

# Zox Subdivision/Village Organization

# Step 1 - Understand the problem



# Water System

- Installed in 1917 when the neighborhood consisted of a few cottages
- Consists of 4 miles of 4" cast iron pipes and services 240 homes
- Approximately 1200 joints leading to significant loss through leaks
- Currently pump 300 gallons per day per home or about double the national average due to joint leaks
- Our two well pumps are 69 and 60 years old respectively
- While our combined pumps can supply sufficient water volume at the pump, water volume at many houses and fire hydrants is much lower because of the 4" pipe diameter due to laminar loss
- Funds needed to upgrade to 6 inch modern pipes and rebuild pumps
- \$4-\$5 million



# Bridges

- 15 bridges across canals giving residents access to their homes
- 12 of the bridges are original construction from around 1919. 3 bridges have been redecked or significantly rebuilt in the last 30 years. Bridges have been maintained but are reaching the end of their useful life.
- Based on current engineering study performed in 2022, accrued maintenance/repair costs are approx \$2.5 million. \$2 million of that is designated priority, which would replace or significantly rebuild two bridges.
- Average per bridge replacement cost is around \$900,000 or an additional \$11.7 million for the remaining 13 bridges
- West Bloomfield Township is requiring Zox to replace/significantly upgrade its bridges or it may withhold emergency services due to concerns about the carrying capacity of its equipment.



# Roads

- Approximately 3.75 miles of paved roads to maintain
- Many areas are crumbling
- Roads were last redone 35 years ago
- Cost to replace roads approximately \$2 million



# Canals

- Approximately 2.5 miles of navigable canals
- Approximately 15% of the canals get nearly impassable by normal boats when the water level is low
- Cost to dredge canals \$1 million to \$1.5 million depending on how much is dredged



## Projected Capital Expenditures Over 20 Years in 2023 Dollars.

	Estimated Cost
Water	\$4,000,000
Bridges *	\$5,850,000
Roads	\$2,000,000
Canals	\$1,000,000
Total	\$12,850,000
Cash on Hand	<b>\$1,500,000</b>
Total needed **	\$11,350,000
* Assumes 50% replacement rate	
<b>** \$49,780 per 228 households</b>	For 20 year plan only.

## Step 2 Finding a Solution





# Possible Funding Sources

- Private Loans - Prohibitive interest rates
- Federal Earmarks - we participated in earmarks with Rep Stevens office in 2021 but we were denied because we aren't a municipality. That issue notwithstanding, our projects score high on the priority list for federal earmarks
- State Revolving Fund for drinking water - We are on the priority list but can't receive funding from the treasury department because we aren't a municipality. Loan would be based on low interest rate (2.25%). Almost all water grants are in the form of loan forgiveness. We have not been able to identify grant money that exists unless you are first funded by the SRF.
- MDOT - Act 51 revenue share - Road improvement Funding
- State statutory revenue sharing - \$110 per person per year revenue sharing
- State appropriations support - we have the support of Rosemary Bayer and Noah Arbit to acquire funding but it's difficult because we aren't a municipality. We recently received a grant to help replace one of the bridges, but only after overcoming significant pushback because of our organization type.



# Public Funding - Partnering with the Township

- Public funds are almost exclusively available to municipalities
- The SRF for drinking water encouraged us to reach out to our local township to see about partnering. In this case the township acts as a fiduciary and guarantee the debt. The Township seemed uncomfortable guaranteeing our debt.
- Federal Earmarks - The township would need to apply for the earmark funding and act as a fiduciary, writing checks to our vendors on our behalf. However, often Zox owned projects are vying for the same financial resources as Township owned projects, creating a conflict of interest.
- State funding - Similar issues with Federal earmarks.



# Partnering with the Township (cont)

## ➤ Pros

- Lowest barrier to entry
- Minimal additional overhead to Zox
- Expertise of township employees

## ➤ Cons

- Township may have system standards that are inappropriate for Zox and add significant cost (8 inch mains vs 6 inch mains etc)
- Creates administrative overhead and expenses for the Township
- Could be perceived as favoritism by the Township of Zox. Could create a precedent.
- In the event Township would be looking to recoup administrative costs, it would likely make the projects cost prohibitive.



# Public Funding - Organizing as a village

- Villages and cities are organized to administer infrastructure. Government assistance is generally designed under the assumption that recipients are a municipality.
- We visited several villages and interviewed their staff
- Metamora Village was the most analogous to us. It has 250 homes, 644 people. It provides municipal water service and maintains its primary and secondary roads
- Metamora Village has a good working relationship with Metamora Township. Policing, fire and building department administration are administered by the township. All fees that would normally be paid by a resident (say for a parking ticket) are still paid to Metamora township. Elections are run by the Township clerk at no cost to the Village
- Metamora Village is responsible for water system maintenance, road maintenance, collection of village taxes and water bills. Their water system is metered.
- They manage with one employee who is the clerk and works 30 hours per week. They also administer the monthly water bills. We don't have to generate monthly water bills and deal with those payments therefore we estimate we would probably need an employee to work 15 hours per week



## Public Funding based on Metamora - Organizing as a village (cont)

	Metamora Village	Zox Village
Population	664	600
Miles of Secondary Roads	2.15	3.75
Act 51 Revenue Share	\$ 22,000.00	\$ 30,081.00
Constitutional Revenue Share	\$ 73,040.00	\$ 66,000.00

# Public Funding - Act 51 MDOT Worksheet

[illegible]

# Public Funding - Organizing as a village (Cont)

- Township continues to collect 100% of tax dollars from Zox residents
- Zox residents are still subjected to and pay for Township millages (public safety, parks, library)
- The population of Zox continues to be a part of the Township (unlike cities)
- Voters still remain constituents of West Bloomfield Township
- It's important to reiterate, we are not leaving West Bloomfield, we are reorganizing **\*within\*** West Bloomfield Township



# How would a village work with the TWP

	Township	Village	Funding Source	Notes	
Police	✓		Current tax revenue/any fees that are paid now		
Fire	✓		Current tax revenue/any fees that are paid now		
Building Dept	✓		Current tax revenue/any fees that are paid now		
Elections	✓		Current tax revenue/any fees that are paid now		
Collection of county/twp taxes	✓				
Assessing	✓				
Road Maintenance		✓	Village millage/MDOT funding		
Bridges		✓	Village millage/MDOT funding		
Water System		✓	Flat rate water bill		
Collection of village taxes		✓			
Administration of village affairs		✓			




# Organizing as a Village

## ➤ Pros

- Allows Zox to advocate on its behalf directly with its state and federal elected officials
- Better aligns its needs with existing funding sources for infrastructure
- Removes the overhead from the township of identifying funding sources, thus saving taxpayer money
- Demonstrates dynamic leadership in developing creative solutions to big problems
- Qualifies for funding with the SRF for drinking water without Township participation
- Positions the neighborhood on the best foot for the future

## ➤ Cons

- Much heavier lift for Zox: Expense of initial organization, additional overhead running a village, must get resident buy-in
  - Makes the administration of Zox more complicated (legal requirements like Open meetings act, FOIA, hiring of a clerk etc)
  - No guarantee of funding once organized despite additional overhead
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# Financial Comparison of Funding Immediate Needs

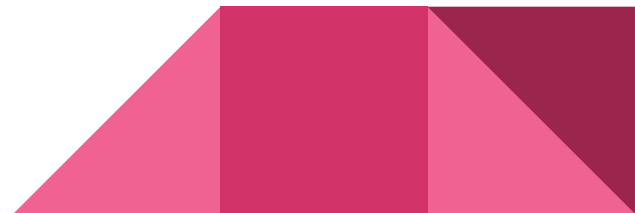
- Immediate needs include
  - Water System Replacement Cost \$4 million
  - 2 Bridges replaced/rebuilt \$2 million
  - Roads Resurfaced \$2 million
  - Establish \$22,500 annual bridge maintenance fund



Village ☒		TWP Partner for Water Loan		HOA Market Rate Loan	
<b>Water Income</b>					
Water Bills	\$ 261,905.04				
Member Water Services	\$ 2,530.00				
<b>Road Income</b>					
Act 51 funds	\$ 30,000.00				
		<b>General Fund Income:</b>		<b>General Fund Income:</b>	
<b>General Income</b>		Community Center	\$ 2,000.00	Community Center	\$ 2,000.00
State Revenue Share	\$ 66,000.00	Dock Fees	\$ 3,600.00	Dock Fees	\$ 3,600.00
Dock Fees	\$ 3,600.00	Fundraising/Donations	\$ 219.40	Fundraising/Donations	\$ 219.40
Community Center	\$ 2,365.00	Membership Fees	\$ 283,942.00	Membership Fees	\$ 283,942.00
Total	\$ 71,965.00	Discounts	\$ (20,384.78)	Discounts	\$ (20,384.78)
		Mem. Water Service	\$ 2,509.16	Mem. Water Service	\$ 2,509.16
<b>Water Department Expense</b>		Social Com./Dona	\$ 100.00	Social Com./Dona	\$ 100.00
Debt Service	\$ 248,547.00	Total	\$ 271,985.78	Total	\$ 271,985.78
Water Department Historical	\$ 15,888.04				
Total	\$ 264,435.04	<b>General Fund Expense:</b>		<b>General Fund Expense:</b>	
		Administrative	\$ 12,773.59	Administrative	\$ 12,773.59
<b>Road Department Expense</b>		Debt Service Water	\$ 248,544.00	Debt Service Water	\$ 357,875.00
Debt Service	\$ 89,468.00	Debt Service Other	\$ 89,460.00	Debt Service Other	\$ 89,460.00
Road Department	\$ 14,224.01	Beach	\$ 932.83	Beach	\$ 932.83
Bridge Maintenance	\$ 22,500.00	Community Center	\$ 2,824.56	Community Center	\$ 3,000.00
Total	\$ 126,192.01	Insurance & Taxes	\$ 11,791.48	Insurance & Taxes	\$ 11,791.48
		Landscaping	\$ 12,166.91	Landscaping	\$ 12,166.91
<b>General Fund Expense:</b>		Road Department	\$ 14,224.01	Road Department	\$ 14,224.01
Administrative	\$ 12,773.59	Social/Fundraising	\$ 472.19	Social/Fundraising	\$ 472.19
Clerk salary	\$ 20,000.00	Water Department	\$ 15,888.04	Water Department	\$ 15,888.04
Beach	\$ 932.83	Bridge Maintenance	\$ 22,500.00	Bridge Maintenance	\$ 22,500.00
Community Center	\$ 2,824.56	Total	\$ 431,577.60	Total	\$ 541,084.04
Insurance & Taxes	\$ 11,791.48				
Landscaping	\$ 12,166.91	<b>Reserve Fund Expenses:</b>		<b>Reserve Fund Expenses:</b>	
Social/Fundraising	\$ 472.19	Bridges	\$ 695.30	Bridges	\$ 695.30
Canals	\$ 15,000.00	Canals	\$ 15,000.00	Canals	\$ 15,000.00
Other Village Related	\$ 20,000.00	Community Center Reserve	\$ 700.00	Community Center Reserve	\$ 700.00
Total	\$ 95,961.56	Total	\$ 16,395.30	Total	\$ 16,395.30
Flat per house water bill	\$ 1,091.27	Shortfall	\$ (175,987.12)	Shortfall	\$ (285,493.56)
Village tax average per home	\$ 527.14	Shortfall per household	\$ (771.87)	Shortfall per household	\$ (1,252.16)
<b>Total Zox Expense per household</b>	<b>\$ 1,618.41</b>	<b>Annual Dues Per Household</b>	<b>\$ 1,971.87</b>	<b>Annual Dues Per Household</b>	<b>\$ 2,452.16</b>

# Can we administer a Village?

- Our size and infrastructure is similar to Villages across the state. I see no reason why we would be particularly unqualified to administer a village.
- Additional overhead for Zox
  - We have spent time meeting with other village managers to understand the overhead of running a village. When comparing our current responsibilities to other HOAs and villages, the conclusion was that we are functionally similar to a village as far as responsibilities, but limited to an HOA as far as tools for funding and administration.



# Can we run a Village?

	HOA	Village
Maintain Roads	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Maintain Water System	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Hold public Meetings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Legally advocate for residents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Maintain liability insurance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Maintain Canals	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Coordinate with State to administer funding	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Process FOIA requests	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Enforce local ordinances	<input type="checkbox"/>	<input checked="" type="checkbox"/>

# Summary

- Zox has been trying to maintain the infrastructure of a village for over 100 years, without the tools available to other communities.
- Every person that I am aware of who was presented with the petition signed it except one. We turned in signatures of over half of the community, and that was only limited to that because that's how many people were home when we door knocked. It has broad community support. It has the full support of the current HOA board.
- The Township is legally requiring the residents to maintain safe infrastructure in the community, it's only proper to give Zox the ability to get access to the tools it needs to do so.



# Q & A and Next Steps

