

**SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
WEDNESDAY, APRIL 18, 2018 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 TEN MILE ROAD**

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

PLEDGE OF ALLEGIANCE

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

ALSO PRESENT: Peter Auger, City Manager
Victor Cardenas, Assistant City Manager
Carl Johnson, Finance Director
Thomas Schultz, City Attorney

APPROVAL OF AGENDA:

CM 18-04-047 Moved by Wrobel, seconded by Markham; CARRIED UNANIMOUSLY

To approve the Agenda as presented.

Roll call vote on CM 18-04-047 **Yeas: Staudt, Breen, Casey, Markham, Mutch,
Wrobel, Gatt**
Nays: None

PURPOSE OF SPECIAL MEETING – 2018-2019 CITY OF NOVI BUDGET

1. Overview
 - a. Introduction: Goals - Projects
 - b. 2018-2019 Budget Overview – Highlights
 - c. Multi-Year Budget
 - d. Capital Improvement Program

City Manager Auger stated they were happy to be here again this year. He hoped they were able to answer all of the Short-Term Goals, and many of the Long-Term Goals are starting to be addressed. He introduced Finance Director Johnson and said he would be giving a brief presentation on the budget.

Finance Director Johnson explained that this is a three-year budget which is a continuation of our three-year budgets that we pass every year. He said there is a lot of work that goes into it to get it to here. He thanked his Finance Team, and City Administration. The budget process starts in October and runs until April. He said the General Fund is our General Operating Fund, he said what they have before them is a balanced budget. The revenues have increased from \$33.3 million to \$34.8 million, primarily from property taxes. He noted the property taxes went up about 1.5%. He said it included not only our General Operating Property Tax Levy, but our Police and Fire Special Levy as well. Overall from this year's budget to last year's, the expenditures have decreased by 0.6%. He noted the largest reason for that is that we have a lot of

Capital that carried over from last year. He said we are using Fund Balance which is the roll-over that we did from last year's Capital. He said the General Fund is in great shape which includes the Police, Fire, Finance, and City Manager, etc. He noted that Streets were a priority this year when we put the budget together. In our three-year budget last year there was \$1 million in panel replacements, as well as \$2.7 million in Neighborhood Road Projects that were budgeted. He mentioned this year the State of Michigan increased our funding by \$400,000, there was a one-time special appropriation, as well as some cost savings on some of our expenditures this year. We were able to reprogram those into the Streets, all into the local road area, and the panel replacements. He said we were able to increase that spending this year by more than \$1 million. The amount that will be spent this year will be \$4.4 million in the Neighborhood Road Program, including panels, as well as repaving in the neighborhood roads. He pointed out that the total spending for the Street Funds is over \$10.2 million. That includes money from the State of Michigan Act 51 Revenues as well as our Dedicated Street Millage. The Capital Improvement Fund is the first year of our Capital Improvement Fund, our Levy this year was about \$3.4 million. He said there are some significant projects that were already approved this year such as; the DPS expansion, Lakeshore Park, and the ITC Trail. He stated that those coupled with the new ones in this budget total about \$21 million that we have planned to spend out of the CIP Funds. He stated that we are advancing some of the money from the Levy from some of our other Funds to do it all up front, but again it is a monstrous project. He said Council brought up during our budget session in January that a lot of this year's budget, the CIP Funds, the Sewer Fund are just trying to get projects done that are already ongoing. He reiterated that we have significant projects, \$40 million between CIP Funds, and Water and Sewer Funds. That is a lot for our DPS and contractors to handle in one single year. He said also included this year are the sidewalk gaps, one of the Council's goals was to increase our spending there. We increased it by more than \$1.5 million this year to do some of the more expensive, significant sidewalk gaps. We have \$1.95 million dedicated to sidewalk/boardwalk replacements and new additions this year. He said the Water and Sewer Fund has substantial capital investment which is \$16.25 million in the year we are in, and another \$4.3 million next year. That is over \$20 million invested into the Water and Sewer Fund. He pointed out that we haven't issued a single dollar worth of debt, it is all funded from Capital Reserves as well as from our normal operating revenues that we get within the Fund. Most communities are struggling with how much to increase water and sewer rates. He stated that most of the surrounding communities see their water and sewage rates go up an average of 7% to 10% a year. He said City Administration, as well as Mayor and Council have done an outstanding job over the last few years. He said we have minimized that increase; we had a -7.8% increase, as well as a zero last year. He said all of this improvement will not raise the water and sewer rates. He said he could not promise that it will be zero forever, but thus far we have done a good job of doing that. He said he will continue to invest in our system. He said it was great long-term planning on the City's part. He explained that the legacy costs, the State just passed a law where they will now monitor the status of your Pension Funding, as well as, Other Post-Employment Benefits (OPEB) Funding. The City of Novi is above their minimum threshold so it doesn't affect us. It has been a goal of the City for a very long time. We are more than 100% funded

now for OPEB; our contribution continues to decrease while our funding is about 105%. He pointed out that the pension was not as great, but we are very soundly funded. He emphasized that we have accelerated our contributions and we are continuing to not only contribute what need to, but increasing that another \$300,000 to \$500,000 dollars a year over and above what we are required to contribute. He disclosed that the primary cost of government is its employees, their salaries and fringe benefits. That is constantly something they work on. The Human Resource Department, as well as the rest of the City has done a great job of minimizing our increases in health care. He said they have looked into everything, we privatized, we went to self-insurance for dental about a 1 ½ years ago and have realized a 20% to 30% savings in that area. We continue to hit this area; we have seen single digit increases in the 3% to 5% range over the past three to four years where others have seen double digit increases. He expressed that we have done an outstanding job maintaining those costs and we will continue to look at things like self-funding our health insurance for both actives and retirees. He said that is the biggest piece, we will continue to look into that.

City Manager Auger said all the department directors were there to answer any specific questions Council may have regarding their budgets. He said they were excited to hear what they thought of the budget proposed today. Mayor Gatt mentioned what they have done in the past was to give everyone on Council an opportunity to speak on the budget. He explained no motions will be made the first time around. He said everyone would get the opportunity to speak and give their view of what is going on. He noted in the second round they can make motions. He reminded everyone that it takes four people to put something in or take something out of the budget. He explained that it takes five votes to pass a finalized budget.

Mayor Gatt remarked that this was his 15th budget. He said in the last 15 years we have seen a remarkable shift in our assets and in our budget process. There were times that we didn't have any money, we scrambled to keep the staff that we had, and in fact some of the employees were laid-off years ago. He reported the success was as a result of all the planning and hard work that the Council and management have done over the years. He thanked City Manager Auger, Assistant City Manager Cardenas, and Finance Director Johnson. He said Finance Director Johnson described something that residents of most cities would give anything to hear the same about their city. He reiterated that Finance Director Johnson said there would be a zero percent increase in water rates and most municipalities will be seeing a 7% to 10% increase. He stated public safety is being addressed; one of the big concerns in the world is public safety. He said the proposed budget is taking care of that, we will be adding a couple of police officers. The senior citizens needs are being addressed with senior transportation. He expressed that City Manager Auger and staff did a remarkable job this year. They took all of the goals that Council formulated when they met in January and addressed them in the budget. He said our General Operating Budget of \$34.8 million is remarkable, but what is more remarkable is that \$4.4 million of that is going to neighborhood roads. He said if anyone complains to him, it is usually about the neighborhood roads. Sometimes they complain about roads that are not neighborhood roads, they are county roads which we do not have much control over

those. He talked to City Manager Auger and they are actually trying to work with the County to take care of some of the County roads. He thanked City Council, City Administration and staff. He also thanked all of the Novi citizens. They are not perfect, but we believe that the people up at the table are doing everything that they can to be perfect and to make the City of Novi the best City that it can possibly be. He thought the budget reflects that, it is the most important job they do.

Mayor Pro Tem Staudt reminded everyone that back in 2008, 2009, and 2010 that they sat there and talked a lot about wants, needs, laying people off, and having a Fund Balance to carry us through to the next year. He noted that we started planning back then when things were really bad. He said the way they planned back then was to make sure that we kept our debt low, millage rates low; we kept our employee count in line which has added up to where we are today. Part of the reason that we have the opportunity to do some special things is that a few years ago the residents voted for the Capital Improvement Program (CIP). We had a lot of things on our list and we would talk about the ITC Trail and say that it was a great idea, but they didn't think they would ever have the money to fund the project. He said it is completely funded now and will be completely built out the next year or so. He also mentioned the wonderful things we are doing at the DPS facility, Lakeshore Park; it just goes on and on. Everything that we are working on is a result of taxpayers trusting what we have done. He pointed out that when things were tough they talked about having to lay off police officers. He said we did it and it gave us a \$1 million Fund Balance that allowed us to get through the next year, and things started to turn. He stated that Plante and Moran talked to them about all of the tax tribunal cases, and they told them it would take 20 years before we see the same taxable value as we saw in 2008. He said he just looked over our list, and we just exceeded the taxable value, so it took us less than 10 years. He indicated that it was probably due to our great location, great planning, we have had good City Managers who have controlled the pocketbook and have taken it seriously. He thought most importantly was that we have a City Council who saw the long term. He noted that Mayor Gatt, Member Mutch, and himself had been through the toughest of times on Council. He said it is fun to do a budget when you can walk in and say we are going to spend \$20 million on capital improvements and it will not affect our Fund Balance, and we don't have to go out for debt. He said a City that has \$3.6 billion of property value; we have \$23 million in debt. He said if you bring that back to your own life, it would be similar to having \$500 on your credit card for your annual income. He emphasized this was a budget where we have so many things going on that he didn't see where he had to add anything. He appreciated all the effort that his colleagues have done. He said this budget started at least two years ago or longer. We have a multi-year budget in the way we look at it. We don't necessarily approve a multi-year budget, it is a three-year budget that we look out into the future and that is how we decide to spend our money. He mentioned that they learned this from L. Brooks Patterson at Oakland County. He said he was ready to move forward with the budget.

Member Mutch echoed Mayor Gatt and Mayor Pro Tem Staudt about the importance of what they do as a Council which is to establish the budget. He said it really does drive everything that the City does over the next 12 to 18 months. He stated what we

end up approving he hopes will reflect the values and the vision that we have for the City of Novi. He reiterated that going through the most difficult years with the budget, it is amazing to see where we have gotten in a fairly short amount of time. He said this is the first budget where he has seen that he felt like they have turned a corner in terms of a balanced budget this year, but in the out-years where we are fully accounting for not only making the revenues and expenditures match, but ensuring that we were allocating dollars towards CIP. He said all those things sometimes the budget folks like to treat as extra. He said to him, they are a critical important part of our city's long-term future. He pointed out that one of the things that we always did no matter how difficult was to invest back into this community. We made sure that the tax dollars that the businesses and residents were paying to us were going back into improvements that benefitted the community. He said this budget has been outlined as well as the two out years. He stated that having budgets that not only pay the day to day operations of the City, but also include the capital improvements that we need and are balanced this year and for the next two-years with a healthy Fund Balance. He considered that to be a success and we have taken the process to another level. He pointed out that we are no longer wondering what is going to happen in the next couple of years. He felt we had a lot more security and safety looking forward. He said things could change; we should never take that for granted. He touched on a few items that he felt could use a little tweaking. He stated they didn't have to make any motion tonight, but he thought there were areas we could make some minor changes to so that they would be more in line with what the Council is trying to accomplish. One of his concerns was about the roads. He said we are spending a lot of money on roads, it is a big investment, but he did notice a gap in our road funding was outside of the neighborhoods. He referred to the main roads that are outside the City's responsibility that we are working with Oakland County Road Commission to improve them. He pointed out some of the worst locations will be addressed this year, such as the 12 Mile Road and Novi Road intersection. He said folks are unhappy about some stretches of 12 Mile Road and Meadowbrook Road area. He said there are other stretches of 12 Mile Road and of 10 Mile Road that the County is responsible for that really need additional help. He indicated that we have long-term plans for those, but some of those locations need short-term attention. He said likewise, City roads, is Beck Road, north of 11 Mile Road. He thought it reached a point where he didn't think there was a road surface, that it was continuous collection of pot hole patch that looks like a road, but does not drive like a road. He felt we need to put some dollars towards doing some short-term improvements until we can put the dollars where we really need to properly address that. He said the budget also includes intersection upgrades at two locations and he was pleased to see those because they were one of the Councils goals. He recommended that we add street lighting and upgrade existing lighting. Related to that topic he said we have several SAD districts in the City where we bill people who live in those districts and they pay for the lighting cost, he wanted to look into investing into LED lights for those districts. He said once you convert to LED lights, you significantly reduce the long-term costs of paying for those lights. It would be a onetime cost for those in the SAD, but it would pay off long-term. He mentioned that we are making a significant investment in sidewalks, but in reviewing the location of the sidewalks he recommended that the Walkable Novi Committee review the list and make some

changes. He stated that several of the sidewalk segments are located in areas of the City that are not residential areas. He was aware there are gaps that need to be addressed, but he personally wanted to see sidewalk dollars put in areas where we are connecting residential areas with destinations in the City. He acknowledged that we have a prioritization process, but in this case he thought it was leading us to spend dollars where there will be sidewalks that very few people are going to use. He thought the Walkable Novi Committee can make a recommendation to Council of some better locations, utilizing the same dollars and get better benefits. He said we are finally making major improvements in the Parks and Recreation area such as; ITC Trail and Lakeshore Park, which hopefully will be moving forward sometime this year. He referred to one of the things that they promised residents when they asked them to pass that CIP millage that we would see improvements across the City. He suggested moving up some of the Parks and Recreation improvements using the CIP Fund. If we look at this budget timeline realistically, any discussion of future projects won't happen for another 18 months. He would like to see more improvements in the Parks and Recreation area such as smaller improvements, nothing major. He would like to see those happen in this budget. It is very important for residents to see those capital improvement millage dollars in a way that is visible to them. He also mentioned the DPS facility improvements that were recently approved by Council are very important, but most folks will not see this. He stated that ITC Trail is an important improvement, but that is on the west side of the City. He would like to see some of those dollars in other parts of the City as well. He didn't have specific projects that he was pushing, but he did want to see some additional funding in that area. He said overall he was pleased with the budget as it is presented, this budget addresses all of our major needs as a City and we have opportunities to make it a little better going forward. He looked forward to having conversation with his fellow Councilmembers.

Member Markham expressed that the budget was an impressive piece of work. The amount of effort, detail, and that it is very comprehensive and complete. She commended everyone, there was a lot to like about the budget as her colleagues have said. She looked at the fact that we have a very hefty, healthy, Fund Balance this year. She commented that she is frugal; she thought the time to spend some money on some new initiatives is when we have it. She mentioned an area that they have been kicking around for a number of months and actually had a CIP item this year isn't in transit issues, potentially bring some public transit to our community. She said one area that they were looking at was a mall circulator; we had \$50,000 in the CIP Fund to study that. She said we had some good feedback from some of the local businesses that they might be something they'd like to do there. She said they also have talked about improving and expanding the senior transit for which we already spend about \$160,000. She mentioned another issue in that area which was regarding the buses ending in Farmington and people walking into our community to come to work and we have talked about potentially working with the malls or retail to provide a bus system or shuttle. She didn't have an answer today, but she would potentially like to see us put additional funding into the budget this year to pursue, specifically those two kinds of areas to see if we can create a fund that can be used for matching. She didn't want to propose solutions today, but put a line item in the budget for additional funding in

the area of transit solutions. She would like to have discussions and move this forward. She stated she had a dollar figure in mind, but we are on our first cycle. She said if the Regional Transit Authority ever were to happen, the latest proposal would actually at some point replace those shuttles that would run from the buses or bus stops because there are buses proposed all the way down to Beck Road on Grand River and 12 Mile. She is talking about something that would be potentially short-term, but we've started to talk about and work on, she would like to see us spend some more money pursuing that in a more serious way.

Member Casey thanked the staff for all of the work they do to pull the budget together. She said it was thoughtful and based on the goals that Council sets, both from a short-term and long-term perspective. She pointed out that we are starting to see budget dollars allocated to goals that we've set a couple years ago. She agreed with Finance Director Johnson when he said this is a balanced budget. In terms of where we are allocating funds, we are putting money to a variety of things within the City. We are not spending money in one specific area only. She thought we were being very wise with the dollars. She was impressed to see in addition to what Council has identified, we still get innovative ideas that come from staff. She was grateful that staff has seen what works in other communities; they bring those ideas to the Council's attention so that we can consider those ideas and include them in the budget. She didn't have anything specific that she wanted to include in the budget. She was eager to hear what her colleagues have to say. She thanked the staff for all of the hard work they do to translate what Council has identified as goals into viable, real, tangible products and projects that we can make happen for the residents of Novi.

Member Wrobel stated this was his 7th budget and every year it seems to be getting easier for them to go through the budget. He thanked City Manager Auger for listening to them in their goal setting and for following what they would like to see done. He said it makes it easier for everyone concerned. He said we are in a very advantageous position compared to our neighbors and other cities in Michigan. He agreed with other speakers regarding the 32% General Fund Balance being something that we can all be proud of. He said the citizens should be proud that we spend money, but we only spend the money that we have. We make sure that we have money left to take care of unforeseen things that may come up throughout the year. He stated that the Council listens to the residents, if they tell us they need the streets fixed, they put it in the budget. We are also residents of Novi and we want the City to be a City we can all be proud of. He thought this budget included things that we have to do, but also things that make it a place that people will want to live. He was pleased with the budget and thanked everyone for their hard work.

Member Breen echoed her colleagues and thanked staff for the incredible project. The budget covers everything they set out and asked them to do on behalf of the citizens of Novi. She reminded the citizens at home that the City has a link on their website to the Capital Improvement Program. There is an electronic platform that lets you see what is being planned out for the future. If you have questions about what's happening, whether it be parking lots, or parks, or when a new fire engine will be

available, you can go to this very helpful link on the City's website and see what is out there. She expressed that it was very helpful when she is planning to ask for on the behalf of the residents and also to see what is being put off or put on the forefront of our attention. She said her colleagues have touched on many things such as the roads, public safety, we are adding another police officer. She understood that we will be focusing on serving the youth in the schools with some of these additional safety measures. Regarding the parks, we have some money allocated for a Wildlife and Habitat Study that will help Novi grow in a manner that respects nature. She said she was thrilled with all of this. She wished that the Council would consider which goes hand in hand with what Member Mutch said earlier, the parks services on the north end, we do have things in the works for Lakeshore Park, but in a nutshell Pavilion Shore Park which is a fantastic place, she would like to see additional areas in the parks for children. We have two parks on the north end; the original concept plan for Pavilion Shore Park had some features that would be more amendable for kids. She said if at all possible if there is a way to incorporate that now or in the future in the next few years, she would consider adding that so we can serve some of the younger residents and parents of Novi. She was thrilled with the budget and couldn't wait to see what happens next.

Mayor Gatt stated that was the first go around and everyone had a chance to put their thoughts out there with the public. He said in round two they will entertain any motions. He reminded everyone that it takes four people to put something in or take something out of the proposed budget. He informed everyone that it will take five votes to pass the budget.

2. City Council discussion and decisions regarding the plan priorities

Mayor Pro Tem Staudt wanted to add an item recommending an adjustment to the proposed 2018/2019 Budget. He asked to increase Police Permanent Salaries by \$88,549 to add an additional full-time police officer in addition to the budgeted police officer. He stated that with the things that are going on in the world today one of the places that we need to potentially have the most protection in our schools. Having an additional officer would allow us to work with the school district, potentially to provide another officer there.

CM 18-04-048 Moved by Staudt, seconded by Breen; CARRIED UNANIMOUSLY

To approve an increase to Police Permanent Salaries in the amount of \$88,549 to add an additional full-time police officer in the 2018/2019 Budget.

Member Mutch asked City Manager Auger to explain what the potential role of this particular officer that we are adding to the budget might play. City Manager Auger explained that in their preliminary discussion right now it would not necessarily be school resource officer, but an officer that focuses in on a lot of things that are playing a role across the country. It would be an officer that would focus on the social media, where

the youth are interacting and having these conversations online and social media. He said we only have one school resource officer right now. This position could augment some of the duties there. It would really take the face of the City's Police Department in the public realm. He said we are still developing as we go; there is not a model for us to follow. In our discussions with our Police Department we don't feel that we should wait for the State or National governments to set down this template, but to actually create it.

Mayor Gatt was pleased to see this because he said he didn't think we could have enough police officers. He reiterated that what is going on in the world, he would eventually like to see a police officer in every school. He commented that he was the first uniformed police officer in the Novi Schools. He said it was pioneer days back then because the School Board had never heard of that back then. They quickly became acclimated and we became part of the faculty. He said he is sure that their resource officer is part of the faculty. He assumed that they were mostly in the High School. This additional officer will be able to go into other schools in the City, he said he wouldn't call it a luxury, it called it a necessity.

Member Markham attended the forum that was put on by the Novi Schools about the Police Department about a week ago on gun safety, and on the latest methods that are used in the schools. She stated that most of the work is done at the High School that is where the resource officer spends a lot of time. She asked about the other schools, many that do not belong to the Novi School District. She wondered about what happens if there would be a situation there. What she was told is that this officer does work with all the schools. She said from that conversation she felt we could probably use a second officer. The elementary schools see these folks, and the other schools not in our district but still within Novi are serviced by these officers. She said that needed to be understood and she said it was definitely needed.

Roll call vote on CM 18-04-048

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

Nays: None

Member Mutch said the City Manager answered many of his questions earlier in detail. He wanted clarification on a couple of items under Council Goals. He wanted to know how much they were actually spending on those items. The first item in question was expanding senior transit and establishing free transportation within the City limits. It was indicated that it would be addressed under the Parks and Recreation budget. He wondered if we were putting additional dollars towards that service. He asked how we are accomplishing that the way it is described. City Manager Auger replied that we reduced about \$15,000 by knocking out the fees for rides this year. We have reduced those fees, but increased that \$15,000 into the payroll expense as where we are expanding our operations, such as different hours, adding one extra route on Saturdays, going from one to two drivers on Saturday. He said that is what the riders are calling for. Member Mutch confirmed that we are spending the same amount, but the City will pick up the difference in terms of what the riders were paying. City Manager Auger said

we're reducing the funding to the program by \$15,000, and we are going to add an additional \$15,000 for the extra services that we are providing. Actually it is a \$30,000 difference. We are absorbing that \$15,000 that we are not going to charge the riders to ride. Member Mutch reiterated that Member Markham mentioned in this current year we spend about \$160,000, so the next year we will spend \$175,000. City Manager Auger pointed out that we are getting more efficient with the new software and the staffs ability to utilize it better this year. He thought we would actually see more efficient routes so it is not only what we are gaining; it has more efficiency through the software that Council purchased. Member Mutch followed up on a related item with a transit question regarding the mall circulator that we have had discussions on. He wondered if there was funding in the budget if that ever comes to fruition. City Manager Auger replied that currently we have \$50,000 for the program. He said Mr. Weber just started those conversations. He just joined us this year and he has already reached out to five key components that we think that will touch. He said we are looking forward to the future meetings on that. Member Mutch confirmed with City Manager Auger that it was within the proposed budget. He mentioned the Intersections and that Council had been working off the Dangerous Intersection Study which was done years ago to make sure that travel within the City was as safe as possible. He wondered if that was going to be funded under the Police Department. City Manager Auger said yes, it is in the Police Department. Member Mutch said he didn't see anything specifically for that, so he was assuming that it would be picked up in one of those line items that will fully fund the study. He stated that under Contractual Services under Community Development we have had a contract with an outside firm to do some of the City's inspection services. He said when that was first presented to Council the idea behind that was that it would help the City control some of the costs in that area because we wouldn't have to pay as much in overtime, it could be done with more efficiently, and no legacy costs associated with them. One of his concerns with that that specific item was that the cost for that has doubled since it was initially proposed. That may be due to them doing more work, but he is still seeing a significant amount of overtime in that line item in the Community Development Department. He would like City Administration to talk about this. At what point does it make sense paying all that overtime, and having a contract that has doubled in price for what we initially thought we were going to get. He wondered if it made more sense to start bringing that back in-house especially since we have eliminated some of the legacy costs. He would like to see an analysis of that. City Manager Auger confirmed he was correct, they are spending more than what they first anticipated. He said that was due to growth. We are growing faster than anticipated; we are at the stage that we do have to look at those. He said we have a couple of personnel issues to address in the Community Development Department. The other area would be in the Code Compliance Department. He said they are going to look at this year. Possibility of future budgets including an additional code compliance officer and base that model off what we are doing in police department with community policing. He said they will also try solving what the problem is, not just the symptom that we get to address on a normal basis. Member Mutch mentioned what Mr. Johnson touched on earlier was the Pension Funding was exceeding the State level. He wondered where we were percentage wise. Finance Director Johnson replied that we are required by state law to contribute an amount per our actuaries. He said we

contribute that each and every year and have since the beginning of time. Our funding level is around 67% to 70%. We have closed all of our Defined Benefit Pension Plans except for one. That means the funding has been accelerated. The contribution annually is going up \$300,000 to \$400,000 a year. The actuaries as we know is an imprecise science have changed the assumptions over the past few years. The changes in the assumptions have increased the liability by \$3 million to \$6 million dollars. He said all of the gains we have made through the extra contributions; we have lost because of the actually changed our assumptions. He said we are still being proactive; we are contributing our required amount and contributing an additional up to \$500,000. Member Mutch clarified with Mr. Johnson that the contributions that we are making today, at the point when we reach that end point, where all employees working for the City that have reached retirement age and they are collecting from their pension, that we should be fully covered all of our obligations. Mr. Johnson replied yes, we are on track to do that and we are trying to do that quicker than the actuaries have laid out for us. Member Mutch noted that the additional contributions may help us get to that point in 15 years or closer date. He stated that we did the same thing with our OPEB, with our retiree health care, where we put some significant dollars in there and then we were able to take advantage of the market increases over the past 8 to 10 years which got us to about 106%. He thought the strategy made sense, if we have the dollars to do it, at the same time balancing that against recognizing that we have other needs. If we contribute what we are supposed to contribute on an annual basis, at the end of the day the folks that have worked for the City and are counting on a pension, which will be fully funded when we reach that point. He agreed with Member Markham regarding all the conversation regarding transit services. He said we made a step on the senior transit piece, and we have an allocation for the mall circulator. He said we need to look at how that service footprint can capture not only the center of our City, but to reach and connect to bus lines that end at our border. Those folks who are riding out to Novi and getting off at the border are coming to Novi to get to the heart of the City to work at all of those establishments. He said at the same time there are folks in Novi who could take advantage of connecting out of the City. He said we take folks out to a certain distance through senior transportation outside of the city, although we do not make any effort to coordinate that with any of the other transit providers. He thought that was a missed opportunity. He thought we would need to put a little bit more money in there to consider that. He said this is not committing us to spending any of it, we have to do a lot more work to put some numbers behind that to know how much it would really cost or whether that is something we could finance reasonably. It makes sense to put some additional funding in there to allow us to have that conversation and let City Administration know that we are looking for something that not only serves the heart of our City, but makes that connection. That will create value for Novi businesses, but also for the Novi residents. He mentioned we should look into additional funding in Parks and Recreation. He did not have specific projects, but would like City Administration to look at neighborhood park improvements to bring forward that we could get done. Not major projects, but projects that would benefit all areas of the City beyond what is being proposed in the budget.

Member Wrobel commented on a couple of the proposed items that might be brought up as motions. He said as far as Parks and Recreation additional funding and transportation funding. He said earlier that we have enough money in the Fund Balance that if at the time we do a study and this is what we want to do we can amend the budget for either of those projects at that time. He didn't see any real benefit in just putting money in the budget now and see what we come up with. Let's address the problem, come up with a solution, come up with a cost and then bring it to Council. If they deem it appropriate then they can grant the money at that time.

Member Markham said she thought we needed more evaluation and study regarding transit services. She said we did a survey at the bus stops for a couple of days, and we started to talk to the businesses. She thought we needed more funds to actually put some teeth into some of these proposals. She explained that if we were going to run a shuttle from the bus stop to the center of the City, maybe that would be something we contract with some sort of service. She said she doesn't have the answer and that is not what she was proposing that evening. She proposed that the City spend some money to evaluate what we need and take it at least to a pilot planning type of phase. She said in two areas, circulating around our retail and entertainment center, and also the component for getting to those bus stops.

**CM 18-04-049 Moved by Markham, seconded by Mutch; NO VOTE TAKEN
(MAIN MOTION)**

To add a line item to the CIP called "Transit Solutions" for \$50,000 for this year for staff to return with a plan for the use of those funds.

Mayor Gatt asked if the \$50,000 would be spent on the staff to do a study. Member Markham explained that the motion is to make the money available in the budget to have it available to spend as it would become necessary throughout the year to move forward to do something on this subject so the money was available. She stated that the \$50,000 that is there for the mall circulator is probably not enough to really do anything with, except to think about it. She wanted to add some money to the overall transit conversation so that we can move forward quicker. She thought maybe the staff can make recommendations on how to spend that money. Mayor Gatt confirmed with Member Markham that the \$50,000 would be in there so when the staff came back and said we have to do a study for example, then we would have the money. Mayor Gatt commented that he didn't disagree that we can and probably should do something, but what that something is he didn't have the answer for yet. He believed that there is a chance that the RTA will be on the ballot in November. He said when he drives to work in the morning and he sees people walking from Haggerty Road he feels bad for them. He said we have kicked this around before. He said it has to be something that is fair in his opinion, and benefits the Novi residents. The Novi businesses that we are talking about should work together on a solution. If they need buses to pick up people up at bus stops then he doesn't see why they won't do that, because it benefits them. He pointed out that we have 60,000 residents and he didn't believe that there is more than one half of one percent of those residents that would walk up to a shuttle to go to a SMART line and go downtown to Detroit, or wherever they need to go.

He said the whole southeast Michigan had dropped the ball years ago. He said now, everyone is trying to become Chicago or New York and we are never going to be that. He said he was not opposed to what Member Markham was saying. He said he will support the motion, because \$50,000 will not make or break the budget. He thought there should be some sort of coming together of the minds to see if there is something to do. He wanted to go on record saying unless it is something that includes the benefactors of a bus, such as the mall, Suburban Collection Showplace, the hospital; these are all entities that they have to be part of the solution. He didn't mind being part of the mindset to make it happen.

Mayor Pro Tem said he would support this because he looked at it as the RTA is being projected to cost Novi taxpayers \$5.1 million. He said a lot of people don't want to hear numbers, but this is reality. He said he thought we could do something that the residents would appreciate that the businesses would value for far less than \$5.1 million a year. He stated he was not interested in paying for the rail between Detroit and Ann Arbor. He said the other options SMART would cost us around \$3.4 million a year. If we combine those it would be \$8.5 million a year, which is one quarter of our current operating budget. He said we need to find some solutions to move people around Novi to our benefit. He said we would probably get a good company in here to look at our City and see what points would be good for drop off, pick up, and connectivity. He said he was not opposed to spending money on this, he said he was opposed to spending the amount of money that is being proposed by the RTA. He said he will support this and hopefully staff can put together a RFQ that can go out to a good planning company and put together that can benefit not only a hand full of residents that are coming from out of our City, but those residents that are paying the taxes that would fund this.

Member Casey asked for clarification that Member Markham said she wanted to fund this under the CIP. Member Casey wondered if that was the appropriate place. City Manager Auger said that is a policy question for City Council. He said it would not normally come out of CIP, but if City Council wants it to then we could. He said they would normally take it out of the General Fund. Member Casey said she would support the motion, but she would potentially be looking to fund it though through the General Fund. Member Markham said she was fine with the money coming out of the General Fund.

Member Mutch said we should just add \$50,000 to the line item that we were discussing earlier that we have already allocated for the mall circulator and adjust the balances accordingly. He said he will support the motion; it makes sense to at least start the process. He said if we come back with a solution that we like; we can start that moving forward.

Member Markham said she only mentioned the RTA because if that ever did come to fruition, it would replace some of what we are talking about. She was happy that Council was supporting the idea that we do want to move forward on this. She said

she would adjust her motion to reflect it coming out of the General Fund and to adjust the line item for the mall circulator to reflect \$100,000 instead of \$50,000.

The amended motion:

**CM 18-04-049 Moved by Markham, seconded by Mutch; MOTION CARRIED 6-1
(AMENDMENT)**

**To add \$50,000 to the General Fund line item for the mall circulator,
and for staff to return with a plan for the use of those funds.**

Member Markham commented that she would like us to do some things to partner with our local businesses potentially with matching to incentivize them to get them to get some skin in the game. She said if we have money available, there are other government agencies that we might be able to leverage to get some additional funding. Mayor Gatt thought that the committee that Mr. Auger puts together will explore all that.

**Roll call vote on CM 18-04-049 Yeas: Casey, Markham, Mutch, Gatt, Staudt, Breen
Nays: Wrobel**

CM 18-04-050 Moved by Staudt, seconded by Wrobel; CARRIED UNANIMOUSLY

**To accept the budget as amended and to set public hearing for
May 7, 2018.**

Member Mutch confirmed the process with City Attorney Schultz that they were not approving the budget formally. We are approving holding the public hearing that will give the public an opportunity to speak on the budget. He said after the public hearing the Council has the opportunity to formally approve the budget which has to happen by a certain date. City Attorney Schultz said yes, that was correct. He said that he took Mayor Pro Tem Staudt's motion to mean that we are done with the motions to amend and we are ready to set up the public hearing. Member Mutch wondered if there was anything that would preclude Council from making additional amendments to the budget. He confirmed with City Attorney Schultz that if additional information comes forward between now and then we could still make some additional amendments that would only require four votes. Mayor Gatt explained that the motion also cancels the next budget meeting on April 25, 2018.

**Roll call vote on CM 18-04-050 Yeas: Markham, Mutch, Wrobel, Gatt, Staudt,
Breen, Casey
Nays: None**

AUDIENCE COMMENTS:

Michel Duchesneau, 1191 South Lake Dr. said he was happy that Council is giving attention to the roads in the budget. He also suggested that the City hold more Household Hazardous Waste Days events for the residents.

Karl E. Migrin, 49450 W. 9 Mile Road, Novi, MI 48374 stated on May 23, 2016, City Council approved the Budget Amendment 2016-3 for \$3.8 million for building the 9 Mile Road Gravity Relief Sewer Project. Mr. Rob Hayes, our city engineer at the time, stated that this gravity sewer project is needed because we are facing a capacity issue in this section of the City, and we are unable to approve any new developments that would be in this service area. According to the Water and Sewer Senior Manager, Mr. Ben Croy, staff completed a survey of the proposed project area in 2015 and there is an urgent need for this relief sewer. Construction was to have begun in April 2017 and completed by October 2017. As of today, the engineering drawings for this project are still in the works. To the best of my knowledge, since staff completed their sewer capacity survey in 2015 there have been no reported sewer backups from residents in the Park Place, Bella Terra, or the Evergreen Estate subdivision. The fact that the pumps in both the Park Place Pump Station and the Evergreen Pump Station sufficiently handled the flow of sewage since 2015 without problem, one must question why this \$3.8 million dollar project was urgently needed in May 2016. Within the past five-year period five developments totaling 655 units have been approved for construction in this southwest quadrant of the City. Except for Dunhill Park and Valencia South, construction has not commenced in any of these developments. If there is a tremendous demand for housing in this section of the City as the developers have claimed, why are these homes not being built and generating property taxes? Since there is no immediate need for this \$3.8 million 9 Mile Road Gravity Relief Sewer, I believe this money could be better spent elsewhere in the City. Please consider amending the 2018/2019 Budget to divert this money to completing the Ring Road around the four corners of Novi and Grand River. If we complete the Ring Road that would at least encourage more businesses and generate more income for the city. He said we can always address the sewer capacity issue when a development actually starts to pick up.

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

Victor Cardenas, Assistant City Manager

Robert J. Gatt, Mayor

Transcribed by Deborah S. Aubry

Date approved: May 7, 2018