

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, FEBRUARY 8, 2021 AT 7:00 P.M.**

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

In accordance with the provisions of the Open Meeting Act this meeting was held remotely.

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Gatt, Mayor Pro Tem Staudt, Council Members Casey, Crawford, Fischer, Maday, Mutch

Mayor Gatt, present from City of Novi, Oakland County, State of Michigan
Mayor Pro Tem Staudt, present from Madison Heights, Oakland County, State of Michigan
Member Casey, present from the City of Novi, Oakland County, State of Michigan
Member Crawford, present from the City of Novi, Oakland County, State of Michigan
Member Fischer, present from City of Novi, Oakland County, State of Michigan
Member Maday, present from City of Novi, Oakland County, State of Michigan
Member Mutch, present from City of Novi, Oakland County, State of Michigan

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

APPROVAL OF AGENDA:

Mayor Gatt stated that they were removing Consent Agenda Item B because there was no need to enter Executive Session that evening.

CM 21-02-011 Moved by Staudt, seconded by Casey; CARRIED UNANIMOUSLY

To approve the Agenda as amended.

Roll call vote on CM 21-02-011 **Yeas: Staudt, Casey, Crawford, Fischer, Maday, Mutch, Gatt**
Nays: None

PUBLIC HEARINGS: None

PRESENTATIONS: None

MANAGER/STAFF REPORT:

City Manager Auger announced that they had Mike McCready on the Zoom call that evening. He stated that today was his first day working for the City of Novi as our Economic Development Director. He said we are happy that he is on board. Mr. McCready thanked the Mayor and said it was good to be with him, he was excited about the opportunity. Mayor Gatt said we are excited to have him on board. We expect great things, we know you are going to deliver, so welcome aboard. He told Mr. McCready that Council was there for him if he needed anything.

ATTORNEY REPORT: None

Mayor Gatt said there were several people interviewing for a few positions. He explained that they will listen to their presentations, you will each be given an opportunity to speak for up to two minutes. At the end of the two minutes, he said he will cut them off to be fair to everyone. He stated that they have their application and their resume with them. He said the Councilmembers have studied everything and are prepared to hear their presentations with that knowledge already intact. There will be n decisions made that evening, the decisions will be announced at our next City Council meeting, which is February 22, 2021. Please keep in mind that we only have a few openings and there are several people. If you are not chosen on February 22, 2021. Please do not get discouraged, keep coming back because it is you that makes Novi so great.

BOARDS AND COMMISSIONS CANDIDATE PRESENTATIONS

1. Sreenivas Cherukuri- Library Board, Board of Review, Planning Commission

Mr. Cherukuri said he is a lifelong Michigander, he and his wife moved to Novi twelve years ago. They were starting both a family and he was starting his business. He said he really has come to appreciate the quality of life and the quality of services that Novi has to offer. He said he was blessed. He stated currently he was unemployed because his business got bought out. He felt it was a good opportunity for him to join the team and really help to contribute to what he can offer here. He had a background in engineering management, consulting IT, and as an entrepreneur. He believed that it gave him a good perspective on the different ways, or the different stages of life people are interacting with the City. He hoped that his well-rounded background will be an asset whenever you may need him. Thank you.

2. Kathy Crawford - Library Board

Ms. Crawford thanked City Council for the opportunity to interview for the Novi Public Library Board of Trustees. She was confident that you have all had the opportunity to closely review her application. She said she was not going to repeat anything that was in her application. She stated that since she has been term limited in the Michigan State House, she currently has more time to devote to the local programs and activities that she is passionate about, such as the Novi Public Library. She has been very fortunate in her life to have had leadership opportunities that most people never get a chance to experience. She believed that we should continue utilizing our experience in ways that she thought could enhance local programs and activities. She said that is what she hoped to bring to the Library Board. She thanked them again for the opportunity to come before Council.

3. Katherine Dooley - Library Board

Ms. Dooley said she was reapplying to be a trustee for the Novi Public Library. She has served one term and was happy that she was able to apply again. She said she has

been a resident of Novi since 2008. She loves Novi. Her son attends Parkview, and she has worked with the City for most of her career, which is in communications over 20 years now. She specialized in public relations. She understood multimedia, social media, and all aspects of communications. She stated that a lot of what she does in terms of her background is strategic planning and visualization for the future. She happy to be in the community and be a part of the team. She hoped that after reviewing her qualifications she will be able to continue serving the community in this capacity. She appreciated the opportunity, thank you.

4. Swaminathan Gopalakrishnan - Beautification Commission, Planning Commission, Board of Review, Historical Commission

Mr. Gopalakrishnan thanked Mayor Gatt and City Council. He stated that he came from India a couple of decades ago. He finished his Master's program in West Michigan and spent nearly two decades in Holland, Michigan and then moved to Novi a couple years ago. He said his work, Yanfeng Automotive brought him here. When he was asked to transfer, he did not look anywhere else but Novi because he heard great things about Novi. He said he liked to travel a lot to Mexico, Europe, and other places. He also loved to cook in his spare time. He said his passion is to serve and volunteer in the local community that offers him so much like Novi. He wanted to give back to the community by serving in a local government. He said the main reason for that is his wife, Priyanka Murthy, she is one of the other people that will be talking that evening. She is a current Novi Board member as well. He said she motivates him every single day, she does so many things beyond her full-time work, and as a mom. He said he would like to be part of the community as well. He stated that he is a program manager and can use his program management skills. He said he works with big teams globally with China and Mexico, and he brought diversity to the team. He is well versed with working with diverse teams and he gets things done. He thought Novi was such an amazing place to live. The last two years we have been enjoying so much living in this community. He said Novi was beautiful. He stated his first preference was to work on the Beautification Commission. He said if offered an opportunity, we can make Novi even a better place and more beautiful.

5. Vinit Gupta - Beautification Commission, Building Authority, Historical Commission, Library Board, Planning Commission

Mr. Gupta thanked Mayor Gatt and City Council for giving him a chance to hear him out. He said he worked for ITC Headquarters in Novi. He moved to Novi about eight years ago because he was happy in his job and was looking for a place where he could raise his family, have a good education, and safe place to live. He stated that Novi popped up top of the list when he searched so he picked a job here and moved to Novi and has been very happy. He has two children, one in High School, the other in Middle School and his wife. He said he has been an active volunteer with Novi High School in their track and field, cross country program, and has worked a lot with setting up the systems and all the result ranking. In essence, he loved this community, and he wanted to help. He set up his HOA in the neighborhood when the builder transferred it and helped save the community about \$10,000 a year to reduce costs. He stated he is an

electrical engineer, so he has dealt with a lot of Federal, State and City regulators convincing them on energy policies and the citizens as well, showing them, we are bringing you the best value for your money. He felt that some of these things are needed for the board member, the fiscal responsibility as well as the ability to convince the City Council and others for the priorities we want to implement and get the citizens to buy in. He said he would love to serve on this committee because he wanted somebody like him who is searching for a place to live, and when they search, they find Novi at the top of the list, the best place to live. That was his biggest motive, he would like to keep it as the best place to live. Thank you.

6. Priya Gurumurthy - Library Board, Historical Commission

Ms. Gurumurthy appreciated the opportunity to come and talk to City Council about her interest in the Library Board position and if not the Library Board, the Historical Commission. She stated that she was an IT leader focusing on application of technology to business functions to improve and increase their day-to-day efficiency. She loved in Michigan for about 18 plus years and she strongly believed that giving back to the community is what she wanted to do as a parent, volunteer, and board member. Currently she is part of the Housing and Community Development Advisory Committee. She is also a diversity liaison in the PTO Board for Deerfield Elementary School. She stated that she graduated from the prestigious Novi Ambassador Academy Program in 2019. She currently is working closely with Julie Farkas, April Stevenson, and the Library team with a new Be Active Bag Program that we launched last week. She said she also participated in different events at the Library, including the MLK Day. She submitted a video and presented, so she was really involved with the Library as much as possible in a more volunteering capacity. She said she was passionate about giving her time, skills, and energy to support the team. She also brought rich experience from being part of other Boards like the head of the Holland District Library Board when she was in Holland, the Tulip Time Festival Board, International Festival Advisory Committee of the city of Holland, Committee of the Holland Museum and Ready for School. She stated she was a confident woman of color with a strong passion for diversity, equity, and inclusion. She said she also won the individual champion of Diversity Award in 2019. She stated she has been able to continue her journey as a diversity champion and affinity chair at her work, Yanfeng. She felt due to this trait, she believed that she could always bring diverse perspective to the table. Lastly, what she does day to day at work is going to be really an advantage. She focused on customer problems, evaluate solutions, understood what the business value for the request, determined the right solution, approach, and execute the project with quality and delivery. She said here, her customers will be the people in this community. She thanked City Council for this opportunity. She was truly looking forward to making a positive impact in the community.

7. Sharon Larson - Library Board – Withdrew application

8. Travis Malott - Planning Commission, Building Authority, Historical Commission, Beautification Commission - Absent

9. Kathleen Neighbors - Library Board - Absent

10. John O'Brien - Corridor Improvement Authority

Mr. O'Brien thanked Mayor Gatt and City Council for listening and having him interviewed to be part of the Corridor Improvement Authority. He said for over 50 years, his family has been involved in some type of Grand River Corridor Committee and fortunately, he was appointed to the Corridor Improvement Authority. He said he was very honored and glad to be part of that from the very beginning as we develop plans to work with the businesses and the City to make Grand River a gateway for our community. On a personal level, he said he has been very involved in different activities in Novi. He stated he has been involved with Youth Assistance, and Parks and Recreation along with Youth Assistance. He said he believed in being involved in giving back to the community. He thanked City Council for considering his application and he looked forward to hopefully continuing to serve. Thank you.

11. Ratna Rao - Library Board

Ms. Rao thanked Mayor Gatt and City Council. She stated that she and her husband have lived in Novi for over 22 years, their two children went through the Novi Schools. The Library has always been a part of their lives and that is why she wished to be on the Library Board. She said she took an early retirement from Ford Motor Company to pursue her passions and working in her community is one of them. She is currently the chair of the Silver Lining Mentors Program, which is a part of our Novi Youth Assistance. She has also served a term on our Beautification Commission a couple of years ago. She requested three things for Council to consider from her application. She stated she was a project manager, and organizer, volunteer at heart. She has exercised these skills in her professional as well as personal life. She said she has organized a 300-person townhall and countless volunteer-based initiatives. She cared deeply about the educational and emotional wellbeing of our community's children, which she is demonstrating by being a part of the Silver Lining Mentor Program for the past five years. She believed these qualities will relate well to the Library Board position. She asked that Council take those interests into consideration. Thank you.

12. Ramesh Verma - Planning Commission

Mr. Verma thanked Mayor Gatt and City Council. He said he has been living in this beautiful City of Novi for the last 42 years. He said he has seen this City grow from 5,000 to almost 60,000 plus and full of ethnic diversity in it. As a professional, he said he has spent most of his time in his life doing construction management, planning, and engineering, and has also served the City on different Boards and Commissions. He said at present, he was serving on the Zoning Board of Appeals. He has always wished to be part of the City Planning Commission, but never got a chance. He said he was applying for the same and requested that Council would kindly consider his name for the Planning Commission. He thanked City Council very much for your time.

Mayor Gat thanked everyone for their presentations. He said they were all welcome to stay and watch the rest of the meeting. He stated that City Council will make their

decision at the end or during our next meeting, which is February 22, 2021. We have a lot of candidates for a very few openings. If you are not chosen, please keep trying to volunteer for any other open Boards and Commissions. Novi needs you, so please do not give up on us.

CONSENT AGENDA REMOVALS AND APPROVALS:

Mayor Pro Tem Staudt removed Consent Agenda Item C: Approval of updated deficit elimination plan for the Capital Improvement Fund as of June 30, 2020.

CM 21-02-012 Moved by Staudt, seconded by Casey; CARRIED UNANIMOUSLY

To approve the Consent Agenda as amended.

- A. Approve Minutes of:
 - 1. January 25, 2021 - Regular Meeting
- B. Enter executive session immediately following the regular meeting of February 8, 2021 for the purpose of discussing labor negotiations. **REMOVED FROM AGENDA**
- C. Approval of updated deficit elimination plan for the Capital Improvement Fund as of June 30, 2020. **REMOVED/LATER APPROVED**
- D. Approval of a Temporary Access Easement by the City of Novi granted to Bond at Novi, LLC located within Parcel No. 50-22-15-477-006 and 50-22-15-477-005 for the purpose of general use ingress and egress.
- E. Approval of the final payment to L.J. Construction, Inc. for the 2018 (2019 and 2020) Boardwalk Repair Program in the amount of \$50,584.38, plus interest earned on retainage.
- F. Acceptance of a Warranty Deed to dedicate 60 feet of half-width right-of-way along the west side of Haggerty Road as part of the Berkshire eSupply commercial development (parcel 50-22-01-200-047).
- G. Acceptance of a Warranty Deed to dedicate 60 feet of half-width right-of-way along the west side of Wixom Road as part of Detroit Catholic Central High School frontage improvements (parcel 50-22-18-200-027), and approval of a cost share with Catholic Central High School of Detroit, Inc for sidewalk construction in the amount of \$23,510.
- H. Approval of a Storm Drainage Facility Maintenance Easement Agreement from Hogan Holdings 71, LLC for PetSuites located south of Grand River Avenue and east of Beck Road (parcel 50-22-16-151-013).
- I. Reappointment of student representatives to library board.
- J. Approval to apply for the 2020 Assistance to Firefighter Grant.

K. Approval of claims and warrants – Warrant No. 1077.

**Roll call vote on CM 21-02-012 Yeas: Casey, Crawford, Fischer, Maday, Mutch, Gatt,
Staudt**

Nays: None

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION:

C. Approval of updated deficit elimination plan for the Capital Improvement Fund as of June 30, 2020.

Mayor Pro Tem Staudt stated that he did not have any problem with the formalities that are part of this motion because this is largely to do what we must do under State Law. He just wanted to make it clear that there are some items on here, especially the \$4 million for the ITC Sports Park, that if it is a placeholder item that we are going to consider at some point, that is fine. He did not remember Council approving any \$4 million, so he was not quite sure where this came from, or why this is on here. He stated that he did not remember the three fire trucks being on here either, but he did not think anything should be added without a formal discussion with City Council, and City Council asking for it to be put on there. He asked Finance Director Johnson to explain where the \$4 million came from. Finance Director Johnson replied, what you have before you is exactly what was passed in last year's budget. This is verbatim out of our budget document. He explained this was approved during last year's budget process for the three years. Nothing was added. He stated the main purpose of this is the State of Michigan wants an update of our actual numbers. He said they just want to make sure that over the remaining seven years of the CIP that we have the funds available to pay it off. He said this is the exact numbers out of our last year's budget. As we know, it is a one-year budget, every one of these numbers are subject to formal City Council approval. He explained that the number you see here for the 2022, 2023, and 2024 years will all be coming before you in the next month for approval again. He stated that this is just a formality based on exactly what was passed on last year's budget. Mayor Pro Tem Staudt said the budget and what is in our Capital Improvement Program in our budget and what goes on this schedule are two very different things to him. He said even though it may be in our Capital Improvement Projects, that does not mean it is part of this millage and the expenditures coming from here. He thought that if that was the case, then he will be much more interested in what is in the document moving forward, because the allocations that are made from this account are very specific. He said the things that appear in the Capital Improvement Program are general expenditures that we have not allocated necessarily, to this fund. He would be interested in other members of Council if they understood that we are approving Capital Improvements that are being put in here, separate from an individual discussion and vote that they go into this program. He said he sees two different things, the CIP, and this millage. City Manager Auger said this is the formality to show the State, what is budgeted, or how we are eliminating what we loaned ourselves and how are we going to eliminate it. He stated the budget item is the actual expenditure item that he is talking about. This is the plan to show that we have a plan to eliminate it. He stated we are not in deficit spending. He said they will get them the details that they need. Mayor Pro Tem Staudt stated his only point was that he just

wanted to know when it is appropriate to discuss what goes on this, it is not through the Capital Improvement Committee. This is a very specific millage, with specific purposes. He did not want things popping up on here without a Council discussion.

CM 21-02-013 Moved by Staudt, seconded by Casey; CARRIED UNANIMOUSLY

Approval of updated deficit elimination plan for the Capital Improvement Fund (CIP) as of June 30, 2020.

Member Mutch appreciated Mayor Pro Tem Staudt bringing this up, because he thought that it did raise a good point in terms of the items that are listed here. He said he pulled up last year's document that Council approved for the deficit elimination plan, two items were clearly added this year, being the \$4 million for ITC and the last fire truck item on there, which is the \$322,000 in the out year. While he understood from a City Administration perspective, these may be placeholders, or the intent to show what is potentially out there. He said the flip side of that is, it does show out year expenditures that are going to affect the bottom-line numbers. He referred to the point that Mayor Pro Tem Staudt made previously, unless it is items that we as a Council have formally approved through the budget process, he was a bit leery about throwing those on there. He agreed that we have different ways of funding some of these projects, we are not necessarily looking to fund it directly out of the Capital Improvement Funds, there may be other funds that we are going to utilize to cover some of those costs. He thought in the end he did not necessarily see a need to amend the document that evening. He thought at the very least he would like future City Administrations if they were going to make those changes, to highlight that clearly so that we are aware of what is changing from year to year. He said as new items are being added to this document, that affects the totals that are part of what is being approved. It is just the oversight and transparency element to this that once the Mayor Pro Tem Staudt raised that, and seeing those changes, not being aware that those had been made, he thought was worth noting.

Member Fischer thanked Mayor Pro Tem for bringing this item up. These discussions are very important because as often and as easy it is for us to gloss over and say that is in the out years, these kinds of things have a funny way of showing up and suddenly, we are told you have seen this several times, you just need to approve it now. He said he did not like governing in that kind of pushed in a corner fashion. He stated that while this is a formal plan, and this is out years, it is just as important to have the discussion and the understanding. He said like Member Mutch, he also went back and looked at last year's document, and he saw that this was not in the formal State plan. He said it was in the Capital Improvement Program at budget time, as Finance Director Johnson alluded to. He thought that is just transparency and a communication item. That is the kind of thing that he thought a budget type that should be clearly pointed out to City Council that you just approved the plan that we sent to the State that did not have \$4 million in it. He said, now, three months later in April, we are going to change that to the tune of \$4 million and you will be seeing that in the next year. He did not think that it was too much to make as part of the presentation to City Council and to the residents. He said he would support the motion, although he was a little concerned with how it got rolled out to them.

Mayor Pro Tem Staudt asked City Manager Auger if we specifically added sidewalks to this fund for this allocation this year, this expenditure of \$1,325,000. He stated that sidewalks are something that we have multiple funds to be able to pull from. He wondered if we specifically decided that we were going to use these funds in a vote somewhere. City Manager Auger replied that he would have to get back to him on that on where the number came from and where it is in the process. Mayor Pro Tem Staudt stated when we had this initial conversation with this fund when it was created, these dollars were voted by the taxpayers there were some things that we all agreed that we were not going to spend money on. He was not sure if sidewalks were part of that or not. City Manager Auger said it looked like it is specific to a project that we would have talked about. He said he would follow up on it. Mayor Pro Tem Staudt said they have been very clear in the past whether we expected it to come from this fund or something else. He remembered discussing it, he just did not remember specifically if it were allocated, because we have not done sidewalks out of here as he could remember. City Manager Auger said they would find out.

Roll call vote on CM 21-02-013

**Yeas: Crawford, Fischer, Maday, Mutch, Gatt,
Staudt, Casey**

Nays: None

MATTERS FOR COUNCIL ACTION

- 1. Consideration of Recommendation from Council Rules Committee to amend Council Organization and Order of Business and the addition of an Addendum for Temporary Open Meetings Act Procedures.**

Mayor Pro Tem Staudt said the Council Rules Committee has spent a lot of time on this. He said some of what was brought forward were housekeeping items. One of them was what we just went through, which was moving the Consent Agenda Items up in the meeting itself, also eliminating Matters for Council Action Part II, because they did not think they ever stopped or had a break that they were aware of. He said they felt that they could eliminate that and have one continuous Matters for Council Action. He stated that they have changed how the Boards and Commissions will have to be done in terms of interviews, they are going to be consistent with all the different Boards and Commissions moving forward. Finally, the renaming the Commission Interview Committee to Youth Council Review Committee will reflect that it is only for Youth Council moving forward. He said there were a lot of changes to the Open Meetings Act as it related to COVID. He stated they incorporated it into our Council Rules so that they are consistent with the current law. He believed those were the primary things, Member Casey said she did not have anything to add.

CM 21-02-014

Moved by Staudt, seconded by Casey; CARRIED UNANIMOUSLY

Approval of Recommendation from Council Rules Committee to amend Council Organization and Order of Business and the addition of an Addendum for Temporary Open Meetings Act Procedure.

Member Fischer thanked the members of the Committee. He stated he has been part of the Commission Interview Committee along with Member Casey. He said they received a lot of feedback from the residents that it was very confusing that sometimes they would go to the Committee, sometimes they would go to Council, and sometimes the procedures were different. He said they took that under advisement, and it will be a big benefit to the residents that it is just a streamlined, simple process. He thought it will benefit the Clerk's Office as well. He stated that they are always shooting to be a more efficient government. He thanked the Committee for all their work on this.

Roll call vote on CM 21-02-014

**Yeas: Fischer, Maday, Mutch, Gatt, Staudt,
Casey, Crawford**

Nays: None

2. Approval of Zoning Ordinance Text Amendment 18.294 to reduce the required minimum site size from 5 acres to 4.5 acres for Facilities for Human Care in the OS-1 (Office Service), OSC (Office Service Commercial), OST (Office Service Technology), and EXO Overlay districts, subject to conditions. FIRST READING

Member Mutch understood the intent on the Zoning Text Amendment changes like this. He said there was a specific piece of property on M-5, it is a highly visible location they had intended to build a hotel when COVID struck right in the middle of construction, the building is not finished. He thought everyone in the City wanted to see that completed. He stated there are several ways for that to happen, for the use to change. He stated it was decided that changing the Zoning Ordinance was the most effective way do that. He was concerned that this comes across as changing the ordinance for one particular use. When he read the packet, staff indicated that this particular provision in the zoning ordinance that they had not even tried to look back on the history of it, they are not even sure how this number was selected. He thought one of the Planning Commissioners said it sounds like just an arbitrary number. He stated that now we are changing it to another arbitrary number. He wondered when the next project comes forward, and their 4.25 acres, are we going to then change the ordinance for them. His perspective on what he would like to do with this request, is simply strike this particular provision of the zoning ordinance. He thought if it does not meet a particular need, the staff has been able to identify, we have a lot of regulations that already govern how these projects would be developed in terms of setbacks, parking requirements, and building setbacks. He stated that we know all those things that drive a site development, he wondered if we really needed one more provision in the ordinance. He thought if we were comfortable with allowing this particular use, or these uses in the zoning districts. He asked why we were adding one more hoop to jump through. He said he was not anti-regulation; everybody knows that he did not have any problem when regulations make sense. He said he could not explain this one. He could not explain why it is going from 5 to 4.5, other than this

user, and he did not really see the value in keeping it. He said he would be happy for it to go away, unless somebody can really make a good argument for keeping it. He mentioned that he asked City Attorney Schultz if Council has the leeway to essentially strike this out. Mr. Schultz replied that based on how it was noticed, it would fit within Council's prerogative, so Member Mutch said that was the direction he was going. He said it is a little bit out there, but we always talked about streamlining the process. Here is the one area where we can do that with this opportunity before us.

Mayor Gatt asked City Manager Auger to speak to that and how that would affect our operations. City Manager Auger thought Member Mutch made an interesting point, we do have a lot of ordinances and a lot of regulations that go back in time. We might not have the historical knowledge on staff to pull up why an ordinance was created, or why it was not. He said this is an example of staff responding to the request and saying, what is the difference between 4.5 acres and 5 acres as far as this use goes, and any changes in the industry. He stated that staff felt that there was not any difference. They did the 4.5, which still works for the use. Now, how far back we go or removing it, that is another question. He said they would be happy to look at that. He said he would defer to City Attorney Schultz as far as legality. City Manager Auger believed Member Mutch was correct that it was totally within Council's purview. He mentioned Planner McBeth was in on the meeting for questions, and for any other context as far as the planning goes.

City Attorney Schultz commented that it was a policy question that Member Mutch raised. He thought you would certainly be able to look at that and decide. He pointed out you get two readings; this is only the first reading. He said if there is an opportunity for some additional research and maybe to have staff address it in a little more detail for second reading and they can certainly do that. It is pretty much pointed out a simple change, he assumed you would remove the 4.5 area and leave just the 20-acre minimum for a general hospital, which he thought is intended to reflect the size of that kind of a particular use. He said it could be certainly done between readings.

Member Crawford asked in this case is it were something that could go to the Zoning Board of Appeals for a variance. City Attorney Schultz replied that Member Mutch had suggested there was some thought behind this track. We did look at the Zoning Board of Appeals route. He thought it would be a use variance and a hard variance for them to approve a use variance which is very difficult to get, particularly when you have a building on the property. We talked with the applicant and talked amongst ourselves and he thought the variant route would be tough. He felt this was a little easier.

Member Fischer said City Attorney Schultz pretty much took the words out of his mouth. He agreed that this is a first reading. He thought that Member Mutch brought up some valid points that he would like staff to go ahead and research. He said he would move to approve the first reading with the direction to staff to go ahead and respond. He asked that they dig in a little deeper with some more details, bring it back with that detail in the second reading.

CM 21-02-015 Moved by Fischer, seconded by Gatt; CARRIED UNANIMOUSLY

Approval for Human Care in the OS-1 (Office Service), OSC (Office Service Commercial), OST (Office Service Technology), and EXO Overlay districts, subject to conditions. FIRST READING.

Member Maday asked for clarification. She assumed that if we do this, she would like the City to look at making sure that we are making the best choice when it comes to the second reading. She asked if that was stopping the current developer from going ahead with his plans. The response was no.

**Roll call vote on CM 21-02-015 Yeas: Maday, Mutch, Gatt, Staudt, Casey, Crawford, Fischer,
Nays: None**

3. Approval of the final payment to DeMaria Building Company for the Department of Public Works (DPW) Field Complex construction and the Department of Public Safety Gun Range and Training Facility construction in the amount of \$228,885.73, plus interest earned on retainage.

CM 21-02-016 Moved by Crawford, seconded by Maday; CARRIED UNANIMOUSLY

Approval of the final payment to Demaria Building Company for the Department of Public Works (DPW) Field Complex construction and the Department of Public Safety Gun Range and Training Facility construction in the amount of \$228,885.73, plus interest earned on retainage.

**Roll call vote on CM 21-02-016 Yeas: Mutch, Gatt, Staudt, Casey, Crawford, Fischer, Maday
Nays: None**

4. Approval to allocate Lakeshore Park Project contingency funds for payment to DeMaria Building Company, Inc. in the amount of \$103,128.36 for Change Order 11, allocate remaining \$129,671.64 in contingency funds for future Change Orders, and amend the budget.

City Manager Auger said we are finally getting closer to the end. He hoped this would only come back to Council one more time and we will have all the final payments, and accounting for funds at that time. He stated looking forward, he knew Council had a chance to go out to the park before we open it up to the public. We are getting great responses from the residents who after the video hit the web, they went out and used the playground equipment. We were getting some good candid answers and excitement about the improvements we made to the park. He said we are excited to get the project

finished. He stated that Chief Information Officer Petty was on the call, he oversaw this project and was available for any questions.

Mayor Pro Tem Staudt said he works on projects all the time; he did not understand why we spend every penny of contingency on every project. Here we are asking for the balance of the contingency funds that are out there to be allocated so that they can be spent. He said if you go through the contingency items that are on the contract that we are looking at now, things like COVID-19 shutdown, winter conditions, exterior fire suppression, these are all things that should have been part of the original contract, but maybe not COVID. He had a big problem with the way that we handle contingency dollars. He stated he would not support this. He said at least we are holding ourselves accountable looking at these numbers. Whereas the last item we just approved, he never saw the contingency on all the things that we asked for at the beginning of the project. He said we wanted to list just like what is appearing here on Lake Shore Park. He did not think that we really cover our contingency items the way that we should hold our vendors accountable. He heard there is an awful lot of stuff on here.

City Manager Auger said there are many discussions and he thought contractors would have a different opinion. He said there are many items to get pulled off. There are some items that we struggle with. He said we must look at the legality of what we are dealing with. The last project that you just approved, the final payment was about \$116,000 under budget, somewhere in that vicinity. He said staff does take it seriously. We do not just open the City's checkbook because we know it is not our money. It is the taxpayer money, he wanted to be clear on that. He understood Mayor Pro Tem's position, especially on the \$129,000 contingency funds going forward. He said staff does a very good job of holding these contractors and architects, and sometimes it does not go our way. He said he understood his point, but staff does look out for the taxpayer money the best we can.

Member Mutch wanted to clarify a couple of things that were not entirely clear in terms of what we are approving. He said the expenditure is for all the items that are listed on the second page of the memo and asking for an additional amount to cover the balance. He was unclear, are the two pages here the sum total of what is out there? He understood there was going to be more of the additional change requests outstanding and that was why you needed the balance. He asked what the two pages reflect in terms of what we are being asked to approve that evening. Mr. Petty responded the second page represents what was spent out of the last allocation of the contingency. Part of the award was that we had to come back to you and tell you what we spent it on. He explained those items on Page 2 is what we spent the last contingency. He stated Page 3 represents the items that we have teed up for the next contingency allotment of the \$103,128.36. Member Mutch said that answered his question. He said looking past that, those are the ones that the amounts have been settled on by the various parties, is that correct? Mr. Petty replied, yes. Member Mutch asked if his expectation was another approximately \$129,000 in additional changes coming forward. Mr. Petty replied, yes,

between now and the end of the project. Member Mutch said that is the balance of what we have allocated, and this was the maximum we had approved from the get-go for this project. Mr. Petty said that was correct. Member Mutch asked Mr. Petty if knowing what is out there, still outstanding, which we have not seen yet, is that enough to cover what is still out there. Mr. Petty replied that there is one item that is still in negotiation is the extended conditions related to COVID. That number and that documentation has been reviewed and questions. He stated that we are in that due diligence process and that is the wild card for us right now. Member Mutch wanted clarification on what that represents in terms of that does that request, the detail underlying that would mean. Mr. Petty said that would be items that prolong the construction. If we had a case where we had building materials in a warehouse, and because of COVID, it was several weeks before we could get a driver to bring those construction materials to the site. He explained another example would be you have an electrical crew in the building, and one member of that crew came down with COVID, the other members had to be isolated for 10 to 14 days, depending on when it happened. That pulls the whole electrical crew off the site. He said the domino effect of that is that you cannot drywall until the electrical is in place, so you can see how that could impact the duration of the project. While they still have fixed costs related to trailers on site, bathroom facilities, etc., That is the general makeup of the remaining amount. Member Mutch asked if he had an estimate ballpark number for what that final request could look like. Mr. Petty said he had a working number that we could share with you in private. He was hesitant to share that in public because they are in negotiations. Member Mutch understood that, but he wished that information had been shared with Council beforehand. He was concerned this would come back for another request of funding above and beyond of what is being requested. He said we may get in a situation where that is necessary, but he would rather just deal with all that in one fell swoop. He said he would be comfortable approving what is already been discussed and voted on. He was not comfortable approving that additional allocation at this time, because the concern on this project is that Council wanted to have some additional insight into those. He felt like we were writing a blank check. He referred to what City Manager Auger said earlier and yourself, Mr. Petty that this is no reflection on how you are managing it. It is just how we followed this process, and he wanted to be consistent with how we follow that process. He said he would approve the request that will cover change order Number 11, but until he has the additional information, he was not comfortable approving that additional amount. He stated that once he sees that number, he may be okay with that. He said he did not feel like he had enough information to approve that this evening.

Member Crawford asked if the original contingency fund was roughly \$232,000 and there is \$129,000 left. Mr. Petty replied that the original contingency amount was \$482,000. Member Crawford asked if out of that amount, had they spent \$232,000. Mr. Petty said he did not have that number in front of him. Member Crawford said if he added all these things up, it looks like you need a payment of \$103,000 for a change order that is taken out of the \$482,000 contingency, so that leaves \$129,000 in the contingency. Mr. Petty

related revenues. This is 100% of all the grants we know of as of right now, but we are still fighting, and we still hope we can get another \$300,000. We will know in the next week or so, but to date, this is anything and everything we know about and it is officially incorporated into the budgets. Member Fischer said this is everything we know on the grant side of things, apart from potentially some stuff we are still fighting for that we have a chance at winning, which would be rolled in at some point in the future. He stated the problem he had with this was that this budget amendment process that we do, where are we on the expense side? He wondered if everything from the expense side has been rolled in. He asked if we will we see a future amendment that will have additional expenses? Finance Director Johnson stated where we are, as of right now is any expenditures related to COVID have been incurred and have been budgeted. He said as we sit here today, the Building Department revenue shortfall on the expense side, he thought that we were in great shape. He said there were no additional expenses that we anticipate need to be incurred that would have to come forward for you to take any action on. The only potential unknown is on the revenue side. What we have done is the summer and fall building fell short by the \$400,000 that we were talking about, so that has been recognized. The hope is that the spring and summer pick back up again, we do have a reduced budget, but to the extent it does not materialize, there could be a potential revenue adjustment downward. He said that we are very comfortable right now with our State Shared Revenues, they look good. He said the court revenues look very good; property taxes are a done deal. He said the only other potential adjustment related to COVID would be on the building revenue side, outside of that 100% of the costs and all the other revenues have been addressed. Member Fischer said the costs have been rolled in, and we could see future declines in COVID related building revenue declines, which we will just call him building revenue declines at this point, because we are just living with COVID now. He stated that leads him to the State Shared Revenue, and he wondered where we are with that. Finance Director Johnson said that today, we still anticipate receiving an extra \$600,000 are the projections right now from the State, which looked very good, as well as our census adjustment, which will be coming out in June. We do not know the numbers yet and we have not seen any estimates yet. He stated that we will receive a one-time census adjustment as well. He said we have been conservative on recognizing that additional State Shared Revenue, but that is out there. He said we have recognized some of it today for the first two payments we received. He thought that we are going to come out on the very favorable side related to that, but no amendments have been made today. Member Fischer said we are not rolling any of those anticipated, we are not rolling in the \$354,000 for the grants, we are not rolling in the \$600,000 for State Shared Revenue, and we are not rolling in any census related State Shared Revenue, that could all the future budget amendments, that would be good news to the budget. He asked when we anticipate rolling those in. Finance Director Johnson stated what we are trying to do with he State Shared Revenues, roll it in quarterly as we recognize the actual revenues. He said that has been there and offsetting any revenue potential shortfalls. He said if that could be something like grants that if you want our best estimate, we could roll that forward at the next meeting, our best estimates if

you like. Member Fischer said he was fine with whatever you want to recommend, his concern is we are going to be having a budget discussion coming up in a month or two. He said right now you are preparing a several hundred-page document and in that there is an estimate for 2020-2021 that will be provided in that book and in the document. He thought it is going to be very important for Council to be very aware of what point in all of this you drew the line and that is the assumption to use in the budget. He does not want to get to budget time and have a huge discussion on just level setting everybody on what assumptions we are at and what has been rolled in, and what has been rolled in, because that is just going to be a waste of time. He wanted to understand from staff at this point what your plan is for the budget document. He asked Finance Director Johnson what he will put in the estimate for the budget when you present it us in a couple of months. Finance Director Johnson said what goes into that is finances estimate. We always like to have matched the current amended budget, but what you will have is what we think revenue is, like for revenue sharing, whatever revenue sharing will be, is what will be there. He believed the more discussions we have, the more he wanted to get everything into the budget so that there is no more, why are we recognizing this, and why are we recognizing that. He thought that we have been conservative up to this point, so Court revenue fell short, we at least have the revenue sharing to offset it. He said as long as you are comfortable with him bringing additional downward adjustments, he would rather bring those now with our best estimates, that way it is there. Regardless, the budget document that we would give you would have the estimated finance estimated that is really what it is for the Fiscal Year 2021, that will include our best estimates. Member Fischer said that was very helpful to understand your process. He thought it was Councils job to be very aware of exactly where we are at, what data you are putting in, and what assumptions you are putting in. He said when it comes to the budget document and the budget approval process, he considered that to be our most important discussion that we have, because that is the only way that we can show our priorities and show you how we want the City run from a Council perspective. If we cannot understand exactly where we are at, then it is an issue, so he was fine with approving this budget amendment. His clear direction to City staff is that the budget document, the estimate for the current year does tie to some amendment. He thought that was important for transparency, it is important for Council to understand where we are at, it is important for the residents to be able to read it and understand. He said that is the piece that he has been struggling with for several weeks now to tie it all together. He moved to approve the resolution to authorize budget amendment 2012-4, but he also included in that to give direction to City staff that the estimate for 2020-2021 in this upcoming budget year should tie to some sort of budget, approved budget amendment by Council that is recognized in our approved documents.

CM 21-02-018 Moved by Fischer, seconded by Casey; CARRIED UNANIMOUSLY

Approval of resolution to authorize Budget Amendment #2021-4 and to direct staff that the estimate for 2020-2021 in the upcoming budget

year should tie to an approved budget amendment that is recognized in our approved documents.

Mayor Pro Tem Staudt said he was going to take his one step further. He said Member Fischer did a great job of getting into the weeds of this thing. He said the number that he was most interested in was going to be the Fund balance, he said all these budget estimates and everything else are wonderful. He wanted to know where we are going to stand at budget time with the Fund balance, because we are going to have several millions of dollars above our projected numbers in our minimum. Those are dollars that we need to allocate to roads, to other types of projects. The fund balance number we really need to know, and as Member Fischer talked about, we know of \$600,000, perhaps there is more out there. He said when we get to budget time, we need to know the totality of what we can accurately project as being our Fund balance at that time so we can make good decisions moving forward for 2021-2022. He supported this amendment, however, he was 100% in agreement, that by the time we get to the budget, because you can guarantee that a couple people are going to be going over that flyspeck. We have been working hard the past month to understand the budget and the Fund balance numbers presented. We will be very flyspeck on this one also.

Roll call vote on CM 21-02-018

Yeas: Staudt, Casey Crawford, Fischer, Maday, Mutch, Gatt,

Nays: None

AUDIENCE COMMENT: None

COMMITTEE REPORTS: None

MAYOR AND COUNCIL ISSUES: None

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 8:16 P.M.

Cortney Hanson, City Clerk

Robert J. Gatt, Mayor

Transcribed by Deborah S. Aubry

Date approved: February 22, 2021