

Let's Talk About Taxes

It seems that our finance committee is hellbent on raising our taxes (while claiming they don't want to do that). They need to be watched like a hawk, because the city council tends to rubber stamp anything the finance committee suggests to them. (Gosh, maybe that's because the finance committee is made up of the mayor, city manager, treasurer, and two city councilmembers, so that's three votes out of the four needed for council action but just under a quorum that would trigger Open Meetings Act obligations. 😞)

The city council and the finance committee will use a lot of terms that most people aren't familiar with, and honestly, I don't think some of them understand what they're talking about half the time. Unfortunately, the city doesn't record finance committee meetings, so you can't find out what was discussed and why the recommendations were made. And listening to city council meetings alone won't tell you very much because the real action takes place at the committee meetings. Honestly, I think our city government likes (and wants) to keep it this way so they can avoid questions and challenges from constituents.

[Note: The following paragraph has been updated and replaces the original based on additional information received]

The April 27, 2022, finance committee meeting was a perfect example of that. The city's website calendar said that the meeting would be held at 10:00 a.m. at city hall and provided a phone and weblink to allow for remote phone or web participation. The city manager's April 22, 2022, weekly email (that is available only to subscribers) changed the meeting time to 2:00 p.m. at city hall, and the reference to remote participation was eliminated. So, people who relied on the website for information were able to dial in to a meeting that wasn't being held at 10:00, and people who rely on the city manager's emails were given the correct time but were not informed of the ability to attend remotely. I'm a subscriber to the city manager's weekly email so I knew about the time change, and I tried to use the GoToMeeting information on the city's website for the 10:00 meeting thinking that might work. The GoToMeeting link was apparently not turned on, and the phone disconnected after ten minutes because the meeting organizer hadn't joined; the web page displayed a message saying that it was waiting for the city manager to start the meeting (and he never did). The April 28th city manager's email advises that the next finance committee meeting will be held on May 11, 2022, at 10:00 at city hall but there is no reference to virtual participation and the meeting isn't even on the city's calendar. I'm sure none of this has anything to do with the informal transcript of the March 23, 2022, finance committee meeting that was posted on the Clarkston Sunshine website (so people

could learn about what they were planning). And totally not because one councilmember has been practicing a bit of revisionist history at city council meetings about what was said in the March 23, 2022, meeting. And definitely not because it works out better for this select group if the public doesn't participate in these meetings or have a heads-up about how they are planning to spend more and more of our money. While it's entirely possible this is merely incredible sloppiness relating to one of the more important city topics, it's also super convenient for the city to both deliberately avoid creating a record of the meeting and to make it extremely difficult for the public to know when and where to attend the meeting.

Back to the subject at hand. Let's start with some tax-related definitions and terms. I'm going to go over the basics, because not everyone is familiar with the terms. Honestly, I've learned a few things doing research for this post, and I want to thank my husband for his constructive comments. It's not an easy subject area to understand or to try to explain to someone else, so if you're confused, you're definitely not alone. But knowledge is power, and the more knowledge you have, the less likely your city government will be able to convince you to support something that isn't in your personal best interest.

The Clarkston Charter is our city constitution. When the voters adopted the charter, and when we vote to add, remove, or change things in the charter, we are setting the limits within which our city government can act. Though the State of Michigan permits local governments to tax up to 20 mills in local property tax, Section 8.2 of the Clarkston Charter limits the amount of tax that the city can charge to 1-1/2% or 15 mills "on the assessed value of all real and tangible personal property in the [c]ity."

There are a lot of things referenced in that short section of the charter, so let's break it down.

"Real Property" – Even though the charter mentions personal property, I'm going to limit this discussion to real property (business owners are also taxed on tangible personal property, but that's outside the scope of our discussion). For our purposes, "real property" consists of vacant land or a lot with a building on it.

"Mill" - A mill can be expressed in a number of ways – it's 1/1000 of a dollar, .1%, or \$1 for each \$1,000 of the assessed value of your property. This means that the Clarkston Charter limits the tax that city government can charge us to no more than \$15 for each \$1,000 of the assessed value of our real property (or 1.5% of the assessed value) for local property taxes. (There's another limitation that substitutes "taxable value" for "assessed value," discussed below.) The only way the city can charge more than 15 mills is if a majority of voters vote "yes" to paying more taxes on a ballot question.

“Assessed value” – Every year, you receive an assessment from the Oakland County Assessor, since Clarkston contracts with the county to do this work. Normally, the value of your real property goes up every year. Factors that the assessor takes into consideration are the sale prices of homes in the area, as well as home improvements or additions that you may have done during the last year. (How do they know about additions and improvements? Because your contractor asked for a permit from the city to perform the work.) The assessed value of your home can go down as well, which can occur as the result of damage to the home (e.g., if there were a fire or severe weather damage) or if the housing market takes a downward turn. The assessor sets the assessed value at 50% of the market value of your home, which is required by Article IX, Section 3, of the Michigan Constitution. Why is it 50%? I have no clue. I guess someone decided we needed a number, and 50% seemed like a good one.

“State Equalized Value” – This is also referred to as the “SEV.” The Oakland County Board of Commissioners and the Michigan Tax Commission review assessments to try to “equalize” them (by adjusting the assessments up or down) between communities so that all of our SEVs are roughly 50% of the market value of our homes. There are no limits or caps on the SEV. Generally, the SEV is the same as the assessed value.

“Taxable Value” – The taxable value of your real property can only increase by the amount of the Consumer Price Index (abbreviated CPI), which represents the rate of inflation) **or** 5%, whichever is lower. There is an exception to this limit if there is an addition to your property, such as adding on a room, building a new garage, or some other new construction. In that case, the taxable value also increases by 50% of the market value of the new construction. The CPI usually changes every year. Most of the time, our taxable value increases at the rate of the percentage of the CPI because it’s usually lower than 5%. Taxable value is also referred to as the “capped value,” or the “capped taxable value.” You enjoy the capped taxable value for as long as you own the property.

“Proposal A” – When you hear your city officials mention “Proposal A” or “Prop A,” they’re referring to the limitation on taxable value increases to the CPI or 5%, whichever is less, described in the “taxable value” paragraph above. Proposal A was approved by voters as a change to the Michigan Constitution in 1994. This constitutional change was proposed to limit unrestrained tax increases on homeowners who stayed in their homes and to reduce financing inequities between school districts in the state. Local governments really, really, really don’t like capped taxable values because they aren’t able to tax you at the assessed value rate, which is usually higher. But they can (and do) sock it to the new owners when you sell your home (or if you die and your home doesn’t transfer within certain limits under an estate plan), both of which are considered “uncapping” events. This means that the

new owner's taxable value will equal the assessed value for the tax year when there was a transfer of ownership. The city can (and does) charge the highest taxable value rate if there is new construction or development (though this is something that doesn't happen very much in Clarkston since we're small, most of the land in our ½ square mile of city has been built up, and our local government bureaucracy likes to put all kinds of roadblocks in the way of anyone wanting to build something new). If the housing market crashes, as it did in 2008, assessed values decrease. As the housing market recovers, the increase of the tax that the city can collect from us is still limited to the CPI or 5%, whichever is less. Local governments regularly complain that the capped taxable value means that the assessed value of our homes have appreciated much faster than the taxable value following the housing market crash in 2008 (because they always think they can spend your money better than you can, and they always want more of it.)

Let's look at an example. A hypothetical person bought a home in Clarkston for \$400,000 last year. We're going to assume that the assessed value of the home is \$200,000, since assessed values are supposed to reflect 50% of the market value of the home. The new owner didn't do any home improvement, so there aren't any additions in value to consider. The house also wasn't damaged or destroyed, so there also aren't any decreases in value to consider. In this tax year example, we'll assume that the CPI is 2%. Since 2% is less than 5%, the property taxes can only go up 2%. $\$200,000 \times 1.02 = \$204,000$. Clarkston charges almost the full 15 mills (it's less than that, but more on that later). In this example, the taxes would be $\$204,000 \times .015$, which equals \$3,060 for just local property taxes. We all also pay additional taxes for schools, the library, the Detroit Institute of Arts, parks, the Detroit Zoo, community college, etc. Clarkston government collects these additional taxes and passes them on. I'm not discussing those other taxes here because Clarkston doesn't set the rates of those taxes. It just acts as a collection agent for the other entities that impose those taxes. And we're also making debt payments because of money that Clarkston spent years and years ago (more on that later too).

But I'm not paying 15 mills in property tax!

I said that I would get back to the 15 mills that the city *can* charge in local tax, because it's true, you aren't paying that amount.

Why not? There are a couple of reasons.

"The Library Millage" issue:

You may have noticed that the City of the Village of Clarkston doesn't have its own library (it also doesn't have its own police or fire department or many other services). Before 2012, Independence Township taxpayers paid a millage of .691 (or .000691 x

the taxable value of their homes) for the library. So that Clarkston residents could also use the library, Clarkston paid an amount equal to .691 mills of our collective taxable property values to Independence Township, but we did not have a separate millage to raise that money. Clarkston's payment to Independence Township was paid from the city's general operating millage (our local property taxes). That general operating millage shows up on your tax bill as "city operating" or "CVT operating." (We pay for police and fire protection from the township in the same way.)

In 2012, Clarkston and Independence Township approved the District Library Agreement, forming the Clarkston Independence District Library (CIDL). The library district was a new entity that could directly impose its own separate millage instead of being funded through Independence Township. After formation of the library district, the library continued to be funded at the .691 rate, which the library said was less than it needed to function. In 2014, voters in the library district (Clarkston and Independence Township), were asked to approve a new library millage tax of 1.25 mills (which would be the taxable value of your home x .00125). If the library millage passed, all library funding would come directly from the library millage, not from a separate millage charge (Independence Township) and a separate general fund payment (Clarkston).

If the 1.25 library millage had passed without further action from Clarkston government, this would have given Clarkston government a windfall. This was because Clarkston taxpayers would pay the full millage to the library (1.25 mills), and Clarkston government would have an extra .691 mills of the taxes that Clarkston taxpayers were already paying that was previously sent to fund the library.

The Clarkston city council really wanted the library millage to pass, so they promised Clarkston taxpayers that if we agreed to pay a separate millage of 1.25 mills specifically for the library, Clarkston government would reduce the amount of general local tax that it collects from us by .691 mills. This promise to taxpayers took the form of an April 14, 2014, resolution that I've attached here: [20140414 - Resolution, library millage](#). You'll notice that Paragraph #1 on the second page of the resolution states that it was the city council's intention to put Clarkston taxpayers "on an equal footing" with Independence Township taxpayers. And Paragraph 2b states that "[i]n future years, the City will reduce its general operating millage levy by .691 mills from the level that the City would otherwise have imposed." Pretty straightforward, eh? I think so. The purpose of this resolution was to induce Clarkston taxpayers to vote for the 1.25 mills for the library - and we did.

If you've ever listened to any presentation from the city's auditor, Rana Emmons of PSLZ, you have no doubt heard her repeatedly remind the city council and finance committee that they are legally entitled to stop the .691 mill library credit at any time. She's legally (but not morally) correct - the city council could, simply with a new

resolution, eliminate the credit and start charging you .691 mills more in property taxes. You'll even occasionally hear certain councilmembers suggest that breaking this promise to taxpayers would be a totally awesome idea.

Whenever you hear a city councilmember telling you s/he is in favor of renegeing on the .691 mill promise, that should be a huge red flag for you. Either that councilmember hasn't bothered to learn the history, or s/he is the kind of person who thinks that it's OK to break explicit promises (which of course speaks volumes about that councilmember's personal integrity). As a way of getting around the obvious problem of breaking a promise, certain city councilmembers have suggested that the .691 millage promise was only intended to last for one year, even though we have to pay the library millage every year and the language in the resolution is clear that it was intended to continue for "future years."

The Headlee Amendment:

The Headlee Amendment to the Michigan Constitution was passed in 1978. Among other things, Headlee requires that local governments obtain the consent of the voters before increasing or creating new local taxes (imagine that!). It also limits local governments to the dollar value of whatever millage amount was originally approved by the voters plus an annual inflation adjustment. This is calculated by using the SEV of all the property in the local government's jurisdiction (but not including new construction). That's kind of a mouthful, but what it means is that the 15 mills that Clarkston charges us is limited to the dollar value of whatever that 15 mills was at the time the voters originally agreed to the millage, plus an annual inflation factor (since our new construction is pretty much nonexistent). To implement that, there is a millage "rollback" when the SEV increases, so that the total taxes a city can collect really is limited to the previous year's revenue plus an inflation factor. The result is only fair to the taxpayers because we don't benefit from the increase in our assessed home values until we sell our homes (and Clarkston government shouldn't either).

Here's an example:

Let's go back to that \$200,000 SEV home (with a \$400,000 market value) purchased in the last tax year that has had no improvements or damages that would affect its value. Assume that Clarkston voters just approved a 15-mill tax rate last year as well. $\$200,000 \times .015 = \$3,000$ in local property taxes. Now, imagine something awesome happened in Clarkston this tax year that caused home prices to double in value throughout the city because everyone in Michigan wants to come here to live. Bam! That \$400,000 home is now worth \$800,000. The old \$200,000 SEV on that home has increased to an SEV of \$400,000, and the value of every other home in Clarkston has doubled, too (because Headlee looks at all the property within the local unit). Without Headlee, our new homeowner's taxes would also double - to

\$6,000! – even though nothing has changed for that person, or for you (because your taxes would double right along with the new homeowner). Your income level hasn't doubled – you've just been going about living your life this past year, trying to raise your kids, buy groceries, buy gas, and maybe see a movie once in a while.

Without Headlee, you would have to figure out how to come up with all this extra money to hand over to Clarkston government because external factors, out of your control, caused the value of your home to rise astronomically. Because we have the benefit of Headlee protection, our local taxes are limited to the dollar value of the millage that Clarkston taxpayers originally agreed to plus the amount of annual inflation. Assuming a CPI of 2% (as we did in the previous example), the \$3,000 in taxes on our hypothetical homeowner could only be increased by \$60 to \$3,060 (rather than to a whopping \$6,000), even though that home is worth \$800,000 and has an SEV of \$400,000, at least on paper. Obviously, my example of a doubling in value was for illustration purposes, but I think you can see how, over time, your local taxes could rise faster than your ability to pay them without Headlee protection.

Headlee requires that local governments live within the dollar value of their original millage request to voters with an annual inflation adjustment. If 15 mills were the equivalent of \$1,000,000 in taxable revenue to Clarkston at the time that the request for the money was approved, Clarkston government is forced to live with the original \$1,000,000 plus an annual inflation adjustment. Over the years, as the city's property values have increased, the original 15 mills agreed to by the taxpayers has been reduced to 11.4231 in mills for 2021 (it's actually 12.1141 because the .691 library millage credit is subtracted from the total). The Headlee amendment requires this decrease in the millage naturally because the assessed value of our homes has increased more than inflation. So, instead of 15 mills, in 2021, Clarkston charged us for local taxes in two installments – 5.7116 mills for winter taxes and 5.7115 mills for summer taxes (referred to as “city operating” on your 2021 winter tax bill and “CVT operating” on your summer tax bill).

So, the \$400,000 home purchased last year with a taxable value of \$200,000 will pay a total local tax of \$2,284.62 for the year, which is less than the 15-mill maximum. Clarkston government still received a raise when the home was sold, because the previous owner was paying whatever the capped taxable value rate was, and the sale of the home “uncapped” the taxable value for Proposal A purposes. The new homeowner receives the benefit of Headlee protection for the overall millage rate (which is 11.4231 for everyone in Clarkston), but the new homeowner will pay more to Clarkston government because the taxable value of the home becomes equal to the SEV at the time of the sale (so the 11.4231 is multiplied by a bigger number). Headlee is also why that original 1.25 library millage that Clarkston and Independence Township voters approved in 2014 has been reduced to 1.1525 (as shown on your

2021 winter tax bill). (The library will be asking the voters for renewal of the 2022 millage rate of 1.1687 mills in the August 2022 election.)

In essence, Headlee treats local government income in a way that mirrors your own annual income. Most people probably see their paychecks increase by an amount that is close to inflation every year, and we have to budget and deal responsibly with that reality. It's only fair Clarkston government should also be forced to live within its means and ensure that our limited taxpayer dollars are directed toward things that directly benefit the taxpayers (like sidewalks and roads), rather than pet city council projects (like the city hall expansion).

Is there a way that Clarkston can get more of your tax dollars?

Yup. There are several ways.

Steal the .691 library credit

The first way Clarkston could increase revenue would be to unethically pass a new resolution to eliminate the annual .691 library millage credit. That would be easy for them to do, and we have to rely on the collective integrity of the city council to keep the promise. And should they go back on their word, there would be nothing that you could do about it – except throw the bums out at the next election. If the credit were eliminated out of the city's insatiable desire for more and more money, only a fool would ever accept a promise from the city council again because it wouldn't be worth the powder to blow it to Hades.

During the March 23, 2022, finance committee meeting, our city treasurer said that the .691 library millage credit amounts to approximately \$32,000 in "lost" revenue to the city. (I prepared an informal transcript of the March 23, 2022, finance committee meeting that is linked at the end of this post if you'd like to read the entire discussion.)

Headlee Override

This is a request to the voters to allow their local governments to raise their millage rate in any amount up to the maximum allowed. Don't be surprised if you hear this term in connection with the November election (and don't be surprised if they accidentally "forget" to factor in the library millage credit in these discussions and renege on their promise that way).

As I said before, the maximum millage that we can be asked to pay under the Clarkston charter is 15 mills. If we voted to reset our millage to 15 mills, our taxes would increase in an amount that is slightly less than the difference between the

current 12.1141 mills and 15 mills. I say “slightly less” because millage amounts tend to go down every year, the 2022 tax year will likely see assessed values increasing faster than inflation as normally happens, and Headlee will only allow the millage to increase at the rate of inflation.

Using the 2021 millage rate for discussion purposes, a Headlee override would represent a 2.8859 millage increase. Let’s look once again at that hypothetical new homeowner who spent \$400,000 last year on his/her new home that has an SEV and taxable value of \$200,000. Remember that the 12.1141 millage that we’re paying now is expressed as a fractional multiplier of .0121141. Doing the math, that homeowner would pay \$2,422.82 ($\$200,000 \times .0121141$) in local Clarkston taxes at the 2021 millage rate (which should be further reduced by the .691 library millage credit). If voters decide to increase the amount of money that they hand over to Clarkston government every year through a Headlee override to the full 15 mills, that means our hypothetical homeowner would pay an additional \$557.18 more in taxes, or \$3,000 (and, if the city council remains honest, that \$3,000 would be reduced by .691 mills for the library millage credit).

In the March 23, 2022, finance meeting, the Clarkston treasurer guesstimated that a Headlee override would amount to approximately \$163,000 in increased revenue to the city. (All of the treasurer’s dollar estimates were guesstimates because he doesn’t yet know what the overall taxable value for Clarkston real property will be until the SEVs and taxable values are finalized for the 2022 tax year.)

Borrow, borrow, borrow:

When you buy a car, you usually go to the lender to borrow any additional money that you need. When a local government needs to borrow money, it usually sells bonds. Individuals and investment firms can buy these municipal bonds. The money collected from the sale of the bonds is used by the local government to pay for whatever the specific project(s) are that it put the bond issue together for. During the bond term, which is usually 10 to 15 years, the bond holder is compensated based on the terms of the bond issue, which includes receiving the principal and an agreed-upon interest amount from the local government for the bond purchase.

Municipal financing is a complicated financial and legal specialty, and this results in additional costs to put the bond request together that are tacked onto the principal and interest costs. For example, at the March 23, 2022, finance committee meeting, our auditor estimated that it would cost \$70,000 to put together a \$1,000,000 bond proposal.

There are general obligation bonds and bonds issued for Special Assessment Districts (also known as SADs). SADs benefit only part of the community – for

example, repaving a specific street – and only that part of the community pays the debt for the improvement. General obligation bonds are bonds that are issued to pay for general improvements that benefit the entire city, and everyone in the city is required to pay those loans back. For every bond issue, whether it's a SAD or a general obligation bond, some or all of Clarkston taxpayers are on the hook for the total amount borrowed, the agreed-upon interest, and all the legal and financial costs to put the bond proposal together. It's a big deal.

Many years ago, the city borrowed a ton of money for water, road, and sewer improvements. Some of the borrowing related to SADs, and some related general obligation bonds. The SADs are now entirely paid off, and the local taxpayers in four of these special assessment districts were overcharged to the tune of \$57,165. Clarkston government could have returned the money to the taxpayers who overpaid with their hard-earned cash, but, because bond issue documents said that Clarkston was entitled to keep any overages under a certain value, your city government decided it was going to exercise that entitlement – simply because they could. (Something to remember for the future.) At the same meeting that the city manager and city council discussed what they were going to do with “their” \$57,165 windfall, the city council also discussed the fact that the city was on the hook for \$98,921.06 for our share of the Oakland-Macomb Interceptor drain repair. If they weren't going to return the \$57,165 to the overcharged taxpayers, you might think that they could have at least applied the money to the \$98,921.06 debt, right? Wrong! They decided to increase your sewer bills for a year and buy cutesy street signs instead. I wrote about it here:

<https://www.clarkstonsecrets.com/fiscal-irresponsibility-a-financial-windfall-and-the-sanctimonious-chutzpah-of-our-city-council/>

Even after the SADs were paid for, we still had two lingering general obligation bonds from that old borrowing frenzy – one from 2007 and one from 2012. Your 2021 summer tax bill shows a charge of 4.97660 for “CVT debt.” You'll note that charge is almost as high as 50% of the city's operating costs on that tax bill (which is 5.71150). A general obligation bond millage is calculated the same way that a regular millage is – \$1 for every thousand dollars of home value. So, using our newly purchased hypothetical \$400,000 home (with a \$200,000 SEV), the 2021 debt payment for work done years and years ago was $\$200,000 \times .00497660$, or a whopping \$995.32!

Your last payment on the 2007 general obligation bond was made in summer 2021, and you will see a decrease in your taxes in 2022. In the March 23, 2022, finance committee meeting, the city treasurer guesstimated that the 4.97660 debt payment millage will decrease to around 3.30000, or around \$660 for our hypothetical house. This means that our hypothetical new homeowner will save around \$335.32 on his/her summer tax bill. You can calculate your own savings using these multipliers.

Even better news – the last payment on the 2012 general obligation bond will be made on your summer 2024 tax bill. This means that our hypothetical new homeowner will be able to keep almost \$1,000 more of his/her own money (or about a month's worth of groceries with couponing). Cha-ching!

Ah, but don't pop the champagne corks yet. The finance committee has discussed "replacing" the old general obligation bonds with new general obligation bonds in the same amount. And, in their best snake oil presentation, they will try to sell this to you as **not** a tax increase. Yes, really.

If you review the March 23, 2022, finance committee meeting summary, it's clear that your finance committee (which includes City Manager Jonathan Smith, City Treasurer Greg Coté, Mayor Eric Haven, Councilmember Al Avery, and Councilmember Joe Luginski) is likely planning to "market" this new borrowing as "free" or something because if we pay for new debt in the same amount that we were paying for old debt, it apparently doesn't count. 🙄 I don't know how you feel about this, but I think that saddling taxpayers with new debt obligations that can potentially go out for twenty years, burdening the next generation, is definitely a tax increase – because we have to pay for something that we didn't have to pay for before. Wouldn't you rather keep \$1,000 than pay \$1,000?

Why does the city claim that it needs so much more money?

At the March 23, 2022, finance committee meeting, the finance committee talked about everything from repairing roads, to raising 50-70% of the sidewalks (and driveways) in the entire city (because Councilmember Joe Luginski doesn't like the fact that the sidewalk in front of his home is lower than the grass, causing ice in the winter), and they even suggested that we should include an additional \$1,000,000 for potential future sewer repair (you may remember that the city council "borrowed" from our water and sewer funds without a vote of the taxpayers to pay for the outrageously expensive city hall expansion, and the cost for that boondoggle continues to accumulate). As an added bonus, Mayor Haven thought this huge debt plan might get some needed political juice if the bond request was made even larger so that the city could add new sidewalks on Middle Lake as a way to entice Middle Lake residents to vote for a large general tax hike for themselves that will go on for years and years.

The most glaring issue in the city is the actual, objective condition of our roads and sidewalks. This problem exists because the city council has chosen to spend money on everything but roads and sidewalks.

Thanks to former Mayor Percival, we have paid parking in one lot at Washington and Main. The money generated by this lot and through parking enforcement –

approximately \$100,000 in gross receipts per year – is how the city council decided it would pay for all road and sidewalk work. Getting this paid parking lot was an uphill battle, because one particular restaurant owner seems to believe that his patrons should be able to use our roads and side streets to park for “free” while they eat their \$15 ala carte burritos. (Ah, but nothing is free – you and I and every other Clarkston taxpayer are paying to maintain the roads, sidewalks and side streets used by restaurant and other business customers.) Despite all the no-charge parking available everywhere else in the city, Curt Catallo, owner of the Woodshop, Clarkston Union, and Honcho, complained that asking his customers to pay \$1 an hour to *voluntarily* park in one convenient lot at the center of town “makes the city into a ‘money vampire,’ sticking a ‘blood funnel into anything smelling like money.’” *Parking Kiosk Coming to Downtown*, Clarkston News, August 31, 2017 (<https://clarkstonnews.com/parking-kiosk-coming-downtown/>). You know, I’ve always viewed Catallo as the vampire when it comes to Clarkston, especially since the city council has gifted him with a whole lot more “free stuff” than any other business in town, including the rent-free use of the end of Church Street for over a year during the pandemic. The city council is even establishing a social district so Catallo’s patrons can walk around town with their margaritas. And yet, Catallo whined about continuing paid parking in our one measly city lot during the pandemic when there were plenty of other places to park in the city that didn’t cost a dime. In response to the whining, the city council shut off our paid parking revenue stream for over a year, putting the city further behind in road maintenance.

Did you know that the city even gives a \$10 discount on an already inexpensive \$25 parking violation ticket if someone overstays their allotted time in the Washington and Main parking lot if that person pays the ticket within 10 days? Clerk Jennifer Speagle told us about it during the March 14, 2022, city council meeting. Frankly, I think we should raise the violation fee to \$35 and discontinue the \$10 discount, given that the city government is constantly telling us how broke we are. If someone doesn’t want to pay a \$35 parking ticket, then they can keep the meter fed – something they can conveniently do from a cell phone so their burritos won’t get cold.

The city council spends every single penny that comes in without saving a dime for a rainy day. The worst boondoggle was the city hall expansion, costing around \$400,000 (and continuing) and paid for by ~~raising~~ “borrowing” from the water and sewer funds without taxpayer consent – as opposed to spending only \$48,000 to do the necessary repairs, something the city manager referred to as the “do nothing” plan. (Ah, but the “do nothing plan” wouldn’t have provided the city manager with the private office that he now enjoys.) You can hear the city manager dismiss this more fiscally responsible option yourself (while extolling the virtues of spending hundreds of thousands of dollars instead) by listening to the recording here:

<https://www.dropbox.com/s/zimo9z138m206pf/20181217%20-%202515-CityCouncil-12-17-18-High-v2.mp4?dl=0>

The city manager's smart aleck reference to the "do nothing plan" can be found at time mark 0:46:23 of the recording. (Frankly, I've always believed the city hall was deliberately allowed to fall into disrepair so that it could be used as a steppingstone to get something "bigger and better.")

The city manager is also constantly asking for improvements to the employee compensation package. Last year, in addition to pay increases, he asked for an extra holiday (they're up to **fourteen** paid holidays now, more than any other public or private sector employer in Michigan that I'm aware of, regardless of size). The city manager, clerk, and treasurer are all part-time employees. (We also have a part-time office person who is paid hourly and doesn't benefit from the generous package these other three get.)

The city manager and clerk work four days per week, and the treasurer works some undisclosed number of hours that is less than thirty-two hours per week. Yet, all three receive 125% of a week's vacation per the vacation schedule (because their vacation "week" under the city's policy is five days rather than the equivalent of one regular workweek like the rest of the world gets). Adding up the fifteen days of vacation he's entitled to after five years of employment, along with fourteen holidays and six sick days, our city manager receives a total of thirty-five paid days off. Since the city manager works a four-day week, that means he gets over two months of paid time off per year (8.75 weeks). Oh, and the city manager recently told us that he would also like taxpayers to contribute to a retirement savings plan.

The city manager was hired in January 2017 at an annual salary of \$30,000. He has managed to increase his salary by 33% since that time (he now makes \$40,000 for less than ten months of work). The city manager told the finance committee that for the fiscal year beginning in July 2022, he wants an across-the-board 3% increase for office staff (including himself, which would provide him with a 37.3% increase over his January 2017 starting salary), and a 3.5% increase for our two full-time DPW employees. Not a bad gig, especially since our part-timers also get every Friday off. I wrote about the salary and benefits that our employees receive here:

<https://www.clarkstonsecrets.com/your-city-employees-now-get-more-time-off-than-you-do/>

Vociferous support for raising taxes by sticking the taxpayers with millions in debt while at the same time asking for raises and a retirement savings plan is, at a minimum, a ham-handed, tone-deaf thing to do – but that's exactly what the city manager is doing.

There is an alternative to mountains of debt. At the March 23, 2022, finance committee meeting, the members discussed the fact that \$80,000 per year, on average, would be enough to keep all the roads in Clarkston at the same quality level. Doubling that amount would improve the overall quality of roads. The city manager estimated that it would only cost \$15,000 to eliminate sidewalk trip hazards in the city. At the May 24, 2021, city council meeting, both the mayor and city manager agreed that adding paid parking to the Depot parking lot would double the parking revenue to the city. This would mean that we would have approximately \$200,000 in gross receipts every year to repair roads, parking lots, and sidewalks **without raising taxes**.

Why aren't they focusing on adding paid parking to the Depot Lot? I honestly believe that it's because they think it's easier to tax the snot out of you than to listen to Curt Catallo complain about more paid parking. And if the city council needs to approach the taxpayers every 15-20 years and ask us to finance millions of dollars in general obligation bond payments, over and above the local taxes that we already pay, then I think some hard questions need to be asked.

The first question is what are we spending so much money on? I plan to dig into how many taxpayer dollars that city council has wasted on their own pet projects over the last several years. Taxing us more will free up our general fund city money for even more city council pet projects because they won't have to make any hard fiscal choices.

And the second question – that the old-timers hate when you ask – is whether or not we can afford to remain a city in anything more than name only. Our city government may be excited about the increased tax dollars that they are getting from people buying homes in Clarkston, but eventually those new homeowners are going to ask the same question that everyone who lives here now should be asking – exactly what local government benefits are we receiving in exchange for all our hard-earned tax dollars?

- Police? Contract with Independence Township.
- Fire? Contract with Independence Township.
- Assessments and tax billing? Oakland County.
- Engineering? Contract with a private company.
- Building code enforcement? Contract with a private company.

- City planning? Contract with a private company.
- Legal services? Provided by a private law firm.

I'm sure there are others than I can't recall at the moment. At the March 23, 2022, finance committee meeting, the city manager also discussed pawning off water bill preparation to Independence Township.

It's the same old story – salaries go up, while resident services go down. Given the rate of inflation, and more and more predictions of a recession, I think that the city manager's oft-repeated refrain that we need to pay more because we have to retain employees who might want to leave must be taken with a large grain of salt. As we all know, there are more employees than jobs during a recession. And every job at city hall could be contracted through Independence Township. If the city manager really wanted to be persuasive, he should provide us with a cost/benefit analysis for Independence Township to handle much of the duplicative work that we do at city hall and prove that his never-ending requests for increases to employee costs are worth it.

We're never going to be able to get out of being an independent city due to the impossible requirements to dissolve it, so all of the hue and cry about this issue from our old-timers is either done out of ignorance of the law or mere performance for political show. (It's an election year, so you can expect Mayor Haven to dust off this old trope.) Since we really are stuck with this government structure, we should at least be looking at cost-saving measures wherever possible. It wasn't that long ago that all city hall functions – treasurer, city manager, clerk, treasurer/clerk assistant – were performed by one person. And he wasn't whining every year about retention issues, getting thirty-five paid days off a year, working a four-day work week, or demanding a retirement plan.

I think these are fair questions and concerns, but I don't expect the city council to answer them.