

**FUNDING ALTERNATIVES IDENTIFICATION & RECOMMENDATION (F.A.I.R.)
MINUTES**

City of Hillsdale
Council Chambers
November 14, 2016
6:00 P.M.

Regular Meeting

Members Present: JJ Hodshire, Hillsdale Hospital
Tim Dixon, City Council Member
Eric Moore, Moore Insurance Services/Planning Commission
Dennis Wainscott, Hillsdale Justice Project
Laura Smith, City Planning Commission
Scott M. Sessions, Mayor
Kitty Aemisegger, Hillsdale Hospice

Members Absent: Barry Hill, EDC & BPU
Matt Bell, City Council Member
Adam Stockford, City Council Member
Jason Kyser, Kyser Construction
John Lewis, Hillsdale College

City staff members present were City Manager David Mackie, City Clerk Stephen M. French, DPS Director Jake Hammel, and Police Chief/Acting Fire Chief Scott Hephner.

Call to Order

City Manager Mackie called the meeting to order and reviewed the meeting agenda.

Approval of Minutes

City Manager Mackie requested the October 10, 2016 minutes reflect that Ms. Julie Boyce was unable to participate in the F.A.I.R. committee and should not be deemed absent in the minutes.

Mayor Sessions, seconded by Mr. Wainscot, moved to approve the October 10, 2016 minutes of the F.A.I.R. Committee meeting with the change recommended by City Manager Mackie. By a voice vote, the motion passed unanimously.

DPS Priority List

DPS Director Hammel provided detailed information on the cost of road repair based on the PACER rating scale. Mr. Hammel illustrated the repair cost per mile of roadway within the PACER scale of 8-10 was \$10,000 while the per mile cost escalated to over \$600,000 per roadway mile when the PACER rating dropped below 2. Mr. Hammel also provided a spreadsheet which detailed the City of Hillsdale had over 46.3 miles of roadway that had a PACER rating of 6 or less and just over 1 mile with a rating of 7 and higher. Mr. Hammel then provided estimates for street surface repairs,

sidewalk improvements, and storm sewer repairs for each PACER rating in the city; it was noted that the total repair costs for all city streets had been estimated at \$34.6 million.

DPS Director Hammel stated city staff continued to work on a five-year capital improvement plan for the city streets for the FY2018 budget. Mr. Hammel stated maintenance for city streets, rated between 6-8 on the PACER rating scale, had been estimated at \$180,000 for the upcoming year.

Special Millage

City Manager Mackie reviewed the City Charter language which permitted the collection of an additional three mills of property tax for “payment of interest and principal on the funded debt of the City, including payment into a sinking fund established for the purpose of debt service.” City Manager Mackie stated the issuance of a three-mill tax increase would provide an additional \$375,000 per year of revenue for capital improvement projects. City Manager Mackie noted the city’s millage rate was capped at 20 mills and the city currently levied nearly 16 mills.

Income Tax Discussion

City Manager Mackie presented the “City Income Tax Feasibility Study” that was ultimately defeated by city voters in 2012. City Manager Mackie noted the feasibility study estimated the City of Hillsdale would receive \$1,115,000 annually with the implementation of an income tax which would tax city residents and also non-residents who worked within the city limits.

Special Assessment Procedure

City Manager Mackie then reviewed a report created by City Assessor Thomas which illustrated a hypothetical, special assessment for the proposed Garden, Vine, and Mead improvement project. City Manager Mackie stated the special assessment district would provide approximately \$275,000 in funding towards the \$1,134,770 project. City Manager Mackie noted the special assessments could be repaid by property owners over a 15-year period at a predetermined interest rate.

Ms. Smith noted the hypothetical special assessment costs for the project would average out to less than \$30.00 per month over a 15-year period. Ms. Smith also noted the capital improvement projects would raise property and resale values in the affected neighborhoods.

Committee Discussions

Mr. Moore noted the proposed income tax seemed to be the most viable option, as it raised three-times the revenue of special assessments and a property tax increase. Mr. Moore also stated the income tax would spread the tax burden onto those who worked, but did not live, within the city.

Mayor Sessions warned the implementation of an income tax would have a negative impact on the local economy and would result in a population loss within the city.

Ms. Smith noted to fund road improvements, a successful program required the implementation of multiple revenue options that included an income tax, special assessments, PILOT payments, tax levies, and grant receipts.

Mr. Hodshire voiced objection to the proposed income tax as it would have a negative effect on the efforts to recruit and retain hospital employees. Mr. Hodshire stated that with the impact of the Affordable Care Act ("Obamacare"), the hospital had been unable to provide wage increases to its employees; the implementation of a municipal income tax could further drive employees to seek other employment outside of Hillsdale.

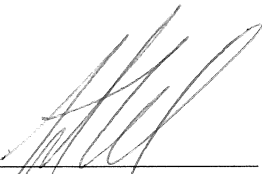
Ms. Smith noted additional discussions should be held regarding any environmental contamination found in the city. Ms. Smith discussed the vital need for safe drinking water and environmental quality throughout the area.

Public Comments

Mr. Jack McLain noted any property tax assessments or tax increases on rental properties would be imposed on the tenants and not solely assumed by the property owners. Mr. McLain also questioned the reports that listed the \$24,000 average, annual income in Hillsdale County and argued the amount was much higher with the higher wages paid by Hillsdale College and the hospital.

Adjournment

The meeting adjourned at 7:22 p.m.



Stephen M. French, City Clerk

Minutes approved January 16, 2017

