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Sent: Thursday, February 29, 2024 6:56 PM
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Subject: Township billing to city for police and fire services
Attachments: Village Taxable Values and Millage Calculation for Services.pdf

Dear City Council members and City Manager:

I write to apprise the city of a potential overbilling from Independence Township to the city for police and fire services. I reviewed a copy of the 2024 billing from the township. The township is computing the city's liability based on the total taxable value of both real *and* personal property in the city rather than on the taxable value of only the real property in the city. I believe that, under the city's contracts with the township, the base for computing the billing should be only the real property taxable value and should not include the personal property taxable value. Although I do not have full documentation to enable a complete review, from the records I have it appears there is an overbilling that should be investigated.

The city contracts with the township for police and fire services. The latest contract I am aware of for police services is an Intergovernmental Law Enforcement Services Agreement dated September 1, 2010. This is the contract that Ms. DeLorge provided to Susan Bisio in a follow-up response to a February 12, 2024, Freedom of Information Act request. That contract requires the city to pay the township for police services "an annual amount determined by the formula of multiplying the number of mills Independence [Township] assesses its citizens under its Police Millage, times the Taxable Value of all property assessed in [The City of the Village of] Clarkston for real property taxation purposes as of January 1 of each year." ¶ 3. I believe the city's contract with the township for fire services requires the same type of computation—applying the township's fire millage to the city's real property taxable value. (I do not have a copy of city's contract with the township for fire services. My discussion here assumes the fire services contract contains the same language with the same type of computation, based both on my memory of the time I served on the city council and the township's billing to the city for 2024 police and fire services.)

The question I raise is what "taxable value" should be used in these computations. The taxable value "as of January 1 of each year" is the taxable value for the previous calendar year. That is so because, although property is assessed and taxable values are determined yearly, that yearly process is not completed until after the Board of Review meets in March of each year and finalizes values for that year and until after the county and state equalization process is completed later in the year. Thus, "as of January 1," the taxable value of property is the taxable value that was established for the previous calendar year because there is not yet any taxable value finalized for the current year. So, for computing the police and fire contract payments for 2024, the 2023 taxable value must be used.

Michigan assesses and taxes two types of property: real property and personal property. Real property is land and buildings on the land. Personal property is goods and things not attached to the real property, such as equipment and furnishings. Michigan separately assesses and taxes real and personal property. This distinction is important because the police contract uses the "Taxable Value of all property assessed in Clarkston for real property taxation purposes" The contract makes a distinction between real and personal property and bases the city's payment only on the taxable value of the real property, excluding the taxable value of personal property. I believe the fire services contract is the same.

The copy of the township's billing to the city for 2024 police and fire services, provided by Ms. DeLorge, is attached. The clerk sent this in response to Susan Bisio's February 12, 2014, Freedom of Information Act

request. The billing applies the township’s police and fire millages to a city taxable value of \$56,390,590. (I do not have documentation of the current township police and fire millages but assume the numbers are correct. That should be verified.)

Each year, the Oakland County Equalization Department (which is contracted to do property tax assessments for the city) publishes a report showing the assessed and taxable values for real and personal property for each assessing unit in the county. A copy of the 2023 report is here:

<https://www.oakgov.com/home/showpublisheddocument/17126/638179258010170000>

Ms. DeLorge included a single page from this report when providing a copy of the township billing. That page, page 10, is titled “2023 Comparison of Assessed and Taxable Values.” It shows the 2023 taxable value for Clarkston as \$56,390,590. This is the number the township used in computing the payments it will bill to the city for 2024 police and fire services. That number, however, includes both real and personal property. That can be seen by looking at page 20 of the Oakland County report, which separates real and personal property values. That page shows Clarkston’s real property taxable value is \$53,598,330 and personal property taxable value is \$2,792,260. See also page 26 of the Oakland County report, showing a breakdown of real property amounts, including the real property taxable value for Clarkston of \$53,598,330. The sum of the real and personal property taxable values is \$56,390,590. This total taxable value—including personal property—is the base the township used in computing its bill to the city.

The township should have used only the real property taxable value—\$53,598,330— to compute the city’s payment. This is because the police contract says the billing must be based on the “Taxable Value of all property assessed in Clarkston *for real property taxation purposes*” Using the real property taxable value to compute the 2024 billing to the city, the correct amounts are as follows.

Fire:	3.3893 mills x \$53,598,330 = \$181,660.82
Police:	2.8678 mills x \$53,598,330 = \$153,709.29

Using these numbers, it appears the township overbilled the city \$17,471.45 for police and fire services for 2024. It is likely that this same type of overbilling occurred in previous years. The city should analyze this, determine whether there is a 2024 overbilling, adjust the amounts as appropriate, look at previous years, and seek reimbursement from the township for previous years if the city was overbilled.

Richard Bisio
313 402-8306

2023 COMPARISON OF ASSESSED AND TAXABLE VALUES



	2022 ASSESSED	2023 ASSESSED	% CHANGE ASSESSED	2022 TAXABLE	2023 TAXABLE	% CHANGE TAXABLE
TOWNSHIPS						
ADDISON	548,553,090	599,766,960	9.34 %	420,486,510	445,890,058	6.04 %
BLOOMFIELD	5,632,037,019	6,084,736,751	8.04 %	4,467,360,970	4,790,060,281	7.22 %
BRANDON	847,920,810	945,488,920	11.51 %	655,647,090	703,394,750	7.28 %
COMMERCE	3,170,262,400	3,474,108,870	9.58 %	2,477,358,140	2,672,111,590	7.86 %
GROVELAND	353,084,430	388,452,070	10.02 %	264,010,840	284,806,490	7.88 %
HIGHLAND	1,242,087,820	1,374,490,470	10.66 %	946,664,370	1,008,678,740	6.55 %
HOLLY	540,295,650	612,844,020	13.43 %	404,789,070	441,848,100	9.16 %
INDEPENDENCE	2,439,977,450	2,680,294,740	9.85 %	1,938,445,369	2,098,540,930	8.26 %
LYON	1,864,963,790	2,160,914,980	15.87 %	1,568,593,600	1,790,155,170	14.12 %
MILFORD	1,392,314,610	1,501,022,510	7.81 %	1,118,541,440	1,182,915,740	5.76 %
NOVI	13,178,920	14,084,130	6.87 %	10,122,410	10,721,060	5.91 %
OAKLAND	1,969,653,510	2,151,511,640	9.23 %	1,676,786,860	1,807,164,980	7.78 %
ORION	2,691,826,000	2,996,529,900	11.32 %	2,120,497,370	2,315,368,100	9.19 %
OXFORD	1,325,625,720	1,460,548,410	10.18 %	1,042,531,000	1,125,183,730	7.93 %
ROSE	450,735,840	491,920,580	9.14 %	326,915,170	348,965,140	6.74 %
ROYAL OAK	44,513,080	48,903,500	9.86 %	35,621,650	37,679,870	5.78 %
SOUTHFIELD	1,635,050,430	1,757,095,790	7.46 %	1,279,684,150	1,364,574,680	6.63 %
SPRINGFIELD	961,367,880	1,066,952,855	10.98 %	773,010,010	828,913,720	7.23 %
WATERFORD	3,623,379,780	3,997,709,826	10.33 %	2,603,444,450	2,808,220,390	7.87 %
WEST BLOOMFIELD	5,284,841,210	5,709,964,190	8.04 %	4,224,621,700	4,519,681,912	6.98 %
WHITE LAKE	1,888,060,230	2,008,324,650	6.37 %	1,375,908,550	1,479,500,110	7.53 %
TOTAL TOWNSHIPS	37,919,729,669	41,525,665,762	9.51 %	29,731,040,719	32,064,375,541	7.85 %
CITIES						
AUBURN HILLS	2,329,927,320	2,461,183,320	5.63 %	1,930,958,500	2,044,597,840	5.89 %
BERKLEY	937,291,860	1,025,479,280	9.41 %	707,328,110	766,329,150	8.34 %
BIRMINGHAM	3,774,116,170	4,025,229,690	6.65 %	2,961,382,730	3,193,177,600	7.83 %
BLOOMFIELD HILLS	1,188,229,470	1,238,155,380	4.20 %	985,034,730	1,042,242,370	5.81 %
CLARKSTON VILLAGE	75,959,290	81,808,010	7.70 %	52,077,490	56,390,590	8.28 %
CLAWSON	624,039,180	687,353,180	10.15 %	438,348,670	473,651,040	8.05 %
FARMINGTON	538,998,270	588,635,430	9.21 %	411,340,560	437,486,700	6.36 %
FARMINGTON HILLS	5,237,966,510	5,722,759,540	9.26 %	3,977,078,890	4,238,124,340	6.56 %
FENTON	1,290,500	1,415,300	9.67 %	1,074,350	1,160,510	8.02 %
FERNDALE	1,204,094,800	1,336,679,190	11.01 %	800,765,340	877,530,380	9.59 %
HAZEL PARK	415,700,790	480,040,720	15.48 %	294,395,700	326,970,000	11.06 %
HUNTINGTON WOODS	555,798,000	600,618,470	8.06 %	421,875,230	448,020,470	6.20 %
KEEGO HARBOR	166,039,170	189,469,600	14.11 %	120,590,340	131,399,340	8.96 %
LAKE ANGELUS	116,134,460	121,877,340	4.95 %	91,842,100	98,707,230	7.47 %
LATHRUP VILLAGE	248,125,240	273,880,210	10.38 %	163,692,620	176,723,640	7.96 %
MADISON HEIGHTS	1,401,734,450	1,549,943,770	10.57 %	966,067,450	1,037,268,740	7.37 %
NORTHVILLE	246,561,800	265,647,395	7.74 %	193,976,316	206,983,964	6.71 %
NOVI	5,268,635,410	5,599,482,760	6.28 %	4,402,609,530	4,649,264,350	5.60 %
OAK PARK	1,017,239,445	1,149,277,683	12.98 %	607,565,139	657,949,059	8.29 %
ORCHARD LAKE	547,761,870	566,204,370	3.37 %	439,284,220	467,311,010	6.38 %
PLEASANT RIDGE	247,711,410	266,668,800	7.65 %	183,481,030	197,556,520	7.67 %
PONTIAC	1,504,450,730	1,665,356,040	10.70 %	1,114,386,120	1,200,707,450	7.75 %
ROCHESTER	1,116,072,470	1,200,064,460	7.53 %	884,237,330	949,725,530	7.41 %
ROCHESTER HILLS	5,146,817,230	5,624,122,950	9.27 %	4,123,961,640	4,421,012,510	7.20 %
ROYAL OAK	4,181,240,290	4,487,738,440	7.33 %	3,379,570,000	3,677,757,220	8.82 %
SOUTHFIELD	3,987,347,410	4,311,490,136	8.13 %	2,805,714,867	2,981,023,940	6.25 %
SOUTH LYON	579,967,470	648,984,830	11.90 %	448,557,530	496,201,910	10.62 %
SYLVAN LAKE	170,085,670	185,582,060	9.11 %	112,146,060	121,192,450	8.07 %
TROY	7,507,426,870	8,138,288,970	8.40 %	5,754,238,160	6,194,962,650	7.66 %
WALLED LAKE	347,466,710	386,226,770	11.16 %	254,829,600	277,090,810	8.74 %
WIXOM	1,131,795,200	1,283,951,980	13.44 %	885,813,100	967,730,460	9.25 %
TOTAL CITIES	51,816,025,465	56,163,616,074	8.39 %	39,914,223,452	42,816,249,773	7.27 %
TOTAL COUNTY	89,735,755,134	97,689,281,836	8.86 %	69,645,264,171	74,880,625,314	7.52 %

CHARTER TOWNSHIP OF INDEPENDENCE

City of the Village of Clarkston

Annual Billing for Fire and Police Services

Based on 2023 Taxable Value

Fiscal 2024 Budgets

Taxable Value	@	1/2/2023	<u>2023</u> <u>56,390,590</u>
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<u>Entity</u>	<u>Millage</u> <u>Rate</u>	<u>Code</u>	<u>Annual</u>	<u>Quarterly</u>
- Fire	3.3893	FVC	191,124.63	47,781.16
- Police	2.8678	SVC	161,716.93	40,429.23
			<u>352,841.56</u>	<u>88,210.39</u>

The above amounts are billed in January, 2024