

City of Northville
CITY COUNCIL SPECIAL MEETING MINUTES
April 5, 2018

Mayor Roth called the meeting to order at 7:00 p.m. in the Northville City Hall Council Chambers, 215 West Main Street, Northville, Michigan, 48167.

CALL TO ORDER

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, Fire Chief Stephen Ott, Police Chief Michael Carlson, Assessor Tom Monchak, Housing Director Tracey Emmanuel, DDA Director Lori Ward, and Director of Public Works Loyd Cureton. No citizens were present.

PRESENTATIONS

A. Citizen Comments None

APPROVAL OF AGENDA

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

FY 2018-2019 BUDGET REVIEW

Budget Message and Overview (I-1 through I-12)

The City Manager noted the FY2018-2019 budget message was detailed on pages I-1 through I-12. The Northville City Council is being presented with a stable, consistent, and balanced budget. Costs for additional road funding, legacy costs, and parking system maintenance are not included in the budget. The City reached its Headlee maximum and is required to reduce its levy, which will constrict the property tax revenues received in the General Fund. Based on the current taxable value estimates, the five-year cumulative Headlee reductions could result in a loss of \$1.4M to the General Fund. The proposed Capital Improvement Program was reviewed (Page I-11).

Assessment Cycle and Tax Base Analysis (Section X)

Detailed property tax analysis was included in the budget document. Explanation of the Headlee Amendment, Proposal A, and the factors that determine Taxable Value were provided. The March Board of Review received a total of 38 appeals. Assessed value has increased 3.25% from 2017 while taxable

value has increased 4.68%. With the Headlee Roll Back Formula, the City Charter authorized maximum millage rate of 20 mills has been rolled back to 13.4845 mills for the 2018 tax year. This is a reduction from 13.7247 mills in the prior year. A Headlee override will be necessary in the near future as the maximum allowed millage rate is expected to decline each year. Sales data was also reviewed.

Discussion and questions pertained to the effect of new construction on the assessed and taxable values. It is important to note that taxable value has not increased at the same rate as assessed value.

(Councilmember Darga arrived)

General Fund Summary and Revenues (IV-1 - IV-14)

The General Fund accounts for all police, fire, public works, planning and zoning, and administrative functions of City government. The overall proposed General Fund budget reflects an increase of \$208,000 or 2.83% from last year. This is primarily attributable to wage and fringe benefit adjustments, and increases in the unfunded pension contributions and retiree healthcare costs. The taxable values for FY2018-2019 are continuing an upward trend, providing for approximately \$202,000 of additional tax revenue. The proposed budget reflects a decrease to the general operating millage rate of 13.5864 mills to 13.4845. The primary source of General Fund revenue is property tax at 69% of total revenue.

General Fund Expenditures (Section IV)

City staff presented a very brief overview of changes and responded to questions from City Council on the proposed FY2018-2019 budget and five-year projected budget.

The following was noted:

- A common theme that will be mentioned by Staff is the increase in legacy costs through all funds. Retiree healthcare is charged to the Department the retiree worked in.
- Minor changes in salaries and fringe benefits costs as the bargaining contracts negotiated were effective January 1, 2017.

The following Department budgets were reviewed:

City Council (IV-18): The proposed budget shows a decrease from the prior year. Questions pertained to membership dues, noting that any memberships are “citywide” and not “city council” specific.

City Manager (IV-19): The proposed budget increased 2.9% primarily due to proposed wage and fringe benefit adjustments, unfunded pension contributions, and retiree healthcare.

Communications (IV-24): The proposed budget decreased 17% due to anticipated lower costs to maintain the website once it has been upgraded to a new platform, and bringing in the design layout of the Northville Matters newsletter in-house. Questions pertained to the decrease in website costs, anticipated to be decreased as Staff will have the ability to update Department webpages.

City Attorney (IV-30): Legal services decreased by 26% due to the completion of labor negotiations. Discussion ensued pertaining to the cost of prosecution fees when caseloads have decreased. Staff was directed to monitor this line item and provide Council with updates on specific cases that might increase prosecution expenses.

Elections (IV-33): The budget provides for the administration of the August primary and November general elections. Questions pertained to election equipment safety from internet hacking.

City Clerk (IV-33): The proposed budget increased 3% over the previous year, primarily due to increases in wages and fringe benefit adjustments, unfunded pension contributions, and retiree healthcare costs.

Finance and Administrative Services (IV-37): The proposed budget decreased 2.3%, which is primarily related to the completion of the comprehensive financial analysis project performed by the team of Vettraino Consulting, and Municipal Analytics in FY2017-2018.

Tax and Assessing (IV-40): The proposed budget shows an increase of 2.8% primarily related to increases in wages and fringe benefit adjustments, and unfunded pension contributions. Questions pertained to the number of Board of Review appeals for personal property taxes.

Building and Grounds (IV-43): The budget increased 9.7%, which is primarily related to filling the vacant Assistant Public Works Director position. The wages and fringe benefits for this position are partially allocated to the Cemetery, as this position serves as the cemetery sexton. During FY2018-2019, the Department plans to convert cemetery paper documents and maps into an electronic database, and oversee Phase 2 of the cemetery expansion.

Discussion ensued pertaining to the recent issues with unknown occupied graves that come to light during burials, causing families distress. The DPW Director explained that Staff is now ground “pinging” graves before beginning any digging. Also, as time permits, Staff will continue to “ping” problem areas in the cemetery to determine if the grave site is truly empty before the graves are sold. A comprehensive review of cemetery documents will be done as well to see if there is any record duplication that is causing these issues. Both are significant projects.

Council also questioned why Building and Grounds is a separate fund from the Department of Public Works (DPW), and if it would be appropriate to consolidate this fund with DPW. Having one fund would allow Council and Staff to see if there is any duplication and to know exactly what is going on. It was explained that DPW costs extend throughout many funds. The State made recent changes to the Chart of Accounts, and Staff will review to see if changes are warranted.

Police (IV-53): The proposed budget increased by 4.6%, related to wage and fringe benefits adjustments, inflationary increases for insurance and contracted Township services, and rising retiree pension and healthcare costs. Discussion pertained to the decrease in Calls for Service from the previous year.

Fire (IV-61): The proposed budget increased 6.73% primarily due to wage adjustments, insurance, and contingency for other unforeseen expenditures. The proposed budget includes the additional costs for providing fire service to the City of Plymouth. Costs will be reimbursed by the City of Plymouth based upon a pro-rata share of runs in the prior fiscal year. The ratio for FY2018-2019 is set at 58% for Plymouth and 42% for Northville, reflecting a 2% difference from the prior year. Discussion pertained to the cost to provide mutual aid to other communities.

Technology (IV-65): The proposed budget decreased 7.5% due to the purchase of the postage machine in the prior year. Total expenditures fluctuate year to year due to timing of technology improvements. Questions pertained to the Contractual Services, and Computer Program Services expenses.

Department of Public Works (IV-68): The proposed budget decreased 11%, which is primarily related to moving the parking system maintenance costs to the Parking Fund. Questions and discussion pertained to LED and cobra head street lights.

Planning, Zoning, and Inspection Services (1V-76): The proposed budget decreased 81% primarily due to the Historic District survey project, which should be mostly completed in FY2017-2018. Discussion ensued pertaining to the actual costs for using Carlisle/Wortman for planning consultations and as the liaison to the Historic District Commission and Board of Zoning Appeals. A separate comment questioned why the City has a separate inspector for building, plumbing, electrical, and mechanical inspections, with the belief that one inspector could be licensed to perform all of these functions. In response to a question from Council, Staff explained that, at this time, it remains more cost efficient to continue to contract for building official services versus hiring a full-time building official.

Shared Services (IV-79): The City's contribution levels for Parks and Recreation, Senior Adult Services, and Northville Youth Assistance remains consistent with the prior year at 16.2%. A comment from Council noted that Northville Township wants to revisit the shared services contribution formula. A separate comment also noted there is a push to contract services through Wayne County, which would restrict services to Wayne County residents. This would exclude City residents that live in Oakland County. The City will need to monitor these plans to ensure that all of its residents are eligible for any shared service that is contracted through Wayne County.

Contributions to Other Funds (IV-81): The activity represents transfers to other funds for operating activities, debt service, and capital equipment and/or project needs. Discussion ensued pertaining to the amount allocated for proposed projects in the Public Improvement Fund.

Debt Service (IV-83): At this time, there are no plans to issue any additional debt.

Insurance, Central Supplies, and Unallocated Reserves (IV-86): The proposed budgets are consistent with previous years. Discussion ensued pertaining to the Insurance Service Office (ISO) rating for the Fire Department, Building Department, and Water and Sewer Department.

Fire Equipment and Replacement Fund (VIII-3): The budget includes revenues and expenditures for future equipment needed based upon partnering with the City of Plymouth. FY2018-2019 projected purchases include a fire engine and a set of hydraulic rescue tools. Explanation was given on the method used to set aside funds in the 20-year replacement plan. Council directed Staff to review possible investment strategies for this fund allowed under PA20.

Police Equipment Replacement Fund (VIII-6): The budget includes the replacement of two patrol vehicles, in-car computers, and one bullet proof shield. Discussion ensued pertaining to replacing aging patrol vehicles with hybrid vehicles. Discussion also focused on the cost and merits of body cameras. Staff continues to research body cameras and will keep Council updated.

Downtown Development Authority (B-1): The taxable value subject to DDA capture increased 4.1% from last year, generating an additional \$22,599 in captured taxes. The State is anticipated to reimburse \$36,000 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 3.2%. However, the 2 mill levy is rolled back permanently to 1.7931 due to Headlee. Those two factors combined provide for an additional \$1,100 over the prior year. Discussion ensued pertaining to the newsrack users and costs for fire pit and heat melt system in the Town Square.

DDA Debt Service Fund (VII-7): Debt service requirements for FY2018-2019 are \$173,170. The contribution from the DDA is equal to that amount to cover the debt service expenditures.

COMMUNICATIONS

A. Mayor and Council Communications

Darga will be absent for the April 12, 2018 budget session.

B. Staff Communications None

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

Adjournment: 8:57 p.m.

Respectfully submitted,

Dianne Massa, CMC
City Clerk

Ken Roth
Mayor

Approved as submitted: 5/7/18