

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, NOVEMBER 14, 2022 AT 7:00 P.M.**

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

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Gatt, Mayor Pro Tem Staudt, Council Members Casey, Crawford, (absent, excused) Fischer, Smith, Thomas

ALSO PRESENT: Pete Auger, City Manager
Victor Cardenas, Assistant City Manager
Tom Schultz, City Attorney

APPROVAL OF AGENDA:

CM 22-11-141 Moved by Casey, seconded by Fischer; MOTION CARRIED: 6-0

To approve Agenda as presented.

Roll call vote on CM 22-11-141 **Yeas: Staudt, Casey, Crawford, Fischer, Smith, Thomas, Gatt**
Nays: None
Absent: Crawford

PUBLIC HEARINGS: None

PRESENTATIONS:

1. 2022 Small Business Saturday Proclamation

Mayor Gatt invited Economic Development Director, Mike McCready up to the podium. He read the Proclamation for the 2022 Small Business Saturday, November 26, 2022. He presented Mr. McCready with the Proclamation and said the microphone was his.

Mr. McCready thanked the Mayor and City Council. He said on "Shop Small Saturday", Twelve Oaks, Town Center, West Oaks, and Fountain Walk will be open. He encouraged everyone to put your computers away, get in your car, get on you bicycle, get out and walk. He said it is going to be a beautiful day, charge your phones to make sure you can stay out there all day. Mr. McCready asked the Mayor if he knew what the weather would be like on Saturday. Mayor Gatt replied it is going to be beautiful, it is always sunny and hot, and 85 degrees somewhere in Novi. Mr. McCready said we could not ask for more that.

2. Annual Comprehensive Financial Report ending June 30, 2022 – Carl Johnson Finance Director

Mayor Gatt announced the next presentation with Finance Director, Carl Johnson. He said Mr. Johnson was there that evening to highlight the Annual Comprehensive Financial Report ending June 30, 2022.

Mr. Johnson thanked the Mayor and City Council and said he was happy to be there as usual. He said he would try to be brief which is a challenge for him. He stated that we publish the Annual Audit, which is 195 pages, there is no way in the world the Mayor would ever let him go through even half of these. He said he had a dozen or so slides that he wanted to highlight. He said before he started the slides, he commented that he has worked in government, local government now for almost 34 years and this truly is one of the best organizations he has ever worked for. He said he always tells the employees here and the department heads how spoiled they have it and our residents, because nowhere has he seen customer service that we provide, we have outstanding staff, outstanding department heads, our city manager, assistant city manager from the top all the way down is just a quality organization that provides outstanding services. He stated we have great financial results because of it as well. So again, he would be remiss if he did not say that each and every year, and he truly meant it. So, with that, he said he would start with a brief presentation.

Mr. Johnson said he would go over the General Fund. General Fund operations we originally planned to end the year \$36,000 of revenues over expenditures, we amended our budget up to be \$1.4 million, we ended \$2.7 million to the good. He explained that is a little deceiving, as usual, so he wanted to go into a little bit of detail on that. He said we ended \$ 1.3 million, better than we thought we were. He said two components that make that up, our revenues and our expenses. He said you can see our expenditures, we ended under on our expenditures by a little over \$2.1 million, we really tightened our belts. He said the reality is supply chain issues hampered a lot of the purchases that we had planned and made. He said we have made orders, we have contracts in place, but especially on the auto side, the heavy equipment, our dup trucks, our plow truck, our autos, the lead time used to be six to nine months, now it is one to three years on some of those things. He stated our average rollover has been about \$800,000 for those types of things. He said this year, that rollover is over \$2 million dollars. He said we have already amended our budget to incorporate that into the next year, so \$2,040,575 was rolled over into the next year. He said we have budgeted that, because of the expenditure will incur next year. He stated that being the case, we ended the year slightly worse than we thought. He said the primary reasons why were the property taxes were up, our revenue sharing was up because of the Census, but on the license and permit side, the COVID shutdown really hit our business hard. He said we were hoping for a rebound, you can see our original budget was for \$4.2 million, which was our pre COVID level, we came in at \$2.9 million. We amended our budget down to almost a million dollars, and we still came in \$275,000 short. He said he added the notes, we were at \$3.9 million in 2020, \$3.1 million in 2021 and we are \$200,000 less on the license and permit side. He explained that is the building and development that are new developments, new housings complex projects, etc. He said the projection is, so we hoped with the COVID and the supply chain issue that would go up, but now with the significant increase in the interest rates, it is slowed the development down as well. He said it is one thing after another on the development side, and that was a big hit. He said that will hit us going forward as well. He stated we are still almost a \$1.5 million dollars short of where we were pre COVID on the federal grant side that \$185,000 we are still working with FEMA on that. We expect

that money in the next month or two, but it has been way too long. He said unless we get it within 30 days after a year end, we must defer to the next fiscal year, so that is just the timing thing. Lastly, then investment income there you see the negative \$500,000, that is a timing issue. He said the state law prohibits us from investing in any thing that could lose principal, so why do we have a negative \$500,000. He explained that the accounting rules require us to show market value of our investments. If we had an investment that we bought a year ago when the interest rates were about 1%, the interest rates at the end of the year were somewhere around 3.5% to 4%. He said the market value of that instrument is significantly less than it was when we purchased it, that is why it is there. He stated it is just a timing issue. That will reverse itself as the investments get closer to maturity, as well as when the interest rates stop rising, which they continue to rise. He stated some of the very good things that happened during the year he mentioned briefly was our Parks and Rec Fund. He said if you recall, at the end of last year, we had just started to pick up the fourth quarter which was very good for the Parks and Rec Fund. During the current year, not only did they get back to pre-COVID levels, but they surpassed them. He commented that our recreational program revenue was almost \$1.7 million, the year before was only about \$1 million. He stated the Parks and Rec program rebounded like crazy, which was an outstanding thing. He said that shows you we provide quality programs. COVID came back, people came back, and they came back even stronger than before. That is a big reflection on the Parks and Rec team. In addition to that, our Ice Arena, we had concerns with that, all these people-oriented places that COVID hit hard. He stated a year ago, the Ice Arena Fund, we hope it breaks even and generates a profit to cover its capital costs. He stated a year ago, it lost \$200,000 from operations, it was not able to support its capital. He said this year, it was up \$175,000, and they can support its capital. He said that was another great story of a rebound there. He moved on to our CIP Fund, the property tax capture is just about \$4 million. If you recall, we advance funded a lot of our capital projects such as the DPW building, Lakeshore building all of those we paid in advance, and we are going to use subsequent captures to repay it. He highlighted the very bottom of the slide presentation, we had a deficit in that Fund, we advanced \$10.3 million dollars with the sale of the property of \$3 million and our tax captures coming back in that deficit down to \$4.8 million. He stated on our next Agenda, there will be the deficit elimination plan that you see each year. He said the good news is the deficit should go away in the next year or two, we have got a projected \$22 million worth of additional captures over the last five years, we have the \$5 million deficit and about \$5 million with the commitments. He stated we have about \$12 to \$13 million worth of available funds left in the CIP Fund to spend over the life of the capture.

Mr. Johnson highlighted areas of concern. He mentioned the PEG Cable Fund which was highlighted on his slide presentation. He stated the States changed the laws about three to four years ago, and our PEG Funds that came in, we used to be able to use those for operating purposes and capital, they changed the rules where you can now only use them for capital. He stated when the rules changed, we put all new collections into a CIP Capital Peg Fund and we rolled out the rest of the funds that were in there until they were depleted. He said this current fiscal year, they were depleted there, you can see the \$288,000. He stated the PEG Fund, is the operating costs for Studio Six which are now

included in the General Fund in the current fiscal year and going forward because we no longer have access to those PEG Funds we used to get they are now in a Capital only fund which we use for capital related purposes. He said in addition, the other funding you see next is our Forfeiture Fund, in which COVID messed up the courts well. He stated there is a significant delay there. He said we have one case that is outstanding of over a million dollars, that would be our share of the Federal Forfeiture. He said it has been sitting in the courts for several years, two to three years now. He stated once that comes in, our Forfeiture Fund will be back like it was before having money to fund capital purchases, primarily police cars that were supposed to be in forfeiture in the General Fund in our current fiscal year. He said we are hoping that the Forfeiture comes in during the current year, if not, we will have to add that cost back to the General Fund again, like we did this current year.

Mr. Johnson covered our pension system. He said there is about \$400,000 in our pension system. He explained with our pension system, December is year end, so they continue to change that assumption. MERS which he had highlighted on the presentation, each time they change an assumption they are currently increasing the mortality rates and decreasing the interest rates, the earning rate of assumption, they are still a little over 7%. He said each time they do it that increases our liability. He said our liabilities now up to \$122 million. He said our net position is very favorable. He stated we had a good year because most of the market downturn happened after December 31. It is a little deceiving, but overall, our net unfunded liabilities, \$37 million down from \$39 million the year before we are about 69% funded. He said our projection is that we will stay in the 60% to 70%, funded for another five to six years just because MERS is going to continue to adjust the assumptions and our contribution rate will continue year after year. He said the contribution rate is going through the roof, you can see that it has gone from \$2.6 million in 2015 to the last fiscal year was \$5,029,000. He said the current fiscal year is \$5.94 million dollars which is a huge increase. As a result, the City Council at the last budget session opted to stop making the extra pension contribution and you can see that highlighted on the presentation slide \$53,000. He stated that previously we made a \$600,000, our extra contribution in that \$53,000 is extra, but it is not really extra because our administrative, our police administrators, and our hybrid plans are based on a percentage of pay. He explained that is why it was a little more than what the actuary determined the rest of it is a fixed contribution, but we basically only made the required actuarial contribution. He said the contribution you can see there continues to go up and up. He stated what has helped us a little bit is the OPEB are required contribution for OPEB has gone down. So for the last fiscal year, even though the market was not very good, we still have a funding level of 112% who were down from 130%, the year before, remember in our market loss is a substantial amount of just like we have in that paper loss in the General Fund, that half a million dollars of our longer term are not the stock market, but the bonds and stocks and the non-stocks are included in there. He said the paper only market write down also impacts our OPEB investments as well. He said that is included in their net, we are still ahead of our assumptions over the six years you see on the screen there, we are well over the 7% average rate of return, which is what we continue to realize there. Again, that we are \$1.6 million over funded and funded at 112%, which is outstanding. He said our contribution there again, he just pointed that out

has gone down which has helped us be able to pay the pension contribution. He said it was \$600,000 five years ago and it went to \$34,000 for the next two years, we have zero contribution required. He said unfortunately, it is not outpacing the amount of increase in our pension contribution, but every little bit helps there.

He said lastly, it is incredible, though what little debt we have here, our Library debt, which we will be 100% paid in full on October 1, 2026, we started at \$7.6 million, we are now at \$6.46 million, we pay that down \$1.1 million, this is the only debt that is attached to our property tax levy. He said the other ones are paid from operations, that one is down and will be paid off in the next four years. He said the other two debts, we have our hook to the Ice Arena and Meadowbrook Commons. He stated the Ice Arena bonds have two principal payments left and will be paid off in June 1, 2024. He said there is just a little over a million dollars there and Meadowbrook Commons debt will be paid off October 1, 2025. He said there is about \$3.9 million left on that. He said for a community this size, it is incredible how little debt we have. He said we are getting very close to being debt free, which is totally unheard of. He said kudos to the Mayor and City Council and not bad for Carl.

Mayor Gatt thanked Mr. Johnson for a very comprehensive report in a short period of time. He said this was not a Budget meeting, and he hoped we do not treat it that way. He went on the record and said he thought that most communities would give their right hand to have the kind of figures that you just exposed to us and to our residents that are watching. He said Novi is in fine financial shape and we owe a lot to it to the Council who are great stewards of our monies, and certainly our administrative staff. He said for that we are very grateful for everything that you, Mr. Auger, and Mr. Cardenas and all the staff do on a daily basis. He opened it up to Council if anybody had any questions on this report, but again, this is not a Budget meeting.

Mayor Pro Tem Staudt had a quick question regarding the two revenue bonds, one has interest rates of 2.4, the other one 2.29, he wondered if those are fixed through the term of the loan. Mr. Johnson replied that when he first got here seven years ago, we refinance all three of those bonds to get the lowest interest rate, but at the time, they did dip over the last few years, that was the lowest interest rate we can, so those are fixed. He said we cannot refinance them anymore because of the shortness of the debt outstanding, but yes, those are fixed interest amount. Mayor Pro Tem Staudt said those are pretty good rates under current circumstances, aren't they? Mr. Johnson said absolutely, yes. We were very pleased with them at the time. He said two years ago when interest rates fell below, basically fell to zero, interest rates were slightly lower, but those are outstanding rates. He said they were cut in half when we financed them. Mayor Pro Tem Staudt thanked him for his response.

Member Fischer followed up on that question, he wondered if there were any opportunity, he would assume, those are trading below par at this point as well, given the interest rates. Is that something that cities do kind of buyback debt early? If it is trading at a discount? Mr. Johnson said we can advance refunded you sometimes there is a penalty related to it. He said he has not investigated it because as Mayor Pro Tem pointed

out, the interest rates were so good, he really had not looked at it as of now. He said when they fell, that was the time to do it, but as of right now, with rates going up, he imagined these trading on the open market would be trading at less than par. Member Fischer said with rates going up, though, he imagined these trading on the open market would be trading at less than par. He thought we could buy them back at a discount, an opportunity that cities partaken as corporates do. Mr. Johnson said the issue is finding the bonds. He stated cities usually do not partake in that, it is usually the corporate world, they are very active in that. He said he thought it is something that could be done, but we have not explored that. Member Fischer said obviously, we want to part with the cash as well, which we may not want to do and invest other elsewhere. Member Fischer said he had a question, he said he has had a couple conversations related to OPEB liabilities and asset position that we are in. He said he was really struggling with is that if he was looking at our current report for our pension and for our OPEB, we have the same target allocation 60/20/20 for equities, fixed income, and private investments. He said one is funded at around 70% and one was at 130% and now it is at 112%. He wondered if that was common to see in the municipal world where you would continue the same allocation in this kind of situation where the funded position is so different, and so drastically different. Mr. Johnson said they had that discussion before as well. He explained the funding ratios that you are talking about, there is a range. He gave an example of up to 60% for equities, up to 20% for fixed income securities and up to 20% for cash another, what we do is when the market started to go down, we met with our advisors, talked to them, and then we shifted that from when stocks are good, where we try to hit up to that max of the 60%. To capitalize on it, as soon as they start to pull back, we immediately start pulling back as well, from that 60% down to 50%. He said he thought they were going to have a meeting on Wednesday, he believed with our OPEB advisors. He thought we were somewhere around 50% to 55% in equities, again, pulling that back to be a little more conservative, because we have that latitude up there. Member Fischer asked if we were pulling back on equities right now. Mr. Johnson said we started to six to nine months ago. Member Fischer said that is a very small amount, from 60% to 55%, is that correct? Mr. Johnson replied the key assumption is, you still must get a very average rate of return of 7% to meet your full funding level. He said until you hit near 140% funded, you are not considered fully funded, which still makes no sense to him whatsoever. He said until you hit that level, at that point, we have talked to them, you pull back even more, especially with the interest rates now hitting 4%, 5% or 6%. He said that is the time to lock them in and move forward with it, but if you were to change, were to move everything right now to fixed income or agencies, those kinds of things. He said we would have seen a huge loss regardless because of the interest rate difference. Member Fischer said those are unrealized and they come back, they would come back. Mr. Johnson said then we would lock in at 1%, and what that would mean, because a year ago, those were one to 2%. If we locked them all in at once 2%, we would have to change our assumption rate from 7% to 1% to 2% and that would drop our funding estimates and we would probably end up from 113% funded to 80% funded and we would have to contribute more until we get to that 140% would not be there if the interest rates now. He said we are at an ideal position with the interest rates climbing to 5%, 6% or 7%, which is where they are now, if we can get that funding level up a little more and shifted to lock in the 5%, 6% or 7%, we are long term, we are going to be in a much better case. He said

that is what we are going to talk about. Member Fischer said except that you have now lost on your equities. Mr. Johnson said yes, you always want a portion of equities, because that is where you are never going to get 40% return like we did last year.

Member Fischer said he was still concerned that the allocations, the target allocations, and maybe it is a discussion for the investment policy, he knew that was something that comes to Council, and it is Council's purview, right? To go ahead and do those. He said you know, where he was going with this is he got last year's version of this out. He said it talks about a lot of the discount rate information that you are talking about in the Senate, we put a sensitivity right in these financial statements, right, and we talked about last year, if we would have gone ahead and lowered our discount rate by 1%, then we would have lost about \$3 million, he thought, based on that portfolio at the time. He said he was starting to think that, yes, it may make more sense to take a very less risky approach to the investment thesis. He said even if we do take a little bit on the front end and realize that our asset position would go down because of the assumptions like that. He guessed he was not looking to get in a huge pension discussion. What he thought we needed to do as a Council is maybe ask Finance to put together a little bit more of a background for this Council on the pension and the OPEB process, you know, the advisors that we are using for each of those, some of the information on the target and the current allocations of both of those funds. He would like to see that information kind of before the end of the year. He thought Council could determine if we need to dive into this a little more. He thought we have not dived into this as a Council in a very long time. He believed that it is time to do that and really understand more about the relationships that our Finance Department has with the pension managers and things like that. Mayor Gatt asked Mr. Johnson to prepare a report for Council.

Mayor Pro Tem asked Mr. Johnson where the money was coming from for the roof at the Ice Arena. Mr. Johnson said it will come from the Ice Arena fund. Mayor Pro Tem Staudt stated that it was not coming out of the General Fund in any way. Mr. Johnson replied that he was correct. He stated the Ice Arena had \$1,000,008 in cash.

Mayor Gatt thanked Mr. Johnson for his presentation.

3. Annual Comprehensive Financial Audit for year-end June 30, 2022 – Rehmann

Nathan Baldermann, representative from Rehmann thanked the Mayor and City Council for the opportunity to go over the Annual Comprehensive Financial Audit for year-end June 30, 2022. He said Mr. Johnson did a great job of summarizing the results for Novi and the results that are there, not just the overall, the audits or the financial position itself, but also all the great things related to debt and the pension and the OPEB positions. He wanted to reiterate what was there, and also stating their interactions are mostly with the City Manager's office and the Finance Department. He echoed the same things, we get the highest level of competency of preparedness for their audits, things go very smoothly, they get things issued in a very timely manner. He wanted to thank the City Manager's office, Carl Johnson, Sabrina Lilla and the whole team for being very well prepared. He stated the audit this year, as expected, was a clean, unmodified opinion that we added

for the financial statements. He said they also issue what is called a Yellow Book Report that talks about the internal controls. He stated that was also a clean report, no material weaknesses, or significant deficiencies. He said this past year they issued a single audit for 2021 which had a different reporting period, which was also a clean report, and then for 2022 for this year. He said they were in the process of finishing up. He stated they have a new ability for funds that you received under ARPA, we are allowed to do what it is called an alternative compliance exam. In lieu of a single audit, just because of, for entities that receive for basically municipalities that receive \$10 million or less, because of the flexibility that you have in spending those funds, they came up with this alternative compliance examination, we are in the process of finishing that up, but do not expect any issues with that as well. He said it was a very clean, no issues to report.

Mayor Gatt said that was no surprise to them. We run a one of the most efficient and transparent operation.

MANAGER/STAFF REPORT:

City Manager Auger said good evening to the Mayor and Council Members. As this is my last City Council meeting as Novi's City Manager, I have a few items I'd like to address under Manager's Report. No worries, I will try to be quick.

First, he wanted to share his gratitude for this Council and the previous City Councils for the opportunity to exercise leadership with you and believe that we have been good stewards of the public trust, and as you just heard through our latest audit and financial report, of the public funding we have been entrusted with. I'd like to also recognize all our employees who carry out all day-to-day operations and keep Novi the great place it is.

Secondly, he said the Mayor and I spoke after the election results were in about the County Transit millage. I have reached out to the County Executive's office and spoke with the County Executive's Chief of Staff, Hillarie Chambers, about the next steps with the new County transportation system. I wanted to understand what the next steps were, so that Novi was at the table in designing this new system, especially with the City of Novi being the second highest contributing city in the county to this brand-new program. He said Ms. Chambers explained they thought they were going to approach this in several phases. The first phase will be the funding of SMART, NODA, WODA and OPC. They will then hire some people to administer the county transportation system and in year two start public outreach and see how to make the best impact in the communities. He said that Ms. Chambers knew of his pending retirement, and he advised her the Acting City Manager Cardenas would be the city's new contact going forward and I'm sure he will also have Director Muck available to share our transportation system numbers and operation to be considered for funding with SMART, NODA, WODA and OPC. She assured me that Novi's transportation needs are on their radar.

Finally, and the longest part of this report, he wanted to update the Council with where we are in our review of our Older Adult Services and Programs to hopefully start the

discussion, at the Council level, on where we go to continue improving this valuable program. I want to thank Kathy Crawford, former Special Recreation Coordinator and Older Adult advocate for volunteering to tour programs and facilities around the State with Director Muck and myself.

He said our study group found that in order to continue to improve the experiences of Older Adult Services, we can adopt some desirable items that we observed in three different stages. The first group of items can be done with low-cost, low risk, and mostly done through the administration especially the implementation stage. The second group may need some budget attention or more planning and goal setting which are more tactical in nature. Finally, the third area would be where we want the Older Adults Service program and department to go which will be directional.

He said one item we wanted to focus on immediately is improving the socialization of our Seniors. Improving socialization can be the gateway for more interaction and building of relationships which also opens doors for being aware of and utilizing City of Novi programs. He listed some of the items they wanted to implement right away:

- Increased visibility of the Civic Center as a place for senior activities.
- Evaluate the name "OAS" since "Older Adult Services", it may imply or be interpreted as an office you go to for assistance rather than activities.
- Comfortable and welcoming spaces for seniors to gather and socialize before and after programs.
- Centralize all senior programming information (experiment with different media platforms to see what gets traction or improve program enrollment, E.g., Senior Newsletter, Digital Platforms, Activities At- A- Glance Sheets).
- Videos of interest specifically for older adults.
- Evaluate opportunities to promote senior adult gathering spaces that are occurring already, such as, at Library in morning for socialization in the Café, or possibly at Lakeshore Park, or Villa Barr, etc.

Tactically, we can move forward items that will take some planning, designing or budgetary focus. Some of the items we want to tackle these and start moving our additional program. He listed some of the items that they wanted to tactically move forward.

- Additional program employees as we increase older adult programs.
- Bocci Ball court outside Civic Center or Meadowbrook Commons.
- Pickleball courts at Meadowbrook Commons with gathering space and shade.
- Senior Home Assistance Repair Program (SHARP).

Finally, with a clear direction, we can move forward items that will require City Council Direction and public input. He listed some of the items with Directional focus are:

- Additional City owned Senior Housing
- Evaluate need for additional adult activities center

- Warm water therapy pool
- Indoor Pickleball Courts
- Staffing to facilitate and maintain additional spaces/amenities and programs

City Manager Auger thanked PRCS Director Muck and Kathy Crawford again, as we drove all across the state of Michigan, as we looked at other programs, to try to see what other people were doing, to see where we could improve on what we have, and also validate what a good program we are already running in the activities, in transportation, space and housing, of all the communities that we toured, we are the only city that actually has city run housing. He commented that we are ahead in a lot of ways, but we can always improve and get better. He said hopefully this is a start of a conversation at the Council level moving the city forward.

Mayor Gatt thanked City Manager Auger for a very comprehensive report. He stated this was not a question-and-answer session. He said he wanted to comment on what he reported. First, he applauded his efforts right off the bat on the transit. He asked Mr. Cardenas as we move forward to please keep the City Council informed of every step of the way. He said there is interest up here on what is happening, and we want what is best for our residents. He said they are going to pay \$4.2 million starting he believed in January. He said he hoped that he will advocate for the 67,000 people that live here and all the businesses that pay taxes to get what is best for use. He asked that he please keep City Council posted. Second, he commented that personally he knew that Mr. Auger, Kathy Crawford, and PRCS Director Muck have been working very diligently. He said this is something that City Council has brought up more than one time in the last year since the last election that put this Council in place. He said there is talk of creating a whole new department, a Senior Department, he did not know where we are going, but he knew what you said, this is going to bear much discussion. He said he would expect that this Council in the not-too-distant future will tackle this in a very comprehensive manner because it is a comprehensive subject. He thought that their work so far will help us, it will set the groundwork, it will set the framework for what is to come. He believed there is more to come, and we want the best for the seniors in this community. He wished we could wave a magic wand and make pickleball courts appear, warm pools and everything else you talked about. He said obviously it is going to take a lot of money. It is going to take a lot of planning. He said after listening to Mr. Johnson speak that evening, we are soon going to be debt free and maybe we are going to look for some more ways, nice ways, to spend some more money, because certainly our residents deserve it. He said they will talk about his last Council meeting toward the end of the meeting. He said he did now that the City has a going away, get together planned for him next week. He encouraged everybody in the audience, everybody listening to come out to that and say goodbye to Pete in person. Thank you very much.

ATTORNEY REPORT: None

AUDIENCE COMMENTS:

Apostolis Sinanis, representative from Oberlin HOA said he was there with a couple other homeowners in the audience from Oberlin. He was there to show support for the Consent Agenda Items E and F. He hoped and trusted that after your review of the positive recommendations from the Novi legal team, the Pulte Homes Developers legal team and the HOA that you will look favorably up these items and accept them into the City record. Thank you.

Barry Abramson, 42342 W. 13 Mile Road, Novi said he had a statement, the issue at hand he was talking about is the 20-foot parcel of land Parcel No. 22-11-101-104 which is adjacent to his property on the left of his presentation slide. He said this parcel was acquired by the City through tax foreclosure in 2014. He noted at least four years ago when the Robertson Brothers building plans were first being proposed, the City of Novi wanted to use this parcel as a public thoroughfare just three feet from their side windows that would have infringed on their privacy. He said they were on record opposing this proposal. He stated when they asked to buy the lot, they were turned down as it was not for sale at that time. He said imagine their surprise when we recently heard that this piece of property is now being sold for \$2000 to the 80-foot lot owners nearer to the bar and grill on 13 Mile Road. He said shouldn't they be first choice since they had already asked. He said it seems that the City officials are only taking into consideration the benefits of extending that lot to 100 feet, while disregarding any value would have for our small 40 foot lot. He said they do not deserve the right to extend our small property and other 20 feet to gain a bit more distance and privacy he said from many structures that would be built close to their property line he asked if they shouldn't they have the opportunity to have more than 40 feet of frontage, which is only half of what every other lot on the street has. He thought it was the fairest thing to do. He stated the most importantly, the addition of 20 feet to their left would give us much needed room to run sewage lines to the street because they have a well on their right side that hinders any digging, and hardly any room on their left at the present time. He reminded them, their house has been a long-established part of the history of Novi for almost 100 years, it was the Tolettene family that lived here while helping to build up the famous amusement park across the street for all those years. He stated, just because new builders are coming in, they are being squeezed in from all sides and ignored. He said shouldn't they be given first choice over anyone else. He said the City has collected almost 100 years of taxes from this residence. He stated the City never offered them the chance to buy the lot so the least they could do is vacate the property and give 10 feet to each party involved. He said the bidding process should not ever be on the table. He said it was simply not fair. He said he was on a fixed Social Security income, so it is not a viable option for him. He was there that evening to aske the City to hear their plea. He said we have many good reasons to acquire the land, so please don't agree on a decision before checking with them He said vacating the 20-foot lot with at least front them 10 feet for the option to hook up to city sewer. He said they have had a rough go of it for over a year, He had a bad case of COVID, and his 94-year mother died of it. He also went through open heart surgery. He said he could use a break in their favor for a change. Thank you.

CONSENT AGENDA REMOVALS AND APPROVALS:

Mayor Pro Tem Staudt removed Consent Agenda Item C for further discussion.

CM 22-11-142 Moved by Casey, seconded by Fischer; MOTION CARRIED: 6-0

To approve the Consent Agenda as amended.

- A. Approve Minutes of:
October 24, 2022 - Regular Meeting
- B. Approval of a Memorandum of Understanding between Interim City Manager Victor Cardenas and City of Novi.
- C. Approval to award a contract for professional services to The Greenway Collaborative, Inc., for an update to the Non-Motorized Master Plan in an amount not to exceed \$89,174, subject to final review and approval as to form, including any minor changes required, by the City Manager and City Attorney's Office and amend the budget. **REMOVED/LATER APPROVED**
- D. Approval of an extension of contracts for Supplementary Building Plan Review and Inspection Services with McKenna and Carlisle Wortman/Code Enforcement Services subject to final approval of the City Manager and City Attorney for (1) year with the option of (2) one-year renewals per the attached fee schedules.
- E. Approval to accept the residential streets as part of Oberlin Phase 1 and adoption of Act 51 New Street Resolution accepting Oberlin Boulevard, Oberlin Court, Tennyson Court, and a portion of Isabella Way as public, adding 0.43 miles of roadway to the City's public street system.
- F. Approval to accept the residential streets as part of Oberlin Phase 2 & 3 and adoption of Act 51 New Street Resolution accepting Wembley Drive and a portion of Isabella Way as public, adding 0.27 miles of roadway to the City's public street system.
- G. Approval of a resolution to amend the purchasing policy to reflect changes and improvements in the City's procurement processes, including an increase in the threshold amount for which a purchase order must be used from \$15,000 to \$25,000 and for purchases less than \$25,000 remove City Council approval requirement.
- H. Approval of the request of Sakura Novi Land Development LLC for the Second Addendum to the PRO Agreement. The subject property is zoned TC-1 with a Planned Rezoning Overlay (PRO), which conditions development to the terms of a PRO Plan and Agreement. The addendum would amend the amount of wetland mitigation required from 2.41 acres to 1.88 acres based on the revised determination of wetland impact.

- I. Approval of claims and warrants – Warrant 1119

Roll call vote on CM 22-11-142

Yeas: Casey, Fischer, Smith, Thomas, Gatt, Staudt
Nays: None
Absent: Crawford

MATTERS FOR COUNCIL ACTION:

1. Approval to award Innovated Controls, LLC, the City of Novi Public Safety building backup generator project in the amount of \$178,265 using a competitively bid act through Sourcewell Pricing and amend the budget.

CM 22-11-143 Moved by Casey, seconded by Thomas; MOTION CARRIED: 6-0

Approval to award Innovated Controls, LLC, the City of Novi Public Safety building backup generator project in the amount of \$178,265 using a competitively bid contract through Sourcewell Pricing and amend the budget.

Roll call vote on CM 22-11-143

Yeas: Fischer, Smith, Thomas, Gatt, Staudt, Casey
Nays: None
Absent: Crawford

2. Approval of Property Exchange Agreement by and between the City of Novi and the Novi Community School District (involving a portion of properties owned by the City at the Civic Center Complex and Wildlife Woods Park and a property owned by the School District near the High School and the "Bosco Fields" property on 11 Mile Road.

Member Fischer said it is kind of fitting at Mr. Augers last meeting that we will be approving this. He said in his first meeting with him after he was back on City Council in 2018, he took him to a map and showed him all these things that were going to happen. He sat there with his head spinning thinking he was kind of crazy. He said it was great work by you and your staff. He also wanted to recognize Mayor Pro Tem Staudt because he knew that he had a lot of background discussions to keep this moving around and a lot of vision around Bosco Park. He said this is going to be a great thing, it really opens a lot of opportunities. He thought we should also be thankful for our partners at the School District, so hopefully continued good working with them.

Mayor Pro Tem Staudt said he had one quick question. He wondered if this was it, no more changes, all the issues are resolved. He said this is the final form, when is this going to be signed. City Attorney Schultz said there is the usual language at the end of this agreement that says there might be some minor changes in school district approved it in a slightly different form. He said it is possible to still have some minor conversations, nothing on any of deal points there. Mayor Pro Tem reiterated his question, when will this be signed. City Attorney Schultz said possibly this week. Mayor Pro Tem Staudt said

potentially. City Attorney Schultz said yes, by us. Mayor Pro Tem Staudt asked if there were any issues about oil wells. City Attorney Schultz said the agreement has more due diligence period, 90 more days plus, again, some other time to close. Mayor Pro Tem Staudt asked that he tell us when the agreements are actually signed. City Attorney Schultz replied yes.

CM 22-11-144 Moved by Fischer, seconded by Staudt; MOTION CARRIED: 6-0

Approval of Property Exchange Agreement by and Between the City of Novi and the Novi Community School District, subject to approval of final form by the City Manager and City Attorney's Office, including minor non-substantive amendments.

Roll call vote on CM 22-11-144

Yeas: Smith, Thomas, Gatt, Staudt, Casey, Fischer

Nays: None

Absent: Crawford

3. Consideration of Approval of Change Order No. 12 to the Crescent Boulevard Extension (NW Ring Road) & Industrial Spur contract with Toebe Construction, Inc., for the Bond Street – Phase 2 construction project in the amount of \$1,159,186.00.

CM 22-11-145 Moved by Fischer, seconded by Casey; MOTION CARRIED: 6-0

Approval of Change Order No. 12 to the Crescent Boulevard Extension (NW Ring Road) & Industrial Spur contract with Toebe Construction, Inc., for the Bond Street – Phase 2 construction project in the amount of \$1,159,186.00.

Roll call vote on CM 22-11-145

Yeas: Thomas, Gatt, Staudt, Casey, Fischer, Smith

Nays: None

Absent: Crawford

4. Consideration of approval to award Garland/DBS, Inc. \$562,480 for the roof restoration at the City of Novi Ice Arena using competitively bid contracts through Master Intergovernmental Cooperative Purchasing Agreements and Omnia Partners Public Sector Agreements.

City Manager Auger said he wanted to follow up on Mayor Pro Tem question. He said this is the Enterprise Fund and all their improvements and building maintenance is taken care of out of that fund as it was set up to run.

CM 22-11-146 Moved by Casey, seconded by Thomas; MOTION CARRIED: 6-0

Approval to award Garland/DBS, Inc. \$562,480 for the roof restoration at the City of Novi Ice Arena using competitively bid contracts through Master Intergovernmental Cooperative Purchasing Agreements and Omnia Partners Public Sector Agreements.

Roll call vote on CM 22-11-146

**Yeas: Gatt, Staudt, Casey, Fischer, Smith,
Thomas
Nays: None
Absent: Crawford**

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION:

Mayor Pro Tem Staudt removed Consent Agenda Item C for further discussion.

- C. Approval to award a contract for professional services to The Greenway Collaborative, Inc., for an update to the Non-Motorized Master Plan in an amount not to exceed \$89,174, subject to final review and approval as to form, including any minor changes required, by the City Manager and City Attorney's Office and amend the budget.**

Mayor Pro Tem Staudt said in 2011 the Walkable Novi Committee got a presentation on something called a Non-Motorized Master Plan, which in 2011 there may have been one or two others in the State of Michigan. He said we kind of looked at each other and thought this was something that would be good for Novi, this was long before the ITC Trail, Eight Mile, all the sidewalks, all the things that we have done. He thought it was at the time around \$30,000 which was a really minor amount of money, but it was from a grant that we called "Obama Bucks" at the time. He said it has done so much for our community, we have accomplished millions of dollars of investment to see after 11 years, it came back a new version updated, you know, 11 years from now, he said he will not be here, he will guarantee you that. He said if we can accomplish in the 11 years, since with this new agreement, it is going to have monumental effects on our community. He wanted to pull it off because people think things just get done here, you know, through miracles, it is a lot of planning, and a lot of thought. He stated the Walkable Novi Committee, which many of us have sat on over the years, have really done a lot of work on things. He said it was always the Non-Motorized Master Plan that we could brag about as a community as one of the very first in the State of Michigan. He said he was sure there are many more. He said we have the same vendor who is providing the update on it. He said he was looking forward to seeing what they are going to come forward with and you know what the next Walkable Novi Committee is going to do with it because this will have a very broad impact in our community, so he moved to approve this item.

CM 22-11-147 Moved by Staudt, seconded by Casey; MOTION CARRIED: 6-0

Approval to award a contract for professional services to The Greenway Collaborative, Inc., for an update to the Non-Motorized Master Plan in an amount not to exceed \$89,174, subject to final review and approval as to form, including any minor changes

required, by the City Manager and City Attorney's Office and amend the budget.

Roll call vote on CM 22-11-147

**Yeas: Staudt, Casey, Fischer, Smith, Thomas,
Gatt
Nays: None
Absent: Crawford**

AUDIENCE COMMENT: None

COMMITTEE REPORTS:

Mayor Pro Tem Staudt said he did not think he has read it entirely; we have received the report for the Broadband Committee have we not? He said we have not had a meeting about it yet, but the results of surveys and a lot of hard work went into that He encouraged each Councilmember to take a few minutes to read it. He hasn't had an opportunity yet, but he was sure we are going to move forward with some discussion with that soon.

City Manager Auger said yes, just the Committee has received that report, we just received it he believed last week, and he sent it out to the Committee Members, and Mr. Cardenas. He said he can send that out to City Council. He said the Committee must get together to decide what the next steps are, as they report back to City Council with that. Mayor Pro Tem Staudt said great, thank you. He mentioned

MAYOR AND COUNCIL ISSUES: None

Mayor Gatt commented that this is Pete Augers last meeting, and my goodness, eight years went by very fast. He remembered when he came in, Tom and I sat down with you in the upstairs conference room, and we banged out a contract that the Council approved, it went by fast. He wanted to say on behalf of his colleagues up here on City Council, thank you for your hard work, your professionalism, you attention to detail, because under your purview. He mentioned so many things happened, the Adult Center came in and that was no easy task. Sakura finally was passed, and even though there are no buildings up yet, he thought there will be soon and your name should be written all over that. He said the contract that they just approved this evening with the schools, and many other things, He said there is another one coming next week. He reiterated what he said earlier, the City is having a going away party for Pete, he believed it was next Tuesday night, up at the Fireside Lounge at the Hyatt Place Hotel, November 22, 2022, from 6:00 P.M. until 9:00 P.M. He said everybody is invited, everybody in the communities is invited, he encouraged you to come, because guys like Peter Auger don't come around all the time. He said we did not always agree on everything, but we also agreed on a lot more than we disagreed with, working together with Council, and with staff. We did some great things and in eight years we brought Novi to new levels, new standards, and whoever succeeds you just got some big shoes to fill. He said they will hold that person accountable, just like we held you accountable. He wished him the

very best health wise, financially, personally, every which way possible. Mayor Gatt said without offending anybody, he said God Bless you, good luck, and thank you very much.

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 7:57 P.M.

Melissa Morris, Deputy City Clerk

Robert J. Gatt, Mayor

Transcribed by Deborah S. Aubry

Date approved: November 28, 2022