

**Approved
February 17, 2009**

**REGULAR MEETING
(CONDUCTED AS A COMMITTEE-OF-THE-WHOLE)
OF THE COUNCIL
CITY OF SOUTHFIELD**

January 26, 2009

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(CONDUCTED AS A COMMITTEE-OF-THE-WHOLE)

OF THE COUNCIL

MINUTES

January 26, 2009

The meeting of the Council convened at 6:00 p.m. in the Council Conference Room of the Municipal Building, 26000 Evergreen Road, Southfield, Michigan, with Council President Donald Fracassi in the Chair. PRESENT: Council Members: Donald Fracassi, Myron Frasier, Sylvia Jordan, Sidney Lantz, Bill Lattimore, Joan Seymour and Kenson Siver. ALSO PRESENT: City Clerk Nancy Banks, City Administrator James Scharret and Assistant City Attorney Susan Ward-Witkowski. There being a quorum, Council was in session.

The first item on the agenda was an update on the Garner Street Traffic Control.

Mr. Scharret stated that on September 22, 2008 Council issued a 120 day extension, October 5, 2008 through February 1, 2009, to the temporary traffic control order making Garner Street a one-way street for 220 feet east from Edinburgh. The traffic situation in the subdivision has improved due to the installation of a traffic signal on Telegraph Road and part of Garner Street being a one-way street. No additional complaints have been received. He asked that the temporary traffic control order be extended until May 30, 2009. The City will meet with all parties to discuss making the change permanent and sharing the cost. He asked for a Rule 10 because the current traffic control order expires February 1, 2009.

Council President Fracassi asked if traffic counts were available for the area. Bob Northrup, Traffic Engineer, replied that traffic on Edinburgh is the same, traffic is down on Almira and has increased significantly on Garner.

Councilman Lantz asked how long Garner Street would remain a one-way street. Mr. Scharret replied that the plan is to make it permanent at some point. He does not believe the City should bear the entire cost. He would like Bradford Academy to help pay for it. The City wants to ensure that the current solution is the right solution before moving forward.

Councilman Frasier stated that one of his main concerns was parents picking up their kids at the end of Garner Street. Police Chief Joe Thomas replied that the traffic pattern in the school's parking lot has helped ease the situation.

Councilman Frasier noted that the sidewalk has not been plowed in front of the news distribution business at the corner of Garner and Telegraph. It is a safety concern for the kids that use the sidewalk. Mr. Scharret replied that he would have Code Enforcement address the issue.

C-03-2009 Motion by Siver; seconded by Frasier.

RESOLVED: that pursuant to Section 10 of the Rules of Procedure adopted by the Southfield City Council on February 23, 1998, Council hereby determines that there is an immediate need to act.

Motion passed unanimously.

C-04-2009 Motion by Siver; seconded by Frasier.

RESOLVED: that the temporary traffic control order designating Garner Street a one-way street eastbound from Edinburgh to a point 220 feet east be extended until May 30, 2009.

Motion passed unanimously.

Next on the agenda was the Budget Overview.

Mr. Scharret stated that because of the Five-Year Stabilization Plan the City put in place five years ago the City's preliminary 2009-10 budget has some options. The City outperformed the plan. The original target was an \$8 million fund balance, the City has a \$14 million fund balance. If the City had not out-performed the Stabilization Plan the City would have no choice other than to enter into an aggressive layoff plan of approximately 62 full-time General Fund employees in order to balance the budget and not compromise our minimum of \$8 million in fund balance.

Mr. Scharret asked for a consensus from Council on which option they prefer. The options were as follows:

1. Utilize the fund balance one year and devise a long term plan for dealing with multi-year declines in tax revenues.
2. Immediately institute layoffs.

Mr. Scharret recommended option #1 because laying off 62 employees would seriously affect essential on-the-street services, including Fire and Police. Layoffs of this magnitude should only occur as a last resort if concessions cannot be accomplished through collective bargaining. Planning will begin immediately for the new and emerging decline in property tax revenues. Significant concessions will be absolutely necessary or layoffs will be a necessity.

Expenses are up an estimated 1.8% or \$1.2 million because of pension and health care costs. Revenues are down an estimated 4.1% or \$2.8 million due to the decrease in taxable values. He can't guarantee the shortfall will be 4%. The City is preparing for the worse and hoping for the best.

Departments with their own operating millages will also be affected. P & R's revenue is down \$240,000 and the Library's is down \$300,000.

Oakland County's Deputy Executive Robert Daddow has predicted that home values will tumble 9% next year and 5% the following year. Mr. Daddow does not believe local government has much chance of benefiting from the stimulus plan. As of Friday, January 23, 2009 the stimulus package was broken down as follows: 18% infrastructure, 33% tax cuts and 49% health care.

The tax rate for 2009-10 will remain flat. The City is benefiting from steps that were taken over the last five years. During the past year six labor contracts were settled. There was a net zero settlement for all six contracts. The City will be asking for concessions in the next round of negotiations.

Bond companies look to see if a city has 10% to 20% in fund balance and that the city is not living off its fund balance.

Next on the agenda was an Assessing Overview.

David Tijerina, City Assessor, stated that the taxable value for personal property will not be known until the end of February. He has never seen residential values decline as much as they have this year. The Assessing Department staff looked at all residential properties. He is expecting a large turnout for the Board of Review hearings. Residents are aware of what foreclosed properties are selling for.

Mr. Tijerina explained that the longer someone owns a home the larger the gap between assessed value and taxable value. If your property has not been sold since 1994 when Proposal A took effect your assessed value has not gone down and is still higher than the taxable value and thus there will be a tax increase. He believes that in 3 to 6 years there will be a turn around and property values will begin to rise.

Mr. Tijerina stated that he is working with Cable 15 on a video to explain the assessment appeal process. He hopes to have copies made for the Library to loan out.

Councilman Lantz asked when the City would receive the final figures. Mr. Tijerina replied that the City would receive them in mid-May, the County on April 14th and the State on May 26th.

Mr. Scharret stated that the final budget would be based on the final figures from the State of Michigan.

Councilman Lantz asked about the school millage figures. Mr. Tijerina replied that those figures would be up to the School Board.

Councilman Lattimore thanked Administration for the budget presentation. He also thanked everyone for their participation in working with staff shortages. Despite all efforts the City is still facing a \$4 million deficit. He acknowledged the efforts of the City Treasurer Irv Lowenberg on the investment front.

Councilman Lattimore asked how many more concessions will employees be expected to take. He is not sure concessions will be enough to keep the budget flat in the coming years. The City is facing a situation that they have never encountered in the past. The word "layoff" has been avoided in the past but he doesn't see how it can be avoided. The State, County and other communities have had to lay people off. He asked what form the concessions would take. Mr. Scharret replied that he did not know exactly what types of concessions are needed. However, the largest percentage of the budget is people costs. The City is looking at a 6% reduction in costs. The difference between revenues and expenditures must be made up in personnel costs. If Council denies the request to use money from the fund balance a layoff plan will need to be devised by July 1, 2009.

Councilman Lattimore asked Police Chief Joseph Thomas about staffing levels in the Police Department. Chief Thomas replied that he has 151 sworn personnel on board. There are 158 funded positions and 2 unfunded positions. He is apprehensive about asking to hire 7 more officers.

Councilman Lattimore asked Fire Chief Peter Healy about staffing levels in the Fire Department. Chief Healy responded that the Fire Department is budgeted for 105 firefighters and currently employs 102 firefighters.

Irv Lowenberg, City Treasurer, stated that the CPI (Consumers Price Index) rose 4.4% which is the highest increase in history. The gap between the taxable value and the assessed value is narrowing. Anyone who purchased a home since 2000 will see a decrease in their taxes. Everyone else will see a 4.4% increase. Assessments do not take foreclosures into account.

Council President Fracassi asked if a person has lived in their home since 1994 when will that person see a decrease in their taxes. Mr. Lowenberg replied that the taxes will decrease when the values are uncapped. If the assessed value is larger than the taxable value then the value is still capped.

Mayor Lawrence asked what type of concessions are being looked at. Mr. Scharret replied that any concessions have to be real in terms of saving. Everything will be on the table. The City may need to bring outside resources to help sort it all out.

Mayor Lawrence responded that concessions in the past have been minimal. The City needs to think outside the box and protect as many jobs as possible.

Councilman Lantz asked about the school millage. Councilman Siver replied that the millage would be going down because enrollment has gone down.

Councilwoman Jordan stated that the City can only cut so much. The City needs to find a way to increase revenues.

Councilman Frasier stated that contractors are using fire hydrants without a meter to fill their trucks. The cost is shared by everyone. Steps need to be taken to stop the practice. Mr. Habowski replied that 14 meters are in place. Supervisors who are on the streets are watching for it. Mr. Scharret added that the public needs to be educated as to what to look for so they can report violations.

The consensus of Council was to authorize the use of \$4 million from the Fund Balance.

Council President Fracassi thanked staff for attending the meeting. He stated that the fire hydrants on Twelve Mile Road and in the subdivision are covered with snow.

Councilman Siver stated that the Neighborhood Services Committee (NSC) discussed Neighborhood Enterprise Zones at their last meeting. The committee has some issues with the enterprise zones because not everyone would be able to take advantage of it. The payoff is not great and it involves a great deal of paperwork. One of the other strategies suggested was to put a moratorium on taxing home improvements. The committee talked about asking the City's lobbyist to look into legislation to put a tax moratorium on home improvements. He asked for a consensus of Council to direct the lobbyist to begin looking at legislation.

Council President Fracassi referred the matter to Administration and Legal and asked that they draft a letter to send to the lobbyist. Mr. Tijerina replied that State Law already lists 15 home improvement items that are not to be considered if the home has not been sold. The list may need to be expanded.

Councilwoman Seymour stated that she likes the idea of a tax moratorium on home improvements.

Fred Zorn suggested a tax credit on state taxes for improvements to property. Move into a restoration economy and let Lansing take the money out of their coffers.

Mr. Lowenberg replied that landbanking is built into the Neighborhood Stabilization Plan (NSP). A person living next to vacant property would be allowed to expand their home onto the vacant property. Any tax abatement should be limited to five to seven years.

Mayor Lawrence stated that it will take a minimum of two years for the State to take action. There is already a process in place for tax abatements. Target foreclosed homes for a Neighborhood Enterprise Zone.

Mr. Zorn replied that the NEZ legislation touches on additions such as garages or decks but not modernization.

Mayor Lawrence noted that many of the foreclosed homes are considered blight.

Mr. Zorn replied that the NEZ does address the issue of blight. The City needs to look at it's definition of blight.

Council President Fracassi stated that the Finance Committee and the Neighborhood Services Committee need to meet almost weekly and report back to Council on a regular basis.

Councilman Frasier stated that he would like to see the law changed regarding liquor licenses. Businesses close and then sell their liquor licenses for large sums of money. Businesses should be required to return the liquor license to the City instead of putting it in escrow.

Ms. Banks replied that she is putting together a report on liquor licenses. The City has as many licenses coming in as there are going out. The City use to have an agreement attached to liquor licenses requiring the owner to return the license to the City. Ms. Ward-Witkowski replied that she did not think that was legal.

Council President Fracassi referred the matter to the Legislative Committee.

Councilwoman Seymour stated that only the Administrator is suppose to give direction to the lobbyist.

Councilman Lattimore replied that the Council President, Administrator or Mayor can give direction to the lobbyist.

There being no further business, the Regular Meeting (conducted as a Committee-of-the-Whole) adjourned at 8:55 p.m., January 26, 2009, until the next Regular Meeting (conducted as a Committee-of-the-Whole) on February 2, 2009, in the Council Conference Room of the Municipal Building, 26000 Evergreen Road, Southfield, Michigan.

Donald Fracassi, Council President

Nancy L. M. Banks, City Clerk