

# Southgate City Council Agenda

## Council Chambers

14400 Dix-Toledo Rd., Southgate, Michigan 48195

Wednesday March 18, 2020

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### 6:30pm **Work Study Session**

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1. Officials Reports
2. Discussions regarding agenda items

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### 7:00 pm **Regular Meeting**

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#### *Pledge of Allegiance*

**Roll Call:** Colovos, Farrah, George, Graziani, Rauch, Rollet, Zamecki.

**Minutes:**

1. Work Study Session Minutes dated March 4, 2020.
2. Regular City Council Meeting Minutes dated March 4, 2020.

*Motion to enter into closed session: Jueron H. Smith-Bey v. Ryan Scott and Keith Shurkus*

**Scheduled Persons in the Audience:**

**Consideration of Bids:**

**Scheduled Hearings:**

1. Memo from Administrator; Re: Vacate of alley located at 15150 Fort St.

**Communications "A" –**

1. Memo from Administrator; Re: Jueron H. Smith-Bey v. Ryan Scott and Keith Shurkus
2. Memo from Administrator; Re: Contract for School Resource Officer
3. Memo from Mayor; Re: Contract extension for Tree & Stump Removal
4. Memo from Administrator; Opting out of the Pays Program.

**Communications "B" – (Receive and File)**

**Ordinances:**

**Old Business:**

**New Business:**

**Unscheduled Persons in the Audience:**

**Claims & Accounts: Warrant #1397      \$ 1,587,643.72**

**Adjournment:**

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**Janice M. Ferencz, City Clerk**

City Council

## **Work Study Session**

March 4, 2020

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An Informal Meeting of the Council of the City of Southgate was held on March 4, 2020 at 6:30 P.M. in the Council Chambers of the Municipal Building, 14400 Dix-Toledo Highway, Southgate, Michigan.

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Present: Bill Colovos, Karen George, John Graziani, Phillip Rauch, Chris Rollet, Dale Zamecki]

Absent: \*Mark Farrah, \*excused

Also Present: Mayor Joseph G. Kuspa, City Attorney Ed Zelenak, City Clerk, City Treasurer Jim Dallos, City Engineer, John Hennessey, Assistant City Administrator/Finance Director David Angileri, Public Safety Director Jeff Smith, Fire Chief Marc Hatfield, Police Chief Joe Marsh, DPS Director Bob Tarabula, and Building Inspections Director Bob Casanova.

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Discussion took place on the following Agenda Items:

- Heating & Cooling Extension
- Carpentry Repairs Contract Extension
- Appointment to Library Commission
- Rec/File Appointments
- Charitable Gaming License Request

This meeting ended at 6:40 pm.

# City of Southgate

## Regular City Council Meeting

### March 4, 2020

A Regular Meeting of the Council of the City of Southgate was held in the Municipal Council Chambers, 14400 Dix-Toledo Highway, Southgate, Michigan on Wednesday, March 4, 2020 and was called to order at 7:00 PM by Council President John Graziani.

**This meeting began with the Pledge of Allegiance, followed by roll call.**

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Present: Bill Colovos, Karen George, John Graziani, Phillip Rauch, Chris Rollet, Dale Zamecki

Absent: \*Mark Farrah, \*excused

Also Present: Mayor Joseph G. Kuspa, City Attorney Ed Zelenak, Assistant City Administrator/Finance Director David Angleri, City Clerk Jan Ferencz, City Treasurer Jim Dallos, City Engineer John Hennessey, Public Safety Director Jeff Smith, Fire Chief Marc Hatfield, Police Chief Joe Marsh, DPS Director Bob Tarabula, and Building Inspections Director Bob Casanova.

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#### **Minutes:**

Moved by Colovos, supported Rollet, RESOLVED, that the minutes of the City Council Work Study Session dated February 19, 2020 be approved as presented. Carried unanimously.

Moved by Zamecki, supported by George, RESOLVED, that the minutes of the Regular City Council Meeting dated February 19, 2020 be approved as presented. Carried unanimously.

#### **Communications "A":**

1. Letter from Mayor; Re: Heating and Cooling Maintenance moved by George, supported by Rauch RESOLVED that the Southgate City Council hereby extends the current Heating & Cooling Maintenance contract for one year with Flo Aire Heating & Cooling, Inc. (15761 Eureka, Southgate, MI 48195) in the amount of \$52.00 per hour (M-F), \$75, 00 per hour (Saturdays, Sundays & Holidays) and Seasonal Maintenance of Spring and Fall at \$7,950 each season. BE IT FURTHER RESOLVED THAT sufficient funds are available in the various Departmental Budgets to cover costs associated with these maintenance issues.

Motion carried unanimously.

2. Letter from Mayor; Re: Carpentry Repairs and Construction moved by Rollet, supported by Zamecki, RESOLVED that the Southgate City Council hereby extends the current Carpentry Repairs and Construction contract for two years with Campbell Durocher Group (98 Winchester St., Monroe,, MI 48161) with the current prices of \$25.00 per hour when using one Journeyman and \$15.00 per hour for one laborer. BE IT FURTHER RESOLVED THAT sufficient funds are available in the DPS department to cover costs associated with the Carpentry Repairs and Construction.

Motion carried unanimously.

3. Letter from Mayor; Re: Appointments to Library Commission moved George, supported by Colovos, RESOLVED that the Southgate City Council concurs with the Mayor's Appointment of Mary Lamos and Helen Loveday to the Library Commission for a term expiring April 2023.

Motion carried unanimously.

## Regular City Council Meeting March 4, 2020

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### **Communications "B" (Receive & File)**

Moved by Rauch, supported by George, RESOLVED that the Southgate City Council receives and files the following communications:

1. Letter from Mayor; Re: Appointments to Water Board- for a term expiring April 2022  
Jerry Dusick  
Brian Wolff  
Robert Tank  
Dan Brooks  
Don Slankster

Motion carried unanimously.

2. Letter from Mayor; Re: Appointments to Parks & Recreation Commission – for a term expiring April 2022  
Lenny Dembrosky  
Rob Proudlock  
Dave Pinkowski  
Darlene Pomponio  
Scott Labadie  
Carol Gordos  
Roy Birmingham  
Cheryl Tank  
Chelsea Burke

Motion carried unanimously.

3. Letter from Mayor; Re: Public Safety Commission – for a term expiring April 2022  
Theresa Grzechowski  
Robert Hines  
Norm Loveday  
Paul Kolokowski  
Dave Smith  
Paul Knott  
Jim Austin

Motion carried unanimously.

### **New Business:**

1. Letter from Deputy City Clerk; Re: Charitable Gaming License moved by Zamecki, supported by George, RESOLVED that the Southgate City Council hereby approves the resolution for a Charitable Gaming License Resolution for the group RAINA (Reaching All in Need of Assistance), 12794 Commonwealth, Southgate, MI 48195.

Motion carried unanimously.

### **Unscheduled Persons in Audience:**

Tim Estheimer, 10937 Melbourne, Allen Park, addressed City Council re: State Representative.

## Regular City Council Meeting March 4, 2020

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### **Claims and Accounts:**

Moved by George, supported by Colovos, RESOLVED, that Claims and Accounts be paid as outlined on Warrant #1396 in the amount of \$1,252,716.46.

Motion carried unanimously.

### **Adjournment:**

Moved by Rollet, supported by George, RESOLVED, that this Regular Meeting of the Southgate City Council be adjourned at 7:09 P.M. Carried unanimously.

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John Graziani  
Council President

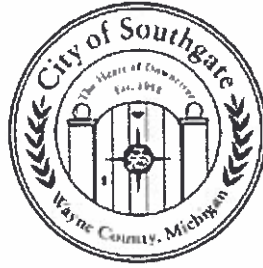
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Janice M. Ferencz  
City Clerk

JOSEPH G. KUSPA  
*Mayor*

JANICE M. FERENCZ  
*City Clerk*

JAMES E. DALLOS  
*Treasurer*



## City of Southgate

- CITY COUNCIL -

JOHN GRAZIANI  
*Council President*

MARK FARRAH

KAREN E. GEORGE

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

### Memorandum

To: Honorable City Council Members

From: Dustin Lent, City Administrator

Date: March 12, 2020

Re: Public Hearing to Vacate an Alley Right of Way, abutting 15150 Fort St., between Orange and Balsam Streets, Southgate, MI.

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The property owner at 15150 Fort St. has petitioned the City to vacate the alley right of way abutting his property between Orange and Balsam. At its meeting held on January 13, 2020, the Southgate Planning Commission unanimously acted to recommend approving the request to City Council.

Per Article 12, Section 190 of the City Charter, City Council must hold a public hearing to receive public comment on the request. At your meeting on February 5th, 2020 we set a public hearing for your meeting scheduled on March 18th. Notices were sent and also posted in the alley for the required length of time.

Attached please find the meeting minutes and approval from the planning commission.

The Administration recommends City Council's favorable consideration.

I look forward to City Council's questions and comments.

**City of Southgate**  
***Planning Commission Meeting***  
January 13, 2020

This meeting of the Planning Commission was held in the Municipal Council Chambers, 14400 Dix-Toledo Highway, Southgate, Michigan on Monday, January 13, 2020 and called to order by Chairman Ed Gawlik, at 7:34 p.m.

PRESENT: Barbara Biskner, Patricia Anderson, Jay Cashmer, Joseph Charney, Ed Gawlick, Chad Godbout, Leticia Crawford

ABSENT: Marie Henegar, Robin Craig (both excused)

ALSO PRESENT: Plan Consultant John Enos, Building Inspections Director Bob Casanova, City Administrator Dustin Lent, Council Member John Graziani, City Attorney Ed Zelenak

**Minutes:**

The first order of business is approval of the minutes from the November 18, 2019 Planning Commission meeting.

**Moved by Charney, supported by Anderson, that the minutes of the Planning Commission Meeting dated November 18, 2019 be approved. MOTION APPROVED UNANIMOUSLY.**

**Persons and/or Petitioners:**

1. Southgate Hospitality, Inc. request for Conditional Use Approval to allow for a senior living facility at 17201 Northline. (PC006-2019)
2. Dr. Mustafa Hashem, request to vacate alley at 15150 Fort St. between Orange and Balsam, West of Fort St. (PC005-2019)

**Public Hearings:**

1. Southgate Hospitality, Inc. request for Conditional Use Approval to allow for a senior living facility at 17201 Northline. (PC006-2019)

The applicant is requesting special conditional use in order to redevelop the former Holiday Inn to a "home for the aged facility". The internal structure of the hotel will be totally redeveloped and meet all State and Federal requirements for housing for the elderly.

A total of 113 beds within 110 rooms are proposed. The facility will be a combination of a "home for the aged" and a "memory care" facility. It will have a variety of amenities on site. Landscaping and parking issues must be addressed, we recommend applicant develop a landscaping plan and return to the Planning Commission for review. We recommend approval of the site plan conditional use with the condition they submit a revised Landscape Plan.

**Moved by Anderson, supported by Cashmer, to open the Public Hearing for Conditional Use Approval to allow for a senior living facility at 17201 Northline. MOTION APPROVED UNANIMOUSLY.**

The applicant stated they will comply with all city requirements and will submit a Landscape Plan within the month.

No public comments were received.

**Moved by Cashmer, supported by Charney, to close this Public Hearing. MOTION APPROVED UNANIMOUSLY.**

**Moved by Anderson, supported by Cashmer, to approve Southgate Hospitality, Inc. request for Conditional Use Approval to allow for a senior living facility at 17201 Northline, with a condition the applicant return to the Planning Commission with a Landscape Plan as soon as possible. (PC006-2019) MOTION APPROVED UNANIMOUSLY.**

2. Dr. Mustafa Hashem, request to vacate alley at 15150 Fort St. between Orange and Balsam West of Fort St. (PC005-2019)

The applicant has submitted a petition seeking to vacate the alley on the west side of their existing medical practice (Downriver Heart and Vascular Specialists). The alley connects Balsam Street to Orange Street. The alley currently is half concrete and half asphalt and separates a row of parking from the medical office building. An attractive brick wall screens the adjacent homes from the row of existing parking spaces.

We note that at least two above ground poles with overhead utilities exist within the alley easement. We suspect that water and/or sewer lines may run below ground within the alley location. If the City allows the alley to be vacated a utility easement will remain for all above and below ground utilities.

Based upon the information provided, the existing conditions, the current use and the existing medical office building screen wall, we recommend approval.

**Moved by Cashmer, supported by Charney, to open the Public Hearing for Dr. Mustafa Hashem, request to vacate alley at 15150 Fort St. between Orange and Balsam West of Fort St. MOTION APPROVED UNANIMOUSLY.**

No public comments were received.

**Moved by Cashmer, supported by Biskner, to close this Public Hearing. MOTION APPROVED UNANIMOUSLY.**

**Moved by Anderson, supported by Cashmer, to approve Dr. Mustafa Hashem, request to vacate alley at 15150 Fort St. between Orange and Balsam West of Fort St. (PC005-2019) MOTION APPROVED UNANIMOUSLY.**

**Officials' Reports:** None

**Correspondence:** None



**Old Business:** None

**New Business:**

1. Election of Officers for 2020.

**Election of Chairman for 2020**

Moved by Cashmer, supported by Charney, to nominate Ed Gawlik to serve as Chairman of the Planning Commission for the year 2020, and having no other nominations for Chairman, Ed Gawlik is hereby elected to serve as Chairman of the Planning Commission for the year 2020. MOTION APPROVED UNANIMOUSLY.

**Election of Vice Chairman for 2020**

Moved by Charney supported by Cashmer, to nominate Patricia Anderson to serve as Vice Chairman of the Planning Commission for the year 2020, and having no other nominations for Vice Chairman, Patricia Anderson is hereby elected to serve as Vice Chairman of the Planning Commission for the year 2020. MOTION APPROVED UNANIMOUSLY.

**Election of Secretary for 2020**

Moved by Anderson, supported by Biskner, to nominate Robin Craig to serve as Secretary of the Planning Commission for the year 2020, and having no other nominations for Secretary, Robin Craig is hereby elected to serve as Secretary of the Planning Commission for the year 2020. MOTION APPROVED UNANIMOUSLY.

3. **Adoption of 2020 Meeting Dates and Times**

Moved by Cashmer, supported by Charney, that the Planning Commission adopts the scheduled meeting dates and times as presented, for the year 2020. The meetings will be held in January, March, May, July, September and November. If additional meetings are required they will be scheduled accordingly. MOTION APPROVED UNANIMOUSLY.

4. **Appointment of Planning Consultant for 2020**

Moved by Charney, supported by Biskner, that the Planning Commission recommends to City Council that the firm Carlisle/Wortman Associates, Inc. 117 North First Street Suite 70, Ann Arbor, MI 48104, be retained as the Planning Consultant Firm for the City of Southgate, for the year 2020. MOTION APPROVED UNANIMOUSLY.

5. **Delegate Commission Chairman or Commission Secretary to set Public Hearings**

Moved by Charney, supported by Biskner, that the Planning Commission accepts the Delegate Commission Chairman or Commission Secretary to set Public Hearings as directed by the Building Official. MOTION APPROVED UNANIMOUSLY.

6. **Adoption of By-Laws 2020**

Moved by Cashmer, supported by Biskner, that the Planning Commission accepts the City of Southgate Planning Commission By-Laws and Rules of Procedure as defined in the August 8, 2011 meeting. MOTION APPROVED UNANIMOUSLY.

**Adjournment:**

**Moved by Charney, supported by Anderson, that this meeting of the Planning Commission be adjourned at 7:51 p.m. MOTION APPROVED UNANIMOUSLY.**

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Ed Gawlik  
Chairman, Planning Commission  
as

**CITY OF SOUTHGATE**  
**PLANNING COMMISSION RESOLUTION**

At a meeting of the Southgate Planning Commission called to order by Ed Gawlik on January 13, 2020 at 7:34 p.m. the following resolution was offered:

**Moved by Anderson, supported by Cashmer, to approve Dr. Mustafa Hashem, request to vacate alley at 15150 Fort St. between Orange and Balsam West of Fort St. (PC 005-2019)  
MOTION APPROVED UNANIMOUSLY.**

I, Ed Gawlik, Chairman of the Southgate Planning Commission, do hereby certify that the foregoing is a true, correct, and complete copy of a resolution adopted by the Southgate Planning Commission at a meeting held on January 13, 2020.

  
Chairman

cc: Plan Consultant, City Administrator, Building Department, City Council, Clerk, File, Attorneys

JOSEPH G. KUSPA  
*Mayor*

JANICE M. FERENCZ  
*City Clerk*

JAMES E. DALLOS  
*Treasurer*



## City of Southgate

- CITY COUNCIL -

JOHN GRAZIANI  
*Council President*

MARK FARRAH

KAREN E. GEORGE

BILL COLOVOS

DALE W. ZAMECKI

PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

### Memorandum

To: Honorable City Council Members

From: Dustin Lent, City Administrator

Date: March 12, 2020

Re: Jueron H. Smith-Bey v. Ryan Scott and Keith Shurkus

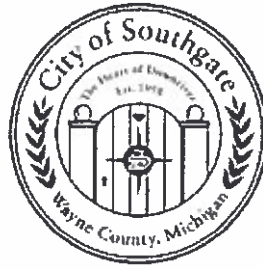
As previously discussed at this evening's closed session, the Administration has presented the City Council with a settlement agreement for Jueron H. Smith-Bey v. Ryan Scott and Keith Shurkus. The Administration believes that this agreement is in the best interest of the City. Therefore, the Administration respectfully requests that the City Council authorize this settlement on behalf of the City.

Please do not hesitate to contact me with any additional questions.

JOSEPH G. KUSPA  
*Mayor*

JANICE M. FERENCZ  
*City Clerk*

JAMES E. DALLOS  
*Treasurer*



## City of Southgate

- CITY COUNCIL -

JOHN GRAZIANI  
*Council President*

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PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

### Memorandum

To: Honorable City Council Members

From: Dustin Lent, City Administrator

Date: March 12, 2020

Re: Contract for School Resource Officer

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Administration agrees with Public Safety Director Jeff Smith and is requesting your approval of staffing a full time officer to serve as a resource officer assigned to the Southgate Community School District. The contract is attached and the school will be reimbursing the city for 75% of the Salary and Benefits of this officer. The School Board at their meeting on February 25th, unanimously approved the current contract provided.

The Administration recommends City Council's favorable consideration.

I look forward to City Council's questions and comments.

# MEMO

To: Honorable Mayor Kuspa  
From: Office of the Director of Public Safety  
Re: **Request for School Resource Officer**  
Date: 03-13-2020

Dear Mayor,

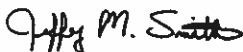
The Police Department is requesting your approval to create a School Resource Officer (SRO) position within the Southgate Public Schools. The police administration have been working with the Southgate Community School District for several months on this project. Currently the Southgate Schools Districts security officer assigned to the High School will be retiring at the end of the school year.

The primary duty is to serve as a uniformed presence at Southgate Anderson High School. The SRO will wear a full department uniform while working in the position. The SRO will also act as a liaison between the schools located in the City of Southgate and the Southgate Police Department.

City Administration and Police Administration have worked to create the attached agreement that was voted on and passed unanimously by the school board at their last Board meeting. It is my recommendation that we enter the agreement with the Southgate Schools as stated. An additional officer was requested and included in the 2020-2021 budget to cover this position.

With your concurrence, I respectfully request this item be placed on the City Council's agenda for the meeting scheduled on March 18, 2021.

Sincerely,



Jeffrey M. Smith  
Director of Public Safety

cc: Finance Director, City Administrator, Public Safety Commission (7), file

**Agreement for School Liaison Police Officer  
Between  
City of Southgate and the Southgate School District**

The purpose of this agreement is to confirm the commitment of a Southgate Police Officer as a School Liaison Officer and financial agreement between the City of Southgate and the Southgate School District.

The City of Southgate agrees to provide a certified police officer to serve as a school liaison officer to the Southgate School District for a four (4) year term beginning with the scheduled 2020-21 school year through the end of the 2023-24 school years.

The Officer's primary duty will be to provide uniformed presence at Anderson High School. The officer will be assigned to appear in a full uniformed capacity, including a marked patrol vehicle, at all times while performing the assignment. The Officer will also be assigned to act as a liaison to the Southgate School District Schools located within the City of Southgate.

The School Liaison Officer (also known as School Resource Officer), will be assigned to work eight (8) hour days, on 180 scheduled school days, for a total of 1440 hours, each school year. The School Liaison Officer may be asked to attend some school and district related activities or events, after normal school hours, for which the City will assume the expense, but only with prior Police Administration approval.

The Southgate School District agrees to pay 75% of all costs for this officer for each school year. As of May 1, 2020, the total fiscal cost to the City for an officer at the 2yr rate of pay is \$107,113 which includes the officer's base wages plus benefits.

Cost to the District: 2020-2021 School Year = \$80,335.00

2021-2022 School Year = \$80,335.00 (City will add no rate increases)

The amount may be adjusted for the remaining two years based on contractual wage and healthcare increases. The City will assume all overtime expenses associated with any criminal investigations related to that position.

The School Liaison Officer may be called away from the school or temporarily reassigned due to an immediate law enforcement emergency, as determined by the Director of Public Safety.

The City of Southgate, specifically the Southgate Police Department, will retain administrative control and supervision of the officer, and will be responsible for the selection process pursuant to the current Collective Bargaining Agreement with the Southgate Police Officers.

Either Party may cancel this agreement with a ninety (90) day notice in writing to the other party. Costs shall then be allocated and based upon the portion of the agreement performed as of the end of the 90 day period.

 3/27/2020  
School District Superintendent

  
School Board President

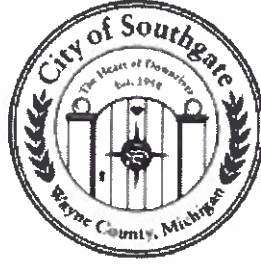
\_\_\_\_\_  
Mayor

  
Director of Public Safety

JOSEPH G. KUSPA  
*Mayor*

JANICE M. FERENCZ  
*City Clerk*

JAMES E. DALLOS  
*Treasurer*



**City of Southgate**  
**Celebrating 60 Years!**

- CITY COUNCIL -

JOHN GRAZIANI  
*Council President*

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BILL COLOVOS

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PHILLIP J. RAUCH

CHRISTOPHER P. ROLLET

March 10, 2020

To the Honorable  
City Council  
Southgate, Michigan 48195

Re: Contract extension for Tree & Stump Removal

Ladies and Gentlemen:

It is recommended by the DPS Director and I concur, that the contract with Tree Man Services, Romulus, Michigan for Tree and Stump Removal be extended for three years. Tree Man Services has agreed to keep the same fee schedule for the next three years.

Funds for this bid award are derived from the Local Street Fund for the bid.

Your favorable consideration of this matter is requested.

Sincerely,



Joseph G. Kuspa  
Mayor

JGK/law



**JOSEPH G. KUSPA**  
*Mayor*

**JANICE M. FERENCZ**  
*City Clerk*

**JAMES E. DALLOS**  
*Treasurer*



## City of Southgate

- CITY COUNCIL -

**JOHN GRAZIANI**  
*Council President*

**MARK FARRAH**

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**PHILLIP J. RAUCH**

**CHRISTOPHER P. ROLLET**

### Memorandum

**TO:** The Honorable Mayor and City Council

**FROM:** David Angileri, Assistant City Administrator/Finance Director

**DATE:** March 10, 2020

**RE:** Recommendation for Tree & Stump Removal Services

I have reviewed the above with the DPS Director and concur with his recommendation for a three year extension to Tree Man Services, Detroit, Michigan. They have agreed to keep the same fee schedule as is for the next three years.

Adequate funds are available in the Local Street Fund for this service.

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**From the Desk of:**  
**Robert Tarabula**  
**Director, D.P.S.**  
March 9, 2020

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**To: David Angileri**  
**Finance Director**

**Re: Bid Extension Recommendation for Tree Man Services**

I respectfully request to extend the bid for tree and stump removal to **Tree Man Services, 6340 Fenkell, Detroit, MI** for a period of **three years**.

They are our current contractor and have extended their fee schedule for three years. I believe this to be in the best interest of the City as they have always provided excellent service.

If you have any questions, please contact me.

Sincerely,



**Bob Tarabula**  
**Director, DPS**

RT/sd

DBH	UNIT PRICE
0" - 10"	\$ 150.00
11" - 17"	\$ 300.00
18" - 24"	\$ 500.00
25" - 30"	\$ 800.00
31" - 39"	\$ 1,175.00
40" +	\$ 1,582.25

Emergency Work

Weekdays, 8:00 am - 5:00 pm

Hourly Rate \$ 250.00

Weekends, Holidays, and after 5:00 pm

Hourly Rate \$ 375.00

Name of Company	TREE MAN SERVICES LLC
Address	38450 Nottingham Dr.
City, State, Zip	Romulus, MI 48174
Telephone Number	(313) 378-5573
Fax Number	(734) 895-8169
E-mail Address	treeman4@sbcglobal.net
Authorized Representative	Patrick D. Little
Title	Foreman / Tree Trimmer
Signature and Date	Patrick D. Little

JOSEPH G. KUSPA  
*Mayor*

JANICE M. FERENCZ  
*City Clerk*

JAMES E. DALLOS  
*Treasurer*



## City of Southgate

- CITY COUNCIL -

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*Council President*

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CHRISTOPHER P. ROLLET

### Memorandum

To: Honorable City Council Members

From: Dustin Lent, City Administrator

Date: March 16, 2020

Re: Opting Out of the Pay as you Stay (Pays) Program.

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Administration agrees with City Treasurer Jim Dallas, and is recommending opting out of the "Pay as you Stay" (Pays) Program. Unlike some other communities the City of Southgate does not have a high rate of tax foreclosures that are owner occupied. In fact last year we had zero. Our City Treasurer does a great job working with individuals helping with a payment plan before the taxes get sent to the County. If we do not opt out we allow the County to reduce or forgive taxes and all local authority is lost.

The Administration recommends City Council's favorable consideration.

I look forward to City Council's questions and comments.



**ERIC R. SABREE**  
Wayne County Treasurer

**JEAN-VIERRE ADAMS**  
Chief Deputy Treasurer

## **NOTICE OF INTENT TO IMPLEMENT PAYS PROGRAM**

To: Local Treasurers in Wayne County  
From: Eric R. Sabree, Wayne County Treasurer  
Re: Wayne County PAYS Program  
Dated: March 2, 2020

On March 2, 2020 Governor Whitmer signed into law HB 5124 (commonly known as Pay As You Stay (“PAYS”)) which amended the General Property Tax Act (Act 206 of 1893 “GPTA”) by adding new subsections (8), (9), (10), and (11) to section 78g (MCL 211.78g (8), (9), (10), and (11)). The new law authorizes County Treasurers to implement a delinquent tax reduction program for certain homeowners who have received poverty tax exemptions granted under MCL 211.7u (such program is referred to herein as the “PAYS Program”). In Wayne County, the Wayne County Treasurer is required to implement the PAYS Program for qualified homeowners in any local cities, townships, or villages that do not opt out of the PAYS participation.

This correspondence serves as the notice that the Wayne County Treasurer is required to provide to the local units of governments in Wayne County (each, a “Local Treasurer”) of the intent to implement the PAYS Program and advising you that your local unit government has the option of not participating in the PAYS Program. **If you determine that you will not participate in the PAYS program, you must provide the Wayne County Treasurer written notice of nonparticipation which must be delivered within 21 calendar days of the date of this notice** (MCL 211.78g

## NOTICE OF INTENT TO IMPLEMENT PAYS PROGRAM

(10)(b)(i)). A notice of non-participation must be mailed to the Wayne County Treasurer at 400 Monroe Street, 5<sup>th</sup> Floor, Detroit, Michigan 48226 and by email to [WCTODELINQUENTTAXES@waynecounty.com](mailto:WCTODELINQUENTTAXES@waynecounty.com). If a Local Treasurer provides the Wayne County Treasurer a notice of nonparticipation, all properties within the respective jurisdiction will be excluded from the PAYS Program. If a Local Treasurer fails to provide a notice of nonparticipation, that treasurer is presumed to have consented to participation.

The Wayne County Treasurer will address any questions that you may have regarding the PAYS Program during the Wayne County Treasurers Association meeting on March 11, 2020.

Below are the terms and conditions to be offered under the PAYS Program and other information relevant to your decision making.

A. Properties that Qualify for the PAYS Program.

The PAYS Program will apply to property: (a) that has received or will receive a property tax exemption under the provisions of MCL 211.7u for any tax year from 2019 through 2022, (b) has unpaid delinquent taxes, and (c) is located in a city, town, or village in Wayne County that has not opted out of the PAYS Program pursuant to the terms of MCL 211.78g (10)(b).

B. Reductions in Delinquent Taxes.

For property that meets the qualifications to be included in the PAYS Program, one or more of the following methods of reducing unpaid delinquent taxes<sup>1</sup> would be available to homeowners who participate in the PAYS Program:

1. If the total amount of unpaid delinquent taxes is greater than 10% of the property's taxable value for the calendar year preceding the year the property was exempt under MCL 211.7u, then the amount required

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<sup>1</sup> "Unpaid delinquent taxes" means the amount of taxes turned over to the Wayne County Treasurer for collection. Such amount would include millage assessments, administrative fees and interest fees imposed by the local units of government, and may include solid waste fees and water department charges.

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to redeem the property under MCL 211.78g(3)(a) will be reduced to 10% of the property's taxable value for the calendar year preceding the year the property was exempt under MCL 211.7u.

2. All unpaid delinquent taxes that represent charges for services that have become delinquent and have been certified to the Wayne County Treasurer for collection of taxes and enforcement of the lien for the taxes under section 21(3) of the revenue bond act of 1933, 1933 PA 94 (MCL 141.121) may be canceled.
3. All of the interest, penalties, and fees required to be paid under the GPTA with respect to unpaid delinquent taxes will be cancelled.

With respect to the provisions of B.1 through B.3, above, the following will apply:

(a) In the event that a property has been exempt under MCL 211.7u for more than one calendar year, for purposes of determining the property's taxable value for the calendar year "preceding" the year the property was exempt under MCL 211.7u, the calendar year immediately preceding the last prior consecutive calendar year that the property was exempt under MCL 211.7u will be used. By way of example, if a property was exempt in 2017, 2019, and 2020, the taxable value for 2018 will be used, not the taxable value for the 2016 calendar year.

(b) The 10% of taxable value amount determined in Section B(1) above, may be further reduced by 10% of the amount of unpaid delinquent taxes required to be paid to redeem the property if the property is redeemed by a single lump-sum payment (MCL 211.78g(8)(b)). **The single lump-sum payment must be paid within 45 days after the date on the notice to the homeowner from the WCTO that they are eligible for reduction of delinquent taxes under the PAYS Program.**

(c) The Wayne County Treasurer will not impose any additional interest, penalties, fees, or other charges or any kind in connection with the PAYS Program (See, MCL 211.78g(d)).

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(d) The PAYS Program would apply to property that is subject to an approved delinquent property tax installment payment plan under MCL 211.78q(1) or an approved tax foreclosure avoidance agreement under MCL 211.78q(5). Failure of a homeowner to pay amounts under such a plan or agreement does not prohibit a homeowner from participating in the PAYS Program.

(e) The Wayne County Treasurer will offer a payment plan to all eligible homeowners under which the reduced amount payable under MCL 211.78g(8) must be paid over a period of up to 36 months in (approximately) equal monthly installments, without interest (the "PAYS Plan"). The initial payment required to enter into a PAYS Plan is the greater of 3% of the reduced amount or \$25.00. Under the PAYS payment agreement, if the homeowner misses 3 payments within a six (6) month period, the WCTO office will send the homeowner a "**notice of missed payments**" and the homeowner will have the opportunity to pay all missed payments within 90 calendar days after the date of the "notice of missed payments." If the homeowner fails to pay all missed payments within this period (or such later period as approved by the Wayne County Treasurer), the homeowner will be in default under the PAYS Plan.

(f) If the homeowner is in default under a PAYS Plan all of the following will apply:

(i) The amount required to be paid to redeem the property is the sum of (a) any unpaid delinquent taxes on the property and (b) interest under MCL 211.78g(3)(b) and any additional interest, fees, charges and penalties otherwise applicable to any unpaid taxes on the property, including, but not limited to, interest, fees, charges, and penalties canceled under MCL 211.78g(d); and

(ii) the property must be included in the immediately succeeding petition for foreclosures under MCL 211.78h.



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(g) Once the homeowner has completely paid the reduced amount of delinquent taxes under Section B and in accordance with any PAYS Plan, any remaining unpaid taxes, interest, penalties, and fees otherwise payable will be cancelled by the Wayne County Treasurer, including, but not limited to, any interest, fee, or penalty payment required under a Section 78q(1) delinquent property tax installment payment plan or a Section and 78q(5) tax foreclosure avoidance agreement.

### **C. Impact on Local Units of Government and Taxing Jurisdictions.**

1. A reduction of unpaid delinquent taxes under MCL 211.78g(a)(i) must be allocated to each taxing unit on based on the proportion that its unpaid delinquent taxes certified to the Wayne County Treasurer bear to the total amount of unpaid delinquent taxes certified to the Wayne County Treasurer in connection with the property.
2. All payments collected in connection with property under MCL 211.78g (paid in either a single lump-sum or under a PAYS Plan) must be distributed to each taxing unit that has certified to the Wayne County Treasurer unpaid delinquent taxes for the property in an amount based on the proportion that the taxing unit's unpaid delinquent taxes certified to the Wayne County Treasurer bear to the total amount of unpaid delinquent taxes certified to the Wayne County Treasurer in connection with the property.
3. If a payment reduction under MCL 211.78g(8) is in effect for property for which Wayne County has issued notes under the GPTA that are secured by delinquent taxes interest on that property, at any time within 2 years after the date that those taxes were returned as delinquent, the Wayne County Treasurer will charge back to any taxing unit in Wayne County the face amount of the delinquent taxes that were owed to that taxing unit on the date those taxes were returned as delinquent, less the amount of any payments received by the Wayne County Treasurer on that property. All subsequent payments of

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delinquent taxes and interest on that property will be retained by the Wayne County Treasurer in a separate account and either paid to or credited to the account of that taxing unit.

4. Any payment under a delinquent property tax installment plan pursuant MCL 211.78q(1) or under a tax foreclosure avoidance agreement pursuant to MCL 211.78q(5) that are made during the calendar year in which an owner of property is on the PAYS Plan must be credited to the amount owed as calculated under MCL 211.78q(8), with the credit not to exceed the amount owed under MCL 211.78g(8).

Local Treasurer and Assessors, that have not opted out of participating in the PAYS Program, are requested to forward to the Wayne County Treasurer Excel files reflecting the properties that have been granted exemptions from taxes under MCL 211.7u, as soon as possible for exemptions granted for 2019 and as soon as practical for exemption granted for tax years 2020, 2021, and 2022. Such Excel files are to be emailed to [WCTODELINQUENTTAXES@waynecounty.com](mailto:WCTODELINQUENTTAXES@waynecounty.com). The format of the Excel file is as follows:

	NAME OF MUNICIPALITY				
	PARCEL NUMBER	ADDRESS	TAXPAYER NAME	PRECEEDING YEAR TAXABLE VALUE	PTE YEAR
1					
2					

If you have any questions regarding this notice or the PAYS Program, please email them to [Chief](mailto:jvadams@waynecounty.com) Deputy Treasurer Jean-Vierre Adams at [jvadams@waynecounty.com](mailto:jvadams@waynecounty.com) or raise them during the meeting of the Wayne County Treasurers Association on March 11, 2020.