



TO: Mayor and Council

FROM: Tom Crawford, Interim City Administrator
Matthew V. Horning, Interim Financial Services Area Administrator & CFO
Kim Buselmeier, Budget and Finance Supervisor
John Fournier, Assistant City Administrator

SUBJECT: FY21 Budget: Public Policy Update – May 11, 2020 Work Session

DATE: May 15, 2020

Question #116: Please provide the background detail on the Canton Heritage Tree situation. (Councilmember Bannister)

Response: Copied below is a news report detailing the lawsuit and brief description related to the Canton heritage tree ordinance. The City Attorney's Office has been asked to provide a more detailed analysis:

Source: MIRS Capitol Capsule - Friday, April 24, 2020

Federal Judge Sides With Developer In Tree Ordinance Fight

A federal judge Thursday sided with a developer by ruling Canton Township's tree ordinance is unconstitutional under the First Amendment.

The township assessed a \$47,898 tree removal fee against F.P. Development and its owner, Frank **POWELSON**, after he removed about 173 trees from his 24-acre, industrially-zoned property without a permit in order to access a ditch that was clogged and caused flooding.

F.P. filed a lawsuit, alleging the tree ordinance is an unlawful taking without just compensation. Canton Township counter-sued seeking damages and alleging violations of the tree ordinance.

U.S. District Judge George Caram **STEEH** on Wednesday dismissed the township's counter complaint.

"The federal court's ruling is a resounding win for private property rights in Michigan," said Robert **HENNEKE**, general counsel at the Texas Public Policy Foundation, who represented Powelson and his company. "The judgment that the township of Canton's tree ordinance is an unconstitutional taking under the U.S. Constitution affirms that government cannot impose these burdensome regulations on Michigan private property owners."

Question #117: Please clarify the definitions of \$10.2M constitutional and \$1.7M statutory that Kirk Profit mentioned. (Councilmember Bannister)

Response: Constitutional revenue sharing is revenue made available to municipalities by provisions that are included in the state's constitution. Statutory revenue sharing is revenue sharing that is added on top of that by an action of the Legislature and Governor.

In accordance with the State Constitution of 1963, Article IX, Section 10, as amended, constitutional revenue sharing payments are based on 15% of the 4% portion of Michigan's 6% sales tax collections. Distributions are made to all Michigan cities, villages, and townships on a population basis on the last business day of the even numbered months (October, December, February, April, June, and August).

Statutory revenue sharing, or City, Village, and Township Revenue Sharing (CVTRS) is provided at the discretion of the legislature every year. The program is designed to create incentives for municipalities to meet certain state-prescribed "best practices" in municipal management. A municipality becomes eligible for the program when they meet these program requirements. The requirements can be found here: https://www.michigan.gov/documents/treasury/FY_20_CVTRS_Detailed_Guidance_9_30_19_667333_7.pdf

Question #118: Please clarify the state law for solar panels. (Councilmember Bannister)

Response: City and others lobbied for a change to the State law on how residential solar installations are taxed for property tax purposes. The effort was successful and newly installed residential solar installations do not increase the property taxes for owners. Valuation is included when the property is sold to a new owner.

Solar panels newly installed and historically installed by the original owner are exempt from taxation until the property transfers ownership.

Public Acts 116 and 117 of 2019 made changes to the General Property Tax Act, specifically MCL 211.34d and MCL 211.27, to exclude solar panels and other "alternative energy systems" located on residential real property from assessment of true cash value until the property is sold. The Acts amend the provisions in MCL 211.27(2) (commonly known as the Mathieu Gast Act) related to items an assessor shall not consider as an increase in true cash value as a result of expenditures for normal repairs, replacement,

and maintenance in determining the true cash value of property for assessment purposes until the property is sold.

In compliance with Public Acts 116 and 117 of 2019, the assessing department identified numerous residential parcels where solar panels had been installed over the past several years and the ownership of the property had not changed. The value of the solar panels for those particular properties were removed prior to establishing 2020 assessments.



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FROM: Tom Crawford, Interim City Administrator
Matthew V. Horning, Interim Financial Services Area Administrator & CFO
Kim Buselmeier, Budget and Finance Supervisor
Craig Hupy, Public Services Area Administrator
Marti Praschan, Chief of Staff, Public Services

SUBJECT: FY21 Budget: Financial Recovery Plan Discussion: General Fund, Water, Sewer, and Roads – May 11, 2020 Work Session

DATE: May 15, 2020

Question #119: Please provide the background information and impact on water bills from Water Fund - Delay Water Meters (\$2M and \$1.7M savings). (Councilmember Bannister)

Response: As previously indicated, at the end of their useful life, the accuracy of the consumption data may be at risk, resulting in decreased revenue. At this point, we believe the delay would not result in a material loss in revenue.

Question #120: Please describe the impact of delaying the Water Fund - Broadway Water Main repair (\$1M). (Councilmember Bannister)

Response: The risk of deferring the project is substantial breaks, service disruptions, and additional costs associated with repairs/disruptions. The planned resurfacing of Broadway would also be delayed to coincide with the water main replacement.

Question #121: Please elaborate on the Local Street Fund -- Reduced Contracted Road Maintenance. Mr. Hupy mentioned slurry, pavement markings, mill and fill. (Councilmember Bannister)

Response: The proposed budget includes funding for annual local street capital maintenance, which includes various surface treatments and associated pavement markings. Should our Act 51 Revenue COVID impacts necessitate budget cuts, this work could be an option for deferral.

Question #122: Please elaborate on General Fund -- Center of City figures of \$140K and (\$20K). (Councilmember Bannister)

Response: In FY20, the Center of the City had a budget of \$175k allocated to it but without a workplan. It's presently forecasted that \$140k of that will be unspent by 6/30/20. The bulk of the funds expended reflect staff support. The FY21 recommended budget has \$20k in expenditures budgeted, reflecting what the city administrator felt was affordable in FY21. At a recent Council meeting, City Council indicated a desire to move forward with appointing a Council of the Commons. An additional \$20k (or -\$20k in the chart referenced) is included for a total of \$40k to provide continued staff support.

Question #123: Please elaborate on Labor Related - Involuntary Furloughs \$2.5M. (Councilmember Bannister)

Response: A \$2.5 million reduction in expenditures would require involuntary lay-offs of approx. 25 employees or a 5% pay reduction for all General Fund employees not under an existing labor agreement.

Question #124: Please elaborate on County Mental Health Millage \$2M. (Councilmember Bannister)

Response: The rebate from the County Mental Health & Public Safety millage is not anticipated to have a revenue shortfall so was not a fund that was evaluated as part of the presentation.

Question #125: Please elaborate on hiring freeze, including breakdown of crews maintenance vs. administrative support, etc. (Councilmember Bannister)

Response: The hiring freeze applies to positions city-wide. It's implemented by assuming no vacancies will be filled unless an exception is approved by the City Administrator.

Question #126: Please provide an update on the Lower Town Mobility Study progress and funding. (Councilmember Bannister)

Response: The status of the Lowertown Mobility Study contract, which is funded from the Major Street Fund, is below:

Purchase Order/Contract Amount	\$ 579,478.00
Services Paid thru 04/18/20	\$ (152,993.50)
Balance:	\$ 426,484.50

The project timeline is below and anticipates project completion in September 2021. Tasks that are crossed off in red have already been completed, and includes, traffic studies/counts, which were completed prior to COVID traffic impacts. Staff is currently researching contract implications for delaying the project.

Updated - Lower Town Study Schedule

Task	2019				2020												2021									
	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	
Task 1																										
Task 2																										
Task 3																										
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Task 7																										
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Task 9																										
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Task 11																										
Task 12																										
Task 13																										

Public Meetings

1. Introduction, Existing Condition Findings and Early Implementation Items
2. Brainstorming Workshop
3. Lower Town Alternatives
4. Future Conditions Findings and Recommendations

Question #127: Please elaborate on future anticipated expenditures in partnership with the county, such as Property Tax Penalty Waiver, Shelter, Eviction Prevention and Barrier Busters. (Councilmember Bannister)

Response: City staff regularly communicate with the county regarding human service needs. As new needs are identified, requests will come to City Council. The magnitude of these needs cannot be determined at this time due to the unknown depth and length of the current pandemic nor the amount of FEMA funding that will become available. Property tax penalties waivers are done solely at the city council discretion.

Question #128: Please elaborate on Crash Data and forfeiture. (Councilmember Bannister)

Response: The Crash Data software was software the was budgeted in the FY21 recommended budget from the General Fund. The Financial Recovery Plan removes this item as a General Fund expenditure and instead pays for it with police forfeiture funds.