

**MINUTES  
CITY OF FARMINGTON HILLS  
ECONOMIC DEVELOPMENT CORPORATION  
October 15, 2014 – Regular Meeting**

The Economic Development Corporation of the City of Farmington Hills held its Regular Meeting on Wednesday, October 15, 2014, in the Community Room at City Hall. Chairman Anhut called the meeting to order at 8:06 a.m.

Members present: Anhut, Elliott, Hartsock, Johnson and Sarafa  
Members absent: Brock, Gatewood, Jacknow and Marcellino  
Also present: Mayor Brickner and Madhu Oberoi, Interim Economic Development Director

**APPROVAL OF AGENDA**

**MOTION by Sarafa, support by Elliott, to approve the agenda as published.**

**Motion carried unanimously.**

**APPROVAL OF MINUTES**

**MOTION by Elliott, support by Hartsock, to approve the meeting minutes of September 17, 2014 as published.**

**Motion carried unanimously.**

**CHAIRMAN'S REPORT**

Chair Anhut said he would defer the Chairman's Report to Gary Mekjian, Director of Farmington Hills Public Services.

**NEW BUSINESS / OLD BUSINESS**

**GARY MEKJIAN, DIRECTOR DEPARTMENT OF PUBLIC SERVICES  
REGARDING ROAD MILLAGE**

Director Mekjian said a Millage for Public Streets and Roads will be on the ballot in the November 4th election. He said the goal is to improve the overall pavement quality throughout the City. According to the Pavement and Surface Evaluation and Rating (PASER), Farmington Hills is ranked well below neighboring communities for pavement quality and road maintenance. The proposed millage will generate up to \$6.1 million annually for ten years. Funds will go toward reconstruction, maintenance, drainage, and preservation of the City's neighborhood streets and major mile roads.

The Ballot question reads as follows: Charter Amendment - Millage for Public Streets and Roads  
Shall the Farmington Hills City Charter be amended to allow an additional special tax rate for public roads and streets by authorizing the City to levy a new additional millage in an amount of up to 2.0 mills, for ten (10) years, starting with the July 2015 levy (resulting in the authorization to collect an estimated additional

\$6,169,000 in the first year if approved and levied), the taxes to be used by the City only for purposes of the improvement, rehabilitation, repair and maintenance of public roads, streets and road drainage within the City?

Mr. Mekjian gave a brief power point presentation and explained the need to improve the public roads and streets. The presentation included information regarding the following:

- Overview of City assets
- The development of an asset management plan
- Road conditions assessment
- RoadSoft Asset Management software
- History and current road funding
- Recommended funding

Mr. Mekjian spoke about the 49 miles of state trunk line in the City of Farmington Hills, as well as 30 miles of county roads. He said in Farmington Hills there are 299 miles of roads that the city is responsible to maintain; along with 59 major roads and 240 miles of minor roads. The approximate value of city-owned roads is a \$285 million asset to the City. He showed a map of the jurisdiction of the roads.

Mr. Mekjian spoke about asset management and regularly scheduled road maintenance. He explained the need for a plan that would provide for the longest useful cost efficiency out of the assets. He showed an asset curve and a life cycle curve, and explained road condition ratings from 1-10 with pavement conditions depreciating or deteriorating. A rating of 4 is a trigger point regarding whether to invest to extend the useful life of the road, or let it go to a 2 and reconstruct it every 15 years or so. He discussed pavement surface evaluation and rates (PASER); and the RoadSoft Pavement Management software to project future road conditions at various funding levels. The PASER results for city roads are: 124 miles are poor; 90 are fair; and 64 are good to very good (half of the major roads and local roads have gone through special assessment process.) He said compared to other neighboring cities, Farmington Hills is about 4.3 out of 10.

Mr. Mekjian spoke about the concept of millage funding and fuel taxes; and the inactivity at the State level.

Mr. Mekjian spoke about model projections and the results of the software, and the funding projections relative to how much funding is needed to infuse into the roads. Included were projections focused on pavement preservation and capital reconstruction. Projections did not include items such as: enhancements; non-motorized; signals/lighting; bridges/culverts; capacity; and local match for state, federal and county projects.

Mr. Mekjian said the millage proposal will generate up to \$6.1 million annually for 10 years; \$1 million will be used to ensure the City can continue to contribute its match, up to 20% per city Charter, toward residential road paving Special Assessment Districts (SADs). \$1.1 million will go toward improved preventative maintenance on residential streets. \$4 million will go toward improved preventative maintenance and reconstruction of the city's major mile roads. The additional funding will enable the City to improve its pavement preventative maintenance program, resulting in cost effective pavement preservation of roads. Mr. Mekjian emphasized that the millage does not eliminate the Special Assessment District process for residential street reconstruction.

Discussion continued regarding sources of road funding; the Act 51 gas and weight taxes collected by the State from fuel tax and vehicle registration; the Metro Act; and Build MI.

Discussion ensued regarding outside funding (federal and state grants and SADs); reserve funds, use of reserves (major and local); and fund balance (major and local). Discussion took place regarding dedicated revenue.

Mr. Mekjian spoke about federally funded projects for road improvements; with planning out until 2017; and that it can take between 8-10 years for the federal process to take its course. He discussed operations and deferred maintenance. Mr. Mekjian spoke about project cost estimates in general and explained how federal funding works relative to the city's matching requirement.

Chair Anhut inquired about money in the budget that can go toward roads. Mr. Mekjian said there was \$5.6 million a year in the budget.

Discussion took place regarding State funding and the lack of action coming from the State; and that future State funding does not appear to be directed toward local road needs. The Act 51 State road funding formula only yields about 0.035 cents of every additional dollar to Farmington Hills. (\$100M = \$350,000 for the city) and it is unlikely that the State action would address all of the City's local needs.

Discussion continued regarding funding and the asset management plan for the city road system in Farmington Hills to improve the overall pavement conditions.

Mr. Mekjian said the current funding level was a total of \$4,900,000; or an annual shortfall of approximately \$6,400,000 needed to improve the overall pavement condition in the City. He said the millage worked out to be about \$15 a month for the average tax payer; and he compared that to the increasing cost of vehicle repairs resulting from driving on increasingly deteriorating road conditions.

Mr. Sarafa stated that in reviewing the existing funds, it would appear that there was significant funding already available. He said two of the four priorities mentioned in the proposed millage information were addressed by current funding. He said more should be able to be squeezed out of the budget.

Discussion took place regarding the recent unsuccessful school millage.

Discussion ensued regarding funding and the financial impact to the taxpayers; and whether it encompassed the commercial and industrial side of the tax base.

Discussion took place regarding expectations for the overall improvement on the City's major roads; that the millage would enable the City to provide its local matching requirements; and that it will not replace the City Charter-prescribed SAD process for local road reconstruction.

Discussion continued regarding the ballot question and how the City Council crafted the ballot proposal.

Mr. Hartsock said he was disappointed that the SAD process was not put on the ballot. He spoke about the unfairness of the process when some residents refuse to pay.

Discussion ensued regarding the SAD process and that many communities no longer use that funding mechanism. Discussion continued regarding the cumbersome nature of the SAD process, the trigger points, the issue of fairness, and the need for a simple majority to carry a SAD plan.

Discussion took place regarding Act 51 funding and that it is based on a flat per-gallon rate.

Mr. Johnson said a there is a net reduction as fuel economy increases. He recalled a review by the CEO of Bosch relative to the best places to invest in the world. He said after touring the U.S., the CEO was quoted as saying that one of the most significant indicators of a county in decline is the state of its infrastructure. Mr. Johnson said that from an economic development standpoint, that was scary. He said good infrastructure was necessary for good business, and that there is a lack of political courage at the state and federal levels.

Mr. Hartsock said the perception of what the taxpayers were truly getting for their \$15 a month investment was vital to the success of the proposal. He said no other argument holds up over time.

Discussion took place on the concept of return on investment (ROI).

Mr. Mekjian closed by saying that the ROI for taxpayers would be improved roads, improved safety for pedestrians and motorists, reduced wear and tear on vehicles and equipment; improvement of the overall curb appeal of the city, the stabilization and increase of property values, and it would enable the City to attract and retain businesses.

Discussion took place regarding the deterioration of 12 Mile Road, under the jurisdiction of the Road Commission for Oakland County.

Chair Anhut inquired about whether property taxes were increased this year. Mr. Mekjian said there was a small increase, around 1%.

Mr. Sarafa said the more efficient way would be to raise the gas tax. He said the SAD process should take care of the 299 miles of roads. He said \$10 million a year seemed like plenty of funding for the roads. He said he would vote in favor of a future school millage because the schools were in need.

**GUEST: GEORGE C. HEITSCH, Ed.D.**  
**SUPERINTENDENT FARMINGTON PUBLIC SCHOOLS**

Chair Anhut welcomed Mr. Heitsch to the Economic Development Corporation.

Mr. Heitsch said a lot has changed in Farmington Public Schools. He said enrollment continues to decline; they have 10,350 students and seven years ago they had 12,000. He said they are slow to react from a capital planning standpoint. He said they will be back on the May's ballot with a program. Mr. Heitsch said they have decreased their footprint; studies are being done; and that the ROI concept is what FPS must provide to the community. He said 70% of FPS graduates go to college right way; and that 60% of them remain in college. He said he hoped the Economic Development Corporation would invite him back for a presentation.

Discussion took place regarding the November ballot, and that it did not include the school district.

Mr. Elliott said that as the population ages, it becomes less likely that a school millage would pass.

Mr. Heitsch said there were not enough PTA moms left, and he spoke of the generational relationships in the community.

Mayor Brickner mentioned the gas tax and said he disagreed with user fees. He spoke about good and services that are provided over the road system. He said vehicles were becoming more fuel efficient, and because of that, less money is generated. He said the ballot is for local roads because the State does not

provide the City with enough funding. He said many county roads are in poor condition and the City cannot repair them.

Discussion took place regarding the road conditions resulting from the challenges of last winter.

Chair Anhut thanked Mr. Mekjian and Mr. Heitsch for addressing the Economic Development Corporation.

### **COMMITTEE REPORTS:**

Mr. Elliott commented about the significant importance of the school system relative to real estate. He said good schools attract residents to the community.

Chair Anhut spoke about vocational education being included in the school district.

Mr. Heitsch said the FPS has a pretty robust car-tech vocation program, but they have some shifting to do.

Chair Anhut suggested dedicating an existing school building for a vocational school.

### **TREASURER'S REPORT**

**MOTION by Sarafa, support by Elliott, to accept the financial report for September, 2014, as published.**

**Motion carried unanimously.**

Chair Anhut said the next EDC meeting was scheduled for November 19, 2014. He mentioned the inclusion of a general store at the Botsford Inn. He reported that Gabriel Ride Control of Troy was the buyer of 5.2 acres on Country Club Drive in Farmington Hills. He said the sale of the industrial building was recently announced and is significant because it indicates the continuing turnaround of the industrial market.

Mr. Johnson said things were going well for the auto industry. Mr. Hartsock said not so much for the financial side of things.

Mr. Elliott mentioned the positive activity going on at the corner of 12 Mile and Orchard Lake Road.

Discussion took place regarding Starbucks at Orchard Lake Road and 12 Mile.

### **ADJOURNMENT**

There being no further business, Chairman Anhut adjourned the meeting at 9:17 a.m.

Respectfully submitted, City Manager Steve Brock  
Secretary, Economic Development Corporation