

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, APRIL 13, 2026, 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, Martinez, Smith, Staudt

ALSO PRESENT: Victor Cardenas, City Manager
Danielle Mahoney, Assistant City Manager
Tom Schultz, City Attorney
Karen Lancaster, Financial Services Consultant

APPROVAL OF AGENDA:

Mayor Fischer asked that they pull Item 8 regarding the lease to the US Postal Service. There were a couple of outstanding questions that staff is continuing to work through.

CM 26-04-037 Moved by Casey, seconded by Martinez; MOTION CARRIED: 7-0

To approve the agenda as amended.

Roll call vote on CM 26-04-037 **Yeas: Casey, Gurumurthy, Heintz, Martinez, Smith, Staudt, Fischer**
Nays: None

PUBLIC HEARINGS:

- 1. Adoption of a proposed resolution creating a Brownfield Redevelopment Authority**

The public hearing opened at 7:01pm and closed at 7:02pm with no public comment.

PRESENTATIONS: None

CITY MANAGER REPORT: None

ATTORNEY REPORT: None

AUDIENCE COMMENTS:

Emily Fox Wright, 23849 Argyle Street, said she is an accountant, an avid community volunteer and most importantly, a mom. She said she has experience as a tennis, soccer and hockey mom in Novi. Over the past few weeks, she learned that the City of Novi is considering selling the Novi Ice Arena. Novi has a long, proud history of supporting the athletic pursuits of our citizens, evidenced by the recent school millages that heavily prioritize top-tier athletic facilities. From a Parks and Recreation perspective, the City operates soccer fields, baseball fields, pickleball and tennis courts, and a splash park for all ages. While these are valuable, they require constant maintenance and taxpayer

upkeep. The Novi Ice Arena is different. It is self-sustaining. Selling this arena for a short-term cash injection is shortsighted. The arena is a vital community hub where residents learn, perfect and enjoy hockey and figure skating. Maintaining ownership of the arena is what helps make Novi an enjoyable, high-quality place to live. She said she'd like to ask the City Council if they've had the opportunity to investigate what happens when ice rinks are sold to profit-based entities. Prices go up, maintenance is delayed, and ice sports become available to only those that can afford them. Consider if Novi Ice Arena is sold for \$4 million. The buying entity would need to recoup those costs as well as maintain and improve the ice facility. How will that happen? With such a huge cash outlay, the buyer would not have the capital to maintain the rink even to its current level. She implored Council to keep ice sports attainable to all wanting to participate. She asked why the City is willing to support all the endeavors of Novi Parks and Rec except the Ice Arena. She said in the 1990s, when the arena was approved by City Council, it was seen as a key component of its recreational development. She asked what has changed other than the rink has become a salable asset. She said it is a great news story for the community to be proud of--that the City has created such a gem. She also said Novi does not need this \$4 million.

Cameron Wright, 23849 Argyle, said he was speaking as a Novi High School varsity hockey parent and on behalf of other parents and the broader Novi High School hockey community. He said they understand the City is evaluating the future ownership of the Novi Ice Arena, and they appreciate the thoughtful approach being taken. He said they were there as parents to ask that any future agreement includes a few clear protections to preserve long-standing community use. First, the Novi High School hockey locker room was funded and approved by hockey families, alumni and boosters--not by the City or the school district. Based on discussions with past coaches and athletic directors, the original cost was estimated to be between \$25,000 and \$50,000, and just last year in 2025, families invested another \$10,000 to renovate the space, including installing a new floor. He said for approximately the past 15 years, the locker room has been used by the team without cost under a consistent, long-standing arrangement. At the same time, Suburban's report dated January 15, 2026, identifies charging both Novi and Northville High School hockey teams approximately \$8,000 each per season as an opportunity for revenue growth, which would represent a significant change from that long-standing agreement. That would equate to roughly \$400 per player per year on top of the thousands of dollars each player already pays to play high school hockey. He said they are asking that the existing arrangements continue--specifically, that the team retains exclusive, year-round use of the locker room without fees for as long as the hockey programs exist, specifically for them at Novi, but also for Northville as well. This is important not only to protect the team's equipment, but also to ensure the room itself is properly maintained and not subject to unnecessary wear or damage from shared use. Second, he asked for continued access to ice time sufficient to support a full high school hockey schedule, including at least ten primetime Friday and Saturday night games. He said access to those time slots is important, not for convenience, but for the student athletes themselves. When games are pushed to later times in other privately- owned arenas, they have had weekday games on Tuesdays and Wednesdays starting as late as 8:30 p.m., with students getting home after midnight. He said this has a real impact on their ability to manage academics and be ready for school the next day. Third, he asked that ice

pricing remain consistent with market rates in comparable local facilities. He thanked Council for their time and consideration.

Andy Specht, 44582 Yorkshire Drive, said he is also a Novi High School hockey parent. He wanted to follow up on Cam's comments and stress that hockey is a very unique high school sport. The parents in the program are responsible for the facilities and they are at the mercy of whoever the owner and manager of the ice rink is. It's not like football, baseball or other high school sports where there are fixed facilities at the high school. He reinforced one point: last year alone, their program invested nearly \$10,000 into the locker room. That worked out to about \$500 per varsity player. He said that is a meaningful contribution from Novi families to maintain and improve a space that they rely on every day. He said they don't rely on the locker room just for games, but also for their practices which are 4-5 times per week. The players are constantly in the Ice Arena facility. He said it's not just about past investment; it's about ongoing stewardship. When a single group is responsible for the space, it stays maintained, organized, and cared for. He said they are asking for long-standing arrangements to continue so that the room remains dedicated to the Novi High School hockey program and that it continues to be maintained by the same community that supported it for years. Thank you for your time.

Alex Erskine, 25089 Newbury Drive, said he's had two kids grow up playing hockey in the rink here in Novi, and he thinks it's a source of pride to the community. It's not like any other park in the city. Both of his boys played baseball. They spent many hours playing baseball at ITC and have wonderful memories. He hopes the City would consider the Novi Ice Arena an extension of its parks, because if you go there right now, I guarantee you there's kids skating on that rink right now. It's a valuable asset to the community. He agrees with what the other audience members (Cam, Emily and Andy) said: he would like to see proper protections put in place. He doesn't think selling it is the right thing for the City to do. He doesn't think the City needs the money. He wasn't asking for the City to have to contribute to operating the rink. He believes the capital costs could be built into what consumers are already paying. He said, again, that he had two kids go through the high school hockey program. He sure hopes Council would consider, at a minimum, allowing the high school hockey team to continue using the ice arena because they don't have a locker room anywhere else. He said it's an important piece of the program to be able to have that facility there and those kids be able to use it. He thanked Council for their time.

CONSENT AGENDA REMOVALS AND APPROVALS:

CM 26-04-038 Moved by Casey, seconded by Martinez; MOTION CARRIED: 7-0

To approve the Consent Agenda as presented.

- A. Approve Minutes of:
 March 23, 2026 - Regular Meeting

- B. Approval of a Resolution to Establish a Brownfield Redevelopment Authority for
 the City of Novi.

- C. Approval to award the Sport Clothing and Apparel contract to Empire Printing, LLC for one (1) year with two (2) renewal options in one-year increments based on unit pricing.
- D. Approval of a Resolution to close Meadowbrook Road from 25075 Meadowbrook to Ten Mile and close 10 Mile Road from Meadowbrook to the Civic Center at 45175 Ten Mile Road for the 2026 Memorial Day Parade from 10:00 AM to 12:00 PM on Monday, May 25, 2026.
- E. Approval to award a contract for the administration of the 2025 Program Year for the Community Development Block Grant (CDBG) Minor Home Repair Program to McKenna & Associates in the amount of \$19,075.00.
- F. Approval to renew Dispatch Services Agreement with the City of South Lyon beginning July 1, 2026 through June 30, 2031.
- G. Approve the cancelation of the May 18, 2026 City Council meeting.
- H. Enter Executive Session immediately following the regular meeting of April 13, 2026, in the Council Annex for the purpose of discussing union negotiations.
- I. Approval of claims and warrants – Warrant 1200

Roll call vote on CM 26-04-038

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

MATTERS FOR COUNCIL ACTION:

1. Recommended 2026-27 Budget

Mayor Fischer said, as a reminder from a process perspective for his colleagues, they would start with City Manager Cardenas sharing some information and an overview of the budget document that Council received over two weeks ago. He said in their first round of interviewing, he would start with Mayor Pro Tem Casey and then continue in order of seniority. He said they would not be taking any motions in that first round. They would wait until the second round if there were any motions to be made to change or make proposed changes to the budget. He said they would not be approving the budget that night. They would be looking for things that drive consensus towards Council approving it and it'll come back at a later time. During the meeting, they'd want to set the public hearing date which would probably be May 4th. That's when they would go ahead, have the public hearing on the budget and potentially approve it there soon thereafter.

City Manager Cardenas said as they began to present the Proposed Fiscal Year '26-'27 Budget, he wanted to start with a simple but important question that staff has been asking themselves. How do they balance maintaining the level of service the community expects with the reality of what it costs to deliver those services? He said that is really

what this budget is about: finding that balance. On one hand, they have a team of incredibly dedicated, hardworking employees who deliver for this community every day. On the other hand, they have the responsibility to this Council and to the Novi residents to be good stewards of public resources. Layered into all of that are financial decisions made over time, especially legacy costs that they have to manage responsibly. The environment they're operating in has changed. The demands on the staff have evolved, but so have the tools, technologies and ways of doing the work. Things that used to take significant time and effort can now, in some cases, be done more efficiently. In the same time, many of Novi's Council members come from the private sector. They've all been seeing firsthand how their organizations are responding to the economic pressures that currently exist. Realigning staff, redistributing responsibilities and in many cases, not automatically filling every vacancy that presents itself. Government is different. If a police officer leaves, they can't simply ask others in that department to take on more calls or investigations. That is not realistic and it's not responsible. But there are areas of the organization, particularly those that are not directly resident facing, where they can step back and ask, "Is there a different, more efficient way to deliver this work?" They have been starting to do that. Over the last year, they've had multiple long-tenured employees retire. In each case, they did not just look to refill that position; they evaluated the role itself. In the last three instances, they have found that they didn't need to fill a one-to-one replacement. Instead, they redistributed responsibilities, improved processes, and in some cases, leveraged technology and they maintained service levels. And importantly, those changes have held. They continue to do the work today. That experience is shaping how they approach this budget. They're moving away from a model in which positions are filled simply because they exist and toward one where every staffing decision is tied directly to the service needs and outcomes. This mindset does not stop with staffing.

City Manager Cardenas said it is reflected in how they approach capital spending and new initiatives. In several areas, they are delaying, scaling back, reprioritizing projects—not because they're not worthwhile, but because the timing has to match their financial capacity. That may be extending life of equipment. In all cases, it means focusing first on maintaining core services before expanding them. He said he wanted to be clear. This is not about cutting for cutting's sake; this is about aligning the resources, both people and capital, with what is truly necessary to deliver services effectively and sustainably. These are not easy decisions. They impact people, operations and longstanding plans. Whenever possible, they will continue to rely on natural attrition and thoughtful restructuring, not abrupt changes, but the expectation going forward is clear. Every vacancy will be evaluated. Every capital request will be scrutinized. Every new initiative will need to demonstrate value and timing because the financial reality in front of them is also clear. This is not a fabrication or made-up budget gap.

City Manager Cardenas said he realized that what he would say at the meeting or what anyone else would say throughout the meeting may not resonate with some of Novi's stakeholders and frankly, some will choose not to believe them; however, it is true. They are audited each year by an external auditor who confirms their net positions. They are facing rising costs, especially in personnel, while revenue growth remains constrained and uncertain. They anticipated approximately \$800,000 in additional state revenue and

that funding is ultimately not included in the state's adopted budget. At the same time, they continued on the current path that projections show the drawback of their fund balance to approximately 15% as was shown in net year three on the slide entitled "General Fund Three-Year Projection." He said this is well below the policy range established by Council. That is not something they can allow to happen. Using fund balance to support ongoing operation is not a sustainable practice and quite frankly, it puts the organization in a vulnerable position. It also sends the wrong message, that resources are unlimited. They are not. Novi's resources are not unlimited.

City Manager Cardenas said later in this presentation, there would be a five-year projection which further paints a dire outlook. If Novi remains in this current trajectory, they will continue to draw down fund balance. He said again, these resources are not unlimited. The bottom line is Novi's current rate of spending is outpacing the growth in the revenues. New taxable value is not keeping pace with the increase in operating costs and Novi is not going to spend its way out of the situation. To that end, staff will come back to City Council in the coming months with a plan to further reduce operating spending. He said it will come in the form of reductions in operational spending that in number of current open positions. This will occur in fiscal years '26 and '27. He, along with Novi's finance department, estimate \$1.3 million in the first year alone. That will be in the year '26-'27. The details of this will be worked out in the coming weeks, with the final decision being presented to City Council in June, prior to the start of the fiscal year '26-'27 in July. He thanked the entire leadership team for their efforts in pulling this document together. This process began September of '25 and weathered significant staff changes midway through. Yet Novi's leadership team held strong and made some significant decisions and sacrifices to get Council the document presented before them.

City Manager Cardenas turned the time over to Karen Lancaster, Novi's financial consultant, so she could review the specifics of the proposed fiscal year '26-'27 budget. Ms. Lancaster started with construction values to give the Council and Novi citizens a little history of how things looked for them over the last 10 years. Construction values, specifically new construction values, gives them new revenue in their general fund. She said, as they could predict, the 2020 and 2021 COVID years were really sad. They started to see some bounce back from that, but not really quite up to the level that it was. Now, they are, unfortunately, experiencing a decline in new construction as Novi becomes more built out and that will constrain their tax revenue growth. That is their largest revenue source in the general fund. Ms. Lancaster showed a slide called "Proposed Millage Levy" and said for their proposed millage levies, they have, of course, their General Fund Levy. They are going to keep that the same between '25 and '26. They have a very small amount coming from that Public Act 359 advertising, .0095. Then, they have their Municipal Street Fund, their Public Safety, their Parks and Rec. They did just recently find out that they do have a small Headlee rollback fraction, so those will reduce those 2026 amounts just slightly. Something to note, she said, is under Debt Service Funds, they have their Library Debt Service which is coming off this year. Last year, it was .3781. Now it is .0426, as they get just enough revenue to finish off their debt service in that fund. Then, they have the new 2026 Public Safety Facility Debt that was voted on by the people last August and that will generate \$5.4 million as they start to incur the debt for that bond sale that's happening this week. The library has asked that under Public Act 164 of 1877, they

levy an additional .2 mills. They can levy up to a mill without a vote. They asked that because their debt service millage is decreasing by .33 mills. So, they're still down from what they were last year, but they asked for that additional funding to be added. Their millage rate is up not quite an additional one. It's up about .8 compared to last year. She asked if anyone had any questions about the millage rate before she moved on.

Ms. Lancaster said they have the property tax breakdown. She showed a slide called "Property Tax Breakdown" and said this is the dollar bills that they all know and love. This is to remind the citizens of Novi and people that might be watching tonight that even though they collect their tax dollars, 30 cents on every dollar is what really comes to Novi to support those levies that she just showed. They also collect for the school districts, for the county, for state education tax and many other taxing authorities and that money goes out to them.

Ms. Lancaster showed a slide called "Examples of Funds and their Purposes" and said they wanted to provide a slight overview of the funds and their purposes to let folks know they can't mix and match money that they receive. The general fund can support other funds. That's what it's allowed to do. It has the operating revenue for taxes and it also has their state shared revenue. It is not restricted in any way, so they can support other funds that might need it. They currently don't have to do that, but that's something she wanted to point out. The Road Funds include major, local and municipal streets. Major and local streets are set up by the state as mandated funds for road maintenance and improvements. They are supported by weight and gas tax. They cannot use that money for anything that they want to do. They also supplement in the City of Novi with a tax levy for municipal streets. Those three funds together put together their road program. Those are considered special revenue funds. She mentioned it because that's important to note. Special revenue funds are set up because there's some kind of external restriction in that revenue. The Capital Improvement Funds are just what they say. They set aside money in those funds for construction of whatever it is that they want to build. This is particularly interesting for capital improvement funds because it also has a levy here in the City of Novi. Those expenditures will support those things that would be listed under when they go for the vote, what's on the ballot initiative. The things that stay in line with that would go here.

Ms. Lancaster said they have a brand-new Capital Improvement Fund for the public safety facilities. The bond revenue goes into that fund and that's where they do their construction out of. They have two new public safety facility funds. One is to pay the debt service and one is to support the construction. Finally, they have Enterprise Funds, particularly the Water and Sewer Fund. They heard it from folks tonight about the ice arena. That's another one. And senior housing. Those funds are supported by rate payers. It's different. They're not supported by taxes, and they have a different structure to them. She wanted to point out to everyone that it's important to note if the fund is set up outside of the general fund, they have separate funding and separate spending restrictions, so they can't just mix and match those funds.

For '26-'27, they started off the process this year with forecasted revenues of \$46.9 million and forecasted expenditures of \$54.1 million and they had a deficit of almost \$4.5 million.

They asked department heads to go through their budgets and look for not only expenditure cuts, but for revenue opportunities. They had quite a few ideas come back which was really helpful. Pointing to the slide entitled "Proposed FY 26/27 General Fund," she said Council could see they have \$2.559 million of recurring budget impacts, meaning they will keep sustaining them through the next two years beyond this '27 budget cycle. The one-time impacts was really just a deferral of capital needs. So that \$2,168,000 that they gained back, it's really just from postponing things that folks had asked for in the general fund like vehicles and so forth. They were able to balance this year's budget with \$240,000 left to spare.

Ms. Lancaster showed a slide called "General Fund Expenditures" and said as a reminder, in the general fund, these are the items that sit in the general fund. Public safety, which is, of course, the largest at 57.2%. \$27 million of the \$48 million goes to public safety which includes police, fire, dispatch, emergency preparedness, and so on. \$10 million or 22% goes to general government, meaning city council, City Manager, city attorney, HR, finance, technology, assessing, those administrative departments. 8.5% or \$4.1 million is for public works which includes administration, engineering, field ops and fleet. Then, there is the community and economic development which includes planning and zoning, ordinance enforcement, economic revitalization. Then, there is recreation and culture and a small amount of capital outlay that they left in the general fund for the '26-'27 budget and that is for police vehicles and a few other items for the police department.

Ms. Lancaster showed a slide called "Review of the Budget Process General Fund Revenue Changes" and said City Manager Cardenas spoke about the largest impact on the revenue side was \$832,000 of state-shared revenue that they had anticipated getting and it was actually cut from the budget. This is not unique to Novi; it's for every city and local unit of government across the state. The State of Michigan wanted to create a neighborhood roads fund, so they took money from state-shared revenue, so this is sales and use tax and they were going to combine that with marijuana excise tax money from across the state and provide more funding for neighborhood roads. However, that is still in limbo because the state is being sued by the marijuana growers for that 20% excise tax. They have no planning for the neighborhood roads. No funding at all is in this budget right now because they don't actually have a straight answer from the state about what they can expect. They will amend the budget as that information becomes available and they can figure out how to spend those dollars.

Ms. Lancaster said in the new revenues that the department heads came up with, they can thank their assessor for the first one. She didn't come up with this, but the increases of taxes above CPI. The State Tax Commission says they could raise taxes 2.7% and the rest has to come from new construction. They had some new construction this year. Their overall tax revenue increase is at 5%. They had to add, or they proposed to add, \$490,000 for recycling cost recovery. Their costs have gone up quite a bit and they are proposing to add a fee to recoup those costs. The fire department is starting a fire inspection fee program. Previously, when they go out and do their fire inspections, they were not charging for that and a lot of times, they're going back to the same place many times to do those re-inspections. They are proposing \$266,000 in fire inspection fees. Then, the

building department is looking at their fees and anticipating \$144,000 in increased building fees. They took from the self-insurance fund, which is an internal service fund. They have a 60% fund balance. They took \$360,000 from that fund to help them absorb healthcare cost increases. That is a one-time revenue only for '27.

Ms. Lancaster said their expenditures from the time that Council saw the Fiscal '27 Budget Estimate to where they landed in the fall, when she came in November, they were \$4.6 million more in expenditures than what was originally planned. The largest impact for that was \$2.9 million for personnel costs. There were some FTEs that were not budgeted, so there was a planned vacancy rate built into the budget. Then, when all the positions were filled, there was a budget shortfall. Right now, they have budgeted for all FTEs that, if they're in their budget, they have funding that's tied to them. They did not do that for this year. That was \$890,000. They saw \$383,000 related to pension increases. Fire part-time and auxiliary is \$463,000 higher than what was planned on originally. Overtime, \$255,000 higher. Health insurance went up \$423,000. Then, they spent \$64,000 for the police contract, settling for 1% more than they had planned. Then, there were \$423,000 of other items. The second largest impact was for services. Vehicle maintenance and gas, both for fire, police and DPW are higher than what was planned on. Recycling costs, of course, they talked about that, \$263,000 increase in recycling costs. Then, they have \$361,000 for a host of other items. Then, capital outlay, they cut all capital out of the budget that they possibly could, but they did leave in police vehicles and then, of course, the police equipment for in-car license plate readers and those things that they need to function.

Ms. Lancaster showed a slide called "Fund Balance of the General Fund" and said they are keeping an eye on what their general fund fund balance is looking like. Right now, they are looking at 28% fund balance whether it's recurring or whether it's all of their expenditures. She pointed out that they list recurring expenditures and all other expenditures because their capital drives...it's significant in the general fund. They are at 28% fund balance at the end of '27, projected right now, if that \$240,000 stays the same. It does not appear that that happens in Novi. She said she's looked back, and she's seen quarterly budget adjustments that need to use money out of the general fund. They really want to make sure they are starting with some kind of surplus heading into the year because invariably, and this is not unique to Novi, stuff happens. She said you need to amend the budget to make sure that they are complying with state law and their fund balance policy.

Ms. Lancaster showed a chart called "General Fund Five-Year Projection." She said she wanted Council to see what happens with their recurring revenues and their recurring expenditures. As they project out into '28, '29, '30 and '31, they have a five-year general fund projection. This is conservative on the revenue side and pretty conservative on the expenditure side. She said they are seeing that they cannot keep up with their expenditures at the rate that they're going with their revenue. This is not unusual. They're seeing this all over the place as the economy is a little bit iffy right now and that makes investment in community and the interest rates and all those things that go into what gets the city revenue is difficult at this time. She said they have to look at either developing recurring revenues, which is harder to do in the general fund, or reducing their recurring

expenditures. They can't head into '28 or '29 as City Manager Cardenas said with the deficit they currently have. They are looking at, even without capital, that they will not have enough revenue to cover their expenditures. She said when you add in that the general fund capital could average \$1 million to \$2 million a year, they really should be generating that much more in revenue to cover those capital expenditures so they do not have to use their fund balance for their capital needs. She said they are really looking at a much bigger cut than they would normally make if they didn't have the capital that they did.

City Manager Cardenas thanked the staff for doing a great job pulling all of that together. He said Ms. Lancaster and her very new team have helped them out immensely. He turned the time back to Council for questions.

Mayor Pro Tem Casey said that was the best presentation she has ever seen them do on the budget. She said it makes it really understandable for their residents when they talk about the situation that they face. She thinks they've done a great job of explaining it to people in a way that is understandable because they all live the budget in depth. Council lives it halfway through. For the residents, this was a great way to understand. She said when they start talking about some of the challenges they see, this set things up really well. She thanked them for the presentation, and she thanked staff for doing so much work to get all of that information pulled together. She said this was a budget unlike any that they've seen in terms of some of the challenges they face. She thinks the departments went through their budgets and did a remarkable job in not just cutting expenditure but looking to find sources of revenue. She thanked them for the work they did to get them to this budget. She said she agreed with Ms. Lancaster and City Manager Cardenas that they've generally known for some time that they were going to start seeing some stabilization in their revenue as the city got built out. That particular piece is not a surprise. What is impactful is the increases that City Manager Cardenas and Ms. Lancaster showed in some of the costs that they're seeing in their expenditures from a personnel perspective and from a capital perspective. Those have been really unexpected to them and something they've not been able to plan for, not to mention the shortages of that \$800,000 coming from the state alone as an impact. She said she thinks they've just had some challenges come in that they really weren't anticipating from a revenue perspective as well as all the increases in expenditures. That chart that Ms. Lancaster showed, page six or the V chart where you can see the projection of where they see the bar chart of the revenue growth and expenditure growth and then you can see the difference and the gap that they start to see between what they're getting from recurring revenue and then what they're starting to see from recurring expenses. She said that is really their north star in terms of understanding what they face as a community and some of the decisions that they are going to have to make.

Mayor Pro Tem Casey said City Manager Cardenas was very wise in the phrase that he used and the direction that the team took which was: how to balance the services expected with the revenues available? They cannot do everything. There are going to have to be some decisions that this Council, this body and the administration are going to make going forward to try to make sure that they are balancing what their community needs with the available funds that they have. This isn't unique to Novi. This is not a

situation that only Novi is facing from a revenue perspective and an expenditure perspective. She thinks there are opportunities for them where they benchmark and take some lessons from other cities in terms of how they're solving some of these challenges as well. She thinks Novi does that well when they look around and take the best of what they see other people doing. She wants to be careful to also note that they are still doing the work that needs to be done. Some of the things that they're changing are not the big projects that need to get done. They are still doing roads, they are still doing infrastructure, they are still supporting their public safety team, they're still supporting their parks, they're supporting any possible infrastructure that they've got. The work is still getting done. In some instances, they might be re-timing it, but they are not slowing down in making sure that they are taking care of their community in the way that they need to. She said she thinks they've just made some smart decisions again now to balance this year's budget. She really does appreciate the work.

Mayor Pro Tem Casey said she is a bit disappointed that right now, the budget doesn't have any funding set aside for their Cultural Arts Fund. That was a Council goal that they set at the beginning of the year, not fully understanding what was facing them. She said she would not ask to add that now because she can't advocate to add something when staff has done such a great job of cutting expenditures. She's just hopeful that maybe, as the year progresses, it might be something they get to have some conversation about adding in. She said she's also confident that they're not going to lose any momentum from a public art perspective side because their Cultural Arts Committee can take some good action and make some progress on initiatives and activities even without looking at the funding that they were setting up.

Mayor Pro Tem Casey said going forward, there is some work that still needs to be done as City Manager Cardenas alluded to in years two and three. She knows that the staff and administration are working to make those refinements and come back to Council with a new proposal and a new look at what those forecasts are going to look like. She said she believes they'll have that by June so that in July, when the fiscal year starts, they can have a conversation to maybe approve the forecasts themselves. What the state requires is for them to approve the budget for next year. What they've done as a really small fiscal process that she believes they've been doing for at least 14 years at this point is they also approve those two-year forecasts so they see what they're planning to spend this year and they project out so they know what's coming. She said having seen what they've seen and heard from City Manager Cardenas and being in a position where that fund balance is going to be down to 15% in year three, she'd like to suggest to her colleagues that when they get to the point of making a motion to send the budget to a public hearing, she'd like to make sure that what they're asking to be set in the public hearing is approving the budget. They'll separate the forecast this year only and then allow the administration time to make sure that that forecast is worked through as much as they can, get that finalized and then have the opportunity in July to approve the forecast. She said they'll do both, but right now, she doesn't feel like they're in a position where she feels comfortable approving a forecast that is going to change and that shows a 15% fund balance. That's not a place she can get down to.

Member Staudt said in years 2009, 2010, 2011, 2012, he sat up with the Council and watched their property tax values dip and the city, in essence, had quite a chaotic period of time. He said he never wanted to go through that again. He never thought they'd be in that position again. To the chagrin of some people, they developed themselves out of difficult times. Their property values continued to increase and the city was strong. Then came this thing in 2020 and with an influx of funds resulting from COVID and some of the changes in the environment, they started to see where their revenue was being eaten at a much greater cost every year. He said he remembers two or three years ago talking to then-Council Member Fischer saying, "We're using 90% of new revenue for personnel costs. This can't sustain itself." And tonight, the final slide shows the net result of that which is something that is entirely unsustainable and it's going to require some significant changes. In the next three or four years, 87, 88, 89% of all of their expenditures are going to be human resources. It's just not sustainable. You can't cut from 11 or 12% to make up for the difference. He said they're all going to have to sit there at some time and look at themselves in the mirror and say, "We're going to have to deal with this." In essence, this budget basically kicks the can down the road. They've made some significant cuts, but for the most part, this is going to change what's inevitable and that is their need to really look at something he thought he'd never have to say again and that is resizing their city government. Back in 2010 and 2011, that included significant cuts in employees, including public safety employees. He's hoping they can figure out something that keeps them from having to do that, but 57% of their expenses are public safety and expecting that they'll be able to get out of this with 43%.

Member Staudt said there are some people who will say we just need to raise taxes. He said he's been here for 19 years, and they've never increased their operating millage. He said he is the only accountant on Council. There are two sides to the ledger. There are the plus the minus. Before he starts asking voters to give him more money, he has to make a real effort to cut into the spending side of this. This year, they've done some of that. They've had some suggestions like getting rid of dispatch at the police department. Anyone who reads what Oakland County is doing with some of the service levels at the assessor and at the sheriff's offices, it's not an acceptable solution for him. He said they're not giving up services for their residents to save money. The bottom line to all this is they have some really stormy clouds on the horizon. They need to prepare. They're going to need to dig in. They're going to need to make the tough decisions that elected officials are elected to make. The easiest one is to raise taxes. That's the last option as far as he's concerned. He said he was hoping that he'd never have to go through this again, but clearly, this next three or four years is going to be extremely difficult, extremely hard on their employees, hard on their residents, hard on their businesses. They have a fiduciary responsibility to do what's right for the city and he has taken it seriously for a long time. He continues to take it seriously and it'll be very interesting to see what's proposed in June. He suspects it will not be satisfactory to his expectations.

Member Smith thanked the staff for putting this together. As Mayor Pro Tem Casey said, he thought it was a good document that explained everything well. He recommends that all of the residents have a look at it, maybe not the line-item parts, but definitely the introduction and the glossary so they can see where the money comes from, where it goes to, what the plans are. It's a great way to get an idea of what their budget looks

like. As City Manager Cardenas and Ms. Lancaster said, we are living in interesting times. There are external factors that they're dealing with like federal and state budgets, state revenue sharing, inflation, tariffs, wars. The financial future is very uncertain. With Novi being built out, they cannot rely on building their way out of budget issues. They're just not getting that much new money in. He said he looks at a budget, not just as a financial document, but a statement of intent. It says what we want to do with our future and how we get to that future, what we need to spend. He thought City Manager Cardenas's explanation of how they're looking at city operations was excellent. His background is industrial engineering, so he's a systems guy. He wants to look at how systems work together. If they need to change how they're doing things, maybe some things are eliminated because they just don't do them anymore. He doesn't want to do wholesale cuts to staff. Buildings are great; we need them. The public safety buildings are needed, but they also must have people there to provide the services. They must make sure that the personnel they have match the service needs that they need to provide. Overall, he's happy with the '26-'27 budget as presented. He, and he guessed that everyone else on Council, is concerned with the projections for '27-'28 and '28-'29. He supports just passing the budget at that meeting and having further discussions about the out years and potentially passing them in June or July. He said they need to look at that stuff. He wanted to look at that early before they put the budget away until next January when they go back to their goal-setting sessions.

Member Smith said the other part of this is that people are talking about Council raising taxes. The great thing about city government, local government, is Council can propose raising taxes, but the residents decide that. What they need to think about is how they want the city to look in the future. They're starting with the CIP millage coming up in August or November, depending on how the vote goes later in the meeting. That will be on the ballot. They need to look at what that money will be spent on and convince residents that they actually do need that and that they're good stewards of it. It's up to all of them collectively. All of them are Novi residents. Anything that gets passed affects them, too. He said they have to decide: what do they want their future to look like and how do they want to get to that future?

Member Heintz thanked the staff for putting this together. He loved the presentation and the clarity about the emphasis on recurring revenues and the recurring expenditures and the balancing it out, making sure that their spending doesn't exceed what they have. He said it's comforting knowing that the fiscal '26-'27 year seems to be the most comforting to move forward with. Beyond that, there is going to be some uncertainty that they'll get more information as time goes on. They'll try to have to have a little time for additional planning. He said all in all, it seems like there will be some tough decisions for sure. Thankfully, they don't have to make all of them now, but it does seem like it's not without its challenges. He said for him, as they try to ponder different ideas of just trying to come up with approaches for sustained, those reoccurring revenues, it seems like it could be difficult to draw upon new pockets, new individuals without just adding new costs to those individuals whether it be people coming in for Parks and Rec or different services or anything like that. Hopefully there are opportunities to bring in new sources of revenue rather than just increase rates. Likewise, he said he'd be curious about what's already been done. It sounds like going through with staff, trying to identify different cost

reductions and looking for potential ways of those reoccurring reductions in costs whether it be different things like postage or other expenditures might just be a drop in the bucket compared to the overall budget and some of these things might be required, but hopefully, there are still different ways that they could still reduce some costs. He looks forward to calling upon the minds of local communities and including the brilliant minds they have on staff to continue brainstorming and looking for ways to be innovative and creative--not just a single opportunity for a cash grab, but those reoccurring revenues to make sure this is sustainable for the future. He said he appreciates the challenges that lie ahead and he looks forward to trying to be involved in any of those brainstorming processes and continuing as a team effort to see Novi continue to thrive.

Member Gurumurthy offered a huge thanks to the city staff for all the work they put in to put the presentation together. Being in the corporate world, it's easy to say they get this every year: reduce the budget by a certain percentage. When you want to keep the service at the same level or even do better, it's very hard to do with less budget. She said she thinks staff has done a great job going through where they can reduce and where they can increase revenue. She went through the things and she had some comments about some of the things that were identified. There are community events that they engage Novi residents like Pink Car Signing and National Night Out. She knows those could be potential items, but that's an opportunity to engage with residents. She would think about certain things that they want to continue doing, but finding other ways to do them. Appreciation events are something that she saw there, too. Maybe there are other ways, simpler ways to do this without completely eliminating it because it's important to appreciate the work that is being done by staff, employees and boards. She saw a note about downsizing economic development department. She said this ties in with their goals. Council has set goals this year. She said they should be conscious about some of the goals, where if they take something, then they make sure to put a focus on something else. Even if they have to downsize, they are still able to make progress with the goal. She saw the employee wellness and engagement, again, cut by 50%. She would encourage other ways to use existing resources rather than just cutting them altogether. She really appreciated the work that has been done to find these things.

Member Gurumurthy said the state sources of revenue have been cut, but they still have resources like SEMCOG. She suggested looking for grants and opportunities to get additional funding. She said she knows that in Novi it is often said that they don't get grants, but she said they could set a goal of getting one grant this year and see how they do. She said she wanted to be careful about delaying police cars or truck purchases or would that be increasing maintenance costs. That is something to think about. Also, with road projects, she did not see that they are postponing anything major that they wanted to do and that is good because they want to take care of their roads as well. She mentioned public safety. With all the construction and everything they are doing, as they build the newer facilities, they need to keep the operations side of it. Maybe they need a little bit more. Maybe there is software, smart tech, or something like that that they need. That is also going to add to the expenses, so they need to be very conscious about it when they plan the construction and stuff. She said Parks and Recreation do a phenomenal job of all the programs. She just wants to make sure they also cover the costs. She said that would be something to keep in mind and maybe they should track a

percentage of programs that they do take care of and the costs are covered in the fees. She said she's not sure how much they cover versus how much they take from the funding. Personnel is very clear that it is constantly increasing, so it is good that they have a goal and she knows Council is going to focus on that as well, the whole five-year forecast, specifically to look at how the whole personnel cost increases are going to look like.

Member Gorumurthy said back to the goals, they have goals. They don't have specific amounts planned in the budget, especially with everything going on, but making sure that they have the ability to continue making progress is important. She was very appreciative that Council supported Diwali last year with \$5,000; it had a great impact. They anticipated 1,000 attendees and they got over 3,000 attendees, which was a great success. This year, it will be over 3,000 so they need to accommodate and plan for that. She requested that they keep that in mind for the budget. Lastly, when she thinks of the budget, it's more like they want to look at what they accomplished. She asked if there is a way they can showcase the different things they have done in more data format. For example, the library does an excellent job in their annual report where they specify their year-end numbers, the checkouts, and the rentals. While they talk about their journey and how they spend or what they want to spend, it would be nice to show what they were able to accomplish with what they spent. They could show they were able to increase the service level or add more programs. She requested that, as part of the budget, even for this year if they are able to, they show the impact they were able to make with the budget they had.

Member Martinez thanked City Manager Cardenas, his team, their staff and Ms. Lancaster for all the work they put into the proposed budget and the presentation. He said he recognizes these conversations are probably going to be the most difficult conversations he'll be a part of as a member of Council. He appreciated the respect and the humanity with which the City Manager spoke about their city team. This is a situation in which they are not alone. They are certainly not the only ones facing this situation. He is proud to serve as the City's liaison for SEMCOG, the Southeast Michigan Council of Governments. About four weeks ago, they had their general assembly meeting in Detroit. That was a "canary in the coal mine" situation for him, getting there and seeing how many other communities are in similar or even worse cases than where the City of Novi is. In a lot of communities, they tried leveraging American Rescue Plan dollars to add new positions and create additional overhead for their cities and townships that was not going to be sustainable. The takeaway is that they know the ARPA dollars are not going to be forever and the silver lining takeaway is that the City of Novi did not all into that trap. The credit is owed to prior councils for that planning and this is that moment where the three-year planning cycle, the three-year budgeting cycle really holds its weight. He wants folks to know they are not in that code red situation that a lot of folks find themselves in, but the yellow light is definitely on. They got the check engine light which means they need to do something. He believes they have time where, as a council and staff, they can be thoughtful about this. They can contemplate, they can get resident feedback and input, and they can make the leap together.

Member Martinez said he agrees with Member Staudt that before they ask residents to take on another increase to their taxes, Council needs to make sure that their belts are as tight as they can feasibly make them. That's just good stewardship of what the residents expect them to do. He also echoes Member Smith's points with one caveat: he hopes the residents look through these line items. It's a lengthy document, but he thinks folks need to see that to understand the detail, the planning, and the thoughtfulness that went into this document, where the past budgets brought them to and how they are responding in this moment. He said the City is doing a lot to keep them solvent, to keep them projecting on the right path, but there are some options they need to consider that will not be palatable to everybody. He said he believes they owe it to their residents and their community as a whole to not allow their city to sink when they can do something about it. He said he's looking forward to this discussion. He knows they are going to have a lot of difficult conversations about this moving forward. He is willing to do his part and he asked Novi residents to join them and understand where they're coming from, why they are in this position and what they are going to do to respond.

Mayor Fischer thanked staff for all the hard work that went into this presentation, especially given all the turnover in finance. That can cause some consternation and confusion. Being able to pull together this document was a big feat. He said it was alluded to in an earlier comment that, for the first time in a long time, Council is getting just about the most transparent, realistic and accurate description and depiction of where the city is financially. He appreciated that City Manager Cardenas brought in Ms. Lancaster. As the Finance Committee, they have had the chance to listen to her. He sat down with her personally to hear a lot of her different views, given her vast background and it has been very eye opening. He said sometimes the most important decision to make is to realize that you are not the person. You need an expert to come in and help. That's where Ms. Lancaster has stepped in. He also thanked City Manager Cardenas for his efforts to keep Council abreast of these situations. He said as Council went into goal setting, he remembers an email that they got that said, "Hey guys, don't go too far over your bridges because I'm starting to see some scary things on the horizon." They didn't really have the full picture until City Manager Cardenas gave them the primer presentation in early March and they got the budget earlier than they have in many years, allowing them more time to go through it in detail. He said he was very grateful for the efforts in getting them this information, especially given the gravity of the situation. As far as the numbers are concerned, he can't say that he didn't see it coming. If anyone has paid attention to him over the past two budget cycles and a couple of State of the City addresses, he doesn't think you'd be surprised. He has been saying that they needed to plan for their revenue to possibly flatten out. They needed to look at their costs. They needed to start reining them in. They needed to tap on the brakes. They were spending money like an NFL rookie who thought they were going to make \$25 million a year forever and then got injured in year three. Here we are.

Mayor Fischer said no chart is clearer than the chart he is going to now refer to as "The Mayor Pro Tem Chart" because she loves it so much, showing the big gap as they look at their recurring expenses and their recurring revenues. He has been saying for a long time that they cannot continue to add structural costs using one-time revenues and that \$800,000 reduction in state-shared revenue, that's exactly what they have been talking

about and flagging. A couple of things frustrate him as they talk about budgets. People say, "Well, we actually do have the money. It's there, you're just not looking hard enough." That chart shows exactly what happens when you think you have the money and you don't. If you're making \$100,000 a year and you're spending \$125,000 a year, you have a structural deficit and you don't have the money. The other fallacy that he often hears is that they have a strong fund balance, so why don't we just use that. The City of Novi has had a long-standing policy and he has served on many different councils and well as the couple of people seated next to him and everyone has always known that you don't use fund balance to run your operations. That is the biggest and quickest way to drive your financial condition into the ground. They've never done that before and he doesn't expect that they'll be doing that anytime soon. In the end, it's the equivalent of using your savings account to cover ongoing costs and they don't do that in Novi. He doesn't anticipate that anyone on Council expects them to start doing that now.

Mayor Fischer said, based on the City Manager's opening statements, he thinks the situation is being taken seriously. He looks forward to the next plan that will be brought forward. He thinks they are moving a little bit slowly. They need to pipe up the urgency, and he thinks the plan needs to come back to Council well before the fiscal year starts. He'd like to see the information by June 1st, so they can see the plan, they can deliberate and they can sign off on it before the fiscal year starts. If they need to step in and this isn't a council, these councils haven't been like the ones in the early 2000s of doing the line iteming. If push comes to shove and the plan isn't there, he's not objecting to setting a special meeting for a Saturday and then they'll sit there for eight hours and they can go through line item by line item on all 96 pages of the ledger. He expects that the plan will be shared well before June 1st. He asked City Manager Cardenas what the intended target is for the fund balance they expect to see in years two and three. Right now, they all agree and he guessed City Manager Cardenas does too, that 15% is not acceptable. He asked what the minimum is that they are bringing them forward. City Manager Cardenas said the bare minimum would be 28%. He said as he looks at the documents and the numbers Ms. Lancaster provided him, he would like to shoot for a little higher than that, but he will commit to 28%. He'd like to be at a 30% rate, but he won't deliver anything less than 28%. Mayor Fischer asked if that is for both years. City Manager Cardenas said yes. Mayor Fischer said he asked that because he doesn't want to get in a situation where all of a sudden, he thinks 22-23% because if that came back, those would not be pleasant conversations.

Mayor Fischer said he also asked because there have been some comments from Member Gurumurthy and he agrees with them. He looked through the list of the some of the cuts that have been proposed and some of the cuts that have been made, and frankly, he has been disappointed with some of them. He thinks that a lot of them were simple and easy and low-hanging ideas that were basically focused on things that were resident programs and services. They didn't focus enough on efficiencies and looking internally. He is hoping that when the plan comes back, it will look nothing like the list that has been provided to Council on some of the cuts that have been made. If they only look at cutting resident services and they don't look at efficiencies within the City, that will be a big disservice to the residents. He also noticed that there were a couple of

departments that were sacred cows where nothing was touched. He assumes that all departments will be contributing ideas for the next plan.

Mayor Fischer said he fully supports Mayor Pro Tem's proposal. Given that they know that years two and three in this document are not realistic, he would not support acknowledging them or approving them as part of their May deliberation and approval process. He thinks they should just focus on the budget year which is acceptable to him. He asked about one item with the self-insurance fund. He addressed Ms. Lancaster and said his understanding is the last time they really did a study on the fund balance and the process and all the financials of that was done back in 2018. He asked if that was correct. Ms. Lancaster said yes, that City Manager Cardenas was nodding his head. He asked if they were to have the same kind of consultant take a look at their operations and make recommendations as to that fund balance, could the self-insurance fund pay for that consultant. Ms. Lancaster said yes. He said he'd recommend that City Manager Cardenas go ahead, since they haven't looked at that and haven't had a consultant review the financials of the self-insurance fund, that they RFP that out so they can get some more information. The other thing he would say on that front is that only Member Staudt and Mayor Pro Tem Casey were there when that was set up. He requested that, in the next couple of weeks, that the admin packet item be a thorough review of why, how, when that was set up so all the other council members are fully brought up to speed on how that operates.

Mayor Fischer said he appreciates all the hard work that has gone into this. He thinks there are some hard discussions to be had. He said he believes he was clear that they need to move faster, but they're heading in the right direction and that they look forward to getting a robust plan to financial success by June 1st.

CM 26-04-039 Moved by Casey, seconded by Martinez: MOTION WITHDRAWN

Approval to set a public hearing on the recommended 2026-2027 budget for May 4, 2026.

Member Staudt said he had a couple of questions. He asked City Attorney Schultz if City Council has any discretion on the two-tenths of a mill that they're allocating to the library on designating whether those funds are operations or capital. City Attorney Schultz said no, just the amount. Member Staudt said clarified that all they can say is two-tenths and it's completely up to them how they spend it. City Attorney Schultz said that is correct, it is the same opinion as previously...Member Staudt said he would like, prior to making this a public hearing, the vote for that. He said he'd like to see City Council vote on this particular item because they are using an 1877 law. He clarified that with City Attorney Schultz. City Attorney Schultz said that is the statute under which the library is formed, so yes. Member Staudt said none of them had heard about it recently, in the last six months. He said he is not opposed to two-tenths of a mill, but it's highly unusual that they're raising millage rates on their residents and their businesses without some kind of an affirmative vote by the people or by City Council.

CM 26-04-040 Moved by Staudt, seconded by Fischer: MOTION CARRIED 7-0

To approve 0.2 mill for the Novi Public Library pursuant to Public Act 164 of 1877.

Member Staudt said he thinks it's more symbolic than anything. He said he'd like to see them vote as a body specifically on this millage because this is highly unusual. Not that it's wrong or bad, but as City Attorney Schultz said, they have no discretion after they vote on it. They are giving the library a million dollars to spend and because of the way the library budget is structured, they have complete discretion on how that's spent. He made a motion that City Council affirm that they add this item to the budget. City Attorney Schultz said that he was looking at one of those straw votes that you take occasionally when you have these budget conversations, four votes. Ultimately, they're talking next meeting, they're going to pass a budget that is going to have this millage in it. He thinks it was a good description to say they're doing an affirmative action. He said he didn't want to say symbolic, but he's hearing that this is just to confirm what's in the budget document you're specifically going to have a vote on. Mayor Fischer said that is correct. City Attorney Schultz said if there's a second, he thought they could have it. Mayor Fischer said he'd second it for the purpose of discussion. He said it's highly unlikely that they would go down the list of millage rates that is in the City Manager's budget. They have the discretion to change any of those at any given time.

Mayor Fischer said if anyone had been watching some of the library discussion, a couple of things were happening there. Number one, the library board had asked for and recommended that they increase the funding there. The second piece is that the library board and the library director have done a ton of work to show why this makes sense financially. One big piece for him as a resident, taxpayer and being a fiscally conservative gentleman, is the fact that they're in a different position with the library where they've been paying 0.34 mills for the debt service for the last 15-16 years. Now they have the opportunity to still lower taxes by going from 0.34 to about 0.2. They'll re-purpose some of the money they've been using for debt service to ensure they're set up for success. The library has gone through a complete reserve study, so they understand the needs of their building. They understand the HVAC. They understand the parking lots. They have done the capital needs. Mayor Fischer sat with the library director and the president of the library board on Saturday to walk through all of this. The Finance Committee has seen a lot of this information and all of Council has seen it, too, because it's been in their admin packets. He believes this is an opportune time when the debt is falling off and they can go to the residents and say, "Your taxes are going to go down and we're making sure the library is set up for success. We're thinking ahead so we don't have to raise your taxes in the future." To him, it makes complete sense. The library board, with the direction of the library director, convinced him through the information that is publicly available that this is the right time and the right thing to do.

Mayor Pro Tem Casey said she has a relatively unique position on this body, having served on the library board and especially when they built the new building, which is now 16 years old. She said her comments go to the Mayor's point and the documentation that the library has provided. The library board is responsible for managing the building and managing their budget. Historically, they have done a phenomenal job. They're very

conservative in their estimates. They buy the materials that the community needs. They're constantly adjusting based on the feedback that they get. What was not accomplished, because it wasn't necessary at the time, was providing for future maintenance costs. They knew they had built a new building. They knew there was going to be a need in the future to make updates to that building. HVAC, carpet, anything in that building is 15 years old. There is work that will need to get done. She said the library did a fantastic job in doing a capital reserve study. They understand what they project to need to do to keep the building up to the standard that this community expects. To her, that feels like a no-brainer. She thinks residents will agree. She doesn't want to be in a position where in three years, the library is shut down because the building is not in good shape. That might be an exaggeration, it might be more like five years. The point being, this is Council's opportunity to set their community up for future success by getting some funding into the library so they can do their job and keep the building maintained in the way that they expect. She said she is happy to go on record saying she fully supports this and she is going to support the motion as well.

Member Smith said he'd like to go on record saying he supports this as well. He said, borrowing Member Martinez's check engine light example, that they want to make sure they are prepared when the check engine becomes a dead engine. They don't want to get to the point where they're sitting by the side of the road with the hood up wondering why they didn't take care of the maintenance earlier.

Member Gorumurthy said having been on the board and having been through strategic planning, she saw firsthand what is needed. This is the perfect time to do this and she fully supports it.

Roll call vote on CM 26-04-040

Yeas: Heintz, Martinez, Smith, Staudt, Fischer, Casey, Gorumurthy

Nays: None

Member Staudt said there is a second issue as part of the budget message, the \$490,000 for the recycling center. He asked if they had approved that ordinance yet. It was confirmed that Council passed that ordinance. Member Staudt asked if that would be part of this budget. City Manager Cardenas said yes, they will be getting that in place and then that'll be in the next billing for residents in terms of the amount. He said he might still owe what the final amount would be for that to Council in the next coming weeks. Member Staudt asked if City Manager Cardenas had any idea how much the increase is going to be per resident. City Manager Cardenas said off the top of his head, it was around \$30/year. Member Staudt asked if that will include more than recycling, things like potential long-term tree pickup and limb pickup. Member Staudt said they are going to create a small fund balance that will be for those types of services. Mayor Fischer said not in the current document. He said that is not how it's set up in the current document. He said your fund balance and the rubbish fund is minimal. Speaking to City Manager Cardenas, Mayor Fischer said it does not appear that City Manager Cardenas has set it up that way yet. Member Staudt asked if they are going to have money available from the \$30 for unforeseen circumstances. City Manager Cardenas said yes, he believes that was the intent. Member Staudt asked if this is an additional amount to what they're

having in the budget right now. City Attorney Schultz said the ordinance is done. He said they've done the two readings on essentially expanding in the ordinance what they're allowed to impose as rates. He doesn't believe they've done a rate resolution yet, which is a document that will come to them, and they will have those numbers in there and they can decide then if they'd like an extra dollar or fifty cents. Member Staudt asked if that should be prior to the budget being passed. City Attorney Schultz said that can come at any time; it just needs to come before the fiscal year starts. Member Staudt said that was his question.

Member Staudt said this is exactly what he wanted. He wanted the residents to hear why they're doing this. In some respects, he felt it was kind of buried in the budget. Now, it's very clear that they support it and what the intent of it is. Mayor Fischer asked Member Staudt if that was the direction to start to build the rubbish fund balance for the collection. Member Staudt said he found it interesting that it was shown as revenue for their budget, but he didn't think they had gone that far yet. Mayor Fischer suggested to City Manager Cardenas that maybe they could see a couple different options when that comes forward. Member Staudt clarified that that will come forward prior to them passing a budget and that that will be adjusted accordingly in the budget and City Manager Cardenas said they will do that.

CM 26-04-041 Moved by Casey, seconded by Martinez: MOTION CARRIED 7-0

Approval to set a public hearing on the recommended 2026-2027 budget excluding Year 2 and Year 3 forecasts for May 4, 2026.

Member Martinez asked City Manager Cardenas or City Attorney Schultz if the Neighborhood Roads Fund litigation ends up undoing this revenue sharing issue that has come up, do they expect to receive that \$832,000 back or are they just saying it's gone. City Manager Cardenas said it's definitely gone. Member Martinez then asked if the removal of the \$360,000 from the self-insurance fund will affect the level of self-insurance coverage the City currently has. City Manager Cardenas said no.

Roll call vote on CM 26-04-041 Yeas: Martinez, Smith, Staudt, Fischer, Casey, Gurumurthy, Heintz
Nays: None

2. Consideration to adopt a resolution placing a question on the November 2026 ballot, whether to authorize the City to levy a new millage for specified Capital Improvements and Projects of up to 1.0 mill, for a period of 10 years, beginning with the 2027 tax year.

City Manager Cardenas said from the last meeting, there seemed to be a number of council members who could have gone either way on whether to proceed with putting the question on the August or the November ballot. Since that meeting, he has had discussions with several council members, and it appears that it's preferable to reconsider that decision. In light of the Oakland County ISD ballot decision or question to be posed

installation in their current building, but they will also be reaching out to Carbyne to confirm what, if any, additional costs they'd incur when they move to their new building and install it there when it's built in a few years.

CM 26-04-043 Moved by Casey, seconded by Martinez: MOTION CARRIED 7-0

Approval to enter into an Agreement with Carbyne, Inc. for the replacement of the Novi Police Department 911 Center phone system for \$117,203.48, the approved vendor for Oakland County for deployment in FY 2026/27 with annual costs/warranty in Years 2-5 of \$55,171.52 and amend the budget.

**Roll call vote on CM 26-04-043 Yeas: Staudt, Fischer, Casey, Gurumurthy, Heintz, Martinez, Smith
Nays: None**

4. Adoption of a Resolution to approve Amendment No. 7 to the Water Service Contract with the Great Lakes Water Authority to renew the contract.

City Manager Cardenas said this is reviewed every four years on a regular cycle. Following review of Novi's water usage pattern, staff has determined that at GLWA, adjustments to the contracts are appropriate, which will result in reduction of revenue requirements in the table that's in the admin packet. The estimated reduction is between \$800,000 to \$1 million dollars. That's starts July 1, 2027.

CM 26-04-044 Moved by Smith, seconded by Heintz: MOTION CARRIED 7-0

Adoption of a Resolution to approve Amendment No. 7 to the Water Service Contract with the Great Lakes Water Authority to renew the contract.

**Roll call vote on CM 26-04-044 Yeas: Fischer, Casey, Gurumurthy, Heintz, Martinez, Smith, Staudt
Nays: None**

5. Consideration of approval to award a contract to Scodeller Construction, Inc. for the Joint and Crack Seal Program.

CM 26-04-045 Moved by Casey, seconded by Smith: MOTION CARRIED 7-0

Approval to award a unit price contract to Scodeller Construction, Inc., the lowest qualified bidder, for the Joint and Crack Seal Program in the estimated annual amount of \$200,000. The contract term is one year with two one-year renewal options.

Roll call vote on CM 26-04-045 Yeas: Casey, Gurumurthy, Heintz, Martinez, Smith, Staudt, Fischer

Nays: None

6. Consideration of a Change Order to Springline Excavating, LLC, for the Lee BeGole/Crescent Extension and Public Safety Building/Campus Project, for Land Clearing and Balancing efforts, for \$245,393.

City Manager Cardenas said this is attributed to their public safety program and the project over at Lee BeGole Drive. He said you can see in the pictures that there is a lot of stuff that has been uncovered that they did not plan on. This is a change order to the contract to remove all those materials, including the foundation of an old ice arena that existed there decades and decades ago.

CM 26-04-046 Moved by Martinez, seconded by Smith: MOTION CARRIED 7-0

Approval of Change Order No. 3 to Springline Excavating, LLC, for the Lee BeGole/Crescent Extension and Public Safety Building/Campus Land Clearing and Balancing effort, in the amount of \$245,393.76.

Member Gurumurthy said this is the third change order. She requested that if any change order comes in, it would be nice to see the list either in the admin packet or in this particular agenda item to see what the other change orders are. She said when she saw the budget, it was the entire amount. It would also be nice to see if there is a specific amount just for this. For example, the engineering design has a separate budget than what they have planned. How are they doing with the budget? Right now, it's all lumped into one big, the bond value.

Roll call vote on CM 26-04-046 Yeas: Gurumurthy, Heintz, Martinez, Smith, Staudt, Fischer, Casey
Nays: None

7. Consideration to award the construction contract to Fer-Pal Construction USA LLC, for the Cedarspring Estates Water Main Lining project, for \$2,016,667.

CM 26-04-047 Moved by Casey, seconded by Gurumurthy: MOTION CARRIED 7-0

Approval to award the construction contract to Fer-Pal Construction USA LLC, the low bidder, for the Cedarspring Estates Water Main Lining project, in the amount of \$2,016,667.

Roll call vote on CM 26-04-047 Yeas: Heintz, Martinez, Smith, Staudt, Fischer, Casey, Gurumurthy
Nays: None

CONSENT AGENDA REMOVALS: None

AUDIENCE COMMENT:

Mike Duchesneau, 1191 South Lake Drive, said he is a friend of the library, and he really appreciates Council approving the .2 mills. To him, that is a significant item. As a resident, he has always been confused between the library's budget and the city's budget. He appreciates the support Council showed at the meeting. The 121-page budget document that's attached is really interesting in a lot of strange ways because not only does it highlight the shortfalls that they're going to see and some of the actions that are being taken, but it also has a lot of interesting facts about the city and the community in general. He believes the people who look through it end to end will appreciate it.

COMMITTEE REPORTS:

1. Finance and Administration Committee – Mayor Fischer

Mayor Fischer said they got a small update from Plante Moran Realpoint on some of the public safety facility items. There is some electrical work underneath the site that they purchased at 11 Mile and Lee BeGole. They presented a couple of options and potential savings to offset some of that. He encouraged his colleagues to check out the finance committee packet. They also reviewed some environmental and traffic consultant changes. Those will be forthcoming and recommended by the committee to City Council.

2. Long-Range Strategic Planning Committee – Councilmember Casey

Mayor Pro Tem Casey thanked the residents who have filled out the survey that was posted on social media. The latest number she had heard was 270 residents that had responded. She said if people hadn't responded, but wanted to, they could still go to the city's social media site and fill it out as it will be up for another week. The other thing she mentioned for her colleagues is a second survey they sent out to the members of the boards and commissions to get some feedback from them specifically as people who are engaged as volunteers in the community. They are getting a good response from that, with 21 responses so far. The big news she had for everyone is they will be having their first public workshop as part of the long-range strategic planning process. That will be held on April 28, 2026 from 6:00-8:00 p.m. It will be in the atrium at the Civic Center.

3. Public Utilities and Technology Committee - Councilmember Gurumurthy

Member Gurumurthy said they had another fiber provider, Easy Fiber, attend their last meeting. She said it has been great learning how they follow a process in terms of communicating. The committee invited them to the Community Fest, so hopefully, residents will take the chance to meet with the different providers at the Community Fest and ask questions. She thanked Rob and his team for putting together a map of Novi, locating exactly where the different providers are available. Hopefully, they'll get to a point where that will become a tool for all of them to see what is available, where there isn't any service, etc. so they can have those conversations. The update from GLWA is that the 42" is on track. They've been doing a great job providing the city with weekly

updates. Regarding the 48" transmission, she said they would still like GLWA to give them the long-term planning. They're still waiting for that, and they will continue to push for it. Hopefully, GLWA will attend their next meeting and give them some updates. She said they are getting valuable data from the residents who call Priority Waste when they have a complaint. The data has been very helpful because it's what the city team is using to have those conversations with Priority Waste. They are still waiting for the deliverables from DTE. Member Martinez mentioned a power outage that day (April 13, 2026) in Novi. They are continuing to push DTE to give them the root cause analysis. She requested that the DTE team to hear this message, provide the deliverables and attend their meeting. Otherwise, they talked about an opportunity for the city website to have a hub or a modification, making it easier for residents to go and find this information.

MAYOR AND COUNCIL ISSUES: None

COMMUNICATIONS: None

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 8:42 P.M.

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Cortney Hanson, City Clerk

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Justin Fischer, Mayor

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Transcribed by Diana Charles
Customer Service Representative

Date approved: May 4, 2026