

MINUTES
CITY OF FARMINGTON HILLS
CITY COUNCIL SPECIAL BUDGET STUDY SESSION MEETING
CITY HALL – COMMUNITY ROOM
MAY 16, 2024 – 4:00PM

The special budget study session meeting of the Farmington Hills City Council was called to order by Mayor Rich at 4:01pm.

Council Members Present: Aldred, Boleware, Bridges, Dwyer, Knol, Bruce, and Rich

Council Members Absent: None

Others Present: City Manager Mekjian, City Clerk Lindahl, Assistant City Manager Mondora, Directors Aranowski, Kettler-Schmult, Brown, Sullen-Winn, Rushlow, Brockway and Skrobola

City Council reviewed the following budgets with respective Department Directors and the following highlights, requests, or amendments were noted:

CENTRAL SERVICES/SUPPORT SERVICES

Michelle Aranowski, Director of Central Services; Jack Li, Information Technology Manager; and Nikki Lumpkin, Senior Buyer.

Director Aranowski explained that over the past year, the IT department has exceeded expectations, supporting approximately 750 employees, two cities, 600+ workstations, 60 servers, 600+ mobile devices, 200+ software applications, and temporarily the 47th District Court's IT needs.

Significant initiatives include deploying disaster recovery services and enhancing network security with the AT&T Managed NextGen cloud-based solution, Zscaler. A full-scale penetration test is planned to assess network vulnerabilities and the effectiveness of security upgrades. Additionally, 200 workstations have been upgraded to Windows 11, with over 400 more to be upgraded by October 2025.

The department is also implementing new ERP (Enterprise Resource Planning), timekeeping, and HRIS (Human Resources Information Systems) solution platforms to streamline operations. Two additional IT Analysts have been requested to support the expanding infrastructure and enhance geographic information system (GIS) capabilities, as well as an additional buyer position to assist with the department's purchasing needs.

The Central Services team has managed land leases generating over \$120,000 annually, overseen bids for various projects, and functioned as the lead agency for the MITN Cooperative. The team has actively utilized the Michigan Minority Supplier Development Council's (MMSDC) Matchmaker 365 (MM365), connecting the team with diverse suppliers and aiding in navigating the city's bid process. The department also supports the city's web and social media platforms and handles mail and UPS functions.

Director Aranowski noted that the department's goal is to transition to a paperless process and improve contract management, including contract evaluations, as this will enhance the efficiency and effectiveness of handling all purchasing requests and contract management for the city.

The department will continue implementing smart city technology by adding cameras to city locations and smart digital signage, enhancing Wi-Fi service, collect traffic data, and provide security video

Additionally, the department recently renewed an agreement with the City of Farmington for computer networking support, generating approximately \$50,000 annually, and managed the surplus auction website, bringing in over \$150,000 last fiscal year.

Council questions, comments and suggestions:

- Council inquired if large contracts are monitored to ensure compliance with the original agreements. Director Aranowski confirmed that all contracts go through compliance checks and upon reaching their sunset, contracts are either renewed, allowed to expire, or a new resolution is found. She added that if a contractor is not performing adequately, multiple attempts are made to resolve the issue and if these attempts are unsuccessful, another vendor is sought.
- Council asked if there are any consolidation opportunities planned for next year. Director Aranowski confirmed that there are no such opportunities for the upcoming fiscal year.
- Council inquired about the efforts to promote, support, and expand purchasing with small minority-owned businesses. Director Aranowski stated that the department monitors these efforts by utilizing the MMSDC Matchmaker 365 platform. Bids are posted on this website, and matches with diverse suppliers are identified. The department has been collaborating with the current DEI director to identify needs and explain their processes and this has helped ensure that the department's efforts align with DEI goals. She noted that the table on page 119 shows the number of awarded solicitations to minority-owned, women-owned, veteran-owned, disabled, disadvantaged, or service-disabled businesses.
- Council inquired about efforts to encourage, expand, and promote cooperative purchasing. Director Aranowski explained that the department actively engages in these efforts through monthly meetings with the MITN group, where they discuss cooperative purchasing opportunities, such as police and fire uniforms, and collaborate closely with cities like Rochester Hills.
- Council asked for details on the need for three new positions. Director Aranowski and her team explained that the buyer position is necessary to keep up with the population size and purchasing demands compared to cities like Rochester Hills, which has more purchasing staff. This additional role would help manage and evaluate contracts more effectively, reducing strain on current employees. In terms of technology, Jack Li, Information Technology Manager, explained that the current IT staff is stretched thin, handling numerous upgrades and new technologies, such as the year-long firewall upgrade, frequent router upgrades and implementation of ERP and HRIS.
- Council asked if moving to more cloud-based resources would affect the division of costs, specifically regarding an increase in operational expenses and a decrease in hardware and maintenance expenses. Manager Li confirmed that currently, both cloud and existing systems need to be maintained, but over time, hardware capital expenses are expected to decrease.

HUMAN RESOURCES

Lori Brown, Director of Human Resources, provided HR highlights from the past year and outlined expectations and budgetary needs for the upcoming year. Since July 1, 2023, the department has hired or promoted over 43 full-time employees and more than 150 part-time seasonal staff, while addressing retirements and other attrition. Administrative tasks such as data input, handling telephone calls, conducting one-on-one meetings, and managing a high volume of emails have significantly increased, adding to the HR staff's workload.

The department managed 34 retirements and resignations since July 20, 2023, and implemented the new HRIS system. Occupational health services transitioned from Ascension to Henry Ford, and there has been a notable increase in participation in HR benefit programs like FMLA, workers' compensation, and leave requests. Compliance with workplace laws and regulations remains a top priority.

The role of HR is evolving to adapt to changing employee mindsets and workplace dynamics. The focus includes continuous HR training, strategic recruitment, development of equitable internal labor markets, enhancing leadership and managerial effectiveness, collaborating with the Diversity, Equity, and Inclusion (DEI) Director to improve the employee experience, supporting mental health, and promoting diversity, equity, and inclusion. There is also an emphasis on automating HR processes to minimize time spent on administrative tasks and updating handbooks, policies, and procedures to mitigate risks associated with lawsuits and federal agency enforcement actions.

The requested budget increase is essential to support these initiatives. Additional funds will be allocated towards training and memberships for HR staff, consultants for policy updates, vendor management, employee relations, safety committees, wage studies, benefit programs, and additional office furniture to accommodate growing staffing needs. Despite the challenges posed by major turnover, the department has effectively managed all issues, demonstrating resilience and ongoing commitment to improvement.

Director Brown expressed her commitment to driving positive change and fostering a productive and inclusive work environment for all employees.

Council questions, comments and suggestions:

- Council noted that the full-time turnover rate is very low, indicating that most employees are satisfied with their working conditions and benefits. Director Brown confirmed that, for the most part, employees are satisfied. There has been a downward trend in turnover over the past couple of years, with projections showing continued improvement this year.
- Council asked if the department is involved in performance management of employees. Director Brown confirmed that the DEI Director has taken the lead on setting up the performance management system, and HR will implement it.
- Council noted that the consultant fees are rising from \$22,000 to \$93,000, while salaries are increasing from approximately \$351,000 to almost \$546,000 and requested an explanation. Director Brown explained that the increase in consultant fees is for the wage and salary surveys which are necessary to ensure the city's wages remain competitive with other cities, particularly with upcoming police and fire wage negotiations. Regarding salaries, it was noted that the implementation of the NeoGov HRIS system requires updating and continuously maintaining all policies, necessitating additional help.
- Council noted the addition of two positions. Director Brown confirmed that these positions are being added to address the issues faced when there is one person responsible for benefits and another for recruiting as this structure causes problems when employees were on vacation or leave. To avoid this, and to address compliance and legal issues, additional staff is necessary.

PLANNING AND COMMUNITY DEVELOPMENT

Charmaine Kettler-Schmult, Director of Planning and Community Development, provided an overview of their budget and highlighted key achievements and future plans. The department's primary responsibility is to monitor and guide the city's development, redevelopment, and property maintenance through the

review and enforcement of critical codes and ordinances and is comprised of four divisions: planning, community development, building, and code enforcement, with a staff of 20 full-time employees.

Significant achievements include nearing the completion of the master plan for future land use, which has been a major project for over two years, optimizing a tracking system to electronically track all projects and enforcement activities, assisted with many low and moderate-income residents through the Community Development Block Grant fund.

Director Kettler-Schmult noted that last fall, questions about code enforcement staffing led to an analysis comparing similar-sized communities like Southfield, Novi, and Rochester Hills, which confirmed that the current full-time staffing of four zoning inspectors and one supervisor is adequate.

The department has requested additional staff for the building department, including a part-time clerk, a full-time plumbing inspector (transitioning from part-time), and an assistant building official. This increase is due to the additional workload within the department. Permit fees were adjusted last summer to match neighboring communities, which has increased revenue to help cover additional costs.

Council questions, comments and suggestions:

- Council asked about the percentage of zoning enforcements that were complaint-based versus self-enforced and suggested a more proactive city enforcement of code violations. Director Kettler-Schmult responded that zoning enforcement has primarily been complaint-driven.
- Council inquired if one of the building inspectors listed on page 165 is assigned to the apartment inspection program. Director Kettler-Schmult clarified that the position in question is for the rental inspection of single-family homes which overlaps with the housing rehab specialist, splitting time between single-family rental inspections and home repair duties.

Council discussion regarding the Fire Department budget request:

At the request of the Mayor, City Manager Mekjian addressed council regarding the Fire Department's budget request for four full-time firefighters at Station 4, which was discussed the previous day. Mekjian explained that the proposal had not been approved by administration.

City Manager Mekjian noted that last year, eight new full-time firefighters were hired to fully staff Station 3 and currently, Station 4 is staffed by full-time career firefighters during the day and paid-on-call firefighters in the evening, without any complaints about the level or quality of service. Mekjian acknowledged the challenges of attracting and retaining paid-on-call firefighters, especially with the recent unionization efforts. He recommended postponing the hiring of the four full-time firefighters to allow for an in-depth assessment of the fire department's operations, evaluation of the hybrid staffing model and determine the community's long-term direction before making essentially a 30-year budget commitment for the additional staff.

Councilmember Bruce also expressed concerns about the request for four new firefighters after the recent addition of eight firefighters and emphasized that department heads should follow the proper chain of command, presenting proposals through the city manager. He pointed out several upcoming financial challenges, including union negotiations, structural budget deficits, and significant expenses related to the Costick Center and the discussion to move from on-call fire fighters to full time only needed to take place outside of budget review.

Councilmember Bridges concurred and appreciated the clarification on the process. He supported the suggestion to withdraw the previous consensus regarding hiring the 4 firefighters, and to allow the City Manager to have a conversation with the chief, conducting further investigation and research regarding this request.

Council discussion regarding additional full-time employees:

Councilmember Knol expressed concern about the number of full-time employees being added to the budget and that these additions commit the city to long-term expenses, especially as wages are rising due to inflation and contractual obligations. She stressed the need to find a sustainable solution without continuously adding staff as the city has already added numerous employees in recent years, including positions in fire, police, DEI, and communications and noted the importance of making compromises and managing the budget responsibly. She pointed out that while expenditures are increasing by \$5.9 million, revenue is only going up by \$1.3 million, and despite progress in reducing the deficit at the Hawk, there is still a significant shortfall, and no plan has been established to address it.

City Manager Mekjian noted that last year's staffing decisions for police and fire were not his recommendations but were ultimately decided by Council and staff requests are only made when absolutely necessary and involve extensive scrutiny and evaluation. He explained the importance of the budget process, emphasizing the thorough vetting conducted by the departments and administration and the extensive efforts of staff, who spend three months preparing the budget before it is reviewed by the council.

Councilmember Boleware noted that the addition of firefighters last year was based on the understanding that increased billing to Medicare would cover the costs, making it revenue-neutral and the growing demands on the HR department due to increased compliance issues requires the need for more staff to manage these challenges. She expressed confidence in the budget figures if those who prepared them are comfortable with the numbers.

Councilmember Boleware acknowledged the challenges faced by part-time, paid-on-call firefighters in meeting necessary skill requirements, as mentioned by Chief Unruh and that public safety is crucial and one of the main focuses of the council. She highlighted the need to ensure delivery of appropriate services and suggested that if concerns arise, the budget should be flexible enough to allow for revisions, additions, or deletions during the fiscal year, rather than being fixed for the entire 12 months.

Director Skrobola responded by explaining that once the budget is adopted, items approved in the current year's budget but unspent, can be rolled over, affecting various figures, particularly around capital and at any point, council can authorize projects or expenses, signaling to the administration to include these in the year-end budget amendments.

City Manager Mekjian emphasized the importance of adhering to the established processes to maintain organizational morale. If one department head bypasses the standard procedures, it can send a negative message to other department heads, potentially leading to inefficiency, causing a detrimental impact on strategic management.

City Manager Mekjian recognized the need for integration of council goals into the budget process and to address this, it would be a good idea to have Director Skrobola attend the council's goal-setting sessions in January to help identify potential budgetary issues early in the process, ensuring that council goals are considered in the budget planning from the outset.

Council discussion regarding one-time excess funds or “windfall”:

Director Skrobola provided a short presentation on how the excess funds came about. He explained that there were three main sources of the windfall:

- Federal Relief Funds: \$11 million total, comprised of \$9 million from the American Rescue Plan Act (ARPA) and \$2 million from the CARES Act.
- Property Tax Revenue: An additional \$6 million due to increased property inflation driven by high demand and limited housing supply.
- Interest Income: An extra \$6 million resulting from higher interest rates set by the Federal Reserve.

Director Skrobola emphasized that these three sources together amount to \$23 million in one-time windfall money and without this, the city's fund balance would be around \$34 million, which is about 38-40% of expenditures. Skrobola stressed the importance of prudently spending this one-time money on one-time expenses rather than operational costs as this approach will help manage the budget sustainably, especially considering potential future changes in revenue streams.

Director Skrobola provided an overview of the deficit management strategy noting that the goal is to gradually reduce the deficit from \$6 million to around \$2 million by FY 29-30, when the current parks millage expires and at that point, there will be a discussion with the community about the future size of the parks and recreation millage.

Director Skrobola highlighted the effort behind the scenes to piece together different decisions and numbers to achieve the city's financial goals and the aim is to reach these goals within the planning horizon, even if it isn't this year or next year. He noted that communicating the city's progress to the community and securing the parks and recreation millage renewal will help ensure financial sustainability for the next decade.

Council questions, comments and suggestions:

- Council inquired if the proposed budget, with all its details, would ensure the city stays on track to meet its financial goals. Director Skrobola confirmed, adding that achieving these goals depends on resolving issues identified in the Sports Facilities Advisory's (SFC) study phase two, which must address a \$4 million shortfall now and reduce it to around \$2 million in the coming years.
- Council asked if additional IT staff would drive efficiencies. Director Skrobola confirmed that additional IT staff would help the city get through the ERP upgrade. He explained that he has been consolidating files to create a more cohesive system which is essential for transitioning to the new cloud-based ERP products and the goal is to transform the city's processes through these new systems so they can be used as effectively and efficiently as possible.
- Council commented that the 74% fund balance indicates the City is on a solid path, but the City needs to stay conservative to ensure continued stability.
- Council suggested a study to redistribute the full-time firefighters who are fully certified EMTs from other stations to Station 4 during the evenings. City Manager Mekjian said he would follow up with the Fire Chief regarding the issues discussed this evening.

CITY CLERK

Carly Lindahl, City Clerk, offered an overview of the department's budget.

Council questions, comments and suggestions:

- Council commented on Clerk Lindahl's performance, noting that she is off to a great start and has done an excellent job. They particularly appreciated her preparation of reports, mentioning the historical record provided on the road funding proposal as a standout example. The thorough backup provided in her reports was also commended. Overall, Council expressed satisfaction with Clerk Lindahl's performance and confidence in her abilities.

COMMUNICATIONS AND COMMUNITY ENGAGEMENT

Vickie Sullen-Winn, Director of Communications and Community Engagement emphasized the department's commitment to strengthening Farmington Hill's communication capabilities and enhancing organizational effectiveness and highlighted several successes of the department over the past year.

The city's communication output has significantly increased with the addition of a new communications manager, a part-time communications specialist, and a marketing specialist. The team now consists of six full-time and one part-time staff members. Director Sullen-Winn expressed pride in her team's ability to support various city departments, the City Manager's Office, council, boards and commissions, and the community.

Director Sullen-Winn explained that a proactive media strategy has been implemented, resulting in numerous radio, broadcast, and newsprint stories initiated by the city and this strategy has been successful due to securing an experienced PR expert, leading to valuable media relationships. The city has received significant coverage, including a recent 12-minute interview segment on WDET promoting city events.

She noted that a new media monitoring tool, Critical Mention, has been adopted, allowing for better tracking and sharing of media coverage and monthly reports from this tool are included in the city manager's updates to the council. The department has also implemented a strategic advertising strategy to promote programming at the Hawk and raise awareness of Farmington Hills which included ads on WKQI and WNIC, digital streaming, and targeted social media ads, resulting in sold-out shows and record attendance.

Director Sullen-Winn expressed her commitment to serving the needs of internal and external customers, aim to focus on four critical areas: crisis communication, internal communications, branding, and staff development and requested support for the 2024-25 fiscal year budget.

Council questions, comments and suggestions:

- Council inquired about the budget request for 2024-25 is \$1.1 million, representing a 10% increase. Director Sullen-Winn explained that the initial budget was more of a foundational estimate rather than a realistic budget and with a full year of experience, the department now has a clearer understanding of its actual needs.
- Council inquired if the Special Services department or the Communications department was responsible for tracking expenditures on advertising for the Hawk and the resulting increase in membership sales and class enrollments. Director Sullen-Winn responded that the responsibility is shared between the two departments and that she tracks advertising spent and can see the impact of digital ads on their objectives.
- City Manager Mekjian emphasized the crucial role this department will play in future special services and marketing efforts. Additionally, despite recent challenges, the communication team have been actively monitoring social media to stay informed about public mentions and sentiments regarding the city. The software used to monitor discussions locally and globally has been invaluable for maintaining the city's positive image and addressing issues promptly.

DEPARTMENT OF PUBLIC SERVICES

Jacob Rushlow, Director of Public Services, began by acknowledging his team members Jim Cubera, Derrick Schueller, and Tammy Gushard. He offered a brief overview of the department's budget and highlighted key projects for the upcoming fiscal year. He noted that the budget for this year has not seen significant changes and the department continues to focus on capital projects and planning through a street asset management approach, addressing underground infrastructure before road construction. This comprehensive method has been reflected in improved road conditions over recent years.

For major roads in the 2024-25 fiscal year, the department plans to reconstruct Nine Mile Road from Walshingham to Farmington, Sinacola Court and Freedom Road from Nine Mile to Grand River. Regarding local roads, potential projects under consideration include Farm Meadows subdivision, Camelot subdivision, Wood Creek subdivision, and a gravel road conversion on Shady Ridge.

The department is also planning the second phase of a multi-year water main replacement in the Kendallwood subdivision and will continue implementing the asset management plan with an annual sewer structural lining program across various city locations. Drainage projects are being coordinated with road construction efforts which includes replacing underground storm sewers ahead of the Nine Mile Road reconstruction and replacing a large culvert under Biddestone in preparation for a gravel road conversion the following year.

Council questions, comments and suggestions regarding Roads:

- Councilmember Bridges inquired about the deterioration of certain sections of Old Timber Road, where a concrete job was completed last year and asked who was responsible for the testing and design of the road. City Engineer Cubera confirmed that Hubble, Roth, and Clark (HRC) handled both the design and testing of the project, and they are aware of the deterioration. He explained that similar issues are being experienced across the metro area and it is linked to a regulatory change from the EPA in 2021 which is causing the top layer of the concrete to flake off, although it does not impact structural integrity. Efforts are being made, in collaboration with the Michigan Concrete Association and other communities, to find solutions to prevent future occurrences.
- City Manager Mekjian confirmed that HRC conducted specific analysis concerning the area and a copy of the report can be provided to the council along with a link to a Channel 7 report covering the regional nature of the issue.
- Council inquired about the redevelopment plans for the area between I-696 and 12 Mile Road at Orchard Lake. City Manager Mekjian acknowledged that the area is currently in poor condition and he has reached out to the Road Commission for Oakland County (RCOC), who have two projects planned, both involving the intersection of 12 Mile and Orchard Lake.
- Council inquired whether something could be done about the curb cuts with the development of the nursing home at 12 Mile and Orchard Lake. City Engineer Cubera responded that the redevelopment of commercial uses in the area includes significant changes.
- Assistant City Manager Mondora provided an update on the transportation improvement plan, referencing the document published by RCOC. She stated that Orchard Lake Road, from 12 Mile to 13 Mile, is projected for improvement in 2025 and the following year, 12 Mile Road, from Orchard Lake to Middle Belt, is scheduled for improvement.

Council questions, comments and suggestions regarding DPW:

- Council inquired about the impact of the light winter on the budget for snow and ice control and winter maintenance, noting that it did not appear to affect the expenditure figures. DPW Superintendent Schueller explained that despite the mild winter, the department continued to

ensure the salt dome was fully stocked and noted that there were numerous small salting events, and these smaller events required frequent salting and the deployment of crews, which quickly added up in costs.

- City Manager Mekjian asked if additional salt was purchased due to the light winter. Schueller confirmed that they met their minimum salt purchase requirements.
- Council inquired about offering smaller trash receptacles for residents with less garbage. DPW Superintendent Schueller noted that while it's still a possibility, there have been few inquiries in the last six months. Schueller also addressed general trash issues, acknowledging initial challenges with the current system and noted that GFL's performance has improved significantly.
- Council inquired whether the introduction of larger garbage cans has led to a reduction in recycling. DPW Superintendent Schueller responded that he hasn't noticed a decrease in recycling.
- Council inquired about the length of the contract with GFL. Assistant City Manager Mondora confirmed that the original contract was for five years with three one-year extensions and when the carts were added to the contract, the five-year term was reset so there are now four years remaining on the contract.

BOARDS AND COMMISSIONS

Council questions, comments and suggestions regarding 47th District Court:

Council inquired about the discrepancy in contributions to court expenses, noting that Farmington Hills is paying more while Farmington is paying less for 2024-2025. Councilmember Knol explained that the contributions are determined by a formula based on taxable value and caseload as part of a longstanding local agreement and adjusts yearly based on the number of cases from each city.

Councilmember Bridges requested a review of the agreement, suggesting an assessment to determine whether contributions should be adjusted to ensure fair use of tax dollars. City Manager Mekjian agreed to investigate the matter further, acknowledging a lack of familiarity with the specifics of the agreement and its approval process.

Director Skrobola added that the courts typically provide an annual presentation on the formula and its updates, though this has not occurred recently. City Manager Mekjian stated that arrangements can be made for a presentation to council from the court administrators.

Mayor Rich provided additional comments regarding court expenses, noting that several Oakland County mayors have expressed concerns about court fees, feeling that their contributions are exorbitant compared to the services received and the expectation was that the fees would be neutral to the cities. She added that while the total disbursed to Farmington Hills is approximately \$1.7 million, the city is paying nearly \$3 million, which represents a significant disparity.

City Administration expressed strong concerns about the financial burden imposed by the Indigent Defense Fund and while the city receives a fixed amount of money for indigent defense, any expenses beyond that must be covered by the general fund. The city is responsible for processing accounts payable, providing backup for quarterly reports and annual reviews, and addressing even minor discrepancies, which can be a prolonged and onerous process.

Council questions, comments and suggestions regarding Boards and Commissions:

Council inquired about the oversight and auditing of spending by boards and commissions, expressing concerns about potential misuse of funds. Director Skrobola explained that while boards and commissions are not audited separately for their own policies and procedures, their expenditures are included in the city's overall audit scope. All expenses go through the city's normal procedures for governing expenses, ensuring proper oversight.

City Clerk Lindahl added that boards and commissions are generally aware of spending rules due to the involvement of staff liaisons who are knowledgeable about city expenditure policies and ensure that funds are spent appropriately, adhering to city guidelines.

Council questions, comments and suggestions regarding the Arts Commission:

Councilmember Boleware raised concerns about the funding disparity in the joint Arts Commission with Farmington, noting that Farmington Hills allocated \$7,500 for the year, while Farmington only contributed \$116 budget.

City Manager Mekjian acknowledged the issue and agreed to discuss the matter with Farmington's leadership to seek more balanced support for joint activities.

Council questions, comments and suggestions regarding the Historic District Commission and Beautification Commission:

Councilmember Knol discussed funding requests from the Historic District Commission noting that they are seeking additional funds to continue improvements at the Utley Cemetery following progress at the Halsted Cemetery. She added that the Beautification Commission requested more funding for their three main events: the annual Litter Walk, the Beautification Award Ceremony, and the bi-annual Plant Swap.

Mayor Rich supported the funding increase and suggested exploring sponsorship opportunities to offset costs, similar to past donations from Plum Market. She emphasized the value of the Litter Walk and the significant amount of waste collected, which highlights the commission's positive impact on the community.

Councilmembers echoed support for the increase, recognizing the community-wide benefits and suggested giving the commission a couple of years to secure sponsorships and ensuring any funding increase is sustainable. It was agreed that the commission should be informed about seeking future sponsorships to help manage costs.

Council questions, comments and suggestions regarding the Planning Commission:

Mayor Rich inquired about a request from Planning Commission Chair John Trafelet to increase their meeting stipend from \$50 to \$100, noting that this was not discussed in the budget.

Assistant City Manager Mondora clarified that the stipend change would need to be approved by a council resolution before being integrated into the budget. Currently, Planning Commission members receive \$50 per meeting, with meetings typically held twice a month, though they are scheduled for three meetings, often canceling one.

Mayor Rich mentioned that the request was driven by the length of the meetings, sometimes lasting late into the night. It was suggested that the recommendation should come from the staff liaison, including a study of stipend rates in other communities to determine if an increase is warranted. The same stipend applies to the Zoning Board of Appeals, which also receives \$50 per meeting.

Council questions, comments and suggestions regarding the Economic Development Corporation (EDC):

City Manager Mekjian mentioned that the chair of the Economic Development Corporation (EDC) requested funding, noting that historically, the EDC has not had a budget due to statutory changes. EDC Chair expressed interest in attending economic development functions and events, possibly in Detroit, to promote Farmington Hills.

Councilmember Bridges, who serves as the staff council liaison for the EDC, supported the idea, emphasizing the importance of investing in workshops to promote the city and asked for a recommendation on the funding amount. City Manager Mekjian suggested allocating \$2,500, and there was consensus to include this amount in the economic development budget.

Council questions, comments and suggestions regarding the City Council:

City Manager Mekjian proposed adopting a summer schedule for City Council meetings, similar to Farmington's approach, noting that council has had many long meetings and suggested this change to provide some relief during the slower months of July and August. According to the city charter, council is required to meet twice a month, but it was suggested meeting once a month during these months, with the option to schedule special meetings as needed. He explained that Farmington manages this by having a special meeting before the regular council meeting, where they can take action if necessary, and then adjourn to the regular session.

City Manager Mekjian stated that from an administrative perspective, July and August are typically slower months, making it logistically easier to manage with fewer meetings and reassured that any urgent matters could be addressed through special meetings. He invited council members to consider this proposal and provide feedback at their convenience.

Councilmembers discussed the proposal to adopt a summer schedule and acknowledged that this approach could be helpful in managing the workload during July and August.

Council discussed the amount budgeted for memberships and conference attendance.

Council questions, comments and suggestions regarding City Administration:

Councilmember Boleware asked about the city manager intern position, questioning who it was intended for. City Manager Mekjian clarified that it is a placeholder, potentially for a summer intern. Assistant City Manager Mondora added that having interns has always been challenging due to the need for meaningful work. Mekjian shared his previous experience of creating a structured program for an intern, involving rotations through various departments, but acknowledged the difficulty in providing substantial exposure to city operations. Director Skrobola noted that the position is rarely utilized.

ECONOMIC DEVELOPMENT

Cristia Brockway, Director of Economic Development, highlighted several significant initiatives and insights shaping the department's focus for the upcoming fiscal year. She explained that research conducted since January has revealed that the office industry is unlikely to rebound, underscoring the urgent need for a corridor study and this study would focus on three key areas, with particular attention to the 12 Mile corridor. The study aims to assess current inventory, explore potential zoning changes to allow for diverse uses, and identify healthy market opportunities, such as research and development, manufacturing, and medical industries, that could utilize the available office space.

Director Brockway noted that the inventory of available office space, ranging between 80,000 to 150,000 square feet, is projected to increase over the next three years and the corridor study will evaluate how to repurpose this space effectively, considering necessary infrastructure and potential costs. The Richmond Road area, particularly between 12 and 13 Mile, is another focus due to its high concentration of available office space and the need for retail development. Director Brockway pointed out that this busy corridor, sought after by investors, currently lacks retail, presenting an opportunity for zoning changes to attract new retail businesses.

City Manager Mekjian asked Director Brockway to explain the difference between a corridor study and the master plan. Director Brockway clarified that the master plan encompasses the entire city and in contrast, a corridor study focuses in-depth on a specific area, as not all aspects of the master plan are applicable to every corridor.

The budget request for the corridor study is \$140,000 and this funding will support a Request for Proposals (RFP) for studies on two specific corridors: 12 Mile Road and Orchard Lake Road.

The study for 12 Mile Road will focus on the stretch between Orchard Lake and Haggerty and for Orchard Lake Road, the primary focus will be between 12 Mile and 14 Mile, with additional consideration for the area just below the School of Psychology due to its significant redevelopment potential. This area, currently undeveloped, could be used for various purposes, including housing, and the study aims to explore and understand the best uses for this land.

Council questions, comments and suggestions:

- Council inquired about the corridor study for Grand River Avenue and whether it is included in the \$140,000 budget. Director Brockway clarified that the Grand River Corridor Improvement Authority has a separate budget of \$60,000 allocated for its corridor study which covers a smaller area, primarily focusing on properties fronting Grand River between Inkster Road and Orchard Lake Road. She noted that the 12 Mile corridor study will be more extensive, covering a broader area without exclusions and will examine the synergy and compatibility of the zoned properties along 12 Mile to ensure cohesive development.
- Council inquired about the office vacancy rates on 12 Mile Road, mentioning a previous presentation that indicated a growing vacancy rate. Director Brockway clarified that the current vacancy rate was projected to be 14.7% but has recently climbed to 15% and she projected that within the next three to five years, the vacancy rate could increase to between 17% and 18%.
- Council asked about the common issue of reoccupying office complexes and whether there have been discussions regarding legislative or congressional incentives to assist with converting these spaces into residential structures, especially given the need for affordable housing. Director Brockway responded that the State of Michigan has significantly increased incentives for affordable housing through the Michigan State Housing Development Authority (MSHDA) and various incentive programs like payment in lieu of taxes and tax abatements. She noted that converting office spaces to residential use must be practical, and some office buildings have large floor plans and lack window accessibility, making conversions challenging, while some office complexes have shown interest in conversion, the process is expensive and complex due to infrastructure and usage requirements.
- Council asked for confirmation that the master plan would serve as a blueprint, with consultants adding specifics to help market the corridor and attract investment. Director Brockway confirmed, noting that having professionals, could effectively represent the city and market the

blueprint to potential investors. This approach can also help property owners understand the value of redeveloping their properties for new uses.

- Council asked about brownfield redevelopment. Director Skrobola explained that each brownfield project has its own tax calculation, and funds are allocated based on approved plans under the Brownfield Redevelopment Authority (BRA) Act. Director Brockway added that the city has a \$200,000 grant fund for Act 381 eligible projects, including lead and asbestos removal, environmental studies, and limited demolition.
- Council inquired about corridor improvements. Director Skrobola explained that the Corridor Improvement Authority (CIA) fund is simpler than other projects, capturing growth in property value within the district since its inception and has built up a fund balance of nearly \$900,000, which can be used for eligible projects within the district. Director Brockway highlighted two key initiatives for this year: 1) Site Improvement Grant: Up to \$90,000 per fiscal year, with a maximum of \$30,000 per applicant which requires recipients to provide receipts for approved improvements; and 2) Corridor Study and Landscaping: \$60,000 is allocated for the corridor study, and \$100,000 for streetscape projects. This includes exploring low-cost, high-impact landscaping options such as foliage, flowers, irrigation, and shrubs to enhance the appearance of the area and make it less industrial.

FINANCE DEPARTMENT

Tom Skrobola, Director of Finance, stated that the department is undergoing several updates to enhance efficiency and support professional development. First, the department is considering the adoption of pivot point software and tablets for field staff, aimed at reducing the redundancy of handwriting notes and subsequently translating them into the system and is projected to cost approximately \$10,000 in the 2024-25 fiscal year and \$13,000 in 2026-27.

Additionally, the department plans to invest in updating receipt printers for Treasury, a \$2,500 allocation for educational opportunities, supporting Deputy Treasurer Ashanti Stringfellow in her pursuit of becoming a CPA and beyond these initiatives, no major changes are anticipated for the department.

Council questions, comments and suggestions:

- Council asked about the request for a part-time position. Director Skrobola explained that the part-time help is intended to support his assistant by handling basic tasks, allowing the assistant to focus on more administrative duties, especially related to various software projects.
- Council inquired about post-employment benefits, specifically pages 120 to 129. Director Skrobola explained that the adjustment for post-employment benefits was anticipated to be about \$1.3 million for 2022-2024. He noted that there were savings in 2023-2024 due to not needing to budget for Defined Contribution (DC) pension contributions, as there was no study yet to determine contributions for new Defined Benefit (DB) plans. This resulted in a one-year break from those contributions and the \$1.3 million figure align with expectations.
- Council asked about the inter-fund transfer detailed on pages 130 to 132. Director Skrobola explained that the inter-fund transfers include typical amounts for the nutrition fund, the debt service fund for handling debt payments, and contributions to the capital improvement fund for cash outlays on capital projects.
- Council asked about the debt service funds detailed on pages 291 to 296. Director Skrobola explained that, to fund anticipated capital projects, the city plans to cash finance most capital projects in the CIP and 404 funds, with exceptions for drains and fire vehicles, which will be financed through debt. The debt service for these purchases will begin in 2025, with initial payments covering half a year, followed by regular principal and interest payments. He noted that

the amortization of debt related to long-term assets like drains represents a significant investment. While interest rates are currently higher than usual, they remain affordable and do not pose a significant financial burden.

- Council asked about the city's debt status. Director Skrobola confirmed that Farmington Hills is considered a low-debt community, which allows the city to secure better interest rates in the market. He also confirmed that both the ice arena and the golf course have been fully paid off, contributing to the city's strong financial position and ability to secure favorable rates.

Council questions, comments and suggestions regarding Support Services:

Director Skrobola explained that this section includes various city-wide contracts and services that do not fit into any specific operational department. The support services budget covers significant items like IT memberships and subscriptions, public relations consultants, fleet insurance, and general insurance, totaling \$920,000.

He noted that the education and training budget, previously set at \$200,000, has been split to specifically allocate funds for DEI (Diversity, Equity, and Inclusion) training.

Director Skrobola also mentioned an increase in the budget for consultants, which now totals \$515,000. This includes \$165,000 for the sports facilities contract, an additional \$75,000 for lobbying, and \$75,000 added for a fire staffing study as discussed earlier. These adjustments account for the increase from the previous budget of approximately \$440,000.

PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

The special budget study session adjourned at 7:58pm

Respectfully submitted,

Carly Lindahl, City Clerk