CITY OF SWARTZ CREEK CITY 2015 STREET BALLOT INITIATIVE

On Tuesday, May 5, voters in Swartz Creek will be asked to consider a ballot proposal to support streets in the community. The proposal, if passed would enable the city to levy up to 5.7 mills to fund street maintenance and rehabilitation. The following information has been prepared in an effort to address questions that voters might have regarding this proposal.

Who would pay the millage?

This millage would be paid by all owners of taxable real and personal property located within the city limits, just like the general operating levy. This includes businesses, industries, residences, and vacant land. Properties currently exempt from taxes, such as the schools, churches, and governmental properties would be exempt.

What exactly is a millage?

A millage is a tax on property. One mill is equal to one dollar in taxes for every one-thousand dollars of taxable value. The levy would increase taxes up to $5.70 for every $1,000 in taxable value.

So how much would this new millage cost the average residential property owner?

Based on a home valued at $70,000 with a taxable value of $35,000, the millage would add nearly $200 to the yearly property tax bill.

How do I calculate how much it will cost using the specific value of my home or business?

You can calculate your own tax increase if you know the taxable value of your property. This amount can be found on a property tax bill or the assessment notice that is sent out in February. This number can also be given to you by staff at the city offices. You can estimate your taxable value by using half of your market value.

The easiest way to estimate your tax is to divide the taxable value by 1,000 and multiply by 5.7. For example, an $80,000 house has a taxable value of $40,000. $40,000 divided by 1,000 is 40. 40 multiplied by 5.7 is $228 per year.

Could the city levy fewer than 5.7 mills?

Absolutely. Currently, our community levies 0 mills for streets. Based upon projections, it is estimated that approximately 3 mills would, on average, slow or halt deterioration and keep the streets in their current condition moving forward. The engineer believes approximately 9 mills would be needed to optimize repairs. 5.7 mills was targeted as a compromise that would cost the average homeowner about $16-$17 a month.

The city could levy less than the 5.7 in future years, but could not levy more. The levy is expected to raise almost $824,000 annually.

Why is the City Council asking voters to approve a millage increase?

It is no secret that the roads are bad. It is also not a secret that the state and local governments in Michigan do not have an adequate revenue source to fix this problem.

The city considered doing assessments to reconstruct streets. This process allocates a direct cost to property owners for a direct benefit at the time when work is done on their street. This was found to be impractical. This method enables property owners to go years, even decades, until a fee as high as $10,000 per lot is assessed to reconstruct a street.

A levy spreads the expense over all properties, including businesses, for a longer period of time. It is much more predictable and affordable.

What happens if both the city and state ballot proposals pass?

The street committee indicated that a decrease in the levy would be expected. However, future councils may or may not choose to do so. This is not something our current legislative body can guarantee. However, the levy funds and state funds are to be earmarked for streets. So if the levy does not decrease, substantial progress in the plan would be made ahead of schedule.

Why can't the city just reduce costs elsewhere in the budget to find the money it needs to repair streets?

Here are some quick facts to help explain why:

- 1 mile of two-lane street costs ~$1,600,000 to reconstruct
- There are over 22 miles of streets in the city
- The entire general fund levy produces about $700,000 annually

If all of the general city services ceased, we still would not be able to afford adequate street repair or reconstruction. Certainly, there are always expenses that can be reprioritized or cut. The city can and will continue to evaluate programs and priorities yearly. However, the scale of the revenue shortcoming is a product of the original city charter, which was not written to accommodate reconstruction of the largest public assets.

The city gets a share of the tax on gasoline. Why does it need additional money?

The city receives about $281,000 for major streets and $97,500 for local streets from the state to maintain local streets. As noted above, the expenses expected to maintain streets are substantially more than the current revenues.

What is this charter restriction that appears to handcuff the city?

The city charter limits the ability of the city council to levy taxes at a maximum of 5 mills. The vast majority of cities in Michigan can levy up to 20 mills and most apply approximately 15-17 mills. The legend goes that the founding fathers felt 5 mills would suffice because of the GM facility. That simply is not the case anymore.

Are you trying to convince me that taxes in Swartz Creek are low?

Yes. Believe it or not, Swartz Creek still has one of the lowest city tax rates around. While taxes in Genesee County are high, the effective rate levied and retained by Swartz Creek, city-wide, sits at 12.1098, including the general levy, garbage levy, and public safety assessment.

After school and county levies are included, our community is about 25% lower than other cities in Genesee County. See pages 47 and 48 of the latest complete state list for details.

http://www.michigan.gov/documents/taxes/2013_Total_Rates_450527_7.pdf

How will the city spend the money?

The funds will be used to repair, rehabilitate, and reconstruct major and local streets in the city. In addition, a big emphasis is going to be placed on preventative maintenance. Engineers and policy experts call this "asset management" but most of us call it common sense and refer to it as "an ounce of prevention is worth a pound of cure."

We will be spending money on a mix of fixes that range from preventative maintenance (sealing/crack filling) to reconstruction. Applying the right fix at the right time saves a ton of money in the long run.

A plan for repairs follows. This is the street plan as it exists today and may be subject to change.

City of Swartz Creek 20 Year Paving Program

Streets	Repair Type*	Cost
2015-2019		
Worchester	R	$800,000
Yarmy	P	$200,000
Parkridge	PM	$100,000
Abbey	P	$300,000
Ingalls McLain To Hayes	P	$300,000
Chesterfield	R	$650,000
Daval	R	$700,000
Birchcrest	P	$300,000
N. Seymour	PM	$25,000
1st	PM	$10,000
2nd	PM	$10,000
3rd	PM	$10,000
Holland	PM	$10,000
Hayes	PM	$10,000
Ford	PM	$10,000
N. Brady	PM	$10,000
McLain	PM	$20,000
Wade	PM	$20,000
Jennie	PM	$20,000
Fairchild	P	$400,000
Elms (creek to n limits)	PM	$48,000
Morrish (Maple to n limits)	PM	$130,000
2015-2019 Total		**$4,083,000**
2020-2024		
School	P	$357,500
Chelmsford	R	$660,000
Oakview	R	$715,000
Winston	R	$204,000
Helmsley	R	$440,000
Cappy Lane	P	$352,000
Durwood	R	$990,000
Norbury	R	$330,000
Bristol Road	PM	$48,000
2020-2024 Total		**$4,096,500**
2025-2029		
Mason	P	$172,500
Church	P	$115,000
Frederick	P	$172,500
Ingalls	P/PM	$276,000
Chesterfield (west of Seymour)	P	$172,500
Eton Court	P	$46,000
Oxford Court	R	$110,000
Whitney Court	R	$66,000
Greenleaf	R	$805,000
Don-Shenk	R	$575,000
Winshall	R	$747,500
Fairchild	PM	$23,000
School	PM	$23,000
Worchester	PM	$57,500
Chesterfield	PM	$23,000
Daval	PM	$57,500
Chelmsford	PM	$34,500
Oakview	PM	$57,500
Helmsley	PM	$34,500
S. Brady	P	$86,250
Talmadge Court	P	$86,250
Raubinger	P	$230,000
2025-2029 Total		**$3,971,000**
2030-2034		
Fortino	R	$720,000
Civic	R	$240,000
Grove	R	$600,000
Maple	R	$192,000
Crapo	R	$192,000
Springbrook East	P	$168,000
Heritage Village	P	$192,000
Hill	R	$420,000
Jill Marie	P	$480,000
Natalie	P	$96,000
Young	P	$300,000
Oakview (west of Seymour)	P	$120,000
Valleyview	P	$120,000
Oxford Court	PM	$23,000
N. Seymour	PM	$30,000
1st	PM	$12,000
2nd	PM	$12,000
3rd	PM	$12,000
Holland	PM	$12,000
Hayes	PM	$12,000
Ford	PM	$12,000
N. Brady	PM	$12,000
McLain	PM	$24,000
Wade	PM	$24,000
2030-2034 Total		**$4,025,000.00**
2015-2034 TOTAL		**$16,175,500.00**

*R=Reconstruction
P=Preservation (resurfacing)
PM=Preventative Maintenance (crack filling/sealing)

What is asset management?

Asset management is simply the allocation of resources as efficiently as possible. In practice, it means spending money on preventative maintenance as well as reconstruction. This means that the city might spend $100,000 to seal a street that is only 15 years old when a street that is in worse condition waits a few more years before it is rebuilt. This allows a smaller investment to add many years to a street before a larger amount of investment is required. The timing of preventative maintenance is crucial, unlike that of reconstruction, wherein added time does not dramatically change the repair cost.

What is the actual ballot question?

"Shall the City of Swartz Creek be authorized to levy a millage of up to a maximum of 5.7 mills ($5.70 Per $1,000 of taxable value) for twenty (20) years, 2015-2034, inclusive, for the purpose of funding construction and interest costs for the replacement, rehabilitation, repair, and maintenance of public streets and include pavement, sidewalk, curb, gutter, shoulders, and related drainage work within the City of Swartz Creek, the estimated revenues that will be collected during the first year of this millage as authorized and levied to be $823,810?"

Note that this language is very specific and does not allow for the expenditure of collected funds on parking area, trails, and related infrastructure. This is for streets only.