

SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
DRAFT – THURSDAY, APRIL 21, 2007 AT 9:00 A.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE ROAD
www.cityofnovi.org

Mayor Landry called the meeting to order at 10:00 A.M.

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Landry, Mayor Pro Tem Capello, Council Members Gatt, Margolis, Mutch, Nagy, Paul

ALSO PRESENT: Clay Pearson, City Manager
Kathy Smith-Roy, Finance Director
Dave Molloy, Police Chief
Frank Smith, Fire Chief

AUDIENCE PARTICIPATION

Mike Lynch, 26026 Island Lake Dr., was present representing the Island Lake Homeowner's Association. He thanked Sgt. Nelson and Officer Bender for coming to their meeting on April 19th; they did a wonderful job. Mr. Lynch thought they needed to acknowledge that budgeting was an emotional process, and asked them not to fall into the trap of letting their emotions override logical decision making. He said from the homeowner's standpoint, he knew they funded about 17.8% of the City's budget, so every decision Council made had an immediate impact on them. Mr. Lynch read some of the homeowner comments such as "if the City was doing so well why did they feel compelled to dip into a fund that was there for when the City wasn't doing so well, enormous overtime hours in the budget should raise a red flag, as it could be an indication of inefficiency, a business plan and investment analysis should be attached to every non-essential capital expenditure." Mr. Lynch asked Council to realize that most of these remarks were from people in corporate America. One of the comments was made that "Council didn't control head count", and Mr. Lynch hoped this wasn't true because it was a long term burden for the taxpayers. Another comment was about span of control being five to one, "it appeared that the standard for professional employees was about 8 to 1, and some say that if the City had 5 to 1 it would be appropriate for problem employees that had to be watched closer". A comment was made about pensions "many if not most of the retirees at Island Lake had seen reductions in their retirement health care benefits and were wondering if the City shouldn't make changes to the current and retiree health care like the private sector", "the Council should not micro manage the City but needed to challenge each department, by their production, to insure that the end of their targets were challenging but achievable with good sound management." Mr. Lynch wished them luck and said he was sure they would do their best to make this a good solid budget.

PURPOSE OF SPECIAL MEETING – 2007-2008 CITY OF NOVI BUDGET

City Council discussion and decisions regarding the plan priorities

Mayor Landry said follow up information requested by certain Council members had been received it.

Mr. Pearson said there were a few themes that emerged after going through the first round of budget discussions. He thought the timing was perfect because yesterday he was reviewing data from the Community Development Department that reflected some new building construction valuation. He said they prepared a sheet that went back 2 1/2 years and there was one hot wire month that was Providence Hospital, \$111 million in valuation in one month. Other than that, they could tell while there were fluctuations with seasonal kinds of things it was basically a fairly consistent, high level valuation. He said these were projects that were not built yet and for the last few months they saw \$21 million in January, \$16 million last month. He stated as these progressed and were completed, things like Twelve Oaks Mall and ITC Headquarters, would turn into increased assessment and taxable valuation for the City of Novi.

Mr. Pearson said there was a discussion about economic outlet and while the State of Michigan had their issues, they were a large entity with geography ranging up to the Peninsula. This material was more helpful because it focused more in the direct region of Oakland County. He said they do a lot of things well, and there was a luncheon next week where they would discuss their annual economic outlook. He said there was an excerpt from Oakland County Executive L. Brooks Patterson which talked about some of the job adjustments and employment data, and there was a series of articles that were timely that sort of ran the gamut and talked about property valuations, job growth and the like. He thought that might be of help. He found it interesting that an Oakland Press editorial talked about positive economic news and the two projects they championed as examples were both in Novi, Twelve Oaks and Providence Hospital.

He said the third area was fiscal responsibility in the recommended budget.

Ms. Smith-Roy said they wanted to address comments regarding spending within their means, and the way the Administration presented the budget they felt they had tried to do that. She said they had shown in the diagram that they had about \$30 million in expenditures and about \$30 million in revenue. She said they took the additional amount above the 16.9% of recommended Fund Balance and tried to align it with both prior budget policies and the goals Council had identified. Some of those additional expenditures included additional allocations to neighborhood roads, additional retiree health care contribution, park development improvements and maintaining what the City had, the fire station improvements for 2 and 3. Also, two items which were a rollover of the \$225,000 of the Integrated Financial Management System and the Construction Code Act expenditures, which had a legal basis for them to apply the revenue received from the Construction Code Act to the expenditures.

She said the second piece they wanted to highlight for Council was the General Fund Fund Balance. In this budget they proposed the 16.8%, which was \$5.7 million. She said they tried to show additional information for comparison if they had an 8%, 12%, or 14% amount. She said they took two months of expenditures, which was about \$5.1 million and then below that they showed the differences between those other percentages for purposes of comparison. The second piece of that was to show what the projected Fund Balances for June 30, 2007, and how they arrived at the amount recommended for additional spending.

Mr. Pearson said the last paragraph, Discretionary or Excess Fund Balance, because of savings and additional revenue for last year was also set aside to get to the 16.7% for other risks such as contract settlements, elimination of personal property tax revenue, etc. He noted

that was over and above the baseline Fund Balance that had been set aside and would be available to cover those kinds of events that might come up.

Mr. Pearson stated he asked Chief Molloy to put together his recommendations for the next round of existing Federal Drug Asset Forfeiture Funds. There was approximately \$800,000 in the bank that was over and above what they had identified and was recommended for the completion of the indoor firing range, paying off all of the existing police station debt and critical needs. Chief Molloy and his staff had recommended that they add one police officer at mid year, and that cost would reflect the additional patrol car and a digital in camera system for marked patrol units. Now, it was a VHS system and pretty labor intensive and could be digitized as other departments had done and the start up cost for that would be about \$300,000. He said that would be the next recommended round, and they were not necessarily recommending their suggestion, particularly the second item. At this point in the year a lot was going on with other infrastructure, technology, initiatives and because of the Federal Drug Asset money timeframes, he said they could start getting into that in the fourth quarter of the next fiscal year or the first quarter the year thereafter and still be in compliance with the Federal guidelines.

Mayor Pro Tem Capello said he assumed the additional police officer would step into the position of the patrolman that would be promoted to sergeant. Chief Molloy said he was correct. Mayor Pro Tem Capello said then the cost of the car would not come into play with hiring the additional officer. Chief Molloy said when they allocated for an additional police officer they budgeted for a half a car, but in this case since they weren't budgeting for two, it didn't make sense to budget for just half a car. He said they were looking at upgrading the number of cars in their fleet because of the number of personnel they were putting out particularly after hours.

Mayor Pro Tem Capello asked out of the \$98,000, what portion was allocated to salary which would be recurring every year, and allocated to the vehicle they would probably purchase anyway. Chief Molloy said when looking at a brand new police officer it was generally \$120,000 per year for the start up and a significant amount of that was the car. He said generally a brand new vehicle was about \$47,000 because of all of the equipment, but the car itself was about \$22,000 or \$23,000. Ms. Smith-Roy said the salary and benefits for the first year were \$87,000, the balance was other things like supplies, uniforms, telephone, gas and oil for the vehicle, and those types of expenditures. Mayor Pro Tem Capello said out of the \$98,000 approximately \$40,000 of that was allocated towards salary and the balance towards the vehicle.

Mayor Pro Tem Capello said the police overtime was about \$420,000, and asked Chief Molloy to explain why there was that much overtime and why it was something they couldn't control with scheduling.

Chief Molloy said a large percentage, about 38% of the overtime, was holiday pay. The second largest component of that was for court appearances by the officers that were bound by the collective bargaining agreements with both the police officers and the command officers. Chief Molloy said they receive three hours of time and a half when they appear in court, and officers working the midnight shift go to court on overtime. The third largest component of their overtime was the contractual overtime where they were being reimbursed by Rock Financial Showplace, Twelve Oaks Mall, and Twelve Mile Crossing. Mayor Pro Tem

Capello said then a small portion of it was reimbursed by the private community, and the other was something that was controlled by the contract with the police and the City. Chief Molloy said he was correct. Mayor Pro Tem Capello said there were a few things he would like to move around, but overall in this \$34 million budget there was about \$60,000 he juggled around. However, he would not take his personal preference over \$60,000 and micro-manage the budget. If that was what they thought they needed to survive on in the upcoming year, he was 99.7% satisfied with it.

**CM-07-04-081 Moved by Capello, seconded by Margolis; MOTION FAILED:
To approve the budget as presented.**

DISCUSSION

Member Mutch said he had questions and was not prepared to vote in support of the budget as it had been presented.

Member Gatt said he was 99% in favor of the budget as presented, and his only addition was going to be a police officer. He said the citizen survey showed that safety was probably the number one concern of citizens, and though they were happy with the police department, that would change if they didn't keep pace with the growing population as shown in the last census. He said they knew the population was growing as of our last census. Although he wanted a police officer, he was willing to support the budget as presented and leave it in the hands of the Administration to follow the Police Chiefs recommendation with the additional Forfeiture Funds they had to spend.

Member Paul said she would not support the motion. She didn't disagree with every department but she was looking to spend as close to the revenue brought in as possible. Member Paul thought the number one job of the Council was fiduciary responsibility. Her thought was that they had to look at each department and ask them to save some money so they wouldn't be spending \$3 million over what they brought in. Member Paul thought Fund Balance was for emergencies, and some of these were not emergencies; some were things they had to spend for right up front, and some were planned. She noted, at the last meeting, Member Mutch asked how they would take the fixed amounts that had to be done every year, such as vehicles and infrastructure technology, and assess that long term expenditure. She asked how much they spent for the Fiscal Analysis to make sure they were financially sound for years to come. Ms. Smith-Roy didn't have the figures but believed it was \$25,000 to \$30,000. Member Paul said out of all the studies they had done that was probably the most important, because she wanted to make sure that whatever money they were bringing in they were spending wisely. She reviewed the Fiscal Analysis and said there were three components. The first component was the State Shared Revenue and they would be financially sound, if they had State Shared Revenue that remained the same or continued to slowly go up, but that was not the case. Secondly, the General Fund Revenue that would continue to grow annually because of growth in Novi and would continue to rise with a steady amount. She asked Ms. Smith-Roy if the General Fund was growing at the same rate that it was when the Fiscal Analysis was done. Ms. Smith-Roy stated it was growing at the rate they predicted. Member Paul said the other component was no added employees. She said since the Fiscal Analysis they had added one police officer through Forfeiture Funds the first year, so last year would have been the first year the City had paid for that employee. She asked if that was correct. Ms. Smith-Roy said she would have to check those records but she wanted to

point out that when they prepared the Fiscal Analysis they actually prepared three different versions or two key versions. She said one version was that if they didn't add any new employees, so it wasn't a recommendation it was a scenario presented to Council. She said they could check what positions had been added. She commented that clearly, in this budget, except for those extraordinary expenditures recommended, they were paying for the staff as it existed now and the operations including vehicles and information technology. Ms. Smith-Roy said all of those items were included in this budget in the \$30 million. Member Paul said that's fine, but she saw three new employees were added and that was a concern for long term because they had to be paid for years to come. She said it was not to say they absolutely weren't needed, but Human Resources had a part time person for \$29,000, a cultural liaison person for \$23,000, and then there was the Training Administrative Sergeant for \$23,000, and there was a partial fee for this year but that would not be the long term cost of that employee. She asked what the long term cost of a Training Administrative Sergeant would be. Ms. Smith-Roy said on page 102 of the second book, the long term cost appeared to be approximately \$140,000 per year.

Mr. Pearson said that was if they backfilled a position, because what was in there was to create an additional promotional opportunity, not an increase in officer count and was not included in the budget. Member Paul said this person would also be going to the union group of the command officers; she asked if that correct. Mr. Pearson said when eligible for promotion, yes. Ms. Smith-Roy said they also had the Police and Fire millage that supplemented the General Fund, and they believed that the growth within that millage would be sufficient to cover the equipment and additional position.

Member Paul said she was interested in making sure that the Police Department and all of the safety departments had what they needed but they had been working without this position for some time. She said currently they didn't have a union agreement with the Administrative personnel of the Police Department, and she wanted to take care of them first before adding someone to that group.

Member Paul said the gun range was the white elephant for her, and they had a \$2 million one time expenditure for the gun range. She noted they spent \$1,800 for a shared facility in Farmington annually. She said the long time cost was huge, and the Police Chief's numbers of the annual expenditure had varied. She said they had heating, cooling, the expenditure of the wall that caught the bullets, the air ventilation that had to be repaired, and the ammunition. She commented they had a facility they used that had functioned for the department for 30 years, they maintained that building, and Council paid very little for its use. She said when the State was looking at how they were going to evaluate communities on shared services; they weren't talking about shared services in one City. They were talking between cities, such as West Bloomfield and Farmington share a Parks and Recreation Department. Some Council's were sharing different things like Independence Township as well as Commerce Township. They had been sharing between cities and that brought in more points with the State. They were trying to show that they were being smart with their financials and only having a portion of the employees instead of double. She said that was what she saw with the gun range. They were taking the idea of the Federal Forfeiture Fund as being spent for the gun range and for paying down the debt. She said they weren't there yet; that decision had not been made. She noted there was a surplus over those two amounts and there was some discussion on what would be done with that money. Member Paul wanted to see them pay for the cars for the Police Department this year, and their training out of this expenditure, if they could use the

Forfeiture Funds. She was looking for relief for the expenditure in the General Fund with the Forfeiture money since they had the \$800,000 surplus.

Member Paul said she knew the video cameras were very antiquated and it was hard to get replacement pieces for that system, so upgrading them made sense to her. Also, it had been important to her since it came up three years ago to buy new windows for that building, and that was part of this, but that would have been something that would have saved money in heating and cooling and repairs on those windows in the long term. She said, for three years, they could have been saving money on heating, cooling and repairs on those windows

Member Paul said she appreciated everyone's work and each person's responsibility, and stated she was not trying to micro manage whatsoever or say that some of the money couldn't be spent out of the Fund Balance. However, \$3 million was way too much.

She also appreciated how they were looking at this whole system but she wanted to know if there was a way for the City to look at leasing vehicles so they didn't have to keep buying them, and whether it would be cost effective. Another alternative would be to reimburse employees for their vehicles and their mileage, and asked if that would be cost effective. She said they had a fleet that had to be constantly replenished, and asked if there was another way to do that. Ms. Smith-Roy said they had researched that, not just on vehicles but on other pieces of large equipment used by the DPW, copy print fax type machines, for example, and that actually had proved to be beneficial. She said they looked at that at the time of purchase, and it had been more cost effective because they paid for it up front so they weren't paying the interest charges typically built into the lease amounts. She said there were exceptions and in those exceptions they had gone the lease method.

Member Paul said her single largest responsibility on Council was to listen to the taxpayers and almost everyone she had ever talked to didn't want an increase in taxes. She said the fiscal responsibility of her job was number one.

Member Margolis said one of the biggest frustrations, serving on Council, was there seemed to be a philosophy that if they said it enough and often enough, it was true. She thought the Council table was a place to have substantial policy discussions. She commented when she heard people continue to talk about Council dipping into Fund Balance, the only thing she could say was that was an inflammatory statement and wasn't true. She said she had two choices to make about people who made that statement. One, was they didn't understand the numbers in front of them or this concept, or they do know and they're not telling the truth. She said the reality was they had maintained over 14% Fund Balance year to year for at least 5 years. Member Margolis said if they understood numbers, there's no way they could have been dipping into Fund Balance, if that level of Fund Balance had been maintained. She said the other thing she realized, as a member of Council, was that what was said at the table was often believed as the truth by residents because they didn't take the time to go through the budget books like Council did.

Member Margolis said what happened in the City was they put aside a Fund Balance, and their policy said 8-12%. She said they actually go above their policy because they were trying to be fiscally prudent, and understood that these were difficult times. Therefore, they go above that and go 14% and this budget went above that to 16%. So when going into budget they said they would have that money set aside and it would be available as a "Rainy Day Fund". She

said as an individual we do that, we set a budget and put the money aside. What happened in the City was just like if she set up and had money coming in every month for payroll, put the payroll into her account, then paid her expenditures and when the end of the year came she realized that she spent \$30,000 less than she had planned. She said she would still have the 16% she decided to set aside, but she didn't spend \$30,000. Now, as an individual the choice she would make at that point was to invest that and put it away for later. She said the City didn't have that kind of opportunity. One of the tenants of policy in the City was that the taxpayers who were paying money now should get the benefit of the money they were paying in. She said they shouldn't be paying that large amount for something in the future that taxpayers 20 years from now should get. So, what the City decided to do was invest in the City, and that was what this budget did. It took that money and listened to the community that said of all of the things in the statistically valid survey, parks were important. So they decided to put extra money into capital park improvements to make sure the parks were up to speed. The other thing the community said was they wanted better roads, so they were putting extra money into roads. She said they were also setting money aside for post retirement health care liability. She understood that most companies did not have that, however, the reality was that it was a contractual liability. It was not something they could make go away; they could talk about it and pretend they could make it go away but that would not make it true. As a taxpayer, she said she was here for four years and she would be gone, but she would be out there paying taxes. She didn't want to take short cuts or do the easy thing, pretend it wasn't a liability, or say inflammatory things at this table that they should reduce it and do something about it. The reality was they couldn't, and as a taxpayer she didn't want to.

Member Margolis thought it was important for the citizens to understand what was going on but understood they didn't have the time to do the things Council did. She said her philosophy on governments was not micro managing but that didn't mean she didn't believe she should provide oversight. She absolutely believed in oversight and had spent hours in the budget books, asked for additional information and spreadsheets that would show her every single line item and the increases. She had spent time on the phone with staff asking those questions. She said it was easy to sit at the table and say inflammatory things about overtime because then they get the citizens saying "what, we have overtime". She said it was the tough thing to do as Mayor Pro Tem Capello just did, to talk to the Police Chief and say what's going on and ask for an explanation. Member Margolis said he explained there wasn't a lot they could do with overtime expenses. The reality was when an officer wrote a ticket they had to show up in court and if on the midnight shift and they had to go to court, it was overtime. If an officer was working a holiday, they got overtime pay for that, and personally she said she would never want to work Christmas but if she did she would want a little extra.

Member Margolis said, again if they said it often enough at the table it was true, they talk about the gun range and the quote was "there's varied numbers on the gun range that they had been given by the Chief". She said that was not true. The reality was that way back when this was first talked about the Chief was asked to estimate what the number would be for upkeep on the gun range. She said with no information, he tried to answer the question; however, since that point they had the Fiscal Analysis. Member Margolis asked the citizens to look at the facts in the Fiscal Analysis; it's in black and white. She said, as members of Council, they couldn't throw out numbers because it didn't help the City or the citizens and only inflamed the debate. Member Margolis said she would be happy to sit down with anyone and go through and explain any of these things to them any time. She would meet them for coffee; she would meet them in the atrium, and asked that before they reacted to inflammatory comments said at

the Council table give Council a chance to show them the real numbers. Member Margolis addressed the comment about justification for each service improvement, and the budget book had justification for each service improvement tied to the priorities and goals of the City. She said she would support this because she had done her homework. She agreed and was 99.7% for the budget. She said she probably didn't agree with every penny but didn't think it was her job to put her pet projects into this. It was her job to listen to the citizens, do what she thought was right and provide oversight. She said that was the way she approached her job, she hoped the citizens were happy with that, and if not, she thought it was the way she was supposed to govern and what she was elected to do.

Mayor Landry said he would support the motion and wanted to explain why. He noted there had been comments made that this budget included spending more than they were taking in. There had been comments made that they couldn't continue to operate like this, and it was not fiscally sound to spend more than they were taking in. Mayor Landry said that was not accurate. This budget provided for the City in two ways. 1) The customary expenses the City had year to year were paid for by revenue, and there were special, one time, non-customary big ticket much needed items that were suggested to be paid from savings. He said if only looking at the bottom line without a clear understanding of where the numbers come from, he could see why someone would look at the budget and say they were spending more than they were taking in. Mayor Landry said that was the nature of accounting and how financial actions of a City must be conducted and reported. He said the 2007-2008 Budget did not propose to spend on customary items more than revenue. If looking at the numbers, the revenues were about \$31 million and expenses were about \$34.5 million. So, when looking at it one would say more was being spent than they were taking in; where were they getting the money? He said they were appropriating the difference, \$3.5 million from Fund Balance. Then someone concluded they were wasting the Fund Balance and were not fiscally sound.

Mayor Landry wanted to look at Fund Balance and the history of it. He said Fund Balance was simply revenue minus expenses, and what was left over. He said they only had a Fund Balance if they spent less than they took in. If they spent more than they took in they wouldn't have a Fund Balance. He said the Fund Balance had exceeded 14% for the last five years, so for the last 5 years they had clearly spent less than they took in. Novi had always been fiscally conservative and the guideline had always been 8 to 12%. Mayor Landry said two years ago, 2005-2006, using the 8 to 12% guideline and using the highest 12%, the target Fund Balance was \$7.9 million. At the end of the year the City had an actual Fund Balance of \$10.5 million, that was a \$2.6 million excess, and they had a Fund Balance in their Fund Balance. He said this fiscal year, 2006-2007, 12% target and \$5.01 million, and at the end of the year they would have \$8.9 million. He said that was \$3.8 million in excess of their 12% Fund Balance. He said look at the history of \$2.6 million excess two years ago and \$3.8 this year. He said the Fund Balance of their Fund Balance was growing, and if that wasn't fiscally conservative, he didn't know what was. Mayor Landry said the question really begged was how much Fund Balance they really needed. He said the guideline said 8-12%. The Administration and City Council had always been a little more conservative than that. However, at some point they would be saving too much. Then the question becomes how could they save too much, and the answer was because they were a government and this was not their money, it was taxpayer money. Mayor Landry said they couldn't horde Fund Balance and then tell the taxpayers they couldn't fix the roads; they couldn't do that it was tax money. He said they couldn't continue to listen to the taxpayers, who said their neighborhood roads were crumbling, and responding from this table that's a big ticket item, there wasn't enough money, and they would do a little each year.

He noted they couldn't continue to look at residents who were saying their ball fields and soccer fields needed to be improved and tell them it was a big ticket item and Council didn't have the money. Mayor Landry said they have the Sikich Report that said get more efficient and people blasted the Building Department because it took so long to get things approved, and Council says they can't do that because of money. Mayor Landry said they did have the money to take a bite out of some of the big ticket items, and more than the money they had an obligation to the taxpayer. He said they also had an obligation to be fiscally prudent and have a Fund Balance.

Mayor Landry said this Administration said at the end of this year they would have \$3.8 million extra over the 12% in Fund Balance. He said the Administration wanted to take \$3.5 million of it and take a chunk out of some big ticket items over and above the normal expenses, and take care of the regular expenses with the revenue that came in. He said the expected revenue was \$31 million and the normal expenses were \$31 million, and this budget included a Fund Balance of 16.7%, which was \$5.7 million. This year's current Fund Balance was \$8.9 million and if they used \$3.5 million they would have \$5.4 million going into this budget. He said if there was \$5.4 million Fund Balance going into the budget, and the Administration was telling them they were suggesting a Fund Balance of \$5.7 million that meant this budget grows the Fund Balance. So they were fiscally conservative because even after they took the \$3.5 million out, they were growing it. He said they were still spending less than they were taking in, and they were taking a chunk out of the big ticket items. He said \$3.5 million of extra Fund Balance and if they didn't spend it and kept it in the budget, the Fund Balance would be 27%. He said that was too much, he was all for saving for the future and for being fiscally prudent, but it's not their money.

Mayor Landry said there was a way to avoid the misconception that they were spending more than they were taking in. He said he would propose that they spend \$3.5 million right now before the end of the fiscal year. He commented they were going to have \$8.9 million in Fund Balance, so let's spend \$3.5 million and take care of these big ticket items. Then if they're gone when they came to next years budget they would be spending exactly what they were taking in, and everybody would be happy. He said let's spend \$3.5 million right now, and the problem would be solved. He said they couldn't do that because they were a government and they couldn't spend money fast like that. If they wanted to spend \$1 million on roads, they had to put out bids, do engineering, and construction oversight. Mayor Landry said if they told Mr. Auler they were going to give him \$700,000 extra to fix the ball fields, he couldn't spend it between now and June 30th. It couldn't be done as a government because they had to take bids, but once they understood the concept that if they could do that, then what was in the books looked like they weren't spending more than they were taking in. He said the big ticket items in this budget were \$1.5 million on neighborhood roads, and they were suggesting adding another million to that out of the extra Fund Balance. He said they could not keep telling the citizens they didn't have the money to deal with the roads when they did have it. Next was \$388,000 unfunded retiree health care, which was an obligation that the City had. He said they had been talking for years about park development and this year they had extra money for parks. He asked how long they were going to talk about needing to improve the physical facilities of Fire Stations 2 and 3; it's time to take a chunk out of this out of the extra Fund Balance. He said they got lucky with Information Technology for \$225,000 because years ago it was going to cost \$1 million plus to deal with this. He said they convinced the Federal Government to let them use some of the forfeiture money to do some of it. Council had said it would be nice to do that if they had the money, and now they had the money.

Mayor Landry said all of those items came to \$2.9 million but the Administration was suggesting \$3.5 million. He said the remaining \$600,000 was in the Building Department and they took in \$600,000 more than they spent because of the huge projects in Novi, which had to be used in the Building Department. So, if there was an extra \$600,000, were they going to conclude that they were spending \$600,000 more than they would take in next year? He said sure they would because they took it in last year.

Mayor Landry said if they were just looking at the numbers they might say they were spending more than they were taking in but they weren't. They were running the City, the day to day, and annual expenses on the revenue they were taking in. They were maintaining a Fund Balance in excess of their goal, and were using some of the stock piled Fund Balance to take care of some big ticket items that the taxpayers deserved. He believed it was inaccurate to suggest they were spending more than they were taking in and for that reason he would support the motion.

Member Nagy said she wondered if everyone read the City Charter regarding what the role of the City Council was. She didn't think there was anyone that felt they were micro managing anything. She said having spent many years on the budget she remembered one of the successes of the budget was when Laura Lorenzo was on Council. She said it was a success because 3 of them actually went through and cut things so that there would be money. She said it was their job to go through the budget and look at the items and expenditures. It was a part of their fiduciary responsibility, and was not micro managing. Member Nagy thought that no one at the Council table would deprive the Fire Department of needed improvements for Stations 2 and 3, especially her because she had always been a supporter because that department sorely lacked. She didn't want to be told she was micro managing because she was not and was doing what she believed was her fiscal and fiduciary responsibility by going through the budget. She also believed that when they received some of these numbers from the Building Department there was a spike because of Twelve Oaks and Providence Hospital. She said new businesses had come into the City, and that was what they needed and they were good tax bases. She asked if they generated taxes from Providence Hospital.

Mr. Pearson said a majority of it did not. However, all the out buildings, and the retail components, even within the hospital, such as the pharmacy or gift shop would pay taxes.

Member Nagy said hopefully growth and doctors would be moving in outside of Providence and tax revenue could be generated in that way too. She said the January and February spikes in the Building permit revenue were because of Providence and Twelve Oaks. She said they were provided with a lot of articles on Oakland County, and the latest one she had read Mr. Patterson had said that "an economist told him it could be 30 years before the south east Michigan region totally recovered from job losses and the effects on the housing market." Mr. Patterson was more optimistic and said in his estimation it would be 2012 before we would be back in the game. A Detroit News article said "tough days in store for Oakland County, Brooks Patterson was warned about the tough times that might be ahead for one of the nations wealthiest counties as property values continue to cool off".

Member Nagy understood that everyone had a different philosophy and that people looking at numbers might look at them and not see why the expenditures were necessary. She thought that when they budgeted they weren't doing it just for this year but were looking at what was going to happen down the road. They didn't know what would happen with State Revenue

Sharing, the housing market, and a lot of the office buildings for lease were not occupied. She understood they had these one time big ticket items, but if they did what was done a couple of times when Ms. Lorenzo was on Council and they went through some of the line items, they could take at least one or two big ticket items out of the General Fund. She said then they wouldn't be going into Fund Balance. If in fact, they were doing as well as they were told then why weren't they giving the taxpayers a break; after all it was their money. She said she didn't agree with the comments that some of them weren't looking at this properly. She was concerned about future costs, utility costs, and all the costs that were rising. She was concerned with the head count the last number of years and didn't see why they needed to add new positions as those that were necessary had been added. She said they also had to pay for everything too and would not be supporting the motion.

Member Mutch said when they looked at the budget different people were looking at the numbers and coming to different conclusions, and that was understandable. He said each of them brought their own personal experiences and thoughts to the table; so some look at the numbers and see a rosy picture and others have concerns. Member Mutch said his viewpoint was one of concern. He thought it was important that they not view this budget in a vacuum. It was important as Council members and as a community to look at the trends, and to look at not only where they had been but where they were going. He said some of the discussion at Thursday's meeting was what the state of the economy was locally, in Oakland County and in Michigan. He found it very timely that the next day splashed across the front page of the News and Free Press were articles talking about the challenges they were facing.

Member Mutch said obviously, Novi and Oakland County were in much better shape financially than the rest of the State in many ways, but they were not islands unto themselves. He said they were buffeted by the economic storm that was impacting our State. He thought they needed to be mindful of that even though as a community they were doing very well in a number of areas. He said the trends that concerned him looking at the past and forward to the future were these.

He said if looking back over the budget for the last two years, the revenues increased by about \$1.4 million. If going back and looking at the expenditure side of the budget and how they spent that money in 2005-2006, they spent about \$26 million and \$34 million in the proposed budget, in a time period where revenues went up by \$1.4 million, and expenditures went up by \$6 million. If looking back to 2004-2005, the revenues had gone up about \$4.4 million and the expenditures were a \$9.6 million increase in comparison to three years ago and today.

Member Mutch said he could see two trends at work. One, the revenue overall was flattening; there was much more revenue coming in three years ago than there was today. In fact, if they compared the revenue as estimated for the current year to the revenue that was budgeted, there was a small percentage decrease. He said if looking at the major revenue line items in the budget, outside of property taxes, most of those categories were projected to have decreases. In part, that could be from conservative budgeting and that was appropriate but it was a trend. He said at the same time the revenues were flattening, he was also seeing significant increasing expenditures in the City budget. When looking at those expenditures this year \$30.9 million was taken in, the day to day operations excluding major capital items was \$30.6 million. So in a \$31 million budget there was a variance of about \$300,000. He said a State Revenue Sharing cut of \$388,000 would wipe that out and they would be spending more on day to day operations than they were taking in in revenue.

Member Mutch said when talking about the Fund Balance and the advantages it gave in terms of allocations for one time expenditures, it presented a very positive financial picture. The concern he had was that they were going down the same path the State of Michigan did, which was to use those Fund Balances year after year, the Rainy Day Funds they had, to pay for expenditures and ignored the fact that their day to day operations kept increasing. He said what would happen if they didn't hold the line on day to day operations, was that eventually those two lines would intersect and at some point the day to day expenditures would exceed the General Fund revenues. Then, they would have to dip into the Fund Balance to pay the day to day operations of the City. Member Mutch said the problem they had as a City was that there was very little capacity in the General Fund millage to address that. If they got to the point where expenditures were exceeding revenues and they couldn't cover them with Fund Balance, they would have to raise the General Fund millage. However, because they had been raising the General Fund Millage for the past 5 years significantly, almost half a mill, they would have eroded most of that capacity.

Member Mutch said it was interesting to look at this year's budget and talk about having excess Fund Balance above and beyond what was projected, but at the same time the General Fund millage was being increased. He said those two don't go together. Member Mutch said they couldn't say to residents that they had extra money above and beyond what they were even going to spend but would go back to them and increase the General Fund millage above and beyond last year's amount. Those two just don't square, and didn't make sense logically. He said you don't increase one, if there was money available to use towards the budget. The other concerns was if there was only a \$300,000 difference between day to day operations and General Fund revenue, what happened down the road when they had a \$700,000 project for a park improvement, or fire station upgrade or road improvements and Fund Balance wasn't there to allocate. He said a statement was made earlier that they hadn't been spending the Fund Balance, and in some years that was true, but if looking at the second page of the memo that Ms. Smith-Roy provided to them, she indicated that this year they would appropriate Fund Balance of \$1.5 million, which was consistent to what they had budgeted. He was not stating that was unusual except that it was indicative of the fact that they had to appropriate Fund Balance because the expenditures were exceeding the revenues. Again, he said they did not have audited numbers so whether that would be the final number remained to be determined, but it was something they needed to be mindful of, because it was indicative of a trend. He said as he looked at this Fund Balance and how they were spending that money, in future years how would they pay for those capital items, if they didn't have excess Fund Balance.

Member Mutch said let's look ahead to next year and say that they simply spend as much as they take in in this budget, which meant they wouldn't generate any additional Fund Balance with revenues being flat as they knew they were. He said presumably expenditures would be held within budget but now the Fund Balance was reduced down to \$600,000 above the 16.7% Member Mutch said that didn't leave them money to put another \$1 million into roads and to take care of any capital projects that might come forward. He said they knew they had significant capital projects because they had a CIP program that was multi millions of dollars in future capital costs that they had as a City. So when he was approaching this and looking at those trends, he was concerned. He asked if it was good that this year the revenue exceeded the day to day operations by \$300,000. Absolutely, that's good but as a trend would that continue or would they reach the point that the day to day operations exceeded the revenues. He said that seemed to be the direction they were headed and that was a real concern for him.

Again, look at the past history and where they had gone in just three years from spending \$24.5 million total budget, excluding capital items, to \$30.6 million for day to day operations. He said that was a very significant jump in costs for the City. Member Mutch said his goal in looking at the budget and how it was spent was to give Council the maximum flexibility to be able to accommodate what might be coming from the State level and what might be coming because of the State's economy.

Member Mutch wanted to talk about the Fund Balance analysis because a lot of numbers had been thrown out there, and he thought it was important they understood how relevant some of those numbers were to the discussion. He said there had been a lot said about the 8 to 12% Fund Balance recommendation. As far as he was concerned, while that might be a policy recommendation in the budget documents, it was obvious from the discussion they had never followed that. Member Mutch said from Ms. Smith-Roy's memo indicating that she needed \$5.1 million for cash flow, obviously 8 to 12% was not operative. It simply didn't recognize the fiscal reality of the City, and he thought the Administration needed to come back to them with a recommendation that adequately and accurately stated what a realistic Fund Balance amount was. He said if they had to cut the Fund Balance to 8 or 12% he assumed, if running into cash flow issues, they would have to do some short term borrowing or shifting money from one fund to another. He said obviously none of them wanted to be there, so an 8 to 12% recommendation wasn't realistic and might as well be zero for all the relevance it had to the discussion.

Member Mutch asked where Construction Code expenditures of \$572,000 were accounted for in the budget. Ms. Smith-Roy said he would see it in two components. One was the building revenue portion projected for next year, which was declining in comparison to last year as compared to expenditures that were staying relatively the same except for cost of inflation for the Community Development area, specifically the Building Division. She said they were collecting now for a good portion of the work that would be completed next year. Member Mutch said if going through the line items, how was it accounted for. Ms. Smith-Roy said there were many line items. However, if speaking generally, it would be on page 1 under All Line Item Detail. She said the second section where all of the building and planning fees were listed, there was a spike in the revenue estimated for the end of this year, and some of that inspection work would not be completed until next year. She thought the summary on page 3 would be sufficient under Community Development/Building Division, which was where the expenditures were. She said that was not specifically where all of the expenditures were because when they did the computation for the Construction Code Act there were certain overhead expenditures that they added to that for purposes of reporting in the audit. Member Mutch said then that \$572,000 would be reflected in the expenditures of the Building Department, she said correct. He said if he went to the Building Department's line items for 2005-2006 \$1.7 million estimated for this year and \$2.2 million, and then next year \$2.554 million, how would that \$5.72 million fit into there. She said it was not that simple. It was not just individual line items; it was the revenue minus the expenditures for the two areas. Member Mutch said then she was saying that amount needed to be set aside. She said they anticipated that at least that much work would not be completed by the end of this year, and also they were expecting a decline for next year for the revenue for the Building fees versus this year. Member Mutch said in terms of budgeting they had discussion that the Building Department operations were paid through the Building fees, and asked if that covered that \$2.5 million completely, or was there a certain amount of General Fund allocated within that amount. Ms. Smith-Roy said for the next two years they believed the Building fees themselves

would be sufficient, and at the end of June 2008 their estimates were about a \$29,000 carry over to 2008-2009. Member Mutch thought it was important to keep in mind that the Construction Code Act expenditures were essentially an ongoing kind of expenditure. He said obviously it was moving from year to year and was sort of a moving target in terms of when those funds were actually expended. However, those needed to be accounted for separately but that really wasn't a one time cost because they would always have those fees coming in and those costs going out. Ms. Smith-Roy said that was correct except for this actually happened to be a one time circumstance. She said they typically had not had any substantive amount of that size that rolled over to next year. This was a one time difference in that it had typically been under \$100,000 that they had to roll over from one year to the next. He assumed that was related to the earlier discussion about the permitting related to the major projects they had in the City. She agreed. He said he appreciated that clarification because he thought that was the one item within that amount that stood out as not being something they could easily quantify and look at and say they knew what that was going to represent.

Member Mutch said before he would approve the budget he had a couple of questions. He said at the last meeting he asked for a Police and Fire Funds schedule of expenditures in terms of personnel and vehicles. He said even more so after the conversation today where there was discussion about how to pay for the officers they were proposing long term. He thought the Chief's recommendation for the use of Forfeiture Funds was the intent to include those within this budget, in terms of adding a patrol officer, and digital in-car system needed to be clarified before approving the budget. Member Mutch said the reason he asked for that schedule was because it was a significant millage that helped fund Police and Fire operations, and there were some significant expenditures here in terms of vehicles that would be covered this year, which was good. However, he was also looking at the long term costs. He said if they took in \$3.9 million and spent \$3.6 million today, added a Sergeant position with a potential impact of \$140,000, and a patrol officer that was funded through forfeiture the first year, and then a long term annual expenditure of \$87,000, there was 2/3rds of the difference right there in terms of expenditures and revenue. Again, if looking towards the long term, Fund Balance could cover capital items, and fill in a budget when times got tough, but it would not help them long term if they didn't control their spending. He said they were obviously on a trend where expenditures were going up significantly, revenues were not, and those two would intersect in the very near future. He didn't feel like they were prepared for that in terms of how they were budgeting. He said they were saying they could afford what they wanted to spend on these one time items today, but if they projected revenues and expenditures for a year or two, would they be able to make the same statements. He said he wasn't sure.

Member Mutch said Ms. Smith-Roy recommended in the Fund Balance two months of ordinary expenditures, and he asked what happened if they spent the Fund Balance down and went below that amount, which he thought was about 15%. Ms. Smith-Roy said at that point it depended on what the cash flow was from property tax revenue and the State Shared Revenue distribution. She said it was a cash flow consideration. He asked what happened when they had problems with cash flow, and what were the options to address that. Ms. Smith-Roy said there were several different options and since she had been there they had only had that situation come up once, and it was a very short term two week situation. She said they borrowed the money from the Water and Sewer Fund and repaid it with the appropriate interest. She said the other options would be to go out for short term financing with our financing agencies. Member Mutch said the big negative of getting in that kind of situation were the interest costs.

Member Mutch said one of the things he knew Mr. Auler was trying to achieve in the Parks and Recreation Department was to get to a point where they were not as dependent on the General Fund to subsidize the operations of the department, and to minimize that transfer to capital items versus day to day operations. He asked what progress was made in reducing that and what costs were holding that back. Mr. Auler thought they were making excellent progress. He said in reviewing the proposed budget for this year, if they excluded the Senior Operations on the program side, they were about \$80,000 short of covering recreation costs. He said they subsidized the Senior Center and Senior Citizen Operation because that was a core service they should provide for the community. He said they had implemented an activity based Costing and Performance Management System with all of the program operations, and continued to strive there. He said they were also seeking alternative revenue sources and were really focused in on sponsorship opportunities and partnerships, and trying to make the partnerships more financially equitable as well. Mr. Auler said there were many situations where they were providing the service but not recouping their costs for the provision of that service for partners. He said part of that was changing an entitlement mentality, which would happen over time and that process began this year. Member Mutch asked if they could expect to see some adjustments to address those kinds of situations in the upcoming year. Mr. Auler said they had been in discussions with those various groups, and anytime there was a change where their fees were being raised would take time. However, they were progressing and their goal was to recoup the cost for the service they were providing. Member Mutch asked what the total cost for senior transit, and what revenue sources covered it. Ms. Smith-Roy said they had three sources of revenue and one was the HCD/CDBG Funding, and the other was the SMART credits with a small fee charged. Member Mutch asked about the SMART contract. Ms. Smith-Roy said unfortunately it was into several different line items, so it would not appear obvious on the information provided to Council. She said on page 26 of the Account Funds Line Item Detail was the Parks, Recreation and Forestry revenue section. She said it was included in the component called Senior Program Revenue, which was detailed later on page 31. Member Mutch said yes, the Senior Transit \$16,000. Ms. Smith-Roy said yes, then the SMART contract for \$44,714. She said the piece missing from there was the HCD/CDBG funding, which was shown on a separate line item as the lump sum that they received for the HCD/CDBG funding. Member Mutch referred to the expenditure side on page 33, and asked if the Community Cab contract fell under the Senior Transit Van for \$120,000. Ms. Smith-Roy said it did. Member Mutch said his comments were not about the need or the importance of senior transit and that service. However, he thought when looking at the budget numbers and trying to see the progress they were making, these activities on the revenue and expenditure sides gave the appearance that they were subsidizing Parks and Recreation operations, when a significant portion of that subsidy was for the senior transit for day to day operations and capital items. He wondered if it might be helpful to break that out separately in future budgets, to assist Mr. Auler in showing progress toward eliminating their program subsidy. It would also help Council identify the true cost of that service, so they could focus on where to allocate money. Then Council could see the progress they made in reducing that subsidy, otherwise it left the impression they just kept putting more and more money into Parks and Recreation and they weren't doing anything to address that. He said obviously that was not the case, but within the broad scope of the budget they couldn't see the progress Mr. Auler was making.

Member Mutch said one of the short term goals of the Council was to explore obtaining additional active recreation property through partnership with the school district and developers. He said there was no money allocated toward that goal and he asked if Mr. Auler

wanted to add anything regarding what they were doing to address that as a short term goal. Mr. Auler said they were short about 80 acres of land available for active land use, which had an impact on all their sport fields, and in particular soccer. He said they were using their soccer field capacity four times the amount of what it was capable of handling in terms of quality turf. Last year due to the wet weather and use, they had to cancel approximately 25% of the season. He said rather than trying to purchase land they were trying to seek partnerships with other public agencies or the private sector to identify available land opportunities for soccer field space. Mr. Auler said they had money that had been allocated within the Park Foundation Fund and was restricted for soccer field development that was a contribution from the Novi Jaguar Soccer Association. He said if an opportunity became available, they could initially fund some improvements. He said they had preliminary discussion with the school administration but nothing with the school board yet, as they were waiting on the outcome of the school bond issue and what their plans were. Member Mutch said one of the capital items in the budget this year was \$150,000 for soccer field renovations at Community Sports Park. Mr. Auler said he was correct. Member Mutch asked how that would impact their operation when that field went out of service. Mr. Auler said they rotate fields out to try to give them time to rest and recuperate from use, and they would do it at a time of the year that would have minimal or no impact on the season, and still be able to accommodate the growth they were having within the program.

Member Mutch said that highlighted a lot for him as they had talked a lot about a goal driven budget in terms of where they were spending. Obviously, some of the items identified in the budget tied directly into the short term goals of this Council. He thought it also pointed out that if they looked at those short term goals, there were areas they had not addressed or had not addressed as much as they needed to. He said obviously, Mr. Auler was making an effort to find those additional fields but it needed to be a priority. He noted that watching the Parks and Recreation meetings, comments from staff and commissioners, and Mr. Wiktorowski's report on the use of the fields, they were just not sustainable. He said they were destroying those fields because there was such a demand and need for soccer fields that they were being over played. He said there were areas with higher priorities than soccer fields, but they needed to recognize there were short term goals that the budget didn't address directly.

Member Mutch said he was not going to say anything differently than he had said from the beginning regarding the gun range. He said he was disappointed in what he saw as a lost opportunity with the Forfeiture Funds and how they could have been spent. He said they knew the Police Headquarters had short term needs identified around \$500,000, and an eventual build out and renovation projected at \$5 million with the cost potentially going up each year it was put off. When looking at the Forfeiture Funds and the \$1.7 million proposed to be set aside for the gun range, the \$500,000 for the critical needs and \$800,000 that was currently unallocated but when added up it was almost 60% of the funds needed to complete those improvements. He said they were proposing to spend that in other ways and that meant those improvements wouldn't get done in the short term. He said he knew there had been discussion on when that would happen. At one point, the Police Chief talked about 2009-2010, and the CIP plan talked about it being further out but in either case in the next 3 to 5 years they would have to come back and ask for at least \$5 million from the taxpayers. He said assuming it would be done through a bond, there would be interest costs relating to that \$5 million when they already had 60% of the funding and would not have incurred those interest costs. He said they didn't have multi millions of dollars sitting around; so they would have to make some choices about how they would be spending Fund Balance. He said they could have put

together a plan that took that 60% of Forfeiture Funds and found a way to pay for the Police Headquarters building needs sooner rather than later. He said if later, they would have to ask the taxpayers for a tax increase by asking them to approve voting for a bond proposal. Member Mutch anticipated that someone would make the argument that it didn't mean taxes would go up, and it could be offset as they were going to attempt to do for the library, and that was absolutely correct. However, it was a cost they would incur that there were funds available for. If they addressed the critical needs it was only 10% of the total cost of the building. So out of this multi million dollar Federal Forfeiture Fund they were only addressing 10% of the needs at the Police Headquarters versus having 60% of those funds set aside and finding a way to do the rest. He said decisions were made on how to spend the money before he was on Council. However, when they finally got the numbers on the real cost, Council should have recognized the need and projected 5 years out that they would need \$5 million minimum. He asked where that would come from, and it was put into the context of the CIP program which was looking at the DPW facility, ongoing cost of roads, and retiree health care. He said these were some big dollars that they needed to pay, and in his view allocating the funds the way they had didn't meet the long term needs. He said there was a difference of opinion on the Council and the Chief of Police had his priorities. This was not a disagreement with the Chief or a criticism of the Police Department. Member Mutch said the Chief's role was to tell Council what he needed, what his priorities were, and what it would cost. Council's job was to take in that input, place it within the context of the entire City budget and decide how it should be spent.

Member Mutch said his position had not changed on the Forfeiture Funds because he saw it as a lost opportunity, if it was spent in the way proposed in the budget. He said that would be one reason he would not support the budget at this time.

Mayor Landry said he wanted to respond to the previous speaker because he thought they were making progress and he saw a nugget of consensus. What he heard from Member Mutch was an acknowledgement that yes, they were paying in this proposed budget for the day to day operations of the City out of the revenue with \$300,000 extra. He believed there was consensus on that issue. He commented that the rest of the budget though was that they would have \$8.9 million to roll over into Fund Balance. So, now the question really came down to, and the difference of everyone at the Council table, was what to do with that \$8.9 million in Fund Balance.

Mayor Landry said the City had suggested that \$3.5 million be spent on big ticket capital expenditures leaving \$5.4 million and adding the extra \$300,000 to it to come up with a \$5.7 million Fund Balance. He said what their disagreement was about at the Council table was how much Fund Balance they should keep. Now, the previous speaker indicated, and he agreed, that they needed to keep enough in Fund Balance to pay for capital expenditures in the future, such as roads, etc. He wanted to suggest to the previous speaker and his colleagues, that they had the same comments last year and every year, how much Fund Balance do they keep because they might have capital expenditures in the future, He said they were there now. He said they wanted to make some capital expenditures using some of the \$8.9 million. Mayor Landry said they wanted to make capital expenditures on roads, parks, and information technology; so they were doing exactly what was being proposed, that they were supposed to do, with Fund Balance. He thought the only disagreement they had was how much should they keep. He said Member Mutch indicated that he would like to know from the Administration what percentage of Fund Balance they would feel comfortable keeping,

because Member Mutch indicated what happened if there was a cash flow problem or they go to 12%. Mayor Landry suggested they already had the answer to that question. The Administration was saying 16.7%, which was \$5.7 million and left \$3.5 million, and they would be comfortable, and that was what was in this budget. He asked if he was correct and Ms. Smith-Roy said yes.

Mayor Landry asked Member Mutch if he disagreed with 16.7%, what percentage Fund Balance he thought the City needed to keep. If they kept it all it would be 27%, so he asked how far apart they were. Member Mutch said he didn't have a percentage. He said he would go back to his initial comments about the budget in terms of how they would handle that. It was his feeling they needed to defer some of the expenditures until they had a better picture of what their actual financial position was after the audit. He said he would look at the current year where they were talking about spending \$1.5 million out of Fund Balance to pay for operations and capital costs. He said that affected that \$8.9 million amount. He said the other comment he had was if they truly did have an excess of Fund Balance beyond what was needed, then he thought they needed to talk about whether it was fair to be holding onto that and asking for a millage increase from the residents. At a time when overall revenues were flat, why were they increasing expenditures and increasing the millage along with it to help fund those. Maybe the answer was the millage increase wasn't funding the expenditures, and wasn't covering the day to day operations; it was just adding to the Fund Balance. One of the questions he asked, and still didn't know the answer to, was for that gap between cash flow and the 16.7%, what was the purpose of those dollars.

Ms. Smith-Roy said she would like to step back for a minute and give some historical background about what the general philosophy had been for the last seven years. She said they had, on occasion, increased the General Fund Millage where the debt millage had reduced itself and kept the total overall millage the same. She said they had been moving in the direction of trying to pay as they went for major capital items. She noted they would find that some of the major items they had addressed in the last seven years would be a lawsuit in early 2000-2001, the ramifications of that settlement had to be dealt with, in the last couple of years they had made additional contributions to retiree health care, had made some major capital purchases that in the past were done by installment agreements such as the data processing for the Police Department, and a telephone system. She said in terms of this year's increase in the General Fund Millage only, with the reduction in the debt millage, the total of that was about \$83,000. She said they had included in the budget the critical needs work at the DPW, which was about \$189,000, so that was another item that could have been funded on a long term basis or would have been in the past. She said they were trying to address those now. She noted there were a number of vehicles and capital outlay issues that were not dealt with in prior years, and they had been slowly chipping away at those. She said they were coming to a point where they knew what their recurring annual expenses were. They were replacing the proper number of vehicles and equipment each year so that they were not getting backlogged with a list of equipment in one year that needed to be replaced.

Member Mutch said in terms of that number, it was very helpful for him to see what she called the day to day operational \$3.6 million. He asked if she went back 2 years, could she pull out a similar number for them. He said his earlier comment about trends in how they were spending was sort of the broad expenditures that had gone up. He didn't think they had enough detail that showed how the operational side of the budget had changed over the last few years. Obviously, they had spent more and it would be helpful to see where that "more"

was occurring. He said obviously, there had been a shift to try to bring more of the capital items into that funding as well. Ms. Smith-Roy said they would be happy to do that.

Ms. Smith-Roy said last year they put \$1 million to retiree health care, a number of park capital development projects that would have been funded by bonds in the past, so it would not be a problem for them to do that. She said they were planned expenditures and were not emergencies. Member Mutch asked why she felt the need to increase the General Fund millage this year. She said this year their concerns were with ongoing negotiations and not knowing where that would land; they didn't want to add full time staff until that was settled. She said they want to have an additional cushion sharing his concern about the State Shared Revenue. They felt this would more than adequately cover those concerns.

Member Mutch said there was a contingency line item of \$600,000, \$685,000 for contracts and other matters as well as this sort of undesignated Fund Balance amount above the 16.7% or \$1.2 million. He asked why they were asking for another \$83,000. He said it was a small amount but it was millage out of our capacity and millage they would need long term. He said for taxpayers, in a year many of them were seeing their taxable value continue to increase, the perception was why more now. Ms. Smith-Roy thought they couldn't look at it in the terms of just this year. In the long run Council would have to make decisions about debt in the future, the library was coming into play and there would more than likely be another road bond issue given major projects in that area. She thought to be true to the taxpayers if they stay on the course of staying at the 10.5 mills, and absorb some of that, and addressing smaller capital items with the additional General Fund Millage that they were charging, it would go a long way in building trust with the taxpayers that they were trying to maintain a millage that was affordable and below other communities in the area. She felt consistency was important to the taxpayers and the rating agencies, and thought they had done a good job in whittling down some of the debt millages to make that the option available in the future to add a debt millage without increasing taxes. At that point, it might result in a reduction of General Fund millage.

Ms. Smith-Roy said they had to remember that in some of those years when they increased the General Fund millage there was also almost an offsetting reduction in millage to some of the other operating funds. Member Mutch said he recognized the millage had been consistent over a number of years but a number that jumped out when talking about that was in a 5 year period to have a billion dollar increase in evaluation, and not see any impact from that additional tax base and tax revenue was notable.

Member Mutch said regarding the question from Mayor Landry, obviously the Fund Balance was an issue, but he didn't want to reduce it to that alone because of concerns about adding staff and the long term cost of that, and how it impacted the day to day operational cost they were looking at. He said adding the Sergeant and patrol officer position, as well as a couple part time positions, almost ate up the entire difference between the two. He thought they needed to be mindful of that too because those costs were long term costs that this budget had to absorb. At the last meeting, the Mayor discussed funding Police and Fire services as a goal, and they needed a plan to fund it. He said that was a concern because the only plan he was aware of for staffing for those departments was done a couple of years ago, and it was a very ambitious plan, and not one that they could afford with the current budget situation. He thought before adding officers, the discussion didn't need to be about the need if the need had been identified, but was how to fund it not only this year but long term within an ever shrinking difference between revenues and expenditures.

Mayor Landry said the way he understood Member Mutch's position was that he didn't have a particular percentage that he felt should be kept in Fund Balance; he just didn't think they should be spending what they were proposing to spend. Mayor Landry respectfully suggested that was not the way to budget. He thought the way to budget was to first figure out how much they needed to pay expenses and Rainy Day Funds. Then figure how much was left over, because if they didn't know that, they couldn't say they couldn't afford this. Mayor Landry said find out what was needed, including Rainy Day Funds, and then he would truly know what was left over and could look residents in the eye and say yes, they could afford this or no they couldn't. He suggested they try to come to some kind of consensus. The Administration had indicated 16.7% that they thought was healthy for Fund Balance and if there was disagreement, maybe they should hone in on how much to keep. Then they would know how much money they would have, and what they should spend it on. He understood that the previous speaker also believed that additional personnel shouldn't be added, but that would be in the day to day funds. He said that was the way he thought they should go. Mayor Landry said in this discussion between himself, Member Mutch and Ms. Smith-Roy about raising the millage rate he didn't want anyone to think they were raising taxes; they were just adjusting among the several millages that made up the 10.54. She agreed.

Member Paul said there was 16.7% in the Fund Balance, and she asked Ms. Smith-Roy to give Council the dollar amount for 1% so they could look at the overall amount of what she thought would be sufficient.

Ms. Smith-Roy said each 1% would add another \$340,000. Member Paul said when Ms. Smith-Roy considered a Fund Balance and had 16.7% as the number she wanted to stay at, was there ever a possibility that she needed \$800,000 for day to day operations. Ms. Smith-Roy said she was very, very comfortable with the 16.7%, she believed it was higher than it was for the last several years in terms of what they were planning on, and she was comfortable that would not only cover cash flow but any potential risks or liabilities. She said she wanted to comment on the position of police officer and understood they report the position in the General Fund, which would not impact the day to day operations funds because they would increase their transfer received from the Police and Fire millage by that amount. She wanted to clarify that it would not reduce the amount they had available. Member Paul said with the Police and Fire Fund Ms. Smith-Roy was speaking of, there were several things they were taking out of that fund this year, such as replacing Fire Engine #5 for \$420,000 and Rescue #1 was \$240,000. She said these two one time expenditures were very large, and she asked if they were completely captured by the Police and Fire Fund. Ms. Smith-Roy said they were, and what they had done that wasn't in the current budget presentation, but in prior budget presentations, was the 20 year Fire Vehicle Replacement Program and those items had been planned for and were included in the \$5.18 million that they were transferring from the Police and Fire millage. Member Paul replied very good, because Mayor Pro Tem Capello asked if they could hold off on those vehicles, but those were planned vehicles and part of the program. Ms. Smith-Roy said yes. Member Paul said Ms. Smith-Roy was talking about the \$638,000 for Stations 2 and 3, and she asked Chief Smith to tell them a little about the improvements. She said she went on a tour of Fire Station 1, 2, 3 and 4, and there was no question that this was a need and one that they would normally go out for a bond for. She said the facility was less than lacking as they didn't even have abilities for female firefighters to have a separate restroom and dressing area. She felt that was a liability, if they didn't have equal space for both.

Chief Smith said the sum of those improvements would be what the architect recommended. He said they had met yesterday with them so they couldn't be very specific at this point. He said what they used as their base line number they took from last year and added to that knowing full well that both these stations would probably require about the same amount. He said they would go with the architect's recommendations on those stations, and at this point he was still in the initial phases of the study. Member Paul asked if he was confident that with this money they would be able to capture the needs of both of those facilities. Chief Smith said he didn't think they could do both with that amount of money, but he would have to look at the results of his study to know the total amount. Member Paul asked when he would have an idea of what those costs would be. Chief Smith said it would be early June for the finish of the needs assessment, and he believed they were planning to report his final study to Council in mid July.

Member Paul said she went through some of the line items that were an immediate expenditure, which were above and beyond the day to day operations, which was approximately \$3 million. She commented that some of the things she had concerns about were some of the vehicles and equipment. She noted, for Assessing, the Jeep Liberty that was proposed was a \$19,000 expenditure, and their vehicle was a 1998. She said yes, that was an old vehicle but there was only 40,000 miles on it. She wondered whether there was a way to reimburse for the mileage, because 40,000 miles for a vehicle that was 9 years old was very low mileage. She asked if in this department, instead of buying another vehicle they could reimburse employees for mileage put on their cars. Ms. Smith-Roy said looking at it from an employee's perspective knowing the types of miles put on that vehicle and how that vehicle was used; she didn't think she would be willing to use her personal vehicle on the standard mileage rate for use by the City. She said she would want a higher rate, because of that very reason, that vehicle was experiencing some serious maintenance issues. She said while it wasn't a lot of mileage it was the type of mileage, stop and go, idle running and through some not completely constructed areas. She said as an employee she was not sure that she would accept that and it was probably something the Human Resources Department would have to negotiate through the Teamster contract. Member Paul said she understood that they were going through new construction sites and beating up the vehicle but the mileage was still low. Member Paul said they were looking at four new vehicles for the Community Development /Building Department. She asked if there was a way they could eliminate one. She said DPW has had some new vehicles, there's a large dump truck for \$139,500, a small dump truck for \$54,000, and another critical need for the first year was \$189,000, plus two pick ups and plows for \$52,000. She said that was a large amount of vehicles for that department as well as the overtime. She said there were contractual agreements, and she knew there were some different things that went on in that department as well, but she had not had any explanation from the first meeting, of why there was approximately \$250,000 of overtime in the DPW. Ms. Smith-Roy said she didn't have any detailed information with regard to the overtime. However, with regard to the equipment, it should be replaced on a regular basis, and funded from their allocation from the General Fund to the Road Funds. She said the Road Fund, Drain Fund and the Water and Sewer Fund were supplementing the cost of those vehicles. She said it was not entirely taken from the General Fund. She said the allocation line included both labor and equipment. She said it was under the account, All Funds Line Item Detail on page 18. She said the second to last item showed the amount allocated to other funds each year for equipment and labor. She said the equipment usage was based on the Act 51 rates that they published as recommended allocations.

Member Paul said she was appreciative that all of the vehicles needed updating and repair and was just looking at the amount as well as the \$257,000 proposed for overtime. She was looking for a way to bring that number down, so they could have a long term sustainable General Fund. She didn't want to keep spending that amount of money for overtime, and asked what the plan was to decrease that number.

Mr. Pearson said it was the manager's, director's and the supervisor's job to get the work done and to do it efficiently. He said their plan would be to look at what the operations were that needed to be done everyday, and schedule the resources accordingly. If there was snow, ice control and storms, obviously they would get the work done, and if there was overtime then that's the way it was. He said if there was opportunity for adding personnel so that the same work could be done more quickly, as they did in the past with the Police Department that would be how they could save some money. He said they would come to Council the instant that it appeared they needed to do something like that.

Member Paul said she would absolutely want to have 16.7% in Fund Balance, and she would like to have more of a cushion. She would like it to be several percentages higher than where it was at. She was looking at the \$233,000 for vehicles for the Police Department and wanted to take that out of Forfeiture Funds. She knew they would have to absorb that long term but while they had the Forfeiture Fund money she wanted to use some of it. She would like to eliminate the three employees they were looking at hiring, since two new economic development people were hired as well as a building person just this year alone.

Council recessed at 11:15 A.M.

Council reconvened at 11:25 A.M.

Member Margolis thought they were making progress talking about policy and specific areas in which they had different priorities in terms of the budget. She wanted to make a few comments, and one was the idea of the millage "increase", which she agreed with the Mayor that the amount of taxes for the taxpayers were not increasing. She said there was a change in the specific numbers within the millage. She thought that was an area where there were differences of opinion regarding what to do with that. She and Ms. Smith-Roy had long conversations, since she had been on Council, about this whole concept and those changes and the idea of pay as you go. She said in her interpretation as a growing community, especially quite a few years ago when this community kind of exploded, the only way to fuel growth was to fund infrastructure through debt. She noted she absolutely agreed that they needed to move to pay as you go and appreciated Ms. Smith-Roy's expertise in that area and moving Council in that direction. She said when looking at how Novi compared in their debt millage versus General Fund millage to other communities who had a lot less debt millage than Novi did, and rightly so, because Novi was growing so fast. She thought that shift was an important thing, and she would like to see pay as you go again, and chunk off these kinds of programs.

Member Margolis said she wanted to address the idea of the Contingency Funds, which Member Mutch had questioned. Again, that was a great policy debate, but she personally agreed that they needed Contingency Funds in this budget. One of the things talked about was that there were a number of unknowns. Therefore, she thought it was very prudent to have Contingency Funds for things like labor negotiations to make sure they were covered for

possible Judgment Trust Fund in case they did have a legal judgment against the City. She said policy-wise, she absolutely agreed with that.

Member Margolis said there was talk about whether or not to put money behind short term goals. She commented one of their goals was seeking partnerships for Parks and Recreation, and for more active parkland, and they weren't specifically putting money behind that one. She said she didn't think, for now, it needed money behind it because it was more a leg work piece that might need money down the road as those partnerships were developed. She certainly would be happy to talk about their relationship with the short term goals and the budget because that was one thing she strongly looked at, and welcomed that discussion.

Member Margolis said regarding adding staff, this budget didn't have additional head count full time staff. Mr. Pearson said she was correct. She thought there were a couple of part time positions, and again, looking at capacity and operations that was a great way to add capacity in certain areas without adding long term legacy costs. She said as the community had grown, Novi had a small staff compared to most cities of this size, and really had not added a great deal of staff over the past several years as they had really grown. She said there was a comment that two new economic development positions were added, and she wanted to clarify that. She said they added an Economic Development Manager, which the Council agreed on but that could have the potential to bring in a lot more money than they spent on it. Member Margolis said her understanding was the other position added in Economic Development was just a shift of a position from the Building official to a more broad position. She said they didn't replace the Building official they just put that person over two departments, Planning and Building, and increased their span of control. Mr. Pearson said that was correct, and that they also made another shift emphasizing the neighborhood liaison and small business, which was the other part of that rearrangement. He said they only added head count was one.

Member Margolis wanted to talk about some individual items and then about this idea of a policy on the Fund Balance. She noted there were comments made about the gun range, and she knew there were differences of opinion. One of the debates about that was that the department came forward with some long term needs that they would need at the headquarters as head count increased. She said that was very long term and there were a variety of dates in terms of how far out that would be. She said in her notes she had 2020 as a long term range. She said one of the issues she had about improving the headquarters right now and the concern about the gun range was upkeep and operating costs. She said if they build a headquarters that was larger than they needed now the upkeep on that building would be much more than it would be on a gun range. A gun range was not something that was open all the time, and was something that officers would go to on a small number of occasions. It was not a building that was heated and staffed 24 hours a day. She said policy wise, she would have concerns about increasing and improving the headquarters past what was really needed in the near future. She said Member Mutch said the goals in staffing the Police Department were ambitious and she agreed and they were based on FBI numbers. Member Margolis said that was something that Council had looked at before she was on Council. She commented that the reality was that those projections were based on population growing at a higher rate than they had seen, and the population had not grown in the same way projected several years ago.

Member Margolis said she would support this budget. They were not adding a police position; they were moving someone from a patrol officer to a Sergeant. She said she asked last year

for information, there's information in the Fiscal Analysis, on the Bartlett Formula, which was an operations research way of looking at police staffing and was an alternative to the FBI, and something Canton used. She stated she would be interested in this coming year in having that information and analysis done, and asked Administration to address that regarding when that could be done and how they could look at it. She said what it looked at was the capacity needed to handle the City in terms of police force.

Member Margolis said she wanted to address the whole idea of Fund Balance. She said personally, she had always had a problem with huge Fund Balances in non-profits and governmental agencies. She said it went way back to her work on non-profit boards. She believed in the policy that the money that was being taken in now would benefit the people who were paying now, and that they should invest in the services that they could enjoy now. Generally, what she had seen was recommendations in that 8-12% range, which was stated as their policy. She commented she was willing to defer to the expertise of the City Manager and the Finance Director who felt because of a number of items and uncertainties that it needed to be larger, and had set the 16.7%. She said she was comfortable with that and thought it addressed both needs. The needs to concern themselves with items that might be difficult to predict and also that the citizens paying taxes now deserved to have their snow plowed, their roads, and their police force to keep them safe. So, she was comfortable with that. She said one of the things they might want to consider was that they had this policy of 8 to 12% but they always increased that by keeping 14% and above. She said a policy should guide what they did, and they had this policy and then they had this other policy. So it was something they should address in terms of a policy change was coming to that figure they were comfortable with and really setting that as a policy as a considered decision.

She said she wanted to talk about the idea of the trends of what they were spending intersecting with revenue. She thought that was very appropriate as it was their job to maintain a Fund Balance that took care of contingencies but also to invest in this community that matched the revenue and expenditures. She thought many of those expenditures was money being put away to invest in this community for when revenues were not increasing. She said investing in the IT systems, which she believed were antiquated, so that they didn't have to do that in huge chunks in the future.

Member Margolis said the last thing was the overtime for the DPW. She said they had done the survey of the citizens and one of the items that was lower in terms of rating by the citizens was snow removal. She said she was quite happy with the snow removal, and it wasn't low, it was at the 50th percentile, which meant the people in this community were as pleased as other communities. However, most of the percentiles were way above that. She said what she knew about operations research was that something like the DPW didn't have a demand for service at a steady rate. It was easy to schedule people when there was a demand for service that was exactly equal and when everything was coming in. She said the bottom line was snow just fell, and they had to get it off the streets and she didn't think the citizens would want them to say that that persons off the clock now and they can't pay them overtime. They'll get their snow tomorrow. She said she would not be happy with that.

Member Gatt said regarding the Fund Balance of 16.7% the Finance Director said she was very comfortable operating at that figure. He said he was not a CPA or a Finance Director so he would go on her recommendation. He wanted to hear what the members of Council, who weren't comfortable with that, wanted. Member Paul came closest to indicating her feelings

that she wanted several percentage points above that. He thought once they could determine the exact figure that the members wanted, then they could iron out the budget quicker. He said he was confused when certain Council members talked about the goals as it seemed that they were picking and choosing the goals that they wanted to talk about and fulfill. He said when he voted on the goals in January, he voted for the entire package, and he wanted every one of those goals fulfilled by the Administration. He thought the budget went along way toward working in that endeavor.

Member Gatt said Member Paul talked about the Fire Department and their critical needs and he couldn't agree more, and this budget went along way in addressing those needs. However, then Member Paul and others talked about the pistol range as if it wasn't a need, it's a want and he couldn't disagree more. When the Police Chief, staff and the City Administration put together a package that said a pistol range was a need and by the great police work of the department we came into a great deal of money that could be used for this range. He thought they were thanking the Police Chief for his recommendation but they thought they knew better. He said they were doing the citizens, Police Department and the Administration a disservice. He said let's just look at Ferndale and Troy in the last two weeks. Both these cities had incidence where there were gun shots fired by the police and both cities had an indoor pistol range that their officers use on a regular basis. He said Novi should have a pistol range too, and it should have been built in 1980 when the Police Department was built. He said now they had a chance to fix that and Council had been through all the sayings and emotional ramifications of what would happen if they didn't build one, and he would not belabor that. However, it was a critical need of the Police Department, and for us to think otherwise they were shortcoming the Police Chief, his staff, and the Administration regarding their recommendations. He said there were future needs in the Police Department that would happen, and there are needs in every department in the City that as the City grew there would be building improvements that were needed. He said they would take care of those because as the City grew, so would the revenue. If the City didn't grow then those needs might not materialize.

Member Gatt said they had talked about staffing and he wanted another police officer; however to compromise and pass this budget, he was willing right now to vote yes, even though it didn't include another police officer. He thought they were doing everyone a disservice by not growing the Police Department, which was one of their current goals and had been a goal since he started on the Police Department.

Member Nagy said her concern had not been the fact that the Fund Balance was 16.7% or 14%, etc. As she recalled the Fund Balance was improved upon by a couple of Councils prior to them. She said they also had the foresight to have a Contingency Fund since they went through the Sandstone lawsuit. She said 16.7% was fine but agreed that they had to redo a policy because the expenditures had gone up and 8 to 12% was not enough. She said they also instituted a policy of fiscal responsibility when Member Lorenzo was on Council, and they were going to try to follow that. They had talked about having part time positions, and they all knew that part time positions could turn into full time positions. She said most cities comparable to Novi had more retirees than employees so she didn't think they wanted to go down the same road. She thought when looking at cities comparable to Novi they could learn from them because they were older, into the rebuild point in their city, and into number of retirees. Member Nagy said during her first years on Council they sat down and went through the line items and found monies, and she would make a list of all the things she thought they

could reduce or eliminate. Then maybe fund one of the needs of the DPW, add to the Fire Department, as she thought the Fire Department was the department in Novi that had lacked sorely.

Member Nagy agreed with Member Mutch that \$5 million would be needed for the improvements to the Police Department. She said nothing had been demonstrated to her that the gun range was a critical need rather than a want. She said in researching the minutes through the years all the prior City Councils turned it down and not necessarily because of money, but because of the upkeep, and they didn't think of it as a need. She thought they had a fine Police Department. She said the State wanted them to do some sharing and asked why they couldn't put some of those funds into the Farmington gun range. She didn't think they were so far apart, and it boiled down to the philosophy. She said regarding the goals Council set, as in the prior years, the goals set were not voted on by all members of Council as Member Paul didn't vote for them. She thought the goals were important and interesting but not always attainable, but the bottom line was not the goals that seven people set. It was about improving the basic services to the taxpayers because it was their money. She noted one of the goals important to her was to reduce operational costs. She was willing to look at the goals as a guideline, but not as something that she would want to go out there and push to meet. She looked at these a little differently, and compromise was important and was basically why they had budget discussions. She commented that they would never have everyone on the same page philosophically. Member Nagy wanted to hear some of the answers to the various questions Council members had. She agreed that the DPW overtime made her cautious, because it ended up that people relied on that overtime money as part of their income, and then when overtime was stopped it was a shock and they had financial problems. She said the DPW was an important service and she didn't think it was just because of the snow that they had overtime. They had to remember too that Council had accepted more roads and they had more to plow, and more to do with the drainage, sewage, and emergencies that happen. Since they put in South Lake it had been a continuous source that they have had to repair. She was not concerned about their overtime and trusted their reasoning, and she felt these discussions were educational to the public. She asked for answers to the questions raised by Member Mutch.

Mayor Landry said if City Council was not prepared to commit to achieve the goals they set why did they set them. He said they wasted their time, taxpayer money on the facilitator, and wasted the time of every member of the Administration who gave them information and attended those meetings. He said around this table they were asking different departments what their goal was as far as how many personnel they would need and how they planned on achieving it. If Council was not going to move towards their goals, how could they expect the Administration to keep to their goals? He said they can't. The goal setting process was a collaborative effort of everyone around the table. He said it might not have been all of his individual goals but it gained the collaborative approval of the Council. He said his goals were irrelevant at this table. The only goals that were relevant were City Council goals not his personal goals. He said there had to be a rudder to this ship and the rudder was the goals. Mayor Landry said they must move toward those goals or they were wasting everyone's time.

Mr. Pearson said he didn't have the oratory skills to shift a mind or a heart, but he thought he did have the skills to develop a process to listen, and convey what he had heard and seen in his time in Novi and other communities. He thought he had used all that, and with the staff team delivered to Council a document that reflected the goals that Council set. He said that

was all a part of that process and had all been done within the framework of our financial means. He noted that the audit of last year's fiscal year, which this team, with Council oversight delivered, showed last year revenues of \$29.5 million and expenditures of \$26.1 million, adding \$3.3 million to Fund Balance. Mr. Pearson said the City of Novi, with this backdrop of everything they had been seeing and with the adjustments, etc., was maintaining its fiscal house in order, and would continue to do that. He commented that the State Shared Revenue had traditionally been shown 2 ½% below what the State of Michigan had provided for estimates that communities relied upon. He said that was another way they could have kept to the State's estimates, been justified and had additional revenue to work with and not build up the Fund Balance like they did last year and years before. Mr. Pearson said given the back drop of what was going on they lowered the State estimates 5% this year, which was an extra \$260,000 that they could have shown as revenue and didn't, that they could have added to Fund Balance even more than the 16.7% but didn't, or could have added people they needed, but didn't. Mr. Pearson said when they looked at this they did a risk analysis of the revenues to make sure they weren't totally off base in terms of how they came up with this. He said the fact was that 60% of the General Fund revenue came from two sources, local property tax and State Shared Revenue. He said with all of that back drop the taxable revenue which they relied upon, grew 5% last year and other years it had been 8%, and he tried to convey and show that there was a lot of work going on in this City and this was not sticking their heads in the sand about what was happening. Mr. Pearson said there was more evaluation coming. Novi was in a great location and that would not change, there were a lot of good things happening and more investment coming to Novi. He said those two sources, the property tax, growth and what was here now, he thought they would have to say it was very solid and was not going to decrease in terms of its aggregate.

Mr. Pearson said he tried to convey in the color graph in the transmittal letter the State Shared Revenue because that was an issue. He said they broke that out in terms of the constitutional portion, which the State legislature couldn't touch, and showed how that had been steady for 5 years, and showed how the Statutory portion, had decreased. They took that off the table and recommended putting it toward an additional contribution to retiree health care, but could have put it in Fund Balance to see how that came out. Finally, in the transmittal letter he tried to identify, recommend and would try to bring forward policy discussions that had several multi year issues. The Drain Revenue Fund, Road Fund, Shared Services, Cable Franchise fees, were some of the things not affecting this budget directly and why, and what they saw coming down the road. He felt they were looking ahead to the future and how those things, even beyond the core revenues, that they would keep an eye on, but there was no certainty to those. He thought they looked at those in aggregate. Mr. Pearson said he had done budgets for 16 years and knew it was hard to wrap your head around all the different funds and in and outs. They had done their level best to put this together in a fashion that reflected a process that Council and citizens had significant input on with the perception survey, CIP Committee, Parks, Recreation and Forestry Commission, and all of that went into what Council had before them tonight.

Member Mutch said he was getting the feeling that Council was reaching the extent of their effectiveness today in terms of discussion. He said he had additional questions and was looking for additional information, and as a Council, they had scheduled three budget meetings. He was ready to go into another meeting with that additional information. He felt with that information he could vote on this budget fully informed with the information to feel comfortable voting for a \$34 million budget. Member Mutch said he looked at quite a bit of

detail and requested quite a bit of information and tried to be as informed as possible. He said obviously, he didn't have the level of experience of the City Manager so it took him a little longer to wrap his head around these numbers, and he wanted a little more time to get comfortable with the numbers.

Member Mutch said a comment was made that he had questioned the need for a Contingency Fund. He thought he was simply asking a question about it and didn't have a problem with it. He said obviously, it had been budgeted, the Administration wanted to include that for contracts, and he was just asking where that fell into the calculations.

Member Mutch agreed with some of the comments about staffing and having a plan, and looking to see if the plan developed was still realistic for the growth and needs of the community. He said he would add finding the funds to pay for it. He knew the City Manager noted that two years ago they exceeded their revenues by \$3 million and that was excellent. He said this year it was only \$300,000, and in that same time expenditures had gone up almost \$8 million, and those were the trends that he had concerns about. Member Mutch said before making a final decision, he would be looking closely at any employee positions; part time employees do become full time employees with full time costs, and with such a small difference between the current revenue stream and expenditures they had to be very careful about adding to the long term costs of the City. Member Mutch said it was still an area he didn't think they had a good handle on in terms of where those two paths were going to converge. He agreed with Member Margolis that they didn't want to be taking excess tax revenue from the residents and hoarding it. However, they also had to be mindful that they didn't spend in a way that they got into a deficit spending situation or a situation where they had to reduce staff or services.

Member Mutch asked Chief Molloy what his date was to begin renovations and expansion. Chief Molloy said he couldn't give an exact date of when they would have to make the expansion. He said their growth was slow, population projections had changed, and they had come up with a whole new set of projections in cooperation with the Planning Department. He said they were looking at real time data from housing permits, and current master plans, and right now they didn't need any additions to the current facility. Chief Molloy said they were living within the means of the current structure. However, when additional staffing was added, whether locker rooms, additional space, storage space, etc. they would be looking at that and his best guess would be 7 to 10 years down the road. Unfortunately, with the current Forfeiture Funds, they had to have those expended within that 24 month period, which prohibited setting them aside until they could make those additions.

Member Margolis said Member Mutch talked about the fact that this budget was a \$300,000 difference, and that the last audited number was a \$3 million difference between revenues and expenditures. She said those were two different kinds of numbers. She said they attempted to balance the budget to match revenues and expenditures, and that was where they came up with the \$300,000 for the projected budget. The \$3 million that Mr. Pearson was discussing was at the end of the year when the books were audited they ended up \$3 million to the good. So that budget was set in a similar way to this one but they did a great job in underestimating revenues, and saving money on expenditures and saved the City \$3 million. She said they were talking about trends and she wanted to be sure they knew they were talking about two different numbers.

Roll call vote on CM-07-04-081

**Yeas: Capello, Gatt, Margolis, Landry
Nays: Mutch, Nagy, Paul**

Motion failed as five votes were needed to pass the budget.

Council recessed at 12:09 P.M.

Council reconvened at 12:40 P.M.

Mr. Pearson said they had talked about trends and how they were living within their means, and Ms. Smith-Roy's piece showed in the 2007-2008 revenues of \$31 million, and ordinary expenditures at \$30.6 million, and the balance was the extraordinary. Mr. Pearson commented that during lunch Ms. Smith-Roy did two years additional history of that, and that information was passed out to Council.

Ms. Smith-Roy said for 2006-2007 the General Fund Revenue was \$31 million, and ordinary expenditures were \$30,000,325. She said the additional items included in last year's budget was a \$1million allocation to the retiree health care, transfer of \$694,000 to the ice arena, and the transfer for park development of \$643,000. She said there were other items but those were the key items included last year for a total expenditure of \$32,000,662. She said for 2005-2006 the revenue, without looking at any extraordinary transfers, was \$3 million over the ordinary or customary expenditures. She said those items helped to account for the additional Fund Balance today.

She said there was a question in regard to the Police and Fire Millage. She said she was showing up to 2013, the next five years out. The top portion was the equipment replacement schedule. She said in 2006-2007 was the pumper for \$420,000 they replaced this year, and for 2007-2008 it was \$660,000 for two pieces of equipment. The next scheduled equipment was for 2010-2011 and each of the stations and their respective equipment was listed out for a number of years thereafter. Ms. Smith-Roy said below that was the property tax revenue projection and the transfer to General Fund, just added the additional Sergeant position and the estimated cost associated with that. She said there would still be sufficient funds until such date when Council and Administration look at long term staffing plan for both the Police and Fire. She said this would be one of the items they had to take into consideration as the revenue that was available from this millage.

Mr. Pearson said the amount for an additional Sergeant assumed backfilling the Sergeant position which was not included, but this was being inserted as if it were to be included.

Mayor Pro Tem Capello said a comment was made about Laura Lorenzo, and he would never forget her last budget meeting with Council. He said she listened to everybody and then came in with a proposal for them, and with a little negotiation, in less than an hour they had a budget. He said she listened to everyone and then came back and tried to satisfy everyone. He said he tried to listen to everyone also, but he would need additional information to make a motion. He stated he was a little confused because he heard some comments that they didn't want to use any of the Fund Balance to pay for the expenses in the budget. He thought the one consensus that they did have at the table was that the budget prepared by the Administration, the day to day operational cost, did not exceed the revenues. Mayor Pro Tem Capello said he listened to Member Margolis and Mayor Landry as they explained what Fund Balance was and how it fit within the budget. He thought some of the confusion was when they saw expenses,

they saw them as day to day operations, and didn't look at them as money coming out of Fund Balance. He said he looked at this budget in the distinction between day to day operations and Fund Balance similar to his home needing a new roof and windows. He said the checking account was to pay his month to month bills. His savings account was to put a roof on his house when needed, to buy a refrigerator or to save up for vacations. He said there was a purpose for those savings, it was not day to day operations, and that was what he was looking for the Fund Balance to be. As discussions began, he thought that he and the Mayor had been on Council for 5 years, and had created these budgets for 5 years. He said they had always put money into the Fund Balance, in the savings account, so they could pay for the improvements needed to the Fire Station, fire truck, so they could pay for more of the capital expense items that they knew they would need in the future. They didn't want to budget for it out of one year; so they put the money into savings and when they needed it they spent it. Mayor Pro Tem Capello said Member Mutch said they needed to budget for the future, and he thought they had done that. He noted a comment today was what happened in the future when park improvements were needed, or repairs to the building were needed. He thought, after doing this for 5 years, they were there today. The parks needed improvement, as did the Fire Stations, funds were being allocated to the Police Department out of Forfeiture Funds, and future improvements would be needed for the Police Department. He thought they were there today, and asked what they going to do. He thought it was time to take the money out and use it.

Mayor Pro Tem Capello noted a comment was made about what would happen in the future when revenues would not pay for day to day operating expenses. He said that could happen and they all had take that into account. They had at least 16.7% in the Fund Balance, but when that happened what they would do would be to acknowledge that they were not generating the revenues in the Building Department because building had slowed down, and would look to cut some of the expenses. If the revenues weren't there, there was a reason for it. He said it was probably because things had slowed down and they might not need the same personnel and as many vehicles, etc. He said they should look at that when they get there, and it was not something that would be a huge surprise because they budgeted ahead of time. He said they would know ahead of time if the revenue would cover expenses, and was why they did this every year to look forward. He said that was not a concern particularly because there was 16.7% in Fund Balance.

Mayor Pro Tem Capello said he was trying to figure out what the motion should be. He would make the motion that they leave the \$3.18828 million in the Fund Balance. Then he would take out renovations to Fire Stations, Engine #5, Rescue #1, take a million dollars out of the additional monies and put it into the neighborhood roads, and improvements to Power Park and Community Park. Then, he would be close to leaving that \$3.1 million in there. He thought they put that money in there for these expenses and if they didn't want to spend it fine, he would leave it in Fund Balance and they wouldn't be able to do those improvements this year. He said those were not the kind of items paid out of general operating expenses. If there were, then they were doing something wrong as a Council. He said they planned for this ahead of time, and didn't think they were doing something wrong. After listening to discussions, he knew Members Paul and Nagy liked the Fire Department but that would not pass because they were going to jump all over that.

He noted that he heard Member Nagy say she was fine with 16.7% Fund Balance, and Member Paul say she would like to see a few more percentages in there. Mayor Pro Tem

Capello said, regarding Forfeiture Funds, in the past Council agreed to pay off those bonds. He asked on an annual basis, how much they were paying towards the bond. Ms. Smith-Roy said it was a little over \$300,000 annually. He asked how many more years they had on it, and she said it would be paid off in 2012. He commented that Chief Molloy said the Forfeiture money had to be spent over the next two years. Member Margolis had said they were not going to build something they didn't need because they would have to maintain it, and have the expense of utilities.

Mayor Pro Tem Capello said part of the argument that convinced him to apply the Forfeiture Funds to pay off the bonds was it would add an additional \$300,000 a year for 5 years. He said that was an annuity to pay for future improvements, modifications and expansion to the Police Department. He said they were not going to take that money and apply it but the way they had done this, they were able to extend out spending the Forfeiture Funds over a longer period of time rather than within two years by paying off the bonds. He said as Council, they could agree that the money that should have gone to the bonds would be in the General Fund, and earmarked for future improvements to the Police Department. He said they would create an annuity out of the Forfeiture Funds, which was technically not permitted under the Federal guidelines. He stated that would accomplish the goal to use the Forfeiture money to improve the Police Station.

He commented that the \$5.1 million dollars being spent on the gun range, \$300,000 or \$400,000 of that would directly benefit the DPW, They were going to do site work and general improvement work that in the long run, they would have had to spend out of General Fund or Fund Balance monies.

Mayor Pro Tem Capello asked Member Paul how much she wanted in the Fund Balance above the 16.7%. Member Paul said she was talking to Ms. Smith-Roy about that and she was looking to see if instead of increasing the operating mill to 4.8287, they could decrease it to a previous year's motion. She said in 2003 it was 4.49 and that was a considerable jump over time and took the operating mill to a higher amount because they had gotten rid of their debt service, and could allocate it upward to the operating mills. She didn't want to spend all the operating mills in the Fund Balance. She said there were other things she wanted to talk about, but in general she would look at going back down to the 2006 number of 4.8 mills and start there. He asked again what percentage she wanted of the current budget to be held in the Fund Balance. She said she was looking for at least 2%. He said that would bring it to 16.9% and would equate to roughly \$680,000. Mayor Pro Tem Capello said if they pulled out the renovations to Fire Stations 2 and 3 they could accommodate her needs, and have in the Fund Balance what she was looking for. He thought they could find \$680,000 somewhere else. Member Paul said that was not all she was looking for.

Mayor Pro Tem Capello said Member Nagy said she didn't want to use any of the Fund Balance in the budget but later said she was happy with the 16.7%. Member Nagy said her comment about the 16.7% was not about being happy or unhappy; it was what Ms. Smith-Roy thought and she would not disagree with her. He said then she was alright spending the \$3,180,420 out of the Fund Balance somewhere in the budget. She said she was not alright with spending all of that because she had line items she wanted to pull out of the budget. She said she was not willing to pull out \$680,000 on the Fire Station. He asked what amount of money was she comfortable with spending out of the Fund Balance this year. Member Nagy responded she had not thought about it in terms of a comfort level. She said one of the things

she wanted to do was take \$1 million from Fund Balance for the roads; then they talked about deferring that until the audit came, and that wasn't a bad idea. He asked if she had a number for him, and she replied she didn't. He said he was confused because the first round of discussions several members had a problem spending any money out of Fund Balance. So, he was trying to identify how much if any, needed to be spent, and he was not getting any direct responses to resolve this problem.

**CM-07-04-082 Moved by Capello, seconded by Gatt; MOTION CARRIED:
To amend the budget to add \$402,369 to be appropriated \$98,223
to a mid year hiring of an additional patrol officer, and the purchase
of a patrol vehicle, and in-car digital cameras for marked patrol units
to replace the VHS at \$304,146, and those funds would be allocated
out of the Forfeiture Funds not out of the General Fund.**

DISCUSSION

Member Margolis said they had the memo with the recommendations on getting the patrol officer, which would backfill and allow them to have the same number of people on the street patrolling as there were now. She asked if that was correct, and Mr. Pearson said it was.

Mr. Pearson said the recommendation for the additional promotional opportunity was within the investigations group, which were working supervisors. He said the Sergeant was not a road patrol, but it would add an officer to the road complement. Mr. Pearson said the investigations group was where some of their special assignments came from and then everything from white collar sorts of investigations, fraud, etc. Member Margolis said the first request to come in from the Police Department was to add the Sergeant to the investigation through promotion, and to do that for the coming year, but what came to them in their budget was a cut back on that where they would only do that at six months. Mr. Pearson said correct, the Department had requested two positions, and through the process and discussions they cut that back to not adding head count but to add that promotional opportunity at mid year. Member Margolis said, for the people at home, the service requests were in these documents and they were public information so they could see what the public requested and the kind of trade offs that management did to fulfill all those opportunities. Member Margolis said if they backfilled with the police officer the amount they were given in that additional memo, which was \$98,223, including the patrol car. She asked if that was to hire now, or fill mid year when the person was hired. Mr. Pearson said that was for mid year and they could use drug asset for a full years salary whenever they were hired. She said so the amount out of drug forfeiture money would actually span more than this budget year or was that just for the six months. He said the allocation in this budget would be for the six months with the starter costs.

Member Margolis still wanted to see the evaluation on the Police Department, and thought they needed to do that. She noted she was certainly in support of backfilling that for the six month period and making sure they added that patrol officer when they had the change of assignment for Sergeant. She said she would support the motion.

Member Gatt said the promotion of an additional person to Sergeant was one of the Police Departments number one priority goals this year. He said he had hoped they would add a position at the beginning of the budget year, July 1. However, he was willing to compromise

his own personal wants and go along with this proposal for the addition of the extra officer six months into the year, and the digital cameras.

Member Paul said she had told them she didn't want to add a police officer, so if they add one six months from now, they would be forever paying for the officer. She said they had hired several police officers since she had been on Council in 2003. She noted she was very much in favor of that, supported it, and had brought it forward as well. She commented that the Administrative Sergeant position they might do mid year was just moving someone over into an organization that there was no union contract with. She said she was not willing to do that at all, period, in this budget discussion, and she wanted to make that perfectly clear. She said there were other things that she would look to eliminate. She noted that in the Police Department they had a Training and Standards Sergeant that was \$18,955 and that was what she just talked about, and she wasn't willing to pay for that now because it would be permanent. Next, was the Clemis at \$42,100, the in-car cameras at \$116,560, and the PC laptop at \$96,705, so with that money, eliminating the sergeant, that was \$488,365 and was what she wanted to come out of Forfeiture Funds. She said if they wanted to do the in-car camera and take it out of Forfeiture Funds, she would be in favor of adding that to the Forfeiture Funds. She was looking for that type of relief. She said that \$488,000 savings basically paid for the mandatory overtime, or it could pay for another item, and it would be a savings for this year. She asked if they approved the budget as it was, would the Forfeiture Funds spend the money for the gun range.

Ms. Smith-Roy said yes, that was what was currently in the budget. Member Paul said she would not be supporting that, and said she had made it clear in many discussions that she would not be in favor of the gun range. She would be in favor of using the facility in Farmington. It might not be up to the exact standards that everyone wanted, but it had been safe for them for approximately 30 years, and it's \$1,800. She said they still had approximately, a \$10,000 expenditure for the outdoor shooting range that was mandated by the Police Department for our State recommendation for safety, and they had to always fund those two items. She said to have a \$2 million expenditure to save \$1,800, she couldn't do it, and didn't want to have the additional money they would spend in the upkeep of a gun range. She appreciated the amount that they would be looking at expending for DPW expansion in the future but that was in the future, and they didn't know when they could afford a building like that because they didn't have a long term plan. Member Paul said she would like to see a long term plan for Police and Fire of what they wanted to spend for vehicles, as well as vehicles for other departments, and not always have to capture that money out of the General Fund.

Member Paul said there was a long term plan for IT. She said they were looking at many different computers that always needed updating, and they were always getting faster. There was also an addition of \$3,000 for BlackBerrys to upgrade the system for additional BlackBerrys. She said she didn't want to add BlackBerrys, and didn't want to add them to the General Fund because in the future they would have to be replaced, and she didn't want to do that. Member Paul said she would be much more willing to look at the computers. She also didn't want to add the cultural liaison person so there were many things in the budget that she was not willing to fund.

Member Paul noted the service requests that she wanted to save money on were the unframed rollaway table at \$6,875, vinyl chairs at \$6,540, and atrium seating at \$8,000. She said there was a PC refresh for the Building Department but she was told that was being

covered. Then there was space and efficiency study at \$22,000, Training and Development Specialist at \$29,780, which was a personnel person and she didn't want to add that at this time. She said there was PC Refresh for IT at \$12,753, Meeting Works Software at \$10,000, Senior Programs at \$24,000, Cultural Liaison person at \$22,694, Laptops, Planning and Land Use Studies at \$60,000. She said those were the general items outside of the Police that she already mentioned in the \$488,000. She said with the gun range and personnel in this budget she would not support it.

Member Paul said she was willing to negotiate the number they wanted to put towards Fund Balance, the operating mill, but she was not willing to negotiate those things. She said the part she didn't want to be more specific on was how much they wanted to put in Fund Balance, she just wanted more as a savings, because she wanted to have a plan towards adding these items in the future.

Member Paul said they heard from the Chief of the Fire Department who said the \$688,000 did not capture what they totally needed, and would probably be enough for only one station. She asked how they would save and have that for the future second station that would require more needs. She said those were very important.

Mayor Pro Tem Capello asked Ms. Smith-Roy how much was allocated toward the gun range and she replied \$1 million. He said they had \$1.6 million they thought they were going to spend on the gun range, and it had to be spent by June 25th. He asked Member Paul what she proposed they should spend it on, because if they didn't spend it they would lose it. Member Paul said there were many items that had been presented in the past to them. She said the in-car camera was \$302,000, and Mayor Pro Tem Capello said they had that covered in the current motion, and she said the other items weren't to relieve the General Fund. She said Clemis at \$42,000, in-car laptop at \$116,560, PC laptop at \$96,000, and there were more items the police wanted, but she didn't want the long term costs of the gun range. She said they could give Council their want list but that was not one she was willing to approve.

Mayor Landry said his understanding was that there was a Federal guideline on spending Forfeiture Funds of two years. Chief Molloy said that was correct. Mayor Landry said if they don't spend that money the Feds wouldn't swoop in and take it back, would they. Chief Molloy said he didn't know about that, but he didn't want to be the subject of a Department of Justice investigation either. He wanted to follow their guidelines to the best of his ability as the Chief Law Enforcement Officer because he ultimately would be held responsible. Mayor Landry said if they didn't spend it in two years, they would come and inquire as to what they were doing with it, correct. Chief Molloy said yes, that could happen, but it could also subject them to their assets for those who were working on undercover operations right now, and could have them disqualified from receiving any additional forfeiture as well.

Member Gatt asked Chief Molloy if the police gun range was a want or a need, in his professional estimation. Chief Molloy said the police gun range was their number one training need right now. Member Gatt said not a want but a need. He said what he was confused about was Member Mutch was the only one at this table who seemed to be opposed to the range, who didn't vote for allocating \$1 million toward it a couple years ago. He said now they want to abandon the \$1 million dollars that was allocated.

Member Margolis said she knew this was how the budget was often done but Member Paul listed a number of items to cut, and she was not against looking at items to cut, as it was part of what they did. However, when talking about cutting items there needed to be the same kind of analytic rigor about why they were specifically cutting certain items and then the same kind of rigor about what they wanted to do. She said they were saving that money and that meant there was extra money available. So, if they were just saving money and not doing anything additional with it, which was certainly a choice, then they were making a choice to increase Fund Balance beyond 16.7%. She already stated she had a big problem with that, as she believed that what people paid for they deserved to have services for. They deserved to have better roads, a Fire Department that had the kind of facilities that were above sub standard, and deserved to have police protection. So, she had a problem with that but that was one view, and she didn't think they had that answer. She said if they were going to cut those things, were there things with more priority such as capital improvement projects that needed to be done. She said they had to have some analytic rigor about why they were choosing those things. She didn't want to be in the same position they were in last year, as she sat at the table adding projects kind of "willy nilly". She said they talked at one point last year, about what they were going to do about Beck Road before they had done any of the study, and there was discussion that "I think between 8 and 9 was a bad spot", and someone else said "between 9 and 10", etc. At the time, she had stated she would not make decisions about improvements to a road without some real knowledge, and that was why they put money away to study it. She had no problem listening to this but if you're going to cut, she wanted to know the philosophy behind it and what they would do once they had that extra money. Member Paul said she wanted to add to savings, which meant adding to Fund Balance, and Council was asking for a percentage. Or, if cutting those things, to do something else more important, she needed to hear why they were more important. Member Margolis said that was what the staff attempted to do for them, to provide this kind of study and priority list of their reasons for choosing these things. She said they weren't infallible, but if she was going to vote for something she needed some real specifics about why and what they would do otherwise.

Member Mutch stated he would try to speak to the motion as he understood it, which was to add a staff position, a patrol position, and the expenditure of the Forfeiture Funds for the in-car camera systems. He said he wanted to clarify some of the numbers. He said, on the Federal Forfeiture Funds, if he looked at page 149 and the 2005-2006 budget year, it showed that the City took in \$2.5 million in Federal Forfeiture Funds as well as some interest, and appropriations of \$1.79 million in that same year. He asked where the \$1.2 million went and where did that \$400,000 go, and were either of those appropriations for the gun range. Ms. Smith-Roy said neither of those were appropriations for the gun range. The first one, Personal Services, was the partial addition of two officers, the transfers to other funds was a transfer that went to the Debt Service Fund to reduce the debt of \$1.2, and then the \$89,000 was a transfer to the General Fund for overtime associated with these funds. She said the Capital Outlay was a variety of items including data processing, communications equipment, etc. Member Mutch said the interest generated on the Forfeiture Funds was sitting in the bank, and he asked if that was subject to the same limitations, and she said it was. Member Mutch said he assumed the number from that first year's funds that needed to be spent was approximately \$800,000 to \$900,000, she replied approximately. Member Mutch said that was still outstanding and she agreed.

Member Mutch's comment on Mayor Pro Tem Capello's statements regarding the money they saved from the Building Bonds, and the fact that using the Forfeiture Funds had generated

about \$300,000 for the General Fund in savings. Member Mutch said there was no direct payment from the General Fund for the Police Bonds as that was a millage that was levied. He said they stopped levying that millage and were able to, as they had for a number of years, increase the General Fund with the offset. So, while there was a benefit to the General Fund, it wasn't a money in/money out situation, it was this adjustment that they had seen. Member Mutch pointed out that the \$300,000 was long gone and whatever millage reduction they saw by paying off those debts was swallowed up in the half mill increase the last couple of years. Member Mutch said that expenditure was a good thing for the City, but let's talk about what was just covered. He said adding two officers through Federal Forfeiture Funds, at the time they came on the payroll fully, he assumed they were patrol officers, so annual cost per patrol officer was approximately \$98,000, and there was \$200,000 of the \$300,000 right there. He thought they probably made up the rest elsewhere. He also thought it was helpful to look at the numbers provided by Ms. Smith-Roy in terms of going back and looking at the day to day spending over the past couple of years. He said they did very well two years ago with revenues exceeding expenditures by \$3 million but last year the gap closed and it was about a \$650,000 difference. This year it was a \$300,000 difference and now they were talking about adding another staff person that would be partially funded and when that kicked in it would be another ongoing cost. He said looking at this documented trend of an ever decreasing difference between revenue and expenditures in day to day operations, and to talk about adding staff without a plan to fund it, they needed a plan to fund these and thought some of it might be contained in the Police and Fire Fund. He said they probably wouldn't get much out of him in terms of agreement on these, because he wanted to go through the information and work the numbers and see where they could make adjustments and he wouldn't do that at the table. He said he wouldn't support the motion. He thought they needed to look at the long term staffing needs in the Police Department, but they also had to know how they were going to pay for the long term, and he thought the numbers were saying they had to be very careful before adding to long term costs.

Roll call vote on CM-07-04-082

Yeas: Gatt, Margolis, Landry, Capello

Nays: Mutch, Nagy, Paul,

Member Paul said approximately a year and a half ago when they had a different Mayor and a different Council several of them were still present. She said there was a motion made to pay down the debt in full with the Forfeiture Funds, and that was not done, and cost the taxpayers \$300,000 in interest this year. She said they paid half the debt down, and so the remainder of the interest remained, and they would have had to have the whole fund in October or November and then pay that down. She said that fund was kept in a separate area so they could possibly pay the entire Forfeiture Funds into the debt currently on the Police building in its entirety. She said they compromised and that was to take half and half. They took \$1.2 million to pay down the debt because it was \$2.4 million at that time. Member Paul said then they heard that the gun range would cost \$2 million so they took half of the money and put it towards the gun range, and everything else was kept on hold. She said last year they spent Forfeiture Funds for police vehicles. She said they had never had the Finance Department truly tell them what the cost of that gun range was, as that went through the Police Department. She said they have an accounting department and the fiduciary person was sitting next to her and those numbers had never been verified by her department. Member Paul said she wanted to see those numbers because now they were in the budget. She said she wanted to know what the long term cost of that building would be. She noted they wouldn't get much more from her because the amended budget put a police officer as well as

a Sergeant in the long term general costs, as well as the previous employees she mentioned. Member Paul didn't feel they had all the answers to those questions, and she wanted to see some true financial analysis of the gun range through the Finance Department and the long term costs of that building.

Mayor Pro Tem Capello said when they allocated the first million dollars to pay off the bond there was a prepayment provision, and they couldn't pay it off. Ms. Smith-Roy said there was, and the soonest they could pay it off was October 1, 2007. He said then claiming they didn't pay it off back then and had to pay additional interest was not true because they couldn't have paid it off and saved the interest, correct. Ms. Smith-Roy responded he was correct. She said the caveat to that was that it would have been set aside and interest could have been earned on it. She said it could have been put into some type of agency, etc. She thought that was what the point was. She said it was not as much as they would have had to owe at that expense but there was no additional interest.

Mayor Landry said that was the same meeting where the concession was made that they were going to agree to put \$1 million aside to pay off the Police Bond. He said they were going to put \$1 million aside for the gun range, and that if sufficient money came in, they would agree to vote to pay the remainder for the gun range. He said when the additional money came in those members of Council, including Member Paul, voted no. He said that was why the money was not set aside and why if there was any interest lost, it had been lost because those people who committed that if they compromised, they would come through and approve it. He said that was why it had not been paid in full.

Member Margolis asked if the money in the Forfeiture Fund was earning interest, Ms. Smith-Roy said it was. She said that really offset some of the savings they could have had by paying off the bond because it was accruing interest. She said if there was any penalty for not paying off the bond in terms of lost potential interest savings, then every day they delayed putting away the full amount, which was in this budget to pay off the bond, it would also be costing lost interest. Ms. Smith-Roy said she was correct. Member Margolis commented that they had to make sure that when they spoke they were speaking the truth, and were accurate about numbers because this was a complicated process.

Member Margolis said there was a compromise that they would pay half of the amount towards the range if they got the money to pay off the bond, and if that was agreed to and voted on, she thought that was so irresponsible. She said to vote to put half the money away and approve it in a budget, if your not going to allow it to be fully funded, was really a waste of money. It was like her saying she would pay half the money toward the police officer, and promise if the money was there she would give it all, and then not do it. She said now there was money allocated to the range that couldn't be used for the range because it was not enough, and everyone knew that back when they made the compromise and voted for it, and now there was a refusal to fully fund it. Member Margolis said she was quite astounded as she heard that discussed.

Member Nagy said there were other people that were not here that voted for this. She thought there was a member of Council recently that said she made a mistake, and she wanted to change the motion and what her vote was. She believed that sometimes you wish you hadn't voted for something. She personally wanted to pay off the bond in total and that wasn't going to happen, and maybe the compromise vote was the wrong thing to do. She said people made

mistakes when they thought they were doing the right thing at the time. She would not dwell on that or on who did what and what happened. However, with the money left she asked if they had talked about the \$550,000 critical needs, the \$233,000 for the police cars, and were they going to pay for those out of the Forfeiture Funds. She said, when going through the line items, a question was asked where the savings would be allocated, and she thought they could be allocated to the DPW, vehicles for Parks and Recreation, vehicles for other departments. She said it was easy to spend the money but it was hard to find cuts for it. She stated she would not support the motion. Member Nagy said it had never been demonstrated to her in the research she had done or from citizen feedback that the gun range was prudent. She thought the money left could be used to pay off those items. She noted she would like to see some of the information that had been requested, and she would like to go into the third round of discussion. Member Nagy noted when someone said that she and Member Paul had this thing about the Fire Department she wanted them to know that it was not a pet project of hers nor did she think it was of Member Paul. She said it was something that came about by touring the fire stations, by talking to the Fire Chief and several members of the Fire Department, speaking with residents who were shocked that the fire stations weren't being manned, and it was resident feed back, not a pet project of hers. She said they had those needs. She said it seemed to her that the Fire Department was the poor stepchild, as it had not gotten funded a lot through the years and the City had grown in population. She would not be in favor of taking any monies, \$688,000, away from them.

Mayor Pro Tem Capello agreed with a small portion of the previous speakers comments. He said they do vote and sometimes reconsider what they voted on. However, when Council allocated the \$1 million to pay off the bond and allocated the \$1 million towards the gun range, Mr. Helwig saw the impasse. He said they negotiated back and forth and Mr. Helwig suggested this compromise; it wasn't just a vote it was a compromise. He said they reached an agreement at that Council table, it wasn't a vote, it was an agreement and a promise with each other; now some Council members were breaking their promise. He said it was not just the change of the vote and that frustrated him.

Member Paul said, for point of clarification, two people at this Council table did not even agree to pay down the debt. She asked Chief Smith if in the short time he had been with Novi, had he evaluated the Fire Departments response to calls. She asked if there had been any incidences that they were not able to respond in a timely fashion due to lack of personnel. Chief Smith said yes, there had been a few occasions. Member Paul asked if he felt that the timeliness of the response to the call could be compromised. Chief Smith said yes, anytime they could make something faster he would be in favor of it. She asked what the typical response time was, and Chief Smith answered that he didn't have those numbers with him but would be glad to get back with them. He said they generally shoot for 4 to 5 minutes when talking about the paid on call getting to the station, and then response time after that once they get the equipment. He said during the times that the station was manned by the full time persons the initial response was not part of the factor because they were responding from the fire station. He said their response was generally 3 to 6 minutes for full time personnel. He said that was intrinsic to the combination system, and those longer response times occurred during the time frame that there were many less runs, not during the day. She asked if there was a plan of how they could address having better coverage all the time. He replied there was always a way to improve times. He said a firefighter with a fire engine at every single subdivision would be ideal but he knew they would never reach that but he would always be

there asking for it. He commented they needed to find out what there was between that and what they could afford.

Member Paul said there was a statement made that her main interest was the Fire Department. She said she looked at public safety as the Police Department, which they had identified and were looking for more personnel, and she wasn't in favor of that. She said they also have the Fire Department's needs. There were two buildings that needed to be changed, and they also had times when there was a time lapse between fire calls and how they responded, and those needed to be addressed. She wanted to look at safety in this area where there was an identified area of needs that should be met, first in the actual building, and secondly looking at response times. Member Paul said she wanted to make sure that when they were talking about all of the promises, the promises were for the citizens to be heard and that they were safe. She said that was her number one concern and she believed the safety of the citizens had been addressed with the gun range they had used in Farmington. She said it was a difference of opinion. She thought, in the past, that they might have enough money to look at the gun range as a possibility, but her first thought stated at that meeting was to pay down the debt. She noted she also said she wanted to take some of the money that was allocated for several years and use it for vehicles, and training outside of the firing range. She said also the laptops and in-car cameras because the maintenance on the in-car cameras they presently had was not sufficient and it was difficult to get parts. She said she understood that compromise to the motion. She said those were her thoughts as well as taking out personnel.

Mayor Pro Tem Capello said he was going to make suggested amendments to the budget and the motion would be to approve those amendments.

Mayor Landry asked if his motion would be to approve the budget with his amendments, and he said yes.

Mayor Pro Tem Capello asked Council to use book #2, under Service Improvements, it would be easy to follow.

Member Mutch asked if he was going to make a motion that would include a list of items or do each item one by one. Mayor Pro Tem Capello said he was going to make a list of items to change in the budget, and that would be the motion to approve the budget with the changes.

**CM-07-04-083 Moved by Capello, seconded by Margolis; MOTION FAILED:
To, under Training on page 2, under Service Improvements to
under Item 2, Training and Standards, Sergeant for \$18,995, Clemis
Records and Data Migration for \$42,100, in-car laptop replacement
of \$116,560, PC laptop and printer replacement of \$96,705, to all be
paid out of Forfeiture Funds. The monies saved out of the General
Fund by paying these out of the Forfeiture Fund would be
transferred to the Fund Balance increasing that amount from 16.7%
to 17.5%**

Mayor Pro Tem Capello said that would leave a balance still in the Forfeiture Funds. He said he was trying to understand Member Paul's suggestion that these be paid out of the General Fund and that was why he was moving those accounts from the Forfeiture Fund to the General Fund.

Member Paul asked if the Sergeant for the Training was still included. Mayor Pro Tem Capello said that was approved in a previous motion. He said the motion was the amended budget plus these changes. Member Paul said she would not support the motion.

Mayor Landry said the total Mayor Pro Tem Capello was proposing to move from the General Fund would be \$234,320, and the motion maker was suggesting that it be transferred to Fund Balance which would increase Fund Balance by .8%. He said they would go from 16.7% to 17.5%

DISCUSSION

Member Mutch said he would not support the motion because of staffing issues and concerns about the long term costs of those positions, and how they would impact the budget long term. He said they had the spreadsheet that showed the annual allocation for the Sergeant but he wanted information showing how that would impact the budget over the next couple of years. He appreciated the effort to look at where funding for some of the items could come from and looking at the Forfeiture Fund as an alternative.

Member Margolis said she would support the motion in an effort to compromise. She said she didn't like the idea of increasing Fund Balance that much. She commented if she had her preference, and they saved that money by moving it to Forfeiture, she would like to move it to take care of some of the unfunded health care liability. However, in an effort of compromise she would be happy to support the motion as it was. Member Margolis asked if the motion maker would consider a friendly amendment to move that amount and use it to pay down the unfunded health care liability.

Mayor Pro Tem Capello said he understood what she was asking but he was trying to compromise with Council members who wanted to have the Fund Balance higher. Member Margolis said she would support the motion because she was all for that too.

Member Gatt asked, regarding the Sergeant, how it was different than the amendment they already passed. Mayor Pro Tem Capello said the previous amendment was for the officer to replace the Sergeant. He said all this did was say that the Sergeant was still there, and it would be paid out of Forfeiture Funds instead of the General Fund. Member Gatt said he would support the motion.

Mayor Landry said he would support the motion. He commented they had heard from Member Paul that she opposed the gun range because she wanted these items; PC laptops, cameras all paid out of Forfeiture Funds, which was exactly what this did. He thought it was a great compromise and would support the motion.

Member Paul said she did say those items but also said no personnel. She said this had a police officer in it from previously, it had a Sergeant in Forfeiture Funds, and so the City would have the long term pay for that person as well as the two other people that were in this budget. She said that, unfortunately, why she couldn't support it.

Mayor Landry asked that the roll be called to pass the budget with these proposed amendments.

Roll call vote on CM-07-04-083

**Yeas: Margolis, Landry, Capello, Gatt
Nays: Mutch, Nagy, Paul**

Motion failed as 5 votes were needed.

AUDIENCE PARTICIPATION - None

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 1:57 P.M.

David Landry, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Charlene Mc Lean

Date approved:

SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
DRAFT – THURSDAY, APRIL 26, 2007 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE ROAD
www.cityofnovi.org

Mayor Landry called the meeting to order at 7:00 P.M.

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Landry, Mayor Pro Tem Capello, Council Members Gatt, Margolis, Mutch, Nagy-absent, Paul

ALSO PRESENT: Clay Pearson, City Manager
Kathy Smith-Roy, Director of Finance
Frank Smith, Chief of the Fire Department

AUDIENCE PARTICIPATION - None

PURPOSE OF SPECIAL MEETING – 2007-2008 CITY OF NOVI BUDGET

1. City Council discussion and decisions regarding the plan priorities

Mayor Pro Tem Capello hoped that everyone had the opportunity to voice their concerns in the last two meetings, and that tonight Council could make some motions and amendments.

Member Mutch said one of the issues he raised at the first meeting and in the 2006-2007 Budget was the issue of the millage rate. He knew they had a lengthy memo from Ms. Smith-Roy that tried to address a number of aspects related to the millage rate, how it was determined and set, looking forward to this and future budgets. He appreciated this information, and he generally agreed with comments from Ms. Smith-Roy. However, the two comments he disagreed with was the idea that taxpayers would prefer to see the tax rates stay the same versus having a cut, and the issue of consistency and the impact. He said he knew there wasn't support around the table for a significant reduction in the millage rate, so he would make a motion that would attempt to take a baby step to return the millage back to the rate levied this past year. He believed the additional revenues that were raised from that increase in the General Fund millage was approximately \$83,000. He said he would make a motion to transfer \$83,000 from the Police and Fire Fund to the General Fund for the purpose of reducing the General Fund millage back to the previous rate in the current budget year.

**CM-07-04-083 Moved by Mutch, seconded by Paul; MOTION FAILED:
To transfer \$83,000 from the Police and Fire Fund to the General Fund.**

Mayor Landry asked if that was a motion to just do that or to pass the budget with that change. Member Mutch said just that specific amendment. Mayor Landry said the motion was to transfer \$83,000 from the Police and Fire Fund to the General Fund, and to do what. Member Mutch said that was it. Mayor Landry said so not to change any millage rates, and Member Mutch thought the millages were set at resolution at their future meeting, so he didn't feel the need to get into that.

DISCUSSION

Member Mutch said he saw three points. The first point was the issue of the fact that if Council couldn't find \$83,000 in a \$34 million budget to return that millage rate to the previous rate, he would have a difficult time with that. He commented the second point was that while he understood the desire to keep the overall millage rate the same, the fact of the matter was they had had an extraordinary amount of growth in the City over the past ten years in terms of the tax base. While recognizing the impact of that growth on the budget at some point residents should see a benefit from that, and he wanted to start that now. Member Mutch said one of the issues stated was that they were in contract negotiations and didn't want to reduce the millage rate while in negotiations. He said that was the same point made last year, and more likely than not they would be in ongoing contract negotiations with different units just about every budget year. He said that could not be the only issue to drive that. The reason he selected the Police and Fire Fund for the transfer was the fund balance for that fund was above the \$1.5 million recommended. Also, if looking at the budget and how much was spent on Police and Fire, and the total amount of the budget in terms of where spending had gone up, that was where they were seeing the largest growth. He said this was just a small supplement from a fund that was intended to pay for Police and Fire Services to help offset that.

Member Margolis said she would not support the motion. She thought it was interesting because the memo from Ms. Smith-Roy had a number of points in it. The major point for her was the concern about rating agencies and how they view consistency in millage rate as a positive in how they rate their municipality. She said the reality was \$83,000 and she thought they could cut that from somewhere, but giving \$83,000 back to the residents amounted to about \$1.50 per person. She said while she was not saying that was insignificant in terms of its effect on our rating by the bond agencies, she thought it would be a huge mistake on their part. She said the other part was that people do not track that closely, and they would not remember if next year that had to go up, that it was a reduction this year. She thought it was a political move and a true mistake in terms of their governance of this City. Member Margolis said the other concern she had about it was the strategic direction that the City had taken, which they talked about last time, and they have had a higher debt load than many cities of our size. She noted this was mainly because Novi grew very quickly and they had to build infrastructure very quickly and did some of it on debt. She commented that one of the things the Finance Manager had done for Council, over the past several years, was to start moving them to a more pay as you go. She said the reason there was an increase in the General Fund millage was because the debt millages had dropped also, and she thought it was the right strategic direction to take. She would not support reducing the millage and said she didn't think it was anything significant. She thought giving \$1.50 back to each person in population was a huge mistake when the effect was it might reduce their bond rating by the rating agencies.

Member Gatt said he wouldn't support the motion either, although he agreed with Member Mutch that \$83,000 could be found. He said Member Mutch commented that they were in contract negotiations now and probably would be next year, etc. He agreed with Member Mutch but went back to what Member Paul said that she wouldn't support a new Sergeant because being in a Sergeant's union they were in negotiations. He said he would never let negotiations stop him from doing anything, Novi was a union shop and there would always be negotiations going on. Member Gatt said he wouldn't support any motion that didn't include

passing the budget, as he felt they were at the point that the motion should include “and pass the budget”.

Mayor Landry said he wouldn't support this for two reasons. First, his understanding was that the main purpose of the Police and Fire Fund was to fund major fire apparatus and police personnel. Ms. Smith-Roy said correct, the intent was for additional police and fire personnel and apparatus. Mayor Landry said there were a lot of questions of the Administration about the plan for vehicles in the future. They wanted to see a plan to buy this or that vehicle. He said the plan for major fire apparatus was the Police and Fire Fund; so why would they ever take money out of that Fund. He said that was the plan for major fire apparatus, and that was the fund for adding police and fire personnel, which was something this Council would have to deal with. Secondly, Mayor Landry agreed with Member Gatt that this was Council's third session and they should be entertaining motions to pass the budget. He said there were three motions made on Saturday to pass the budget and all three failed 4 to 3. He said what he was interested in from those who voted no was what it would take for them to vote yes on the budget.

Mr. Pearson said the Public Hearing was scheduled for the May 1 Council meeting, and then consideration was scheduled for May 14. He said the motion could not be adopted tonight without having had the Public Hearing. Mayor Landry said they could, however, all agree that this was the budget they would present and vote on.

Roll call vote on CM-07-04-083
Yeas: Mutch, Paul
Nays: Capello, Gatt, Margolis, Landry
Absent: Nagy

**CM-07-04- Moved by Paul, seconded by Capello; MOTION WITHDRAWN:
To approve the 2007-2008 Budget with the following changes:**

- 1) Remove the following positions, Cultural Liaison person, Training Specialist for Human Resources, mid year Sergeant, totaling \$72,429.**
- 2) Remove the following studies:
City Space Efficiency Study, Senior Center Expansion Study, Land Use Studies, totaling \$106,000.**
- 3) Use money from the Forfeiture Funds for the following:
Police vehicles (10 vehicles), Item 105 Clemis, Item 106 Laptops, Item 107 Printers and Laptops, for a total of \$488,365.**
- 4) Total savings was \$666, 834 to be designated in the 2008-2009 Fire Station improvements to Stations 2 and 3 renovations.**

Member Paul said for clarification, Mayor Pro Tem Capello said there was a digital in-car camera system for \$304,146; she asked if she left that part of the Forfeiture Fund, was that still remaining in the Forfeiture Fund expenditure. She thought that amendment was accepted and she wanted to verify that.

Mr. Pearson said the budget on the table was the recommended budget plus there was an amendment that passed that added that in, so she was correct. Member Paul said very good.

For all remaining funds in the Forfeiture Funds to be designated towards the gun range. The gun range can not be started until all funds designated by the approved engineering firm and construction company are gathered in its entirety. The entirety stated as such: equipment, building and all accessories are able to be completely funded by Forfeiture Funds. A second component to the Forfeiture Funds is a plaque to be placed in the front of the firing range on the front of the building or on the front entryway of the building to designate the entire police officers, the Administrators, and the dispatchers who were present the night of the original drug bust on the opening of the building. The third component of that was to name the building after Chief Shaeffer. The fourth component was to remove \$189,735 out of DPW for the mechanical systems and designate that to the 2008-2009 DPW trucks.

DISCUSSION

Mayor Pro Tem Capello asked for clarification, if the Fire Stations need the work now and Member Paul had found about \$600,000 to allocate towards the work, if it was in the budget this year why did she want to wait until 2008-2009.

Member Paul said the Fire Chief said he would need more next year, she said if they wanted to do it this year fine. She said they had found \$666,000 for Fire Stations 2 and 3, and they already had approximately that much this year. She asked Chief Smith if he would like some to remain for 2008-2009 or would he like to have it all this year.

Chief Smith said without having the report done he didn't know what number was going to represent fully funding Stations 2 and 3. He said they were progressing with more and more meetings with the architects but they would not be done with that until the second week of July. He said he couldn't give them an exact number right now.

Mayor Pro Tem Capello said if the Chief had use for it this year, he would give it to them this year.

Mr. Pearson said in the recommended budget there was \$689,000 already so this would add another \$689,000 because that was what was in the CIP programs was two years of \$689,000 they funded in the recommended budget the first year. He said on the table now was to pre-fund the second \$689,000. He said those were both rough estimates without having done the architectural so he would need to double qualify that.

Mayor Landry asked for clarification as he didn't understand Member Paul's fifth point about remaining funds in the gun range. He asked her to restate that.

Member Paul said the remaining funds could be designated towards the gun range. Mayor Landry said yes, after her fourth point which was total savings \$666,834 for Fire Stations 2 and 3, then she added all these things about the gun range, and he didn't get all that.

Member Paul said all the remaining funds that were designated towards the gun range, approximately \$800,000, that the gun range could not be started until all funds designated by the approved engineering firm and construction company were gathered in its entirety. Mayor Landry said he didn't understand. Member Paul said she didn't want the building to be started until every bit of the funds were there and ready to pay for the entire building and all the things in it. Mayor Landry said aren't they there now? Member Paul said no, they didn't have all the funds to pay for the entire building. Mayor Landry said they did have all the funds now.

Mr. Pearson said they had the \$1 million that had been set aside for that, and that's when they recommended the additional \$728,000 that was needed to finish it. He asked if she said she wanted that \$728,000 to come as the last thing when everything else was funded. Member Paul said everything else was to be funded, which was in the motion, and she believed there was enough money for the gun range but wanted to make sure everything was there after they bid it out. Mayor Landry asked if the money was there. Ms. Smith-Roy believed it was and the only qualification was that it had not gone out for construction bid, and they would do that anyway and bring back a construction contract to Council. Member Paul said that was what she was looking for. Mayor Landry said his understanding was that after everything that was in the budget now, which was paying down the debt, making the critical needs, and the firing range, there was about \$800,000 left on hand. He asked if the \$800,000 was enough to do the 8 police vehicles, Clemis, Laptop and the printer. Member Paul said no, it was the other way around. She wanted the money to come first to pay down the debt, then for the in-car cameras, then the police vehicles, the Clemis, Laptops, the printer and Laptops, all of those to be paid out of the Forfeiture Funds. She then wanted the remainder to go to the gun range which was approximately \$800,000. Mayor Landry asked if there was enough in the \$800,000 to do all the other things she wanted to do and the gun range.

Mr. Pearson said yes, the only thing he would suggest was that at the Saturday budget meeting they also added in an additional officer with the first year salary being paid out of it. He said that was not mentioned and that was included in the \$800,000 now.

Member Paul said then she would like to amend that to remove the police officer because she wanted as much as possible there for them, and this was her very bottom line, and she was trying to be as reasonable as she could. She said this was a huge stretch for her because she didn't want the gun range at all. She wanted the debt paid and all these other things out of there. So, she was giving as much as she could. Mayor Landry said they weren't disagreeing; he just wanted to see the numbers.

Mr. Pearson said he thought this was right because if they had \$800,000 going into this that was undesignated and that was after they'd fully funded, from best estimates, the indoor gun range, critical needs and paying down all the debt. So, in essence, Member Paul suggested that with that \$800,000 she had identified \$489,386 of expenditures so obviously the \$800,000 was enough to cover that, \$304,000 for the in-car cameras, and then there was around \$100,000 left. She said with no remaining police officer, Sergeant, or backfill.

Mayor Landry said you're confident there was enough money in the Forfeiture Funds to do all of that. Mr. Pearson said they came into this with \$800,000 undesignated out of existing Federal Drug Asset Forfeiture monies, so out of that \$800,000 if there had only been \$700,000 being designated from that, there had to be.

Mayor Landry said let's say this passed, and at the very end they needed \$750,000 to do the gun range, and there was only \$700,000 in the Forfeiture Funds, all that \$700,000 was designated for the gun range and they would have to come up with another \$50,000 somewhere. Ms. Smith-Roy said they might be able to do that out of interest earnings. Mayor Landry asked if whatever was left she was willing to commit to put towards the gun range. Member Paul said she was willing to do that.

Mayor Pro Tem Capello said, for clarification, the motion on the table and seconded included the additional officer. Member Paul said she wanted the police officer out, so he could decide whether he wanted to second it or not. He said he would not accept an amendment to that motion. Mayor Landry said the current motion included the police officer to be used with Forfeiture Funds. Mayor Pro Tem Capello said yes. Member Paul said she wanted to pull the police officer. Mayor Landry asked if they received a memo that said they couldn't do that.

Mr. Pearson said there was a memo that said they could not use Federal Drug Assets for a promotional opportunity, but the \$18,000 could be used to backfill a police officer.

Mayor Pro Tem Capello said the reason he couldn't accept the amendment was because they would have trouble with Member Gatt. Member Gatt said they wouldn't have trouble with him but he would like to see the Sergeant made mid year out of the General Funds not out of the Forfeiture Funds, which was already in the budget. Mayor Landry suggested the Police and Fire Fund and Member Gatt said out of any fund because he wanted to see a mid year promotion to Sergeant. He said if they didn't backfill it, he would go along with Member Paul's wishes. Member Paul said no.

Mayor Landry said the motion on the table now and seconded was there would be no Sergeant position, but there was a backfilled police officer.

Member Paul said, for clarification, if the maker of the motion got clarification that the police officer was still there, and she would like to pull that and amended her motion, then what was on the table.

Ms. Cornelius she said for clarification, Mayor Pro Tem Capello seconded it at the point that he assumed Member Paul had completed her motion. Now, at this point, she believed Mayor Pro Tem Capello would be correct in feeling that it was an amendment rather than a clarification at this point by removing the police officer or backfilling that position. Mayor Landry said Member Paul could withdraw her entire motion. Member Paul said she would withdraw her entire motion because that was her bottom line, and she couldn't go anymore. She said she had stretched her ability to negotiate and felt what she had brought to the table was extremely fair for everyone, for paying down the debt and for planning in the future. She didn't think she was being unreasonable. She said she took the position of the police officer that was added into it, took the Sergeant out that they couldn't pay for out of that. She said they could make a motion mid year of what they would do because she might or might not be sitting on Council. She felt this was a good negotiation, and that was it.

Mayor Landry asked if she wanted to make another motion and she did.

CM-07-04-084

**Moved by Paul, seconded by Mutch; MOTION CARRIED:
To approve the 2007-2008 Budget after the Public Hearing with the
following changes:**

- 1) Remove the following positions, Cultural Liaison person, Training Specialist for Human Resources, mid year Sergeant, totaling \$72,429. Also, removal of the Police Officer.**
- 2) Remove the following studies: City Space Efficiency Study, Senior Center Expansion Study, Land Use Studies, totaling \$106,000.**
- 3) Use money from the Forfeiture Funds for the following: Police vehicles (10 vehicles), Item 105 Clemis, Item 106 Laptops, Item 107 Printers and Laptops, for a total of \$488,365.**

Total savings was \$666, 834 to be designated in the 2008-2009 Fire Station improvements to Stations 2 and 3 renovations.

For all remaining funds in the Forfeiture Funds to be designated towards the gun range. The gun range can not be started until all funds designated by the approved engineering firm and construction company are gathered in its entirety. The entirety stated as such: equipment, building and all accessories are able to be completely funded by Forfeiture Funds. A second component to the Forfeiture Funds is a plaque to be placed in the front of the firing range on the front of the building or on the front entryway of the building to designate the entire police officers, the Administrators, and the dispatchers who were present the night of the original drug bust on the opening of the building. The third component of that was to name the building after Chief Shaeffer. The fourth component was to remove \$189,735 out of DPW for the mechanical systems and designate that to the 2008-2009 DPW trucks.

DISCUSSION

Member Mutch wanted to clarify that there were 10 vehicles because of the two unmarked vehicles, and it didn't change the total monies. He said the Forfeiture Fund total that Member Paul stated was \$488,000 and he believed Mayor Pro Tem Capello's amendment at the previous meeting was \$402,000 so that would put this at \$900,000 out of the \$800,000 they had to work with. He stated that they were \$100,000 over and the quickest way to resolve that would be to remove the police officer position since Member Gatt stated he didn't have an issue with that position being removed. He said then they could fully fund everything as it was presented. Member Mutch said for those members who had concerns about items being cut, actually only represent not even a third of the total. He said most of the money was just coming from the Forfeiture Fund to cover General Fund items. He pointed out to members

who had concerns about items being cut that if they look at last year's budget he thought everything cut out eventually ended up back in the budget when funds were found later on in the year. He said nothing was ever completely out of the budget, apparently. Member Mutch said the designation of the funds for those items regarding the fire station improvements and the DPW equipment had been one of his big concerns about the budget. He said if they looked at the CIP Program for next year just for Parks and Recreation and other items such as the Fire Station, they had approximately \$5.7 million in proposed CIP projects. Member Mutch pointed out this didn't include what wasn't funded this year because there wasn't enough money. He thought making a down payment on those made sense. He noted he had said all along that he didn't support having the gun range in the budget but felt the proposal of Member Paul sounded like it was a way to meet the needs of those on Council who did want the gun range in the budget.

Mayor Pro Tem Capello said they had allocated \$750,000 towards the gun range, in addition to that they had \$800,000 of forfeiture money, \$304,000 was allocated for digital in-car cameras, and \$488,356 allocated to the line items that were General Fund. He said so they were really ending up with an addition \$8,000 in Forfeiture Fund money. He said they really had \$758,000 they could allocate towards the gun range. Ms. Smith-Roy said that sounded correct.

Member Margolis thought the cuts were reasonable and she would support the motion. However, she said the training specialist was something she thought they needed to look at later on. She thought it would be a cost effective way of implementing the kinds of things that they ask to see of staff throughout the year. She thought this made a lot of sense, and made sense of the money already allocated to the gun range and did not put those dollars to waste.

Member Gatt said he would also support the motion because he knew the importance of the gun range. He said he wanted to see the Sergeant at mid year because he thought it was a very important position at the Police Department. Member Gatt said having been on the Police Department for nearly 3 decades, he knew the importance of that training and facility Sergeant. He commented he would go on record to tell the public that if he was still on Council mid year, he would make a motion to promote someone.

Mayor Landry asked that the roll be called on the motion, which was not to approve the budget but to commit to approve the budget when brought up at the next Council meeting.

Roll call vote on CM-07-04-084

Yeas: Margolis, Paul, Landry, Capello, Gatt

Nays: Mutch

Absent: Nagy

AUDIENCE PARTICIPATION - None

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 7:34P.M.

David Landry, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Charlene Mc Lean

Date approved:

REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
DRAFT – MONDAY, MAY 1, 2007 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE ROAD
www.cityofnovi.org

Mayor Landry called the meeting to order at 7:00 P.M.

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Landry, Mayor Pro Tem Capello, Council Members Gatt, Margolis, Mutch, Nagy, Paul

ALSO PRESENT: Clay Pearson, City Manager
Pamela Antil, Assistant City Manager
Tom Schultz, City Attorney
Benny McCusker, Director of Department of Public Works
Barbara McBeth, Director of Community Development

APPROVAL OF AGENDA

Member Paul added the 2007-2008 Budget to the agenda as Item #1.

Mayor Pro Tem Capello added, under Mayor and Council Issues, #3 Unlawful parking of used cars by the Hummer Dealership on Grand River.

Member Mutch added, under Mayor and Council issues, #4 Flower Alley Letter

**CM-07-05-085 Moved by Nagy, seconded by Capello; CARRIED UNANIMOUSLY:
To approve the agenda as amended.**

**Roll call vote on CM-07-05-085 Yeas: Capello, Gatt, Margolis, Mutch, Nagy, Paul
Landry
Nays: None**

PRESENTATIONS

1. Building Safety Week May 6 – 12

Mayor Landry declared May 6 through May 12 Building Safety Week and presented a proclamation to John Hines.

Mr. Hines said they were very proud to take this week every year to educate the people here in the City and love to educate the homeowner's, including educating them about what was safe for their buildings and homes for children. Mr. Hines commented they enjoyed educating the public as well to let them know that the buildings they were in were safe and sound, and that they could be rest assured that when in a building in Novi it would be safe.

2. National Police Week & Peace Officers' Memorial Day – May 15

Mayor Landry declared May 13 through 19 National Police Week, and May 15th as Peace Officers' Memorial Day, and presented a proclamation to Chief Molloy.

Chief Molloy said he would proudly accept the proclamation on behalf of the men and women of the organization and would display it in a prominent place. He noted they didn't have to look any further than the headlines of the national news on a daily basis to know that when citizens, and community members were running the other way from an event, it was law enforcement and brothers and sisters in the Fire service that were running to those events. He said he accepted the proclamation with great pride and appreciated Council's enduring support.

PUBLIC HEARING

1. Proposed Annual Budget FY 2007-2008

There was no public input.

REPORTS

1. SPECIAL/COMMITTEE - None

2. CITY MANAGER - None

3. DEPARTMENTAL - None

4. ATTORNEY - None

AUDIENCE PARTICIPATION

Ernest Essad, 380 N. Old Woodward, Ste. 300, Birmingham, Michigan, was present to speak regarding Item #3 of Part I. He was present representing Victor Cassis, as he was a neighboring property owner of the property, which was the subject of #3 on the agenda. He commented he wanted to speak about their objections relative to the recommendation for approval of the site plan with conditions. Mr. Essad stated their objections to Council.

1) The site plan as approved and before Council called for the creation of dimensional variances. He said he would leave it to the City legal Counsel to give them the impact of allowing dimensional variances where there was no hardship or practical difficulty demonstrated by the property owner. In this case, the property owner was over building relative to the site and sought Council's consent to violate the Zoning Ordinance. He said Council would be risking the integrity of the Zoning Ordinance when they allowed dimensional variances to be created where there was no hardship or practical difficulty relative to the size, shape, or consideration of the lot. In this case, there was no practical difficulty demonstrated, only that the building was larger than would fit on the parcel.

2) There was a ZBA variance requirement relative to parking that was contained in the recommendation, and depending on what part of the history of the project was read, it was either a 46 or 50 car variance relative to parking that was going to be required for this project to move forward. He said that was a huge parking variance and Mr. Cassis' property was adjacent and separated only by Paul Bunyan. He said that, in all likelihood, would end up being overflow parking for this large project being put in to the south. He said people would park there and walk over as there would be no other parking available.

3) There was a request for a variance to have a dumpster in the front yard, which was not typically permitted relative to the ordinance. He said that dumpster ends up being Mr. Cassis' view from his property. Clearly, the reason for that ordinance was to put unsightly things like dumpsters and walls that surround it, out of public view.

4) There was a requirement in the plan that an additional curb cut be provided to the property to the north, which was Mr. Cassis' property. There currently was a curb cut on the site that had existed since 1946 when Mr. Cassis' property housed the U.S. Post Office. He said that curb cut was not at issue with Mr. Cassis, and the approval for an adjacent property owner to put curb cuts onto his property, which were not requested or applied for by Mr. Cassis, and which might require Mr. Cassis to file a modified site plan relative to his site since the access and egress to his site would be modified by the addition of the curb cuts. He said under the City's ordinance that was probably going to trigger them to have to file a site plan, which they didn't want or have any obligation to do. However, he said they were at some risk in terms of anything he wanted to do on his property unless they took those curb cuts into account.

5) Mr. Essad said the item also called for, relative to alleviation to the parking problem that the property owner had a license agreement to be executed between the City and the developer. He commented that license agreement was apparently intended to allow parking or some portion of the parking to be on the public right-of-way being Paul Bunyan Road. He said the form of the license agreement obviously was that issue couldn't be revoked. If so, the alleviation of the parking item was then litigated. He said they don't get the relief they want for his parking problem if the license agreement was revoked, using the word "license" as he understood it in real estate and how it was portrayed here. More importantly, there was a public asset, being this road, which would be used for private purposes. The sole beneficiary of this public road being used in the fashion proposed was going to be the property owner who was putting the development in.

6) He said there were a number of variances which were required for the site plan to be approved, and they believed the site plan should be tabled this evening to allow the petitioner to go to the ZBA and get their variances first. Then if those variances were in place bring the site plan back to Council for approval, at that time.

7) Mr. Essad said if Council granted the request of the petitioner with respect to the Paul Bunyan usage, what would they do if Mr. Cassis came back and asked for the same relief to use a portion of the Paul Bunyan right-of-way for his big project that he might want to do, or a subsequent owner might want to do someday. He said they would end up shrinking Paul Bunyan down to a less than safe right-of-way through the usage of adjacent property owners for parking. The real answer to the problem was found in the City Ordinances which allowed and provided for shared parking. He said that had been somewhat explored but not yet finalized one way or the other, but simply abandoned by the petitioner in favor of this license agreement with the City.

Victor Cassis, 22186 Daleview, commented that he hoped Council understood that granting a little more time to do his presentation would be in order as they are being very much affected by this item tonight. Mr. Cassis said he was leading a relatively peaceful life until Mr. Nona decided to overbuild, and over develop a property next to him, and disturb his peaceful

existence. He said he was present to object to the Main Street development as presented to Council tonight for two reasons. 1) As it negatively affected his property rights, and 2) as a 33 year taxpayer and active participant in this community's life he cautioned this Council against repeating the mistakes of the past and venturing into contractual partnerships with private entities. Mr. Cassis said three years ago and after a 20 year wait he bought Tom Marcus' property, and it adjoins his Novi Inn property. He said Mr. Marcus offered the property to Mr. Nona, and he chose not to buy it. He said Mr. Nona came before the Planning Commission and Council with a development with over 15 variances. He drew, architected and shaped a development that enhances his financial interests. Mr. Cassis said Mr. Nona relied on the good offices of our City to smooth the path for a highly overdeveloped site plan, and the Council along with the Planning Commission did smooth the path. He said the City was to be commended for wanting to attract a development that was needed to bring closure to Main Street, and to the tax revenue it would bring. Mr. Cassis said Mr. Nona wanted to use a City street to alleviate his over 50 parking spaces shortage. He said the planners, City Council and the Planning Commission all said that the preferable solution was the vacation of Paul Bunyan and shared parking. Mr. Cassis said he engaged, very sympathetically, with Mr. Nona for a shared parking agreement drawn by his attorney at Mr. Nona's direction, and accepted by him verbally to Mr. Cassis except for two technical issues, which they both agreed to drop. Mr. Cassis said up until today and with many months of estrangement Mr. Nona left him in limbo with \$10,000 in attorney fees. Mr. Cassis asked where his peaceful existence was. Mr. Cassis stated he stood before Council today perplexed and wondering why Mr. Nona didn't want to choose the correct option that would spare the City from liabilities as it would be very difficult for him and his insurance to supply this City with insurance against the public coming in and out and doing any kind of sundry stuff on that City road. Mr. Cassis said he had never stood in the way of vacating Paul Bunyan. In fact, he was ready right here and right now to sign an agreement with Mr. Nona monitored by an impartial party of any City choosing, what more could they do. He asked why they would want to allow a big developer to come in, and he said he was very hopeful for his success, but Mr. Cassis had been here for 33 years. He had seen Trammel Crowe, Main Street, James Chen, and had seen them all. He said he had stayed here. Mr. Cassis said this was a big development and he asked Council to please make the right decision. If shared parking and vacation of Paul Bunyan were the preferable solutions he was ready and willing to execute that relief.

CONSENT AGENDA REMOVALS AND APPROVALS (See items A-J)

Member Paul removed Item I.

**CM-07-05-086 Moved by Gatt, seconded by Capello; CARRIED UNANIMOUSLY:
To approve the Consent Agenda as amended.**

**Roll call vote on CM-07-05-086 Yeas: Gatt, Margolis, Mutch, Nagy, Paul, Landry,
Capello
Nays: None**

- A. Approve Minutes of:
1. April 16, 2007 – Regular meeting
 2. April 19, 2007 – Budget meeting

- B. Enter Executive Session immediately following the regular meeting of May 1, 2007 in the Council Annex for the purpose of discussing pending litigation and privileged correspondence from legal counsel.
- C. Approval of the final balancing change order and final payment to Six-S, Inc. for the Eleven Mile Road Culvert Replacement project, located immediately west of Meadowbrook Road, in the amount of \$41,807.58.
- D. Approval to apply for the 2007 Assistance to Firefighters Grant (AFG) Program for the total participation amount of \$47,235.20.
- E. Resolution for Changing MERS Benefits for the General Union (Police Clerks) Division 10 (benefit improvement from B-2 to B-4 through employee contribution), pursuant to the contract.
- F. Resolution for changing MERS Benefits for the Dispatchers Division 20 (benefit improvement from B-2 to B-4 through employee contribution), pursuant to the contract.
- G. Resolution for amending the Retiree Health Savings (RHS) Plan which provides that contributions elected through December 31, 2006, including terminal leave contributions can continue until December 31, 2007; and that elective contributions will not be allowed after December 31, 2007 (pursuant to IRS agreement).
- H. Approval of local Cost Participation Agreement between the Road Commission for Oakland County, City of Novi, and the Oakland County Board of Commissioners for traffic signal installation at the intersection of Twelve Mile Road and Cabot Drive.
- J. Approval of Claims and Accounts – Warrant No. 744

MATTERS FOR COUNCIL ACTION – Part I

1a. 2007-2008 Budget

Member Paul commented that Council had several work sessions and many discussions, and she made a motion at the last meeting and the majority of Council accepted that motion. Member Paul said she wanted to share that it was not a motion by herself, Member Nagy and Member Mutch also participated in that discussion. She didn't know if they could support the gun range but she wanted everyone to know that a lot of the concessions were mutual. Member Paul shared that she moved \$666,000 and change over to next year's fire station expenditures. The main thing she wanted to discuss with Council was if they wanted to save that for next year she thought it was a great idea. She said a study was done two years ago on what that fire station needed and this year there was money towards that. She said Mayor Pro Tem Capello also made this suggestion as well as Member Nagy stating that the City might get a better bid on the improvements and construction of the fire station if they had all the money up front this year. So, Member Paul wanted to have a short discussion on whether they should move the money in its entirety to this year or whether they should have some savings for next year. She said she was open about that discussion, and wanted to make sure that Administration would have the luxury to look at the entire bidding process in July when they get the plan from the architect of what would be the best financial scenario for the City.

Mayor Landry asked if this year meant 2006-2007 or 2007-2008. Member Paul said 2007-2008.

Mr. Pearson said, as he understood it, there had been an additional \$600,000 moved to fully fund both stations for 2007-2008, so now there would \$1.2 million. He said the architectural study was underway now and wouldn't be available until July. He thought Council had all the flexibility in the world, and suggested that they budget it in 2007-2008 and they would come back for recommendations once they know what the elements were. At that time, Council could decide whether they wanted to do some, all or none of it.

Member Paul asked if he would like Council to amend the budget so the total amount would be for 2007-2008 Budget. He thought that was in the document they provided because there was already the \$638,000 in change, and she had added in another \$638,000.

Member Paul commented she had pulled the stream bank stabilization at the end of the meeting, and she would discuss it in length, but she would like to see Council have the Administration come back to Council with a stream bank stabilization plan and use it out of the Drain Fund. She said she was adding any changes to the amendment, and would discuss that under the Consent Agenda Removals. Member Paul said she wanted to share some information and look at the Drain Fund if the Administration would be willing to evaluate what had been done so far, and what needed to be done.

**CM-07-05-087 Moved by Paul, seconded by Capello; MOTION CARRIED:
To approve the 2007-2008 Budget after the Public Hearing with the
following changes:**

- 1) Remove the following positions, Cultural Liaison person, Training Specialist for Human Resources, mid year Sergeant, totaling \$72,429. Also, removal of the Police Officer.**
- 2) Remove the following studies:
City Space Efficiency Study, Senior Center Expansion Study, Land Use Studies, totaling \$106,000.**
- 3) Use money from the Forfeiture Funds for the following:
Police vehicles (10 vehicles), Item 105 Clemis, Item 106 Laptops, Item 107 Printers and Laptops, for a total of \$488,365.**

Total savings was \$666, 834 to be designated in the 2007-2008 Fire Station improvements to Stations 2 and 3 renovations.

For all remaining funds in the Forfeiture Funds to be designated towards the gun range. The gun range can not be started until all funds designated by the approved engineering firm and construction company are gathered in its entirety. The entirety stated as such: equipment, building and all accessories are able to be completely funded by Forfeiture Funds. A second

component to the Forfeiture Funds is a plaque to be placed in the front of the firing range on the front of the building or on the front entryway of the building to designate the entire police officers, the Administrators, and the dispatchers who were present the night of the original drug bust on the opening of the building. The third component of that was to name the building after Chief Shaeffer. The fourth component was to remove \$189,735 out of DPW for the mechanical systems and designate that to the 2008-2009 DPW trucks.

DISCUSSION

Member Mutch said after the expenditures from the Forfeiture Fund that were proposed would there be any money left in the Forfeiture Fund Fund Balance, and if so how much.

Ms. Smith-Roy replied the estimated balance would be about \$56,000. Member Mutch said they had discussed it and they had been using the \$800,000 number and asked if this was above and beyond that or were the numbers rounded off and there was more in there than anticipated. She responded there was slightly more due to interest earnings.

Member Mutch said he would leave it to other Council members as to where that money should go. He thought there was discussion about the rest of the Fund Balance being allocated to the gun range.

Member Mutch commented after the motion, he would like to be recognized to raise a couple short policy direction points that came up during the budget process for the Council to give to the Administration. Member Mutch also wanted to make clear that he would not be voting for the budget because of the inclusion of the gun range. He noted he had been consistent in his position on the gun range from day one, and he thought it was important to stay consistent with his votes. He said his vote was not predicated on serious problems with the budget, it was the inclusion of the gun range.

Member Mutch said he recognized any reduction in the millage rate that had been previously discussed was largely symbolic. He said every dollar they could give back to the taxpayers was important but it was not going to be a large amount. However, he thought it would have sent a signal to residents that Council did recognize the financial hardship that some residents were facing in this community. He said granted it would not have put a lot of dollars back but would have been a nice point. He said Council didn't have a discussion about an opportunity to reduce the millage in advance of the library vote, and he thought that would have also been something that would have been helpful. He thought the library question was like the school question coming up in a week, was facing some real challenges because of the financial times. He thought if they had been able to offer residents a guarantee that there would be a millage offset versus a promise of that in the future, he would have liked to been able to present that to the residents.

Member Mutch said, finally, that the Council needed to have a discussion and set some policy about funding capital items. He said while he didn't support funding the gun range through the Forfeiture Funds, it did give Council an opportunity to fully fund the fire station improvements with the money that was freed up in the General Fund. He noted that looking ahead to next

year they had almost \$6 million in capital improvements that needed to be funded, and right now there was no dedicated funding for any of those items. Member Mutch said they were somewhat reduced now that the fire station was funded, but there were significant capital items that needed to be funded that they were going to fund through General Fund expenditures. He thought they needed to budget for that and felt they had been fortunate to have Fund Balance but that would not always be the case.

Member Nagy appreciated Member Paul bringing up the fact that the motion that came forward Thursday night was written Wednesday night. She said as she went through the items finding monies she would have preferred to take more monies from the budget. She believed that they should be funding capital improvement for the long run in a different way than they were doing now. Member Nagy said it would be difficult to vote against the motion that she sat there typing up. However, like the previous speaker she had been consistently voicing her concerns about the gun range, which were basically that they would add a yearly expenditure for the gun range and her concern that there would not be enough money from the Forfeiture Funds to do the major improvements to the building that was planned in the future. She said also what was interesting was that the date was always changing. She said the residents and taxpayers funded all the departments in the City, and she felt that in the long run it would give some relief to the taxpayers. She noted while she admired the Police Department, their dedication and the good work that they do, she did look at the long term and was concerned about the expenditures on a yearly basis for the gun range. She would not support the motion that she wrote.

Member Margolis stated she absolutely would be supporting this budget. She commented, based on her interpretation of this and some of the comments made previously. She said there was quite a discussion at the Council table about Fund Balance and that whole concept. She said she was pleased that the budget had a very high Fund Balance; however, one of the things they need to grapple with as a Council was their policy on Fund Balance. Member Margolis said the policy actually stated 8 to 12% as a practical matter, and Council had been keeping 14%, and this budget was originally proposed at 16.7%, and now with these amendments and they deferred the DPW her assumption was that the Fund Balance was even higher. Ms. Smith-Roy said the Fund Balance was at 17.45%. Member Margolis said they had long discussions about the concept of Fund Balance at the table, and most experts suggest and the Finance Manager was really comfortable with the 16.7% Fund Balance. She said they needed to have a discussion about changing the 8 to 12% policy. She also thought they needed to have discussions about keeping this amount of Fund Balance sitting there. She said cities, municipalities and public entities received tax money to give benefit to the taxpayers that pay it at that time, and not to hoard money. She said although it sounded great to have a large Fund Balance they really had to balance that against the fact that people were paying taxes to receive services and benefits from the City.

Member Margolis said they had a small discussion on the General Fund Millage. The basic millage rate would stay the same. She said the small reduction that was talked about in the millage rate would have given a total of \$83,000 to the entire City or about \$1.50 per person. She said although that sounded great as a symbolic or political suggestion, changes in millage rates like that were viewed very negatively by bond rating agencies. She said the Finance Manager gave Council a memo that said that would have been a mistake from that point of view. So, she was opposed to that change, and she couldn't see changing the millage rate to give that small of an increase that would cause trouble with their bond rating with the agencies.

She said that was why they got great, favorable interest rates on the City's debt. Also, one of the reasons they had been slowly increasing the General Fund Millage over the past few years was because the debt millages had been reducing. Member Margolis said what they had been doing strategically, and through direction and discussions with the Finance Manager, was really starting to pay as they go for capital items. She said the reason they were doing that was the debt for capital items was reducing and they could now start chunking away money. She said that was what this budget did.

Member Margolis said she was very pleased that they were finally putting the money into the gun range that needed to be there as it was partially funded prior to her tenure on Council. She was happy they could finally fund the gun range for the needs the officers had. She said when they were talking about the maintenance of the gun range the study said it would cost about \$1,800 a year. She thought that was a small amount to put in the maintenance of something that would increase the training of Novi's police officers.

Member Margolis thanked the staff. She said she didn't think any of them could imagine the work that went into putting a budget together. She said the fact that they were sitting there tonight after three meetings of discussions among themselves, and with truly not huge changes in this budget was a testament to the fact that the staff did a good job putting together a very realistic and goal directed budget.

Mr. Pearson said, to be clear, there were two resolutions that included the millage rates as well. Mayor Landry said that was the motion.

Roll call vote on CM-07-05-087 Yeas: Margolis, Paul, Landry, Capello, Gatt
Nays: Mutch, Nagy

CM-07-05-088 Moved by Mutch, seconded by Nagy; CARRIED UNANIMOUSLY: To
direct the Administration to review the City's policy regarding Fund
Balance and to return with a recommendation consistent with
current practices and needs within the next budget cycle.

DISCUSSION

Mayor Landry asked what he meant by consistent with current practices. Member Mutch said the fact that there was a policy that stated that the Fund Balance should be maintained at 8 to 12 %. He thought Ms. Smith-Roy stated that once in the last 10 years it had ever gone that low for a Fund Balance amount, and the actual recommended Fund Balance this year of 16.7% was in part to deal with cash flow and State Revenue Sharing concerns. He said obviously they were operating at a much higher Fund Balance than the policy recommended. Mayor Landry asked if the motion just called for the Administration to give Council a report and revisit what the recommended Fund Balance should be as a policy. Member Mutch agreed, and assumed if they came back and said there was a change that Council would be adopting a change in the policy to reflect that.

Mr. Pearson asked what timeframe Council envisioned and would it be a July project. Member Mutch said they would want something in place before the next budget. He said it was not something they needed immediately.

Roll call vote on CM-07-05-088 Yeas: Mutch, Nagy, Paul, Landry, Capello,
Gatt, Margolis
Nays: None

Member Mutch said one of the discussions in the budget document covered the Tree Fund and Administration had discussed possibly establishing a working group or some kind of framework to address maintaining the Tree Fund long term.

**CM-07-05-089 Moved by Mutch, seconded by Nagy; CARRIED UNANIMOUSLY:
To direct Administration to, within the next budget cycle, establish a process that would allow Council to create a sustainable Tree Fund financially for the long term within the next budget .**

Roll call vote on CM-07-05-089 Yeas: Nagy, Paul, Landry, Capello, Gatt,
Margolis, Mutch
Nays: None

1b. Consideration of Ordinance No. 07-124.17, an amendment to the Novi Code of Ordinances Chapter 11, to modify the requirements for the processing and submittal of record drawings. First Reading

**CM-07-05-090 moved by Capello, seconded by Nagy; CARRIED UNANIMOUSLY:
To approve the First Reading of Ordinance No. 07-124.17, an amendment to the Novi Code of Ordinances Chapter 11, to modify the requirements for the processing and submittal of record drawings.**

Roll call vote on CM-07-05-090 Yeas: Paul, Landry, Capello, Gatt, Margolis,
Mutch, Nagy
Nays: None

2. Consideration of the request of Bruce Brickman of General Development for Zoning Map Amendment 18.669 to rezone property in Section 9, east of West Park Drive, north of Twelve Mile Road, from I-2, General Industrial, to I-1, Light Industrial District. The subject property is .83 acres.

**CM-07-05-091 Moved by Capello, seconded by Margolis; CARRIED UNANIMOUSLY:
To approve request of Bruce Brickman of General Development for Zoning Map Amendment 18.669 to rezone property in Section 9, east of West Park Drive, north of Twelve Mile Road, from I-2, General Industrial, to I-1, Light Industrial District. The subject property is .83 acres.**

DISCUSSION

Member Mutch said there had been discussion regarding this rezoning in the context of the zoning on the larger Novi Corporate Campus. He said right now it was a split zoning and whether the applicant was going to look at rezoning the entire campus to a uniform common zoning.

Mr. Pearson said they had encouraged that on several occasions and the applicant had found it necessary and practical to do it on this kind of a basis. Member Mutch asked if they were paying rezoning fees on each application, and Mr. Pearson said absolutely.

Roll call vote on CM-07-05-091

**Yeas: Landry, Capello, Gatt, Margolis, Mutch,
Nagy, Paul**

Nays: None

- 3. Consideration of the request of Triangle Development for Main Street Novi, SP06-38, for modifications to conditions of the Preliminary Site Plan approval. The subject property is located in Section 23, south of Grand River Avenue and east of Novi Road, in the TC-1, Town Center District. The subject property is approximately 20 acres and the applicant is proposing modifications to the previously approved site plan to accommodate leaving Paul Bunyan, aka Sixth Gate, as a public street.**

Mr. Pearson said this had come back in this form after the Council asked the applicant to review their request originally for vacation. They had withdrawn their immediate request and were going the route of suggesting improvements to the City's right-of-way, which the City owned and controlled. He said these were revisions to the preliminary site plan and there were several conditions which were not atypical. He said there was a positive recommendation from the Planning Commission and the City attorney had reviewed it and found that it met the requirements of the Zoning Ordinance and Council requirements.

Sarah Traxler, Senior Planner with McKenna and Associates, Inc., was present to represent Triangle Development LLC on site planning issues for the proposed Main Street Novi Project. She said Triangle Development LLC was very willing to work with the City to accomplish this landmark Main Street development. She said Council had a letter, written within the past couple of weeks, expressing their willingness to provide an additional curb cut at the north western portion of Paul Bunyan. She said in light of comments during audience participation portion of the meeting she wanted to make a few comments in reply, and she would be willing to answer any questions Council might have.

Ms. Traxler said the preliminary site plan was approved by this Council and recommended by the Planning Commission months ago. At that time, Council had in front of them a parking study by Reid, Cool, and Michalski, that pointed out that there was no parking shortage on this site but rather a parking surplus. She said that was their acknowledgement that when there were a mixture of uses on one site there would be an ebb and flow with the demand for parking spaces that often were not at the same times. Thereby providing a complementary situation by which different uses could accommodate fewer parking spaces than if they were counted simply as individual uses. She said that was the basis for Council's preliminary approval of this plan.

Ms. Traxler said they believed that the comments regarding the dumpster location, which would as Mr. Cassis' attorney Ernest Essad pointed out require a ZBA variance, was something that would be necessary were that road to remain in the public right-of-way. However, Building 800 was of exceptionally high quality and design standards. She said surrounding that dumpster was a brick wall dumpster enclosure that provided continuity in design with the building that provided something other than the standard dumpster. She said

that view would be just as pleasant as the view at the building, and the building would be in view as well.

Ms. Traxler said most importantly to this discussion this evening was that they were prepared to delete the parking from the entire western most portion of Paul Bunyan if that suited the City. If the City wished to remove all those parking spaces in the public right-of-way, that was something they would be more than willing to accommodate. Therefore, that western portion of Paul Bunyan would be used simply for access to the development and to neighboring developments. It would also be landscaped to the high quality and design standards that were seen at the rest of the site.

Mr. Nona said Ms. Traxler was fairly new to the project, and he wanted to offer clarification on the issue of the parking study. He said they had studies done by Reid, Cool and Michalski. The shared parking study for his development only did show a shortage in parking of about 30 or so parking spaces. He said at the suggestion of the Council they did a shared parking study with the Red, Hot and Blue building because they had some parking on his property that they had to move. He said that shared parking study when they combined their development with their development then that showed a surplus. He said that study was made available to the City Planning Department so there was a report to that effect. Mr. Nona said right now, as it was, they did have a parking shortage of about 30 parking spots, and that was for the entire development when it was built. As Ms. Traxler indicated, they were prepared to delete the side angle parking from the 250 feet western part of Paul Bunyan so that they would only have an access road in there. He said that way they would landscape both sides of the road and Mr. Cassis could do whatever he wanted to do when he developed that property.

Mr. Nona said he had several very friendly discussions with Mr. Cassis and the concept of the shared parking between Mr. Cassis' development and his development was something that he, Mr. Nona, had initiated and suggested. In fact, at the first meeting Mr. Nona said he offered to have his architect do conceptual site plan on Mr. Cassis' property to show what could be built on that property with and without shared parking. Mr. Nona said it was obvious that with shared parking Mr. Cassis could build approximately 20% more building than he would otherwise on a stand alone building. Mr. Nona said the problem came in when his attorney started putting the agreement together. He said when he put the agreement about shared parking the way it was written, his understanding of shared parking was that the customer's from Mr. Cassis could use Mr. Nona's parking but the customers of Main Street could not use the parking on the proposed Cassis property. Mr. Nona told him that was not the way shared parking worked, and he tried to explain that to Mr. Cassis, and that was basically the breakdown on the shared parking. Mr. Nona said he still had that agreement that was drafted by the attorney, and could make it available to Council, traffic consultants and to others to decipher.

Mr. Nona said, having said that, they were prepared to enter into shared parking because their intent was to have a nice Town Center development in Novi, whereby all the adjoining properties and developments could share parking. He said that was a concept for downtown. The reason they were putting in angled parking on Paul Bunyan was not because they were over building or because they needed parking; it was because they were providing street parking on all the streets that they were providing. He said it was a large development and they were putting a lot of effort and investment into it, and they really hadn't come in requesting any substantial assistance from the City. He said they appreciated all the cooperation and

support that they had received but they stand to do what was right to work with Mr. Cassis and the City to accomplish a good development.

Mayor Pro Tem Capello said he made the motion to table this a while back to give Mr. Nona and Mr. Cassis an opportunity to talk to each other to see if they could resolve this. He said he had very little faith that they would come to any resolution, and his intuition was correct. He didn't feel that Council could hold up the development of Main Street because of a boundary dispute between the two property owners. He said he had heard Mr. Nona say that he would withdraw that request for a variance and delete the west 250 feet of parking along the south side of Paul Bunyan Drive, correct. Mr. Nona said they were prepared to do that, if that was what Council wanted. Mayor Pro Tem Capello thought there was adequate parking there. They were putting in a parking structure, and if they had a parking problem they would have to deal with it more than Council would. He said their tenants would complain, move out or not move in. Mayor Pro Tem Capello said if Mr. Nona was comfortable so was he. He felt if there was a parking problem in a downtown district, good for them, because it would work itself out. He thought people would just park a little further away and walk. He was concerned that Mr. Cassis had a point in regard to the dumpster. Mayor Pro Tem Capello didn't feel that just having the same brick wall to enclose the dumpster that the building was made out of was adequate. He had seen too many of them, and if Paul Bunyan was now going to be an actual City street instead of a vacated street and part of a parking lot, and would be in that 250 feet, there would be landscaping along the right-of-way and they could landscape around that dumpster as opposed to just having a solid brick wall. Mr. Nona said in addition to the wall there would be landscaping around the dumpster, and he added that this was a dumpster around the medical building. He said the medical building was really visible from four sides. He said there was no front and back of the medical building, and it was brick on all sides, and was a high quality aesthetically pleasing building. Mr. Nona said if the dumpster was going to have a fairly tall brick wall and anything else that was needed to shield that area. Mayor Pro Tem Capello said then his answer was yes, and Mr. Nona was willing to give additional landscaping around that brick wall to make it less visible from Paul Bunyan since they were not vacating it.

Mayor Pro Tem Capello said at first he thought Mr. Cassis wanted two curb cuts, and then he thought today that he said he didn't want them. Mr. Cassis replied that he had never said he didn't want his own curb cut that was existing there. He said that was his and had been there and it should stay there. Mayor Pro Tem Capello asked if he wanted a second curb cut. Mr. Cassis responded that he didn't care whether Mr. Nona gave him a second curb cut or not. He said that area was another parcel of land and it was not developed. He said his main curb cut was what Mr. Nona was encroaching on, and Mr. Cassis didn't know where it would be. Mayor Pro Tem Capello said that Mr. Cassis had the main curb cut and asked again if he wanted another one. Mr. Cassis said he had no problem with a second curb cut.

Mayor Pro Tem Capello said he could be in favor of this with deleting item #3, enhancing item #4 with additional landscaping and keeping the curb cuts.

**CM-07-05-092 Moved by Capello, seconded by Margolis; MOTION FAILED:
To approve the request of Triangle Development for Main Street
SP06-38 for revision to the Preliminary Site Plan approval granted
November 13, 2006 subject to the following recommendations of the
Planning Commission:**

- 1) **All comments of the City Council's approval of November 13, 2006 approval remaining in effect, with the removal of the condition of to vacate Paul Bunyan,**
- 2) **City Council building setback waiver for the 700 and 800 buildings, with respect to the Paul Bunyan right-of-way,**
- 3) **Zoning Board of Appeals variance for lack of parking lot setback along the Paul Bunyan right-of-way,**
- 4) **Zoning Board of Appeals variance to allow a dumpster enclosure in the front yard, along Paul Bunyan right-of-way,**
- 5) **License Agreements being developed for all fixed objects and non-standard parking in the Paul Bunyan right-of-way,**
- 6) **Applicant providing additional right-of-way for Paul Bunyan along its southern length and the eastern edge,**
- 7) **Applicant providing two curb cuts to the properties to the north,**
- 8) **All the conditions and comments in the staff and consultant review letters.**

Mayor Landry said it still had to be subject to the ZBA variance on #3. Mr. Schultz thought it would be a lesser variance but there would be some areas where the parking lot set back variance would still be needed. Mr. Schultz said, as he understood it, it was the area within that west 250 feet on the north side of the road that was now not going to be parking spots. He said there would be other areas that would still need setback relief. Mayor Pro Tem Capello would include that amendment.

Member Gatt said he had been a big supporter of this project from day one, and he continued to support it but he would not support this motion because he would prefer that Mr. Nona and Mr. Cassis try once again to work out a shared parking solution that both of them seem to want. Member Gatt said when Mr. Nona was describing the attorney's agreement Mr. Cassis was shaking his head like that was not what he understood it to be. He asked that this matter be tabled as he didn't want to vote on something that would hurt a 33 year resident of this City, and he would not support that.

Member Nagy echoed the comments of the previous speaker. She thought that Mr. Nona and Mr. Cassis' attorney came forward and made comments and she felt this was an inappropriate place to make comments. She commented that she didn't understand why this couldn't be worked out right now in the hallway. She wouldn't support the motion. She felt this had gone on for a long time and didn't seem to be that difficult to work out. She said Mr. Cassis had been around long enough to know what shared parking meant and being Chair of the Planning Commission he knew what it meant. She said somewhere there must be a breakdown in communication and the two of them needed to work it out. She said they do support the development and had worked with Mr. Nona. However, there was also a person present who owned property, had been a good resident for 33 years, and had brought business into the community. She said they were two businessmen who should be able to sit down and figure this out. She said she would prefer that this not come to Council again with this tit for tat. She asked them to work it out, and said she would support a motion to table this.

Mr. Schultz said initially Council was talking about having the parties reach a shared parking arrangement because the proposal was to vacate Paul Bunyan. He said it would be owned by someone and there needed to be a right of ingress and egress. He said what was before

Council now was to leave it a public road, which the Planning Commission decided it was OK with. He said if the issue being considered by some Council members was let's go back to a shared parking arrangement; essentially that was a determination that Council wanted to see a road vacated again, which was tabled the last time Triangle was here. He said that was a policy decision that had to be made first before they could talk about whether there ought to be a shared parking arrangement. If the road wasn't vacated, the City had no ability to tell to the petitioner they had to go to the neighbor and give a shared parking arrangement. He thought there might have been some misconception, probably early on, that really once it becomes considered a public area again, they were in a different section of the ordinance. The Town Center Ordinance said "if parking is permitted on a public street and there is a public street adjacent to your property you can reduce your onsite off street parking area". He said that was essentially the issue here; should there be some consideration given to the site plan approval here if some of the parking spaces were shown on that public road. He thought what Mr. Nona said was that in deference to the idea that the property owner on the other side of the road might want to also use that public right-of-way to count for that credit, he would remove those from the plan and he would still meet the requirement. Mr. Schultz said he wanted to be sure that Council was aware that that was the overlying issue here. If it was going to stay a public street, shared parking was something they didn't have the ability to impose. If Council wanted it vacated, shared parking was something that was required. However, they had to answer the first question first that being would it stay a public street, and if so, it was hard for them to talk about requiring shared parking arrangements, and requiring an agreement.

Member Margolis commented that she would support the motion and certainly regretted that they had this difficulty between two well respected business owners in the community. She said as a Council member she was looking at the action they would take tonight. She believed it was reasonable under the circumstances. She noted when they were here before they decided to table the vacation of the street and move in a different direction. She said this was what came back to them and it had a positive recommendation from the Planning Commission and from staff so she would be supporting the motion. Secondly, she did not want to see the Main Street project continue to be delayed as it was too important to the City and to the City's future.

Member Paul asked Ms. McBeth to shed some light from a planning perspective, if she was comfortable with this site. Ms. McBeth said the plan was the same as essentially the plan that the Council approved in November 2006. She said they didn't make any noticeable modifications to the plan, and were just requesting the removal of the one condition, which was to vacate a portion of Paul Bunyan. She said they were as comfortable with the plan as they had been in the past. She noted that it seemed that the applicant was trying to take into consideration the property to the north, if the street was not vacated by providing the two curb cuts; one to the existing building, and one curb cut to the vacant piece of property.

Member Paul commented she was struggling because they had to very respectable business men in our community and she wanted to support both of them. She said Mr. Nona was bringing a new project that they were really looking forward to because it brought a lot of people into this area. She also wanted to support Mr. Cassis because he had been a business member of the community for 33 years and had been a very active participant in the City. However, she felt if the road needed to be vacated they would have to address both owners, but without the vacation she didn't see any legal reason they could hold this project up. She asked Mr. Schultz if she was correct. Mr. Schultz said if it stayed a public street, and that was

the proposal, the question the Council would be asking itself was did they want to permit counting those spots that were in the public right-of-way and shown as improvements that the applicant was going to build, and if Council thought that was appropriate then they would approve the plan the way it was presented. He said they could require removal of those spaces, but then the question would be do they still meet parking requirements. Mr. Schultz thought the answer to that, within the 250 feet, was probably that they did. He said this was an approvable plan if the Council made the determination that it was OK to have that parking in the City right-of-way, which still remained the City's right-of-way and could be changed just like any other street. He said Council controlled the street regardless of what the site plan was. He said that was also true when the property owner to the north came in and said they wanted to change it to do this; it would still be the City's right-of-way and still Council's authority.

Member Paul asked Ms. McBeth to share with her some of the comments that Mr. Schultz made and add comments regarding if they use the parking spaces that were on Paul Bunyan, and would the parking requirements still be met, if those parking spaces were not included on Paul Bunyan Road. Ms. McBeth thought it was consistent with what Mr. Nona had indicated. She said they did supply the shared parking study, which showed that when they included the adjacent property to the south of the Red, Hot and Blue property they met the requirements. However, she understood there was also a revised shared parking agreement that they would expect to be submitted with the final site plan. She said they would make a determination, at that point, whether that was done accurately and had the adequate number of parking spaces. She noted that at this point they were not highlighting any waiver for parking spaces in the recommendations they had made because to this point they had not seen a need for a waiver for parking spaces.

Member Paul said with those comments she felt Council was required to make a judgment tonight and not table it again. She felt they were meeting the parking requirements. She wanted to hear other comments but didn't understand why they should not support this.

Member Mutch asked Ms. Traxler to illustrate to Council her earlier comment when she indicated that they would be removing the parking from the Paul Bunyan right-of-way.

Ms. Traxler showed, on the overhead, the parking they were prepared to eliminate on the northern portion of Paul Bunyan if that would make Council more comfortable with the proposal to eliminate the condition of vacating Paul Bunyan.

Member Paul said that would be strictly along the portion that Mr. Cassis owned. Ms. Traxler said yes. Member Mutch said going further east there was a second curb cut and then additional parking, which would all remain. Mr. Traxler responded yes, it would remain.

Member Mutch said in terms of vacating a portion of Paul Bunyan as he understood it now the site plan approval contemplates leaving a portion of that as a public street and the remainder would be vacated. Ms. McBeth commented that was one option that was discussed in the write up in the packet that the western portion adjacent to the two parcels controlled by Mr. Cassis, at this point, would remain a public road. The east portion could be vacated, and they were looking for some input and direction from Council, if they were to bring something like that forward. Member Mutch said, in terms of that demarcation between public and private would take place, was that approximately where that second curb cut would be. Ms. McBeth said the second curb cut would be included in the public road portion, and everything beyond

that would be considered for possible street vacation. Member Mutch said currently it was still considered a public street, and Ms. McBeth agreed.

Member Mutch said he had an issue with that. He thought from a policy perspective Council needed to address that issue first. He didn't think it had to hold up the motion tonight but thought they were putting the cart before the horse here because they were approving a site plan with various conditions and sending it to the ZBA when vacating that eastern portion controlled a number of the issues they were talking about. Member Mutch also thought they needed to address it in terms of a control issue whether they, as a City, either need or want to retain control over that public right-of-way for that portion that was not adjacent to the properties that Mr. Cassis owned. Member Mutch said he would rather see that vacated and not be the City's responsibility. He thought that would get them out of some of the needs for setback variances, potentially, for Building 700, therefore, he thought they were out of order in that sense.

Member Mutch had a question about the parking requirements in the TC District. He said he was looking at this based on previous discussion with the understanding that if Paul Bunyan was vacated the northern half would go to Mr. Cassis, and the southern half to Triangle. He was looking at this public street in the same sense, and asked how it was that Triangle, as previously contemplated, was able to take credit for the public street parking that was occurring on the north half of the street, and, in fact, were doing that for the portion further east.

Mr. Schultz responded that this was the first time Council had seen this area where the parking was as a public road instead of a vacated area that would be private property covered by a shared parking area. He said when that came to the Planning Commission they looked at the layout and it was essentially the same as had already been approved as an appropriate way to develop the site. Although, he didn't think there was a particular discussion about it at the Planning Commission, it did fall within that provision in Section 1602 of the TC District that if adjacent to public streets and there was parking permitted, which there was, that might reduce required parking. He said, essentially, the way staff did that was to say those counted as parking spaces, which amounted to the same thing. Mr. Schultz said theoretically Council could say it said Council could count those or the Planning Commission, if it was the reviewing body, could count those. He said in order to not have them count Council would have to say those were not going to count towards their required off street parking and therefore they would need to find other spaces.

Member Mutch said from a policy viewpoint, he didn't know if they would run into this issue elsewhere in Town Center, but he would have a problem with allowing an applicant who didn't own property on both sides of the road to get credit for the parking on both sides of the road. He recognized, in this case, that some of the parking would only exist because the applicant would improve the street, but from a City policy perspective they should get their side of the road only. He thought that would be the fair way to address that. If Mr. Nona was eliminating the parking on the western portion that was contemplating remaining a public street, it sort of made that issue moot, but moving further east he had a problem with that viewpoint. He had a problem precisely because of the issue Mr. Cassis or Mr. Essad raised during public comments, which was OK they got credit for those parking spots and when he came in to do

his development, absent a shared parking agreement, essentially the public street in front of his business had been taken over and credit given to another developer. Member Mutch said he could understand his concern there. He said it seemed to him that it was contrary to the previous discussion that a shared parking agreement was only necessary if the street was vacated. He thought a shared parking agreement would be necessary in either case to at least lay out who would get credit for what in terms of the use of the public street.

Mr. Schultz said there was nothing in the ordinance that would preclude the Council or the Planning Commission if it was a site that only went to the Planning Commission, from giving credit, essentially, to both property owners. It could be a factual determination at the site plan approval stage that these were compatible and it was OK, given the uses that were there, for both of these abutting parcels on either side to get full credit for it. He said in other words, there would be no requirement to hash out an agreement. Mr. Schultz said the only clear thing to him regarding which property would go which direction was the first area right along Novi Road where there were properties within that same initial plat. He said where Paul Bunyan came in if they vacated that plat, half would clearly go in one direction and the other half in another direction. He said when past that easy area, which was past the existing building there, they would be in a more complicated situation because the entire road was only in the one plat. He said part of the complication, he was guessing, in terms of which side did the property owners want to be on was it was not clear that all of that didn't go in the Triangle direction. He said they didn't make a decision last time and it was an issue of which direction it would go. He wanted to make clear that it was not obvious, that in that public road, the north side would attach to the property on the north. He said it might, but it was not clear.

Member Mutch said he recognized that but was looking at it as long as the City was controlling the public right-of-way, and as long as this would be a public street, it should be up to the City to decide how that parking would be credited. He thought the point Mr. Schultz raised earlier that Council could decide to split the difference and give parking credit to both might be something to be contemplated in the motion or in a future motion because that would address at least some of the concerns.

Member Mutch said he was trying to understand where Mr. Cassis' concerns were. He said the curb cut was an issue and asked if it was his understanding that if the curb cut was left in place as is, he was fine with that. Mr. Cassis said he was. Member Mutch said if Mr. Nona removed the parking spaces on the north side of the road would that address his concerns. Mr. Cassis said the real issue was to go even further east. He also wanted to remind Mr. Schultz, who Mr. Cassis was glad he brought out the plat situation, that from a very authoritative source with Metropolitan Title because of no vacation on that plat on the first 100 feet or so of Paul Bunyan starting from Novi Road. If the street was vacated it would all go to his side. He said all the way out to the end of his property which was the second lot, the vacated lot, should be vacated too. He said there was no reason for one side of the street to take it from the other side. Mr. Cassis said what would satisfy him was he didn't want to be put in a situation where he was, right now, putting together a development, and if he came to do the development, Council would tell him the Mr. Nona took everything already and there wasn't any spare parking for him to have any shared parking. Mr. Cassis said he would be out and these were the main reasons he was objecting to this. Member Mutch asked if Mr. Cassis wanted Council to come further west with the vacation of the street. Mr. Cassis said he thought so because it would remove the City from having it half vacated and half not vacated, which would make it an even more complicated situation.

Member Mutch asked him how far east of Novi Road he would want to leave it as public. Mr. Essad said he had an old plat which showed that there was approximately 512 feet, and thought Mr. Nona probably had a good survey of it. He said the point Mr. Cassis was making was that there was parking being counted to one parcel. If the development came to the north side they would want to count that parking again, and ultimately there would be a shortage of parking because the parking was double counted for two different projects. He said elimination of the road and an agreement, as provided for by ordinance, eliminated the issue of the City involvement with it and the City parking, and put the parking into private hands with enough parking for everybody.

Member Mutch asked what part of Paul Bunyan they contemplated remaining public. Mr. Cassis showed Council on the overhead and said he couldn't go any further because he didn't own beyond what he indicated. He said it was up to Council and City policy.

Mr. Cassis pointed out the Tom Marcus property, how far back it went, and also pointed out what belonged to the old plat that had not been vacated yet. He said if it was vacated it would go all of Paul Bunyan to the north side, and who got what where didn't matter to Mr. Cassis. He said what he wanted to do was what was good for the City. He said he didn't want any favors he just didn't want mistakes of the past repeated in this City. Mr. Cassis said Council was entering into a license or whatever they wanted to call it with Mr. Nona, and he might sell it and Council had seen that happen from Mr. Chen and others.

Member Mutch said he was like other members as he didn't want to hold up this project any longer, but he thought they needed to address, as a Council, the issue of how much of the street would be vacated and how it would impact the various projects. He thought they also needed to discuss the issue of whether they could credit parking to both projects because it would address some of the concerns of Mr. Cassis regarding the impact on his property.

Member Mutch said regarding the properties Mr. Cassis showed Council, it looked like there was another parcel between his property and the parking lot on the north side, and asked if there was.

Mr. Schultz thought that parcel was a number of narrow platted lots combined together, and in the original plats the numbering of those lots continued to the south so that the frontage along Novi Road were originally in that same plat.

Mayor Landry said he would support the motion. He said this was before Council on February 12th, and out of deference to the parties it was tabled to allow the involved parties time to work it out. He said that was almost 90 days ago, and he agreed with Mayor Pro Tem Capello that if it had not been worked out by now it would not be worked out among the parties. He said this plan was basically the plan previously approved by City Council, Planning Commission and Administration. He said what they were discussing was a concept of whether the parties could work out shared parking. He said what this did, in effect, was have the City do the shared parking because by allowing them to use the roadway Council had the ability to allow both parties to use the roadway. He said that was Council accomplishing what they were unable to. Mayor Landry said Council could allow them to share the road and the parking. He said this project needed to go forward and Council needed to move this on. He noted Mr. Cassis would get his two curb cuts and the project moved on. He said none of the road would

be vacated, and Mr. Schultz agreed. Mayor Landry said they would deal with the road vacation at a later time as the project needed to move forward.

Roll call vote on CM-07-05-092

Yeas: Capello, Margolis, Landry

Nays: Gatt, Mutch, Nagy, Paul

Member Paul asked if they could add as an addendum to the motion that the public road right-of-way on Paul Bunyan would have shared parking between both the north and the south side of the road.

Mayor Landry asked if that could be done, and Mr. Schultz said it could.

CM-07-05-093

Moved by Paul, seconded by Margolis; MOTION CARRIED:

To approve the request of Triangle Development for Main Street SP06-38 for revision to the Preliminary Site Plan approval granted November 13, 2006 subject to the following recommendations of the Planning Commission:

- 1) All comments of the City Council's approval of November 13, 2006 approval remaining in effect, with the removal of the condition of to vacate Paul Bunyan,**
- 2) City Council building setback waiver for the 700 and 800 buildings, with respect to the Paul Bunyan right-of-way,**
- 3) Zoning Board of Appeals variance for lack of parking lot setback along the Paul Bunyan right-of-way,**
- 4) Zoning Board of Appeals variance to allow a dumpster enclosure in the front yard, along Paul Bunyan right-of-way,**
- 5) License Agreements being developed for all fixed objects and non-standard parking in the Paul Bunyan right-of-way,**
- 6) Applicant providing additional right-of-way for Paul Bunyan along its southern length and the eastern edge,**
- 7) Applicant providing two curb cuts to the properties to the north,**
- 8) All the conditions and comments in the staff and consultant review letters.**

Also, shared parking for both the north and the south side property owners.

Roll call vote on CM-07-05-093

Yeas: Gatt, Margolis, Paul, Landry, Capello

Nays: Mutch, Nagy

AUDIENCE PARTICIPATION – None

MATTERS FOR COUNCIL ACTION – Part II

4. Appointments of Youth to Boards and Commissions

Clerk Cornelius announced the appointments to the Boards and Commissions.

Aditya Sathi	Beautification Commission
Bala Sekaran	Historical Commission
Yangcheng Liu	Housing and Community Development
Smrithi Dharmarajan	Library Board
Nicholas Kristock	Parks and Recreation Commission

5. **Reconsideration of a request from Interphase Land Development LLC, applicant for Casa Loma, for a variance from Section 11-68(a)(1) and 11-68(a)(5) of the Design and Construction Standards requiring water main extensions longer than 800 feet (990 ft. main proposed) to include a secondary connection point to allow for a future looped connection, and requiring secondary water main stubs to be extended to the property lines for future extension.**

Mr. Schultz said a motion to reconsider needed to be made formally on the record in order to place this back on the table.

**CM-07-05-094 Moved by Capello, seconded by Mutch; MOTION CARRIED:
To reconsider the request from Interphase Land Development LLC
For a variance from Section 11-68(a)(1) and 11-68(a)(5).**

**Roll call vote on CM-07-05-094 Yeas: Margolis, Mutch, Nagy, Paul, Landry,
Capello, Gatt
Nays: None**

Steve Witte of Nederveld was present representing Dave Compo from Interphase Land Development. Mr. Witte said at their last meeting with Council they had requested a waiver from requiring them to construct a secondary water main stub to the south property line, and that motion was denied. Mr. Witte noted that during that meeting there was quite a discussion regarding special assessment districts and that Council did not want future property owners coming to Council ten years from now asking them why they had approved this. Since that time, he said they had talked with City staff and the City Attorney, and the applicant now wanted to propose an agreement placed solely on preferably Lot Unit 6 but also would be willing to entertain Unit 2. He said it would basically require one of those units to pay for all of the future cost associated with the future water main stub. Mr. Witte said this way there would be one person attached to it versus ten people. Mr. Witte said Mr. Compo was going to build and live on Unit 6, so that was why he would prefer that the agreement be attached to Unit 6 as opposed to Unit 2. The reasoning for allowing the waiver was the water quality and quantity was 2,000 gallons per minute with 20 PSI, which was the City standard. He said the water quality issue was discussed at the last meeting stating that looped systems improved the water quality and therefore they wanted it. He said the applicant had agreed to the water loop, it was just deferring that construction. He said one of the employees from the City department said that they actually didn't like dead end water mains because of sediment and having to clean them out. He said if the City required the stub to be constructed now, in essence, they were creating more dead end water main. So, once again, the applicant wasn't opposed to constructing the water main, he just didn't want to do it now because they didn't envision it ever being needed. However, provisions were set up in the form of easements and the agreement that if it was ever needed, he would do it.

Mayor Pro Tem Capello commented that he asked to have this reconsidered and had originally voted against it. He said what changed his opinion was the fact that now the developer said he would assume the financial responsibility of installing the water main when needed, and would place a lien on Lot #6 to secure that payment. He said the payment would be made anytime the water main was required to be installed, and immediately, or on his sale of Lot #6, whether before or after construction of the home. Mayor Pro Tem Capello said the applicant would do this, in stead of passing the cost on to the entire subdivision or the previous owner of Lot #2, or to the developer to the north. Mayor Pro Tem Capello wondered if there needed to be some type of foreclosure or enforcement language, if the applicant didn't pay to install the water main for Lot #6.

Mr. Schultz said they would be happy to beef up the lien process where they would be putting it on the tax rolls.

**CM-07-05-095 Moved by Capello, seconded by Gatt; CARRIED UNANIMOUSLY:
To grant the variance from Section 11-68(a)(1) and 11-68(a)(5) of
the Design and Construction Standards requiring water main
extensions longer than 800 feet (990 ft. main proposed) to include a
secondary connection to forestall or delay installing said secondary
connection until such time as the property to the south was
developed. There would be a water main and construction easement
across Unit #2 in recordable form, and the developer would pledge
as collateral and security Lot #6 to secure enforcement of
construction of that water main when needed and the water main
shall be paid for at the time the preliminary site plan approval was
made for the property to the south, or at such time as Lot #6 was
sold by the developer. Also, to include language that would maintain
the easement free and clear of fences or any permanent or
substantial landscaping.**

DISCUSSION

Member Mutch said originally he had voted in support of the variance on one condition. Although, he did ask to have included language that would maintain the easement free and clear of fences or any substantial landscaping, and offered that as a friendly amendment to the motion. Mayor Pro Tem Capello accepted the amendment and stated that it was a given when having an easement that they would not be able to put anything permanent on top of the easement, and any loss to the vegetation or fences was the property owners responsibility. The amendment was also accepted by the seconder of the motion.

Member Paul said at the last meeting she was specifically concerned about a Limited Liability Corporation dissolving and their responsibility being removed. She said now that there was a lien on Lot #6, if that Limited Liability Corporation were to be sold or dissolved would the lien on the property cover the costs without the City being charged at all in the sewer district. Mr. Schultz said it would attach to the land and not to the entity, and if there was a sale or disposition of that asset that would trigger the other language that said pay it now.

Member Nagy said if the lien was put on the property and there was a foreclosure on a mortgage would the City be behind the mortgage. Mr. Schultz said they would put it on the lien as essentially an addition to the tax rolls and that would take priority.

Mayor Pro Tem Capello said, following up with Member Paul's question, the developer and title holder to Lot #6 was the one making the financial guarantee so there was at least security in Lot #6 itself. He said it was not as if Lot #6 was owned by one person and the financial requirement to construct the water main was someone else; they are one and the same person. Mr. Witte said that was correct.

Roll call vote on CM-07-05-095 **Yeas: Mutch, Nagy, Paul, Landry, Capello, Gatt, Margolis**
Nays: None

6. Consideration of Zoning Ordinance Text Amendment 18.215, the request of the Northern Equities Group to amend Appendix A of the City of Novi Code of Ordinances, Ordinance 97-18, as amended, known as the City of Novi Zoning Ordinance, at Article 23A, Planned Office Service Technology, to permit educational facilities in limited instances. Second Reading

Mr. Pearson said there were questions at the last meeting regarding profit/not for profit status, and Council had heard opinions from the City Attorney regarding practical difficulties in making those kinds of distinctions. He said they had done some research and there was a memo about square footage limitation, and it was the opinion of the Planning Department that they would not necessarily recommend that they provide the background for Council, and it was not included in the draft language before Council.

Member Margolis said she would move to approve the second reading, as they had discussed this last time and some of the background material helped. She noted there was concern about some of the non-profit status of a higher education facility but they were also talking about a limited number of institutions that qualified under that kind of situation. She said when looking at a lot of the background on economic development the presence of higher education in a City or an area was a positive for economic development. She thought it was a great idea in terms of moving this forward and allowing some mixed uses in Office Service Technology.

CM-07-05-096 **Moved by Margolis, seconded by Gatt; MOTION CARRIED:**
To approve Zoning Ordinance Text Amendment 18.215, the request of the Northern Equities Group to amend Appendix A of the City of Novi Code of Ordinances, Ordinance 97-18, as amended, known as the City of Novi Zoning Ordinance, at Article 23A, Planned Office Service Technology, to permit educational facilities in limited instances. Second Reading

DISCUSSION

Member Paul appreciated Member Margolis' comments about bringing business into the area but she would not support any tax exemption facility being able to go into the City's highest paying tax area. She said she would not support the motion.

Member Mutch agreed with Member Margolis that having institutions of higher learning in the community benefited the overall community. He also pointed out that they were able to get Walsh College into Novi outside of the OST District, so he didn't see OST as the zoning district they had to go into. Member Mutch also, based on the information provided, had less of a concern that they would have a significant amount of this kind of development in the OST District. He said if it became a problem, they could revisit it, tighten the language up and look at a square footage restriction.

Roll call vote on CM-07-05-096

**Yeas: Nagy, Landry, Capello, Gatt, Margolis,
Mutch**

Nays: Paul

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION

- I. Approval of contract extension to Anderson, Eckstein and Westrick to provide additional streambank stabilization design and construction engineering services for the Middle Branch of the Rouge River in the vicinity of Meadowbrook Lake in the amount of \$16,134.50 – Member Paul**

Member Paul said they had Anderson, Eckstein and Westrick provide streambank stabilization and bidding for construction services of the Middle Branch of the Rouge River, mainly around Meadowbrook Lake. She said there were other areas of concern and several people had come forward that were close to Meadowbrook Lake and commented they were losing their backyards on Chapman Drive and Ennishore. She noted she had a letter from James Bruce and she and Mr. Hayes had gone out to his home. She said he lived along Bishop Creek and was having the same problems that exist in this area and said six feet of his backyard had gone into Bishop Creek. She asked that they continue to look at these areas as Bishop Creek went from a trickle to almost 10 feet across when there was a bad storm. She said Mr. Bruce sent an article in regarding Troy receiving an award for a stream project, and they took their dead Ash trees and lined some of the streambank stabilizations with them and hooked them into the side of the streambank. She said they also did some landscaping as well as cinder block. She wanted to pass this along to Mr. Hayes and Mr. Pearson and ask if when looking further into the budget, they could look at areas that they could provide streambank stabilization and pay for it out of the Drain Fund. She was looking for some environmental amenities for those who keep having these difficulties.

CM-07-05-097

**Moved by Paul, seconded by Nagy; CARRIED UNANIMOUSLY:
To approve of contract extension to Anderson, Eckstein and
Westrick to provide additional streambank stabilization design and
construction engineering services for the Middle Branch of the
Rouge River in the vicinity of Meadowbrook Lake in the amount of
\$16,134.50.**

DISCUSSION

Member Nagy said they had talked about streambank stabilization in a lot of areas, especially on Meadowbrook Lake, and had asked people not to mow to the very end. She said if they were going to use Drain Funds, why not just get signs that said they couldn't mow pass this

point. She thought it might be the only way to get people to understand what they were supposed to do.

Roll call vote on CM-07-05-097

**Yeas: Paul, Landry, Capello, Gatt, Margolis,
Mutch, Nagy**
Nays: None

MAYOR AND COUNCIL ISSUES

1. Request a Special City Council joint meeting in May for briefing with the Economic Development Corporation regarding Brownfield Development – Mayor Landry

Mayor Landry said he was proposing a joint meeting of Council and the Economic Development Corporation as an informational study session regarding tax increment financings, specifically Brownfield Developments. He said they were all familiar with the fact that the remaining development parcels in the City were difficult, and the City was increasingly being asked by potential developers to consider a Brownfield. Mayor Landry said all he wanted to do was get educated on it, and was not suggesting Council go one way or another. He felt that since they were being asked to consider this as an option, they should be educated on it, whether it was Brownfield or any other tax increment financing.

Mayor Landry said Oakland County was willing to come in and give a brief informational of 20 or 30 minutes with them for questions and answers. He said it would be a public meeting and anyone could attend. Mayor Landry suggested meeting in June jointly with the EDC for one hour.

Mayor Pro Tem Capello thought it was a great idea and it was time to do it. He asked if they could do it at the beginning of a regular meeting. Mayor Landry thought it would be difficult to be moving all those people around since it was a joint meeting. He suggested scheduling the meeting at 6 P.M. before a Council meeting.

Member Paul said she didn't mind meeting before a Council meeting in June. However, she would like some general information about Brownfield Development and what had been done in other communities. She thought if the Council and EDC were educated before they came, they would have better questions and better information. Member Paul said when they went to Portage they had several areas they had done with Brownfield Development, and they captured those taxes to redevelop that area.

Mayor Landry proposed the meeting of June 4th and there was consensus. Mr. Pearson said they would definitely have a background packet for Council, regarding incentives and environmentally challenged sites, and he would like to bring in a developer who had done this to round out the perspectives. Mayor Landry asked Administration to ask the EDC to set that up with Oakland County.

2. Paul Bosco Beck Road sewer – Mayor Pro Tem Capello

Mayor Pro Tem Capello commented that this had been bouncing between Mr. Bosco and the Administration for a couple of years. He explained that Mr. Bosco tried to tie into the sanitary

sewer in front of his house, and a few months later he had a sewer backup and realized there was a break in the pipe.

Mr. McCusker said he basically had a chronology of what they had found in their files in trying to track this when Mr. Bosco originally called. He noted his department responded and went out there to check the main sewer and found there was dirt and debris in the main sewer, and his sewer lead south was backing up into his home. Subsequently, they tv'd the inside of the sewer to determine where it was coming in from and found it was coming in from his lead in the main sewer. He said on excavation by Mr. Bosco's contractor, they found his sewer lead had been collapsed down below, and further back from where he tapped into the lead that was up on the surface area. He said at that point, they went back, cleaned the sewer, repaired it and had Mr. Bosco's tap put into the manhole that was adjacent to the area where his lead formerly was. He said they tracked this because of the change in engineering companies, and the actual different project that happened in this general area; it had been kind of a treasure hunt.

Mayor Pro Tem Capello said Mr. McCusker's memo said that "it appeared that the backfilling to Manhole 31 had crushed the riser". He asked if that was within the right-of-way. Mr. McCusker replied it was in the sanitary sewer easement and Mr. Bosco's lead was six to eight feet north of that manhole. He said the excavation had to go below 20 feet because when the adjacent development tied in, the connection they were tying to was not aligned properly. So, they had to plug the manhole, which was supposed to be the future high school connection on the Bosco property, and reconnect a 12 inch main coming out of Kirkway Place just south of there. He said it was probably air tested when they had it all exposed and then when they were backfilling, it probably was crushed at that point. He said they didn't know for sure because they couldn't find the air test records. Mayor Pro Tem Capello asked if it appeared that any of the construction Mr. Bosco's contractor did in connecting the sanitary sewer caused the crushing. Mr. McCusker said no, where he had connected to the lead was probably 15 or 20 feet from the location where it was crushed. Mayor Pro Tem Capello commented that it wasn't Mr. Bosco's fault at all, and Mr. McCusker replied it was not.

Mayor Pro Tem Capello said when he tried to put sanitary sewer under the Novi sewer system it wouldn't flow. Mr. McCusker said he connected to the lead that they thought would connect him to the sewer but the lead was gone below. Mayor Pro Tem Capello asked how much money they were talking about that Mr. Bosco had to expend. Mr. McCusker said it was about \$6,700. Mayor Pro Tem Capello asked if that was total and Mr. Bosco said he believed it was.

Mayor Pro Tem Capello asked Mr. Bosco if all he was requesting was for the City to reimburse him for was \$6,700, and Mr. Bosco said yes. Mayor Pro Tem Capello asked if an insurance claim had been made, and Mr. McCusker said yes. Mayor Pro Tem Capello asked what the insurance company said. Mr. McCusker said they had governmental immunity.

Mr. Bosco's contractor thought Mr. McCusker explained it that they tied into the end of the existing lead that they left for the property, and they weren't close to the problem area. He said the problem was not caused by them, and he believed it was caused previously when they tapped into the manhole and disturbed the existing riser on that line.

Mayor Pro Tem Capello said it appeared to him that the City might not be directly at fault, but indirectly at fault within our right-of-way. He said it was pretty clear that Mr. Bosco or his

contractor didn't cause the damage, and he didn't think Mr. Bosco would be asking for \$6,700 if he didn't really feel it was the City's fault.

**CM-07-05-098 Moved by Capello, seconded by Nagy; CARRIED UNANIMOUSLY:
To reimburse Paul Bosco \$6,700.00 for the expense he had to pay
to fix the sanitary sewer in the right-of-way of the City along Beck
Road based on the facts stated in the report from the DPW.**

DISCUSSION

Member Mutch said he was sympathetic to Mr. Bosco's situation and obviously he was not at fault. However, on the other hand, with the information Council had received from Mr. McCusker it seemed pretty clear that no action by the City caused this problem. He asked if there was any recourse against the party they believed caused the damage, and what kind of precedent were they setting by reimbursing Mr. Bosco.

Mr. Schultz responded that if they knew for sure who a particular party was that caused the damage there would be recourse against that party. He said the tougher question was the precedent issue as the City received claims for things that happened in the private portion of a sewer or water pipe that were often in the right-of-way enough that Council at least had to make sure that as part of this discussion there's sentiment on the part of Council to do this. He said he thought they could but they might be faced with other people who would say they were sort of in the same boat as the person before them tonight. He said as he understood the questioning they were talking about the fact that the damage occurred in the sewer easement they can't necessarily, in this particular incident, tie that to a particular entity or someone undertaking activity, at least as he understood the DPW memo. Mr. Schultz thought that might distinguish it from other issues, but it was a policy question of whether or not Council wanted to take an issue where they directly had immunity, and say Council thought it was appropriate for the City to pay this at this point.

Member Mutch asked Mayor Pro Tem Capello, in terms of this action, how could they distinguish this from the other situations when someone else said it was not their fault, and asked why they had to pay for the repairs. Mayor Pro Tem Capello said he was looking at this situation where the City actually allowed improvements in the right-of-way for the development just to the south of this property, and possibly didn't supervise or monitor properly, and had some responsibility for allowing or causing failure. He thought it was different from something just wearing out from age. This was a brand new system and within a matter of three or four months of hooking into it it was backing up into his house. Member Mutch thought that was fair and a legitimate distinction. He said he would be looking for communication from Administration regarding how situations like this could be addressed. He said it didn't happen very often but he didn't want it to become a regular practice because a developer potentially might have caused damage that might cause the City to reimburse repairs.

Member Nagy thought she understood Member Mutch's point. She thought Council might be able to make this a one time only thing. She said she had heard complaints like this from other people regarding the development to the south. She thought \$6,700 was a lot of money so she wanted to do this as a one time thing. However, there should be a set policy. Member

Nagy commented that she didn't understand why they couldn't determine who did this. She asked if they knew who the contractor was.

Mr. McCusker said they knew that the subdivision from the south connected and that it was probably air tested at the time and probably air tested out. Then during the backfill procedure it was crushed, unbeknown to them, because it was 20 feet below grade. Member Nagy asked who had the records for the air testing. He responded that JCK was the contractor at the time, and they had picked up 20 of their file cabinets and files but had not found those records yet. He said on top of this, that part of the utility coming out of Kirkway Place had not been accepted yet by Mayor and Council.

Mr. Schultz understood the sentiment of making this a one time thing and there being a policy. However, there was a policy, and the policy was that the City, for the most part, exercised its governmental immunity, and said the City didn't control private action even when it's in the City right-of-way. He said they couldn't say they were going to make it a one time thing, but what they could do, as he understood the motion, was rely on all the information from Mr. McCusker's report. Mr. Schultz said Mr. McCusker talked about the soil issues with regard to where the main and the connection was. He said factually the issue next time someone said something happened on their property and wanted to be reimbursed and the City claimed governmental immunity; there would be a need to distinguish this as a one time thing not because Council said it was a one time thing but because it was factually different. He said that was the question Council would have to ask itself on this motion.

Member Nagy asked if Mayor Pro Tem Capello's motion encompassed what Mr. McCusker said. Mr. Schultz said he understood it. Member Nagy said that's the reason that her comment was not relevant. Mr. Schultz said it was very relevant but he wanted to be sure that the meetings minutes could be looked at. Member Nagy said based on what Mr. McCusker said it seemed to her to be reasonable to reimburse Mr. Bosco. She said she would support the motion.

Roll call vote on CM-07-05-098

**Yeas: Landry, Capello, Gatt, Margolis, Mutch,
Nagy, Paul
Nays: None**

3. Unlawful parking of used cars by the Hummer Dealership on Grand River – Mayor Pro Tem Capello

Mayor Pro Tem Capello said when the Hummer Dealership came to Council to expand the Gateway District, the image they were going to create on the corner of Meadowbrook and Grand River was very important to Council. He said he and Mayor Landry met with them on numerous occasions, worked with the ordinance and worked with them, and came up with an agreement. He said, in his view, it wasn't until the ninth hour that he realized that they also planned to sell used cars. He said the only reason he was going to let them go there and they were going to get his vote was because they were selling Hummer and it would give Novi a unique business establishment on that corner. He commented that on several occasions he saw that they were displaying used cars in front of the building. He said they were very selective regarding how many cars they could display, they promised to keep the used cars in the back of the lot not visible to the roadway, however, they continually display used cars on Grand River. He asked Mr. Schultz to discern what they could display and where. He thought

that information would be on the site plan but was not sure it was on the contract documents. He said they were not going to listen to the City after being told several times, and suggested it was time to write some tickets. Mr. Schultz said he would be happy to bring correspondence next time. He said he did have a meeting with Mr. Quinn, and the way they left it was they were going to present some language with assistance and drafting it from his office for Council's consideration to document the agreement that there be nothing but Hummers in that front display area. Mr. Schultz said the ball was in his court to be sure that got to Council.

Mayor Pro Tem Capello asked if the site plan was clear enough to issue tickets. Mr. Schultz said they were told they would have the opportunity to make their pitch on that issue before the tickets were written, and he felt he had to honor that. Mayor Pro Tem Capello said that was fine.

4. Flower Alley Letter – Member Mutch

Member Mutch said Council had correspondence from the Flower Alley business owner who was concerned about sales of, in this case, Easter flowers from the back of a truck from a parking lot in a local Novi business. He said they came to discover they had been granted a permit and they raised objections and concerns to that. Member Mutch said, personally, he was quite surprised that was allowed by City Ordinance. He said over the years a number of people in this community had expressed concerns about these transient sales operations whether a truck full of flowers, furniture, etc. pulling up in town, sometimes not permitted. Member Mutch noted he had a real concern if the ordinance had that kind of provision allowing that kind of activity. He recognized there were certain temporary uses of this nature but had always thought it was limited to the business establishment. He said if a furniture store was having a tent sale in their parking lot over a weekend that was fine, or activities like the art fair or the Fifties Festival, which was coordinated with existing business establishments. However, he had a real problem with what occurred with this situation and similar one. He asked for feedback from Council to see if this was something that needed to be addressed and tighten up the ordinance language to avoid these situations. Member Mutch said, going back to the previous discussion, he didn't think it was the image they wanted to present as a community. He thought the business owners raised a legitimate concern about the impact of those kinds of uses on existing City businesses paying taxes and trying to make it in this economy. At the very least, he would like to have an understanding of what kind of uses were coming into town under these permits, and whether they should look at limiting the language.

Mayor Landry suggested asking the Administration to put together a report of what the current status of the ordinances were, and Council could look at that in an off week packet. He said they could then add it as an action item or at Mayor and Council Issues. He agreed and said he would like to look a report of what the actual ordinance was and what it would allow. He suggested that Mr. Schultz put this together. Member Mutch agreed.

Member Gatt thought the answer was in the memo that was given to Council, and that was raising the permit fees to an extremely high amount that would limit outsiders from coming in. However, he didn't see much difference in this or outside agencies coming in to solicit in the City that they had talked about recently. He said he didn't know if they were legally able to keep outsiders out who come in legally with a permit to sell flowers or anything else.

Mr. Schultz said it sounded like a section of the memo would present that, and a different one was speech and another would be kind of a commercial activity. He said there was usually a different level of scrutiny. The commercial activity could be regulated a little more than door to door speech.

Member Margolis said from the reading of the memo on that specific incident, although they had a permit, her understanding was they were discovered to be in violation of that permit, and the City took action against that. She agreed they should look at that but the extent of that use was not within the permit use and the City staff did take action on it.

Member Paul asked if they could look at what other cities were doing in regard to this issue when they bring this back to Council. She felt it would add insight that they might not have had as well as what was being done here and what the fee was.

AUDIENCE PARTICIPATION - None

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 9:25 P.M.

David Landry, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Charlene Mc Lean

Date approved: