

City of Northville
CITY COUNCIL SPECIAL MEETING MINUTES
April 12, 2018

Mayor Roth called the meeting to order at 7:03 p.m. in the Northville City Hall Council Chambers, 215 West Main Street, Northville, Michigan.

CALL TO ORDER

Present: Mayor Ken Roth, Councilmembers Sam Ekong, Patrick Giesa, and Marilyn Price

Absent Mayor Pro Tem Nancy Darga (excused)

Also Present: City Manager Patrick Sullivan, City Clerk Dianne Massa, Finance Director/Treasurer Sandi Wiktorowski, Accountant Nancy Piwowar, Director of Public Works Loyd Cureton, Housing Director Tracey Emmanuel, and Art House Director Amanda Barnett.
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

Arts Commission Fund (V-32): The Commission is developing three new revenue programs. The “Friends of the Art House” non-profit group has dissolved. The Arts Commission continues to explore the option of moving to a 501(c)3 to expand classes and activities. Discussion pertained to the decision to move Arts and Acts to Millennium Park, gallery exhibits, and after school programs. A question was raised pertaining to the disparity between Program revenues and Program and Events expenditures. For FY2019-2020, the Finance Department will look at reorganizing the revenues and expenditures structure for clarity.

Housing Commission Fund (V-48):

Housing Commission Capital Outlay Fund (VIII-7):

Rent for one-bedroom apartments is proposed to increase 1.44% for both one and two-bedroom units. \$152,000 is proposed to be transferred to the Housing Capital Outlay fund for building improvements. Proposed for FY2018-2019 is the roof replacement, and atrium windows. The Housing Director is working with a construction management company to assist with bid specifications for these projects.

Discussion ensued pertaining to the cost of the roof replacement and other capital outlay items, and the need for a 20-year funding plan for the Capital Needs Assessment projects. Concern was voiced that

previous capital improvement projects have cost significantly more than the estimates in the Capital Needs Analysis. Higher rent increases might be warranted and Staff should review all options. City Council might be comfortable with a rental increase, depending on the amount. Rent comp reviews and rent income verification needs to be reviewed and rent must remain “affordable” as 51% of residents must qualify as low income to qualify for Community Development Block Grant funds.

As part of the Housing Director’s goals update, Council requested that the capital improvement plan be analyzed and monetized and presented during this update. Capital improvements are estimated to cost \$5.5M and City Council does not wish to issue debt to fund improvements.

Other comments from Council stressed the need to be mindful of energy efficiencies (LED lighting, solar, geothermal, etc.) when analyzing the capital improvement plan and 20-year funding plan. The roof replacement project could be an opportunity for energy savings.

Housing Debt Retirement Fund (VII-10): The debt service payment for the renovation bond is \$98,775. The final payment is due in October 2022.

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

Major Streets Fund (V-8)

Local Streets Fund (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 Fund and Local Street Fund for capital improvements as needed. The approved millage rate of 1.92 mills has been permanently reduced to 1.678 due to Headlee rollbacks. This generates almost \$623,000 in tax revenues.

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 covers the costs of maintaining the more extensive local street program.

Discussion and questions pertained to the tax revenue generated, use of fund balance toward a large overall plan, and possibly revisiting the improvement projects planned for FY2018-2019. Comments also noted that only \$400,000 of improvements are planned. Council may want Staff to use remaining funds toward increasing the crack seal program as this is low cost, preventative maintenance to maintain good roads. The street improvements planned for FY2018-2019 may change after Council hears the roads presentation being given at the April 16, 2018 Council meeting.

Staff was also directed to check for any warranty on the work done by Pavex during the 2017 street improvement program as these roads are cracking. Council also voiced the need for roads to have quality work and materials and warranties. Past work and pavement failures are concerning. Lessons need to be learned and changes need to be made. Staff noted that it is recommending the City retain one engineer for street improvement project design, construction oversight, and follow up.

It was also noted that at the April 16th Council meeting, the financial consultants (Vettraino and Kaczor) will present an analysis on roads and their recommendation to issue bonds for these improvements. The bond amount recommendation is \$3.2M, which is 0.97 mills (\$193/year for a house with a \$400,000 taxable value).

Parking Fund (V-23): All parking costs are recorded in this Fund. No parking lot improvement projects are planned for FY2018-2019. A Request for Proposals was issued for the evaluation of the two city parking decks to determine the scope of improvements recommended. Funding options will need to be explored.

It was noted that the DDA has been discussing equitable distribution of parking maintenance costs, and long-term costs of parking lot and parking deck improvements. Questions pertained to the revenue received from parking credits (special assessments), and the costs for certain contractual series. A capital improvement plan for parking lots is needed; this could be added to the Spaulding DeDecker road report.

Public Improvement Fund (V-37): 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. Projects planned for FY2019 were reviewed.

Questions pertained to the Phase 2 Cemetery Expansion project timeline, how Staff calculates Police services used by the racetrack, and funding to replace Fort Griswold. The City and Township need to discuss what constitutes "maintenance" versus "capital improvements" in parks, and when is it solely the City or Township's responsibility to fund those improvements.

Refuse and Recycling Fund (VI-1): 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. Current Commercial Refuse Program rates are proposed to continue for FY2018-2019. The Residential Program is scheduled to increase 0.53% to \$38.20 bi-monthly.

Discussion and questions pertained to the need to reduce the Fund Balance, and the need for more information on moving to the larger totes for refuse.

Water and Sewer Fund (VI-9): 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 City of Northville's water supplier is the Great Lakes Water Authority. For FY2018-2019 the charge for water from the City of Detroit is proposed to increase by 3.6%. 60% of that cost is fixed, which means the City is required to pay that portion and it is not dependent on consumption. Wayne County is the provider of sanitary sewer service for the City of Northville. The City of Northville, along with 14 other jurisdictions, is included in what is known as the "Rouge Valley Sewage Disposal System." Staff estimates that Wayne County will increase rates by 10% since there has not been an increase since October 2015. 100% of the cost is fixed, not usage-based. The budget document outlined proposed water and sewer rate adjustments.

Council requested the Department Goals and Objectives be revised to include the water meter replacement program. Discussion ensued pertaining to unaccounted water loss and how that might change with meter replacements. Staff was also directed to revise the Goals to include proposed water rate increases for fixed rate charges. Staff should provide Council with an analysis on the cost structure, user impact, and the incremental percent increase each year, and the feasibility of implementing this rate structure for this budget year. The DPW Director was directed to gather information from Northville Township about their move from Wayne County sanitary sewer to Western Township Utilities Authority.

Information gathered to include the reason they moved, any physical limitations, and if this is worth pursuing.

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 replacement of the 2002 tractor backhoe. Further explanation was given on how the Equipment Fund is funded.

Review of Proposed FY2018-2019 Millage Rate: No changes were requested.

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: 8:45 p.m.

Respectfully submitted,

Dianne Massa, CMC
City Clerk

Ken Roth
Mayor

Approved as submitted: 5/7/18