

**Approved
August 25, 2008**

REGULAR MEETING
(CONDUCTED AS A COMMITTEE-OF-THE-WHOLE)
OF THE COUNCIL
CITY OF SOUTHFIELD
July 7, 2008

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MINUTES

July 7, 2008

The meeting of the Council convened at 8:30 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 first item was a request for recognition from Mark & Rose Hechler.

Mark Hechler, 25960 Franklin Pointe Drive, Stonebrook Condominiums, stated that he was there to plead his case regarding his property taxes. He appeared before the Board of Review but was turned down despite the fact that they had an appraisal for \$20,000 reduction in value. There is a two year backup to appeal the Board's ruling. There are many foreclosures in his complex. When he asked how the property was appraised he was shown a three year old document. There was no evidence of comparables being used. He expects Council to fight for him and get him a hearing in Lansing.

Mr. Beras responded that Council has no authority over tax assessments. It is governed by State Law. The Assessor's Office must follow State guidelines to determine the value of residential property. The taxpayer has the right to go before the Board of Review. There is a substantial delay in appeals before the Tax Tribunal. Nothing can be done to speed that up. Foreclosures do not always factor in to appraisals. He suggested having someone from the Assessor's Office explain the assessment process to Mr. Hechler. Legally, there is nothing the City can do.

Mayor Lawrence promised to have someone from Assessing meet with Mr. Hechler. What the Hechlers are experiencing is being repeated throughout the country. The Tax Tribunal is down 3 or 4 judges which is the main reason for the large backup.

Mr. Hechler replied that he thought someone on Council could put a spark under Lansing. Mayor Lawrence replied that the City could have the lobbyist send a letter regarding the backups with the Tax Tribunal

Next was a request for recognition from Kathryn Williams.

Kathryn Williams, 30559 Marshall, stated that two weeks ago the water main broke. She was never warned that the water would be shut off. Two days later she called City Hall to let someone know that two employees had gone above and beyond the call of duty but no one returned her call. C.J. Jensen was polite and knowledgeable and solved her problem in ten minutes. Ann Farquhar listened to her complaint and then explained where and why the errors occurred in the 911 system and that the employees involved would be spoken to. After she submitted a letter to address Council, she heard from everyone in City Hall. She was told by some employees that she could not come before Council because the problem was already resolved. Everyone assumed that she was mad when she made the initial call. She had to submit a letter to get a response. People should return calls. She asked that the letters she submitted be put into the employees files.

Councilman Fracassi asked who Ms. Williams called. Ms. Williams replied that Mr. Habowski had already handled the matter. A City truck had been parked in her flower bed and she thought it was retaliation. Mr. Habowski explained that it was a contractor who parked the truck there and the problem would be dealt with in the morning.

Next on the agenda was the Proposed Tool and Die Renaissance Recovery Zone, Bradley Thompson Tool Company, 22108 Eight Mile Road.

Mr. Banda stated that a few years ago the State determined that the small tool and die businesses (75 or less employees) were struggling. Legislation was adopted to provide tax relief to these companies. Two such companies are located in Southfield. Bradley Thompson and Tool has been here since the 1950's. The State approached the City about keeping the company operating. There is no formal action required tonight. He asked for a consensus to move forward.

Margaret O'Reilly, Consultant, stated that she is working with the Michigan Manufacturing Association and the Butzel, Long Law Firm. The Tool & Die Renaissance Recovery Legislation allows for 25 zones to be created. There is only one zone left. She is working with the Michigan Manufacturing Association to create a collaborative agreement between sixteen (16) tool and die companies. The tax exemption would be for Bradley Thompson Tool & Die at its current Southfield location. If the company moves, the exemption ends. Schools, ISD's, Community Colleges and Libraries are reimbursed by the State. Taxes that are not exempted include those mandated by the federal government, local bond obligations, school sinking fund and special assessments. Taxes can be abated for up to 15 years.

Councilman Lattimore stated that the Neighborhood Services Committee suggested a renaissance zone last year and the idea received no support. He is in favor of renaissance zones and this request in particular.

Mr. Banda replied that the City had a hard time picking a specific area for a renaissance zone. The requirements for this particular renaissance zone are so specific that only two companies in Southfield qualify. It is a good fit because of the small amount of money involved. There is money in the machinery not the building. He would love to be able to give residents a tax break. The State determined that tool and die businesses are the basis for all manufacturing. The City needs to investigate the possibility for an Eight Mile Zone but Mr. Scharret indicates the City can't afford to give money away. He introduced the owners of the company Jeff & Craig Sutter and Art Watson.

Jeff Sutter, 22108 Eight Mile, stated that he spent 15 years with Dana Corporation. He had worked only six months for Bradley Thompson Tool & Die when he was approached about buying the business. The previous owner financed the entire amount. He has spent three years doing everything possible to turn things around. He foresees his company as being an example of the type of business you want on Eight Mile. His company does not work with the auto companies. He asked for Council's support. The savings will be used to invest in technologies and to attract businesses currently doing business with European companies.

Art Watson, 22108 Eight Mile, stated that they provide support to companies that do automotive work and they do work for aerospace companies. He has worked for the company since the age of 12. They currently have 17 employees. They recently put in new landscaping and painted the building.

Councilman Lattimore voiced his support for the request and for renaissance zones.

Councilwoman Jordan asked what would happen if Southfield said no. Mr. Sutter responded that they would not be included in the renaissance zone application. There are two years left on their lease. They would begin looking for a community that would be cooperative. They are the perfect partner to use as an example of what can be done. It is better to invest in equipment and technology than to move.

Councilwoman Jordan encouraged them to make the building shine. Mr. Watson replied that they hope to buy the building in two years.

Mr. Banda noted that the Façade Improvement Program has been expanded to include all of Eight Mile by the Eight Mile Boulevard Association. Bradley Thompson Tool & Die will now have the opportunity to seek funding from the 8MBA.

Dan Hunter, Oakland County Planning & Economic Development, stated that the County supports the request for a Tool & Die Renaissance Recovery Zone. Twenty years ago there was a substantial number of tool and die companies in the County, however, that is

no longer the case. The work Bradley Thompson does for the aerospace companies is an emerging sector. The collaborative is what gives the tool and die companies their powers.

Councilman Frasier noted that the Southfield Public Schools has a partnership council of various businesses that invite young people to tour their facilities and learn more about their work in order to see if it is an area that would interest them. He encouraged Bradley Thompson to become a member of the partnership council.

Jeff Sutter replied that they would be glad to take part and asked for the name of the contact person.

Mr. Banda stated that staff recommends a fifteen year exemption. If the business fails, the exemption will end.

Pam Gerald, PO Box 155, Southfield, stated that she has attended many meetings over the years and seen many companies receive tax abatements. If residents can't get a tax abatement then neither should companies. She appreciates companies choosing to stay in Southfield. She questioned how this particular company was chosen for a tax exemption. GM is shutting down facilities and no one is giving them tax exemptions. Council always pushes things through. She suggested creating a fund with the tax abatement funds to provide financial help to families in trouble.

Mr. Banda replied that the State created the Tool & Die Act in 2004. The company approached the City for an exemption under the Tool & Die Act.

The consensus of Council was to move forward.

Councilman Lattimore left the meeting.

Next on the agenda was a presentation by the Southeastern Oakland County Water Authority (SOCWA).

Mr. Scharret stated that Council requested more frequent and comprehensive information be provided to assist in policy decisions regarding budgets, capital projects and long-term financing strategies. Thus, Jeffrey A. McKean, General Manager of SOCWA, was asked to present an overview of SOCWA.

Jeff McKean thanked Council for the invitation to speak. He introduced Bob Davis, General Counsel for SOCWA.

Mr. McKean stated that SOCWA was established in 1954 to bring water from Detroit into suburban communities. Southfield has been a member since 1960. The other members are Berkley, Beverly Hills, Bingham Farms, Birmingham, Clawson, Huntington Woods, Lathrup Village, Pleasant Ridge, Royal Oak, and Southfield Township. The

number of votes each community receives is based on water consumption. Southfield has 17 of 40 votes. The current contract with SOCWA expires on July 1, 2015. The proposed second amendment would extend the contract until June 30, 2038 and would allow SOCWA to enter into a new contract with DWSD.

The benefits of membership in SOCWA include the following:

1. Lower water rates – peak usage charges are eliminated.
2. Improved security and reliability – the water supply comes from multiple sources and storage and pumps provided limited backup to the DWSD supply. The system is monitored 24/7.
3. Eliminates the need for watering restrictions.
4. Increased ability to influence DWSD – second largest customer and staff is very actively involved in the DWSD customer partnership process.
5. Source of additional technical expertise on water issues.

DWSD began a model contract process because most of their contracts had expired. In order to sell future bonds, DWSD needs to have more customers under contract. SOCWA entered the process in the early stages in order to develop the advantageous contract parameters especially regarding water storage. The model contract that was developed meets the needs of SOCWA and provides significant advantages.

Under the proposed contract the peaking factors that were negotiated should reduce year-to-year rate fluctuations. The SOCWA's water storage system is clearly defined and will allow a reduction in peak flow rates. The DWSD has committed to pressure ranges and the contract clearly defines procedures to address flow/pressure issues. All customers will have the same contract parameters. Joint DWSD/Customer planning is a contractual obligation. The relationship between DWSD and its customers has significantly improved. The current contract with DWSD expires August 14, 2011. The new contract would expire June 30, 2038 with automatic extensions unless SOCWA or DWSD objects.

The SOCWA Board approved the contract on April 9, 2008 and 14 communities have approved the DWSD contract.

Councilman Lantz asked where the water is stored. Mr. McKean replied that it is stored in tanks at 12 & Telegraph, Webster & Greenfield and 14 & Greenfield. There are elevated tanks in Royal Oak and Birmingham.

Councilman Lantz asked when the water supply is replenished. Mr. McKean replied that the biggest spike is at night and smaller amounts are done during the day. Mr. Davis added that they replenish at night so that charges stay flat during the day. The new contract will allow us to continue that practice.

Councilman Siver stated that SOCWA rates always come out favorably compared to surrounding communities. He thanked them for the presentation and indicated it was very helpful. He asked for an updated copy of the powerpoint presentation.

Councilwoman Jordan asked what could be done to reduce the chemicals in the water. Mr. McKean replied that two years ago our water was rated fifth best in the U.S. and Canada. Chemicals are added during the treatment process. Extensive testing is done. The water is of higher quality and tastes better than bottled water.

Councilman Fracassi asked what happens on weekends in a business community. Mr. McKean replied that there is a fairly significant drop in water usage in Southfield on the weekends.

Councilman Frasier stated that he would like to see more information given out on the proper disposal of unused medications and the importance of not flushing them down the drain.

Mayor Lawrence asked about dual meters for sprinkler systems. Mr. McKean replied that dual meters are not a good idea. The amount of money paid for sewage is the same regardless of the number of meters. Dual meters just shifts the cost from the person with two meters to the person with one meter.

Councilman Lantz asked why sewage rates are higher than water rates. Mr. McKean responded that SOCWA does not handle sewage, it is under the County's jurisdiction.

Council President Seymour asked about the longer payment period. Mr. McKean replied that under the new contract SOCWA will have an extra fifteen days to pay which will help with cashflow.

Mr. Scharret stated that the contract would be brought back to Council for final approval on July 21, 2008.

Councilman Frasier asked the City Clerk to have the minutes show that Councilman Lattimore was absent.

Next was the Proposed Reorganization of the Southfield Youth Assistance Commission (SYA).

Mr. Beras explained that the SYA has not functioned effectively for several years. He and Mr. Scharret have studied the issue and have come up with a workable solution. The Youth Assistance Program is sponsored by the Oakland County Circuit Court and was begun in 1953. It currently serves 26 communities with an annual budget of \$3.5 million. Each community is provided a professional counselor. Communities are encouraged to develop prevention programs. Of the 26 communities, Southfield is the only one that does not follow a non-profit 501(c)(3) corporation model. Both the schools and the municipality provide support.

It was recommended that the SYA follow the non-profit model. The current ordinance that created the SYA would be dissolved. With the City's assistance, the current board members would create a 501(c)(3) corporation. Under the bylaws, City Council and the School Board would approve new board members. The Schools will provide a furnished office for the counselor at the Southfield Education Center in Kennedy School and the City will fund a part-time secretary, 19 hours per week, with no benefits. The trust fund would be transferred to the new non-profit. The SYA would have to apply for block grant funding for their prevention programs. Counselors are trained to help the group with their fundraising efforts. He asked for a consensus of Council on whether to move forward. If consensus, the matter would be brought back on July 21, 2008 for formal approval.

Councilman Lantz asked if the existing board members are in favor of the plan. Mr. Beras replied that the board has agreed to it.

Councilwoman Jordan asked if there would be oversight by the City. Mr. Beras replied that Council would have to approve board member appointments and an ex-officio member from the City and the Schools would serve on the non-profit board.

Councilwoman Jordan asked what happens if it fails. Mr. Beras replied that the County has not had any program fail under the non-profit set up. Once the non-profit is formed they federal government will regulate how they spend their money.

Councilman Frasier asked if they would be responsible for finding board members. Mr. Beras replied that the Boards and Commissions Committee would no longer be involved. Both the City and the School Board would have to approve any appointments.

Councilwoman Jordan suggested that appointment of board members could be the platform for a yearly meeting with the School Board.

Councilman Fracassi asked that the Neighborhood Services Committee look at whether the City needs to have a Human Services Department. Southfield is the only community with such a department.

There being no further business, the Regular Meeting (conducted as a Committee-of-the-Whole) adjourned at 10:55 p.m., July 7, 2008, until the next Regular Meeting on July 21, 2008, in the Council Chambers of the Municipal Building, 26000 Evergreen Road, Southfield, Michigan.

Joan Seymour, Council President

Nancy L. M. Banks, City Clerk