

Place, Melissa

From: Hanson, Cortney
Sent: Tuesday, March 20, 2012 12:04 PM
To: Pearson, Clay; Hayes, Rob; Smith-Roy, Kathy; Schultz, Thomas
Cc: Cornelius, Maryanne
Subject: → Deadlines for local proposal on ballot ←

Information as requested by Clay at leadership regarding deadlines to place a millage on the ballot.

Filing Deadlines: County and Local Proposals

To be placed on the August 7 th ballot:	
By May 15, 2012	Petitions to place county and local questions on the August primary ballot filed with county and local clerks. (If governing law sets an earlier petition filing deadline, earlier deadline must be observed.) (168.646a)
By May 29, 2012	Ballot wording of county and local proposals to be presented at the August primary certified to county and local clerks; local clerks receiving ballot wording forward to county clerk within two days. (168.646a)
To be placed on the November 6 th ballot:	
By Aug. 14, 2012	Petitions to place county and local questions on the November general election ballot filed with county and local clerks. (If governing law sets an earlier petition filing deadline, earlier deadline must be observed.) (168.646a)
By Aug. 28, 2012	Ballot wording of county and local proposals to be presented at the November general election certified to county and local clerks; local clerks receiving ballot wording forward to county clerk within two days. (168.646a)

Thank you,



Cortney Hanson | Deputy City Clerk

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The City's current Charter limit for "specific street and highway improvement purposes," under Section 9.1 of the Charter, is one mill. Because of Headlee, the Charter amount authorized has been reduced to .7719 mills. If the City wanted to increase the millage amount to regain that lost through Headlee and to add an additional millage amount, up to 1.5 mills, the process would be as follows:

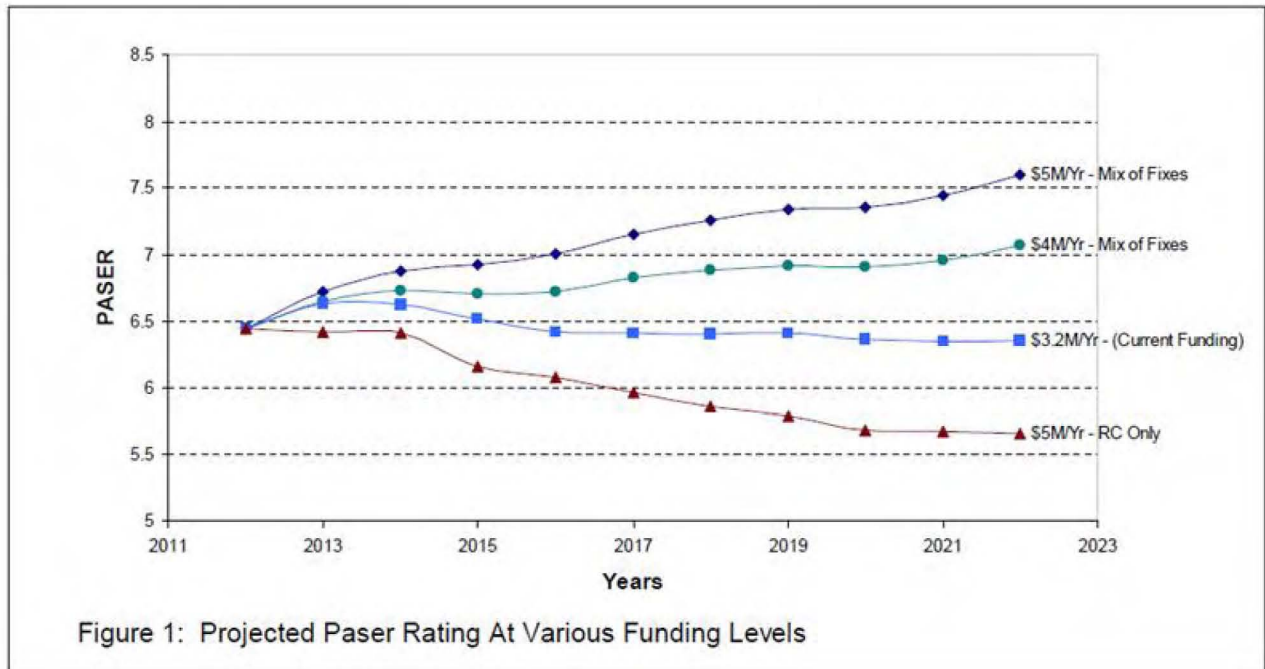
1. The City staff would prepare a question for the voters that would look something like the following (this is not a final version of the question by any means):

"Shall the Novi City Charter, Section 9.1(b), be amended to increase the millage amount for specific street and highway improvement purposes from 1.0 mills (which has been reduced by the Headlee Amendment to .7719 mills) to 1.5 mills beginning with 2013 tax year, resulting in the authorization to collect an estimated additional \$ 2,172,006 dollars in the first year."

2. Once the City staff has prepared what it believes to be sample language, the City Attorney's office would contact the Attorney General's Office, for an *informal* review of the language. The reason for this initial check is that ultimately any language placed on a ballot to amend the Charter must be eventually be reviewed by the Governor, which means the Attorney General's Office will make a recommendation on the issue of whether the question and phrasing is appropriate. The election laws and Home Rule Cities Act have specific requirements for the language. It must clear, and it must be under 100 words. The idea is to get a general comfort with the question before it is presented to the Council formally.
3. Once the City Attorney and the Attorney General have informally agreed on appropriate language, the matter would be placed on a City Council agenda to have the City Council approve it. The Council must approve the language by a 3/5 vote.
4. Once the language is approved by the City Council, a resolution is prepared and forwarded formally to the Governor and Attorney General's Office, who will review it and typically approve it for placement on the ballot. The language is then sent to the County Clerk. The amendment is approved if the majority of voters vote in favor of the amendment.

POSTSCRIPT: Looking Ahead

Paying for the right mix of services requires balancing our property tax millage rates. As presented at the March 12, 2012 City Council meeting, the current annual road funding level of approximately \$3.2 million is not sufficient to maintain and rehabilitate Novi's roadway pavement conditions at an acceptable level. If the *status quo* funding level is maintained, then the City's overall average Pavement Surface Evaluation and Rating (PASER) would continue to **decline** to even more unacceptable levels, as illustrated by the blue line below:



A recurring feedback theme we increasingly hear from Novi residents and businesses – both via the bi-annual survey and anecdotally – is the need to improve the condition of roads in the City of Novi. Now may be the time to look at ways in which to structurally increase road funding opportunities.

One option would be to amend the City Charter to allow the maximum millage for the Municipal Street Fund to be raised from its current maximum of 1.000 mill to 1.500 mills. Doing so would annually generate more than \$2.1 million of additional revenue (over and above what the current Headlee-capped millage rate of 0.7719 provides), based on projected adjusted taxable values from the recently-completed Fiscal Analysis. This additional revenue would allow a total road investment of over \$5 million per year, which is estimated to bring Novi's overall pavement PASER rating *up* to an average of over 7.5 in ten years – a significant and sustainable improvement compared to current conditions.

As shown above, this would be accomplished by implementing a “mix of fixes” based on different pavement conditions, ranging from routine and capital preventive maintenance, to rehabilitation and reconstruction projects. In comparison, a \$5 million investment in reconstruction only (a “worst first” strategy) would quickly yield a significantly lower average PASER rating over the same ten-year period, as indicated by the declining red line in Figure 1.



The following table depicts total and additional revenue projections for FY13/14 and FY14/15 based on raising the Municipal Street Fund millage to 1.500 mills. The table also shows additional road projects that could be completed with an increased millage, including a *substantially augmented, 40% more than the current \$3.2 million, Neighborhood Road Program* and several significant major road projects (the projects listed are in addition to those presented in the Capital Improvement Program for these two years). Please note these projects are as-listed in the CIP and not absolutes, they are subject to change. As noted on the table, annual expenditures on local/neighborhood streets would comprise roughly 70% of the additional funding, while major street funding would make-up approximately 30%, both of which are based on the distribution of lane-miles between road categories.

Novi dedicated Municipal Street Millage: Taxable Value & Property Tax Revenue with new 1.500 Maximum cap			
Property Tax Year	2013	2014	
Fiscal Year	FY 13/14	FY 14/15	
Adjusted Taxable Value	\$2,958,115,000	\$3,068,277,000	
Municipal Street Fund - Revenue			
Proposed New Millage (Assumed to go into Effect Tax Year 2013)	1.5000	1.5000	
Less Existing Millage	<u>0.7719</u>	<u>0.7719</u>	
Proposed Additional Millage	0.7281	0.7281	
Proposed Revenue Generated by Additional Millage	<u>\$2,172,006</u>	<u>\$2,234,012</u>	
Additional Road Projects - Expenditures			
<i>Local Street Fund Projects - Additional</i>			
Expanded Neighborhood Road Program/Other Local Street Projects	\$1,300,000	\$1,300,000	
To Fund Balance (15%)	\$195,000	\$195,000	
<i>Major Street Fund Projects - Additional</i>			
11 Mile Road Repaving Taft to Beck	\$490,000		
13 Mile Road Rehabilitation (Novi to Meadowbrook)		\$435,690	
To Fund Balance (15%)	\$73,500	\$65,354	
<i>Municipal Street Fund Projects - Additional</i>			
Signal Modernization Novi Road at 13 Mile (mast arm)	\$43,750	\$175,000	
Sidewalk/Pathway Capital Preventive Maintenance Program	\$50,000	\$50,000	
To Fund Balance (10%)	<u>\$9,375</u>	<u>\$17,500</u>	
Total Additional Road Project Expenditures	<u>\$2,161,625</u>	<u>\$2,238,544</u>	
Notes and Assumptions:			
1. Taxable value and resulting property tax revenue based on March 23, 2012 Fiscal Analysis.			
2. Using the more conservative adjusted total taxable value is appropriate.			
3. Pro-rated contributions into each fund balance are necessary for capital expenditures.			
4. Based on lane-miles, project expenditures are split approximately 70% to local and 30% to major roads.			

While we do not have ballot language in final form, it is likely that the ballot question could, based upon the City Council’s direction, look something like this:

“Shall the Novi City Charter, Section 9.1(b), be amended to increase the millage amount for specific street and highway improvement purposes from 1.0 mills (which

has been reduced by the Headlee Amendment to .7719 mills) to 1.5 mills beginning with 2013 tax year, resulting in the authorization to collect an estimated additional \$2,172,006 dollars in the first year?"

To have this or similar language on some future ballot for voter consideration, the City Attorney would propose this or similar ballot language to an Assistant Attorney General, who would informally review the language. Next, the City Council would put the approved language in a resolution and then formally submit that to the Attorney General's office and the Governor's office for final approval to place it on the ballot.

Road infrastructure and its associated right-of-way improvements eligible for expenditure have been most discussed. In keeping with our balanced Novi approach, there may be additional needs for future discussion.

During the January 2012 City Council early budget input session, there was interest in exploring options for the **Parks, Recreation, and Cultural Services millage**. A restoration of the Parks, Recreation and Cultural Services millage to .5000 through a Headlee Override Ballot Proposal would generate an additional \$338,000 for the Parks, Recreation and Cultural Services Fund which would be used for improving infrastructure and the development of parks facilities within the parks system. These capital projects have been identified as enhancements that will improve infrastructure and enhance Parks, Recreation and Cultural Services in Novi.

The projects identified are currently outlined in the Capital Improvement Plan, though funding sources have not been identified, other than if there were a millage consideration.

Novi dedicated Parks and Recreation Millage: Taxable Value & Property Tax Revenue with Headlee Rollback			
Property Tax Year	2013	2014	
Fiscal Year	FY 13/14	FY 14/15	
Adjusted Taxable Value (Source: 12/19/2011 Property Tax Primer)	\$2,958,115,000	\$3,068,277,000	
Parks and Recreation Fund - Revenue			
Proposed New Millage (Assumed to go into Effect Tax Year 2013)	0.5000	0.5000	
Less Existing Millage	<u>0.3857</u>	<u>0.3857</u>	
Proposed Additional Millage	0.1143	0.1143	
Proposed Revenue Generated by Additional Millage	<u>\$338,113</u>	<u>\$350,704</u>	
Additional Parks Projects - Expenditures			
Pavilion Shore Park Development	\$ 220,000		
ITC Community Sports Park Pathway Resurfacing	\$ 95,445		
Lakeshore Park Asphalt Paved Parking Lots and Drive		\$ 337,000	
ITC Community Sports Park Asphalt Parking Lots			
Total Additional Parks Project Expenditures	<u>\$315,445</u>	<u>\$337,000</u>	
Assumptions:			
1. The more conservative adjusted total taxable value is appropriate.			
2. Funding for Pavilion Shore Park and Greenway Development stay funded through 14/15			



Budget Message

The City Council will need to decide on whether to proceed with just a road question at this time, or to provide some combination of millages. We believe that the roads question is the most pressing and provides the most direct benefit at this time for the entire Novi community.