

AGENDA

Special Meeting of the

CITY COUNCIL OF THE CITY OF TROY

THURSDAY, SEPTEMBER 18, 2008

CONVENING AT 8:00 P.M.

PERMITTED BY COUNCIL RESOLUTION #2008-09-274

Submitted By
The City Manager

NOTICE: Persons with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk at (248) 524-3316 or via e-mail at clerk@troymi.gov at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.

TO: The Honorable Mayor and City Council
Troy, Michigan

FROM: Phillip L. Nelson, City Manager

SUBJECT: Background Information and Reports

Ladies and Gentlemen:

This booklet provides a summary of the many reports, communications and recommendations that accompany your Agenda. Also included are suggested or requested resolutions and/or ordinances for your consideration and possible amendment and adoption.

Supporting materials transmitted with this Agenda have been prepared by department directors and staff members. I am indebted to them for their efforts to provide insight and professional advice for your consideration.

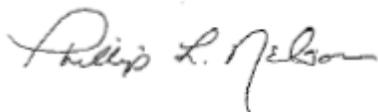
Identified below are outcome statements for the City, which have been advanced by the governing body; and Agenda items submitted for your consideration are on course with these statements.

Outcome Statements

- I. Troy has enhanced the health and safety of the community
- II. Troy adds value to properties through maintenance or upgrades of infrastructure and quality of life venues
- III. Troy is rebuilding for a healthy economy reflecting the values of a unique community in a changing and interconnected world

As always, we are happy to provide such added information as your deliberations may require.

Respectfully submitted,



Phillip L. Nelson, City Manager



**CITY COUNCIL
SPECIAL MEETING
AGENDA**
September 18, 2008 – 8:00 PM
Council Boardroom
City Hall - 500 West Big Beaver
Troy, Michigan 48084
(248) 524-3317

CALL TO ORDER **1**

ROLL CALL **1**

Mayor Louise E. Schilling.....	1
Robin Beltramini	1
Cristina Broomfield	1
David Eisenbacher.....	1
Wade Fleming	1
Mayor Pro Tem Martin Howrylak.....	1
Mary Kerwin	1

DISCUSSION ITEM: **1**

- Options for an Informational Brochure for the November 2008 General Election 1

PUBLIC COMMENT **1**

ADJOURNMENT **1**

SCHEDULED CITY COUNCIL MEETINGS: **1**

Monday, September 22, 2008 Regular City Council.....	1
Monday, October 6, 2008 Regular City Council	1
Monday, October 20, 2008 Regular City Council	1
Monday, November 10, 2008 Regular City Council.....	1
Monday, November 24, 2008 Regular City Council.....	1
Monday, December 1, 2008 Regular City Council.....	1
Monday, December 15, 2008 Regular City Council.....	1

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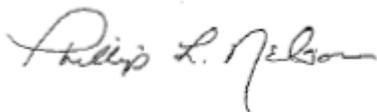
DISCUSSION ITEM:

- 1. Options for an Informational Brochure for the November 2008 General Election
-

PUBLIC COMMENT

ADJOURNMENT

Respectfully submitted,



Phillip L. Nelson, City Manager

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CITY COUNCIL REPORT

September 16, 2008

TO: The Honorable Mayor and City Council Members

FROM: Phillip L. Nelson, City Manager
John M. Lamerato, Assistant City Manager/Finance & Administration
Brian P. Murphy, Assistant City Manager/Economic Development Services

SUBJECT: Options for an Informational Brochure for the November 2008 General Election

Management has gathered City Council's comments on the draft informational brochure presented at the September 8, 2008 meeting. Based on the comments received, we are offering three (3) different versions of the brochure. An explanation of what's included in this packet is as follows:

- 1) A version of the September 8 brochure that shows Council's comments, differentiated with colored font.
- 2) Brochure Option #1: Lists the ballot question and explains the meaning of a YES or a NO vote.
- 3) Brochure Option #2: Includes a "Questions and Answers" section, but excludes the questions/answers on the City's AAA bond rating and the proposal's effect on the budget process.
- 4) Brochure Option #3: Includes all the questions that appeared on the September 8 draft, but with some of the sections rewritten, including a new answer to question 4) regarding the budget process.
- 5) A memo from City Assessor Nino Licari, detailing the revisions made to the answer to question 4) regarding the budget process



City Clerk's Office
 500 W. Big Beaver
 Troy, MI 48084
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elections@troymi.gov

**INFORMATIONAL
 BROCHURE**

With Council's Comments

• GENERAL ELECTION DATES TO REMEMBER

Election Day

Tuesday, November 4, 2008
 Polls are open from 7:00 AM until 8:00 PM

Last Day to Register to Vote

Monday, October 6, 2008
 The City Clerk's Office will be open on Saturday, November 1, 2008 from 10:00 AM until 2:00 PM for absentee balloting

• THE BALLOT QUESTION

Charter Amendment Proposal 08-1: An initiatory petition to amend the Troy City Charter by adding Section 9.16.5.

Shall Section 9.16.5 regarding Millage Rate Levy Limitation be added to the Troy City Charter as follows:

"Section 9.16.5. The Council shall not increase the millage rate imposed pursuant to Section 9.16 of this charter above a current rate actually imposed, levied, and collected unless the increased rate shall be first approved by a majority of the City electors voting on the question."? Yes ___ or No ___?

YES A YES vote means that the 2009 City of Troy maximum allowable Operating and Capital Millage Rate will be reduced from the Headlee limited 8.5076 mills to a rate that shall not be higher than 8.1000 mills. Based on a letter from the Attorney General's office, the 2010 and beyond millage rates are unknown at this time.

NO A NO vote means that the City Council may by Charter authorization levy up to a Headlee reduced maximum of 8.5076 mills. (Currently the City Council has approved a levy of 8.1000 mills.)

To "A NO vote means" section, add: "Without voter approval" at the end.

"YES and NO means" section: This is factual information so keep as stated.

I like the YES and NO answers offered as to the question itself, and believe them to be accurate.

What is Headlee? Current law requires that City Council cannot raise above a certain rate. Add "Without voter approval" to the end of the NO answer.

My suggestion is to basically focus on explaining better (THE BALLOT QUESTION) on what a YES or NO means and eliminate the sections (ABOUT THE INITIATORY PETITION) AND (QUESTIONS AND ANSWERS).

Rewrite YES to say: A YES vote means the City of Troy millage rate cannot exceed the prior year's millage rate without a vote of the electors. If the city council desires to increase the mill levy above the prior year levy, it will require the affirmative vote of the electors of the City.

Rewrite the NO to say: A NO vote means that the City Council may by Charter authorization levy up to a Headlee reduced maximum of 8.5076 mills. Currently the City Council has approved a levy of 8.1000 mills. Therefore, the City Council may increase the levy by up to an additional 0.4076 without a vote of the electors of the City.

• **ABOUT THE INITIATORY PETITION**

A citizen- initiated petition proposing that the City Charter be amended was circulated in Troy and received the required 2,751 signatures to place a proposed amendment to the Troy City Charter on the November 4, 2008 General Election ballot.

As required by Michigan Law, the submittal was forwarded to the Governor for her approval of the ballot language. The proposed language was also submitted to the Attorney General's Office for review. Communications from both offices have noted an inconsistency with Public Act 279 of 1909 (Home Rule City Act), MCL 117.1 to MCL 117.38 (Michigan Compiled Laws). The Attorney General's Office concluded that the proposal is not consistent with this Public Act. However, Section 22 of the Home Rule City Act provides that all amendments submitted by initiatory petition are required to be submitted to the voters.

Noted an inconsistency with Public Act 279 of 1909 MCL 117.1 to MCL 17.38. (Michigan Compiled Laws). Needs better/clearer explanation – reads like there are two different acts vs. one.

The Governor did not approve the ballot language.

Leaves room for confusion. This statement begs the question...."since the governor's office did not approve this ballot language, does that mean the proposal if passed becomes invalid?" This sentence should be removed.

About the Initiatory Petition: Accurate.

The Governor did not approve the language. Fact is, she did not disapprove it either (because she is not required by law to do so). Her failure to approve is accurate.

Keep the first paragraph only. Eliminate the other paragraphs in this section.

• **QUESTIONS AND ANSWERS**

1) Does this ballot proposal limit all of the millage levied by the City of Troy?

The City of Troy currently levies 8.1000 mills for Operating and Capital; 0.6800 mills for Refuse collection; and 0.5000 mills for Debt Service, for a total of 9.2800 mills. This ballot proposal only affects the 8.1000 mills levied for Operating and Capital.

2) Will this charter amendment have an effect on the City's AAA bond rating?

The City has been advised by our financial advisors that our AAA bond rating would be in jeopardy if this amendment passes which would result in higher interest rates on future borrowings and limit our savings on any potential refunding issues.

While the AAA “may” be affected, there are other facets to the AAA bonding that this amendment would not affect. “Would be in jeopardy” is not a conclusive statement. Additionally, even a AA bond rating (which our Troy Public Schools currently have) is very good.

The AAA bond question needs to remain, even if the best answer is “Probably” or even “Maybe”. With the five major factors of “rating” being the economy (Michigan’s is in the tank), financial performance (Troy historically does well in this category, but even if reserves are not tapped, we are losing some financial flexibility and liquidity), debt position (Ours is very good), management (Would changing the budgetary calendar and format affect this?), and legal security (Our ability to continue to back GO bonds with property values trending down will be called into question). We will do less well in the rankings than in years past. Will it be enough to bring us down a peg? Probably, since we lose ground in three of the five categories, just by my layman’s analysis. Our OPEB obligations are not yet fully funded as well.

3) How can the millage rate be increased in future years?

If this proposal passes, the millage rate could be increased by a City Council initiated ballot question that is approved by a majority of registered City of Troy voters. The millage rate could be increased in future years if the City Charter is amended by the voters.

4) How would this proposal affect the budget process?

The millage rate is determined by dividing the revenue necessary for Operations/Capital by the total taxable value of the City. One effect of the proposed amendment on budget preparation would be receipt of the City levy information and timing of election dates.

As part of the millage rate determination, the City Assessor provides the amount of total taxable value for the fiscal year. The Assessor certifies the total taxable value at the end of March. The total taxable value is a crucial number in the development of the City’s budget. Once the total taxable value is known the millage rate can be determined and thus the City budget is presented for a vote by the City Council by the third Monday in May, as required by the City Charter.

Should the millage rate require a confirmation or increase, passage would be required by the voters. There is insufficient time to place the question to the voters prior to the City Charter mandated budget adoption date. Michigan Election Law provides 4 dates annually on which a Special Election may be called. Those dates are the 4th Tuesday in February and the 1st Tuesday after the 1st Monday in May, August and November. The estimated cost of a Special Election is \$75,000 (with consolidated precincts) which would be born entirely by the City of Troy.

Re-word from “There is insufficient time...” to something that would be less subjective.

The budget can be balanced whether by taking from the reserves or cutting the budget. Since there is opportunity every November to put a proposed millage rate increase on the ballot, there would not be a need for a special election.

Following is sample wording that reflects a more objective summation: “Should the millage rate require an increase, passage would be required by the voters the following November. In order to balance the budget prior to the November election, either the City’s reserve could cover the overage or the budget would be reduced reflecting monies that are available.”

Tweak the fourth question some, but don't change drastically. Other 3 questions and answers are accurate.

How would this affect the budget process? Considerably. An additional paragraph to the answer might explain how and why the budget process might have to be turned on its head and budgetary assumptions based not on a true tax roll, but on the extrapolation of a probably tax roll, coupled with the cost of services – which could actually lead to the public being asked to approve a millage increase that, after real dollars are counted, proves unnecessary. And, of course, radically changing budgetary assumptions will

negatively impact the AAA bond rating. The timing of when this would occur in the budget year is a significant piece and deserves the explanation given, but needs to be reworked to be palatable to all sides.

In the budget question, a “confirmation” vote is mentioned. What is that?

Additions and/or other thoughts:

- I would like to see the question, “Is there any difference between the current rates actually imposed and levied and collected?” Would that affect my taxes? Again, I’m happy with “Maybe” as an answer.
- How many Council members will be required to send a millage adjustment question to the voters?
- What areas of operation in the City would be controlled by this millage? This is a twist on “Does this ballot proposal limit all of the millage levied by the City of Troy?” I think it’s important that people understand that this is the area funding police, roads, fire, library, parks, and most of the oversight departments in the City.
- I don’t have a problem with many answers being less than definitive because this is so poorly written and, I believe, that getting the majority of Council members to vote that anything contained in this proposal is positively negative for the City will be difficult. Therefore, I’d like to be able to show that there is continuing ambiguity with this proposal.

Add: “There are circumstances that could necessitate an election at taxpayer expense”.

5) What millages make up my total residential millage rate (in the Troy School District*)?

The total property tax bill is divided into 8 different taxing entities. Those entities are:

City of Troy	9.2800 mills
Troy School District;	9.4156 mills
State Education Tax	6.0000 mills
Oakland County Government	4.6461 mills
Oakland County Transportation Authority (SMART)	0.5900 mills
Oakland Intermediate Schools	3.3690 mills
Oakland County Community College	1.5844 mills
Oakland County Zoo Tax	0.1000 mills
Total	34.9851 mills



*For other school district millage rates, visit the City of Troy website at www.troymi.gov .

I think that you can deal only with the primary school district in the brochure, however, an alternate breakdown for those property owners in the other school districts could be available on the website, and so noted in the brochure. I think that the dollar bill needs spaces between the sections, as if it was cut apart.

Lowest millage of full-service cities in region. Other districts – contact city.

Many of the City costs (fuel, asphalt, concrete) fluctuate annually and are driven by market pressure outside of local control.

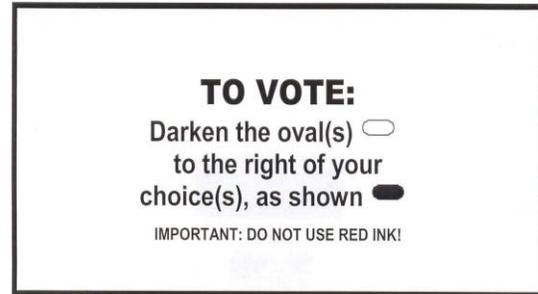
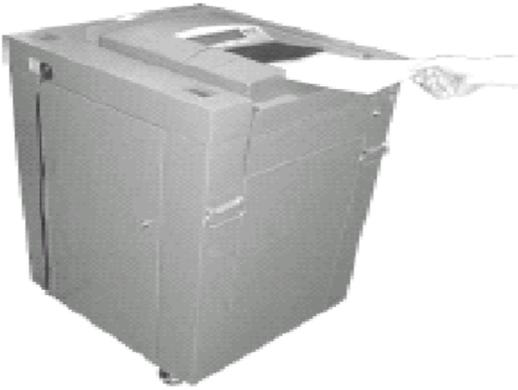
Dollar Bill: School mills for all districts could be provided, if space allows.

Eliminate this section in its entirety.

• ABOUT THE VOTING EQUIPMENT

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Ok. If possible, note where on the ballot this language will appear.



Voting Precinct Map



PRECINCT	ADDRESS	LOCATION	MAP ID
1	2601 E SQUARE LAKE	EVANSWOOD CHURCH OF GOD	A
2	1825 E SQUARE LAKE	KENSINGTON COMMUNITY CHURCH	B
3	9600 ROCHESTER	WOODSIDE BIBLE CHURCH	C
4	280 E SQUARE LAKE	ST ELIZABETH ANN SETON CATHOLIC CHURCH	H
5	6710 CROOKS	FAITH APOSTOLIC CHURCH	D
6	9685 COOLIDGE HWY	TROY NATURE CENTER	E
7	5500 ADAMS	ST STEPHEN EPISCOPAL CHURCH	F
8	1100 W LONG LAKE	NORTHFIELD HILLS BAPTIST CHURCH	G
9	280 E SQUARE LAKE	ST ELIZABETH ANN SETON CATHOLIC CHURCH	H
10	1825 E SQUARE LAKE	KENSINGTON COMMUNITY CHURCH	B
11	2601 E SQUARE LAKE	EVANSWOOD CHURCH OF GOD	A
12	9600 ROCHESTER	WOODSIDE BIBLE CHURCH	C
13	2075 E LONG LAKE	BETHESDA ROMANIAN PENTECOSTAL CHURCH	I
14	4571 JOHN R	ST ANASTASIA CATHOLIC CHURCH	J
15	200 E WATTLES	ST LUCY CROATIAN CHURCH	O
16	4328 LVERNOIS	FIRST PRESBYTERIAN CHURCH	K
17	760 W WATTLES	ST NICHOLAS GREEK ORTHODOX CHURCH	L
18	5500 ADAMS	ST STEPHEN EPISCOPAL CHURCH	F
19	2345 COOLIDGE	ST ALAN CATHOLIC CHURCH	Q
20	760 W WATTLES	ST NICHOLAS GREEK ORTHODOX CHURCH	L
21	200 E WATTLES	ST LUCY CROATIAN CHURCH	O
22	4571 JOHN R	ST ANASTASIA CATHOLIC CHURCH	J
23	2442 E BIG BEAVER	ST JOSEPH CHALDEAN CATHOLIC CHURCH	P
24	2160 E MAPLE	ST GEORGE ANTIOCHIAN ORTHODOX CHURCH	R
25	2160 E MAPLE	ST GEORGE ANTIOCHIAN ORTHODOX CHURCH	R
26	3179 LVERNOIS	TROY COMMUNITY CENTER	N
27	3179 LVERNOIS	TROY COMMUNITY CENTER	N
28	2345 COOLIDGE	ST ALAN CATHOLIC CHURCH	Q
29	3150 N ADAMS	NORTH HILLS CHRISTIAN REFORMED CHURCH	M
30	3179 LVERNOIS	TROY COMMUNITY CENTER	N
31	9685 COOLIDGE HWY	TROY NATURE CENTER	E

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INFORMATIONAL BROCHURE

Option #1

• GENERAL ELECTION DATES TO REMEMBER

Election Day

Tuesday, November 4, 2008

Polls are open from 7:00 AM until 8:00 PM

Last Day to Register to Vote

Monday, October 6, 2008

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• THE BALLOT QUESTION

AN INITIATORY PETITION TO AMEND THE TROY CITY CHARTER BY ADDING SECTION 9.16.5.

Shall Section 9.16.5 regarding Millage Rate Levy Limitation be added to the Troy City Charter as follows:

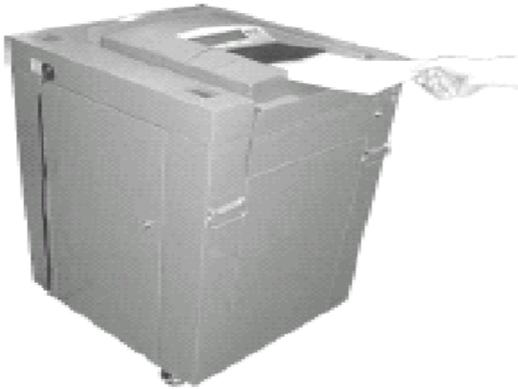
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YES A YES vote means that the 2009 City of Troy maximum allowable Operating and Capital Millage Rate shall not be higher than 8.1000 mills without voter approval. Based on a letter from the Attorney General's office, the 2010 and beyond millage rates are unknown at this time.

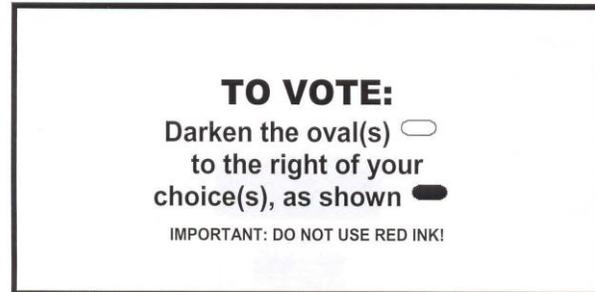
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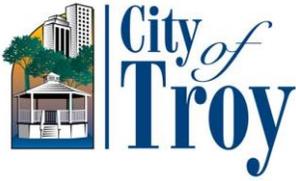


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**INFORMATIONAL
 BROCHURE**

Option #2

• GENERAL ELECTION DATES TO REMEMBER

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As required by Michigan Law, the submittal was forwarded to the Governor for her approval of the ballot language. The proposed language was also submitted to the Attorney General’s Office for review. Communications from both offices have noted that the ballot proposal, if passed, would be inconsistent with the State statutory requirements of the *Home Rule City Act (Public Act 279 of 1909, MCL 117.1 to MCL 117.38) [Michigan Compiled Laws]*. However, under *Section 22 of the Home Rule City Act (MCL 117.22)*, all amendments submitted by initiatory petition are required to be submitted to the voters. Therefore, the ballot question must be submitted to the voters. It is unknown how the inconsistency would be resolved if the proposal is passed by the voters.

• **QUESTIONS AND ANSWERS**

1) Does this ballot proposal limit all of the millage levied by the City of Troy?

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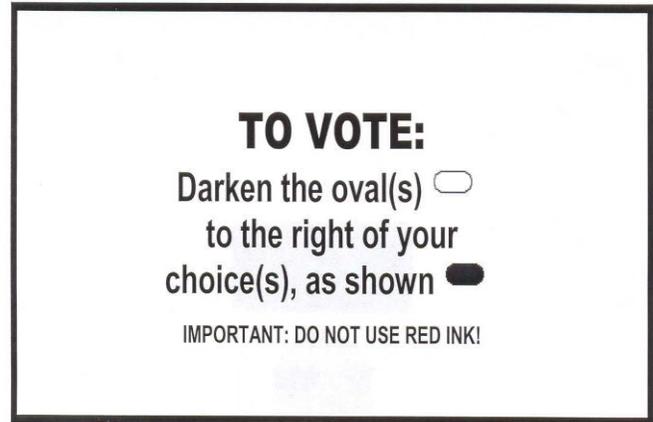


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Rev. 5/2018



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INFORMATIONAL BROCHURE

Option #3

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AN INITIATORY PETITION TO AMEND THE TROY CITY CHARTER BY ADDING SECTION 9.16.5.

Shall Section 9.16.5 regarding Millage Rate Levy Limitation be added to the Troy City Charter as follows:

“Section 9.16.5. The Council shall not increase the millage rate imposed pursuant to Section 9.16 of this charter above a current rate actually imposed, levied, and collected unless the increased rate shall be first approved by a majority of the City electors voting on the question.”? Yes ___ or No ___?

YES A YES vote means that the 2009 City of Troy maximum allowable Operating and Capital Millage Rate shall not be higher than 8.1000 mills without voter approval. Based on a letter from the Attorney General's office, the 2010 and beyond millage rates are unknown at this time.

NO A NO vote means that the City Council may by Charter authorization levy up to a Headlee reduced maximum of 8.5076 mills without voter approval. (Currently the City Council has approved a levy of 8.1000 mills.)

• ABOUT THE INITIATORY PETITION

A citizen- initiated petition proposing that the City Charter be amended was circulated in Troy and received the required 2,751 signatures to place a proposed amendment to the Troy City Charter on the November 4, 2008 General Election ballot.

As required by Michigan Law, the submittal was forwarded to the Governor for her approval of the ballot language. The proposed language was also submitted to the Attorney General's Office for review. Communications from both offices have noted that the ballot proposal, if passed, would be inconsistent with the State statutory requirements of the *Home Rule City Act (Public Act 279 of 1909, MCL 117.1 to MCL 117.38) [Michigan Compiled Laws]*. However, under *Section 22 of the Home Rule City Act (MCL 117.22)*, all amendments submitted by initiatory petition are required to be submitted to the voters. Therefore, the ballot question must be submitted to the voters. It is unknown how the inconsistency would be resolved if the proposal is passed by the voters.

• QUESTIONS AND ANSWERS

1) Does this ballot proposal limit all of the millage levied by the City of Troy?

The City of Troy currently levies 8.1000 mills for Operating and Capital; 0.6800 mills for Refuse collection; and 0.5000 mills for Debt Service, for a total of 9.2800 mills. This ballot proposal only affects the 8.1000 mills levied for Operating and Capital.

2) How can the millage rate be increased in future years?

If this proposal passes, the millage rate could be increased by a City Council initiated ballot question that is approved by a majority of registered City of Troy voters. The millage rate could be increased in future years if the City Charter is amended by the voters.

3) Will this charter amendment have an effect on the City's AAA bond rating?

The City has been advised by our financial advisors that our AAA bond rating would be in jeopardy if this amendment passes which would result in higher interest rates on future borrowings and limit our savings on any potential refunding issues.

4) How would this proposal affect the budget process?

The Troy City Charter and State statute govern the budget process. The Charter requires that an itemized proposed budget be submitted to Council on or before the third Monday in April. Budget study sessions by Council adjust or revise the proposed budget. By the third Monday in May, Council must approve a balanced budget, and millage rates to accommodate the approved expenditures for the fiscal year July 1 – June 30. As part of the budget preparation, the City Assessor provides the total Taxable Value available to levy millages against. This amount is not known until after County Equalization on April 15.

The millage rates approved by Council are submitted to the County and State for certification in June, and are finalized by October 1. As the City has collected the bulk of its tax revenue by September 1, and the rate is certified by October 1, no change in the millage rate can occur during the fiscal year.

If the citizen-initiated ballot proposal passes, then the total Taxable Value for 2009 would be multiplied by a millage rate not to exceed 8.1000 mills. This is the total amount of tax revenue available to pay for all Operating and Capital projects for the 2009 – 2010 fiscal year. This includes Police, Fire, Parks and Recreation - the departments of the City that are not-self funded, and any Capital projects not funded from other sources (gas tax, road tax, TIF funding, etc.)

4) How would this proposal affect the budget process, continued?

Should necessary projects or services be underfunded during that fiscal year, they would have to be postponed, or cancelled. Should the Council wish to address them in the next fiscal year budget, with a required increase in revenue, then an election would be held either in August, November, or February of the current fiscal year, to request a millage rate increase for the next fiscal year. It is possible that due to the timing of an unexpected expense, a needed change in revenue could force a special election at taxpayer expense. Any voted increase in the millage rate could not be collected until the following fiscal year. Any unanticipated necessary or emergency expense can be covered by a City Council budget amendment that would use Fund Balance monies to cover the expense.

5) What millages make up my total residential millage rate (in the Troy School District*)?

The total property tax bill is divided into 8 different taxing entities. Those entities are:

City of Troy	9.2800 mills
Troy School District;	9.4156 mills
State Education Tax	6.0000 mills
Oakland County Government	4.6461 mills
Oakland County Transportation Authority (SMART)	0.5900 mills
Oakland Intermediate Schools	3.3690 mills
Oakland County Community College	1.5844 mills
Oakland County Zoo Tax	0.1000 mills
Total	34.9851 mills

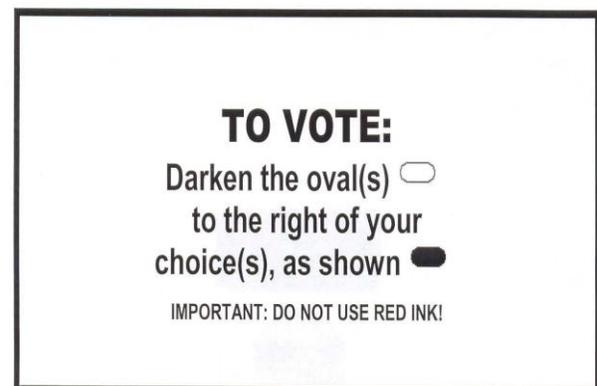


*For other school district millage rates, visit the City of Troy website at www.troymi.gov.

• **ABOUT THE VOTING EQUIPMENT**

The City of Troy will be utilizing the M100 optical scan voting devices shown below in all precincts and for Absent Voters, effective with the November 4, 2008 City Regular General Election.

To vote, fill in the oval as shown below:



Please contact the City Clerk's Office if you have any questions or if you would like a demonstration of the equipment.



Voting Precinct Map

PRECINCT	ADDRESS	LOCATION	MAP ID
1	2601 E SQUARE LAKE	EVANSWOOD CHURCH OF GOD	A
2	1825 E SQUARE LAKE	KENSINGTON COMMUNITY CHURCH	B
3	4600 ROCHESTER	WOODSIDE BIBLE CHURCH	C
4	280 E SQUARE LAKE	ST ELIZABETH ANN SETON CATHOLIC CHURCH	H
5	6710 CROOKS	FAITH APOSTOLIC CHURCH	D
6	4685 COOLIDGE HWY	TROY NATURE CENTER	E
7	5500 ADAMS	ST STEPHEN EPISCOPAL CHURCH	F
8	1100 W LONG LAKE	NORTHFIELD HILLS EPISCOPAL CHURCH	G
9	280 E SQUARE LAKE	ST ELIZABETH ANN SETON CATHOLIC CHURCH	H
10	1825 E SQUARE LAKE	KENSINGTON COMMUNITY CHURCH	B
11	2601 E SQUARE LAKE	EVANSWOOD CHURCH OF GOD	A
12	4600 ROCHESTER	WOODSIDE BIBLE CHURCH	C
13	2075 E LONG LAKE	BETHESDA ROMANIAN PENTECOSTAL CHURCH	I
14	4571 JOHN R	ST ANASTASIA CATHOLIC CHURCH	J
15	200 E WATTLES	ST LUCY CROATIAN CHURCH	O
16	4328 LIVERNOIS	FIRST PRESBYTERIAN CHURCH	K
17	760 W WATTLES	ST NICHOLAS GREEK ORTHODOX CHURCH	L
18	5500 ADAMS	ST STEPHEN EPISCOPAL CHURCH	F
19	2345 COOLIDGE	ST ALAN CATHOLIC CHURCH	Q
20	760 W WATTLES	ST NICHOLAS GREEK ORTHODOX CHURCH	L
21	200 E WATTLES	ST LUCY CROATIAN CHURCH	O
22	4571 JOHN R	ST ANASTASIA CATHOLIC CHURCH	J
23	2442 E BIG BEAVER	ST JOSEPH CHALDEAN CATHOLIC CHURCH	P
24	2160 E MAPLE	ST GEORGE ANTIOCHIAN ORTHODOX CHURCH	R
25	2160 E MAPLE	ST GEORGE ANTIOCHIAN ORTHODOX CHURCH	R
26	3175 LIVERNOIS	TROY COMMUNITY CENTER	N
27	3175 LIVERNOIS	TROY COMMUNITY CENTER	N
28	2345 COOLIDGE	ST ALAN CATHOLIC CHURCH	Q
29	3150 N ADAMS	NORTH HILLS CHRISTIAN REFORMED CHURCH	M
30	3175 LIVERNOIS	TROY COMMUNITY CENTER	N
31	4685 COOLIDGE HWY	TROY NATURE CENTER	E

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CITY COUNCIL REPORT

September 11, 2008

TO: Phillip L. Nelson, City Manager

FROM: John M Lamerato, Assistant City Manager Finance/Administration
Nino Licari, City Assessor

SUBJECT: Explanation of Rationale Used to Answer Ballot Question
Regarding Affect on the Budget Process

Background:

- Staff had presented information to answer the ballot informational question 4) “***How would this proposal affect the budget process?***”

City Council requested clarification of the information submitted by staff, and a re-wording of the answer. Individual Council members submitted either additional questions, deletion of submitted language, or suggested new language to clarify the answer provided by staff. This led to a re-wording of the answer, as it is now presented on the informational brochure for Council consideration.

The budgeting process is complicated. It is governed by State law for the budgeting process and the assessment process, and millage requirements, and the City Charter. Below is a timeline for the budgeting process, with comments, concerning the new language provided, and reasons to include, or exclude Council comments.

Tax day in Michigan is December 31. This is the day that assessments are set, and taxes generated by them become a lien for the calendar year following.

“Change of Assessment” notices are sent out in early February.

Between the receipt of notice of “Change of Assessment” notice and the Tuesday following the first Monday in March, taxpayers may review and have changed their assessment by the City Assessor’s Office.

Once the Board of Review opens, only the Board may change an assessment. The March Board of Review runs until the last day of March, or the first business day of April, if March 31 falls on a weekend.

The County Board of Commissioners equalizes the assessments on April 15.

During the period between December 1 and April 15, a preliminary budget is developed. This budget estimates what funds are necessary to accommodate mandated services, and projected increases in the costs of goods, and the all other anticipated expenditures.

The amount of funding necessary is then divided by the Total Taxable Value to determine the millage rate required to generate those funds.

By the 3rd Monday in April, this budget is presented to City Council for inspection, modification, and clarification. Spending is prioritized, and cuts or additions are made.

The State of Michigan conducts preliminary equalization of the Assessment Roll on May 12. This is the first time the estimated final total Taxable Value is available.

The City Council must approve a fiscal year (July 1 – June 30) balanced Budget on the 3rd Monday in May. This sets the millage rates for Operating/Capital, Refuse, and Debt for the coming fiscal year.

State Equalization is completed on May 26. *It should be noted here, that the City of Troy has never received a State Factor of Assessments as far back as records go.* If the State Equalization process were to increase, or decrease the Troy Assessment Roll, then new millage rates must be adopted by the City Council at the very next public meeting that meets notification requirements.

The City Clerk submits form **L-4029 Tax Rate Request**, prepared by the Assessor to the County, and the State, requesting the Council Approved millage rates be adopted by the State. This is done for all authorities that collect a summer (July) levy for total collections (many school districts have a partial levy in the summer, and use their finalized rate for the winter levy).

On July 1, City (and other jurisdictions levying a summer millage, or a partial millage) taxes are due. These taxes are payable without penalty until September 1. Therefore, the City has received the bulk of its tax based funding by September 1.

On September 30, the State approves the L-4029 Tax Rate Request, NO changes to millage rates may occur after this point.

Comments on Council Comments:

Councilwoman Broomfield's comments:

The answer has been re-worded, and 'insufficient time' has been removed. It is important to note that a balanced budget must be approved by the third Monday in May. While items do come up that require a change in one account or another, it is offset by an equal change in another account. Other than unforeseen emergency expenditures (which are very rare), the budget is relatively static, after adoption.

Councilwoman Beltramini's comments:

"How does this affect the budget process? Considerably". The 2009 budget for Operating and Capital will be set without Council input as to the amount of revenue to be available. The proposal, if it passes, will set the millage rate for Operating and Capital for the 2009 - 2010 fiscal year at 8.1000 mills. It will then be up to Council to decide what, and where to spend the revenue generated by this millage rate, and whatever Taxable Value is available.

Future millage rate changes, if approved by the voters, would indeed be based on estimated Taxable Value, and estimated revenue, that may be super adequate, or insufficient to cover the estimated expenditures. Assuming a ballot question approval in November, for a future levy, the budget could still be adjusted (but not the millage rate) in April and May, when a clearer total Taxable Value is available.

Staff has been concerned since the first viewing of the proposal that imposed is not defined in tax law, and that levied and collected can certainly mean two different things. This has been confirmed by the Attorney General's opinion, as to the vagary of the proposal. And staff has also stated that the actual taxes paid could be affected by the language. This is not a 'maybe' answer.

As to how many Council members will be required to place a millage adjustment question before the voters, Mrs. Bartholomew informs me that it is 'a majority of the elected Council members', which is four (4).

Operations of the City should now be covered in the new language.

Councilwoman Kerwin's comment:

The issue of an election at taxpayer expense has been addressed.