

Michigan

Township Focus

AUGUST 2013

OFFICIAL PUBLICATION OF THE MICHIGAN TOWNSHIPS ASSOCIATION

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mission statement

The Michigan Townships Association promotes the interests of township government by fostering strong, vibrant communities; advocating legislation to meet 21st century challenges; developing knowledgeable township officials and enthusiastic supporters of township government; and encouraging ethical practices of elected officials who uphold the traditions and unique characteristics of township government and the values of the people of Michigan.



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More than a makeover—a new era in MTA communications

While it looks something like your usual *Michigan Township News*, you are holding a brand-new Michigan Townships Association publication. It has a contemporary look and a more reader-friendly design—while offering increased insights into township government’s most compelling stories and topics.

Welcome to the inaugural edition of the MTA’s new flagship publication, *Township Focus*.



The debut of *Township Focus* is just the first element of a comprehensive MTA strategy to effectively communicate to, and on behalf of, our members. All of our other regular publications will also be profoundly affected and re-focused—featuring content driven by a specific purpose. Our aim is to help readers better anticipate what they will take away from each publication, so they can direct precious time

and attention to the information and updates they seek.

Times are changing, technology is changing, and so too are township officials’ information needs and preferences. A stronger, streamlined focus to each MTA publication is only one among a number of goals we have been working on for the past six months, many of which originated from ideas submitted by a large number of MTA members who participated in a “communications audit” and survey late last year. Members told us they prefer to get their information faster via computer screen, a smart phone or a tablet, like an iPad. They want to know what to look for when they pick up a magazine or open an electronic newsletter. They don’t want to see the same information multiple times. They want MTA to communicate regularly, efficiently, effectively and predictably.

A new *Township Focus* magazine is just the beginning. Truth, if nothing else, demands that we rename our new magazine. With a nearly four-week production schedule, it makes it difficult for the monthly magazine content to include late-breaking news impacting townships. *Township Focus* aims to enhance the image of township government—and MTA—by delivering more in-depth information on current issues, local government innovations and member achievements, as well as featuring the popular columns and features that our members value.

Our Friday *Weekly Legislative Report* and biweekly *mt@-newswire* electronic newsletter will be consolidated into an attractive, easy-to-read report that will truly qualify as a “news” publication. This new weekly e-newsletter, called

Township Insights, will share how the world, for township officials, is different now than it was yesterday. From this publication, readers will get a weekly update on legislative issues impacting townships, as well as insights into grant opportunities, programs and services available to townships, and other resources beneficial to our members.

Township Voice is our new monthly e-newsletter, entirely focused on all things legislative. While late-breaking legislative activities will be communicated through *Township Insights*, or a special bulletin when warranted, *Township Voice* will provide comprehensive insights and background as to the “why” of emerging public policies, freed from the space constraints of a traditional printed newsletter. While our previous *Capitol Currents* legislative newsletter was intended as a faster alternative to the slower monthly magazine, its traditional print format is now too confining and sluggish.

We hope you like our new look and other efforts to help officials know where and when to look for the information and insights to be an informed, engaged advocate and leader for your community.

Township Voice will be emailed free each month to all of our member officials, while those who prefer to receive a monthly print version may subscribe for just \$10 per person, per year. Guidance needed by all members to implement new laws will be covered as needed, and in depth, in *Township Focus*.

Effective advocacy also requires regular use of social media. While a number of MTA members have not yet embraced Twitter and Facebook, these and other social media platforms shape perceptions and opinions of the general public, leading to profound changes in public policy. MTA will be more effectively engaged here as well. Follow MTA on Twitter at @MiTownships.

We hope you like our new look and other efforts to help our members officials know where and when to look for the information and insights to be an informed, engaged advocate and leader for your community.



AFFORDABLE CARE ACT DELAY

Key 'Obamacare' provision delayed

Townships have a one-year reprieve before implementation of the federal Affordable Care Act's (ACA) employer responsibility provision goes into effect. The Obama administration has delayed the compliance deadline for the provision, commonly referred to as the "play or pay" provision, until 2015. An article discussing the implementation of the provision appeared in the June 2013 issue of *Michigan Township News* magazine.

Under the now-delayed provision, employers—including townships—with 50 or more employees face penalties if they don't offer health insurance coverage to employees or if the coverage they offer is insufficient.

According to the announcement from the U.S. Department of Treasury, the delay is to:

- Allow the federal government "to consider ways to simplify the new reporting requirements consistent with the law"
- Provide "time to adapt health coverage and reporting systems while employers are moving toward making health coverage affordable and accessible for their employees"

Some of the biggest provisions of the Affordable Care Act are still slated to go into effect on Jan. 1, 2014, including the establishment of health insurance exchanges—new, transparent and competitive marketplaces where individuals and small businesses can shop for and compare affordable, qualified health benefit plans.

MTA will continue to provide updates and information to our member township officials as additional guidance becomes available.

Member township officials can visit the "Employee Benefits" Web page on MTA's members-only portion of www.michigantownships.org for additional information and resources. (To log in, click on "Member Login" in the upper right-hand corner of the home page. Not sure of your password? Click on "Forgot Your Password?" on the log-in page to have a link sent to you to reset your password.)

MSU SURVEY

Michigan's trust in local government outpaces trust in state and federal government

Michigan's citizens are more trusting of their local government than they are of either state or federal government, according to recent results from Michigan State University's State of the State Survey (SOSS).

In the latest round of the SOSS, some 79 percent of Michigan adults said they can trust their local government nearly always/most or some of the time.

Only 19 percent of those responding to the survey said they can trust state government nearly always or most of the time, with 50 percent saying they trust state government some of the time. More than 30 percent say they seldom or almost never have trust in their state government.

Trust in the federal government among SOSS participants was even lower—just 15 percent said they can trust the federal government nearly always or most of the time. Nearly 44 percent indicated that they trust the federal government some of the time, while more than 40 percent said they seldom or almost never trust the federal government.

The SOSS, a quarterly telephone survey of Michigan adults, is conducted by the Office for Survey Research in MSU's Institute for Public Policy and Social Research.

A recent Michigan Public Policy Survey (MPPS), from the University of Michigan, asked local officials the same questions about government trust earlier this year, as reported in the May 2013 issue of *Michigan Township News* magazine.

Trust in the federal government is substantially lower among Michigan's local officials than the Michigan public, with 59 percent of local officials saying they trust the federal government seldom or almost never.

According to the MPPS, some 67 percent of local officials say they trust local governments nearly always or most of the time, with another 30 percent saying they trust local governments some of the time. In contrast, local officials and Michigan citizens—about 19 percent of each—are equally trusting of the state government.

MTA is among the partners on the MPPS, which takes place twice a year and investigates local officials' opinions and perspectives on public policy issues. Survey respondents include township supervisors, clerks and managers, as well as county, city and village officials, from nearly 1,300 jurisdictions statewide.

EMERGENCY MANAGEMENT

MTA emergency management resources expanded to include new checklist

A natural disaster can occur anytime, anywhere, and township officials must be prepared to handle a disaster if and when one occurs in their borders, or in their area.

MTA's Emergency Management and Disaster Management online resources were recently expanded to include a new informational pamphlet offering insights and experiences on local disaster management. The pamphlet information was gleaned from discussions with municipal officials and managers from areas hard-hit by last fall's Hurricane Sandy and the November Nor' Easter.

The publication provides a detailed checklist for preparing for, dealing with, and recovering from future "Sandy-style" disasters, and offers a series of tasks and recommendations in three key areas: planning, communication and leadership.

To access this publication and additional resources, MTA-member township officials can log in to the members-only section of www.michigantownships.org. Search for "Emergency Management" or click on the "Index of Topics" under the "Answer Center" tab.



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Please visit www.mersofmich.com to find out how MERS can help your township.

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LOCAL UPDATES FROM ACROSS MICHIGAN

Township happenings

The new Dale Glass baseball field in **Charlevoix Township** (Charlevoix Co.) is being used by Little League Juniors and next spring, high school students will take advantage of this new facility. The township also received a state passport grant for improvements to the existing pavilion, new walking paths and four picnic pods at Shanahan Field, where residents can play tennis, pickleball, soccer and basketball.

After receiving a nearly \$500,000 Natural Resources Trust Fund grant, **Eagle Harbor Township** (Keewenaw Co.) purchased the summit of Brockway Mountain and surrounding 320 acres, which become part of the 16-mile Keweenaw Coastal Wildlife Corridor.

Wheatfields along M-52 in **Fairfield Township** (Lenawee Co.) are the setting for a scene of the new "Transformers 4" movie. The Fairfield Township Fire Department was on-site during the recent four days of shooting for the movie.

A nearly \$1,800 Great Lakes Energy People Fund grant will enable the **Hamlin Township** (Mason Co.) Fire Department to purchase a 5,000-watt generator to be located in the township's Command Rehabilitation Trailer/Center. The on-scene Command Rehabilitation Trailer is designed to provide firefighters and other emergency personnel with a safe, clean and reliable rehabilitation facility, and will house the department's ice rescue equipment, search-and-rescue packs, and radios/pagers for communications with department personnel and other agencies.

More than 50 residents kicked up their heels in **Harrisville Township** (Alcona Co.), which hosted two Contra dance workshops earlier this year. The workshops were a preview to a community-wide dance and to the Alcona Arts Retreat, to be held this fall and offer classes on numerous disciplines, including painting and dance.

Share your Township Happenings with Township Focus! Email your Happenings to jenn@michigantownships.org or call Editor Jenn Fiedler at (517) 321-6467.

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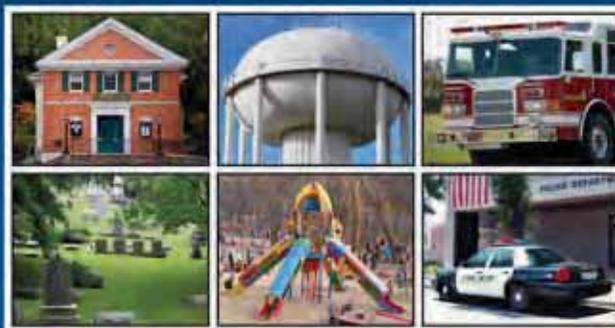
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Resolutions being accepted for MTA's 2014 Annual Meeting

MTA's Legislative Policy and Resolutions Committee is now accepting resolutions from member townships and county chapters for presentation at the 2014 MTA Annual Meeting, which will be held Friday, Jan. 31, in conjunction with the 61st Annual MTA Educational Conference & Expo in Traverse City. The adopted resolutions form the basis for MTA's legislative focus in 2014.

Under rules adopted by MTA's Board of Directors, advance resolutions must be submitted to MTA 150 days prior to the Annual Meeting—by Sept. 3, 2013. These resolutions are reviewed by the committee for word selection and legality, and to ensure they conform with the Association's overall goals and objectives. The resolutions are printed in the January/February 2014 issue of *Township Focus* and will also be available at Conference.

Amendments at the Annual Meeting are permitted, provided the purpose and substance of the original resolution remains unaltered.

Resolutions may also be submitted from the floor at the Conference if they are first submitted to MTA Conference Headquarters by noon on Thursday, Jan. 30, 2014, the day before the Annual Meeting. The resolutions must be accompanied by a petition signed by at least 100 delegates. The sponsor must furnish sufficient resolution copies to be distributed to all delegates at the meeting. Resolutions not meeting the advance or floor requirements will be considered by the MTA Board at its next meeting following the Conference.

For additional information, contact the MTA Government Relations Department at (517) 321-6467 or email legislation@michigantownships.org.

mta events | august

- 20 Navigating the Budgeting Process workshop, Kalamazoo Summer Evening Planning & Zoning workshop, Kalamazoo
- 21 Navigating the Budgeting Process workshop, Big Rapids
- 26 Navigating the Budgeting Process workshop, Frankenmuth Summer Evening Planning & Zoning workshop, Frankenmuth
- 27 Navigating the Budgeting Process workshop, Gaylord Summer Evening Planning & Zoning workshop, Gaylord
- 29 Navigating the Budgeting Process workshop, Marquette

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AUGUST

1 Public accuracy test must be conducted for the Aug. 6 election. (R 168.778) Notice of test must be published at least 48 hours before test. (MCL 168.798)

3 Electors who wish to receive an absentee voter ballot for the Aug. 6 election by mail must submit applications by 2 p.m. (MCL 168.759)

5 Electors qualified to obtain an absentee voter ballot for the Aug. 6 election may vote in person in the clerk's office until 4 p.m. (MCL 168.761)

6 Emergency absentee voting for Aug. 6 election until 4 p.m. (MCL 168.759b)

Election.

12 Boards of county canvassers meet to canvass Aug. 6 election. (MCL 168.821)

By 13 Petitions to place proposals on Nov. 5 ballot filed with county and local clerks. (If governing law sets an earlier petition filing deadline, earlier deadline must be observed.) (MCL 168.646a)

19 Deadline for taxpayer to file appeal directly with the Michigan Tax Tribunal if final equalization multiplier exceeds tentative multiplier and a taxpayer's assessment, as equalized, is in excess of 50 percent of true cash value (*by the third Monday in August*). (MCL 205.737(7))

By 27 Ballot wording of proposals qualified to appear on Nov. 5 ballot certified to county and local clerks. (MCL 168.646a)

Interest of 1 percent per month will accrue if the payment is late for the State Education Tax and county taxes that are part of the summer tax collection. (MCLs 211.905b(9) and 211.44a(5))

By 21 Absentee voter ballots for Nov. 5 election must be available for issuance to voters. (MCL 168.714)

26 through Oct. 15. Precinct inspectors appointed for Nov. 5 election. (MCL 168.674)

By 30 Notice of close of registration for Nov. 5 election published. (MCL 168.498)

30 Clerk delivers to supervisor and county clerk a certified copy of all statements, certificates, and records of vote directing monies to be raised by taxation of property. (MCL 211.36(1))

Financial officer of each township computes tax rates in accordance with MCL 211.34d and MCL 211.34 and governing body certifies that rates comply with Section 31, Article 9, of 1963 Constitution and MCL 211.24e, Truth in Taxation, on State Tax Commission Form L-4029.

SEPTEMBER

16 Summer taxes due. (MCLs 211.905b(10), 380.1613, 211.107)

Last day for qualified taxpayer to apply to local unit treasurer for deferral of payment of summer property tax. (MCL 211.51(7))

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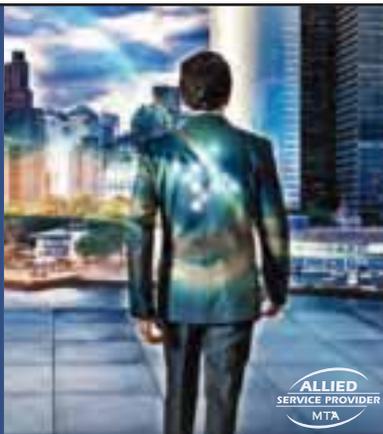
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Q Who is eligible to defer payment on summer property taxes?

Taxpayers who are permitted by MCL 211.51 to defer payment on summer property taxes include the following persons whose income for the preceding calendar year was under \$40,000: senior citizens (those 62 and older); blind, disabled, paraplegic, hemiplegic or quadriplegic persons; certain military servicemen and women; veterans; and widows and widowers. Certain agricultural property owners may also be eligible.

A deferral allows eligible taxpayers to pay their summer taxes before Feb. 15, the winter tax due date, without interest or penalty. Taxpayers seeking a summer tax deferral must submit Form 471—Application for Deferment of Summer Taxes before Sept. 15 of the year in which the taxes are due. (In 2013, the deadline is Sept. 16, as Sept. 15 falls on a Sunday.)

Q What must the township do to add a property tax administration fee to a tax levy?

A township may apply up to a 1 percent property tax administration fee on local property taxes voluntarily paid before Feb. 15. On all taxes paid after Feb. 14 and before March 1, the township may authorize the treasurer to add a late penalty charge equal to 3 percent of the tax.

The township board must adopt a resolution to apply the property tax administration fee or late penalty charge to the taxes. The resolution can place a limit on the number of years the fee will be imposed, or can state that the township will collect the fee until the board rescinds the fee, by resolution. For sample resolutions, visit the members-only section of www.michigantownships.org and search for “Property Tax Administration Fee” or “Property Taxes, Sample Resolution to Impose 3% Late Penalty,” or call (517) 321-6467.

Q What costs can be paid by the property tax administration fee?

MCL 211.44(3) authorizes a tax collecting unit to impose the fee to offset costs incurred in assessing property values, collecting the property tax levies, and in the review and appeal process. These costs may include the portion of the supervisor’s salary related to assessing, the salaries of the assessor and any assistants in the assessing department, printing and mailing costs related to assessment notices and tax statements and receipts, the portions of the treasurer and deputy treasurer’s salaries related to tax collection, and all

board of review and tax appeal costs. Some less obvious but applicable costs are surety bond premiums, mileage, supplies, seminar registrations and equipment purchases related to the assessing department’s function. (MCL 211.44)

Q Does the clerk need to assemble any tax information for the supervisor?

As the official in charge of the township’s records, the clerk is responsible for the records of any township action authorizing taxes to be levied. MCL 211.36 requires the clerk to deliver to the township supervisor and the county clerk, on or before Sept. 30, a certified copy of all statements and certificates, including records of all resolutions and votes authorizing money to be raised by taxation and the aggregate amount to be levied for township, school, highway, drain and all other purposes. If issuing a bond or note or a school tax levy has been approved by the electors before Sept. 30, the clerk may deliver a resolution after Sept. 30 authorizing additional millage to be levied.

Q Does the clerk have any other duties related to tax collection?

Yes. Before the supervisor or assessing officer delivers the tax roll to the township treasurer, he or she must make a detailed statement of the valuations and taxes and deliver it to the township clerk. The clerk must immediately charge the amount of taxes to the township treasurer. (MCL 211.41)

Information provided in *Financial Forum* should not be considered legal advice, and readers are encouraged to contact their township auditor and/or attorney for advice specific to their situation.

Learn more from Financial Forum author David Williamson at MTA’s August workshop, “Navigating the Budgeting Process.” Turn to page 24 or visit www.michigantownships.org for details.



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Q Are townships required to use competitive bids for purchases?

Unless a township has adopted a policy to require a competitive bidding process for specific purchases or purchases over a specified amount, there is no general requirement to use competitive bids for township purchases.

Q Don't townships have to use competitive bidding to hire a contractor for a contract over \$20,000?

No. Attorney General Opinion 5599 of 1979 states that, in the absence of a statutory requirement, a municipality is not required to seek competitive bids before awarding a construction project.

Local ordinances may require the use of competitive bidding procedures. It is important to determine if your township has such a requirement. Many townships do have a competitive bidding ordinance because they were required by statute from 1993 to 1996.

Public Acts 167 and 168 of 1993 (MCLs 206.481 and 208.136) required a township to require sealed competitive bids for contracts of \$20,000 or more, except for contracts for professional services, emergency repairs or services pursuant to a written policy adopted by the township board. Under MCLs 206.481 and 208.136, a township was not eligible to receive certain revenue sharing payments if it did not require competitive bidding. Each township was required to submit its policy to the Michigan Department of Treasury's Office of Revenue and Tax Analysis; most townships had adopted such a policy.

In 1996, the Legislature repealed MCLs 206.481 and 208.136. Townships are no longer required by a specific statute to seek competitive sealed bids for contracts over \$20,000. However, many townships still have a policy from November or December 1993 requiring sealed competitive bids.

Q What can we do if our township adopted a competitive bidding policy?

MTA advises townships to research the township board minutes or administrative policies to determine if the township has a competitive bidding policy. Until that policy is repealed or amended by the township board, the township should follow that competitive bidding policy. Because a competitive sealed bidding process is no longer required by statute, it is up to the township board to decide if it is in the best interest of the township to continue that policy or amend or repeal it.

Q Can a township require a bidder to provide his or her qualifications for the contractor's bid to be considered?

The Bidders on Public Works Act (MCL 123.501, *et seq.*) permits any officer, board, commission, committee or department of a township authorized to receive bids for construction, maintenance and repair of public works (except public buildings) to require any interested bidders on the project to submit a sworn statement at least 10 days before bids are opened documenting his or qualifications to satisfactorily carry out the work within the time specified for the project. The act allows the township to judge the bidder's qualifications based on his or her past performance on work of a similar nature, on the bidder's financial resources, and the construction equipment and facilities proposed for use on the project. Any person determined not to be a suitable person to bid on the proposed work must be notified of that determination in writing at least five days before the bids are opened.

Q Are there any other statutory requirements a township should consider when bidding out a project?

Under MCL 339.2011, a township may not engage in a public works project costing \$15,000 or more unless the plans and specifications for the project are prepared by a licensed professional engineer, the land is surveyed by a licensed professional surveyor, and the work is supervised by either a licensed professional architect or engineer.

If a public works project exceeds \$50,000, MCL 129.201 requires the principal contractor to furnish both a performance bond and a payment bond to the township for the completion of the project in accordance with the plans and

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specifications, and for the payment of all subcontractors, laborers and material suppliers.

Public Act 517 of 2012, the Iran Economic Sanctions Act, MCL 129.311, *et seq.*, requires townships to require a person submitting a bid on a request for proposal (RFP) to certify that it is not an Iran-linked business. The act prohibits individuals who have economic relations with Iran from submitting bids on RFPs with the state, any political subdivision of the state or any other public entities. The act also includes penalty provisions for those who submit false certification.



Our township board would like to establish a bidding procedure. What should be considered when developing a procedure?

A township board may want to consider the following when developing a bidding procedure:

- Dollar thresholds for requiring a) written quotations, and b) sealed bids or requests for proposal (RFPs)
- Types of purchases where quotes or competitive bids will not be required, such as small purchases, up to a specified dollar amount, sole source procurement (where only a single source is available or when the township is participating in a purchasing pool, such as the “Buy Michigan First” or MiDEAL programs provided by the State of Michigan), and emergency purchases (identify what constitutes an emergency and when board approval will be required)
- In order to receive comparable and informative bids and proposals, the township should prepare comprehensive specifications for prospective candidates, including:
 - The length of the contract period
 - Any required qualifications, such as a certified public accountant license
 - If attendance is required at township board or other meetings, and the number of meetings per year
 - The amount of anticipated consultation time (such as time for phone consultations included in bid, etc.)
 - The anticipated nature and number of the activities required, such as the average number of ordinance enforcement prosecutions for an attorney, the number and type of funds to be audited for an accountant, or the number of parcels for an appraiser
 - The titles of the township official(s) authorized to direct or request services
 - Whether the activity, such as auditing or appraisal, is to be performed at the township hall
 - That all documents and records created in a governmental function are property of the township and will be subject to the Freedom of Information Act
- As appropriate, a request for proposals should ask each candidate to describe:
 - The individual or firm’s municipal and township experience
 - Specific experience with the service or project
 - The names, credentials and references of the specific individuals who will be assigned to work with the township
 - Specific certification, such as certified public accountant, or memberships in an appropriate association, such as the Public Law Section of the Michigan Bar Association
 - Potential conflicts of interest, such as township property owned, interest owned in businesses located in the township, or other clients who may have interests that are potentially adverse to the township
 - Services to be billed above the retainer amount, including the amount charged per hour, with a maximum amount for specific types of services such as additional meetings not covered under the retainer or whether the meetings are to be billed on a per diem or hourly basis
 - The individual or firm’s policy regarding reimbursement for travel time, phone bills, mileage, copying, postage and other incidental expenses
 - The services the township requires and if those services are to be included in a retainer
- The criteria for awarding bids or requests for proposals should be identified by the board at the outset, including factors such as:
 - Cost
 - Experience
 - Reliability
 - Sufficiency of equipment
 - Insurance
 - References
 - Good communication
- Any board member or department head who has any ownership or other interest in a company submitting a bid should disclose the conflict of interest to the board, and recuse him- or herself from all deliberations and votes involved in awarding the bid.

For sample policy language on bidding procedures, and many other township administrative policies, townships may wish to purchase the MTA publication, *Policy Matters! Using Board & Administrative Policies to Manage Your Township*, available in the online MTA Store at www.michigan-townships.org/mta_store.asp or by calling (517) 321-6467.

Hello, MTA ... ? provides general information on typical questions asked by township officials. Readers are encouraged to contact an attorney when specific legal guidance is needed. Member township officials and personnel may contact MTA Member Information Services with questions or requests from 8 a.m. to 5 p.m., weekdays, at (517) 321-6467 or fax (517) 321-8908.



Wine tastings coming soon to a farmers markets near you

In an effort to provide more public exposure for small Michigan winemakers, a new law will soon enable more opportunities for wine tastings and the retail sale of wine at farmers markets. The new law, Public Act 100 of 2013, clarifies the issuance of a permit by the Michigan Liquor Control Commission (MLCC) for tastings at a farmers market.

Previously under the Michigan Liquor Control Code, a licensed winemaker could only sell wine directly to customers in a licensed restaurant owned by the winemaker, where the winemaker was licensed to manufacture wine, or through direct shipment. Tastings were permitted in a restaurant owned by the winemaker, on licensed manufacturing premises, and on the licensed premises of a merchant licensed to sell beer and wine for off-premise consumption.

Under the new law, winemakers who produce up to 5,000 gallons of wine per year can purchase a \$25 annual permit for each farmers market location. Permits require local approval from both the local law enforcement agency where the farmers market is located and the manager of the farmers market. Permits are limited to one permit for each 1,500 of population in the county where the farmers market is located and no more than five separate sites per applicant at one time. Current restrictions for sites within 500 feet of a church or school do not apply to these permits, which are non-transferable.

Under the requirements enacted, tastings and sales are limited to an area defined and clearly marked (as prescribed by the MLCC) that is under the control of the permit holder and verified by the manager of the farmers market. Tasting samples are limited to three two-ounce servings or less of wine per customer within a 24-hour period. PA 100 also requires that employees conducting tastings and sales must have completed an MLCC-approved server training

program. Further, sales and tastings are limited to the stock of the permit holder, and all wine must be removed from the premises immediately after the farmers market concludes.

The new law, sponsored by Sen. Goeff Hansen (R-Hart Twp.), becomes effective Sept. 1, 2013—60 days after it was signed by the governor. Preliminary estimates expect 60 percent of Michigan’s winemakers will utilize the new permit.

Governor signs wetland overhaul legislation

Legislation overhauling the state’s wetland program was signed by the governor and has immediate effect. Public Act 98 of 2013 makes numerous changes to the Michigan Natural Resources and Environmental Protection Act by altering regulations for inland lakes and streams, wetlands, and Great Lakes submerged lands. Legislative action came in response to a U.S. Environmental Protection Agency (EPA) audit that found several deficiencies in Michigan’s administration of the wetland program. It is yet to be determined if EPA will accept all of the changes, especially the various permit exemptions, included under the new law.

The new act limits the Department of Environmental Quality (DEQ) inland lakes and streams authority to “navigable waters” and “waters of the United States.” The Legislature will have the responsibility to determine whether additional regulation is needed to protect the state’s waters.

The law also provides for and clarifies many exemptions from obtaining a permit. For example, maintenance of an agricultural drain does not need a permit if the maintenance only includes activities that maintain the location, depth and bottom width of the drain as constructed or modified before July 1, 2014, and if the maintenance is performed by the landowner.

Further, the DEQ is required to develop a general permit for drains established under the Drain Code that must be in place by Dec. 31, 2013. It will allow a drain commissioner or drainage board to submit an application for authorization on a county-wide basis. A drain commissioner or drainage board must then submit a report to the DEQ detailing the names of the drains where activities were performed under the general permit by Dec. 31 of each year.

A permit is no longer required for maintenance of a public street if the maintenance does not include modifications changing the original location or footprint, and it is done in a manner that minimizes adverse effects to the wetland. Wetlands created incidentally due to certain activity are



exempt from regulation, including excavation of minerals and gravel mining. Also exempted are areas that become contiguous to water bodies created by commercial excavation of sand, gravel or mineral mining from regulation based solely on the reason that it is contiguous to the newly created water body.

The compensatory wetland mitigation process is also altered as the DEQ must consider several specific factors in determining the mitigation ratio. The DEQ is also required to submit revised rules on mitigation for informal review within one year of the effective date of the act and to establish a wetland mitigation bank funding program to provide grants and loans to eligible municipalities to help establish local mitigation banks.

Finally, the last major change states that should the EPA determine that Michigan is no longer eligible to administer the wetland program, then Part 303 (wetland protection) of the Natural Resources and Environmental Protection Act would be repealed 160 days after the effective date, as published in the federal register. This would then put into question not only the future of state wetland regulation but also local ordinance regulation of wetlands less than five acres in size.

Additional law allows for faster, cheaper harbor dredging

At the end of June, Gov. Rick Snyder signed additional legislation allowing harbor dredging work to be completed

faster and at a lower cost. Public Act 87 of 2013, sponsored by Sen. Tom Casperson (R-Wells Twp.), complements a series of new acts to open the state's harbors due to record-low Great Lakes levels experienced this spring.

PA 87, which has immediate effect, permits open water disposal of non-contaminated dredge materials under certain conditions through amendments to Parts 301 (Inland Lakes and Streams) and 325 (Great Lakes Submerged Lands) of



the Natural Resources and Environmental Protection Act. Open water disposal in a Great Lake could only occur in waters at the 30-meter depth contour or deeper. Open water disposal is prohibited in: 1) Great Lakes Bottomland Preserve, 2) a permitted submerged log removal area, or 3) a lake trout refuge.

Permits issued for dredging or to place dredged spoils on bottomland are valid for five years. During the term of the permit, the Department of Environmental Quality (DEQ) is prohibited from requiring additional environmental studies or surveys unless an "act of God" resulted in significant changes to the permitted area. The act further stipulates applications under both Parts 301 and 325 must be processed by the DEQ within 60 days.



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Funding capital improvements

In the course of providing services to residents, township boards are often faced with the challenge of funding capital improvements, which can vary widely from purchasing a new computer or fire truck, to building a new fire station, library or township hall, to participating in a road paving program or installing water and sewer lines.

As infrastructure ages, local officials must grapple with the issues of replacing capital assets, meeting new needs and deciding how to fund these projects—many of which require large amounts of money.

For the past few years, these planning decisions and challenges have been considered by townships against a backdrop marked by an economy in recession, depressed housing values, the appointment of emergency financial managers for financially troubled Michigan municipalities and school districts, and the recent bankruptcy filing by the City of Detroit. These events, and others, have led to greater scrutiny and regulation of the borrowing of money by local governments for capital improvements and other public purposes.

Fortunately, the great majority of Michigan townships are conservatively run and financially healthy, and, as a result, despite regional and national economic issues, are in a favorable position to proactively plan for the replacement of aging infrastructure and the acquisition of new capital improvements needed for the effective and continued provision of township services.

This article will help township officials meet funding challenges by examining the available options for townships to pay for capital improvements. The laws that authorize townships to borrow money and issue debt instruments are also highlighted.

Capital improvement planning fosters efficient use of funds

Advance planning is the single best tool township officials can employ to develop an overall township strategy of when—and how—to acquire and fund capital improvements for which there is an identified local need.

The Michigan Planning Enabling Act, which became law in 2008, authorizes a township, in coordination with its planning commission, to develop and adopt a master plan. The master plan, in part, is required to address such present and future land use and infrastructure issues as public safety, transportation, sanitary sewer, public water, drainage, open space, public buildings and other public improvements. (MCLs 125.3807 and 125.3833) Every five years after adoption of a master plan, the township planning commission is required to review the master plan and determine whether it should be amended or replaced by a new master plan. (MCL 125.3845(2))

If a township with a master plan also owns or operates a water supply or sewage disposal system, the township is required to annually prepare a written capital improvement program (CIP) for public structures and improvements, in order of priority, that will be “needed or desirable and can be undertaken within the ensuing six-year period.” (MCL 125.3865) The planning commission annually prepares the CIP (unless exempted by the township board), and often is assisted in this task by township officials or consultants.



Advance planning is the single best tool township officials can employ to develop an overall township strategy of when—and how—to acquire and fund capital improvements for which there is an identified local need.

To be most effective, the CIP should discuss the sources and means of acquiring and financing the capital improvements identified in the CIP.

Even if a township does not own or operate a water supply or sewage disposal system, it is well advised to prepare an annual CIP.

To effectively enable a township to adequately anticipate and plan for necessary capital improvements, the preparation of the CIP should be coordinated with the township's annual budget process. A written financial plan and other CIP allows decision-makers to simultaneously scrutinize all alternatives and establish financial and other priorities based on a rational selection process. Consequently, a township board can effectively use scarce township dollars.

Long-term CIP planning is especially warranted for water and sewer utilities and projects that require cooperation with neighboring communities, such as joint fire departments, district libraries and similar long-term infrastructure needs identified in the township master plan.

The Michigan Planning Enabling Act prohibits a township with an approved master plan from constructing or authorizing for construction, in an area covered by the master plan, a street, square, park, playground, public way, ground or other open space, or a public building or other structure unless the township board first submits the proposed public improvement to the planning commission for approval of the "location, character and extent" of the proposed public improvement. (MCL 125.3861(1)) This often-overlooked requirement is intended to ensure that proposed public improvements conform to the master plan and that the planning commission is aware of the improvements before they are constructed. If the planning commission disapproves a

Editor's note: In the past several years, there have been numerous changes in the legal and regulatory requirements for capital improvement planning and funding. This article is intended to update a series of articles originally published by this author in the September 1999 Michigan Township News and updated in the June 2005 Michigan Township News.

Visit MTA's Capital Improvement Planning Web page, on the members-only section of www.michigantownships.org, for the 2005 article and additional resources.

cover story

township project, a vote of the township board is required to override that action. If the planning commission fails to act within 35 days after the submission of a proposed public improvement project by the township board, the project is considered to be approved by the planning commission.

Options to fund capital improvements

There are a variety of sources available to townships to fund capital improvements. While legal, political and economic constraints determine the most appropriate financing method, careful planning may leverage existing township revenues to meet the needs of township residents. If borrowing is required, township officials should proceed cautiously to ensure that all applicable state and federal requirements are strictly met. The following are common approaches to funding capital outlays:

Grants. Among the best ways to fund a capital improvement is to use federal, state or private grant funds, if available. Capital improvement plans may help townships successfully apply for grants. Funding entities award most grants on a competitive basis, and applicants must often prove a greater need than that of other communities seeking the grant. Having a project identified in a CIP demonstrates that the township identified the project as a priority, and that township officials have a level of professional administration and governance to carry out a project.

The State of Michigan administers many grant programs for a variety of public improvements. These grant programs can be accessed via the state's website, www.michigan.gov. Federal grant programs typically utilized by townships include the U.S. Department of Agriculture Rural Development program for water and wastewater systems for rural communities with populations of 20,000 or less.

Current township funds. Typically, the next best source of capital improvement funding is to use current township surpluses or accumulated fund balances. It may be possible to fund small capital acquisitions entirely from the current budget. This pay-as-you-go method does not incur interest charges on borrowed funds or the legal and accounting costs associated with incurring debt. To fund larger capital improvements, townships can earmark surplus revenues by transferring money to a capital improvement fund or by adopting a resolution to restrict some of the general fund equity. For instance, some townships successfully pay cash for fire trucks by setting aside funds each year into a segregated fund.

Extra-voted millages. Some townships levy an extra-voted millage for specified types of capital improvement projects. This method is often used to fund township road paving projects or purchase fire apparatus. The money raised from a voted millage may be used to directly fund a

pay-as-you-go program—to pave one mile of road per year or to accumulate funds over several years to fund a cash purchase of fire turnout gear, for example. If the township cannot wait long enough to accumulate the funds necessary for a cash purchase, and if authorized by the terms of the ballot proposal, extra-voted millage can be used to pay principal and interest on a bond issue or an installment purchase agreement used to fund a current capital purchase.

Special assessments. Special assessments provide a useful method of raising money from properties that receive a special benefit from capital improvements. Townships can only levy special assessments for purposes specifically authorized by statute. For instance, the Township Public Improvement Act, Public Act 188 of 1954 (MCL 41.721, *et seq.*), authorizes special assessment districts for storm and sanitary sewers, water mains, public and private roads, lighting systems, sidewalks, aquatic weed control and other special improvements. PA 33 of 1951 (MCL 41.801, *et seq.*) authorizes townships to levy special assessments to purchase, house or operate police or fire equipment. Other statutes authorize special assessments for dust control, erosion control structures and public transportation, to name a few. Procedural requirements vary from statute to statute, and failure to follow them may make a special assessment voidable.

Once a special assessment is levied, if it is payable in a single installment by the benefited property owners, the proceeds may be used as cash to fund capital improvements on a pay-as-you-go basis as the costs are incurred. This approach is often used to provide street lighting. Alternatively, if the special assessments are payable in multiple annual installments, a township may borrow money, pledging the special assessments as collateral to repay the bonds. In this case, the proceeds of the bond issue are used to fund the project.



Borrowing. In general, if a township does not have grant funds or sufficient cash on hand to pay for capital improvements, or is unable to anticipate revenue sources to generate cash to fund a pay-as-you-go purchase, the township must consider borrowing money to fund its capital improvements.

The authority for townships to borrow money and incur debt must be provided by a specific law. According to the 1963 Michigan Constitution, Article 7, Section 17, “Each organized township shall be a body corporate with powers and immunities provided by law.”

MCL 41.3 states that general law township boards or a township officer “shall not create a debt or liability against the township ... unless the creation of the debt or liability or the payment of money has been authorized by vote of the registered electors of the township or by law.”

MCL 42.14a states that a charter township “(1) ... may borrow money and issue bonds on the credit of the township for the purpose of constructing or otherwise acquiring a public improvement ... (2) Bonds shall not be issued, except special assessment bonds, bonds for the township portion of local improvements, and bonds which the township board is authorized by a specific statute to issue without vote of the electors, unless approved by a majority of the electors voting at a general ... election.”

Charter townships are limited in the amount of net indebtedness incurred to 10 percent of the total township assessed valuation. (MCL 42.14a) Net indebtedness does not include several types of bonds, including special assessment and revenue bonds. General law townships are not statutorily constrained as to the overall amount of bonded indebtedness allowed. However, separate limitations are set for certain types of financing. For example, a maximum limit of 5 percent of assessed value applies to certain general obligation bonds.

In the context of funding capital improvements, authorization “by law” means an express statutory provision that authorizes a township to incur a debt by borrowing money and issuing bonds, notes or other types of debt such as an installment purchase agreement. As a general rule, a township may not borrow money or incur debt unless expressly authorized by a statute and a vote of the township board. In some circumstances, the borrowing of money or incurring of debt by a township may also be subject to a right of referendum or the approval of a ballot proposal by township voters.

State government regulates borrowing

The Revised Municipal Finance Act (MCL 141.2101, *et seq.*) directs the Michigan Department of Treasury to regulate township and other municipal borrowing, with an overriding goal of protecting state taxpayers, and the credit of the state and local municipalities.

To engage in most types of borrowing, with installment purchase agreements being a notable exception, a township must, as a general rule, be pre-qualified on an annual basis to issue “municipal securities” (i.e. bonds, notes and other types of debt). Eligibility for “qualified status” is dependent upon compliance with statutory criteria indicative of a financially “healthy” township, including filing an annual audit, or biennial audit as applicable, within six months after close of the township’s fiscal year (or, if an extension to file the annual audit has been approved, within the extension period).



Scheduling township elections for capital improvement projects

Certain types of township bond issues are either subject to right of referendum, which may lead to an election if sufficient petitions are signed by township voters, or must simply be approved by township voters before the bonds may be issued. A township that wishes, or is required, to submit a ballot proposal to its electors must do so at one of the four regular elections each year to be held in February, May, August and November.

In scheduling an election on one of the four election dates, a township should determine if it will be competing with ballot proposals submitted by overlapping units of government, such as school districts, for voter approval. This could lead to township voters picking and choosing whether to support a school bond proposal or a township bond proposal. Townships may wish to identify a regular election date when the township proposal may be the only item on the ballot.

To obtain qualified status, a township must file an annual qualifying statement within six months after the end of its fiscal year. If the qualifying statement is filed after this time, a \$100 late fee will be assessed. The qualifying statement must be filed electronically with the Michigan Department of Treasury in accordance with newly updated procedures established by Treasury Bulletin No. 6 effective May 1, 2013. While not required, townships are strongly encouraged to request their auditors to coordinate the filing of a qualifying statement each year at the time the township audit is filed.

Reasons why a township may be denied “qualified status” include failure to file its audit within six months after the end of the township’s fiscal year, ending the fiscal year with a deficit in any fund, borrowing money in violation of state law (such as obtaining a commercial loan from a bank to finance a purchase or project, which is not permitted under state law), having total delinquent taxes greater than 18 percent of the total taxes levied by the township, and defaulting on the payment of any debt.

Municipalities that are denied qualified status are subject to a longer, more extensive case-by-case prior application review by the Department of Treasury before being approved to borrow money. This lengthier process can typically add several weeks or more to the process of issuing bonds.

Moreover, the statutory fee structure imposed by the Revised Municipal Finance Act imposes a higher fee—a

cover story

minimum of \$800 and maximum of \$2,000—per bond issue for a municipality subject to the prior approval process. In contrast, a township with qualified status is subject to a minimum fee of \$100 for a bond issue of up to \$500,000, and a maximum fee of \$1,000 for bond issues of \$5 million or more.

The Revised Municipal Finance Act authorizes several types of municipal borrowing pertinent to the funding of capital improvements, including capital improvement bonds, bonds to fund county drain assessments, and short-term notes issued in anticipation of bond proceeds and grant proceeds. The act regulates other aspects of township borrowing, including the structure, features and method of a bond issue sale, including negotiated sales, ability of township officials to approve the final terms of bond issues within preset limits authorized by the township board, levy of voted debt millage, debt retirement funds set aside to repay the loan, transfer of surplus debt retirement fund monies after payment in full of a bond issue, and refunding/refinancing outstanding debt.

In 2012, the Revised Municipal Finance Act was amended to permit townships and other municipalities to borrow money and issue municipal securities to fund certain unfunded pension and accrued health care liability, subject to rigorous guidelines including a requirement that a township considering such a financing be rated AA or higher by a nationally recognized rating agency.

If a township fails to pay scheduled debt payments, the state treasurer has broad powers under the Revised Municipal Finance Act to investigate the township's fiscal affairs and develop a payment plan for the defaulted debt.

Federal government also regulates township borrowing

The Internal Revenue Code of 1986 provides an indirect “subsidy” to townships by making the interest paid on township bond issues exempt from federal income tax, if the requirements of the Internal Revenue Code are met. This generally enables townships to borrow money at more favorable interest rates than private individuals or businesses.

Federal tax law requirements are very extensive and regulate all aspects of municipal borrowing, including the amount that may be borrowed, when loans should be incurred, how townships must handle loan proceeds before they are expended, how townships should handle money set aside to repay the loan, and how existing bond issues can be refinanced.

Over recent years, the Internal Revenue Service has conducted audits of municipalities to determine compliance with federal tax requirements. In addition, the IRS has paid an increasing level of attention to compliance by townships and other municipalities with federal tax requirements that apply after the issuance of a tax-exempt bond. In late June 2013, the IRS issued Publication 5091, which outlines the need for compliance with post-issuance federal tax requirements; non-compliance could cause bonds or notes to lose their tax-exempt status. In addition, Publication 5091 encourages

issuers of tax-exempt obligations to adopt written procedures to promote post-issuance compliance. Townships that issue tax-exempt debt should consult with bond counsel to ensure they maintain compliance with all applicable requirements.

Arising out of the recent sequestration—budget and federal debt limit negotiations that dominated the U.S. Congress in recent months—have been several proposals to modify or totally eliminate the tax-exempt status for municipal obligations, including township bonds, notes and other types of debt instruments. If tax-exempt status is not available for a township obligation, a township should still be able to borrow money at interest rates that are taxable under federal tax law. However, this, in all likelihood, will increase the interest rate townships will have to pay on borrowed funds. As of *Township Focus* press time, this subject remains hotly debated and townships considering funding capital improvements are well advised to monitor these developments—which could impact the interest rate at which a township may be able to borrow money, thus affecting the project cost.

In addition to federal tax exemption, interest on Michigan municipal bonds, notes and other debt instruments is also generally exempt from State of Michigan income taxation.

Because township bonds and other loan obligations are securities, they are also regulated by federal securities laws. While municipal bonds, as a general rule, do not have to be registered with the Securities and Exchange Commission—like stock offerings or other corporate securities—a township, when proposing to borrow money, must provide all material information to the lender or potential bond purchaser that a

Consultants can assist with borrowing

A bond attorney can help a township comply with the legal requirements for borrowing money and selling bonds, as well as provide a written legal opinion that the bonds are valid and the interest paid is exempt from federal and state income taxes. A bond attorney also typically assists the township in preparing applicable resolutions, ordinances, election proceedings, public hearing notices and other matters related to financing capital improvements. The favorable written opinion of a bond attorney is routinely required to be provided by a township to the purchasers and/or underwriters of township bond and note issues.

A registered municipal advisor can help a township determine the best method of financing a proposed project, file the paperwork and applications required by the Michigan Department of Treasury, and determine whether a bond issue should be insured by a municipal bond insurer or if the township should secure ratings from one or more major rating agencies. The advisor can also prepare recommendations for user rates that need to be implemented to repay a bond issue for a township water or sewer system, and also assists with the sale of the bonds.

reasonable investor may need to decide whether to invest in a township bond issue. These requirements are more extensive when a township borrows more than \$1 million in a single transaction.

In reaction to the financial downturn over the last four to five years, the Dodd-Frank Wall Street Reform Consumer Protection Act was signed into federal law in July 2010 and contains some of the most significant changes to financial regulation since the Great Depression of the 1930s. The Dodd-Frank Act has affected the municipal bond industry with such direct and indirect effects as requiring municipal advisors to be registered with the Municipal Securities Rulemaking Board. Ironically, the definition of a “municipal advisor” has still not been finalized; however, proposed SEC rules exclude attorneys providing legal advice or traditional legal services and engineers providing engineering advice. In addition, underwriters for negotiated offerings of municipal securities are now required to provide broad disclosures to local governmental bond issuers. Also, the SEC issued a comprehensive report on the municipal bond market in August 2012 with a heavy emphasis on the need for better disclosure of financial information of municipalities issuing municipal debt. Consistent with the Dodd-Frank theme, the government’s goal with these and other changes is to minimize defaults on municipal obligations and thereby protect investors that purchase municipal bonds and notes.

Numerous borrowing methods are available

Michigan law provides a number of alternative methods for townships to finance local public improvements. There are more than 30 enabling statutes that authorize townships to borrow money and issue debt instruments for various types of public improvements. Township borrowing may take the form of a bond, note, installment purchase agreement or lease purchase agreement. A debt instrument establishes the township’s obligation to repay a specific sum of money at a specific interest rate on specified dates. Typically, the sources of repayment and type of collateral pledged to secure repayment are also specified in the debt instrument.

Types of debt instruments, which may be issued by or on behalf of townships, include the following:

General obligation bonds. These bonds are backed by the authority to raise taxes. The Michigan Constitution and Unlimited Tax Election Act (MCL 141.161, *et seq.*) require all general obligation bonds supported by an increase in millage over allocated or charter limits to receive prior voter approval. Sometimes called “full faith and credit” bonds, these bonds pledge tax revenues to the bond purchaser to satisfy the debt. General obligation bonds are generally viewed by potential municipal bond investors as the most secure debt instrument and, therefore, bear the lowest interest rates.

PA 116 of 1923 (MCL 41.416, *et seq.*) authorizes general law townships to issue general obligation bonds to finance township halls, fire stations, libraries and other township public buildings. The bonds may not exceed 5 percent of a township’s assessed value. PA 359 of 1947 (MCL 42.14a, *et seq.*) authorizes charter townships to finance these same improvements.



PA 111 of 1956 (MCL 247.351, *et seq.*) authorizes townships to issue general obligation bonds to fund highway improvements, including bridges, drains and traffic control devices. Improvements are made by the county road commission pursuant to a contract with the township. Bonds cannot exceed 10 percent of the township’s assessed value.

General obligation bonds are a good way to finance improvements if the township needs a millage increase to repay debt service on the bonds. When voters approve a ballot proposal to issue the bonds, the township board can proceed with the capital improvement project with a high level of confidence that the project is supported by the public.

Capital improvement bonds. A township is authorized to issue capital improvement bonds under the Revised Municipal Finance Act (MCL 141.2517) to pay the cost of any capital improvement item provided that the principal and interest on the bonds is payable from existing sources of revenue, including currently authorized tax levies. Qualifying capital improvements include land and any item of real or personal property, which is subject to depreciation under generally accepted accounting principles.

The issuance of the capital improvement bonds is subject to a right of referendum, which is commenced by publication in a newspaper of general circulation in the township of an advertisement that must be at least a quarter-page in size and states the township’s intent to issue the bonds. If during the 45-day referendum period that follows publication, petitions are signed by not less than 10 percent of registered electors in the township and filed with the township clerk, the township may not proceed with issuance of the bonds until approved by a vote of the township electors at a township election.

Capital improvement bonds may not exceed 5 percent of the state equalized valuation of the township.

Revenue bonds. These bonds are backed by a specific fixed revenue source, such as user fees. The Revenue Bond Act, PA 94 of 1933 (MCL 141.101), does not require voter approval prior to issuing the bonds, unless a referendum petition is filed. The referendum period is 45 days following publication of a referendum notice, and petitions requesting



an election on issuing bonds must be signed by 10 percent of the registered voters of the township. If sufficient petitions are filed with the clerk, the bonds may not be issued until approved by voters at a township election.

Revenue bonds may be issued for many types of public improvements, including housing facilities, garbage and rubbish disposal, public water systems, sanitary and storm sewers, utility, cable television and telephone systems, parking facilities, hospitals, and bridges.

Typically, townships use revenue bonds to finance sewer or water systems that only service specified township areas. A revenue bond is excluded from the determination of the 10 percent debt limit applicable to charter townships.

Revenue bonds are a good way to finance eligible improvements without exposing the township's general fund to risk because the bonds are fully repaid by user fees. Since a township typically does not pledge its full faith and credit to back the payment of revenue bonds, these bonds often bear a higher interest rate than general obligation bonds.

Another disadvantage to using a revenue bond is that the right of referendum applies to all township residents even though the project may only benefit a portion of the township. For instance, a township may use revenue bonds to finance a sewer system installed around a lake area. While only those residents who live in the lake area benefit from the improvement, any township resident can sign a petition requesting an election to vote on the bond issue.

Special assessment bonds. A special assessment bond is used to finance the cost of improvements for which the township has levied special assessments against specially benefited properties. Typically, this includes establishing as a special assessment district an area of the township benefited by such improvements as a road improvement project or sewer system installation.

PA 188 of 1954 (MCL 41.721, *et seq.*) authorizes townships to issue special assessment bonds to fund public

improvements, including storm and sanitary sewers, public water systems, public and private roads, sidewalks, public parks, bicycle paths, lighting systems, and aquatic weed control. PA 33 of 1951 (MCL 41.801, *et seq.*) authorizes townships to issue special assessment bonds to fund the purchase and housing of police and fire equipment.

While it is typical to have the township pledge its full faith and credit to further secure special assessment bonds, the bonds may not be issued for an amount greater than the special assessment roll approved for the project. A special assessment bond is subject to voter approval if it exceeds 3 percent of the township's assessed valuation.

A township that proposes to specially assess the cost of sewer improvements around a lake, for example, may find that the size of the project causes the special assessment roll to exceed 3 percent of the township's assessed valuation—an annual limit for issuing special assessment bonds imposed by the Revised Municipal Finance Act. In this instance, rather than fund the project using special assessment bonds, which would be subject to an election to override the 3 percent limit, the township may consider using contract bonds to finance the project.

Contract/assessment bonds. These are bonds issued by a separate entity on behalf of the township, such as a building authority, a joint sewer and water authority, or the county. PA 31 of 1948 (MCL 123.951, *et seq.*) authorizes a township to incorporate a building authority, which may issue bonds pursuant to a contract with the township to finance and construct public buildings, parking lots, structures, recreational facilities and stadiums. The contract is subject to a right of referendum. Two or more townships may incorporate a joint building authority to finance a single project, such as a jointly funded fire station.

PA 233 of 1955 (MCL 124.281, *et seq.*) authorizes two or more townships or other municipalities to establish a joint authority, which may issue revenue or contract bonds for sewer and water systems. The contract supporting the contract and revenue bonds is subject to a right of referendum.

PA 185 of 1957 (MCL 123.731, *et seq.*) and PA 342 of 1939 (MCL 46.171, *et seq.*) authorize a county to issue bonds for public water and sewer projects pursuant to a contract with the township. An Act 342 contract is subject to a right of referendum; an Act 185 contract is not. Deciding whether to request a county to issue bonds under Act 185 or Act 342 for a water or sewer project can depend on whether the township wants to avoid a referendum petition or be subject to a right of referendum. A township considering an Act 342 project may be concerned that any registered township voter may sign a referendum petition or vote in an election even if the project only includes a small portion of the township to be served by a sewer system, for example.

Contract bonds are a good way to finance improvements if a township is limited by the 3 percent annual limit on special assessment bonds. A township can also combine different revenue sources—such as special assessments, rates and

charges—to repay bonds. Bonds issued by a county are particularly attractive to a township because they can generally be sold at lower interest rates than a similar township issue, thereby benefiting township residents and property owners.

Assessment bonds are issued by a county drainage district for storm sewers under the Drain Code of 1956 (MCL 280.1, *et seq.*). The drain proceedings may be commenced by a township petition, and in turn, the township receives a drain assessment for the cost. The township can levy special assessments on benefited properties to defray the county drain assessment.

Tax increment bonds. Tax increment financing funds public improvements, infrastructure or other activities within a designated area or district in a township. As industrial, commercial or other property growth occurs in the district, the assessed property valuations and property taxes increase. Subject to specified limitations, a tax increment financing authority “captures” from the local taxing units the additional ad valorem property tax revenues resulting from the increase in taxable value to pay the cost of completed or future improvements, or to pay off bonds issued to finance the improvements.

Townships, within specified statutory limits, may utilize tax increment financing under a variety of state laws. Options include establishing a downtown development authority authorized by PA 197 of 1975 (MCL 125.1651, *et seq.*), a local development finance authority authorized by PA 281 of 1986 (MCL 125.2151, *et seq.*), a brownfield redevelopment authority, authorized by PA 381 of 1996 (MCL 125.2651, *et seq.*), a corridor improvement authority authorized by PA 280 of 2005 (MCL 125.2871, *et seq.*) or a water resource improvement tax increment finance authority authorized by PA 94 of 2008 (MCL 125.1771, *et seq.*). The specific requirements of each act must be carefully implemented to create a valid authority and position a township to use tax increment financing.

Installment purchase contracts/agreements. PA 99 of 1933 (MCL 123.721, *et seq.*) authorizes townships to enter into contracts or agreements to purchase real or personal property for public purposes on an installment basis without qualification or approval under the Revised Municipal Finance Act. The installment contract is limited to 15 years or the useful life of the acquired property, whichever is less. The outstanding balance of these contracts cannot exceed 1.25 percent of a township’s taxable value. Such contracts are not subject to election or right of referendum.

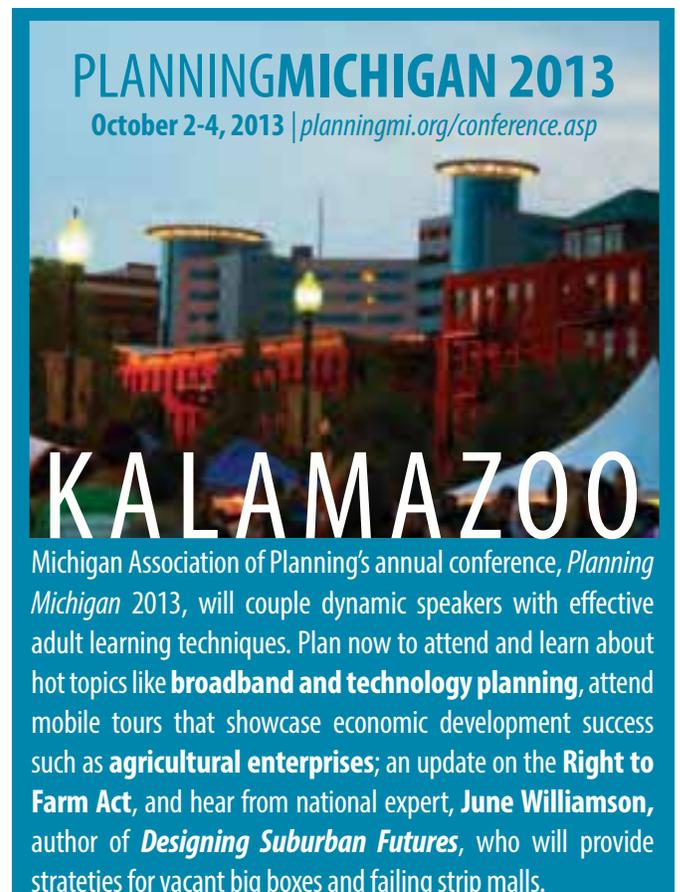
An installment purchase agreement or contract is a flexible way to finance real and personal property for relatively small capital acquisitions, provided that a local bank or the equipment vendor is willing to provide financing. Using an installment purchase agreement or contract to borrow money is typically more expedient and less expensive to implement than a township bond issue.

Title retaining/secured contracts. PA 205 of 1964 (MCL 141.451, *et seq.*) allows townships to purchase fire trucks, apparatus and equipment by entering into title retaining or secured contracts. The contracts cannot exceed six years or the estimated useful life of the purchase, whichever is less. State qualification or approval under the Revised Municipal Finance Act is not required.

This method is an effective way to finance fire equipment if the equipment vendor requires that it retain title until receiving payment in full of the debt. The disadvantage is that the loan must be paid off in six years or less. In contrast, using an installment purchase agreement under PA 99 provides the township the useful life of the equipment, if longer than six years, to pay off the debt.

Short-term anticipation note borrowing. The Revised Municipal Finance Act provides several methods for townships to issue short-term notes in anticipation of permanent financing. A township may issue bond anticipation notes in anticipation of the proceeds of a long-term bond issue. The notes may be sold for a maximum term of three years and may not exceed 50 percent of the principal amount of the proposed bond issue. The notes must be paid within 60 days after the bonds are issued. Bond anticipation notes may be considered when the township does not have adequate funds on hand to pay consultants to design an extensive project, such as a sewer system, but the township does not want to sell the long-term bonds until the project is designed and construction bids are received. (MCL 141.2413)

The Revised Municipal Finance Act also authorizes short-term notes to be issued in anticipation of the receipt of state or federal grants. These notes may be issued for up to 50 percent of the amount yet to be received from the grant, provided that a written grant contract has been accepted by the township board. The notes are secured by a pledge of the grant proceeds. (MCL 141.2415).



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More than one way to fund a capital improvement

As noted, there are many statutes which authorize townships to fund various types of capital improvements. It is often important for a township to select the right statutory alternative to fund a capital improvement that best fits the situation. For example, in deciding to build a new township hall, the township board may want to submit a ballot proposal to township electors to vote on the question or, in the alternative, the township board may wish to submit a ballot proposal to township electors only if a sufficient amount of township electors circulate a petition pursuant to a right of referendum. As another alternative, the township board may simply decide that the elected township board should make the decision without affording an opportunity for a township-wide vote.

Refunding existing debt may help

Over the past year or two, interest rates on municipal bonds and notes have been at or near historical lows. As a result, many townships and other municipalities have taken advantage of these low rates by refinancing existing bond issues and other debt by issuing new “refunding bonds.” The general rule for refinancing bond issues is provided by the Revised Municipal Finance Act (MCL 141.2611) which, in effect, requires that a township shall not refinance any part of its outstanding debt unless there is savings demonstrated when

the annual debt service requirements (i.e. principal and interest) on the new refunding bonds, including the cost of issuing the new refunding bonds, are compared to the debt service requirements on the higher interest rate debt that has been refinanced. Townships have taken advantage of refinancing by refunding existing debt to lower their annual requirements to pay principal and interest and, to thereby free up cash that can then be reallocated to fund the cost of capital improvements either on a pay-as-you-go program or by covering all or a portion of the cost of debt service on new bonds issued to fund capital improvements.

Providing services residents deserve

With the proper use of capital improvement planning and funding tools, townships, even in economically challenging times, can consider how best to provide the services and functions that their residents and community expect and deserve.



James K. White, Attorney
Mika Meyers Beckett & Jones PLC,
Grand Rapids

Contact White at (616) 632-8000 or via email at jwhite@mmbjlaw.com.

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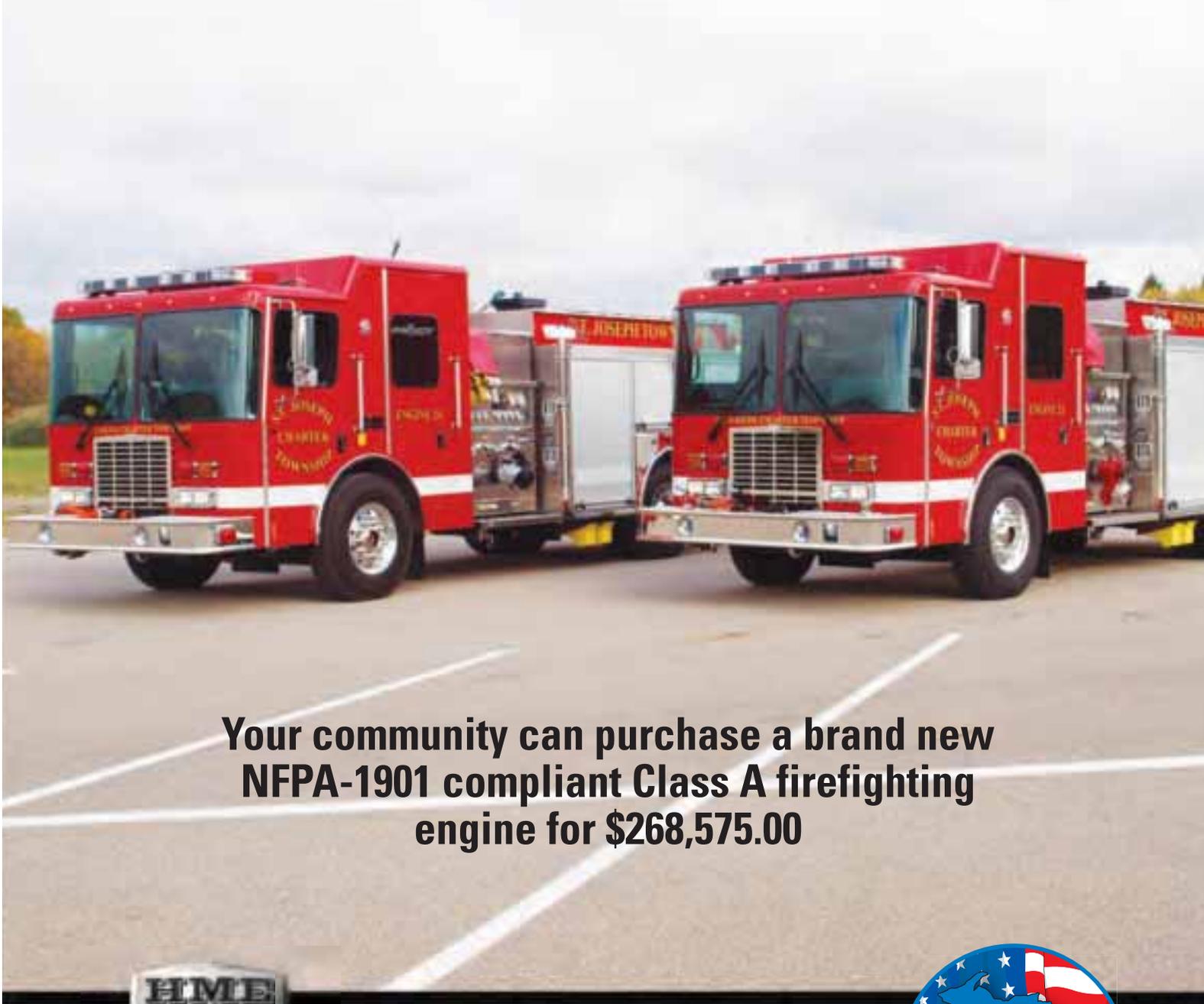
Our Local Government Law practice group works with local governments and public authorities to ensure the efficient and cost-effective delivery of vital public services. We provide specialized legal expertise in areas as diverse as zoning and land use planning, bond issues, special assessments, tax increment financing, DDA's and other public authorities, labor contracts and arbitration, employee benefits, elections, environmental regulation and many other matters affecting local governments. For more than 50 years, skilled Mika Meyers attorneys have helped public-sector entities meet the ever-increasing demands of their constituents and communities.

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August workshops delve into the budgeting process, and planning and zoning

MTA brings two hard-hitting topics to locations around the state in August. Join us for one—or both—workshops, depending on your interest.

Navigating the Budgeting Process

From developing and adopting, all the way through monitoring a budget, join financial experts David Williamson, CPA, author of *Township Focus'* popular *Financial Forum* column, and Jim Beelen, MTA Member Information Services liaison, as they walk through a year in the life of a township budget. Explore common areas of confusion and misunderstanding including the General Appropriations Act, as well as using, amending and monitoring the budget.

Learn strategies for scrutinizing your budget at various points throughout the cycle to ascertain if it is on target and determine what adjustments can be made to keep it in compliance.

Registration and continental breakfast begin at 8:30 a.m.; the class is held from 9 a.m. to 4 p.m., and includes a networking lunch, served at noon. Dates and locations are:

Aug. 20: Radisson Plaza, Kalamazoo

Aug. 21: Holiday Inn, Big Rapids

Aug. 26: Bavarian Inn Lodge, Frankenmuth

Aug. 27: Otsego Club, Gaylord

Aug. 29: Holiday Inn, Marquette

Summer Evening Planning & Zoning

Even the best master plans and zoning ordinances eventually become outdated. Periodic review and revision are essential. Gain insight into the process of coordinating your master plan and zoning ordinance along with the procedures for amending. This evening workshop also tackles hydraulic fracturing or “fracking,” which has become a hot-button issue in many townships. Learn practical approaches to those aspects of oil and gas extraction that townships can regulate or negotiate.

Registration, along with a networking dinner, begins at 4 p.m.; the class is held from 5 to 8 p.m. on:

Aug. 20: Radisson Plaza, Kalamazoo

Aug. 26: Bavarian Inn Lodge, Frankenmuth

Aug. 27: Otsego Club, Gaylord

Double-header offers more bang for your buck

Three locations offer the opportunity to get both workshops, on the same day, at the same location, and save up to \$40 off regular rates. Join us in Kalamazoo, Frankenmuth or Gaylord and get both classes, including breakfast, lunch and dinner, at an affordable discounted rate. (Separate individuals from the same township may attend each workshop and obtain the discount.) See registration form for details.

Registration materials appeared in the July magazine. Download a registration form or register online at www.michigantownships.org, or call (517) 321-6467.



MTA regional meetings offer inside scoop

MTA On The Road regional events are a great opportunity to connect with fellow officials, get the inside scoop on issues impacting townships, and visit with MTA staff and vendors, all at one convenient location. Dates and locations are:

Oct. 1: Kensington Court Hotel, Ann Arbor

Oct. 2: Bavarian Inn Lodge, Frankenmuth

Oct. 3: Hilton Airport, Grand Rapids

Oct. 4: Holiday Inn West, Kalamazoo

This year's tour features breakout sessions offering insights into money matters, and on conducting awesome board meetings. We'll offer strategies to help you find the most efficient use of your limited township resources AND demonstrate how to position your board to maximize its influence and effectiveness.

Registration brochures will be mailed this month, or visit www.michigantownships.org for more information.

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MTA County Chapters: Reserve your Annual Conference hospitality suite by Sept. 27

Is your MTA County Chapter interested in hosting a hospitality suite during the MTA Annual Educational Conference & Expo, being held Jan. 28-31, 2014, at the Grand Traverse Resort in Traverse City? Hospitality suites can provide an ideal spot to network with fellow township officials after a long day of classes. A limited number of hospitality suites are available to rent during the Conference.



Reservations for MTA County Chapter suites should be made by Sept. 27 as unused suites will be made available to sponsors and exhibitors after this date, and availability is not guaranteed. Several different types of suites are available at the host hotel, the Grand Traverse Resort, at discounted rates.

To make a reservation or for more information, call (517) 321-6467 or email kristin@michigantownships.org.

NOTE: All suite reservations must be made through MTA. Do not contact the host hotel directly, as the hotel staff will be unable to assist you.

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upcoming MTA workshop

REGISTRATION INFORMATION

Fire protection class examines hot issues

Providing fire protection may be one of the more complicated—and most important—services your township provides. Residents demand comprehensive fire protection, and state and federal mandates require fire departments to meet high standards of training and safety. MTA can help you gain a better understanding of the myriad of hot issues facing your fire department.

Join us in September for a full-day event that offers strategies (and incentives!) for keeping joint service agreements updated, establishing new agreements and achieving an equitable allocation of costs between the parties. Delve into cost recovery ordinances and clear the air on fire board authority, who to bill and for what.

After lunch we'll examine compensation, one of the leading trouble-spots for townships across the state. Discuss wages for full-time firefighters, evening rates, how on-call status impacts wages and frequency of pay. Whether classified as volunteers, on-call or paid on-call, township firefighters are considered employees for federal tax purposes and their wages should be reported on Form W-2, subject to federal tax withholdings. Learn how to apply these laws (and more!) on payment of wages for volunteer full-time and part-time firefighters.

Round out the day with an explosive session on how legislation legalizing fireworks has impacted fire departments. Learn how this effects procedures for issuing permits and discuss options for formalizing how your township handles permits. Identify township obligations, National Fire Protection Association standards and what requirements must be met before permits can be issued.

Registration, along with continental breakfast, begins at 8:30 a.m.

The class is held from 9 a.m. to 4 p.m., and includes lunch served at noon, on:

Sept. 23: Ramada Inn Conference Center, Lansing

Sept. 25: Treetops Resort Conference Center, Gaylord

Cancellations & Substitutions

Written cancellation requests received at the MTA office by Sept. 9 will receive a full refund. No refunds will be issued thereafter. You may substitute another individual from your township for your registration at any time without incurring a charge; please notify MTA of the change.



Registration Form

Please check the location each individual will attend: **September** 23: Lansing
25: Gaylord

Township _____ County _____

Daytime Telephone _____ Email Address _____

Name & Title _____

Name & Title _____

Name & Title _____

Name & Title _____

REGISTRATION RATE*: \$119/attendee if registered **after** Sept. 9

DISCOUNTED RATE*: \$99/attendee if registered **by** Sept. 9

Save \$20/person by registering early!

# of Persons		Registration Fee		Total
_____	x	_____	=	_____

*Rates apply to MTA members. Non-members, call for rates.

NOTE: Payment must accompany form in order to be processed.

- Check enclosed (payable to MTA)
 Charge to: (circle one) MasterCard VISA

_____ / _____

Card # _____ Expires _____

Print Card Holder's Name _____ Signature _____



Send your completed registration form with payment to MTA, P.O. Box 80078, Lansing, MI 48908-0078;
 fax: (517) 321-8908. Or register online at www.michigantownships.org.

aroundthe**state**

townships in the spotlight



kayaking and fishing. Along the river route is the Drayton Plains Nature Center, a 137-acre park that features four miles of trails, woods, ponds, streams and a prairie. The fish hatchery on site is used by the Michigan Department of Natural Resources to hatch walleye and other fish. Also on the river is the Fish Hatchery Park, which contains the Waterford Historic Village. The village includes some original buildings, some exact replicas, and some representations of what the buildings would have looked like in the early 1900s as progress and prosperity brought Waterford Charter Township

Waterford Charter Township



If you travel to the center of Oakland County, you will find yourself in **Waterford Charter Township**. For those seeking lakes, there are 34 of them.

Looking for natural beauty? There is a 137-acre preserve. Want to explore history? You can visit the historic village. Need to get out of town fast? There is an international airport. For those looking for a family-friendly place to visit or live ... welcome to Waterford Charter Township!

Waterford Charter Township became a township in 1834 when the Northwest Territory was created, and today is one of the state's largest townships with a population of 71,707.

The community has been a destination for "urban dwellers" for decades. The township's lakes drew people to the area for recreation, and as a result, a community of summer cottages was created alongside the existing permanent residences. Over the years, these cottages have been upgraded or replaced with year-round residences that still take advantage of the beauty and recreation that the lakes provide. Dodge Park on Cass Lake and Pontiac Lake offer boat launches, beaches and picnic areas, as well as boat launch sites for access to Loon Lake, Crescent Lake, Maceday/Lotus Lakes and Lake Oakland.

The township is bisected by the Clinton River from the northeast to the southwest. The river is popular for canoeing,



successfully into the next century.

The housing in the Waterford area offers something for everyone: there are subdivision homes perfect for young couples; lakefront homes for the active lifestyle; homes on acreage for the aspiring farmer; larger homes for growing families; and condominiums for the empty nesters. The township also has a diverse business community. Office space, retail or sites for manufacturing, high-tech businesses, medical, and research and development are plentiful for growing businesses. The township offers a competitive tax structure and all the services one might expect from a progressive community.

Waterford Charter Township is the home of the Oakland County International Airport (OCIA), the 13th busiest general aviation airport in the world. OCIA was established in 1928, and currently offers charter passenger service and air freight service, as well as customs service. Some 150 corporations base their aircraft at this airport. The newly constructed terminal is the county's first LEED-certified building, featuring wind and solar energy and geothermal heating and cooling.





Medical marijuana 'Step away from the brownies ...'

Medical marijuana users cannot use medical marijuana in any form other than a mixture or preparation of dried leaves and flowers of the marijuana plant. In *People v Carruthers*, ___ Mich. App. ___, July 11, 2013, the Court of Appeals ruled that using THC extract (*tetrahydrocannabinol*, a *schedule I controlled substance*) from marijuana butter or oils to ingest marijuana in brownies is not protected by the Michigan Medical Marihuana Act (MMMA) as "usable" marijuana: "An edible containing THC extract from marijuana resin is not 'usable marihuana' under the MMMA."

The court held that the definition of "usable marihuana" under the act is narrower than the definition of "marihuana" under the act, which includes resins, compounds or derivatives of marijuana. But only "usable marihuana," which is mixture or preparation of dried leaves and flowers of the marijuana plant, falls under the Section 4 protections of the act, which provide a qualified patient with immunity from prosecution for possessing up to 2.5 ounces of usable marijuana for him- or herself, or possessing up to 2.5 ounces for each of up to five qualified patients for whom he or she is registered with the state as a caregiver. A defendant could still offer an affirmative defense under Section 8 of the act.

On the other hand, if usable marijuana is contained in brownies or other edibles, only the weight of the mixture or preparation of dried leaves and flowers of the marijuana plant can be counted toward the total ounces possessed, not the weight of the brownie or other ingestible.

Patients, caregivers must be residents to register for MMMA ID

In *People v Jones*, ___ Mich. App. ___, July 9, 2013, the Court of Appeals ruled that Michigan residency is a prerequisite to the issuance and valid possession of an MMMA registry identification card. The court also held that Section 4 immunity fact-finding is a question for the trial court to decide.

Taxation and special assessments PA 33 special assessments may be assessed as uniform per-parcel amounts

In *Kane v Township of Williamstown*, ___ Mich. App. ___, July 11, 2013, the court analyzed the question of whether the Police and Fire Protection Act, Public Act 33 of 1951, MCL 41.801, *et seq.*, "which indisputably permits a township to assess an ad valorem (according to value) special assessment, also permits a township to assess and implement a uniform-fee special assessment." The court held that it does:

"Petitioner contends that because the assessments must be levied 'on the taxable value of all the lands,' any such assessments must be ad valorem and not uniform. However, as the *amicus brief* from the Michigan Townships Association notes, spreading the assessment levied on taxable value is not the same as basing the assessment on taxable value. The plain language of the statute only requires the assessment to be 'spread' on the taxable value of the lands. It does not require that the calculation of the assessment be based on the taxable value of the lands.

"These are two distinct concepts. In short, any assessment that is determined for a particular parcel of land based on its benefits received (whether it be ad valorem or uniform fee), must ultimately be conveyed as a corresponding millage rate to be applied to a the property's taxable value. For example, if the township assesses a uniform fee of \$150, then each property will be assessed on a particular, individual millage rate based on that property's taxable value that will result in the \$150 being collected."

Court did not have jurisdiction to order levy of property tax

In *Hillsdale County Senior Services, Inc. v Hillsdale County*, ___ Mich. ___, May 31, 2013, the county put a .5-mill question on the ballot in 2008 to fund senior citizen services for 2008-2022, and it was approved. The county then contracted with Hillsdale County Senior Services, Inc., (HCSS) to provide

senior citizen services. But for budget reasons, the county did not levy the full amount of the tax in 2009 and did not propose to levy the full amount in 2010. HCSS filed a claim for mandamus in the circuit court to require the county to levy the full amount of the property tax in December 2010 and for the life of the millage. The circuit court ordered the county to levy the tax, but the Court of Appeals vacated the order.

The Michigan Supreme Court addressed the issue from the perspective of “whether the Michigan Tax Tribunal possesses jurisdiction over plaintiffs’ claim for mandamus to enforce the terms of a property-tax ballot proposition that provided for the levy of an additional 0.5 mill property tax in Hillsdale County to fund plaintiff HCSS.” The court held that, “Because that claim falls within the scope of MCL 205.731(a) as a ‘proceeding for direct review of a final decision ... of an agency relating to ... rates ... under the property tax laws of this state,’ we conclude that the tribunal possesses exclusive and original jurisdiction.” As a result, the circuit court did not have jurisdiction to order the county to levy the millage or a specific level of the millage.

Assessor cannot appeal property classification if it has not been appealed to the BOR

Livingston Capital, LLC v State Tax Commission, ___ Mich. App. ___, July 25, 2013—In this case involving **Green Oak Charter Township** (Livingston Co.), several properties that had been leased by the same property owner for warehouse purposes and for storage of excavating equipment were classified by the assessor as industrial real property for the 2010 tax year, as they had been in previous years. The property owner did not protest the assessments to the March board of review, and the board of review approved the roll without considering any changes. In April, the assessor appealed that classification to the State Tax Commission (STC), seeking to change the classification to commercial real property, which the STC did in August 2010. The property owner sued to have the classification of industrial real property restored.

On appeal, the Court of Appeals heard the issue of whether an assessor can appeal the classification of property to the STC where the classification has not been protested at the board of review and concluded that an assessor cannot do so. The court held that, “because plaintiffs never protested the classification of the subject property to the respective boards

of review, no appealable decision under MCL 211.34c(6) was ever made,” and the assessor had no standing to appeal to the STC.

Unfunded mandates Headlee mandate challenges not required to prove burden shifting

In an unusual action, the Michigan Supreme Court issued an order, *MDEQ v Township of Worth*, Michigan Supreme Court Order, June 5, 2013, Docket No. 146563, that denied leave to appeal the Court of Appeals’ decision in *MDEQ v Township of Worth*, 299 Mich. App. 1, issued Dec. 11, 2012, but vacated specific text from the Court of Appeals’ opinion, “because it can be read to suggest that in a case such as this one, in which the question is whether imposing a duty to remediate on the township violates the prohibition against unfunded mandates ... it is also necessary to show that the state has shifted to a local unit of government a cost formerly borne or funded by the state”

In other words, the Supreme Court clarified that it is not true that “Headlee applies only when a statutory requirement lessens the state’s burden by shifting to units of local government the responsibility of providing services once provided or funded by the state.” The Court of Appeals had raised in *Worth* for the first time the suggestion that a local unit challenging a state requirement as a Headlee unfunded mandate must prove that the mandated financial burden was being shifted from the state to the local unit.



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Inspiring tomorrow's local leaders

MTA awards Robinson Scholarships

A township planning commission chair working toward a degree in public and non-profit administration, and a political science major with future aspirations to hold public office have each been awarded an MTA Robert R. Robinson Memorial Scholarship. The one-time Robinson Scholarship is awarded to a junior, senior or graduate student enrolled in a Michigan college or university who is pursuing a career in local government.

Envisioning more productive and rewarding involvement in local government

Ashland Township (Newaygo Co.) Planning Commissioner Charles McKinley is pursuing higher education at Grand Valley State University (GVSU). Active in his community, McKinley is involved in numerous organizations for the Grant Public Schools, including as president of the Grant Music Boosters, chair of the Grant Fine Arts Center Booking Committee and a camp director for the Grant Marching Band Camp.

He believes a degree in public and nonprofit administration will further enhance his participation in those local activities. "My involvement in two 501(c)(3) [non-profit] activities, the school and the local government can be more productive and rewarding by achieving this educational

background," he said. "Also, when I have the opportunity to run for election to a position in local government, I will have the educational background to perform well as an elected official."

McKinley earned praise from his GVSU professors, including Adjunct Instructor Andy Wolber, who taught a course on nonprofit and government technology. "As a member of his local planning commission, Charlie spoke [in the course] of the role that mapping tools play in the township planning process," noted Wolber. "We need more actively engaged, technologically savvy learners and leaders like Charlie involved in township governance."

The scholarship application process requires applicants to write a short essay on an important issue facing local government. In his essay, McKinley discussed an issue on the rise in

his township—camping, sometimes long-term or year-round camping, on private property.

“With the downturn in the economy, people are looking for ways to survive on a smaller budget,” he wrote. “One way for them to live cheaper is to purchase a travel trailer and live on these small parcels [near the Muskegon River, which runs through the township] ...

“We have established that the character of our [township] zoning ordinance intends to allow one residential unit per parcel. Following that character, we have allowed campers to use one camping unit per parcel as a seasonal residence. Still, we have people who insist on living in a camper year-round and utilizing outhouses instead of a sanitary sewer system. To increase the problems of the issue, we have lost in the court of law in trying to uphold the seasonal camping restrictions.”

McKinley concluded, “As we continue to struggle with these issues with camping, we are trying to come to a beneficial solution for all sides of the debate.”

Aiming to hold public office

Clint Spotts, who is pursuing a degree in political science from Adrian College, got a taste of what it would be like running for public office when he volunteered for a Michigan House of Representative campaign.

That experience helped solidify Spotts’ future aspirations. “I would like to hold public office at the state or local level,” he said. Spotts, a political science tutor and member of the

university’s political science honors society, received a resolution of support for his scholarship application from the **Ogden Township** (Lenawee Co.) board.

As a township resident, Spotts said that he has witnessed first-hand the challenges and changes that rural communities can face—and potential costs, in terms of finances, local control and the democratic process. He wrote his scholarship essay on efforts to bring wind turbines into his community—despite some residents’ desires against the development.

After a great deal of effort and discussion, according to Spotts’ essay, “the township hired a special lawyer to advise the board on how to proceed with limiting the building of these giant wind turbines,” he wrote. “The township was ultimately successful in enacting an ordinance [regulating wind turbine projects], however, it had to spend time and money on the lawyer, extra meetings and research—efforts and funds that could have been used in other areas.”

Inspiring future leaders

Robert R. Robinson, who served as MTA’s second executive director, was dedicated to townships and to furthering the form of government closest to the people. The annual awarding of the endowment in his name helps to ensure that Michigan’s future local leaders continue to value and protect township government and the residents of this state whom it serves.

Learn more about the scholarship on MTA’s website, at www.michigantownships.org/scholarship.asp.



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What is the **best advice** you've received that has helped you in your role as a township official?



Stay true to yourself and your values—these are the reasons you were elected in the first place.

—**Janice Thelen**, Treasurer
Watertown Charter Township
(Clinton Co.)



Get training wherever you can get it. Especially as a supervisor, if you want to do a good job, you will need to know virtually everything about everything including roads, drains, budgets, bringing activities and programs to your township, and township governance in general. MTA's Township Governance Academy and the MTA Annual Educational Conference are a must. Join groups within your occupation as a supervisor, clerk, treasurer or trustee. You also must engage your township citizens in listening to their thoughts and ideas with an open mind, treat everyone equally, and thank those and give credit to those who have helped your township in any way.

—**Jim Pitsch**, Supervisor
Salem Township (Allegan Co.)



When I was elected in 2000 as township treasurer, I had some background understanding of the job in part, but the advice and leadership from my former fellow officials and even current officials was—and is—an important component of my role as an official today. These individuals all have diverse backgrounds and with their wisdom, working together as a “team” only helps each other. The best advice given is to “listen” and “respond” to your constituents whenever it's needed, as treasurer or the board jointly, to make the best decisions possible.

—**Sharon Schultz**, Treasurer
Torch Lake Township (Antrim Co.)

Want to take part in the MTA Water Cooler panel? It's easy! Email your interest to jenn@michigantownships.org, or call MTA Knowledge Center Communications Director Jenn Fiedler at (517) 321-6467 to get signed up. Participants will be asked Water Cooler questions, via email, one to two times per year.



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