

**SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
WEDNESDAY MAY 2, 2012 AT 7:30 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE ROAD**

CALL TO ORDER: Mayor Gatt called the meeting to order at 7:30 p.m.

PLEDGE OF ALLEGIANCE

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

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

APPROVAL OF AGENDA

CM-12-05-003 Moved by Casey, seconded by Wrobel; CARRIED UNANIMOUSLY:

To approve the Agenda as presented.

Roll call vote on CM-12-05-003	Yeas:	Staudt, Casey, Fischer, Margolis Mutch, Wrobel, Gatt
	Nays:	None

PURPOSE OF SPECIAL MEETING

1. Budget Discussion Continued (Northwest Quadrant Ring Road and Drain Fund).

City Manager Pearson recapped that the millage rate is going to be 10.2 and out of the ordinary for the 10.5416 previously held for the past 12 years. The Drain Fund millage will be lowered. There is intention and desire to stay with the 10.2 or thereabouts and for individual taxpayers, it may not be significant, but a big positive for businesses. There is sidewalk work being pulled forward and Northwest Quadrant Ring Road was to be addressed. We've completed phase 1 near the Big Boy which people recognize as Crescent Road. The numbers will show the amount from the Special Assessment Revolving Fund will revert back and keep those fund balances higher. It makes sense to complete that, but not in the next fiscal year. Council asked for information on how to do that and DPS Director Hayes offered the downstream work for \$140,000 that doesn't need to be done except for the project and will keep it moving forward.

Mayor Gatt recapped that the plan was to remove funding for the Ring Road and return that to various funds where they were drawn from, speed up some of the sidewalk construction and Council was proposing to lower taxes to residents and businesses which is rare in the State of Michigan.

Member Casey noted most of the changes are great and while we look to propose changes, this Council must keep their eye on this ring road and it must be clear that the Ring Road is

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kept in the CIP (Capital Improvements Project). The Ring Road was not taken from the CIP as the CIP is a document approved by the Planning Commission.

Member Wrobel said he could support the \$140,000 and reducing the millage to the residents.

Mayor Pro Tem Staudt noted he would support the additional \$140,000 from the Drain fund. Whether we build the road will be determined by circumstances. There is a lot of money invested in the Ring Road and worth consideration.

Member Mutch echoed comments and was pleased with how the budget came together. This budget balances the needs of the City against the economic situation we are in and being conservative with the funds. There are votes being taken in Lansing on the personal property tax that may also affect us. He was comfortable with the next phase and noted it leaves open the opportunity for us to look at as new development comes forward. This is a good compromise and he is willing to support it.

Member Fischer thanked staff for getting the changes to Council. He is pleased with lowering taxes. As far as the Ring road was concerned, he knew there was a long history and he was a fan of moving forward with the Ring Road. We know there will be many benefits and that intersection (Novi & Grand River) has the second highest crash rate in Novi and anything we can do to alleviate that is beneficial. City Administration and Mayor are doing many things to get Main Street moving along. The time is sooner rather than later to get that project under way. Option C was the right way to go with \$140,000 paid from the Drain Fund. We've spent \$1.9 million and over \$400,000 came from the State that would have to be paid back. He asked when we plan to build because we need to know the trigger point for when the City builds the road. He understands and supports the delay and he would propose that this project be shown as funded in the multi-year budget. His proposal would be to place this in an out-year budget and without that, he didn't think he could support the budget document.

Member Margolis stated she felt strongly about the way the words being used were to look at it and decide whether or not to build the road. Last year, in the budget, we spent funds to do the engineering and have already spent \$1.9 million and if we don't build this road, we have to pay the State back. Just two weeks ago, we had to pay back money for 10 Mile Road. We need to continue moving forward and while the money is in the Municipal Street Fund, staff doesn't see anything that would provide private dollars to build the road as we had to give a \$500,000 abatement to get a hotel built on Grand River. No one will come in to build that road now. She is comfortable with the \$140,000 from the Drain Fund but her main question is what is the end game on this? We should still signify that this is in the multi-year budget.

Mayor Gatt thanked the staff for their hard work on this budget. This is a big deal for the City to have a tax decrease. The City of Novi is proposing to reduce taxes without reducing services. This is a 3-year balanced budget. Thanks to City Manager Clay Pearson and Finance Director Kathy Smith Roy and their staff, we have this 3-year budget. We may be the first municipality to do this. There are many good things in this budget. Also, there has not been one mention of a reduction of staff. Many other communities are laying staff off and we are not doing that. Regarding the Ring Road, this project started many years ago when previous Council made decisions that the present Council has to live with. Everyone knows about the

improvements on Novi Road and currently on Grand River. He felt this is the most transparent Council and wondered if the residents should weigh in on spending \$3.27 million. It will be carried over in the CIP and there will be funds to do some wetland work in that area. With a proposal for the City of Novi to pay 100% of the road work, he is willing to hold off to see what may happen with regard to funds becoming available for this project. Lansing is also wrestling over the personal property tax.

CM-12-05-004 Moved by Mutch, seconded by Fischer; CARRIED UNANIMOUSLY:

To include in the budget to add \$140,000 from the Drain Fund for downstream floodplain mitigation work.

Member Mutch noted there were some concerns about how this works in the multi-year budget. The next item on this evening's agenda is for a request from the voters and if they approve the request, there may be funds in there to address this project in the future. If the voters reject that request and don't approve additional funding for roads, Council will have to look at re-prioritizing funds such as for neighborhood road improvements and local road improvements. Without the funds, Council will have to look at what projects can be completed. Once the voters have decided, Council can re-visit this issue.

Member Margolis asked DPS Director Hayes if there was any expiration on the engineering for the road? Mr. Hayes responded not until 2014 when the MDEQ permit would expire. Member Margolis asked about any fees associated with the permit and Mr. Hayes responded the fee was around \$5,000. Member Margolis asked about temporary easements. Mr. Hayes replied that once construction is completed, the easements go away. The City has paid approximately \$24,000 per year for the past 3 years. She can support the motion and felt it was a waste if we don't build the road and we can move forward without incurring more costs. She also noted there was documentation that there were more rear-end crashes at the intersection. Because that intersection is maxed and there is no space available for another right-turn lane, the only fix is through the Ring Road.

Member Mutch asked Administration to look into the Novi Road and Grand River intersection as he did some research on SEMCOG. They claimed the number of crashes have declined since 2007 so he would be interested in seeing what is different with the most recent widening of Novi Road. He felt staff could review the current numbers for that intersection.

Mayor Pro Tem Staudt noted he discussed this with residents and has not had a single person that told him that it was important to build the Ring Road. We spoke of taking \$3 million from a bank account to build the road and he couldn't support that. He also thought about taking it to the voters to see if they want to build that road. Those were decisions made over a long period of time with a strong economic development at that time. This is a road to potentially reduce congestion and it won't make an impact on the city's economic development. He supports the \$140,000. He won't move forward without knowing where we stand.

Roll call vote on CM-12-05-004

**Yeas: Fischer, Margolis, Mutch, Wrobel, Gatt,
 Staudt and Casey**
Nays: None

CM-12-05-005 Moved by Fischer, seconded by Margolis; FAILED:

To direct administration to show the Northwest Quadrant Ring Road in the 2013-14 multi-year budget.

Members Fischer, Margolis and Casey noted they could support it. Member Mutch, Mayor Gatt, Mayor Pro Tem Staudt and Member Wrobel remarked they couldn't support it.

Member Mutch thought that once voters decide on a future millage, he could then better decide.

Member Fischer noted his concern was that it would be tucked away and this is the most important way to make sure, so that once we have it in the 2013-14 budget that it goes from projected to adopted. This could possibly go to voters.

Mayor Gatt noted it is in future documents including the CIP.

Member Fischer clarified it is not funded in out years and asked City Manager Pearson to verify. City Manager Pearson noted it does roll over to the next year's CIP. Member Fischer suggested that maybe the CIP should come after the budget.

Member Margolis supports it, otherwise, she felt it's a waste of money. This Council voted for money last year for Engineering for this road. Leaving it in the multi-year budget would signify Council's intention to complete it.

Mayor Pro Tem Staudt would have voters vote on the project and allow them to decide to spend \$3+ million.

Member Casey supports it because the road is important and documenting shows commitment. We could budget for it in the out years.

Mayor Gatt asked about the Engineering funding that was approved. At that time, the project was to be 20% funded by taxpayers and 80% funded by other resources.

Member Mutch stated that this most likely wouldn't fall off the radar and should not have the City of Novi involved with 100% funding.

Member Wrobel also stated he could not support this motion.

Roll call vote on CM-12-05-005

Yeas: Fischer, Margolis, and Casey
Nays: Mutch, Wrobel, Gatt and Staudt

Council recessed at 8:27 p.m.

Council reconvened at 8:37 p.m.

Mayor Pro Tem Staudt noted it would be appropriate to give City staff time to review the language and defer any action on the Ring Road until next week and given the tight time line of the schedule for ballot language, it may have to go to the November ballot.

1. Discussion for deliberations on any road millage question to the public for 2012.

Mr. Pearson noted this was discussed in the budget letter. The option to rebalance the total millage rate would be either a Headlee Override or Charter Amendment. The road millage or street millage was a topic in the postscript of the budget that is currently at .7 and change. It's not doing the job and won't, going into the future. Mr. Hayes commissioned a study by OHM (Orchard, Hiltz & McCliment) that showed it's not just the current PASER ratings that pose an issue, but that these roads would continue to decline without enough dollars coming in. The neighborhood road programs could be increased by as much as 40% as well as anything related such as sidewalks, beautification, etc. There are a couple options for the August or November elections.

Member Margolis noted the road bond question is indicative of the City taking time to look at having a dedicated road millage and increasing it to 1.5 and keeping the total rate at 10.2. It's dedicated to the streets. The total millage rate would be under the current millage rate and even the proposed reduced millage rate. This is what is projected to improve the roads. A dedicated road millage of 1.5 makes sense. The debt millages are expiring so that allows the City of Novi to bring this in under the current millage. She will support this and the reason we can do this is that we've reduced our debt so much; this will give citizens the ability to decide what they want for roads.

Member Wrobel noted the most prominent comment he receives is on the quality of the roads. Many were built in the late 80's and 90's so it will be up to the residents to see if they want to improve the quality of the roads.

Member Casey also supported the concept of rebalancing the millage. As direction is received from voters, the Council can do all of this and still hold to the reduced millage.

Member Fischer supports for all the reasons stated. Bringing it down to 10.2, along with the additional 1.5, this is a good package to bring to the residents.

Member Mutch noted that viability is important to the long term success of the City. Whether it's water, sewer or roads, that must be maintained. Right now, we don't have that and he hoped voters would support it too. We as a City will have to do the educational piece about the reasons why it is important.

Mayor Pro Tem Staudt noted that with the 10.2, next year we have a further reduction and we also have additional items that will allow the City to stay at the 10.2. This proposal is an increase, but a most necessary increase to maintain the aging roads. This allows the City of Novi to start catching up. The extra money will be invested in the City for the long haul. This doesn't go away and it can go up or down at the discretion of Council. It is very clear that we

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need these funds. We also need to increase funding for sidewalks and bike paths. He would like to see it in the same proportion.

Mayor Gatt noted that most of the email he receives from residents is about road complaints. This is necessary as the roads are crumbling as they age. If we want to maintain the same quality of roads, it is necessary, and it seems there is no better time. He felt it was imperative to have this question presented to the voters.

Discussion was held that this item would come back to Council in the form of a resolution.

AUDIENCE COMMENT – None

ADJOURNMENT - The meeting was adjourned at 8:59 p.m.

Robert J. Gatt, Mayor

Maryanne Cornelius, City Clerk

Date approved: May 07, 2012