewal in 2014. Also explained was the proposed use of the NYA fund balance (which is separate from the Township's shared service fund balance).

Additional questions pertained to the possible need to replace positions previously cut in order to meet the demand for services; and the increase for diversion referrals, mentoring requests, and counseling requests are in part likely due to now being located at the Senior Community Center, which makes NYA more visible and accessible.

Arts Commission Fund (page V – 30): The proposed budget and five year plan is deemed to be conservative in revenue and expense estimates and does not reflect potential new revenue programs to be adopted by the Northville Arts Commission and Art House staff. A brief summary of the programs and activities that the Art Commission budget supports was provided. Most activities are self-funding and revenues include class fees, lower gallery rentals, annual holiday art market, memberships, and donations. The major fundraising event is the Art in the Sun event.

Questions and discussion pertained to the projected revenues for the "Arts & Acts" and the "Art in the Attic" events. Additional discussion pertained to the 501.3(c) status of the Friends of the Art House, which provides the NAC with additional funding opportunities.

City Council voiced appreciation to the Northville Arts Commission, a commission of volunteers, which are a significant addition to the Community.

Housing Commission Fund (page V-47): Capital improvements planned for fiscal year 2012 include carpet replacement in the first and second floor common hall areas, replacement of the pull cord system, and replacement of apartment refrigerators and door lock mechanisms. Use of \$6,810 of fund balance will be required to balance the budget primarily related to the replacement of the apartment refrigerators. The debt service payment for the 2002 renovation bond is \$100,703, with the final payment due in April 2023.

A 1.1% rent increase is proposed for the one-bedroom apartments which would increase the rent from \$637 to \$644 and from \$1,035 to \$1,049 for the two-bedroom units. The proposed rent increase is necessary to augment the replacement reserve in support of future capital improvements, utility expense increases, and insurance expense increases.

A comment from Council expressed perplexity at a rent increase of only 1.1% that does not keep up with the rate of inflation. It was explained that the rent increase is usually tied to the increase in Social Security benefits of which the seniors have not received in the last two years. The Housing Commission recognized this fact and is trying to keep the rates affordable. Comparable rent analysis for senior housing in the area indicates that Allen Terrace is on the lower end of the rental rates in the area. Newer residents have applied for federal programs to assist with their rent.

Discussion ensued pertaining to Community Development Block Grant funds, the continuation budget for CDBG funds that has temporarily avoided a 70% reduction in funds, direction from the CDBG – Wayne County to use the previous year's allocation when projecting CDBG funding, changes to how CDBG funds may be allocated to projects, a request from CDBG for local government to reduce its revenues when charging for a service that also receives CDBG

funding, and how any reduction in future CDBG funding might affect the projected Housing Commission and Senior Citizen transportation budgets. For the current fiscal year, the CDBG funds are locked in. Council requested that the Housing Director keep the Council apprised of any proposed future reductions to CDBG funding levels.

Motion Allen, seconded by Darga to approve the rent increase for a one-bedroom apartment from \$637 to \$644 and for a two-bedroom apartment from \$1,035 to \$1,049, effective July 1, 2011. **Motion carried unanimously.**

2002 General Obligation Debt Retirement Fund (page VII –10): On November 5, 2002 voters approved the issuance of \$1,375,000 of General Obligation Unlimited Tax Bonds, Series 2002 to fund Allen Terrace improvements. This twenty-year debt issue is to be repaid from tenant rents at Allen Terrace. Debt service requirements for FY2012 are \$100,703. The amount transferred from the Housing Commission is equal to that amount.

Street, Drainage & Sidewalk Improvement Fund (page V – 1)

Major Streets Fund (page V – 8)

Local Streets Fund (page V – 16)

The Street, Drainage & Sidewalk Improvement Fund reflects the revenue received from the 1997 dedicated millage. The dedicated millage of 1.92 mills has been adjusted annually for Headlee limitation and is now at 1.7670 mills. Funding from the millage is collected in this account and then transferred to Major Streets Funds and Local Street Funds for capital improvements as needed. Act 51 revenue continues to steadily decrease and another decrease is anticipated for FY2012 due to the decline in population for the City per the 2010 Census data. Beginning with FY2012, transfers will be made from this fund to cover 50% of the routine maintenance of both Major and Local Streets. The proposed amount of transfers for FY2012 is \$54,058 for Major Streets and \$76,834 for Local Streets.

Following lengthy discussion on the condition of the intersections of Eight Mile Road/Center Street and Seven Mile Road/Center Street, which are under Wayne County's jurisdiction, Council requested that City Administration reprioritize the major street improvements and communicate with the County and find a creative funding solution to improve these intersections. The County does not have funding to improve these intersections. If the City could offer a percentage of matching funds, this might help the County in securing funding to improve these intersections.

The City would continue its reassessment of the City's streets to determine what street improvements are priorities. The City would continue with its plan to improve city streets and should a funding partnership with the County come to fruition to improve these two intersections, this fund has reserves that could be used as the City's percentage funding match.

Comments from Council noted that in response to complaints received on salting and plowing; citizens were reminded that due to decreasing property values and lower taxes, the City's revenues were decreased, which correlates to a reduction in services. The evidence of the reduction in taxes could be found on the tax bill. In response to reduced revenues, the City adhered to its snow removal policy to keep expenses in line.

Parking Fund (page V – 23): This fund receives special assessment (parking credit) revenue and parking permit fees, pays for lease payments of land used by the City as public parking, and earmarks funds for future parking expansion projects. FY2012 proposes improvements to the private portion of the Marquis Parking Lot and the Northville Square Parking Lot.

Beautification Commission (page V – 26): The contribution from the General Fund decreased from \$7,300 to \$2,500 in FY 2010 and is proposed to stay at that level through FY2015. It is estimated that in approximately FY2017, fund balance will be depleted. At that time, City Council will need to make a decision if it wishes to continue supporting this effort.

Council noted that the tremendous volunteer effort of this Commission is appreciated.

Public Improvement Fund (page V – 41): This fund receives breakage revenue from Northville Downs' activity from live and simulcast racing. Racetrack breakage revenue is recorded in the Public Improvement Fund when received to the extent that it exceeds the cost of providing police service at the racetrack. The breakage revenue in this fund is used to finance public improvement projects. This fund is also used to record various capital improvement projects, grant activity, property acquisitions, and the related rental revenue and expenditures.

It has been the City's policy to not budget for the receipt of racetrack breakage revenue. However, beginning with FY2011, once police and fire service costs at the racetrack have been met, the next \$60,000 will be allocated equally to the Police and Fire Equipment Replacement Funds. Any additional funds received will be requested to be designated for additional Police and Fire Equipment Reserves after that year's annual audit is presented to the City Council.

Discussion ensued pertaining to the cumulative year assessments received from the Randolph Drain project to address erosion issues. The Randolph Drain Board is an inter-county board under the direction of Oakland County. Council requested that Staff communicate to the Drain Board that going forward, the City requests to be assessed on an on-going basis as opposed to receiving a cumulative year assessment.

Parks and Recreation Commission (page C – 5): The FY2012 budget was prepared with a 5.8% decrease in the municipal contribution from the FY2011 levels. Full time staffing levels have decreased during the past year by 30%. Per the 2010 Census data, the population of the City decreased by 489 or 7.6%, and the Northville Township population increased by 7,461 or 35.5%. This reduced the overall City contribution of shared services from 19% to 16.2%, resulting in a shift of \$31,311 of the contribution from the City to the Township.

The Parks and Recreation Department will continue the evaluation of facility operations and increase/decrease program offerings and events as warranted by resident interest levels and budget appropriations. Page C-9 provides an overview of the Parks and Recreation revenues and expenditures.

Discussion ensued pertaining to the Seven Mile Road property and questions on the possibility of proposed improvements being put into the Parks and Recreation budget. It was responded that the property was not purchased with Parks and Recreation funds and it is unknown if the Township has plans for the Parks and Recreation Department to improve and maintain the property. The Township owns the property and plans to use it for park purposes. It was noted that a previous resolution adopted by the City and Township pertained to either entity not purchasing or adding parks to the system without first consulting with the other jurisdiction. It was suggested that the City consider formally contacting the Township to determine its plan for this property.

In response to a question, it was explained that the fund balance that the Township is drawing down is the fund balance pertaining to Northville Township's shared services millage. This is not

a City fund balance, is completely in control of the Township, and is separate from the Parks and Recreation Department's fund balance.

Parks and Recreation Capital Outlay Fund (page C – 29): This fund is used to record the capital improvement projects and property development expenditures for the Parks and Recreation Department. The FY2012 budget is prepared with a 5.8% decrease in the combined municipal contribution from FY2011 levels. At the end of FY2012, the Parks and Recreation Fund Balance will be 32% of expenditures.

Projects for FY2012 include the Fort Griswold wood maintenance (\$3,500) and Master Plan Focus Groups (\$7,500). FY2012 Debt Service is \$143,258 to Northville Township for the Senior Community Center and Recreation Center at Hillside renovation loans.

A comment from Council reminded that the Boy Scouts are always searching for Eagle Scout projects and to keep them in mind for assistance with upcoming projects.

Senior Adult Services Fund (page C– 34): Integration of senior programs and services with general recreation programming, as recommended by the Rehmann-Robson organizational review, will continue in FY2012 in order to eliminate duplicated programs and have more effective use of Department resources. Per the 2010 Census data, the population of the City decreased by 489 or 7.6%, and the Northville Township population increased by 7,461 or 35.5%. This reduced the overall City contribution of shared services from 19% to 16.2%, resulting in a shift of \$5,434 of the contribution from the City to the Township.

Discussion ensued on the use of social media to communicate with seniors.

Senior Adult Services Capital Outlay Fund (page C–43): As donations and contributions are made to the Senior Services program that are intended for long term investment purposes, the revenue and expenditure activity will be recorded in this section of the budget. Since FY2011, an annual operating transfer from the Senior Adult Services Fund is recorded in this fund to begin reserving funds for future building improvements. There are no capital purchases proposed for FY2012.

In response to a question on creating a drop-off zone at the Senior Community Center, it was explained that there is a ramp in the rear parking lot that is to be used for drop-off, unless school is letting out (as the school district buses are in the parking lot at that time). Typically, the Transportation Department directs the buses to use the rear lot for this purpose.

MAYOR AND COUNCIL COMMUNICATIONS

A. Mayor and Council Communications None

B. Staff Communications None

There being no further business to come before Council, the meeting was adjourned.

Adjournment: 8:07 p.m.

Respectfully submitted,

Dianne Massa, CMC
City Clerk

Approved as submitted: 5/2/11

Christopher J. Johnson
Mayor