

FARMINGTON CITY COUNCIL
SPECIAL MEETING
APRIL 26, 2011

A special meeting of the Farmington City Council was held on Tuesday, April 26, 2011, 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 6:43 p.m. by Mayor Buck.

COUNCIL MEMBERS PRESENT: Buck, Knol, McShane, Wiggins (arrived at 7:10 p.m.), Wright.

COUNCIL MEMBERS ABSENT: None.

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

APPROVAL OF AGENDA

04-11-061 MOTION by Knol, seconded by Wright, to approve the agenda as presented. MOTION CARRIED UNANIMOUSLY.

**2011-12 DOWNTOWN DEVELOPMENT AUTHORITY BUDGET
PRESENTATION AND UPDATE**

Present: Annette Knowles, DDA Director

Director Knowles reviewed the proposed FY 2011-2012 Downtown Development Authority (DDA) budget. She provided a work plan update that included the core themes of Walkable Infrastructure, Downtown Marketing and Business Development.

Knowles provided FY 2011-2012 budget highlights that included: utilization of 6 cost centers, significant decreases in TIF revenues, planned reductions, recommendation to waive increase to PSD, and funding of cost centers.

Discussion followed regarding the increasing challenge of finding sponsorships for events and the possibility of eliminating one or two of them if dollars are not found.

Pastue recommended increasing the PSD by \$10K which could be applied to short term parking solutions.

Knowles advised that if Council agrees to increase the PSD the resolution should specifically state where the increased dollars would be applied.

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2011-12 FARMINGTON CIVIC THEATRE BUDGET PRESENTATION AND UPDATE – Scott Freeman

Mr. Freeman was not present. The Civic Theatre budget review was provided under the City Manager's review of the FY 2011-12 proposed budget.

REVIEW OF CITY MANAGER'S FISCAL YEAR 2011-12 PROPOSED BUDGET

City Manager Pastue provided an overview of the proposed FY 2011-12 budget including: a review of the Street Funds, Civic Theater Fund, Water and Sewer Fund and General Fund.

Pastue advised the City is in the second year of a long term survival plan. He stated with the exception of Retiree Health Care, all other projections from prior year are on target. He noted the overall millage rate is currently 15.000.

Pastue stated the budgets in all operating funds are balanced. The proposed budget maintains existing service levels and infrastructure investment including: roads, water, sewer, park, sidewalk replacement, and building projects. He noted significant increases in water and sewer rates.

Pastue pointed out personnel reductions continue as adopted with the FY 2010-11 budget including reductions in the offices of Treasurer and Clerk.

Pastue stated the target for the General and Street Funds has been met. He advised the working capital for the Water and Sew Fund needs to be increased.

Pastue identified a number of concerns regarding the budget including:

- Projected General Fund shortfall in the next Fiscal Year (July 1, 2012) will be \$275,000.
- Due to increasing Retiree Health Care costs \$125,000 will not be transferred to Capital Improvements.
- A \$50K reduction in the COPS grant.
- Projected taxable value reduction of 4% will result in a loss of \$100K.
- Increase in gas prices on Act 51 revenues.
- Continued reduction in water consumption.

Pastue stated solutions to the budget shortfall include pursuing shared service opportunities and addressing Retiree Health Care costs.

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Discussion followed regarding the possibility of implementing furlough days. Pastue advised this option is not viable due to the 24/7 schedule of Public Safety and the day-to-day need for Public Services. He went on to discuss the difficulty of scheduling vacation, holidays, etc. relative to furlough days.

Treasurer Weber noted all Farmington employees took a 5% decrease in pay effective July 1, 2011. He stated this was in lieu of furlough days taken by other municipalities.

Street Funds

Pastue reviewed the proposed budget Street Funds as follows:

Major Street Fund

- Existing service levels are maintained.
- The Operating Budget is balanced.
- Operating expenses are down.
- The ending Fund balance of \$261,197 exceeds the \$200,000 target.
- Cost of design for Drake Road construction is \$54,000.

Pastue noted the design cost for the Drake Road project is in the proposed budget in order to be ready for funding that may become available earlier than projected FY 2015-16.

Pastue expressed concern regarding gas prices which would result in reduced miles driven.

Local Street Fund

- Existing service levels are maintained.
- The operating budget is balanced.
- Budget meets ending Fund balance target of \$100K.
- Construction projects total \$268,590 which include River Glen, Thomas Street, Hawthorne Street and Astor.

Municipal Street Fund

- Millage increase to 1.000.
- The ending fund balance exceeds \$250,000 target.
- Proposed capital projects were reviewed.

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Civic Theater Budget

- Operating fund is balanced.
- Attendance and Concession sales have steadily increased.
- A management incentive of \$5,630 is included in the budget.
- Allocation for miscellaneous capital improvements is \$7,500.
- City portion of any operating surplus will be reserved for future capital improvements.

Discussion followed regarding reasons for the increase in attendance and concession sales. Discussion continued regarding the impact of tighter management controls on the bottom line.

Water and Sewer Fund

1. Proposed budget includes an increase in water and sewer rates.
 - The fixed cost charges from DWSD will be fixed quarterly charges to customers.
 - The cost to operate remainder of the system will be based on reduced consumption estimates.
2. The 1990 CSO Bond Issue has been retired.
 - The property tax levy for this purpose has been repurposed to General Operations.
3. Expenses have declined in a number of areas including salaries.
4. Capital projects for FY 2011-12 include:
 - Thomas Street Water Main
 - Hawthorne Street Water Main
 - Floral Park Sewer Rehab Project

Pastue advised bonds in the amount of \$2,220,000 will be issued in June to reimburse prior projects and fund current projects.

Pastue pointed out there is still a need to increase working capital. He expressed concern that water consumption may decrease even further.

Discussion followed regarding the distribution of costs to consumers and who will sustain the greatest increase due to the added fixed cost from DWSD.

Wright pointed out the City has not passed on its own fixed cost, but may have to do so in the future.

General Fund

Pastue advised the General Fund is balanced for FY 2011-12 with the operating millage increased to 14.000. The budget maintains current services, but includes planned staff reductions. He discussed a \$75,000 shortfall for the following year.

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Pastue discussed General Fund revenue and expenses by category, noting Public Safety accounts for close to 50% of expenditures.

Responding to a question from McShane, Pastue stated the City of Farmington Hills has already reduced the cost of Parks and Recreation and Senior Services. He further confirmed there will probably not be any further reductions or charges for services.

Pastue discussed a number of significant items included in the proposed General Fund budget including the following:

1. City Council – purchase of iPads for new Council.

Knol expressed concern regarding making this type of purchase given the current economy and recent concessions made by employees. She asked that this purchase be taken out of the budget.

Buck discussed the merits of the iPad and its advantages over the laptop. He stated tools like this make for a more effective Council.

Knol advised Council is welcome to buy their own iPad.

Pastue discussed the City's continued goal of providing a paperless meeting packet in the most efficient and effective way possible.

Discussion followed regarding the merits of a laptop versus the iPad. It was confirmed Council can use their laptop/PC for City purposes only.

Buck suggested cutting the budget for the iPads in half and allow new Council members options in how they want to receive and process information.

McShane expressed support for removing the iPad purchase from the proposed budget in light of all the cutbacks that have been made.

Wiggins stated this is not the year to make such a purchase.

Pastue advised he would move the dollars for the iPad to the contingency fund.

2. City Manager – vehicle allowance in lieu of van purchase.

Responding to a question from Wiggins, Pastue advised there will be no succession issues related to passing the van on to DPW over the next six years. He discussed the upcoming retirements of DPW staff and stated at that time the program would need to be revisited.

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3. General Administration – \$5,000 increase in insurance contributions.

Pastue noted in the internal service funds there is a surplus of \$200K in the self-insured fund. He is contemplating taking \$50K in this fiscal year and sending it to the risk carrier so the increase can be reduced. He discussed the impact of recent sidewalk trip and fall settlements.

4. Purchasing/Technology – increased cost for technology services.

Pastue advised the City is looking to contract with Farmington Hills for its Information Technology needs which will come at a much higher rate. He discussed the City's current provider where service has been limited with no back-up.

Responding to a question from Wright, Pastue stated the increase for technology services will be approximately \$20K per year.

Pastue discussed other opportunities the City is pursuing with Farmington Hills including joining in a self-insured medical fund.

5. Building and Grounds – use PEG funds to improve the Council Chamber for televising Council meetings.
6. District Court Contribution – there will be an increase in the City's contribution based on the current formula.

Responding to a question from Wright, Pastue confirmed the revenue from fines and court costs typically covers the City's contribution to the Court. However, it does not cover the debt payments of the Courthouse.

7. Public Safety – \$52K for purchase of two patrol vehicles; retiree health care increase of \$169K.
8. Sidewalk Replacement – funds in the amount of \$125,000 has been set aside for FY 2011-12 and \$100,000 in FY 2012-13.

McShane expressed concern regarding the planned sidewalk repair program and the City's exposure to trip and fall incidents.

9. Streetlights – Pastue discussed the difficulty in managing streetlighting in terms of conserving costs. He noted the City has a high level of streetlight service.
10. Refuse-Recycling Collection – a modest increase of approximately \$3,500 in part due to contract with Waste Management.

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Responding to a question from McShane, Pastue stated RRASOC went through the most comprehensive bid process to achieve optimal savings for refuse and recycling collection.

Discussion followed regarding moving to single stream recycling and larger containers.

11. Community Programs – a reduction in MCMR contributions.
12. Beautification - \$60,000 set aside for the sign replacement program and funding for Capital Improvements.
13. Park Maintenance - \$5,000 set aside for Flanders School mowing; \$10,000 allocated to slurry seal the parking lot at Drake Park; and \$5,000 to seal coat the northeast parking lot at Shiawassee Park.
14. Recreational Services – use of CDBG funds for economic development purchases.

Responding to a question from McShane, Pastue stated Farmington Hills has continued to make cuts to Recreation Services. He noted Farmington Hills is using more of their recreation millage for operations and programs rather than capital projects.

Discussion followed regarding the amount of the cuts Farmington Hills has made to Recreation Services. It was confirmed that Farmington's share does not include real estate costs.

Pastue suggested scheduling a meeting with representatives from Farmington Hills wherein they can provide detail on the Parks and Recreation and Senior programs. He will try to arrange the meeting prior to finalization of the budget.

Wright would like to see Farmington Hills' Recreation Services budget prior to the meeting so that he can develop a list of questions.

15. Governor Warner Mansion – the City is seeking to establish a non-profit foundation, "Friends of the Governor Warner Mansion."

Pastue discussed consolidating the agency accounts currently set up for the Mansion. He will present a resolution to Council that consolidates these accounts into two line items: Capital and Operations.

Discussion followed regarding past accounting practices followed by Mansion volunteers.

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OTHER BUSINESS

No other business was heard.

PUBLIC COMMENT

No public comment was heard.

COUNCIL COMMENT

No Council comment was heard.

ADJOURNMENT

04-11-062 MOTION by Knol, seconded by Wiggins, to adjourn the meeting.
MOTION CARRIED UNANIMOUSLY.

The meeting adjourned at 9:35 p.m.

J.T. (Tom) Buck, Mayor

Susan K. Halberstadt, City Clerk

APPROVED: May 16, 2011