

City of Northville
CITY COUNCIL SPECIAL MEETING MINUTES
April 14, 2016

Mayor Roth called the meeting to order at 7:02 p.m. in the Northville City Hall Council Chambers, 215 West Main Street, Northville, Michigan.

CALL TO ORDER

Present: Mayor Ken Roth, Councilmember Nancy Darga (arrived 7:09 p.m.) and Marilyn Price

Absent Mayor Pro Tem James Allen, Councilmember Sam Ekong (both excused)

Also Present: City Manager Patrick Sullivan, Finance Director/Treasurer Sandi Wiktorowski, Accountant Nancy Piwowar, Director of Public Works James Gallogly, Housing Director Sherry Necelis, Parks and Recreation Director Jason Spiller, Youth Assistance Director Sue Campbell, DDA Director Lori Ward, Art House Director Abigail Wright-Geddes, DDA Member Carolann Ayers, Arts Commissioner Mark Kassa, and Housing Commissioners Genie Nehs and Roger Schultz. There were no citizens present.

As there was not a quorum present to approve the agenda, City Council had Staff continue to present their budgets.

PRESENTATIONS

A. Citizen Comments None

FY 2016-2017 BUDGET REVIEW

Arts Commission Fund (page V – 26): Friends of the Art House 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.

Brief discussion ensued pertaining to projected program changes that might affect revenues, and increased program registrations, which are due, in part, to the implementation of online registrations. Further explanation was given pertaining to the Friends of the Art House, which is a 501c3 organization that is separate from Northville Arts Commission (NAC). It was noted that the Arts Commission, is researching pursuing 501c3 status. Being a stand-alone and private organization would afford the Arts Commission grant opportunities that are not currently available since the NAC is part of local government and does not own the Art House building. Comments from Council voiced support of the Arts Commission whether it remains a part of the City or becomes a non-profit.

Councilmember Darga arrived at the meeting.

APPROVAL OF AGENDA

Motion Price, seconded by Darga to approve the agenda as presented. **Motion carried unanimously.**

FY 2016-2017 BUDGET REVIEW - CONTINUED

Proposed Allen Terrace Rental Rate for FY2017:

A 1.53% rent increase was proposed for the one-bedroom apartments which would increase the rent from \$685 to \$695. No increase was proposed for the two-bedroom apartments. The rent increase is necessary to augment the replacement reserve in support of future capital improvements, utility expense increases, and insurance expense increases. The rent increase will provide \$11,760 in additional revenue.

Discussion and questions from City Council pertained to the proposed rent increase and how often the rent is increased. It was responded that, in the last few years, the Housing Commission requested a \$10 increase. Council noted that the rent increases appear to be slightly higher than the rate of inflation. In response to a question on not asking for a rent increase for the two-bedroom apartments, Staff explained that the market rate and the current rent for the two-bedroom apartments is in line with surrounding area senior housing.

Motion Darga, seconded by Price to approve the Allen Terrace rent increase for FY2017 of 1.53% from \$685 to \$695 for 98 one-bedroom apartments, with no increase for the two-bedroom apartments, effective July 1, 2016. **Motion carried unanimously.**

Housing Commission Fund (page V-43):

Housing Commission Capital Outlay Fund (VIII-7): \$135,000 is proposed to be transferred to the Housing Capital Outlay fund for building improvements. Proposed for FY2017 is the repair of the patio retaining wall, replacement of circuit breakers and heating/cooling units in apartments, and complete remodel of the apartment bathrooms.

Discussion ensued pertaining to the parking lot repair project scheduled for FY2016. The last parking lot reconstruction was done in 2002. The parking lot looks fine; however, there continues to be a lot of crack repairs needed due to issues with drainage underneath the parking lot. Cracked areas raise concerns with slip and fall incidents. It is believed that additional engineering work is needed to correct water and drainage issues below the surface. Approximately \$70,000 is budgeted for this project. Council noted that issues need to be addressed so that the reconstructed parking lot lasts at least 20 years. If the project is not completed in FY2016, it will be carried over into FY2017. Further discussion pertained to issues with the retaining wall. It was suggested that a contractor might be able to tie together both the retaining wall and parking lot projects.

Housing Debt Retirement Fund (VII-10): The debt service payment for the renovation bond is \$92,412. The final payment is due in October 2022.

In response to a question from City Council about refinancing the bonds, it was explained that the bonds were refinanced in 2012. Further explanation was given pertaining to the Housing Commission fund balance.

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.

FY2017 projects include: Sidewalk Program, Crack Sealing Program, Walnut Street (from East to N. Center), S. Wing Street (from Cady to Seven Mile), and Beck Road (from Eight Mile Road to City limits).

Discussion and questions pertained to streets that have already been completed; the planned reconstruction of Beck Road (from Eight Mile to Nine Mile) and the City's local match; and explanation of the funds available and remaining in the Street, Drainage and Sidewalk Improvement Fund. There are reserves available for special projects if needed.

Explanation was given pertaining to the Major and Local Street Funds, and the Street Drainage and Sidewalk Improvement Fund; how these funds receive their funding, the total dollar amount of the three funds combined that is available for street improvement projects, the types of projects that may be done using the various funds; monies used for repairs and improvements versus ongoing maintenance; how often streets are reclassified by the state; the new MDOT reporting requirement for the City to reevaluate the street and infrastructure conditions in order to receive state funding; and the improvements to Elmsmere (to be carried over from FY2016) to address draining and ponding issues.

City Council noted that funding for roads is an area in which much community dialogue is needed.

Parking Fund (V-23): There are two planned parking lot improvement projects for FY2017. It is proposed that the public parking lot between City Hall and the Community Center be milled and resurfaced. In addition it is proposed that the small public parking lot in front of 141 E. Cady Street be resurfaced.

Questions and discussion ensued pertaining to ownership of the public lot between City Hall and the Community Center. It is believed this lot is on school property even though it is maintained by the City. It was suggested that Staff further investigate as the school district has a site analysis of this property. Most of it may be owned by the school district. If that is the case, the school district should assist in the project funding if the lot is on school property.

Discussion ensued pertaining parking concerns in the W. Main Street area and if additional parking is warranted. It was pointed out that the school district may be selling Old Village School, which has a large parking behind the building. If this parking lot is sold, the City will need funds for parking expansion in the area, including consideration of purchasing the parking area behind those buildings.

City Council comments also voiced concern with the parking lot between City Hall and the Community Center, the lack of parking in this lot, and the inability to exit the lot without backing out into W. Main Street. The lot is heavily used but does not have a good navigation route to leave the lot if parking is not available. A one-way exit from this parking lot (by the Library) might be warranted. It was noted that in the past, the Library has been opposed to this idea. Staff was directed to further investigate ingress and egress options for this lot as well as parking lot ownership.

Public Improvement Fund (V-36): 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 withhold budgeting for the receipt of racetrack breakage revenue. However, as of 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. This additional funding will decrease the transfer from, and lessen the burden on, the General Fund. Any additional funds received for a given fiscal year will be brought to City Council to be designated after that year's annual audit is complete.

Proposed for FY2017:

- Improvements to the pond at Fish Hatchery Park to address the deterioration of the concrete wall, which is causing sediment build up in the Johnson Creek and the pond. Estimated cost is \$250,000. \$65,017 has been committed by Northville Township for this project. Grants are proposed to be sought to fund the remaining costs.
- Rural Hill Cemetery currently has approximately 90 grave sites available for sale. The City sells approximately 30-50 sites per year. Phase II expansion is proposed, which would provide an additional 650 grave sites. Estimated cost is \$105,000.
- Randolph Drain (near Lexington Condominiums). Estimated project cost is \$219,313 based on remediation proposed by the Oakland County Drain board.

Staff provided an update pertaining to the issues with the Randolph Drain/pond by the Lexington Condominiums and remediation proposed by the Oakland County Drain Board. The City will be required to contribute funding. The Lexington Condo and Homeowners Association is not open to providing financial assistance to the City for this project. Options the County might accept (such as reverting the pond back to a stream) are being investigated. Staff will come back to City Council with information and seek further direction.

Discussion and questions ensued pertaining to the Fish Hatchery project, funding needed for this project, and how Wayne County allocates funds to communities. Grants will be needed beyond the \$65,000 in order to fund the project. The Township has indicated that if it receives funds from Wayne County, it will turn over those funds to the City for this project.

Lengthy discussion ensued pertaining to the proposed Rural Hill Cemetery Phase II expansion, the actuarial support for the indefinite maintenance for the cemetery, the one-time revenue stream when lots are sold, creation of a new one-time revenue stream when new lots are created as part of the expansion, the need for a viable plan for funding to sustain the cemetery for decades after all of the lots are sold, and the need to have these questions answered before moving forward with further expansion of the cemetery.

Further discussion will be needed on the cemetery expansion and the business plan to subsidize the perpetual maintenance. Further analysis needs to be done to get more information on the business plans of other public and private cemeteries. The fee schedule may need revision, including higher lot sale fees so that more funds may be placed in the perpetual fund. The perpetual fund is on a negative funding path. Expenditures in the General Fund (approximately \$150,000 annually) cannot continue into perpetuity. Assistance from a consultant that specializes in cemetery funding might be needed. Further discussion is warranted on the cemetery in order to maintain a neutral budget. The expansion, although in the budget, will not be approved by Council until the financial challenges have been addressed.

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. Proposed is the purchase of a light duty 4x4 pickup truck and a wood chipper. An operating transfer from the Refuse and Recycling Fund will cover the cost of the wood chipper.

Downtown Development Authority (page B-1): The taxable value subject to DDA capture increased 2.3% from last year, generating an additional \$14,141 in captured taxes. The State is anticipated to reimburse \$28,000 to the DDA for the business taxpayer exemption from personal property with taxable values of less than \$40,000. The taxable value for the DDA's special levy increased 1.8%. However, the 1.8225 mill levy is rolled back permanently to 1.8158 due to Headlee. Those two factors combined provide for an additional \$710.

The DDA, in cooperation with the City, will undertake the development of a new Strategic Plan for Downtown Northville. The Plan, when completed, will serve as a blueprint to help guide the future growth and development of downtown Northville. The General Fund will pay for approximately 36% of this cost.

Every few years, additional capital improvements are needed in the parking decks. City/DDA staff, working with consultants, have developed a plan for needed capital repairs. This plan includes a prioritization plan for repairs and a multi-year phasing strategy. The estimated total for the repairs of the two decks is \$100,000. The DDA has budgeted \$25,000 for the current fiscal year, and has phased in the remainder of the improvements over the next three years.

Discussion and questions pertained to the proposed expenditures for the various DDA subcommittees, explanation of the Parking Fund contributions, and decreases in DDA sponsorships for various organizations.

DDA Debt Service Fund (page VII-7): Debt service requirements for FY2017 are \$171,385. The contribution from the DDA is equal to that amount to cover the debt service expenditures. The downtown streetscape improvement bonds will continue to be repaid through fiscal year 2025. No additional debt issuances are planned.

Questions pertained to the interest rate for the bonds.

Parks and Recreation Commission (page C-5): The FY2017 budget was prepared with no change in the combined municipal contribution from FY2016 levels. Full-time staffing levels have been reduced by one full-time personnel from the prior year. Fund balance will continue to be maintained in the range of 20-40% of expenditures. Staff will continue to evaluate all department assets and focus on developing revenue opportunities around the facilities. Various programming changes were reviewed.

Changes not reflected in the budget include closing Hillside Pool on September 1st and eliminating the aquatics program. The pool has exceeded its life expectancy and cannot be repaired. Staff continues to search for other partnership programs that would provide residents with an aquatics program.

Discussion ensued pertaining to the aquatics program and how eliminating the program affects the overall budget.

Discussion ensued pertaining to the number of participants and cost per participant, and how to account for passive users of parks and facilities to get true user numbers and how to determine where the user lives (City, Township, Novi). It was noted that Maybury uses a pedestrian counter to track passive users in the park.

Parks and Recreation Capital Outlay Fund (page C-30): The FY2017 includes cement leveling and crack sealing on several parking lots. Automated locks for the restroom buildings at Community and Millennium Park are planned to be installed to allow the buildings to be locked and unlocked on a timer system. Fort Griswold and the bridge to Mill Race is scheduled to be resealed. The Parks and Recreation Master Plan will expire on December 31, 2016. The Department will seek professional services to assist with the 2017-2022 Master Park Plan.

Debt service payments to Northville Township for the Northville Community Center and Recreation Center at Hillside renovation loans for FY2017 is \$143,258 combined.

Senior Adult Services Fund (page C- 35): Integration of senior programs and services with general recreation programming will continue in FY2017 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 FY2017 operating transfer of funds into the Senior Adult Services Capital Outlay Fund is \$11,123.

It was explained that due to receiving inaccurate information from Providence Hospital, the Senior Adult Services program will not be receiving an expected \$10,000 grant. The grant will be received next year. Not receiving the grant funds may affect bus rider prices and the Senior Advisory Council will be discussing this at a future meeting.

The rate structure (resident, non-resident, school district resident) of Parks and Recreation and Senior Adult Services programming was discussed.

Senior Adult Services Capital Outlay Fund (page C-45): There are no planned improvements for FY2017.

Northville Youth Assistance (page C-48): 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, 2016. The Northville Youth Assistance operational budget shows an operating shortfall of \$8,060 for CY2017. Revenues are projected to continue to fall below operating expenditures through 2019, causing unrestricted fund balance to be depleted. Unrestricted fund balance is estimated to be \$64,919 by the end of 2019 which represents 44% of operating expenditures

Discussion ensued pertaining to Northville Youth Assistance's fund balance. City Council would like to see a breakdown of City/Township residents receiving services.

Review of Proposed FY2017 Millage Rate: No changes were requested to the proposed FY2017 millage rate.

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: 9:29 p.m.

Respectfully submitted,

Dianne Massa, CMC
City Clerk

Ken Roth
Mayor

(Minutes transcribed from the 4/14/16 meeting audio recording)

Approved as submitted: 5/2/2016