

**SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
SATURDAY, JANUARY 10, 2015 AT 9:00 A.M.
SUBURBAN COLLECTION SHOWPLACE
BRONZE/SILVER ROOMS
46100 GRAND RIVER AVE
NOVI, MICHIGAN**

Mayor Gatt called the meeting to order at 9:00 A.M.

PLEDGE OF ALLEGIANCE

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

ALSO PRESENT: Thomas Schultz, City Attorney

APPROVAL OF AGENDA:

CM 15-01-001 Moved by Wrobel, seconded by Poupard; CARRIED UNANIMOUSLY:

To approve the Agenda as presented.

Roll call vote on CM 15-01-001 **Yeas: Staudt, Casey, Markham, Mutch,
Poupard, Wrobel, Gatt**
Nays: None

PURPOSE OF THE SPECIAL MEETING

Early budget input work session

City Manager Auger spoke about his observations of the City since he was hired in September 2014. The organization is stable. Departments are competent and there are processes for things to be accomplished. Leadership teams are looking at how they operate and how they exist. He's observed some areas that need changing and he will do that. The first topics to be addressed are Community Development Department, Park Maintenance and Finance – Function Only vs. Function and Category. People, procedures, policy and the physical structure are the things that can be changed. When we lose people through attrition, we will look at that position every time. He cited the Payroll position in HR that will now be shifted to Finance as a part time accounting position. In HR, we will be more assertive in adding value to the organization, wellness, employee decision making, interviewing, background, filling positions, etc. With regard to procedures, each Director will be held accountable and will be adding value for each department. Too many procedures cost time for those that want to invest in Novi. Regarding policies – sometimes policies are made to address just one person but those will all be all reviewed for their usefulness. Physical structure - the Community Development Department does need addressing because it's non-functional and inefficient work space for those who have to work with so much paper instead of using CAD. It's the perfect time to look at what we do and why we do it and build it for the

future. Department of Public Services also needs to be addressed to protect the equipment and improve efficiencies. We won't go out for more studies. Finance is working on funding some improvements without bonding or borrowing. The Parks facilities assessment contains very good ideas, but we haven't kept up the facilities as needed. The three large parks will have someone assigned to coordinate with Parks staff and take responsibility with a sign stating who is responsible for caring for the park. Finance and budgeting takes in \$37 million, of which \$2 million is for discretionary funding. It drops to \$1 million in 2017. We have \$87 million worth of projects. We will determine if it makes us more efficient and effective in what we do to address function only vs. function and category related to audit, finance statements, etc. How can we do more with less? It is proposed to take the hours used in the budget process and place them in other projects. It was also suggested to eliminate categories in the budget.

Council member Markham offered that she agreed with streamlining and keeping processes in place. The City should be keeping the parks updated. She had no comment regarding Community Development. Council member Wrobel agreed that parks has items he would like to see worked on. He also liked the idea of finding out what we do and suggested doing a department by department study of what each department does and why they do it and see if it's necessary to continue. Mayor Pro Tem Staudt was not opposed to accounting changes but more with how it will affect the budget process as it affects Council. He isn't into how the city functions day to day; that is for the City Manager. His concern was if we are accomplishing what we promised citizens, but not how we are going to get there. He also questioned how we are going from \$2 million down to \$1 million in spending and he would need an explanation for that. Utilizing maximum expenditures on roads is what is important to him. We do have to do the Department of Public Services. Redoing Community Development is an internal thing and focusing on employee training along with changing the reputation for those working with the development community. The City Manager can decide on how to recruit and pay people. He doesn't look at line by line items in budgets and was happy with Department of Public Services and the Police Department and how they operate in the community. Council member Poupard noted deferred maintenance issues are important to her. She liked knowing about the why behind things for what is requested. She is also concerned about adding value to too many things. Council member Mutch stated the comments piqued his curiosity for Community Development. He would be interested in that and the changes that might occur if there is a downturn in the economy as it relates to needing less personnel when development is slower.

City Manager Auger stated he plans to look at every department but specifically look at the workflow in Community Development. Should we do everything on CAD? Do we need all the space? They continue to always have projects, way too many cubicles and paper in that area. It's important to determine where technology is going and not add staff, because we could use the right tools and technologies.

Councilmember Mutch explained the efficiency of all departments was important and what process was adding value and what was making things more complicated. He

cited the example in the area of Walled Lake where homes have small lots plotted way back when and that means those lots don't meet those standards so they all have to go to the ZBA for any type of improvements whether home improvements, garage or a deck. We can still have zoning standards to maintain and improve their properties without it being a long process and costly. Our high standards have made Novi a community for people to move to. With regard to the budget area and accountability, he has questions about changing a process and the ability of Council to guide that budget process. Member Mutch agreed 100% can't always be maintenance, with addition of subdivisions, the need will increase. What he is looking for: "these are the immediate needs, 5 years out – this is the funding gap." We don't have enough and that has led to funding deficit. Council needs that info to see if we need to go to voters or re-prioritize fund. He likes the idea of a person responsible for each of the parks. The smaller things presented to the public tells them how you value your community.

Member Casey was happy that the City Manager was looking at these opportunities and these will have the most impact and save potential hours. She will support his vision and how Council can support those ideas. Focus on the future.

Mayor Gatt noted that with regard to the Community Development plan, he agreed improvement is needed. But that is for the City Manager to determine. Mayor Gatt supported the City Manager hiring for his economic development and community development expertise to make it grow. While better than in years past, Mayor Gatt still gets calls from developers with stumbling blocks to develop. He suggested a round table with developers explaining what they need to continue developing in Novi. Regarding the budget, Council's role is limited in government and the main role is to oversee the budget. He doesn't want the Council to be cut out of the process and where it's going and why. We have some of the best parks in the State and Lakeshore Park is the jewel and he felt it's not marketed. Not many people are aware that three quarters of Walled Lake is in Novi. Maintenance is key for the parks. It has been a wonderful positive 3-4 months with the City Manager but he is looking forward to the component of community development and economic development.

City Manager Auger responded that because information is key, Community development will be a funding issue as it hasn't been changed since the building was built in the late 1980's. With regard to park maintenance, people and resources were deferred, but will be refocused. Finance – this won't take anything away from City Council doing this by function rather than by category. He cited an example of our budget amendments. Bond rating agents look at audits and he noted Council will still do the budget and approve any amendments but this allows us to utilize hours elsewhere. Second area is the public services building. He reviewed what saves us time and money. \$326,000 per year could be saved and some labor hours could be saved. Right now, we can't keep all our equipment in the garage. If we can't put the salt trucks in the garage, we can't load the salt. \$48,000 in labor and fuel is used just to scrape the trucks and load the salt. It also adds longevity to the equipment to have it protected. Training area – there is no area to do individual training. Equipment has to be moved and cleaned up areas before everything can be set up for a training session. Also, he mentioned an additional training area could be utilized by the Police

Department near the gun range. Washing vehicles at DPS – they are washed by hand and this takes valuable man hours away from working hours whether summer or winter. A wash rack could be built that would save \$50,000 per year just in time. Department of Public Services - he felt that a pole barn needed to be placed out at ITC Park as DPS has to trailer park equipment whenever needed as they have to load and unload to perform maintenance. ITC is also an unlit park and we've experienced some issues occurring at the park that could be alleviated with the building of a pole barn, adding electricity and possibly security cameras. It would be possible to tap into water, sewer and drain funds that could finish the projects mentioned with about \$5.5 million dollars. Also at DPS, in addition to housing vehicles inside, installing a wash rack, purchasing a salt conveyor so that it would self-load without a front end loader; the asphalt needs repair to be more functional. He didn't want to finance or borrow money. Build fund balance so we can provide items to the public.

Mayor Pro Tem Staudt asked what is different from the building currently in ITC. We are hearing about some of this for the first time? He asked about why things had to be tied together and thought he asked for smaller items to be done piecemeal. City Manager Auger responded that originally, there may have been a soils issue where the building was to be built. There are also other issues at DPS like lighting, but doing a \$5 million project and the scope of the issues make us more efficient overall. When you mobilize and bring construction people all at one time is more efficient.

Council recessed at 10:03 a.m. and reconvened at 10:15 a.m.

City Manager Auger stated the next topics were Tax abatements, General fund Finance and noted Council should know the costs for them and residents shouldn't give up anything because of them. They are used to build relationships. The current policy is stricter than the State law. We have not awarded very many in past years being only 4 overall. Getting 50% of something is better than nothing. Tax abatements should be used but not for regional purposes. Developers have discussed investments in other states being worth \$300 million. He felt our biggest competitor would be Mexico but we've always had the advantage of quality. We have to be able to use any tool we can. He sought ideas on where the concerns are at as he came from Auburn Hills because our community is very different and more residential, with commercial, light industrial, industrial and R and D. He's asked for staff to prepare an economic profile to determine what is needed. Mayor Gatt suggested giving details at future meetings and talking about each of them separately. These ideas should be vetted a little more.

Member Casey spoke about tax abatements and she felt that on some level we are providing an unfair playing field to businesses, but always open to the discussion on it.

Member Mutch stated philosophically, he cannot support them. He is looking for companies that want to come here establish roots and grow. It's great to have headquartered facilities, but biggest success stories here have been homegrown businesses. MAC Professionals grew and established new facilities and didn't rely on tax abatements. Look at existing business and identify obstacles to their growth and how to assist them. His preference would be with projects that may come in and help with

infrastructure or redeveloping an area where we get something we wouldn't otherwise get. Generally, he's not supportive, limited to select cases, focus on developing what we currently have, help local businesses grow. He noted that Mr. Auger may come to Council and say he needed tools to bring a company here, but it would be important for him to have something in return related to infrastructure.

Member Poupard asked about spending time on the \$5.5 million. Mr. Auger responded that they should know where staff is coming from when projects are presented. His efforts will be listening to each Council member. Member Poupard asked why these specific ones now? Mr. Auger responded it was due to timing.

Member Markham spoke about tax abatements and felt we should be able to explain to the public why we are using tax abatements. That forces us to be able to explain it and have a good reason. She is looking for fairness and to treat businesses equitably. Companies choose a community for many reasons, but not just because of tax abatement. She felt that with our good schools, good roads and good government, she wasn't interested in tax abatements because we have areas that are empty now. She was interested in what will bring our community to a higher level than what it already is. She also has a concern that the State would give a company money to move to another community within the metro Detroit area. Novi's tax rate is lower than many others surrounding us. She would like to see more reporting on the tax abatements and including the history of how they've been used and annual reporting to be sure we as a community are getting a benefit.

Member Wrobel noted if the facts warranted it and it brings us something we don't have, he'll approve that. It would be on a case by case basis and he would support them if it is warranted.

Mayor Pro Tem Staudt stated he felt that in the long haul, it is a benefit. He sees it from his experience that some companies ask for every type of tax break available. We are in a building phase right now that wouldn't be here without a tax break. No question that it is a benefit. The policy we have now was created by Council and maybe we should change that policy. Companies asking for the abatement are being fiscally responsible to their shareholders. This meeting sends a message that we are not going to talk to them if they seek a tax abatement. The Hyatt hotel received a tax abatement and it brought benefit to the community. He will be supportive of abatements and brownfields. By us not being supportive of the City Manager after knowing the City Manager came to the city, this ties his hands and that is what is unfair.

Mayor Gatt commented that the ones that we gave the tax abatement to have proved that they worked for the community and for the residents. They are some of the jewels in Novi. He doesn't understand the philosophy that we could be cheating the residents. The benefit in the community of the facility in the future, will be seen. This is a tool that has become necessary. When competing with others throughout the state, country and world, we are going to lose out if we aren't part of the process. The facility that we are in today brings other economic benefit almost every weekend whether it is in hotels, shopping, restaurants, etc. If the City policy is difficult, we can bring it back

and change that. Economic development is the key and where the real dollars come in and not needing much back in the way of services. He asked the City Manager to change that for our community.

Mr. Auger suggested we would be wise to explore our revenue system. The next 2 years will give us an opportunity to lower the millage yet again and there are 2 debt millages that will fall off. Discussion was held regarding a capital improvement fund to work on projects. All fire stations except one are outdated. He asked about Council philosophy about building a fund balance.

Mayor Pro Tem Staudt stated he would not support any increase in millages or taxation – if we can give the citizens a clear path to exactly what we are looking for, then we should consider. It's a good thing to have debt come off that will allow us to make the decision to pass savings on to taxpayers or reallocate the bank account for their purposes. His first inclination is to reduce our millage, but make a sound decision based on the needs of the community. We can make some investments in the city and can continue with projects such as Beck Road improvements in the future. Public safety needs ongoing maintenance and improvements and they are on the top of the agenda. He is open to hearing this 3-8 year process.

Member Wrobel agreed with Mayor Pro Tem Staudt. If it makes sense, provides a benefit, then he can support it. He would support a millage reduction if needed.

Member Markham cautioned to be careful about cutting too deep so we don't have to come back in case it hurt us too much in the long run. She supported hiring the City Manager because of his explanation of why and when tax abatements could be needed. She doesn't intend to hamstring the City Manager in any way.

Member Poupard supports the comments of Mayor Pro Tem Staudt.

Member Mutch said he saw Novi as a maturing community that has some older communities on the east side. In the earlier years of 2000, there wasn't as much worry as we've kept a handle on expenditures. As growth slows down, things will have to be addressed such as deferred maintenance. The parks millage doesn't provide enough to maintain or do any upgrades. We have to plan for the future when new homes are not popping up. We have to be judicious about how we use those funds. Parks deferred maintenance is an issue, the City needs a parks budget that is self-sustaining. That's our underlying reality. We need to be judicious with current funds. There are opportunities to use existing funds to leverage for other needs, borrowing, etc. The Drain fund was developed to preserve the natural beauty of the City. Perhaps it's a discussion with the voters to re-purpose millages already in place, like the drain funds - just broadening capacity. See what we have today and if we can utilize it better. Residents will be more supportive if they see improvements in their areas. Being open to looking at things like the drain millage, originally sold to the voters that it would be used for preserve green areas, land acquisition, etc. But since then, we have been barely levying that. In addition to doing stormwater projects, things like environmental projects could be done without raising taxes. Being a financially sustainable community and

investing in the community are so important. Let taxpayers see the benefits of their tax dollars.

Member Casey was intrigued by the concept of a capital improvement fund. We now have subdivisions that are 50+ years old. In terms of millage and having debt come off, we should have a conversation about 10-15 or 40 years down the road. Let's loan ourselves the money to do the work rather than trying to get the money to do the work.

Mayor Gatt reviewed that Council is unified about this and he agreed with all the speakers.

Council recessed at 11:15 a.m. and reconvened at 11:45 a.m.

Member Markham questioned having an additional Farmer's Market at the north end of town? The City should establish renewable energy goals and pilot some things possibly with DTE. We have some larger properties that we might be able to use solar/wind/renewable energy sources. She cited Novi Energy who does bio-fuel, bio-mass installations worldwide. We should have a policy for this and how we administer it in the City. She noted that every day, 34,000 people work in Novi but under 10% live in Novi. 22,000 go to other communities to work. The service industry has 48% of people employed here. Many locations on Twelve Mile, Twelve Oaks Mall, Grand River and Haggerty are all locations that are underserved by transportation. Those are the workers in the community who don't have transportation and count on others to get them where they need to be either through relatives, friends or the SMART bus that ends at neighboring communities. Public transit options could benefit from meeting with engineering, SEMCOG, and the Chamber of Commerce. She suggested we take a step toward dealing with this. On another topic, she asked why we have an armored vehicle.

Member Casey asked about planning and projecting for the next 25 years? We should begin thinking about how do we make people feel that Novi should be their home for millennials. Seniors will also be in need of health care in the coming year. Include all the technology that we will be ready for and question what other opportunities and perspectives should we be looking at for the future. What are we doing to plan for 2030, 2040 etc. How are we building a specific plan to get ourselves to that point. Let's get that started.

Member Mutch provided ideas for things he would like to see over the next year looking at infrastructure to invest back into city streets, neighborhood roads and being judicious about how we spend those dollars and not use it all in one year. Focus on intersections as it relates to high crash intersections, take a comprehensive look at main commercial corridors, lighting, landscaping – using the tree fund, and maintaining and upgrading our public right of way. We should be looking at those intersections the same way that the people coming to visit the community would view it. Bike paths and trails that have gaps might require the city to step up and complete those gaps. He touched on one area around Walled Lake, but there are other areas that Council should have the opportunity to weigh in on. Continue to work to address long term liabilities. We still

have areas of pensions that need to be addressed. He would like that to be something that is tackled this year. Make sure we have resources to do capital projects within the park, deferred maintenance items, invest in the facilities, and opportunities for land acquisition as we compete with development. Demand will come from current and future residents.

Member Wrobel suggested a few short term items include adding park benches and picnic tables to Pavilion Shore Park to be done this spring. The Parks department should work with the Parks Foundation for sponsorship. He would also like to see the addition of a permanent restroom at Pavilion Shore Park possibly next to the parking area. Pay for use of tennis courts near the Civic Center. Increase parking throughout Lakeshore Park as people are parking everywhere. With regard to the Novi Road Cemetery, the retaining wall along the railroad track needs to be evaluated. Finalize a plan to eliminate the entrance and exit issue at the Library. Get it done this year. The MEDC presentation stated we need to have a redevelopment plan of our older and underused buildings. A snow removal program such as that offered in Royal Oak and Berkeley should be offered in Novi as well possibly involving the boy scouts. The City should take the lead with local service clubs for a signature project in Novi.

Member Poupard had no additional comments.

Mayor Pro Tem Staudt felt we need to charge the right amount for parks use and gave the example of mountain bike users. We need to find a way to fund those things and look at the current users to see if they are making the right contributions. Acquisitions – look at that before land disappears. Acquisition cannot stop. Pursue some type of partnership for either a Community Theater, indoor courts, including some type of public private partnerships. School facilities are more difficult to get access to. We have no indoor facilities for active recreation. We have to figure out the long term sustainability of parks and recreation. We need to determine what the proper millage rate is, long term capital improvements and operations. Parks and Recreation needs to stand on its own. We need a long term model. Parks Foundation and naming rights need to be visited aggressively. Pavilion Shore Park would need community partners to provide some basic things. The bottom line is we have to sell this to our residents with a millage. With regard to the future – 1. Roads – we are in good shape fiscally but we need to do more – especially Beck Road – what will happen with that?. 2. Public Safety – forfeiture funds allowed us to do a lot of things. We have to make a considerable investment as Fire Station 1 and 2 need investment priority. We need to be sure we are prepared and protected. 3. Economic Development – the City Manager will take care of this. 4. It is time for our community to have its own cable access channel whether in partnership with school or other community groups. We appreciate the partnership with Farmington and Farmington Hills, but it needs to be within our own facility and our own people and run our own operation with the thousands of dollars in PEG fees. Long term strategy - - he is interested in what this current Council does so we should think of things we can accomplish. The isolation of the community with transportation options is apparent but we need to have the opportunity to determine what is best for the City of Novi. He is interested in some type of intra-city transit and finding out if there are additional options. There would have to be a change in the region. Regarding the gun range facility, last

year we allocated funds generated to make the necessary expenditures. The gun range is a bit run down now. We need to make that place accessible and a good place for federal agencies to come to train. It needs to be updated. It serves 2 purposes by bringing officers from everywhere into the community.

Member Markham clarified that we do not opt into the SMART bus operation, but just something that needs to be done to bring people into the community.

Mayor Gatt thanked Mr. Auger for arranging this and thanked the staff for being present. The real image of Novi is the workers. Each of the staff speaks for the administration when you are talking to the administration. He has heard great and glowing things from the citizens. He thanked everyone for their efforts. He also thanked the Council for sharing their thoughts and ideas. He agreed with everyone and noted that public safety is what brings people to the community. We have to keep our eyes focused on the community and preparation for safety is most important. While we have very little discretionary funds, it is most important to keep eyes on what is most important to the community. Transit is so very important to the community. In thinking about things to accomplish in the near term, Main Street went through all this work four years ago separating any issues that existed thinking it would be flourishing by now and it is not. Main Street is very important to him. The Adell site is also quite important for development. The east side of Novi does need more attention than some other parts of the city including any type of economic development. He also suggested there could be an additional meeting to provide more discussion.

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 12:53 P.M.

Robert J. Gatt, Mayor

Maryanne Cornelius, City Clerk

Date approved: January 26, 2015