

City of Northville
CITY COUNCIL REGULAR MEETING MINUTES
April 16, 2018

Mayor Roth called the meeting to order with the Pledge of Allegiance at 7:00 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 (arrived 7:30pm), Patrick Giesa, and Marilyn Price

Absent: None

Also

Present: City Manager Patrick Sullivan, City Clerk Dianne Massa, DDA Director Lori Ward, Planning Consultant Sally Elmiger, Financial Consultants Jaymes Vettraino and John Kaczor, Cheryl Gregory of Spalding DeDecker, and six 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.

PRESENTATIONS

A. Citizens Comments

Karen Zyczynski from the Northville/Novi affiliate of the American Association of University Women (AAUW) gave a brief overview of AAUW's mission to advance equity for women and girls through advocacy, education, philanthropy, and research. City Council thanked the AAUW for providing information on its organization and its involvement in the community.

Dr. Ghulam Qadir, 45724 Tournament Dr, Northville Township, introduced himself as a candidate for Michigan State Senate – District 7. City Council wished Qadir the best during his campaign.

B. Presentation – Financial Planning Consulting Services Report

In October 2017, City Council approved a proposal for the Financial Planning Consulting Services project team of Vettraino Consulting, and Municipal Analytics. The team was tasked with analyzing the areas that Staff identified as concerns and to provide feedback with different funding mechanism and their long-term impact. The consultants met with City Council several times to allow for review and comment.

Jaymes Vettrains from Vettrains Consulting, John Kaczor from Municipal Analytics, and Cheryl Gregory from Spalding DeDecker were in attendance to present their final report. The key findings and recommendations were summarized as follows:

General Fund Operating Millage

- **Key Finding:** By FY 2022 the Headlee reduction is projected to begin eroding the General Fund balance.

Recommendation: Begin now to develop a timeline and plan to place a Headlee override question on the ballot. Take time to undertake a thoughtful and measured approach to evaluating the override request.

Pension and Other Post-Employment Benefits (OPEB) Liabilities

- **Key Finding:** As of 12/31/16 the City’s pension fund is 61% funded. The State requires cities to maintain a minimum of 60% funding.

Recommendation: Consider a strategy that increases funding significantly above 60%. Take the necessary steps to formally consider bonding to fund the pension to 90%, assuming it is able to finance the debt at close to 3.5%. Bond payments would be made with cash currently being used to meet the City’s current pension contribution (no debt millage needed).

- **Key Finding:** As of 12/31/17 the City’s OPEB fund is 72% funded. The State requires cities to maintain a minimum of 40% funding.

Recommendation: OPEB funding is secondary to pension liability funding. As long as the funded ratio is maintained over 40%, additional OPEB funding should be considered after addressing other financial priorities.

Water/Sewer Review

- **Key Finding:** Northville has maintained its rates at a level to support the needs of the system. However the system’s revenue is substantially dependent on a commodity rate, yet a significant part of the system’s costs are fixed.

Recommendation: Perform a formal rate study, with a focus on shifting, over time, to a commodity/fixed rate that more closely matches the variable/fixed costs of the water and sewer system.

Key Finding: Water meters in the system approaching end of life. Recent water loss may indicate the meters are “slowing down” (not capturing all of the water flow).

Recommendation: Undertake a full meter replacement project, using existing meter replacement fee revenues.

Fund Balances and Operational Review

- **Key Finding:** While this was not a comprehensive operational study, and it focused on operations through the perspective of finance, the consultants concluded the City is operating efficiently, with no “low hanging fruit” opportunities to reduce expenses or increase revenue.

- **Key Finding:** The City is maintaining large cash balances in a few of its funds (for long-term maintenance and capital).

Recommendation: Review, in detail, the timing for the cash needs of the funds and consider if there are opportunities to provide interfund loans to fund City priorities. If there are timing opportunities, the receiving Fund can save financing costs and loaning Fund can maintain (or increase) its interest revenue.

Parking System Review

- **Key Finding:** The project developed a high-level financial proforma to provide the City and DDA with a tool to test under what assumptions the parking system could generate enough income to be self-sustaining.

Recommendation: The City and DDA should carefully review the data and assumptions in the parking proforma and consider the financial and non-financial impacts of a customer fee parking system, special assessments and additional DDA/City contributions. It is important for the City/DDA to develop a clear and sustainable plan for its parking system.

Other Observations

- **Key Finding:** Throughout the project the consultants noted several suggestions and/or opportunities for:
 - Funding increases
 - Cost reductions
 - Impact of potential economic development projects
 - Evaluation of current and potential debt

Councilmember Ekong arrived.

Street Improvements

It was explained that, of the issues reviewed, street improvements is the most time sensitive, due to a recommendation to fund street improvements, in part, with voter approved bond debt. In the 2016-2017 study performed by Spalding DeDecker, 57% of the City's streets were rated in poor condition. As of May 2017, the City's OCI (overall condition index) rating was 4.57 on a ten-point scale. Cheryl Gregory of Spalding DeDecker reviewed the City's overall street infrastructure condition as compared to other cities and counties. Gregory also explained typical pavement deterioration curves, OCI ratings, and critical points in the life of pavement.

For Street Improvements, the goal is to achieve an OCI rating within the "critical range" and to have a goal of "good" roads. It is Spalding DeDecker's opinion that an OCI rating of 5.7 or higher provides a pavement network that has satisfactory driving conditions and allows for efficient use of resources to maintain the pavement.

Models were created to evaluate OCI ratings of 5.7 and 6.0. Multiple street infrastructure funding scenarios were tested to optimize the balance between investment, timing, and OCI improvement. Models were reviewed to evaluate the current streets infrastructure millage, debt millage, and use of fund balance. Charts outlining the City's budget versus OCI were reviewed.

Street Improvement Recommendations

- Target a 6.0 OCI rating. At a minimum, target a 5.7 OCI rating.
- To achieve an OCI rating of 6.0, invest \$4.2M in years two, three, and four of a ten-year capital plan and maintain current investment of \$500,000/yr during the ten-year period. At a minimum, target an OCI rating of 5.7. Invest \$3.5M in years two and three of a ten-year capital plan, while maintaining current investment of \$500,000 per year during the ten-year period.
- Work with the community to inform voters of the need for additional investment in street infrastructure. Focus on drivability of the streets and the future financial savings by investing in the network before the average condition further deteriorates.

In about ten years, the City is expected to realize significant savings in its contribution requirements to the pension plan. If the OPEB funding is sufficient at that time, the City could have \$500,000 - \$1 million available to spend on other priorities. The timing of the cost reduction in retiree benefits funding coincides with the final year of the street debt millage. At that time, the City may elect to redirect additional resources to further street improvements, to raise the OCI even higher, fund OPEB liabilities or address future City priorities.

On behalf of City Council, the Mayor voiced appreciation to the Finance Director and consultants for their efforts on a very complex and sophisticated financial project. This project is a paradigm shift in how the City is comprehensively looking at all of the costs and liability and viewing the City in a unified fashion. The process was educational and enlightening and the recommendations affect every operation in the City.

The financial analysis has shown the City a way to fund its pension and OPEB liabilities in a way to get to a better funding percentage at a less expensive rate, which saves taxpayers millions of dollars over the course of 10-15 years. Plans for reviewing the water and sewer meters and rates will have an impact on the City's overall fund balance.

Improving the City's roads is an urgent need. A revealing piece of information is the 5.7 OCI. If the City continues to fund road improvements with the "pay as you go" system, it is a mathematical certainty the City will not have good and better roads than we have now, and it will cost more to fix them.

Chuck Murdock, 47262 Chigwidden S., questioned the deterioration curve data, and if it was truly feasible to get roads back into a stable cycle in that three year period.

The consultants explained that the deterioration curve is for new to poor roads in 12 years if no money is invested in the road. It is always more economical to invest in the road before you get to the 12 year period by spending maintenance money while the road is in the top part of the 12 year curve. If nothing is done to the road in the 12-15 year curve, it will cost four times more to reconstruct a poor road than if preventative maintenance or minor rehabilitation was done.

After the three year cycle, the City will still have poor roads. The goal is to get a majority of the road conditions to a much higher quality throughout the community. If the City can get past a 5.7 OCI, and continue to invest \$500,000 annually, the OCI continues to trend positively. If the City does not get its roads to 5.7OIC, it will continue to repair roads, yet never get a critical mass of overall system into the good to fair OCI range. The City will still have a few poor roads but on average more will be good to fair which is a noticeable and quality improvement to the overall network system.

Comments from City Council emphasized that if the City were to adopt such a plan, after three years, and ten years, the City will still have some poor condition roads. At this time, the dollar value to get all roads out of poor condition is an unreasonable number to ask taxpayers to bear. The recommendation presented is a reasonable request of residents. Even though all roads will not be good, the City will save taxpayers money by doing this and will be able to put additional saved money into the good roads and steadily improve the poor roads.

Dr. Ghulam Qadir, 45724 Tournament Dr, Northville Township, stated that due to poor road conditions, on average, people spend \$500 each year to fix their car. This amount does not include costs for missing work or injuries.

Council comments noted that for issuing debt, continuing with a "pay as go funding" mechanism the millage rate would be close to 1.2 mills which is approximately \$230 per year for a house with a market

value of \$400,000. By viewing City as one entity, City Council is comfortable with taking money from different parts of City's fund balances, and putting it into roads. Depending on interest rates, this reduces the millage rate to less than one mill, which equates to approximately \$197 per year for a house with a market value of \$400,000. This is a huge savings for taxpayers.

Comments also noted that City Council discussed the consultant's key findings and recommendations on street improvements during two lengthy study sessions as part of a very thorough and comprehensive review. Tonight's presentation is a summary of the final report. Comments noted that what needs to be done to fund road improvements is clear. The challenge is voter education as a debt millage is a different funding mechanism for the City. The importance of providing information in simple terms with concrete graphics was stressed. A full spectrum of information is needed. Council and Staff must commit to being out in the community to provide information firsthand. If Council moves forward with a bond proposal, it needs a fair chance to present the residents with information.

The City Manager was directed to draft a proposal for what a bond request would look like based on the financial modeling presented, which would get roads to a 6 OCI, with funding to come from internal fund balances, and a tax levy that would support the \$3.2M in bonds. This should be presented to City Council as quickly as possible to allow time for Council to review the proposal and vote to see if it wants to proceed. This would also allow enough time to discuss the bond request with taxpayers.

A final comment from Council noted that Northville Township roads are under the authority of the County. The Township is not responsible for road maintenance and funding.

APPROVAL OF AGENDA AND CONSENT AGENDA

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

Approve City Council Minutes of:

- Regular Meeting of March 19, 2018

Receive Bills List:

- Accounts Payable Week of March 26, 2018

- Accounts Payable Week of April 9, 2018

Receive Board and Commission Minutes:

- Housing Commission: 2/14/18

Receive Departmental Reports:

- Youth Assistance: 4/18

Board and Commission Appointments:

- Beautification Commission: Appoint Suemarie Klimek, term expires on 6/30/18, Amanda Serpelloni, term expires on 6/30/20

Request to Canvass / Clean Water Action

Special Event Request / Independence Day Parade / July 4, 2018

Special Event Request / Summer Carnival / May 10-13, 2018

Special Event Request / Susan G. Komen 3-Day / August 4, 2018

Special Event Request / Flower Sale / May 25-26, 2018

Special Event Request / Tunes on Tuesday Concerts

Special Event Request / Memorial Day Parade / May 28, 2018

Amendments to the 2017-18 Budget through 3.31.18 and Quarterly Investment Report

Motion carried unanimously.

RESOLUTIONS AND ORDINANCES

A. Zoning Ordinance Amendment – Article 18 General Provisions – Site Condominiums First Reading

On March 6, 2018, the City of Northville Planning Commission conducted a public hearing on the proposed text amendments to Article 18 General Provisions in the City of Northville Zoning Ordinance. The proposed changes amend Section 18.14 Condominium Development Standards to require an applicant to submit “draft” condominium documents to the City Attorney for review after the Preliminary Site Plan has been approved. The current language requires that the condominium documents be finalized at this start, which is not practical. Final Planning Commission approval will always be conditioned on City Attorney review of the condominium documents.

The Planning Commission is recommending approval of the proposed text amendment. Communication from the City’s Planning Consultant and the proposed zoning ordinance text amendment were provided for City Council’s consideration.

There were no public comments.

Motion Ekong, seconded by Darga to introduce for first reading the proposed amendments to Article 18 General Provisions – Section 18.14 Condominium Development Standards as presented, with second reading and possible adoption scheduled for May 21, 2018. **Motion carried unanimously.**

B. Zoning Ordinance Amendment – Article 18 General Provisions – Fences First Reading

On March 6, 2018, the City of Northville Planning Commission conducted a public hearing on the proposed text amendments to Article 18 General Provisions in the City of Northville Zoning Ordinance. The proposed changes amend Section 18.09 Fences (residential) to allow privacy fences along the back or side of a house that abuts certain highly-traveled, busy roads.

The Planning Commission is recommending approval of the proposed text amendment. Communication from the City’s Planning Consultant and the proposed zoning ordinance text amendment were provided for City Council’s consideration.

City Council Comment and Discussion: This amendment would codify the Board of Zoning Appeals’ (BZA) decisions for variance appeals for these types of fences. In response to a question, it was explained that subdivision rules, provided those were properly recorded and are enforceable, would supersede this ordinance. It was also explained that the proposed language applies to single-family, residential lots, and relief is only on the “busy” roads defined in the ordinance. Lots not addressed by this ordinance amendment would need to apply to the BZA for a variance.

There were no public comments.

Motion Darga, seconded by Ekong to introduce for first reading the proposed amendments to Article 18 General Provisions as presented, with second reading and possible adoption scheduled for May 21, 2018. **Motion carried unanimously.**

**C. Zoning Ordinance Amendment – Article 16 Special Uses
First Reading**

On March 6, 2018, the City of Northville Planning Commission conducted a public hearing on the proposed text amendments to Article 16 Special Uses in the City of Northville Zoning Ordinance. The proposed change amends Section 16.01 to change the reference from “city clerk” to “building department” as the recipient of applications and materials for special land use requests. The proposed amendments also address the process for voiding and extending special land use permits.

The Planning Commission is recommending approval of the proposed text amendment. Communication from the City’s Planning Consultant and the proposed zoning ordinance text amendment were provided for City Council’s consideration.

There were no public comments.

Motion Darga, seconded by Price to introduce for first reading the proposed amendments to Article 16 Special Uses as presented, with second reading and possible adoption scheduled for May 21, 2018.

Motion carried unanimously.

**D. Zoning Ordinance Amendment – Article 11 General Commercial District - Special Uses
First Reading**

On March 6, 2018, the City of Northville Planning Commission conducted a public hearing on the ordinance amendments to Article 11 General Commercial District in the City of Northville Zoning Ordinance.

The proposed changes amend Section 11.03 to eliminate a phrase regarding a use not listed that is “no more obnoxious or detrimental to the surrounding area,” and adds language that refers to the Special Land Use standards in Section 16.01(d) to evaluate unlisted uses. The “no more obnoxious” language was too broad and difficult to interpret. The Planning Commission is instructed to use the Special Land Use standards to determine whether a proposed use that is not listed in this district is similar to other uses that are listed in this district.

The Planning Commission is recommending approval of the proposed text amendment. Communication from the City’s Planning Consultant and the proposed zoning ordinance text amendment were provided for City Council’s consideration.

There were no public comments.

Motion Ekong, seconded by Darga to introduce for first reading the proposed amendments to Article 11 General Commercial District as presented, with second reading and possible adoption scheduled for May 21, 2018. **Motion carried unanimously.**

**E. Zoning Ordinance Amendment – Various Articles – Senior Living Facilities
First Reading**

On March 6, 2018, the City of Northville Planning Commission conducted a public hearing on the proposed text amendments pertaining to Senior Living Facilities in the City of Northville Zoning Ordinance. The new language permits special senior living facilities (Assisted Living, and Continuing

Care Retirement community) in various zoning districts, and adds standards for site development and parking.

The new language amends:

- Article 2 Zoning Districts and Mapping Interpretation
- Article 5 Third Density Residential District (R-3)
- Article 6 Fourth Density Residential District (R-4)
- Article 7 Professional and Business Office District (PBO)
- Article 10 Central Business District (CBD)
- Article 15 Schedule of Regulations
- Article 16 Special Uses
- Article 17 Off-Street Parking and Loading Regulations
- Article 21 Signs
- Article 26 Construction of Language and Definitions

The Planning Commission is recommending approval of the proposed text amendment. Communication from the City’s Planning Consultant and the proposed zoning ordinance text amendment were provided for City Council’s consideration.

City Council Comment and Discussion: Questions pertained to small senior group homes, such as “memory care” homes that are allowed in single-family residence. It was explained that these group homes are enumerated in the Planning Enabling Act and the City must work within the statute. These are viewed as businesses that have special protections by statute.

There were no public comments.

Motion Price, seconded by Giesa to introduce for first reading the proposed amendments to Articles 2, 5, 6, 7, 10, 15, 16,17, 21, and 26 in the Zoning Ordinance pertaining to Senior Living Facilities as presented, with second reading and possible adoption scheduled for May 21, 2018. **Motion carried unanimously.**

NEW BUSINESS

A. Master Plan Text Amendments

In February 2017, City Council directed the Planning Commission to review the prohibition of first floor residential uses in the Master Plan and Cady Street Overlay District. Since any zoning ordinance needs to be consistent with the Master Plan, the Master Plan must first be amended. In 2017, the Planning Commission reviewed the Master Plan and circulated proposed changes to the neighboring communities. The proposed amendments removed the first floor residential prohibition and also added language which recognizes increased residential density as a goal in the downtown core.

In subsequent discussions, the Planning Commission decided to remove the density limits from the Master Plan and, instead, take a “form based” approach to redevelopment in the Cady Street corridor. At its March 6, 2018 meeting, the Planning Commission asked for input from the City Council and the Downtown Development Authority (DDA) prior to proceeding further. Comments from the DDA and City Council were considered at the Planning Commission Meeting on April 3, 2018.

A memo from the Planning Consultant dated April 4, 2018, outlined the revisions, and detailed the draft amendments to the Master Plan, and the recommendations from the Planning Commission. State Law requires that changes be submitted to adjoining communities (Northville Township and Novi) and to the Counties, and each have 42 days to comment on the revisions.

Planning Consultant Sally Elmiger explained the revisions, and presented the proposed Master Plan amendments to City Council. The presentation focused on the CadyTown/Cady Street Sub-Area Plan, and the South Center Street Sub-Area Plan.

City Council Comment and Discussion: In response to a comment questioning why the Planning Commission removed the density requirements from the Cady Sub-Area Plan, the Planning Consultant explained that density was found to be an impediment to developing these sites. The Planning Commission believes that using dimensional requirements and form-based policies will achieve the vision for these sites.

Form-based policies and dimensional requirements is information a developer will use to determine the number of units that may be built. This will help achieve the visual and density the Planning Commission wants for this area. A comment voiced concern that limiting the number of units in a building would raise development costs. It was countered that limiting the number of units gives a developer more options versus marketing million-dollar units that are not selling. This also provides a benefit of smaller and more affordable residential units in the area.

Further comments voiced concern that removing density requirements may negatively impact development incentives, including the incentive of first-floor office and retail. It was countered that there is a height bonus to give more room. Also a Planned Unit Development goes outside the zoning and allows for greater height if it is appropriate. Comments noted that this part of the process is focusing on the Master Plan and vision. Once the revised Master Plan is approved, the Planning Commission will address the zoning ordinance changes needed to achieve this vision.

In response to a question from Council, the Planning Consultant explained that any project in the Creative Mixed-Use area must be a mixed-use project, and residential-only projects are not desirable. Single-use buildings that are part of a multi-building, mixed-use project are acceptable. Through the zoning ordinance amendment process, the City will need to decide if a multi-building, mixed-use project could have several residential buildings and one commercial-use building.

It was also explained that the Planning Commission removed the words “medical, research and development” from the Creative Mixed Use descriptor, as the Planning Commission did not believe those uses were appropriate for that area. The Planning Commission envisions Creative Mixed Use as more of a restaurant, retail, creative and industrial arts workspace. The Cady Street Overlay also applies to this area and does allow the underlying zoning in the area (PR-1 and CBD). The Planning Consultant reviewed the permitted uses, and special land uses in the Cady Street Overlay district. The Planning Commission wants the Master Plan to be viewed as a guide and not an “ordinance.”

City Council voiced appreciation to the Planning Consultant for the level of preparation that went into gathering comments from the lengthy discussions that occurred during many meetings.

Motion Darga, seconded by Price to approve distribution of the proposed revisions to the City of Northville Master Plan to Northville Township, the City of Novi, and the Counties of Wayne and Oakland for review and comment. **Motion carried unanimously.**

B. Conceptual Utility Master Plan

Based on concerns raised by the City's insurer pertaining to the insurance and indemnity sections of the agreement, the City Manager requested this item be tabled to a future meeting.

Motion Darga, seconded by Giesa to table this item to a future meeting, pending further review by the City's insurer and City Attorney. **Motion carried unanimously.**

C. Parking Deck Evaluation, Rehabilitation, and Maintenance

In March 2018, Downtown Development Authority (DDA) staff prepared and issued a Request for Proposals (RFP) for qualified consultants to perform a condition and structural assessment of the MainCentre and Cady Street Parking Decks, pedestrian bridges, and attached stair/elevator towers. The scope of the project includes:

- Inspection and Data Gathering
- Data Analysis
- Life Cycle Assessment
- Improvement Plan Development

The Improvement Plan will not only identify the physical improvements required to bring the two decks up to a good condition, but will include an annual maintenance plan for the decks, which details routine annual maintenance items that are recommended to keep the parking decks in good condition through their entire life cycle, and associated cost estimates.

The RFP was reviewed by the City Attorney and the City's insurer, and then posted on the Michigan Intergovernmental Trade Network, the DDA and City websites, and emailed to several local vendors that expressed an interest in the project. On March 29, 2018, six proposals were received, and the prices to complete the identified scope of work ranged from \$13,900 to \$32,280.

A project Selection Committee, comprised of the Director of Public Works and two DDA Parking Committee members, met on April 5, 2018 to review and discuss the proposals. DDA Staff prepared an evaluation criteria that was distributed to the Selection Committee and utilized during the deliberation process.

After discussion and careful consideration, the Selection Committee recommended Carl Walker/WGI of Kalamazoo, Michigan. DDA Staff contacted five references, including references that were not provided as part of the RFP response, and all references were positive. Staff determined that the engineers tentatively assigned to the Northville project were Carl Walker/WGI personnel that had worked with the five communities contacted as references. Also, Carl Walker/WGI is currently working with the City of Plymouth on the evaluation of their parking deck.

Once the Improvement Plan is completed and received by the City and DDA, the consultant will prepare bid specifications for the proposed improvements and assist in the bidding process. This phase of the project will be negotiated separately with the selected consultant. The project is scheduled to begin in early May and will take approximately 12 weeks to complete.

Carl Walker/GWI proposed a fee of \$14,900 plus \$175 for reimbursables for the outlined work and an additional fee of \$3,100 for Chloride Ion testing for a total contract amount of \$18,175. The DDA

annually budgets \$25,000 for parking deck repairs as part of an operating transfer to the Parking Fund. Sufficient funds remain available for this project.

City Council Comments and Discussion: In response to questions, Staff explained that this project is the first step in evaluating and assessing the condition of the parking decks. After the improvement plan is adopted, Staff will negotiate with the consultant to prepare bid documents for “imminent work.” The consultant will also make recommendations for problems found that need repair.

Motion Price, seconded by Giesa to approve the contract award with Carl Walker/WGI of Kalamazoo, MI in the amount of \$18,175 to prepare an evaluation, rehabilitation, and maintenance plan for the MainCentre and Cady Street Parking Decks and authorize the DDA Director to sign the contract on behalf of the City. **Motion carried unanimously.**

MAYOR AND COUNCIL COMMUNICATIONS

A. Mayor and Council Communications

Roth reminded City Council of the “State of the Community Address” on April 18, 2018.

Ekong apologized for being late to the meeting.

B. Staff Communications None

Being no further business, the meeting was adjourned.

Adjournment: 9:00 p.m.

Respectfully submitted,

Dianne Massa, CMC
City Clerk

Ken Roth
Mayor

Approved as submitted: 5/7/18