

FARMINGTON CITY COUNCIL
SPECIAL MEETING
April 28, 2008

A special meeting of the Farmington City Council was held, Monday, April 28, 2008, 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 7:35 p.m. by Mayor Knol.

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

COUNCIL MEMBERS ABSENT: McShane.

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

APPROVE AGENDA

Council concurred to approve the agenda.

REVIEW OF PROPOSED BUDGET – Power Point Presentation

City Manager Pastue stated the long-term budget goals are to maintain service levels, recommended millage rate of 13.8163, 25% expense fund balance ratio for the General Fund, Street Funds exceeding Fund Balance amounts, continue to maintain the City's infrastructure, and evaluate operational efficiencies.

Pastue noted the challenges of the budget are not only state and regional economy, but the national, as well. He noted the reduction in property taxes due to the housing market, uncertainty in the financial markets, rising health care costs, rising energy costs, and declining revenues with revenue sharing investment earnings and revenue sources, and retiree health care all contribute to the budget challenges. He noted since 1996 there has been a growth of 2 ½ to 5%, but this year it dropped 9/10%. Pastue commented it is continuing to go downward this next year from information received from the assessor.

Pastue reviewed expenditures regarding the Pension Plan and noted a new line item consisting of an increased contribution of \$452,000 to fully fund the City's obligation. He discussed approaches other communities were making to help defray costs in their Pension Plans.

Councilmember Wright asked if in future years the City's contribution would be less after the initial obligation was met, and Pastue replied it would be flat.

Responding to a question by Councilmember Buck, Pastue commented the City would have to record the increased contribution of \$452,000 in some manner as a liability.

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Discussion followed regarding the retirement contributions and the challenges facing the City in order to cover retirement expenses.

Pastue reviewed proposed changes for fiscal year 2008-09: move to a user fee for funding recycling, solid waste and yard services and recommend eliminating the recycling assessment for the July tax bill; no longer pay the 2003 sewer debt with property taxes, but with sewer user fees and take the .17 mills and pay the obligation on an ongoing basis with the sewer user fees which would be incorporated into the general operating millage; recommend eliminating dedicated levy for sidewalk replacement from the program utilizing the statutory revenue sharing that is in the Capital Improvements Fund and take .1 of a mill and incorporate it into the General Operating Millage; levy 1% administration fee for City millage; personnel reductions, eliminate Assistant City Manager position, reduce Controller position to part-time, and eliminate the mechanics position at the DPW; employee wage increases; change administration and employee health care; and increase building permit fees by 15%.

Responding to a question by Wright, Pastue stated administration checked the building permit fees with other communities for comparison.

Pastue reviewed the Street Funds – Section D of the proposed budget: meet long-term budget objectives and noted a surplus in the future; meet or exceed the targeted fund balance for the road improvement programs and he listed the streets included in the budget year improvement program. Discussion followed regarding street approaches.

Pastue discussed the pie chart relating to expenses for the Water and Sewer Fund. He noted contractual services is 46% of the overall Operating Budget and is primarily what is paid to Detroit Water and Sewer and Oakland County for water and waste water services. He commented salaries and benefits are slightly over 10% and noted that most of the money is used for contractual operations.

Pastue noted water and sewer rate changes and he stated the City of Detroit has not adopted the recommendations of the Water and Sewer Department. He commented the City of Detroit has obligations to meet their bond coverage requirements and 125% of revenues go to operating expenses. He recommended incorporating the increase in the City's rates July 1st to meet the increase from the City of Detroit. He stated Detroit City Council did not accept the recommendation and did not approve Detroit's rate proposal.

Mayor Knol asked what Oakland County charged for the administration fee and Pastue responded some communities build it into their water and sewer service. He stated he liked to show the administration fee since it ties directly to a non-direct service element.

Pastue reviewed the proposed projects: Power Road water main replacement in 2008, Grove Street incorporated into the Streetscape Project in 2009 and Slocum Street in 2009.

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Knol asked if money was going to be set-aside for Floral Street in case there isn't any grant money and Pastue stated he would refer to that later in the budget discussion.

Pastue reviewed the proposed Water and Sewer Rate Study. He anticipates significant savings based on aggressive management of the City's flow and he would like to leverage some of the savings toward the renewal and replacement account. Wright asked if the savings was a result of sending less flow to Detroit and Pastue responded it is the timing of less flow. He discussed ways of regulating the water flow in order to save up to \$100,000 a year by managing the system effectively.

Discussion followed regarding Floral Park water and sewer improvements. Pastue recommended using sewer revenues since it is a sewer system obligation to pay the debt. He noted the sewer debt was paid by property taxes in 2003. Knol stated the City would have to issue bonds. Buck discussed the transfer of funds. Knol commented on a court case in Lansing where an increase from fees and services could not be used for other things. It must be proven that the fees transferred into the General Fund equates to the service provided.

Pastue gave an overview presentation of the Civic Theatre and discussed revenue received from rentals. He noted theatre attendance is down, but expenses have been met.

Councilmember Wiggins asked if Pastue had 2008 attendance figures and Pastue replied he didn't have the figures, but heard the attendance has been good since the first of the year.

Responding to a question by Buck, Pastue did not want to increase the ticket prices since there was an increase last year.

Pastue reviewed the Capital Improvements Fund/Program. He recommended capital improvements such as: a dump truck for DPW, replacement of entrance signs to the City, replace irrigation system at City Hall, replace City administrative van, furnishings in the Public Safety Records area, replacement of two patrol vehicles, replace all of the mobile data computers, six replacement vehicles, breathing apparatus and supplies, replacement of turnout gear, and replacement of the Public Safety administrative vehicle. He noted they were applying for a grant to help purchase an aerial ladder fire truck and he commented Public Safety needs a new dispatch counsel.

Buck asked if there was anything that could be done by Council to help with the grant application. Pastue responded letters to Congressman Knollenberg would help.

Pastue discussed the Shiawassee Park Improvements and what items can be worked on this fiscal year.

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He noted 2009 projects: 2009 sidewalk replacement, park project, and the Slocum Street reconstruction. Discussion followed regarding the Slocum Street and Grove Street projects.

Pastue discussed building improvements that needed to be addressed. Knol commented there would have to be a joint project with the DDA and the City if a parking structure needed to be constructed. She stated it should be considered under capital improvements.

Pastue advised the restrooms and concession stand needs to be replaced at Shiawassee Park. He noted the possible sale of the courthouse as revenue.

Wright asked what the current Fund Balance is projected at the end of this Fiscal year. Pastue responded a little over \$2 million.

Discussion followed regarding the large decline in the Capital fund balance in the future. Knol noted ongoing expenditures and the lack of funding in the future.

Wright inquired what has changed in the funding for the Capital Improvement Fund and Pasute responded in years where there was a surplus in the General Fund; monies were transferred to the Capital Improvement Fund.

Discussion followed regarding the meaning of the current budget situation for the future.

Wright asked for a copy of the history of prior budget years in the same layout. Pastue responded he would prepare the spreadsheet to include the previous 5 years.

Pastue reviewed the General Fund and noted property taxes support 56% of this fund. He commented there is a large jump in charges for services, which represent the user charge for solid waste services. He discussed the decline in property taxes and noted the operating millage proposed for next year is 10.451. He is recommending a change in the overall millage to drop by 6/10 of a mill based on solid waste user fee system. He discussed the operating millage and changes.

He noted constitutional revenue sharing is down \$10,000, investment earnings down \$90,000, license and permits up 18.37%, fines and forfeitures up \$5,000.

He reviewed the resident user charge, which pays for recycling and waste management fees and leaf pickup. Wiggins noted the residents were paying less because trash collection was subsidized by businesses. Discussion followed regarding trash pickup and leaf collection for single family and multi-family residents.

Pastue gave an overview of General Fund expenditures, reviewed one-time expenditures and declining revenues. Discussion followed regarding declining revenues and a declining fund balance.

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Pastue briefly discussed shared services with Farmington Hills and he would like to look further at Farmington's share.

He discussed coordinating efforts with the DDA, and SWOCC, and the debt service obligation.

Pastue stated the budget is fine-tuned and a lot of thought and study go into its preparation.

Knol stated administration had done a fine job in preparing the budget, but she noted the City must prepare for the future. She stated there are three ways to address the deficit: raising taxes, reducing services, or continue to look at ways to provide the services.

Responding to a question from Wright, Pastue stated the next budget step is to review the departmental budgets closer.

Wright asked for the other items on the budget to be prepared similar to the Capital Fund to reflect the history. Weber referred to the Budget Summary.

Buck agreed with Knol that administration has done a good job on the budget. He stated a goal for next year could be a better understanding of future options relative to millage and service. He was pleased to see the changes for the Civic Theatre. He would like to see some advantage for Farmington regarding shared services with Farmington Hills. He would like to see a savings for both cities.

Buck voiced concern regarding the TIF transfer of monies. Discussion followed regarding the transfer of TIF funds.

Four members of Council concurred to support Limited Tax Bonds.
Council concurred to discuss the remainder of the Budget at the next session.

REVIEW ADMINISTRATIVE DEPARTMENT BUDGETS

Due to the late hour, Council concurred to postpone a review of the Administrative budgets.

OTHER BUSINESS

No other business was heard.

PUBLIC COMMENT

There was no public comment.

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COUNCIL COMMENT

There was no Council comment.

ADJOURNMENT

04-08-67 MOTION by Wright, seconded by Wiggins, to adjourn the meeting. MOTION CARRIED UNANIMOUSLY.

The meeting adjourned at 10:05 p.m.

Valerie Knol, Mayor

Susan K. Halberstadt, City Clerk

Janice Schmidt, Recording Secretary

APPROVED: May 19, 2008