

**SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
WEDNESDAY, APRIL 15, 2015 AT 6:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 TEN MILE ROAD**

Mayor Gatt called the meeting to order at 6:00 P.M.

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Gatt, Mayor Pro Tem Staudt, Council Members Casey, Markham, Mutch, Poupard, Wrobel

ALSO PRESENT: Peter Auger, City Manager
Victor Cardenas, Interim City Manager
Carl Johnson, Finance Director / Chief Financial Officer

APPROVAL OF AGENDA:

CM 15-04-47 Moved by Wrobel, seconded by Poupard; CARRIED UNANIMOUSLY:

To approve the Agenda as presented.

Roll call vote on CM 15-04-47 **Yeas: Staudt, Casey, Markham, Mutch,
Poupard, Wrobel, Gatt**
Nays: None

PURPOSE OF SPECIAL MEETING – 2015-2016 CITY OF NOVI BUDGET

1. Overview
 - a. Introduction: Goals - Projects
 - b. 2015-2016 Budget Overview – Highlights
 - c. Multi-Year Budget
 - d. Capital Improvement Program

Victor Cardenas presented the overview of the budget. He detailed the budget process that began in October when the City departments submit their CIP requests. He noted the National Citizen Survey, that is done every two years, is recommended as a CIP project for each of the different departments. The early Council budget input session was done in January. From January to March, the budget is compiled. A brief preview to the CIP was provided to Council. The CIP program goes to a joint Council and Planning Commission Committee, then it goes before the Planning Commission for approval. In April, the Council reviews the City Manager's recommended budget. A public hearing is held in May with final approval of the budget by the third week in May. It is a balanced budget with a couple of new employees being recommended. The Fund Balance will be within the established range at 27.4%. Expenditures are down .8% with about \$306,000 in capital projects. He spoke about the strategic goals supported by the various departments within the City. The City consists of 11 different

funds in the budget. Some have directed millages for funding and others have specific purposes. There are a couple of funds that serve as enterprise funds that are considered self-sustaining. The major sources of revenues are property taxes, State Revenue Sharing, licenses and fees. Most of the General Fund revenue comes from property taxes. All revenues total \$56 million. Property values are nearing those of 2008. He explained a graph showing the City receives 26 cents of every tax dollar and it shows a breakdown of where it is spent. The budget shows expenses of \$62 million for all of the Funds. There are 166 projects in ten categories for the CIP program. The projects include neighborhood roads, Lakeshore Park entry, Crescent Boulevard extension, Pavilion Shore Park, Civic Center solar panels, dump truck with front plow, Community Development suite renovation, and pathways on the south side of Haverhill Subdivision to M-5. The budget will be available on the website and various social media.

2. City Council discussion and decisions regarding the plan priorities

Member Wrobel was very pleased with budget as it has what Council is looking for. He asked for clarification about Pavilion Shore Park restrooms. He asked whether they are doing just the restrooms or a combined shelter. Mr. Cardenas answered the restrooms will have a connected man-made shade on the southwest side of the park. Member Wrobel said he understood allocating the money and that there was a possibility of recouping money through the Parks Foundation. Jeff Muck, Director of Parks and Recreation said they are looking at the naming rights, park bench memorials, tree planting, and table sponsorships. It may not cost as much as budgeted.

Mayor Pro Tem Staudt said it was a well done budget by the new City Manager in his first year. He noted this reflects his conservative values. A tremendous amount of work is done prior to the budget and it is a good reflection of the staff that has listened to Council and their wishes.

Member Poupard appreciated how much work was done on the \$56 million dollars, everything was understandable with everything made very clear. She hoped residents would appreciate the clarity of work put into that. We have limited discretionary funds. The budget doesn't have many frills and it is very basic. She had a question regarding long range planning goals of increasing community engagement to build desirability and a vibrant community for residents and businesses. She was concerned about where we were on the long range planning. It was a soft goal and she asked where is that in the budget. It was an area that was unclear as she read it.

Member Mutch said overall, he was pleased with the budget and the City Manager did a good job of listening. He would like them to return to the goal setting session as he thought it helped Council as a group to hear what all of them are interested in and come to a consensus about priorities. He felt it was a very conservative budget and it needs to be a balance of ensuring the continued investment back into the community and doing this in a financially sustainable way. He will bring up some tweaks to the budget on the second round of discussion.

Member Casey echoed the comments of all and included thanks to all those department heads in the audience who worked on the budget. She thought it was very easy to understand and clearer than in the past. This is a very thoughtful plan based on the goals and objectives. She would like more long term strategic planning items well into the future.

Mayor Gatt noted this is his 12th budget year where there has been both good years with extra funds and a few years with a tight budget. We are in this spot because of good decisions financially. He noted there are also many others besides the people in the audience who contributed to make this budget happen. He likes that this is a no frills budget and the City will be moving ahead in a positive and timely manner. There'll be no dramatic changes in the upcoming budget. This is the first budget of the new City Manager. While there was a goal setting session, it was a different format, and he would prefer they go back to the old format. He thought the budget reflects what Council said. Novi has one of the healthiest fund balances in this entire area. He thought it was exactly the kind of budget the citizens of the City would want to go forward with.

Member Markham thought this budget was very easy to understand and it offered the City stability and strength. She said there are a couple of areas she asked to have Council consider going forward. The Municipal street fund has a healthy fund balance and she would like us to pull ahead with road repairs or finishing critical sidewalks. She encouraged staff to move forward with reducing the use of fossil fuels and to look at solar energy as an option for fueling the pole barn at ITC Park. She felt the Tree Fund may not be used in the way it was intended and would like to see using those for sustainability efforts, such as, natural vegetation, replanting, and rain gardens.

Member Wrobel noted he would support the budget as presented.

Mayor Pro Tem Staudt said the three year projections give us good projections of the future. Some of our debt is going away except for major projects and there may be such things as proposed rollbacks in areas where it is needed, tax reductions and other opportunities to add back infrastructure to the City.

Mayor Pro Tem Staudt moved to adopt the budget as presented. Member Wrobel seconded. Discussion on the motion:

Member Mutch said last year he had no items, but this year he had a couple of items. He wanted a chance to have a second round of discussion.

Mayor Pro Tem Staudt withdrew the motion.

Member Poupard asked about looking at the timelines for the Parks and Recreation budget.

Member Mutch said City Council received the capital needs assessment for Parks and Recreation Department. It highlighted the other needs. He thought Council needed to

discuss the fiscal capacity to support the Parks and Recreation Department that we want. The Department has a balanced budget and a Fund balance. The Department can't continue to serve the Community in a way necessary with the resources given to them. They cannot provide the significant needs without more funding. He suggested pulling an additional \$100,000 into Capital Outlay Fund.

CM 15-04-48 **Moved by Mutch, seconded by Casey; MOTION CARRIED: 4-3**

To approve taking \$100,000 from the Parks and Recreation Fund Balance and move it to the Parks and Recreation Capital Outlay Fund with City Administration identifying projects for funding.

Mayor Gatt commented that he will not support it for reason he already stated, that he would approved the budget as presented.

Roll call vote on CM 15-04-48 **Yeas: Casey, Markham, Mutch, Poupard,**
Nays: Wrobel, Gatt, Staudt

Member Mutch said the recommendation in the new budget was to utilize the Tree Fund to pay the salary of a new person. He could not support it. The money within the Tree Fund almost exclusively came from developers who had to pay a fee associated with removing regulated woodlands within the City of Novi. The intent of the Tree Fund was to replant trees specifically on public property. To pay the salary would be a loss of 200 trees per year not being planted. While he felt the position was justified, he just disagreed with the funding source. He felt it wasn't sustainable and took away the ability to replant trees. The intent of the fund was to plant trees, not for funding a person's salary. There was enough Fund Balance within the General Fund to absorb this position.

CM 15-04-49 **Moved by Mutch, seconded by Markham; MOTION FAILED: 3-4**

To approve the expense of \$81,991 from the Tree Fund for personnel salaries and the salary expense added as a General Fund position.

Mayor Pro Tem Staudt asked how was this decision made and wanted to confirm the interpretation that the funds were available for this purpose. Peter Auger, City Manager, said that the tree ordinance does state that the funds can be used for enhancement installation. There are provisions for care and maintenance for public trees. Mayor Pro Tem Staudt asked if any equipment has been bought. Robert Hayes, Director of Public Services, said the position had been filled until 2007. They have purchased a stump grinder. Mayor Pro Tem Staudt asked if they were planning to maintain this position through the Tree Fund and if it was a long term goal. Mr. Auger said that we can use the money and put the money back. One of the challenges they had was the need to maintain the current trees planted and reduce costs that way. The cost could shift back to the General Fund if more funds were needed. Mayor Pro Tem Staudt supports the position as stated in the budget.

Member Poupard described some of the diseases trees may have and said someone is needed to sustain the health of the trees that were planted. She could not support the motion.

Member Casey said she supports the position and felt they were stretching the interpretation. She will support the motion.

Mayor Gatt said he won't support the motion for his reason stated previously and also he disagreed they can't do it that way. He liked the interpretation. It made sense to have someone to care for the trees so we may not have to replace so many trees annually.

Roll call vote on CM 15-04-49

Yeas: Casey, Markham, Mutch

Nays: Poupard, Wrobel, Gatt, Staudt

Member Mutch recommended City Administration develop a Matching Grant Program to fund street trees within subdivisions and condominium associations for trees within ROW to expand on the success of the Neighborhood Entryway Program. The program will help expand the life of the Tree Fund by leveraging private and public dollars together.

CM 15-04-50

Moved by Mutch, seconded by Markham; MOTION FAILED: 3-4

To approve allocation of \$20,000 from the Tree Fund fund balance to other services to fund a 50-50 matching grant program to allow homeowner's associations to submit requests for additional trees within the ROW.

Mayor Pro Tem Staudt said it sounded like a terrific idea; however, he was leery of creating programs at the table. He preferred a program developed by staff.

Member Wrobel said he thought it was a good program but would like it more detailed and see how the Entryway Program goes for several years to get a track record.

Member Poupard said it was very creative and thoughtful. She liked the idea of City and residents working together. However, they have not gone through lessons learned from the Entryway Programs and it should not be decided during the budget. Now may not be the time other than seeding the idea with Administration to look into it.

Member Markham thought it was a good idea and it was also a way to ensure the tree fund is planting trees. She said the homeowner's associations in general have a hard time coming up with ways to enhance the subdivisions and neighborhoods. This offers residents an opportunity for funds to do that. She didn't think they needed to wait a long time. It is not additional money, just re-allocating.

Mayor Gatt said it was creative and needs to have more thought. Not everyone was happy with the Entryway Program. It has to be vetted and maybe after a thorough

vetting, if Administration brings it back to Council, it is something we can talk about then.

Roll call vote on CM 15-04-50

Yeas: Mutch, Casey, Markham

Nays: Poupard, Wrobel, Gatt, Staudt

Member Mutch noted sidewalks were an issue that the City has made a lot of progress on. He said the more sidewalks that were completed, the more there was identified that need to be completed to get across town. One concern he had was the funding level for sidewalks and pathways. Specifically, there was only one major gap project. He reminded Council that when they presented the increase in Municipal Street Fund, two things were highlighted that they would do with those tax dollars. Those highlighted were to increase funding for neighborhood roads and addressing the sidewalk and pathway gaps. They have leveraged some outside funding sources as well. He didn't believe the funding was adequate. There was a small ratio of 20-1 road replacement versus sidewalk and pathways. He said if they don't continue to make more of an investment, we will continue to fall behind. He recommended re-allocating \$150,000 from the Municipal Street Fund balance toward sidewalk gap projects.

CM 15-04-51

Moved by Mutch, seconded by Casey; MOTION FAILED: 3-4

To approve allocation of \$150,000 from the Municipal Street Fund fund balance to the Municipal Street Fund Capital Outlay to complete sidewalk gap projects as determined by City Administration.

Member Poupard asked if all budget decisions have to be made at this time or do we accept the budget and then, as the year progresses, Council can have another discussion about it. City Manager Auger answered Council can always bring back items and amend the budget during the year. She wanted to support a concept but not change the budget as presented. She asked if the concept can be held in abeyance and be surfaced again. Mr. Auger confirmed that she was correct.

Member Wrobel said he agreed there was a need for sidewalks. He followed up by saying that they need roads more. The roads are atrocious still. There was a vote for a road millage and sidewalks, but he thought the intent was for roads. He could not support the motion at this time. It could be added later on, if there was a specific project.

Member Markham said both the Planning Commission and the Walkable Novi Committee have looked at the sidewalk issue for this year's budget and recommended compiling a list of the top twenty sidewalk gaps that exist. She said they have dozens of gaps and residents expect them to be connected. She said, in support of the motion, she wanted money brought forward to be applied to that plan in the amount of \$150,000.

Mayor Pro Tem Staudt felt it reminded him of 8 years ago, where philosophically, some members were interested in adding expenditures and others who were comfortable with the budget as presented. He thought this budget was prudent and thought out. These additions to expenditures have some degree of being warranted, however, this was not the time to do that. He will not support any additional expenditure to this budget. He stated there will be a lot of opportunities to spend the money that has been set aside.

Mayor Gatt said that every motion has some merit to it. He wanted more police officers, but he was not going to ask to add or subtract because he wanted to give our City Manager the opportunity to present a budget. Mayor Gatt stated he gets a lot of telephone calls, but none of the calls have ever asked for more sidewalks. Most of the e-mails and calls are about the roads. The roads are atrocious and he wanted to focus on roads at this time.

Roll call vote on CM 15-04-51

Yeas: Mutch, Casey, Markham

Nays: Poupard, Wrobel, Gatt, Staudt

Member Mutch commented that he was on Council 8 years ago and found it very interesting that the same members who engaged in line item budgeting last year suddenly are offended about the idea of having a discussion on items. It bothered him that there was no conversation about what their priorities are as a Council. If that was the approach they want to take, it was fine, but he felt Council should be honest how they have handled budgeting as a group. The process doesn't usually include bringing up projects in the middle of a budget year. That was not how Council operates. It was not fair to everyone involved. He thought it was unfair to residents to leave them with the impression that they were spending dollars that otherwise go for roads in the City on sidewalks. He requested that they utilize the Fund Balance and was not taking away from streets. He also brought up the proposal for the repaving of Novi Road between 12 and 13 Mile Roads recommended in the budget this year. The money was coming out of Major Street Fund. He felt there was no need for the center turn lane there because it collects gravel, trash and was unsightly. It devalued the residential neighborhoods there. He suggested a boulevard section, but that might cost an additional \$500,000. He stated this was a onetime opportunity. Novi Road is not repaved very often. He noted that residential corridors in other communities have been converted to boulevards with landscaped medians to replace the center turn lanes. It discourages speeding and decreases traffic noise. He thought there was sufficient Fund balance in the Municipal Street fund to pay for the upgrade. He asked Administration to find funding from possibly the Drain fund, and Tree fund for Stormwater runoff and landscaping.

CM 15-04-52

Moved by Mutch, seconded by Markham; MOTION FAILED: 2-5

To approve allocating \$500,000 from the Municipal Street Fund fund balance to the Major Street Fund Capital Outlay account to allow for the construction of a boulevard on Novi Road between 12 Mile and 13 Mile Roads as part of the reconstruction project.

Member Poupard said she wanted to support the motion but had trouble that there was \$500,000 detailed as opposed to the concept given to Administration to decide if there were monies to fund this project. She hesitated dictating the amount of money it will cost when there were no estimates. She was conflicted without the budgeting information.

Member Markham was surprised that there was no discussion and negotiation as there was last year. She was glad to hear Member Mutch had some creative ideas. She also said they were not taking money that does not exist. The money was from very healthy funds. It was a balancing act to service the residents. It was a positive way to serve the residents and to enhance the Community. She appreciated the discussions taking place and supported the motion.

Member Casey thought it was a fantastic idea and now was the time for this conversation. She noted they were not approving the budget at this meeting. She suggested giving staff direction for a proposal for discussion at the next meeting. She couldn't support the motion.

Mayor Pro Tem Staudt said this decision should have been made a long time ago. He felt making a \$500,000 change at budget time with no background wasn't something he wanted to support. They need to go back to a format to voice member's priorities. He has heard motions made that could have been incorporated in the budget. Adding money to sidewalks could have been communicated six months ago when the process was started. He did not support the motion. Each project, on its own merit, should be considered, but it is not the time to make such a large change to the budget. He is ready to move forward with this budget.

Member Wrobel said that it was a good idea that Member Mutch had but, without the actual financial cost, he couldn't support it at this time.

Roll call vote on CM 15-04-52

Yeas: Mutch, Markham

Nays: Wrobel, Gaff, Staudt, Casey, Poupard

Member Mutch made a motion to direct City Administration to provide City Council the cost estimate for the boulevard in concept for Novi Road between 12 Mile and 13 Mile Roads in time for Council to consider before the budget is approved. Mr. Auger said they could get the estimate but didn't know how detailed it would be. These discussions are good for when the actual project comes in to give the Council a choice again at that point in time and amend the budget at that time. It is a project that he agreed would be a great addition to the City. Member Mutch felt that in the past, Council was the last to see projects and it was too late to add it. He felt like this was the first opportunity to talk about the project. He wanted to make sure it was given consideration. Mr. Auger said they were great points. He was still determining how Council communicates. He has scheduled several meetings with Council members to get to know them. He was hearing that Council has a positive reaction to the idea of

improving the stretch of road. There was a place holder of approximately \$500,000 that it would add to the cost, but it was only an estimate. Using other funds is a great idea. He would recommend looking at the project when it comes before Council and ask about the legal aspects of using other funds. Member Mutch withdrew the motion. He felt Council should provide clear direction to staff. That is why he introduced the motions. Council doesn't usually get input on projects. Also, he appreciated the feedback from other members.

Member Casey was interested in long term planning, such as, into the year 2035. It needs to be further out than 3-5 years. Many cities were doing a visioning. We have approximately \$2 million in discretionary Funds for this year. We also know that by 2017, we'll be down to \$1 million. We know we have a project list of about \$87 million. We are not built out yet and we are still growing. We know we are going to see a huge increase in the senior population. She would like to see us start to build a vision plan. We need to take a look at where are we now, where we are going, where do we want to be, and how do we get there. Those are the particulars. She would like to get to a place of understanding the vision for Novi going forward. She would recommend reviewing current services and equipment with a baseline of where we are now. We know we are going to have a larger population, so we need to know what we will need to cover when we hit those larger points.

CM 15-04-53 Moved by Casey, seconded by Poupard; CARRIED UNANIMOUSLY:

To direct City Administration to bring back a proposal for developing a Vision Plan including costs within a reasonable time period.

Member Casey removed the consideration of this item to be included in the present budget if it will get us a forward motion towards a proposal.

Mayor Gatt questioned what was expected of the City Manager. Was it something staff can put together?

Member Casey said she expected the City Administration to come back with a proposal on how they would accomplish a development of a Vision Plan.

Mr. Auger said he understood it to be a long-term vision of some of the issues that were talked about at staff level. He mentioned they were going out for the Master Plan that was redone about 10 years ago. There were several topics of how do we Master Plan for 20, 30 or 40 years in the future with a document that is flexible enough to deal with the changes that are going to come. Some of the things Member Casey was requesting can maybe be done at that time.

Mayor Gatt will support the motion because he won't support paying consultants to tell us how Novi is going to look at 30, 40 or 50 years from now. He thought our staff was capable of doing it. He agreed with City Manager Auger to possibly have a session to

bring ideas forward. He would agree to something that can be done internally. He didn't believe in spending tax dollars for studies.

Member Mutch said the discussion highlighted the need for a goal setting format. Other viewpoints and different types of discussion can always take place. This was the only time brings these ideas forward. He would support the motion without any expense to the budget this year.

Member Markham echoed Member Mutch that there was no means to communicate ideas. She has felt frustrated. Council consensus was that time was needed to bring ideas forward during an input session and for everyone to decide whether to pursue items.

Member Wrobel echoed the previous speakers.

Mayor Pro Tem Staudt agreed with the previous speaker. There were no arguments about the motions made, but he wanted to support the new City Manager and follow his direction. He thought as the Manager was given more time, Council may challenge him to a greater degree. He doesn't disagree with the expenditures and while good ideas were given tonight, the budget incorporated a lot of feedback. There were a lot of things he could have put in the budget. The Department of Public Services needed change, but Council couldn't agree on the ways to take care of that. He felt comfortable supporting it.

Mayor Gatt said everyone was talking about the January goal session like it didn't happen. He said it was different, but everyone could have said anything they wanted to say about any ideas they had. There wasn't anyone leading the meeting. This was the first budget meeting and all these ideas are coming out now that should have come out in January for City Manager Auger to digest the ideas. He thought the discussions taking place with 7 different people were healthy. Member Mutch said a lot of things that may change. Everyone has the opportunity to speak up at any time at any meeting. He didn't think it was fair that they were given the impression that they weren't given the opportunity to put forth their ideas.

Roll call vote on CM 15-04-53

**Yeas: Gatt, Staudt, Casey, Markham, Mutch,
Poupard, Wrobel**

Nays: None

Mayor Pro Tem Staudt confirmed there was only one change to the budget.

CM 15-04-54

Moved by Staudt, seconded by Poupard; CARRIED UNANIMOUSLY:

To accept the 2015-2016 Budget as presented with the one change to Parks, Recreation and Forestry Capital Outlay Fund receiving an additional \$100,000 from Parks Fund balance.

Mayor Gatt thanked City Manager Auger for all his efforts. He is a great steward for the budget, residents, and business owners of Novi.

Roll call vote on CM 15-04-54

**Yeas: Staudt, Casey, Markham, Mutch,
Poupard, Wrobel, Gatt**
Nays: None

AUDIENCE COMMENT – None

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 7:40 P.M.

Robert J. Gatt, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Jane Keller

Date approved: May 11, 2015