

**Approved
March 17, 2008**

**REGULAR MEETING
(CONDUCTED AS A COMMITTEE-OF-THE-WHOLE)
OF THE COUNCIL
CITY OF SOUTHFIELD
January 28, 2008**

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MINUTES

January 28, 2008

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 Joan Seymour 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 City Attorney Jack Beras. There being a quorum, Council was in session.

The only item on the agenda was the Council Budget Policy Input Session.

City Administrator Jim Scharret gave an overview of the City's current financial status and projections for the 2008-2009 fiscal year.

Mr. Scharret stated that in June 2004, the City embarked on a five year Fund Balance Stabilization Plan aimed at eliminating the use of fund balance for operations by the 2009-2010 fiscal year. In 2007-08 the City was allowed to use \$900,000 from the fund balance. In 2008-09, year 4 of the plan, only \$500,000 in fund balance may be used. It is the last year the City can use money from the fund balance for operations.

The ten key overriding facts are as follows:

1. There is great uncertainty regarding the national economy and Michigan's economy, state shared revenues and legislative concerns (unfunded or underfunded mandates).
2. A no-growth environment in terms of revenues.
3. The Municipal Cost Index rose 4% in 2007. Inflation is the worst it has been in 17 years and stagflation is a very real possibility.
4. Personnel costs comprise 78% of this year's total budget. They are the major element of any local government's general fund operating expenditures.
5. The five year Fund Balance Stabilization Plan is built upon a declining use of fund balance over five years. Beginning with the 2009-10 fiscal year, the City is not allowed to use fund balance for operations.

6. In this environment there is only one formula for success: Control personnel costs and reduce the size of the workforce while aggressively pursuing economic development/redevelopment opportunities and maintain the appearance and functionality of the City. All current vacancies, and then some, will be needed in 2008-09.
7. Labor agreements must be aligned with economic realities facing the City. Failure to reach such alignment may result in undesirable forced reductions (i.e. layoffs).
8. The City is at the Charter maximum in millage levies.
9. Expending all resources on operations, at the expense of capital projects, is a prescription for blight and decay, and is unacceptable.
10. This year's total budget contains \$14.9 million in approved capital expenditures. The Capital Improvement Plan lists \$152 million in projects for consideration over the next four years.

There is no net growth projected in General Fund Revenues. Property tax growth is currently estimated at .26%. General Fund Expenditures is also projected to have no net growth due to cost/budgetary savings. The City is anticipating a savings of \$300,000 from the restructuring of the worker's compensation program, \$200,000 in savings through the reduction of the contingency account and \$193,227 in savings from projected additional vacancies in 2008-09.

The appearance millage was increased and the Police & Fire Pension was decreased. Everything else remained the same.

Capital Projects improve the functionality and appearance of the City. Projects slated for 2008-09 include the following:

1. Inkster Road
2. Completion of the South Parking Lot
3. Franklin Orchard Condos refurbishing and return to tax rolls
4. Major and Local Streets Projects; Water and Sewer Projects
5. Parks and Recreation and Facilities Projects.

The budget will be submitted to the Mayor on April 1, 2008 as required by the Charter. The Mayor will submit the budget to Council on May 5, 2008. A Council Budget Study Session is scheduled for May 19, 2008. The Council must adopt the final budget on June 16, 2008.

Valerie Crump, Director of Human Resources, gave an update on Human Resources and Labor Relations. She stated that there are currently 9 bargaining units, three of which have contracts through June 30, 2009. The other six are still being negotiated. Also, there are two non-union employee groups, ACS and Management.

The City is optimizing the use of available resources through job reclassification, use of technology and a benefits plan design review. There is a strong commitment to training and development through the tuition reimbursement program and technology training classes. The City is collaborating with other communities in the region on providing training for employees.

The City has three Employee Morale and Welfare Programs. In 2007 the City presented Service Awards to 99 employees who had reached a 5th Year Milestone. Under the “We Care” program 145 employees have been recognized for going above and beyond. The Spirit Committee conducted four employee funded activities during the year. The Committee raises funds through various raffles and bake sales.

Mr. Scharret recognized Martha Johnson for her assistance in putting the Power Point presentation together. He also recognized Lisa Hawkins for resolving the microphone problems in the Council Chambers.

Councilman Fracassi thanked Mr. Scharret for the information provided in the packet. He asked if the City pays dues to the Michigan Suburbs Alliance (MSA). If the City is a member, why do we have to pay for their classes? Mr. Lowenberg replied that the City is provided two complimentary admissions to each event.

Councilman Fracassi stated that he still doesn’t believe the City needs to be a member of that organization. Mr. Scharret replied that the City will review all memberships to ensure that the City is getting optimum benefits from each one.

Mr. Banda stated that every year the director of each of these groups should appear before Council to report on their activities. Ms. Crump replied that MSA does provide free interns for projects.

Councilman Lantz stated that he has noticed several new faces in City Hall. It was his understanding there was a moratorium on hiring. Ms. Crump replied that some may be non-career employees or they could be auditors. There are no new career employees. Mr. Scharret added that some of the cadets have moved up the ladder.

Councilwoman Jordan stated that the budget was well prepared. She asked if Ten Mile between Evergreen Road and Telegraph could be added to the list of capital projects. Gary Mekjian, Public Works Director, replied that he recently met with the Oakland County Road Commission. There is over \$1 million in tri-party funds available and the repairs to Ten Mile can be done this year.

Councilman Lattimore complimented Mr. Scharret on doing a wonderful job telling it like it is. He asked if there were any major concerns that could throw his projections off. Mr. Scharret replied that labor contracts and state shared revenues are very important. He is confident however in the numbers used for taxable values.

Councilman Siver asked about the current status of the fund balance. Mr. Scharret replied that it is currently over 10% funded. The City is outperforming the plan. Any residual is being set aside for capital projects not operational items. He promised to provide updated fund balance figures as soon as the audit is complete.

Councilman Siver asked if foreclosures had any impact on the budget. Mr. Scharret replied that when numbers are closer to being finalized, the City Assessor, Sherry Lee, would be happy to provide Council with the details.

Councilman Siver asked about the cost to the City, such as cutting lawns, cleaning up vacant property, due to the large number of foreclosures. Mr. Scharret responded that he is very proud of the work done by Code Enforcement, Building, Police & Fire Departments. The City has been very aggressive in recovering its costs. Property owners are warned in advance and given an opportunity to deal with the matter on their own. If they fail to act, then the City steps in, does the work, and bills the owner. Banks have been told what the City's standards are and the banks have been cooperating. The City needs to find out which person is responsible for each property that is in foreclosure.

Mr. Banda stated that if staff suspects a property is vacant, an inspector is sent out. The City recovers its costs plus a hefty administrative fee. The City has staff working seven days a week.

Councilman Siver stated that first tier suburbs have unique issues and he would not want to stop their membership with the MSA. Their position papers are very good and their communication is improving.

Councilman Siver asked about the status of the rental registration program. Mr. Banda replied that registrations are up 200%. If a property is not registered, the owner is sent a letter by the Legal Department. It is a civil infraction if the owner does not register their property.

Councilman Siver asked what the plan was for residential streets in the coming year. Mr. Scharret replied that a detailed presentation will be made prior to the budget being adopted. The City needs to see if there is any bonding capacity for local streets.

Mayor Lawrence thanked Mr. Scharret for his presentation. She asked what the plan was for the Franklin Orchard Condominiums. Mr. Scharret replied that the condos would receive new roofs, windows and exteriors. The City will then see if there is a market for people to put sweat equity into the interiors. There is a good chance of getting the property back on the tax rolls. Facilities Maintenance has done a great job of protecting the place. Police patrol it on a regular basis. There has been no vandalism. Building Authority will soon be sending out proposals for new roofs for the buildings.

Mayor Lawrence stated that foreclosures was a major topic of discussion at the U.S. Conference of Mayors. A list of the major banks and a contact person has been put together. One of the biggest challenges is when the family walks away and stops paying their mortgage. It takes about six months for a home to go into foreclosure. The residents have been doing a great job of keeping watch and reporting vacancies. Mr. Banda and Mr. Witkowski's team has done a great job. She asked what impact vacancies were having on services being delivered. Mr. Scharret replied that statistics indicate that the City is getting the job done. The cost of government is people cost, however we have to continue to monitor it.

Councilwoman Jordan gave kudos to Nimrod Rosenthal and staff for the gala on Saturday evening. She recommended that the gala become an annual event. Mr. Rosenthal replied that residents have expressed similar sentiments.

Councilwoman Jordan stated that next year she would like to explore a city income tax and revisit the issue of non-residents using the Library for free.

Councilman Frasier stated that he agreed that training should not be reduced. The City can't afford to have untrained workers doing the work. He asked if the GIS system was due to be updated. Mr. Mekjian replied he would find out. The City recently changed platforms for the GIS system.

Councilman Frasier noted that the GIS system would be good for tracking many things. Small businesses are the life blood of the community. Many may be in trouble due to the economy. The City should consider having someone keep an eye on the small businesses so the City doesn't find out there is a problem until the building is vacant. GIS would be a good way to track the small businesses.

Mr. Banda stated that he spoke to Shelly Freeman, Business Development, recently and she indicated that she can't get to enough of the small businesses. The City needs to help her with whatever she needs.

Councilman Frasier stated that many residents have ash trees on their property. He suggested using some of the funds in reserve and set up a program to help with the removal of ash trees on private property.

Councilman Fraiser noted that there were more fire related deaths in 2007 than ever before. He would like see what the Fire Department is doing to help the community ensure that homes have working smoking alarms. The City needs to be proactive in reducing fire deaths. Mr. Scharret responded that the City can look at what other cities or states are doing. The Fire Department is maximizing the programs they have but maybe there is a new approach that can be used.

Barry Savickas, Battalion Chief, stated that the City had eight fire related deaths, in the past year, which is a significant increase. The cause of death is in large part due to a lack of smoke detectors. They have stepped up their program on giving out smoke detectors and public education on fire safety. Southfield is leading the way in the smoke detector program. Councilman Frasier asked where the public service announcements are airing. Mr. Savickas replied they air on Cable 15 and the City radio station. They have also done follow up programs on Channels 2, 4 & 7 after a fire death has occurred.

Police Chief Joe Thomas complimented the Fire Department on being proactive about educating people on the causes of fires. Mr. Scharret replied that the City will do a full court press on fire safety. He asked Mr. Rosenthal to work with the Fire Department.

Councilman Lantz stated that there is an epidemic of sub prime lending in the City. Every gas station is cashing checks and lending money. He asked if the City can regulate this type of activity. Mr. Beras replied that he would have to research the matter. Approximately 10% to 15% of the population can not use a bank. The State is probably the only one who can regulate it.

Councilman Lantz asked if the City has to cut someone's lawn, does the City regulate what contractor charges. Mr. Scharret replied that the City gives the property owner an opportunity to do it themselves. They have ten days to respond to the notice before Code Enforcement issues the ticket. If the City has to do it, a surcharge is added to the cost of cutting the lawn. Mr. Banda added that commercial cutters charge more. Council approves the bid for lawn service.

Mr. Scharret replied that the City would prefer to have the homeowners cut their own grass. The CHORE program is available for seniors who need help cutting their lawn. The City would love to be out of the lawn cutting business.

Councilman Lantz stated that he received a call from a resident regarding a ticket she received for parking in a handicap space. She did not call the magistrate as he had recommended. She now owes \$415.00. She is unemployed and cannot afford to pay the ticket. Chief Thomas replied that she should call him and he would do what he could to help and to make it as least painful as possible.

Councilman Lantz stated that the owner of a business built a counter in his store without a permit. The inspector told him he had to tear it down. The owner would rather close the business than go to court. It has taken three months to straighten the matter out. He recommended that constables be required to undergo psychological screening. Councilman Fracassi replied that administration should evaluate each individual. The business owner who is being pressured should contact the Department Head.

Mr. Banda replied that the Department Head has never had to overrule an inspector. The gentleman in question has done everything against the law. The owners don't even agree on things.

Councilwoman Jordan asked if the radio station is in the new budget. Chief Thomas replied that operation costs are listed in the Police Department budget.

Councilwoman Jordan asked for the in-house costs and labor costs. Mr. Scharret responded that he would look at it as part of the budget process. Chief Thomas replied that it was originally set up for emergencies only.

Mayor Lawrence stated that Senator Carl Levin was interested in learning the City's opinion on using CDBG funds to address the foreclosure issue. He was looking for support on legislation to include it. Mr. Scharret noted that the City has \$300,000 that needs to be reallocated from the Park House.

Mayor Lawrence asked about setting a goal for inspection of rental properties so that the City can see if it is staying on target. Mr. Scharret responded that he would have Mr. Banda prepare a report.

Council President Seymour stated that the City used to do road maintenance by sections but looking at it in terms of miles is an interesting idea. Mr. Mekjian stated that last Fall the City had an engineering firm look at the major infrastructure needs in the City. The information was put into a computer program in order to prioritize which areas of the City should be done first. They are taking an integrated assessment approach. He will be doing a presentation showing what work needs to be done in each section of the City. Needs vastly outweigh funding availability.

Council President Seymour stated that roads seem to be the biggest issue. Mr. Mekjian replied that is because roads are what people can see. They can't see the sewer system or the water mains.

Councilman Siver responded that you also have to recognize the political side of the picture. George Washington is disintegrating. There is no curb appeal due to the condition of the road. Mr. Mekjian replied that he respects what Councilman Siver is saying. The Washington Heights Subdivision has some of the worse streets in the City. However, the drainage issues need to be addressed before the roads. The drainage problem won't be resolved until Southfield Road is completed.

Mayor Lawrence asked if an interim paving job could be done. Mr. Mekjian replied that given the economic situation it may be difficult but he will look at the possibility.

Council President Seymour stated that it is not an effective use of funds to do temporary fixes when major underground work needs to be done. Mr. Scharret replied that the City needs to spend more time on these issues. Council President Seymour suggested that a Special Meeting may be needed.

Councilman Lantz suggested using some of the funds from the Water & Sewer Department to fix the roads. Mr. Mekjian replied that there is a common misconception regarding water and sewer funds. After paying bills, the City has about \$5 million for capital improvement projects in the Water & Sewer Department. There are projects that need to be done in order to continue providing good service to the public. The City's infrastructure is 50 years old.

Mr. Scharret responded that the City will be bringing a full report to Council regarding the Water and Sewer budget and at that time a thorough discussion can be held.

City Treasurer Irv Lowenberg stated that it was a very good year for the Fire & Police Pension Fund. As a result the City's contribution will be 3% less than last year. He recommended using 1/3 of the savings for the appearance millage, 1/3 for the retiree health care millage and returning the other 1/3 to the residents.

Councilman Fracassi asked Mr. Lowenberg how much money he was talking about. Any savings should be used for helping other areas of the City to operate. The City can't afford to reduce taxes. Mr. Scharret replied that a home valued at \$200,000 would see a reduction of approximately \$3.28.

Councilman Lattimore stated that he appreciates Mr. Lowenberg's effort however the City would be better served using the money for road improvements or other projects.

Mr. Scharret stated that one concern was that if the City rolled back taxes this year that next year taxes would probably have to be increased.

Council President Seymour asked if Council wanted to host a reception at the Mackinac Policy Conference this year. Past receptions have been funded by outside dollars. Some Council members are attending the conference.

Councilman Fracassi replied that the businesses have been asked to donate for various 50th Anniversary events this year and given the current economic climate he is against it.

Councilman Lattimore stated that last year's reception was a success. He understands Councilman Fracassi's concerns. Most cities lean on their lobbyist for hospitality.

Councilwoman Jordan stated that she was skeptical the first year but has since found it very beneficial. However, because it's the City's anniversary maybe the City should forego the reception and lean on our lobbyist.

Councilman Lantz asked if he could use part of his expense account towards the cost of the reception. Mr. Scharret replied that it would require a budget transfer and Council approval.

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Mayor Lawrence stated that those who donate money enjoy the reception as much as anyone. Companies have the right to say no when approached for a donation.

Councilman Siver stated that the Anniversary Committee is still looking for money.

Mayor Lawrence replied that City funds have never been used for the reception and she does not support using Councilman Lantz' expense fund to pay for it.

The consensus of Council was to host a reception at the Mackinac Policy Conference and to only use Councilman Lantz's expense fund as a last resort.

C-07-2008 Motion by Jordan; seconded by Lantz.

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. Councilman Frasier, Councilman Fracassi and Councilman Siver voted nay.

C-08-2008 Motion by Lantz; seconded by Lattimore.

RESOLVED: that Council does hereby approve the transfer of \$2,500.00 from Councilman Sidney Lantz' expense account, if necessary, to pay for a reception at the Mackinac Policy Conference in May 2008.

Motion passed. Councilman Frasier, Councilman Fracassi and Councilman Siver voted nay.

There being no further business, the Regular Meeting (conducted as a Committee-of-the-Whole) adjourned at 9:35 p.m., January 28, 2008, until the next Regular Meeting (conducted as a Committee-of-the-Whole) on February 4, 2008, in the Council Conference Room of the Municipal Building, 26000 Evergreen Road, Southfield, Michigan.

Joan Seymour, Council President

Nancy L. M. Banks, City Clerk