

**City of Northville**  
**CITY COUNCIL SPECIAL MEETING MINUTES**  
**April 29, 2015**

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, Councilmember Nancy Darga, Sam Ekong, and Ryan McKindles

**Absent** None

**Also Present:** City Manager Patrick Sullivan, Finance Director/Treasurer Sandi Wiktorowski, City Clerk Dianne Massa, Accountant Nancy Piwowar, Director of Public Works James Gallogly, Housing Director Sherry Necelis, Parks and Recreation Director Jason Spiller, Youth Assistance Director Sue Campbell, Arts Commission member Sue Taylor, Art House Director Abigail Wright-Geddes . There were no citizens present.

**PRESENTATIONS**

**A. Citizen Comments** None

**APPROVAL OF AGENDA**

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

**FY 2015-2016 BUDGET REVIEW**

Arts Commission Fund (page V – 26): Four new revenue programs are currently being developed, which include Art House Ten Year birthday party, Art from the Attic art sale, Fall Art Auction, and a ten year fundraising campaign. It was also noted that the Friends of the Northville Art House have attained their non-profit status. The Friends are separate from the Arts Commission and are not a part of the Arts Commission or City. Non-profit status will afford the “Friends” many grant opportunities. The Friends will donate the grant funds to the Art House.

Brief discussion ensued pertaining to projected program revenues, the Friends of the Art House, and grant opportunities.

Housing Commission Fund (page V-43):

Proposed Allen Terrace Rental Rate for FY 2016:

A 1.48% rent increase was proposed for the one-bedroom apartments which would increase the rent from \$675 to \$685. A 1.11% increase was proposed for the two-bedroom units from \$1,078 to \$1,090. The

proposed rent increase is necessary to augment the replacement reserve in support of future capital improvements, utility expense increases, and insurance expense increases.

Discussion ensued pertaining to the future sustainability of Community Block Grant Fund program (federal-funded program) and how those funds are allocated to the local jurisdictions.

**Motion Darga, seconded by McKindles** to approve the Allen Terrace rent increase for fiscal year 2015-2016 of 1.48 percent from \$675 to \$685 for ninety-eight (98) one-bedroom apartments and an increase of 1.11 percent for the two ( 2) two-bedroom units from \$1,078 to \$1,090. **Motion carried unanimously.**

Housing Commission Capital Outlay Fund (VIII-7): Proposed for FY2016 is the repair of the lintels, repair of the parking lot, improvements to the roof ventilation, replacement of circuit breakers and heating/cooling units in the apartments, and replacement of all common hall area carpeting.

Housing Debt Retirement Fund (VII-10): The debt service payment for the renovation bond is \$94,124, with the final payment due in October 2022.

General Fund – Building and Grounds (IV-39): The proposed budget decreases overall by 0.6%.

Department of Public Works (IV-65): The proposed budget increases 1.8% and provides the same level of service as the prior year.

Discussion ensued pertaining to DTE’s proposal to the Michigan Public Service Commission to raise the rates for LED lighting (which uses less energy) and lowering the rates for high-pressure sodium lighting (which uses more energy). Many communities are moving to LED lighting as it provides improved lighting and it is more energy efficient, saving tax dollars on energy costs. The City Manager was directed to send a letter from the City Council to the Public Service Commission, urging the Commission to reject DTE’s rate proposal.

Further discussion pertained to the gas light district in the Pheasant Hills subdivision and the costs to maintain the gas lights.

Street, Drainage and Sidewalk Improvement Fund (page V-1)

Major Streets Fund (page V-8)

Local Streets Fund (page V-16)

The Street, Drainage and Sidewalk Improvement Fund reflects the revenue received from the 1997 dedicated millage. 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. The Street, Drainage and Sidewalk Improvement Fund’s long-term plan focuses on executing capital projects as outlined in the City’s new “Street Improvement Plan” completed in December 2011.

The Major Streets Fund and Local Streets Fund records revenue received from gasoline tax through the State of Michigan under Act 51. Act 51 revenue remains fairly stable, and expenditures for routine operation and maintenance activities are expected to remain consistent. An annual operating transfer to Local Streets is proposed, pursuant to PA 338 of 2006, which allows transferring up to 50% of Major Street Funds to Local Street Funds with no local match. This would cover the costs of maintaining the more extensive local street program.

FY 2016 projects include: Sidewalk Program (\$35,000), Crack Sealing Program (\$25,000),

Rayson Street (Local) (\$80,000) and (Major) (\$85,000), Elmsmere Drive (\$160,000), Horton Street (\$60,000)

Parking Fund (V-23): There are no planned parking improvements for FY2016.

Discussion ensued pertaining to the cost of parking credits. A comment from City Council voiced that developers often complain about the high cost of parking credits, the number of parking spaces required for projects, and the belief that the City does not use the parking credit money paid to create more parking and instead uses the funds for maintaining current parking areas.

Other comments from City Council pointed out that the average cost, per space, to create parking is approximately \$30,000, which deters developers from providing their own on-site parking for their project. This amount also far exceeds the cost of one parking credit space. The Parking Fund is used to create more parking and to maintain the current parking. Recent parking additions include adding 40+ spaces in the Marquis Parking Lot, the addition of the public parking lot behind Starbucks, and additional on-street parking on W. Main Street.

Refuse and Recycling Fund (page VI-1):

Review of Proposed Refuse and Recycling Rate Adjustments:

The fund is divided into two basic programs: residential and commercial. This is an Enterprise Fund, which is designed to be funded entirely by the fees charged to the customers receiving the service. A Commercial Refuse Program rate adjustment of 9% is necessary. Commercial rates have not been adjusted since 2003.

The Commercial Refuse Program cost is proposed to increase in order to provide for more frequent pick up and to also have the driver pick up trash that is placed near, but not directly in the dumpster. The contractor will add these services to the existing contract for an additional \$12,000 per year.

A new brush chipping program throughout the residential neighborhoods was contracted out in April 2015. This program provides weekly chipping of branches and tree limbs left by residents at the curb for removal. It is estimated this program will cost \$45,000 annually. The current bi-monthly rate of \$32.30 is proposed to increase to \$36 or 11.46% due to this new program and solid waste contractor increases.

The proposed rate structure, effective July 1, 2015, is as follows:

Type	Current Rate	Proposed Rate	Adjustment
Residential Refuse	\$ 32.30	\$ 36.00	\$3.70 bi-monthly
Commercial – Restaurants	\$338.50	\$369.00	\$30.50 bi-monthly
Commercial – Restaurants (lower volume)	\$270.80	n/a	eliminated
Commercial – Retail Food	\$145.00	\$158.00	\$13.00 bi-monthly
Commercial – Churches and Halls	\$145.00	\$158.00	\$13.00 bi-monthly
Commercial – Retail Sales	\$109.00	\$119.00	\$10.00 bi-monthly
Commercial – Professional Svc Large	\$ 87.50	\$ 95.00	\$7.50 bi-monthly
Commercial – Professional Svc Small	\$ 40.00	\$ 44.00	\$4.00 bi-monthly
Commercial – Downtown Residential	\$ 36.00	\$ 39.00	\$30.50 bi-monthly

**Motion Allen, seconded by McKindles** to adopt a resolution providing for the following rates with a proposed effective date of July 1, 2015.

Type	Proposed Bi-monthly Rate
Residential Refuse	\$ 36.00
Commercial – Restaurants	\$369.00
Commercial – Retail Food	\$158.00
Commercial – Churches and Halls	\$158.00
Commercial – Retail Sales	\$119.00
Commercial – Professional Svc Large	\$ 95.00
Commercial – Professional Svc Small	\$ 44.00
Commercial – Downtown Residential	\$ 39.00

**Motion carried unanimously.**

Water and Sewer Fund (page VI – 9):

Proposed Water and Sewer Rate Adjustments:

This fund accounts for the operations and maintenance of the City of Northville’s water and sewer system. This is an Enterprise Fund and water and sewer fund activities are supported by user fees.

The Water and Sewer Fund financial analysis has been completed as part of the FY 2016 Budget process and was reviewed by the Northville City Council. Based upon the proposed budget, the rate structure proposed, with an effective date of July 1, 2015, is shown in the table below.

Type	Current Rate	Proposed Rate	Adjustment %
Water (per unit)	\$5.83	\$6.32	\$0.49 per unit, a 8.4% increase
Sewer (per unit)	\$5.37	\$5.83	\$0.46 per unit, a 8.6% increase
Service Charge (bi-monthly)	\$7.78	\$5.83	\$1.95 bi-monthly, a 25.1% decrease
Sewer -Dual Meter (per unit)	\$3.38	\$3.55	\$0.17 per unit, a 5.0% increase

In addition to those items discussed in the attached budget document, other key factors considered when evaluating the proposed rate increase include the following:

- Maintaining an acceptable level of working capital funds in the water and sewer fund for cash flow and emergency expenditure purposes. This is important based upon the age of the water and sewer system, need for contingency for capital projects in process, the likelihood of unforeseen repairs and eventual replacement, and projects that could require immediate attention due to street construction or other capital improvements. Sufficient working capital reserves are especially important since an excess flow facility is likely to be mandated in the future. Those project costs, along with partnering opportunities and level of federal funding, are not determinable at this point.
- City Ordinance 7-5 (adopted in November, 1992) requires that adequate revenues are collected for the operation, maintenance, and replacement of the sewer system and includes the formula for calculating the sewer rates. The ordinance is based upon requirements of the Michigan Department of Environmental Quality. Accordingly, rates have been calculated to comply with these requirements.

- The six-year capital improvement plan for the Water and Sewer Fund has been updated. This plan identifies \$1 million of proposed projects through the fiscal year ended June 30, 2020. This capital improvement program focuses on water system improvements identified as priorities by Wade-Trim as discussed in a municipal water system improvements report presented to the Northville City Council on May 19, 1997. In addition, an emphasis is placed on proactive maintenance of the sewer system.
- In 1999, the City approved a dual meter program that allows a second meter for outdoor watering that does not add to the flow of the sewer system (generally, lawn sprinkling). Since the City is required to pay Wayne County for sewer disposal based upon the units of water purchased from the City of Detroit, the dual meter customers were still required to pay for a portion of the sewer costs. The rate policy that the Northville City Council established was to discount the City's sewer rate to the level that covered the City's cost to Wayne County.
- City Ordinance Section 7-318 regarding water rates states the charges for water service to each premises connected to the system shall be measured by the City water meter installed in each premises, and such water charges shall be such as are now in force or which shall be determined from time to time by the City Council.
- City Ordinance Section 7-404(a) regarding sewer service rates states the rates to be charged for sewer service and treatment shall be as determined from time to time by the City Council.

Neither of the above ordinances requires a public hearing.

**Motion Allen, seconded by Ekong** to adopt the resolution providing for the following rates with a proposed effective date of July 1, 2015.

Water: \$6.32/unit  
Sewer: \$5.83/unit  
Sewer (Dual Meter): \$3.55/unit  
Service Charge: \$5.83/bi-monthly

**Motion carried unanimously.**

Equipment Fund (page IX -7): This fund provides for the maintenance, repair and replacement of City-owned equipment. The major source of revenue for this fund comes from internal equipment rental charges. These charges are determined using published Michigan Department of Transportation equipment rates, which are updated annually. The operating budget is consistent with previous years. The proposed budget includes the purchase of a welder and a Kubota utility vehicle.

Parks and Recreation Commission (page C – 5): The FY2016 budget was prepared with no change in the combined municipal contribution from FY2015 levels.

Parks and Recreation Capital Outlay Fund (page C – 30): This fund is used to record the capital improvement projects and property development expenditures for the Parks and Recreation Department. The purchase of a new truck for maintenance and snow removal service, a utility vehicle, and playground equipment at Millennium Park is planned for FY2016.

Senior Adult Services Fund (page C– 35): Integration of senior programs and services with general recreation programming will continue in FY2016 in order to eliminate duplicated programs and have more effective use of Department resources. Facility rental opportunities are continually explored to help increase building use and revenue. Funds are proposed to be transferred annually to the Senior Adult Services Capital Outlay Fund to reserve funds for future building improvement needs. The FY2016 operating transfer of funds into the Senior Adult Services Capital Outlay Fund is \$14,000.

Senior Adult Services Capital Outlay Fund (page C–44): 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. An annual operating transfer from the Senior Adult Services Fund is recorded in this fund to reserve funds for future building improvements. A new sound system and replacement of the concrete stairs is planned for FY2016.

Discussion ensued pertaining to program activity and the need to simplify the financial information provided to the baseball and soccer associations.

Northville Youth Assistance (page C – 47): 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, 2015. The NYA operational budget shows an operating shortfall of \$20,710 for CY2015. Revenues are projected to continue to fall below operating expenditures through 2018, causing unrestricted fund balance to be depleted. The projected annual shortfall will be a point of discussion during Northville Township’s next budget cycle.

Further explanation was given pertaining to the elimination of the Conrad Charitable Foundation funding. (This foundation has been closed.)

Review of Proposed FY2016 Millage Rate: No changes were requested to the proposed FY2016 millage rate.

**Motion Darga, seconded by McKindles** to set a public hearing for May 18, 2015 pertaining to the budget adoption and proposed millage rate for FY2016. **Motion carried unanimously.**

## **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: 8:27 p.m.**

Respectfully submitted,

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Dianne Massa, CMC  
City Clerk

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Christopher J. Johnson  
Mayor

Approved as submitted: 5/18/2015