

City of Northville
CITY COUNCIL REGULAR MEETING MINUTES
November 20, 2017

Mayor Roth called the meeting to order with the Pledge of Allegiance at 7:05 p.m. in the City of Northville Municipal Building, City Council Chambers, 215 W. Main Street, Northville, Michigan, 48167.

ROLL CALL

Present: Mayor Ken Roth, Mayor Pro Tem Nancy Darga, Councilmembers Sam Ekong, Patrick Giesa, and Marilyn Price

Absent: None

Also

Present: City Manager Patrick Sullivan, City Clerk Dianne Massa, Finance Director/Treasurer Sandi Wiktorowski, Accountant Nancy Piwowar, representatives from Plante Moran, representatives from PFM, members of Boy Scout Troop 755, and approximately 21 citizens

Mayor Roth read a statement informing those present that the City Council meeting was being recorded for rebroadcast on the City's website. By remaining at the meeting, consent is inferred by those present to have their voice and image recorded and posted on the City's website.

As the Planning Consultant needed to attend a Commission meeting in another community, City Council moved "Resolutions and Ordinances" up on the agenda.

RESOLUTIONS AND ORDINANCES

**A. Proposed Zoning Ordinance Amendment Planned Unit Development
Second Reading**

At its regular meeting of November 6, 2017, City Council reviewed the proposed text amendments to the Planned Unit Development (PUD) section of the Zoning Ordinance. At this meeting, the Planning Consultant explained the proposed changes in detail to City Council. During its discussion, City Council requested that a flow chart illustrating the amended PUD approval process be added to the ordinance amendment. Following the discussion, City Council introduced the proposed ordinance amendments for first reading.

The Planning Consultant briefly outlined the proposed amendments to the PUD ordinance, and reviewed the added flow chart. It was also noted that the Planning Commission recommended approval of the proposed text amendments.

Motion Darga, seconded by Ekong to waive second reading and adopt the proposed amendments to Article 20 Planned Unit Development as presented. **Motion carried unanimously.**

PRESENTATIONS

A. Citizens Comments

Janice Johns, 410 E. Main Street, spoke on behalf of several Northville residents about the demolition application before the Historic District Commission (HDC) as submitted by Guidobono Building Company. Guidobono is requesting HDC approval to demolish the structure at 341 E. Main Street. Johns noted that at their November 15th meeting, the HDC voted to accept the demolition application as complete, on which demolition could be approved. Johns stated her belief that the application is not complete, and voiced concern that the HDC is moving too fast. She requested City Council set aside and vacate the HDC vote. Johns also requested City Council add this item to the agenda or call a special meeting this week on this matter. Johns also distributed copies of “Open Letter to Northville City Council, City Manager, Residents Regarding Demolition of Historic 341 E. Main Street.”

Bob Sochacki, 223 Linden, spoke about the 341 E. Main demolition application. Sochacki is a resident of the Historic District, has appeared before the HDC, and knows how it operates for the review of historically significant structures. Sochacki noted that a number of historically significant structures have been demolished and 341 E. Main is another example. He believed the demolition application should not be approved as there are State guidelines that govern this. Guidobono purchased the building to demolish and build a new structure. Sochacki videoed the HDC meeting and submitted a copy to the Clerk.

Bill Stockhausen, 218 W. Dunlap, spoke about the 341 E. Main demolition application. Stockhausen stated he is a 45-year resident of the Historic District. He has seen a lot of historic buildings demolished for various reasons. Guidobono plans to demolish the building and build a larger building that will cover the entire property. People move to Northville for its quaintness. Continuing to allow historic building demolitions will discourage the draw and incentives to live in a historic district. Stockhausen asked City Council to set aside the HDC motion.

The Mayor thanked everyone that spoke. It is understood that the 341 E. Main demolition application is a controversial proposal. He has attended all of the HDC meetings (except 11/15 due to a Parks and Recreation meeting conflict). The Mayor was not certain that City Council had the authority to vacate the decision of the HDC. The next public hearing is scheduled for December 20, 2017. Residents are encouraged to attend the public hearing and express their views. Council does not know where this demolition request is headed and it is too soon to assume the pace is fast. The Planning Consultant and HDC is following established guidelines. The item was not added to the City Council agenda to allow for further discussion later during the meeting.

B. Presentation of FY2017 Investment Report

PFM Asset Management reviewed the City’s Investment Performance and provided an investment update. Topics reviewed included current market themes, current economic conditions, the economic impact of disasters, short-term yields, yield history, portfolio review, review of PA20 of 1943, and investment basics.

Discussion ensued pertaining to the pros and cons of short-term and long-term yields, how index benchmarks are determined, and explanation of the fee structures. Comments from Council spoke of the need to continually explore different investment options in order to maximize every basis point. Even a small move generates earnings. A move that resulted in a return of \$62,000 is substantial money for a small city like Northville.

Motion Darga, seconded by Ekong to accept the City of Northville’s fiscal year 2017 Investment Report. **Motion carried unanimously.**

C. Audit Presentation by Plante Moran

Plante Moran gave a brief overview of items related to the City of Northville’s fiscal year ended June 30, 2017. Highlights included in this report were an overall favorable report to the City Council of the City’s financial health and an overview of the City’s Financial Reports.

City Council Comments and Discussion: In response to questions from City Council, Plante Moran offered the following.

- Capital Assets are subject to depreciation and a depreciation schedule. The City does not recapture depreciation. Over the long term, the City spends down the useful life and replaces the asset as needed. It is a cycle and the financial impact is that the cost is spread over many periods.
- The pension funding status changed from 61% in 2001 to 58% in 2017 due to new accounting rules (GASB 68), which changed how it is being valued and measured.
- The decrease in long-term liability is due to a decrease in the OPEB and pension liability. This year, MERS had a return on their investment that was 50% higher than projected. The City will not see a decrease in its long-term liabilities going forward as MERS will simply smooth out any better than expected returns.
- Under Revenue, the decrease in investment earnings of 94% is due to recording the unrealized loss on investments. Unrealized loss is shown as a decrease in the actual earnings because accounting rules require the City to report it at fair value even though the City has not realized the cash.
- A \$1.15M excess of expenditures and a loss of \$1.2M is noted in the General Fund column of the Statement of Revenue, Expenditures, and Changes in Fund Balances for the year end. The General Fund transferred out \$1.2M and the others non-governmental funds received about \$1.5M in transfers. This is not a General Fund subsidy to the other funds. It is a “pass-through” and is addressed in Footnote 6.
- Page 32 of the accounting policies summary states that the City offers a defined benefit pension plan to its employees. A comment from Council pointed out that the City no longer offers a defined benefit plan and this should be acknowledged in the accounting policies. Plante Moran noted it is correct in the pension footnote and will be corrected in the accounting policies summary.
- In accordance with the State’s Construction Code Act, the City charges fees for building construction and inspections services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. This activity is not self-supported by permit fees and is subsidized by the General Fund. The cumulative surplus or shortfall generated since 2000 is \$703,703. In actuality, this demonstrates that the City hasn’t overcharged for these services. In the recent years, the Building Department changed its operations, is now running at a revenue neutral position, and doing a better job of capturing fees to cover its operating costs.
- The City refinanced the Downtown Development Authority streetscape bonds in 2012-2013 at a competitive interest rate. Rates have changed and there are several refinancing options. City Council requested the Finance Director explore the feasibility of refinancing this debt.
- The discount rate used to measure the total pension liability is 8% and may increase/decrease by 1%. Plante Moran explained how a 1% increase or decrease in the discount rate affects the City’s net pension liability, even though the City is putting more money in to reduce the liability.

- The City shares in the management of the 35th District Court system. It was noted that if the Court cannot meet its pension and postretirement obligation funding levels due to decreased revenues or an unexpected increase in costs, the City has an obligation to pay for its percentage to fund it. The Court is putting together a plan to adequately fund these programs at a level of 80% by 2029. However, this is an unreported risk that the City should be aware of.

Plante Moran reviewed its audit letter dated November 7, 2017. The Management Letter pointed out that the City received a clean opinion.

Motion Ekong, seconded by Darga to accept the City of Northville's fiscal year 2017 Financial Statements. **Motion carried unanimously.**

APPROVAL OF AGENDA AND CONSENT AGENDA

Motion Ekong, seconded by Darga to approve the agenda and consent agenda as amended.

Approve City Council Minutes of: None

Receive Bills List: Accounts Payable Week of November 8, 2017

Receive Board and Commission Minutes:

- Housing: 9/16/17, 10/11/17

Receive Departmental Reports:

- Youth Assistance: 11/17

Board and Commission Appointments: None

Compliance with Public Act 152 of 2011 for Calendar Year 2018

Subrecipient Agreement for Oakland County CDBG Funds

2018 City Council Meeting Schedule

Resolution to Annotate City Charter for Sections Superseded by State Election Law

Motion carried unanimously.

NEW BUSINESS

A. Fiscal Year 2019 Budget Schedule

As part of the budget process, traditionally, City Council schedules one special meeting in January to discuss its Goals and Objectives and two special meetings in April to review the proposed budget. The meeting schedule must conform to the City Charter and State of Michigan Tax and Budget Laws. The Goals and Objectives meeting and budget sessions will take place at 7:00 p.m.

Motion Ekong, seconded by Price to set the dates for the fiscal year 2019 goal setting and budget review meetings as follows:

- January 11 Special City Council Meeting – Goals and Objectives (7:00 p.m.)
- April 2 Regular Meeting - Budget document presented to City Council
- April 5 Special Meeting – Budget Review Session #1 (7:00 p.m.)
- April 12 Special Meeting – Budget Review Session #2 (7:00 p.m.)
- May 21 Regular Meeting - Hearing on Budget Adoption, subsequent Budget Adoption, and establishment of 2019 Operating Millage Rate

Motion carried unanimously.

B. Telephone Agreement Amendment

Clear Rate Communications has been the City's telephone system provider since May 2014. At that time, the City entered into a five-year agreement for all City buildings. The cost included unlimited local and long distance calls, internet service, and the telephones.

When Parks and Recreation transfers to Northville Township on January 1, 2018, it will switch to the Township's phone system. All existing phone numbers for Parks and Recreation disconnect from Clear Rate and will be ported to Northville Township's vendor.

Clear Rate is willing to waive the early termination fees in the amount of \$4,879 if the City extends the remaining lines for an additional three years. The relationship with Clear Rate has been satisfactory and Staff does not have any issues with continuing the relationship. The Master Service Agreement Amendment No. 1 was reviewed by the City Attorney and is acceptable.

City Council Comments and Discussion: In response to a question from Council, it was explained that the City is paying for its current phone equipment over five years. After that time, the contract amount should decrease. Further questions pertained to internet speed at City Hall and the DSL line at Allen Terrace.

Motion Ekong, seconded by Darga to authorize the Finance Director to sign the Master Service Agreement Amendment No. 1 with Clear Rate Communications extending the term an additional 36 months in lieu of paying early termination fees for the disconnected lines. **Motion carried unanimously.**

C. Purchase of Office Phones and Service Agreement Parks and Recreation

With the administrative transition of Parks and Recreation and Senior Services to the Township, several technology related changes are required, including changes to the telephones. In order to connect into the Township phone system, the Parks and Recreation Department needs to purchase compatible phones and all related equipment, licenses, and services.

As the phones and equipment need to be compatible with the Township phone system, it was necessary to get pricing from the Township's vendor, inaCOMP TSG. A formal bid process was not required because this purchase qualified for reduced pricing through REMC, which is a statewide school purchasing cooperative that local units of government are eligible to utilize.

There are upfront costs associated with the purchase of the new phones, but with the service the Township uses there will be minimal ongoing costs. This will result in a quick pay-back for this purchase. The Parks and Recreation Commission approved the budget amendment for this purchase at their November 15, 2017 meeting. Installation is planned for completion and connection by January 1, 2018.

Motion Darga, seconded by Ekong to waive the formal bid process and approve the purchase of phones, related equipment, licenses and services from inaCOMP TSG of \$6,524.33 for Parks and Recreation and \$3,811.65 for Senior Services, for a total cost of \$10,335.98. **Motion carried unanimously.**

MAYOR AND COUNCIL COMMUNICATIONS

A. Mayor and Council Communications

Roth spoke of the well-attended lighted holiday parade event, and thanked the Chamber of Commerce for organizing the parade.

B. Staff Communications None

Being no further business, the meeting was adjourned.

Adjournment: 8:33 p.m.

Respectfully submitted,

Dianne Massa, CMC
City Clerk

Ken Roth
Mayor

Approved as submitted: 12/18/17