

MINUTES
CITY OF FARMINGTON HILLS
CITY COUNCIL STUDY SESSION MEETING
CITY HALL – COMMUNITY ROOM
APRIL 25, 2016 – 6:00PM

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

Council Members Present: Bruce, Knol, Lerner, Massey, Rich and Steckloff

Council Members Absent: Bridges

Others Present: City Manager Boyer, City Clerk Smith, Assistant City Manager Mekjian, and City Attorney Joppich

BUDGET INTRODUCTION

City Manager Boyer explained the budget review process with staff prior to the introduction to City Council this evening

Councilmember Lerner stated that at some point he would like to know what items were removed from the Capital Improvement Program this budget year.

Director of Finance Gajda provided an overview of the proposed budget.

Budget highlights included:

- FY16/17 taxable value is decreasing by 0.04% compared to last fiscal year, which is a net of 17.2% decrease in personal property taxable value and a 1.4% increase in real property taxable value. This equates to an approximate \$783,000 loss in personal property taxes for the City in FY16/17. The state will reimburse the City approximately \$601,000 or 77% of the lost revenue.
- For the first time since FY04/05 the City will be impacted by a Headlee Millage Rollback in FY16/17 in its Road, Parks and Public Safety Millages.
- The FY16/17 General Fund Revenue budget is increasing by \$32,000 or 0.06% compared to last fiscal year.
- Property Taxes and State Shared Revenue comprise 66% of the General Fund's \$54.3 million revenue budget.
- The \$56 million FY16/17 General Fund expenditure budget is \$552,000 or 1% higher than last fiscal year. This budget maintains City services along with a consistent support level for the City's Capital Improvement Program.
- Budget increases are reflected in public safety, special services, and planning and community development while the general government, boards & commissions, public services and transfers to other funds budgets reflect decreases
- Public Safety and Court Expenditures comprise 40% of the General Fund's Budget.
- The Assigned Fund Balance at June 30, 2017 is estimated to be \$11.3 million
- The Unassigned Fund Balance at June 30, 2017 is estimated to be \$14 million or 25% of the total General Fund expenditures.
- Among the County's cities and major townships, Farmington Hills has the 12th lowest tax rate in 2015
- The total proposed tax rate for FY16/17 is decreasing by 0.0567 mills compared to last fiscal year
- A 1.9% increase in taxable value is projected for FY17/18

Mr. Gajda provided charts showing the breakdown of various revenue and expenditure funds.

Mr. Gajda discussed what is expected beyond FY16/17 and suggested that the City may want to explore the possible establishment of a storm water utility to fund drainage and storm water projects.

Councilmember Bruce inquired if it would be better to keep more projects in the CIP and only maintain a 20% Unassigned Fund Balance rather than 25%.

Mr. Gajda explained that if the City were to fund more projects in the CIP, his suggestion would be to fund those from the Assigned Fund Balance versus the Unassigned and maintain the 25% Unassigned Fund Balance.

Mr. Boyer explained that projects were not completely cut from the CIP, but were prioritized and some projects were moved out further to future budgets. He is comfortable that the city's infrastructure would not suffer because of these changes.

Councilmember Steckloff inquired how a storm water utility would be created. Mr. Gajda stated that it would typically be created by ordinance and it would be funded by user fees.

Further discussion was held on how the district would be created, who would pay the user fees and how those would be established.

Some of council expressed concern with this concept and perception by residents. Mayor Massey stated that he appreciates the "out of the box" thinking and while he is also concerned with the perception by residents, it gives Council something to consider.

ECONOMIC DEVELOPMENT COMMISSION UPDATE

Khalfani Stephens, Economic Development Coordinator, stated that his role is to review the commercial and residential development for the entire city and to assist in bringing up the property values so people want to live and work in the community. He stated that he has been working on a branding and creating an identity for the city to find out what people expect from the city for their tax dollars and what the city is projecting about the type of community they are. In order to get some of this information, he has solicited help from Wayne State University graduates who assisted in preparing a city survey. He stated that the survey was out for approximately 3 weeks and they had 80-90 responses and then decided to broaden their outreach by using city list serves and in another week they had over 900 responses.

Mr. Stephens stated that the preliminary findings from the students indicated in general terms that as the income levels rose, the overall satisfaction of residents decreased. He noted that there was not a substantive statistical variance by zip code and that out of 10 categories half of those rose to the top of being the most important. Those included schools, safety, affordability, responsiveness of city government, city amenities and city services.

Mr. Stephens stated that full reports are the final projects for the graduate students and should be completed in early to mid May. He stated that he discovered that the city is doing many of the things that people are wanting, but perhaps not doing as good of a job in marketing the services and activities provided. He suggested perhaps broadening the use of Facebook, twitter, etc., and promoting the positives.

Councilmember Lerner commented that it is possible that citizens don't want to hear from the city because they are happy with the services and activities provided.

Mr. Stephens stated that the survey suggested that the city may not be doing a good enough job distinguishing itself as different from other communities.

In answer to Mayor Massey, Mr. Stephens responded that there were 20, 1-5 questions and a couple of open-ended questions included on the survey.

Councilmember Lerner suggested that the list serves typically include more engaged citizens and that by reaching out in that way may not have provided a random sampling of residents.

Dr. Bruce agreed and added that it would be difficult to make good deductions without having a random sample.

Mr. Stephens stated that this was a first step that was free to the city, but the city could certainly do a more in depth survey or study down the road if Council desired.

Mayor Pro-Tem Knol added that the city may find some trends out of the surveys but cautioned spending money on "branding" and surveys as the city may not get the results they wanted.

Councilmember Rich questioned the problem or issue that this survey was attempting to solve.

Mr. Stephens stated that it was a baseline for him to use to show what people thought of Farmington Hills and to help determine a direction in which to move the City.

Mayor and Council thanked Mr. Stephens for his work and report.

ADJOURNMENT:

The study session meeting adjourned at 7:05pm

Respectfully submitted,



Pamela B. Smith, City Clerk