

**SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
THURSDAY, APRIL 17, 2008 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE ROAD**

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

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Landry, Mayor Pro Tem Capello-absent/excused, Council Members Crawford, Gatt, Margolis, Mutch, Staudt

ALSO PRESENT: Clay Pearson, City Manager
Pamela Antil, Assistant City Manager
Kathy Smith-Roy, Director of Finance

APPROVAL OF AGENDA

**CM-08-04-058 Moved by Gatt, seconded by Margolis; CARRIED UNANIMOUSLY:
To approve the agenda as presented.**

Voice vote

AUDIENCE COMMENT

Laura Lorenzo, 45995 Galway, thought it was commendable that Council wanted to continue to enhance community services. However, she viewed the Fiscal Analysis as a wake up call or rude awakening because when comparing the General Fund Budget Summary for the 2008-2009 budget year with the Fiscal Analysis expenditures, revenue and appropriations it appeared that the City might be at serious risk in two years of reducing its Fund Balance and to below 4.1%. She said possibly by the third year, 2012, actually having a zero Fund Balance and possible deficit, which, depending on percentages, could be \$1.7 million or more. She said, regarding the Fiscal Analysis, the only strategy she saw were suggestions for tax increases. Ms. Lorenzo thought, in this economy, it was unrealistic that anyone would support a tax increase and without that, it appeared the City was headed for a Fund Balance that would reduce services and put the City at risk with bond agencies. She commented they should look at the Budget Summary and Fiscal Analysis and they would see that it was at \$4.4 million for 2011 but there had been adjustments, and it appeared it would have \$1.375781 million. Also, she felt Parks and Recreation was at serious risk and by 2012 their Fund Balance might be at zero and the Library appeared to be at serious risk but might have a couple more years. Ms. Lorenzo thought it important that Council look at the budget very carefully, and instead of spending they needed to start saving money in the Rainy Day Fund in that 3 to 5 year time period, or the City might be at serious risk regarding services and the bond rating. She thought how they managed the money this year could make or break the City.

Joe Lennox, Mystic Forest Homeowners Association, was present to request the roads be re-done in their subdivision. He said the front entrance had a lot of cracks and they only had one in and out entrance off Novi Road, which got beat up quite a bit with the traffic. He had spoken with Rob Hayes and the DPW and their answer was that Mystic Forest was not on the list for this year. Mr. Lennox said they would like to get on a priority list to at least repair the entrance area this year and then get on a priority list for 2009 to do the rest of the subdivision. He said Mr. Hayes indicated they needed to attend these meetings and address their issues to get on

the 2009 priority list. He asked Council to consider this because he felt it was a safety issue since there were a lot of children that rollerbladed on the sidewalks and streets; last year they repaired their sidewalks throughout the subdivision because of safety concerns. The roads were definitely in dire need of repair and they knew the cold patch was a short term repair and needed something more permanent. He asked that Council consider this and address how they could get on the priority list during this meeting.

Mayor Landry advised Mr. Lennox that no one was responding to him because during Audience Comment they couldn't. He suggested he contact the City Manager's office or see him during Mayor's hours on the Saturdays before Council meetings. However, he would not have Mayor's hours this Saturday because he would be attending a budget session.

PURPOSE OF SPECIAL MEETING – 2008-2009 CITY OF NOVI BUDGET

1. Overview

a. Introduction

Mr. Pearson noted Becky Aroid, Budget Analyst, started with the City last year and much of the good work Council saw was thanks to her. He said Council would have two replacement sheets with highlighted changes that didn't change the bottom line. He said he was struck by the material from the Michigan Futures Group where they discussed some of the key things that the State of Michigan as a whole needed to do. They needed to continue to move into this knowledge economy and attract and retain college educated workers and also, retain and attract younger workers and they were doing well on both counts. Mr. Pearson said Novi was 2/3rds built out, so there was still a lot of exciting things to work on together and a lot of what's in the budget was putting them in a position to take advantage of that.

b. 2008/09 Budget Overview/Highlights

Mr. Pearson said the budget was balanced in terms of priorities and dollars. It was conservative in many ways and they had estimated revenue items that were major 5% below what the State had projected. He said they had maintained the millage rate at 10.5416, which was still below the Charter maximum and the 10.5416 accounted for the first half of the library debt service. They had significantly increased the Fund Balance to 18% and that was at the top of a range set by Council and included \$1 million that they had set aside and earmarked for future Capital Improvement needs. The budget had maintained the 285 full time personnel and would give them the tools and education to fill this plan. He said the tax base grew a little under 1% in total taxable value and the business tax base grew by 10%. Mr. Pearson thought a lot of the work that Council had identified for them in terms of economic development and diversifying and deepening the tax base was paying off and a lot more was coming. He said they had found sufficient monies in the 2007-2008 budget years and had put it into 2008-2009. The minimum required payments would be about \$1.4 million each year to meet benefit cost obligations. He said in five years the City had nearly tripled its fund assets for retiree health care benefits increasing them from \$2.8 million to about \$8 million. Mr. Pearson said they also had a very strong focus on Capital Improvements, roadwork and reinvesting in infrastructure. He noted the Neighborhood Road Program was funded at the same level targeted for the last several years. There was also significant arterial work coming that both the Oakland County Road Commission and MDOT were doing, so they anticipated

their obligations to help fulfill the work that would come for I-96, 696 and roadwork on Novi Road between Ten Mile and Grand River. He said they had looked at service and how it could be done with less resources. One of the less costly ways they had done that was through Shared Services Agreements with many agencies such as dispatch services, and reaching out to the school districts, library and some of the surrounding communities. They were looking at these things as a global resource and not as something that only one agency had entitlement to.

c. Rainy Day Funds

Mr. Pearson said regarding Rainy Day Funds, he had mentioned they were going into the 2008-2009 Budget with an increase to 18%, \$5.8 million. He said about \$2.5 million of the draw down was being programmed for Capital Improvements, equipment purchases, studies and other non-recurring items. They were also conservatively projecting that the reserve for the Construction Code fees would be depleted through this year. Therefore, they didn't set aside a designation for that but it should carry through 2008-2009.

d. Budget Program Categories

They had organized the Budget document with program categories with colored tabs. He noted they had incorporated the new City Council goals in the green boxes under each category. The red boxes under each category were new initiatives they had funded and were recommending strongly in the 2008-2009 Budget. These initiatives were designed to fulfill the goals Council had set aside. Mr. Pearson explained that the CIP was also included as a separate tab. It had been in the works and there was a Planning Commission review and Public Hearing on the document. He noted two Council members had sat on the review of the CIP and had completed the work without the benefit of knowing what revenue resources could be devoted to it.

e. Capital Improvement Program

Mr. Pearson said they targeted a year by year assessment of how they prioritized each item by category and had highlighted the items included in this 2008-2009 Budget. He said they were able to fund a large quantity of the projects in the budget whether parks, roads, utilities or water and sewer items. The departmental summaries were also included for Council of what was accomplished last year, and he hoped Council was proud of their accomplishments. On page 105, Budget Summary, showed how the calculation for the 18% General Fund Balance was done, then through the major revenue categories, which showed the 15% that was undesignated and the 3% they were not programming for expenditure in 2008-2009, but would suggest setting aside for future capital items.

Mayor Landry commented that there were three budget sessions scheduled. The first session was just for discussion and Council was presented a proposed budget from the Administration. They would discuss the budget and Council could make suggestions for changes, which would be done by motion and then it would be discussed again. He said anything that was pulled out or put into the budget was done by motion. Mayor Landry said the budget must be passed with five votes. However, one thing he could guarantee was that the ultimate budget would have something in it that was not every Council's member's number one priority. He said seven people would not agree on everything. Therefore, the procedure to change something

only needed four votes but ultimately the budget document would require five votes. He said they would share their thoughts about the budget, motions were not anticipated and they would all consider each others thoughts and meet again on Saturday to begin making motions, if they felt something should be changed.

2. City Council discussion and decisions regarding the plan priorities

Member Gatt thanked Mr. Pearson, staff and employees for their hard work on preparing and presenting the budget. He said his focus was on the Council goals set in January, which were:

1) Public Safety - He noted that in the police budget, there was a Cadet Program that would begin using very little taxpayer money, no legacy costs and would be made up of part time employees. It would provide the opportunity for the Police Department to give better service to the community because the officers would no longer be in the station doing mundane tasks such as taking accident reports, feeding prisoners, etc. This program, with more time for officers to be on the street, would make everyone safer. Member Gatt said, at the same time, it would allow the Police Chief and his staff to observe some potential candidates for the Police Department. He felt the Cadet Program was a win-win situation.

2) Improve the Infrastructure, Roads, Water and Sewer - The document provided for those needs and appropriated money to deal with all those issues. He said the Fund Balance was such that if something unexpected came up, there would be money to cover it.

3) Encourage Economic Development to Maximize City Revenue and Job Growth – A full time staff member was dedicated to this subject and Member Gatt saw nothing but blue skies ahead for the City with regard to this category.

4) Develop Government Structure and Staff Skills for Effective Delivery of Customer Service and Communication with the Community - This document provided additional training for staff, and the means and technology necessary to continue offering our customers the ability to get the best customer service available.

5) Be a Community that Valued Natural Features - Member Gatt said that was being done because Novi was a City that valued open space and the budget document provided for continuation of that.

6) Maintain a Fiscally Responsible Government – Member Gatt believed they had always done that and it was why Novi was in the position it was today, and why Novi was the City everyone desired to be in. He said City leaders had never overextended themselves and had always maintained a balanced budget, and had been conservative in their projections. He noted there was an 18% Fund Balance to handle any unforeseen difficulties.

7) Enhance Parks, Recreational and Cultural Services - The budget document provided the money to maintain and improve the parks.

Member Gatt said believed the budget document was right on and continued the path of being fiscally prudent and responsible.

Member Gatt said one of the proposed expenditures was a \$140,000 study for Fire Station #1, which was talked about at the goal setting sessions; he didn't think the Council ever came to a firm conclusion on this item. He said it was his opinion that the time was not right to start looking at what the property was worth for Fire Station #1. The real estate market was down in Novi as it was everywhere, but would eventually come up again and he would discuss it at the April 19th budget session. Member Gatt thought the money could be set aside for at least another year. He thought Council could use the money for better or different things and one suggestion would be to improve the Fuerst Farm property and begin doing some of those things talked about last time. He noted there was a \$75,000 expenditure for a comprehensive Police and Fire Needs Study but he didn't think the time was right for that, and there was no proposal to add any full time people to the work force. He said there were 285 employees and they were doing more with less and he thought they could continue to ask them to do more with less. He said since staff was not being added, it wouldn't be money wisely spent. In year's past, citizens were enlisted to do studies when it came to public safety needs. He said the citizen groups, working in conjunction with Police and Fire Chiefs, came up with proposals, enlisted the aid of the community and bonds were passed that assured continual growth. He said the needs were there but a professional group would be paid a lot of money, to go out and conduct these studies. He wondered what methodology would be used to determine how many police, fire and ambulances were needed in the community. He said there were many different approved methods of doing these things and he thought they had to find one that would satisfy Novi's needs. He felt the Police and Fire Chiefs should be involved in every decision made regarding what was needed and then come to Council and prove their case statistics and bonafide proof. Then, Council had to come up with a method this group could hold on to and approve money for because unless it was a bond issue, there was nothing that Council could agree to that the next Council would be held to.

Member Margolis commented that the City had a phenomenal staff in terms of the way they approached this process, and it had been a tremendous benefit. She noted these budget documents were some of the most detailed, best processed and the best she had seen around prioritizing a budget. She said the detail, documentation and clarity of presentation were excellent and the process was so transparent and was the reason this budget was such a good document. She felt they needed to be very clear that the Fund Balance, by policy, must stay within 12-18% and Council was not planning on anything under that. Member Margolis said a comment was made about raising taxes, but the Fiscal Analysis said "in order to keep the 10.5416 millage rate, there might be consideration of some changes." She said that was because the total tax rate was planned to stay the same but there were bonds that were expiring. She said in order for the taxes to remain level that was what that comment was about, it wasn't about raising taxes overall. It was about how they allocated money within that.

Member Margolis agreed with Member Gatt that this budget accomplished so much of what the staff was asked to do. She said the City had a healthy Fund Balance that's on the high end, which she was very comfortable with. The purpose of this was not to hoard money but when taxes were collected, give residents services and invest in the infrastructure. She said Michigan had gotten in big trouble in the last few years because they didn't keep up with roads and the freeways attest to that. She felt if people were paying taxes now, they deserved services and investment in the community now. Member Margolis said another thing this budget did was when there was leftover money, one of the reasons they ended up going into the next year using "Fund Balance", was because staff didn't spend all the money Council told them they could spend. She said they were left with several million dollars that could be

invested back into the community. She thanked staff for being prudent and thought it was great that there was a culture that encouraged that kind of conservatism. Member Margolis believed Council's job was oversight and giving goals to staff that needed to be met. She would like to be able to add things to the budget but only because it had been vetted and came up late, as they had just approved some improvements to the Fuerst Farm property and there was money in this budget to do that. She thought this was a good opportunity to move some money from other areas to that very important category, because there was an opportunity to make that property a place to be proud of. She stated she wasn't suggesting they do the whole Alternate B, and said she didn't think a lot of the buildings proposed for that land were what she would want. However, she would be looking for things they could do with trails, markers, benches, gathering places, gardens, green spaces, and something so that when the Library was built, it would be a place where people would want to gather. She asked staff for the Fuerst Farm information.

Member Margolis said she was also concerned about studying Fire Station #1 and thought that money, when just finishing up the other improvements at the station, didn't make a lot of sense and could be delayed to another year. She asked regarding putting the police video to digital for \$165,000, if some or all of that could be done with forfeiture money, because she thought it made sense and was an appropriate use for the money. She thought the Cadet Program made a ton of sense but wondered if a pilot program could be done this year, rather than jumping into it fully for \$131,000. She commented she wanted to get it up and running in a less intense way because hiring that number of people in the short term was a great deal to do in a year. Member Margolis said since she had been on Council, they had always had money left over at the end of the year that had increased the Fund Balance beyond what they budgeted for. She said when the audit came in in October, she would like Council to consider designating some of that to the Fuerst Farm, depending on what they decided to do, and if the money was there.

Member Margolis said she would like to see a comparison year to year of Fund Balance both budgeted and what was left at the end of the year as audited results for the past five years. Also, she would like a spread sheet showing year to year change in line items in the budget for the past year. She said Member Gatt talked about the Fire, EMS and Public Safety Services and she wanted to say she still supported that but they needed a plan for Police and Fire needs. Member Margolis said they needed to decide on a methodology. She noted she didn't think the FBI numbers were the appropriate numbers to use because they were a per capita staffing ratio for the Police Department. She noted she couldn't believe that this community with its population needed the same police staffing, with a Twelve Oaks that brought people in everyday, versus another community in a rural part of the State with the same population. She thought this would be a great process to look at like they do with sewer and water; they did a study and then cut off a piece of it every year. She said they do that with the PASER rating for the roads.

Member Mutch said his focus was to ensure the residents that the money collected was invested in the community and that it was being spent wisely in areas where it met the greatest need of the community. He said he wanted taxpayers to feel they were getting value back from the City in services and the facilities the City provided.

Member Mutch said one issue had been Fund Balance and that was discussed this past fall to look at the previous policy in the 8-12% Fund Balance and recognizing that the number didn't reflect what was going on in the budget process. In fact, Council was setting aside significantly more, around 14 to 16%, and they would have debates about it so they changed the policy to a 14 to 18% range. He said from his viewpoint, the Fund Balance was a low percentage. The revised numbers they had been provided showed the almost 15% undesignated Fund Balance was the minimum to work through issues they needed Fund Balance for; things like cash flow with sufficient cash reserves for the bond agencies to look at Novi favorably.

Member Mutch said he was looking for more to be set aside in the Rainy Day Fund Balance and thought 15% was low. He said it needed to be made clear why they were setting that money aside and it shouldn't be set aside without intent, which was something that needed to come out of this budget process. He said he was looking for a higher number of undesignated Fund Balance because he didn't want to see a situation, with the economy and inflationary aspects of the budget, where they continued to erode that amount. He felt it was an important part of what they did and he wanted the Fund Balance maintained to insure future Councils didn't have to deal with making difficult choices and difficult cuts. So, Member Mutch was concerned with the amount of Fund Balance and how it was designated for Capital Improvements. He agreed with Member Gatt about the timing of the Fire Station #1 Study and thought the timing of the study because of the real estate market, raised questions in terms of if they spent the money, would they be able to take advantage of the study or would they have to wait for the economy to rebound. The other issue was they had pretty much decided that Fire Station would be on City property. He was disappointed that the plans for Fire Station 3 fell out of the current year's budget and didn't make it into the upcoming budget. The Council had done a lot of work and there was a lot of hard discussion to set aside a significant amount of money to address those two Fire Station improvements because the studies were done and the needs were identified. He noted Fire Station #3 on Nine Mile was more difficult than #2 because of the need to find another location. He thought if they were going to look for property for another fire station, this would be the time to do it. Member Mutch said Council had set a significant amount of money aside in the budget to start work on that Station and now it had been pushed out several years. He thought if they weren't going to do it out of the current budget, and he thought they should, they should take advantage of the opportunity to find the land. He felt this should be done because as the economy improved the prices would go up, and where that Station was located there was a very limited amount of land available for anything. Member Mutch thought that was something Council should be exploring and thought there might be funds still available from what they already set aside in the current budget. If not, he thought it was something they should look at in the upcoming budget, and he would want to prioritize that in terms of that Station versus Station #1, because of some of the factors that had already been discussed. Another concern Member Mutch had in terms of spending and trends was within the Building Department and that the Construction Code fees would be depleted. He said they had had the advantage of a lot construction with permits pulled that helped build those reserves, which helped fund the Building Department. Obviously, now as building had slowed down the amount of incoming funds had been reduced but the cost within the Building Department had generally stayed constant and perhaps slightly increased. He asked at what point, as those funds were depleted, would they be in a situation where the General Fund was subsidizing the Building Department's cost of operations. Member Mutch asked what they were going to do about that and whether it would involve reducing the number of staff, etc. He stated he would like to hear strategies from the Administration on how they intended to approach that. Member Mutch said related to that one of the things that wasn't

funded, which he thought was a lost opportunity was the on-line permitting program for Community Development. He said it was a \$75,000 expenditure and would provide the ability for residents and businesses to go on line and complete permitting applications. He said one of the things emphasized as a Council was the need to streamline City services but also extend them to make it easier to interact with City government and this was a perfect example of how to do that. He said these kinds of systems don't reduce the work load, but could help reduce the growth and need for staffing. In terms of cost benefit, there was a strong case to be made that the initial investment would pay off for the City and customers who interact with the City over the long term. He would be looking to see that incorporated into the budget.

Member Mutch asked where the \$140,000 for the Fire Station Plan was allocated in the line item categories. He said on page 60 in the General Budget message under Natural Areas and Features one of the program highlights in the red box was updating the Natural Features Habitat Plan but if looking at the individual funding, that item wasn't funded.

Ms. Smith-Roy said it was included under Item 3 under Fire Station on page 14. She said it was included in the estimated number but it was an error and should have been broken out and put into next years. Member Mutch was concerned with the Parks and Recreation Department recreational programming category. He said he had a different viewpoint on Parks and Recreation programs. He said Council had put a strong emphasis on trying to make the programming more self sustaining. He thought that was a goal for the department to set, but he also knew that to expect to recoup the cost of a lot of the programming provided was unrealistic. He thought Parks and Recreation and Cultural Services added a lot to the City and the City government and he didn't have as big an issue as some in terms of the subsidies. One the other hand, it was important to be sure that the numbers they were working with accurately reflected the trends in terms of the dollars and cents. Member Mutch said revenues taken in 2006-2007 from programming were \$815,000, 2007-2008 it was estimated at \$832,000 and 2008-2009 projected \$1,000,000. He felt there was a relatively flat revenue line and then a proposed budget that showed almost \$170,000 increase in the revenue; he thought it was too much and asked for more detail on how they came up with those numbers. He noted that Parks and Recreation had always been subsidized by the General Fund and that had not changed. However, the amount of subsidy was always an issue and he wanted to be sure the numbers accurately reflected that. He thought the Older Adult Program revenue showed a significant jump compared to the historical trends. He was also concerned with the concession sales at Power Park. Concession sales had been running about \$21,000 annually and about \$20,000 in expenditures; this year they were projected to drop to about \$16,000. He said they were essentially breaking even in concession sales at Power Park and there was a significant Capital item in the Parks and Recreation budget to replace the concession stand and restrooms, which would cost about \$400,000. Member Mutch said it was the only major Capital item in the Parks and Recreation budget this year and he didn't think it reflected the priorities of the community and where they would like to see it allocated. He wondered for that small amount of revenue, if they could look at a smaller structure or alternative ways of handling the concession sales such as outsourcing. He recognized the department's goal was to turn it into a facility where they could have tournaments, etc. that would generate more revenue. He thought they saw that investment as being important but that was a lot of money to spend for a service that didn't generate a lot of revenue and barely broke even. He said he would be curious whether the numbers in the budget reflected the staff costs.

Member Mutch said he didn't see the entryway signage in the line items, and asked for clarification. Regarding the Cadet Program, he was concerned about the Unions and whether there were any concerns about who was doing what work and whether the patrol officers or dispatchers being union groups, would create any issues. He asked that Administration address whether it would create issues or liabilities with cadets becoming officers and would their service be added to their time, or would they purchase credit towards service time? It would be helpful for Council to understand the start up costs and other implications so they had all the information in front of them. He said one of the items not funded was the pathway along 9 Mile between Haggerty and Meadowbrook. Member Mutch said he had asked Administration to pursue a Transportation Enhancement Administration Grant as a way of funding some of the cost. He said this was to return at budget time for discussion and they had not received any information back other than it was a line item that wasn't funded. He noted he was looking for information on if they pursued the grant what would the cost to the City be and would Council want to look at incorporating that into the budget. He asked for feedback on that. Regarding the Fuerst Farm property, he said he was on record for what he wanted to see happen there. He was surprised that the property had, in terms of Parks and Recreation needs and Capital Improvements, suddenly gone from the unwanted stepchild to being the prime focus of additional funding. If Council could identify additional funding, a priority for that funding should be looking at what they could do in terms of roads. There are a number of residents and subdivisions that have a need even with the PASER system that identified priorities. However, the real question was where to find the money to repair those roads. He said last year they put an extra million dollars into the budget to do neighborhood roads and that allowed them to keep on top of a crumbling infrastructure in some parts of the City. He noted Cherry Hill Road going into Meadowbrook Glens looked very bad and he felt the City was doing the minimum with regard to roads and he would be looking first to put funds toward neighborhood roads. Member Mutch said if Council looked at the CIP for City roads going out several years, they would see there was a significant amount of work to be done on those roads that were the City's responsibility. He said that was where residents saw their investment in the City.

Member Staudt noted the process was very complete and effective and reflected what they had asked for. He said they had met and the budget was put together with the priorities set by City Council at that meeting, and that was all they could ask for. He said he found the process to be quite easy coming in with a fundamental understanding of the quality of the staff and that they were professionals at what they did, it was easier to believe what they offered and appreciate what had been presented. Member Staudt said the best time to make investment in the community was when times were tough and decisions had to be made that reflected what future needs were and not current needs. He felt they were fulfilling some of the lost opportunity they've had and were looking forward and at what had been done in the last year or two. He felt they had really caught up but had not gone way ahead but they were still playing catch up. He thought a lot of the issues they had talked about in the budget; especially the CIP issues were catch up issues; and they had an obligation to spend the money that residents were paying today. Member Staudt said putting money in the bank and investing it for the future and not dealing with today's issues or infrastructure needs, quality of health needs and quality of life in this community, those were the things that needed to be done with the money. He said if the worst of times didn't come, how fair was it to the residents who had lived here and paid the taxes during the 2 or 3 years that Council sat on the money. He said he elected to not look for bad times and to work with professionals to make sure they didn't get to those bad times. Regarding Power Park Capital Improvements, he said they needed to

prove they finished the things they started. He commented that was the last piece of the puzzle, it started with irrigation, fences, lights, and now there's one more piece to finish. He noted the \$620 that the 100 teams paid for men's softball, co-ed softball and women's softball and it was \$62,000 of revenue. He said these were taxpayers who expected to have a facility that was first class. In addition, those fields were used regularly by youth leagues. He said there was a whole lot more going on than a few tournaments and he felt it was a critical long term investment in the community. It was a 20 year investment and what was there was run down and needed to be replaced, period. Member Staudt thought the Fuerst Farm was a reflection of the attitude of the community. He said a new library was being built and why would they want something sitting back there, with or without the buildings, that wasn't first class. He said it had absolutely become a priority because they were building a new \$16 million library and that space had to look good and if it didn't, he thought they had failed as a City. It had to be a first class facility from the start of the library all the way to the corner. He thought the I-96 Corridor Study would be something especially important to the community and it was very important to continue to build the business infrastructure. He thought the I-96 corridor or the V for Victory Corridor was a long term project that would get people involved as volunteers to participate in that organization, whatever it might be. Member Staudt said he completely supported the Parks and Recreation on-line permitting and would like to see the Council fund that. He felt they really needed to look at that. Member Staudt said this was the most difficult winter for neighborhood streets and it was very clear it took a tremendous toll. He thought there needed to be some consideration but wasn't sure it could be done in the short order, but he would like to see something done. Also, he didn't want to lose emphasis on the sidewalk programs they had started as they had been popular throughout the community and he saw a tremendous amount of use. He wanted to make sure that they continued to move forward with that. Regarding the Cadet Program, he said he didn't know about a full blown pilot program. Member Staudt stated he didn't know that much about it and would like to learn more before they agreed on that. He said the Deputy Chief of Police saw it as an extremely valuable tool for the Police Department so; he would very strongly be in support of making sure that's followed through. Member Staudt thought it was important to push forward with the Community Recreation Center and Signature Park. He said if things should happen as a result of that, it could change the budget in mid year next year, if something comes down. He would like to see something on that.

Member Crawford commented on the things most relevant to her. She said she looked at all the accomplishments of the staff and felt they were particularly significant this year. She said there had been a lot of challenges and they had worked doing a lot with not many resources and there had been huge projects that came on line. She commended the staff for all they had done. She said she liked the clarity of the budget. Member Crawford said she would give her priorities. Regarding, Ensuring Public Safety, she thought Fire and Police Station improvements were critical. However, she wouldn't want to put a lot of money into Fire Station #1 due to traffic constraints. She would be more in favor, eventually, of following through on the plan to move Fire Station #1 to the DPW facility. Also, she thought there were needed improvements at the DPW and she favored those, as she thought it was necessary and critical to the efficiency of their operations. She said staff had been moved there from other locations as well, so there might be things that needed to be done with offices. Member Crawford said she was in favor of the Cadet Program and thought phasing made sense and thought it had a lot of value. She said as far as the infrastructure and the roads, water and sewer and major roads, she was in agreement about an action plan for improvement of the major roads. Member Crawford said she was very much in favor of entryway signage and the sign inventory

and felt that an Identification Study was necessary to identify those signs that were damaged or in wrong locations. She said she still felt there needed to be a sign in front of the Civic Center that would tell what was going on at the Civic Center. She said the high school had a sign that was helpful and she would like the City Hall to have one. She thought neighborhood roads were critical and would like to see improvements and to see gaps closed with the sidewalks. She favored continuing to search and research alternative water supply sources because of the way the water rates were increasing; she felt it might be something they needed to step up a little on. She noted she was very proud of the way business retention and recruitment was going and thought it had been their saving grace in Novi. She said the way Council and staff had worked with the business community was commendable. She also thought it had been critical to Novi's economy and to success in Novi. She thought they had seen a change in culture and the business community was finally beginning to feel like they were partners in the City. She said she liked to simplify procedures and was hoping they continued to look at ways to do that. As far as communications, she believed a senior citizens newsletter was needed and should be high on the priority list. The senior survey data should be utilized and they needed to look at ways, more creative ways, to reach seniors. She thought they needed to look for ways to reach all residents not just the seniors and felt residents were customers. She said she had met with department heads and appreciated that departments were cross training staff so there was always someone there who could fill in and serve them.

Member Crawford said one of the surveys included was the Natural Resource question and many people surveyed were very concerned about preserving natural resources and the majority of the survey people indicated that it was essential to preserve natural areas and resources. She said she would like to see Council use creative ways to address the problems of the waters of the Middle Rouge River. She noted she would like to see Parks and Recreation offer more programs relating to natural resources and wildlife, wild flowers, etc. in programming and help better educate residents for things to bring wildlife to them. Member Crawford said regarding fiscally responsible government, she believed they needed to partner with the schools to maximize the use of their vacant buildings, especially during summer. Member Crawford thought they needed to aggressively partner with the school system to use their facilities. She said every summer when she saw a number of the school buildings closed down and space was needed for programming that hurts. She said they all own those buildings too, so she would like to see a way to partner with them to utilize the space that's available and to maximize the use. Regarding Parks and Recreation, she would like to look at ways to develop a signature park and a community recreation center. She said she wanted to see the Fuerst property used and didn't want to just address the Fuerst property so that it looked nice for the library. She wanted to see it used as a park and maximize the use of the property and use the money now to try to address making the property more useful to the residents, so they could feel it was their space. Member Crawford also wanted to explore the valuation of the Landings property the City owned. She believed that the property the City owned should be used by the community and wanted to see ways to address the use of the property or sell it.

Mayor Landry felt the Administration did a great job of listening. There were goal setting sessions and the entire way the budget was put together was to set forth each of the goals that the City Council had embraced and to address each in the budget process. He said that told Council that the Administration was listening to them and that made Mayor Landry want to listen to them. Mayor Landry said the best way to listen to the staff was by adopting what they

were telling Council. He agreed with the City Manager that it was a balanced budget both in dollars and in scope of what it addressed.

Mayor Landry thought that the I-96 Corridor Study was crucial to the future economic wellbeing of the City. He commented they were now earning the dividends of encouraging non-residential development. He said they were attracting business and had to be on the cusp of what was going on economically. He agreed with Member Crawford to study alternatives for the water supply, which was in this budget and the signage was in the budget. Mayor Landry said neighborhood roads were something that all City Councils would always have to deal with. He said this budget had \$1.5 million in it for neighborhood roads and Novi had a PASER study. He said they studied all the roads with an ultra sound like study and this budget included redoing the PASER Study to have an accurate depiction of the roads that needed to be addressed because a bad winter could change the ratings. Regarding Public Safety, Mayor Landry said they had talked a lot about Fire Station #1 and feasibility and location but it wasn't getting a lot of attention from this Council. He said the Administration was listening and came back with a study to talk about moving Fire Station #1. He said he understood if they weren't going to move it why spend the money now, and understood that now was not the time to be a seller. However, he also understood that if they were developing Main Street, part of their ability to sell the property might be to market it to the entity that was developing Main Street. He said this might be exactly the time and thought they should at least explore it. He asked if it had to be \$150,000 or could it be scaled down. Mayor Landry said regarding the Comprehensive Staffing Study there were several schools of thought on it. His understanding was that it wasn't just police and fire, as they were going to look into the possibility of Novi having its own EMS. He asked for more information on that. Mayor Landry thought the Cadet Program was a great idea and should be done. He agreed with Member Mutch that he would also like to know if someone goes through the Cadet Program for 3 years and was hired, would it be added to their years of service. He stated he was interested in these aspects as well but it wouldn't change his mind because he thought it was a cost/benefit analysis in the end. He thought if the benefit of having a Cadet Program outweighed those costs, then go with the great program. He thought one of the benefits was that it would give them a leg up on hiring. In addition, it would free up uniformed officers to be more efficient and effective. Mayor Landry said they were putting \$300,000 out of the Municipal Street Fund into sidewalks. Also, stormwater basins and stream bank stabilization were Novi's natural features; they had all seen the studies, had the presentations and he thought it was wise to put some money there. Mayor Landry said, regarding Communication with the Community and Citizens Focus Government, in the budget was an older adult newsletter and the Senior Study showed the Council that they needed to improve communication with the seniors. He said he was very happy they were doing something about this because since the study had been done, it was incumbent upon Council to do something about it and the budget did that. Mayor Landry said, in regard to Staff Education and Training, there had been talk about on-line permitting, and this budget would do on-line business registration. He said Parks and Recreation was on line, now business registration would be on line and maybe this year or next they would do permitting but at least they are getting high tech and moving in that direction. Mayor Landry thought, regarding part time staff to support the older adult programs, it was a wonderful idea, they were listening, and they were not adding personnel or legacy costs but were trying to fill a gap as efficiently and effectively as they could. Mayor Landry was glad that Member Crawford raised the movable copy sign for the Civic Center. He agreed and it was the only thing he was going to ask for in this budget. He thought it was necessary and if they could find some money to do it, it would be nice. Mayor Landry said, regarding Fiscal Responsibility, that the budget

document talked about exploring options to decrease health care costs. He thought they really had to make a commitment to do that and look at every single one of the health care options and not be afraid to explore new ground. He said it was the single most expensive aspect and it was growing at an average of 15% a year. He noted the Employee Wellness Program was pretty creative. He thought it sent a message to the employees; all 285 employees were working hard and for Council to make an investment said a lot, was a good investment and he would be wholeheartedly in favor of that. Mayor Landry said regarding fiscal responsibility, move Parks and Recreation to an activity based costing method ABC program. He said they had all been talking about it and he felt it showed fiscal responsibility, and he was 100% in favor of it. He thought they were seeing that happening, they were in the middle of it and in stride and he wanted to keep it up. He thought the Parks and Recreation Department was doing a wonderful job and he wanted that to stay on stride. Mayor Landry asked if the Fund Balance was 17.9% and Ms. Smith-Roy said it was. He said their policy was 14 to 18%, so they were there within the policy they set. In fact it was actually on the high end of the range that was set. He saw no issue with the Fund Balance. Mayor Landry said regarding Parks, Recreation and Cultural services, he thought Member Staudt was correct that the Fuerst Farm had become a priority because of the Library being built next door to it. He said if they decide not to go with Fire Station #1 or the Staffing Plan, then those dollars would be available. He agreed wholeheartedly with Member Margolis. He was looking for pathways, sensory gardens and he liked the idea of a campus quad and keeping it green and thought it would be useful. He would like to see some money in that direction. Regarding the Concession Stand, he totally agreed with Member Staudt and the concession stand would enhance the entire facility. He thought a first rate concession stand would generate money off the whole facility. Mayor Landry said Member Margolis talked about the possibility of using Drug Forfeiture Funds for video to digital and he was interested in that. He said he definitely wanted to do it if forfeiture assets could be used. He thought the idea was to hold some Forfeiture Funds for next year, which was always a great idea, but maybe they could split the difference for half of the \$165,000.

Mayor Landry thought the Administration did a wonderful job, and he didn't think the sky was falling and agreed with Member Gatt. He said they had to be prudent and they were. He noted just this past year they increased the Fund Balance policy, they were being fiscally responsible and were addressing all aspects of the City.

Member Mutch said, in terms of the overall costs, one thing that was discussed in the budget documents regarding the I-96 Corridor Study was contributions from other communities, agencies or organizations towards that total cost. He stated he wanted to see a more specific breakdown for total project cost of \$250,000 and would like a general idea of where it would come from. Member Mutch said previously he had talked about the OST property north of Twelve Mile and west of the CSX Railroad as one of the areas he thought needed some in depth study. However, at that time, Council didn't want to fund it, and it probably made more sense to look at the entire area as a whole. He thought the focus needed to be on infrastructure. He said he knew there was talk about doing other things, and if those other things were greatly increasing the cost of the study, he thought he would want to see something a little more focused, because the key elements of the economic development that would happen in that area would largely be driven by infrastructure questions. He said things like streetscapes were nice and could have some influence as to whether a business located on parcel A or B, but it had to be balanced against the cost. Member Mutch said he didn't like the "V for Victory " designation and would like something that really identified the area. He

said Golden Triangle had been offered before or something along those lines that would give it an identity because he thought it was a critical part of the community. He said another item related to planning that came up in the discussion of the studies and the work that had been done was the issue of overhauling our residential zoning options. He said he was talking about RUD, Cluster, Zoning Ordinance, etc. Obviously, in this economic market, they weren't seeing any residential development so this would be the perfect opportunity to revisit that. Member Mutch thought the current residential zoning options, when the market picked up again and they saw development on those very difficult parcels, wouldn't serve them well. He said there was discussion in the material provided to Council that implied that progress was being made on that, but he had not seen it. Member Mutch praised the Administration on the steps taken with regard to energy efficiency. He said those were investments in City facilities and operations that would pay off in the long run. He encouraged the Administration to be as aggressive as possible with heating, electrical and gas costs because that was dollars saved that could be put into services and facilities that were now being chewed up by heating, electrical costs, etc. Member Mutch said he would address the issue of Fund Balance at the next meeting. He thought there was still a difference in the mindset of Council as to how that's structured and what the numbers represent, and he wanted to make sure he was presenting them accurately.

Member Staudt noted the decrease in property values in Novi, and a lot of things that he was looking for in terms of quality of life and infrastructure were in this budget. He said they really needed to make those investments because they owed it to the taxpayers to get the maximum dollars for their homes when they sell.

AUDIENCE COMMENT – None

Mr. Pearson said he would convene a leadership group meeting tomorrow to try to divvy out as many of these things as they could so they had them on Saturday. However, they would not get every single one but they did have a head start on some.

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 9:06 P.M.

David Landry, Mayor

Maryanne Cornelius, City Clerk

Date Approved: May 12, 2008

Transcribed by Charlene Mc Lean