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**ONEKAMA DISINCORPORATION COMMISSION MEETING
MONDAY, MARCH 19, 2012, 7 P.M.**

The meeting was called to order at 7 p.m. by Chairman Suzanne Schwing.

The Pledge of Allegiance was said.

Recording Secretary Mary Lou Millard called the roll: Rosalind Jaffe, Alternate Steve Szilvagy, Al Taylor, representing the Township; Schwing, Roger Burger, representing the Village. Absent: Alternate Paula Fortin, Dan Behring. Also present: Village Council President Bob Blackmore, Township Supervisor David Meister.

APPROVAL OF AGENDA: Add Supervisor Meister, after the First Public Comment.

APPROVAL OF MINUTES: In the minutes of the March 12, 2012 meeting, Schwing asked to include additional comments under Manistee County Road Commission Letter on Page 3. Consensus was to not make the change. Schwing voted no. Page 4, Update Correction: Millard asked that line three be corrected as follows: end sentence at "second paragraph, first line." Mary Reed corrected "The citizens in the Village of Onekama circulated a petition designed to begin the process of evaluating if the Village and Township governments should be combined to read: "The citizens and the Township circulated a petition designed to begin the process of evaluating if the Village and Township governments should be combined."

Consensus to approve the minutes as corrected. Schwing voted no.

FIRST PUBLIC COMMENT: Comments received from Helen Mathieu, Rod Hudson and Nikki Jach. Jach pointed out in the March 12 minutes her comment should have read: she talked to the county and the county had no interest in taking over villages.

SUPERVISOR MEISTER: Meister said the Onekama Township Board gave him permission to ask the commission to appoint Szilvagy as a commission member, and Dan Behring as the alternate. Commission agreed.

TAX REFUNDS: Attorney Doren discussed a question raised regarding Village taxes payable starting in July in the event of disincorporation that would be effective October 30. Questions arose regarding whether the full amount of the levy should be billed or whether there should in some way be a refund if disincorporation occurs. In a memo to commission members Doren said after consultation with the Attorney General's office and an auditor, it is the conclusion that there is no authority and no precedent for either a partial year levy tax or a tax refund. The Disincorporation Plan calls for all fund balances and all Village tax revenue to be used for public purposes focused in the Village area.

CONTINUED CONSIDERATION AND TENTATIVE APPROVAL OF DISINCORPORATION PLAN DRAFTS:

---**Collateral Matters—Ordinances, Section One:** There are 16 ordinances in the plan. The Village Council President will take these to the Village Council for action. The ordinances not to be repealed have been reviewed by the Township Supervisor and Attorney. With their concurrence, the plan for continuing them after disincorporation is described in the Village Ordinances and Disposition. Consensus to give tentative approval to Collateral Matters—Ordinances..

---**Collateral Matters- Personal Property Tax and Other Debts Owed to the Village, Section Four:** If disincorporation is approved, on the effective date there will likely be delinquent personal property taxes and other debts or obligations owed to the Village of Onekama. In order to preserve these obligations and the right to collect those obligations, the plan is for the Village and Village officers to assign those obligations and the right to collect those obligations to the Township and Township treasurer. Consensus to tentatively approve Collateral Matters—Personal Property Tax and Other Debts Owed to the Village, Section Four.

---**Collateral Matters—Borrowing Costs, Section Three:** In paragraph four, Taylor questioned the Township rate at 3 per cent. Last sentence in Paragraph Four, correct to read: “As a result, future borrowing for the Township could result in a 3 per cent interest rate.” Consensus to give tentative approval to Collateral Matters—Borrowing Costs, Section Three.

MARCH 12 CHANGES TO FISCAL IMPACT: Page 1, Property Tax: Second Paragraph corrected version: \$95,000 savings for Village Taxpayers in the first year and indeterminate amounts in the future (based on growth of taxable values and the tax rate not levied by the village.

Page 1, Sewer Charges: Second Paragraph corrected version: No change in cost for Village Property Owners as a result in transfer of custodianship.

Page 1, Second Paragraph, Line 3 corrected version: This transfer would not result in expansion of the system or change in cost to currently to properties tied in to the system.

Page 2, third new paragraph: The intent, as described below, is for the township to cover the costs for select services that will be continued in the village. The fund balances (general fund, street, cemetery, liquor, enforcement, equipment) that will lapse from the village to the township will make this possible in the short term. Growth in revenues from property taxes and state revenue sharing should make this possible in the future. Should revenues grow at a slower pace than is anticipated it is possible that a special assessment district could be established in the area that constitutes the village to enable continued provision of select services in the village.

Page 4, second paragraph: Snow Plowing: The Village will contract with the Manistee County Road Commission to clear the village's local access streets of snow as early as possible. \$10,000 annual cost for Township to be paid for by lapsed Village funds until they are depleted.

Page 5: Footnote number 8 , Added Cost of Farr Center—amount questioned.

Page 6: Correct paragraph: Additionally, it should be noted that the Township Board on February 6, 2012 clarified their intent that fund balances that lapse from the Village to the township because of disincorporation will be used solely only for village purposes. For this to be carried out, and for the Township to remain accountable to the village residents, it is recommended that the Village funds not be integrated with the Township funds. The Village funds turned over to the Township should be maintained in separate funds and financial reports should report the purposes for which those fund balances are expended.

Page 8: New last paragraph: The table on the next page offers a hypothetical 5-year scenario for how revenues and expenditures of the township might be expected to grow. (THIS IS NOT A COMMITMENT OF REVENUES AND EXPENDITURES FOR THE TOWNSHIP, BUT AN ILLUMINATION OF THE TOWNSHIP'S FISCAL SUSTAINABILITY.) Assumptions are made for growth in property tax revenues and the receipt of state revenue sharing funds as well as select expenditure items. The table also illustrates how the truck equity and Act 51 street funds (see F.Jurisdiction over Streets above) will be used to fund snow plowing and how the Village general fund balance will be used exclusively for village services and enhancement of village assets. Even with conservative revenue growth assumptions and aggressive expenditure growth assumptions, the fiscal sustainability of the Township is not endangered.

Page 9, Draw down of Village General Fund, amount questioned.

Consensus to give tentative approval of the March 19 Fiscal Impact. Schwing voted no.

RESOLUTIONS FOR TOWNSHIP BOARD AND VILLAGE COUNCIL: Consensus to give tentative approval to attach the Resolutions to the final report.

DISCUSSION OF REPORT FORMAT: Doren said the Report Format includes the background, executive summary, approved documents and attachments. Szilvagyai suggested placing the Executive Summary before the Background.

In the Executive Summary, Page 11, correct “48 miles” to “0.48 miles”. Page 13, third paragraph, second line, change “will” to “may”. Page 4, fifth paragraph, remove the paragraph. Page 12, second paragraph, fifth line, Consensus to insert “will continue to” before the word “solely”.

In the Background, include a three year budget for the village and township. Last paragraph, page 1 After Citizens Research Council add a footnote the references a 5-year budget report (do nothing approach); Page 3 change “Village Citizens” on the flow chart to “Citizens.”

PUBLIC INFORMATION PRESENTATION ON TENTATIVELY DRAFT REPORT: Doren said nothing in this plan should be interpreted as being “for” or “against” disincorporation of the

Village. Several themes emerged in the meetings of the commission. One is that disincorporation is not so much a transfer of assets as it is a change in the custodian of those assets. The plan calls for continuation of parks, Farr Center, Sewer System, Cemeteries and as much else as allowed in light of the elimination of the Village tax of 5 mills. If disincorporation occurs, those assets will go on, with a new trustee, the Township of Onekama, in charge of them.

Another theme is retaining the Village's identity and history. The plan recommends the Village offices be used as a museum focusing on the Village and the area.

Elements of the Plan separately addressed include Land Use and Zoning, Indebtedness and Litigation, Real and Personal Property and Other Assets. It is the intent that recreational/park property remain as open space for the Onekama Community.

Other elements: Public Records, Employees and Contract for Employment (Township is requested to give consideration to the hiring of Village employees, who were employed at the time of disincorporation, if there is a need by the Township), Jurisdiction over Streets, Public Service and Public Utilities, Fiscal Impact, Dispute Resolutions, Collateral Matters (Ordinances, Effective Date, Borrowing Property Taxes).

SECOND PUBLIC COMMENT: Comments received from Ceceilia Huebner asking who started the disincorporation proposal, Rudy Milasich on ordinances, calendar/fiscal year audits, minutes taken by the clerk.

COMMISSIONERS' COMMENTS:

---Reed thanked Doren and Lupher for doing a great job.

---Schwing wants to discuss a 5-year budget, asked who pays for the extra four hours an employee for the road commission works, how is this broken down? Doren will discuss this with Road Commission Manager Jerry Peterson. Schwing also said the commission has never discussed other options for the village, could the township come into the village? Need to pursue other options, giving examples of Cross Village and Scottville.

---Taylor said this was discussed in Lupher's Citizens Research Council report. This commission was asked to address disincorporation of the village. He thanked Doren and Lupher and also thanked Blackmore and Meister for their efforts. He suggested that commissioners could help with anything needed after the reports are completed.

---Jaffe said Schwing's suggestions would be a good discussion, but our job here was to address the petition for disincorporation.

---Szilvagy referring to Schwing;'s comments, that both the CRC reports are on the internet and available to anyone.

Doren said after consideration of the final report, he can add “Role of Disincorporation Commission” after Final Report is approved.

ADJOURN: 9:20 p.m.

Submitted by
Mary Lou Millard
Recording Secretary