

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, DECEMBER 6, 2010 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE RD**

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

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Landry, Mayor Pro Tem Gatt, Council Members Fischer, Margolis, Mutch, Staudt

ALSO PRESENT: Clay Pearson, City Manager
Victor Cardenas, Assistant City Manager
Tom Schultz, City Attorney

APPROVAL OF AGENDA

**CM-10-12-158 Moved by Gatt, seconded by Fischer; CARRIED UNANIMOUSLY:
To approve the Agenda as presented.**

Roll call vote on CM-10-12-158 **Yeas: Gatt, Fischer, Margolis, Mutch, Staudt,
Landry**
Nays: None

PUBLIC HEARING - None

PRESENTATIONS

1. Results from 2010 Novi National Citizen Survey – Dr. Miller, National Research Center

Dr. Miller of the National Research Center was present to highlight the results of the survey. He reminded everyone that these were surveys that businesses did to keep in touch with the residents and consumers of products and services. He said this was a scientific survey of residents done by mail. He said understanding what residents think, what their perspectives were and their opinions was a different way of understanding of how well the City was doing. He commented this type of survey was done all across the country and the results were used for performance measure and budget resource allocation. Dr. Miller said this survey was sent to a random sample of 1,200 households in Novi and they had a 31% response rate, which was about what they typically received. He said the results he would speak about were results mimicking the demographic profile of the community. He said they had done the National Survey in 2006 and 2008 and in 2007 they did the Community Assessment Survey of older adults as part of strategic planning for the older adult community. He said the community perception ratings were the broadest ratings of Novi and neighborhoods as a place to live, and quality of life. He said many of these results were above the comparison areas across the country. He thought the biggest challenge for Novi would be to identify those areas where they felt they wanted to, at the very least, sustain the level of quality that they were already showing from the perspective of the residents, or improve. Dr. Miller stated that would be a challenge for a place like Novi where there was such strong, positive ratings. He said these results were

the percentages that had given both “excellent and good” ratings to these characteristic of the community. He said almost everybody would recommend Novi as a place to live, which was much above comparison areas. He noted the results on community design were based on travel by car, bicycle, walking, paths and traffic flow on major streets. He said the car travel was above the benchmark and the others were similar. Since 2006 there had been improvement in car travel ratings, ratings about bicycle travel and ease of walking in Novi. They had gone up significantly in the four years they had been doing the survey. He said there had been improvement since 2006 in street cleaning and traffic signal timing. He noted that the bus service was much below the comparison communities and not having much bus service made for a lower rating. In terms of housing there had been continuous, since 2006, higher ratings for the affordability of housing in Novi. He said that could be attributed, in part, to the changing in economics and the value of housing. He said if there was a positive to the downside of a steep national recession, this kind of trend was something that they were seeing across the country; housing was becoming more affordable for people. He said that showed in Novi in quite a strong way.

Dr. Miller said in terms of ratings for land use and planning and zoning, they were up since 2006 and much above other places. He noted code enforcement ratings held steady. These ratings for economic sustainability showed strong, positive evaluations for shopping opportunities, business establishments, place to work and employment opportunities. He said employment opportunities had held steady since the last time they did the survey in 2008. He noted that there had been a fairly big jump in the percentage of people who thought the economy would have a positive influence on their family income in the coming six months. He said they were just starting to see glimmers of this appearing in other parts of the country as the recession slowly abated. Dr. Miller said there were very strong ratings regarding the sense of safety in the community both during the day and in the evening. He said there was a slight decline in residents feeling of safety in the night time compared to the daytime whether in their neighborhood or in a central business area. However, that decline was relatively small compared to most places they see, and property crimes were more of a concern than violent crimes. Dr. Miller said in terms of evaluations of safety services they were very strong and positive and had not gone up except in the case of emergency preparedness but they were all above comparison areas.

Dr. Miller said in terms of environmental sustainability Novi had shown a significant increase in ratings regarding quality of overall natural environment, as well as the preservation of natural areas like open space. He said the one area where significantly lower ratings were shown than the benchmarks was with the percentage of people who recycle from their homes. He said even then there were 70% of the households recycling. Dr. Miller said in terms of recreation and wellness almost three quarters of the residents rated recreation opportunities as excellent or good. Very strong ratings were also seen in the ratings for classes and recreation centers; as well as city parks. Although they rated these, the quality was quite high; the percentages of those residents who actually used them were lower than they see in other communities. Dr. Miller said ratings of cultural arts were strong attractions for the community, which had held steady since 2006 and were above comparison ratings. Novi’s Public Schools had very strong ratings, close to 90% of the residents gave an excellent or good rating. The Public Library ratings had shown a strong increase since 2006 and building a new facility

usually resulted in improved ratings. Those ratings often stay and become a strong positive for the community. Dr. Miller said he spoke with Mr. Pearson about the possibility of identifying Novi for a case study for the National League of Cities, in which they would focus on actions that Novi had taken; building a new Library, in response to the surveys. Dr. Miller said in terms of Civic Engagement the ratings were all above comparisons and improved community quality and inclusiveness. He said child care to retirement, the ratings had gone up. Three quarters of the respondents felt there were ample opportunities to participate in the community, which was much higher than comparison communities. The value of services for the taxes paid was rated stronger than 2006 and 2008, which was above the benchmark. Dr. Miller noted although fewer residents, 40%, had direct contact with Novi employees, their evaluations of those employees remained very strong. If residents were asked what the most important service was, they usually responded Police Fire & EMS. We asked policy questions about where the residents wanted to put their priorities and the top priorities had to do with infrastructure and cleanliness. The services that rated at the bottom were promoting services for seniors, expanding and enhancing recreation and cultural programs; although close to half of the residents rated those services as central or very important. Dr. Miller said a very high percentage of residents would recommend Novi as a place to live to their friends and a great majority of residents expected to live in Novi for the next five years and would look again in Novi if they moved. They made comparisons by geographic and demographic sub-groups and there was a lot of information in the other reports. They had full reports on the demographic and geographic cross tabulations of every question with those categories. He stated all of Novi's service delivery was rated very well. It would be useful to have department heads as well as City Council members think about this in terms of these geographic areas and demographic breakdowns to see where service delivery or information efforts could be expended. For example, older adults gave higher ratings to education, recreation and cultural services, openness of the community, trash collection and recycling than the younger residents. Dr. Miller said he was not sure why those services were more critical to the older adults, but this information would be helpful to the city in the future to maximize services. Affordable housing, the service delivery ratings and library service improvements were some of Novi's particular strengths. Opportunities seen were with service delivery north of I-96, and recycling which had lower ratings. Walking and bicycle paths showed strong improvements, although Novi was similar in comparison to communities instead of above.

Member Margolis asked if it was common when a service goes up in popularity, such as Code Enforcement, which was 63% two-years ago, and rated 70% this year, if it will drop off the "Key Drivers". Dr. Millers said that that was not necessarily so, that it depends on what response the City takes, and the City did pay a lot of attention to Code Enforcement, and that could have made the difference. Margolis asked is there was a certain satisfaction level that a particular service hits and then is no longer one of the "Key Drivers". Dr. Miller said that you can have services that have a high level of satisfaction that can remain as key drivers, although that can change over time. Member Margolis said she appreciated all the information and thanked city staff, stating that in a two-year period when the City had cut costs and staff, to continue to improve the quality of service in most areas was impressive.

Member Mutch questioned the slide presentation which showed a breakdown of three geographical areas of the City and wondered if they had waited for the overall sample results

based on where our population is geographically located. Dr. Miller said they did not weight for geographic results, but weighted on demographics only. The surveys were sent to a random sample that would have gotten the proportional number of households of those three areas. This did not mean they came back proportionally and so it is possible to weight by geography as well. Dr. Miller said he believed the results came back fairly close to the populations in each. Member Mutch said it would be interesting to see the geographic information. He said it has been true there is a clear difference between the residents who live north of I-96 compared to those who live south of I-96 and within those two areas there is a difference between those who live east or west of Novi Road in terms of their satisfaction. Member Mutch commented that the work they have done in certain areas has been reflected in some of the survey results. He said it was nice to see that for the time and resources the City has put into those services, that our residents have taken advantage of them and recognized what the City has done. Dr. Miller responded to the question in regards to weighting for the geographical results, which he replied that if you look at the geographic cross tabulations table you do not have to worry about weighting, it will show you the differences that you are looking for.

Mayor Landry thanked Dr. Miller and said this was the third survey they had done for the City and it was very interesting and useful in goal setting for the community.

REPORTS

1. MANAGER/STAFF

Results for 2011 Assessments and planning for upcoming Fiscal Year 2011-2012 Property Tax Base Primer – D. Glenn Lemmon

Glenn Lemmon, City Assessor was present to report on the 2011-2012 Property Tax Base Primer, which was the third installment of this report to assist City Council for the planning of the FY 2011-2012 Budget. The memo highlighted several items; such as the impact of the recession on 2010 and 2011 values, how the commercial/industrial sector is lagging behind the residential sector, and that the city had seen the largest commercial/ industrial sector decrease ever. Mr. Lemmon said there were signs of hope in the residential sector.

Mr. Lemmon explained that since the passage of Proposal "A" in 1994, we were in our 15th year of the Inflation Rate Multiplier (IRM), with an average rate for that 15 year period at 2.5%. This year, the State Tax Commission set the rate at 1.7%, which would be used across the entire state. Novi was coming out of the two most volatile years on record. 2009 had a high at 4.4%, followed by 2010 which was -0.3%, the only negative IRM the City has had. The good news was 2010 won't have a negative; the bad news was that the 1.7% would have little effect on taxable values. The reason for that was that most property values have equal assessed and taxable values now, due to the reductions that have been taken in the last couple years. However there are about 1800 properties that did have a gap between assessed and taxable value out of the 21,000 properties we had. It would not have much of an effect; those properties were mostly vacant land without any improvements on them.

Mr. Lemmon said that in 2003 Novi had the largest gap between assessed and taxable value, at about 517 million dollars. Since that time, that gap has closed every year. For 2011 the projected gap will be reduced to 97 million and while that sounded like a large number, when you were talking about a 3 billion dollar tax base, 97 million only made up 2.6% of that. That gap will never close to zero, however, in the last 10 years we have seen that gap decrease. The 2010 figures for Sheriff Deeds, which are foreclosures, were only a partial and there were two months worth of data to collect for November and December. He anticipated picking up another 30 for this year which would be the highest we had. One in every 75 properties would be a subject of foreclosure in 2010. In Novi 215 properties were currently held by lenders, 150 were from 2010, 65 were from 2007-2009, which meant the lender had not sold the property. He said 30% of all the sales that occurred in 2009 for the 2010 Assessment were a result from foreclosures and in 2010-2011, only 18% of all the sales were from foreclosures. In 2010 we had fewer sales from foreclosures, more properties are being held by lenders, and we have had approximately 100 new residential permits for construction. He thought the panic of 2008-2009 was starting to wear off, as additions to new constructions added 1.1 billion dollars to the assessment rolls. Since 2003 any declines we have had have been void up due to the new constructions. 2006 was the high point, in which 162 million was added in that year alone. Commercial/industrial properties were 62 million in 2009 that number dropped in 2010 to 9 million, and in 2010, dropped to 1 million dollars. The decline started in 2008 with a negative SEV, last year we had a tremendous drop in all the properties values, with a -11.25 % for SEV and a -10 % for taxable value. This year, although it was in the negative, we were in better shape, projecting a -8.6% to taxable and -7.8% to the taxable value. Looking into the future, we expect 2012 and 2013 to be better. Comparing the average of Oakland County to Novi, in every case, Novi seemed to fair better than the Oakland County average. This year we compare that Novi will be down -8.6%, the Oakland County average will be down about -15.5%. Residential neighborhoods will not see the decrease that they have seen in the last year; our preliminary reports show a few of the neighborhoods may see an increase. We anticipate taxable value reductions of 5.3% on residential, 12.5% on commercial, with a total of 7.8% overall when factor in personal property. The taxable value in 2011 will be equal to what the taxable value was in place in 2004, We are looking at a -3.6% for next year, and -0.6% the year after that. We have about a 40% contention rate across the board, if we settled every case today at the 40% contention rate it would equate to a reduction of 1.78 million to the General Fund, and 3.75 million to the overall City Funds. We are typically at 12% contention, and due to the economy we will be looking at approximately 20%, which is better than the 40% contention rate.

Member Fischer stated the Tax Tribunal cases could lapse over several years and he was wondering if the 1.78 million and the 3.75 million were including the ongoing cases. Mr. Lemmon replied that those figures include everything that was out there and that this presented the worst case scenario.

Member Mutch asked what projections have been done if any for the SEV and taxable value for the next 3 years and has the City given any thought for the commercial/industrial sector beyond 2014. Mr. Lemmon replied that through his discussions with Oakland County, it will take longer for the commercial/industrial sector to recover. Mr. Lemmon stated by the end of

2011 or early 2012 the commercial/industrial sector may turn around. Mr. Lemmon believed residential has turned the corner with the support being from the number of new construction permits. Member Mutch stated new commercial projects usually take longer than residential and could take up to 2 years to complete, so it would take 2 to 3 years out before it showed in the numbers. Mr. Lemmon confirmed that.

Member Staudt questioned whether the City was keeping track of any commercial/industrial foreclosures. Mr. Lemmon replied that he hadn't seen much in commercial/industrial foreclosures, but he would look into it. Mr. Lemmon noted as long as we had vacant or partial vacancies on commercial/industrial properties, and until there was absorption on those, we would see very few investors willing to invest in additional property.

Member Margolis questioned if the estimate for 2011 was higher than our projection last year. Mr. Lemmon projected last year commercial/industrial would both be down 10% in 2010; it was actually down 9% on taxable value on each one.

Mayor Landry commented on the 211 Sheriff Deeds for 2010 and wondered if that number was cumulative over a number of years. Mr. Lemmon replied the 211 Sheriff Deeds took place from the period of January 1, 2010 - December 6, 2010. Mayor Landry noted he found it interesting the value change from 2007 to 2013 Novi vs Oakland County's. He said it appeared Oakland County is decreasing in SEV and taxable value, and it looked like Novi was increasing. Mr. Lemmon responded that we would have less of a decrease. The Mayor said we put a great deal of effort into our Economic Development, and pointed out that due to our efforts, Novi appeared to be a "Key Driver" for Oakland County, and if a recovery was occurring, it seemed to be occurring here.

Clay Pearson stated that we were working as a team and that we were in good hands. He added that for the past 10 years the diversity of the tax base has helped moderate things.

2. ATTORNEY

AUDIENCE COMMENT - None

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

CM-10-12-159 Moved by Margolis, seconded by Gatt; CARRIED UNANIMOUSLY: To approve the Consent Agenda as presented.

- A. Approve Minutes of:
 - 1. November 22, 2010 – Regular meeting

- B. Enter Executive Session immediately following the regular meeting of December 6, 2010 in the Council Annex for the purpose of discussing pending litigation, labor negotiations, land acquisition and privileged correspondence from legal counsel.

- C. Approval to award the Civic Center Wood Flooring Installation Project (Meeting Rooms A, B, and C) to Foster Specialty Floors, the lowest qualified bidder, in the amount of \$19,570.
- D. Approval of Traffic Control Orders 10-52 through 10-74 to establish traffic control at various intersections within Meadowbrook Glens subdivision.
- E. Acceptance of Island Lake of Novi Subdivision, Phase 5B (The Highlands) streets and adoption of Act 51 New Street Resolution accepting Chesapeake Drive, Hadlock Drive, Amesburg Drive, Nepavine Drive, and Calvert Isle Drive as public, adding 8,684 linear feet or 1.64 miles of roadway to the City's street system.
- F. Adoption of resolution changing the term for posting a site restoration bond in the amount of \$80,191.25 for public streets in Beck North Corporate Park II (specifically Nadlan Court and portions of Cartier Drive and Hudson Drive) from no specified end date to April 1, 2012.
- G. Approval of updates to the Administrative Personnel Policy as presented.
- H. Approval to award a unit price contract for backup snow removal support services on an as-needed basis for major and local roads to Rotondo Construction Corporation, the lowest bidder, for a one-year term with two one-year extensions.
- I. Approval of Claims and Accounts – Warrant No. 833

MATTERS FOR COUNCIL ACTION – Part I

1. City Council Vacant Seat Appointment

Deputy Clerk Cortney Hanson announced that the appointee for City Council was Wayne Wrobel.

AUDIENCE COMMENT

Wayne Wrobel, 24578 Ackert Ct. -. Wayne Wrobel thanked the Mayor and City Council for appointing him to the vacant City Council seat. He said he looked forward to working as a team to make Novi a strong and viable community that residents and businesses can be proud of.

MATTERS FOR COUNCIL ACTION – Part II - None

COMMITTEE REPORTS - None

MAYOR AND COUNCIL ISSUES - None

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION - None

AUDIENCE COMMENT - None

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 8:02 P.M.

David Landry, Mayor

Cortney Hanson, Deputy Clerk

Transcribed by Deborah Aubry

Date approved: December 20, 2010