

**WORK SESSION AGENDA
WYOMING CITY COUNCIL MEETING
CITY COUNCIL CHAMBERS**

Monday, July 25, 2022, 8:00 A.M.

- 1) Call to Order**
- 2) Student Recognition**
- 3) Public Comment on Agenda Items (3 minute limit per person)**
- 4) Funding for the Future Discussion**
- 5) Any Other Matters**
- 6) Acknowledgement of Visitors/Public Comment (3 minute limit per person)**

FUNDING FOR THE FUTURE OPTIONS
JUNE 25, 2022, WORK SESSION
8:00 A.M. COUNCIL CHAMBERS, CITY HALL

MILLAGE PROPOSAL OPTIONS

Current Charter Provision:

Sec. 9.1. Power to tax: tax limit.

The City shall have the power to assess taxes and levy and collect rents, tolls and excises. Exclusive of any levies authorized by statute to be made beyond charter tax rate limitation, the annual ad valorem tax levy shall not exceed one-half percent of the valuation of all real and personal property subject to taxation in the City, except that an additional two-tenths of one percent, 2 mills on the dollar, may be levied for sewer, water and street improvements, but this latter shall in no way be construed as limitation on the issuance of bonds for water or sewer purposes. An additional thirty-nine thousandths (39/1000) of one percent, 0.39 mills on the dollar, or less, may be levied annually for the operation, maintenance and any other expenses for the public library in the City of Wyoming or for capital improvements in public parks in the City of Wyoming.

- (a) *Sidewalk snowplowing and maintenance levy.* The city shall have the power to levy an additional 2/100 of one percent, 0.2 mills on the dollar for the purpose of snowplowing sidewalks and to repair and construct sidewalks within the city.
- (b) *Public transportation levy.* An additional twenty-five thousandths (25/1000) of one percent (1%), a 0.25 mills on the dollar, or less, may be levied annually for use for public transportation. (This subsection shall expire on June 30, 2000).
- (c) *Parks, recreation and senior citizens centers levy.* An additional fifteen-hundredths of one percent, 1.5 mills on the dollar, or less, may be levied annually for use for the operation, maintenance and any other expenses for parks, recreation and senior citizens centers.
- (d) *Fire department levy.* An additional seventy-five-thousandths of one percent, 0.75 mills on the dollar, may be levied annually for the operation, maintenance and other expenses of the Fire Department.
- (e) *Police department levy.* An additional one hundred-twenty-five-thousandths of one percent, 1.25 mills on the dollar, may be levied

annually for the operation, maintenance and other expenses of the Police Department.

- (f) *Public Safety levy.* An additional one hundred-twenty-five thousandths of one percent, 1.25 mills on the dollar, may be levied annually for public safety for the operation, maintenance and administration of police and fire services.

Below are 4 different proposals regarding ballot language to address funding for the future. Depending on which one you pursue the language could still be refined some:

Current State:

Scenario = Current State	Budget <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>	Projected <u>2027</u>
Beginning Reserves	11,999,907	11,188,372	9,392,465	6,273,908	2,335,426
Revenues	38,464,491	37,803,472	38,303,181	38,894,940	39,501,477
Expenses	39,276,026	39,599,379	41,421,738	42,833,422	43,958,646
Surplus or (Deficit)	(811,535)	(1,795,907)	(3,118,557)	(3,938,482)	(4,457,169)
Ending Reserves	11,188,372	9,392,465	6,273,908	2,335,426	(2,121,743)
Fund Balance as a % of Exp	28.5%	23.7%	15.1%	5.5%	-4.8%

Option 1: This option is the cleanest and most simple of all options as it proposes adding 1.25 mills to the current public safety millage levy. This millage amount can be adjusted up or down and the language will not change.

Ballot proposal:

Shall section 9.1 of the Charter of the City of Wyoming be amended by adding subsection (g) to state as follows?

“1.25 mills on the dollar (\$1.25 per \$1,000 of taxable value) for public safety including fire services, police and law enforcement services, and first responder services.”

This is an increase in the City of Wyoming’s property taxation of 1.25 mills (\$1.25 per \$1,000 of taxable value).

If approved and levied, the amount of revenue raised by the levy in the first year is estimated as \$_____. A portion of this amount (\$_____) will be captured by the Wyoming Brownfield Redevelopment Authority and a portion of this amount (\$_____) will be captured by the Downtown Development Authority of the City of Wyoming.

Advantages: (1) This is the simplest proposal and is easy to explain. (2) The public safety focus may engender voter support. (3) It expressly limits use of the added revenues which may appeal to voters who are less trusting of local government.

Disadvantages: (1) It does not address eroding tax revenues due Headlee adjustments. (2) It could hamper budget flexibility in future years as circumstances change. (3) Breaking out separate millages approved over many elections makes it more tedious to determine the annually allowable millage levy for each millage.

Option 1 = 1.2500 Mills (Unfunded + 6 Firefighters)	Budget <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>	Projected <u>2027</u>
Beginning Reserves	11,999,907	11,188,372	11,621,143	10,785,727	9,186,172
Revenues	38,464,491	40,958,462	41,537,046	42,209,651	42,899,056
Expenses	39,276,026	40,525,691	42,372,462	43,809,206	44,960,156
Surplus or (Deficit)	(811,535)	432,771	(835,416)	(1,599,555)	(2,061,100)
Ending Reserves	11,188,372	11,621,143	10,785,727	9,186,172	7,125,072
Fund Balance as a % of Exp	28.5%	28.7%	25.5%	21.0%	15.8%

Option 2: This proposal takes all the millages included in the charter and approves a Headlee override for all millages. It also approves the Headlee override for the next 10 years.

Ballot proposal:

Shall the following authorized charter millages for the City of Wyoming, reduced by millage rollbacks required under the Michigan Constitution be restored, which is an increase of 0.9996 mills (\$.9996 per \$1,000 of taxable value) over the reduced millage, for the next 10 years (July 1, 2023 through June 30, 2033 inclusive)?

Restoring original authorization of 5.0 mills (\$5.00 per \$1,000 of taxable value) for general operations reduced to 4.7206 mills (\$4.706 per \$1,000 of taxable value) which is an increase 0.2794 mills (\$.2794 per \$1,000 of taxable value);

Restoring original authorization of 2.0 mills (\$.20 per \$1,000 of taxable value) for sewer, water, and street improvements reduced to 1.4960 mills (\$1.4960 per \$1,000 of taxable value) which is an increase 0.5040 mills (\$.5040 per \$1,000 of taxable value);

Restoring original authorization of .39 mills (\$.39 per \$1,000 of taxable value) for operation, maintenance, or other expenses of the public library or for capital improvements in public parks reduced to .3561 mills (\$.3561 per \$1,000 of taxable value) which is an increase 0.0339 mills (\$.0339 per \$1,000 of taxable value);

Restoring original authorization of 0.2 mills (\$.20 per \$1,000 of taxable value) for sidewalk snowplowing and maintenance reduced to 0.1926 mills (\$.1926 per \$1,000 of taxable value) which is an increase 0.0074 mills (\$.0074 per \$1,000 of taxable value);

Restoring original authorization of 1.5 mills (\$1.50 per \$1,000 of taxable value) for parks, recreation, and senior center operations, maintenance, and other expenses reduced to 1.4442 mills (\$1.4442 per \$1,000 of taxable value) which is an increase 0.0558 mills (\$.0558 per \$1,000 of taxable value);

Restoring original authorization of 0.75 mills (\$.75 per \$1,000 of taxable value) for Fire Department operations, maintenance, and other expenses reduced to 0.7219 mills (\$.7219 per \$1,000 of

taxable value) which is an increase 0.0281 mills (\$.0281 per \$1,000 of taxable value);

Restoring original authorization of 1.25 mills (\$1.25 per \$1,000 of taxable value) for Police Department operations, maintenance, and other expenses reduced to 1.2034 mills (\$1.2034 per \$1,000 of taxable value) which is an increase 0.0466 mills (\$.0466 per \$1,000 of taxable value); and

Restoring original authorization of 1.25 mills (\$1.25 per \$1,000 of taxable value) for operation, maintenance, and other expenses of police and fire services reduced to 1.2056 mills (\$1.2056 per \$1,000 of taxable value) which is an increase 0.0444 mills (\$.044 per \$1,000 of taxable value).

If approved and levied, this increased millage would generate an estimated \$_____ in the first year. A portion of this amount (\$_____) will be captured by the Wyoming Brownfield Redevelopment Authority and a portion of this amount (\$_____) will be captured by the Downtown Development Authority of the City of Wyoming.

Advantages: (1) This restores the tax rate to the total already approved by voters. (2) It restores funding to all city operations rather than adding funds only for some purposes. (3) The Headlee reset is good for 10 years.

Disadvantages: (1) The added millage is insufficient to meaningfully enhance public safety. (2) The duration of the Headlee reset may result in more “no” votes.

Option 2 = 0.398 Mills (Headlee Override Applicable to Public Safety and General Fund- Unfunded Only)	Budget	Projected	Projected	Projected	Projected
	2023	2024	2025	2026	2027
Beginning Reserves	11,999,907	11,188,372	10,410,532	8,330,619	5,446,193
Revenues	38,464,491	38,821,539	39,341,825	39,948,996	40,581,884
Expenses	39,276,026	39,599,379	41,421,738	42,833,422	43,958,646
Surplus or (Deficit)	(811,535)	(777,840)	(2,079,913)	(2,884,426)	(3,376,762)
Ending Reserves	11,188,372	10,410,532	8,330,619	5,446,193	2,069,431
Fund Balance as a % of Exp	28.5%	26.3%	20.1%	12.7%	4.7%

Option 3: This proposed language eliminates the individual millages in the charter and creates one millage amount at 12.34 mills. 12.34 includes all current millages plus the Headlee override, essentially providing slightly less than one additional mill.

Ballot proposal:

Shall section 9.1 of the Charter of the City of Wyoming be amended to read as follows?

“The City shall have the power to assess taxes and levy and collect rents, tolls, and excises in accordance with applicable law. Exclusive of any levies authorized by statute to be made beyond charter tax rate limitation, the annual ad valorem tax levy shall not exceed 12.34 mills (\$12.34 per \$1,000 of taxable value). These limitations shall not restrict the City from raising additional amounts by ad valorem tax levies if those additional tax levies do not exceed constitutional and statutory limited and are also approved by City electors.

This will result in a reauthorization of the total millage currently established in the City Charter of 12.34 mills (\$12.34 per \$1,000 of taxable value) that has been reduced to 11.4947 [to be updated if new Headlee figures are available] (\$11.4947 per \$1,000 of taxable value) by millage rollbacks required under the Michigan Constitution and would be an increase of 0.8453 mills (\$.8453 per \$1,000 of taxable value) over the reduced millage. If approved and levied, this restored and increased millage would generate an estimated \$_____ in the first year. A portion of this amount (\$_____) will be captured by the Wyoming Brownfield Redevelopment Authority and a portion of this amount (\$_____) will be captured by the Downtown Development Authority of the City of Wyoming.

Advantages: (1) This provides elected officials with budgeting flexibility to meet changing priorities. (2) It restores the tax rate to the total already approved by voters. (3) It restores funding to all city operations.

Disadvantages: (1) Voters may find it harder to understand. (2) It might require explanation of the reasons for lumping the funding and also for the Headlee reset. (3) Voters who are less trusting of the wisdom and integrity of elected officials might vote against lumping, rather than

specifying uses of tax monies. (4) The added millage is insufficient to meaningfully enhance public safety. (5) The Headlee reset under this approach is not as durable as the simple Headlee reset under Option 2 which is good for 10 years.

Option 3 = 0.9996 Mills (One Millage at 12.34 Mills- Unfunded Only)	Budget	Projected	Projected	Projected	Projected
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Beginning Reserves	11,999,907	11,188,372	11,940,190	11,420,853	10,120,159
Revenues	38,464,491	40,351,197	40,902,401	41,532,728	42,205,210
Expenses	39,276,026	39,599,379	41,421,738	42,833,422	43,958,646
Surplus or (Deficit)	(811,535)	751,818	(519,337)	(1,300,694)	(1,753,436)
Ending Reserves	11,188,372	11,940,190	11,420,853	10,120,159	8,366,723
Fund Balance as a % of Exp	28.5%	30.2%	27.6%	23.6%	19.0%

Option 4: This proposed language is the same as Option 3, however this option provides an additional .5 mills to support 6 additional firefighters and 4 additional police officers.

Ballot proposal:

Shall section 9.1 of the Charter of the City of Wyoming be amended to read as follows?

“The City shall have the power to assess taxes and levy and collect rents, tolls, and excises in accordance with applicable law. Exclusive of any levies authorized by statute to be made beyond charter tax rate limitation, the annual ad valorem tax levy shall not exceed 12.84 mills (\$12.84 per \$1,000 of taxable value). These limitations shall not restrict the City from raising additional amounts by ad valorem tax levies if those additional tax levies do not exceed constitutional and statutory limited and are also approved by City electors.

This is an increase of the total millage established in the City Charter as reduced by millage rollbacks required under the Michigan Constitution to 11.3404 (\$11.3404 per \$1,000 of taxable value) of 1.4996 mills (\$1.4996 per \$1,000 of taxable value). If approved and levied, this restored and increased millage would generate an estimated \$_____ in the first year. A portion of this amount (\$_____) will be captured the Wyoming Brownfield Redevelopment Authority and a portion of this amount (\$_____) will be captured by the Downtown Development Authority of the City of Wyoming.

Advantages: (1) This provides elected officials with budgeting flexibility to meet changing priorities. (2) It adds an additional 0.5 mills to the tax rate already approved by the voters.

Disadvantages: (1) Voters may find it harder to understand because it is a restoration coupled with an increase that by state law must be explained as an increase. (2) Voters who are less trusting of the wisdom and integrity of elected officials might vote against lumping, rather than specifying uses of tax monies. (3) The millage will remain subject to annual Headlee rollbacks.

Option 4 = 1.4996 Mills (One Millage at 12.84 Mills- Unfunded + 6 Fire + 4 Police)	Budget	Projected	Projected	Projected	Projected
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Beginning Reserves	11,999,907	11,188,372	11,674,721	10,872,811	9,264,745
Revenues	38,464,491	41,630,175	42,207,230	42,856,919	43,562,506
Expenses	39,276,026	41,143,826	43,009,140	44,464,985	45,635,608
Surplus or (Deficit)	(811,535)	486,349	(801,910)	(1,608,066)	(2,073,102)
Ending Reserves	11,188,372	11,674,721	10,872,811	9,264,745	7,191,643
Fund Balance as a % of Exp	28.5%	28.4%	25.3%	20.8%	15.8%

Note: Options 3 and 4 make no mention of consolidation of millage, and they do not have to. The caution is that I believe without clear information explaining this intent, I believe our residents will react negatively and accuse City Council and staff of some sort of underhanded bait and switch.