

DEXTER CITY STUDY COMMITTEE
MONDAY, OCTOBER 16, 2006
7:00 to 8:30 p.m.

THE VILLAGE OF DEXTER
VILLAGE COUNCIL

COPELAND BOARD ROOM – 7720 DEXTER-ANN ARBOR ROAD

1) Take attendance, and approve minutes from September 18, 2006

2) Copies of follow-up items from last meeting provided by Marie Sherry, Village Treasurer
Note: A verbal response from Terry Burtch, Chelsea Treasurer about problems encountered during transition: "State did not show Chelsea as City and all the income tax returns with homesteads were denied. Balancing with the County is new, but the County was helpful in working through this as well as IFT's and TIFA's. Treasurer's office was most impacted by the change."

3) Follow-up item from last meeting, percent of Scio's annual revenue.

4) Copy of letters sent to each Township inviting them to our meeting.

5) Review Q & A Sheet- Additions or changes will be indicated with the date in bold.
Update Financial section & Services section.

6) Review list of issues to study for report.

7) Tasks for the next meeting and set meeting date

a) John Kingsley, Webster Township Supervisor has confirmed he can attend on November 6th.

b) Scio Township Supervisor let the Scio Twp Board know at their meeting 10-10-06 that they had received an invitation from the City Study Committee. Scio will be contacting us to make arrangements for someone to attend

Special Reminder:

Dexter Area Chamber of Commerce Meeting

Wednesday, October 18th at 7:30 a.m. at Terry B's

John Coy was asked to update the Chamber on the activities of the City Study Committee.

Study Committee members are invited to attend, breakfast is \$8.00

Adjourn

This meeting is open to all members of the public under the Michigan Open Meetings Act

Donna Dettling

City Study

From: Marie Sherry
Sent: Tuesday, September 19, 2006 9:30 AM
To: Donna Dettling
Subject: City Study Committee

Donna -

Libby Beall requested further information at last night's meeting. Attached are the 2006 Village Tax Roll Summary, and the 2005 Assessing Officer's Report. The assessing report will provide the breakdown between commercial and residential properties for 2005 (the 2006 report will not be prepared until November).

Please forward these on to her. Thank you.

Marie

Marie A. Sherry, CPFA
Treasurer/Finance Director
Village of Dexter
8140 Main Street
Dexter MI 48130
(734) 426-8303 x 14

TOTAL ALL DISTRICTS	REAL	PERSONAL	EXEMPT	LEASED LAND	TOTAL
PARCEL COUNT	1643	291	74	0	2008
TAXABLE VALUE	182,408,191	24,081,100	0	0	206,489,291
ASSESSED VALUE	226,122,700	24,081,100	0	0	250,203,800
SEV VALUE	226,122,700	24,081,100	0	0	250,203,800
P.R.E. TAXABLE	118,219,778	0	0	0	118,219,778
NON P.R.E. TAXABLE	64,188,413	24,081,100	0	0	88,269,513
(V) OPERATING	1,802,312.59	237,936.79	0.00	0.00	2,040,249.38
(V) STREETS	548,219.67	72,374.51	0.00	0.00	620,594.18
(V) GO BOND	122,205.82	16,133.27	0.00	0.00	138,339.09
(*) SP. ASSESSMENTS	84,940.59	0.00	0.00	0.00	84,940.59
(V) TOTALS	2,557,678.67	326,444.57	0.00	0.00	2,884,123.24
GRAND TOTALS	2,557,678.67	326,444.57	0.00	0.00	2,884,123.24

2006 VILLAGE ADJUSTED TAX ROLL FOR VILLAGE OF DEXTER
WASHINGTON COUNTY
SPEC. POPULATION: AD VALOREM PARCELS

SCHOOL DISTRICT 81050	UNIT 1	REAL	PERSONAL	EXEMPT	LEASED LAND	TOTAL
PARCEL COUNT	1643		291	74	0	2008
TAXABLE VALUE	182,408,191		24,081,100	0	0	206,489,291
ASSESSED VALUE	226,122,700		24,081,100	0	0	250,203,800
SEV VALUE	226,122,700		24,081,100	0	0	250,203,800
P.R.E. TAXABLE	118,219,778		0	0	0	118,219,778
NON P.R.E. TAXABLE	64,188,413		24,081,100	0	0	88,269,513
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GRAND TOTALS	2,557,678.67		326,444.57	0.00	0.00	2,884,123.24

SPECIAL ASSESSMENT RECAP

SP. ASSESSMENT	AMOUNT
1 STREETScape	72,573.91
DEL P UTILITY PENALTY	1,199.48
DEL R DELINQUENT REFUS	2,034.88
DEL S DELINQUENT SEWER	5,548.33
DEL W DELINQUENT WATER	5,583.99
TOTALS	84,940.59



VILLAGE OF DEXTER

8140 Main Street • Dexter, Michigan 48130-1092 • (734) 426-8303 • Fax (734) 426-5614

Village Council

Jim Seta
President

Joe Semifero
President Pro-Tem

Jim Carson
Councilperson

Paul Cousins
Councilperson

Donna Fisher
Councilperson

Shawn Keough
Councilperson

Terry Walters
Councilperson

Administration

Donna Eureste
Manager

David Boyle
Clerk

Marie Sherry
*Treasurer/Finance
Director*

John Hanfán
*Assistant Village
Manager*

Ed Lobdell
*Public Services
Superintendent*

Allison Menard
*Community
Development
Manager*

THE VILLAGE OF
DEXTER IS AN EQUAL
OPPORTUNITY
PROVIDER AND
EMPLOYER

www.
villageofdexter.org

November 30, 2005

State Tax Commission
Michigan Department of Treasury
PO Box 30471
Lansing MI 48909-7971

Re: Assessing Officer's Report for Tax Year 2005

Dear Sir/Madam:

Enclosed are the following forms:

- Assessing Officer's Report of Property Tax Levied (Village), Form L-4407
- Assessing Officer's Report of Property Tax Levied (Village), Form L-4407a
- Special Assessment Report, Form L-4013
- Supplemental Special Assessment Report, Form L-4016
- DNR PILT, Form L-4407

If you have any questions, please do not hesitate to contact me at (734) 426-8202 x 14. Thank you.

Very Truly Yours,

Marie A. Sherry
Treasurer/Finance Director
msherry@villageofdexter.org

**ASSESSING OFFICER'S REPORT OF
PROPERTY TAXES LEVIED (VILLAGE)**
MICHIGAN STATE TAX COMMISSION

ALL CLASSES (TOTAL REAL AND PERSONAL) PROPERTY

WASHTENAW	81	VLG OF DEXTER	3020	2005
<u>All classes of property</u>				
1. Taxable Valuation of real property on tax roll (as of State Equalization)	\$	169	487	465
<u>All classes of property</u>				
2. Taxable Valuation of personal property on tax roll (as of State Equalization)		32	746	700
<u>All classes of property</u>				
3. Taxable Valuation before adjustments (Add lines 1 and 2)		202	234	165
<u>Adjustments to all classes of property</u>				
4. Adjustments to tax roll as of Dec. 1 (M.T.T., J.B.R., S.T.C. only)			(110)	700)
<u>All classes of property</u>				
5. Total Taxable Valuation as of Dec. 1 (Add lines 3 and 4)		202	123	465

Villages located in more than one township must list the names of the townships and the Taxable Values of the village portion in each such township.

	NAME OF TOWNSHIP	TAXABLE VALUE OF VILLAGE IN TOWNSHIP
Located in	SCIO TWP 1140	183,253,177
Located in	WEBSTER TWP 1180	18,870,288
Located in		

REPORT ONLY AD VALOREM TAXES LEVIED

VILLAGE GENERAL TAXES	TAX LEVIES		LEAVE BLANK	
	RATE	AMOUNT	RATE	FOR AUDITING PURPOSES
Operating		1,939,508 03		
Streets		582,865 30		
EXTRA VOTED TAXES (Specify Purpose)				
GO Bond		135,749 16		
TOTAL TAX LEVY		\$ 2,658,122 49		

PLEASE COMPLETE, SIGN AND RETURN THIS FORM PROMPTLY TO:

State Tax Commission, Michigan Department of Treasury, P.O. Box 30471, Lansing, Michigan 48909-7971

I certify that the above report of valuations and tax levies agrees with the valuations and ad valorem tax levies made on the tax rolls of this village.

Signature <i>Marie A. Sherry</i>	Date 11/30/05
Title Marie A. Sherry, Treasurer/Fin. Dir.	Daytime Phone (734) 426-8303 x 14

**ASSESSING OFFICER'S REPORT
OF PROPERTY TAXES LEVIED (VILLAGE)
MICHIGAN STATE TAX COMMISSION**

COMMERCIAL, INDUSTRIAL AND UTILITY PROPERTY

WASHTENAW	81	VLG OF DEXTER	3020	2005	
<u>Commercial and Industrial</u>					
1. Taxable Valuation of real property (as of State Equalization)			\$ 39	930	791
<u>Commercial, Industrial and Utility</u>					
2. Taxable Valuation of personal property (as of State Equalization)			32	746	700
<u>Commercial, Industrial and Utility</u>					
3. Taxable Valuation before adjustments (Add lines 1 and 2)			72	677	491
<u>Adjustments to Commercial, Industrial and Utility</u>					
4. Adjustments to tax roll as of Dec. 1 (M.T.T., J.B.R., S.T.C. only)				(46)	(400)
<u>Commercial, Industrial and Utility</u>					
5. Total Taxable Valuation as of Dec. 1 (Add lines 3 and 4)			72	631	091

Villages located in more than one township must list the names of the townships and the Taxable Values of the village portion in each such township.

	NAME OF TOWNSHIP	TAXABLE VALUE OF VILLAGE IN TOWNSHIP
Located in	SCIO TWP 1140	71,265,174
Located in	WEBSTER TWP 1180	1,365,917
Located in		

REPORT ONLY COMMERCIAL, INDUSTRIAL & UTILITY TAXES LEVIED

VILLAGE GENERAL TAXES	TAX LEVIES			LEAVE BLANK	
	RATE	AMOUNT		RATE	
		\$			
Operating	10.0008	685,336	06		
Streets	3.0055	205,959	65		
EXTRA VOTED TAXES (Specify Purpose)					
GO Bond	.7000	47,969	11		
TOTAL TAX LEVY					
		\$	939,264	82	

PLEASE COMPLETE, SIGN AND RETURN THIS FORM PROMPTLY TO:

State Tax Commission, Michigan Department of Treasury, P.O. Box 30471, Lansing, Michigan 48909-7971

I certify that the above report of valuations and tax levies agrees with the valuations and ad valorem tax levies made on the tax rolls of this village.

Signature <i>Marie A. Sherry</i>	Date 11/30/05
Title Marie A. Sherry, Treasurer/Fin. Dir.	Daytime Phone (734) 426-8303 x 14

City Study

Donna Dettling

From: Marie Sherry
Sent: Tuesday, September 19, 2006 11:04 AM
To: Donna Dettling
Subject: Assessor guidelines

Level 2

Donna -

Attached are the guidelines for what level assessor a community requires, as requested by the City Study Committee

Marie

Marie A. Sherry, CPFA
Treasurer/Finance Director
Village of Dexter
8140 Main Street
Dexter MI 48130
(734) 426-8303 x 14

STATE ASSESSORS BOARD
TOWNSHIPS AND CITIES
CERTIFICATION LEVELS FOR CERTIFIED PERSONNEL

Certification levels required of townships and cities are as follows:

- Level 1--State equalized value greater than \$0 but less than \$122,000,000 or a combined state equalized value of the commercial and industrial classifications, both real and personal which includes utility property of less than 20% of \$122,000,000 (or \$24,000,000).
- Level 2--State equalized value greater than or equal to \$122,000,000 but less than \$461,000,000 or a combined state equalized value of the commercial and industrial classifications, both real and personal which includes utility property, greater than or equal to 20% of \$122,000,000 but less than 20% of \$461,000,000 (or \$92,000,000).
- Level 3--State equalized value greater than or equal to \$461,000,000 but less than \$2,007,000,000 or a combined state equalized value of the commercial and industrial classifications, both real and personal which includes utility property, greater than or equal to 20% of \$461,000,000 but less than 20% of \$2,007,000,000 (or \$401,000,000).
- Level 4--State equalized value greater than or equal to \$2,007,000,000 or a combined state equalized value of the commercial and industrial classifications, both real and personal which includes utility property, greater than or equal to 20% of \$2,007,000,000 (or \$401,000,000).

In computing the state equalized value, the equivalent state equalized value as carried on the Industrial Facilities Tax Roll and the Commercial Facilities Tax Roll will be considered.

A unit with one large industrial or commercial property that causes a level increase may be reduced if that one property is assessed by the State Tax Commission, the County Equalization Director or an assessing officer certified at the level required for the assessment unit, providing the person that they contract with assumes responsibility through any appeals for that assessment year.

The state equalized value requirements for cities and townships shall be adjusted annually by the average state-wide increase in the state equalized value as compiled by the Property Tax Division.

When an assessor is responsible for more than one unit of government, the certification level for those units of government must be measured by using the combined state equalized value of all units that that individual is responsible for.

This will become effective July 1, 2005 for 2007 tax year.



STATE ASSESSORS BOARD
TOWNSHIPS AND CITIES
CERTIFICATION LEVELS FOR CERTIFIED PERSONNEL

Certification levels required of townships and cities are as follows:

Level 1--State equalized value greater than \$0 but less than \$117,000,000 or a combined state equalized value of the commercial and industrial classifications, both real and personal which includes utility property of less than 20% of \$117,000,000 (or \$23,400,000)

Level 2--State equalized value greater than or equal to \$117,000,000 but less than \$442,000,000 or a combined state equalized value of the commercial and industrial classifications, both real and personal which includes utility property, greater than or equal to 20% of \$117,000,000 but less than 20% of \$442,000,000 (or \$88,400,000).

Level 3--State equalized value greater than or equal to \$442,000,000 but less than \$1,926,000,000 or a combined state equalized value of the commercial and industrial classifications, both real and personal which includes utility property, greater than or equal to 20% of \$442,000,000 but less than 20% of \$1,926,000,000 (or \$385,200,000).

Level 4--State equalized value greater than or equal to \$1,926,000,000 or a combined state equalized value of the commercial and industrial classifications, both real and personal which includes utility property, greater than or equal to 20% of \$1,926,000,000 (or \$385,200,000).

In computing the state equalized value, the equivalent state equalized value as carried on the Industrial Facilities Tax Roll and the Commercial Facilities Tax Roll will be considered.

A unit with one large industrial or commercial property that causes a level increase may be reduced if that one property is assessed by the State Tax Commission, the County Equalization Director or an assessing officer certified at the level required for the assessment unit, providing the person that they contract with assumes responsibility through any appeals for that assessment year.

The state equalized value requirements for cities and townships shall be adjusted annually by the average state-wide increase in the state equalized value as compiled by the Property Tax Division

In units of government who's assessor's are responsible for more than one unit of government, the certification level for those units of government must be measured by using the combined state equalized value of all units that that individual is responsible for.

This will become effective July 1, 2004 for 2006 tax year.

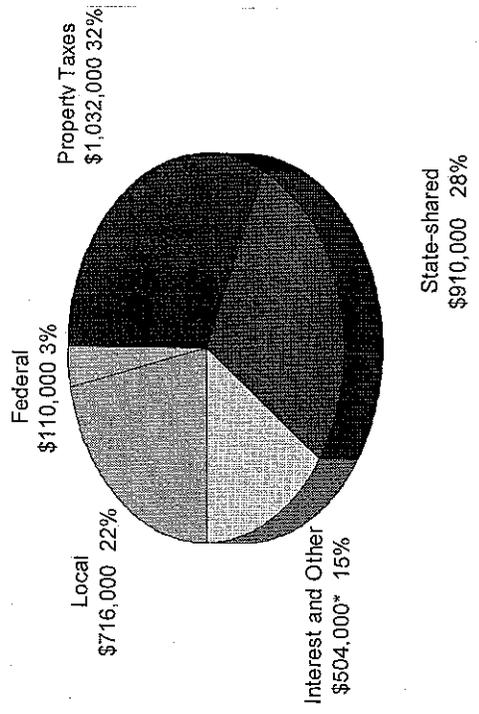
TO: MARIE DORRILL VILLAGE	FROM: <i>[Signature]</i>	DATE: 9/19/06	PAGES INCLUDING THIS PAGE: 2	TWP# 14650
	FAX #: 426-5614	FAX #:		

\$ 234,286

Property Tax from Village Ordinance of SCIO

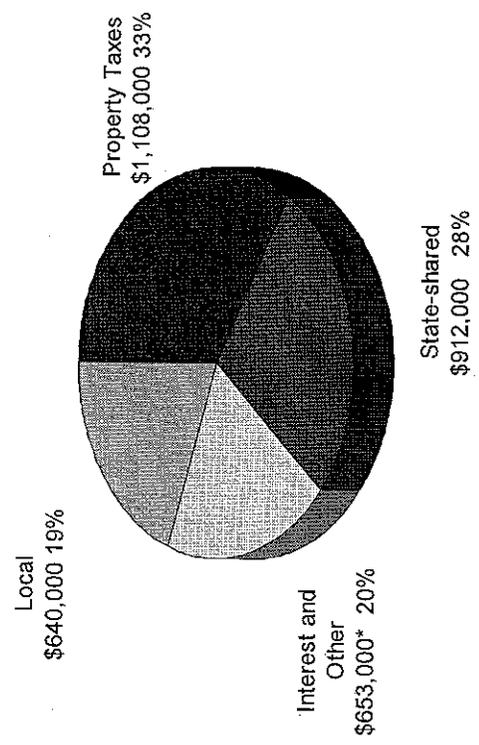
General Fund Revenue

March 31, 2005



Total \$3,272,000

March 31, 2006



Total \$3,313,000

* Includes tax collection administration fee of approximately \$434,000 and \$466,000 in 2005 and 2006, respectively

VILLAGE OF DEXTER

8140 Main Street • Dexter, Michigan 48130-1092 • (734) 426-8303 • Fax (734) 426-5614

October 6, 2006

John Kingsley
Supervisor Webster Township
6000 Joy Road
Dexter, MI 48130

Re: Dexter City Study - Citizen Advisory Group

Dear Mr Kingsley:

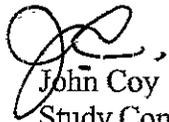
On June 26, 2006 Village Council appointed a Citizen Advisory Committee to study and report on the advantages and disadvantages of incorporating the Village as a Home Rule City. The Study Committee was asked to evaluate the future needs and requirements of an incorporated City including the costs and effect of such a transition.

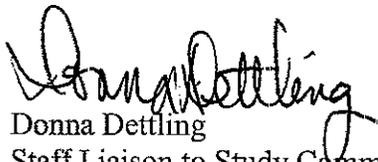
The Study Committee was given six months to complete their fact-finding mission and report back to Council, which ends in February. We've had four meetings so far with our most recent meeting focused on current and future tax collection scenarios. This prompted the discussion of Township tax collections and the financial impact that Dexter becoming a City would have on both Webster and Scio Townships.

The Study Committee requested that an invitation be made to each Township, asking that they join us to share the township perspective on the impact of Dexter "Cityhood". The Committee specifically asked that the Townships provide their point of view during this fact-finding process.

Our meetings are the 1st and 3rd Mondays of the month, with October 16th at 7:00 p.m. our next scheduled meeting. Please contact either myself at 734-665-1388 or Donna Dettling 734-426-8303 to confirm representation at a City Study meeting.

Sincerely,


John Coy
Study Committee Chairman


Donna Dettling
Staff Liaison to Study Committee

VILLAGE OF DEXTER

8140 Main Street • Dexter, Michigan 48130-1092 • (734) 426-8303 • Fax (734) 426-5614

October 6, 2006

Charles Nielsen
Supervisor Scio Township
827 North Zeeb Road
Ann Arbor, MI 48103

Re: Dexter City Study - Citizen Advisory Group

Dear Mr. Nielsen:

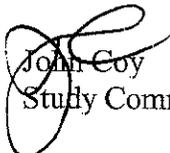
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Sincerely,


John Coy
Study Committee Chairman


Donna Dettling
Staff Liaison to Study Committee

cc: Darrell Fecho

QUESTION & ANSWERS

This is an ongoing list of questions raised and answers provided. Review this list at each meeting; add questions and make sure satisfactory answers are provided.

BOUNDARY RELATED QUESTIONS

- What is our current boundary, will our boundary change as a City?
Review maps provided at the August 21, 2006 meeting.
- Contact State Boundary Commission, to determine how involved they will be in establishing our City boundary? Find a contact person at State Boundary Commission
- 9-18-06 How do we keep from getting hung up on our boundary?



FINANCIAL QUESTIONS

- What funding sources (i.e. State Revenue Sharing and Act 51) change City vs. Village?
Marie Sherry, Village Treasurer/Finance Director, said that Act 51 payments would stay the same if we became a City. Act 51 payments are based on miles of roads in the Village or City, the amount of money for roads increases when we add more miles of roads. Our "Constitutional" State Revenue Sharing would stay the same for a Village or a City. Our "Statutory" State Revenue Sharing would change in one of the four factors used to calculate it. The Population Unit Type factor for a city is 2.5, for a village it is 1.5. This would not be a significant increase, as "Statutory" State Revenue Sharing is continually being reduced, and eventually will be zero.
- Will City status be tax neutral?
This will depend on the financial data.



SERVICES NEEDED AS CITY VS VILLAGE

- What new services will be required?
City Assessor- Position could be part-time employee, or contracted service provider
City Elections- part-time employee or possibly add responsibility to current staff
- Will expanded services be required?
Depends on boundary

9-18-06 WATER & SEWER DISTRICT QUESTIONS

The Village's water and sewer operation is managed as an enterprise. This means that the enterprise must stand on its own. Village vs. city status will not influence the operation and financial management of this enterprise as much as district (boundary) changes. The 425 or conditional transfer agreements currently in place have created an expectation that the village's water and sewer district will service the areas as the conditions in the 425 dictate. These water and sewer service areas are being planned for and will be primarily managed with Special Assessment Districts (SAD). SAD's allow the Village to direct the cost of constructing the

infrastructure to bring these areas on-line to those that receive the benefit, instead of the current users on the system. The recent rate study completed by ACI Finance, found that the financial performance of the water and sewer operations demonstrated that more users on the system helps stabilize rates, primarily due to the amount of fixed costs on the system that can be spread out over more users. The Rate Study also found that the Village is achieving its goal of stabilizing rates by managing operations to control costs, managing debt, planning well in advance for necessary and costly improvements to the system and looking for ways to increase users without incurring substantial capital cost.

GENERAL QUESTIONS

- Will the DDA function different? State Statues that cover DDA's is same for any political subdivision. Email John I.
- **9-18-06** Does becoming a City mean we will get big and impersonal? MML will generate stats on transition communities.

ISSUES TO STUDY FOR THE REPORT

- 1) Transition Costs
- 2.) Tax Increase
- 3.) Image Affect
- 4.) Future Staffing
- 5.) Effect to Townships
- 6.) Intergovernmental Services
- 7.) Municipal Boundaries

GENERAL CATAGORIES TO INCLUDE IN REPORT

- 1) Executive Summary
- 2) Basic Structure of Home Rule Cities
- 3.) Population
- 4.) Population Density
- 5.) Boundaries, Land, Area and Uses
- 6.) Assessment and Tax Ramifications
- 7.) Elections
- 8.) Financial Implications of Incorporation
- 9.) State Boundary Commission Requirements
- 10.) Advantages of Incorporation
- 11.) Relationship of Incorporation to the Affected Townships
- 12.) Possible Increase in Taxes
- 13.) Financial Ability to Maintain Urban Services
- 14.)

**DEXTER CITY STUDY COMMITTEE
MONDAY, SEPTEMBER 18, 2006
7:00 to 8:30 p.m.**

**THE VILLAGE OF DEXTER
VILLAGE COUNCIL**

COPELAND BOARD ROOM – 7720 DEXTER-ANN ARBOR ROAD

1) Take attendance, and approve minutes from September 6, 2006

Attendance:	Beal	Bellas	Coy	Flowers
	Foster	Gergely	Gochanour	Jones
	Miller	Rush	Sprague	Stivers
	Vickers	Wall		

Absent: Conlin, Stacey, Waggoner, and Wensel

2) Report from Financial Committee

Committee: Bart Wall, John Coy, and Gary Gochanour

Guest Speaker: Marie Sherry, Village Treasurer-Finance Officer

Handout- Tax Terminology

John Coy and Marie Sherry went over the Tax terminology handout (copy attached to minutes). Marie shared the history of the Treasurer position prior to her appointment. Mary Carter, a private bookkeeper was contracted to reconcile the village books on a monthly basis. Although Mary did an excellent job, bringing reconciliation in-house with Marie's appointment has provided a much more effective means for staff to analyze and manage the village's finances. Marie mentioned that tax collection responsibility under the current village/township overlap consistently demonstrates a lack of coordination in the system and translates into customer service issues.

John Coy handed out and reviewed the "Snap Shot" of Current Tax Collections document. A copy of the document is attached to the minutes. The Finance Committee collected data and developed this format to illustrate what the current tax collections are for both Scio and Webster Township. Also provided was a projection for increased cost to become a City, which were estimated at \$86,000 annually. The committee will undertake further refinement of this data. The committee looked at several scenarios for increasing revenue (to cover the increased cost to become a City) while keeping taxes same or reducing taxes to residents in the village.

Option 1 shows the impact of rolling the 1.45 millage currently collected by Township into the village operating millage, which generates new revenue for village of \$333,511 and keeps tax burden same for residents. Revenue is more than needed to cover the projected incremental annual costs of \$86,000.

Option 2 looks at increasing village operating millage by .25 mills and collecting a 1% administrative fee. This option would reduce taxes to residents on average \$140 annually and

would potentially generate new revenue for the village of \$139,344. Again more than needed to cover the incremental annual costs of \$86,000.

Option 3 looks at collecting a 1% administrative fee without an additional millage increase. This option could potentially generate new revenue for the village of \$94,000 and on average reduce individual taxpayers tax burden by \$163 per year. Option 3 would require more aggressive fiscal management to make sure new annual expenses i.e. assessor and elections are kept in line with the revenue generated to support them.

Committee asked for further refinement of the projected costs be undertaken. Specifically look at the level of appraiser we would need and confirm the projected cost for contracting. Look at problems Chelsea had that we can avoid. Look at transition issues facing the Treasurer and other personnel if we become a City.

Will costs change for legal fees and consultants if we become a City? These costs are being aggressively managed (consistently analyzed and scrutinized) and will continue to be managed to provide the best value for the dollar spent regardless of our city vs. village status.

Answer the question for the average person, how will becoming a City affect me?

Look at what percent of Webster and Scio's annual revenue is represented in the "snap shot" data.

3) Review Q & A Sheet- Additions or changes will be indicated with the date in bold.

4) Tasks for the next meeting and set meeting date.

Next meeting date was set for October 2nd. This date was cancelled due to the death of John Wensel.

Request that more negatives on becoming a City be explored; find someone to talk about the negative impact. Not being able to vote in township elections was provided as a negative.

Invite Donna Palmer, Scio Township Treasurer to tell us why we should stay in township. Make sure townships know what the Committee wants.

Invite Sparta Village to attend our meeting and discuss why they chose not to pursue City status.

Adjourned at 8:30 p.m

Respectfully Submitted,

Donna Dettling
Village Manager

State Equalized Value (SEV)

The SEV is generally $\frac{1}{2}$ of the market value of a property. It is not used to calculate individual taxes.

Taxable Value (TV)

The Taxable Value is used to calculate the actual taxes levied on a property.

When **Proposal A** was passed in 1994, every existing piece of property's Taxable Value was established using the property's 1994 SEV. The Taxable Value was then "**capped**", i.e. it cannot increase more than the rate of inflation or 5%, whichever is lower. Once a property sold, the Taxable Value is "**uncapped**", and increases to equal the SEV. The process of capping starts anew from that point.

Primary Residential Exemption (P.R.E.)

The PRE used to be known as the Homestead Exemption, and it was also part of Proposal A. The State of Michigan changed the name a few years ago due to confusion between the PRE and the income tax deduction of the same name.

A primary residence is one where a person or persons live on a full time basis. It is the address that you would use for your driver's license and voter's registration.

Properties with a PRE of 100% are exempt from 18 of the 24 mills of school taxes that are due to the State from each property owner. After the exemption is applied, the only properties that this tax is generally levied upon are businesses, second or vacation homes, and income generating properties (rentals).

Millage Rate ("Mills")

The millage rate is what is applied to the Taxable Value in order to compute the amount of taxes owed on a piece of property. Use the following formula to compute taxes:

$$\frac{\text{Millage rate}}{1000} \times \text{Taxable Value} = \text{taxes levied}$$

There are several types of millage that can be levied. The first type is **statutory**, or established by legislation. For example, a city millage rate is established by charter, using state law as a guideline, and a general law village's rate is established by the *General Law Village Act* (Dexter is a general law village). Township millage rates are also established by state law.

In Dexter, the Operating millage (currently 9.8807) and the Streets millage (currently 3.0055) are statutory. Operating is used for general operations, and Streets are restricted to streets projects and administration.

The second type is **voted**, which in the Village is the *G.O. Bond*, which was approved by the voters in 1998 to pay for streetscape improvements in the downtown area. Other examples of voted millages are police/public safety, library, and open space preservation.

A third type is a **special assessment**. A special assessment is applied to specific properties for items that are of a benefit to that particular property rather than the community as a whole. Dexter currently has one special assessment district that is based on road frontage. Special assessments may also be based on taxable value with an accompanying millage rate.

Headlee Amendment

The Headlee Amendment is a constitutional amendment passed by the voters in the 1970's. It covers a wide variety of things statewide, and

it has an impact on local revenue. Each year, the County Equalization Department uses local assessing data to establish a Headlee millage reduction factor (or rollback). The factor is based on the increases (or decreases) in total taxable value for the community in the proceeding year. The factor *must* be applied to a community's millage rate each year to find out the maximum rate that can be used. Communities may choose to levy less than the maximum (the Village levies less than the maximum streets millage).

An example of a Headlee rollback:

2005 operating millage x reduction factor = 2006 operating millage

10.0008 x .9880 = 9.8807 (actual Village data)

Realistically, although the Headlee amendment does allow millage rates to roll up, each year the Headlee factor will cause millage rates to decrease. This is because of a clash between Proposal A and the Headlee Amendment, which can only be fixed by the State Legislature. It is already causing fiscal stress in some communities, especially older communities without a growing tax base. The only way for a community to increase their millage rate is to ask for a **Headlee Override**, which must be approved by the voters of the community. A Headlee override would increase the millage rate back to either the original allowable level (12.5 mills for Village operating, for example), or to a rate established by the ballot language. If approved, the new rate would be levied for one year, then the Headlee rollback would once again be applied to subsequent years.

"Snap Shot" of Current Tax Collections

collection Periods	Government Entities	Scio S.E.V.:		Webster S.E.V.:	
		Millage Rates	Tax Revenue	Millage Rates	Tax Revenue
S	Village-(all areas)	13.5562	\$2,188,405	13.5562	\$284,419
W	Townships	1.4513	\$234,286	3.6666	\$76,928
W	Library	1.6709	\$269,737	1.6709	\$35,057
W	DCS -Debt	8.5000	\$1,372,172	8.5000	\$178,336
W	Dexter Schools ²	18.0000	\$850,364	18.0000	\$377,653
S	State Ed. Fund	6.0000	\$968,592	6.0000	\$125,884
S	County	5.5024	\$888,264	5.5024	\$115,444
W	WISD	3.9970	\$645,244	3.9970	\$83,860
W	WCC	3.7249	\$601,318	3.7249	\$78,151
Total Taxes collected			\$8,018,383		\$1,355,733

Residential Millage Rate (PRE) 44.40 mills 46.62 mills
 Non-Residential Millage Rate 62.40 mills 64.62 mills

1% Administration Fee twps add to taxes collected³ \$58,300 \$10,713
 Total Admin Fee \$69,013

Scio Millage Breakdown		Webster Millage Breakdown	
Type	Mills	Type	Mills
Gen. Millage:	0.9513	Gen. Millage:	0.7899
PDR:	0.5	Headly rollback:	0.3701
	1.4513	public safety:	2.0
		PDR:	0.5
			3.66

¹ Current Millage Rates & Taxable Values
² Not collected on Primary Residential Units (PRE rate)
³ 1% administrative fee not collect by Village Taxes on summer taxes
 S-Collected in Summer
 W-Collected in winter
 PRE - Primary Residential Unit

Increased Costs to become City (est.)

	One Time Exp.	Annual Exp.
Appraising Function		
Contracted Appraiser (est. \$20 per parcel)	\$	48,000
Elections		
Running elections and associated costs	\$	10,000
Purchase of new equipment	7,500	
Misc.		
Name Change, Application Fees, Legal, etc.	\$	22,504
Webster TWP Settlement (for 12 years)	\$	5,000
Miscellaneous annual expenses	\$	\$
	32,500	85,504

Scenarios for Increasing Revenue & Reducing Taxes

CURRENT Village, Scio & Webster Tax Collections

Individual property owners (based on 100k of taxable value)

	Property Owner		Property Owner	
	Currently Pays	SCIO	Currently Pays	WEBSTER
Village Resident	\$ 4,471.12	\$ 175.98	\$ 4,694.86	\$ 399.72
Business Owner	\$ 6,289.12	\$ 193.98	\$ 6,512.86	\$ 417.72
			Tax In WEBSTER⁴	TWP Portion

Total Village Revenue	2,472,824
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Village Revenue (based on current village boundaries)

Village Revenue from Scio TWP	Village Revenue from Webster TWP
2,188,405	284,419
#DIV/0!	#DIV/0!

"City" Option 1

Village Re-Capture 1.45 mills from SCIO residents & reduce WEBSTER residents to 1.45 mills PLUS take over 1% admin fees from Twps.

Effect on individual property owners (based on 100k of taxable value)

	Scio TWP		Webster TWP	
	Property owner*	Savings	Property owner*	TWP Portion
Village Resident	\$ 4,471.12	\$ -	\$ 4,440.14	\$ 254.72
Business Owner	\$ 6,289.12	\$ -	\$ 6,240.14	\$ 272.72

Current Total Village Revenue	2,472,824
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Effect on Village Revenue (based on current village boundaries)

1.45 Mills captured from Scio	1.45 Mills captured from Webster	New Revenue from captured mills	Revenue capt. from 1% Scio Admin Fee	NEW TOTAL Village Revenue
234,076	30,422	\$ 264,499	\$ 69,013	\$ 333,511

⁴ Includes 1% Administration Fee

"City" Option 2

Drop out all township mills except .25 mills
AND add a 1% Administration Fee on Village Taxes not previously charged

Effect on individual property owners (based on 100k of taxable value)

	Scio TWP		Webster TWP	
	Property owner ⁴	Savings	Property owner ⁴	TWP Portion
Village Resident	\$ 4,333.70	\$ 137.42	\$ 4,333.70	\$ 361.17
Business Owner	\$ 6,133.70	\$ 155.42	\$ 6,133.70	\$ 379.17

Effect on Village Revenue (based on current village boundaries)

Current Total Village Revenue	.25 Mills captured from Scio	.25 Mills captured from Webster	New Revenue from captured mills	Revenue capt. from 1% Scio Admin Fee	New Revenue	
					1% Admin Fee on Current Village Tax	NEW TOTAL Village Revenue
\$ 2,472,824	40,358	5,245	\$ 45,603	\$ 69,013	\$ 24,728	\$ 139,344

"City" Option 3

Drop out ALL Township Millages
Add 1% Administration Fee on Village Taxes not previously charged

Effect on individual property owners (based on 100k of taxable value)

	Scio TWP		Webster TWP	
	Property owner ⁴	Savings	Property owner ⁴	TWP Portion
Village Resident	\$ 4,308.70	\$ 162.42	\$ 4,308.70	\$ 386.17
Business Owner	\$ 6,108.70	\$ 180.42	\$ 6,108.70	\$ 404.17

Effect on Village Revenue (based on current village boundaries)

Current Total Village Revenue	0 Mills captured from Scio	0 Mills captured from Webster	New Revenue from captured mills	Revenue capt. from 1% Scio Admin Fee	New Revenue	
					1% Admin Fee on Current Village Tax	NEW TOTAL Village Revenue
\$ 2,472,824	-	-	\$ -	\$ 69,013	\$ 24,728	\$ 93,741

⁴ Includes 1% Administration Fee

Summary

Tax Savings to property owners

	Current Taxes*	Savings Option 1	Savings Option 2	Savings Option 3
SCIO Village Resident	\$ 4,471.12	\$ -	\$ 137.42	\$ 162.42
SCIO Business Owner	\$ 6,289.12	\$ -	\$ 155.42	\$ 180.42
WEBSTEF Village Resident	\$ 4,694.86	\$ 254.72	\$ 361.17	\$ 386.17
WEBSTEF Business Owner	\$ 6,512.86	\$ 272.72	\$ 379.17	\$ 404.17

*Tax savings based on 100,000 Taxable Value (\$200,000 home)

Simple Cost Benefit analysis for Village (Estimate)

	One Time Exp.	Annual Exp.	Option 1 Est. Total New Revenue	Option 2 Est. Total New Revenue	Option 3 Est. Total New Revenue
New Revenue			\$333,511	139,344	93,741
New Costs					
Appraising Function					
Contracted Appraiser (est. \$20 per parcel)		\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000
Elections					
Running elections and associated costs		\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Purchase of new equipment	\$ 7,500				
Misc.					
Name Change, Application Fees, Legal, etc.	\$ 25,000				
Webster TWP Settlement (for 12 years)		\$ 22,504	\$ 22,504	\$ 22,504	\$ 22,504
Miscellaneous annual expenses		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
	\$ 32,500	\$ 85,504	\$ 85,504	\$ 85,504	\$ 85,504

Net Change to Village \$248,007 \$53,840 \$8,237