

Financial Analysis of the Village of Sparta Transitioning to City Status

Legal and Millage Implications

Currently, properties and residents within the Village of Sparta are also part of Sparta Township, subject to both jurisdictions and their associated millages. If the Village incorporates as a city, residents would no longer be part of the township, and township millages would no longer apply, unless reinstated by city voters. The following township millages would fall off for city properties:

- Township General Operating: 0.9546 mills
 - Fire Department (Operations & Equipment): 0.4749 mills
 - Library Services: 0.2419 mills
- Total initial reduction: 1.6714 mills in property taxes for city residents.

City Revenue and Governance

A city council will replace the current village council, and a charter commission will draft a new city charter (constitution). The Citizens Advisory Committee can only provide analysis and recommendations.

The committee recommends:

- Maintaining the current 12-mill levy (10 for General Fund, 2 for roads) and overall millage rate cap that the village is subject to.
- Permanently banning a city income tax via the charter.
- Using existing village revenue structures to maintain service levels and stability.

Fire Department Funding

The city should retain the existing service contract with Sparta Township. This ensures no disruption to fire protection and simplifies transition logistics.

City contributions should include:

- \$138,333 – Contract payment for services
- \$80,723 – Replacement of millage funding falling off
- \$46,038 – Replacement of township general fund factor, derived from village taxpayers using the 18% ratio

Total: \$265,094

This approach maintains service without requiring new agreements and can be funded through existing revenue sources. Other cooperative models are possible but require township negotiation/cooperation and will be covered in the full committee report.

Library Services

The Carnegie Library is owned and operated by Sparta Township and primarily funded through its general fund, supplemented by a millage paid by all current township properties.

In 2024, village contributions totaled:

- \$40,690 –Village library millage share
- \$32,400 –From township general fund, derived from village taxpayers using the 18% ratio

Total funding lost after cityhood: \$73,090

Recommendation:

No city funding should be provided without a formal seat at the governance table for the city. A joint library board or authority is recommended. Any proposed funding arrangement should be presented to voters via a dedicated city millage, capped to match current village contributions.

Alternative: Kent District Library (KDL) offers contractual or millage-based service. The new City Complex could serve as a service point. KDL partnerships provide access to all system branches and world class online resources. The committee encourages the city to explore this option as well and engage voters accordingly.

Administrative Services: Elections & Assessing

As a city, Sparta would assume assessing and election responsibilities estimated at a maximum of \$50,000 annually. However, the city would also receive over \$58,000 in administrative fees from tax collection activities (currently paid to the township). This results in a net gain and no added cost for taxpayers.

Parks, Cemeteries, and Historic Commission Services

Cemeteries and the Historic Commission are currently township-only operations.

The Sparta Recreation Authority (SRA) Park will continue under its current structure. The village provides accounting and occasional DPW support. If a broader parks partnership is desired, a new authority should be formed with equal cost sharing of all city and township parks. Cemeteries could be considered for inclusion in such an authority as well.

Taxpayer Savings Estimate

Once adjustments are made to fund current fire contributions, residents/taxpayers would see a net savings of 1.2 mills.

If the city pursues and voters approve continued library support:

- Add 0.4345 mills for a dedicated library millage to replace lost funding for the library
- Net savings: 0.7655 mills

If KDL service is selected and funded via full millage instead of contract (1.1 mills), residents would still see a minor reduction from current millage levels. The committee recommends pursuing the base 1.2-mill savings initially, followed by a public process for future library service selection. It is difficult at this point to know what blend of savings and library service voters would prefer. That is why they should be included in those decisions to ensure the right blend of long-term savings and library service is selected by the city.

Township Impact & Asset Division

Discussions with township board members resulted in consensus on the taxable value split:

- Village: 43%
- Township: 57%

For certain services or calculations, the village accounts for 15–18% of the township's General Fund revenues. The township proposes using this ratio to divide assets.

If adopted, the city would receive up to 15–18% of the value of township assets (cash, investments, real estate) to reflect past village contributions to their accumulation. The precise division will be subject to future negotiation or mediation.

Sparta Township is proposing that a future city contribute more to the library and fire department than the village currently does. They also would prefer the village take over some of the cemeteries and possibly contribute more financially to the SRA and historic commission. The committee does not recommend undertaking these additional services or increasing contributions as illustrated by the Sparta Township.

Transition Costs

Estimated transition expenses including surveys, legal, petitioning, and documentation are approximately \$50,000. These one-time costs are expected to be more than offset by the city's share of township assets. The committee views the expenditure as a one-time investment, that will be more than recouped both monetarily and in improved governance.

Conclusion

This analysis shows that transitioning to city status can be done with no increase in taxes, while offering savings and more local control. Sparta as a City could maintain and/or enhance the level of service it provides to residents without increasing taxes. In fact, the most likely outcome is a healthy reduction in the overall millage rate as compared to what village taxpayers currently pay.