

**MINUTES
CITY OF FARMINGTON HILLS
ACTIVITIES CENTER AD-HOC ADVISORY COMMITTEE
MAY 14, 2026 – 6:00PM
CITY HALL – COUNCIL CHAMBER**

CALL TO ORDER

The meeting was called to order by Mayor Rich at 6:02pm.

ROLL CALL

Members Present: Aldred, Fantore, Gottlieb, and Rich

Members Absent: Paymon and Stimson

Others Present: Acting City Manager Mondora, City Clerk Lindahl, Directors Aranowski, Farmer, Skrobola, Sullen-Winn and Senior Adult Program Supervisor Koet

APPROVAL OF AGENDA

Motion to approve the agenda as written was made by Mayor Rich and seconded by Committee Member Fantore. The motion carried unanimously.

NEW BUSINESS

a. Introduction of Neumann/Smith Architecture

Acting City Manager Karen Mondora introduced Gene Carroll of Neumann/Smith Architecture, noting that the contract was in its final stages and was expected to be executed imminently. Mr. Carroll presented an overview of his firm and its proposed approach to the project.

Mr. Carroll outlined that the first phase of work, estimated at two to three months, would focus on site evaluation and master planning, including understanding topography, utility infrastructure, drives, parking, and relationships to adjacent buildings such as the Rose Senior Living facility. A land survey would need to be conducted promptly to support this work. Acting City Manager Mondora noted that geotechnical borings, as-built drawings from the Rose project, and drawings from the eastern parking lot were already available and could serve as a preliminary base.

Programming and Scope: Mr. Carroll explained that the RFP identified approximately 40,000 square feet as a general target. He emphasized that the first priority would be to develop a right-sized program by building consensus around the community's needs and wants, working with city staff and directors to prioritize elements and assign cost estimates to each. He cautioned that it is always preferable to add scope if funds allow, rather than remove features that have been promised. He noted that his firm works on a two-week engagement frequency, anticipating a steering committee or executive group to help guide decision-making, with broader stakeholder engagement and town halls to follow.

In response to questions from Mayor Rich, Mr. Carroll highlighted two specialist consultants that would be part of the team: a national aquatics firm with expertise in pool configurations, accessibility features such as zero-entry design, water temperatures, lane layouts, and acoustics; and Joe Schultz, a food service consultant currently working on a similar Meals on Wheels program in Waterford, who specializes in right-sizing commercial kitchen equipment and workflows for high-volume meal preparation.

Councilmember Aldred asked what the deliverable would be at the end of the initial two-to-three-month phase. Mr. Carroll indicated that the outcome would be building configuration and site placement, preliminary utility and grading cost information, and a validated program and budget target sufficient for the committee to authorize the design team to proceed.

Councilmember Aldred also raised the question of whether it would be prudent to design initially to a figure below the \$35 million headline budget to accommodate unforeseen costs. Mr. Carroll responded that the firm has strong current cost data for individual program elements and can build a budget from the ground up by assigning square-foot costs to each component. He strongly recommended bringing a construction manager on board as early as possible to serve as a third partner alongside the design team and the city, noting that a construction manager is particularly valuable in identifying site-specific costs that the design team alone might miss.

Senior Adult Program Supervisor Koet asked if Neumann/Smith would be meeting with the Costick staff. Mr. Carroll confirmed that meetings would be held as they would like to understand what programs are working, which ones are growing, how the current spaces are utilized, to ensure that this is a successful project.

b. Review of City Council Special Study Session of May 13, 2026

Acting City Manager Mondora and Finance Director Thomas Skrobola presented an overview of the financing framework discussed at the prior evening's special study session of City Council, at which no formal action was taken.

Project Assumptions: The planning assumption for total project cost is \$35 million, though that figure remains subject to refinement by the design team. The new Activities Center is assumed to open in 2028, representing approximately a two-and-a-half-year project timeline. A foundational constraint in all financing scenarios is the preservation of the City's AAA bond rating, which provides access to credit at the lowest possible interest rates and reflects the community's financial health and desirability.

City's Current Financial Position: Director Skrobola reported that the City's general fund balance is currently at approximately 73% of general fund expenditures — which represents a roughly \$90 to \$95 million annual budget — placing the fund balance at approximately \$63 million projected as of the end of June 2026. He attributed this reserve to a confluence of one-time factors: unusually high property tax base growth driven by post-COVID housing price appreciation (yielding \$6–7 million in additional revenue over recent years), elevated interest income resulting from Federal Reserve rate increases (another \$6–7 million), and \$11 million in one-time federal COVID relief funds received by the City. Together, these factors produced approximately \$25 million in one-time revenues.

Director Skrobola cautioned that these conditions are normalizing — property tax growth has fallen below 4% for fiscal year 2026 and is expected to continue moderating toward historical norms of 2–3%, interest income is declining as the Federal Reserve reduces rates, and no additional federal relief funds are anticipated.

Special Services Structural Deficit: Director Skrobola described a recurring structural gap in the Special Services fund. While Special Services programs generate approximately \$10–11 million in user revenue annually, total Special Services expenditures — including programs, debt service on the Hawk, and related costs — exceed \$17 million, leaving a gap of approximately \$4–5 million per year that is currently

subsidized by the general fund. Mayor Rich emphasized that this type of deficit is expected for a municipal government providing community services, noting that the city is not a for-profit enterprise.

Director Skrobola agreed, clarifying that the concern is not the existence of a deficit per se, but ensuring that the general fund has a sustainable and dedicated revenue source to cover the gap on an ongoing basis without drawing down reserves indefinitely, which would jeopardize the AAA bond rating.

Proposed Financing Model: The recommended model to fund a \$35 million project comprises four components:

- **Contributions from partners and donations — \$7 million:** This includes potential proceeds from the City's Brownfield Development Authority, an existing \$850,000 congressional earmark (with additional earmarks pending), possible proceeds from property sales (subject to Rose Senior Living's right of first refusal), potential Oakland County Parks funding, and private donations and naming rights revenue. The City has retained Superlative Corporation to advise on naming rights opportunities.
- **Use of existing bond reserves — \$5 million:** Proceeds from a recently issued bond for drain construction and fire equipment may be partially repurposed for this project, subject to appropriate legal constraints.
- **New bond debt — \$6 million:** This would translate to approximately \$650,000 per year in debt service over 20 years at 4%. Director Skrobola noted that if sufficient additional donations or grants are secured, this debt component could potentially be eliminated, reducing the millage requirement accordingly.
- **General fund balance — \$17 million:** Drawing \$17 million from reserves would leave the City with a projected general fund balance of approximately 40% of expenditures on a going-forward basis, above the minimum threshold needed to maintain the AAA rating given the City's strong tax base and other financial management factors. Director Skrobola noted that using up to \$23 million from the general fund — if the new debt were eliminated — would still allow the City to maintain approximately 33% fund balance.

Special Services Millage: In parallel with capital financing, Director Skrobola presented the case for increasing the Special Services millage to structurally balance ongoing operations. The current millage of 0.4483 mills produces approximately \$2.5 million per year and is due for renewal in a few years. Benchmark communities such as Novi (0.33 mills), Rochester Hills (0.83), Royal Oak (0.89), Livonia (just over 1 mill), and South Hill (1.72) average approximately 1 mill for parks and recreation support; West Bloomfield Township levies a combined 1.56 mills across five separate millages.

The proposed increase would bring the millage to either 1.0 or 1.15 mills, depending on whether a new debt component is included. At 1.15 mills, this would generate approximately \$3.5 million per year in additional revenue, costing the average residential property approximately \$90 more per year (roughly \$7–8 per month). At 1.0 mill, the cost for the average household would be approximately \$75 more per year. Finance Director Skrobola explained that approximately 0.21 mills of the proposed increase would fully fund senior programs, while the remaining enhancement millage would address the broader Special Services structural deficit, with any debt component requiring renewal over a 20-year bond term.

Critical Timeline: Director Skrobola emphasized that if the millage is to appear on the November 2026 ballot, ballot language must be submitted to the Michigan Attorney General's office by approximately June 12, 2026, as the review process requires 60 or more days. Mayor Rich stressed that if this deadline

is missed, the next opportunity would not arise until November 2027, which would effectively preclude a 2028 opening. Mayor Rich noted that Council did not reach consensus at the May 13 study session and that a follow-up special study session is scheduled for June 1, 2026.

Committee Member Fantore asked for clarification on whether the millage increase would continue to generate revenues in excess of what is needed, given that the construction is largely a one-time expenditure. Director Skrobola clarified that the proposed millage is not intended to fund construction directly, but rather to permanently close the structural operational deficit in Special Services, which will grow with the addition of a new facility. The millage would sustain Special Services programming and, if a debt component is included, service that bond over its life.

c. Review of the Sports Facilities Companies Community Engagement Survey Results of 2025

Acting City Manager Mondora summarized the findings of the community engagement survey conducted by Sports Facilities Companies (SFC) during the summer of 2025. The survey was available both online and on paper at the Costick Center throughout most of last summer and yielded 588 contributions to the amenity prioritization portion, along with more than 270 individual written comments.

Key Findings: Survey respondents indicated that the highest-priority indoor recreation assets were an indoor walking track, exercise/fitness space, and indoor aquatics, followed by indoor multi-use spaces. The majority of respondents indicated they could arrange their own transportation to the facility. When asked what would make them more likely to visit an adults-50-and-better facility, the top responses were a variety of activities, affordability, and a convenient location.

The written comments reflected a strong affinity for the Costick site and a desire to preserve the dedicated feel of the current Costick Center. Respondents acknowledged the declining physical quality of the existing building and identified a pool (specifically with lap lanes and a therapy pool, distinct from the Hawk's pool), pickleball courts, an indoor walking track, group exercise space, and gathering spaces as the most desired physical assets. There was a strong preference for a single-story building. On the programming side, respondents valued the existing staff, requested expanded evening and weekend hours, and sought more classes for both active and passive recreation. Affordability and fiscal responsibility were also recurring themes.

Mayor Rich noted that several program elements not prominently reflected in the survey data are nonetheless known to be critical priorities, including the commercial kitchen and Meals on Wheels program (currently producing approximately 114,000 meals per year), the congregate dining program (serving 150 to 200 people daily), and specialized programs such as the Cenex memory care initiative. She noted that the Commission on Aging conducted supplementary listening sessions that provided additional input on these priorities.

Committee Member Gottlieb spoke about the intangible community value of the Costick Center, emphasizing that it is far more than a facility — it is a genuine community where staff know members by name, check on them when they are absent, and foster a sense of belonging that is particularly vital for seniors living alone. She expressed strong hope that the existing staff culture and cohort would carry over to the new facility. Councilmember Aldred affirmed this perspective, noting that the human dimension of the center, both participants and staff, is an essential asset to be preserved.

Committee Member Fantore observed that the SFC survey data and the Commission on Aging listening session results together represent a strong foundation to provide to the Neumann/Smith team and asked how that information would be formally transmitted.

COMMITTEE MEMBER COMMENT

Councilmember Aldred commented that while the new Activities Center will be a wonderful addition to the community, it is essential that the fiscal dimensions be handled responsibly — both for the immediate project and for long-term sustainability over the next several decades. He acknowledged that the May 13 special study session was a lengthy and substantive deliberation with a range of perspectives and confirmed that the committee and Council are taking both the aspirational and the fiscal aspects of the project seriously.

Mayor Rich reflected that this project represents a once-in-a-generation opportunity — the first new city building since approximately 2001 — and underscored the importance of getting it right.

APPROVAL OF MEETING MINUTES OF APRIL 30, 2026

Motion to approve the meeting minutes of April 30, 2026 was made by Committee Member Fantore and seconded by Committee Member Aldred. The motion carried unanimously.

PUBLIC COMMENT

Leanne Kufchock raised a concern about survey methodology, noting that the SFC survey captured input primarily from existing Costick Center users and may not have reached Farmington Hills' diverse population, which includes substantial Black, Asian, Hispanic, Arabic, and Jewish communities. She called for intentional and purposeful outreach to ensure all demographics have meaningful input in shaping the new facility, and noted that the Commission on Aging board, despite stated efforts toward diversity, has in practice been predominantly Caucasian. She also noted she had sent three unanswered emails to Committee Member Fantore and requested follow-up.

Pat Hansen referenced a Detroit News article noting that at least 14 Metro Detroit municipalities have millages dedicated specifically to seniors' needs. She asked whether a separate, standalone senior services millage might generate stronger voter support and provide clearer accountability for how funds are used. She also raised a concern about a recent press account suggesting the new facility might be used by school-age children when school is out, noting that the Costick Center's schedule is already at near-full capacity and that this could conflict with senior programming.

Lori Daro offered several suggestions: establishing a question-and-answer format at future public meetings to improve two-way communication; hiring a dedicated grant writer for the project on a flat-fee basis; requiring the City of Farmington to contribute financially to the project if its residents will use the facility at resident rates; approaching Rose Senior Living as a financial partner given the adjacency benefit to their development; exploring a hospital partnership for on-site physical therapy space as a revenue-generating model; ensuring that the new facility is sized to accommodate growth in utilization beyond current attendance levels; and asking whether a successful millage would be reduced or eliminated if sufficient grant funding is obtained.

Sue Homant offered two cost-saving suggestions for committee consideration: the use of a saltwater pool (noting lower long-term chemical maintenance costs and health benefits for seniors, including reduced respiratory irritation and joint pain relief) and the installation of solar panels (estimating an

approximate \$600,000 installation cost for a 40,000-square-foot building, with long-term operational savings).

Cynthia Persitz questioned why the anticipated proceeds from the eventual sale of the existing Costick Center building are not included in the financing projections, noting that a sale could reasonably occur within 30 to 36 months, aligning with the 2028 opening timeline. She suggested the financing model could be further diversified — incorporating grants, donations, Costick sale proceeds, general fund contributions, and administrative expense reductions, with a millage increase only as a last resort. She also asked how many dedicated senior activity centers, as distinct from general community centers, are in Neumann/Smith's portfolio.

Steven Artt thanked City Council for not putting the activities center at the Hawk site. He expressed the need for a fitness center, a pool with ample lanes and changing centers. He noted the friendliness and camaraderie at the Costick Center.

Martin Stevens expressed the view that the \$35 million budget figure is too high and called for greater cost discipline. He raised questions about the current cost structure across the Hawk, Jon Grant, and Costick facilities, and what changes in operational costs could be expected when the new building comes online. He advocated designing a functional and accessible building rather than an architecturally impressive one and questioned whether feasibility studies had been conducted to project utilization and revenue generation at the new facility. He encouraged the city to aim for a structurally balanced budget and avoid a millage.

Suzanne Davis thanked the City Council, the ad hoc committee, and Neumann/Smith Architecture. She encouraged the architect to visit the existing Costick Center to appreciate the breadth of programming and the space demands it generates. She highlighted the scale of the Meals on Wheels and congregate dining programs, the therapeutic pool serving residents with disabilities, and the sheer volume of fitness and wellness programming — noting that an exercise class and a chair yoga class each draw over 50 participants. She emphasized the importance of planning for growth.

ADJOURNMENT

Committee Member Gottlieb requested that a regular meeting schedule be established going forward. Mayor Rich indicated that City Clerk Lindahl would develop a meeting cadence for the committee.

There being no further business, Mayor Rich adjourned the meeting at 7:43PM.

Respectfully submitted,

Carly Lindahl, City Clerk