

**SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
WEDNESDAY, APRIL 16, 2025, AT 7:00 P.M.**

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

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Fischer, Mayor Pro Tem Casey, Council Members Gurumurthy, Heintz, Smith, Staudt, Thomas

ALSO PRESENT: Victor Cardenas, City Manager
Danielle Mahoney, Assistant City Manager
Tom Schultz, City Attorney

APPROVAL OF AGENDA:

CM 25-04-48 Moved by Thomas, seconded by Gurumurthy; MOTION CARRIED: 7-0
To approve the agenda as presented.

Roll call vote on CM 25-04-48 Yeas: Casey, Gurumurthy, Heintz, Smith, Staudt, Thomas, Fischer
Nays: None

PURPOSE OF SPECIAL MEETING: 2025 - 2026 CITY OF NOVI BUDGET

1. Recommended 2025-26 Budget

City Manager Cardenas said they are presenting the budget under the parameters that City Council set last year. They continue to see increased costs and operations. There's not a lot of capital or big initiatives or projects that they are recommending. The fund balance is at the target levels that City Council has established. He thanked the Novi team for all the hard work they put into getting them where they are today. He wanted to thank City Council for their willingness to allow us to change up the budget. This is definitely a draft budget, and they have a lot of corrections to make before it comes to Council for final approval. He appreciates Council's willingness to allow them to change it up and be more innovative and save on some trees from being cut down.

Member Staudt said this is his 18th budget, and he's looking forward to probably one of the easiest ones they've dealt with in the past number of years. He's been here through the good and the bad times and he thinks right now they're in the good times, and he thinks the messages that have been given in the past few years were clearly reflected in the budget document they've got. He is pleased to see that they don't have a significant increase in staff in this budget. They do have one position but it's being funded through a non-general fund position and it's something he thinks they can all agree, it's important to have the position for sidewalks and some of the mobility things they're doing. That's good to see and he's very supportive of that. He said in the next several years, he's looking to see an increase in safety services. He'd like to see two or three more police officers and a couple firemen. As they move forward with this bond and having new facilities, they need to make sure they continue to support their friends in blue and the firefighters by adding additional folks. It's going to be very important to him. He has only one "can't" comment and that is that the current budget model that they're using, virtually all new revenue being spent on personnel long term is not sustainable. This year they're in good shape but as they go down the road and continue to use the vast majority of new revenue for personnel costs, whether it's

benefits or wages or whatever, he has a long history of not supporting an increase in taxation. They've always tried to stay within the budget and live within their means. Other than that, they have some exciting things coming. Again, the public safety building bond is moving nicely. They have some really exciting park initiatives coming down like the ITC Park expansion. He thinks that at some point in the future, they're going to start talking about some of the assets they might have that they want to move on with and maybe reallocate those funds to other projects. It's good to see that they're getting things done already here in April. He's pleased with the budget and is going to support it if there are no major changes.

Mayor Pro Tem Casey started by saying thank you and she thinks it's important for them to recognize and appreciate the work that is done by the staff to pull this budget together and it might be a little skinnier in some instances than previous years. She appreciates the work that staff does because this is not a turn it around in a week process. This started months ago, and thanks staff again for the work they did and the diligence they put into to pulling these numbers together. She is not going to make any changes to the proposed budget. She feels like what was presented to them meets the priorities that they have set out and identified as the areas that they want to make sure they continue to focus on. She would like to also comment that this council and this administration have also done some great work to really make sure that they continue to look at all aspects of their finances and make sure that they are continuing to set ourselves up for success. She looks at things like making sure that, from a stability perspective, looking at initiatives like the mayor started with like having a study done to make sure that the investments that they have set up for their OPEB are still the right investments for the City to continue to make and they are fully funded in that fund and make sure that their investments are as wise as they possibly can be. She thinks it's also things like this council continuing to reinforce that when they've got big revenue increases that those go towards expenditures and not towards operations. She thinks those are all some smart focus that this council and this administration continue to have, and it helps them when they are going to start talking to people about the fact that there is going to be a public safety bond that goes in front of them in August. The fact that they continue to be fiscally responsible and promote stability with their finances, she thinks, helps reinforce confidence, hopefully with the residents and that by asking for this bond, they continue to do the right thing. When they look out globally and start looking at the macroeconomics, there's a lot of volatility that's occurring right now. Some of them at this table have been around for a long time and have experienced some of the ups and downs that the community has gone through over the years. She thinks it's just wise for them to continue to keep an eye on the volatility. She would look to staff and the administration to see if costs are coming in much higher than they even expected them and making sure that they start this budget year, having those conversations, and they're keeping an eye on how things are coming in so that they're not surprised halfway down the road. She looks forward to more frequent conversations updates on how costs continue to come in, so that they've got some time to make decisions should they need to. She'd like to take this opportunity to talk about looking towards the future. They got the draft of the master plan they're starting to talk about the fact that they're 91% built out and she thinks it's fantastic. They still have some room to grow and continue to welcome the growth, but she thinks it also starts to set the stage for them to talk more about redevelopment and what opportunities exist and how the City may be engaged in furthering some redevelopment opportunities. She ended with her eagerness for the long-range strategic plan. She thinks some of the learnings and information that will come out of that work that they're going to do may turn out and change some of the things that they thought they were going to do in a couple years and change some of the things that they need to address now to get themselves set for 2050.

Member Smith said one thing he noticed, and he's disappointed with, is the solar panels that have been in the budget for a while to be installed here and at the DPW. It slipped from 2028-2029 to now it's 2030-2031. He'd like to see that going the other way, getting closer instead of farther away but he understands it's an add. He's knows that they may not be able to afford them especially if solar panel prices double due to tariffs or anything like that but if they can find a way to get that kind of stuff out there. He knows that DPW and Engineering is great about finding innovative ways to fund things and if they can put that on the priority list, he'd love to see it. He does disagree with one of his colleagues here about personnel costs. He doesn't want to recklessly hire a bunch of people but if there's a demonstrated need to bring people in to serve the community, be it public safety, library, City staff, he thinks they need to look at supporting that. They want to make sure they have the people that can do what the residents of Novi expect of the City. There'll be things coming out of the Environmental Sustainability Committee and Mobility Committee for upcoming budget year, as they roll out plans to increase environmental sustainability and start rolling out the active mobility plan installations.

Member Thomas acknowledged the hard work that goes into preparing the budget. Everything is presented so clearly. She appreciates the fact that they have a proposed fund balance that is where they expected so they can avoid all the spirited fund balance discussions this year. In regard to the fund personnel services, she was looking at the personnel services cost line items in the tree fund and then she was looking at the personnel in the department information and she wanted to clarify is that personal service for staff. And then the cost initially says in the original budget that it's half of a person and she wanted to clarify that. She was wondering if the City Manager could give her a bit of background on what happened with that because she wants to make sure she understands that one. City Manager Cardenas responded that what they're referring to is that the forester that is on staff and their time is split between the forestry activities and also activities in public works. They're funded both from the tree fund and the general fund. He's helping out the field division and some other projects, just to get that individual more experience in that realm but also has all the forestry aspects as well. The City has a forester, but in the budget and how it's depicted, his salary is split between two different funds. The next question she had was about senior housing and there are a couple of elevator projects within that. There is a cab replacement for this year, and then it looks like they're doing a modernization in 2027, 2028 and she wanted to clarify does it make sense to be holding off until 2027, 2028 to do the modernization and then the reasoning for that. She wants to make sure that there are no safety concerns with the timing because she gets concerned when it comes to elevators and especially elderly people stuck in elevators. The City Manager replied that everything they've done is safety minded. This is a planned replacement. Looking at the end of life of the of those elevators, they're making sure that they get that ahead of the time before they become problematic. They don't want to be a situation where they're similar to the police department where they had some concerns, and the electronics were aging out. They are being proactive in that response. She knew there were some information that went around about the library funds and there were some subsequent information, and she wondered if she could get a brief overview of why the library doesn't look as bad as it does in the initial the library fund. Mr. Cardenas said there is a planned use of fund balance that the library board has approved, and their budget is included in our budget. Part of that was an addition to their fund balance that they planned this year. That has not been reflected in a budget amendment that will come before you in subsequent meetings. Additionally, the library in the past has always planned to use fund balance, but at the end of the fiscal year, they usually stay at what they budget for in terms of their operation. They might plan for use of it but in the end, as of last year, like they only used \$2,000 of the fund balance. It is a planned use of it but in the end, due to different staffing fluctuations, they usually end up to the good or in the black. Julie Farkas further elaborated that there was a miscommunication and

looking at what Council had in their book versus the numbers that were provided in February when the board approved the 2025, 2026 budget that also included was a year-end which already made the numbers better than they were. Plus, in the memo that was sent out this afternoon, that also indicates that there's probably based on personnel in some positions that did not get filled for this year, it will probably make the numbers even better. Member Thomas appreciated the clarification. She thinks that when it's time to add more police or fire department personnel, that request would come from police and fire, as they should tell us if they need more staff because she doesn't know that's a decision that she would make. When they do consider the money that they're spending for operating police and fire, she thinks that it's important to make sure that they're paying close attention to the what they're paying our current personnel to make sure that we are in line with the market. She knows they already do the research but wants to make sure they do their best to negotiate when it comes time to those decisions and contracts. When it comes to staffing, her first intention would be to make sure that everyone who's there is paid well or at least within the market, hopefully a little bit better than market just because of the standards that they have here in Novi and that any requests for new personnel she doesn't think would come from them. She knows everyone has their own opinions, but she feels like that would come from the Chief.

Member Heintz said he appreciated all the hard work and all the effort that went into this. In general, he likes conservative spending and especially right now, he's definitely not going to be asking for anything. As we approach these uncertain futures, he was reassured that they're getting additional information and having peace of mind knowing that an overwhelming majority of their funds are not coming from federal funding or anything like that so their budget is as solid as it can be. As mentioned previously with uncertainty of tariffs or anything else, it's good to have that sort of money in the piggy bank. Similar to what was said already, he agrees with that they could pull anything forward, such as the solar panels for DPW, that would be a great thing to do. Other quick staffing comments he replied to as well and it's his personal view that if it's identified that any public safety that are needed in the future, not necessarily those who carry guns and that be in those sort of crisis responders, that could definitely be much needed. He'll be much more interested in seeing if there's any opportunities for potential realignment, based on how people's needs within the current staffing are dedicated and everything like that. Maybe if there's a quarter percent here or there, across the different departments, that could either be dedicated towards sustainability like position if they're not able to create a new position. But, if they are, which I think definitely could be justified in the future, because as is our city continues to grow, where our needs continue to change as well. He will look forward to having those conversations in the future but definitely want to take an opportunity to make that plug for that now. But overall, no major changes or issues with the budget as has been proposed for him.

Member Gurumurthy wanted to also thank everyone with the City for putting this packet together. She knows it must have taken a long time to do this, and she appreciated the extra time that Victor and Carl took to connect with her and clarifying some of the questions. This is the second year of the budget session for her and it's a better budget than the last year. When she went through it, it was helpful being the second one going through what was projected last year and what it is right now in terms of projection and what they are planning for budget and what they've done these several years. She was thrilled and excited about all the upcoming stuff like the public safety that we talked about, the long range strategic planning and she already thinks, yes, they have this budget. As they go through the process of the Long-Range Strategic Planning, they're going to see something come out early next year, which will also define and refine some of the budget elements. The other thing she wanted to mention was being part of the environmental committee, she knows they are still working on defining our scope, and they have a short term goal of coming

up with the environmental action plan, which they still will do. That is something she wants them to be aware of and they will come back and report out to the Council in terms of what they want to do and how they want to do is so that's something to keep an eye out for. When she looked at the goals, it was great to be part of the goal session last year. They defined the short term and long term and even if she goes back to the short term, she always want to ask and find out how are they planning the budget in terms of some of the short term goals, for example, the Novi Town Center area. She wanted to know how they plan the budget and or how they have included some of the things here in terms of the goal regarding the Novi Town center area vibrancy strategy. City Manager Cardenas replied that nothing in this budget but thinks think they are looking at engaging the CIA in the in the coming months to see if there's possibility of engaging with the Town Center area to possibly energize one of their empty parking lots for some possible events. They could host different community events or concerts that might help that revitalization of that area especially with the new housing that's there on Main Street and then hopefully with the bond coming in the near future as well. Their plan right now is using the CIA dollars in the near future to possibly program for that but that's still some time away and he's not sure what's going to happen for this summer but maybe in the future spring or summer, they can have events that will be planned. Member Gurumurthy thanked the City Manager for the response. She said that with the whole uncertainties she will be watching very closely at what's going to happen and how it's going to impact. Already she has seen that they've made a good update in terms of the cost and whatever they projected last year for 2025 and how they've planned this year, she was glad to see that they've accommodated that. But it looks like they need to also watch for that. In regard to the CIP, there was an item in terms of the ADA exterior updates for parks, which was planned for in 2028-2029. She wanted to understand more of what that includes and are those something that, for safety reasons, they need to plan for earlier or it's just updates, and everything is fine. Mr. Cardenas responded that in terms of the specifics, he wasn't sure if anyone in their team could speak to that but maybe they could get back to her. He believes ADA updates to the whole campus have not been addressed yet. He thinks that's planned for in the out year. Member Gurumurthy suggested that Mr. Cardenas could send details offline. She thanked everyone in the City and the Council and everyone for the support in terms of hosting their first Diwali event this year. She wanted to put the request into plan for about \$5K or \$7K being the first year to help kick that off and then maybe it's more sponsorship that takes care of it. Because of where they are with the fund balance, to keep them sustainable, that maybe they come up with a percentage to put towards a rainy-day kind of a thing. Based on where we are with the fund balance, there would be some percentage they could allocate or assign to support them in the future on some projects that they would want to do.

Mayor Fischer wanted to take the opportunity to thank staff for all the hard work and he knows that every year it's a big lift to put all this together. He knows they had a condensed time frame as a Council to review this document as opposed to a couple other years and knows the questions came in hot and heavy over the last couple of days and was thankful for all the quick responses and the team pulling together on each of those different comments and questions as it related to the current year budget. Most of his comments and questions will actually be more general and generic in kind of policymaking. He started with the current year budget and said there had been a lot of discussion recently on the library fund. When he opened the book and saw that the ending fund balance was \$2,500 and coming down from about \$2.5 million, that obviously caused some shock in his perspective. They dove into that quite a bit and he thinks what they recognized is obviously the library board has full discretion to make those determinations with the recommendation of the Library Director. Under further determination, he understood from Mr. Schultz that they as a council have no say in how that actually gets done. They have it as part of their budget document per state law, but there's really nothing that they as a council can do to

change that budget. It's been characterized recently in a memo as kind of worst case budget. He could encourage all budget preparation to be done a little more in a 50/50 forecast type of methodology where it's reality as opposed to worst case all the time. But again, they have no control over the library and how they decide to propose their budget. It was a bit of a shock in as far as where the fund balance ended up. That said, because they don't really have control, he would prefer from a presentation perspective that the library have its own tab in their budget and a lot of the explanation that was given by the library director, including her memo and those things, can be included because just looking at that table by itself, he thinks that will shock people. The more that the library board and the library director can put in their own section, the context of what's happening and what their solution is to fix it, he thinks that's the appropriate way. That's one thing he'll be expecting to see in a finalized budget. The second thing he wanted to talk about was the Parks and Recreation Fund. This probably should really come as no surprise to everybody but since they exited the senior transportation business, He called for any savings related to that to be dedicated and allocated in a responsible way, not just absorbed into their budget and unfortunately, he would say the way that it was presented to them, he thinks that was exactly what happened. We cannot identify where they've taken, as he calculated, about \$270,000. Last year they had budgeted for this current year, \$220,000 for transportation, \$100,000 for vehicles and \$50,000ish for gas and maintenance. So about \$350,000. He understood they chose to subsidize PEX to keep rates low for certain riders but that should net out \$270,000 of savings in that fund and yet they see, as usual, kind of that balanced budget approach where revenues and expenses equal each other, zero change to the fund balance. He doesn't know where all of those savings went and that frustrated him. He'd like to see in some sort of final budget document either the \$270,000 moved over to their capital improvements public fund and start accumulating a committed fund balance there to be used just for parks and rec capital expenses or another idea is they eliminate the \$200,000 subsidy that the parks and rec fund has been receiving from the general fund and then they would have more of a cushion in their general fund to offset any unexpected expenditures they might see or even could be used for staff purposes, etc.. They're going to hear more of a theme about when they see savings like this, he will expect to see a responsible and calculated allocation of those savings. He won't be making a motion. He's given two proposals as to what the City Manager can do in the final budget document to feel free to do what he wished but if this is not rectified in a final budget document, he won't be able to support it. He then commented that it seemed like they have a more expensive tree fund year this year and wondered what was driving that. One of the line items is a tree inventory for \$140,000 and then it looks like their ambient level of maintenance and planting is about \$400,000 but they could increase it to \$500,000. He would like to understand why they need the inventory update and spending \$140,000 more than they normally do and do they have to actually also increase their planting dollar amount by \$100,000. City Manager Cardenas replied that it was decided that the \$140,000 for the inventory is not needed this year due to the fact that they have a maintenance plan that is going to be made more of a priority than inventory so there will be no planting taking place and just maintaining what is already there. If they start planting more, there will be too much so that \$140,000 will not be spent and it will be taken out in the final version. Mayor Fischer then questioned what had driven the ambient level of \$400,000 up to \$500,000 this year and the next couple of years. Director Herczeg commented that they rehashed their plan from five, seven years ago. It was recommended to them to do more maintenance and less planning, so they modified the maintenance numbers and walked back the planning but increased it a bit to try to marry the recommendations with a reasonable budget. The Mayor he'd still take a look at that as far as the final. It still seems they're increasing it by maybe \$200,000 and he wondered why such a drastic increase. Director Herczeg responded that the maintenance number fluctuates as well because of contract availability and seasonal staff. It's a number and we base it on the plan, but they can walk that back. The Mayor wants to do what's right and he's

not suggesting they go up or down. He thinks an explanation of what's driving it more would be helpful for them to understand, especially as they have more conversations about the long term plan for the tree fund. Director Herczeg responded that he could put that in a memo. He had no other changes or comments on this year's budget and is happy with how it all came together. He thinks a lot of the comments regarding fund balance being within their target fund range, the work that the finance Committee and this council did in actually setting a policy that is clearer for staff of what their expectation is, hopefully that all came together and has helped out in this budget process. A 30% fund balance, \$13 to \$15 million in the plan period, funding, road, sidewalks, all that is good stuff. One comment I will make is on the economic development director position. That is one that they still have not filled and he thinks that was some of the big projects that they need to do, needs someone well versed in diving into those things. He wasn't saying that Mr. Cardenas wasn't capable of continuing that, but he didn't expect him to do every job in City Hall. He expects Mr. Cardenas to be the city manager and drive some of their bigger initiatives. Hopefully they'll have \$120 million and he's sure Mr. Cardenas will help oversee as well and hopes that at some point, not in this budget, but in the near future they see that position reconsidered. He wanted to talk more process, mindset, culture and kind of policies that drive the budget going forward into the out years. The City Manager has his city manager message in here and he'll consider this the Mayor's rebuttal. He's already made most of the more controversial comments he'll make. But I do. He read through the City Manager's message, and he appreciated the comments because a lot of it was talking about the reality that they live in. He understands there is an impact from Headlee and Proposal A and those kind of things cap our property tax collections and just like everything in their businesses; capital costs, labor costs, purchase, service costs, they're all rising. He understands that, but he had to share some realities that he saw as well. The fact is that the general fund has \$12 million more dollars in revenue this year than it did in 2020. They brought in \$47 million versus \$35 million in the general fund, and that includes \$3 million more in state shared revenue, \$1.4 million annually, due to new construction. And we also had \$4 million in ARPA funds at one point. The biggest fallacy out there is that funding is not increasing. People say this lie during campaign times, they say it about the library, and the general fund but the fact of the matter is the dollars collected are a function of their rate times property tax values. They just had a whole assessing presentation on this. At the end of the day, when these property tax values go up, or they add new construction or they get additional revenues from the state, that is new revenue to them. The fact that they've brought in \$12 million more in the last couple of years but can't necessarily tie exactly what it went to is something that he thinks they really need to consider. He thinks after the Finance Committee is done with their OPEB work, they really need to come up with a new set of guiding principles on how they review finances and how they view budgeting here in the City of Novi. So, get ready Finance Committee. His CEO has a mantra; he always tells us to think and act like an owner. Recently he was on a work trip, and their policy gives them the opportunity to upgrade to different levels of service on the airplane, but he personally chose to stay with one of the lower classes of seats because he recognized the importance of what his company is going through in cost savings and everything. That mindset of acting like an owner is something he take seriously, and he just want to share that with the City. When they talk about getting the Finance Committee together, he thinks of a couple things he's reflected on a lot from last year's budget on this whole balanced budget concept. They are always entering a budget year making sure that their revenues, no matter what they are, equal their expenditures. They saw that in the Parks and Rec fund. He thinks that's a wrong incentive for basically asking every department director to say, here's your new revenue, make sure you spend it. We don't have any change in the fund balance. The incentive structure is completely screwed up there. He thinks that every budget year they need to do a bottoms up budget. They need to look at every expense and it should be re-justified every year. He encouraged everyone, as they go through this next budget year, to question every single expense.

That's the balanced budget piece that he thinks they should look at as a Finance Committee. In regard to revenue, he just talked about a bunch of increases that they've seen, again, tied to this whole balanced budget principle. They need to be smarter about how they spend each of these increases. They need to track these increases in revenue and make sure they're allocating it to what they want to be done. Is there a policy where they take a chunk of their increased revenue each year and set it aside for capital? Do they set it aside for staff improvements, staff benefits, staff additions? He didn't know but they'll dive into that. Mayor Pro Tem alluded to the whole concept of one timers. They need to stop plugging their structural cost with one timers. It covers up the issues that they have and it's not acceptable. He thinks that from a policy perspective, they need to think about driving efficiency. When they see efficiencies in departments, those should be used to offset smaller year over year increases and when they see significant and material one timers, those need to be captured and used for one-time expenses. So again, he thinks the Finance Committee will be diving into kind of the balanced budget approach, how they are actually tracking and spending new revenues and the policy on one timers. That's the revenue side and the manager talked about that in his letter but what he was missing from the letter was the expense side. What are we doing to drive efficiency in the City? They do a lot of things. There's a couple of examples lately. Right. We talked about the sidewalk robot and the GPS field painting, remote irrigation systems and even a couple things that he's sure staff at one time thought they would never approve, like thrifting their budget or getting rid of the calendars and only giving them to a select number of people. He thinks there's a mantra around the City that they're very particular in some of their wants, and they are. They're elected and he knows they can be very annoying. He gets that. But at the same time, it's okay to bring some of these ideas up again and try for these efficiencies and bring them to our attention, especially when they're asking to be driving for cost savings. He thinks that they can do more to challenge the status quo, and drive for a better, more efficient way to do tasks. They used to talk about a stop start list that he hasn't heard much about recently. And then there's just certain things that they do in the city. As much as he loves hanging out with Cortney, the fact that they still sign every single document with a wet signature, he's sure efficiencies can be found there. When he has an expense check, he gets a paper check back. He knows Mayor Pro Tem won't be happy, but let's talk about minutes. Is it the right thing that they need to have every Board at a verbatim level? He doesn't know what the right answer is, but he's willing to have that conversation. He heard the term interoffice mail for the first time in about 25 years. Apparently, that still goes on in the City. He thinks process wise; they need to dig under every single rock to drive efficiencies in the City as well. They also need to look at revenues. There's a lot of things that they charge for and he's quite certain that there are areas of their business that they are under charging versus the market. They could look at the things they bid out. What vendors haven't changed in a while? What single sourcing do they do? Why do they have three engineering firms? What scale can they get by cutting down to two? What about our equipment cycles? What are they doing with their autos? Autos last a long time now. Can they keep them a couple more years? Technology, etc.? He's not here 40 hours a week and he know that you all look at many of these things, but he just want to make sure that they're empowering people at every level of the organization to be driving these efficiencies. The question probably is, why was he rambling on about revenue and cost and efficiencies? It's basically because the City Manager's message brings up one other of the biggest elephant in the room, staffing. He wanted to thank the City Manager, and he appreciated him bringing this topic up. Sometimes they need to have the difficult conversations, and someone has to be the first to start it, so he'll take the lead. He always say that they're up there to make decisions, share their opinion, and he'll share his feelings on the topic of staffing. Make no mistake, he is not against adding additional staff. However, there needs to be some criteria around it. There's been a lot of talk about the public safety area. He thinks that in the near future they probably will need to add staff and he's sure that the Chief of Police and Director of Public Safety will come up with a staffing

solution and model, but he won't be throwing out numbers. He will say that it needs to be strategic in nature, because one thing he noticed from the City Manager's budget is they talk about growing by 20,000 residents in 25 years, and they just added 21 staff members. But what does that really mean to him? He's a numbers guy, a data guy. Does that imply that 20 years ago they had the perfect ratio? Does it always have to be linear? They had a major recession in there. They went down and then back up with employees. They need to be strategic in how they add employees. And on the other side, take a look at something like Ford Motor Company, who had \$140,000,000 billion in revenue in 2000 with 365,000 employees. They now have increased their revenue by 150% but they have half the employees. And what about technology? I would have to imagine 25 years ago, Sheryl Walsh was using a 386 processor computer with eight megabytes Ram on windows 95, trying to put Engage magazine together. Then she'd send it, probably some printer that took a couple weeks. While technology has changed, she can probably put that Engage magazine together about two days. Same thing goes on with the DPW. They've invested a lot in technology to make plowing and other operations a lot more efficient. So just to throw a number out there, as far as whether it's us or the City Manager saying they need strategy around this. They need a business case. They need to understand why the person is being added, and they need to know how it fits into the grand picture of their long range strategic planning. The other piece that he wanted to talk about is they've actually added staff. In the last couple of years when there was a business case made, City Council has contemplated and agreed. Over the last couple years, he's noticed that they haven't necessarily taken a look at their structure at all. When someone retires, when someone leaves, what have they done to make sure that that job actually does need to be filled? Do they have the right number of directors under the City Manager? Do they have enough responsibility under them to be a director? Does every director need a deputy director? He said the second piece, the first piece being the strategy and making sure they have the business case of why these the why they would add staff, is the funding. Given everything he just mentioned about the \$12 million of additional revenue in the last couple of years, he can tell them that for the foreseeable future, as probably as long as he's been the mayor, he cannot fathom asking voters for a tax increase for operations. They need to go ahead and fund new positions if needed and once justified by using accountability and driving efficiency within our own business. He just gave an example of that. They cut a service in Parks and Rec for \$250,000. If you were to come to his and say they have \$250,000 now in the general fund and they want to talk about some staffing, he's willing to have that conversation. Overall, he's very happy with the current year budget, and he hopes he's given some things to think about and contemplate as they enter fiscal year 2025 and start implementing the budget and hopefully drive additional accountability, efficiency not only from the staff side, but they're here to drive that as well starting with the Finance Committee, as elected officials.

Member Staudt said he liked to be precise, and he's sat up here for many, many years and said they're not adding any people and have the support of most Council members at that time. He just wanted to make clear his priorities in adding people are public safety. He wants the message to be out there that he gets the right to do that because he's elected to do that. He think it's really critically important that they look forward to the future and start planning for growth. He remembers about 12-14 years ago, having a conversation with the then mayor about reducing staff to specifically police and fire and specifically police and they had a very robust discussion about using fund balance to pay for operations. He pretty much has the same opinion now as he did then and that is he would rather take the hard, difficult step of reducing staff than putting themselves in jeopardy by using up their fund balance and then getting rid of staff the following year. It saved them multiple millions of dollars the way they went. It took them many years to rebuild their police department, especially to where they had enough staff in place. Then it took them a number of more years to fully staffed those positions that they had allocated. They are

getting as close as they ever have been to having, fully staffed police department. In his mind, that's when they start looking at adding on, paying for it. The Mayor made many good points, and he agreed with about everything he said about it. He wants the message to be out there, whether it's to the City Manager or to their chief, that they need to start thinking about the future of their public safety department, and whether it's three people, five people, ten people, he has no idea, but he does know that as they continue to grow, they need to continue to add that very important part of their community. They get into these discussions about what are their priorities, and he knows for some of the people sitting next to him, it's always been public safety so he will continue with that. He could call Chief Zinser up here and say, Chief, do you need more people? And he would give me a very eloquent answer and speaking on the Chief's behalf, absolutely. They need more people, and they will always need more people as they grow. If somebody wants to argue him, that's great. However, he was confident that their community is going to benefit from an increase in public safety personnel, whether it's police or fire. This has been his 18th budget and it's probably one of the least contentious budgets that they've had in a long time. He's been through some really tough times. It was funny to watch their assessor come here and tell them about the eight tax tribunal cases. He remembers sitting here when they had a binder this thick with a thousand tax tribunal cases. They were putting aside millions of dollars of tax dollars that they didn't know if they could spend or not because of the tribunal. They're not in that place anymore. Economic development, as the Mayor said, is good. He thinks that that is something that they may be looking to go back to having a full time economic development director. They are about 75% built out and depending on who's asked, some people say they're going to grow to 75,000. Some say they're going to grow to 80,000. He leans towards the 80,000. So they need to be prepared for that long term. With those additional people are going to come additional homes, additional apartment buildings, additional condos, which means that they're going to have ever increasing revenue. It's how they use that revenue and what they prioritize that's really going to make the difference long term. He's not going to be here another ten years, and he hopes that his colleagues in the future realize that getting to the place they're at today is a privilege, not something that they should take for granted.

Member Thomas commented that in in 2023, they had the Municipal Broadband Committee that finished its work by issuing a report and in their report, they mentioned one of the takeaways from that was that it would benefit the City to come up with a master plan for broadband that has since been adopted as a Council goal. They have been working towards that, and Mr. Petty had done some research to determine what they would expect that cost to come up to and they are expecting to get the master plan for broadband, from what she was provided, said for a small to medium city is about \$50,000 to \$75,000. Since they are not a small city, she would like to make a motion to set aside \$75,000 to work on satisfying the council goal that they previously determined was important, for \$75,000 in the budget to for this year.

CM 25-04-49 Moved by Thomas, seconded by Smith; MOTION CARRIED: 6-1

Approval to set aside \$75,000 to work on satisfying Council goal of master plan for broadband to be funded by the general fund.

The Mayor inquired to what fund was Member Thomas anticipating this coming from. Member Thomas replied that she wasn't certain where the appropriate fund would be for that to come from. The City Manager responded that in some of these instances, they've been putting those under the Council line items to be able to track it that way. In terms of what dollars or capacity there are he's not sure if they talked about it earlier in the Mayor's remarks, the budget is balanced, and stuff is already in there. They would have to be moved around or taken away from something else

that they had planned there. Typically it's Council's prerogative in terms of where they want to see that they come from, but it would be housed in the Council's line item budget and the general fund.

Member Staudt said they created a similar committee where they did go out to a consultant and do a master plan on broadband, where it was a needs assessment more than anything else. The conclusion was that there was adequate capacity for broadband in the city of Novi. He's not sure what another study's going to tell them that's different. He won't be supporting this and thinks they had an excellent study done. He thinks moving forward, they are well-served by many providers of fiber, especially, and that's what they're really talking about and that this is a community that doesn't have economic hardship for all the options that are available for broadband. He won't be supporting spending any additional funds on that.

Member Gurumurthy requested clarification and said she wanted to make sure she understood \$75,000. They've already done study, and she wanted to understand if they've already met or identified a consultant. Member Thomas replied that in the final report done in the initial study by the Broadband Committee, it listed some bullet points of things they can do to move forward. One of those line items said would be to create a master plan for broadband for the City. She knows that there are some places that are served by fiber. There is much of the City though that is still not served by fiber. As they move forward with the changing technology, what they need in this community is to make sure or at least make a goal of what they've outlined in the Public Utilities and Technology Committee and do their best to ensure the top goal is that every member of this community is served by fiber. The plan that was done, before recommending the creation of a master plan for broadband, and that is the direction or that is the ask today and is the goal that they set is one of their current short-term goals for Council is to create that master plan for broadband. Member Gurumurthy asked how they came up with the \$75,000 figure and Member Thomas replied it's an estimate given from the consultant who did the first evaluation and gave them an idea of what it would cost. With their staff liaison, there was a suggestion that perhaps they wanted to have the funds set aside, to make sure that they were going to be moving forward with it, prior to doing a request for a quote.

The Mayor said he could support this motion of putting \$75,000 into the City Council budget in the general fund. He didn't want to debate the merits of whether or not the broadband master plan is something that they want to do at this time because he thinks at a future point, the case will have to be made to convince Council to move forward with it. He does think it would be prudent to go and put the funding there and then they can talk just about the merits of whether they want to do the plan. He will support that and at this point, his understanding is that that would actually take their fund balance down to \$13,526,140, which still rounds to 30%. It would be a utilization of the fund balance compared to the proposal from the City Manager, and they'd still be at the 30%. He's not committing or promising to vote for the actual expenditure when it comes up, but he will support putting it in the budget at this time and they'll evaluate that at any point if that comes forward from the committee.

Roll call vote on CM 25-04-49

**Yeas: Gurumurthy, Heintz, Smith, Thomas,
Fischer, Casey
Nays: Staudt**

The Mayor said this gives Mr. Cardenas some direction to make some changes to the final document but he would ask his colleagues whether or not they need their second budget session or if they can just go ahead and review these the budget at some other regular City Council

meeting. He then stated they could go ahead and cancel the second budget meeting and proceed with the direction as has been provided.

CM 25-04-50 **Moved by Staudt, seconded by Thomas; MOTION CARRIED: 7-0**

Approval for a public hearing on the recommended 2025-2026 budget for May 5, 2025.

Roll call vote on CM 25-04-50

**Yeas: Heintz, Smith, Staudt, Thomas, Fischer,
Casey, Gurumurthy
Nays: None**

AUDIENCE COMMENT: None

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 8:10 P.M.

Cortney Hanson, City Clerk

Justin Fischer, Mayor

Transcribed by Becky Dockery,
Account Clerk

Date approved: May 5, 2025