

MINUTES
CITY OF FARMINGTON HILLS
CITY COUNCIL STUDY SESSION MEETING
CITY HALL – COMMUNITY ROOM
APRIL 27, 2015 – 6:00PM

The Study Session meeting of the Farmington Hills City Council was called to order by Mayor Brickner at 6:05pm.

Council Members Present: Brickner, Bridges, Bruce, Knol, Lerner, Massey and Steckloff

Council Members Absent: None

Others Present: City Clerk Smith, Assistant City Manager Boyer, Assistant to the City Manager Geinzer, Directors Gajda and Mekjian and Attorney Joppich

BUDGET OVERVIEW

Director Gajda provided an overview of the City Budget for FY 2015/16 explaining the taxable value increase over last fiscal year and the General Fund Revenue and Expenditure Funds. The following was noted:

- FY 15/16 taxable value is increasing by 2.43% compared to FY 14/15, which is the net of increases from both real and personal property taxable value.
- FY 15/16 General Fund Revenue Budget is increasing by \$1.9 million or 3.6% compared to 14/15 year-end projection.
- Property Taxes and State Shared Revenue comprise 66% of the General Fund's Revenue Budget. FY 15/16 General Fund Expenditure Budget is 3.9% higher than FY 14/15.
- FY 15/16 General fund Unassigned Fund Balance at June 30, 2016 is estimated to be \$11.2 million or 20% of the Total General Fund and the Assigned Fund Balance is estimated to be \$11.1 million. Assignments are made primarily for future capital improvements and future contributions to other city funds and employees' pension and retiree healthcare systems

Councilmember Bruce inquired what the minimum Unassigned Fund Balance should be for the community. Director Gajda responded that 15% would be the minimum balance that the City would want to have.

Councilmember Bridges inquired if there were any risk factors that could affect the city's 20% fund balance. Mr. Gajda explained that there are no risk factors as the money is there for the future if needed so the City is in very good shape with regard to a healthy fund balance.

Mr. Gajda went on to note the following:

- Farmington Hills has the 10th lowest tax rate in 2014 among the county's cities and major townships
- The Total Proposed Tax Rate for FY 15/16 is increasing by 1.6302 Mills due to the new Road Millage approved by the voters for up to 2 Mills and an increase in the Refuse Removal Millage (.0106 Mills). All other City Millages are proposed to remain at the FY 14/15 level.
- Charts/graphs were displayed showing the City's Tax Rate History, 2014 Local Unit Tax Rate Chart, How Your 2014 Tax Dollar is divided between County/Other, Education and City, State Shared Revenues, Revenue Dollars by Source, Revenue Dollars by Fund, Expenditure Dollars by Fund, City Wide-Capital Expenditures.

Mr. Gajda discussed the City's debt margin and noted that the City has a Debt Management Policy in place to help facilitate sound capital budgeting and capital expenditure procedures.

Mr. Gajda noted the following:

- A projected 1.3% decrease in taxable value for FY 2016/17 due to the exemption of eligible manufacturing personal property beginning that year
- Continued reductions in personal property each year through FY 2023/24; however, it is hopeful that real property taxable value increases will offset the personal property losses
- The timing and amount of any State reimbursement for the loss in personal property tax is not definitive at this time
- The City's original Public Safety Millage will be expiring as of June 30, 2016 and could be placed on a ballot for renewal as early as November, 2015; but the timing of that and amount is at the discretion of City Council.

Discussion was held on the capture of TIF funds and that impact on the budget.

Councilmember Bridges commented on the need to continue to keep costs down.

Mr. Gajda stated that staff continues to try and minimize costs where they can, but also retain the same level of service.

In answer to Mayor Brickner, Mr. Gajda confirmed that the debt for the Ice Arena was paid off this year.

Assistant City Manager Boyer indicated that revenue from the Ice Arena will be put back into maintenance for the facility.

There were no further questions or comments on the budget at this time.

DISCUSSION ON ADOPTION OF POLICY FOR DIRECTED SPECIAL ASSESSMENTS FOR ROAD IMPROVEMENTS

Director Gary Mekjian mentioned that the draft policy was discussed at the last City Council study session at which time some changes were suggested. He reviewed the draft policy, noting that items #7-12 were either modified or added.

Discussion was held on the deferment options and language on the City Application. Councilmember Knol suggested reviewing #5 of the application where it requires the assessed value of the home must not exceed a certain amount. She did not feel that this was relevant.

It was noted that this was a policy and could be modified, but it would require an amendment by City Council,

Mayor Brickner inquired if the roads would be done all at the same time. Mr. Mekjian stated that staff would assess the condition of the roads all at once and then re-evaluate them every 2 years.

Councilmember Steckloff inquired if a third party consultant would be able to assess the roads every 2 years.

Director Mekjian stated that they received a quote for having a third party consultant to do this work, which would be between \$12-\$13,000; so it was felt that staff could do the work. They have staff that has been trained on the PASER rating and this is a standardized rating scale.

Discussion was held on whether staff should be assessing the roads or if the City should have a third-party consultant do this work.

Councilmember Steckloff preferred the work to be done by a third-party consultant, especially since the City just asked the voters to pass a road millage.

Councilmember Bridges agreed and felt this would eliminate any bias.

The majority of Council felt that since the City had trained/certified staff to assess the roads and that the PASER rating was a standardized rating system that there is no potential for bias and it would save the City money.

Assistant City Manager Boyer clarified that the process is for staff to assess the roads and create a list of potential roads to include and in the Capital Improvement Program; but prioritizing those projects is ultimately the decision of City Council.

Mayor Brickner added that if a subdivision were to disagree with the PASER rating, they could have their own engineer verify or challenge that rating. He didn't feel it was necessary to have the added cost of a third-party consultant do this work.

Attorney Joppich agreed that this was a policy established for when non-petitioned projects come before City Council, but the public hearings will still be held and residents will still have the opportunity to present their information and provide their own PASER rating if wanted. He stated that all of this information would be taken into consideration by City Council for Council to determine if and when that project should move forward.

Mayor Pro-Tem Massey agreed that there should be more education with regard to the road millage funding and how that will be used. He added that at the last study session he had suggested notification to the residents whose roads may be at a PASER rating of 4 or 5 to provide them an opportunity to petition for road improvement earlier and potentially save money.

Director Mekjian stated that item #9 was meant to address this issue and indicate that this would not preclude residents from utilizing the process of submitting petitions to City Council for roads that are above a PASER rating of 3.

Discussion was held on this item and Attorney Joppich suggested revised wording to address Mayor Pro-Tem Massey's suggestion. He added that the Charter allows any resident to submit a petition for road improvement at any time.

Councilmember Steckloff stated that the letter to residents should be easy to read and understand. Mayor Pro-Tem Massey agreed and suggested that Council review the draft form letter.

ADJOURNMENT

There being no further discussion, the meeting adjourned at 7:25pm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'P. Smith', with a stylized flourish at the end.

Pamela B. Smith, City Clerk