

CITY OF SWARTZ CREEK
 SWARTZ CREEK, MICHIGAN
 MINUTES OF THE SPECIAL COUNCIL MEETING
 DATE 8/20/2013

The meeting was called to order at 6:00 p.m. by Mayor Krueger in the Swartz Creek City Council Chambers, 8083 Civic Drive.

Invocation and Pledge of Allegiance to the Flag.

Councilmembers Present: Abrams, Gilbert, Hicks, Hurt, Krueger, Porath, Shumaker.

Councilmembers Absent: None.

Staff Present: City Manager Paul Bueche, City Clerk Juanita Aguilar, DPS Director Tom Svrcek, City Attorney Mike Gildner.

Others Present: Boots Abrams, Tommy Butler, Jim Florence, Sharon Shumaker.

REPORTS AND COMMUNICATIONS:

City Manager's Report

Resolution No. 130820-01

(Carried)

Motion by Councilmember Porath
 Second by Councilmember Hurt

I Move the Swartz Creek City Council approve the City Manager's Report of August 20, 2013, to be circulated and placed on file.

YES: Gilbert, Hicks, Hurt, Krueger, Porath, Shumaker, Abrams.
 NO: None. Motion Declared Carried.

All other reports and communications were accepted and placed on file.

MEETING OPENED TO THE PUBLIC:

Tommy Butler, 40 Somerset, asked if the proposed millage would apply only to the police and not the general fund.

COUNCIL BUSINESS:**Public Safety Funding**

Discussion took place regarding the problems with public safety funding and possibilities for more revenue.

Resolution No. 130820-02

(Carried)

Motion by Mayor Pro-Tem Abrams
Second by Councilmember Hicks

I Move the Swartz Creek City Council pursue the Special Assessment District (SAD) process at this time.

Discussion Ensued.

YES: Hicks, Hurt, Krueger, Porath, Shumaker, Abrams.
NO: Gilbert. Motion Declared Carried.

MEETING OPEN TO PUBLIC

Tommy Butler, 40 Somerset, stated that he felt that if residents didn't have to pay the special assessment, they would have to pay higher insurance rates due to no police or fire protection.

REMARKS BY COUNCILMEMBERS:

City Manager Bueche stated that the View reporter John McKeowen would be leaving for another position in Ann Arbor.

Councilmember Hurt stated that he felt there was good discussion at this meeting and that progress was made.

Councilmember Gilbert stated that he also felt that it was a good meeting and that people that he has talked to agree that something must be done.

Councilmember Hicks stated that she hopes that the residents trust that the Council has studied the issue and that they have a good government. Ms. Hicks also stated that there was good discussion.

Councilmember Shumaker stated that he was pleased with the information that City Manager Bueche passed on to the Council. Mr. Shumaker spoke about people buying homes in the City and staying for a long time. Mr. Shumaker stated that he appreciates

the members of the City Council for being responsible board members. Mr. Shumaker stated that he would like more money directed towards the Public Works area because there is a lack of money to do what is necessary in that area.

Councilmember Porath apologized to the general public about his lack of attendance at the Council meetings this summer. Mr. Porath spoke about the Special Assessments, stating that he prefers that a full amount be assessed at one time as opposed to incremental increases.

Mayor Pro-Tem Abrams spoke about the City Manager's salary stating that if Mr. Bueche were to be replaced, about another \$40,000 would have to be added to the budget. Mr. Abrams spoke about the SAD's stating that the process is good for giving the people the information that is needed.

Mayor Krueger stated that he feels the Council should consider how many questions they had tonight, the in-depth conversation and how many of them changed their minds during the course of the meeting. Mr. Krueger spoke about the possibility of another special meeting for the public hearing as opposed to having it at a regular council meeting.

Councilmember Porath stated that he would like to be considered as an alternate on the special committee if someone can't make it to any meetings.

Adjournment

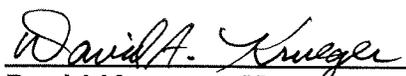
Resolution No. 130820-03

(Carried)

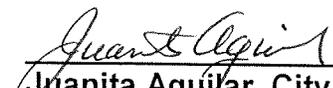
Motion by Councilmember Hurt
Second by Councilmember Shumaker

I Move the City of Swartz Creek adjourn the Special Session of the City Council meeting at 8:15 p.m.

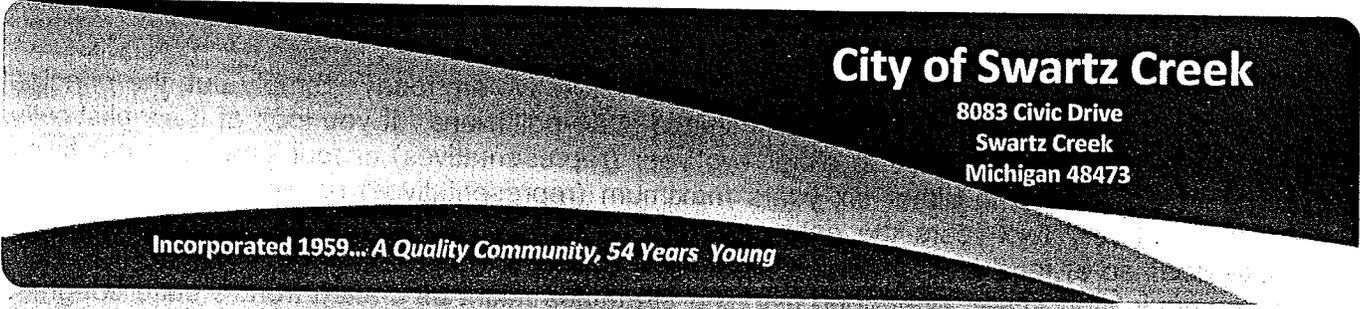
YES: Unanimous Voice Vote.
NO: None. Motion Declared Carried.



David Krueger, Mayor



Juanita Aguilar, City Clerk


 City of Swartz Creek

 8083 Civic Drive
 Swartz Creek
 Michigan 48473

Incorporated 1959... A Quality Community, 54 Years Young

12-August-2013

To: Honorable: **DAVE KRUEGER, Mayor**

Councilmembers: **Dave Hurt** **Curt Porath**
 John Gilbert **Mike Shumaker**
 Rae Lynn Hicks **Richard B. Abrams**

Residents: **Citizens of the City of Swartz Creek**

In Reference: 2013-2014 Fiscal Year Budget

Dear **Mayor, Mayor Pro-Tem, Councilmembers** and **City Residents,**

As I have written in recent past years, our business of government has thrust us to a time and place that is unprecedented. Over the last four years, we have seen a rapid decay of the value of our residential housing stock. Regarding our industrial and commercial properties, a disturbing trend began three years ago with the mass filing of tax appeals. A considerable number of these businesses continue to file appeals annually which are granted with little question from the State Tax Tribunal. The taxable values of our larger commercial and industrial properties have been chipped away to a point that in many cases, they have declined by 75% of what they were just four short years ago. The cost of defending these appeals is significant with no financial assistance from the other taxing entities we collect for. Couple this with near zero interest income, revenue sharing reductions, unfunded mandates and expanding costs in labor, services, utility, commodity, and bankruptcy debt discharges, our revenues continue to spiral downward.

This economy has permanently changed the shape of government and we are compelled to seek solutions in order to adequately serve the public. In comparison, the public we serve are also struggling in managing families, college, debt, utilities, taxes, and the list goes on. In my humble opinion, I do not believe our government, as we have come to know it in our careers and under our existing tax structure, is fiscally sustainable. I do believe that the City, County or State will not recover from this anytime soon and in fact, it may be decades. Having said this, we have stayed ahead of the slide by adjusting services accordingly; however, we have arrived at a critical crossroad that will need decisions.

Before you tonight is a report that addresses an exhaustive 18 months of study that looked closely at consolidation of services, long term structural deficits, legacy commitments and the preservation of a community that provides a good quality of life for its residents. I have gone to great lengths to provide a document that is non-technical in nature for simplicity and comprehension. Wherever possible, we have used illustrations and pictorials to establish points and comparatives. On behalf of the staff and from myself, I Thank the Council for your patience, professionalism and unprecedented quality leadership you have shown.

Sincerely,

Paul Bueche

City Manager

HOW DID WE GET WHERE WE ARE TODAY?

A. There are two primary reasons for why we are where we are today. Simply put, the principal reason is bad policy from long-gone, term limited state politicians. If you look at it simplistically, state elected officials are voted to either two year (representatives) or four year (senate) terms and are "term limited" to either six years maximum (representatives) or eight years maximum (senators). Every two years the entire House of Representatives stand for election and the Senate does so at four-year intervals concurrently with elections for governor. One only has to use an imagination to see what good planning strategies might be crafted from a state congress person who starts a term having to begin campaigning immediately to keep their job and face a total career of six or eight years maximum.

Poor state policy coupled with several other variables, are addressed very well and simplistic in a recent article published by Mlive Guest Columnist Mike Bean, (Bridge Magazine). Excerpts from the article are as follows:

The decline of local governments in Michigan is due in part to the 1990s recession and plummeting property values – the effects of which are exacerbated by the consequences of Headlee limits on taxation and spending and Proposal "A" caps on taxable values. The decline in local fiscal stability also was exacerbated by the dramatic reductions in state support for local governments in the last decade or so and major tax-policy changes.

For example, cumulative reductions in statutory revenue sharing (money from the state to local governments) exceeded \$4.4 billion from 1998 through 2011. In addition, nearly all of the major tax-policy decisions the state has made in recent years have hurt local government funding. When the state enacted the state sales tax, local governments were not allowed to levy one of their own, as local governments can in many other states. Local options were not allowed because the state concluded it could collect and distribute some of the revenue in a much more efficient and equitable manner. Limits also exist on the personal income tax, with only 22 of Michigan cities with their own local version.

Until the early 1990s statutory revenue sharing was funded through earmarks from the personal income tax, sales tax, Single Business Tax and the Intangibles Tax. The Intangibles Tax was repealed without replacement revenue, and during the 1990s recession, statutory revenue sharing experienced cuts, as you might expect. But those cuts pale in comparison to what happened just a few years later.

When the recession of the early 1990s ended, most of those cuts were not fully restored. In the late 1990s the prior cuts were rolled into a new baseline and a new statutory dedication based on sales tax collections was enacted. The problem for local governments is that since 1998 this new system has been fully funded just once – in 2001. At roughly the same time, at the start of the 21st century, the Engler administration and Legislature agreed to use up about \$3.2 billion in surpluses and one-time revenue fixes for state spending, while they were still busy cutting taxes. Everyone who understood the budget knew they were setting up future administrations and future Legislatures for a problem. Term-limited lawmakers knew they wouldn't be around to face the problem – and some of them wanted to "starve the beast" anyway.

Let's fast-forward 10 years and look at how times have changed. The fiscal 2012 legislative budget negotiations led to another cut to local government of about \$140 million – via the elimination of statutory revenue sharing – and the creation of an Economic Vitality Incentive Program, or EVIP. EVIP rolled all the previous cuts in state aid into a new baseline. The name "Economic Vitality Incentive Program" is certainly a bit of a misnomer, since it hasn't brought much vitality to local communities. Citizens want some vitality in their local governments so they can protect local services, such as public safety. A community and an economy cannot thrive if

citizens are afraid to live there. Local police and fire services are essential. Infrastructure is also essential. That includes roads and bridges, but it also includes the resources to remove derelict structures and the resources to repurpose old-use structures to new-use purposes. It also means maintaining the historical and cultural identity of cities and neighborhoods by restoring historical residential and commercial sites.

The quality of life for Michigan residents is impacted daily by choices made by local governments. The ability of local government to make quality decisions has been significantly and negatively affected by state government decisions in recent years. State government should provide local governments with the necessary resources. And if state government doesn't want to provide the resources, they should eliminate restrictions they've placed on local governments and give them the tools to do the job themselves.

Term-limited politicians have made too many poor decisions. The problem is that while politicians may be term-limited, the consequences of their actions are not.

B. The second fault factor can be laid at the feet of the City's Founding Fathers. State statute permits cities, by charter, to levy up to 20 mills for general operating. The movement to create a "City of Swartz Creek" carved areas from three surrounding townships and drafted a new charter. All of this is right as rain, but for reasons that we can only speculate on today, the "fathers" decided in our charter to limit the City's ability to levy at a maximum of 5.0 mills (2.35 additional mills levied for garbage collection). I'll venture a guess that the decision was made due to differing opinions on taxes coupled with the fact that the GM-SPO plant was lucrative in that it provided a significant contribution. In many ways, the size of the City with such a large industrial complex such as the SPO Plant permitted very low taxes for our resident population. Either way, it worked adequately for many years and kept a throttle on spending. Interestingly, it also put the City in a very elite category. Of the 279 cities in the state, we are the sixth lowest; the bottom 2 percentile (includes garbage, debt, etc.). The state average is 17.3 mills. Concurrently, we are in a county and school district that levy some of the highest taxes in the state. If not for the problems described in "A" above, we could continue to get by as we have in the past.

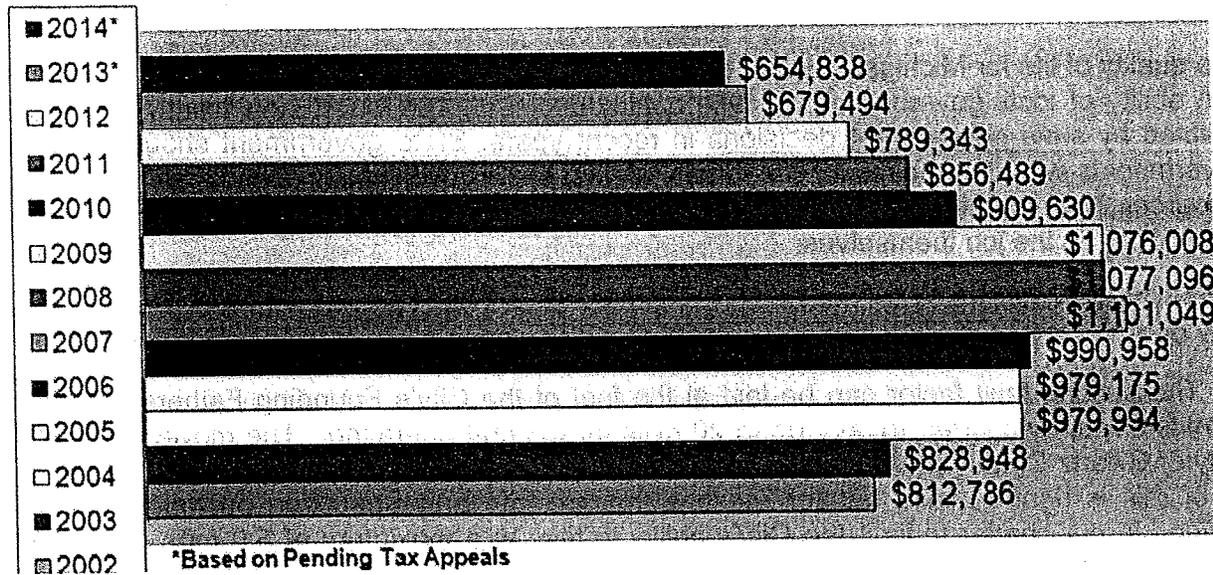
Existing	Levy	Levy Rank	State Avg	Percent Deviation Local to state
City	8.18	6 of 277	17.32	-52.77%
County	9.46	72 of 83	6.5	45.54%
School	15.65	69 of 277*	19.63	-20.28%
Total	33.29	15 of 277	43.44	-23.37%

HOW LONG BEFORE WE GET BACK TO TAX REVENUES WE HAD AT OUR MAXIMUM?

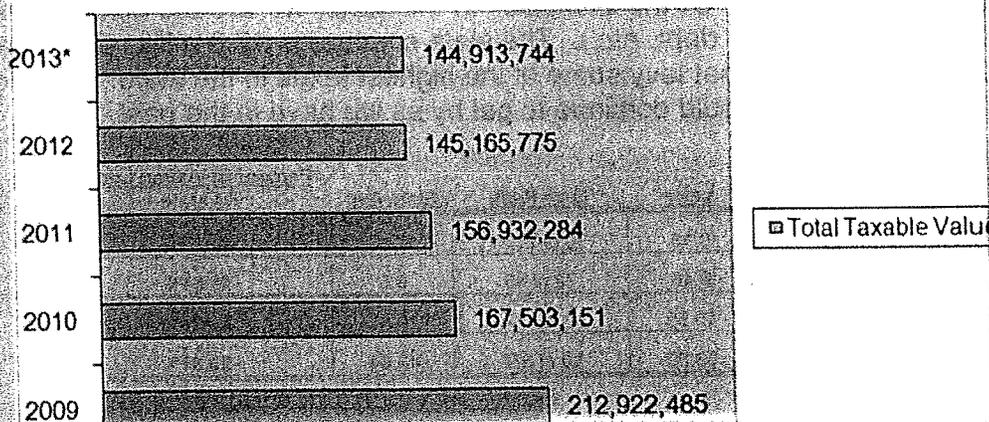
The City's highest tax revenue year was in 2007, being \$1,101,000. The 2013-2014 projected tax revenues are estimated to be \$655,000. Under the state's existing tax model, all of our housing, commercial, industrial and vacant properties would have to return to the 2007 market and taxable values AND they would have to all sell now to uncap the value at the 2007 rate. Best guess? Never, or at least, two or more decades.

Bear in mind that these are tax revenues only. We have lost revenue in virtually all categories', one of which returned us nearly \$100,000 in the general fund – interest income. Prior to 2009, we saw interest rates that approached 10% in some cases, enough to fund a police officer for a year. The rate today runs just over zero percent.

Property Tax Revenue

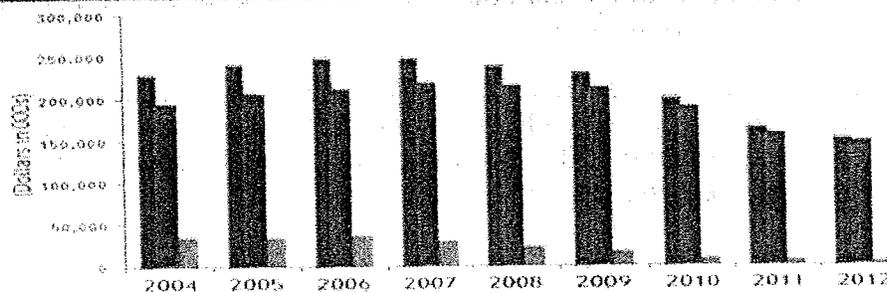


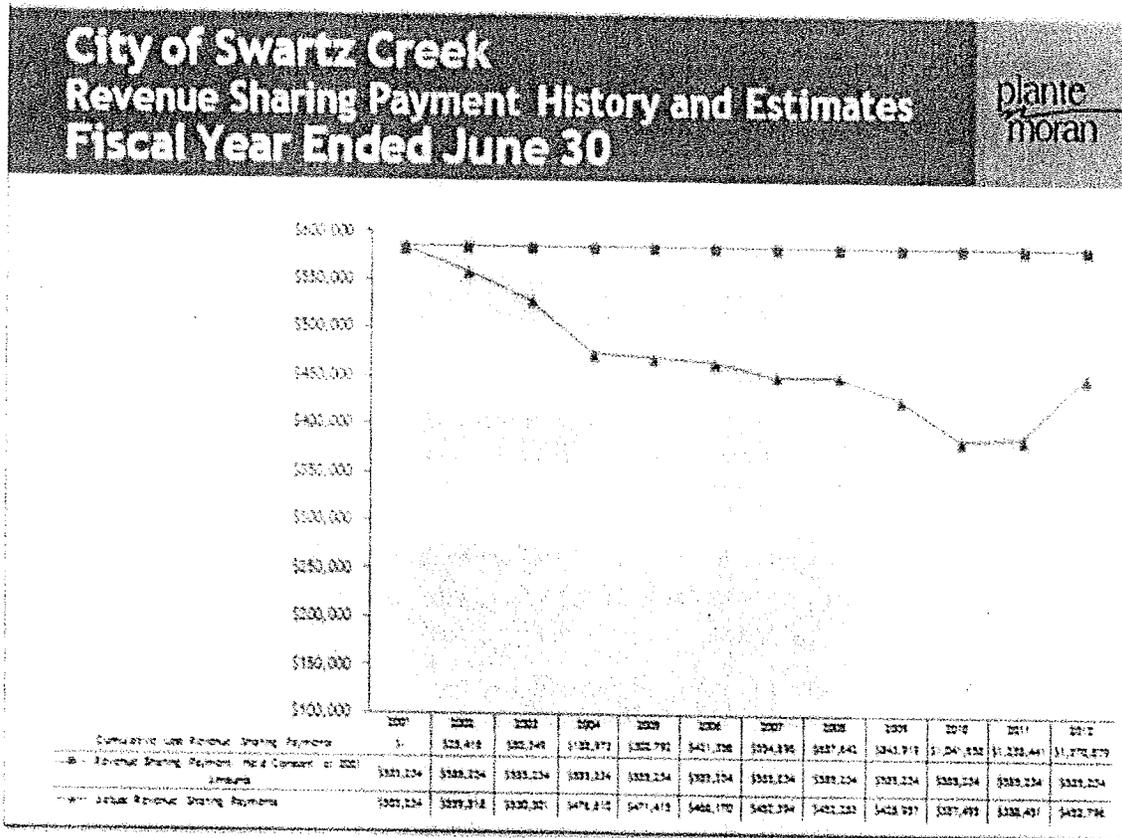
Total Taxable Value



City of Schwartz Creek Taxable Values - In Thousands Years Ended June 30

Plante Moran





WHAT CITY SERVICES HAVE SUFFERED?

In short, all of them have. We have been successful in negotiating employees into retirements and not replacing them. The Police Department is operating at a staffing level dating back to the 1960's with the slack picked up by part-time officers. Fire services have been held at a 10% cut in operating since 2010 with insufficient funding for capital apparatus purchases. The DPW operates at just three workers, an all time low since our inception as a city. Janitorial services have been eliminated as well as office and summer part-time help.

The disturbing trend is public safety, specifically two categories'. The Police Department is been eroded to a point wherein it's staffed by part-time officers, and the second is the lack of funding for apparatus replacements. There are little funds for these capital purchases. It's been somewhere near a dozen years since we have invested in a capital apparatus expense. Given recent talks with our fire service partner, it appears doubtful that such a replacement purchase will happen in the near future. Following is a ten year snapshot of the City's employee roster that reflects once filled and now vacant positions:

JOB TITLE	STATUS
FULL- TIME	
City Manager	Active- Funded
Assistant City Manager	Vacant
Director of Finance/Dep Clerk	Active- Funded
Treasurer/Deputy Clerk	Active- Funded
Dir of Admin/City Clerk	Active- Funded
Assistant City Clerk	Vacant
Director of Public Works	Active- Funded
Administrative Assistant	Active- Funded
Administrative Assistant	Active- Funded
Administrative Assistant	Active- Funded
Lead Worker	Vacant
Maintenance Worker	Active- Funded

Maintenance Worker	Active- Funded
Maintenance Worker	Active- Funded
Maintenance Worker	Vacant
Chief of Police	Active- Funded
Administrative Assistant	Active- Funded
Police Lieutenant	Active- Funded
Police Officer	Vacant
Police Officer	Vacant

PART- TIME

Council Members***	Active (7)
Office Assistant	Vacant
Office Assistant	Vacant
Election Worker	Active (47)
Election Chairperson	Active (9)
Board of Review	Active (3)
Maintenance Worker	Vacant
Janitor	Vacant
Maintenance Worker (Seasonal)	Vacant (4)
Administrative Assistant	Vacant
Police Officer	Active- Funded
Police Officer	Vacant
Building Inspector	Active- Funded
CONTRACTED*	
Assessor	Contracted

WHAT ABOUT CONSOLIDATION OF SERVICES?

With the election of Governor Snyder in 2010, the concept of consolidated services was ushered in under the “carrot and stick” approach. We had already begun this out of necessity, but it did drive a full evaluation of our services operation. We engaged a consulting firm to study options with the neighboring communities of Flint and Mundy Townships. The results of such were less than exciting. The results were useful in that they gave us significant insight into comparative efficiency of our departments, but the cost savings was not measurable in the larger cost departments such as public safety. A committee of Council and Staff evaluated the results of the various departments, conclusions as follow:

Police: The study offers several observations and options. Full contracting would offer some savings, but the level of service would drop significantly as Flint Township is a far more urbanized community than is the City. Another option provides for the elimination of the City’s Police Chief and Lieutenant, contracting the supervision out and keeping the patrol officers. The study did not address that the Lieutenant also functions as a patrol officer and would have to be replaced, nor does it address the cost for contracted supervision. Aside from several other minor cost saving observations, the study finds the police department to be very efficient and cost effective.

Fire: The study finds that the City’s joint operation of the Fire Department with Clayton Township is very efficient. It recommends against any further consolidation.

The study re-affirms that operational cost savings can be utilized by following the City – Township Fire Evaluation completed in 2008.

Building: The study finds the City's building department to be inefficient and poor in compliance and record keeping. It recommends that the City contract with Mundy Township for building and trade inspection services. The cost savings would be minimal, if any, however, the efficiency and record keeping would be vastly improved at similar expense.

Code: The City has no code enforcement services. The combined building – zoning – and assessing position was not filled when a retirement occurred in 2006. The individual jobs associated with the single position were partially contracted out with code enforcement eliminated. Major issues are addressed by the City Manager, DPW Director and the Police chief.

Assessing: The study finds that our contracted assessing firm operates very efficiently and is cost effective. Reporting is accurate, computerized, modern, compliant and up to date.

Misc: In the course of evaluating our operation, we found that a great many of the services the City provides are already consolidated with other agencies, including, but not limited to: water, sewer, street grants, bridge repair grants, 911 dispatch, narcotics policing, auto theft policing, CDBG allocations, senior services, library services, neighborhood stabilization, storm water management, traffic signal maintenance, etc.

EMPLOYEE COMPENSATION PACKAGES, ARE THEY EXCESSIVE?

Concern of salary and compensation packages for public employees have become a magnet for scrutiny as of recent. Good reason exist as many taxpayer funded operations across the state have abused discretion and in many cases, logic and reasoning. Fortunately, we have not been one of them. As indicated earlier in this report, we have been greatly limited in our taxing authority as designed by the City's founding fathers. The fine line balance of providing adequate services with limited resources have kept compensation packages well below comparative cities across the state. I'd like to say that we've been very fortunate in obtaining and keeping qualified and competent employees for reduced compensation. Our benefit packages are modest. Medical insurance is shopped and price compared several times yearly. We opt for a single provider, cost effective, managed care policy provided by Blue Care Network. To go further, we self insure a portion of the deductibles to further reduce the total cost, an approach that has worked very well in controlling escalating costs. The insurance creates a fair amount of oversight and work in the office, but the savings is well worth it. All other benefits provided for are modest in comparison with most all cities our size in the state. The unions we employ work well with management and have been very reasonable and understanding when shown financial resources the City relies on. Salaries of our employee positions are as follows:

<i>TITLE</i>	<i>TOTAL WAGES</i>
City Manager	\$ 61,778
Director of Finance/Deputy Clerk	\$ 55,812
Treasurer/Deputy Clerk	\$ 49,915
Dir of Admin/City Clerk	\$ 56,873
Administrative Assistant #2	\$ 33,991
Director of Public Works	\$ 59,368
Building Inspector	\$ 15,600
Maintenance Worker	\$ 46,448

Chief of Police	\$	61,798
Administrative Assistant #1	\$	38,960
Police Lieutenant	\$	56,011
Police Officer	\$	52,671

WHAT ABOUT POST RETIREMENT PACKAGES?

Another area of public concern and significant irresponsibility on the part of government has been post retirement benefits and packages. The City currently spends about \$40,000 per year for post retirement medical benefits. All of our contracts going back for twenty years have a cost sharing mechanism for retired employee medical insurance. They also have a cap, in that when an employee becomes eligible for Medicare, they must go on the federal plan. There are some horror stories out there wherein some plans are so in deficit that a substantial portion of their tax levy goes to retirees.

As to retirement income, our MMERS plan stands at 90% or better in funding. Despite the economy and interest rates, we have remained diligent in keeping our contributions current and ahead. I have only recently scaled back our contributions as the state has a history of rewarding bad government practices. Many governments across the state have seriously underfunded retirement plans. The state once owned the MMERS system and I fear there may be a backdoor somewhere that may allow changes to average out funded plans with unfunded plans, thus rewarding poor choices. I do not believe the taxpayers for the City of Swartz Creek should help fund those poor choices made by other municipalities.

TAXES HAVE DROPPED, BUT BY HOW MUCH?

This is variable depending on a number of factors. We chose four houses in the City and collected precise data. The comparatives are as follows:

Effect of Declining Taxable Value on Tax Revenue			
These are examples of properties in the different taxable value ranges for years 2009-2013 (2013 is estimated at this time based on assessment data)			
Taxable Value of Property 2013		19,251 McLain St	
Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$157.75	--	
2010	\$129.98	-\$27.77	-\$27.77
2011	\$111.06	-\$18.92	-\$46.69
2012	\$90.78	-\$20.28	-\$66.97
2013	\$92.96	\$2.18	-\$64.79

Taxable Value of Property 2013			
		28,600	Cappy Ln
Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$205.25	-	
2010	\$204.63	-\$0.62	-\$0.62
2011	\$161.28	\$43.35	\$43.97
2012	\$143.41	-\$17.87	-61.84
2013	\$138.11	-\$5.30	-67.14

Taxable Value of Property 2013			
		51,097	Jennie Ln
Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$494.47	-	
2010	\$381.00	-\$113.47	-\$113.47
2011	\$377.61	-\$3.39	-\$116.86
2012	\$367.96	-\$9.65	-126.51
2013	\$376.79	\$8.83	-117.68

Taxable Value of Property 2013			
		105,984	Oakview Dr
Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$665.42	-	
2010	\$518.62	-\$146.80	-\$146.80
2011	\$513.31	-\$5.31	-\$152.11
2012	\$499.79	-\$13.52	-165.63
2013	\$511.79	\$12.00	-153.63

HOW MUCH VALUE HAS THE CITY LOST IN ITS PROPERTY?

In 2009, the total taxable value for the entire City was \$212,922,485. The 2013 estimate is \$144,913,744 or about 32%. A breakdown by property type is as follows:

Decrease in Taxable Value 2009 - 2013									
Tax Year	Residential Real Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)	Comm/ Indust Real Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)	Comm/ Indust/Util Personal Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	118,833,721	-		74,942,464	-		19,146,300	-	
2010	104,146,243	(14,687,478)	(14,687,478)	50,867,408	(24,075,056)	(24,075,056)	12,489,500	(6,656,800)	(6,656,800)
2011	96,069,801	(8,076,442)	(22,763,920)	49,782,483	(1,084,925)	(25,159,981)	11,080,000	(1,409,500)	(8,066,300)
2012	88,073,690	(7,996,111)	(30,760,031)	45,979,585	(3,802,898)	(28,962,879)	11,112,500	32,500	(8,033,800)
2013	84,930,625	(3,143,065)	(33,903,096)	48,665,019	2,685,434	(26,277,445)	11,318,100	205,600	(7,828,200)

SO NOW WHAT?

The 2013-2014 General Fund Fiscal Year Operating Budget was approved in a deficit of \$194,000. We can do this for a year, but a permanent solution must be found.

	FY 14 Recom'd Operating Revenues	FY 14 Recom'd Operating Expend	FY 14 Est Effect on Fund Balance
General Fund	1,713,753	1,893,778	(194,242)

Options are limited, but simple.

1. We can continue following the spiral down and wait for the bottom using the "cut and slash" method. Trends indicate we are near the bottom, but may not there yet. The problem is that when we reach this point, state statutes will force us to remain there for a very long time. We have reached the point where further reduction in services will affect the very things we are charged with providing for residents... health and safety and quality of life. The next step in cutting is going to less than 24 hour police protection and additional reduction in fire services. We currently have no code enforcement, and it shows. Parks are suffering as when equipment deteriorates, we do not replace it, we remove it. Other infrastructure repairs related to buildings, parking lots, etc., have been abandoned so as to continue public safety. Local street repairs are a good example of where public safety, parks, buildings and lots are headed. Two failed street millages over three decades have left many local streets in ruins. The same will happen to the general fund operations.
2. Approach residents with a ballot question for funding a portion of public safety. The average resident today better understands the loss their communities have sustained over the last four years. The problem with this approach is that a small amount will not be sufficient. I suggest that the City would need a four to five mill increase just to get back to the 2009 levels and continue covering losses until values and tax appeals stabilize.
3. The last potential option is a special assessment. Changes in the law and recent appellate court decisions have opened up new avenues for public safety assessments. The City could levy up to ten mills for police and fire. The process would require a series of public hearings along with a referendum period wherein property owners could seek a petition to push the matter to a ballot question.

CLOSING

I suspect that the City's Founding Fathers and very first seated Council had insurmountable issues, problems and concerns in creating the City and setting up an affordable government that provided a good quality of life for its residents, businesses and visitors. Without a doubt, they were very successful. Not to detract from the seated Council's from 1959 to 2013, but today's seated Council has very similar issues, problems and concerns in continuing to provide good government in a toxic economic roller coaster environment. Our current leadership could not be any better in the challenge we are faced with.

Thank-you.

Paul Bueche
City Manager

The table below shows the approximate revenue that would have been collected in tax year 2013 for a proposed police millage

2013 Real Property	Taxable Value	127,863,944 **
Unit Oper	617,442.20	
Admin*	51,431.91	
	<u>\$668,874.11</u>	

Residential Property Only	
Unit Oper	410,121.50

2013 Personal Property	Taxable Value	11,317,100
Unit Oper	54,649.14	
Admin*	4,709.55	
	<u>\$59,358.69</u>	

Proposed Police Millage:

.5 Mill

Real Property	\$63,931.97	Admin	\$639.32	Personal	\$5,658.55	Admin	\$56.59
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1Mill

Real Property	\$127,863.94	Admin	\$1,278.64	Personal	\$11,317.10	Admin	\$113.17
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2 Mills

Real Property	\$255,727.89	Admin	\$2,557.28	Personal	\$22,634.20	Admin	\$226.34
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3 Mills

Real Property	\$383,591.83	Admin	\$3,835.92	Personal	\$33,951.30	Admin	\$339.51
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4 Mills

Real Property	\$511,455.78	Admin	\$5,114.56	Personal	\$45,268.40	Admin	\$452.68
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5 Mills

Real Property	\$639,319.72	Admin	\$6,393.20	Personal	\$56,585.50	Admin	\$565.86
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* Admin Fee calculation based on FY14 Revenue Estimate for taxes and taken from that worksheet.

** The taxable value reflects General Motors pending MTT Settlement

Proposed Effect of Police Millage on Residential Taxpayers

Tax Year 2013 Taxable Value and Parcel Data Used

Real Property	2,453
Personal Property	281
Total Parcels	<u>2,734</u>

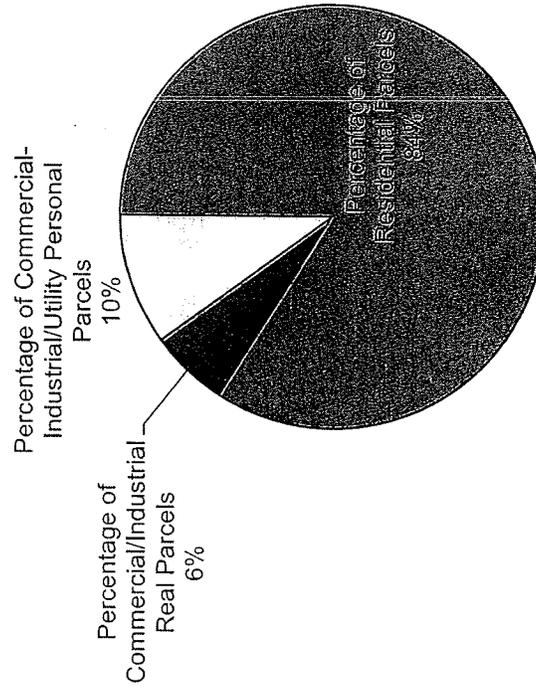
Percentage of Residential Parcels	84%
Percentage of Commercial/Industrial Real Parcels	6%
Percentage of Commercial-Industrial/Utility Personal Parcels	10%

The table shows the Taxable Value for Residential Taxpayers and the Maximum Dollars that would be Collected Annually Per Parcel Per Tax Year

Residential Taxable Value Range	Number of Taxpayers per Range	Percentage of Taxpayers per Range	Maximum Collection on Proposed .5 Mil Increase	Maximum Collection on Proposed 1.0 Mil Increase	Maximum Collection on Proposed 2.0 Mil Increase	Maximum Collection on Proposed 3.0 Mil Increase	Maximum Collection on Proposed 4.0 Mil Increase	Maximum Collection on Proposed 5.0 Mil Increase
100 - 24,999	232	11.26%	\$12.50	\$25.00	\$50.00	\$75.00	\$100.00	\$125.00
25,000 - 49,999	1279	62.06%	\$25.00	\$50.00	\$100.00	\$150.00	\$200.00	\$250.00
50,000 - 74,999	478	23.19%	\$37.50	\$75.00	\$150.00	\$225.00	\$300.00	\$375.00
75,000 - 99,999	63	3.06%	\$50.00	\$100.00	\$200.00	\$300.00	\$400.00	\$500.00
100,000 - 124,999	8	0.39%	\$62.50	\$125.00	\$250.00	\$375.00	\$500.00	\$625.00
125,000 - 149,999	1	0.05%	\$75.00	\$150.00	\$300.00	\$450.00	\$600.00	\$750.00
150,000 & Over	0	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	<u>2061</u>	<u>100.00%</u>						

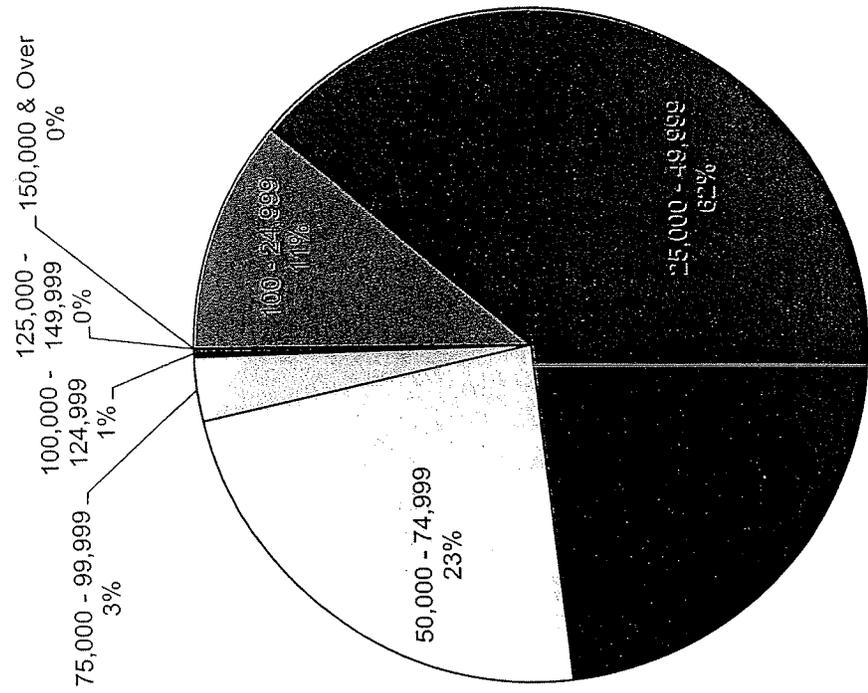
*The Maximum Collection is calculated on the highest taxable value in that range and represents the maximum additional amount the taxpayer would pay on that taxable value

Percentage of Parcels Per Tax Class



- Percentage of Residential Parcels
- Percentage of Commercial/Industrial Real Parcels
- Percentage of Commercial- Industrial/Utility Personal Parcels

Residential Taxable Value for 2013



- 100 - 24,999
- 25,000 - 49,999
- 50,000 - 74,999
- 75,000 - 99,999
- 100,000 - 124,999
- 125,000 - 149,999
- 150,000 & Over

Effect of Declining Taxable Value on Tax Revenue

These are examples of properties in the different taxable value ranges for tax years 2009-2013 (2013 is estimated at this time based on assessment data).

Taxable Value of Property 2013

19,251 McLain St

Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$157.75	--	
2010	\$129.98	-\$27.77	-\$27.77
2011	\$111.06	-\$18.92	-\$46.69
2012	\$90.78	-\$20.28	-66.97
2013	\$92.96	\$2.18	-64.79

Taxable Value of Property 2013

28,600 Cappy Ln

Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$205.25	--	
2010	\$204.63	-\$0.62	-\$0.62
2011	\$161.28	-\$43.35	-\$43.97
2012	\$143.41	-\$17.87	-61.84
2013	\$138.11	-\$5.30	-67.14

Taxable Value of Property 2013

51,097 Jennie Ln

Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$494.47	--	
2010	\$381.00	-\$113.47	-\$113.47
2011	\$377.61	-\$3.39	-\$116.86
2012	\$367.96	-\$9.65	-126.51
2013	\$376.79	\$8.83	-117.68

Taxable Value of Property 2013

105,984 Oakview Dr

Tax Year	General Operating Taxes	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	\$665.42	--	
2010	\$518.62	-\$146.80	-\$146.80
2011	\$513.31	-\$5.31	-\$152.11
2012	\$499.79	-\$13.52	-165.63
2013	\$511.79	\$12.00	-153.63

Increase in Taxable Value 2009 - 2013

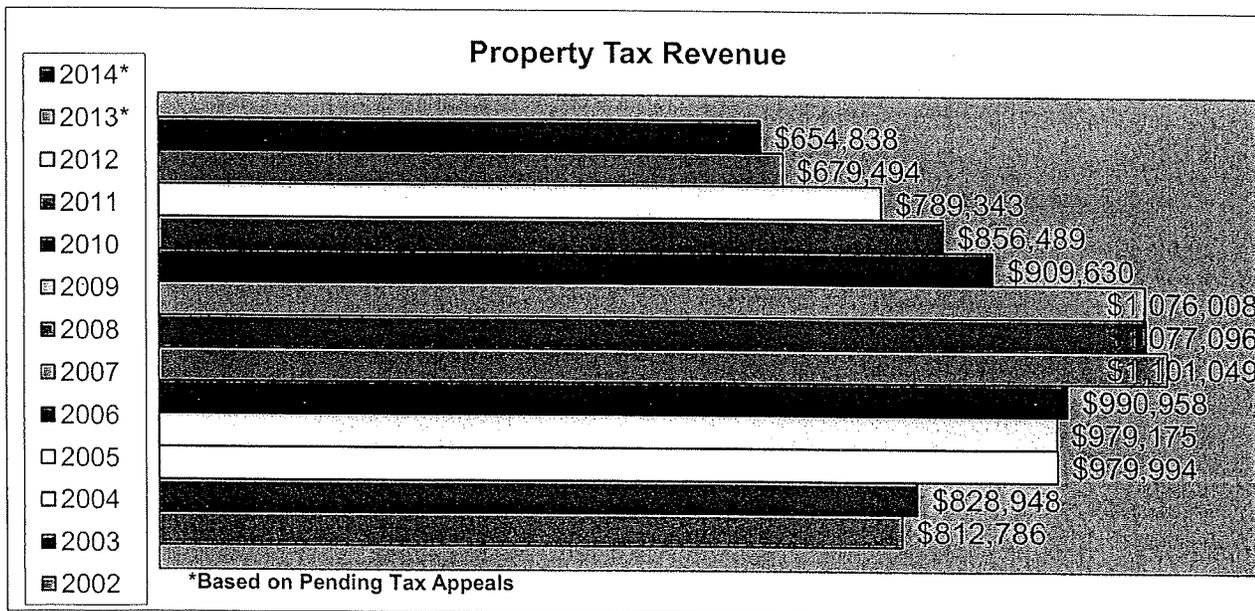
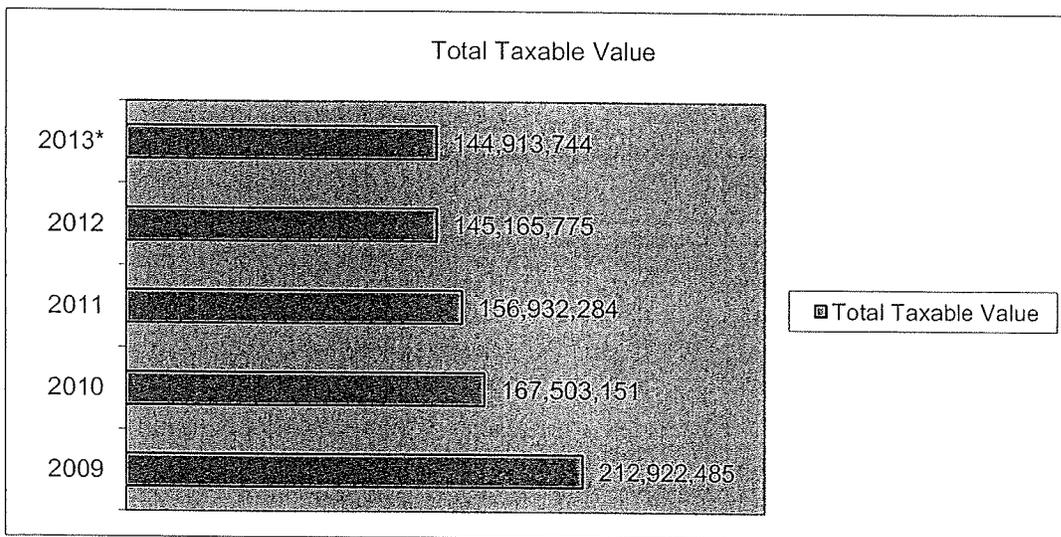
Tax Year	Residential Real Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)	Comm/Indust Real Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)	Comm/Personal Property	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	118,833,721	--		74,942,464	--		19,146,300	--	
2010	104,146,243	(14,687,478)	(14,687,478)	50,867,408	(24,075,056)	(24,075,056)	12,489,500	(6,656,800)	(6,656,800)
2011	96,069,801	(8,076,442)	(22,763,920)	49,782,483	(1,084,925)	(25,159,981)	11,080,000	(1,409,500)	(8,066,300)
2012	88,073,690	(7,996,111)	(30,760,031)	45,979,585	(3,802,898)	(28,962,879)	11,112,500	32,500	(8,033,800)
2013*	84,930,625	(3,143,065)	(33,903,096)	48,665,019	2,685,434	(26,277,445)	11,318,100	205,600	(7,828,200)

*2013 Projected

Taxable Value 2009 - 2013

Tax Year	Total Taxable Value	Increase (Decrease) From Prior Year	Cumulative Increase (Decrease)
2009	212,922,485	--	
2010	167,503,151	(45,419,334)	(45,419,334)
2011	156,932,284	(10,570,867)	(55,990,201)
2012	145,165,775	(11,766,509)	(67,756,710)
2013*	144,913,744	(252,031)	(68,008,741)

*2013 Projected



14 Year Actual \$ Decrease

2002	\$812,786
2003	\$828,948
2004	\$979,994
2005	\$979,175
2006	\$990,958
2007	\$1,101,049
2008	\$1,077,096
2009	\$1,076,008
2010	\$909,630
2011	\$856,489
2012	\$789,343
2013*	\$679,494
2014*	\$654,838

SAMPLE BALLOT LANGUAGE

Shall the City of Swartz Creek assess a millage levy in the amount of ___ mills (\$___ per \$1,000.00) for public safety purposes, on the taxable valuation of all real and personal property within the city as finally equalized from July 1, 20__ through June 30, 20__, said millage levy to be dedicated to providing funds to finance both fire and police equipment and operational expenses? It is estimated that 1.0 mill would raise approximately \$_____ in the first year of the levy.

YES _____

NO _____

In the City of Swartz Creek, there is a Downtown Development Authority which, in accordance with State law, captures and uses for authorized purposes tax increment revenues from property taxes levied by the City of Swartz Creek. The total amount of captured tax increment revenues from the above millage in the first year of the levy is an estimated \$_____ less than ___% of the total revenue generated.

		Admin Fee
Real	\$ 127,863.94	\$ 1,278.64
Personal	<u>11,317.10</u>	<u>113.17</u>
Total	<u>\$ 139,181.04</u>	<u>\$ 1,391.81</u>

DDA is currently in the negative -1.3 million Taxable value –
 Estimated levy to be captured is zero