



**THE FINANCIAL IMPLICATIONS OF CONSOLIDATING
THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP**

February 2005

Report 339

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Citizens Research Council of Michigan

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THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Introduction

Michigan is replete with small cities and villages, usually two to four square miles in size, surrounded by the remainder of a township. Many of those municipalities were incorporated in the later half of the 19th century and early parts of the 20th century, when groups of citizens in concentrated areas began asking for higher levels of municipal services. Until enactment of the Charter Township Act in 1947, the only avenue for obtaining higher levels of municipal services was establishment of a city or village government.

Strengthening of the township form of government to provide broader ranges of services has diminished the need to incorporate to receive municipal services. This is evidenced by a growth in the number of townships assuming charter status. However, it remains true that services cost money and local governments obtain the money to fund those services through taxation. Today, decisions about whether to operate as a general law township, a charter township, a village, or a city are driven by the level of services desired by the residents and the level of taxation that is needed to provide those services.

Strengthening the role of township government as a service provider has blurred the lines that separate townships from cities. Where township residents once might have petitioned for annexation to a nearby city to gain access to services that townships could not provide, today cities, villages, and townships provide many of the same services. With no clear separation of roles, the differences among them are becoming less apparent to residents.

This arrangement has created circumstances such as that

found in the Grand Blanc area in Genesee County. Grand Blanc is a community of people served by two units of government: a small city surrounded by a rapidly growing charter township. Where once newcomers to the community might have attempted to use mechanisms such as annexation to associate themselves with the City of Grand Blanc to satisfy their desires for municipal services, the ability of Grand Blanc Township to play the role of a full service provider has allowed a municipality to form surrounding another municipality.

Such arrangements are not new to Michigan. Just to the south in Oakland County, the City of Rochester Hills surrounds the City of Rochester, the City of Farmington Hills surrounds the City of Farmington, and the City of Southfield surrounds the City of Lathrup Village. Similar arrangements are found for the cities of Warren with Centerline and Detroit with Hamtramck and Highland Park. These cities all have coexisted for many years.

Other communities would be lucky to have the luxury of considering consolidation under the circumstances of Grand Blanc. Both units of government are financially sound, offering services beyond those common in other cities or townships their size or type. The two units have a long history of cooperation in the provision of governmental services and the residents often identify with a single community. Rather than engaging in a study of the financial implications of consolidation because one of the units is under duress – either due to mismanagement, economic circumstances, or high levels of voter dissatisfaction – this is a case of citizens asking why it is necessary to have two units of government to serve one population.

Grand Blanc

The City of Grand Blanc, which was incorporated in 1930, and the Charter Township of Grand Blanc, which adopted charter township status in 1978, are located in the southern portion of Genesee County (see **Map 1** on page 2). Grand Blanc Township is 32.74 square miles in size and is bounded by Burton to the north, Atlas Township to the east, Holly Township (Oakland County) to the south, and Mundy Township to the west. The City of Grand Blanc is 3.76 square miles in size and is located approximately in

the middle of Grand Blanc Township.

The Grand Blanc community is located along the I-75 corridor, only minutes from the City of Flint, 30 miles from the cities of Auburn Hills and Pontiac, and north of the City of Detroit. Located on Oakland County's northern border, Grand Blanc has benefited from the rapid economic growth experienced in the past decade by Oakland County.

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

The City of Grand Blanc and the Charter Township of Grand Blanc are alike in more ways than they are different. In measures of age composition, racial composition, and average income of their residents, these two units are fairly homogeneous (See **Tables 1-4**). Township growth around an established city has for many years helped to blur the lines separating the two, such that land use, social and business activity,

and trends in economic development are nearly indistinguishable. In fact, one of the area's largest industrial plants sits astride the city-township border. Where other communities considering consolidation might struggle with finding commonalities, the Grand Blanc community is served by a single school district, a joint fire district, a joint parks and recreation authority, and a single library district.

Population of the Grand Blanc Area

The City of Grand Blanc had a 2002 estimated population of 8,088, or 2,151 persons per square mile. Grand Blanc Township had an estimated population of 32,698, or 998 persons per square mile. If the two units were consolidated into a single unit, it would have had a 2002 population of 40,786 in a 36.5 square mile area, or an average of 1,117 persons per square mile.

as a whole, while the Township experienced greater than 17 percent growth. The population growth of both units, but especially the Township, stands in contrast to Genesee County population growth, which has experienced negative or modest growth over the past three decades. In fact, the population trends of the Township correspond more closely with Oakland County to its south than to the rest of Genesee County.

Table 2 reflects population trends of the City, Township, Genesee County, and the State as a whole. Both the City and Township experienced their greatest growth in the period of the 1950s and 1960s. Between 1990 and 2000, the City experienced population growth comparable to the State

As the Grand Blanc community continues to grow, greater concentrations of people will create increased pressures on the governments for additional and improved services.

Table 2

Population Change in City of Grand Blanc and Charter Township of Grand Blanc, 1930-2002

	<u>Grand Blanc City</u>		<u>Grand Blanc Township</u>		<u>Flint City</u>		<u>Genesee</u>	<u>Michigan</u>
	<u>Number</u>	<u>Percent Change</u>	<u>Number</u>	<u>Percent Change</u>	<u>Number</u>	<u>Percent Change</u>	<u>Percent Change</u>	<u>Percent Change</u>
1930	917		1,948		156,492			
1940	1,012	10.4%	3,225	65.6%	151,543	-3.2%	7.7%	8.5%
1950	998	-1.4%	4,687	45.3%	163,143	7.7%	18.9%	21.2%
1960	1,565	56.8%	9,418	100.9%	196,940	20.7%	38.1%	22.8%
1970	5,132	227.9%	19,229	104.2%	193,317	-1.8%	19.0%	13.5%
1980	6,848	33.4%	24,413	27.0%	159,611	-17.4%	1.1%	4.3%
1990	7,760	13.3%	25,392	4.0%	140,761	-11.8%	-4.4%	0.4%
2000	8,242	6.2%	29,827	17.5%	124,493	-11.6%	1.3%	6.9%
2002	8,088	-1.9%	32,698	9.6%	121,763	-2.5%	1.2%	1.1%

Sources: U.S. Department of Commerce, Bureau of the Census, Census of Population 1930-2000; Table SUB-EST2002-15-26-Michigan Minor Civil Division Population Estimates and Population Change (www.nwmcog.org/data/CensusTrends/MI-SUB-EST2002-MCDs.pdf); Estimated Population of Michigan by Age and Sex, 2000-2003 (http://www.michigan.gov/hal/0,1607,7-160-17451_28388_28392-89789--,00.html).

Housing Units

Data collected for the 2000 Census suggests that the housing in the two units is of a similar stock. In the City, 53.3 percent of the housing units are single-unit, detached homes; in the Township, 63.7 percent of the housing units meet this characteristic. In the City, 59.8 percent of the housing structures were built between 1960 and 1979; in the Township, 46.4 percent of the units were built in that period. The Cen-

sus found that 54.9 percent of the City householders moved into their present unit since 1995; 52.6 percent of householders in the Township. The major difference is that the Township has had a spike in single-unit, detached housing developments since the 2000 Census, and thus the housing in the Township has become decidedly newer and the residents are newer to the area. (See **Table 3**.)

Table 3
Housing Characteristics for Grand Blanc and Grand Blanc Township, 2000

	<u>City of Grand Blanc</u>		<u>Grand Blanc Township</u>		<u>Combined Unit</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Total housing units	3,718	100.0	12,457	100.0	16,175	100.0
Units in Structure						
1-unit, detached	1,983	53.3	7,934	63.7	9,917	61.3
1-unit, attached	305	8.2	628	5.0	933	5.8
2 units	35	0.9	-	-	35	0.2
3 or 4 units	89	2.4	273	2.2	362	2.2
5 to 9 units	323	8.7	772	6.2	1,095	6.8
10 to 19 units	351	9.4	1,157	9.3	1,508	9.3
20 or more units	616	16.6	726	5.8	1,342	8.3
Mobile home	16	0.4	967	7.8	983	6.1
Year Structure Built						
1999 to March 2000	33	0.9	584	4.7	617	3.8
1995 to 1998	197	5.3	1,150	9.2	1,347	8.3
1990 to 1994	247	6.6	1,074	8.6	1,321	8.2
1980 to 1989	473	12.7	1,720	13.8	2,193	13.6
1970 to 1979	1,200	32.3	3,061	24.6	4,261	26.3
1960 to 1969	1,021	27.5	2,710	21.8	3,731	23.1
1940 to 1959	382	10.3	1,766	14.2	2,148	13.3
1939 or earlier	165	4.4	392	3.1	557	3.4
Occupied housing units	3,537	100.0	11,798	100.0	15,335	100.0
Year Householder Moved into Unit						
1999 to March 2000	878	24.8	2,682	22.7	3,560	23.2
1995 to 1998	1,065	30.1	3,493	29.6	4,558	29.7
1990 to 1994	638	18	1,733	14.7	2,371	15.5
1980 to 1989	499	14.1	1,747	14.8	2,246	14.6
1970 to 1979	260	7.4	1,215	10.3	1,475	9.6
1969 or earlier	197	5.6	928	7.9	1,125	7.3

Source: Genesee County Metropolitan Planning Commission from the U.S. Census Bureau, Census 2000, <http://www.co.genesee.mi.us/gcmplc-plan/Census%20Profiles/Cities/City%20of%20Grand%20Blanc.pdf> and <http://www.co.genesee.mi.us/gcmplc-plan/Census%20Profiles/Townships/Grand%20Blanc%20Township.pdf>.

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Historical Background of the Grand Blanc Area

The Grand Blanc area was the first area of Genesee County settled by European settlers. The name Grand Blanc refers to the large, white man that was the first settler. The community evolved in the early years as a stop on the trail from Pontiac to Saginaw, where a military post required constant supplies. Grand Blanc Township was established in 1833. It wasn't until another 100 years passed that Grand Blanc City was incorporated in 1930.

The populations of both entities remained relatively small until the 1950s and 1960s. Two factors contributed heavily

to the rapid population growth in these entities during this period. Growth in the automotive industry led to economic expansion around the Flint area. Workers and executives associated with the Buick plants in Flint, as well as conversion of the Grand Blanc Tank plant to the GM Metal Fabricating Division, Grand Blanc Metal Center caused rapid population growth. Also, the new interstate highway system permitted workers to reside some distance from their place of work. In 1957, US-23 was opened in Genesee, stretching north and south through Grand Blanc and the rest of the county. In 1959, US-23 was redesignated as I-75.

Household Income

Census Bureau data for income levels in each unit show the City to have a wider distribution of income levels than the Township. While the City had 25 percent of households with reported incomes of less than \$25,000, only 17 percent of Township households fell in this income range. Similarly, 24.2 percent of City households reported incomes in excess of \$100,000, but only 19.1 percent of Township

households were above that level. What the Township lacks on the lower or upper household income levels it makes up for in the middle. Two thirds (66.0 percent) of the Township household incomes were between \$25,000 and \$99,999, while 51.9 percent of City household incomes fell in this range. (See **Table 4**.)

Table 4
Per Capita Income Household Income
for Grand Blanc and Grand Blanc Township, 1999

	<u>City of Grand Blanc</u>		<u>Grand Blanc Township</u>		<u>Grand Blanc Community</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Households	3,543	100.0	11,772	100.0	15,315	100.0
Less than \$10,000	215	6.1	497	4.2	712	4.6
\$10,000 to \$14,999	191	5.4	353	3	544	3.6
\$15,000 to \$24,999	442	12.5	899	7.6	1,341	8.8
\$25,000 to \$34,999	364	10.3	1,093	9.3	1,457	9.5
\$35,000 to \$49,999	443	12.5	1,874	15.9	2,317	15.1
\$50,000 to \$74,999	595	16.8	3,009	25.6	3,604	23.5
\$75,000 to \$99,999	435	12.3	1,795	15.2	2,230	14.6
\$100,000 to \$149,999	523	14.8	1,591	13.5	2,114	13.8
\$150,000 to \$199,999	142	4.0	382	3.2	524	3.4
\$200,000 or more	193	5.4	279	2.4	472	3.1
Median household income (dollars)	\$54,099		\$59,858			
Per Capita Personal Income	\$27,510		\$32,622			

Source: Genesee County Metropolitan Planning Commission from the U.S. Census Bureau, Census 2000, <http://www.co.genesee.mi.us/gcmplc-plan/Census%20Profiles/Cities/City%20of%20Grand%20Blanc.pdf> and <http://www.co.genesee.mi.us/gcmplc-plan/Census%20Profiles/Townships/Grand%20Blanc%20Township.pdf>.

Taxable Value in the Grand Blanc Area

The composition of property in the two units is very similar. As seen in **Table 5**, residential property constitutes about 71 of total taxable value in the two units. Commercial property constitutes a larger percent of the balance in the City of Grand Blanc; industrial property constitutes more in the Grand Blanc Township. Each unit has about an 11 percent gap between taxable value and state equalized value.

The 2004 taxable value of Grand Blanc and Grand Blanc Township together totals \$1.45 billion, with 82.1 percent of the property in Grand Blanc Township. The City of Grand Blanc has taxable value per capita equal to \$32,028, compared to \$36,403 for the Township. A consolidated

unit would have a taxable value per capita of \$35,535.

Understanding where the taxable value of property is located in the two units is vital for understanding how a potential merger of the two units would affect tax rates. Because 82 percent of the taxable value in the two units is located in Grand Blanc Township, City residents stand to gain in a major way by gaining access to that tax base. Because the property tax yield is calculated as the tax rate times the tax base, an expanded tax base will have the affect of allowing a reduction in the tax rate to yield the same tax revenue yield.

Table 5

**2004 Taxable Value of Real and Personal Property by Category of Property
in the City of Grand Blanc and Charter Township of Grand Blanc**

	<u>City of Grand Blanc</u>		<u>Grand Blanc Township</u>		<u>Grand Blanc Community</u>	
	<u>Taxable Value</u>	<u>%</u>	<u>Taxable Value</u>	<u>%</u>	<u>Taxable Value</u>	<u>%</u>
Commercial	\$51,749,645	20.0%	\$186,527,937	15.7%	\$238,277,582	16.4%
Industrial	4,992,710	1.9%	62,563,902	5.3%	67,556,612	4.7%
Residential	190,729,880	73.6%	836,757,967	70.3%	1,027,487,847	70.9%
Personal Property	<u>11,571,650</u>	4.5%	<u>104,453,963</u>	8.8%	<u>116,025,613</u>	8.0%
Total Real and Personal	\$259,043,885		\$1,190,303,769		\$1,449,347,654	
Homestead & Qualified Agricultural	\$181,113,420	69.9%	\$760,496,399	63.9%	\$941,609,819	65.0%
Non Homestead/Non-Qualified Agricultural	\$77,930,465	30.1%	\$429,807,370	36.1%	\$507,737,835	35.0%

Source: Michigan Department of Treasury, State Tax Commission.

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Consolidation Process

In order for the City of Grand Blanc and Grand Blanc Township to form a consolidated unit of government, interested parties must follow a process set up and detailed in the State Boundary Commission Act.

State Boundary Commission Act

The State Boundary Commission Act (Public Act 191 of 1968) created the State Boundary Commission and details its powers and duties. The State Boundary Commission was created to reduce the inefficient development of local government infrastructure, make municipal boundaries more regular, make municipal services available to additional land areas, and provide for the general welfare of municipalities and the state. The act provides for systematic municipal incorporation, consolidation, annexation, detachment of territory, concurrent detachment and annexation, vacation of incorporation, designation of annexation areas, charter township incorporation and a review of the need for urban services. It prescribes the criteria and standards for these processes and confers certain authority on state and local officers. The act was drafted to be liberally construed in order to carry out its purposes of protecting the public health, safety and welfare, and the convenience of cities, villages and townships.

The State Boundary Commission consists of three state level appointees and two members from the county in which municipal boundary adjustment has been initiated. The state members are appointed by the Governor, with the advice and consent of the Senate, to a three-year term. The Governor then designates one member as chairperson of the commission. The two local members, along with two local alternatives, are appointed by the presiding probate judge of the county where the municipal boundary adjustment is under consideration. If the area under consideration lies within more than one county, the commission members are chosen from the county that holds a majority of the territory under consideration. Local appointees cannot be elected officials, must have equal city and township representations, and cannot have an interest in the outcome of the boundary alteration.

State Boundary Commission Powers. The Commission meets when there are matters pending on consolidation, annexation, incorporation, and detachment proposals. The Commission has full power in furtherance of its purposes to compel the attendance of witnesses and the giving of testimony, to examine witnesses on oath, as well as to demand the production of books, papers and records for submission to the Commission.

The Boundary Commission has the authority to recommend approval or denial of incorporation, the need for urban services, and any municipal boundary adjustment to the Director of the Department of Labor and Economic Growth (previously the Department of Consumer and Industry Services). The Commission has the power to alter the boundaries of the proposed incorporation, annexation or consolidation in their recommendation to the Director by increasing or decreasing the area as to include only and all property that the Commission feels will benefit from the recommended action. Residents of municipalities affected by these actions have the right to referendum if they disagree.

Formal Consolidation Process

The consolidation process may be initiated among cities, villages and townships. If the proposal involves a township containing one or more incorporated villages, those villages must be included within the consolidation proposal. In order to consolidate into a new city, at least one of the municipalities included in the consolidation must be an existing incorporated city.

Petition. Consolidation proceedings begin by filing a petition with the State Boundary Commission. The petition must be signed by registered electors who are residents of 1 or more of the affected municipalities. The number of petitioners must be equal to at least 5 percent of the total population of these affected municipalities.

Legal Sufficiency Hearing. The Boundary Commission will hold a legal sufficiency hearing to examine the content and form of the petition and determine if it is legally sufficient. The conditions which must be legally met are statutorily defined. In order to expedite the processing of a petition, the Boundary Commission staff may conduct a preliminary review of the petition before it is filed to help eliminate any potential errors. The Boundary Commission will set a date for a public hearing on the issue of consolidation between 60 to 220 days from the date of filing. After the Commission has entered its order for a public hearing, neither the sufficiency nor the legality of the petition can be questioned in any future proceeding.

Public Hearing. The public hearing allows the State Boundary Commission to consider the reasonableness of the proposed consolidation based upon statutorily defined criteria. Petitioners are given 20 minutes to make their case, and respondents are given 20 minutes to voice their opposition to

the proposed consolidation. The Commission then asks questions of the petitioners and respondents and opens the hearing to the public. Within a 30-day period following the hearing, additional written information may be submitted to the Commission and parties have seven days after that to file responses. The Commission also has the authority to schedule additional public hearings. If the Commission exercises its power to alter the boundaries of the proposed consolidation, it then is required to hold another public hearing to review the proposal.

Adjudicative Meeting. An adjudicative meeting is held for discussion of the merits of the petition by members of the State Boundary Commission. At this time, the commissioners will present any unresolved questions to their staff and then vote to recommend an action to the Director of Labor and Economic Growth. This is an open meeting where the parties involved often participate in the discussions with the Commission.

Fact Finding Meeting. A fact finding meeting is held to finalize the State Boundary Commission's action. The Commission adopts its findings of fact at this meeting and recommends that its order to approve or deny the consolidation proposal be signed by the Director. The Commission then submits the proposed order to the Director for a final decision. Every final decision of the Commission and the Director is subject to judicial review.

Final Decision. The Director of Labor and Economic Growth signs and finalizes the Commission's order on the consolidation proposal. If the proposal to consolidate is denied, the process immediately terminates. If the consolidation proposal is approved, the order is final 45 days after the date it was signed by the Director, unless a valid petition for referendum is filed with the State Boundary Commission within the 45 days. Charter commission elections and proceedings will follow. If a referendum petition is filed, the Commission, after determining the validity of the petition, will order a referendum on the question of consolidation to be held in the area approved for consolidation.

Referendum. If a valid petition for referendum is filed, the clerk of each municipality affected by consolidation will be notified of the date for the election and the question to be submitted to the electorate. In order to be adopted, the proposition to consolidate must receive an affirmative majority vote

in each affected municipality voting separately. If a majority of the votes in each municipality are in favor of the proposed consolidation, the Commission's order becomes final and charter commission elections will follow; otherwise the proceedings on the consolidation proposal will cease.

Charter Commission Elections. Within 60 days of its order approving a proposed consolidation, the Boundary Commission will call the election of nine charter commissioners who must be registered electors of the municipalities proposed for consolidation and have at least two years of residency in the municipality from which they are to be elected immediately prior to the election. The affected municipalities may, by resolution of their respective governing bodies, choose to appoint rather than elect their charter commissioners.

City Charter. The charter commission must convene within 10 days after the election to frame a city charter and agree upon a name or a choice of names for the consolidated city. It must provide the manner of nominating the candidates for the first elective officers provided in the proposed charter and fix the date of the first city election. The corporate status of the municipalities proposed for consolidation shall not be changed or in any way affected until the charter takes effect.

Before submission to the voters for their approval or rejection, every charter must be transmitted to the Governor for review. The Governor can approve it by signing it, or return it to the charter commission with objections and any information or recommendations. A vote of two-thirds of the charter commissioners can over-ride the Governor's objections and submit the charter to the electorate. The municipalities will vote separately on the charter.

If the proposed charter is approved, it takes effect on the date specified in the charter. If the proposed charter is rejected, the election of officers is void and the charter commission must reconvene to modify and amend the city charter and resubmit it to the electorate. If a favorable vote by a majority of the electors is not obtained the second time, then the consolidation proceedings will conclude and the charter commission will have no further authority to act or submit another charter to the electors. If a charter has not been adopted within two years following the date that the State Boundary Commission's order became final, or if the charter commission does not reconvene within 90 days after the election at which the first proposed charter was defeated, the consolidation proceedings will cease.

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

City and Township Government Form and Power

The basic difference between townships and cities is the way the two types of units were formed. Townships were organized without resident input, as geographical entities created by a congressional survey under the Northwest Ordinance of 1787. Cities are creatures of citizen involvement, creating new units of government to meet their needs for higher levels of services. The powers, financing and form of a township government are specified in the state Constitution and statutes, while these powers are provided in the city charter drafted and adopted by the people of the city.

Townships were originally designed as subdivisions of the counties to serve residents in a rural setting. The Northwest Ordinance of 1787 first set up the “congressional township” for the purpose of locating and describing land. Townships were normally laid out as 36 square mile areas, six miles on a side. In the early 1800s, townships were organized for governmental purposes.

The basic powers of township government were established in the Michigan Constitution of 1835 and further developed in subsequent constitutions and statutes of the state. The Constitution of 1963 broadened the powers of townships by providing that laws concerning townships be liberally construed and that township powers include those fairly implied.

Over the past few years, increasing population, urbanization and demand for municipal services in townships, has led to an expansion of the statutory powers of townships to perform municipal services. Today, through a number of

statutes, townships are able to enact a wide variety of ordinances, including regulations for the safety of people and property. Townships today may provide such municipal services as police, fire, library, planning, zoning, and public works.

The statutory powers of townships are not, however, comparable to the much more liberal powers granted to cities. While various statutes authorize the township to perform many functions and services, the laws often limit and restrict the methods of performance.

For example, state law establishes the township board as a five- to seven-member body with defined roles for several positions. The Home Rule Cities Act allows the governance of cities to take many forms, with some units opting to elect officials that others choose to fill by appointment. The legislative body of the home rule city may enact planning and zoning ordinances. The township legislative body, however, must submit a proposed zoning ordinance and the question of whether or not to have a planning commission to a vote of the electorate. While cities have broad jurisdiction over major and local streets, the authority over major and local streets in a township is vested in county road commissions.

In summary, the powers and limitations of a home rule city are defined in a city charter framed and approved by a vote of the city’s electors. Conversely, the powers and limitations of the township are specifically defined in numerous state statutes, which impose a number of restrictions on the power of townships to perform services.

Governmental Powers in Grand Blanc and Grand Blanc Township

The City of Grand Blanc was first organized as a home rule city in 1930, under a charter that provides a broad grant of power to the city and its officers. The Grand Blanc city charter provides for the election or appointment of city officials, the registration of voters and the holding of elections, the adoption and amendment of ordinances, and the maintenance of public peace and safety of persons and property in the city. The charter empowers the city to engage in a wide array of specific municipal activities including: care, regulation, and control of streets; acquisition, maintenance, development, operation or discontinuance of improvements (e.g., city hall, police stations, boulevards,

parks, libraries, etc.); establishment of standards to govern construction, alteration, equipment or removal of buildings; zoning of the city; the prevention of injury or annoyance to the inhabitants of the city. Thus, the Grand Blanc City Charter provides a broad grant of power.

Grand Blanc Township adopted charter status in 1978 by a vote of the township board. Unlike the city that operates under a charter drafted and adopted by the city’s residents, the charter for the township is found in state law in the form of the Charter Township Act.

Form and Structure of Local Government

A consolidated Grand Blanc may become a charter township or a city. A move to a consolidated charter township would require the city to become unincorporated. The structure would remain the same as that currently found in the Charter Township of Grand Blanc. As can be seen in **Table 6** (on page 11), several communities with geographical areas and populations similar to Grand Blanc's have retained township status rather than incorporating. Michigan has never had a city dissolve so that all of its residents could assume township status.

A change to a consolidated city could be accomplished in two ways. The current City of Grand Blanc could move to annex the Township. In this case, the consolidated city would maintain the form of government and city charter currently found in the City of Grand Blanc. Alternatively, the City of Grand Blanc and the Charter Township of Grand Blanc could merge. Such a merger would wipe the slate clean for both units and the citizens would start from scratch in creating a new unit.

The Home Rule Cities Act establishes the process authorizing Grand Blanc citizens to create a city through merger. This act requires that the city charter provide for:

1. the election of a legislative body;
2. the election or appointment of a mayor and other officers of the city;
3. the nomination of elective officers by partisan or non-partisan primary, by petition or by convention;
4. the time, manner and means of holding elections and of registering electors;
5. the qualifications, duties and compensation of city officers; and,
6. the establishment of one or more wards.

These general statutory requirements defer to residents of the local community specific decisions as to the form and structure of local government.

There are three basic forms of city government commonly utilized in the United States:

Mayor-Council. This form commonly has an elected mayor as executive, and an elected council is the legislative body. The form has two variances: (1) the strong mayor-council, with administrative, power and possibly legislative veto power vested in the mayor and (2) the weak mayor-council, with the mayor having few powers, the council dominating both policy and administration. The strong mayor-council form of government closely resembles the structure of government Americans know from the federal presidential system and state governor systems. This form is found in the City of Detroit and many other major U.S. cities. The weak mayor-council form, which is fairly common in Michigan, typically has an independently elected mayor. The mayor has no powers beyond presiding over council meetings and acting for the city in an emergency. The council exercises both policymaking and administrative authority. The weak-mayor system is best suited to small, rural towns.

Commission. The commission form of government had a short-lived period of popularity during the early parts of the 20th century. An elected commission acts as the municipal council and exercises both legislative and executive powers. Each member of the commission supervises one or several of the city agencies or one commissioner may be designated as administrative head of all departments. Commission government most closely resembles governance of townships, with administrative heads engaged in the policymaking decisions of the governmental unit.

Council-Manager. Where the strong-mayor form most closely resembles the presidential system, the council-manager form most closely resembles the parliamentary system. An elected council is the legislative body, and all authority over city policy is centered in the council. The council appoints a professional city manager who is responsible to the council for budget control and administration of the affairs of the city. The manager brings a professional background and is responsible for hiring all other city officers and department heads.

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Table 6
Michigan's Largest Townships, 2000

	<u>Township Name</u>	<u>County</u>	<u>Area</u>	<u>Population</u>
1	Clinton Charter Township	Macomb County	28.2	95,648
2	Canton Charter Township	Wayne County	36.0	76,366
3	Waterford Charter Township	Oakland County	31.3	73,150
4	Shelby Charter Township	Macomb County	34.7	65,159
5	West Bloomfield Charter Township	Oakland County	27.3	64,860
6	Redford Charter Township	Wayne County	11.2	51,622
7	Macomb Township	Macomb County	36.3	50,478
8	Ypsilanti Charter Township	Washtenaw County	30.2	49,182
9	Bloomfield Charter Township	Oakland County	25.0	43,023
10	Georgetown Charter Township	Ottawa County	33.5	41,658
11	Saginaw Charter Township	Saginaw County	24.6	39,657
12	Meridian Charter Township	Ingham County	31.8	39,116
13	Chesterfield Charter Township	Macomb County	27.9	37,405
14	Commerce Charter Township	Oakland County	27.6	34,764
15	Flint Charter Township	Genesee County	23.7	33,691
16	Orion Charter Township	Oakland County	33.4	33,463
17	Independence Charter Township	Oakland County	35.7	32,581
18	Plainfield Charter Township	Kent County	35.1	30,195
19	Pittsfield Charter Township	Washtenaw County	28.1	30,167
20	Grand Blanc Charter Township	Genesee County	32.7	29,827
21	Delta Charter Township	Eaton County	34.5	29,682
22	Holland Charter Township	Ottawa County	27.3	28,911
23	Bedford Township	Monroe County	39.1	28,606
24	White Lake Charter Township	Oakland County	33.6	28,219
25	Plymouth Charter Township	Wayne County	15.9	27,798

Source: 2000 Census, U.S. Department of Commerce, Bureau of the Census.

City of Grand Blanc. The City of Grand Blanc utilizes the council-manager form of city government. The city charter provides for a strong-mayor form of government, but an ordinance was enacted creating the position of city manager and defining the responsibilities of that office. The city has an elected six-member city council, the members of which serve four-year terms with three members elected in alternating odd-numbered years on a non-partisan at-large basis. The mayor is independently elected to two-year terms, acts as presiding officer of the Council, may vote in all cases of a tie, and, since establishment of the city manager position,

works with the manager to see that administration of city services are efficiently delivered. (The city charter also calls for the election of 2 Justices of the Peace and 2 constables. These offices were made obsolete by 1968 amendments to the state's Revised Judicature Act of 1961.) **Chart 1** shows the general organizational structure of the Grand Blanc City government.

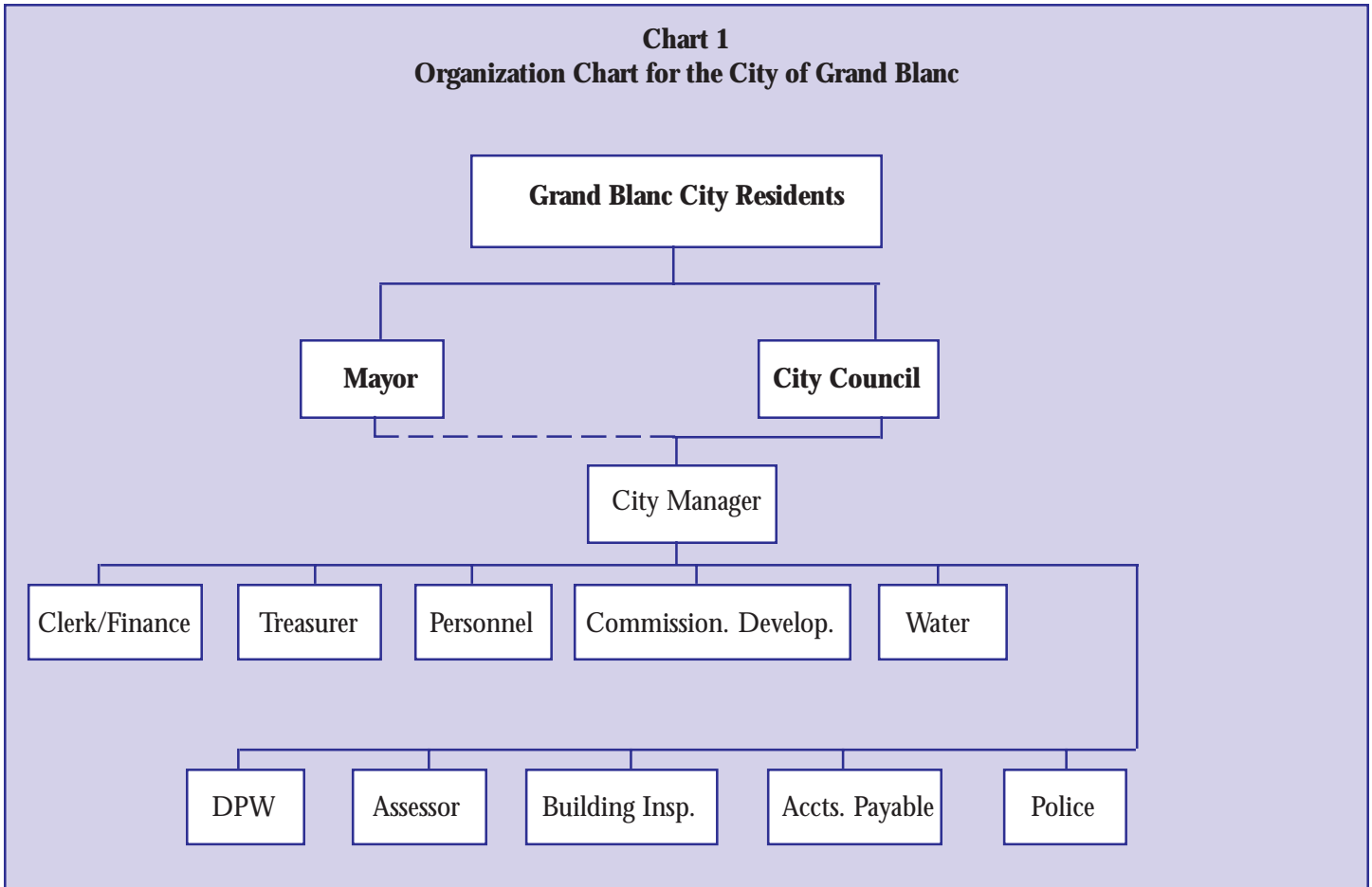
The mayor, with the approval of the city council, appoints the necessary city officers and the members of all city boards

and commissions. Even though the city manager position was established by ordinance, and the charter provisions that vest appointment authority with the mayor remain unchanged, the city manager has responsibility for appointing the clerk, treasurer-assessor, fire chief, police chief, city engineer, health officer and superintendent of public works.

[Even if Grand Blanc City residents opt not to pursue consolidation with the Township, consideration should be given to creating a charter commission to bring the City

Charter in line with current practices of the City. The charter is a basic law formulating the government for a city that, within the limitations of the state Constitution and legislative enactments, establishes the framework of government, defines powers and duties, and identifies the rights and responsibilities of a city in fulfilling the needs of its citizens. It is meant not only to guide the actions of elected and appointed officials, but to serve as a tool for accountability when residents seek to understand how their government works. When actual practice is contrary to the written charter, accountability is diminished.]

Chart 1
Organization Chart for the City of Grand Blanc

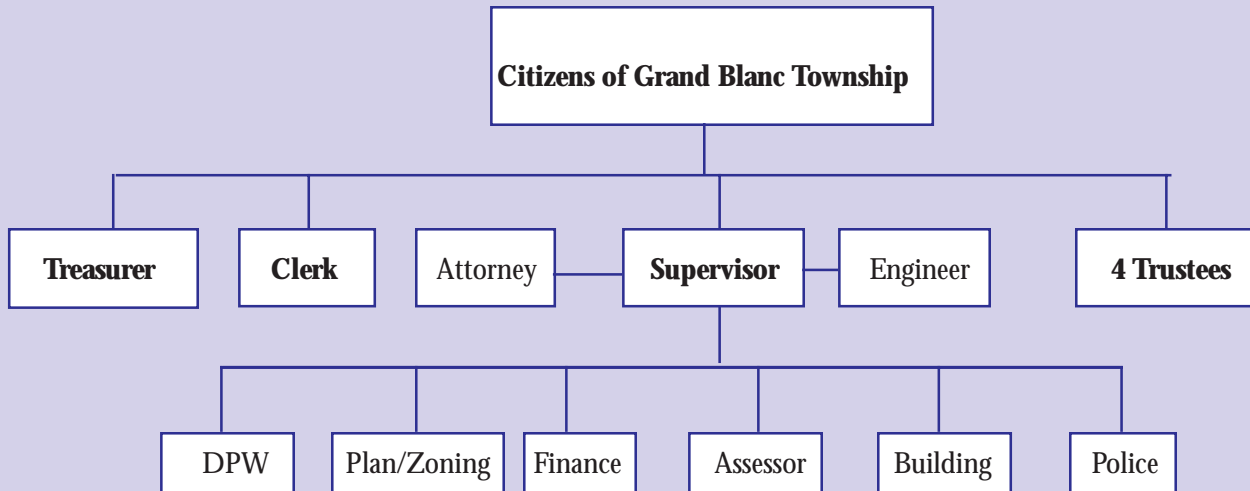


THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Charter Township of Grand Blanc. The form of township government is fixed in the state constitution and statutes. The elected township board is the legislative body of the township. The board is composed of the township supervisor, clerk, treasurer, and two-to-four trustees. Grand Blanc Township has four trustees. The township board is empowered to pass ordinances and resolutions, to make township policy, to appoint all non-elected officers and

employees of the township, and to set their salaries. As shown in **Chart 2**, the Grand Blanc Township board appoints the township attorney, auditor, public service director, public works director, the zoning board of appeals, the planning commission, and the assessment board of review. Besides serving as legislative officers on the township board, the supervisor, clerk and treasurer are responsible for the day-to-day administrative activities of the township.

Chart 2
Organization Chart for Grand Blanc Township



The offices in bold font are independently elected to four-year terms.

Peer Municipalities

Michigan does not have a uniform governmental system that is adopted by governments of a given size. The form tends to reflect the preferences of the residents and the conditions that led to incorporation. Similarly, it is not possible to price the general government costs of a hypothetical city, because decisions on the number of elected officials and the level of involvement expected of them ultimately rests with drafters of a city charter and the voters asked to adopt that charter. Other decisions, such as staffing levels, rests with those officials ultimately elected to run a consolidated city.

To better understand how municipalities the size of a consolidated Grand Blanc have structured their governments, four peer cities were chosen for review: Kentwood, Midland, Novi, and Portage. Each of these municipalities has a large geographical area by Michigan municipal standards. Grand Blanc City and Township had an estimated combined 2002 population of 40,786. Midland’s 2000 population was closest to the combined population estimate for the two units in 2002, but the other four cities are at the combined Grand Blanc’s current level of where the community will be in the near future. (See **Table 7.**)

Kentwood. Kentwood, a suburb of Grand Rapids, was incorporated in 1967. As of 2003, the City of Kentwood had 228 FTEs to provide services to Kentwood residents.

The City of Kentwood is served by a mayor-commission form of government. The commission is comprised of 7 officials, including the mayor and 6 commissioners. The mayor is elected in a citywide election. Four of the commissioners are elected from wards and two are elected in citywide, at-large elections.

Midland. Midland is a city in mid-Michigan, close to Saginaw Bay. The city was incorporated as a village in 1869 and became a city in 1887. Of the four peer municipalities, Midland is the most isolated from other population centers. Services delivered regionally for the other three cities because of their suburban status are delivered by the City of Midland, resulting in a larger city workforce. As of 2003, the City of Midland had 439 FTEs.

The City of Midland employs the council-manager form of government. The council is comprised of 5 members including the mayor. The council is responsible for appointing the city manager.

Novi. Novi is a suburb of Detroit in Oakland County. The City was incorporated in 1968. As of 2003, Novi had 256 employees to provide services to Novi residents.

The City of Novi is served by a council-manager form of government. The council is comprised of 7 members including the mayor and mayor pro-tem. The council is responsible for appointing the city manager.

Portage. Portage is a suburb of Kalamazoo in the southwest corner of Michigan’s Lower Peninsula. Portage incorporated in 1963 and currently employs 222 FTEs.

The City of Portage also is served by a council-manager form of government. The 7-member council includes the mayor and mayor pro-tem. Six council members are elected to four-year terms with three members elected every two years. The mayor is independently elected every two years. The city council appoints the manager, to whom all departments report.

Total employment in the comparison cities tend to be much higher than the aggregate workforce totals for Grand Blanc

Table 7
Selected Peer Municipalities for a Consolidated Grand Blanc

<u>City</u>	<u>County</u>	<u>Area (Sq. Miles)</u>	<u>2000 Population</u>
Kentwood	Kent	21.0	45,255
Midland	Bay/Midland	27.6	41,685
Novi	Oakland	30.5	47,386
Portage	Kalamazoo	32.2	44,897

Source: U.S. Department of Commerce, Bureau of Census, 2000 Census

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

City and Township for two reasons: 1) some fairly labor-intensive services provided by these cities, and included in their workforce totals, are provided in cooperative arrangements by the City and Township, and thus not included in their individual totals. These would include

fire prevention, parks and recreation, and the library. 2) Some of the services provided by these cities are not part of the governments of Grand Blanc City or Township, including a district court, landfill, and mass transit system.

City and Township Government Summary

Cities and townships differ in local government form, power, and financing. As a voluntary unit of government the powers, financing and form of Grand Blanc City government are defined in a locally drafted and adopted home rule city charter. Grand Blanc Township is an involuntary unit of local government with its form, powers, and financing spelled out in the State Constitution and statutes.

The Grand Blanc City charter grants the City broad authority to perform governmental functions and services. While recent legislation has strengthened township government powers, state statutes impose numerous restrictions on the exercise of township powers.

In terms of governmental form, home rule cities are relatively free to develop the governmental form best suited to meet the needs of the community. Conversely, the township government form is established in the constitution and laws of the state. In brief, residents of a home rule city have broad opportunity to determine the powers and limitations, the methods of financing and the form and structure of their local government. Residents of townships do not have this opportunity.

The following chapters identify the types, levels and costs of public services now provided by the City of Grand Blanc and Grand Blanc Township and project the cost of providing a defined level of services in a consolidated governmental unit.

Similarities and Cooperation between the Units

For the most part, a financial analysis involves assumptions and calculations that are fairly straightforward. What is less straightforward, but often equally important in determin-

ing the likely success of a consolidation vote is the current level of similarities between the two units and the extent to which they currently cooperate in the provision of services.

Similarities

In many ways, the City of Grand Blanc and the Charter Township of Grand Blanc combine to create a single Grand Blanc community. Residents in both governmental units share a single post office and a common mailing identity. The community is served by a single Grand Blanc Chamber of Commerce. Warwick Hills Country Club, which plays host to the Professional Golf Association's (PGA's) Buick Open, straddles both units of government.

Demographics

Residents of the two units are nearly identical in their racial composition and age distribution (see **Table 1** on page 2).

School District

Although school districts are independent from the general-purpose city and township governments, schools can play an important role in community identification. When communities considering consolidation are served by two school districts, school rivalries can be a hindrance in the consolidation process. On the other hand, when community members have attended the same schools, parents have cooperated in Parent-Teacher Associations (PTAs) and residents of both units have jointly supported high school athletic teams, cooperation in municipal matters can be much more congenial.

School age children in the City of Grand Blanc and most of Grand Blanc Township attend Grand Blanc Community Schools, the first consolidated school district formed in Michigan. The district has seven elementary schools lo-

cated throughout the Township. Another elementary school located within the city, the Perry Center (or City School), offers an alternative learning environment and an extended school year. The middle school and high school are both located within the City of Grand Blanc.

Library

Genesee County is served by two library systems: the Flint Library, which serves only the City of Flint, and the Genesee District Library, which serves the balance of the county. The Genesee District Library is a special district organized through an inter-local agreement between the county government and the Charter Township of Grand Blanc. The district library system has 18 libraries (one of which is closed). Both Grand Blanc and Grand Blanc Township are served by the McFarlen Library, located in the City of Grand Blanc. Library operations are financed through a district-wide 0.7063 mill tax levy. Grand Blanc and Grand Blanc Township jointly contribute to capital improvement necessary at the McFarlen Library.

GM Plant

One of the largest property owners and employers for both units of government is the General Motors Metal Fabricating Division, Grand Blanc Metal Center, located 15 percent in the City and 85 percent in the Township. This industrial facility has been an integral part of the Grand Blanc community for many years bringing thousands of direct jobs and many indirect jobs to the Grand Blanc area.

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Cooperation

It also is significant that Grand Blanc and Grand Blanc Township are engaged in several intergovernmental arrangements for the provision of services.

Grand Blanc Fire Commission

The City and Township jointly provide equipment and facilities for a part-time fire department. Governance of this special authority is provided by a five-member commission composed of two elected officials, one each from the City and the Township, two appointed officials, one each from the City and Township, and an at-large member. The commission is charged with hiring a full-time fire chief and overseeing operations of the department. Three fire houses are provided for the fire department by the City (1) and Township (2). The costs of providing rolling stock and for general operations are divided with the City paying 25 percent and the Township 75 percent. Currently, the department consists of 47 part-time firefighters and two full-time employees. This joint approach is to be commended in that it averts a duplication of effort and permits the establishment of logical locations for the placement of fire stations.

Parks Authority

The City, Township, and Grand Blanc Community School District jointly operate the Grand Blanc Parks and Recre-

ation Commission. This special authority, created in 1970, capitalizes on the school facilities, municipal parks, and resources of all three governmental entities to provide programs throughout the Grand Blanc community. The commission is governed by a seven-member board comprised of residents. The City, Township and School Board each appoint two members to the board, and a seventh member is selected from interested residents who apply for an at-large position. The Commission employs five full-time staff to coordinate programs and seasonal employees for the actual provision of programs.

Senior Center

For almost 20 years, the City and Township have jointly operated a Senior Center. The Center is operated through the Parks and Recreation Commission. Construction of the Center was funded by a millage that expired when the cost was fully paid. Both the City and Township have used federal Community Development Block Grant funds to pay for facility expansions and for some operating costs. Membership in the Senior Center is open to anyone over 50 years of age. The Center offers athletic, recreational, and social activities; health, education, and home economics programs; and travel programs.

General Government

General government refers to the policy-making and general overhead operations of city and township government. General government activities revolve around developing public policy and then implementing that policy. General government includes: the legislative bodies, whose powers and authority were discussed in a previous section; the general administrative officers who hold responsibility for the day-

to-day operations of government and for implementing the policy of the legislative body; and the judicial branch of government, which will be discussed later in this paper. For purposes of this analysis, public safety and maintenance of public infrastructure are analyzed separately because they are major cost drivers for local governments and are likely to play key roles in decisions on consolidation.

Legislative Bodies

The City of Grand Blanc has a 6-member city council. Its members hold all the legislative powers of the City. City residents also separately elect a mayor to preside over the council and act as the ceremonial head of the City. Grand Blanc Township's 7-member township board is vested with all the legislative and policy-making powers of charter townships. It is made up of 4 trustees and the township supervisor, clerk and treasurer. **Table 8** shows the current and hypothetical legislative expenditures for the City, Township, comparison cities and a consolidated unit. In this table, and the following tables of this section, the number of full-time equivalent employees (hereafter referred to as FTEs) for each unit include current employees as reported by each unit and expenditures are gathered from each unit's Fiscal Year 2002-03 Comprehensive Annual Financial Report or Budget.

expenditures among the city, township and comparison cities. The comparison cities legislative expenditures for FY 2002-03 range from under \$5,000 to just over \$50,000. All 4 comparison cities have part-time councils that attend meetings and respond to citizen needs, but do not hold regular office hours. Legislative expenditures include council salaries, which range from \$15 per meeting to \$5,500 per year, training and meeting expenses, travel and event expenses, and other small miscellaneous expenses. In each unit that has a part-time mayor who is also a council-member, the mayor is paid slightly more to reflect the additional ceremonial duties.

Legislative expenditures reflect the type of council governing a city; councils can be full or part-time, paid or volunteer. This helps explain the large range of yearly legislative

The legislative bodies in the City and Township are also paid part-time legislatures. City council-members are paid about \$1,000; the 4 township trustees are paid approximately \$4,965 each (this does not include the salaries of the township supervisor, clerk and treasurer who hold full-time administrative positions along with their trustee duties). However, the reported expenditures in the City

**Table 8
Composition and Cost of City Council**

Legislative Body	Members	Population	Fiscal Year 2002-03 Expenditures	Per Capita Expenditures
City Council	6	8,088	\$73,828	\$9.13
Township Board	7	32,698	\$119,619	\$3.66
Total (City and Township)	13	40,786	\$193,447	\$4.74
Comparable Cities (avg)	6.25	44,806	\$28,358	\$0.63
Assumption for a Consolidated Unit	7	40,786	\$100,000*	\$2.45

* This figure includes city council salaries, benefits and training; city boards and commissions' salaries and training; membership expenses; legal notice expenses (putting notice of council and board meetings and city elections in the newspaper); and miscellaneous legislative expenses.

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and Township are still quite higher than the comparable cities average. This is because City and Township expenditures include the salaries and training expenses of all boards/commissions in each unit and legal notice expenses, the cost of publishing notice of council and board meetings and local elections in a local newspaper, as well as traditional legislative expenditures. Since every city does its accounting slightly differently, the comparable cities may include some of these extra expenditures in other departments. For a consolidated unit, we are including these expenditures under the legislative function.

The legislative body in a consolidated city will be determined in a new city charter. Three out of the 4 comparison cities use a council-manager form of government with a 5 to 7

member city council acting as the legislative body for the city and a city manager directing the operations of the city. The City of Kentwood uses a strong mayor-council form of government with a 6-member commission acting as its legislative body. Adoption of a city charter that incorporates the council-manager form of government would be similar to the township form of governance and in keeping with the current form of government in the present City of Grand Blanc. It is likely that the chosen form of government would include either a separately elected mayor or provision for a council-member to act as mayor. Legislative expenditures for a consolidated unit are estimated based on a part-time city council similar to the present system in all the comparison cities.

General Administration

General administration functions are related to the overhead operation of city and township government. The objective of general administration is to develop the structure and information necessary to assist the legislative body in developing policy and the departments in implementing that policy and providing public services. General administrative functions include the direction of the city manager or township supervisor in all governmental activities; the clerk, election and records keeping functions; the financial functions of accounting, budget-making, assessing, and treasury; personnel activities; legal services; and city or township planning functions.

The number of employees and level of expenditures required to effectively run a municipality depend upon the unit's population and level of service provision. The City of Grand Blanc has a total of 9 FTEs in its general administration departments (4 positions are part-time and counted as 2 FTEs); the Township has 29 FTEs. The total number of current general administrative employees in the two governmental entities is 38. A breakdown of each department and its staffing and expenditure needs shows the current status of the two entities and illustrates what may be needed in a consolidated unit.

City Manager

The direction and supervision of the City is controlled by the city manager. In the Township, this responsibility lies with the township supervisor. While these roles have some differences, they also share many similar responsibilities. The shared responsibilities of the overhead direction in the City

and the Township include:

1. Responsibility for the effective and efficient administration of all departments;
2. Attending all council or board meetings (the supervisor is an active member of the Township Board);
3. Being an ex-officio member of all council or board committees;
4. Establishing and recommending goals and objectives for city/township improvements and better service delivery; and,
5. Supervising and participating in the compilation of annual budget requests, preparing and administering the budget under policies formulated by the council/board, and keeping the council/board fully advised at all times as to the financial conditions and needs of the city/township.

The Grand Blanc city manager is appointed by city council and is a professional public administrator without partisan ties. The city ordinance that created the manager position specifies that the manager serves at the discretion of the council and is solely responsible to the mayor and the council for the proper administration and efficient operation of all city departments and personnel. The city manager has full hiring responsibilities; neither the mayor nor council can dictate to the manager regarding the employment of any person or interfere in the direction of the departments under the manager's jurisdiction. Except for purposes of inquiry, all contact between department heads and city council is through the city manager. The manager works closely with the mayor and city council as well as with the local fire

authority, library board, and parks and recreation commission. The manager presents periodic reports and issues special reports as requested to city council covering the activities of the administration, and is responsible for the administration of state and federal regulations as they apply to municipalities.

The township supervisor holds the responsibility for the direction of governmental activities in Grand Blanc Township, in accordance with the policy set by the Township Board. The supervisor is chairperson of the board and chief administrator of the Township. Generally perceived as the township spokesperson, the supervisor is usually the first person contacted about township matters. According to state statute, the supervisor is the agent for township legal matters, the chief assessing officer, the personnel agent for the township, and directs the day-to-day operations of the township.

While the township supervisor has responsibility over the general administration of township government, the supervisor lacks the complete control and direction given to the city manager. The city manager is appointed by the council and all department heads answer to the manager. In the township, the supervisor, clerk and treasurer are all independently elected on a partisan basis and the clerk and treasurer do not report to the supervisor. The informal nature of township governance requires a close working relationship among the elected township officials in order to be effective, therefore limiting the supervisor's authority. In order to exercise a clear leadership role, the supervisor must have the support of the township board and cooperate effectively with the clerk and treasurer. While the city manager is afforded greater latitude in directing the day-to-day operations of the city, the township system allows for

more checks and balances in local government.

Table 9 shows the current staffing levels for the City, Township and comparison cities, and the assumed staffing levels for a consolidated unit. Three of the comparison cities have a city manager supervising and coordinating the overhead direction of the city; the other city, Kentwood, has a strong mayor taking on this function. As discussed previously, it is likely that a consolidated city would adopt the city manager form of government as well; therefore staffing and service levels are estimated based on Grand Blanc employing a city manager. However, if a consolidated unit chooses a different form of government, the staffing and expenditure levels are expected to remain approximately the same. The official directing the overhead operations of the city will have extensive responsibilities over the administration of all city departments that will only grow as the city and government expand.

It is assumed that consolidation would allow for the elimination of one duplicative supervisory position and one administrative position, and would create a middle management position that does not currently exist in either unit. Expenditures for the manager's office in a consolidated unit are estimated to rise to what the two units presently spend together. However, consolidation of the governments will allow some savings to be realized in general office expenditures (see **Table 10**). While the comparison cities have slightly higher FTEs and considerably higher expenditures than a consolidated Grand Blanc, a consolidated city of 40,000 plus people will likely grow with time to a higher level of service needs. To maintain the current structure in the City and Township, higher expenditures are not needed.

**Table 9
City Manager's Office Staffing**

City of Grand Blanc	Grand Blanc Township	Total of Both Units	Comparison Cities (Average)	Assumption for Consolidated Unit
1 City Manager	1 Supervisor	2 Management	1 Mayor/Manager	1 City Manager
1 Adm. Asst.	1 Adm. Asst.	3 Administrative	1.25 Asst. Manager	1 Asst. City Manager
2 PT Receptionists*			2.5 Adm. Asst.	2 Adm. Asst.
3 FTEs	2 FTEs	5 FTEs	4.75 FTEs	4 FTEs

* These positions spend time performing duties for the Clerk's office and elsewhere as needed.

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Table 10
Budget for City Manager's Office and General Office Expenses

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
Manager/ Supervisor's Office	\$129,130	\$124,784	\$253,914	\$484,831	\$250,000
General Office	<u>\$235,713</u>	<u>\$160,349</u>	<u>\$396,062</u>	<u>\$836,184</u>	<u>\$200,000</u>
Total	\$364,843	\$285,133	\$649,976	\$1,321,015	\$450,000
Per Capita	\$45.11	\$8.72	\$15.94	\$29.48	\$11.03

Clerk's Office

Both the City and the Township have the office of clerk. The city clerk is hired by the city manager; the township clerk is elected at large to a four-year term and is a member of the Township Board. In both the City and the Township, the clerk has many duties including responsibility over records and elections as well as some financial responsibilities. The office of clerk:

1. Maintains custody of all records, books and papers of the governmental entity in an orderly and accessible manner;
2. Records the proceedings of city council and township board meetings;
3. Administers oaths and affirmations and files and retains all certificates of oaths and other papers required to be filed;
4. Is the Freedom of Information Coordinator and must keep all records, except for those that are confidential, open to inspection at reasonable times and places;
5. Maintains responsibility over elections; and,
6. Has financial responsibilities that include assisting the manager or supervisor in the budget process and the treasurer with the accounts.

The city clerk also operates as the city finance director and purchasing agent, therefore the city really only employs a half-time clerk. The township clerk's staff of 2.5 FTEs includes a deputy clerk who is appointed by the clerk. The deputy clerk is the office manager and acts as clerk in the event of the clerk's absence, sickness, death or other disability; however, the deputy clerk may not vote on the Township Board. The township clerk also employs one full-time receptionist and a part-time cashier who works in the clerk's office for approximately half of the year to assist with record

keeping and election duties. This cashier works in the treasury department during the other half of the year (see **Table 11**).

All the comparison cities have an office of clerk. In the City of Kentwood, the clerk is an elected city official; in the other 3 cities, the clerk is either hired or appointed by the manager or council. Until recently, the clerk's office in the City of Midland handled all the clerk and treasury functions; however, in Fiscal Year 2004-05, the City divided the clerk's office and created a separate treasury department (the two separate departments are reflected in the comparison cities' average clerk and treasury staff). The comparison cities range from having 3 to 6 FTEs staff their clerk's office, but employ 4.5 FTEs, including the clerk, on average. In a consolidated unit, it is assumed that the clerk would not take on the status and functions of finance director and purchasing agent because a 40,000 plus size city would require the services of a separate finance department. Therefore, the consolidated clerk function could be performed with 0.5 less FTEs than both units presently employ.

The per capita expenditures for the city clerk are quite high in the City of Grand Blanc, reflecting the clerk's additional finance responsibilities. Per capita township expenditures are more inline with the comparison cities' average, although they are still slightly higher, possibly reflecting the township clerk's status as an elected board member. The comparison cities FY 2002-03 average clerk's office expenditures are even slightly inflated because they include Midland's treasury function expenditures, which were moved to a new separate treasury department starting in FY 2004-05 (see **Table 13**). However, the comparison cities election expenditures (see **Table 14**) are quite high indicating that they may include

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some clerk expenditures that the City and Township include within the clerk's budget. It is estimated that the actual clerk office expenditures in a consolidated city will fall slightly from what the two units are presently spending

together, reflecting the elimination of a duplicative clerk position while accounting for an increase in administrative positions.

**Table 11
Staffing for Clerk's Office**

<u>City of Grand Blanc*</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
0.5 Clerk / Finance Director	1 Clerk 1 Deputy Clerk 1 Receptionist 0.5 Cashier	1.5 Management 1 Middle Mgmt 2.5 Admin	1 Clerk 1 Deputy Clerk 1 Cashier 1.5 Receptionists	1 City Clerk 1 Deputy Clerk 1 Cashier 1 Receptionist
0.5 FTE	3.5 FTEs	4 FTEs	4.5 FTEs	4 FTEs

* The Grand Blanc city clerk is a full-time position, but that person performs the duties of the finance director as well as the clerk.

**Table 12
Budget for Clerk's Office**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
Expenditure Amount	\$93,951	\$256,339	\$350,290	\$342,062	\$326,288
Per Capita Amount	\$11.62	\$7.84	\$8.59	\$7.63	\$8.00

Elections

The clerks' offices in both governments have extensive election duties. The city clerk must provide for polling places, distribute ballots, provide election supplies, and hire the necessary temporary election employees. The township clerk is chairperson of the township election commission and holds responsibility for voter registration in the Township. The election commission's duties include establishing the size and boundaries of election precincts, assessing and furnishing voting equipment and supply needs, testing township punch cards and/or electronic voting machine programs, appointing election inspectors, and establishing absent voter counting boards for each precinct.

Table 13 shows current and assumed election expenditures, as well as the number of registered voters and voting precincts in each unit. All governmental entities in Genesee County use the same voting apparatus, which will make consolidating the elections a fairly simple matter. Election expenditures range drastically for the comparison cities from under \$35,000 in Novi to over \$165,000 in Portage for Fiscal Year 2002-03. Because the City and Township work so closely with the County on this function, it is assumed that the level of spending will remain unchanged for a consolidated city. Future growth in expenditures will relate to population growth and would be incurred with or without consolidation.

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**Table 13
Elections Budget**

	<u>Registered Voters</u>	<u>Voting Precincts</u>	<u>Election Expenditures</u>	<u>Expenditures per Registered Voter</u>
City of Grand Blanc	6,234	4	\$7,344	\$1.18
Grand Blanc Township	<u>25,067</u>	14	<u>\$3,878</u>	\$0.15
Total (City and Township)	31,301	18	\$11,222	\$0.36
Comparable Cities (avg)	30,298*	20*	\$76,428	\$2.52
Consolidated Unit	31,301	18	\$11,222	\$0.36

*These figures exclude the City of Portage because data was not available.

Treasurer's Office

The city treasurer is hired by the city manager, while the township treasurer is an elected official and township agent. General treasury functions for both officials include:

1. Receiving and taking charge of all city/township funds;
2. Rendering to the clerk a report of the amounts received and credited to each fund;
3. Keeping all public monies separate from his/her own money;
4. Billing and collecting all taxes, fees or other monies owed to the city or township;
5. Depositing and disbursing such monies as authorized by the legislative body; and,
6. Maintaining complete and accurate official records of revenues, receipts, transfers, deposits, disbursements, investments and other transactions involving public monies.

Table 14 shows the staffing levels of the office of treasurer in the City, Township, comparison cities and in a consolidated unit. Reported expenses in the City are significantly lower than actual costs because a portion of the treasurer's salary is paid from the water receipts which go into a special revenue fund. (This analysis is concentrated

on general fund expenditures and revenues as a measure of the cost to taxpayers.) Three of the comparison cities have a city treasurer and a treasury department (Midland just created its separate treasury department in Fiscal Year 2004-05 – see discussion of clerk's office). The City of Portage does not have a separate treasury department; the treasury function is included within the finance department, this lowers the average treasury staff for the comparison cities. However, Portage does itemize its treasury expenditures within the finance department so these expenditures are included under the treasury function instead of within the finance department's expenditures. The other three cities have 3 to 6 FTEs staffing their treasury department.

The average treasury expenditures for the comparison cities are \$255,594 (see **Table 15**). Expenditures of all the cities included in this figure fell between \$235,000 and \$275,000. It is assumed that a consolidated unit would employ and expend at a level slightly greater than what the two units currently spend together. Even though consolidation would allow for the elimination of a duplicative treasurer position, a larger city will require an assistant treasurer devoted to personal property management and additional clerk functions to meet the needs of a growing tax base.

**Table 14
Staffing for Treasurer's Office**

<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)*</u>	<u>Assumption for Consolidated Unit</u>
1 Treasurer	1 Treasurer 1 Deputy Treasurer 2.5 Cashiers	2 Management 1 Middle Mgmt 2.5 Administrative	1 Treasurer 1 Deputy Treasurer 1.75 Cashiers	1 City Treasurer 1 Deputy Treasurer 1 Personal Property Manager 3 Cashiers
1 FTE	4.5 FTEs	5.5 FTEs	3.75 FTEs	6 FTEs

* Portage does not have a separate treasury department – this lowers the average FTEs for the comparison cities.

**Table 15
Budget for Treasurer's Office**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities* (Average)</u>	<u>Assumption for Consolidated Unit</u>
Treasurer's Office	\$24,873	\$216,102	\$240,975	\$255,594	\$244,716
Per Capita	\$3.08	\$6.61	\$5.91	\$5.62	\$6.00

*This figure excludes the City of Midland because they did not report treasury expenditures for Fiscal Year 2002-03. The comparable cities' average population excluding Midland is 45,486.

Finance Department

The city clerk is the finance director in the City of Grand Blanc; Grand Blanc Township has a separate finance department and director to handle certain financial responsibilities. The township finance director performs supervisory and administrative functions planning, organizing, directing, and supervising the finance department, including accounts receivable, accounts payable, employee benefit plans, purchasing and utility billing. The director also must prepare monthly, quarterly and annual budget analyses; assist the treasurer and auditors in the preparation of the annual audit; and assist the supervisor, treasurer and department heads in the preparation of the annual budget. **Table 16** shows the staff of the finance department in the City and Township, as well as in the comparison cities and the assumed staff in a consolidated unit.

It should be noted that the Township budgets the information technology (IT) department as a part of the finance department. (These positions are removed from the department staffing numbers in **Table 16** and included

in the IT staffing needs in **Table 18** to avoid double counting.) All of the comparison cities have IT functions and positions; some cities include these positions in the finance department and others have created a separate IT department. While the City of Grand Blanc includes the purchasing function in the clerk's office and Grand Blanc Township includes this function within the finance department, some comparison units have a separate purchasing department as well. A consolidated Grand Blanc would have to determine whether its needs would be better met with an all-encompassing finance department or with a separate purchasing and/or IT department.

The finance department is an important function in the comparison cities. It is a fairly large department with a high level of expenditures, but the department looks slightly different in each of the comparison cities. In Kentwood, the financing, IT, and purchasing functions are all included in the finance department. The Cities of Novi and Portage have a separate department for each of the three functions. The City of Midland has its IT functions as a part of the finance department, but a separate purchasing department.

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It is assumed that a consolidated Grand Blanc would be able to keep the finance and purchasing functions together, but desire a separate IT department because of its size and growing needs. Therefore, staffing and expenditure levels are estimated for separate finance and IT departments. If the consolidated unit chooses to go this route, its finance department would take a similar form to the department in the Township and handle accounts receivable, accounts payable, purchasing, utility billing, and the budget and financial reports. In order for the best comparison, the

comparable cities' average FTEs and expenditures for the finance department include purchasing but not IT functions, regardless of what the department actually looks like in each city. The current and assumed expenditures are illustrated in **Table 17**. Expenditures would rise for a consolidated unit because, even with the elimination of a duplicative finance director, a growing city of that size would require a budget analyst and purchasing agent to assist the finance director, as well as the 3 accountants presently working in the two separate departments.

**Table 17
Staffing for Finance Office**

<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
0.5 Clerk/Finance Director 1 Accounts Payable*	1 Finance Director 2 Accountants	1.5 Management 3 Middle Mgmt	1 Finance Director 2 Assistant Director/ Purchasing Agents 1 Budget Analyst 4.63 Accountants	1 Finance Director 1 Asst. Director / Purchasing Agent 1 Budget Analyst 3 Accountants
1.5 FTEs	3 FTEs	4.5 FTEs	8.63 FTEs	6 FTEs

* This position also assists the city treasurer.

**Table 17
Budget for Finance Office**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
Finance Office	\$0*	\$426,000	\$426,000	\$550,378	\$489,432
Per Capita	\$0	\$13.03	\$10.44	\$12.28	\$12.00

* Funding for this responsibility is included within the clerk's department expenditures.

Information Technology Department

An estimate of information technology (IT) expenditures for the Township reflects the staff dedicated to management information systems (MIS) and geographic information systems (GIS) within the finance department. The City does not have staff performing these tasks, but does have IT expenses. The director of community development also performs GIS functions as needed. The nature of these

expenses as a cost item in each department makes estimation very difficult.

While neither the City of Grand Blanc nor Grand Blanc Township presently has an independent information technology department (IT), a consolidated unit, with its growing needs, would likely want one. Most of the comparison cities have IT departments, or a separate IT function within the finance department, with both MIS

and GIS positions. These are important functions for an expanding governmental unit because they help both the city and its government to grow more effectively and efficiently. **Tables 18** and **19** illustrate the current and assumed staffing and expenditures needs for an information

technology department. It is assumed that the employees and dollars presently expended in the Township would be adequate to cover the additional IT needs that the City may bring into consolidation.

**Table 18
Staffing for Information Technology Office**

<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
0	1 MIS 2 GIS 1 Computer Tech*	4 Middle Mgmt	1.25 MIS 1 GIS	1 MIS 2 GIS 1 Computer Tech
0 FTEs	4 FTEs	4 FTEs	2.25 FTEs	4 FTEs

* This is a new position that has been added since FY03.

**Table 19
Budget for Information Technology Office**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
Information Technology	*	\$290,000	\$290,000	\$416,052	\$290,000
Per Capita		\$8.87	\$7.11	\$9.29	\$7.11

* While the City of Grand Blanc does have IT related expenditures, their costs are built into the different departments and could not be separated for purposes of this analysis.

Assessing Department

Both the city and township have separate assessing departments with responsibility for annually assessing the value of all taxable real and personal property in each jurisdiction. The assessing department prepares the assessment roll collection warrant and special assessment roll, and attends all meetings of the Board of Review to assist the Board by providing information and advice relating to their adjustments of the assessment roll.

The assessing departments in all the comparison cities spend between \$410,000 and \$550,000, and employ 6 to 7 FTEs

(see **Tables 20** and **21**). A consolidated unit would likely fall close to these averages. It is assumed that a consolidated city would require 6 FTEs because the current part-time city assessor is a duplicative position and could be eliminated, but an additional appraiser would be necessary to meet the needs of a consolidated unit. A consolidated department could function at only a slightly higher expenditure level than the two units currently do, but the department may need to grow as the number of developed parcels increase. This would be the case for the township individually, or for a consolidated city.

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**Table 20
Staffing for Assessor's Office**

<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
0.5 City Assessor	1 Administrator (Level IV)	1.5 Management	1 Administrator	1 Administrator (Level IV)
	1 Deputy Assessor (Level III)	4 Middle Mgmt	1 Deputy Assessor	1 Deputy Assessor (Level III)
	3 Appraisers (Level II)	0.5 Administrative	3 Appraisers	4 Appraisers (Level II)
	0.5 Clerk*		1.38 Clerks	
0.5 FTEs	5.5 FTEs	6 FTEs	6.38 FTEs	6 FTEs

* This is a new position that has been added since FY03.

**Table 21
Budget for Assessor's Office**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
Assessor's Office	\$36,716	\$379,819	\$416,535	\$478,228	\$435,187
Per Capita	\$4.54	\$11.62	\$10.21	\$10.67	\$10.67

Planning and Zoning Department

Planning and zoning departments are responsible for land use planning, building inspection (both the city and township have a separate building department that works with the planning department), and zoning and code enforcement. The responsibility of each department is to assure that orderly and safe construction and positive community and economic development are taking place within its jurisdiction. Grand Blanc Township has a planning and zoning department, while the City has a community and economic development department that coordinates all municipal functions related to land use, economic development, capital improvement, general development and construction. The department assists landowners with developing proposals for rezoning and obtaining permits as necessary, is the liaison between the City and the business community, and assists in code

enforcement and sign ordinance.

The township planning and zoning department is led by the planning and zoning administrator who supervises the department staff and participates in the review of building plans and blueprints, field inspections on new and existing buildings, and the enforcement of various state and local building codes and zoning ordinances. The department directs the planning and development of programs in order to improve the future utilization of land and resources within the Township. The administrator also directs the issuance of various related permits, the maintenance of related records, and the preparation of related regular and special reports.

Both the City and Township engage the services of consultants for community planning from time to time. Those costs are reflected in administrative expenses.

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Both the City and Township have planning commissions and zoning boards. The City Planning Commission consists of 9 members: the mayor, 1 administrative official selected by the mayor, 1 council member selected by the council, and 6 members that are appointed by the mayor and hold no other city office. These commission members serve without compensation and have the powers, duties and responsibilities set forth in the statutes of the State. The city council serves as the City Board of Zoning Appeals.

The Township Planning Commission consists of 9 members who attend two meetings a month and are compensated at \$80 a meeting. The Township's Board of Zoning Appeals consists of 5 members who attend one meeting a month and are also compensated at \$80 per meeting (these expenditures are included in the legislative budget). Members of both the Township Planning Commission and Zoning Board are appointed by the township board.

the planning and zoning department in the City, Township, comparison cities and a consolidated unit. The City planning and zoning expenses are reflected under building inspection, as that department performs all functions related to community development. Most of the comparison cities not only have a planning or community development department, but also have a community relations and/or neighborhood services department that works on economic and community development functions as well. It is assumed that a consolidated Grand Blanc initially would only require a planning and zoning department, but with time it may grow to need other departments to assist the planning department with community and economic development. The planning and zoning department in a consolidated unit would be responsible for land use and planning functions, zoning responsibilities, economic development functions, and work closely with the building department. Current and assumed expenditures are detailed in **Table 23**.

Table 22 reports the current and assumed staffing levels of

**Table 22
Staffing for Planning and Zoning Office**

<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)**</u>	<u>Assumption for Consolidated Unit</u>
1 Director	1 Administrator 1 Asst. Planner* 1 Code Enforcement Off. 2 Clerical	2 Management 2 Middle Mgt 2 Administrative	1 Director 2 Planners 1 Asst. Planner 1.5 Code Enforcement Off. 1 Clerical	1 Director 2 Assistant Planner 1 Code Enforcement Officer 2 Clerical
1 FTE	5 FTEs	6 FTEs	6.5 FTEs	6 FTEs

* This is a new position that has been added since FY03.

** The data from Portage is excluded because the data was not comparable.

**Table 23
Budget for Planning and Zoning Office**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)*</u>	<u>Assumption for Consolidated Unit</u>
Planning and Zoning	*	\$400,000	\$400,000	\$529,188	\$482,091
Per Capita	*	\$12.23	\$ 9.81	\$11.82	\$11.82

* The City of Grand Blanc's Director of Community Development supervises the combined functions of planning and zoning, building inspection, GIS, and promoting economic development. Planning and zoning costs could not be separated out and are reflected in the building department expenses on Table 32.

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Personnel Department

In Grand Blanc Township, the personnel function is performed by the supervisor; however, in the City of Grand Blanc, the city manager oversees a separate personnel department that is responsible for the selection process of employees including screening, testing, interviewing, hiring, and orienting employees to the City of Grand Blanc. The personnel director works closely with other department heads, and handles fringe benefit administration, labor negotiations, and policy development and implementation. Like the City's treasury expenses, reported expenses in the personnel department are significantly lower than actual costs because a portion of the costs are paid from the water receipts which go into a special revenue fund. (This analysis is concentrated on general fund expenditures and revenues as a measure of the cost to taxpayers.)

Table 24 shows the staffing levels of the personnel department in the City of Grand Blanc and allows for

comparison with other cities. The comparison cities all have a personnel or human resource department ranging from 1.5 to 5 FTEs. It is assumed that a consolidated unit would require a separate personnel department, with a staff of 3 FTEs, to help the growing government to function more smoothly. A separate personnel department would handle the personnel functions of hiring and training, payroll, benefits and labor negotiations.

Personnel expenditures for the City of Grand Blanc and for the comparison cities include personnel function expenditures and benefits/pension administration expenditures (See **Table 25** – the Township personnel expenditures are included in other departments' budgets). It is estimated that a professional personnel department in a consolidated city would have a similar level of expenditures as the comparison cities.

**Table 24
Staffing for Personnel Office**

<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
1 Personnel Director	Supervisor's Responsibility	1 Management	1 Personnel Director 2.4 Clerks	1 Personnel Director 1 Adm. Asst. 1 Clerk
1 FTE	0 FTEs	1+ FTE	3.4 FTEs	3 FTEs

**Table 25
Budget for Personnel Office**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township*</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)**</u>	<u>Assumption for Consolidated Unit</u>
Personnel Office	\$45,446	\$0	\$45,446	\$498,321	\$363,716
Per Municipal Worker	\$1,165.28	\$0	\$303.99	\$2,992.74	\$2,884.47

* Grand Blanc Township personnel expenditures are included under the supervisor's expenditures.
** Excludes the City of Novi because they do not itemize their HR expenditures.

Legal Services

Both the Grand Blanc City Charter and state law require the City Council and Township Board to supply their governmental entity with legal services. The council/board members are expected to make provisions for the proper care of all litigation and to employ a competent attorney to represent the city/township in civil matters and to prosecute ordinance violations. The attorney may be compensated on an annual retainer basis, an hourly basis, a “piecemeal” basis, or any combination thereof that the council/board finds satisfactory. The City’s legal office consists of 1 part-time city attorney retained through a contract. The city attorney is paid a monthly retainer that fluctuates depending on the City’s need for services, and is compensated on an hourly basis when serving as representation in court for any city department. The Township has a full-time attorney in an arrangement similar to that of the City’s, and contracts out for any specialized legal service needs.

Table 26 shows the current and assumed legal service staffing

needs in the City, Township, comparison cities, and a consolidated city. The comparison cities all have some form of a legal services department, whether they contract out for all legal services, employ a city attorney to handle all their legal service needs, or fall somewhere in between. Expenditures range from under \$200,000 to over \$400,000 for the city attorney’s office and/or legal fees.

Legal services in a consolidated unit could be met through the appointment or hiring of a single city attorney, with the city contracting out for any additional or specialized legal service needs that might arise. The attorney would likely require a half-time clerk to assist with paperwork and administrative duties. It should be advised, though, that legal service needs will be higher than normal for the first few years following consolidation, therefore the city may require the services of additional attorneys and expenditures may be higher than initially expected. **Table 27** details current and assumed expenditure needs.

Table 26 Staffing for Legal Services				
City of Grand Blanc	Grand Blanc Township	Total of Both Units	Comparison Cities (Average)	Assumption for Consolidated Unit
0.5 Attorney	1 Attorney 0.5 Clerks	1.5 Management 0.5 Administrative	1 Attorney 0.5 Clerks	1 Attorney 0.5 Clerks
0.5 FTEs	1.5 FTEs	2 FTEs	1.5 FTEs	1.5 FTEs

Table 27 Budget for Legal Services					
	City of Grand Blanc	Grand Blanc Township	Total of Both Units	Comparison Cities (Average)	Assumption for Consolidated Unit
Total	\$20,000	\$199,529	\$219,529	\$284,235	258,583
Per Capita	\$2.47	\$6.10	\$5.38	\$6.34	\$6.34

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Public Safety

One of the principal responsibilities of municipal government is to promote the health, safety and welfare of its citizens. In the urban context, public safety requires the performance of protective (police), preventive (fire), and

regulatory (building inspection) services. The City of Grand Blanc and the Charter Township of Grand Blanc, individually and cooperatively, provide all three of these services.

Police protection

Police protection, along with elections and property assessment, is one of the core functions of municipal government. Both the City of Grand Blanc and Grand Blanc Township employ full-time police departments that operate 24 hours a day, 7 days a week.

The primary issue in police protection facing the Grand Blanc community is the increasing demands for police services that will be driven by future residential and commercial development. Residential development will increase the number of people living close to one another and interacting with each other and the amount of geographic space that must be patrolled. The Township also has plans to add

one million square feet of commercial space in two developments. Commercial development increases the daytime population in the community, increases the amount of traffic on roads, and may attract shoplifters, pickpockets, and other criminals. With these increasing demands, the Grand Blanc Township Police Department is likely to face pressures to increase the size of its force and taxes will likely increase to cover that cost. While most new development will occur in the Township, the road configurations in the Grand Blanc area, and proximity of the development to the City is likely to place greater demands on the Grand Blanc City Police Department as well.

**Table 28
Police Department Personnel**

	<u>City of Grand Blanc</u>	<u>Charter Township of Grand Blanc</u>
Command		
Chief	1	1
Captains		2
Inspector		1
Lieutenant	3	1
Sergeants	2	6
Detectives		4
Patrol Officers	<u>12</u>	<u>31</u>
Sub-Total Uniformed Officers	18	46
Public Safety Officer - Supervisor	1	
Public Safety Officers	2	
Dispatch		
Full-time		5
Part-time		8
Administrative Assistant	<u>1</u>	<u>1</u>
Sub-Total Civilian Staff	4	10
Total Staff	22	56

A secondary issue for the current police departments will be the need to provide opportunities for in-service training to maintain their status as accredited police departments. The Michigan Commission on Law Enforcement Standards will soon be releasing training standards to bring Michigan in line with 47 other states. These standards will require a minimum of 25 hours per year of in-service training for each officer. Over time, that minimum could increase to 40 or more hours per year. The ability of the Township to meet these requirements will be difficult but achievable given the current size of the department. While the City Police Department already is nationally accredited, it is likely that an increased workload and tightening budget will make it difficult to maintain that high level of excellence in the future.

The City of Grand Blanc employs a police force of 22, 18 sworn officers and 4 civilian (see **Table 28**). The department has been housed in the same building as city hall since 1989. The City does not provide dispatch services, but does respond to non-emergency calls from 7 a.m. to 8 p.m.

The Charter Township of Grand Blanc employs a full-time

police force of 52, 46 sworn officers and 6 civilian, plus 4 part-time civilian employees (see **Table 28**). The department is housed in the same building as the Township offices. That space is barely adequate for the current staff and would prove inadequate for additions to the staff. The township dispatch services are provided 24 hours a day, seven days a week.

It should be noted that cooperation and consolidation are not new ideas to the City and Township police departments. The two units have a long tradition of cooperating at all levels of police services and both departments report having excellent working relationships with the other at all levels. This occurs through formal reciprocity agreements commonly in place among neighboring communities to allow officers from one department to enter the other unit for assistance when needed. It also happens in less formal ways that relate to the working relationships developed between the two departments over time. Additionally, the idea of consolidation was actively pursued with a study by Saginaw Valley State University in 1994. While that study found that consolidation was a goal worth pursuing and could

Table 29
Police Department Staffing in Peer Municipalities

	<u>Kentwood</u>	<u>Midland</u>	<u>Novi</u>	<u>Portage</u>
Command				
Chief	1	1	1	1
Deputies				2
Captains	2	2		
Lieutenant		6	2	5
Sergeants	11	4	7	5
Managers		1		
Detectives	9	3	11	7
Technicians and Specialists	6			
Patrol Officers	48	33	35	38
Cadets	8			
Warrant Officer		<u>1</u>		
Sub-Total Uniformed Officers	86	50	56	58
Service Technicians				3
Dispatch				9
Clerks		5		7
Administrative Assistant	<u>5</u>	<u>2</u>	<u>11</u>	<u>1</u>
Sub-Total Civilian Staff	10	2	11	20
Total Staff	96	52	67	74

48 patrol officers in Kentwood includes 7 officers assigned to Neighborhood Services Bureau and 4 assigned to Traffic Services Bureau and 1 assigned to Staff Services Bureau

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result in increased police patrols at lower cost for the communities, the recommendations of the study have only been employed on a piecemeal basis and mostly for reasons unrelated to that study.

Both municipalities have relatively large staffs compared to other communities their size and compared to the comparison cities selected as benchmarks for this report (see **Table 29**). With the City has a relatively high ratio of police officers to residents, this is driven in part to the number of staff needed to provide a full-time department once vacations, sick time, court appearances, training, and regular off time are accounted for. The Township ratio of officers to residents is in line with the comparison cities. Overall, the combined forces provide a ratio of 1.6 sworn officers per 1,000 residents. This rate is below Kentwood, which has a fully developed force with some levels of specialization, as is reflected with 1.9 sworn officers per 1,000 residents. Novi and Midland, each with 1.2 sworn officers per 1,000 residents, have full-time, mature police departments.

Consolidated Department

A consolidated department will maintain nearly all of the staff currently employed in the City and Township departments, and with the residential and commercial developments likely to occur over the next couple of years a consolidated department will likely be larger than the sum of the City and Township departments.

It is assumed that the consolidated police force would be headed by a police chief and deputy chief with at least one administrative assistant supporting their efforts.

Consistent with the practice of the comparison cities, the consolidated Grand Blanc police department would be divided into an operations division and a service division. Each division would be headed by a captain (or lieutenant) supported by a single administrative assistant. All 43 patrol officers currently employed by the two departments could be maintained within the operations division. Also, 7 of the 8 sergeants currently employed could be maintained to supervise different shifts and tasks.

Maintaining present staffing of patrol officers would allow for at least the same number of officers on the streets at any one time. The dynamics of operating an operation seven days a week, 52 weeks a year means maintaining a larger staff than is minimally necessary to allow for weekends, holidays, vacations, illnesses, and training time. The

professionalization of police departments and greater emphasis on home land security is increasing the amount of time each officer will need to spend training. A larger police force provides more opportunities to provide training in the regular course of the work week than is the case for smaller forces.

The remaining sergeant and the 4 detectives currently employed by the Township would be retained in the services division. The duties of the Township police inspector could be entrusted to the deputy chief and captains/lieutenants or the position could be retained in the services division.

Organization of the department in this manner also would allow for a training officer to coordinate training and ensure the officers are equipped to meet the in-service training demands that will soon be handed down by the Michigan Commission on Law Enforcement Standards.

The 3 police service officers currently employed by the City would be retained in the services division to provide clerical support, serve as a property room custodian, and to perform other functions that are nonessential for patrol officers.

If the leaders of a consolidated city feel it is necessary to maintain a local dispatch service, current employees can be retained to continue that practice. Under strained financial circumstances, locally provided dispatch services would be seen as a duplication of efforts provided by Genesee County. The robust economic development occurring in the Grand Blanc area and sound financial management of the City and Township allows this service to continue without it detrimentally affecting the taxpayers.

Such an arrangement would result in 4 or 5 fewer employees in the consolidated police force than are presently employed by the City and Township police forces. Only one police chief would be retained in that position. The other police chief could be retained as a deputy chief, with the possibility of advancing back to police chief in due time, or to seek another opportunity elsewhere. As mentioned above, the duties of the Township police inspector could be entrusted to the deputy chief and the captains/lieutenants or retained in the services division. The two units currently employ 6 captains/lieutenants, only 2 of which would be retained to head the two divisions. If the second police chief could opt for other opportunities, the inspector or one of the captains/lieutenants might be in line for the deputy chief position.

Issues

Under the current City/Township arrangement, several factors lend themselves to consolidation arguments. The road arrangement makes it difficult to travel from the north end of the Township to the south end without traveling through the City. Likewise, City police officers are confined to the 3.76 square mile geographic area of the City. Each faces jurisdictional complications under the current arrangement that would not exist if they operated within a consolidated Grand Blanc.

A consolidated force would be better equipped to deal with the ongoing in-service training that is increasingly expected of police officers. Where individually each department would have a hard time justifying a full-time training officer, a consolidated force could make such a justification. Also, consolidation would create a department of sufficient size that individual officers could be rotated out of a shift as needed to receive in-service training. The Michigan Commission on Law Enforcement Standards will soon be releasing training standards to bring Michigan in line with those found in 47 other states. These standards will require a minimum of 25 hours per year of in-service training for each officer. Over time, that minimum could increase to 40 or more hours. With the significance given to home-

land security since September 11, 2001, this issue will likely grow in importance with time.

A consolidated force also would offer more opportunities for advancement within the force. Because smaller police departments tend to have flatter organizational structures, there is little opportunity for officers to take on new responsibilities, assume supervision over other officers, or achieve the higher levels of pay that are associated with promotions to higher ranks. The City of Grand Blanc Police Department is a mature department and this has not become a major issue, but the culture of the department may change with inevitable turnover and raise the importance of this issue.

Table 30 illustrates the staffing needs of a consolidated police department. At least 4 command officers can be reduced by consolidating. A decision to join the county-wide dispatch system would allow for the elimination of 5 more full-time employees and 8 part-time employees. **Table 31** compares the cost of police services in the City, Township, and the comparison cities. The reduction in command officers and economies of consolidation would save the costs of salaries and benefits, vehicle cost and maintenance, and training costs. It is assumed that these savings would approach \$750,000.

**Table 30
Staffing for Police Department**

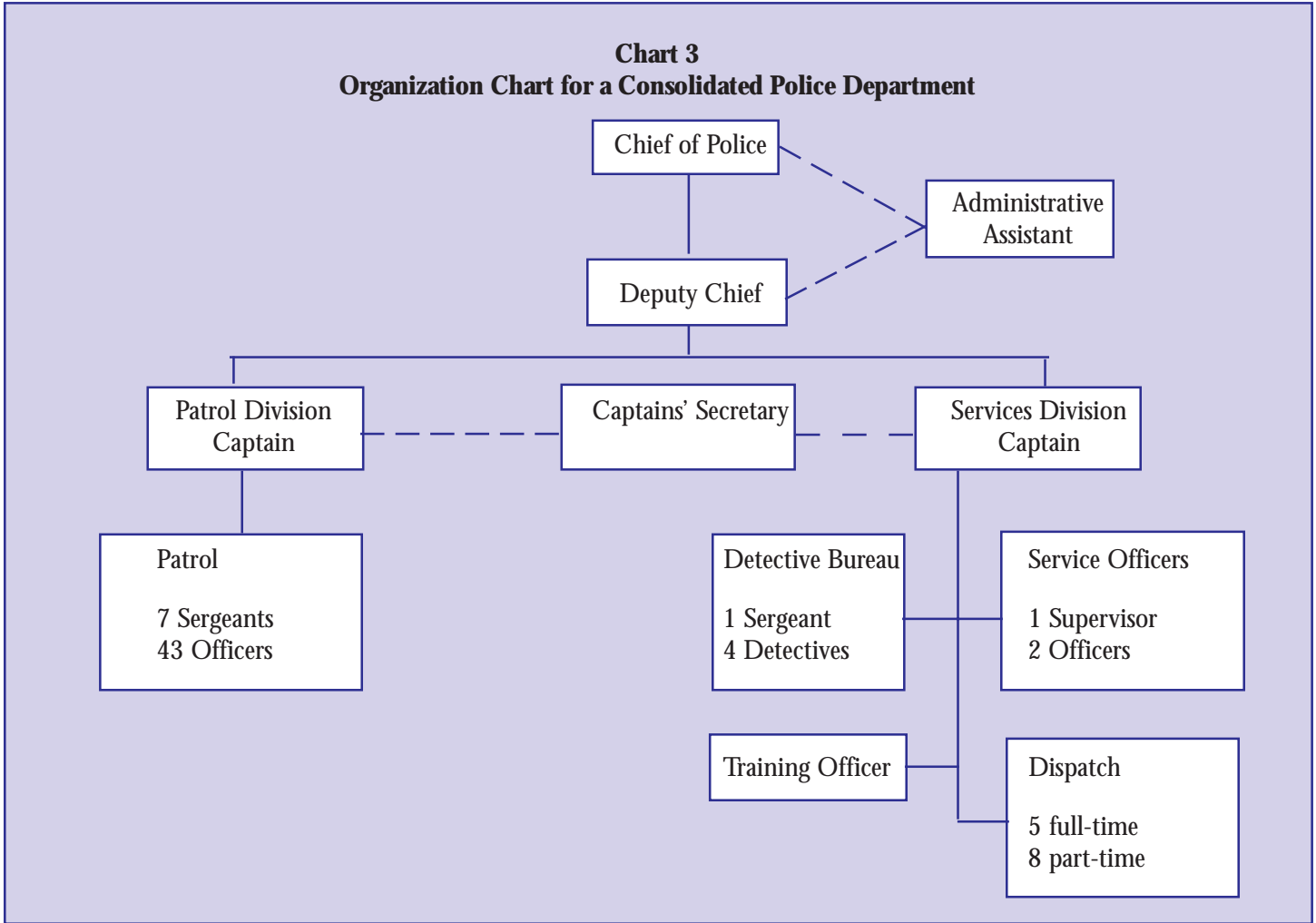
<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
5 Command	11 Command	17 Command	12.5 Command	12 Command
12 Sworn Officers	35 Sworn Officers	47 Sworn Officers	50 Sworn Officers	47 Sworn Officers
4 Civilian	10 Civilian	14 Civilian	9.75 Civilian	15 Civilian
22 FTEs	56 FTEs	78 FTEs	72.25 FTEs	74 FTEs

**Table 31
Budget for Police Department**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
Expenditure Amount	\$1,905,705	\$4,175,542	\$6,081,247	\$6,864,029	\$5,300,000
Per Capita Amount	\$235.62	\$127.70	\$149.10	\$153.20	\$129.95

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**Chart 3
Organization Chart for a Consolidated Police Department**



Fire Prevention

The City of Grand Blanc and the Charter Township of Grand Blanc jointly provide fire prevention through the Grand Blanc Fire Commission. Details of this commission are provided on page 17, in the section reviewing relations and cooperation between the City and Township. In FY2003, the City contributed \$__ and the Township added \$512,644 for operations of the Fire Commission.

Because fire prevention is already provided as a joint effort between the two units, neither staffing nor the costs of this service are likely to be altered by a decision to consolidate the two units. Staff changes or cost increases for the Fire Commission will be driven by future new land uses, residential development, and population growth in the community.

The Grand Blanc Fire Commission is a volunteer fire department. The degree of professional organization incorporated in fire prevention varies from volunteer forces, such as Grand Blanc's, with only a few full-time personnel employed to man the trucks and serve in command positions, to full-time departments with all personnel employed to provide the full range of fire prevention services. While there tends to be some correlation between the size of the governmental unit and the full-time nature of the departments, Michigan has small communities with full-time departments and cities as large as Troy (2000 population 80,959) with volunteer fire departments.

While consolidation of the two units will not necessarily result in changes to the fire department, the continued op-

erations of a separate City and Township could preclude organizational changes between the police and fire departments that have proved positive in other communities. A number of communities, including the cities of Kalamazoo, Albion, and Farmington in Michigan, have merged police and fire into a single public safety department. Under such an arrangement, public safety employees receive dual training in police protection and fire prevention. In the event of a fire or other emergency, some staff situated in the fire houses drive the fire trucks to the scene. They are met there by officers that have been in the field in their police capacity and have some gear in their vehicles.

Employees in both fire prevention and police protection have large amounts of down time when they are on duty. Public safety departments attempt to minimize that down time. For the municipality, such arrangements provide more consistent management, better opportunities for staff development, better long-term planning, and more efficient use of vehicles. One of the aims in creating a public safety department is to reduce the cost of local government for taxpayers.

It is not known whether a public safety department would be a good fit for the Grand Blanc community. However, the possibilities of moving in that direction would be very difficult if it were first necessary to get the two police departments to consolidate and sort through those issues. On the other hand, if consolidation of the police departments occurred as part of a larger municipal consolidation, studies of public safety issues would have fewer complications.

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Building Inspection

Building inspection is normally a function performed through the State of Michigan. Under special circumstances, some communities may opt to provide building inspection as a municipal function. One such community is Grand Blanc Township, where the pace of growth has been significant enough that Township leaders have been motivated to work with contractors.

Delay in obtaining inspections had become an obstacle for contractors attempting to build homes in the Grand Blanc area. Because the need for building inspections were frequent enough, and promised to continue for several years, Grand Blanc Township developed the capacity to provide for building inspections and remove the obstacles to developing in the area.

Grand Blanc Township contacts with several businesses and individuals to provide electrical, plumbing, and mechanical inspections as is necessary before a new home owner

may obtain a license to occupy a new home. Grand Blanc Township staff is involved in coordinating inspections and communicating with inspectors as needed.

The revenues the Township receives for inspections and the expenditures made on inspections are entirely related to the pace of development.

In total, the two units spent \$1,128,400 in the Building Department in FY2003, with 93 percent of that coming from the Township. It is assumed that a consolidated city could provide a building department with the same staffing and for the same cost as presently occurs in the Township. The result is a reduction of half a FTE and less than \$100,000 of spending. The fees paid for permits, activity by the department, and staffing needs for clerical support, and cost of the department are all likely to decline as the region becomes built out.

**Table 32
Staffing for Building Department**

<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
0.5 Clerical	4 Clerical	4.5 Clerical	0.67 Management 2.5 Inspectors 4.5 Clerical	1 Director 4 Clerical
0.5 FTEs	4 FTEs	4.5 FTEs	9.25 FTEs	5 FTEs

**Table 33
Budget for Building Department**

	<u>City of Grand Blanc*</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
Expenditure Amount	\$88,794	\$1,039,606	\$1,128,400	\$781,502	\$640,000
Per Capita Amount	\$10.98	\$19.56	\$17.86	\$17.44	\$15.69

* The City of Grand Blanc's Director of Community Development supervises the combined functions of planning and zoning, building inspection, GIS, and promoting economic development. Planning and zoning costs could not be separated out and are reflected in the building department expenses on Table 32.

Public Infrastructure

The issue of care for public infrastructure stands to be a key issue in the decisions of voters to support or oppose consolidation. Specifically, the additional financial burden associated with bringing roads currently maintained by the Genesee County Road Commission under the jurisdiction of a consolidated city will require greater tax effort of some taxpayers to pay for more staff, equipment, and liability issues.

Public infrastructure in both the City and Township is maintained by each unit's department of public works.

The City of Grand Blanc Public Works Department is responsible for the maintenance of the streets, utilities (water and sewer), parks, and the equipment fleet of the City of Grand Blanc. The city department employs 7 employees (See **Table 34**).

The Charter Township of Grand Blanc Department of Public Works is responsible for maintenance of the water and sewer lines and keeping the public subdivision streets clear with snow removal in the winter and street sweeping in the summer. The township department employs 17 persons as listed in **Table 34**.

If the new city maintained a department of public works with staffing ratios approximate to that currently employed in the City of Grand Blanc, one employee for every 1,155 residents, the new Department of Public Works would maintain a staff of 35 employees. The City of Kentwood presently employs 40 in its Department of Public Works with a staff to population ratio of one employee for every 1131 residents.

**Table 34
Staffing for Public Works and Public Service Department**

<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)</u>	<u>Assumption for Consolidated Unit</u>
1 Director	1 Director	2 Directors	3 Management	1 Director
1 Asst. Director	1 Foreman	2 Middle Mgmt.	4 Middle Mgmt.	2 Foremen
5 Maint. Workers	2 Clerical 15 Maint. Workers	2 Clerical 20 Maint. Workers	4 Clerical 29 Maint. Workers	2 Clerical 27 Maint. Workers
7 FTEs	19 FTEs	26 FTEs	40 FTEs	30 FTEs

**Table 35
General Fund Budget for Public Works and Public Services**

	<u>City of Grand Blanc</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparison Cities (Average)*</u>	<u>Assumption for Consolidated Unit</u>
Personnel Office	\$915,524	\$1,231,268	\$2,146,792	\$1,201,074	\$2,500,000
Per Capita	\$113.20	\$37.66	\$52.64	\$26.81	\$61.30

* Includes the departments of Public Works and Engineering.

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Water and Sewers

The City of Grand Blanc provides water to city residents from city wells. City voters in 2002, approved funding for water improvement projects which will put in place two treatment facilities using “nano-filtration” systems.

Grand Blanc Township residents also received their water from wells until the 1980s, when the township contracted with the county water department. Today, residents of Grand Blanc Township receive water purchased from the City of Detroit through the Genesee County Water and Waste, a division of the Genesee County Drain Commission. Water is piped to Genesee County from the Port Huron pumping station.

In 2001, the Township signed a 30 year contract with Genesee County Water and Waste. That contract obliged Water and Waste to make improvements to the water and sewer infrastructure in the township. Provisions in that contract would transfer the township customers currently served by Water and Waste to new contract should the township incorporate on its own, consolidate with another unit, or become annexed. Township water customers would continue to receive water from Genesee County Water and Waste.

It would remain a question for officials of a consolidated Grand Blanc whether to continue serving parcels with two

water systems or to consolidate everyone to a single system. Representatives of Genesee County Water and Waste indicate that current interconnects in the water system would allow the county to provide water to parcels currently served by the City water wells with little transition costs.

Both the City and Township are served by Genesee Water and Waste for the provision of sewers to businesses and residents. Waste water is handled in two different ways. Storm sewers are installed and maintained by the Genesee County Drain Commission. City and township property owners pay a special assessment to finance storm sewer costs. Sanitary sewers are the responsibility of the city and township.

Sanitary sewers are available to all parcels in the city and nearly all parcels in the township. Sewer lines collect waste to be sent to the Genesee County treatment plant in Montrose. The Public Works departments in each municipality are responsible for maintenance of the sewer lines and all appurtenances.

Because both the City and Township currently send waste water to the Genesee County Water and Waste Division of the Genesee County Drain Commission, no changes would occur due to consolidation.

Roads

Michigan’s road and bridge network is maintained with a three-tier system of jurisdiction. State roads, as administered by the Michigan Department of Transportation (MDOT), comprise about 8 percent of the roads and about 40 percent of the bridges. The county road system consists of the primary roads that link communities and feed traffic to the state trunkline system. Since the 1930s, the county road commissions also have been responsible for maintaining the local access streets located outside of incorporated municipalities that provide access to homes, businesses, and industrial sites. The county road system, which is maintained by county road commissions, comprises about 75 percent of the total system. Finally, cities and villages are responsible for most of the major roads and all of the local streets within their boundaries. The municipal highway system comprises about 17 percent of the total system.

Funding for roads and bridges comes from a number of sources. The state’s most vital and most heavily traveled

roads are eligible for federal funding. The state levies motor fuel taxes and motor vehicle registration taxes that are constitutionally dedicated to funding the transportation system. Monies collected from these state sources are deposited in the Michigan Transportation Fund for distribution to MDOT, the county road commissions, and municipalities. Property taxes also are a major funding source for Michigan roads and bridges. While county road commissions have no authority to levy taxes, counties may levy up to 5 mills on behalf of the road commissions. A large number of townships levy property taxes to supplement the revenues of their county road commissions and cities and villages supplement the state and federal revenues they receive with local revenues that may result from dedicated property tax millages or from a general fund appropriation. Finally, special assessments are commonly used to raise revenues, as the connection between the road improvements and the benefiting properties is often clear.

**Table 36
Road Mileage in the City of Grand Blanc and Grand Blanc Township**

	<u>City of Grand Blanc</u>		<u>Grand Blanc Township</u>		<u>Consolidated Unit</u>	
	<u>Miles</u>	<u>Percent</u>	<u>Miles</u>	<u>Percent</u>	<u>Miles</u>	<u>Percent</u>
Major Streets/Primary Roads	6.98	25.5%	34.19	22.4%	41.17	22.8%
Local Streets	20.35	74.5%	22.12	14.5%	42.47	23.6%
Subdivision Streets			102.98	63.2%	102.98	53.6%
Total	27.33		159.29		186.62	

Sources: City of Grand Blanc Comprehensive Annual Financial Report, Year Ending May 31, 2003; Genesee County Road Commission.

With the development of charter townships as nearly full service municipalities, one of the few things separating these units from cities is responsibility for roads and bridges. Charter townships provide police and fire protection, refuse collection, and other municipal services, but are dependent on county road commissions for care of the roads within their boundaries. County road commissions operate with limited resources and must care for the roads and bridges in many townships. Dissatisfaction with the quality of road care county road commissions provide may be a leading impetus for township residents to consider municipal incorporation.

A decision to incorporate will not, however, bring with it an automatic transfer of roads and bridges to the new municipality. Transfer of roads and bridges must be negotiated between the unit currently with control and the new unit wishing to assume control. Public Act 296 of 1969, which provides for the transfer of roads and bridges between levels of government, provides that roads being transferred must be to reasonably acceptable standards. If the roads and bridges do not meet those standards, the governmental unit ceding control must continue to fund maintenance of that road or bridge to provide the necessary renovation, repair, or reconstruction. Road jurisdiction transfers also may be complicated by outstanding bonded indebtedness. Bonding allows road agencies to make necessary improvements with funding spread out over several years. Road agencies pledge future state or local highway funding to the repayment of such bonds or levy special assessments to repay the bonds. The end result of a transfer of jurisdictional control, if bonding has been used, is that

the ceding unit would maintain the debt but lose the funding upon which that debt is guaranteed.

Current Responsibilities

Table 36 summarizes the road mileage within the City of Grand Blanc and Grand Blanc Township. The Genesee County Road Commission maintains the 152.9 miles of major and local roadway within Grand Blanc Township. The approximately 12 miles of state trunkline (I-75, I-475, and M-54 (Dort Highway)) situated within Grand Blanc Township also are maintained by Genesee County Road Commission. All 27.33 miles of roadway within the city are maintained by the City of Grand Blanc.

City. The City of Grand Blanc has an aggressive approach to maintaining city roads and keeping them clean during the winter. City Council dedicates one mill of its general charter millage to care for the city roads and bridges. The result of this attention is that 90 percent of the city roadways are rated in excellent or good condition. City Public Works employees are out in snow plows after every major snow storm and can have city roadways clear of snow within hours.

Township. While the Genesee County Road Commission is responsible for maintenance of the roads within Grand Blanc Township, the Township has assumed responsibility for snow removal on all subdivision streets. The Township aims to have all subdivision streets clear of snow within 24 hours of a snow fall. The Township owns five trucks whose primary purpose is winter snow removal and a number of multi-purpose, 4-wheel drive pickup trucks are fitted with snow plows during the winter months.

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Road Jurisdiction for a Consolidated Unit

Jurisdiction over roads does not transfer automatically with incorporation, as described above. However, the primary role that municipalities play in road maintenance may be a decisive factor as residents consider the issue of consolidation. It would be in the interest of the Road Commission and a consolidated Grand Blanc to consider issues of jurisdiction.

Michigan is void of any state laws to help in determining jurisdiction of roads. Each of the 83 county road agencies (82 county road commissions and the Wayne County Department of Public Works) operates and sets policies independent of the other county road commissions.

The current practice in Genesee County is for the County Road Commission to hold jurisdiction over roads in the townships and for the cities and villages to hold jurisdiction over their own roads. In 1972, the remnants of Burton Township, just to the north of Grand Blanc Township, incorporated as the City of Burton. Although it has taken several years for the process to work itself out, jurisdiction over all roads was recently transferred from the Genesee County Road Commission to the City of Burton consistent with this practice.

Other urban counties in Michigan also have had to deal with road jurisdiction issues when whole townships have incorporated. The cities of Livonia, Portage, Warren, Sterling Heights, Kentwood, Troy, and Rochester Hills were whole townships or large remnants of townships that incorporated in their entirety. These incorporations provide several precedents for a circumstance such as Grand Blanc.

- The Kent County Road Commission's jurisdiction over roads tends to cease where city boundaries begin. The road commission is responsible for township roads in the northern and eastern parts of Kent County, including roads that traverse some of the smaller cities in these parts of the county. The county road commission does not have jurisdiction over any roads within the cities of Grand Rapids, Walker, Grandville, Wyoming, Kentwood, or East Grand Rapids.
- The Road Commission of Oakland County maintains the primary, or "mile" roads in the cities and villages. The road commission has jurisdiction over all roads within the townships, but in nearly every city and village, jurisdiction over major streets is divided between that unit and the road commission.

- The Macomb County Road Commission has jurisdiction over most major roads regardless of whether they are situated within a township or a city. The Road Commission also maintains local access streets located within the townships.
- The Wayne County Department of Public Works has jurisdiction over most major "mile-type" road outside of the City of Detroit. The Department maintains some roadway in Detroit, but most major roads are the jurisdiction of the city.

Pros and Cons

There are pros and cons associated with the road commission maintaining jurisdiction over major roads in cities as well as in townships. The primary benefit is that a single body is better able to maintain a consistent character and quality to the road. When a road changes jurisdiction every few miles as one city ends and another begins, it is possible for the number of lanes to increase or decrease, for the accessibility for property owners to change, or for the road maintenance investment to vary. Major roadways primarily serve the purpose of connecting major population and business centers. Uniform roadways through multiple municipalities best serve the purposes of those roads.

Another benefit is in regional planning and applying for federal funding. When multiple municipalities have jurisdiction over a road, housing development and commercial growth in one unit can have external consequences on the neighboring units. Without input on the planning process, the neighboring units may be unwilling to fund road improvements to accommodate the growth. Assigning jurisdictional responsibilities to a single unit reduces the level of externalities and better accommodates tying road improvements to economic development.

Further, federal funding for roads requires all projects to go through metropolitan planning organizations and an ongoing transportation plan. The project selection process in regions where jurisdiction over major roads is divided among many bodies may become politicized. Vote swapping or "logrolling" may allow projects of lesser importance to rise higher on the list than otherwise would be the case. In regions where jurisdiction over major roads is delegated to a single agency or a few agencies, project selection must go through internal processes and the most important projects receive funding priority.

**Table 37
Assumed Jurisdictional Responsibilities in for a Consolidated Grand Blanc**

County Major Roads that should Remain County Roads	City Major Roads that should be Transferred to the County	County Local Streets that should be Transferred to a Consolidated Unit	County Subdivision Streets that should be Transferred to a Consolidated Unit
Hill Road (from Mundy Township to Belsay Rd) Saginaw Road Grand Blanc Road Perry Road Baldwin Road Porter Road Center Road Belsay Road Holly Road	Saginaw Road Grand Blanc Road Perry Road Holly Road	Hill Road (from Belsay Rd. to Atlas Township) Reid Road McClandlish Road Pollock Road Cook Road Embury Road Graytrax Road Gibson Road Howe Road Genes Road (from Hill Rd to Burton City) Wakefield Road McWain Road Halsey Road	All subdivision streets in Township

The primary negative to such an arrangement falls upon the road commission. Roads tend to have different characteristics in densely populated areas and lightly populated, open spaces. Where a road in an open area might have a gravel berm, urban roadways tend to have curbs and sidewalks. While rural roadways might drain into a ditch, urban roadways require storm sewers. These different road characteristics require different equipment for their maintenance. County road commissions that have jurisdiction only over township roads can concentrate their efforts on a common road type. County road commissions with jurisdiction over roads in cities and townships must purchase equipment to operate in both types of areas.

While divesting itself of some roads would allow the county road commission to specialize and perhaps reduce some costs, any transfer would have increased costs associated with it for a consolidated unit. The consolidated Grand Blanc would have to acquire additional equipment and personnel to provide pavement maintenance, bridge inspection and maintenance, signal maintenance, sign maintenance, storm sewer cleaning maintenance, roadside mowing, and increased equipment maintenance. Additionally, the cost of providing full liability coverage for all operations can be substantial.

Assumptions

This study cannot take the place of a negotiating process that must occur between a new consolidated Grand Blanc and the Genesee County Road Commission, but it is important to make some assumptions about changes in road jurisdiction for the sake of evaluating the cost of consolidation. These assumptions are based on the experiences of other whole townships incorporating in the past and some analysis of the roles of other county road commissions. An engineering study and negotiations between the county road commission and the consolidated Grand Blanc would ultimately determine future assignment of road jurisdiction.

The timing of jurisdictional changes could vary for many reasons, primarily the issue of outstanding debt attached to specific streets. Even with that in mind, a long range plan for jurisdictional responsibilities should be established based on present and future travel patterns and population growth. For purposes of evaluating revenue shifts and cost changes, it is assumed that all transfers would occur in the first year after a transfer.

Table 37 lists possible jurisdictional responsibilities in Grand Blanc for a consolidated unit. Major county roads that intersect Grand Blanc Township or serve to feed traffic into

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Table 38
Changes in State Highway Funding as a Result of Transferred Road Jurisdiction

	<u>Act 51 Funding Per Mile</u>	<u>New City of Grand Blanc</u>		<u>Genesee County Road Commission</u>	
		<u>Miles</u>	<u>Dollars</u>	<u>Miles</u>	<u>Dollars</u>
City					
Major	\$9,509				
to GCRC		(7)	(\$ 66,563)		
from GCRC		20.25	\$ 192,557		
Local	\$2,498	125	\$ 312,500		
County					
Urban Primary	\$13,415			7	\$ 93,905
Primary	\$1,573				
Local	\$1,693			(125)	\$ (211,794)
Net			\$ 438,494		\$ (117,889)

Source: Act 51 funding figures from MDOT, CRC calculations.

what is now the City of Grand Blanc would remain under the jurisdiction of the Genesee County Road Commission. Outstanding indebtedness notwithstanding, efforts would be made to move county local streets that serve as collector routes – lesser traveled roads that service traffic between population and economic centers close to one another, link interstates and arterial routes with local access streets, and provide some access to property and business – to the jurisdiction of the consolidated city. Subdivision streets also would be the jurisdiction of the consolidated city.

Under such a scenario, about 3 miles of major roadway would be transferred to the County Road Commission. The Road Commission would transfer to the consolidated Grand Blanc 20.25 miles of major streets and 125.10 miles of local streets.

Such transfers result in changes in the distribution of state motor fuel and motor vehicle registration tax revenue through Public Act 51 of 1951. In FY2004, Act 51 distributions pay to each county road commission \$13,415 for each mile of urban primary road and \$1,693 per mile of local streets. Act 51 distributes to each city and village \$9,509 for each mile of major streets and \$2,498 per mile of local streets. (See **Table 38**.) Additionally, Act 51 provides a distribution to cities and villages based on the individual unit's population as a percent of the population of all cities and villages in the state. Based on these factors, it is estimated that a transfer such as that described above in the current state fiscal year would result in approximately \$1.5 million

more per year to a consolidated City of Grand Blanc. In total, a consolidated city can expect approximately \$1.7 million in state funding for care of roads.

In FY2003, the City of Grand Blanc received \$650,120 in federal funding for the primary roads for which it is responsible. A change in jurisdictional control such as that suggested above would remove the roads eligible for federal funding from the City's control. Such a change does not mean that these roads will be not receive funding. Where state highway funding dollars are distributed based on road mileage and the local units can spend the funding at their discretion on roads of the same character, federal funds are distributed based on the needs of the road. In years when the roads are in good shape, the unit of government with jurisdictional control will receive no federal funding. When the road does qualify for federal funding, the funds received have to be spent on the road that qualified for the funds. The net result, therefore, is that the city government would be not responsible for primary roads and would not receive that federal funds for which those roads qualify.

The Genesee County Road Commission has outstanding debt for recent improvements to roads in Grand Blanc Township. With this in mind, the two parties could take three approaches to sorting out road jurisdiction: 1) all roads could be immediately transferred with the consolidated unit bonding to provide requisite funding to the Road Commission; 2) all roads could be immediately transferred

with a special citywide tax levied to provide requisite funding; or 3) road mileage could be transferred over time as outstanding debt is expired. It is recommended that the new city and the County Road Commission negotiate future road jurisdiction plans with roads transferred over time as debt is retired from each road.

Staff and Equipment Needs

In 2002, the City of Burton, which lies just to the north of Grand Blanc Township, assumed control over 40 miles of major roadway from the Genesee County Road Commission. The increase in mileage under the city's jurisdiction caused the city to purchase 3 dump trucks and hire 3 additional staff members, both of which are shared between road work and other needs of the city as needed. While Burton funds care of its roadways solely from state Act 51 distributions, there is a sense that maintenance needs are growing faster than available revenues.

A consolidated City of Grand Blanc would be capable of assuming jurisdiction over roads as outlined above. The City currently owns equipment and maintains staff for maintaining roads. The Township maintains staff and equipment to permit winter maintenance on subdivision streets. Assumption of road maintenance will require an increase in the size of the truck fleet, primarily with the addition of one or two tandem-axle trucks for maintaining some of the higher volume secondary roads. It can be expected that 10-12 additional employees could be needed to handle the work associated with roads that would be gained under the assumed scenario. However, the continued practice of dedicating one mill of the City's charter millage to street funding to supplement the funding the City would receive from state Act 51 distributions would provide \$1.4 million for care of streets and bridges, which should be sufficient to cover the additional costs.

Public Service

The City and Township both have public service expenditures, which includes operation and maintenance of street lights, sidewalks, buildings, and cemeteries, street sweeping, clean up after storms, and scheduled leaf pick-up in the autumn contribute to the beautification of the community.

The performance of public service tasks is a labor intensive effort. The level of effort for many of these tasks is much higher in the City of Grand Blanc. This relates to the

relatively small size of the unit, the population density, and the level of services desired by city residents.

If it is assumed that a new city would be expected to deliver these services on a level consistent with the comparison cities, it can be expected that current staffing and equipment would be sufficient. However, if city policymakers opt to pursue a level of services close to that currently provided to city residents throughout the new city, large increases in staff and equipment are likely to be needed.

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Court Systems

District Courts

Adoption of the 1963 Michigan Constitution mandated certain changes in the structure of the state judiciary. Specifically, Article VI, Section 26, required that the offices of circuit court commissioner and justice of the peace be abolished and a court or courts of limited jurisdiction be created by the Legislature. Prior to the 1963 Constitution, justices of the peace were elected township government officials with limited jurisdiction in both criminal and civil matters. Cities in Michigan maintained “municipal” or “police” courts which superseded the jurisdiction of the justice of the peace. In 1968, the Legislature implemented the 1963 constitutional mandate by creating a district court system.

The district courts created were given jurisdiction over the following:

1. Misdemeanor cases where the penalty is a fine and/or a jail term of up to one year;
2. Civil actions when the amount in controversy does not exceed \$10,000;
3. Ordinance and charter violations and traffic cases;
4. Arraignments, fixing bail and accepting bonds; and,
5. Preliminary examinations in all felony and misdemeanor cases not within the jurisdiction of the district court.

Funding the District Courts

In addition to specifying the jurisdiction of the district courts statewide, Act 154 also identified the boundaries of various districts and mandated which local units of government (i.e. cities, townships, and counties) were responsible for funding the activities of the district courts. The funding units are called “district control units.” The legislature created three classes of district courts (first-class, second-class, and third class) which designate the district control unit respon-

sible for funding the operations of the court. A first-class district includes the entire land area of a county or counties and the county government is designated as the district control unit. A second-class district includes some but not all of the political subdivisions (cities and/or townships) within a county and the county government is designated as the district control unit. A third-class district includes one or more political subdivisions and each political subdivision comprising the district is designated as the district control unit.

In addition to creating the district court boundaries, the legislature also subdivided several districts into divisions for the purpose of electing district court judges. In a few instances, first-class multi-county districts included separate election divisions for each county. In a few third-class districts some or all of the political units included in the district were divided into separate election divisions. In a number of cases, each election division within a district court acts as an autonomous or semi-autonomous unit.

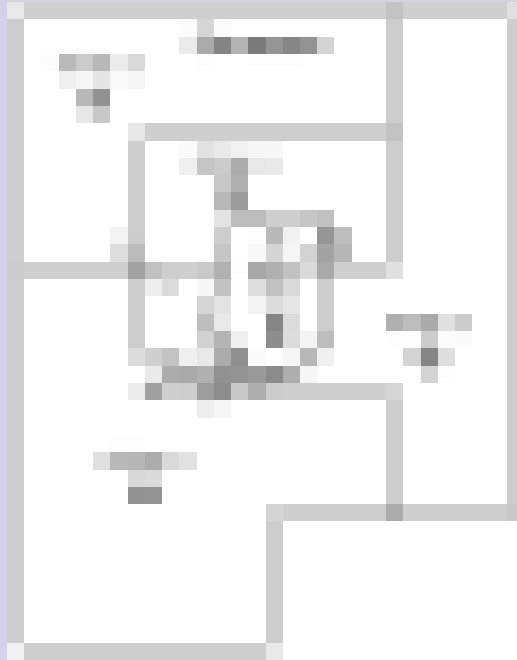
Grand Blanc Community

Genesee County is served by two district courts. District 68 is a second class district for which the City of Flint acts as the control unit. The balance of the county is served by District 67, which is divided into four divisions for purposes of electing judges. Grand Blanc city and township both fall within Division 4. (See **Map 2**.) The county acts as the control unit for District 67.

Circuit and Probate Courts

In Michigan, circuit courts and probate courts are organized to coincide with county boundaries. Genesee County is served by the 7th circuit court and the Genesee County Probate Court. Funding for these courts comes from state sources with the counties responsible for some capital costs.

**Map 2
Genesee County District Courts**



Source: *Michigan Manual*, Michigan Legislative Service Bureau. Other district court boundaries may be viewed at <http://michiganlegislature.org/documents/publications/manual/2001-2002/2001-mm-0615-0618-District.pdf>

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Expenditure Summary

One of the reasons for pursuing consolidation of two units of government is to pursue efficiencies and economies of scale in the delivery of services. By consolidating the departments of two units of government, there is a need for fewer department directors, clerical workers, and support personnel. The staff needed to deliver services to a population of residents might be able to delivery that same amount of services to a slightly larger population of residents for only a marginal increase in costs. Consolidation should reduce the cost of providing services without causing a reduction in services.

In the case of Grand Blanc, however, the theory behind consolidating to achieve efficiencies must be balanced against the specialization that occurs as the size of a government grows to meet increasing work loads. Small units of government, like any small organization, tend to have relatively flat organizational arrangements. Officials are often called upon to fill multiple roles. Examples of this can be seen by looking at the sparsely populated townships in Michigan, where the 5 elected officials are able to deliver most of the services. The township clerk serves as records keeper, elections official, and finance director. Likewise, the supervisor serves as the assessor, personnel department, and the chief executive officer. As the population grows, these officials find that their time is insufficient to fill these multiple roles and additional staff is hired to fill specific roles. That specialization becomes more refined has officials with specific skills are hired to perform single tasks.

Grand Blanc Township has experienced this internally as its population has grown and the size of the township government has been called upon to provide more services. An assessors' office was created to keep up with the number of properties developed within the township, and certified assessors were hired to provide increasing levels of specialization within that office. Computer technicians were employed to maintain the computer network and provide

specific skills that would be difficult to achieve while performing other tasks. Specialization has occurred within the police department, as a detective bureau was formed to investigate crimes that would keep patrol officers preoccupied from patrolling the streets and performing other tasks. It is expected that this increasing specialization will continue for the Township as the population increases further and the services provided expand.

Contrasted with the growing Township, with increasing specialization, is the City of Grand Blanc where the relatively small population allows several city officials to serve multiple roles. The City Clerk fills the dual role as Finance Director. The Department of Community Development also serves as the Planning Department. Patrol officers in the Police Department investigate crimes when they occur. Clerical staff serve multiple roles, including that of receptionists and cashiers when needed. The relatively small size permits the city to remain efficient and still provide the services expected by the residents.

The hypothetical city created by consolidation of the City of Grand Blanc and the Charter Township of Grand Blanc in this paper would create some efficiencies and economies of scale, however, these savings would be offset by increased specialization that would result in staffing and expenditure levels for a consolidated unit that are slightly higher than the aggregate of the City and Township individually. Even with the assumed minor increases in total staffing levels, savings are possible. While **Table 39**, which summarizes the staffing and expenditure assumptions for each department, uses full-time equivalents (FTEs) to count the size of staff, each department that is consolidated would all for the elimination of duplicative management positions to be replaced with middle management positions at presumable lower salary levels. Those details are shown in the individual tables that **Table 39** summarizes.

Table 1: Full-Time Equivalent Employees and Expenditure Data

	<u>Grand Blanc City</u>	<u>Grand Blanc Township</u>	<u>Total of Both Units</u>	<u>Comparable Cities (Average)</u>	<u>Assumption for Consolidated City</u>
Legislative Body					
Council/Board Members	6.00	7.00	13.00	6.25	7.00
FY03 Expenditures	\$ 73,828	\$ 119,619	\$ 193,447	\$ 28,358	\$ 100,000
Per Capita Expenditures	\$ 9.13	\$ 3.66	\$ 4.74	\$ 0.63	\$ 2.45
Mayor/Manager/Supervisor's Office					
Full-Time Equivalents (FTEs)	3.00	2.00	5.00	4.75	4.00
FY03 Expenditures	\$ 129,130	\$ 124,784	\$ 253,914	\$ 484,831	\$ 250,000
Per Capita Expenditures	\$ 15.97	\$ 3.82	\$ 6.23	\$ 10.82	\$ 6.13
General Office					
FY03 Expenditures	\$ 235,713	\$ 160,349	\$ 396,062	\$ 836,184	\$ 200,000
Per Capita Expenditures	\$ 29.14	\$ 4.90	\$ 9.71	\$ 18.66	\$ 4.90
Clerk's Office					
Full-Time Equivalents (FTEs)	0.50	3.50	4.00	4.50	4.00
FY03 Expenditures	\$ 93,951	\$ 256,339	\$ 350,290	\$ 342,062	\$ 326,288
Per Capita Expenditures	\$11.62	\$ 7.84	\$ 8.59	\$ 7.63	\$ 8.00
Elections Budget					
FY03 Expenditures	\$7,344	\$3,878	\$ 11,222	\$ 76,428	\$ 11,222
Expenditures Per Voter	\$ 1.18	\$ 0.15	\$ 0.36	\$ 2.52	\$ 0.36
Treasurer's Office*					
Full-Time Equivalents (FTEs)	1.00	4.50	5.50	3.75	6.00
FY03 Expenditures	\$ 24,873	\$ 216,102	\$ 240,975	\$ 255,594	\$ 244,716
Per Capita Expenditures	\$ 3.08	\$ 6.61	\$ 5.91	\$ 5.62	\$ 6.00
Finance Department**					
Full-Time Equivalents (FTEs)	1.50	3.00	4.50	8.63	6.00
FY03 Expenditures		\$ 426,000	\$ 426,000	\$ 550,378	\$ 489,432
Per Capita Expenditures		\$ 13.03	\$ 10.44	\$ 12.28	\$ 12.00
Information Technology Department					
Full-Time Equivalents (FTEs)		4.00	4.00	2.25	4.00
FY03 Expenditures		\$ 290,000	\$ 290,000	\$ 416,052	\$ 290,000
Per Capita Expenditures		\$ 8.87	\$ 7.11	\$ 9.29	\$ 7.11
Planning/Zoning Department***					
Full-Time Equivalents (FTEs)	1.00	5.00	6.00	6.50	6.00
FY03 Expenditures		\$ 400,000	\$ 400,000	\$ 529,188	\$ 482,091
Per Capita Expenditures		\$ 12.23	\$ 9.81	\$ 11.82	\$ 11.82
Assessing Department					
Full-Time Equivalents (FTEs)	0.50	5.50	6.00	6.38	6.00
FY03 Expenditures	\$ 36,716	\$ 379,819	\$ 416,535	\$ 478,228	\$ 435,187
Per Capita Expenditures	\$ 4.54	\$ 11.62	\$ 10.21	\$ 10.67	\$ 10.67
Personnel Department****					
Full-Time Equivalents (FTEs)	1.00	-	1.00	3.40	3.00
FY03 Expenditures	\$ 45,446	\$ -	\$ 45,446	\$ 498,321	\$ 363,716
Expenditures per FTEs	\$ 1,165.28	\$ -	\$ 303.99	\$ 2,992.74	\$ 2,884.47
Legal Services					
Full-Time Equivalents (FTEs)	0.50	1.50	2.00	1.50	1.50
FY03 Expenditures	\$ 20,000	\$ 199,529	\$ 219,529	\$ 284,235	\$ 258,583
Per Capita Expenditures	\$ 2.47	\$ 6.10	\$ 5.38	\$ 6.34	\$ 6.34
Police Department					
Full-Time Equivalents (FTEs)	22.00	59.00	81.00	72.25	74.00
FY03 Expenditures	\$ 1,905,705	\$ 4,175,542	\$ 6,081,247	\$ 6,864,029	\$ 5,400,000
Per Capita Expenditures	\$ 235.62	\$ 127.70	\$ 149.10	\$ 153.19	\$ 132.40
Building Department					
Full-Time Equivalents (FTEs)	0.50	5.00	5.50	9.30	5.00
FY03 Expenditures	\$ 88,794	\$ 639,606	\$ 728,400	\$ 781,502	\$ 640,000
Per Capita Expenditures	\$ 10.98	\$ 19.56	\$ 17.86	\$ 17.44	\$ 15.69
Dept. of Public Works and Services*****					
Full-Time Equivalents (FTEs)	7.00	19.00	26.00	40.00	30.00
FY03 Expenditures	\$ 915,524	\$ 1,231,268	\$ 2,146,792	\$ 1,201,074	\$ 2,500,000
Per Capita Expenditures	\$ 113.20	\$ 37.66	\$ 52.64	\$ 26.81	\$ 61.30
Building and Grounds					
FY03 Expenditures	\$ 587,597	\$ 161,139	\$ 748,736	\$ 569,655	\$ 518,390
Per Capita Expenditures	\$ 72.65	\$ 4.93	\$ 18.36	\$ 12.71	\$ 12.71
Total					
Full-Time Equivalents (FTEs)	39.00	112.00	149.50	166.51	149.00
FY03 Expenditures	\$ 4,164,621	\$ 8,783,974	\$ 12,948,595	\$ 14,196,119	\$ 12,506,467
Per Capita Expenditures	\$ 514.91	\$ 268.64	\$ 317.48	\$ 316.84	\$ 306.64

* Midland's expenditures excluded because it did not have itemized treasury expenditures (these expenditures were included in the clerk's budget in FY03). The comparable cities' average population excluding Midland is 45,486.

** The City of Grand Blanc's finance expenditures are included in the clerk's expenditures. The city clerk is counted as 0.5 FTE clerk and 0.5 FTE finance director.

*** The City of Grand Blanc's expenses are reflected in the building department. Portage's expenditures and FTEs are excluded because they were not itemized and comparable. The comparable cities' average population excluding Portage is 44,775.

**** Includes department and benefits/pension administration expenditures.

***** Does not include road expenditures. Includes DPW and Engineering in the comparison cities.

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Facilities

Neither the City nor the Township has facilities sufficient in size to house the staff of a consolidated city. Grand Blanc's city hall is sufficient for the needs of the city and its police department, but has little room to accommodate additional staff. The size of the Grand Blanc Township staff has grown in recent years to meet the added workload that accompanies growth in the township population. Township staff has grown to the level that current township offices will soon not be sufficient for their needs. Likewise, the township police department has grown in recent years to the point that the space in township offices allocated to it is no longer sufficient. The Township has been accumulating property for several years and setting aside funds to construct larger township offices and a police headquarters sufficient to house the larger staffs.

Consolidation could result in the use of existing space for new purposes and construction of new facilities to meet the

needs of a larger, and growing, city workforce. While the current city hall would not be sufficient to house a larger city staff, its central location should make it a prime candidate to house a consolidated police department. This building has radio equipment, detention facilities, and other infrastructure necessary for a police department. Space currently used for general city operations could be converted for use by the command officers and staff in a larger department. This location would allow for a central location to respond to needs in all parts of the city with the shortest possible response times.

Cities generally locate their offices close to the geographic center of their unit. This should still be preferred, but the Township's land holdings and plans to construct facilities close to its current facilities in the northwest corner of the township means that transition to a larger city workforce could occur with little cost to taxpayers.

Governmental Financing in Grand Blanc and Grand Blanc Township

The ability of any local unit of government to meet service needs hinges upon the availability of revenues to finance such services. State law provides cities with greater flexibility in utilizing revenue sources and also makes available to cities revenue sources not available to townships. The ability to levy taxes at rates higher than that authorized in town-

ships is often used as an argument against municipal incorporation, based on the assumption that a city's tax rate will rise to the highest level authorized. Such assumptions are without merit. In fact, home rule city charters may limit the extent to which a city may take advantage of revenue sources otherwise available.

Current Funding Sources

Table 40 shows general fund revenue to Grand Blanc and Grand Blanc Township for Fiscal Year 2002-03 from local, state, and federal sources. The table shows that revenues from local sources amounted to 57 percent of total revenues in the city and 74 percent of total revenues in township. Conversely, revenues from state sources amount to 21 percent for the city and 24 percent of total revenues for the township. While the City received 13 percent of its funding from federal sources, the township did not receive any federal funds in FY 2003.

Local Sources

Property Tax. The property tax is an important source of revenue to both the City and Charter Township. State law permits a city charter to provide for a levy of not-to-exceed 20 mills, or \$20 per \$1,000 taxable value (TV), for operating purposes. Some cities have created limitations in their city charter at levels below 20 mills. The Grand Blanc City Charter allows the City to levy an operating millage up to a rate of 20 mills. In Fiscal Year 2002-03 the City levied 9.95 mills for general operating purposes, 1.00 mill for street improvements, 0.9852 mills for parks, and 0.4 mills for debt service. As shown in **Table 40**, this 13.1352 mill (\$13.14 per \$1,000 TV) property tax levy yielded \$2.9 million in revenue.

Under the Charter Township Act, charter townships are authorized to levy up to 5 mills for operating purposes, but that limitation may be raised to 10 mills if charter status is adopted by a vote of the township electorate or if a separate vote is held for the purpose of establishing the higher limit. In Fiscal Year 2002-03, Grand Blanc Township levied 3.9806 mills for general operating purposes, 0.1500 mills dedicated for mosquito control, 0.9159 mills for police protection, and 0.4153 mills for debt service. This 5.4613 mill (\$5.46 per \$1,000 TV) levy yielded \$5.9 million in revenue. Since the conclusion of FY2003, the Township has retired its outstanding debt, bringing the current millage closer to 5 mills.

Debt millage is neither restricted by the constitutional 15 mill limitation nor by the statutory 20 mill limit for cities. As of Fiscal Year 2003, the City of Grand Blanc had \$__ in bonded indebtedness backed by full faith and credit of the city. Grand Blanc Township retired its remaining outstanding debt during the 2003 fiscal year.

Income Tax. Public Act 284 of 1964 authorizes cities to adopt a uniform city income tax ordinance. The Uniform City Income Tax Act allows the imposition of a one percent income tax on corporations and resident individuals and a one-half percent income tax on non-resident individuals. State law does not give townships authority to impose an income tax.

Only 22 cities in Michigan have opted to levy a city income tax. The City of Grand Blanc is not among those 22 cities. A common characteristic of the 22 cities, not shared by Grand Blanc, is that they are core cities or the main employment centers in their geographic area. Flint and Pontiac are two local cities that levy local income taxes.

Special Assessments. The Grand Blanc city charter allows the city council discretion in the levy of special assessments and in the establishment of special assessment districts for public improvements. The council has the power to determine the necessity of public improvements and to decide whether or not the cost of public improvements shall be defrayed wholly or partially by special assessment of benefiting property. If 50 percent of the property owners in a special assessment district object to the special assessment, the public improvement item is to be removed from the list of improvements to be funded by special assessment and may be funded as a general fund item.

In cities, the charter usually defines the city's policy for establishment of special assessment districts. There are no statutory limitations on the amounts which may be assessed against a parcel of property nor on the number of install-

THE FINANCIAL IMPLICATIONS OF CONSOLIDATING THE CITY OF GRAND BLANC AND GRAND BLANC TOWNSHIP

Table 40
Total Revenue (Fiscal Year 2002-03)
City of Grand Blanc and Grand Blanc Township

	<u>City of Grand Blanc</u>		<u>Grand Blanc Township</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Local Sources:				
Property Tax	\$2,921,012	47.3%	\$5,909,327	48.4%
Licenses & Permits	99,301	1.6%	1,216,745	10.0%
Charges for Services	419,007	6.9%	1,168,050	9.6%
Fines & Forfeits	33,976	0.6%	126,275	1.0%
Interest	66,202	1.1%	123,202	1.0%
Other Local Revenues	—	0.0%	<u>321,035</u>	2.6%
Total Local Sources	\$3,539,498	57.3%	\$8,864,634	72.7%
Federal Sources:				
Highway Funding	650,120	10.5%		
Community Development Block Grant	102,618	1.7%		
COPS Grant	<u>68,260</u>	1.1%	—	
Total Federal Sources	\$820,998	13.3%	\$ -	
State Sources:				
Unrestricted State Revenue Sharing	787,975	12.8%	\$2,889,369	23.7%
Michigan Transportation Fund	475,915	7.7%	—	0.0%
Police Grants			111,653	0.9%
Liquor License	—		<u>15,215</u>	0.1%
Total State Sources	\$1,263,890	20.5%	\$3,016,237	24.7%
Local Intergovernmental Transfers:	\$ 517,653	8.4%	\$ -	
Other Revenues				
Special Assessments	\$ —		\$126,973	1.0%
Other	31,950	0.5%	61,424	0.5%
Refunds and Rebates				
Police			79,502	0.7%
School Summer tax collection fees	—		<u>48,199</u>	0.4%
Total Other Revenues	\$ 31,950	0.5%	\$ 316,098	2.6%
Grand Total Revenues	\$6,173,989	100.00%	\$12,196,969	100.00%

Sources: City of Grand Blanc, Comprehensive Annual Financial Report, Fiscal Year Ending May 31, 2003; Charter Township of Grand Blanc, Comprehensive Annual Financial Report, Fiscal Year Ended December 31, 2003.

ments in which an assessment must be paid; however, such limitations might be expressed in the city charter or established in ordinance.

A number of statutes authorize townships to finance operating services and capital improvements by special assessment of benefiting property. Because of limited property taxing powers, townships generally provide a greater variety of services on a special assessment basis than do cities. In most cases, before a township special assessment district

may be established, approval of at least a simple majority and often two-thirds of the property owners in the proposed district must be obtained. State statutes place limits on the total amount to be levied against property for special assessments and the maximum number of installments in which special assessments are to be paid.

Both Grand Blanc and Grand Blanc Township are subject to special assessments for county drain improvements. A number of special assessments are levied in Grand Blanc

Township for improvement of county roads. Additionally, properties in Grand Blanc Township are subject to a special assessment for garbage collection. The drain and road assessments are passed to the county, the garbage collection assessment remains with the township.

State law permits cities, townships, and other municipalities to issue special assessment bonds to finance public improvements. Special assessment bonds can not be issued in excess of 12 percent of the state equalized value of taxable property within the city. Both townships and cities may pledge full faith and credit for the payment of special assessment bonds. Townships, however, must have approval of the electorate before full faith can be pledged, while cities may pledge full faith and credit by vote of the legislative body.

Bonds. Cities and townships may also issue general obligation bonds with approval of the electorate. Cities may incur a general obligation debt of 10 percent of the city's state equalized value. Townships do not have an overall debt limitation; rather they have specific limits on the expenditures they may make for particular purposes.

The state Revenue Bond Act gives cities, townships, and other public corporations the authority to undertake public works projects which may be financed by revenue bonds, to be amortized from revenues of the project.

As of the end of FY2003, the City of Grand Blanc was servicing debt obligations for transportation bonds; water and sewer projects; and building authority bonds. These obligations are in various stages of repayment with almost \$2.8 million of debt outstanding.

The Township is debt free as of the end of FY2003.

Other Local Revenues may include receipts from sale of permits and licenses, court fees and fines, sale of services, interest earned, rental proceeds, appropriation of prior year surplus, fund transfers, etc. While the variance between the City and Township is due in large part to different accounting procedures, the City has a somewhat larger scope of revenue-producing activities than does the Township.

State Sources

Unrestricted State Revenue Sharing. Cities, villages, and townships in Michigan benefit from an unrestricted state revenue sharing program. Local governments are free to use the money received from this program at their discretion. State sales tax revenues are distributed using two formulae: a constitutional distribution on a per capita basis and a statutory distribution based on a former system that weighted the per capita shares by the unit type (city, village, or township), per capita taxable value, and a tax yield equalization measure. State revenue sharing has been subject to several reductions in recent years due to the state's structural fiscal difficulties. Cuts in state revenue sharing have altered the distribution of the statutory amounts. The amounts remain tied to the three part formula described above, but annual amounts are dictated by the amounts distributed in previous years. While the per capita distribution is constitutionally protected, the statutory distribution has been reduced drastically with little hope of returning to full funding in the near future.

As of the end of FY2003, state revenue sharing accounted for 13 percent of City revenues and almost 24 percent of Township revenues.

Transportation Fund. Michigan, like most other states, relies heavily on motor fuel taxes and automobile registration fees to fund the highway and bridge infrastructure. While many states have made these types of taxes available to their local governments to pay for construction and maintenance of streets under the control of counties, cities, and villages, Michigan utilizes a system that has the state collect taxes and distribute funding to the local governments. State motor fuel tax and registration fee revenues are deposited into the Michigan Transportation Fund. Act 51 of 1951 divides money in this fund among the Michigan Department of Transportation, the county road commissions, and cities and villages using a statutory formula, and further divides funding among the county road commissions and cities and villages using formulae that account for road miles, population, and the urban nature of the communities.

In FY2003, the City of Grand Blanc received almost \$500,000 in Act 51 dollars for care of the roads and bridges located within the city. Since township roads are the responsibility of county road commissions, Grand Blanc Township does not receive Act 51 funding.

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Liquor License. Cities or townships that have a full-time police department or full-time ordinance enforcement department receive from the State 85 percent of liquor license fees originating in the particular city or township. Liquor license returns to the local unit are to be used specifically to enforce the rules and regulations of the liquor control commission.

Federal Sources

The City of Grand Blanc received federal funding in FY2003 for multiple purposes. Over \$650,000 was received in federal highway funding. These funds are granted for construction or reconstruction of major roadways. These funds are not received on an on-going basis and their use is tied to the road project for which they are received.

The City also received federal community development block grant funds from the federal government.

While the Charter Township of Grand Blanc has received federal funding in other years, the township did not receive any federal funds in FY2003.

Other

Other revenues that contribute to the ability of the City and Township to operate include fees for licenses and permits, charges for services, penalties and interest. Each unit also collects funds for water and sewer provision and collection. These proprietary funds are based on the levels of services provided and are not likely to change due to consolidation.

Funding Sources in a Consolidated Grand Blanc

The funding of a consolidated city government would not change drastically from that currently experienced by the City and Township.

Non-tax Sources

It can be expected that the combined revenues for most non-property tax sources would remain unchanged for a consolidated city. Revenues for licenses and permits, charges for services, and fines would not experience change simply due to consolidation. The demand for services and the actions for which fines are attached will drive these revenue items, with or without consolidation. Special assessments collected by the Township for refuse collection could be expected to end with funding of that function transferred to the general fund.

Federal Revenues

A consolidated city can expect to continue receiving community development block grants. In FY2003, the City of Grand Blanc received federal funding for road improvements. That funding is directed at specific projects on the major arterial roads that intersect the City.

Continued receipt of federal highway funding would depend on what roads remain under the jurisdiction of a consolidated city. Under the scenario laid out in this report, federal highway funding would no longer come to the city.

State Sources

State Revenue Sharing

All city, village, and township governments in Michigan receive revenue sharing from the collection of state sales tax revenues. Part of the distribution of this funding is constitutionally based on a per capita formula that divides the amount of funds available by the number of people in each unit of government. An additional statutory amount is distributed based on a three part formula that accounts for the type of unit of government, taxable value within each unit, and the tax yield of the local tax base. A provision in that formula treats larger townships that are full providers of water, police, and fire services as if they were a city.

For most townships in Michigan, incorporation would result in a significant increase in state revenue sharing revenues due to sections in the distribution formula that benefit cities over townships. However, those provisions recognize that many townships operate as a city in everything but name. Because the Township provides water and sewer, police protection, and fire prevention, state revenue sharing distributions treat Grand Blanc Township as though it is a city. The net result of consolidation is that aggregate payments to the City and Township would roughly equal what would be paid to a consolidated city.

If state revenue sharing were fully funded, the fact that consolidation would move the new Grand Blanc into a higher unit type category that weighs the city population by a larger

multiple than applies to either the current city or the township independently would result in greater funding. Because of the structural state budget deficits state policymakers, the statutory share of state revenue sharing has not been fully funded and the distribution formula has been abandoned. Distributions to cities, villages and townships are based on what they were paid last year. As the state continues to struggle with its budget problems, the issue facing local governments is whether they will receive any statutory payments at all.

Unless the State's financial condition changes markedly, a consolidated city can expect to receive what the City and Township collected in aggregate.

Transportation Fund

The state formula for distributing funding for municipal roads uses population and the number of road miles in each jurisdiction. Applying the changes in population and the addition of mileage from what the City of Grand Blanc currently receives, an additional \$1.5 million can be expected in state funding. In total, a consolidated city can expect approximately \$1.7 million in state funding for care of roads.

A New Property Tax Levy

The balance of funding for a consolidated city would need to come from the property tax. A new city would begin only with requirements to levy property taxes sufficient to retire outstanding debt. Decisions to levy of property taxes at specific rates and for specific purposes would rest with policymakers elected to lead a consolidated city. The revenues needed to finance operations of a consolidated city would come from general operating taxes.

Individually, the City and Township have strong tax bases for their relative sizes. Because 82 percent of the \$1.45 billion combined tax base for the two units is located in Grand Blanc Township, consolidation would allow for an immediate reduction in taxes for city taxpayers and a minor tax increase for township taxpayers.

Given the level of services assumed in this analysis, and with the assumptions of continued funding from non-tax source such as state revenue sharing and charges for service, a tax levy of 6.5 to 7 mills should provide sufficient funding to operate a consolidated city.

Current federal tax laws permit property taxes paid to state and local governments to be used as a deduction on federal income tax returns. These provisions would help to offset any tax rate increases for township residents.

Debt

As of the end of FY2003, the City of Grand Blanc had \$2,786,584 in long-term debt outstanding. The bonds outstanding exist as a contract between the City and the lenders that purchased those bonds. The obligation to repay those debts continues to exist for the new city. The repayment of that debt could take several forms. The new city could assume repayment of that debt as part of the cost of providing city government. A city-wide tax could be levied sufficient to pay the principal and interest until the outstanding debt is retired. A special assessment could be levied on the residents and businesses located within the former city that are the primary beneficiaries of the capital improvements that much of the debt funded. A special assessment would reduce the burden assumed by former township residents in joining a new city.

Roads

Presently, the City of Grand Blanc uses one mill from its operating millage for road care. In 2003, that levy yielded \$240,558, which supplemented funding received from the state and federal governments for road care. Many cities and villages levy such a tax for road care. It is assumed that a consolidated city will continue the levy of that tax. With no change in jurisdictional responsibility for roads presently located in the township, the millage rate necessary to levy about 0.2 mills. If changes occur in road jurisdiction, a continuation of the one mill levy would yield about \$1.5 million and should prove more than sufficient for supplementing state highway funding. The city administration in a new city could continue the practice of dedicating a portion of the operating millage to road care or a dedicated millage could be proposed. A dedicated millage would require a vote of the electorate to conform with constitutional requirements for local taxation.

Funding from these two sources would allow the city to undertake programs of \$2.5 to \$3.0 million per year in maintaining and upgrading roads and bridges.

Other Dedicated Millages

A new unit of government begins revenue raising with a clean slate. Other than the funding of principal and interest on

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outstanding debt, a new city would not be bound to continue any existing taxes or levy any taxes at predetermined levels. The City presently dedicates almost one mill for parks. The Township levies just over one mill for police services and mosquito control. The decision to continue the levy of these taxes would rest with a new city administration.

Maintenance and upkeep of parks has been judged enough of a priority in the past that the decision to levy a millage for support of that task was taken to the voters in both the City and Township. The voters in the City approved this tax levy, while Township residents rejected a township levy. The need to spray for control of mosquitoes was judged enough of a priority in the Township that a dedicated mill-

age received voter approval.

A city administration in a new city could end funding of these functions, continue their funding through dedicated millages, or levy an operating millage sufficient to fund these functions as part of the normal cost of providing city government. If the decision is to go the course of a dedicated millage, it would be necessary to seek voter approval to conform with constitutional requirements for local taxation. It should be noted however, that dedicated funding of these select items would result in a higher overall tax rate than if they were brought into the new city's general fund to be weighed against other funding needs that compete for taxpayer dollars.

Level of Services

An understanding of Michigan's municipal finance system is critical when analyzing a proposed City and Township merger. A number of factors have come together to create conditions that make it difficult for local governments to continue operating in ways in which their residents have become accustomed.

The primary issue rests with the interaction of the tax rate rollback mechanism created by the "Headlee Amendment" with the cap on property assessments created by Proposal A of 1994. Michigan's Constitution has been amended twice in the past three decades to provide tax relief to property owners. The "Headlee Amendment" created a system that offset growth in the tax base above the rate of inflation with tax rate reductions so the net effect on taxpayers was a growth in tax burden consistent with the rate of inflation. In 1994, a cap on assessments was established as a result of the enactment of Proposal A of 1994, to limit growth in individual property parcels to the lesser of 5 percent or the rate of inflation. When properties change ownership, properties are returned to the state equalized value, which is roughly equal to 50 percent of true cash value for each property. These property tax limitations are having the effect of creating three classes of local governments with regard to growth in tax revenues.

The first group is rural communities with high concentrations of agricultural property. These communities are most affected by the cap on assessments. Because agricultural property experiences little turnover in ownership, municipalities with large concentrations of this class of property are developing large gaps between taxable values and state equalized values.

The second group is urban communities. These communities, which have high concentrations of residential, industrial, and commercial properties, are affected by interaction of the cap on assessments and the rollbacks in tax rates caused by provisions of the Headlee Amendment. While the quicker turnover of property ownership for residential, industrial, and commercial properties allow the ratio of taxable values to state equalized values to stabilize at high rates, the pop ups in taxable values caused by that turnover triggers rollbacks in property tax rates. Use of taxable value as the measure of the tax base means that a modest level of property turnover will cause the tax base to grow faster than inflation, thus causing these rollbacks.

The third group is communities on the urban fringe. These communities are experiencing high levels of economic development in the forms of new housing starts and business development. These communities have experienced marginal growth in the ratio of taxable value to state equalized value and marginal tax rate rollbacks, but for the most part have remained unaffected by these tax limitations.

The City of Grand Blanc and the Charter Township of Grand Blanc find themselves in different groups. The City of Grand Blanc is among the municipalities in the second group. There is little opportunity for land annexation, property within the city is largely developed, and the property falls within the residential, industrial, and commercial classifications. While taxable value of property statewide is 77.6 percent of state equalized value, the taxable value of property in the city is valued at 88.0 percent of the state equalized value of that property. Grand Blanc has not yet begun to experience the compounding affect of a widening gap and a declining tax rate, but its circumstances indicate that this will soon present problems for the city.

The Charter Township of Grand Blanc, on the other hand, is among the municipalities in the third group. The township has experienced large amounts of growth in recent years and has available land to sustain that growth for the near future. The taxable value of property in the township is valued at 88.6 percent of the state equalized value of that property but most reductions in the operating tax have been the result of growth in the tax base permitting the township to raise increasing amounts of money at lower tax rates.

A second issue confronting Michigan's local governments is the reduction in unrestricted state revenue sharing that has occurred over the past four years. Michigan has a long history of collecting taxes at the state level and passing the revenues on to local governments to lessen the local tax burden and equalize revenues across regions of the state. In ongoing efforts to balance the budget in the face of structural budget deficits, State lawmakers have reduced the amount of funding for state revenue sharing by \$399 million in the past four years. Both the City of Grand Blanc and Grand Blanc Township have been forced to reshape their budgets to deal with these reductions. The State continues to experience structural budget problems that leave little hope for a return to full funding of state revenue sharing any time soon.

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While these factors create difficulties on the revenue side of the budget, several factors create pressures on spending that threaten to crowd lesser items out of municipal budgets or force the levy of new taxes. Health care costs have experienced double digit increases for several consecutive years. Pension costs are consuming increasing shares of municipal budgets, especially for mature communities with a number of retired workers. Finally, there has been an increased emphasis on public safety in municipal budgets related to the importance of the issue, the role of Act 312 binding arbitration in Michigan, and the increased attention to homeland security since September 11, 2001.

With these municipal finance issues in mind, Grand Blanc residents should consider the issues of consolidation not only on the level of services to which they have become accustomed, but consider how their individual units are likely to fare if they continue to operate independently of one another. Many well run units of local government, in circumstances similar to Grand Blanc, are struggling to keep their budgets balanced. While these conditions have not yet reached Grand Blanc, it is foreseeable that these units will have to deal with these issues as well.

Conclusion

Most of the functions of local government would experience little change if they were provided by a consolidated city of Grand Blanc or by the current City of Grand Blanc and the Charter Township of Grand Blanc. Rapid population growth in the township and proposed commercial development create the prospect of expanded workloads above those currently carried out by the two units.

Consolidation of the police departments is worth pursuing, whether the City and Township are consolidated or not. Growth issues related to increased needs and in-service training requirements will make it increasingly difficult to maintain the current City's department staffing levels without increased funding. Additionally, a larger, consolidated force would be better able to meet the needs of a larger community.

The willingness to assume responsibility for roads in the township is a value judgment for the township electorate. Pursuing a transfer in road jurisdiction would result in additional funding from the state, but a local millage is advis-

able to maintain and upgrade township roads.

A millage of 6.5 to 7 mills would be necessary to finance a consolidated city as assumed in this analysis. This would provide a tax rate reduction of about 6 mills for residents of the City of Grand Blanc. Township taxpayers would be subject to a tax rate increase of 1.5 to 2 mills. A long-range tax rate will depend on continued economic expansion of the community and demand for local government services that are provided in other urban areas of the state.

These issues will have implications for the future of the City and Township. The costs of providing municipal services continue to rise, with health care costs growth measured in double digit percentages, future growth of state revenue sharing is a tenuous proposition, and property tax revenues will be considered healthy when they grow at the rate of inflation. Only local units with expanding tax bases are able to survive under these circumstances. It will not be long before those units are also examining the services they provide and the sources of their revenues.