

FARMINGTON CITY COUNCIL  
SPECIAL MEETING  
October 5, 2009

A special meeting of the Farmington City Council was held on Monday, October 5, 2009, in Council Chambers, 23600 Liberty Street, Farmington, Michigan. Notice of the meeting was posted in compliance with Public Act 267-1976.

The meeting was called to order at 7:03 p.m. by Mayor Knol.

**COUNCIL MEMBERS PRESENT:** Buck, Knol, McShane, Wiggins, Wright.

**COUNCIL MEMBERS ABSENT:** None.

**CITY ADMINISTRATION:** City Clerk Halberstadt, City Manager Pastue, Attorney Schultz, Treasurer Weber (left at 9:50 p.m.)

**APPROVAL OF AGENDA**

**10-09-197** MOTION by Wright, seconded by McShane, to approve the agenda as submitted. MOTION CARRIED UNANIMOUSLY.

**DDA ECONOMIC RESTRUCTURING COMMITTEE PRESENTATION/MARKETING BROCHURE – ANNETTE KNOWLES AND JAME KUIKEN**

James Kuiken, Chairman of the Economic Restructuring Committee, provided a presentation on the overall economic condition of the downtown and opportunities going forward. He discussed a number of strengths in the downtown including: Grand River Streetscape, incentive programs, strong events schedule and location. Some of the weaknesses he cited included: delay in improvements to the Downtown over the past 40 years, resistance to change and lack of diversity in revenue stream.

Kuiken advised the downtown is moving in a positive direction and cited a number of opportunities on which to capitalize going forward. He stressed the importance of a unified message, leading by example, and continued investment in the downtown.

Referring to comparative economic data presented earlier, McShane requested a comparison of “like cities” such as Clawson or Beverly Hills. Kuiken responded a comparison to the Cities of Northville or Plymouth is an “apples to apples” comparison.

McShane stated a comparison of Farmington to cities of similar size and older housing stock is more valid. Kuiken stated all cities are competing for limited investment. He

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noted decisions made long ago, such as the mix of residential properties and businesses, are affecting the viability of the downtown.

Discussion followed regarding Farmington's millage rate and services compared to surrounding and similar communities.

Buck stated he would like to see comparative data with some of the "inner ring" communities such as Ferndale and Royal Oak.

Knol acknowledged the importance of comparing the millage rate of Farmington to "like" cities, but noted it is equally important to compare to surrounding communities such as Farmington Hills, Novi, and West Bloomfield. She pointed out that even though these communities are larger, they are still our competition. She noted an individual can buy a home a mile away in Farmington Hills and pay less millage, but still enjoy the proximity of Farmington's downtown. She advised prospective homebuyers are not always aware of the difference in services.

Kuiken stated his belief Farmington's millage rate is a challenge to attracting investment in the community.

DDA Director Knowles presented a marketing brochure for the downtown that provides information about the community including: market data/demographics, ideal location, business services, business incentives, master plan highlights, major projects and events.

Knowles noted the Federal and State historic tax credits that are available for buildings constructed prior to 1936. She advised additional Federal and State historic tax credits are available for certified rehabilitations to certified historic structures. She stated the DDA Board approved conducting an intensive-level survey to determine historic and contributing structures. She noted there are buildings in the downtown that are currently in the National Register District. She further noted there are two historic districts in Farmington. She stated the challenge is designating structures as contributing buildings in order to get the tax credits.

Knowles stated the first launch of the new marketing brochure will be the upcoming real estate agent tour which will include more than 30 participants. She noted 15 properties will participate representing a good cross section of the different types of buildings in the downtown.

Kuiken stated the DDA's intention to educate people on how to effectively use the marketing packets. It is important for those who have them know how to use them.

Knowles advised there will be discussion on downtown recruitment strategies at the upcoming joint meeting of the Council and DDA Board.

McShane described a walk she took through the downtown this past summer. She saw cigarette butts everywhere, cement in disrepair, inappropriate signage, inappropriate

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things stuck in the ground and property damage. She stated these issues are a deterrent to new businesses relocating to downtown Farmington.

Responding to a question from Kuiken, Pastue stated it is his responsibility for code enforcement. He advised businesses have been cited and taken to court for code violations.

McShane stated maintenance of the downtown has become lax. She also noted stores are not open in the evening.

Knowles advised the DDA is making an effort to educate property owners on maintaining their properties in terms of outside and inside image.

McShane asked about the opportunity for Brownfield Development in the downtown. Kuiken responded a Brownfield within the DDA District would usurp all other tax credits available.

Responding to a question from McShane, Knowles stated the business owners participating in the realtor tour were the ones willing to be open.

Buck recognized the DDA for its excellent work on the marketing package. He expressed excitement about seeing it deployed.

Buck asked if it was a conscious decision on the part of the DDA not to mention its facebook presence in the brochure. Knowles responded the DDA generally uses facebook to publicize ongoing events and is a fairly recent addition.

Buck stated he learned through a Michigan Municipal League (MML) presentation that presence of a facebook site in marketing publications has a great appeal to certain age groups. He advised the MML is a model in the use of Twitter, Facebook, etc. to foster social networking.

Knowles pointed out the difficulty is in manning those sites.

Buck asked about cooperative marketing efforts and inclusion of that information in the brochure.

Knowles responded the DDA is not presently involved in a cooperative marketing effort. She cited a recent experience that was unsuccessful due to a lack of cooperation from the businesses and the time and effort involved.

Buck stated he would like to have a greater dialogue between Council and the DDA regarding the entire marketing campaign.

Discussion followed regarding a collaborative effort in marketing the downtown and surrounding Farmington business community. Discussion continued regarding the success of the shopping center at Nine Mile and Farmington Road. Buck pointed out

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part of the success was due to the Rousch Company opening nearby with a 100+ employees. Knol noted part of the success was due to the upgrade in façade.

Discussion followed regarding economic factors affecting businesses and return on property development.

Pastue stated the City's challenge is motivating older property owners to reinvest or sell. He noted the obstacle is private ownership and lack of vision.

Kuiken noted the City has made some changes in the last two years, but very little was done in the prior 40 years. He stated inertia is the problem and it is the perception.

Pastue stated he is trying to break that perception which may have been valid at one time but is no longer true. He cited the \$1 million plus invested in the Downtown Center, the streetscape project, improvements to the Founders Festival and the 100% TIF capture.

Wright noted successful communities have made incremental improvements over an extended period of time. He stated the City needs to continue to market and communicate those incremental improvements. He noted the City has a lot to be proud of.

Wiggins pointed out it took years of butting heads with the State to get the Streetscape approved. He noted people do not realize the effort it takes to bring projects to fruition.

Knol recognized the efforts the DDA has made in recruiting new businesses, especially in a difficult economic environment. She stated the DDA's limited resources must be used in the best possible way. She advised it is about targeting specific markets that are more likely to succeed in the downtown.

Kuiken noted there is more energy developing in the downtown as a result of a significant increase in DDA volunteers.

Responding to a question from Wiggins, Knowles stated a federal credit can only be used on a commercial property and state credit on a residential property.

**REVIEW PROPOSED SPECIAL AND REGULAR COUNCIL MEETING DATES FOR 2010**

Council discussed proposed changes to the meeting dates for special and regular council meetings in 2010. Council concurred to keep the meeting dates on the first and third Mondays of the month.

**MOTION TO PROCEED WITH MERS FINAL ACTUARIAL VALUATIONS**

Pastue requested Council approval of the transfer of administration of the Farmington Employees Retirement System to the Municipal Employees Retirement System (MERS). He stated a transfer would still require further action on the part of Council,

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However, this approval gives MERS direction to create their final actuarial valuations for each of the City employee groups.

Buck asked for confirmation on three assumptions relative to MERS. The first assumption is MERS would provide more investment options, more diversity in the City's portfolio, and the possibility of greater protection.

Weber responded that is correct. He stated MERS uses 17 fund managers versus 5 with the City's current plan. He advised if MERS picks a bad fund manager the impact of 1 of 17 is not near as great as 1 of 5.

Buck stated his second assumption is MERS offers lower costs for the management of the portfolio, including administrative expense.

Weber responded the investment fund is cheaper through MERS, but the administrative costs are relatively close. He confirmed the overall management cost of the funds is lower.

Buck stated his third assumption is MERS is generating a higher return on their portfolio.

Weber responded two years ago when the City first started looking at MERS their return was 2% higher, however, with the downturn in the market the City's fund in a 3, 5, & 7 year window has a better return.

Pastue noted the City's portfolio was overweighted in fixed income which performed fairly well earlier during the meltdown period of the market. He noted in the 10 year window MERS is ahead. He pointed out the investment philosophy of both systems is comparable. He advised both systems have a structured asset allocation that must be followed.

Wright noted the basis for change is more than just economics in terms of available resources.

Pastue responded even if all things were equal between MERS and the City's system, he would still recommend making the change due to downsizing and better utilization of staff time.

Wright advised outsourcing, where possible, is the direction the City needs to be taking and moving to MERS is a good example. He noted the risk with MERS is about the same.

Wiggins speculated that the administrative costs with MERS would be far lower due to undocumented time spent on the City's current system. He noted the bargaining units support this move.

Knol pointed out MERS would provide better services, training, etc. to employees.

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Responding to a question from Buck, Weber stated the City does not perform administrative work for the Court or SWOCC Retirement Plans.

Wright expressed concern regarding MERS' authority to influence the amount of money a municipality will contribute to the fund each year. He stated this is dramatically different than what a fund manager or administrator would do.

Weber responded the City's Retirement Board has similar type of authority that may not have been used.

Wright commented the City holds itself to a higher standard than MERS in terms of funding level. He stated according to Pension Administrator Cantrell there would be no impact on the City's fund if other participants in MERS were underfunded. However, there would be a cost in terms of the additional administrative time needed to address those noncompliant municipalities. He noted this would be a minor cost.

Pastue advised MERS is in the process of changing a few policies including how administrative costs are distributed and how communities enter their system.

**10-09-198** MOTION by Wright, seconded by McShane, to approve the transfer of administration of the Farmington Employees Retirement System to the Municipal Employees Retirement System (MERS) pending a final actuarial valuation from MERS and to authorize City Administration to prepare final resolutions for the transfer. MOTION CARRIED UNANIMOUSLY.

**DISCUSSION – SMART MILLAGE RENEWAL**

Pastue advised at the last Council meeting County Commissioner Schwartz discussed a resolution he was introducing to the County Board of Commissioners that would remove the SMART opt-out provision for cities, villages, and townships in Oakland County. He provided Council with a copy of a resolution passed by Farmington Hills concerning this issue. He asked Council if they would like to consider a similar type of resolution.

Wright expressed his support for this type of resolution.

Knol asked about the current .59 mills for SMART and whether county-wide opt-in would reduce that amount. She stated a reduced millage would be a good reason to support a resolution.

McShane expressed her support for putting the issue on the ballot. She asked if SMART had met the goals established by Council three years ago. She further requested ridership numbers.

Knol stated it would be a challenge to get voter support for SMART if ridership has decreased. She pointed out SMART has been unable to provide good ridership data.

Buck noted ridership numbers SMART previously provided were nonspecific to Farmington.

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Wiggins stated it should not be Farmington's responsibility to tell an opt-out community that they must support SMART. He expressed opposition to the proposed resolution, but did support a regional transportation system.

Knol pointed out Council has not been provided with enough information to support a resolution. She noted the .59 mills committed to SMART could be used in other areas of the budget. She expressed support for a regional transportation system.

Wright advised if other surrounding communities such as Livonia and Novi have opted out then Farmington should do the same.

McShane stated her belief there has been an increase in ridership. She expressed concern about the lack of a transportation plan. She stated there needs to be some type of transportation system.

Buck stated he would also like to see a comprehensive transportation plan. He pointed out Farmington Hill's resolution does not define how the public transportation dollars would be applied.

McShane pointed out if the millage for SMART goes to a vote they will have to prove they can do the job. She expressed concern for those people that can't get to work because public transportation is not available. She stated there is a need to be filled.

Pastue advised no action needed to be taken. He further advised waiting to see what action the County Board of Commissioners takes on the resolution.

Buck stated there may be a great need for the .59 mills in the City's budget rather than using it for empty buses. He noted the last time Council considered its options regarding the SMART millage there was not enough time or information available. He advised the Council should start to consider all options.

Pastue advised there may be no options if the County Board moves to a county-wide ballot on this issue. He will contact Commissioner Schwartz to determine the time-line on the resolution process and subsequent ballot proposal.

Council concurred to take no action of the proposed resolution.

**REVIEW AND CONSIDERATION TO APPROVE SOUTHEAST MICHIGAN REGIONAL ENERGY OFFICE PARTICIPATION AGREEMENT**

Pastue reviewed a revised Southeast Michigan Regional Energy Office Participation Agreement and how the grant application process would work. He advised the funding under this agreement is somewhat unique. He stated the first 2 ½ years of savings realized by the City from the use of grant funding would go towards funding the Southeast Michigan Regional Energy Office.

Schultz noted the agreement does not require a great deal of commitment from the City other than to assist with the formation of the Energy Office. He proposed adding an "out

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clause” to the agreement in case it is not working or not approved. He stated the only thing the Council is agreeing to do is appoint somebody to participate in creating bylaws. He noted the City would have to provide some information.

Responding to a question from Wright, Pastue stated the Suburban Alliance believes if they can get a lot of cities within Southeast Michigan to participate that would leverage more grant funding for energy improvements.

Discussion followed regarding the proposed cost structure under the agreement.

Schultz stated the purpose of the participation agreement is to appoint a delegate to create this entity, set forth bylaws and create a business plan.

McShane confirmed that if Council does not like the agreement they can opt out.

In response to a question from Buck, Schultz stated he assumes that if Council expresses interest in the agreement a meeting will need to take place to change the terms that are not agreeable.

In looking at Paragraph 4 of the agreement, Buck asked why the City would agree to pass on 100% of the savings to someone else. Pastue concurred that the City should realize some of those savings, however, he noted the importance of setting up a long term endowment for the Energy Office.

**10-09-199** MOTION by Wright, seconded by Wiggins, to approve a revised Southeast Michigan Regional Energy Office Participation Agreement subject to revisions in Paragraph 4 relating to funding arrangements; to be subject to and part of the Intergovernmental Agreement. [SEE ATTACHED AGREEMENT]. MOTION CARRIED UNANIMOUSLY.

### **OTHER BUSINESS**

No other business was heard.

### **PUBLIC COMMENT**

No public comment was heard.

### **COUNCIL COMMENT**

In response to Pastue’s previous budget presentation, Wright stated it would be difficult to defend a community of 15 mils surrounded by a community of 10 mils. He stated it simply does not make economic sense. He would like comparative data with first ring communities. He stated there is a need to look at all stakeholders and everyone needs to take a “haircut.” He advised it is Council’s job to determine where that fairness lies. He stated if Council conducts a proper analysis then a minor millage increase

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might be defensible. In his opinion the downward economic trend will continue for quite awhile.

Buck stated the data from the DDA presentation was very sobering. He would also like more comparative data from "like" communities.

Buck highlighted some of the sessions he attended at a recent Michigan Municipal League (MML) Conference including: a volunteer effort through the Lathrup Village Project; Project for Public Spaces; Congress for New Urbanism; Funding Opportunities in Recessionary Times; Public Safety Concept in Kalamazoo; and WEB 2.0.

McShane agreed additional, up-to-date comparative data with inner ring communities is needed. She noted the data in the DDA's earlier report was out-of-date. She stated the report did not compare apples to apples.

Pastue stated he would provide an updated comparison of all the millage rates.

Knol requested including inner tier cities in the report, but also include Farmington Hills and Livonia and other surrounding cities.

Buck would also like information regarding dedicated millages included in the report.

McShane asked regarding Council's interest in a new, rejuvenated Beautification Committee or Commission. She stated it would bring about another group of volunteers that could do some legwork that otherwise might not be done. She pointed out there has been a decrease in property maintenance including right-of-ways. She identified a number of projects the prior Beautification Commission had undertaken. She clarified only a Beautification Awards Committee is currently active.

Discussion followed regarding the activities of the previous Beautification Commission and the change by Council making it an Environmental Committee. Discussion continued regarding why this change did not work.

Knol expressed support for reactivating the Beautification Commission, but advised its mission should be more focused on planting, gardening and home maintenance. She stated her interest in hearing ideas on how to encourage homeowners to take care of their property.

Council agreed to the idea of reactivating the Beautification Commission and allowing McShane to approach possible candidates for that commission. She advised there are a number of residents that would be interested.

Wiggins stated he received a "conflict of interest" form from the Eight Mile Boulevard Association. He advised the form provides a list of potential "conflict of interests" relative to boardmembers. He volunteered to take the form to the meeting to find out who should sign it.

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Wiggins clarified the amount of potential reductions to revenue sharing is 11%, including both statutory and constitutional amounts.

Knol noted Detroit is asking for a 10% wage reduction from its employees. She also noted the Farmington Hills Planning Commission is still interested in a joint meeting.

Knol discussed her recent visit to the Longacre Elementary School where she spoke about the Streetscape as it related to civic involvement. She stated the students will be making posters to thank the voters for approving the Streetscape. The posters will be hung at Big Apple Bagel.

Knol also highlighted some of the sessions she attended at the recent MML Conference including: Cities as a LEED community; seminar on foreclosure; buying local and building community support.

**ADJOURNMENT**

**10-09-200** MOTION by Wright, seconded by Buck, to adjourn the meeting. MOTION CARRIED UNANIMOUSLY.

The meeting adjourned at 10:40 p.m.

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Valerie S. Knol, Mayor

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Susan K. Halberstadt, City Clerk

APPROVED: November 16, 2009