

**REGULAR MEETING OF THE COUNCIL OF THE CITY OF NOVI
MONDAY – NOVEMBER 23, 2009 AT 7:00 P.M.
COUNCIL CHAMBERS – NOVI CIVIC CENTER – 45175 W. TEN MILE ROAD**

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

PLEDGE OF ALLEGIANCE

ROLL CALL: Mayor Landry, Mayor Pro Tem Gatt, Council Members Crawford-absent/excused, Fischer, Margolis, Mutch, Staudt

ALSO PRESENT: Clay Pearson, City Manager
Pamela Antil, Assistant City Manager
Tom Schultz, City Attorney
Brian Coburn, City Engineer
Kathy Smith-Roy, Finance Director

APPROVAL OF AGENDA

**CM-09-11-142 Moved by Margolis, seconded by Fischer; CARRIED UNANIMOUSLY:
To approve the Agenda as presented.**

Voice vote

PUBLIC HEARING - None

PRESENTATIONS

- 1. Business Recognition Award Winners:**
 - a. Hotel Baronette – Business Practices**
 - b. Lotus Bank – Corporate Citizenship**
 - c. Novi Youth Hockey Association – Business Practices**
 - d. Advanced Vein Therapies – Green Technologies**
 - e. Sheraton Detroit Novi Hotel – Corporate Citizenship**

Mayor's Economic Ambassador of the Year Honoree: Sho Nakahama, Executive Director, Japanese Business Society of Detroit

Mr. Topouzian stated this was the second time the City had Business Recognition Awards and was an excellent way to honor businesses that had excelled in their own accomplishments. He thanked the Neighborhood Business and Relations group for their contributions for this evening, the judges from the Novi Chamber, EDC Oakland County, Novi Schools and the Novi News.

Mayor Landry presented the first award for large businesses to the Hotel Baronette for their open door management philosophy. They provided mentoring programs and sought to advance associates careers and had an implementation of a Safety Committee in which realistic job related safety measurers were put into place by hourly associates. He said they successfully inspired employees to create an atmosphere that was rewarding to the Hotel Baronette.

Mayor Landry presented the Corporate Citizenship award to the Sheraton Detroit Novi Hotel saying they created an internal organization incentive that led to the donation of over \$2,500 to charities. He said they partnered with Novi High School to host their travel and tourism interns for a twelve week program. They also worked with the Church of Holy Family conducting a clothing drive and were currently in the process of a food drive that would be donated to the Faith Presbyterian Church. They had also donated soaps, shampoo and other items to St. Christina's for the homeless and had worked with Habitat for Humanity in Oakland County in building a home.

Mayor Landry said the next category was for small businesses and asked representatives of the Novi Youth Hockey Association to join him for the Business Practices Award. He said they were dedicated volunteers teaching and improving hockey skills in an atmosphere that promoted good sportsmanship. Mayor Landry said they provided each and every person within the Novi Youth Hockey Association the opportunity to learn, grow and enjoy the game of hockey. He said they accommodated players at all levels of play, both house and travel teams, offered to support players ranging from age four to eighteen. He said 500 plus players were active in the house program with another 120 plus travel players supported by 150 plus coaches and managers. He said the Novi Youth Hockey Association was one of the largest in Michigan and in the United States. He said they coordinated a Learn to Play Hockey Program to introduce younger players to the game. The Novi Youth Hockey Association teams had won State and District championships and numerous invitational tournaments in and out of the State. Mayor Landry said this was a massive undertaking and they were very proud to present an award to the Novi Youth Hockey Association.

Mayor Landry asked the representative from Lotus Bank to join him for a Small Business Corporate Citizenship Award. Mayor Landry said Lotus Bank operated with an organizational philosophy of giving back by improving the areas in which we work and live. He said the CFO staffed a hot line at the Lighthouse of Oakland Country to counsel people in financial distress, staff members volunteered at homeless shelters, food banks, church, outreach programs and other non-profit organizations. He said they had continued participation in an annual Teach Our Children to Save Program and monetary contributions were made to dozens of local organizations for a variety of local causes. He said it would be hard to conceive of a business that deserved this award more than Lotus Bank.

Mayor Landry asked the representative of Advanced Vein Therapies to join him for the Green Technologies Award. He said they had a completely electronic medical records system, recycled batteries, paper products, plastic and cans. They also have a green purchasing strategy and had an energy conservation and efficiency program and recycled printing cartridges.

Mayor Landry invited Sho Nakahama, Executive Director of Japanese Business Society of Detroit to join him at the podium. He said this was the Mayor's Economic Ambassador of the Year award and it gave him great pleasure to recognize the efforts of Mr. Nakahama. The City of Novi was very, very privileged to have a significant Japanese population that was active. He said they participated in City activities and educational activities and we learned from them and they learned from us. Mayor Landry said Sho Nakahama was very instrumental in the Japanese Business Society of Detroit Japan Festival every year, which was held in Novi.

Mayor Landry said the City of Novi could not be more proud of our relationship than we are with the Japanese Business Society of Detroit.

Mr. Nakahama said he was humbly honored to receive such a kind recognition. He said it was difficult for him to think of this as a personal award because of all the friendships and their great relationship with the City of Novi. He noted this was the result of a mutual understanding and the efforts that the City of Novi had made. He said also, the generosity of the people of Novi, Mayor Landry, Mr. Pearson and Council members had supported the Japanese community and the Japan Business Society of Detroit. He thanked Mayor Landry on behalf of them and said he knew he would have to work much harder to bring more prosperity to the City of Novi with the relationship with the Japanese community.

Mayor Landry announced the honorable mentions of those businesses that also deserved recognition. They were Fanning Howie Associates, Cosmetic and Family Dentistry, Brighthouse Networks, Carrabba's Italian Grill, SERVPRO of Novi, Bone Fish Grill, Town and Country Eye Care and Total Sports Complex.

2. Financial Audit for fiscal year ended June 30, 2009 - Joe Heffernan and Kristine Ray of Plante & Moran

Ms. Smith-Roy said it was their pleasure to present to Council their Audit, which they would be submitting for the Certificate of Achievement, as they had done in the past to the GFOA. She said they had another successful year and had a clean opinion this year. She said the General Fund did better this year, as reported at the first quarter budget amendment. The revenues were about \$400,000 better than anticipated and the expenditures were less by about 3% or a million dollars. In the audit, Council would find that they had complied with a new GASB Statement No. 45 with regard to accounting for post employment benefits. She said the auditors completed the single audit and there were no findings for Novi. Ms. Smith-Roy said lastly, during the course of the audit, the Finance Department realized they had made a calculation error in one of the estimates for accrued interest receivable for the Enterprise Funds. She said this item was recognized in these financial statements as well, and the adjustments had been appropriately made.

Mr. Heffernan said Council received the comprehensive annual Financial Report for the City in their packets as well as the report to Council on how the audit went, the different elements of the audit, the Federal Award supplemental information, which was the Single audit for compliance with Federal Awards and a copy of the graphs.

Mr. Heffernan said the first graph showed the General Fund where most activity went through and it was about \$30 million of revenue and expenditures for the year. He said the graph showed a five year trend and that property taxes were the City's most important revenue. He commented he had been doing this for 30 years, and it was the first time he had seen taxable values decline. He said that was the tax base and it was separated from the assessed value, which was 50% of market values. He said taxable value had been held back by Proposal A but because there had been a couple years of declines in market values basically it had hit the taxable value. So, when looking at the graph they would see a zero percent change from June 2008 to June 2009. He said for June 30, 2009 the property taxes that were on the graph were the bills that went out July 1, 2008. He said it was important to remember that lag to make

sense of the budget, as there was always that one year lag. He said July 1, 2009 would affect the year July 1 through June 30, 2010 and there was about a one and a half percent decline in taxable value for that year. Mr. Heffernan said for next year, and those assessments were not done yet as the Assessor would be doing the assessments as of December 31st, then they would go through the Board of Review process and the appeal process and they would not know the taxable value until April or May of 2010. He thought everyone knew they could expect a decline and Oakland County was saying to expect a ten percent decline county wide. He said for Novi it might be a little better than that but whether it was seven percent or closer to the ten percent it would be significant. Mr. Heffernan commented as they went through the Fund Balance graph it would be the measure of the City's financial position and he thought the City was well positioned to be able to deal for the next couple of years. Mr. Heffernan said the next largest revenue was the State Shared Revenue, which they would discuss later in another graph. However, State Shared Revenues had been flat or declining a little, and in the year they were going into now they could expect an 11% decline. Mr. Heffernan said Building electrical, heating and plumbing permits etc., and Planning and Zoning fees were the next most significant revenues. He said 2005, 2006 and 2007 were very good years but there was a significant decline in 2008 and again in 2009. He noted this was what all the other communities in southeast Michigan were experiencing. He said it was a little bit different when looking throughout the State. The southeast corner of Michigan, Wayne, Oakland and Macomb Counties clearly were experiencing a little bit different economy than the rest of the State. Mr. Heffernan said in the rest of the State they were not yet predicting the declines in taxable value, for the most part. He said what Novi was experiencing was consistent with Wayne, Oakland, Macomb, Washtenaw and Genesee Counties.

Mr. Heffernan said the next graph was really taking State Shared Revenues and showing their history for the last five years. He said he did add on the prediction for 2010 because he thought it was pretty dramatic. He said looking at the bar on the far right, they could see the 11% decline. He said the bar graph had orange for the constitutional portion of revenue sharing and yellow for the statutory part. He said the constitutional part was guaranteed by the Constitution at 10% of all sales tax collections. He said whatever they were, 10% would be shared with cities, villages and townships on a per capita basis and the State could not change that formula or how much they were going to distribute. He said the per capita basis was always based on the last decennial census, the year 2000. He said the most direct financial impact of the census would happen April 1, 2010 and would be the State Shared Revenue, which was the City's second largest revenue source. He said he expected the population to be higher than the year 2000; so beginning October 1, 2010 it would hit in terms of increased revenue sharing. He said the Constitutional part would happen regardless of what was going on with the State's budget, as they couldn't reprogram that somewhere else. Mr. Heffernan said for the year that just ended it was \$321,000 but if they went back to 2001 and 2002 it was over one million dollars. He said when looking at the bar he had added, that wasn't in the graphs but given to Council, for the year that began October 1, 2010 through September 30, 2011 it was just about being taken away from the City. He said the number would be \$71,000 because what the State was doing was trying to reduce everyone's revenue sharing by 11%, other than those communities that didn't have 11% to take away in the statutory. He said that was about 80% of the townships and they had not gotten statutory revenue sharing in a number of years so they were getting the Constitutional, which was predicted to go down by about 4.5% in the year we are in. He said in the bad economy in Michigan, which started in 2001, in that bad economy through 2011, it would only be the second year there was a decline

in sales tax. He commented that was because sales tax generally was a more stable tax. He said it had gone down this year because of the auto sales. They really hit a wall about a year and a half ago. So, it was anticipated that they would have that 4.5% decline next year but the State was not expecting a further decline after that; although they were not making predictions. Therefore, he thought the sales tax would continue to be a stable tax.

Mr. Heffernan went on to the General Fund Expenditure Trends graph, page 4. He said there was a five year trend on the graph and they were trying to show the relative importance of where the expenditures were going as well as the trend for each category. The most significant expenditure outlay was the Police Department, then the Fire Department and then the Neighborhood Community Economic Development activities. He said all the other activities, and there were about 40 departments included in there, were shown off to the right. The only increases seen that were more than they might have expected, in terms of inflation, would be the Fire Department that was up a little because of the capital improvements made this past year at Fire Station #2. He commented that the other important to look at expenditures would be to compare that to budget. As Ms. Smith-Roy said they were about 3% below expected budget on those expenditures. He thought that was relatively typical and thought that most well run communities, and in Novi it had always been true, spent 3% to 5% less than budget.

Mr. Heffernan said the next two graphs, pages 5 and 6, were trying to pull it together to look at the financial position of the City; the Fund Balance and where they were at the end of the year. He said on the first graph they had taken the General Fund Fund Balance and the gray bar was the undesignated Fund Balance, and the blue bar above would be designations of Fund Balance into the next budget year. In 2005 there was not a really consequential blue bar but in 2006 there was about \$2.7 million that was budgeted for the next year. He said that indicated that Council was setting up the budget for the next year, because the prior year had been a good year they budgeted to spend more than they had brought in. He said they could also see that that wasn't in fact happening, because Fund Balance continued to grow for that four year period. He noted that primarily the reason for that was a lot of the capital improvement projects, and it was difficult to get these different road projects and capital improvement projects done by the end of the year. He commented what Council had typically done was, early in the next year, reprogrammed that capital spending into the new spending for the new year. Mr. Heffernan said Council had a target to be at about 14% to 18% as a minimum and the appropriate way to run a government was to have a target. He said the best run communities had targets of where they thought Fund Balance should be and what they wanted to try to do was be within that target. He said to the extent that Council was below the target, meant they wouldn't have working capital to be able to deal with the contingencies that were going to come from time to time. To the extent it was too high, meant that they taxed people for a certain level of services but had not provided that level of service. He said what Council was trying to do was provide the right level of services to residents at the lowest cost and when it came to Fund Balance it meant managing the Fund Balance and having the right amount.

Mr. Heffernan said what the second graph on Fund Balance, page 6, was doing was looking at the undesignated Fund Balance because that was what Council had typically tried to look at, which was a slightly more conservative approach to Fund Balance. He said when looking at the undesignated Fund Balance compared to the larger red line, which was the level of spending, what's the percentage they were at. He said they had that minimum of 14% to 18%,

which was their target, and they had been above that each of the years from 2008 through 2009. He said they were at about 21% on June 30, 2009.

The graph on page 7 looked at the different measures of fiscal health. Mr. Heffernan said the City had about 50 different funds and the graph was covering everything except water, sewer, ice rink and senior housing because those three were enterprise type funds. He said the first graph was the same graph they just looked at and it showed it had increased four years in a row with a decrease this year, which was less than they had planned. The other three measures were different, longer term measures of the City's financial health. He thought it was appropriate to look at it from several different perspectives, especially as they were now about to go into a period where property taxes were expected to decline for a couple of years. He thought when the property taxes were done declining, the taxable value would be reset at a lower amount, and it would continue to decline from there. However, that new number that it was going to climb from the Proposal A would then kick back in and start limiting to inflation and would be a lower revenue amount. Mr. Heffernan said what that meant was over the next couple of years the City of Novi was going to have to adjust the expenditure side of it so that they could come back into equilibrium. The important thing of looking at financial health was this told them how drastically or quickly they would have to make corrections. He said they didn't know, with any certainty, what the decline would be on July 1, 2010. He said the assessments weren't measured yet but they had a sense they would go down and they didn't know what they would do July 1, 2011. They might go down again but they just didn't know how much; he thought after a couple of years of corrections it would then get back onto a track of increasing at some steady pace. Mr. Heffernan said they needed to watch the taxable value as closely as possible and when they did the budget next year it would be one of the hardest ones they had to do. However, this picture of Novi's financial health told him that it was in a healthy situation and had room to adjust, as they saw the revenues going down and there was room to use Fund Balance, if that was necessary for a year or two. The second set of measures, which was the intermediate level, was looking at all of the governmental funds, and the unreserved Fund Balance. He said they saw again that it had three years of increase and in 2008 a very slight decrease; and then again in 2009 would have been that planned decrease in the budget. He said they were still ending 2009 at \$37 million, which was a healthy level of Fund Balance given the level of spending. Mr. Heffernan said looking at a much longer term measure there were two different measures they used when looking over a 10, 20, 30 year life span and that would be the Unrestricted Net Assets and then the total Financial Net Assets adjusted for pension and retiree health care. He said both of those were similar in that they had increases for a three to four year period with a drop for the prior year. He said the longest term measure, financial net assets adjusted for pension and OPEB, he said of Plante Moran's 125 communities there was less than 15 where this was a positive number. Mr. Heffernan said the vast majority of their cities, townships and villages in Michigan the longest term measure was a negative number and sometimes more than one year's budget negative. He said it was a negative number because of the unfunded pension and retiree health care. He said Novi was in a really unique position of not having that be a drag on its long run finances. He said the reason he had to make this adjustment was because the accounting rules had that in a footnote but not as a measure to reduce what are your net assets. He said if they were trying to get the longest term measure of financial health, they had to consider the unfunded pension and unfunded retiree health care. Mr. Heffernan said they did have some level of unfunded pension and retiree health care but it was small enough not to have a significant impact on this graph. He said Novi also had significantly positive numbers, \$21

million, as of June 30, 2009 and that was very unusual. He commented that for a community of Novi's size, he could only think of two other communities in this position. Mr. Heffernan said Council had done a really good job of funding both retiree health care and the pension; he thought they were very well positioned in terms of Novi's long run financial health.

Mr. Heffernan said the last graph on page 8 was a five year trend of operating revenue and expenses for the Water and Sewer Fund Operations. He said the red line going across the graph was the working capital, which was the amount they had to defend their operations. He said the working capital was just slightly under \$40 million compared to the annual revenues and expenditures in the neighborhood of \$15 million. He said that told them Novi was very well capitalized in the Water/Sewer Fund. He said this was important because as the system was getting a little older and approaching the mid life of the water/sewer system. Typically when a community was getting to that point was when, over the next five years, they would start to see pieces that needed significant maintenance or replacement. He said maintenance or replacement tended to be very expensive and Council was in a good position to deal with that.

Member Margolis asked if they had done the long term measure before and Mr. Heffernan said no, that was new. He said the Government Wide Asset Data was only four years old and there was no one else out there that was saying this was the right measure, but they felt pretty good that those were the correct measures to be using, so they were starting to use those. She thought comparison against the other cities was good information. Member Margolis said in the main report to Council, which was referred to earlier in with the Water and Sewer Fund, was prior period of adjustment and material error. She said she looked at that to see what they could do to use that information, learn from it and moving forward make sure that they put something in place so that it didn't happen again or in another situation. She said one of the pieces of this was the significant audit findings and Plante Moran was asked to look at all the manual process and how they could put measures in place to make sure that things were reviewed more clearly. She said they had identified those areas and talked about a review process put in place which was good but she wanted to talk about areas where there was independent data available. So, the ability to go back and tie out information when there was accrued interest in the fund, how do they go back and use the financial statements that came in at different times to then tie out and make sure those go in place. She assumed that was what the bullet point on page 4 referenced "our review determined that the City has independent data available to use double check for many calculated balances". She asked if that was correct. Mr. Heffernan said it was, so he'd meet with the Finance Director and identify several of the manual processes, which the top bullet talked about, and they already had a document that could double check the data. However, some of them where it didn't naturally occur, which were specified in the budget, he would have met with the Finance Director and gone through two, three or four different what about this or that, and he thought she was working through what they could do on a cost effective basis trying to identify the dollar amount, the riskiness of the potential errors and was there data points that the City could create on a basis that would be cost beneficial relative to the amount of time or labor it would take to create versus getting that extra data point as a double check. She said the situation with the Water and Sewer would come under the first bullet point where there was independent data available and financial statements that came in that could be tied back, correct. Mr. Heffernan said for some of the points that would have been manual processes, but probably not specifically for the accrued interest receivable. He said they could create one though so

it's not a naturally recurring data point that would give accrual basis interest revenue for the year. Member Margolis said the data came in but not in a form that immediately tied out. She asked if this had been put in place for the pieces where the independent data was available. He said yes, on the first bullet where they identified several of the manual processes that did have a double check data, the processes had already been put into place plus some additional processes that they had not identified. He said there was an Excel spreadsheet that the Finance Department was now using to identify the different manual processes and the review process that would take place so that they knew who was preparing and who was reviewing. Member Margolis asked staff to report to Council on these two items what had been identified specifically, what had been put into place and what was in progress.

Member Staudt said he had a special interest in how Tax Tribunal cases affect the tax revenue. He asked what they saw with their other clients and how did they handle the way Tax Tribunal cases were handled within a municipality. Mr. Heffernan said the Tax Tribunal were becoming much more problematic and was one of the things identified in the budget in terms of the difficult estimates that needed to be made each year. He said up until a few years ago the level of Tax Tribunal cases were small enough that most communities, including Novi, that they didn't have to really get down and analyze them as closely as they did now. The volume of the Tax Tribunal cases had increased dramatically and the decisions of the Tax Tribunal judges were much more negative than they used to be. He said all of their clients, in southeast Michigan, had to spend a considerable amount of time with the Assessor this year trying to identify the cases in front of the Tax Tribunal and the most likely result from that. He said to the extent there was going to be a loss there would be required to make your best estimate of that and include it as a reduction of the revenue in this year's financial statement, which the City of Novi did. Member Staudt said at some point it becomes much more material than it had been in the past. He said he asked the staff to provide Council with an ongoing list of the settlements and the affect that it had on cash to the City. Member Staudt said it felt like one of those things that were undercutting the City and Council wasn't getting a full understanding. He said it was probably there and very clear but it was not clear enough that he could see the magnitude of what's happening. He asked if there was anything he could suggest to keep it at the forefront of their visibility so that it wasn't something that someday they look and it was several million dollars in a year. Mr. Heffernan suggested Council ask for a list of any cases where the exposure was over a certain dollar amount. He said what Novi tended to have was a large volume of smaller cases but there would be a few cases that would be larger than normal or a complete list of the open cases. Member Staudt said what he was looking for was a complete list as they were settled, so they could see the actual effect.

Member Mutch said he wanted to follow up on the error that was discovered by staff. He said a lot of people heard the term audit and thought they were verifying every line in the budget and making sure that every transaction was done property. He said that was not really the process that took place. Member Mutch said one of the things that was indicated was that the level of the error didn't rise to a level that would become material and have to be reported in that way. He asked how large the error would have to be before Mr. Heffernan would have to make some kind of indication in the audit report that that had happened. Mr. Heffernan said it was large enough where their recommendation to the City was to present the error on its own line item. He said if they looked at pages 20 and 21 of the Financial Statements they would see the three Enterprise Funds and they felt that while it wasn't large enough to have a restatement of the prior year; it was large enough to have an impact on the current year net

income and should be stated separately. He said it was separately shown on the top of page 21 under other income because they thought it would impact Council's impression of the current year interest income. Member Mutch said the error was discovered in house by staff and reported to Plante Moran as part of the audit process. He said as a Council Member and someone who relied upon their firm to at least insure a certain amount of verification of the transactions that were being done by the City what could they offer in terms of insurance or processes that would guarantee that they would catch these kinds of errors if they arose in the future. Mr. Heffernan said that was an excellent question. He said he felt very bad that this had gotten past them and the kind of error it was was quite unusual. He said when there was a calculation and it was the right set of investments and the right interest rates, it was quite unusual to end up with the wrong number. Mr. Heffernan said the important questions were what do you learn from this and how could it be stopped from ever happening again. He said and the City learned from this and within a day or two of looking and understanding what happened they identified that the schedule itself could be improved easily and dramatically by just adding a separate column. He said rather than assuming that the person putting the data in understood specifically the number of day's column since the last interest rate, split that into two columns and say what was the last interest payment date and how many days since that. It would then become almost impossible to make a mistake unless it was intentional. He said that change was made for this year immediately upon discovery and he thought it would help. Mr. Heffernan said knowing that the auditors don't look at everything how did they know there wouldn't be something else and that was hard to answer. He said in addition to changing that particular schedule they tried to say what was the realm of why this happened and they identified that most of the City's financial accounting was coming from automated information technology systems. He said that was a good thing because it provided interim controls and once it was put in once it was floating through the various systems and unchanged it was the same data. He said that was a good interim control. He said what they identified, and the list was in the letter, was what were those different manual processes. Mr. Heffernan said the Finance Department and auditors sat down and went through that. He said in addition to the automated processes they had there were several that were not and couldn't be automated. He said they had to understand that those were different than the automated processes; so the City Finance staff took those and put in a review process to treat those differently. Member Mutch asked what their level of confidence was in terms of how this error occurred that if they implemented the recommendations and review processes it would clear that up for the future. Mr. Heffernan said he had a high level of confidence and part of that was the reaction of the Finance staff. He said most Finance staffs would have found an error and quietly corrected it. However, it bothered the Finance staff so much they immediately notified the City Manager and made an issue out of it because they had a high set of expectations for themselves. He thought their reaction of this was why his confidence was very high in terms of a repeat.

Mayor Pro Tem Gatt asked Mr. Heffernan if it was something that another firm would have found or was it just something that accounting firms didn't look at. Mr. Heffernan said they did look at it and sat down with Mr. Pearson and showed him the calculation. He thought that was part of it and he didn't think someone else would have found it and he would be happy to sit down with Council members and show them the same calculation. He thought they would say it looked correct to them too. Mayor Pro Tem Gatt thought Novi had the best Finance Director in the State and an error was an error and we move forward. He said regarding the State Shared Revenue, when the special census was done a few years ago, did the State Revenue Sharing go up with the increased population. Mr. Pearson said it did not go up; in Michigan it

was not tied to population but was at the whim of the legislature. Mr. Heffernan responded that it was mandatory October 1, 2010 that the State must use those new numbers. It was not always available on October 1 and the last two decade censuses were not paid on the higher amount until the following February or March, but they did make it up retroactive to October 1.

Member Staudt said in this particular case it appeared that one individual managed this particular spreadsheet for many years. He asked if, in government, they should look at changing duties occasionally so that someone could get a fresh look who's working with it everyday. Mr. Heffernan said that was a very good practice to have cross training and have staff do different duties from time to time. Member Staudt said he would look to them, as the City's auditor, to make those types of recommendations.

Ms. Smith-Roy said since 2000 there had been four individuals who had worked on that spreadsheet. So, it was not one individual. Member Staudt asked if four different individuals made the same mistake over the course of 8 or 9 years. She said he was correct, but they had changed the spreadsheet and put a number of things in place. She said they don't have an outside reference but did have another reference, another spreadsheet, they could refer to and that was how they adjusted it this time. She said that was how they recognized it this time; they looked to another outside spreadsheet that was prepared in another department to confirm the numbers.

Member Fischer asked what his impressions were of the current reserve practice as it related to other communities. Mr. Heffernan said they thought it was appropriate as they spent a lot of time during this audit talking to Ms. Smith-Roy about the amount of the reserve. He said it was very difficult because they didn't know what that was going to be, so it was a matter of trying to look at how things were changing from history. However, he didn't think that the history was the best predictor because the Tax Tribunal was becoming more conservative. He thought the Finance Director listened to all of that and made an appropriate estimate of the liability. Member Fischer asked if the history was based off of cases from Novi or based off a reasonable percentage estimate of what other communities reserve for. Mr. Heffernan thought the Finance Department was just specific to Novi but thought his sense of things, perhaps, were getting worse than history was based on what he was seeing more globally in southeast Michigan just in the last twelve months. Ms. Smith-Roy said regarding the reserves, there were two ways that they set up the reserves. She said for all of the cases filed for 2008 or earlier they set up a liability in each of the funds that would have been affected. She said they used an 18% factor, which was almost double what their actual experience was in the past because they had been very aggressive. Ms. Smith-Roy said the Assessor had been very diligent in terms of hiring the right people to do appraisals and working with the legal office to make sure that they get the best result. She said they additionally put in \$95 million taxable reduction for the current year for those cases that would be filed coming up. She said they didn't know where they were going to land but they felt that it was a very good number. Ms. Smith-Roy said to put it in perspective they had previously been doing anywhere from \$25 to \$50 million at the most. She said at this point it still looked very good and they had no reason to believe that reserve wouldn't be sufficient and they would have a better idea after the March Board of Review whether their predictions were close or not. Member Fischer stated he agreed with Member Staudt that they would want to keep an eye on that as well. The last thing they want to see was a large impact when those come through.

3. Alternatives for SMART Bus Service in Oakland County – Steve Schwartz, Oakland County Commissioner

Mr. Swartz said he was one of 25 County Commissioners and his district was the City of Farmington and the western part of Farmington Hills. He said he had been going around various City Council's talking about the SMART Bus millage issue so Councils would have time to think about this issue. The current bus millage, which was a four year millage at .59 mils that would expire next year, so there would be a need for a bus millage vote if there was going to be any SMART Bus Service in Oakland County after December 2010. He said there were two proposals being considered by the Oakland County Commission. The first proposal was to maintain the status quo continuing the practice of allowing each community, their legislative body to either opt in or opt out of SMART millage

Mr. Swartz said the proposal he introduced, which he called the Alternative County Wide Proposal, was a two year millage where they would eliminate the opt in and outs. It would be a county wide system and all Oakland County voters would vote next August. He said there was likely to be a vote next August one way or another the same day as the primary. Mr. Swartz said under the County Wide Proposal there would be SMART Bus Service throughout the county and all county taxpayers would share in that responsibility to pay for it. The millage would be lowered down to .54 or less depending on what the Oakland County Commission set as a valid question. It's possible it could go lower and then the service plan would have to be adjusted. He asked Council to consider SMART Bus Service. Council asked if this was the view of all County Commissioners and it was noted that the County Commissioners would be meeting to discuss it.

Mayor Pro Tem Gatt said Novi's taxes would go up and those already participating in SMART would go down a little. He said he would never be in support of a tax increase for Novi residents for SMART. Mayor Pro Tem Gatt said residents had told Council loudly and clearly in the past few months that they didn't want any more taxes in the City. Mayor Pro Tem Gatt asked what Mr. Patterson's position was on the SMART issue and Mr. Swartz said he was promoting the status quo proposal.

Member Staudt said he was a big supporter of regional transit but they couldn't have picked a worse time to come up with this proposal. He said they just went through a Special Election and voters overwhelmingly said no to new taxes for virtually any purpose. He said he would have a tough time sending a million and a half dollars to Oakland County to be handled by the County and SMART Boards. He thought it would be really tough to get this approved at this point. He said wholesale change at SMART was a serious alternative. They needed to get their act together before communities like Novi, who had opted out, could even consider aggressively pursuing their services. He said they needed to do a better job.

Member Mutch thought there was an argument to be made of an economic benefit to the City of Novi to be part of a regional transit system. He said it was clear to him that people used the system to get to Novi because he saw them in the morning and evening walking to and from the bus stops along Haggerty Road where the system ended. At the same time, he thought Member Staudt's comments regarding the community level of support were probably accurate. He said it was where they were today and not about whether SMART had value or not or whether they thought Novi should be part of a transit system or not. He said it was a very

difficult sell in this environment; he thought if this went to the voters, it would be incumbent on the supporters to make the case that places like Twelve Oaks Mall, Providence Hospital and people that worked in those locations would benefit from the system. They would also have to explain to the residents how they would benefit from having access to it. He felt it would be great to get some cars off the road and for people to have that as a viable alternative. It would be great that residents and employees at the lower end of the income scale who were forced to drive to Novi because there was no transit it would help them by not having to spend as much on a car, gas and insurance. He didn't think that argument was presented strongly enough and without it people wouldn't buy into this proposal.

REPORTS

1. MANAGER/STAFF

a. Completion of 2009 Road Construction Improvements

Mr. Pearson commented there had been some significant work again this year and particularly on the main arterial roads. He said all the ramps were open on Novi Road, which was a major MDOT three year project on the interstates, bridges and ramps. He said the City of Novi was the beneficiary of a lot of outside monies, Novi was completely resurfaced from Twelve Mile to I-96, which was phase one. He said phase two would begin next year with new mast arm traffic signals. Mr. Pearson said the Engineering staff had been fantastic about securing outside dollars, stimulus monies, other grants and working with and having a good relationship with the Oakland County Road Commission had helped. Also, Meadowbrook Road and Nine Mile Road would not have happened if not for the Engineering staff making sure Novi was in the right queue and were first in line for those monies. Mr. Pearson said there would be another mile of road constructed in 2010.

b. 2010 Employee Health Insurance Program

Mr. Pearson said Council had additional questions and they had done their best to answer them; he thought this was coming down to looking at a self insurance. He said they did not have the information yet that would give Council a fair look at that. Therefore, he suggested they look at the program that had been designed, and that Council and staff take several months to get the information and ask the questions they might have while still meeting all the obligations they had.

Mayor Landry said they had been asking for numbers for an analysis on the potential of moving to a self insured plan for a couple of years. He said at goal setting they asked for a venture team to look into this and received information from that team that only analyzed taking the Blue Cross portion and putting it into a self insured and not taking the HAP and the Blue Cross and moving everybody over. He said they obtained information from JS Clark, who was not the City's agent, about the cost of moving everyone over to self insurance. He said they obtained information from agent Gallagher Bassett about moving to self insurance but the information they received apparently made some assumptions about moving everybody into one Blue Cross program. It didn't include matching various drug cards that the City had several different groups with now so they were in a position where they really couldn't analyze as a Council what the cost would be to move to self insurance. Mayor Landry suggested that the

City renew this January the same HAP and the two Blue Cross coverage the City had now. Mayor Landry suggested they form an Ad Hoc Committee of three Council members and three staff members to look into the question of self insurance and the absolute cost to switch to a self insured program. He suggested that the committee had full reign to decide whether they do it through the current agent, a new agent or whether or not they hired a consultant. Mayor Landry suggested Council members be Mayor Pro Tem Gatt, Members Margolis and Staudt and Mr. Pearson could appoint the staff members. He asked for Council's support to create the committee with the understanding that when they came back and reported to Council they could change insurance mid year.

**CM-09-11-143 Moved by Gatt, seconded by Margolis; CARRIED UNANIMOUSLY:
That an Ad Hoc Committee be formed composed Mayor Pro Tem
Gatt, and Members Margolis and Staudt and staff members to be
appointed by the City Manager to look into the question of self
insurance and the absolute cost to move to a self insured program,
with the understanding that the move to a self insured program
could be done at anytime of the year. Also, that the committee return
to Council by the January 25th Council meeting with a plan on how
they would accomplish their investigation and what their plan was to
attain their goal.**

DISCUSSION

Member Mutch said he supported investigating this further so they could make an informed decision. He requested they set an initial date for the committee to report back to Council. Mayor Landry suggested, if the committee was approved, they create a date to ask the committee to come back to Council with a game plan for how they would investigate it and what their plan was to attain this goal. He suggested they report to Council by the second meeting in January. The maker and seconder of the motion agreed.

Member Margolis thought this had been a very frustrating process to try to get apples to apples comparison. She said because of the costs that were associated with health care they needed to look at this clearly, deeply and really understand what they were looking at and making a decision on. She said she was very happy to serve on the committee and looked forward to coming back in January.

**Roll call vote on CM-09-11-143 Yeas: Gatt, Fischer, Margolis, Mutch, Staudt,
Landry
Nays: None
Absent: Crawford**

2. ATTORNEY - None

AUDIENCE COMMENT

Belle Kleinberg-Hornunz, Haven representative from Bingham Farms, thanked Novi for their support in the past. She noted they had worked with 199 residents of Novi last year and she was present to ask for Council's continued support in their efforts to provide services to citizens in Novi.

- D. Approval of the Final Balancing Change Order and Final Payment to Anglin Civil Constructors, Ltd. for the Eleven Mile/Meadowbrook Road Intersection Widening and Signal Improvements in the amount of \$27,945.82.
- F. Approval of Traffic Control Order 09-10 for the implementation of a 45 mph speed limit on Beck Road between Eight Mile Road and Grand River Avenue, and approval of Traffic Control Orders 09-11 and 09-12 to rescind Traffic Control Orders 79-02 and 90-15, respectively for the previous speed limit.
- G. Approval of Traffic Control Orders 09-14 for the implementation of 35 mph speed limit on Lewis Drive from Cabot Drive to Haggerty Road, and 09-15 for the implementation of 30 mph speed limit on Cabot Drive from 12 Mile Road to 1000 feet north of 12 Mile and implementation of 35 mph speed limit on Cabot Drive from 1000 feet north of 12 Mile to 13 Mile.
- H. Approval of Traffic Control Order 09-16 for the implementation of a 35 mph speed limit on Eleven Mile Road from Town Center Drive to Seeley Road.
- I. Approval of Claims and Accounts – Warrant No. 807

MATTERS FOR COUNCIL ACTION – Part I

- 1. **Approve the Program Year 2010 Community Development Block Grant Application in the approximate amount of \$100,547 and authorize the Mayor to sign the Application and Sub-recipient Agreement.**

**CM-09-11-145 Moved by Margolis, seconded by Gatt; CARRIED UNANIMOUSLY:
To approve the Program Year 2010 Community Development Block
Grant Application in the approximate amount of \$100,547 and
authorize the Mayor to sign the Application and Sub-recipient
Agreement.**

Member Mutch thought Council would have to deal with the issue of the Senior Van Transportation Service and funding it through the CDBG Funds. He said over the past couple of years there had been a significant jump in demand for services, especially in the minor home repair category, which was funded exclusively through CDGB Funds. He noted they had also seen a demand for services from organizations like H.A.V.E.N. and Novi Youth Assistance, which usually escalated as the economy went south. He said they had been able to do a temporary increase in funding by moving some funds ahead but now they had seen a decrease in the amount of funds they could spend on H.A.V.E.N., Youth Assistance and the Senior Van Transit system. He said all those factors were contributing to the decline in the funding for all those services compared to what was done in past years. Member Mutch said the one area they had the ability to address these short falls was in the Senior Van Transit because the majority of the funding for that service came from outside of the CDBG Funds. He said it came from the General Fund, from Smart Credits and from people paying to utilize that service. The other unique thing about Senior Van Transit was the one service provided through CDBG Funds that could be funded through the General Fund. He said the support for H.A.V.E.N., Novi Youth Assistance and for the Minor Home Repair Program could only be

funded through the Block Grant Funds that came from the Federal government. He said by continuing to take even the small amount, \$15,000, out of the Block Grant Funds for the Senior Van Transit Service they were reducing the amount of money they could put towards the other programs, which all had seen an increase in demand and could benefit from additional funding. Member Mutch said if they were in a situation where it was the only place to fund the Senior Van Transit Service, then he would say it was an acceptable compromise, but it was not. He said they had the funds within the General Fund to pay for the Senior Van Transit Service but they chose not to. He thought, long term, they would be forced to because eventually the Block Grant funding would continue to shrink, the demand for Senior Van Transit Service would increase and eventually they would have to recognize that they had to more fully fund Senior Van Transit Services through the General Fund. The question was not whether they would have to do it but when. He said he would rather do it today so they could utilize more funds for these other areas that desperately needed it and were being challenged at all funding sources. He said, at the same time, they could fund the Senior Van Transit Service in a way it needed to be funded. He said Council had talked repeatedly that Senior Van Transit Service was an important service to the community; it was one that seniors depended on and as they aged, required to be able to stay in Novi. He said the fact that they, as a Council, had been unable to find through the budget process \$15,000 to fund it out of the General Fund was difficult to understand. Member Mutch said when it was discussed last time, they said they would look at it at budget time and when that time came they didn't want to deal with it. He said they would have to deal with it eventually, but they were sticking to the status quo. However, it was a situation where they weren't doing any of the other organizations a good service by continuing to stick to this pattern. Member Mutch thought they could do a lot more if they shifted those funds and fully funded the Senior Van Transit System outside of CDBG Funds.

Member Margolis said it was actually a recommendation from the HCD Committee who really studied this and did the work on it. She said they do fund Senior Transportation, in the past they had funded it up to \$25,000 and HCD recommendation was to reduce that to \$15,000 and supplement it out of the General Fund. She thought that was a great compromise moving towards providing more support. She asked that they pass the motion as the committee recommended.

Roll call vote on CM-09-11-145

Yeas: Margolis, Staudt, Landry, Gatt, Fischer

Nays: Mutch

Absent: Crawford

2. Policy discussion regarding levels of service for winter road maintenance.

Mr. Pearson said he had been planning for the Winter Maintenance Program and as part of that review it became obvious very quickly that there was an adjustment that needed to be made. He said the adjustment was how they provide the expectations for snow and ice control in the residential areas. He said they had not had a written standard and it was something they suggested Council adopt or look at as a policy. Mr. Pearson said they looked at what other communities had done and what he and staff suggested in this policy was along the lines of what other communities provided. He said they would not automatically go out on snow falls of 4 inches or less accumulation in the residential areas. If there was a two inch storm, and then a three inch storm they would be out. They would still go out to many areas where they knew there would be problems, like ice spots. Mr. Pearson said this would not affect public safety at

all and they would monitor this policy and make adjustments as needed and report back to Council. He thought it would be a good adjustment that they would like to discuss with Council regarding the impact and what it meant in terms of the operation and how it affected the snow and ice removal.

Mayor Landry asked if he was looking for direction from Council. Mr. Pearson said they had a draft policy and would do whatever Council was comfortable with.

Member Mutch said he received great service because he lived on Taft Road and personally this would have no bearing on him, so it would be difficult for him to judge how it would impact residents. He thought this policy change would be felt most directly in the subdivisions. He said whether four inches was a nuisance or a safety hazard was sometimes dependent on whether they were stuck in a snow drift in the subdivision or not. He said if they were to change the policy, at minimum he would want the opportunity to revisit it mid-winter to see how it was going and get resident feedback. Member Mutch said what he had learned talking with the residents was after police and fire service, plowing the roads was considered a core and critical service. He commented he understood where Mr. Hayes was coming from and at goal setting time staff was informed that everything was on the table. He noted that Mr. Hayes thought this would clearly be a cost savings, a benefit to employees and the environment. However, it was not something he would charge into because it was an important service for residents and one area that they would expect high quality service for their tax dollars.

Member Margolis said her understanding was that the major change would be that for four inches or less they would not spend overtime to go into the neighborhoods and plow. Mr. Pearson said she was correct. He said if there was a two inch snow on a Sunday afternoon, they would not go out on that, there wouldn't be drifts and if there were, they would be out. He said they were just talking about overnights, weekends when they would incur overtime. Member Margolis thought that was an important distinction. She said she was in a subdivision and four inches was not a ton of snow, it was clear from this discussion that it wouldn't sit there forever and it was just a matter of spending over time. She said at the last Council meeting they had passed a resolution for the City to actually take the money from the County roads and plow those because the City provided a higher level of service on our major roads. She thought this was the kind of trade off that Council was supposed to do, which was to decide to supplement the money for the County roads in addition to what the City received but that was important to keep the major roads plowed at a level that was important. She said the trade off would be that under four inches they would not pay overtime to staff to be out on neighborhood roads. Member Margolis thought it made sense because overtime and staff time were big costs for the City. She said she would support this change in policy and agreed it would be important to monitor it and if there were a lot of negative comments, they would look at it again.

Mayor Pro Tem Gatt said to Mr. Pearson that it was Tuesday afternoon, 2:00 p.m., not a holiday and it started snowing and within a couple of hours there's two or three inches of snow on the ground. He asked would they send the plows out into the neighborhoods. Mr. Pearson said they would be out on the major roads because there were five lanes of pavement, it was a lot different to work with and there was more traffic. If there was a forecast of additional snow, more than likely they would want to get out to the neighborhoods, if they had been on the major streets and got a running start. He said they make those judgment calls all the time now and what this did was make it clear that on those weekends and overtime events those two

lane neighborhood roads would not be the highest priority. Mayor Pro Tem Gatt said pretend it's a weekend and there's a three inch snow and the plows were not sent out. Then it stopped snowing on Monday, the snow is still on the ground, would they go into the subdivisions on Monday. Mr. Hayes said with any accumulation of snow the plows would be out hitting the majors first and once they were clear then they would move into the neighborhoods. Mayor Pro Tem Gatt said on the weekend or on Monday. Mr. Hayes said if the accumulation was more than four inches, on a weekend. Mayor Pro Tem Gatt said three inches of snow on a Saturday and come Monday the snow was still there would they go into the subdivisions then and Mr. Hayes said yes. Mr. Hayes said if there was any ice whatsoever, they would be working continuously to address that because that was a legitimate hazard. Mayor Pro Tem Gatt said as a resident and taxpayer he was not happy; however, Council would be hypocritical if they told Mr. Pearson and staff to cut the budget, but said no to Mr. Hayes cutting the overtime. He said everyone had reality staring them in the face and Mr. Heffernan said revenues were declining. He said he still didn't think the "sky was falling" and he thought Novi was in much better shape than a lot of surrounding communities. However, they would be naive to say everything was as it was and everything should remain as it is. He said the taxpayers in Novi were getting some tax relief in lower property taxes and that was hurting the City and revenue. He said there was going to be some reduction in services and there had to be. He said in an emergency the trucks would be out and if it was an ice storm or snow drift, the trucks would be out. If it was just a normal four inch or less snow fall on the weekend, they would be out on Monday. He said he would support the policy and felt it was probably the first step in other reductions of services that were sure to come as Council had to cut the budget.

Member Staudt stated he partly agreed that he didn't like it and also partly agreed that it was inevitable that there would be reductions in services. However, he saw Council's job as setting priorities and when Council was looking at an item like this where there were no other options or discussion about any other cost cutting item, at this point; he was not comfortable with that situation. He said he wouldn't support this and didn't like it at all but agreed there could be some cut backs. He said he lived in Village Oaks and they had no sidewalks and there was nowhere the kids could walk to school except in the road, and he wasn't comfortable with this from a safety standpoint. He didn't think this was a prudent policy without looking at the totality of all the potential cuts down the road. Member Staudt was in support of reducing costs and potentially not doing some of these things on weekends but Council was there to set priorities and this was a priority for him.

Mayor Landry said the City of Novi had a very aggressive snow removal policy and none of our neighbors had it. He said they guarantee snow off of all Novi streets within 24 hours depending what day of the week and what hour of the day. He said it was wonderful but he still got e-mails complaining about the snow removal every single snow fall. He said it was a wonderful amenity and they had been able to do it but the time had come and they had to question where the dollars would go. Mayor Landry said, as he understood it, for a major snow storm, no changes were being recommended. If it was over four inches there would be no change and it would be all hands on deck 24 hours a day, overtime and blurry eyed snowplow drivers. The only change was for something under four inches there would be no overtime and they would deal with it the next day, within the business day, for subdivision streets. He said he would support this and agreed with Member Mutch that if this was the direction they were going to go in, they should monitor it and he thought they would. Mr. Pearson said he would bring something back in the next couple weeks based on this.

AUDIENCE COMMENT - None

MATTERS FOR COUNCIL ACTION – Part II - None

COMMITTEE REPORTS - None

MAYOR AND COUNCIL ISSUES - None

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION

- B. Approval to award an amendment to the engineering services contract for additional design phase services related to the Meadowbrook Lake Dam Modifications project to URS Corporation for a not-to-exceed fee of \$16,845 - Mayor Pro Tem Gatt**

Mayor Pro Tem Gatt thought Ms. Kocan's comments were succinct in the objections of the residents of Meadowbrook Lake. He said he didn't want to see animosity grow between the City and the homeowners. He said he lived in the subdivision, but not on the lake and it didn't affect his property. He commented he could understand the residents being concerned with excavating the large holes and understood the City's need to rectify a potential problem. Mayor Pro Tem Gatt said he understood it was all geared toward resolving a 100 year flood event.

**CM-09-11-146 Moved by Gatt, seconded by Mutch; CARRIED UNANIMOUSLY:
To approve payment to URS Corporation for engineering services related to the Meadowbrook Lake Dam Modifications project to URS Corporation in the amount of \$14,186 for work that had been invoiced and completed, not to include the additional \$2,659 that would cover completion of the plans and specs. Also, that the City and the homeowners would continue to work together towards a resolution that would be satisfactory to both sides.**

DISCUSSION

Mayor Landry asked Mr. Schultz if his understanding was correct that it was not the City's technical responsibility to maintain the dam. Mr. Schultz said he was correct. He said the lake and the dam were not part of the City's public storm water system and it belonged to the association and was their responsibility. Mayor Landry said if it was not the City's responsibility one would wonder why the City was spending money to do it. He said as he understood it the City was spending money because there was a potential concern for downstream properties should there be a problem with the dam. Mr. Schultz agreed. However, if there was ultimately a problem with downstream properties, he would assume that liability for such a problem would fall on the entity whose responsibility it was to maintain the dam. Mr. Schultz said that would be the City's position. Mayor Landry said if it was not the City's responsibility, but was the subdivision's responsibility then the potential liability would be the subdivisions. He said it seemed to him that the City had been working on this for a couple of years and had offered to make some improvements to the dam even though it was not the City's responsibility. If the subdivision didn't want the City to do that, then the City should back off. He said the City made a proposal, they didn't like it so they could accept the liability. If they don't want Council to

make these improvements with a spillway, then the improvements should not be made. Mayor Landry said Mayor Pro Tem Gatt suggested URS be paid by the City for what they had done and he agreed with that and would agree with the proposal that URS not be paid to do anything else. He said if this was what the residents wanted, then he thought they should leave it up to the residents and respect their wishes and do nothing further to maintain the dam. He said he would support this but suggested there be no more effort on the City side as they had been at it for two years and they were at an impasse. He thought they should stop at this point.

Member Mutch asked if there were other improvements that could be completed to the dam or surrounding area that had been contemplated, that the engineering and design had already been done and could be done without doing the spillway work that had been discussed. Mr. Pearson thought the City needed the easements regardless. Mr. Coburn said there were some items that they had designed that could be implemented without the easements. He said one of the items was the concrete spillway downstream of the dam that had some erosion happening. He said it was contained in an easement that the City already had right to. So, that work could be completed. Also, the flap-gates on the dam structure itself, which he believed were contained in the easement also that they could address, but he would have to double check. Member Mutch thought this was consistent with Mayor Pro Tem Gatt's motion to have the City and subdivision work toward a resolution of the outstanding issues. He pointed out that directly downstream of the dam once across Nine Mile was Rotary Park, which was City owned property; and would be directly impacted by any adverse situation at the dam. He thought the City had historically maintained and done significant work on this dam so while he appreciated Mr. Schultz's position that there was no legal document that would create liability for the City, in light of the City's history maintaining the dam he was not comfortable taking a position that the City could walk away. He said it was to the City's benefit to see whatever improvements happen that could happen at the dam, because that river flowed downstream through the City of Novi and City property and adjoining properties and it's to their benefit to maintain that dam and river. If the City could continue to look at these improvements and implement them through the Storm Water Fund, he thought it would be consistent with the motion. If the residents didn't have an interest in having the other improvements done and were not willing to do the easements, he agreed with Mayor Landry and wouldn't see any point in forcing it at this point. He said to the degree that the City could do improvements there, he felt they should because it was to the benefit of the City and to the downstream properties including City property.

Mr. Schultz said when they were asked the question they looked at the City's files for the previous improvements that were done and as far as they could tell the City had easements for all of that work on the theory that when they needed the approval the City needed the right to go on the property. He said substantial improvements were done in the 1980's, which was done through temporary easements. When the City did the lake dredging recently they went to the homeowner's association and got that approval. He said his concern would be that the City was getting these Dam Safety Reports, which is where the question of the risk of over topping came from. He said their position was should the City be the entity getting the reports or should the owner of the property receive the reports. Mr. Schultz said their position was still that those should be going to the homeowner's association unless the City ended up with a permanent easement. He said the City had done work on the dam but with approval and

understanding that it was still owned by the association, which ultimately would bear that responsibility even if there was a benefit to the City to having it remain safe.

Member Margolis asked if it was her understanding to only pay for work that was already done and not for any additional work or any of the pieces that were just talked about. Mayor Pro Tem Gatt said she was correct and was the motion and to continue a dialogue with the City and staff. Member Margolis said she would support the motion and thought she would want to look at the information about any future work the City might want done. She said if the City can't get the easement, they don't want the work done and it was the homeowner's responsibility. She asked if the association could use the design work, if they chose to do some of the work in the future. Mr. Hayes believed, with the City's permission, they could authorize the release of that information.

Mayor Landry said the work that's paid for was just engineering work and no one had done any actual work in the field, correct. Mr. Hayes said he was correct. Mayor Landry stated he was concerned with doing half the job and was not in support of doing anything less than the City's engineers and consultants told them needed to be done to deal with the problem. He said he would support the motion and was all for continuing to talk but would be opposed to doing part of it and not all of it. He commented that once they started tinkering with something that wasn't their responsibility they would be creating responsibility. He said thought they should either fix it or not.

Member Staudt stated he supported Mayor Landry's comments.

Roll call vote on CM-09-11-146 **Yeas: Mutch, Staudt, Landry, Gatt, Fischer,
Margolis**
Nays: None
Absent: Crawford

E. Approval of Traffic Control Order 09-13 for the implementation of a 35 mph speed limit on Meadowbrook Road between Eight Mile Road and Ten Mile Road – Gatt

Mayor Pro Tem Gatt said residents had come before Council and asked for reconsideration of the 35 mph speed on Meadowbrook Road between Eight Mile and Ten Mile. They presented evidence at the time that it wouldn't save more than a few seconds to go from Ten Mile to Nine Mile at 35 MPH versus 30 MPH. He said he drove it himself and the residents were accurate in what they told Council.

CM-09-11-147 **Moved by Gatt, seconded by Staudt; CARRIED UNANIMOUSLY:
To maintain the 30 MPH speed limit on Meadowbrook Road between
Eight Mile and Ten Mile Roads.**

Mayor Pro Tem Gatt said this was a safety issue and he knew the Administration would disagree. He said in his 27 year career on the Novi Police Department he didn't recall ever writing a ticket on Meadowbrook Road for anything under five miles per hour over the speed limit. He said usually it was for 9 or 10 miles an hour and didn't believe the Police Officers today were any different than they were back then. He thought the residents had presented a case that Council should listen to. The homes are close to the street and in the last couple of

years sidewalks had been put in that brought kids closer to the street. Mayor Pro Tem Gatt said it was true that if the speed limit was 35 drivers had a tendency to push the speed limit to 44 or 45. He thought if they kept it at 30 mph, they wouldn't have very many tickets dismissed in court. He thought they owed it to the residents to listen to them and do the right thing.

DISCUSSION

Member Mutch said he lived on Taft Road, which was 35 mph and didn't have a center turn lane, there were schools nearby and probably accounted for the fact that the speed limit was only 35 mph. He said the Police Officers were out there on a regular basis enforcing that speed limit and he had seen many people pulled over. Member Mutch said he had to turn into his driveway quickly and traffic would go onto the shoulder and around him and did not stop. He was very sympathetic to the residents concerns about the increase in the speed. He said he couldn't think of any road that had as many homes fronting on it as Meadowbrook Road and they were the people who would be most affected. Also, he said he couldn't support an increase in the speed limit without an extension of the sidewalk along the east side of Meadowbrook Road. He said he appreciated the effort staff had made and the arguments they made were valid, but at the end of the day the safety of the residents needed to be protected and the quality of life for residents in that area needed to be protected.

Member Margolis asked what the down side was of keeping this at 30 mph. Rod Arroyo, Traffic Engineer from Birchler Arroyo said basically the concept behind setting speeds was they were trying to get people to drive at as close to the same speed as possible. He said when there was a large spread of speeds, some fast and some slow, that was when statistically the rate of crashes went up. When speeds were set low and drivers were comfortable with travelling faster there ended up being two groups of drivers. One group that was travelling at a speed they were comfortable with, and a group that was trying to adhere to the speed limit that had been set. He said this created a variation. Mr. Arroyo said there was data that showed that if travelling slower than what the 85th percentile speed was they would be at a greater risk of getting into a crash than if they travelled faster than the 85th percentile speed. He said for those who were attempting to adhere to the lower posted speed limit they were potentially putting themselves at risk more than if they were going faster. He said that was one of the downsides of having that type of situation. Member Margolis said she didn't see anything about the variation on these roads. She said that wasn't part of the study, correct. Mr. Arroyo said the variation was dealt with in the PACE. He said on table 2A and 2B of his report it talked about the ten mile an hour pace, which was the ten mile per hour range that had the greatest percentage of drivers.

COMMUNICATIONS:

AUDIENCE COMMENT – In order to hear all citizen comments at a reasonable hour, the City Council requests that speakers respect the three-minute time limit for individual comments and the five-minute time limit for an individual speaking on behalf of a group.

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 10:42 P.M.

David Landry, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Charlene McLean

Date approved: December 7, 2009