

FARMINGTON CITY COUNCIL
SPECIAL MEETING
APRIL 21, 2010

A special meeting of the Farmington City Council was held on Wednesday, April 21, 2010, 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 6:38 p.m. by Mayor Buck.

COUNCIL MEMBERS PRESENT: Buck, Knol, McShane, Wiggins, Wright

COUNCIL MEMBERS ABSENT: None.

CITY ADMINISTRATION: Director Gushman (left 8:15 p.m.), City Clerk Halberstadt, City Manager Pastue, Director Schulz (arrived 7:40 p.m.), Treasurer Weber (left at 8:00 p.m).

APPROVAL OF AGENDA

04-10-071 MOTION by McShane, seconded by Wright, to approve the agenda as amended. MOTION CARRIED UNANIMOUSLY.

WATER AND SEWER RATE STUDY PRESENTATION

Treasurer Weber presented a combined water and sewer template that forecasts costs and revenue over the next six years based on assumptions including projected usage and adjustments to fixed costs. He noted the template was developed by Plante and Moran as a result of a recent water and sewer rate study. He stated the study was commissioned due to increased volatility in water consumption and its impact on target revenue and reserves. He stated the City's goal is to move toward a fixed cost on which to base the water and sewer usage rate.

Weber advised over the past 2 years the water and sewer fund has been drawn down significantly; a 17% decrease in sales from a 10-year average. He noted reasons may include: cool and wet summers and public conservation efforts. He stated Plante & Moran has developed a rate structure which would show a more predictable revenue stream. He reviewed the water and sewer template/spreadsheet including proposed increases over the next six years.

Responding to a question from McShane, Pastue stated proposed increases from Detroit Water and Sewer are built into the proposed rate increases.

Wright questioned whether the change in water consumption is temporary or a permanent change in behavior. He further questioned whether other communities have implemented a water conservation effort similar to the plan recently implemented by Farmington.

SPECIAL MEETING -2-
APRIL 21, 2010

Pasture responded some communities have implemented water conservation.

Knol suggested the decrease in consumption is related to the economy and a cool, wet summer.

Weber advised each year the template/model will be updated and corrected according to rate increases. He discussed water consumption over the last ten years, noting the significant drop in 2008-09.

In response to questions regarding water loss, Director Gushman stated it is identified as all public locations that are not metered. He stated the amount of water loss is within an acceptable range, even low in comparison.

Discussion continued regarding other reasons for water loss including illegal use and evaporation.

Wright asked if consumption could be plotted against the economic cycle.

Gushman responded there have been major changes in the way water is consumed. He believed a longer history would not offer good comparables and suggested consumption is more weather driven.

Weber stated the model is based on very pessimistic assumptions. The goal is to remain conservative until the cash balance is built up. He noted even though there is less water usage and consumers are billed for less, there is still more water that goes to Detroit for processing. In other words, when you sell less, you pay more on the sewage end.

Discussion continued on other water and sewer related costs.

Responding to a question from Wright, Pastue stated reasons for the budgeted surplus include: 90 day cash surplus in relation to operating needs; \$300K for emergency costs; and debt service payment for the following year.

Weber discussed planned increases to compensate for the shortage, noting numbers can be adjusted and readjusted as consumption changes.

Responding to a question from McShane, Weber stated the City has an effective system for collecting delinquent water payments.

Weber discussed the average user combined bill, noting the ready to serve charge which covers administrative costs is projected to increase in the coming years. He stated those costs are currently \$400K per year which would translate to \$30 per quarter per customer charge. He clarified that the full cost would not

SPECIAL MEETING -3-
APRIL 21, 2010

be transferred to users immediately, but there would be a gradual increase over several years. He stated the trade off would be whether to increase the user charge or ready to serve fee.

Buck confirmed Council would review these costs on an annual basis to determine the appropriate fee amount.

Pastue stressed the uncertainty of water and sewer consumption, noting there are no projects planned over the next 2 years.

Buck confirmed the City's philosophy that every year each user will pay the ready to serve charge to level out revenue. The low volume user will see the greatest percentage increase.

Responding to a question from Wright, Pastue confirmed residential and commercial users would be treated equally. He stated Plante & Moran determined it was more equitable to have a uniform ready to serve price for every user then a unit price based on consumption.

Buck confirmed there would be a separate vote on changes in user rates.

Wright stated the need for more discussion on water and sewer rates in terms of fixed versus variable costs. He will meet with Treasurer Weber to discuss the template.

Discussion followed regarding the average user fee.

Knol commented an increase in user fees would cause reduced consumption and as a result the percentage increase could go up.

Responding to a question from Wright, Weber stated if there were insufficient funds to cover water and sewer costs the City would need to issue debt. Wright noted that if everything stayed the same the City would run out of money in 2 years time.

Wright advised the variable and fixed costs need to be brought closer together.

MISCELLANEOUS – CITY MANAGER UPDATE

Pastue reviewed board and committee vacancies and applications. He indicated Council would need to set a time to interview applicants.

Responding to a question from Wiggins, Pastue identified the following Board and Commission vacancies: Beautification Committee – 7; Historical Committee – 7; and the DDA – 1.

SPECIAL MEETING -4-
APRIL 21, 2010

STREETSCAPE UPDATE

Gushman advised there are a few items left on the punch list for the Streetscape Project. He indicated the mast arms and crosswalks need to be painted. He confirmed the contractors have not received final payments. He stated the bonding company for Basile is handling all payments.

Knol advised there is a gap in the walkway on the south side of Grand River that was never filled in with pavers. Knol inquired about signs for timed parking on Grand River.

Pastue advised timed parking signs must go through MDOT. He stated Council should initiate action requesting a time period in which the signs should be installed.

Responding to a question from Wiggins, Pastue stated the Traffic and Safety Board have not addressed this issue yet because they are waiting to evaluate the parking.

Buck suggested inviting a representative from MDOT to attend a council meeting to discuss the issues.

Wright commented the traffic flow in the downtown is much better.

NEW CITY LOGO

Pastue provided Council with a sample of the new City logo. Buck stated the City logo was developed in part to correspond with the DDA's new logo.

SWOCC

Pastue commented on a proposed reduction in franchise fees to SWOCC. He stated they are looking at how to maximize production staff given the potential loss of close to \$300k. He advised they are going through some significant organizational changes and as a result there will be changes in production capacity.

JOINT MEETING WITH SCHOOL BOARD AND FARMINGTON HILLS CITY COUNCIL

Pastue advised a joint meeting with the Farmington Hills City Council and Farmington Public Schools has been set for June 29th, 2010. He stated the purpose is to discuss the disposition of closed schools as well as safety issues.

SPECIAL MEETING -5-
APRIL 21, 2010

COURTHOUSE PROPERTY

Pastue stated a special meeting is needed regarding the disposition of the courthouse property.

McShane asked how this process could be moved along more quickly. Pastue responded hiring a broker would facilitate the process. He advised the schools are no longer interested in the property given their financial challenges.

Wright asked if it is too late to salvage the property. Gushman responded the structure is still in good shape.

Buck asked what is keeping the City from putting it up for sale. Pastue noted certain conditions would need to be placed on the sale to make certain the property is used appropriately.

Schultz commented as a public entity the City would sell property in a different way, i.e. Request for Proposal. He stated the City could use a broker, but with a different type of arrangement in terms of what the City would reserve for itself.

Discussion followed regarding creating a list of uses for the property.

In lieu of a meeting, Knol suggested Council email their thoughts regarding the courthouse to the City Manager.

Buck advised the document that was previously prepared from an earlier attempt to sell the property needs to be reviewed.

McShane stressed a timeline is needed on this matter.

Pastue will follow-up with an e-mail to Council.

Buck asked if it is reasonable to place a for sale sign in front of the building in three months time or at least list it with or without a sign. Pastue responded that sounded reasonable.

CENSUS

Pastue shared the status on census participation in Farmington. He advised Farmington's participation rate thus far is 81%, Farmington Hills is 79%, Oakland County is 79%, Michigan is 75%, and the National rate is 71%. He will continue to monitor to ensure the City is making progress.

SPECIAL MEETING -6-
APRIL 21, 2010

WEBSITE

Pastue stated the website is still in the development stage. City Clerk Halberstadt presented two proposed designs for the home page and the need to merge the best from each design. All council members agreed on the importance of having people appear in the photos displayed on the home page.

ELECTION PRECINCT CHANGES

Halberstadt stated 3 out of 6 of the City's election precinct locations have been lost as a result of school closings. She advised one precinct will be relocated to Our Lady of Sorrows Church; another to The Crossing Church and one more will be added to Farmington High School. She advised a resolution will be brought to Council at the May 17, 2010 meeting ratifying the agreements for these new locations.

CHARTER AMENDMENTS

Halberstadt advised there are eleven remaining charter amendments for placement on the 2010 August and November ballots. She is waiting to hear from the County regarding how many amendments can be placed on the August ballot. Pastue suggested placing the first six amendments on the August ballot and the remaining five on the November ballot.

OTHER BUSINESS

Council set the following special meeting dates to discuss the budget and take a van tour of the City: May 15th at 8:30 a.m.; May 20th at 6:30 p.m.; and May 22nd at 8:30 a.m.

PUBLIC COMMENT

No public comment was heard.

COUNCIL COMMENT

McShane advised a tour has been scheduled with Evangelical Homes for May 21st beginning at 10:30 a.m. with lunch at 12:30 p.m. She would like to know who will attend.

CLOSED SESSION

**REVIEW OF CITY ATTORNEY'S CONFIDENTIAL CORRESPONDANCE
COLLECTIVE BARGAINING UPDATE**

SPECIAL MEETING -7-
APRIL 21, 2010

04-10-072 MOTION by Knol, seconded by Wright, to enter into closed session to review City Attorney's confidential correspondence and receive an update on collective bargaining.

ROLL CALL

Ayes: Buck, Knol, McShane, Wiggins, Wright

Nays: None

Absent: None

MOTION CARRIED UNANIMOUSLY.

Council entered closed session at 8:53 p.m.

04-10-073 MOTION by Wright, seconded by McShane, to return to open session.
MOTION CARRIED UNANIMOUSLY.

Council returned to open session at 10:10 p.m.

ADJOURNMENT

04-10-074 MOTION by McShane, seconded by Knol, to adjourn the meeting.
MOTION CARRIED UNANIMOUSLY.

The meeting adjourned at 10:10 p.m.

J.T. (Tom) Buck, Mayor

Susan K. Halberstadt, City Clerk

APPROVED: May 17, 2010