

Dexter City Update

Spring 2016

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State of the City

By Shawn W. Keough, Mayor, City of Dexter

Executive Summary

The State of the City of Dexter is strong. Our town continues to be a great place to live, learn, work and play. Our infrastructure is safe, maintained regularly and secure. Our parks and trails are open, accessible, highly used and beautiful. Our streets and town are clean. Our taxable value is increasing. Our millage rate is the lowest of any City in Washtenaw County. All in all, we are very lucky to call the City of Dexter our home. We are not without our challenges and we must maintain our fiscal discipline if we hope to continue to thrive. We are a destination for many, an opportunity for optimism, and a good example of small town charm and humility. It is my honor to deliver the 1st State of the City address.

Introduction

On November 20, 2015, the City of Dexter celebrated the 1st anniversary of the filing of our City Charter. In accordance with Section 3.05 of the City Charter, it is my extreme honor and privilege to present the 1st State of the City message. I hope you find it informative and helpful in describing the current status of the City from many angles. It is my intention to provide an overview of the many things taking place in the City of Dexter, especially as they relate to your City government, your tax dollars and the services and manner in which they are being provided. Our City Council and staff have been entrusted with the responsibility of looking out for the long term best interest of the City of Dexter. My goal in this newsletter is to describe how your tax dollars are being used to create a high quality of life and a safe place for all of our residents, businesses and visitors. I also want to raise your general awareness of some of the challenges that we face in the years ahead. In the paragraphs that follow, I have attempted to provide a summary of things that I feel are going very well, a summary of the challenges that we will face in the years ahead and share some personal insight (vision) into how we are doing as a City overall.

A Quick Look Back

2015 was a historical year for the residents of Dexter. 2015 was our first calendar year operating under the responsibilities of Home Rule government. While I may be a little late in recognizing our first anniversary as a City, I would still like to take the opportunity to congratulate everyone! The past year has gone by very fast. We have spent our first year as a City reinforcing many of the same goals, providing

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the same high level of service, and implementing similar policies that guided us under our Village form of government. Our code of ordinances has remained largely unchanged. Our zoning ordinance has not changed either, although our planning commission is currently working on recommendations to make the information more accessible through a reformatting of the older structure. Keeping our town safe, both from a public safety and public infrastructure perspective, and making sure our downtown, parks and streets are clean and open to our residents and visitors are still top priorities. Our core services remain as important as they were in past years, our staff size has remained essentially the same and our residents and small town charm still guide our decision making.

Our Tax Structure - The Backbone of Public Services

Whenever I get asked about the services that we provide, I first try to describe the background behind how the service is funded as it relates to our tax structure or funding mechanism that is in place to fund the service. Many of the services that are provided to our residents and property owners are funded through our tax structure. Other services are funded through utility rates. If our residents serve as the heart of the City, the backbone of our City government is the tax structure.

Our tax structure provides the revenue that pays for many of the services that residents expect, want and need. Most residents are aware that we operate on a fiscal year that begins on July 1st and ends on June 30th of the following year. Each year (typically in late February and/or March), City Council holds two or three public goal setting sessions to review and discuss priorities and goals for the upcoming fiscal year. Following the goal setting, the City staff prepares a draft budget for Council review based on the goals discussed and established by Council. Many goals from previous years carry over, often reinforcing our disciplined approach to address our long term fiscal responsibilities. In June of each year, Council adopts a budget document that outlines the way that the tax revenue is programmed to be used for the new fiscal year that will start on July 1st. The budget document is presented in a line item by line item format to describe our projected revenues and our expenditures for the next two years. The budget document outlines the costs of services, and the cost of our staff that oversees the implementation of the services. It serves as a guiding document for staff and Council based on the priorities established by City Council, with input from residents. In addition, our staff utilize a 5 year projection to help us look ahead. Our budget document is available on the City website and I would like to encourage every resident to review it.

Each service that we provide has a cost. Some services have higher costs, and some have lower costs. Some services having rising costs, while other services have costs that have remained relatively in line with the cost of inflation over time. Residents should understand that the cost of providing most of our services **continue** to rise and that even our City, with the growth that we have seen over the past 15 years, is facing the rising cost of many of our services. The challenge of understanding these rising costs, and finding creative ways to provide the same level of quality services was present when we were a Village and remains an ongoing challenge today as a City. Like most people with their own household budgets, we strive to find ways to stretch our City revenue and to spend it efficiently to support the many services and goals established each year.

Residents and property owners in the City of Dexter pay a total of 14.0562 mills (i.e. City taxes) in accordance with the following tax structure:

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City of Dexter – 2015 Fiscal Year Tax Structure – July 1, 2015 through June 30, 2016				
Purpose	Original Maximum Rate established by the City Charter (1)	Headlee Rate	2015 Tax Structure	Special Notes
General Obligation Bond	2.0 mills	2.0 mills	0.6276 mills	This tax is set to expire in 2017
General Operating	12.5 mills	12.5 mills	9.9906 mills	This tax rate is set each year by Council
Streets	5.0 mills	5.0 mills	3.4380 mills	This tax rate is set each year by Council
Total	19.5 mills	19.5 mills	14.0562 mills	

(1) Please note that the General Obligation Bond was voted in place in 1996 by the residents of the Village of Dexter. The original rate was not established by the City Charter, but is included in this table because it is part of the current tax structure of the City of Dexter.

The City of Dexter is proud to have the lowest total millage of any City in Washtenaw County. In total, City of Dexter residents pay a total of 43.8727 mills (homestead). This total is lower than the Cities of Ann Arbor, Chelsea, Milan, Saline and Ypsilanti. Our City of Dexter millage rate of 14.0562 mills is also the lowest in Washtenaw County (by nearly a 0.9 mills) when compared to the overall tax rate (including debt and voted millages for fire service and public transportation) of the other 5 Cities.

	City Tax Rate	Total (Homestead)	Total (Non-Homestead)
Ann Arbor	17.1436	46.3262	59.9483
Chelsea	14.9555	45.1955	63.1955
Dexter	14.0562	43.8727	61.8727
Milan	15.9000	50.2484	68.2232
Saline	16.2800	45.0509	63.0509
Ypsilanti	35.6012	66.1313	84.1313

As you can see from the first chart above, there are 3 primary categories that make up the sum of our 14.0562 mill City tax structure.

General Obligation Bond

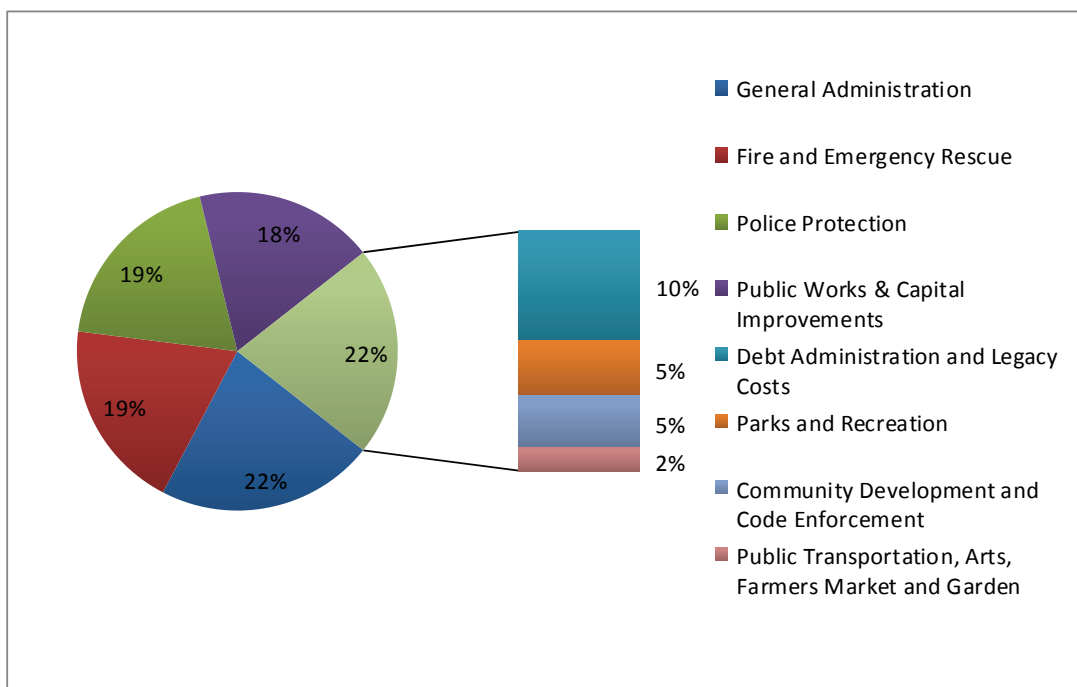
The General Obligation (GO) Bond tax was established by a vote of Dexter residents in March of 1996 to pay for the downtown streetscape improvements that were made at that time, including new roadway, parking, decorative brick pavers, decorative lighting and traffic signals. The original limit of 2.0 mills was established when the taxable value of our community was much lower. As (the Village's, now) the City's, taxable value has

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increased, the tax rate required to pay the debt service on the GO Bond has been reduced. It is 0.6276 mills for the 2015-2016 fiscal year. This tax is set to expire in 2017 after the last payments on the money that was borrowed are paid in full. Effective July 2017, residents will no longer see this tax on their summer tax bill. From my perspective, this reduction in the overall future tax rate presents a future opportunity to issue another General Obligation Bond or to increase our general operating millage for another important public purpose (i.e. fire station improvements, facility upgrades, fire department equipment or additional trail projects).

General Fund

The City’s General Operating millage (9.9906 mills) supports the City’s General Fund. The City’s General Fund is the portion of the City budget that is responsible for many of the public services that are provided to our residents. The revenue collected by the General Operating millage pays for the following, including our staff that help manage, oversee and implement these departments and services on a daily basis:



General Administration (Management, Elections, Assessing, etc.)	\$	661,000
Fire and Emergency Rescue	\$	576,300
Police Protection	\$	574,800
Public Works & Capital Improvements	\$	543,900
Debt Administration and Legacy Costs	\$	287,700
Parks and Recreation	\$	147,700
Community Development and Code Enforcement	\$	138,500
Public Transportation, Arts, Farmers Market and Garden	\$	60,300
Total Amended 2015 –2016 General Fund Budget	\$	2,990,200

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Entering the 2015/2016 fiscal year, our annual General Fund revenues were expected to exceed our General Fund expenses by approximately \$85,000. We were hoping to be able to save this small surplus to continue addressing goals to pay down long term debt, address our facility needs, and possibly help pay for Phase 2 of Mill Creek Park. In early 2016, we learned that our fire protection and emergency rescue costs were going to increase significantly, so instead of having a surplus in this current fiscal year, we needed to re-direct those dollars to cover the increasing cost of fire protection.

Perhaps to no one's surprise, the City spends a significant amount of our general fund revenues on public safety (police and fire protection). As you can see in the figure on the previous page, the costs for public safety continue to be a large portion of the expenses within our General Fund. In 2015/2016, we originally budgeted nearly \$1,100,000 to pay for public safety, and with amendments, the final total will actually exceed that. While these services are essential and a very high priority, we have been enduring steady and unpredictable increases in the cost of our fire protection and emergency rescue service. As background, the City continues to partner with the Washtenaw County Sheriff for police protection. The County has done a good job of keeping the cost of each police deputy in check. The City has seen increases of 1% per year in this cost since 2012 and our current contract for police protection is in place through 2017 at the same modest increase. The long term police contracts help us plan our budget into the future. On the other hand, the cost of providing fire protection and emergency rescue through the Dexter Area Fire Department continues to rise at a much higher and unpredictable rate. These unpredictable increases continue to present our City with the challenge of planning for this service (please see pages 9-10 for additional detail).

In the past ten years, our general operating millage has ranged from 9.8807 to 9.9906, while (with the exception of the increase for street projects mentioned in the next section) the overall millage rate has remained the same. When the economy slowed down in 2008, we saw fewer homes get built and our overall community taxable value declined slightly. Dexter was able to weather that difficult economic period and in recent years our taxable value has increased. As the economy in Michigan improves, we have seen many new homes get built in the newer areas of Dexter (West Ridge and Dexter Crossing). As each new home gets built, our tax base has increased. All of this has enabled us to continue to provide the core services that we all have become accustomed to and allowed us to complete some significant projects along the way (i.e. Mill Creek Park and the trail connections). **For the most part, we are in a good position to continue funding the same essential services that our citizens expect and want. However, we are faced with the challenge of re-prioritizing our budget surplus in order to meet the rising cost of fire protection.**

Our Solid Waste collection fee remains unchanged this year at \$17.50 per month. Our refuse and recycling contractor (Waste Management) agreed to hold their residential collection prices for the next 3 years. This monthly fee also covers the cost of leaf pick up, brush collection, and Christmas tree pickup.

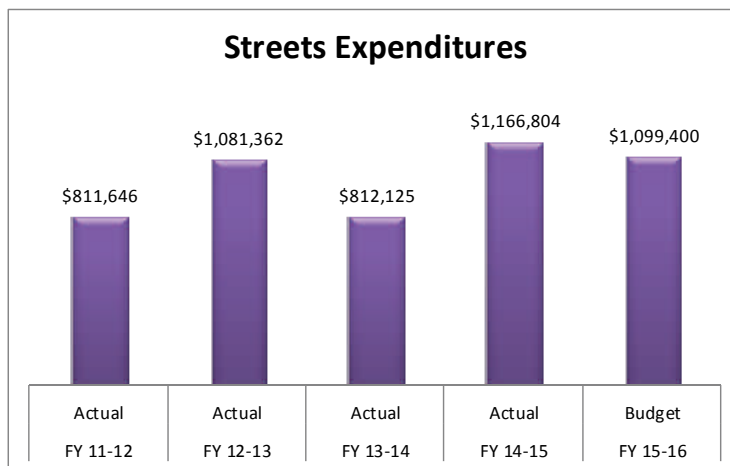
Street Millage

The City's Street millage (3.4380 mills) helps cover the cost of taking care of our major and local streets. The City receives some funding from the State of Michigan for each mile of major and local street in our network. The City receives more funding per mile for each mile of major street. The City streets that have been designated over time as major streets in Dexter are Baker, Broad, Central, Dan Hoey, Dexter Ann Arbor, Forest between Baker and Broad, Fourth, Hudson, Huron between Central and Broad, Jeffords, Main, Second and a small portion

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of Third between Broad and Central. The remaining streets in Dexter are considered local streets according to the State designation. The State funding alone would not be enough to take care of our streets. The combination of State funding and the City of Dexter Street millage covers the cost of sweeping streets, plowing snow, maintaining our streets, alleys, sidewalks, traffic signals, signage, and storm water drainage systems as well as the cost of the staffing, equipment and materials (i.e. salt, asphalt, etc..) required to provide these important services. We are lucky because we do not have any State Highways or major County roads that go through the City. Our roads are under our jurisdiction and we are able to make local decisions regarding how to maintain our roads. Because many County roads lead to and from the City, we maintain a very good relationship with the Washtenaw County Road Commission. In past years, we have partnered with them to share in the cost of necessary improvements like the Main Street Bridge project.

This fiscal year, the City partnered with the Road Commission to fund a traffic and safety study of the Baker Road/Dan Hoey/Shield intersection area in order to plan for safety improvements in that part of our community. The Baker Road/Dan Hoey/Shield Road project has already been rated as the highest priority project in the County. The Road Commission is slated to receive some federal funding (approximately \$581,000) in 2018 for improvements along Baker Road in that area. The Road Commission and City will likely seek additional funding through the Congestion Mitigation and Air Quality Program to help fund the project. While the final design configuration for the intersection improvements has not been selected, this project will go a long way toward making this portion of our community safer. The project would likely not begin until 2018, which will allow time to assemble the funding and complete the design of the selected alternative.



Residents may recall that Village Council recently raised our Street Fund millage in July 2014 by 0.5 mills to help fund our recent road improvement plan. Since then, many needed road and drainage improvements have been made throughout the City. Our road improvement plan will continue in 2016 because we want our town to have good roads for all to use. Road condition is an economic indicator and we want the condition of our roads to reflect our focus in maintaining our infrastructure. Residents will continue to see the dollars from our street millage directed toward maintenance techniques such as crack sealing, microsurfacing and cape sealing. These techniques, when applied appropriately and timely, prolong the life cycle of our streets, extending the value of the original investment.

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Residents should also be aware that the City has qualified for future federal funding for road improvements to Central Street between Third Street and Fifth Street. The Central Street reconstruction project has qualified for **\$520,000 in federal road funding in 2019**, which will allow us time to plan similar improvements to those made on Central Street between the Mast Road Bridge and Third Street.

We continue to strive to keep our town walkable and accessible for non-motorized forms of transportation.

Water and Sewer Funds

The City's Water and Sewer Funds are often referred to as Enterprise Funds. These funds are not covered by the tax structure described above. The funding for our water and sewer funds comes through water and sewer rates. The City's water and sewer rates are established each year (typically in June) by a vote of City Council following a public hearing. Both funds are managed so that they are self-sustaining, which means that the rates our residents pay each year should cover the costs of operating and maintaining our public water system and public sewer system. Each fund maintains a reserve balance in case of emergencies. Both of these funds have been supported by necessary rate increases each year. Our water and sewer systems are essential components of the core of the City's infrastructure and are a vital part of providing a safe and healthy community. The City has 7 full time staff assigned to operate, maintain and manage our water and sewer systems.

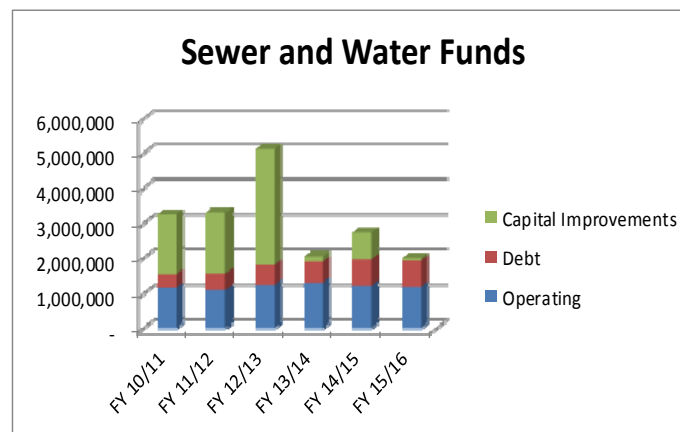
Our water system remains safe and in very good condition, due in large part to significant investment that has been made over the past 5 years. Our water system consists of two well fields (with 5 total wells), a filtration plant, a distribution system, and a water tower. The two well fields are separate and pull water from independent aquifers. This provides redundancy during periods of high use and our staff operate the two fields in such a way that we allow each aquifer the proper time to recharge. The City has invested over \$4,000,000 since 2010 to upgrade the water distribution system in the older parts of our town. Residents should be aware that we are currently saving to complete upgrades to our water tower and preliminary planning is underway to add a 6th well to our system. The investments we have made in our water system are essential in order to provide safe drinking water and fire protection.

I would be remiss if I didn't touch on the issue of water quality given the high amount of focus on this topic in the State of Michigan. For many years, the City of Dexter did not have a corrosion control program in place. Prior to 2009, the Village tested 10 homes every 3 years in accordance with the State of Michigan Department of Environmental Quality requirements. In 2009, Dexter started testing 20 sites as a result of the population increases. Some of those newer testing sites were in newer homes and they showed increased copper levels in the water. There were no samples with increased levels of lead. The testing showed that the increased copper levels were due to the new construction in the newer subdivisions which contained copper water pipes. The newer homes were showing increased levels of copper in their water, some above the action level (1300 ppb) for copper. Following the State's direction, the Village Water Department increased the number of test sites to 40 and added additional testing of water quality parameters such as pH, alkalinity, calcium, conductivity and temperature. This additional data was collected to help evaluate the corrosiveness of the water and to help guide and implement a program to control it. The City's program was planned and designed in 2010, received permits from the State in early 2011 and installed in late 2011. This two year period was also the same time that we were replacing many of the older water mains in the original old Village area. The City has had a corrosion control program in place since 2011 and samples taken in late 2012, 2013, 2014 and 2015 had no samples above

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the action level. The City prepares a water quality report annually. The reports for the last 5 years (2010 through 2014) are available on our website. We are proud of the safe drinking water that we are providing our residents and visitors. The City has been proactive in monitoring our water system, caring for our water system and improving our water system. Our proactive approach to providing a safe, drinking water supply will continue. Residents with questions about this topic are encouraged to contact the City.

Our sewer system is also in relatively good condition, although many of our sewers are older in age. Recently, we have focused our capital improvement dollars on our wastewater treatment plant. Since 2009, we have invested over \$6,000,000 to add an equalization basin and complete significant sludge digester improvements at our wastewater treatment plant. This green technology helps reduce energy costs. Our recent sludge digester improvements re-use the methane gas from the digesting process to power the plant on a daily basis. Our wastewater treatment plant is approximately 40 years old. Many of the original components have served our community well, but like any equipment that operates in a harsh environment, there are many components that require maintenance, repair or even replacement. This year's project involves the replacement of blowers which add air into our treatment process. Our wastewater treatment plant operates very well and we are consistently meeting our wastewater discharge limits in accordance with our State of Michigan permit. This is further proof of our commitment to protect the river and the environment that we live near.



Communication and Transparency

Communication and transparency are very important concepts and we strive to excel in both areas every day. Our website is full of information about upcoming events and meetings. Our staff utilizes the website (www.dextertermi.gov), our City Facebook page, and our Email Update system to share all types of information. All of our Council, Commission and Board packets are available on line in advance of the public meetings. We are working hard to make sure our residents have access to the information that is being used to make decisions. If you are not signed up to receive emails via our email update system, please send your name and email address to our City Manager, Courtney Nicholls at cnicholls@dextertermi.gov and she will get you signed up. We regularly send letters to residents about upcoming projects, tree trimming and strive for up to 4 newsletters per year. We will continue to hold open forums on larger topics whenever that is necessary. As your Mayor, I will personally continue to prepare a written report of my activities and conversations for each Council packet. All of

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these are examples of our commitment to share information. Please feel free to provide feedback on how we are doing.

Recognition

I would like to extend a special thank you to all of our staff for the daily work that they do. We have 17 full time employees (plus a few summer employees) that we rely on to manage and take care of the City. They do a great job behind the scenes and in front of the public each and every day. We are lucky to have them because they all care about their jobs. Did you know our Public Services Superintendent (Dan Schlaff) has worked for the Village/City for 30 years! Our licensed Wastewater Treatment Plant Operator (Andrea Dorney) has worked for the Village/City 25 years. Our Streets Foreman (Kurt Augustine) has worked for the Village/City for 23 years. I want to recognize these employees and all of our staff for their contribution to the great place we get to call home. Job well done everyone!

Challenges Ahead

As we look to the future, we are not without our challenges. I would like to provide some insight on 3 areas that the city will need to focus on in the months and years ahead.



Areas of Focus #1 – Facing the Rising Cost of Fire Services

The City of Dexter, along with our neighboring communities Dexter Township and Webster Township, is part of a regional fire department known as the Dexter Area Fire Department (DAFD). Our department recently celebrated its 125th anniversary of providing fire and rescue services to the Dexter community. The department was started in the Village of Dexter in 1890 and expanded to be a regional department approximately 30 years ago. 125 years of protecting and serving the public is quite an accomplishment and one that Dexter is very proud to be a part of and to recognize. You may have noticed the banners that were on our light poles in downtown and at the Main Street Station this past year. Residents should be aware that the cost of providing fire and emergency response services continues to increase steadily each year. The City of Dexter budgeted approximately \$520,000 from our \$2,900,000 General Fund Budget (approximately 18% of our General Fund) toward the cost of providing fire and emergency response services in 2015. As the City population (as well as the two Township populations) has increased across the regional coverage area, the cost of providing fire services has increased as well. As the number of runs has increased, the number of full time fire fighters has increased from 4 to 9. Our department also has paid on call staff that supplement the full time personnel. The cost of running DAFD has nearly doubled over the last 7 to 8 years from \$964,050 in 2009 to over \$1,800,000 in 2016. This has resulted in the Village/City's share of that cost increase to go from approximately \$304,000 in 2009 to approximately \$630,000 in 2016. This unanticipated increase over our budgeted amount of \$520,000 in our current 2015/2016 budget resulted in us directing our surplus and using general fund reserves to cover the increase. While we have some reserve dollars in our general fund, we are focused on finding a more predictable model in order to budget more accurately for this service each year.

You may ask why this cost is so unpredictable and why it is rising so much. We are working hard to answer these

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two questions. The reality is the department runs very well in the day to day response to fire and emergency rescue calls. When you dial 911, our firefighters and first responders are excellent at responding to the needs of the community. While we still have much work to do, we are working proactively to develop a long term plan that helps predict the future cost of providing fire service so that the City (as well as Dexter Township and Webster Township) can plan for our share of the overall cost.

Over the past year, we have learned a lot about this important public safety service. Following the announcement that our previous Fire Chief was retiring, I was honored to be asked to serve on the Fire Chief Selection Committee that worked from January through October 2015 to find, interview and hire our new Fire Chief. We used a process that involved other area Fire Chiefs to help us interview and ultimately select our new Fire Chief. I am proud to report to all the citizens of Dexter that Mr. Robert Smith was hired as the new Fire Chief of the Dexter Area Fire Department on October 15, 2015. It is our hope that Chief Smith will provide valuable insight and leadership to both the firefighters and the DAFD Board as we work together to develop a long term capital improvement plan and long term budget (saving and spending) plan for our fire and emergency response services.

In the past, our DAFD Board has budgeted mostly for the day to day operation of the department. We need to look 5 years or 10 years ahead to proactively plan for capital purchases, maintenance and replacement of key equipment, or to address long term pension obligations. The DAFD does not have a rainy day fund. We do not have an equipment replacement fund. We are changing this. Like many municipal public service departments, our fire department has a significant amount of unfunded liability both in our defined benefit pension plan and our retiree health care funds. A plan needs to be developed to address both. Our firefighters pension plan is currently only 58% funded. While some of this may come as a surprise to new residents, please note that the Village of Dexter was in a similar position back in 2008 with its defined benefit plan, and had not saved a penny for its long term retiree health care obligations. The City proactively formulated a plan to address these structural deficiencies and has been disciplined in staying the course to improve our financial health. The DAFD will likely need to make some similar significant structural changes to their pension plan, and will need to be disciplined in an approach to saving money for future capital improvements. All of these changes will likely result in cost increases for all 3 of the communities (including the City of Dexter) that make up the Dexter Area Fire Department. These cost increases must be proactively planned for and managed in order to continue to provide this most important public safety service. We may not have planned this service well in the past, but we cannot wait any longer to develop a plan for the future.

Please note that the City is still interested in the concept of creating a larger regional department that includes Scio Township. While discussions about this have not occurred recently, I plan to re-engage the Township Supervisors in Dexter, Scio and Webster to resume this important discussion. I continue to believe that in the long run, the region will be better with the larger regional department.

Area of Focus #2 – Finding the Right Redevelopment Partner for the old DAPCO property on Broad Street

In July 2015, the City of Dexter and the Dexter Downtown Development Authority (DDA) issued a Request for Qualifications to find a development partner for the old DAPCO property, sometimes referred to as 3045 Broad Street, near Mill Creek Park. In December 2015, the City and DDA selected Foremost Development as a partner in planning the redevelopment of the property between Forest and Grand. The City and DDA hope to work

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cooperatively with Foremost to redevelop the 4 acres of property into a mixed use development, with a focus on adding new housing options near our downtown. The exact concept has not been created yet. Rather we are planning a series of public visioning sessions so that the community can provide input into the process of redeveloping this highly visible piece of property. The City and DDA have been working with Detroit Edison (DTE) to develop a plan and timeline to de-commission the existing electrical substation. While the exact timeline has not been “set in stone”, the City and/or DDA is aware that the cost to remove the substation is approximately \$360,000. We are fortunate to have DTE working proactively with us toward a future schedule. Removing this substation should provide a great opportunity to redevelop this property. The City and DDA want a development that fits

within the size, scale and character of our town. The City and DDA also want the redevelopment to increase the taxable value of the property. With these two primary goals in mind, the DDA and City approved a “Pre-development Agreement” with Foremost Development. This agreement will provide a framework for a 6 month due diligence period for both parties. It will also outline the public visioning process that I mentioned previously. The goal is to gather public input in such a way that Foremost can create a concept plan with enough certainty to do a financial pro-forma on the proposed project. The next 6 months or so should be exciting and I would like to encourage all residents to participate in the visioning sessions. **The first public visioning session is set for April 16th from noon to 4:00 pm at the Dexter District Library.**

Area of Focus #3 – Improving our Public Facilities

At some point in the future, the City of Dexter will need to improve two of its public facilities. Our City offices have been located on the 2nd floor of the PNC Bank building since 2002 and we have simply outgrown the available space at this location. Our 6 full time administrative staff and part time clerk and assessor that serve our residents and manage the day to day affairs of the City currently work in about 1,700 square feet of office space. From our help desk at the top of the stairs, we hide the cramped cubicles fairly well. But anyone who has attended a meeting at City offices or spent any amount of time beyond the entrance area knows that we are short of adequate space. City Council has a facility committee working to review options for improving our City office space. We will soon be issuing a summary of findings to the full Council outlining the options that have been discussed to date. We currently need about 4,000 square feet of office space. We have also been discussing the possibility of space for our own meeting room. Figuring out how to pay for more office space, whether through a new lease in another building or through a purchase of space will be a key topic of future discussions by our Council.

My vision for improving City offices includes purchasing approximately 4,000 to 6,800 feet of office space (and possible meeting room space, if desired), in the unbuilt building on Jeffords directly across from our very attractive Mill Creek Park. This building location has had site plan approval for a mixed use (i.e. commercial, office, and residential uses) development for over 5 years but the developer has had trouble finding one primary entity to help secure financing through the bank. The City could be that primary entity. The City could purchase about a third of that new building (at a cost of approximately \$900,000 to \$1,500,000, depending on the amount of space), and have sufficient office space for our administrative functions for years to come. We could add a very accessible public restroom on the first floor at this location which would also be an asset to the many users

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of the park and visitors to our downtown. The top two stories of the building could be residential or office and would also bring in additional tax revenue. I believe this scenario is the most cost effective solution and would greatly improve our current administrative space problem. The public restroom and additional taxable value from the rest of the building is a long term benefit as well. I think it is important for our City offices to be downtown and this location on Jeffords would be a nice location adjacent to our beautiful park.

Another possibility that is being looked at by our facility committee is to renovate the existing fire station/sheriff substation into City offices. This option would first require us to move the fire station. Preliminary cost estimates to renovate the existing structure into City offices are estimated at approximately \$2,500,000 to \$3,000,000. Compared to the other option described above, this option seems unnecessarily expensive.

I would be interested to know what our residents think about these ideas.

Our Fire Station on Main Street is also in need of some significant upgrades. While the building is structurally very sound and serves as the Main Station for the Dexter Area Fire Department, the building is antiquated and needs a significant renovation. Our facility committee has been working with an architect and the fire fighters over the past year to develop a plan to renovate the fire station. The preliminary cost of this renovation is approximately \$3,100,000. The renovation would bring the current building up to code, add living space for both male and female fire fighters, increase storage areas, separate functions that are currently in cramped shared locations and provide a facility to serve our community for the future.

Our facility committee has also explored the cost of building a new fire station at other locations. Recent estimates to build a new station in other areas of the City range from \$3,500,000 to \$4,000,000 (depending on the cost of land and the location). The Facility Committee has reviewed other locations for moving the fire station, however, none of them improve the response times to the benefit of the majority of our homes and businesses. I do not see any benefit to moving the current fire station if the majority of our homes and businesses don't benefit from improved response times. I am in favor of the renovation at the Main Street location and will be working with our Council and staff to formulate a cost effective plan to address this need.

It is important to note that the City does not have enough general fund reserves to pay for all of these facility improvements in cash. We do however have the ability to repurpose the General Obligation millage that is expiring in 2017 and/or increase our General Fund millage to cover a 20 year bond payment to pay for the fire station (and City office) upgrades. Borrowing approximately \$4,600,000 (\$1.5M for offices and \$3.1M for fire station renovations) over 20 years would require an overall net millage increase of less than a mill. Even with this increase, the City of Dexter would have one of the lowest (if not the lowest) overall tax rate for any City in the County.

The City does have a limit on how much money we can borrow at one time. Our debt ceiling is calculated as 10% of our State Equalized Value. The City currently has debt on the books in excess of \$14,000,000, with only \$9,000,000 available to borrow below our \$23,000,000 limit. My goal for facility improvements would be to borrow the smallest amount required to address our needs. We need to protect the available bonding capacity that we have into the future.

State of the City

In summary, these 3 areas of focus represent significant opportunity and challenges for our community. We will keep you informed of our discussions and progress as we look ahead to our new fiscal year 2016. Please drop me a note at skeough@dextermi.gov with any comments or suggestions regarding these areas of focus.

Development or Redevelopment

Similar to when we were a Village, the City of Dexter continues to experience a variety of development opportunities. Most of these opportunities occur within the City limits like the new dentist office being constructed on Dan Hoey near Lexington. That development is a commercial infill project on one of the few vacant pieces of property within the City. Other projects may be labeled redevelopment projects such as the current effort that the City is undertaking to find a developer to redevelop the old industrial property on Broad Street near Mill Creek Park. Another example of redevelopment is the LaFontaine Chevrolet project that occurred a few years ago.

In addition to new development or redevelopment within the City limits, on occasion the City gets interest from adjacent property owners outside the City limits. Words such as annexation and growth still create a buzz whenever they are mentioned. There is no denying that the City has more homes and more residents and more businesses than it did 10 years ago, 20 years ago and even 30 years ago. Dexter is a very desirable place to be and I believe we are all very proud of that. But with that desirable label comes the fact that more people want to be a part of it.

In 2013 - 2014, the Village annexed 16 acres of property from Scio Township along our southern border to help provide our largest taxpayer, Dexter Fastener Technologies (Dex Tech), an opportunity to expand their business. Dex Tech requested the annexation in order to build additional manufacturing space at the same location as their current business. The annexation was completed with support from Scio Township and Washtenaw County because of the importance of maintaining this special manufacturing business in our community and County.

Over the past 9 months, the City has received letters of interest from adjacent property owners south and west of the City limits. The primary interest in becoming part of the City is access to public utilities (i.e. water and sanitary sewer). Our water system and our sewer system are both assets with limited capacity. These assets are owned and provided by the City. I wanted to mention that City Council has recently discussed how to handle these letters of interest. In the interest of maintaining our good relationships with the Townships around us, we have invited Township representatives to meet with the City whenever we get a letter of interest or an annexation request. For example, we recently received an annexation request from a group interested in purchasing the old Mill Creek Sports property. This unique triangular shaped property sits in both Scio Township and Webster Township. Upon receiving the request letter from the potential purchasers to explore annexation into the City, the City contacted both Townships to discuss the potential annexation. Both Townships discussed the matter and were "unofficially" willing to support the annexation, pending an official request. In this particular case, the potential property owners decided that they ultimately did not want to pursue the annexation and thus they may attempt to develop the property outside the City without the benefit of public utilities or the additional City taxes. That is their choice, but this is an example of the communication that is occurring between municipalities when situations like this occur.

State of the City

In July of 2015, the City received a letter of interest from the owners/potential developers of the vacant property in Scio Township along Baker Road in Scio Township. The vacant property is adjacent to and south of the City's Industrial Park and south of the Dexter Crossing subdivision. This property is outside the City limits, however, the property owners have asked to meet with the City to see if the City is interested in having an additional development become part of the City. Since this land is in Scio Township, the City invited representatives of Scio Township to a joint meeting in November of 2015 to discuss the letter of interest. No action was taken at that meeting and no action has taken place since that meeting. The meeting was simply a communication forum to allow the developer to introduce their interest in the presence of both municipalities. The meeting also allowed representatives from both municipalities to express their thoughts or concerns. The Developer has reiterated that they would like to continue to talk about the potential for a future project. In response to this interest, the City will likely have another meeting on this topic in the weeks ahead. At a recent Council workshop, City Council discussed having a second meeting in advance of a future Council meeting. The City will again be inviting Scio representatives to participate in the discussion. Residents should understand that the City is not feeling rushed to make any decision(s) in response to this letter of interest. My purpose of mentioning this as a part of this article is to make sure all residents are aware of what is going on in and around the City as it potentially could affect the City. We will advertise any future meetings on this topic so that interested residents can attend and participate if they should desire to do so.

Tax Tribunal Update

The City of Dexter and the Dexter Downtown Development Authority (DDA) are intervening parties to a tax challenge submitted by the Chelsea Wellness Foundation (CWF) to the Michigan Tax Tribunal regarding their Dexter Wellness Center property. The CWF has disputed their taxable status and taxable value for tax year 2014 and 2015 that was initially determined by the Scio Township Board of Review in March of 2014 following CWF's purchase of that property in late 2013. The CWF feels that the Dexter Wellness Center property should be tax-exempt and that they should not have to pay any taxes because they own the building and property. The City and DDA asked to intervene on this challenge to protect approximately \$110,000 annually in tax revenue for the DDA. The City and DDA do not feel that the fitness center (with a taxable value of over \$5,000,000) qualifies for tax exempt status. The State of Michigan has also intervened against the tax exemption. As of January 13, 2016, all parties have presented their views in front of the State Tax Tribunal. The Judge for the Tribunal listened to 8 days of testimony from all parties. The Judge asked for each party to submit written closing briefs by March 17, 2016 summarizing their position. We expect the Judge to make a ruling by approximately May 1, 2016. This dispute has lasted over 2 years as we have patiently gone through the Tax Tribunal process. While the decision is ahead of us, I would like to thank everyone that has taken time to call, write and/or encourage the City/DDA to defend the current taxable status.

Parks/Trails Updates

With Spring hopefully near, the City is excited to complete the last segment of the Border to Border Trail near Central Street and our Department of Public Works building. This last segment of trail will complete the approximately 4 mile route from the City to Dexter Huron Metropark. We have spent the past two years working through this plan with MDOT and Amtrak and are proud to finally get this open for use.

Thanks in part to a \$10,000 donation by the Dexter Lion's Club (and others) and cooperation with the Dexter

State of the City

Community Schools, Lion's Park at Edison and Fifth Street will soon be seeing the addition of new playground equipment. Please watch for information about a community build day.

Last, but not least, the City is investigating options to develop trails to the south of the current Mill Creek Park. We are currently evaluating the amount of wetlands in this area (because that determines the amount of boardwalk versus paved asphalt trail) and trying to find additional funding to support the next phase of our park development. We will be applying to the Michigan Natural Resources Trust Fund in future years.

Arts, Culture and Heritage



In 2008, the City created an Arts, Culture and Heritage committee to increase our awareness and recognize the importance of Art, Culture and Heritage in our community. The City continues to support this committee through our temporary art program, the purchase of permanent pieces of art and our Plein Air Festival. Residents are encouraged to provide comments on the temporary art that has been placed in Mill Creek Park, near the Library and at the corner of Dexter Ann Arbor Road and Ryan. The City has the option of purchasing this temporary art at the conclusion of the year display period. Please email our City Manager at cnicholls@dextermi.gov with any comments.

The Plein Air Festival continues to grow and thrive. This event takes place the week after Dexter Daze. In 2015, we had over 70 artists participate by coming to Dexter to show off their creativity in painting Dexter. The City feels that this event is one of a kind and sets us apart from other communities. We hope you get a chance to enjoy the public displays under the tent in August.

Summary and Closing

In closing, the State of the City is strong. The City of Dexter is in a solid financial condition today. We weren't always able to say that; however, with an increased focus on fiscal responsibility, modest goals and a disciplined approach, we have made great strides to improve the financial health of our community. I would like to highlight a few significant accomplishments as examples of our solid (and improving) financial condition:

Addressing our Retiree Health Care Obligation – In 2008, we had \$0 saved toward this future long term unfunded liability, which has been estimated at approximately \$4,000,000. Over the past 7 years, we have saved \$840,000 toward our long term retiree health care obligation. The City has also reduced the number of former employees that are eligible for this long term benefit through buyouts at retirement. The City will be getting an updated actuarial valuation this year. While we have a ways to go, we have a disciplined approach toward meeting this long term obligation. The City budget allocates a minimum of \$95,000 each year toward this long term obligation.

Covering our Pension Liability – In 2008, our defined pension plan was only 58% funded. Today, we are over 80% funded. We have closed our defined pension plan and now offer a defined contribution plan to new employees. Each year, we continue to pay more than the minimum with a goal of increasing our funded percentage closer to 100%.

State of the City

Improved Bond Rating – In 2015, the City's bond rating was upgraded from an AA- to AA. This is an important upgrade that is based on our positive financial outlook. It will help the City in the long term.

All of these accomplishments are aimed at making sure Dexter is strong for years to come. To that end, we must continue to make each of these areas a priority every year so that we don't fall behind again. We are working hard to balance your tax dollars to provide high quality services, pay down debt, save for the future and create a destination and community with a high quality of life.

I hope you have enjoyed reading this special State of the City message and our newsletter and look forward to seeing you around our town! Thank you - Shawn Keough, Mayor

If you have any questions or ideas after reading this State of the City, please drop me a note at skeough@dextermi.gov. We appreciate and encourage any and all feedback so that we can work to provide the best service and a high quality of life each and every day.

Dexter Farmers Market



The Dexter Farmers Market will open for the season on Saturday, May 7th. Market hours are Saturday from 8:00 am to 1:00 pm; and Tuesday from 2:00 pm to 6:00 pm.

The Market will host an excellent line-up of produce, annual and perennial plants, and artisan products. In addition, talented musicians, vocalists, and artists, such as Hudson Education Center and Rising Stars, will

provide a lively atmosphere every Saturday.

On Opening Saturday, kids 12 and under can make a free, special gift for Mom. Hope to see you there!

City Council and Commission Meetings

City Council
7:30 p.m. at the
Dexter Senior Center
7720 Ann Arbor Street

April 11, 2016
April 25, 2016
May 9, 2016
May 23, 2016
June 13, 2016

Planning Commission
7:00 p.m. at the
Dexter Senior Center
7720 Ann Arbor Street

May 2, 2016
June 6, 2016
July 5, 2016

**Parks & Recreation
Commission**
7:00 p.m. at the
City Offices
8123 Main Street

April 19, 2016
May 17, 2016
June 21, 2016

**Downtown Development
Authority**
7:30 a.m. at the
Dexter Senior Center
7720 Ann Arbor Street

April 21, 2016
May 19, 2016
June 16, 2016

**Arts, Culture and Heritage
Committee**
6:30 p.m. at the
Dexter Senior Center
7720 Ann Arbor Street

May 2016 TBD (Election Day)
June 7, 2016
July 5, 2016

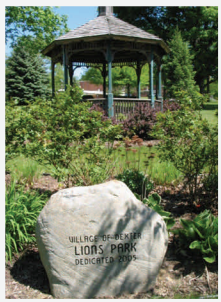
Zoning Board of Appeals
Meets as required.

The City Offices are closed
May 30th in observance of
Memorial Day and July 4th in
observance of Independence
Day.

Interested in having your utility bill automatically deducted from your bank account?

Please visit our website at www.DexterMI.gov to download the Utility Bill Direct Debit Authorization form. It can be found under the Services tab, Utility Billing. Or you can call the City at (734) 580-2232 or email eaiken@DexterMI.gov for more information and to request a form.

Playground Community Build Day



Save the Date!
June 18, 2016
9:00 am - 7:00 pm

The City of Dexter will be hosting a Community Build Day on June 18th from 9:00 am - 7:00 pm to construct new playground

equipment for Lion's Park. Lions Park is located at 7720 Ann Arbor St., adjacent to the Dexter Senior Center. The Community Build will serve as both an effort to improve an existing City park and as a general celebration of Dexter Parks. All Dexter area residents are welcome. Food and refreshments will be served to volunteers throughout the day, so please feel free to join us as your schedule allows.

The playground has been sponsored by: The Dexter

Lions Club, Bouillion Sales, Running Fit, Doors and Drawers, Thompson Shore, Knight's Excavating, Dexter Community Schools, and the City of Dexter. If your organization would be interested in sponsoring the playground, or if you would like to receive updates about this event, or if you would like more information about Dexter Parks, please contact Justin Breyer, Assistant to the City Manager by e-mail at Jbreyer@dextermi.gov or by phone at (734) 580-2234.

Where are Dexter's Parks?

Community Park: Ryan Drive off of Dexter-Ann Arbor Road

First Street Park: 2nd Street near Edison Street

Lion's Park: Corner of Ann Arbor Street and Edison Street

Mill Creek Park: Alpine Street and Jeffords Street, at Main Street

Monument Park: Downtown

Peace Park: Ann Arbor Street and Inverness Street

2016 Elections

The Michigan Presidential Primary Election was held on March 8, 2016. The City experienced close to 50% voter turnout. Election results can be found on the City's website at www.DexterMI.gov/news/march-8-2016-election-results.

The City of Dexter will be hosting three more elections in 2016:

May 3, 2016:
 Washtenaw Intermediate School District Ballot Initiative

August 2, 2016:
 General Primary Election

November 8, 2016:
 General Election

Absentee ballots are available 45 days before each election. To qualify, for an absentee ballot, you must be a registered voter at least 30 days prior to an election, apply in writing to be included on the List, and meet one of the following criteria:

- ◆ You are 60 years of age or more;
- ◆ You are unable to vote without assistance;
- ◆ You are expecting to be out of town on Election Day;
- ◆ You are in jail awaiting arraignment on trial;
- ◆ You are unable to attend the polls due to religious reasons;

- ◆ You are appointed to work as an election inspector in a precinct outside of your precinct of residence.

The Permanent Absentee Voter List

The City of Dexter Clerk's Office maintains a Permanent Absent Voter List. The Permanent Absent Voter List is a list of voters who qualify under state law to vote by absentee ballot. All voters on the Permanent Absent Voter list are automatically sent an Absentee Ballot Application for each election scheduled in the City of Dexter.

If you would like to be placed on the Permanent Absent Voter List, the forms are available in the City Office (8123 Main St., 2nd Floor) or you may access the form on the City's website at www.DexterMI.gov, and click on the Services tab, and then Elections, Voting and Running for Elected Office.

To request an absentee ballot, to serve as an election inspector, or for other elections-related questions please contact Justin Breyer, Assistant to the City Manager by email at Jbreyer@dextermi.gov or by phone at (734) 580-2234.

YARD WASTE SERVICE

Frequency – First Friday in April until Last Friday in November

Pick-up once per week; collection at curb side.

Collection Time & Day

Materials placed at curb by 6:30 a.m. on Friday.

Containers

Customers may use paper yard waste bags or containers up to 32-gallons in capacity with proper sticker facing the street (50-pound weight limit). Stickers, which state “Yard Waste” are available at the City Office. 96-gallon Curb Carts may not be used for this service due to their weight. No plastic bags.

Volume / Limit

10 bags/cans weekly.

Yard Waste Materials

Yard waste materials include grass clippings, leaves, weeds, prunings, garden and fruit waste, incidental dirt from edging and planting, small sticks, and branches up to 4 feet in length and 4 inches in diameter. Bundle brush and branches that are 4 inches in diameter or less in 3 - 4 foot long bundles with string. Please ensure bundles weigh less than 50 lbs, and are no larger than 18 inches around. Yard waste mixed with rubbish cannot be collected. Contact the City Office if you are not able to bundle your brush or for branches over 4’ in length or 4” in diameter.

Prohibited Materials

WM cannot accept branches over 4 feet in length and 4 inches in diameter, stumps, shrubs with root balls and dirt, large quantities of dirt, sand, gravel, pet waste, plastic bags with yard waste, etc.

TRASH SERVICE

Frequency

Pick-up once per week; collection at curb side.

Collection Time & Day

Materials placed at curb by 6:30 a.m. on Friday.

Containers

Customer can use plastic bags, containers up to 32-gallon in capacity and 60-pound weight limit, and/or 96-gallon curb carts that can be serviced mechanically. (*see trash cart rental information below*)

Optional Upgrade — Trash Cart Rental

For an *additional* rental cost, WM will provide a 96-gallon wheeled trash cart with the service. *Call WM at 866.797.9018 for information.*

Container Size & Weekly Volume Limits

- 32 gallon cans – 3 quantity max
- 96 gallon cart – 1 cart + 2 bag quantity max
- 40 gallon plastic bags –
(30lbs max per bag) 6 bags quantity max

DON'T DUMP IN DEXTER

The City of Dexter has adopted a ‘zero tolerance’ attitude towards illegal dumping. ***If you see illegal dumping happening:***

- *Take note of the license plate or any commercial name on the vehicle and vehicle number.*
- *Take note of the time, location and description of the people doing the dumping.*
- *Call the Illegal Dumping Hot Line immediately at 734.424.0587*

FALL LEAF COLLECTION

The Department of Public Works collects loose leaves between October and December. Leaves should be raked to the roadside in a neat line or row. ***Do not mix brush, limbs, or other debris with leaves.*** Bagged leaves will also be picked up. Do not rake leaves into ditches.

CHRISTMAS TREES

The Department of Public Works collects trees following Christmas. Please remove all ornaments, tinsel, and stands so trees can be chipped. ***Dispose of wreaths with regular trash.***

LARGE ITEMS

One bulk item per week may be set out at the curb on trash collection day.

- ***Properly prepared carpet/pad — 4’ lengths rolled and tied, 50 lb. 4 roll max per week***
- ***Mattress/box spring***
- ***Furniture***
- ***Appliances***
- ***Refrigerators — Doors removed for safety with or without Freon. Contact Waste Management for items that contain Freon. (Subject to prepay service fee)***
Call WM 866-797-9018

ITEMS WE DO NOT COLLECT

- ***Gasoline and automobile oil***
- ***Car and truck parts/ engines/ tires/ batteries***
- ***Hazardous/ flammable wastes***
- ***Construction/roofing/ demolition debris***
- ***Yard waste mixed with trash***
- ***Concrete/Bricks***
- ***Cyclone fencing/railroad ties***
- ***Tree stumps***
- ***Liquids***
- ***Household batteries***

SPRING CLEAN UP

The City provides expanded collection of trash, appliances, yard waste, and other bulky items on the third Friday of May each year. Material must be placed at the curb for collection. The following additional guidelines apply:

- ***All loose material must be contained.***
- ***Appliances and bulky items are limited to what two persons can safely lift.***
- ***Tires are subject to a prepaid service fee contact Waste Management.***
- ***Yard waste must be properly bundled and/or contained. (see yard waste guidelines)***

City of Dexter
8140 Main St
Dexter MI 48130
(734) 426-8303

Mayor:

Shawn Keough

Council Members:

Jim Carson

Donna Fisher

Julie Knight

Zach Michels

James Smith

Ray Tell

City Staff

Courtney Nicholls,

City Manager

Michelle Aniol,

Community Development

Justin Breyer

Asst. to City Manager

Carol Jones,

Interim City Clerk

Dan Schlaff,

Public Services

Marie Sherry,

Treasurer/Finance

PRESORTED
STANDARD
U.S. POSTAGE
PAID PERMIT NO. 100
DEXTER MICHIGAN

The City Offices are located at 8123 Main St, 2nd Floor, above the PNC Bank. Hours are Monday through Friday, 9:00 am to 5:00 pm.

Elected Officials:

Shawn Keough, Mayor: skeough@DexterMI.gov (313) 363-1434

Jim Carson, Councilperson: jcarson@DexterMI.gov (734) 502-4257

Donna Fisher, Councilperson: dfisher@DexterMI.gov (734) 649-5169

Julie Knight, Councilperson: jknight@DexterMI.gov (734) 426-4961

Zach Michels, Councilperson: zmichels@DexterMI.gov (734) 726-0616

Jim Smith, Councilperson: jdsmith@DexterMI.gov (734) 426-8885

Ray Tell, Mayor Pro Tem: rtell@DexterMI.gov (734) 426-3398

Staff:

City Manager: cnicholls@DexterMI.gov (734) 580-2229

Assistant to the Manager: jbreyer@DexterMI.gov (734) 580-2234

Treasurer: msherry@DexterMI.gov (734) 580-2231

Clerk: cjones@DexterMI.gov (734) 426-8303

Community Development: maniol@DexterMI.gov (734) 580-2233

Utility Billing: eaiken@DexterMI.gov (734) 580-2232

Administrative Assistant: btuscano@DexterMI.gov (734) 580-2230

Public Works: kaugustine@DexterMI.gov (734) 426-8530

Public Utilities: dschlaff@DexterMI.gov (734) 426-4572

Utilities After Hour Emergencies: (734) 368-5212

Please join us on Saturday, April 16th from Noon to 4:00 pm for a forum on the redevelopment project on Broad Street next to Mill Creek Park. The forum is being held at the Dexter District Library, 3255 Alpine Street, Dexter.

For more information, visit www.DexterMI.gov/3045-broad-street-redevelopment.