

CITY OF STERLING HEIGHTS  
MINUTES OF REGULAR MEETING OF CITY COUNCIL  
TUESDAY, MAY 4, 2021  
IN COMMUNITY CENTER

1. Mayor Taylor called the meeting to order at 7:00 p.m.
2. Mayor Taylor led the Pledge of Allegiance to the Flag and Melanie D. Ryska, City Clerk, gave the Invocation.
3. Council Members present at roll call: Deanna Koski, Michael V. Radtke Jr., Maria G. Schmidt, Liz Sierawski, Michael C. Taylor, Henry Yanez, Barbara A. Ziarko.  
  
Also Present: Mark Vanderpool, City Manager; Marc D. Kaszubski, City Attorney; Melanie D. Ryska, City Clerk; Carol Sobosky, Recording Secretary.

4. **APPROVAL OF AGENDA**

Mayor Taylor stated Item 7-A is an Ordinance Introduction and there are petitioners present; therefore, in the interest of their time, he recommended that Item 6-A, which is a Public Hearing on the 2021/22 Budget, be moved to follow Item 8, which is the Consent Agenda.

Moved by Koski, seconded by Ziarko, **RESOLVED**, to approve the agenda with Agenda Item 6 being moved to be taken up after Agenda Item 8.

Yes: All. The motion carried.

Mayor Taylor reported sad news about a former City Council member, Richard Zettel, who passed away at the age of 72. He was also a former Sterling Heights police officer, City Council member, and served as a lawyer and Assistant Macomb County Prosecutor before serving under Governor John Engler and Governor Jennifer Granholm as a Magistrate for the Workers Compensation Agency, followed by working at the federal level. Mayor Taylor provided a brief summary

of his achievements during his lifetime and offered deepest condolences to his family. A moment of silence was observed.

5. **REPORT FROM CITY MANAGER**

Mr. Vanderpool provided an update on information on the Covid information they have this week. He explained the State is reporting the vaccination rate is now at 50 percent initiated, which means 50 percent of the residents in the State have received at least their first vaccine. He outlined the new guidelines set by the State, which relaxes some regulations as the State reaches higher percentages of residents vaccinated. He stated at 55 percent vaccinated, in-person work can resume, and they anticipate this will occur in the next week. At a 60-percent level, indoor capacity can be increased to 25 percent for sports, conference centers, banquet facilities, and funeral homes, as well as an increase in occupancy for exercise facilities and gyms to 50 percent. He added that the curfew currently in place for bars and restaurants would be relaxed. At a 65-percent level, all indoor capacity limits would be lifted, as well as social gatherings at homes. The goal is to get to 70 percent, when restrictions in their entirety, with a few exceptions, would be lifted. It is estimated that 50,000 Sterling Heights residents have been vaccinated, and they are averaging about 300 doses daily at the drive-thru facility, and just under 100 doses daily at the Senior Center. They are working with some of their large businesses to provide on-site vaccinations and are also exploring walk-up options to make it easier for the community to get vaccinations. He encouraged everyone who has not yet received a vaccination to do so, stressing it

is important that the state get to the 70-percent level for safety as well as a recovering economy.

Mr. Vanderpool stated the City has developed a full season of activities, which they refer to as "Break-Free Blast", and through a PowerPoint presentation, he outlined some of the upcoming activities, providing details on the following events: Memorial Day service and Memorial Day Cruise to take place on Memorial Day; the Cultural Exchange at the Dodge Park Farmer's Pavilion at 6 p.m. on June 18; Summer Thursdays, including Music in the Park, the Dodge Park Farmer's Market, and Patios 'n Pints, starting from 3 p.m. and running until 8 p.m. each Thursday throughout the summer; National Night Out, scheduled for August 3; a first-ever Oktoberfest, which takes the place of SterlingFest this year, and will be held on October 8 and 9, featuring the music of Foreigner and Plain White T's; Sterling Frights, scheduled for October 23; and A Sterling Christmas, to be held on December 4. He also noted all of the outdoor amenities that are open, including Dodge Park, kayaking and canoeing on the Clinton River, the skatepark, soccer fields, bike/hike trails, ice rink, etc. He hopes they will be able to open their splash pad as well. He urged those interested in these activities to visit the City's website for much greater detail.

Mr. Vanderpool highlighted the Nature Trail which has now been completed, noting that it connects Delia Park to the northwest area of their community near Troy Beaumont Hospital. It is a two-mile trail that includes respite areas with benches and has a bicycle repair apparatus. He explained most of the trails are

comprised of a fine gravel that is excellent for hiking, biking, and walking, and it blends in nicely with the environment. He added that four bridges were constructed to cross a number of creeks and waterways. The couple of areas that are concrete are leading up to roadways. They worked with the people on the trailway system to make sure they provided ample buffer. He explained this is another ReCreating Recreation amenity, and the only item to be completed under that program is the bocce ball court behind the Senior Center, which will be completed this construction season.

Mr. Vanderpool talked about an item on tonight's Consent Agenda involving their Diversity, Equity, and Inclusion Plan. Through a slide presentation, he explained what diversity means for the community, citing the 2030 Vision Statement as "A vibrant inclusive community for residents and businesses that is safe, active, progressive, and distinctive. Sterling Heights – a bold vision for an exceptional quality of life". He stressed what contributes to quality of life is a focus on cultural/racial/religious diversity across the community. He was confident new census data will show a much more diverse community than ten years ago, and he anticipated Sterling Heights' foreign-born population will be approaching 30 percent of their residents. He stated Sterling Heights was one of the first communities in the County to become a Welcoming City, and many other communities have joined that work in progress. He talked about some events held in Sterling Heights that champion this diversity, including the hosting of a welcoming event in 2019 where people of all different backgrounds were invited

to the Velocity Center, the Naturalization Ceremony which has become an annual tradition, the Cultural Exchange Program, and the Diversity Awards Dinner. He stated the Mayor and City Council have created community groups to further the cause of a welcoming community, including the Ethnic Advisory Committee, the commUNITY Alliance, the Clergy Forum, and the African American Coalition. He stressed these efforts must continue, and the item on the Consent Agenda this evening is creating the very first Diversity, Equity, and Inclusion (DEI) Plan. With a city of this size and all of the good work going on in the community, it is important that Sterling Heights and their 600-plus employees have a DEI Plan that they can work off of forever more. It is a best practice to continue fostering an inclusive work environment to address the needs of an ever-growing workforce, which is very diverse. The DEI Plan will be centered on reviewing all of their existing policies and procedures to see where they need to make updates and develop new procedures and policies, assuring they are ready for some of the change that comes along with growing a diverse workforce. They will conduct a Cultural Competency Assessment so they can build on their strengths and address their weaknesses and will put into place an Implementation Plan and Accountability Plan. They went through a very comprehensive plan to select a consultant, and there is a recommendation tonight to hire Life's Journey Training and Consulting. He explained the lead person involved with this consulting group is the Executive Director of the Michigan Diversity Council, a group that prepares these DEI plans for organizations across the state, not only public but also private organization,

including auto manufacturers and hospitals. This firm has extensive experience in this field, and they also have an individual who works for them and is the Chief of Public Safety for the City of Kalamazoo. They believe this individual will be very advantageous to the process, knowing that DEI is critically important, not only for all departments in the organization, but especially in the Police and Fire Departments. He advised the contract on the Consent Agenda this evening is for \$64,000 to complete Phases I and II, which they anticipate will take about a year to complete. Once they have the plan complete, they will continue to build on it forevermore.

Mr. Vanderpool concluded his report by requesting that, at the conclusion of tonight's agenda, the City Council convene in Closed Session pursuant to Section 8-E of the Open Meetings Act, for Council to consult with the City Attorney regarding trial or settlement strategy in connection with Macomb County's Circuit Court Case No. 2021-0757-AA.

**6. PUBLIC HEARINGS**

A. Please note that this item, which is the 2021/22 Budget Public Hearing and Adoption, has been moved to follow Item 8 on tonight's amended agenda.

**7. ORDINANCE INTRODUCTIONS**

A. Mayor Taylor stated this is to consider introduction of a Tax Exemption Ordinance providing for payment of service charges in lieu of real property taxes for the Van Dyke Apartments residential housing located at 43700 Van Dyke, 43720 Van Dyke, and 43750 Van Dyke. He invited City Planner Chris McLeod to give a presentation.

City Planner Chris McLeod explained they have a two-person presentation this evening, so he will go through the actual project, and Senior Economic Development Advisor Luke Bonner will explain the PILOT program. He added that Martin Manna and Sam Solomon from the Chaldean Community Foundation are also present to answer questions. He explained this is a project that has been ongoing since 2016, and it is four-story mixed-use building, with 135 residential units and about 9,000 square feet of retail along the frontage of the property. Through a PowerPoint presentation, he showed an architectural rendering of the proposed development, noting it is close to the street, which is mimicking the style of development they are looking for in the Corridor Improvement Authority. He showed the overall site plan of the area, including the development, as well as a stormwater facility transitions to the east and will potentially become a donation parcel to the City. He showed the Landscape Plan, as well as the plan of the building itself, noting that the commercial uses have yet to be determined, but anything that meets the requirements of the C-3 District would be permitted. There will be an area for amenities of the residential units, including a fitness center and community room for the residents within the building. He showed a detailed layout of a residential unit, with a total of 63 one-bedroom units and 72 two-bedroom units. He invited Senior Economic Advisor Luke Bonner to explain the actual Payment in Lieu of Taxes (PILOT), and he indicated he will be glad to answer questions.

Senior Economic Advisor Luke Bonner stated this has been in the works since May 2016, so it is complicated in a lot of ways, but is a project they want to make happen. He explained it made a lot of sense to work with the Chaldean Community Foundation to find the right location in Corridor Improvement Authority to provide housing with zero lot line setback, as well as something that would allow residents access to the infrastructure of the park and surrounding retail. He noted there have been a lot of hurdles to overcome related to the property, which is located in a floodplain and impacted by wetlands. It has taken a lot of time to go through engineering approvals with the State of Michigan and FEMA, and to design a project that accommodates a flood plain. He explained that within the subject property, there is a seven-acre property the Foundation intends to donate to the City once they ultimately determine what they need for the development, including sidewalks and parking. That donated parcel would be incorporated into the City's park system and made into a meaningful connection to Van Dyke, Riverland, and the Dodge Park system. It is serving a population that is required to have about 60 percent of the area comprised of affordable housing units, and there is a requirement that residents meet the income requirements, which is income of between \$36,000 to \$40,000 a year. The monthly rent will be between \$1,000 to \$1,200 per unit. He explained there is a financing mechanism in place, long-term debt financing through Michigan State Housing Development Authority (MSHDA), a 4 percent low-income housing tax credit with HUD, and locally, they can offer the Payment In Lieu Of Taxes (PILOT) program because as



the project serves a lower-income population, the actual operating costs have to reflect those rents and the impact that has on the overall development. Mr. Bonner outlined that the introduction of the Ordinance tonight includes a PILOT payment of approximately \$12,200, or 1 percent of net rents, and a Municipal Services Agreement, which is approximately \$20,000, or 1.63 percent of net rents. The \$12,200 PILOT payment is distributed evenly among taxing jurisdictions based on their proportional share of a typical property tax, and the \$20,000 Municipal Services Agreement comes back to the City and essentially pays for public services, including police and fire, that would go to servicing this project in the future. He clarified the ground floor commercial space on Van Dyke is not part of the PILOT project, and the estimate is about \$18,000 of new property tax that will be generated and will go into the Corridor Improvement Fund to be used for investment for other parts of the district. He offered to answer questions and introduced Martin Manna and Sam Solomon from the Chaldean Foundation who can also answer any questions related to this project.

Mayor Taylor opened the floor to the general public.

- Jon Matthews – pleased to see the commercial part of the development; questioned if there would be a corresponding sliding scale for rent if budget for City services goes up; felt it will aid in diversity and increase housing sustainability for future; in support of the request.

Moved by Yanez, seconded by Taylor, **RESOLVED**, to introduce the City of Sterling Heights Tax Exemption Ordinance providing for payment of service charges in lieu of real property taxes for the Van Dyke Apartments residential housing located at 43700 Van Dyke, 43720 Van Dyke, and 43750 Van Dyke.

Councilman Yanez commented that this has been planned for a long time, and a lot of thought has gone into it. He felt it is the anchor of what will come in the North Van Dyke area and he stated is excited about the project.

Councilman Radtke felt this will be the catalyst for the North Van Dyke project. He thanked the Chaldean Community Foundation for sticking with this, and he is in full support of this project.

Mayor Pro-Tem Sierawski questioned how residents can apply for this housing opportunity.

Mr. Martin Manna, of the Chaldean Community Foundation, replied that there will be an application process, as there is anytime something goes through MSHDA or HUD, and depending upon the popularity, it may even be a lottery-type process, but he assured their mission is very clear, and it is open to all residents, not only those of Chaldean descent. He replied to further inquiry that they do not yet have a name for the project, but they are currently going under CCF Van Dyke Development.

Councilwoman Ziarko felt this is a great idea and long overdue. She referred to the last statement on the slide presentation, which indicated the City has used these PILOTS and they have been successful. She questioned where these were used throughout the City.

Mr. McLeod replied that Autumn Ridge was approved about six months ago, and Theria Terrace was approved last year and will be built in the 14 Mile / Red Run

area. They identified in their Master Plan a need for low- to moderate entry market rate housing. This will be the third project within the last year, and they are trying to fill that gap.

Councilwoman Schmidt commented that this looks like a beautiful development, and the area needs a modern look. She inquired as to whether the street level will be retail or business.

Mr. Manna replied the goal is to create about 9,000 square feet of retail space. They have not confirmed what that might be, but they anticipate a bakery, restaurant, a market, or other similar uses.

Councilwoman Schmidt appreciated the donation of property back to the City so they can appreciate the park system.

Mr. Manna stated they have a large community in Oakland County, and he stated the process working with Council and the staff in Sterling Heights has been very rewarding and one they share with other municipalities. He added this is the way a city should be run.

Councilwoman Koski requested clarification as to what taxes will be paid by this project.

Mr. Bonner replied there are three aspects. The PILOT will generate \$12,200 and that will increase based on income, up to 2 percent. That payment is representative of what each taxing jurisdiction will receive proportionate to what their percentage tax is in the overall property tax, and the City will receive a small portion of that. The Municipal Services Agreement is \$20,000 and comes directly

to the City in order to support police and fire service for a project such as this. The regular ad valorem property tax is estimated to be around \$18,000, which applies to the commercial portion of the development, and that money goes into the Corridor Improvement District. It is assessed based on 9,000 square feet of commercial.

Councilwoman Koski inquired as to the location of the ingress and egress for the rear portion of property that is anticipated to be donated to the City if it is turned into a park.

Mr. Bonner showed the current site plan, which requires an easement through the CCF property, and it would go in an east/west direction from the front of their project to the back of their project, leading to the 7-acre area. They are waiting for the rest of the Van Dyke Master Plan to be completed before they plan the rest of this project.

Councilwoman Koski felt that will make a beautiful park, but she wanted to make sure they will have an easement to bring people in from Van Dyke.

Mr. Bonner replied the goal is to utilize that parcel.

Mayor Taylor agreed this has been a long process, and he added he is impressed with the Chaldean Community Foundation and how long they have been committed to this project. He thanked them for their patience. He agreed with his colleagues that this is a catalyst for this district, and he is excited about this project. He thanked Mr. Manna for his kind words about the City Administration

and staff, noting they work hard to assure business owners and residents alike who need services are given first-class treatment.

Yes: All. The motion carried.

**8. CONSENT AGENDA**

Mayor Taylor stated this item is consideration of the Consent Agenda. He opened the floor for public comments.

- Charles Jefferson – questioned Item 8-J; did not believe it is needed; claimed this is a diverse community and everyone gets along.

Moved by Koski, seconded by Ziarko, **RESOLVED**, to approve the Consent Agenda as presented:

- A. To approve the minutes of the Special Meeting of April 13, 2021.
- B. To approve the minutes of the Regular Meeting of April 20, 2021.
- C. To approve payment of the bills as presented: General Fund - \$688,094.83, Water & Sewer Fund - \$3,107,889.12, Other Funds - \$2,587,958.75, Total Checks - \$2,587,958.75.
- D. **RESOLVED**, to purchase ten (10) Dell Networking PoE switches from Access Interactive, LLC, 46665 Magellan Drive, Novi, MI 48377, at pricing available through Midwestern Higher Education Commission cooperative purchasing contract, #MHEC-07012015, at a total cost of \$41,242.50.
- E. **RESOLVED**, to approve the purchase of animal control services from the Macomb County Animal Control Department as pricing established by the 2021 fee for services schedule.
- F. **RESOLVED**, to approve the Interlocal Service Agreement for Use of Gun Range between the City of Sterling Heights and City of Troy and authorize the City Manager to sign the Agreement on behalf of the City.
- G. **RESOLVED**, to award the bid for transitmix to Paragon Ready Mix, 48000 Hixson Avenue, Utica, MI 48317, as the “primary” vendor and Protocon RM, 6227 Metropolitan Parkway, Sterling Heights, MI 48312, and Superior Metals, LLC, 30701 W. 10 Mile, Farmington Hills, MI 48336, as “secondary vendors based on the respective unit prices bid for a two-year period and authorize the Department of Public Works to purchase from a secondary vendor where necessary to ensure timely delivery of transit mix to the job site.
- H. **RESOLVED**, to award the bid for motor oils, solvents, and anti-freeze to Lyden Oil Company, 8151 Millis Road, Shelby Township, MI 48317, based on unit prices bid for a one-year period.

I. **RESOLVED**, to:

1. Split the award of the bid for bulk, supplies and materials to the vendors and at the respective unit prices specified below for a one-year period:

To: J.T. Express, Ltd., P.O. Box 204, Imlay City, MI 48444

A. Fill Sand	\$ 8.95 per ton
B. Mason Sand	\$12.20 per ton
C. 60x40 Gravel	\$18.00 per ton
F. Pea Pebble	\$18.25 per ton
M. Road Gravel	\$11.95 per ton

To: J & H Transportation, Inc., 37580 Mound Rd., Sterling Heights, MI 48310

D. Fine Crushed Concrete (Primary)	\$13.50 per ton
G. Clean Top Soil	\$14.50 per cubic yard
E. Coarse Crushed Concrete (Alternate)	\$17.50 per ton

To: Fiore's Crushed Concrete, Inc., 33200 Mound Road, Sterling Heights, MI 48313

E. Coarse Crushed Concrete (Primary)	\$17.45 per ton
K. 321 Crushed Concrete	\$16.45 per ton
D. Fine Crushed Concrete (Alternate)	\$14.85 per ton

To: Osburn Industries, 5850 Pardee, Taylor, MI 48180

H. 6A Stone	\$20.00 per ton
J. 23A Limestone	\$18.00 per ton

2. Reject all bids for:  
I. Shredded Hardwood Mulch  
L. Black Mulch

- J. **RESOLVED**, to accept the proposal by Life's Journey Training and Consulting, 14710 Loretta Place, Oak Park, MI 48237, for diversity, equity, and inclusion consulting services and authorize the City Manager to sign all required documents on behalf of the City.

Yes: All. The motion carried.

6. **PUBLIC HEARINGS**

- A. Mayor Taylor stated this is the 2021/22 Budget public hearing and adoption, which was originally Item 6-A. He invited Finance & Budget Director Jennifer Varney to give a presentation.

Finance and Budget Director Jennifer Varney explained the City Charter requires a formal public hearing be held on the budget before its adoption. She provided an overview of the budget highlights they have discussed, noting the proposed budget was submitted to City Council on March 25, and since March 26, the budget has been available for public inspection on the City's website and at the City Clerk's office. The Appropriations Ordinance was introduced at the April 13 City Council meeting. She explained the proposed City Budget totals \$228.7 million, and she showed the breakdown between the five major funds. The total budget decreased \$20.7 million, or 8.3 percent, over last year. She explained there are decreased spending in facilities improvements, capital projects, and *Re*Creating Recreation, and increase in investment, road construction, water and sewer infrastructure, and the General Fund, specifically in Police, Technology, and Human Resources. The General Fund increased \$2.8 million, or 2.5 percent, over last year, with the cause of those increases in personnel primarily due to the addition of eighteen new positions, including seven police officers. There were also increases in pension contributions and health insurance premiums. She reminded that, out of the over seventy positions recommended in the manpower study, an additional twenty-four were prioritized and recommended in the proposed budget; however, that number has now been cut to eighteen. She informed that, even with the addition of the eighteen position, Sterling Heights still has the lowest number of employees per resident of all of their comparable communities. She stated General Fund increases were seen in the transfer to the

Major Road fund, liability insurance, grant-funded expenditures, and decreased overtime costs.

Ms. Varney explained that two amendments were made and approved at the April 27 Budget Workshop, with the first being to purchase an additional five power-load systems for ALS Transport, and the second to eliminate the 0.25-mill property tax increase that was implemented to fund the thirteen new administrative positions. Six of those thirteen proposed positions, as well as the Fire Cadet Program and other costs, were cut to offset the property tax decrease. She advised that General Fund Revenues are lower than proposed Expenditures by \$2.1 million, so a use of Fund Balance is proposed, and this amount has not changed from the original proposed budget. She reminded that \$700,000 of the use of Fund Balance is an investment in the transition to LED street lighting, which will pay for itself within four years through reduced utility expenditures. They expect they will be able to use the American Rescue Plan funding to offset the remainder. Ms. Varney informed that the proposed use of Fund Balance will reduce their General Fund reserve balance to 24.5 percent of expenditures, which is still at a very healthy level.

Ms. Varney stated the proposed City tax rate is at 16.6742, which is a 2.8 percent increase to fund Police & Fire pensions, and an increase for the average resident of \$3.15 per month. Their tax rate will still be one of the lowest in Macomb County's cities, and the lowest among Macomb County communities that have their own police department. She stated the 2021/2022 budget preserves the City's solid



financial position, preserves the low city tax rate, preserves low water and sewer rates, includes over \$15 million for road improvements, includes funding for a total of eighteen positions, including seven additional police officers and a full-time social worker, funds the LED street-lighting conversion, fully-funds all long-term liabilities, funds police body cameras and replaces ten patrol vehicles, replaces the multiple snow-plow trucks, includes lift-assist equipment for all seven ambulances, and funds an EGaming arena offset by donations.

Ms. Varney explained the Appropriations Ordinance is the legislative vehicle that allows for expenditure of funds throughout the City and reflects the City Council's plans for expenditures and revenues, and it sets the total property tax millage rate at 16.6742 to fund those expenditures. She informed the Appropriations Ordinance was introduced at the April 13 City Council meeting, and the Ordinance in front of them tonight includes the amendments approved by City Council at the April 27 Budget Workshop. She stated they are respectfully requesting approval of the proposed budget as amended.

Mayor Taylor opened the public hearing and asked if anyone in the audience would like to speak. No one in the audience spoke, and Mayor Taylor closed the public hearing.

Moved by Yanez, seconded by Ziarko, **BE IT ORDAINED**, to adopt the Annual Appropriations Ordinance, as amended, for the 2021/22 fiscal year with the following property tax millage rates: 9.4940 mills for Operations, 0.9877 mills for Refuse Collection, 2.7240 mills for Police & Fire Pension, 2.4157 mills for Safe Streets, 0.9378 mills for Recreating Recreation and 0.1150 mills for Public Improvements (Proposal F) for a total property tax levy of 16.6742 mills.

Councilman Yanez felt they put a lot of thought, time, and effort into this budget, and have had a very healthy discussion on it over the last month. He stressed there are a lot of city departments, and they have not recovered completely from the Great Recession with regard to manpower. He felt the City has done a good job with the manpower they have and that this is a fair budget. He added that he understands they are still coming off this pandemic with a lot of people who have been stressed and have suffered, including financially, but the City continues to move on, so they have to ensure they are maintaining a high quality of life that maintains high property values and the services the people want. He felt this budget accomplishes that, so he indicated his full support of its adoption.

Councilwoman Ziarko thanked Ms. Varney and her staff for taking the amendments and coming up with the new numbers for the budget. She reminded the budget is a guide and can be adjusted when needed. She will look forward to December to see what will happen and what they may be able to do later in the year. She felt this is a compromise and is glad they were able to reach it.

Councilwoman Schmidt thanked Administration for adjusting the budget without using additional Fund Balance, and she appreciated their hard work, adding it is not easy to do. She is glad they are still able to fund the additional police officers, which is very important to her. She agreed with Councilwoman Ziarko that this is a compromise on everyone's part. She felt their residents will be satisfied with this,

and assured Council is trying to the best they can for the residents of the City. She expressed full support of the proposed budget.

Councilman Radtke questioned whether taxes are going up next year even with the cuts in the proposed budget.

Ms. Varney replied affirmatively, noting they will be going up about 2.8 percent.

Councilman Radtke calculated it is an average of a \$38 tax increase. He felt this budget is fundamentally dishonest, although he assured it is nothing against what Administration was asked to do. He noted they are taking money out of their Major Roads fund and cut the money they are putting into their Insurance Liability fund, all so they do not have to take money from the General Fund. He pointed out, however, that if the City is sued and the money is not in their Liability fund, they will have to take it from the General Fund. He felt it is a disservice to their employees. He stated they do a lot here with few employees, but eventually they do less and less. He stressed he is happy to put more police officers on the street, and he thanked Administration for doing that. He felt the residents are not getting anything for this tax increase. He commented that they have always asked the residents to pay more, but they have always been shown what they will get for the money they are paying. He cited the examples of the Safe Streets millage, where they retained police and fire positions, and neighborhood roads are being fixed. He also mentioned Proposal F, where the Fire Stations were improved, and ReCreating Recreation, where all of the parks were improved, along with other added amenities. He felt they have the confidence of the residents, and he would

prefer to ask the residents to pay a little more so they can put more employees to work for those residents and afford better services for them. He claimed that they are literally cutting a position that would be answering phones and helping residents with questions on their Water and Sewer bills. He stressed they have “cut the fat from the budget but are now cutting the meat”, and he stated he cannot support it and will be voting no, adding he felt there is so much more they can do for the residents.

Mayor Pro-Tem Sierawski requested Ms. Varney explain why the taxes are going up.

Ms. Varney replied the tax increase is almost entirely related to the Police and Fire millage. She explained the Police and Fire millage is a floating millage approved by the voters as a part of the Charter to fund the required contributions of the Police and Fire plan. It went up last year and again this year, so the tax increase is to fund that contribution to the Police and Fire Pension Plan for this year’s increase and last year’s increase.

Mayor Pro-Tem Sierawski inquired as to whether this was voted on by the people to have and maintain this fund.

Ms. Varney replied affirmatively, adding it was voted on as part of approving the City Charter. She indicated there are some minor adjustments to the Refuse millage, and downward adjustment to Safe Streets, but the vast majority is directly related to the contribution to the Police and Fire Pension Fund.

Mayor Pro-Tem Sierawski pointed out that the residents had a say on this when it was voted in. She requested confirmation that there is no Council-led increase in this budget.

Ms. Varney replied the 0.25 mill that was included to fund the new positions was removed from the budget. She replied to further inquiry that the 0.25 mill is under their approved millage cap, but it was not specifically voted on by the voters.

Mayor Pro-Tem Sierawski pointed out City Council has the ability to raise the taxes up to the cap, but the question is whether they should do it. She noted the comment was made that the residents are not getting anything for this anticipated tax increase, but that tax increase is to increase their contribution to the Police and Fire Pension Fund.

Ms. Varney replied that is correct.

Mayor Pro-Tem Sierawski appreciated the hard work that City Administration did on finding a solution that Council asked for in removing the 0.25-mill increase, and the fact they did it so quickly. She stressed this is a pandemic, and she could not in full conscience continue to "pile on more" to the residents. She stated she is happy with this budget, and she clarified that, while the citizens deserve the best, the City has to maintain a budget to give the residents and businesses the services they need but within what the City can afford. She indicated she is happy to vote in favor of this budget.

Councilwoman Koski commended Ms. Varney for the cuts that were made, which were not existing employees.

Ms. Varney confirmed that is correct, noting the original budget included thirteen new employees from their manpower study, which showed the need for seventy employees. They whittled it down to thirteen administrative, or General Fund, employees. Of those, six of those positions were cut from this budget.

Councilwoman Koski inquired as to whether they make a financial adjustment in December. She pointed out they will not raise taxes at that point because she understood the millage is set for July.

Ms. Varney replied that in every December, they look at their revenues and expenditures. To her knowledge, they have never increased a millage in December, although she believed they could theoretically do so.

Councilwoman Koski commented that in the thirty years she has been here, they have never raised a millage in December. They make adjustments, depending upon revenue coming in, so if there is a shortfall in revenue, they reduce some of their expenditures, and if there is more revenue, they can do a little more. She pointed out they still have to determine the use of the \$20 million they are anticipating in federal funds.

Ms. Varney confirmed the estimate they are anticipating from the American Rescue Plan is \$20 million, although those numbers are not final, and they do not yet have the guidelines from the federal government as to what they can legally do with that money. They have a broad summary but not specific guidelines, although she heard they may receive that information in mid-May.

Councilwoman Koski questioned if the guidelines allow for the replenishing of shortfalls, whether that could take care of their insurance premium shortfall or any item that they cut out of this budget.

Ms. Varney replied it is possible, depending upon how the federal government defines "revenue shortfalls". There is a provision in the American Rescue Plan that says the money can be used for government services to the extent that they have lost revenue.

Councilwoman Koski indicated there is still hope they may be able to do something later in the year. She complimented Ms. Varney on the great job, and she felt strongly that they should not be raising taxes at this time. She understands the workings of the Pension Fund, which is something over which they have no control, so the 2.8 percent increase is a given. They would like to hire the additional six positions that have been cut from this budget, but they will do that when they have the funds to pay for them. She stated she is happy with the budget, and again commended Ms. Varney on doing a great job.

Mayor Taylor questioned whether the millage rate for the Police & Fire Pension fund goes up or down, depending on what the actuary determines the City needs to contribute.

Ms. Varney confirmed that is accurate, adding that Act 345 was approved as part of the Charter which authorized this millage.

Mayor Taylor admitted this was approved by the voters; however, he pointed out it was approved by the voters in 1967.

Ms. Varney replied affirmatively.

Mayor Taylor agreed there is not much they can do about it, but he did not feel it is fair to tell the voters they "voted it in". Something the City can do is adjust pay and benefits, including adjusting multipliers, which would all affect what their contributions to this fund would be, so although the City Council may have some control over it, they do not have that control immediately.

Ms. Varney replied to inquiry that there is an operational millage increase, but it is to offset the Police & Fire Pension increase from last year that they chose to offset. Mayor Taylor referred to Councilman Radtke's comments that the tax increase for the Police & Fire Pension fund does not increase the services to their residents. If this budget goes through, they are raising the millage rate by about 0.42 mills, but the services will be staying the same. He recalled it was the policy of the City for years that if the Police & Fire Pension goes up, they reduce the operational to equalize it. Last year, they were concerned about all of the manpower shortages, and the fact they cannot continue to cut the operational budget when the Police & Fire millage goes up. He pointed out they were in the middle of a world-wide pandemic last year, and the unemployment rate was unlike anything they had ever seen. He expressed frustration with what occurred at the Budget Hearing last Tuesday, and what has been proposed. He claimed that the items cut from the budget are deferments, and they will be back in the budget in the future. He noted the Fire Cadet Academy was something they wanted to do considering they are having a difficult time recruiting firefighters. They came up with a plan to make it



easier on the City to have a “pipeline” for firefighters, and now they are “scrapping it”; however, he felt they will pay for it next year. He also pointed out they are reducing the purchase of police vehicles, but he stressed that means they will be driving the police vehicles longer, but eventually they will catch up and buy the police vehicles. He pointed out they have a savings account of \$30 million, as well as another savings account, which is the Insurance Fund. Out of that fund, they pay money, noting they are self-insured. If they are sued and the money is not there, they will have to take it out of the General Fund. He felt a compromise would be to raise taxes for the average homeowner of \$40 a year rather than \$60 a year. He questioned why they are hiring seven people if they do not have a way to pay for them. He questioned how they will continue to fund these seven positions going forward. He could not recall doing this in the history of his serving on this Council. He stated he cannot agree with this budget and felt they should not be approving a budget based on figuring it out next year.

Mayor Pro-Tem Sierawski referred to Mayor Taylor’s comments that they will not have funding for the seven General Fund employees they are proposing to hire. She questioned whether that is the case, because she was given information that those positions would continue to be funded.

Ms. Varney replied that they funded these seven positions by making other cuts, and she believes the cuts are sustainable for the next few years. She admitted they have been trying to get the Fire Cadet Program going for several years, but there is no mandate to add it back to the budget. They left enough of the Executive

Leadership Training in the budget to allow two leaders. She stressed it is all about choices. They are still transferring \$500,000 to the self-insurance fund, and that was allowed for many years. They upped it to \$750,000 one year. There is a \$6 million balance in the self-insurance fund, which includes funding for both health care and liability. They would have to reevaluate it every year based on claim activity, which is not always predictable. She addressed the General Fund transfer to Major Roads, noting that they like to have a nice fund balance because unexpected things come up during the year, or there are times when the County has a project and requires a match from the City. She forecast putting in only \$250,000 for the next five years, and if they do that, they can fund all of their planned road projects, but it does not leave much extra for things that may arise. Mr. Vanderpool stated they went through this very thoroughly and thoughtfully. The budget as submitted originally was their proposal, and they felt it was justified, but the City Council expressed their prerogative to reduce the proposed millage rate and directed Administration to make the necessary adjustments. The cuts they subsequently made are something they believe is sustainable in the near future, although they will have to be reviewed every year. It is possible that some may have to go back up, so that will present Council with other difficult choices. They will have that option at the appropriate time, so it is all about choices and timing. They believe this is a reasonable compromise based on the direction provided at the last City Council meeting. He admitted these are painful cuts, but they feel they strike the right balance based on the direction they were provided.

Mayor Pro-Tem Sierawski thanked Mr. Vanderpool and Ms. Varney for clarifying the information she was given. She noted if they can make something work a year until they can actually afford it, they are saving a little bit of money. She assured this does not mean the citizens do not deserve these services, because the City would love to be able to provide them, but she felt it is in their best interest not to ask them to take another financial hit at this time.

Mayor Taylor explained he is hearing that they can make this budget work for the near future and possibly get by for a year, two years, or possibly three years; however, he did not feel they should be hiring seven new long-term employees and expect to be able to pay for them over the next thirty years by year-by-year deferral of payments on other items. He proposed that the City remains conservative with their General Fund balance, their Insurance fund, and their Major Road fund. He pointed out they were lucky a couple of years ago with the Major Road fund because they went to the County requesting them to redo many of the roads, and the County agreed to do it if the City would pay a portion. The City had the money to do it, and they leveraged \$2 million dollars into about \$12 million dollars' worth of road work. He pointed out that the \$250,000 contribution to the Road fund that they are cutting could end up being leveraged into \$1 million to \$2 million of roadwork that will not get done. He stressed that this bill will come due because they cannot ignore the condition of the roads, and he added that that they may have to put in even more next year. If they do, he questioned how these seven positions will be funded. He also felt that in

December, or possibly next June, the budget will have the six additional positions they desperately need now. He felt the budget is a “stop-gap” to get them to next year.

Councilman Radtke talked about the budget process last year during the height of the pandemic, where they tried to salvage what they could. He pointed out they expanded the budget process and had to work hard because they did not know how much they could raise, with unemployment, purchases of personal protection equipment (PPE), overtime, etc. He added it was fortunate that they received money back from the federal government to cover those costs. They considered during the budget process that they may not get reimbursed for those items, so they chopped an already-lean budget by about \$5 million, including projects he and his colleagues cared about. He stressed they did that because they wanted to be on firm financial footing. They had to make cuts in order to protect what they had, and he stated he was very proud they did it. He claimed the unemployment rate in Michigan is 5 percent, which is 15 points lower than it was at this time last year. He admitted the pandemic is still hurting them, but they are moving forward to this summer when hopefully things will begin to get back to normal. He anticipated they will start to see large projects because people will be going back to work, and they will be coming to the City for services. He did not feel it makes sense to chop the budget more this year, and he indicated they possibly should have floated the millage rates higher last year because of the Police and Fire Pension Fund balances being recalculated. Instead of forcing a tax

increase on the voters last year when they knew everyone was hurting, the City now has to pay more this year because of it. He cautioned that they will have to pay more next year to sustain the services they have. He commented that they are cutting police cars to get lifts for the ambulances, so everything in life has a trade-off; however, they will have to eventually purchase police cars.

Councilwoman Ziarko questioned how the elimination of the 0.25-mill increase affects the business owners and the landlords in the City.

Ms. Varney replied that the 0.25-mill increase would cost the average homeowner about \$20 per year based on an average taxable value of just under \$81,000. Taxes are based on taxable value, so a business would pay more.

Councilwoman Ziarko pointed out that there are many businesses that are not completely open, and there are some vacancies because of what happened over the last year, so when they say it is "just 0.25 mill, or an average of about \$20 per year", that may be the case for a homeowner, but it looks different for a business owner who has to pay much more. She stated it bothers her that there are positions they will not be able to fill, but she stressed they have a responsibility to do what they can for the residents of this community. She felt to say they are "putting this off" or that this is not "full disclosure" is unfair at this time. She emphasized she is opposed to raising the taxes by 0.25 mill, stating it is not just about the homeowners but also the businesses in this community that are still suffering.

Mayor Taylor clarified he does not begrudge anyone on Council for not voting in the 0.25-mill increase in taxes, because he understands people are still hurting, and the stigma that “government keeps taking”, especially given the circumstances over the last 14 months with the pandemic. He expressed concern that they have decided not to raise the taxes but to go ahead and spend as though they did. He stressed they cannot spend money they do not have. He felt their choice is to hire these employees and provide a dedicated funding source for them, where they do not have to reduce funding to other areas they know they will have to reinstate in the future. They can get by with it this year, and possibly one or two additional years, but he cautioned that eventually the bill is going to come due. He would like to see a budget with an honest funding source for these positions, or he would like to see a budget without these positions. He commented that these seven people being hired may leave good jobs to take what they perceive as better jobs, only to be told down the road that there is no way to pay for them. He stated he will not vote for this budget.

Roll Call: Yes: Yanez, Ziarko, Koski, Schmidt, Sierawski.

No: Radtke, Taylor.

The motion carried.

**9. COMMUNICATIONS FROM CITIZENS**

- Ken Nelson – spoke on budget and debt management.

Mayor Taylor reminded this is reserved for discussion of items not on tonight’s agenda.

- Charles Jefferson – questioned regulations on outdoor lighting on homes; complained some are too bright and on all night; talked

about backyard chickens; inquired as to at what point police chases are abandoned; suggested implementing drones operated by police command units; resolutions denouncing discrimination on various groups.

- Jon Matthews – noted Nurses Recognition Week being observed this week; felt best thank-you gift to them to make their jobs easier is continuing to follow proper protocol with masks and encouraging vaccines.

**10. REPORTS FROM CITY ADMINISTRATION AND CITY COUNCIL**

Mr. Vanderpool addressed the question on house lights and explained there is a City ordinance restricting footcandles spilling into other properties. Those in violation are addressed. They have a police pursuit policy that often results in pursuits being called off, and there are a number of factors that are considered. He noted the County controls the traffic lights, and drones are deployed by many police agencies in high-speed chases. He addressed the question on Resolutions denouncing discrimination, and he pointed out that the City Council recently approved a Resolution condemning hatred against any and all groups in the City. Councilman Radtke recently read an article in the Detroit Free Press which reported on social drinking districts approved in other communities and the success they have had. He requested, without objection, that Administration examine that issue and see if the City of Sterling Heights could institute a social drinking district in Dodge Park to coincide with "Patios 'n Pints". He believed they have to have two licensees, although he indicated he is not sure of the law, and he would appreciate a report on it.

There were no objections from Council.

Mayor Taylor noted the American Rescue Plan is anticipated to provide the City with approximately \$20 million in funding. Mayors around the country were talking about their programs and plans are. He commented that Mayor Duggan of Detroit has an anticipated \$880 million to spend, which is an enormous amount of money. He felt they will do a lot of good with the \$20 million for residents and business owners, and to plug some holes in their budget related to lost revenue. He understands there are four categories of spending that they are still working out, which include premium pay to employees, covering lost revenue, water and sewer, and broadband. He stated he is curious about all four, but he questioned whether the City has anything in mind for engaging the public, possibly by having residents and business owners come forward to explain how the pandemic has affected them, and what they can do with the \$20 million.

Mr. Vanderpool replied that water and sewer infrastructure is a big need and they would like to use some of that funding for that purpose. He added they are deeply interested in broadband and would like to get full internet service in Dodge Park and other parks. He added that, more importantly, they want to close the digital divide that exists in the community and are working with SEMCOG to devise a broadband plan for the City and better identify that digital divide. He agreed they will have to have a public engagement process but they need to understand the rules better before they can convene into these townhall settings. They know they will be able to provide greater assistance to businesses, especially restaurants, bars and pubs, and entertainment venues. They need to better understand the fine



details of the rules and they will put forth an action plan for City Council to consider with these ideas better outlined, and the actual public engagement process as well.

Mayor Taylor felt that is a good plan. He has heard that May 11 is a potential date for when the money would be released and the guidelines would be stated, although he does not know whether that date is firm.

11. **UNFINISHED BUSINESS**

There was no unfinished business.

12. **NEW BUSINESS**

There was no new business.

13. **CLOSED SESSION PERMITTED UNDER ACT 267 OF 1976**

Mr. Kaszubski stated there is one item this evening for closed session.

14. **ADJOURN**

Moved by Ziarko, seconded by Radtke, **RESOLVED**, to adjourn the meeting into Closed Session.

Roll Call: Yes: Ziarko, Koski, Radtke, Schmidt, Sierawski, Taylor, Yanez.

No: None

The motion carried

The meeting adjourned into Closed Session at 9:09 p.m.

The meeting adjourned from Closed Session at 9:30 p.m.

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MELANIE D. RYSKA, City Clerk