



Special/Study Session Meeting
6:00 p.m., Monday, April 24, 2017
City Council Chambers
23600 Liberty Street
Farmington, MI 48335

FINAL

STUDY SESSION MINUTES

A study session of the Farmington City Council was held on April 24, 2017, in Farmington City Hall, Farmington, MI. Notice of the meeting was posted in compliance with Public Act 267-1976.

The meeting was called to order at 6:05 PM by Mayor Galvin.

1. Roll Call

Attendee Name	Title	Status	Arrived
Sara Bowman	Councilmember	Present	
Greg Cowley	Councilmember	Present	
William Galvin	Mayor	Present	
Steve Schneemann	Mayor Pro Tem	Present	
Jeff Scott	Councilmember	Absent	

City Administration Present

City Clerk Halberstadt
Controller Norgard
City Manager Murphy
Treasurer Weber

Others Present

Rachel Gallagher, DDA Board President (left at 6:26 p.m.)

2. Approval of Agenda

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Cowley, Councilmember
SECONDER:	Bowman, Councilmember
AYES:	Bowman, Cowley, Galvin, Schneemann
ABSENT:	Scott

3. Public Comment

No public comment was heard.

4. City Manager's Proposed Budget

DDA Budget Proposal

Rachel Gallagher, DDA President, presented the proposed FY2017-18 Farmington Downtown Development Authority (DDA) budget. She reviewed the four core themes: 1) encourage and support development projects; 2) maintain communications and promotions, 3) maintain and strengthen cleanliness, safety and attractiveness in the downtown; and 4) implement parking management and improvement strategy.

Gallagher provided highlights of the proposed 2017-18 budget including: TIF funds projected for growth, reinstate DDA levy at 1.9705 mills, total revenue of \$572,700 and total expenditures of \$758,559.

Discussion followed regarding proposed locations for the flashing beacon signs including: Grand River at Starbucks, Grand River at Grace Insurance, and Farmington Road at Oakland.

Responding to a question from Cowley, Gallagher stated Rhythmx in Riley Park and Art on the Grand are not yet self-supporting.

Responding to a question from Schneemann, Gallagher stated the salary will be adjusted downward for the next DDA Director, but the job description will be similar to that of Annette Knowles, the former DDA Director. She stated they are also adding a part-time employee to support events.

Responding to a question from Cowley, Murphy stated the additional funds needed to balance the budget were pulled out of fund equity for future land purchase, etc.

Discussion followed regarding the State Historic Preservation Office, identifying historic properties in the downtown; and promoting Farmington through Innovate Farmington meetings.

City Manager's Proposed Budget

Murphy presented an overview of the proposed 2017/18 budget. The proposed budget includes General Fund revenues of \$8,828,502 that include: property values increasing 4.16%, millage remaining at 14 mills, state shared revenue decreasing 1.64%, licenses and permits increasing 21% and other revenues stable.

Discussion followed regarding current and upcoming projects.

Murphy advised total projected expenditures of \$9,171,830 including a wage increase of 2.75%, pension cost increase of \$92,000 primarily due to change in MERS assumptions, court contribution up \$80,000, and purchase of two DPS vehicles at \$54,800 and City Hall sign at \$7,000 and a number of other projects.

Schneemann questioned why insurance is not covering the cost of replacing the wall at DPW. Discussion followed regarding the \$200k expense for replacing the wall. Cowley suggested adding a building addition instead of putting up a wall.

Discussion continued regarding parking lot reconstruction behind Firestone at a cost of \$40,000.

Schneemann suggested the city consider installing a sidewalk that would connect the crosswalk at State Street to the Riley Park Pavilion.

Murphy continued detailing the General Fund revenues and expenses. He advised the fund balance will fall to 21.72% if the budget is adopted.

Murphy discussed General Fund outlook including options for raising revenue: millage increase, increase city fees, etc.

Discussion followed regarding new revenue resulting from new or redevelopment projects.

Weber spoke about the Capital Improvement Program Committee and their work on compiling a prioritized wish list of projects.

Discussion followed regarding options for meeting expenses going forward and the impact those options would have on the community. Discussion continued regarding requirements for raising the millage.

Galvin would like to initiate a public conversation with our elected officials concerning the lack of state funding to local governments, particularly small cities.

Galvin clarified pension costs will increase \$1.5million over the next five years.

Galvin discussed the city's goal of 25% fund balance and suggested Council consider a lower target of 15-20%. He recommended administration review this possible change and bring a recommendation back to Council. He stated administration should look at other cost cutting measures, i.e. salary freeze, hiring freeze, layoffs, revisit shared services, etc. and the impact any one of these actions would have on the community.

Discussion followed regarding the need for a capital improvement fund and the possibility of a millage increase to support it.

Cowley expressed opposition to raising taxes until every rock has been overturned to reduce expenses.

Galvin encouraged City Administration to keep all avenues open to reducing expenses and opportunities for increasing revenue.

Responding to a question from Schneemann, Weber stated if Council adopted a new guideline to lower the target fund balance to 20% the city's bond rating may not be affected. He stated other factors are considered such as millage capacity, past performance, capital improvement plan and budget, overall debt and the city's trends. He stated a general guideline for a small community is a 20-25% fund balance. He does not believe that lowering the city's fund balance to 20% would be an issue.

Galvin re-emphasized the importance of finding a funding mechanism for capital improvements. He would support a dedicated capital improvement fund millage of some amount that would go to the vote of the people as long as value is shown. He would look for a sunset on this type of millage.

Murphy resumed review of proposed budget including: Major Street Fund, Local Street Fund, Municipal Fund; Capital Improvement Fund, and Water and Sewer Fund.

Responding to a question from Schneemann, Murphy stated the decision on what roads will be repaired was made by the Road Improvement Committee.

Responding to a question from Galvin, Weber stated Frederick Street would be repaired in the next fiscal year.

Discussion followed regarding the needed repairs to the DPW wall and the belief that insurance should cover the cost. Murphy will follow up on this issue with the City Attorney.

Murphy suggested the City conduct a study regarding the installation of second meters for irrigation.

Weber noted the biggest driver of increasing water costs is reduction in consumer usage.

Murphy finished review of the budget with the Civic Theater and Equipment Funds.

Responding to a question from Galvin, Norgard stated the City had a great audit last year and anticipates a good one this year.

Discussion followed regarding internal controls, audit and ways to increase staff morale.

Galvin noted state funding of local governments is broken. Between the years 2002 and 2012, the state defunded municipalities by 1.1 billion. He noted those funds were kept at the state level, yet there were no improvements in state services, roads, etc.

Cowley noted on the east and west coasts the counties provide services, not local governments. He stated the city needs to start looking at shared services.

Discussion followed regarding the 5-year budget projection and the pros and cons of posting it on the city website. Galvin pointed out it is a hypothetical projection that is constantly changing and is not an approved document.

5. Other Business

No other business was heard.

6. Council Comment

No Council Comment was heard.

7. Adjournment

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Bowman, Councilmember
SECONDER:	Schneemann, Mayor Pro Tem
AYES:	Bowman, Cowley, Galvin, Schneemann
ABSENT:	Scott

The meeting adjourned at 8:34 p.m.

William E. Galvin, Mayor

Susan K. Halberstadt, City Clerk

Approval Date: June 19, 2017