



“Pentwater City” – If it Happens Impact on Township Residents

8/17/23

Prepared by Pentwater Township Board & Staff

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Background:

June 2023

CITIZENS RESEARCH COUNCIL OF MICHIGAN
107 YEARS OF UNCOMPROMISING POLICY RESEARCH

EVALUATING THE POTENTIAL IMPACTS ON PENTWATER TOWNSHIP IF PENTWATER VILLAGE IS INCORPORATED AS A CITY
A Report to the Ad Hoc Committee on City Incorporation

This is Version 3. It was republished on June 5, 2023, to reflect revenue and appropriation comparisons to Fiscal Year 2022-23 (pp. 10-13) to remove unnecessary confusion about the township building its budget with one-time balloon carried forward funds. Language was added to page 6 to make clear that 17 townships were used as comparators to Pentwater Township (8 in total). Page 13 was amended to reflect the library operating independent of the township. Page 15 was amended to clarify that the township does not own any of the recreational facilities but it still has an interest in their maintenance and upkeep as assets of the community.

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Evaluating the Potential Impacts on Pentwater Township if Pentwater Village Incorporates as a City

Residents in Pentwater Village are exploring the possibility of incorporating it as a city. The question rests with residents of the village, but what they decide will have consequences for Pentwater Township. Villages are parts of townships, so decisions to incorporate and become independent units of government affect the finances and service-delivery models of the townships.

Cities and townships provide both services required by state law – including, 1.) assessing property as a basis of state, county, and school taxes; 2.) collecting taxes for the state, counties, and schools; and 3.) conducting courts, state, and national elections – and optional services, such as fire protection, police protection, water supply, sewerage disposal, zoning, public health, etc. The entire state is divided into non-overlapping cities and townships, to which the legally required duties are assigned. If Pentwater Village becomes an incorporated city, the geographic footprint would be withdrawn from Pentwater Township for all governmental purposes and the new city would become responsible for all services itself.

About the Township/Village

- Pentwater Township has enjoyed modest growth over the past 40 years while the village has lost residents.
- More than 60 percent of the township residents lived in the village in 1980, but only 54 percent lived in the village in 2020.
- The median age of the township and village is significantly older than the statewide median age. This suggests that future growth is going to have to come from migration from other parts of the state or elsewhere.
- The township is relatively wealthy compared to the rest of the state as measured by median household income, suggesting a capacity to fund government services at whatever level the collective community decides upon.

Tax Base and Rate

Local governments typically assess diverse property tax bases. The Pentwater Township and Village tax bases have little diversity, with residential properties contributing nearly all of the value. A decision for the village to incorporate as a city would leave the township property tax base comprised almost solely of residential property.

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Full Report & 2-Page Summary Available at Pentwater Township Website: Pentwatertownshipmi.gov

or

simply google “Pentwater Township Website”

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BLUF - Bottom Line Up Front

Is Village → City good for the Township/Township Residents?

✓ No

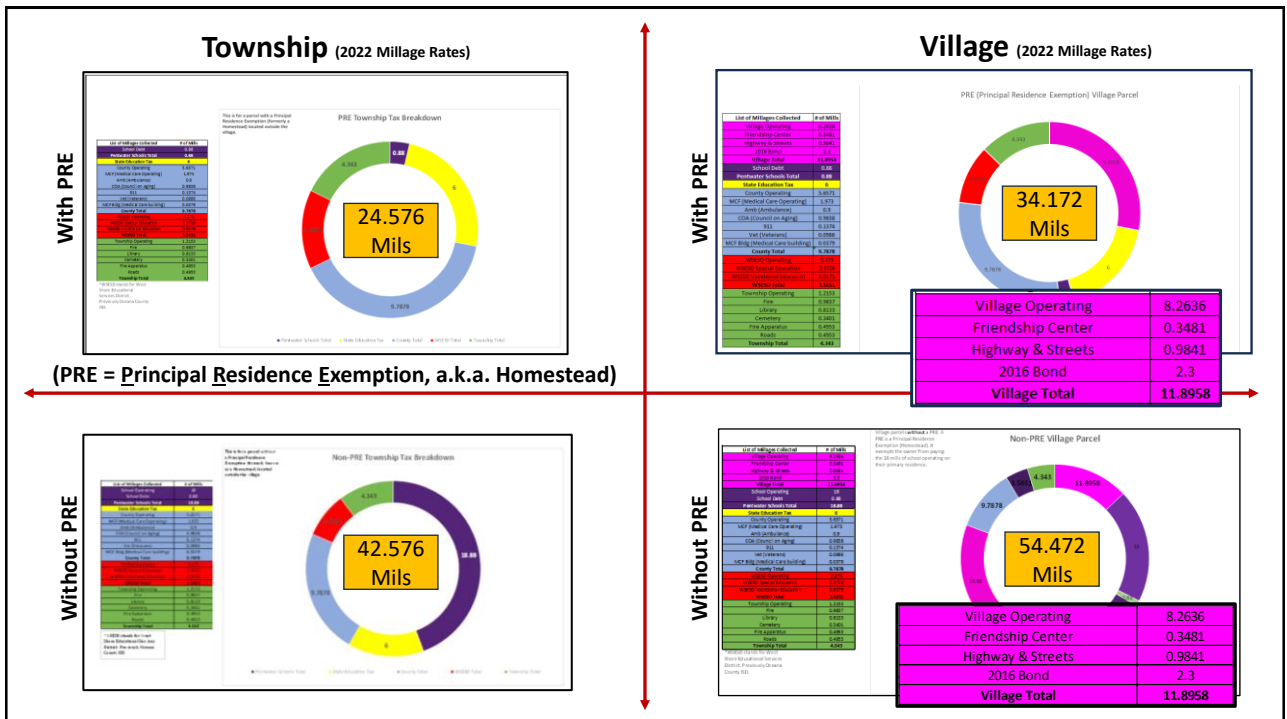
✓ ~35% loss in tax revenue will negatively impact township

Is it good for Village Residents?

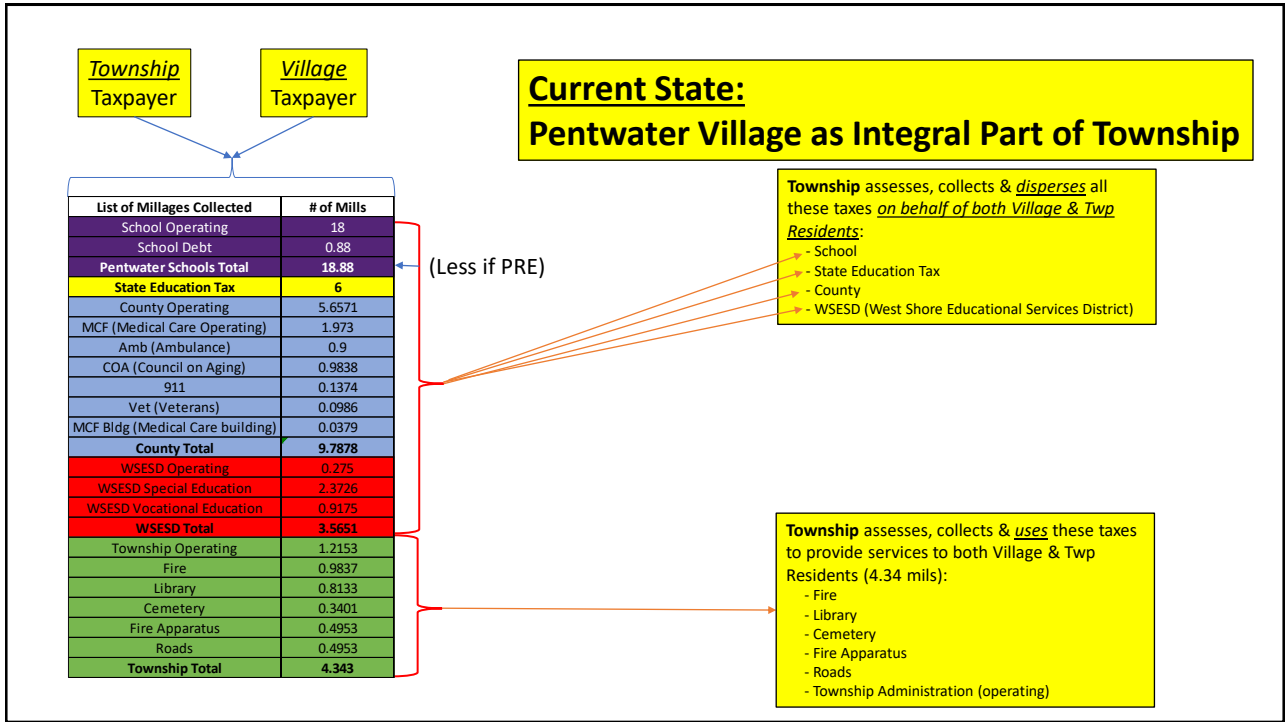
✓ Perhaps - for you to decide

Note: Scope of this presentation limited to subject matter that would directly impact both City & Township taxpayers. It is not intended to assess overall advantages/disadvantages of the Village becoming a city

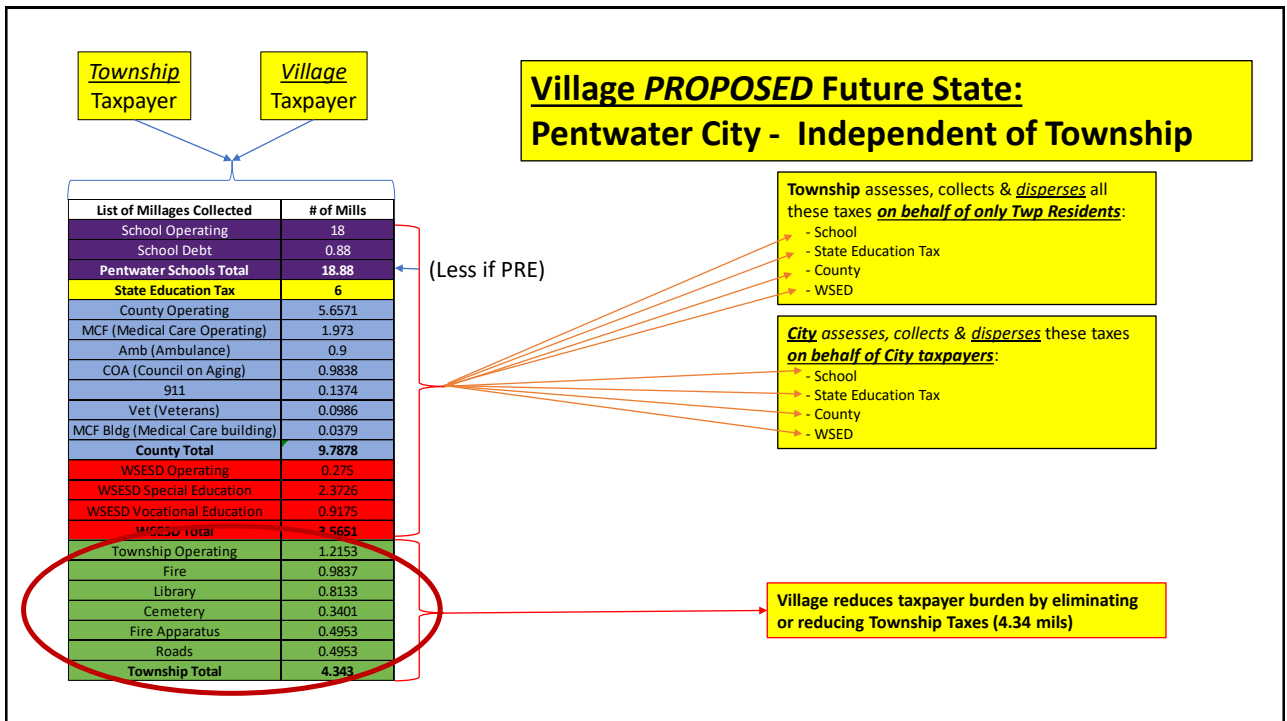
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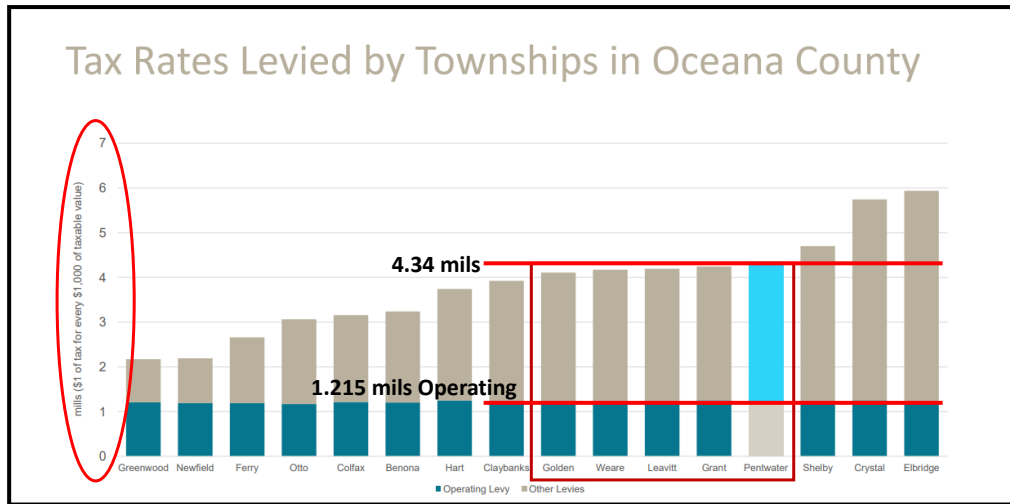


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Local Township Millages

Source: Citizens Research Council of Michigan



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A Closer Look at Township Taxes

Township Operating	1.2153
Fire	0.9837
Library	0.8133
Cemetery	0.3401
Fire Apparatus	0.4953
Roads	0.4953
Township Total	4.343

4.343 mills or \$0.434 per \$1000 of Taxable Value

- **Taxable Value** part of a mathematical formula and varies for each parcel. A portion of which is based on length of ownership.
- Ex: If we use a Taxable Value of \$125,000
 $\$125,000 \text{ times } 4.34 \text{ divided by } \$1000 = \mathbf{\$542/year}$

\$542/year buys a Village taxpayer with a \$125,000 Taxable Value - Fire, Library, Cemetery, the new Fire Truck, Township road, and all the work that is done/services provided by the Township Offices. (More on that later)

- Any Pentwater City/Pentwater Township intergovernmental agreements to provide **the city** with these services will likely involve recovery of these taxes.
- Any reduction (or the complete loss) of City taxpayer contributions to these services will result in a reduction in services provided to the remaining Township residents, an increase in taxes, or some combination of both.

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A Closer Look at Township Taxes

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Library	✓	0.8133
Cemetery	?	0.3401
Fire Apparatus	✓	0.4953
Roads	No	0.4953
Township Total		4.343

Township Operating Millage (1.215 mils)

- Same Example as before:
\$125,000 Taxable Value
\$125,000 times **1.215** divided by \$1000 = **\$152/year**

- Assuming Pentwater City wishes to retain Fire, Library, Cemetery, and new Fire Truck services, it would likely impose same/similar millage rate on its City taxpayers: 2.63 mils
- Elimination of Township Road millage would save City Taxpayers 0.49 mils (\$62 per above example)
- Elimination of Township Operating millage would save City Taxpayers 1.21 mils
- **What does 1.215 mils Township Operating currently buy all residents – both Township & Village?**

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Township Operating Millage (1.215 mils)



What Do Village & Township Taxpayers Get for Their Money??

- Assessing services for all village & township residents
- Board of Review (adjudicate taxpayer complaints based on facts & the law)
- Collection & distribution of all taxes for village & township residents
 - ✓ Excludes village-specific taxes
- Responsible for managing all state and federal elections, including village-specific elections
 - ✓ Township partially reimbursed for Village-only elections
 - ✓ Approx 3-month activity period **per election cycle**
- Transfer Station services for both village & township residents (**102 village/138 township permits to date**)
- Cemetery management including lot/columbarium sales, internment arrangements, accounts payable, budget management, and considerable one-on-one time spent with the bereaved
- Maintenance of Longbridge Fishing Deck, Fishing Pier, and Boat launch at 90-degree bend
- Contractual agreement to financially support Village Recreation Program
- Library reporting oversight
- Pentwater Trail
- Accounts payable including all Township, Cemetery & Fire Department
 - Last Fiscal Year: 2,410 invoices → 570 checks → 47.5 checks/month
- Payroll for Township elected officials & staff, Fire Department & Cemetery personnel
 - ✓ No health care or pension provisions
- Investment management for General, Fire, Cemetery, & Road funds
- Township Office facility & maintenance
- Open 5 days/week, 7 hours/day

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Cemetery



- The Township is responsible for maintaining the cemetery *in perpetuity*, including all village residents currently interred there
- Cutting the township's tax base by a third will adversely impact its ability to properly maintain the cemetery
- If the village becomes a city without proper recovery of lost millage, the burden of maintaining cemetery plots owned and/or occupied by village residents will unfairly fall to township taxpayers
- The Township has attempted to preserve valuable cemetery space for its own residents, both village & township, by imposing higher fees on non-township residents
- ***If the village becomes a city, it will no longer be residents of the township. Current fee structure will require that city residents pay non-township rates***

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Transfer Station



- Primarily funded by Village/Township taxpayer monies
 - ✓ Supplemented by disposal fees
- Village does in fact make significant use of the transfer station, primarily for yard waste, disposal of large items, and "Free Days"
- Currently no charge for yard waste
 - ✓ This may need to change

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Elections



- Pentwater City will be responsible for running its own elections
- Pentwater City will need to:
 - ✓ Obtain clerk certification to oversee elections
 - ✓ Purchase its own voting equipment (tabulator, Electronic Poll Book, voter booths, etc)
 - ✓ Supply its own election inspectors (city/township concurrent elections)
 - ✓ Train & pay election inspectors
 - ✓ Provide infrastructure to support 24-hour camera monitoring of Voter Drop Box
 - ✓ Stay abreast of frequent election related legislative changes/updates - Bureau of Elections
 - ✓ Familiarize themselves with State run QVF (Qualified Voter File) software used for managing precinct voters and elections
 - ✓ Issue, receive, and record Absentee Ballots and Ballot Applications status for each voter throughout cycle
 - ✓ Manage walk-in & remote voter registration applications
 - ✓ Manage state required hardcopy "Master File" for all registered voters
 - ✓ Issue new Voter ID cards to all voters
 - ✓ Support 9-day early voting (state & federal elections)
 - ✓ Conduct election on election day
- Approximately 3-month activity

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Conclusion



Is Village → City it good for the Township/Township Residents?

✓ No

- ✓ ~35% loss in tax revenue will negatively impact township
- ✓ ~ 50% reduction in resource pool for future elected officials

Is it good for Village Residents?

✓ Perhaps

- ✓ Do the advantages of becoming a city outweigh the disadvantages to the overall community?
- ✓ for you to decide

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Questions From Last Meeting



1. **If the village is granted to become a city by the state, not the county, what safeguards will be put in place to prevent annexing areas that do not want this change would they even have a chance?**
 - This has not been thoroughly explored, however, as a result of recent training hosted by the Michigan Township Association, we have been made aware of attorneys that specialize in this area. Strategies do exist that, depending on the specific circumstances of a given township, may or may not be applicable. This will be explored further if and when it becomes necessary.
2. **Can the Township become a city including the village?**
 - The Home Rule City Act 279 of 1909, Section 117.7, specifies the population and population density requirements to incorporate as a city. The minimum requirement to incorporate as a city is ≥ 500 people per square mile. The current combined Pentwater population of 1,652 over an area of 13.4 square miles, results in a population density of only 123 people per square mile. The population of a combined Pentwater entity does not meet the density requirement therefore, becoming one city is not a viable option.

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Questions From Last Meeting (cont.)



3. **If we are no longer responsible for village/city (assuming they meant Township) administrative services, there may have to be a reduction in staff slash hourly because of reduced workload increasing taxes doesn't add work.**
 - If the Township loses approximately 35 % of its revenue, there will most likely be a reduction in staff hours. The responsibilities of the Township staff will remain the same although there would be less taxpayers to serve if the Village became a City.
 - It is also likely that the Township Office would not be open 5 days during the week from 9:00 AM – 4:00 PM. There may need to be a reduction in the number of days/hours that the office is open to serve residents.
4. **What happens to current Township board members who become city residents**
 - Any Township elected official that currently lives within the Village would not be eligible to be a Township official if the Village becomes a City. Township board members (supervisor, clerk, treasurer and trustees) must live within the Township where they serve.
5. **There is an intergovernmental agreement now for the fire department. If the Village becomes a City, would there have to be a new one established?**
 - Yes. The fire department is funded through the proceeds of the Township's fire millage which is levied on real and personal property in both the Township and the Village. Upon the Village's incorporation as a city, the Township would be without authority to continue to levy the millage on the real and personal property located in the former Village, and now city. The provisions of Section 4.2 of the current Township/Village Intergovernmental Agreement would apply, meaning that the parties would likely fund the operation of the fire department for one year after the incorporation of the city to provide time for the Township and (now) city to either: (1) come up with an amended agreement for funding of the fire department, or (2) terminate the joint participation in the fire department.

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Questions From Last Meeting (cont.)



6. As a taxpayer who lives in both the village and the Township, what services are the Township providing to me other than running elections, collecting, and distributing taxes and the services already shared with the village (fire, library, etc.)?
- The Township is responsible for the Pentwater Township Cemetery in perpetuity. The Township administers all the services on behalf of all Village and Township residents including purchasing of burial plots, niches in the columbarium, arrangements for burials of both types, on-going maintenance of the entire cemetery – both the old sections and the new sections, and the Scatter Garden, as well as all record keeping of cemetery plots. The Township also is responsible for repairing/replacing the walls of the old cemetery. The landscaping and lawn care maintenance is also handled by the Township.
 - The Township is responsible for the Pentwater Township Transfer Station. The maintenance of the Transfer Station includes upkeep of the road into and out of the station and the general care of the grounds. As well the Transfer Station provides areas for leaf, yard waste and brush deposit from any Village or Township resident. The Transfer Station Attendant, which is an hourly paid position, also makes arrangements for the Republic bins for recycling materials, trash and garbage. The cost of operating the Transfer Station is borne by and subsidized via Township taxes.
 - The Township also works with the Oceana County Road Commission to maintain the 90 - degree bend boat launch on Longbridge Road. The Dock at the 90- degree bend launch is maintained by the Township and the cost of putting in the dock and removing it for the winter is paid for with Township Taxes.
 - The Township maintains the Fishing Platform and Fishing Deck on Longbridge

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Questions From Last Meeting (cont.)



7. Any chance water wells near the new village well in the Township will be affected?
- This is a question for the [Village](#)
8. Will the “city” permit franchises?
- This is a question for the [Village](#)

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