

MINUTES
CITY OF FARMINGTON HILLS
CITY COUNCIL STUDY SESSION MEETING
CITY HALL – COMMUNITY ROOM
JULY 10, 2017

The Study Session meeting of the Farmington Hills City Council was called to order by Mayor Massey at 6:00pm.

Council Members Present: Bridges (arrived at 7:25pm), Bruce, Knol, Lerner, Massey, Rich and Steckloff

Council Members Absent: None

Others Present: City Manager Boyer, City Clerk Smith, Assistant City Manager Mekjian, Directors Barr, Gajda and Mondora and City Attorney Joppich

PAVEMENT ASSET MANAGEMENT UPDATE

Mayor Massey stated that Council has sat through many special assessment district hearings and have heard the residents and the city needs to determine how to address the road challenges going forward.

City Manager Boyer added that Council and staff discussed what the city could do to maintain the roads during their goals session. The City conducted an internal overview of the roads with trained staff and recently had the engineering firm of OHM Advisors do their own independent study, which showed 97% accuracy with that of the city's ratings of the roads. Mr. Boyer stated that the city now has to determine a funding source to maintain the roads. The City's petitioning process was not working and the directed special assessment program resulted in all of the subdivisions planned for future roadwork submitting petitions in opposition of the directed special assessment. He stated that staff has asked OHM to present their findings on the condition of the roads and the dollar amount needed to improve the condition of the roads.

Rhett Gronevelt, OHM, discussed the city's road network and process utilized for rating the roads and determining the future conditions. He explained that the PASER rating was used to evaluate the roads and RoadSoft software was used to project the future road condition at various funding levels. Both are used as standards in Michigan. He noted that of the 299 miles of city-owned roads, 156 miles were rated in poor condition (PASER 1-4) and 94 miles of the 156 are local roads with a PASER rating of 2.75 or less.

Mr. Gronevelt showed the comparison of Farmington Hills to other communities with existing local road millages and discussed the modeled projections that focused on pavement preservation at various funding levels.

Mr. Gronevelt discussed the changes since 2014, including proposed revenue for roads. He explained that it would be take approximately \$9,150,000 in funding over the next 10 years based on the projections of cost and estimated annual revenue in order to reach a desired PASER rating.

City Manager Boyer stated that based on the information provided by OHM, it would require a road millage in the amount of 2.85 mills to reach the desired PASER rating over a 10 year period. He added that the language could include approving the millage "up to" 2.85 mills based on revenue received by the city.

Mayor Massey stated that he is often asked by residents the city's biggest challenge and he feels it is the roads. The City needs to plan for funding and the current petitioning effort and directed special assessment district programs are not working. He added that staff has discussed the issue of those currently paying on a special assessment and how to address those homes. While he understands the directed special assessment process, it will not work in the southeast end of the city where the cost to reconstruct the roads will exceed any value to the homes in that area. He added that whether the millage passes or fails, the millage will be telling the residents that we have heard them and they will now have the opportunity to vote on the issue. If the millage were to be voted down, Council could move forward with the special assessment discussions.

Mr. Boyer stated there are approximately 2,300 homes paying on a road special assessment.

Discussion was held on exempting those residents who are just a couple years away from paying off their special assessment and those whose assessment expired 5 to 10 years ago.

Mayor Massey added that the proposed millage would cost the average homeowner approximately \$256 per year.

Attorney Joppich stated that while he could find no case law with regard to seeking exemptions to a millage, he feels there is some legal basis and the test for that would be to prove there is a rational reason to do so. He noted that there are all kinds of exemptions for taxes so he feels there is authority through precedent. He explained that the language also has to be approved by the Attorney General's Office before being placed on the ballot so that would be another check and balance with regard to the proposed language. He added that the Home Rule City Act also provides the city the right to make its own rules; and in this case, the residents are being provided the opportunity to vote on the matter. Attorney Joppich explained that the language he has discussed with staff was to exempt persons from the new millage up to the amount they are currently paying on a road special assessment until that special assessment has expired. Residents would be required to apply for a certificate of exemption.

Attorney Joppich clarified that there would be two ballot proposals, the other being a Charter amendment that would eliminate the language stating that not more than twenty (20) percent of local road construction shall be paid by the city. He explained that both proposals would have to pass. The millage could not pass without the Charter amendment, which has to pass in order to allow the city to properly disperse millage funding.

Mayor Massey inquired if someone has paid off their special assessment early, would they still be exempt from the any new road millage.

Councilmember Lerner liked the idea of a ballot proposal but preferred the language to also exempt persons 5 years beyond their assessment. He inquired if residents would have to apply for an exemption every year.

Attorney Joppich said he would review exemptions for the term of payment and beyond and for those that paid off the assessment early. He stated that the same logic would be applied as to whether it is rational. He indicated that discussions have not taken place yet on how often residents would have to apply for the exemption.

Councilmember Lerner concurred with 2.85 mills.

Mayor Pro-Tem Steckloff pointed out that residents living in condominiums are already paying higher association dues to cover maintenance of their roads.

Councilmember Knol felt it would be a challenge to get 2.85 mills to pass and suggested reviewing the road millage rates for neighboring communities.

Mayor Massey cautioned that if the exemptions are not kept to only active special assessments, every resident that ever had a special assessment will expect an exemption.

Councilmember Bruce inquired if someone sells their home and the special assessment is paid off at the time of sale, could the new owner apply for a certificate of exemption.

Attorney Joppich responded that they could if the language is drafted as Council had discussed tonight by including all residents in an active special assessment.

Councilmember Rich stated that she likes the idea of letting residents know that Council has heard them and to give them a voice in the decision. She inquired the timing of the ballot proposal.

Mayor Massey confirmed that if there is consensus this evening to move forward with a ballot proposal, Attorney Joppich will draft the proposed language for Council approval and final submission to the Attorney General for inclusion on the November, 2017 ballot.

Councilmember Rich stated that she is okay with also exempting those residents who are 5-10 years out from the expiration of their road assessment. She would prefer a little less than the 2.85 mills in order to keep the amount less than \$20 per month for residents.

City Manager Boyer cautioned that when comparing Farmington Hills to other communities that these other communities have been collecting road millage funding for quite some time.

Councilmember Knol stated that she still wants to see those comparisons.

Councilmember Bruce agreed with proposing 2.85 mills as he feels the city has to be competitive with its infrastructure and that the City should put its best effort forward to do so; and if the millage fails, the city should return to the directed special assessment program.

Attorney Joppich added that it would take a 3/5 affirmative vote of Council to place the proposals on the ballot.

Mayor Massey stated that he spoke with Councilmember Bridges today since he would be late to the meeting and he expressed that he was in favor of a ballot proposal.

Mayor Pro-Tem Steckloff inquired if there are enough workers and competitive bids to be that aggressive with road construction. She feels this process is being rushed and wants to take the time to do it right.

Councilmember Knol added that she wants to consider a number of mills that she feels can pass.

(Councilmember Bridges arrived at 7:25pm)

Assistant to the City Manager Mekjian reviewed the various millage rates of surrounding communities with Council. He added that it is important to note that the city has 300 miles in assets that it needs to maintain.

Councilmember Knol commented that those were overall millage rates and she would like to know what the road millage rate is for those communities.

The consensus was to have Attorney Joppich draft ballot language for Council consideration.

ADJOURNMENT:

The study session meeting adjourned at 7:29pm

Respectfully submitted,



Pamela B. Smith, City Clerk