

Frequently Asked Questions – Municipal Complex

Where is the new Municipal Complex going to be located?

The new Municipal Complex will be located on the corner of Scripps and Joslyn. It will be located north of the existing Township Hall on the north side of Greenshield Road, directly across from Canterbury Village. The Complex will include Township Hall and Sheriff Substation, a trail head to the Polly Ann Trail, and a future municipal park.

Why now?

The need for supplying a safe and proper space for employees and citizens to work and do business has been identified by several publicly elected boards over the last two decades. The current Board of Trustees has found a way to complete the project without raising taxes, and not further “kicking the can down the road.” Delaying the project would force further investment in the existing building, run the risk of increased interest rate (cost to borrow money), and, based on historical data, construction costs are projected to increase at a rate of 7% annually over the next several years. When consulting Bond Counsel, it was stated that over the last five years, the 20-year bond index has been in the 4.00%-4.50% range. Recent sales of high AA credits, like Orion Township’s, would be in the 2.6% range today.

Really, no tax increase?

The reason Orion Township is able to do this project without a tax increase is because of the revenue generated from the Eagle Valley landfill and the marijuana permit fees. The Township has been receiving the landfill tipping fees for many years. Those funds have been used to build the Orion Center, Wildwood Amphitheater, and assisted in building and renovating fire stations. The funds have been 100% earmarked to service this bond debt. The marijuana revenue is new and has also been 100% earmarked to service the debt. Since these revenue streams do not come from property taxes, there will not be a tax increase for Orion Township residents.

Landfill Tipping Fee	
2015	\$457,548.32
2016	\$394,135.06
2017	\$530,205.13
2018	\$566,033.20
2019 YTD (Thru August 2019)	\$334,729.83

Marijuana Revenue	
To Date	\$180,000
Estimated Annual from Oakland Business Park only	\$200,000

Why not pay cash?

The Township is in a solid financial position. Orion Township currently has zero general or pension debt (very few communities in the state can say this). Further, if a community were able to pay cash for a project of this size and scope, it could be argued that their taxes have been too high to accumulate a “savings account” that large. the Board of Trustee’s job is not to collect residents’ money and hold it. They should collect just what the Township needs to provide the services residents desire. That is why most communities who build new municipal buildings do so via a special millage or tax increase. Borrowing for a project like this is not uncommon and is expected. The intent to bond was issued for \$15 million based on the recommendation of the Bond Counsel and the anticipated project costs.

If you do not build the new Municipal Complex would Orion Township property taxes decrease?

No. Since the project will be funded primarily with landfill and marijuana revenue, property taxes would not decrease. The landfill revenue must be used for safety and/or capital improvement projects around the Township. Of all the taxes paid by Orion Township residents, just 2.6% goes to the Township's General (Operating) Fund (visit the Township Treasurer's webpage at oriontownship.org/treasurer to view a breakdown of how residents' tax bills are distributed). Since the landfill revenue must be used in a specific manner, and must help make safety and capital improvements to the Township, the revenue cannot be used in place of property tax revenue to lower taxes.

Where is the marijuana revenue coming from? Can the federal drug laws prevent this from materializing? Is this an 'if-come,' or something that is already happening?

The marijuana revenue is coming from permit fees. It is regulated by state law and township ordinance. It is already happening.

Why wasn't this issue put on the ballot? This issue should go immediately to a vote.

Since a tax increase is not being proposed, this issue was not put on the ballot. Waiting until next year to put this initiative on the ballot would be very costly. The \$2.5 million that is earmarked for the new Municipal Complex would need to be used to do immediate repairs and renovations to the existing building, increasing the amount that would need to be borrowed for the project in the future.

Why haven't we taken care of the current facility?

The Board of Trustees has taken care of the current facility! In the last seven years, the current facility has had extensive drainage improvements, resulting in the Township waterproofing the foundation down to the footings several times, and repaired and replaced many systems. In spite of these efforts, the building is still experiencing water leaks (up through the floor). Unfortunately, the mechanical, electrical, and plumbing equipment are reaching the end of their useful life span. The existing building is also out of space, and has been since prior to the 2002 Facility Needs study. Because the existing Township Hall and Sheriff Substation were built as a "residential build" and not as a "commercial build," the Township Hall and Sheriff Substation were not, and are not, equipped to deal with the continued growth in employees and population. A 40- year-old home, and a 40-year-old commercial (public) building have very different uses.

Why build new, not renovate and add on?

Adding on was the original plan. It wasn't until the current Board of Trustees concluded the 2018 Space Allocation study that they realized the number of deficiencies with the existing facility. Comparing the numbers, it does not make sense to invest approximately the same amount of money into the existing facility and end up with an inferior product. Building new would allow for more value for each dollar invested. That is why the current Board of Trustees voted unanimously last December to authorize a team of professional consultants to move forward with the concept plan to build new. Further, building new makes sense because there were virtually no land costs for this proposed project. Although the process took six and a half years, Orion Township secured 76 acres from the DNR for approximately \$98,000. Once the proposed new Municipal Complex is complete, Orion Township will have activated the 76 acres, which can also be used for park land for our community to enjoy now and in the future. The new Municipal Complex would allow for new infrastructure for future community features and benefits. By another analysis, the per square foot cost of constructing this new commercial building is similar in price to the per square foot costs of residential houses being built and sold in our community today.

How was the 76-acre land acquired?

Orion Township purchased a property in Oakland Township. The property was purchased for \$469,639.07, and the land was split into two parcels. \$17,857 was spent in renovations, appraisals, and costs. One parcel was sold for \$389,333.63 and the other parcel was swapped with the DNR for the 76-acre parcel. Thus, the 76-acre parcel was acquired for \$98,162.44.

Was the water and sewer rate increase correlated with the new Municipal Complex project?

The water and sewer rate increase was completely independent from the cost of the new Municipal Complex. The water and sewer rate increase came from a review of our financial statements. To calculate the increase the “net cash and cash equivalents used in operating activities” were divided by “receipts from customers.” When doing a five-year comparison, it was determined that on average, the Water and Sewer Department was losing 22.38% each year. In other words, water was being sold to residents less than what it cost the Township to provide it. It is important to keep in mind that this rate increase was just enough to cover the operating cost, not the cost of any capital improvement. Additionally, revenue received from water and sewer payments can only be used to fund water and sewer services.

Are we under a contract to provide an office facility for the Oakland County Sheriff's Office?

As part of our contract with the Oakland County Sheriff's Office we are required to provide the Sheriff's Office with a work space. The Sheriff's Office pays rent to lease the space at Township Hall. The Sheriff's Office was moved to the existing space in 1992 as a temporary location, and they have been there ever since.

Why hasn't the Township implemented technology and cloud storage to store all their documents electronically and free up office and storage space?

Public records of a township are also the property of the state and can only be disposed of or destroyed in compliance with Michigan law. A record cannot be disposed of unless a law or the Office of Records Management Services in the Michigan Department of Technology, Management and Budget says so. If a record is not listed on the schedule, it cannot be disposed of or destroyed and must be retained permanently. Some records are listed on the schedule as having a permanent retention period as a reminder to keep them permanently and not destroy them. Digital copies can be made, but the original paper version cannot be destroyed until one of the general record retention schedules allows disposal. For more information on record retention, Michigan record retention requirements are available under “Helpful Information” at oriontownship.org/municipalcomplex.

What competitive bids have been requested, or will be available to commercial contractors to ensure the township is receiving the best value for dollars spent on the new Municipal Complex?

As with any other project in the Township, a formal Request for Proposal (RFP) was issued, with all trades publicly bid. The bid opening was public. Selection of vendors was made based on qualifications and pricing. Orion Township's existing “Purchasing & Spending” policy will be and has been followed.

What will happen to the existing building?

The Board of Trustees has discussed demolishing the building due to the extensive existing issues. Since the main components (HVAC, main electrical controls, etc.) are in the older part of the building, it would be expensive to relocate all existing main components to the newer side of the building and complete a 'selective' demolition of the building. Further, most of the water infiltration issues are happening on the newer side of the building, in the Sheriff Substation location. The on-going maintenance is expensive and has not solved the problem. The total cost to demolish the building and return the space to natural green space is \$100,000.

Why not relocate permanently to an empty office space and/or an empty building?

Although a potential viable option, many factors go into selecting a facility for a Township Hall. First, the Township Hall must be located in the Township. Location and greatest return on the dollars invested are two key factors. The other consideration would be the condition and costs associated with demoing and/or remodeling an existing facility in the Township. Since the property we have acquired had extremely low acquisition costs, and will activate a new 76-acre park, it is further advantageous to develop the property and build new.

Why did the fire stations and the new park come first?

The Fire Department went out for a specific millage for capital improvements. This was voted on and approved by the voters in Orion Township. The new playground at Camp Agawam was funded by a grant through KaBoom! and the Ralph C. Wilson, Jr. Foundation. The Miracle League Field at Friendship Park was built 100% with over \$450,000 in donations.

Please visit oriontownship.org/municipalcomplex for the latest information on this project, including to view all current documents, as well as past studies and public presentations. This page will be updated regularly throughout the duration of the construction project.