

Public Education Series-Q&A/Comments Response Log
for October 11, 2006

QUESTIONS:

- 1) Are any Michigan Cities (size of Dearborn) considering an income tax?
- R) The Dearborn elected officials have discussed evaluating an income tax in the past. Implementing an income tax places the community at a competitive disadvantage for retaining and attracting residents and businesses.

If all Michigan cities shared in the income tax, which use to be the case until the State changed revenue sharing, then at least all the Michigan cities would be on equal standing. The people of the State of Michigan could seek a ballot proposal for a State Constitution amendment that established a Municipal State-wide income tax. Some of the communities that currently have an income tax may not be supportive of a change. There are also complications with the revenue distribution that would have to be worked out.

If the Mayor and City Council are interested in evaluating an income tax for Dearborn, or initiating action at the State level, funding would need to be put in place to contract for this work.

Per Frank Audia: Ann Arbor and Ypsilanti are 2 communities in the region that have seriously studied enacting an income tax. Both have considerable property (Ann Arbor has the University of Michigan and Ypsilanti has Eastern Michigan University) that does not pay traditional property taxes. The income tax provides a mechanism for these cities to be compensated for their efforts (as employees of these institutions and particularly non-residents would be subject to the income tax). However, while current state law allows for the taxation of non-residents working in a city with an income tax, the law also requires a tax on the income of residents. To date, neither community has moved forward.

- 2) Would Plante and Moran recommend to MML to push for scrapping Revenue Sharing in favor of Municipalities collecting Sales Taxes as they did prior to agreement years ago? Do the same increases like the Metro Act in Telecommunications?
- R) Per Frank Audia: The City's next speaker, the Michigan Municipal League, may be in a better position to answer this question. Based on my role serving with Michigan Governmental Finance Officers Association Legislative Committee, the position of cities, villages, townships and counties is to first request full funding of formulas as written and provided for in law. The budgets of local government have been built based on full funding of revenue sharing. Restoration to 2001 funding levels which could be supported by current sales tax collections would provide financial relief to Michigan local governments.
- 3) What can we, as citizens, do?
- R) Responded to live, see video.

- 4) What happens when an old house is torn down and a large brand new structure is built? How is the tax determined?
R) Responded to live, see video.
- 5) How is the value of new business development taxed – how/where does it figure into the taxable property values?
R) Responded to live, see video.
- 6) Please explain when properties become “uncapped” and houses in Dearborn and Michigan are being devalued how is the new taxable value figured in on older and higher house appraisals?
R) Responded to live, see video.
- 7) If Revenue Act expires in 2007, what might happen after that? Stat will pass another Act? Can reduce/eliminate sharing to cities? What do you foresee the State doing the future with regards to municipal sharing/financing?
R) Responded to live, see video.
- 8) I don’t know how cut are going to be made but do you think a multiple choice questionnaire would give you input from the City? Residents need example: If I have to do without one of the following service, this is the one I would pick (a) (b) (c) (d) etc.
R) The first step is to educate the people about the challenges facing governments today. With this knowledge, the people should be able to more effectively provide input on options and choices. A survey is a good suggestion and this suggestion will be added to the list of options to review.

COMMENTS:

- 1) Dearborn voter said yes to a larger police force. We are not seeing increased patrols in the neighborhoods.
R) Since the inception of the Charter Amendment the Police Department has hired over 40 new officers who are then placed in the Patrol Division, which is the most visible arm of your department. During this same time we have also experienced numerous retirements which cuts into the overall number that we have hired.

We have taken a multi-faceted approach to have officers spend more un-delegated patrol time within the neighborhoods. This is accomplished through training, supervisor oversight, required completion of Service Request Forms, streamlining reporting writing processes, and re-deployment of patrol personnel.

I have spoken at several Neighborhood Association Meetings, and all these groups have reported seeing a visible increase in neighborhood patrols. If you have a specific areas of complaint please contact Chief Celeski at 943-2235.

- 2) Why is the City spending money on Montgomery Wards, 3 million, a pocket park, \$300,000 and \$10 million on surveillance system, if it is having a budget shortfall? Support essential services! Such as, libraries!
- R) The City could have taken the \$3.4 million spent on Montgomery Ward and allocated all of it to the Libraries. This cash infusion would support the system for less than one year based on the system's current budget. If, however, the same \$3.4 million was invested in an asset that is redeveloped into a much more valuable piece of property, the increased tax dollars from that development can be used to support City services for the next 20 to 30 years. In addition, if the new development is successful in spurring additional reinvestment in the district, the increased tax dollars from these improvements represent long-term support for the Libraries as well. We cannot assume that the tax base will continue to produce the level of dollars necessary to support the program/service mix. It isn't now. The current status is that the city is spending \$10 million per year more than it is taking in even after reducing 123 full-time positions. If these reinvestments in the tax base don't take place, and if the tax base isn't consistently nurtured and developed, all services will be at risk because the costs to provide those services are growing faster than the revenues to support them.

Also - see attached Public Education 101606 file for additional response.

- 3) Given cuts in Building & Safety, allow plans and permits a cursory review if submitted with licensed Architect or Professional Engineer stamp.
- R) The Building & Safety Department is charged with enforcing the currently enacted State of Michigan building codes and soil erosion and sedimentation control measures. The department also enforces the currently enacted City of Dearborn ordinances, such as zoning or fence construction. Therefore, the department is required to follow the procedures as set forth in the codes and ordinances.

These procedures do not require an architect or engineer seal on all plans. Many plans are submitted by a designer or a homeowner. Subsequent to the submittal of plans, the codes and ordinances require the department to examine construction documents to ensure conformance with the currently enacted codes and ordinances. Due to the lack of skill and knowledge by designers and homeowners of current codes, our experience with cursory reviews has resulted in confusion and delays in construction projects.

Additionally, after the construction documents are approved and a permit is issued, the actual construction work must be inspected for conformance to the approved plan and currently enacted codes. At this point a cursory review would be crystallized in a poorly constructed project that would require extensive rebuilding or reconstruction of completed work. Moreover, the poor construction could result in appeals to various boards of appeals resulting in further delay, frustration, and cost to the homeowner.

- 4) Have all leaf collection in yard bags. Print note on yard bags about services, e.g. street sweeping. Provide yard bags at cost.
- R) The loose leaf collection program has been reviewed many times as part of the city's budget deliberations. A decision was made in the spring of 2006 by the Mayor and City Council to reduce the number of loose leaf pick-ups from three to two. This is expected to result in a reduction of over \$52,000 for this year and the resulting cost will be the equivalent of about \$16.00 per home for this service. In the fall of 2005, the Department of Public Works limited overtime work associated with the program and the cost was reduced by \$60,000. The overtime reduction resulted in the department achieving only the minimum number of three pick-ups, which is what the city promises to provide. In actuality, the city has been providing four-to-six loose leaf pick-ups for many years.

Requiring all residents to place leaves in yard waste containers or landscape bags has been considered as well, and is the common practice in about fifty percent of the communities we have surveyed in Wayne County. Although there are economic benefits to making this a requirement, there are many disadvantages as well, such as increased enforcement costs, hardships for some senior citizens and persons with disabilities, and the fact that many leaves fall in the street and the city would need to continue some level of sweeping or pick-up anyway. The current contract cost with Waste Management to collect rubbish, recycling and containerized yard waste assumes that the city will provide a loose leaf pick-up program. If the loose leaf program is discontinued, there will be a significant increase in the volume of containerized collections and contract costs may increase as well.

Paper landscape bags are now available in many locations and prices are quite competitive. The city may be able to purchase these bags on a wholesale basis that is somewhat less than the typical retail rate, but when the city's costs for purchasing, warehousing and distributing are added, it is unlikely that the resulting sale price will be much different than what commercial operations already offer.

END for October 11, 2006