

**SPECIAL MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY, APRIL 13, 2023 AT 7:00 P.M.**

Mayor Gatt called the meeting to order at 7:00 P.M.

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Gatt, Mayor Pro Tem Staudt, Council Members Casey, Crawford, Fischer, Smith, Thomas

ALSO PRESENT: Victor Cardenas, Interim City Manager
Carl Johnson, Finance Director/Treasurer/CFO

APPROVAL OF AGENDA:

CM 23-04-043 Moved by Fischer, seconded by Casey; CARRIED UNANIMOUSLY

To approve the Agenda as presented.

**Roll call vote on CM 23-04-043 Yeas: Staudt, Casey, Crawford, Fischer, Smith,
Thomas, Gatt
Nays: None**

AUDIENCE COMMENTS: None

PURPOSE OF SPECIAL MEETING: 2023 - 2024 CITY OF NOVI BUDGET

- 1. Overview
Introduction to Goals and Projects
2022-2023 Budget Highlights
Multi-Year Budget**

Interim City Manager Cardenas commented that he was not going to give a very extensible review. He wanted to let you know that we are all here as staff and he wanted to take this opportunity to thank the fantastic team that we have here and they have put their blood, sweat, and tears every year into such a great document. He said we present to you a balanced budget, and one that does not include any new staff increases. He said all the capital projects have been approved or recommended by the Planning Commission to be included in this budget.

- 2. Proposed Plan**

Interim City Manager Cardenas explained the proposed plan in the agenda is the CIP that was presented to the Planning Commission back in January, it was received, glowingly and then now recommend for your consideration, which is included in the overall budget as well as a whole.

- 3. Proposed 2023-24 Budget**

Finance Director Johnson said this was a cut and dry, vanilla budget. He said we have a lot of big things in the hopper, the Older Adults Needs Committee, and the Public Building Safety Needs Committee, those are huge, huge things that could come out of those committee's and significantly impact the budget. He said what you have before you is everything that you had last year, no new staff. He said cost increases throughout were offset by revenues, which is why we were able to balance it and we continue to substantially invest in capital and technology citywide.

Mayor Gatt said this is cut and dry, he liked it. He said that brings up to number four on the agenda already, which is the City Council discussion and decision regarding the Plan Priorities. He explained they were going to go around the table one at a time and everybody would have an opportunity to speak. He asked that they do not speak just to hear themselves speak, but if you have something to say, and you want to share with us, please do not make motions on the first go around.

4. City Council Discussion and Decisions Regarding the Plan Priorities

Member Casey thanked the staff for pulling together such an excellent budget. She could only imagine how much time it took everyone to pull together the information and do all the math. She thanked everyone for their efforts. She commented on this budget, you might call it vanilla, she called it exactly what they have been talking about and exactly what she was looking for. She had no comments other than her thank you on the budget. She said she wanted to take a moment though, because Director Johnson kind of opened the door. She said she would walk through it a little bit, she wanted to talk about some of the other things that we have in front of us coming up. She mentioned some big initiatives that are either big dollar value, or big scope that we have in front of them that they have been talking about on and off for a handful of years. She thought it was time for us to start diving into them and start prioritizing what it is we should be doing moving forward. So, on the list of her things, the first is the Library, the Library is starting to use Fund Balance to pay for operations. She thought that would not last very long with the Fund Balance that they have. She said we need to be having some conversation about what kind of funding the Library needs and should be receiving from the residents to operate at the excellent level that they continue to operate at today. Second, we still have ARPA Funds in our Fund Balance and we have not talked about how to use what we might do with those funds. She believed that was a conversation we should be having. She said we know from the Roads Committee from a couple years ago that we have been underfunding the local roads, we could spend another \$1.5 million to \$2 million on local road maintenance, and again that number is a couple of years old, so it has probably gone up since then. She said we have not talked about what we want to do from a road funding perspective. She said Director Johnson mentioned previously, we have a Public Safety Needs Committee that is likely to come back with some big initiatives. She mentioned we have an Older Adults Needs Committee that has just started, we are getting into the thick of our work. She said it is likely we might come back with a recommendation for the Council to consider as well. She wanted to put that on the radar for us to start talking about obviously the appropriate time is when we have a city manager so that we can make sure that person is part of the conversation. She did

not want to lose sight of these things because we owe it to ourselves. She said we owe it to the residents to figure out what it is we want to start and then plan to execute against these larger initiatives.

Member Fischer thanked the Mayor, and he thanked all the staff that went above and beyond to put this document together. He thought he had the least number of questions for staff this year out of all the budgets. He thought that was a testament to the level of detail and the information on how it is presented in this current budget. He commented that he heard this budget called vanilla, he has heard people all it the status quo budget, and he had to laugh because he did not know why that is perceived as a bad thing. He thought some people in the public, anyone who has been in a business and understands how capital expenditures go, there is going to be cycles up, there is going to be cycles down. He stated this is a Council who has been very active recently, \$2 million dollars on a Splashpad, \$2 million on Bosco property for the funeral home property, which he has not heard one resident disagree with that. He said they are continuing to acquire wetlands and woodlands to preserve them, Northwest Park, an underserved area of parks in the area and Novi, we have been doing all those things. He thought maybe it was time to take a breather. He said what we are doing here is we are investing may or may not be such exciting projects, but we have done a lot of those. He believed it was time to invest in the parking lots, do the maintenance that needs to be done at those facilities. He said that is not to say that we are not spending money, we are buying another fire engine, the third in three years. He said there are exciting things in here, but it is good to see a budget where we are making sure that we are taking a breath, we are investing, and we are bringing those things we have purchased and acquired up to the standards we have expected. He said this is a budget that really supports the priorities that he had another strong Fund Balance 30%, \$12 million or so and he knew that it is likely to probably go up as rollovers come from this year and underspends from next year. He was proud of the budget. He said if we could vote tonight to approve it, he probably would, as it is, so thank you again to staff and he looked forward to the discussion.

Member Smith thanked the Mayor and wanted to add his thanks to the staff. He said thought it was a solid document. He found it very readable, and he thought if someone out in the public had any questions about what is going on with the city budget, he thought this was a good place to start. He commented that it does a very good job of explaining what the different funds are, how things are moved around, and how we fund the city. He also agreed with Member Casey and Member Fischer, he thought we are doing a good job at getting parkland. He said we are doing a good job at maintaining things. He said there are a couple of projects, he is an environmentalist, he would like to pull forward, as far as solar. He said the reason we are not doing that this year is that if you look at the budget, they are out in the future. He said the reason we are not doing it is prudent because we are doing roof projects later and that is where solar goes. He thought we were doing a good job and thanks to the staff.

Member Thomas thought they did a great job, as you have heard with the budget, it was very easy to understand, it was very clear. She thought everything made sense, there

were no surprises. It was exactly what she was expecting. She echoed Member Fischer, if they were voting that evening, she would approve it..

Member Crawford said he had no additional comments other than what has already been made, other than to thank the City Manager and staff all your hard work.

Mayor Pro Tem Staudt thanked the Mayor. He wanted to point out a few things. He said ARPA dollars were mentioned earlier, a lot of governmental units seem to think that because they have them, they need to budget them now and spend them. He thought that we are being very prudent to look at what the opportunities are and not necessarily budget that right now in this time frame. Second, in the last few days, he has heard about some businesses that have closed shop after many years in Novi and either consolidated or moved their employee's home. He said there are some storm clouds on the horizon. He said we as a City Council have always acted proactively to be very cautious with our dollars. He thought this was a perfect example of a budget that does that. He said we have money out there that we can use for the future. He stated that is the way of budgets these days, we do not spend all our money in budgets like we used to. He said we do as we get opportunities. He said they did not know about the Bosco property spoken about earlier, that was a couple of million \$1.5 for the splash pad. He said these are things that we can put in as the year goes on. He did not have a lot of things to critique the budget on. He said we have worked out this budget for a week after we get the budget book, this budget has been the work of a lot of people for many, many, many, months. He stated because you do not see the work, does not mean that it is not happening. He said you go out on social media, and people want you to go line by line and go over every budget item. He said that's our professionals, those are the people we hire, and ultimately, the City Manager, who is our employee presents us with something to approve, that is what he is doing that evening. He said that is what he would expect that we are going to ask which forward. On a final note, he thought we needed to prepare, and we are going to go down the road to have to spend some more money on Economic Development, retention, and recruitment, especially in buildings that are now empty. He said we have three or four significant buildings empty in the city, not counting the Mall. He thought that is something, while it is not in the budget right now, we are going to have to consider that for the future. He said that was all he had there now. Thank you. Mayor Gatt said he would go last, and when you go last, it is easy, because everybody has said pretty much everything. He wanted to thank the staff, the department heads who were there that evening. He said having been a staff member for almost 30 years, he knew that the bulk of the work is done by the staff that were not there that evening. He hoped that our department heads would say thank you to them on the Council's behalf. He echoed Mayor Pro Tem Staudt, he knew that his budget started right after the first of the year, and here we are in the middle of April. He commented that there was a lot of hard work that went into it. He said a lot of hard work went into prepping that book that they all got. He said it is professional, it looks great. He said it is much appreciated by the seven of them up here, so thank you to everybody. He mentioned many years ago they started doing a three-year budget and the purpose of that three-year budget is to plan for and predict what is coming. He said if they see something ahead of them that does not look good, then they start making changes in that budget now so that in two

years from now, three years from now, it is not a devastating effect on them. He said Oakland County was the innovators of that. He said it worked and still works very well up in Pontiac, and it works well for us also. He wanted to say to Carl what the Mayor Pro Tem said, there are storm clouds out there. He asked that the administrators keep a close look on those storm clouds, because businesses are closing all around the country, some big businesses are going out of business, chain stores. He said he did not mean mom and pop stores, he was talking chain stores, they are closing and ceasing to exist. He did not think we were in dire straights here, because just the opposite is true. He said we are the envy of most municipalities in the area, we hear it all the time. He said he heard it six times today, he was at meetings all day in Pontiac, and he heard how great Novi is doing from different people. He said we are, but that does not mean it cannot change. He wanted to keep a close lookout and come to Council when we want to make some changes. So, with that, he was going to do the motion round. He reminded his colleagues that it takes four votes to put something in a budget or remove something that is there. He said it does take five votes when the day comes and that will not happen this evening. When the day comes that we vote on a budget, it takes five votes to pass.

Member Casey noted that she had nothing to say at the time.

Member Fischer said there was just one item he wanted to bring up for consideration by City Council. He said it stems from the tree and tree limb pickup program that we did recently that was kind of spearheaded by and the idea was given by Mayor Pro Tem Staudt, and obviously all City Council supported doing that. He said it was his understanding that we have spent several thousands of dollars, we agreed with doing that for the benefit of our residents, but it is going to probably come from our General Fund Balance. He suggested a prudent thing to do would be to go ahead and start and establish a Fund Balance range for the rubbish collection fund, he proposed a 15% to 20% Fund balance with a 15% minimum, and 20% maximum Fund Balance recommendation for that fund. He recommended we go ahead and get there right now, households pay about \$138 dollars a year for trash pickup and condominiums spend \$118 he believed, correct him if he was wrong, anyone from staff. He proposed that we incurred that by 4% which would be about \$5.50 on households per year and \$4.5 dollars on condos per year. He said of the approximately 15,000 households, that would raise about \$80,000 per year. He said in about four to five years, we would have that cushion in that Fund that the Council could use to help in emergencies like we saw. He said his motion is to go ahead and establish a Fund Balance at 15% to 20%, in the Rubbish Collection Fund. He said to accomplish that Fund by increasing the fee by about 4% or \$5.50 dollars for households, \$4.50 for condominiums per year.

CM 23-04-044 Moved by Fischer, seconded by Casey; MOTION FAILED 3-4

To establish a Rubbish Collection Fund and approve a Fund Balance of 15% to 20% and to accomplish that by increasing the fee by 4%.

Member Smith said it sounded like a good idea to him. He wondered what would happen if we fortunately did not have any emergencies and we hit the 20%. Do we then just take that off? Member Fischer said yes.

Mayor Gatt reminded the Councilmembers to address their questions to the City Manager or something, it was against Council Rules to address your question to another Councilmember.

Member Crawford commented that he was proposing an additional tax on residents that may not partake of that service. He said if everybody has garbage, and they pay for it, or trash, not everybody has their limbs and brush picked up. Interim City Manager Cardenas replied to Member Crawford's concern. He believed that was the intention. He said condo owners do not have regular yard waste pickup, but they do have a yard. They do have trees in their yards and whatnot He thought they were also utilizing those services during the big storm where the ice storm we experienced. He guessed the thought is that an extra percentage would then create that Fund Balance and create that dollar amount for future ice storms or storm damages. Member Crawford said this would be imposed on people that do not use that service the way he saw it, and he did not agree with that. He did not think that was proper, maybe assess some, if you want to offset how we have paid for it, maybe assess a fee to people that use that service after an emergency, but he was not in favor of assessing things citywide for people that may not use that service.

Mayor Pro Tem Staudt said he understood the point, we just went through a period where we spent a lot of money out of the Fund Balance. He would like us to postpone this vote to when we get to the public hearing on this because he wanted to do a little research. He could have sworn there was a commitment made by Councilmembers. He said to some of us that we would not do this. He said if he was correct, we are charging the fee that is in the contract, is that correct. Interim City Manager Cardenas said that was correct. He said now we are adding an additional fee to what the vendors are providing, he was not ready to say that he agreed to that, because he thought there was some conversation back when we went to a single hauler that we would agree not to do that. He said he wanted to do some research before he committed to doing it, but he understood the concept. He said this is why we have a Fund Balance as a city that the city should pick it up, the residents are already paying taxes, businesses are paying taxes. He said this is entirely on residents, is that correct. Interim City Manager replied that was correct. Mayor Pro Tem Staudt said before he could support it, he needed to do a little research and go back and look at what we promised the taxpayers.

Mayor Gatt said this was the first time he had heard of this, and he was not in favor of adding taxes to our residents. He remembered distinctly when we did switch over from one to another, we did so because of the price because the other company wanted to raise their fees. He said it was not a huge amount of money, it was only \$5.00 or \$6.00 dollars a month, but it was a huge percentage. He loved the concept, but he thought the City should fund it. He said he would be all in favor of the motion that said, from this point forward, the city is going to carve out "X" amount of dollars and put it into a

restricted fund that could only be used during an emergency for something like that, because that is what cities do. He stated we are here to protect the people; we are here to serve the people. He thought we are in a fortunate position where we have the money, and the means to do that. He said to tell the residents who are not there that evening and not voting that we are going to raise your taxes because something might happen in the future, he could not support them.

Member Fischer commented, by default, taxes are completely borne by people who do not exactly use the services. He was not sure where some of the previous sparkers were going with that concept. He also mentioned this is not just about an ice storm or picking up limbs. He said if you recall, in that contract, we have many different add on services that we can provide through our provider. He said if the summer runs long, and want to add a week of leaf pickup, we can do that at a cost. He said we can do that though the General Fund, but he thought it was more prudent to do it in the fund that is collecting the revenue. He said if he recalled as well, we could have some sort of bins at City Hall for large drop offs. He said there is a plethora of services that we could buy into whether it be emergency or not, or comment he wanted to make the intent of what this was not just about one situation of picking up limbs in an ice storm. He understood the comments and looked forward to the vote.

Member Crawford wondered if it was appropriate to take a small percentage of the Tree Fund and set that aside for an emergency. He said it is tree removal. He asked if that would be something we should consider. He mentioned he would be in favor of doing something like that rather than assessing additional funds for the residents. Interim City Manager Cardenas said that is a possible option we could explore. He said Finance Director Johnson seemed to think that is something that is permissible in our creation of the Tree Fund, so that is a possible avenue we can explore.

Mayor Pro Tem Staudt agreed that the Tree Fund would be a good option. He was hearing what the previous speakers said about some of the additional services that we can provide, and we are eating those services. He gave an example, if we wanted to extend the season from November to December, that would fall on the city whereas it should be falling on the residents who are getting the service, so you know, to some support this, he needed to see some supporting information through the city, but at this moment, he did not have enough information to support it.

Roll call vote on CM 23-04-044

Yeas: Casey, Fischer, Smith

Nays: Crawford, Thomas, Gatt, Staudt

Mayor Pro Tem Staudt mentioned we are in the process of working on the senior program and possibly having a full-blown Senior Department. He wanted to see us add to the budget an amount not to exceed \$250,000, that would begin the funding of a specific senior director position and additional staffing. He said if we do not do it, we will not spend it. He said we can put it back towards next year back to our Fund Balance. He thought that decision would probably happen during the next five to six months. He said he thought a long time ago that we had as a Council thought that this was a good idea

that we move in this direction. He thought that it was appropriate to give our new city manager, whomever that may be in the future, some input on that. He said he would like to see us add \$250,000 to the budget as a placeholder for a standalone Senior Department.

CM 23-04-045 Moved by Staudt, seconded by Crawford; MOTION CARRIED: 4-3

To approve adding \$250,000 to the budget as a placeholder to fund a Senior Department, Senior Director, and Staff.

Mayor Gatt said we had a motion and support. He said he supported this. He knew that there was a committee out there right now studying our older adults' needs. He did not know where that committee was going to fall when they were done. He was not sure. He said he would be very interested in seeing what their conclusions are. He stated Councilmembers have said for years now that this is the direction, we should go in. He said this is not a knock on anybody or any department. He believed and he thought several others on Council over the years have said they believed that the senior adult community needs their own specialized department for a myriad of reasons. He said today, they are under the governance of the Parks, Recreation and Cultural Services Department. He said everybody knows that the young population is growing by leaps and bounds along with the older adults. He thought it was hard to serve two different factions of society in a fashion that they both deserve. He said he looked forward to this regardless of what the committee comes up with. He said they may come up with the same conclusion, they may come up with a different conclusion. He believed that this Council should do exactly what the Mayor Pro Tem said, give our new City Manager, whoever that may be the idea that this council expects more attention given to the senior adult community and that we are prepared to pay for that service in forming a new department. He thought the \$250,000 should go a long way towards opening that door. He supported this 100%.

Interim City Manager Cardenas wanted to clarify that with this \$250,000 will come from Fund Balance in some kind of capacity. He stated earlier, it is a balanced budget. Mayor Gatt said he would have the maker of the motion answer that question. Mayor Pro Tem Staudt replied Fund Balance.

Member Casey understood where this was coming from, but there is a committee. She stated the Older Adult Needs Committee has just started their work. She said we have a good couple of months ahead of us to really understand what the needs are for our senior residents. She said we do not have that at this table. She said this is not a request that is coming from staff. She said this is a request that is coming from this table to define a department to put a seemingly arbitrary number for what it would take to operate this department on top of the \$170,000 we are already paying in permanent salaries for the existing staff, focused on older adult services, we are letting our feelings help us drive a decision that we do not have any data to support. She noted that we are also defining an organizational structure in advance of even hiring a City Manager. She thought if we want to give the City Manager a chance to decide and design the organization where

that person wants to design the organization, we have just taken that away from them by saying, we are going to give you money, we are going to tell you how we think you are going to spend it. She stated we are putting \$250,000 on top of all the money we are already spending right now without knowing what we need to know what the needs are. She understood that we do not have to spend it, but let's understand what the needs really are before we start throwing money into a budget that we cannot substantiate what we are going to do with it. She asked the maker of the motion, much as we did moments ago, to consider postponing or tabling this motion.

Member Thomas echoed the previous speaker, we have just started our work, there is a lot to be done. She said if you look at the existing department, they have eleven people, three of them are already devoted to Senior Services. She said she did not know what they were going to determine as necessary, but perhaps we do need more money in Senior Services. She said maybe it is not in people, maybe the staff there can handle it. She thought that we need to be able to finish our work to be able to determine if we are spending money in the appropriate way. Is it more staff that we need? Or is it more resources so that here is a place for senior staff to be? Is it both? She did not know. She believed that arbitrarily coming up with a number and say, let's move forward? She thought it was premature to her. She commented that we make budget amendments all the time, should it be necessary to come back with recommendations and new changes. She thought we could do that when we find that it is necessary. She said we already have more than 25% of the staff that is in Parks and Recreation that is devoted to Senior Services today. She said people who are 65 and older, that is 14% of the population, she knew they look at 55% off the top of her head, she did not know. She said it is accurate that seniors likely need more services than everyone else, but she would like the opportunity to complete their work to be able to have some real numbers and a real idea of where the money should be spent, before we make any decisions, and to make some of those decisions available to the new City Manager. She said looking at the Parks and Recreation Department, there are 11 people, we have a director and a deputy director already. She believed, as mentioned, to make sure to make room for another director. She felt that was very top heavy as well. She was not saying that we do not need it, she was saying that she thought we need to do the work first.

Member Fischer directed his question to whomever could answer it, but it was specifically for the motion maker. He wondered if the motion was specific to how the money would be spent as far as directing staff to be hired. He wondered if this is a \$250,000 placeholder in the anticipation of future expenses to be determined. He said if it is specific to staff, he did not know if he could go ahead and approve it that evening, but if it is a placeholder, he thought it was appropriate. He stated much of the budget process is putting estimates whether you know exactly what it is or if you are taking a shot in the dark. He said it was a clear indication that he will need confirmation from the motion maker to make his decision if he will support this or not. Mayor Gatt said he will have a chance to respond.

Member Smith agreed with Member Thomas and Member Casey. He said he is also on the Older Adult Needs Committee. He thought they were in the process of determining what those needs are. He said they are also trying to figure out how the City fits in with

what the State, the County, and the Federal governments do. He said every time he comes out of those meetings, it feels like it is a bigger group of things that need to happen. He thought that it was premature to have any money in the budget yet for something we do not know exactly what they are going to be asking someone to do. He said he was not in support of this motion.

Mayor Pro Tem Staudt explained this motion is to have a placeholder for potential personnel if this is decided. He understood the comments that are coming in. He said some of them are, because of being on the committee, all three of the folks, which is fair. He stated he has been sitting here for a long time, we have had these discussions for a very long time. He said he did not need a committee, what he needed a committee for is to tell him how to structure his new department in his world, we need a new department. He stated this is the first step in creating a new Senior Services Department, it is to allow a City Manager that comes down the road to hire a director, hire staff members and begin the process, this \$250,000 is not going to go a long way, because we are going to have to fund this to more significant amounts. He said he thought this was his message, let's move forward. He said he is not on that committee, he does not know what the recommendation is going to be, he had no idea what they are going through. He said he certainly knew what he felt, and that is that we need to take Senior Services and Novi a big next step.

Mayor Gatt wanted to leave some parting comments. He said there was some talk from some of the Councilmembers about this is our job. He said this is the City Council's job to do this, we are the people who tell the City Manager what to do. He stated this, that is what we do. He said we do not tell the rest of the staff what to do. He said we tell the City Manager what to do. He said then he or she then does it or they start looking for a new job. He said what the Mayor Pro Tem said is correct, we have sat up here at this table for several years saying the same thing. He said yes, we have a committee right now, and just like the Mayor Pro Tem said earlier, he was not sure where they were going. He believed that we need in this City a department focused on only the older adult community now. He said he was hearing 14%, if that is the number of older adult people in the community, he would hope that number is going to grow by the way, all over America, and certainly Novi is part of America. He hoped that we would direct some good attention and resources to that 14% number and grow accordingly. He said if this is just a placeholder, we are not spending any money. He was sure we were going to wait and see what the committee's results are, but he absolutely believed that this was a strong message from the City Council. He said if this passed that evening, that this is the direction the majority of the City Council are moving in. He stated again, we have talked about it for years now.

Roll call vote on CM 23-04-045

Yeas: Crawford, Fischer, Gatt, Staudt
Nays: Smith, Thomas, Casey

CM 23-04-046

Moved by Staudt, seconded by Gatt; CARRIED UNANIMOUSLY

To approve a Public Hearing on the recommended 2023-2024 Budget for May 8, 2023, and to cancel the Budget meeting scheduled for April 26, 2023.

Roll call vote on CM 23-04-046

**Yeas: Fischer, Smith, Thomas, Gatt, Staudt
Casey, Crawford
Nays: None**

AUDIENCE COMMENT: None

ADJOURNMENT – There being no further business to come before Council, the meeting was adjourned at 7:40 P.M.

Cortney Hanson, City Clerk

Robert J. Gatt, Mayor

Transcribed by Deborah S. Aubry

Date approved: May 8, 2023