

FARMINGTON CITY COUNCIL
SPECIAL MEETING MINUTES
April 23, 2012

A special session of the Farmington City Council was held on Monday, Monday, April 23, 2012, in Council Chambers, 23600 Liberty Street, Farmington, Michigan. Notice of the meeting was posted in compliance with Public Act 267-1976.

The meeting was called to order at 7:07 p.m. by Mayor Buck.

COUNCIL MEMBERS PRESENT: Buck, Cowley, Galvin, Kuiken, McShane.

COUNCIL MEMBERS ABSENT: None.

CITY ADMINISTRATION: City Clerk Halberstadt, DDA Director Knowles, City Manager Pastue, Treasurer Weber.

APPROVAL OF AGENDA

04-12-084 MOTION by McShane, seconded by Kuiken, to approve the agenda as presented. MOTION CARRIED UNANIMOUSLY.

CLOSED SESSION – JOINT MEETING WITH DOWNTOWN DEVELOPMENT AUTHORITY REGARDING LAND ACQUISITION

Downtown Development Authority Board of Directors present: Andrade, Frost, Higgins (arrived 7:12 p.m.), Rock, Wasen.

04-12-085 MOTION by Galvin, seconded by Cowley, to enter into closed session regarding land acquisition.

ROLL CALL

Ayes: Council: Buck, Cowley, Galvin, Kuiken, McShane.
DDA Board: Andrade, Frost, Rock, Wasen.

Nays: None.

MOTION CARRIED UNANIMOUSLY.

Council and the DDA Board entered into closed session at 7:09 p.m.

04-12-086 MOTION by McShane, seconded by Galvin, to exit closed session. MOTION CARRIED UNANIMOUSLY.

Council and the DDA Board exited closed session at 7:40 p.m.

COUNCIL PROCEEDINGS -2-
April 23, 2012

04-12-087 MOTION by Galvin, seconded by McShane, to amend the agenda by adding Closed Session Action as item 4A under New Business. MOTION CARRIED UNANIMOUSLY.

NEW BUSINESS

CLOSED SESSION ACTION

04-12-088 MOTION by Galvin, seconded by Kuiken, to authorize the City Manager to take action consistent with discussions in closed session.

ROLL CALL

Ayes: Galvin, Kuiken, McShane, Buck, Cowley.

Nays: None.

Absent: None.

MOTION CARRIED UNANIMOUSLY.

CONSIDERATION TO AUTHORIZE CAR SHOW EACH WEDNESDAY EVENING AT YESTERDAY'S CONEY ISLAND AND APPROVE OUTSIDE SEATING.

04-12-089 MOTION by Kuiken, seconded by Galvin, to authorize a car show each Wednesday evening at the Grand River-Halsted Shopping Plaza from 5:00 p.m. to 8:00 p.m. beginning the first week of May and ending in late August; and authorize outdoor seating for two tables and up to twelve chairs. MOTION CARRIED UNANIMOUSLY.

CONSIDERATION TO AUTHORIZE THE CITY MANAGER TO SUBMIT EMPLOYEE COMPENSATION PLAN TO COMPLY WITH ECONOMIC VITALITY INCENTIVE PROGRAM (EVIP) REQUIREMENTS

Pastue reviewed provisions of employee compensation plan under EVIP.

Responding to a question from Kuiken, Pastue stated the change in the pension multiplier would only apply to benefits going forward; not retroactive.

Discussion followed regarding the State's long term goal of moving pension plans to defined contribution and changes to the healthcare benefit.

04-12-090 MOTION by McShane, seconded by Cowley, to authorize the City Manager to submit an employee compensation plan to the Michigan Department of Treasury, in compliance with the Economic Vitality Incentive Program (EVIP) requirements. **[SEE ATTACHED PLAN]**. MOTION CARRIED UNANIMOUSLY.

CONSIDERATION TO ADOPT RESOLUTION TO SCHEDULE PUBLIC HEARING TO CONSIDER ESTABLISHMENT OF A COMMERCIAL REHABILITATION DISTRICT, GRAND RIVER-HALSTED SHOPPING PLAZA.

Pastue advised he met with representatives of the Grand River-Halsted Shopping Plaza regarding the possibility of establishing a commercial rehabilitation district. He stated the shopping plaza representative and broker both believe it would be an excellent incentive for the possible redevelopment of the site.

Responding to a question from McShane, Pastue advised it is an open-ended timeline, but only a one-shot opportunity.

Cowley stated a Commercial Rehabilitation District is a creative solution to help grow revenue stream.

04-12-091 MOTION by Cowley, seconded by McShane, to adopt a resolution to schedule a public hearing to consider the establishment of a Commercial Rehabilitation District at the Grand River-Halsted Shopping Center. [SEE ATTACHED RESOLUTION]. MOTION CARRIED UNANIMOUSLY.

CONSIDERATION TO ADOPT RESOLUTION TO SCHEDULE PUBLIC HEARING TO CONSIDER ESTABLISHMENT OF A COMMERCIAL REHABILITATION DISTRICT, DRAKESHIRE SHOPPING CENTER.

Pastue stated this is a similar resolution as the previous one.

McShane expressed support for this proactive approach to redevelopment.

04-12-092 MOTION by Galvin, seconded by Kuiken, to adopt a resolution to schedule a public hearing to consider the establishment of a Commercial Rehabilitation District at the Drakeshire Shopping Center. [SEE ATTACHED RESOLUTION]. MOTION CARRIED UNANIMOUSLY.

REVIEW OF PROPOSED FISCAL YEAR 2012-13 BUDGET

City Manager Pastue provided an overview of the proposed FY 2012-13 city budget including: a review of the General Fund, Street Funds, Capital Improvements Fund and Capital Improvements Program.

General Fund

Pastue advised the proposed FY 2012-13 budget for the General Fund is balanced at \$6.1 million. He stated factors affecting the budget include:

- Property value decline - 4.95%

COUNCIL PROCEEDINGS -4-
April 23, 2012

- Operating millage remains the same at 14.000
- Legislation in Lansing could produce a shortfall of \$63,000 in personal property tax in 2013
- State Revenue Sharing – slight increase
- Other Revenues – stable

Weber explained the calculation for the personal property tax.

Pastue identified major General Fund revenues including:

- Property taxes
- Constitutional Revenue Sharing
- Solid Waste User Charge
- Fines & Forfeits
- Reimbursement – Water and Sewer
- Cable Franchise Fees
- Court Charges

Cowley questioned the 4.95% property value decline projected for next year. Pastue stated it is a fairly good number to use for upcoming year.

Expenditures

Pastue reviewed the following items relative to General Fund expenditures:

- Salaries/Benefits - reduction in retiree health cost
- Budget does not include recent dispatch consolidation savings
- \$25,000 for pay/classification study
- Increase in economic development - \$30,000
- Increase in beautification - \$10,000
- Master Plan Update - \$10,000
- Community Visioning Plan - \$15,000
- \$20,000 Capital Outlay (Public Safety)

Galvin noted the visioning process is a very important part of the budget plans.

Further discussion was held concerning the visioning process.

Pastue advised the only capital outlay in the proposed budget is the purchase of AR15 rifles for the Public Safety Department. He noted officers are willing to participate in payroll deductions to help fund the costs.

Retiree Health Care

Pastue discussed the realities of the current retiree healthcare plan as follows:

COUNCIL PROCEEDINGS -5-
April 23, 2012

- Current liability is \$25 million
- Unfunded liability is \$23 million
- Liability for current retirees is \$17 million
- Liability would have been greater without previous changes to retiree healthcare benefit for current employees

Pastue spoke about the challenges the City is facing including: union contract language, past practices, ordinance that has been in place, BCBS policies, lack of alternatives for retirees, and uncertain healthcare future.

Pastue discussed short term alternatives taking place prior to July 1 including:

- Moving retirees to current insurance suffixes
- Increase pension contribution to those who retired prior to 3/1/04 to compensate for changes in insurance benefit
- Overall FY 2012-13 reduction will be \$84,203
- Changes reduce overall liability by \$3,972,292
- City will need Council's approval of proposed changes

Pastue discussed long term alternatives that included: changes in collective bargaining agreements; medicare supplement plans, seeking an alternative healthcare provider and changes in financing.

Weber discussed the ramifications of the changes and discussion was held concerning retiree healthcare projections.

Pastue advised a General Fund surplus will be realized in both FY 2011-12 and FY 2012-13 budgets. In FY 2013-14 there will be a slight deficit with property taxes bottoming out. He stated concerns included long term funding for capital outlay and competitive employee compensation.

Street Funds

Major Street Fund

Pastue indicated the operating budget for the Major Street Fund is balanced. Construction projects totaling \$1,906,985 include: Grove Street, Drake Road and Farmington Road. He advised the fund balance will be \$158,196. The future forecast for this fund is stable.

Local Street Fund

Pastue advised the operating budget for the Local Street Fund is balanced with no change in service. One construction project is planned for Oakland/Warner Streets at a cost of \$146,500. The fund balance will hit the \$100,000 target. The future forecast for this fund is stable.

COUNCIL PROCEEDINGS -6-
April 23, 2012

Municipal Street Fund

Pastue advised an aggressive FY 2012-13 construction schedule is in place. He stated the fund balance at \$86,989 is lower than the \$250,000 target. He noted the fund balance will recover in two years.

Capital Improvements Fund

Pastue advised FY 2012-13 capital improvements will include: Grove Street at \$535,000, debt service payment at \$283,101 and Shiawassee Park at \$29,100. He noted long term there is no ongoing funding source or mechanism in place to fund sidewalks, building improvements, parking lots, etc.

Responding to a question from Galvin, Pastue confirmed one of the major reasons for the lack of capital improvement funds is the cost of retiree healthcare.

McShane commented that she does not believe the city is in a financial crisis as stated during public comment in an earlier meeting. She pointed out the city has options in managing its budget. She stated the city has always worked hard to be fiscally responsible. She pointed out residents are paying 4.5 mils less than 5 years ago which means the city will continue to face difficult decisions in the budget process.

Pastue stated the city will be in crisis if nothing is done. He advised that with all of the many changes the city has already made there are very few options left. He stated there will be decisions to make going forward regarding services, infrastructure and taxes.

McShane expressed appreciation to both Pastue and Weber for their work on the budget.

Kuiken stated the city has to prepare now for the projected budget deficit.

Cowley stated decisions need to be made now, not 3 years from now. He discussed a number of areas that may impact the budget including: possible elimination of personal property tax, property taxes will never return to previous levels, and cost of healthcare. He believes the City is in a financial crisis.

Mayor Buck stated he will count on Pastue and Weber to develop a plan to address budget challenges. He acknowledged the city is facing serious budget issues with slow growth in revenues.

COUNCIL PROCEEDINGS -7-
April 23, 2012

PUBLIC COMMENT

Maria Putt, 31528 Marblehead, asked about the budget for parks and recreation. Pastue responded it includes maintenance of the city parks, and the recreation program with Farmington Hills. She stated this line item gets her vote for reduction.

Putt requested clarification on the proposed changes to retiree healthcare for those who retired prior to 3/1/04. Pastue stated the proposed coverage is not identical but comparable to what those retirees are currently receiving. He further clarified how the cost of prescriptions would be covered. She confirmed with Pastue that former City Managers Lauhoff and Deadman would participate in this change.

Putt requested clarification on how the costs for Grove Street would be covered. She asked about the grant money for the Shiawassee Park switchback.

Terry Neikirk, 32395 Valley View, questioned how senior citizens on a fixed income can sustain continued tax increases. He expressed shock regarding fixed costs included on his water bill. He suggested moving the water department to Oakland County. He expressed concern regarding the city's intention to move forward on the Grove Street project. He does not believe it will have a major impact on the city.

Pastue explained the fixed rates for water and sewer.

COUNCIL COMMENTS

McShane requested the City fix the Civic Theatre ceiling prior to the Miss Farmington pageant that takes place during Founders Festival. Pastue responded he will follow up on any repairs that may be needed.

McShane spoke about the city's goal of developing an economic development plan and retaining a professional to provide assistance towards that end. She indicated Bob Donohue of Oakland County has offered to assist in developing a plan. She asked about the status of the branding report and how or if it will be used.

Pastue responded the City has already implemented some of the recommendations of the branding report.

McShane encouraged City Administration to invite the representatives from Oakland County to assist in developing and implementing an economic development plan.

COUNCIL PROCEEDINGS -8-
April 23, 2012

Galvin encouraged Chris and Vince to continue to look at creative ways to address the city's financial challenges. He asked Council for ideas to take to the next joint taskforce meeting.

Galvin noted it was a privilege to attend the recent Arts Festival at the Costick Center. He was honored to present an award to Brian and Cynthia Tupper for their involvement in Farmington Player's Barn.

Mayor Buck congratulated Karen Gara, owner of Merle Norman, who recently received an award from the Center for Empowerment and Economic Development. He announced the opening of Peterlin's Restaurant and Bar on April 30th.

ADJOURNMENT

04-12-93 MOTION by McShane, seconded by Kuiken, to adjourn the meeting.
MOTION CARRIED UNANIMOUSLY.

The meeting was adjourned at 10:15 p.m.

J. T. (Tom) Buck, Mayor

Susan K. Halberstadt, City Clerk

APPROVED: May 21, 2012