

**City of Northville**  
**CITY COUNCIL SPECIAL MEETING MINUTES**  
**April 25, 2011**

Mayor Johnson called the meeting to order at 7:00 p.m. in the Northville City Hall Council Chambers, 215 West Main Street, Northville, Michigan.

**CALL TO ORDER**

**Present:** Mayor Christopher Johnson, Councilmembers Douglas Bingham, Nancy Darga, Michele Fecht

**Absent** Mayor Pro Tem James Allen (excused)

**Also Present:** City Manager Patrick Sullivan, Finance Director/Treasurer Sandi Wiktorowski, DDA Executive Director Lori Ward, DPW Director James Gallogly, City Clerk Dianne Massa, Accountant Nancy Piwovar, DDA member Carolann Ayers, members of the Citizens Budget Committee, and reporter from the Northville Record. No citizens were present.

**PRESENTATIONS**

**A. Citizen Comments** None

**APPROVAL OF AGENDA**

**Motion Fecht, seconded by Darga** to approve the agenda as presented. **Motion carried unanimously.**

**FY 2011-2012 BUDGET REVIEW**

***Refuse and Recycling Fund (page VI-1):*** This fund is divided into two basic programs, which are residential and commercial. In June 2007, the City began a five-year contract with Waste Management and no changes are proposed for FY2012 commercial refuse program. In FY2011, the Residential Program rates were increased to cover the cost of the City's Fall Leaf Collection Program which was moved from the General Fund to the Refuse and Recycling Fund. The use of \$19,365 of fund balance will be required to balance the FY2012 budget. As the rate adjustment effective July 1, 2011 was approved last year by Council, Staff is not proposing to modify it at this time. Staff will be soliciting bids in spring 2012 for commercial and residential solid waste services, which will likely have an impact on the current rate structure.

A question from Council pertained to the proposed increase in the residential refuse rate to cover the cost of the Fall Leaf Collection Program. Further explanation and discussion pertained to the Refuse and Recycling Fund, using reserves to offset proposed operating deficit, comments noting this is not a "money-making" fund and the likelihood of a rate increase depending on the competitive bid results in 2012. Residents are billed according to what the City is charged by the vendor.

**Water and Sewer Fund (page VI – 9):** Due to preliminary rate increases proposed by the Detroit Board of Water Commissioners for water service, a 7.1% rate increase effective July 1, 2011 is proposed. This will increase the water rate from \$4.51 to \$4.83 per unit. The service charge is proposed to increase 5.1% from \$6.73 to \$7.07 bi-monthly based upon inflationary increases in costs. In conjunction with proposed street improvements, the FY2012 proposed budget also includes the replacement of a watermain on S. Rogers.

Wayne County is the provider of sanitary sewer service for the City of Northville. Due to preliminary rate increases of 26% proposed by Wayne County, the City will propose an 8.7% increase to users of the system. Customer charges for the dual sewer rate per unit will increase 15.1% from \$1.92 to \$2.21 per unit.

In 2007 the City of Northville signed an Administrative Consent Order with the Michigan Department of Environmental Quality (MDEQ) now called the Michigan Department of Natural Resources and Environment. In FY 2009, the City began short term sanitary sewer system pilot projects aimed at eliminating excess flow in Northville's sanitary sewer system. Depending on the success of these pilot projects, the City may be required to share in the construction of a wastewater capacity control system. Preliminary estimates of Northville's share of this long term solution to peak flows are in the \$2,000,000 range. It is likely that Wayne County will issue debt on behalf of itself and all the communities impacted by this wastewater capacity project.

Beginning with FY2012, cell tower lease revenue for cell towers located on the City's elevated water storage tank will be recorded in the General Fund. Annually, \$5,000 of cell tower lease revenue will be accumulated in this fund for maintenance of the water tower.

Council comments and discussion pertained to the Water and Sewer Fund, the City's 30 year agreement with Detroit Water and Sewer Department (DWSD), the improvements the City has made to minimize taking water from DWSD during peak times, DWSD's lack of a fair and reasonable rate methodology, and the belief that the average resident does not understand that water and sewer rate increases are not the fault of the City and are dictated by DWSD. It was noted that DWSD found it was operating at a loss and raised rates to address their budget shortfall.

Additional discussion focused on the storm water federal ruling, the perception that Wayne County and DWSD has not complied with the federal ruling, the funds the City has set aside toward the cost of any solution needed to comply with the storm water federal ruling, current negotiations with Wayne County for the new contract, the fact that the new contract will dictate the amount of flow each community can have, how capacity might be affected by the Township's purchase of capacity, and the short-term pilot projects aimed at eliminating excess flow into the sanitary sewer.

Citizens Budget Committee member Jerry Mittman suggested the City consider implementing quarterly utility billing to offset expenses. While Council questioned the impact to cash flow and concern that a higher utility bill (due to a quarterly billing) might increase delinquencies, Staff was directed to analyze this option.

**Equipment Fund (page IX -8):** This fund provides for the maintenance, repair and replacement of City-owned equipment. The major source of revenue for this fund comes from internal equipment rental charges. These charges are determined using published Michigan Department of Transportation equipment rates, which are updated annually. In FY2011, the City reduced the

equipment charges by 10% of this published rate to address long term budget constraints in other funds. In FY2012, the rental income earned from the cell tower at the DPW yard will become General Fund revenue and thus reduce revenue in this fund by \$24,000 per year. The Equipment Fund is a self-sustaining internal service fund. Reducing revenue to the Equipment Fund will lower the amount available for future purchases, but this impact is manageable due to recent contracting of some snow removal and mowing services.

In response to a question from Council, it was noted that this is the second year of the contract for snow removal services. Costs are down and Staff is pleased with the service.

**Downtown Development Authority (page B-1):** The proposed FY2012 DDA Budget contains a funding strategy to complete two large scale projects in the downtown. Continuing the improvements made in 2007 at Town Square, the DDA has initiated the downtown Streetscape Enhancement Project. The plans address improvements to the sidewalks, lighting, trees, and street furnishings for downtown. The project is funded by the issuance of bonds that will be repaid through the collection of tax increment financing revenue and a grant from the Michigan Department of Transportation. The project was divided into two phases. Phase II projects will begin in April 2011 and will include the improvements to Main Street, North Center Street and the Dunlap/Hutton curve. The Phase II project will be coordinated with a road resurfacing project scheduled for Main Street in spring/summer 2011.

In addition to streetscape improvements, the DDA is constructing a walkway from Parking Lot #3 (Marquis Lot) to Main Street. The walkway will allow visitors a direct way to get from short term parking in the Marquis Lot to Main Street without walking all the way around the block. The DDA and City have successfully partnered with Comerica to provide the walk-through at 125 East Main Street in the building owned by Comerica. Construction will take place in the summer 2011. The project will be funded with the DDA's cash reserves and a contribution the Northville Area Development Committee.

The proposed expenditures for the Business Mix, Design, Marketing, Parking, and Organizational Committees were also reviewed.

Council comments and discussion pertained to taxable value and how that affects the DDA property tax capture, the downtown vacancy rate, charges for DPW services in the DDA district, and discussion on historical signs and markers.

**Review of Proposed Millage Rate** Comments from Council noted that they were pleased with the progress made to reduce the deficit and expenses without affecting key services and thanked the Budget Committee and Staff for their efforts. The proposed slight increase to the millage rate is consistent with the Budget Committee recommendation and leaves a small cushion in order to maintain a favorable bond rating. Another 5%-plus decrease in property values would require consideration of a Headlee Override. The City will also need to continue to make difficult decisions to further reduce expenditures.

A separate comment from Council noted that the 35<sup>th</sup> District Court has been adjusting its budget and voiced optimism that court revenues to the City will be higher than what was estimated in the proposed budget.

Citizens Budget Committee member Charles Jerzycke spoke of the leadership of the City Council and Staff in reducing expenses. The City of Northville is a desirable community and needs to remain competitive with neighboring communities.

Citizens Budget Committee member Jerry Mittman suggested that the City Council consider identifying further joint service opportunities to prepare for the future. Exploring the consolidation of police services with another community was cited as an example. Doing so would determine if such ventures are feasible and provide sufficient savings. Comments from Council noted that watching what is going on in Lansing is critical to local government. Any joint service opportunity needs to save money, provide better service to the citizens, and needs to be a true joint operating partnership with an equal voice and a beneficial operating relationship.

City Council directed Staff to move forward with publication of the proposed millage rate and public hearing notice.

### **MAYOR AND COUNCIL COMMUNICATIONS**

**A. Mayor and Council Communications** None

**B. Staff Communications** None

There being no further business to come before Council, the meeting was adjourned.

**Adjournment: 8:13 p.m.**

Respectfully submitted,

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Dianne Massa, CMC  
City Clerk

Approved as submitted: 05/16/11

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Christopher J. Johnson  
Mayor