



Agenda Item #14

South Haven Memorial Library Ballot Proposal

Background Information:

The City Council will be asked to consider approval Resolution 2017-06, a resolution which presents ballot language sought by the South Haven Memorial Library, which seeks .25 mills for 40 years, to fund improvements at the library facility. If approved, the ballot language would be placed on the May ballot for consideration by the city's voters.

The South Haven Memorial Library (SHML) is seeking funds to make approximately \$2,300,000 in improvements to the library facility. The scope of the project seeks to address building code and functionality issues which are impacting the existing facility. Further, the project seeks to address heating and cooling issues, insulation, roofing and efficiency issues that affect the facility. The plan also calls for the creation of new space for patrons and improved storage spaces.

SHML plans to seek financing for the project from the United States Department of Agriculture (USDA) Rural Development program which allows low interest rates for public projects.

At the January 11th regular meeting of the South Haven Charter Township Board, the Township Board approved similar ballot language for placement on their May election ballot. SHML is seeking the millage amounts from both the city and South Haven Charter Township. SHML representatives have noted that if one community approves the measure, but the measure fails in the other community, then SHML will **not** proceed with the project and will reassess funding options.

The ballot resolutions include an estimate of the amount of tax revenue that will be raised in 2017, the first year that the millage will be levied if approved. City staff have calculated that this number is \$98,126 for the city, based on a taxable value of \$394,536,200 including 4,065,708 of industrial facility tax value, and \$35,950 for the township based on a taxable value of \$143,799,246, for total possible first year annual revenue between the two entities of \$134,076.

If the millage is approved, there will need to be a plan developed for the issuance of the bonds. Act 164 of 1877, under which the SHML is organized, does not contain borrowing powers. Therefore, the project will require that the city, the township, or a joint effort of the two through an entity like a joint building authority be used to issue the bonds. Such bonds would count against the debt limits of the city and/or township, would be debts of the city and/or township for bond rating purposes and would most likely require a pledge of the full faith and credit of the city and/or township. There need to be some discussions between the city, township and SHML as to how this will all be structured.

Please note that late last week, Governor Snyder signed a series of bills which amended the various tax increment statutes to exempt new library millages from tax increment capture. The legislation makes clear that new millages approved by the voters after December 31, 2016, which would include the proposed SHML millage, will not be part of tax increment revenues pursuant to the Downtown Development Authority, Local Development Finance Authority and Corridor Improvement Authority statutes. Thus there is no capture with respect to these various entities.

The approved state legislation did not address the Brownfield statute, and as a result the proposed millage would still be subject to Brownfield capture. We do not believe Brownfield Authorities have the power to exempt capture, so this millage if it passes will most likely be captured. Staff is currently working with legal counsel to determine if a voluntary opt out of Brownfield capture can be accomplished by the local Brownfield Authority.

Staff recommends the City Council consider approval of the ballot language presented by SHML for the proposed millage request.

Recommendation:

The City Council should consider a motion to approve Resolution 2017-06, a resolution which presents ballot language sought by the South Haven Memorial Library, which seeks .25 mills for 40 years, to fund improvements at the library facility. If approved, the ballot language would be placed on the May ballot for consideration by the city's voters.

Support Material:

South Haven Memorial Library Request
Resolution 2017-06; Ballot Language
South Haven Memorial Library Renovation File