

FARMINGTON CITY COUNCIL
SPECIAL MEETING

A special meeting of the Farmington City Council was held on Monday, October 29, 2007, in Council Chambers, 23600 Liberty Street, Farmington, Michigan. Notice of the meeting was posted in compliance with Public Act 267-1976.

The meeting was called to order at 7:05 p.m. by Mayor McShane.

COUNCIL MEMBERS PRESENT: Buck, Knol, McShane, Wiggins, Wright.

COUNCIL MEMBERS ABSENT: None.

CITY ADMINISTRATION: Director Gushman, City Clerk Halberstadt, City Manager Pastue, Attorney Schultz.

APPROVAL OF AGENDA

10-07-188 MOTION by Wiggins, seconded by Buck, to approve the agenda as presented. MOTION CARRIED UNANIMOUSLY.

DOWNTOWN DEVELOPMENT AUTHORITY (DDA) UPDATE

Present: DDA Executive Director Knowles

Director Knowles reviewed the accomplishments of Main Street Committees over the last quarter. She noted Mary Martin is the new chairperson of the Organization Committee. She stated the Committee would be implementing a volunteer management program. She noted Scott Freeman was recently named volunteer of the year and received the 2007 Mary Martin service award.

Director Knowles discussed the achievements of the Design Committee which included the Walkability and Parking studies. She stated the Economic Restructuring Committee is in the process of creating customized business recruitment packets and promoting façade and sign grant programs. She discussed the activities of the Marketing and Promotions Committee including: a successful Farmers Market and Friday evening concerts, upcoming Holly Day Event and advertising and radio exposure. She noted they are still looking to fill the Marketing Promotions Coordinator position.

Director Knowles noted the meetings of the Tax Increment Finance (TIF) Study Group. She stated discussions regarding the TIF have progressed and the next step is to craft a development plan that lays out how resources captured by TIF would be spent.

Director Knowles recommended Council meet with the DDA Board to develop broad strategies for direction of the DDA.

TAX INCREMENT FINANCE PLAN STUDY GROUP UPDATE

City Manager Pastue provided an overview of the DDA Tax Increment and Development Plans currently under review by the TIF Study Group. He stated the

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group has agreed that the DDA should increase capture of the growth within the DDA District from 50% to 100%. He discussed the shift of responsibilities from the Department of Public Works to the DDA if the increase occurred. He stated Director Knowles is seeking conceptual approval from Council in order to move forward with development of a plan.

Director Knowles advised the length of a proposed TIF Plan would be twenty-five years in order to accommodate issuance of bonds that are typically 20 years in length. She stated it is very common for a DDA to issue bonds based on the proceeds from TIF that typically fund infrastructure projects.

In a discussion of boundary expansion, Director Knowles stated it has been determined that this may not be the appropriate time to discuss expansion while considering changes to the TIF Plan. She advised that with a boundary expansion, a taxing jurisdiction is afforded the opportunity to opt out of a tax capture. She stated as a result the proposed TIF Plan would only apply to the existing DDA boundary and would not include any recommendation for expansion.

Director Knowles reviewed the impact of the increased captured values for the DDA and taxing jurisdictions.

Responding to a question from Mayor McShane, Director Knowles stated the TIF Study Group is in support of increasing captured value to 100%.

City Manager Pastue discussed the impact on City Services that would result from additional development in downtown Farmington.

Councilmember Knol asked if the study group had considered a phase-in program for increasing captured value. Director Knowles responded that the study group did not discuss a phase-in program, but gave consideration to a phasing out program if substantial redevelopment occurred. She cited the experience of Royal Oak where the DDA has received a significant increase in tax revenue due to major redevelopment while at the same time City revenues were falling short because of a slowing economy. She stated that based on projections it is unlikely reinvestment value would reach a level where tax revenue would exceed \$1,000,000.

Responding to a statement from Councilmember Knol, Director Knowles stated additional TIF funds would be used primarily for infrastructure improvements and capital assets rather than marketing promotions, etc. She stated the primary goal of the DDA is to update and maintain the infrastructure of the downtown. She stated the Principal Shopping District funds would be applied to marketing promotions, etc. She noted TIF dollars have limited uses under State law.

Councilmember Wright asked about a possible future amendment to the TIF Plan and its oversight by Council. Director Knowles responded the TIF Plan and any subsequent amendments must be approved by Council.

Councilmember Wright asked how the City would make up a budget shortfall if the DDA moves to 100% capture. City Manager Pastue stated the deficit would be addressed

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through long term planning. He stated the City can absorb the shortfall and still maintain the current millage rate. He noted a City debt obligation that will be retired in a few years.

Councilmember Wright commented that with the cost shift from the City to the DDA it is important that this process delineate clear responsibility between the two organizations. Pastue stated Director Knowles has clearly outlined the services that would be shifted.

Councilmember Buck discussed the cost shift and the potential savings the DDA can achieve through effective management of the downtown.

Responding to a question from Mayor McShane, Director Knowles stated a public hearing would take place prior to Council voting on the TIF Plan and the Development Plan Renewal.

Mayor McShane asked if the City of Farmington could potentially face some of the same challenges as Royal Oak over the next twenty-five years. Director Knowles responded that if redevelopment in Farmington approached the level of Royal Oak then some of the same challenges could be realized. She stated her view that one organization should not profit at the expense of another.

Mayor McShane asked about adding language to the Plan that would provide a decrease in the percentage of captured TIF funds if a significant increase in revenue is realized. Director Knowles stated that the ordinance could be amended to change the TIF Plan if it became necessary. She stressed the importance of open and ongoing communication between the DDA and the City.

Mayor McShane advised Council must take a careful and systematic approach to ensure that the best plan is adopted. She cautioned against tying the hands of future Councils, City and taxpayers.

Councilmember Buck noted there are checks and balances in place governing the TIF Plan, including Council's approval of the annual DDA budget.

City Manager Pastue further noted that Council appoints members to the DDA Board.

10-07-189 MOTION by Buck, seconded by Knol, to provide conceptual approval to proceed with drafting a 25-year Tax Increment Financing and Development Plan based on the 100% tax increment capture within the Downtown Development Authority District. MOTION CARRIED UNANIMOUSLY.

UPDATE – GRAND RIVER STREETScape AND GROVE STREET PROJECT

City Manager Pastue discussed the proposed Grove Street Project including the timing and cost. He indicated the earliest the project would begin is June 1, 2008. He discussed feedback received from affected property owners including their recommended changes. He cited the need to coordinate the project with the Founders Festival, Farmers Market and Summer Concert Series.

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Discussion followed regarding the timing of the project including moving it to mid-September to avoid major downtown events. Pastue advised a later start date would put the project at risk due to inclement winter weather. He noted the affected business owners would prefer a June-July construction period.

Mayor McShane noted that when the Design Committee was working on the Downtown Master Plan, they designated green areas, benches, pavers and a possible theme to tie the downtown together. She stated this project is a perfect opportunity to capitalize on those ideas. She requested that the City work with the Design Committee on this project. Pastue responded that there are a number of design issues for consideration and the need to coordinate with the engineers. He stated the Design Committee would be an integral part of the process.

Pastue reviewed the cost and timing of the Grand River Project noting financing primarily from bond proceeds. He stated the City does not intend to apply for a grant because it would significantly delay the start of the project. He stated it would be better to save grant funding for a future streetscape project.

Responding to a question from Councilmember Wright, Pastue stated both the Grove Street and Grand River projects would be designed and bid together as one project.

Councilmember Wright asked about a grant request for work on Farmington Road in 2009, taking advantage of the time delay on the grant process. Pastue responded that any proposed work on Farmington Road might delay Michigan Department of Transportation (MDOT) approval of the Grand River Project.

Discussion followed regarding the potential for grant funding and the application process. Discussion continued regarding the actual work that would take place on Grand River. Pastue stated the project would be done in phases to reduce the impact on traffic and businesses in the downtown.

Responding to a question from Councilmember Wiggins, Pastue stated the Grand River project must be completed prior to the Founders Festival. Discussion followed regarding the coordination and timing of projects including Power Road reconstruction.

Councilmember Knol recommended that in addition to public meetings, the City needs to conduct a strong media campaign outlining the project and dispelling misconceptions about the project. She noted the importance of providing visuals including overlays of the project. Discussion followed regarding DDA plans for communicating with the businesses about the project.

Mayor McShane noted in a letter received from MDOT that if improvements on Grand River and Grove Street cause an adverse effect on traffic the City would be required to remove improvements and restore pavement to the original roadway alignment.

Discussion followed regarding the positive impact the improvements will have on traffic. Pastue again asked the question of whether Farmington should be designed for people or for cars. He stated MDOT is all about moving cars.

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Director Knowles stated a promotional plan should be in place to support the businesses through the length of the construction project.

DWSD WATER MODEL CONTRACT UPDATE

City Manager Pastue reviewed the Detroit Water and Sewer Department (DWSD) model contract and the concerns identified in the Council's May 2007 Resolution regarding the contract. He stated the City remains unhappy with many of the provisions of the contract, but has no bargaining position to make any changes. He noted there has been no unified effort by customers to support changes.

Pastue stated under the current methodology, Farmington is looking at a 3% reduction. He identified opportunities to increase that reduction through aggressive peak hour management of the system.

Pastue recommended the City proceed with contract negotiations with DSWD based on a number of reasons including: DSWD holds all the cards, no viable options, no unified effort to negotiate collectively, and opportunity to achieve a better base rate by negotiating earlier in the process.

Councilmember Buck, noting the City will be early in the negotiating process, asked if the City would benefit if a better deal is negotiated by another City at a later date. City Attorney Schultz responded the City would be entitled to any increased benefit in the contract.

Discussion followed regarding a lack of unified effort by Cities to negotiate a better contract. Attorney Schultz identified a number of efforts that have been made to form a collective bargaining position, but to no avail.

Mayor McShane recommended the City educate the public on the contract and what they can do to decrease their costs.

2008 CITY CALENDAR

City Manager Pastue advised there was a recent change in the way the Post Office will deliver city calendars resulting in an additional \$1000 in postage costs. He asked Council for feedback on the effectiveness of the calendar and alternative forms of communication.

Council discussed other communication options including an electronic newsletter. Council concurred to mail the 2008 calendar to all residents, but review all City communications and costs next year.

OTHER BUSINESS

Special meeting on November 14, 2007 at 7:30 a.m. was confirmed.

Mayor McShane proposed that the City create a council of neighborhoods to provide an avenue for resident participation in government.

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Councilmember Buck recommended making this endeavor part of the City's annual goals.

PUBLIC COMMENT

No public comment was heard.

COUNCIL COMMENT

City Manager Pastue confirmed the City's holiday party is scheduled for December 6, 2007.

Councilmember Wright noted he recently attended a Sobriety Court graduation. He stated it was a very moving experience and noted the excellence of the program. He further noted that Mayor McShane was instrumental in planting the seed to get the program started.

Councilmember Knol commented on a recent request by the Christian Science Church to add three parking spaces near Grand River which would require an easement from the City. She stated this may be a good opportunity to discuss with the Church the use of alcohol at the Mansion for major events only.

Councilmember Knol noted an inquiry received by the Historical Commission regarding the demolition of a house built in the 1840's. She expressed concern that the demolished house could be replaced by a less than desirable house affecting the integrity of the Historic District.

Mayor McShane asked about a joint meeting of the Farmington and Farmington Hills Planning Commissions. Pastue stated he has contacted the Farmington Hills City Manager regarding scheduling a meeting.

ADJOURNMENT

10-07-190 MOTION by Knol, seconded by Wiggins, to adjourn the meeting. MOTION CARRIED UNANIMOUSLY.

The meeting adjourned at 9:55 p.m.

JoAnne M. McShane, Mayor

Susan K. Halberstadt, City Clerk

APPROVED: November 19, 2007