



FINAL

BUDGET MEETING MINUTES

A Budget meeting of the Farmington City Council was held on April 29, 2013, in City Council Chambers, 23600 Liberty Street, Farmington, MI. Notice of the meeting was posted in compliance with Public Act 267-1976.

The meeting was called to order at 7:00 PM by Mayor J.T. Buck.

I. CALL TO ORDER

Attendee Name	Title	Status	Arrived
J.T. Buck	Mayor	Present	
Greg Cowley	Councilmember	Present	
William Galvin	Mayor Pro Tem	Present	
Kristin Kuiken	Councilmember	Present	
JoAnne McShane	Councilmember	Absent	

City Administration Present

City Clerk Halberstadt
City Manager Pastue
Treasurer Weber

II. APPROVAL OF AGENDA

1. Motion to approve the agenda as presented.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Greg Cowley, Councilmember
SECONDER:	Kristin Kuiken, Councilmember
AYES:	J.T. Buck, Greg Cowley, William Galvin, Kristin Kuiken
ABSENT:	JoAnne McShane

III. CLOSED SESSION - LABOR NEGOTIATIONS

1. Motion to enter closed session to discussion labor negotiations.

RESULT: **APPROVED [UNANIMOUS]**
MOVER: William Galvin, Mayor Pro Tem
SECONDER: Greg Cowley, Councilmember
AYES: J.T. Buck, Greg Cowley, William Galvin, Kristin Kuiken
ABSENT: JoAnne McShane

The votes were taken in the following order: Cowley, Galvin, Kuiken, McShane, Buck,

Council entered closed session at 7:02 pm.

2. Motion to exit closed session.

RESULT: **APPROVED [UNANIMOUS]**
MOVER: William Galvin, Mayor Pro Tem
SECONDER: Kristin Kuiken, Councilmember
AYES: J.T. Buck, Greg Cowley, William Galvin, Kristin Kuiken
ABSENT: JoAnne McShane

Council exited closed session at 7:18 pm.

IV. PUBLIC COMMENT

No public comment was heard.

V. BUSINESS ITEMS

1. Consideration to Ratify One-Year Agreement with Farmington TPOAM Bargaining Unit - Public Works Employees

Motion to ratify a one-year agreement with Farmington TPOAM bargaining unit (Public Works Employees) for period July 1, 2013 thru June 30, 2014. [SEE ATTACHED AGREEMENT].

The votes were taken in the following order: Galvin, Kuiken, McShane, Buck, Cowley.

RESULT: **APPROVED [UNANIMOUS]**
MOVER: Kristin Kuiken, Councilmember
SECONDER: William Galvin, Mayor Pro Tem
AYES: J.T. Buck, Greg Cowley, William Galvin, Kristin Kuiken
ABSENT: JoAnne McShane

2. Consideration to Amend MERS Early Retirement Resolution with the Farmington TPOAM

Motion to adopt a resolution that amends MERS early retirement Resolution No. 04-13-015, changing the window period for an early retirement option to March 1, 2013 through April 30, 2013. [SEE ATTACHED RESOLUTION].

The votes were taken in the following order: Kuiken, McShane, Buck, Cowley, Galvin.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	William Galvin, Mayor Pro Tem
SECONDER:	Kristin Kuiken, Councilmember
AYES:	J.T. Buck, Greg Cowley, William Galvin, Kristin Kuiken
ABSENT:	JoAnne McShane

3. Consideration to Approve Drakeshire Center Improvements Change Order#3

Motion to approve change order #3 for the Drakeshire Center improvements and issue payment to Richard Hyman Builders in the amount of \$4,939.00.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Kristin Kuiken, Councilmember
SECONDER:	William Galvin, Mayor Pro Tem
AYES:	J.T. Buck, Greg Cowley, William Galvin, Kristin Kuiken
ABSENT:	JoAnne McShane

VI. REVIEW OF PROPOSED FISCAL YEAR 2013-14 BUDGET

Pastue provided an overview of the proposed FY 2013-14 city budget. He discussed the positive trends in major revenues including increase in residential value. He stated the challenges the city faces include: retiree healthcare, changes resulting from the Affordable Healthcare Act, changes in personal property tax, and long term funding of capital improvements.

Pastue stated the budget is built on five objectives including: 1) balance operating budgets, 2) maintain high level of service, 3) maintain existing millage rate, 4) continue investment in infrastructure, and 5) maintain a AA bond rating.

General Fund

Pastue advised the proposed budget is balanced in the General Fund at \$7,842,198 with operating millage remaining at 14.000. He reviewed the primary revenue sources for the Fund.

Galvin pointed out that with the last millage increase there was discussion regarding a sunset option where it would automatically come off. He stated at that

time Council decided not to include this option, but recommended a review of the millage in 2013.

Pastue responded that discussion could take place later in the presentation when the millage rate is addressed.

In a discussion of growth in taxable value, Buck pointed out a program that provided incentives to homeowners to make changes to their residences could have a significant impact on the tax base.

Discussion followed regarding ordinance to encourage residential/commercial improvements, especially adding a second story.

Responding to a question from Kuiken, Pastue advised the owners are the problem in the redevelopment of apartment complexes.

Discussion followed regarding the potential for developing industrial properties.

Pastue discussed the growth in taxable value and operating millage. He noted the city is operating with 25% less revenue than just a few years ago.

Pastue discussed proposed increases in the fee schedule including: building inspection fees, cemetery burial charges, and establishment of a Public Safety towing charge. He spoke about the increase in the MMRMA distribution and the end of the COPS grant.

Galvin questioned how we know we are getting our bang for the buck in sharing parks and recreation cost with Farmington Hills.

Pastue discussed the formula for calculating City's share of the cost for Parks and Recreation. He stated Farmington Hills provides a very good recreation program and benchmarks well with comparable programs in the surrounding communities.

Discussion followed regarding the benefits of the parks and recreation program and the challenge of the city going on its own.

Pastue reviewed the General Fund expenditures and proposed changes including wage increase of 2%, capital outlay, capital projects, implementation of DPW and equipment replacement fund. He discussed the impact of Dispatch consolidation, addition of Economic Development and DDA changes.

Pastue discussed the idea of transferring at the end of each year funds that are above the 25% balance in the General Fund to the Capital Improvement Fund.

Galvin discussed the need for a funding mechanism for the Capital Improvement Fund.

Pastue spoke about the option of dedicating other revenue sources to the Capital Improvement Fund, i.e. MMRMA distribution, cell tower fees, etc.

Pastue discussed the outlook for the General Fund including: modest growth in property values, budget balanced through FY 2014-15, deficit grows if retiree healthcare costs are not addressed and impact of internet sales tax on state revenue sharing.

Major Street Fund

Pastue advised the Major Street Fund operating budget is balanced. He discussed upcoming and planned construction projects including Grove Street and Drake Road. He stated the \$147,386 balance is lower than the \$200K target, but should recover within two years. The future forecast is stable for this fund.

Local Street Fund

Pastue indicated the Local Street Fund operating budget is balanced with no change in service. The Oakland/Warner Street project will begin after Founders Festival.

Municipal Street Fund

Pastue advised the Municipal Street Fund has a very aggressive construction schedule both this year and next. He stated the fund balance at \$61,838 is lower than the \$250K target but will recover the following year. He advised the 1.6 mills dedicated to road repair/replacement projects approved by voters in 1994 may need to be renewed next year. He stated they originally believed it was a perpetual millage, however, there is a provision in the State constitution that special millages can only extend 20 years.

Capital Improvements Fund

Pastue discussed the Capital Improvement projects scheduled for FY 2013-14 that include: Page's parking lot, a grant match for ball field improvements and debt service payment. He stated in the long term the city needs to develop an ongoing source of funding. He stated there is no funding mechanism for sidewalks, building improvements, DPW equipment replacement, parking, park improvements, urban forestry and debt service.

Discussion followed regarding options for funding debt to support a parking structure. Pastue advised the budget at this time could not support this kind of debt.

Kuiken asked about a parking authority as an outcome of the visioning project.

Cowley pointed out growth in the downtown will be stifled by a lack of parking. He hopes parking as a priority will be an outcome of the vision project.

Galvin pointed out that a dedicated stream of funding for Capital Improvements is about creating an attitude for who we are and where we want to be. It shows the community a dedication to its infrastructure and future well being.

Pastue the Farmington Road Streetscape Project planned for FY 2014-15 where a \$350K grant match will be needed, if the DDA secures the State grant. He discussed the impact of additional road funding from the State.

Pastue advised the Capital Improvement Funds are sparse until the visioning program is complete and a direction for future projects is provided.

Council took a 5 minute break at 9:04 pm.

Water and Sewer Fund

Pastue advised the budget for the Water and Sewer Fund includes a 4% water rate increase and a 4% wastewater treatment increase. He discussed capital outlay which includes completion of the Oakland Street Project. He noted the Fund has healthy reserves. He discussed future projects that include: Bel Aire sewer lining project, Warner Farms water main replacement and Farmington Evergreen District improvements.

Discussion followed regarding the issue of homes no longer connected to sanitary sewer lines with their footing drains which causes higher sewer rates than water costs. Pastue discussed doing a future analysis of how much would be saved by doing a footing drain disconnection project.

Civic Theater Fund

Pastue advised the Civic Theater continues to operate at a profit with continued increase in attendance and concession sales. He pointed out the planned purchase and financing of digital equipment. He noted an increase in part-time hours and a change to the proposed budget to reflect the General Manager's new compensation plan.

Other noteworthy items

Pastue discussed other noteworthy items including DPW equipment Revolving Fund. He stated the goal is have adequate cash flow to fund major purchases. He discussed changes in the organization chart, full-time equivalents and restructured non-union pay plan.

Council congratulated City Manager Pastue, Treasurer Weber and staff for their work on the budget.

VII. COUNCIL COMMENT

No Council comments were heard.

VIII. ADJOURNMENT

1. Motion to adjourn the meeting.

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Kristin Kuiken, Councilmember
SECONDER:	William Galvin, Mayor Pro Tem
AYES:	J.T. Buck, Greg Cowley, William Galvin, Kristin Kuiken
ABSENT:	JoAnne McShane

The meeting adjourned at 10:10 pm.

Mayor J.T. Buck

Susan K. Halberstadt, City Clerk

Approval Date: May 20, 2013