

Manchester: Village or City?

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Manchester Village electors soon may be given an opportunity to become a city. The decision will ultimately be for the Village voters, but will affect the entire community, including the Township and its residents outside the Village. Here are some of the issues and questions that incorporation of Manchester as a city may present.

1. Are the costs of a city higher than a village? If a city is formed, Village residents will likely pay more for the same services they now receive from Manchester Township, and for other hidden costs that the Village's recent study has underestimated or missed:

Elections:

New city voting machines are not just a one-time investment; they need periodic updating and replacement.

Annual city election costs often involve multiple elections, and each election presents a separate cost.

Tax assessing and collection:

Annual assessing costs are estimated very low; costs are increasing due to pressures from State Tax Commission.

Tax appeals require substantial additional assessing and attorney costs; a single tax appeal can cost 3-4 times the annual assessing budget.

Fire services:

A new contract will be required; no guarantee that a new city would pay as little as the Township now pays.

2. Would Village residents reduce their local property taxes by becoming a city? If the Village becomes a city, it will need to replace current Township services and increase the taxes to Village taxpayers. To maintain the same level of services Village residents currently receive, the new city tax millage will have to be substantially greater than the current Village tax millage. The average Michigan city levies about **5.5 mills more** than the average village. No Michigan village has ever reduced its taxes by becoming a city. In one new city, Caseville, the village millage of **10.97** has so far grown to a city millage of **18.67**.

3. Will becoming a city reduce duplication of government services? Unfortunately, the opposite would be true. If a new city is created, there will be two separate elections instead of one, two assessors instead of one, and two separate tax collections instead of one.

4. Have other villages voted against cityhood? Sebewaing and Oxford voted down cityhood most recently. Cityhood was also rejected in Holly, Bellaire, Sparta, Climax, and other villages. The village's own incorporation committee in Sparta found that "becoming a city would only duplicate [township] services and increase city operational costs."

5. Will Village and Township electors be allowed to vote on cityhood? If the State Boundary Commission approves the cityhood petition, Village voters can request a referendum election, and they will also need to vote on a charter. Township residents have no vote on city incorporation.

6. Will cityhood affect the Township's revenues and expenses? If the Village becomes a city, its tax revenues will decrease due to the loss of taxable value. However, its expenses will also be reduced, since it will no longer be responsible to provide services to the new city. Typically, the Village is the most expensive part of the Township to serve, so cityhood may reduce financial stress on the Township budget. More study is required to be sure.

7. Will cityhood affect any Township-owned properties? Any Township-owned properties within the Village at the date of city incorporation must be divided between the Township and the new city. This would include the Township Hall and the Township-owned lot across the street. The new city could insist on payment of its share in cash or could force the properties to be sold and the proceeds divided between the Township and the new city.

8. Will cityhood affect any other Township financial assets or liabilities? If the Village becomes a city, the statutes require that many of the Township's financial assets and liabilities must be divided between the Township and the new city, but not all Township assets are counted in this division. This sometimes results in a required payment from the city to the Township, since the applicable Township liabilities may exceed the Township assets.

9. Can the Township avoid the division of property and assets? If the city incorporation goes forward, it may be financially advantageous to the Township to sell the Township Hall and other real estate it owns in the Village and purchase real estate and building outside the Village in the Township. It may also be advantageous to purchase other assets that are not subject to division after a new city is created.

10. Will cityhood affect local government relationships? City incorporations have been very divisive in several recent cases, leading to increased strife and disputes between the new city and the surrounding townships. They often lead to increased annexations. This is sometimes driven by the new city's need for additional revenues, since it cannot continue to deliver the same services as before cityhood without substantially increased costs.

11. What else can Village residents do to reduce their local taxes? One option Village residents have is a Village-Township consolidation. This option could remove a layer of government cost currently embedded in the Village and allow all the services to be delivered or managed by the Township. Unique services that the Village currently enjoys could be maintained with service rates or special assessments, which do not require a duplicative government infrastructure to maintain.

12. How can a Village-Township Consolidation Happen? The process has several steps. It starts with a petition by 15% of the Village electors. Then, after preparation of a plan for consolidation by the Village, the consolidation is decided in an election by the local voters of the Village and the Township.