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January 23, 2001

Ms. Shirley Campbell  
807 Mary Ann Dr.  
Holly, MI 48442

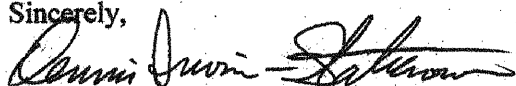
Dear Ms. Campbell:

I am writing in regard to a pre-review of a petition for the proposed incorporation of the Village of Holly into a home rule city. We have concluded our review and have no further comments or suggestions.

Please be aware that our review of your draft is preliminary in nature. **Staff comments cannot be assumed to predict the future actions of the State Boundary Commission.** Our official review occurs after filing and includes a more technical review of the PART I Map and the PART III Legal Description and verification of the existing city boundaries on file with the Office of the Great Seal at the Michigan Department of State. After that official review, staff prepares comments for the State Boundary Commission's consideration.

If you have any further questions, feel free to call me at (517) 241-6317.

Sincerely,



Dennis Irwin-Stabenow, Manager  
State Boundary Commission



*"Proud of our past, confident in our future"*

April 18, 2001

Mr. Dennis Irwin-Stabenow  
Department of Consumer and Industry Services  
State Boundary Commission  
525 W. Ottawa Street  
P.O. Box 30004  
Lansing, Michigan 48909

RE: CITY HOOD PETITION FOR VILLAGE OF HOLLY

Dear Mr. Stabenow:

I have completed the verifying of the petition signers for the city incorporation petitions for Holly. Qualified Electors, we have 411 signatures. Freeholders, we have 345 signatures, of which wives signed the petition but are not listed on the tax rolls. I did not check the assessment cards at the township because we have the 5% signers needed.

To this date, I have not received written correspondence from you directing me on qualifying the signers. I verified the signatures from our phone conversation.

Should you need anything further, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Marsha A. Powers".

Marsha A. Powers, CMC-CMFA  
Clerk-Treasurer

M

C: Shirley Campbell

**Villages:**

The basic difference between a city and a village is that when an area is incorporated as a village, it stays within the township. The village participates in township affairs and pay taxes in addition to having their own village government, It is essential to understand villages, are not a primary form of government in Michigan. It is an incomplete government furnishing only services. The village is part of the township, and as such, is subject to township authority. General law township, provide for residents of the village legally required duties imposed by the State.

**Home Rule Cities:**

A city, being withdrawn from the township, must provide basic service state required duties as well as its own service. In addition it is responsible for assessing property and collecting taxes for county, school and Michigan/Federal elections.

The word 'city' is often thought of as meaning a complex government unit providing more service at a greater expense to the taxpayer than in the case of a village, this not the case. The city council may wish to maintain the same level of local services as was formerly provided by the village. In this case, the only increase in cost to citizens would be the slight additional cost to carry out the duties required by the State of Michigan: assessing and holding elections. The Home Rule Village Act grants broad powers to all cities and allow each one the flexibility and latitude to accommodate its local needs.

**Charter**

The procedure in becoming a city requires that a charter commission of local citizens be elected to draw up a charter for presentation to the electorate of the new city. Any interested citizen can run for election to a charter commission.

The Home Rule City Act permits the drafting and adoption of a 'tailor-made charter designed to best suit the needs and requirements of each individual city operating under its own charter. The adoption of Home Rule City government , therefore, has two significant advantages.

1. Broader and more flexible powers granted to local government
2. Wide range of flexible powers granted to local government organization permitted under the Home Rule Village Act.

Equally important to securing additional powers and more flexibility in administration is the opportunity for local citizens to determine their own city government organization.

## **P.A.425 CONCERNS:**

Due to the complexity of P.A. 425 the question is for the attorney, if the village should incorporate to a city what happens to any 425 agreement that is in place at the time of the city incorporation? would the land revert or transfer to The new city at the end of the original contract agreement was made? Or would the land revert or transfer to the new city at the time of incorporation?

## **Population:**

The population of the village as of 1996 was 5,844. The population satisfies the population requirements of the Home Rule Cities Act. In 1997, the Village of Holly was the second largest village in Michigan and would have been larger than 75% of the existing cities in Michigan.

## **Population Density:**

The population of the Village of Holly is well in excess of 500 per square mile required and satisfies the density requirements of the Home Rule City Act.

## **Boundaries, Land, Area, And Uses**

The Incorporation petition must include the existing boundaries. The land to be incorporated should be described and reference be made to the amount of underdeveloped lands and zoning of such lands. The existing description, zoning map, and Master planning information would satisfy this requirement

## **Why Change To A City:**

A city is withdrawn from a township thus, there are not any township taxes to pay. A city achieves a separate jurisdiction from the township. There is greater independence in one integrated unit. A city has great potential to have direct communications with federal and state government. Usually, at both levels, there is more funding made available for city projects. Flexibility in funding and different services become a reality.

## **Why not Change to a City:**

**FEAR OF THE KNOWN.** This fear can be expressed in personal and financial costs. This process to become a city is very time consuming, One strategy is ask a person on the cityhood committee your questions. It will be the responsibility of that person to answer your question or guide you in the direction to get your question answered.

## **Basic structure of Home Rule City:**

The Home Rule cities Act requires that certain mandatory charter provisions must be provided for in a Home Rule City Charter. The most significant mandatory charter provisions include the following:

**1. City government organization.**

**A. The principal organization forms of government used in Michigan are:**

- (1) Weak Mayor**
- (2) Strong Mayor**
- (3) Council-Manager**

The council-manager form is both familiar  
and deemed to be the most practical and efficient

**B. Election of the legislative body the Mayor may be selected by the legislative  
body.**

**2. May elect or appoint the following:**

- A. Clerk**
- B. Treasurer**
- C. Assessor**
- D. Board of review**
- E. Other necessary officers**

**3. Election procedures.**

**4. Taxation powers and procedures. Subject of taxation shall be the same as for the State, county, and School taxes.**

**5. The keeping of public records.**

**6. Annual appropriation of money for municipal purposes.**

**7. Levy, collection and return of State, County, and School taxes.**

**8. Provide for public peace, health and safety.**

**9. The adoption, amendment, repeal and publication or ordinances.**

**10. Uniform of accounts as required by law.**

**Permissible charter provisions include, but not limited to the following:**

- 1. Borrowing Power.**
- 2. Limitations on borrowing power. 10% of assessed valuation.**
- 3. Additional 5% if used for hospital facilities.**
- 4. Zoning condemnation.**
- 5. Sewer**
- 6. Lighting**
- 7. Transportation**

8. Street Plans
9. Water Course
10. The acquisition, lease and sale of property.
11. Bond
12. Voter referendums.

Changing the status from a village to a city results in new legal responsibilities previously carried on by the township.

1. Assessing property-hire / contract for city assessing services.
  2. Collecting County, School and special authorities taxes.
  3. Conducting County, State and national elections.
    - A. Maintain voter registration records.
    - B. Provide voting facilities and equipment

### **Advantages Of Incorporation:**

The transition of Holly from Home Rule Village to a corporation of a Home Rule City is a opportunity for Holly to adopt the most autonomous and locally controlled form of municipal government permitted under the constitution and statutes of the state of Michigan. The advantages include, but not limited to the following:

1. The new charter is key, as it determines in large, how we will operate with the greatest economy and convenience to its citizens.
2. More control for what tax dollars are used.
3. We would be recognized as a primary unit of government.
4. All assessing services could be performed by an assessor appointed and answerable to the city.
5. The board of review would be appointed and answerable to the city.
6. Incorporation would result in a streamlined form of government allowing Citizens to deal with only one government.
7. The adoption of a modern home rule city charter tailor-made to meet the community needs.
8. Eliminate duplicating services
9. Eliminate township Taxes.
10. Permits financial flexibility and latitude to accommodate local needs.
11. As collection agent for the school district , county and colleges, the new incorporated city would benefit from receipt of revenues and for administrative, county, and college fees.

## **Financial Implications of Incorporation:**

There is little evidence to indicate that long term financial implications of incorporation as a Home Rule City would be appreciable.

Areas where additional costs would incur:

### **1. Transition cost**

Petition Process

State Boundary Approva

Public Hearings

A. Election Costs

B. Engineering

C. Printing of charter

1. City Assessor

2. Cost of collecting of school and county taxes

3. Cost of board of review

## **Loss of Revenues Concern For Township:**

The loss of revenues would create a considerable deduction on the amount of tax dollars collected from village residents to the township general fund. Many township officials and residents believe it is the responsibility of the citizens within the 2.5 square miles of the village to support the township.

The following are possible alternatives to off set the reduction of the township revenues:

1. Reduction of staff and / or reduction of salaries.
2. Under the general law township act the board may increase the mills. If the township board would elect to vote for a charter township, they may do so. The act authorizes the township board to levy up to 5 mills with the vote of the people.
3. Assessments to cover costs for a particular program or service.

## **LAW SUITS:**

All, law suits in the township including fees are paid for by outer township residents beyond the 2.5 sq. miles of the village, village residents within the 2.5 square miles of the village. All, law suits in the village including attorney fees are paid for by residents only within the 2.5 square miles of the village.

## **Division Of Assets And Liabilities:**

When the village incorporation to a city, the assets (personal Property) and liabilities would be negotiated with the township.

Taxpayers within the 2.5 square miles of the village pay to support the (2) township parks and library. Figures below represents approximate village taxpayers share collected by the township for library and parks.

1. Library - 1 mill =	\$ 94,515.00
2.Parks .5 mill =	\$ 47,257.00
Total village tax- payers share =	\$141,772.00

### **NET IMPACT:**

Village residents presently live and support two local units of government the village and township. Changing from a village to city to its simplest terms, means with-drawing from the township and providing the new city government with local services formerly provided by the village.

### **Self - Determination For Village Residents:**

Incorporation as a city would allow village residents to avoid double taxation for service currently provided by the village and township. Village residents support two local units of government - the village and township. City residents do not pay township taxes. The current township tax levy is 1 mill. This generates \$99,843.00 based on 99-2k budget SAVINGS: 1 MILL, \$99,843.00.

### **REVENUE - SHARING INCREASE:**

Cities receive more state funds than villages. The additional revenue that the village would receive equals \$13,752.00

#### **Additional annual revenue 13,752.00**

Fiscal year	City	Village
1998	\$ 613,367	\$ 613,367
1999	\$ 628,001	\$ 627,279
2000	\$ 671,948	\$ 668,228
2001	\$ 776,688	\$ 769,619
2002	\$ 839,676	\$ 829,087
2003	\$ 908,132	\$ 893,528
2004	\$ 982,357	\$ 963,213
2005	\$ 1,062,671	\$ 1,038,430
2006	\$ 1,149,406	\$ 1,119,478
<b>Total =</b>	<b>\$ 7,632,246</b>	<b>\$ 7,522,229</b>

Difference \$ 110,017.00  
Annual Average = \$ 13,752.00

Information supplied by Citizens Research Council of Michigan



### **ADDITIONAL REVENUES 1% ADMINISTRATIVE FEES:**

Incorporating a city from a village would generate additional revenues of 1% administration fee :

Administration fee @ 1% on homestead =	\$ 17,985.00
Administration fee @ 1% on non – homestead =	<u>\$ 18,632.00</u>
Total =	\$ 36,617.00

Additional Annual Revenues \$ 36,617.00

### **Election Expenditures:**

Additional responsibilities imposed on a new incorporated city would be to conduct county, State and national elections. It would be the obligation and responsibility of the new incorporated city to register and maintain voter registration records and provide voting facilities and equipment..

Based on the number of elections held the average cost per election is \$2,000. (after Federal and county reimbursements or contributions). For cost purposes we should budget a per year election cost. One time purchase of two ballot boxes and 10 voting booths with legs and lights is \$12,850. This capital cost is divided by 4 years for an annual expense of \$3,212.

ADDITIONAL ANNUAL EXPENSE: \$5,212.00

### **COST OF ROAD CHLORIDE:**

The township chlorides village roads. When we become a city this will be an additional expense to the city of \$4,200.

ADDITIONAL ANNUAL EXPENSE: 4,200.00

### **Cost Of City Assessor And Board Of Review:**

When the village incorporates to a city. Assessing will be the responsibility of the city assessor. The board of review will be the responsibility of the city. There are advantages of having property assessments and the board of review under municipal control:

1. The assessing is done by the city assessor they will be responsible directly to the citizens of the city.
2. The board of review, provided for by the city charter, would be responsible to the citizens of the city.
3. The separation from the township for assessing purposes eliminates the possibility of a township assessing residential and commercial property at a higher ratio to value than agriculture property, thus tending to cause village

taxpayers to pay disproportionately higher share of school, county and township - taxes.

Board of review consists of 3 members, State law requires the board to have three meetings per year March, July and December.

Assessing service cost is based on a per parcel basis. The quote from Oakland County is: \$33,172.00 per year. Plus \$900.00 for board of review expenses. Total estimated cost is \$34,072.

**ADDITIONAL ANNUAL EXPENSE: 34,072.00**

**ADDITIONAL Revenues And EXPENSES:**

**Incorporating a city from a village would create additional revenues and expenses .**

	<u>REVENUES</u>	<u>EXPENSE</u>
1 mill tax levy	\$ 99,843.00	
Revenue Sharing	\$ 13,752.00	
Administration Fee	<u>\$ 36,617.00</u>	
Assessing – Service		\$ 34,072.00
Elections and Capitol Costs		\$ 5,212.00
Road Chloride		<u>\$ 4,200.00</u>
<u>Total</u>	<b>\$150,212.00</b>	<b>\$43,484.00</b>

**NET IMPACT ON Residents: savings \$106,728.00**

**Conditions with Incorporation of the village as of a city:**

For your information, copies are enclosed from the State Boundary Commission as follows.

1. Conditions for incorporation.
2. Michigan statutes annotated.
3. Incorporated criteria.
4. State Boundary Commission rules.
5. General instructions for the preparation of a city incorporation to be filed with the State Boundary

**Village of Holly:**

Village population as of 1990 5,579, as of August 1999 6,446 (Semcog est)

Parcels as of 1999 2,328

Personal and real property as of 1999 \$94,478,730

Occupied housing units 2,521

**OUTER Township:**

Outer Township population as 1990 3,251 as of August 1999 3,794

Parcels 1999 4,529

Personal and real property \$96,370,980

Note: These Statistic were obtained from Oakland County Equalization and Semcog.

- Note: Presently within the 2.5 square miles of the village there are two (2) Mobile Home Village Parks. Out side of the 2.5 square miles of the village in the outer township there are -0- Mobil Home Village Parks.

**Fact Sheet:**

Services presently provided within the 2.5 square miles of the village by:

**1.HOME RULE VILLAGE GOVERNMENT****2.GENERAL LAW TOWNSHIP GOVERNMENT****3.SERVICES TO BE PROVIDED TO THE NEW INCORPORATION CITY OF HOLLY**

<b>SERVICE</b>	<b>VILLAGE</b>	<b>Township</b>	<b>City</b>
Charter	yes	No	yes
Parks	yes	yes	yes
Library	no	Yes	yes
Assessor	no	yes	yes
Police	yes	no	yes
Fire	Yes	Yes	Yes
Inspectors	yes	No	Yes
Planing & Zoning	yes	No	Yes
D. P. W.	yes	No	Yes
Waste treatment	Yes	No	Yes
Water Treatment	Yes	No	Yes
Act 51 Revenues	Yes	No	Yes
Elections (Fed. & St)	No	Yes	Yes
Attorney	yes	No	Yes
Manager	Yes	No	Yes
Traffic Service	Yes	No	Yes
Cemetery	Yes	No	Yes
Garbage Pick Up	Yes	No	Yes
Brush Pick Up	Yes	No	Yes
Board of Review	No	Yes	Yes
E. D. C.	Yes	No	Yes
D. D. A.	Yes	No	Yes
Snow Plowing	Yes	No	Yes
Street Sweeping	Yes	No	Yes
Tree Planting	Yes	No	Yes
Tree Maint.	Yes	No	Yes
Dog License	Yes	yes	Yes
Side Walk Repair	Yes	No	Yes
Major St. Repairs	Yes	No	Yes
Engineering Service	Yes	No	Yes
Planner	Yes	No	Yes
Water Tower	Yes	No	Yes

## **VILLAGE DENIED CITY INCORPORATION IN 1991**

**Boundary Commission gives seven reasons for the action:**

- 1) "The primary characteristic of Holly Township, beyond the territory petitioned for the city incorporation, is rural, state-owned recreational or vacant land with no immediate prospect of development."**
- 2) "If the petitioned area, were approved to incorporate at a home rule city, the balance of Holly Township would have a small tax base, but also a low level of service demand."**
- 3) "The mobile home park proposed to be developed in Holly Township outside incorporation area, would create a high level of service demand without generating a comparably high level of revenue base."**
- 4) "Holly Township might lack sufficient revenue base to serve its remaining residents, if the petitioned area were permitted to incorporate as a home rule city."**
- 5) "Approving the incorporation of a home rule city at the existing village boundary would encourage the proliferation of small units of government on a scale inadequate to achieve cost efficiencies for providing urban services."**
- 6) "It would not be prudent to approve incorporation of all Holly Township as a Home Rule City at this time. Different tax rates are appropriate because there is no uniform demand for development throughout the township."**
- 7) "Although 21 people expressed an objection to the possible incorporation of a home rule city in the area, those opinions so not necessarily reflect the feeling of a majority of the 8,000 + residents in the proposed incorporation area."**

## **HOT CITY INCORPORATION ISSUE IN 1993**

**Flint Journal article written by Maggie I. Jaruzel date stamped August 15, 1993 and October 5, 1993 among hot issues was and I quote," Smith and Parvin Lee muddied the incorporation issue and stirred up unnecessary controversy by suggesting the city-hood committee deliberately excluded low income and minority residents, specifically people in the Great Lakes subdivision off Grange Hall Rd. near 175." President of the Great Lakes association took issue to that remark that he didn't think the (the new boundaries) were set up to be raciest, but calling us low-income and minorities he definitely considered the remark to be racist.**

**Herald advertiser October 7, 1993 the issue was cleared up some-what , I quote" council member asked that the latest 1990 census information showing the loss of a large moderate-low income homes in the village, be sent to the Boundary Commission . One of the major arguments made by the Township Board against city-**

hood with the 5.9 sq. mile boundaries was that the remaining township property would include housing area east of the new city." Manager Jim Murphy received information on October 1, 1993 that did show the latest trend of low-moderate income housing within Holly Village. No areas of low-moderate housing are now located in outer Holly Township. The latest information was virtually all of Holly Village except that area east of Broad St. and South of Maple St. was considered low-moderate.

## **Statement**

**On August 29,1997 a motion to establish a committee to begin working toward city incorporation failed by a tie vote.**

**It has been 10 years since I first become involved with city incorporation. I have not abandoned my belief that it is the best direction for the village.**

**I have worked independent of the village council on the enclosed report, the intent of this report is to briefly explain the difference between a village and city, and steps to take to become a city. I have not asked or received any information from the village administrative office however, if the council would agree to a report comparison of village vs. A new Home Rule City revenue and expense budget summary it would be very informative.**

**Because of my commitment to city incorporation the information I have gathered includes the advantages and disadvantages of incorporating, future needs and requirements of the municipality cost , and effects of such a transaction.**

**Additionally I have received pertinent written and verbal information from other community studies that either have, or are considering change to a city. I have consulted with and received materials from Michigan Municipal League and State Boundary Commission.**

**Communities I have contacted stressed the importance of communication with the citizens especially the senior citizens. Some working on the opposition of city incorporation will work on the fears of senior citizens. It is the responsibility of the committee supporting city incorporation to communicate by the way of speaking to service groups, senior centers and clubs.**

**City incorporation is a very important step for our community and demands our respect, integrity and good judgement. This is a highly sensitive and emotional issue, and unfortunately can bring out the worst in all of us. It will be the moral responsibility of every person in this community to refrain from making untrue statements, demagogue, or writing messages on the walls in the town square.**

**Shirley Campbell  
February 20,1998**

**NOTE: This report was updated in 2000/2001 budget year, you can review the revenues and expenditure report on the village web site click cityhood  
<http://www.vi.holly.mi.us>**