



CITY OF NOVI
Finance and Administration Committee Meeting
September 9, 2024, 5:30 p.m.
Mayor's Conference Room | Novi Civic Center | 45175 Ten Mile Road
(248) 347-0445

CALL TO ORDER: 5:35 p.m.

ROLL CALL: Mayor Fischer, Council Members Casey, Staudt

STAFF LIAISON: Victor Cardenas, City Manager
Carl Johnson, CFO

ALSO PRESENT: Katherine Oppermann, Recording Secretary

APPROVAL OF AGENDA

Motion: Staudt; Seconded: Casey; approved 3:0

APPROVAL OF MINUTES – August 12, 2024

Motion: Casey; Seconded: Staudt; approved 3:0

PURPOSE OF THE MEETING

1. RFP Update

City Manager Cardenas shared that the RFP for a Financial Adviser Consultant went out in August and is due back on Friday, September 13th. The main question received has been related to the respondents wanting to be THE advisor, rather than the consultant to our existing one. It is planned to reconvene the Consultant Review Committee for next steps once the deadline closes. Mayor Fischer stated that he expects an analysis to be sent to him and the Finance & Administration Committee.

2. Fund Balance Policy

Mr. Cardenas stated that Fund Balance Policy is discussed during the budget process however, the range is never solidified during that process. Mayor Fischer explained that he wanted to bring this matter before the experienced members of the Finance & Administration Committee as the current documents can be confusing, sometimes the details vary document to document. He wants to establish firm documentation with regards to the policy. He shared that, to this end, he had tracked Council's history of approval - in general, the range is 25 – 33%. The new proposed policy will establish both a floor and ceiling. He likes to illustrate this in months as a rough equivalent to the typically household savings for three months. He then turned to CFO Carl Johnson for staff input.

Mr. Johnson stated that in his experience working with troubled communities there are often a lot of receivables. The 3 -5 month range is effectively cash flow and anything beyond that becomes a policy matter, which is why the committee is meeting today. This will establish a "rainy day fund" that Council is comfortable with maintaining and can dip into as desired/necessary. Mayor Fischer pointed out that he wants to remove the min/max nomenclature as he believes it is a source of confusion in budget documents. Mr. Johnson notes that we can adjust to show a "Council Approved Range" with clear direction as to what happens when they go outside of the range and remove the min/max language. He likes the graphs Mayor has presented and would plan to use them or a similar illustration. Mayor Fischer aims to have all stakeholders and documents on the same page, Mr. Johnson affirmed that they (the finance department) will ensure all documents align.

Mayor Pro Tem Casey liked that, under the new policy, that it will be called a "target range" and if it goes under or over then it will prompt further discussion as a requirement, and potentially action. It gives clear guidance and generates discussion, establishing a habit of checking in with the balance when the fund balance is dropping out of range.

Councilmember Staudt cited concerns about how the current policies were established but said he generally agrees to Mayor Fischer's proposal. His biggest concerns for the future are increases in employment costs and how that will affect the fund balance.

Mayor Fischer states that he will now pass the matter on to Carl and the Finance Department to formalize the language. He would like to see them repackage and add language to this new policy update to be brought before City Council with an emphasize on the narrative of reducing confusion and getting everyone on the same page.

Mayor Pro Tem Casey suggests a target range of 28 – 30% and if it goes under/over within 3% then council will take further action.

Motion made to draft a policy for future consideration and review by City Council. To be distributed initially in an off-week packet prior to going on a formal meeting agenda.

Motion Maker: Casey, Seconded: Fischer; Approved 3:0

AUDIENCE COMMENTS

ADJOURNMENT 6:22 p.m.