

City of Ann Arbor

301 E. Huron St.

Ann Arbor, MI 48104

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Meeting Minutes

Monday, September 11, 2017

7:00 PM

Work Session

**Larcom City Hall, 301 E Huron St, Second floor, City Council
Chambers**

City Council

CALL TO ORDER

Mayor Taylor called the Work Session of the Ann Arbor City Council to order at 7:00 p.m. in the Guy C. Larcom, Jr. Building, 2nd Floor Council Chambers, 301 E. Huron Street.

ROLL CALL OF COUNCIL

Present: 10 - Councilmember Jane Lumm, Councilmember Sumi Kailasapathy, Councilmember Chuck Warpehoski, Councilmember Jack Eaton, Mayor Christopher Taylor, Councilmember Julie Grand, Councilmember Kirk Westphal, Councilmember Zachary Ackerman, Councilmember Chip Smith and Councilmember Jason Frenzel

Absent: 1 - Councilmember Graydon Krapohl

WS WORK SESSION**WS-1 [17-1245](#) City Revenue Discussion**

Tom Crawford, CFO, presented to Council information regarding the City's current revenue situation and possible sources of future revenue, including a City income tax and/or a Headlee property tax override.

Matthew Horning, City Treasurer, was also available to answer questions.

Councilmember Westphal questioned the burden of an income tax on residents versus businesses and also asked about a scenario where all residents would benefit.

Councilmembers Lumm and Kailasapathy questioned the administrative costs needed to administer the income tax collection.

Councilmember Eaton spoke about a flat tax, such as an income tax, being regressive and expressed concern about the lowest wage earners who would need an exemption.

Councilmember Smith inquired about the economic impacts from employers coming and going under the income tax model, versus property tax revenues. He asked about the volatility of each revenue proposal.

Councilmember Grand inquired if there are comparable college towns with income tax revenues. She also stated additional economic development was a much better option than any additional taxes.

Councilmember Warpehoski expressed concern about renters having to pay a new city income tax, but that landlords may not pass their property tax breaks on to the renters. He also requested previous studies on this issue be included in Legistar.

Councilmember Westphal asked for data on other income tax implementations.

Councilmember Smith inquired about the discussions at the State level. He asked if the State would ever consider expanding the "tool box" for localities or would consider fully funding cities.

A copy of the presentation is on file in the City Clerk's Office.

Received and Filed

PUBLIC COMMENT - GENERAL (3 MINUTES EACH)

Paul Berry, resident and taxpayer, spoke in opposition to any additional tax on City residents. He urged Council to consider additional user fees for non-profits and other non-taxpayers.

Stephen Ranzini, City resident and CFO of University Bank, spoke in opposition to a proposed City income tax. He expressed concern that it would drive residents out to the townships. He also encouraged Council to look into the City's current financial system and how City operations are managed.

Kai Petainen, resident, spoke about the City's Pension investments. He stated a 7% assumption for growth is not realistic.

A student at Skyline High School spoke about park restoration funds. She urged Council to reach out to the Ann Arbor Public Schools for volunteers and rely less on public tax funds.

ADJOURNMENT

A motion was made by Councilmember Smith, seconded by Councilmember Westphal, that meeting adjourn. On a voice vote,

the Mayor declared the motion carried and the meeting adjourned at 8:30 p.m.

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**City Clerk's Office
301 E. Huron St.
Ann Arbor, MI 48104**

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