

Exploring Opportunities for Collaboration among Calumet Area Municipalities

A Class and Community Report by Students at Michigan Technological University
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Executive Summary

This report examines the demographic and fiscal pressures faced by Calumet area municipalities and explores possibilities for various forms of cooperation, service sharing, or consolidation, focusing on Calumet Charter Township, Village of Calumet, and the Village of Laurium. The goals are to: (1) start a conversation, (2) provide accessible and clear information, and (3) examine advantages and disadvantages of multiple scenarios. Information comes from summarizing demographic data, analyzing fiscal conditions for each municipality, interviews with 14 community members, and reviewing case studies and Michigan laws and procedures.

Population across the area has declined by about 80% since its peak in 1910 and continues to decline each decade in the villages. Poverty rates are high and incomes low across the area, and particularly in the Village of Calumet. Along with loss of population and businesses over the years, fairly stagnant and low property values, and cuts to revenue shared by the state, municipal revenue has been stagnant or declining. Both villages have among the lowest taxable property valuation per capita in the state.

Under these conditions, those who remain in the villages must pay more for municipal services. Both villages are taxing residents at the maximum allowable without going to a referendum vote. All of this means that despite low incomes, village residents are burdened with a high tax rate (over 17 mills in Laurium and over 20 mills in Calumet, plus village properties pay 2.3 mills to the township). Despite these challenges, the Village of Laurium has maintained a good level of services for those taxes, in comparison to a declining level of service in Calumet.

Budgets for both villages, especially Calumet, are balanced due to fiscal austerity, but are “bare bones” with very little room for cushion, for investing in capacity building or futures planning, or to pay for regular maintenance or investment in new equipment. Fiscal conditions in Calumet Charter Township are good. Taxes are low (5.1 mills), but the township has a less dense population and doesn’t provide many services. Most of the property valuation is in the township area, so despite the low rate, the township raises considerably more money in taxes than the Village of Calumet and a similar amount as the Village of Laurium.

Given these realities, the research team analyzed the advantages and disadvantages of five different potential outcomes, including: (1) no change in municipal structure (status quo), (2) intergovernmental agreements for shared services, (3) revenue sharing, (4) Village of Calumet dissolves, and (5) Village of Calumet and Laurium consolidate into a city.

Status Quo: The key advantages are that there is no time invested in researching, planning, implementing, or adjusting to changes and each municipality would retain its own sense of identity, local control, and independence. Disadvantages are that village revenues would likely continue to stagnate or decline, while costs would likely increase with inflation and with needs to replace aging equipment and maintain infrastructure. This combination poses potential for service cuts, especially in the Village of Calumet, and for a downward spiral of people moving out of villages (especially Calumet where fewer services/advantages are offered) into the township where taxes are much lower. Ultimately, the Village of Calumet government could fail and be taken over by the state, which would mean non-local control of the process of dissolution. There is also potential for continued deterioration of downtown buildings and services (less regular snow removal, etc.). Key is to recognize that problems and deterioration in the downtown villages, especially Calumet, has negative consequences on all the area municipalities, as Calumet attracts tourists and visitors and serves as the primary business district for the area.

Service Sharing: Municipalities could make agreements to share services such as fire and/or police, waste management, and/or road maintenance/snow removal. One way to do this is through a special district or authority, like the North Houghton County Water and Sewage Authority. Advantages are that such agreements don't require formal political procedures and can be made through negotiations and contracts with interested parties. Sharing services can (though not always) improve efficiencies and provide better services at a reduced cost. Disadvantages are that efficiencies are not always gained and residents/businesses give up some local control. The greatest potentials for sharing in the Calumet area are in fire, with three fire halls within 1.5 miles of each other; police: combining the Calumet and Laurium departments could make the entire area safer without increasing expense; and snow removal: currently the greatest expense and challenge for both villages.

Revenue Sharing: One way to handle revenue disparities between local municipalities within a broader area/region is through revenue sharing whereby funds raised in the higher value areas (typically outskirts or suburbs) are shared with downtowns/cities under the recognition that all residents of the broader area use and benefit from the health of the downtown/city. This is a common strategy in metropolitan areas that has proven especially effective in the Twin Cities metropolitan area and also on the northern Minnesota Iron Range. Revenue sharing can be decided through negotiations and contracts between interested parties, and it can be raised to meet specific needs, such as street repairs, police, or plowing. Key advantages are to raise needed funds for services in highly tax burdened villages, especially Calumet, and to incentivize cooperation between municipalities for community and economic development. Disadvantage is that township residents and businesses would need to be willing to share funds with the villages.

Village of Calumet Dissolution: With a dissolution commission and plan, the Village of Calumet could dissolve and the territory become unincorporated township area after a majority vote of citizens in both the Village and the Township. This could happen in conjunction with creation of a special downtown district that might retain an increased level of service and different tax structure. Advantages would be a significantly reduced tax burden for those in the Village of Calumet, potential for increased efficiency and service improvements (depending on arrangements), and reduced competition between current village and township. Disadvantages are: a reduction in funds from state-shared revenue coming to the area (- about \$100,000), Act 51 road money (~\$50,000/year) would likely be redistributed to the county at a lower rate, some services could be lost in Village and/or deteriorate (depending on arrangements), and taxes would likely increase in the township to support fire/police/roads in the current village area.

Villages Merge to City: Laurium could become a city and merge with the Village of Calumet to become a consolidated city. This would require majority votes in each of the villages and annexing a land bridge to geographically connect the two. Advantages include: potential for increased efficiency and service improvements, an increase in state-shared revenue funds from the state with designation as a city, opportunities for more comprehensive area-wide planning, and potential for developing a regional identity and increased economic development. Consolidation could also result in modest tax reduction for village residents. Disadvantages are that this is a long process requiring significant up-front investment, efficiencies may not be realized for years, potential for loss of local representation, and the Township would lose a modest amount of revenue from property taxes in the former village areas and the annexed land.

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Introduction

At the turn of the 20th century, northern Houghton County was an economic powerhouse as the Calumet & Hecla and Quincy mining companies drilled shafts to reach the rich native copper deposits beneath the surface of Michigan’s Keweenaw Peninsula. Most of the area’s local municipal governmental boundaries were set up during the boom, but area populations have declined precipitously since 1910. The Village of Calumet was at the center of the boom — now, it is both an industrial heritage tourism magnet and a town in slow decay. The Village of Laurium’s streets are lined with stately homes, but its business district is hollowed out. Calumet Charter Township encompasses much of the broader area around Calumet and Laurium and extending to the Lake Superior shore. The township government provides few municipal services, but it contributes to area quality of life by providing and maintaining recreational and cultural sites.

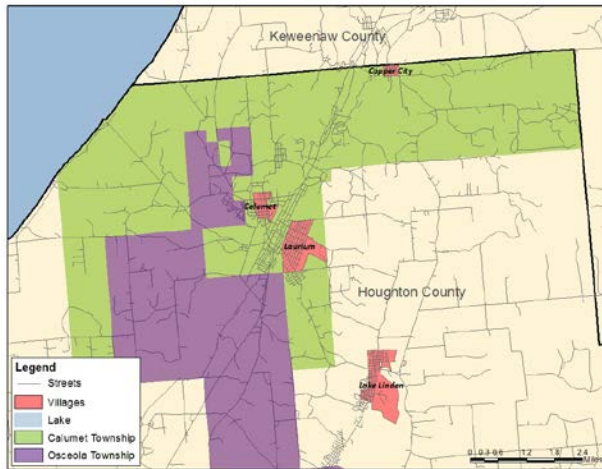


Figure 1: Location of municipalities in north Houghton County.



Figure 2: Official boundaries of Calumet area municipalities.

The Villages of Calumet and Laurium struggle with low tax bases and declining revenues. Both are in the bottom quintile of the state for taxable value per capita, at less than half the statewide average of \$32,000. In general, municipalities with a per capita taxable value below \$20,000 struggle to provide “a reasonable level of services” which makes such communities “economically uncompetitive” and can lead to continued outmigration and a downward spiral (Great Lakes Economic Consulting, 2016, p. 4).

This report considers the social and fiscal challenges faced by Calumet area municipalities, as well as municipal assets and potential opportunities for collaboration. It evaluates the possibility of various forms of cooperation, service sharing, or consolidation to better enable municipalities to meet future needs.

Calumet area residents have discussed the possibility of consolidating municipal governments for decades. Most recently, a small group of Calumet area community members approached Michigan Technological University for assistance in gathering data and understanding the potential for municipal cooperation, consolidation, or service sharing. This report is the result of that partnership. Its purpose is to provide information that will help

community members explore what greater cooperation or a consolidation could mean for Calumet area municipalities.

The report does not make recommendations, but rather provides information about the options the communities may consider. The driving question of this study was “Would a different municipal arrangement between the villages of Calumet and Laurium and the Calumet Charter Township better position these communities fiscally and enable them to provide better services to residents?” This project had three primary goals:

1. *Start a conversation.* For a number of years, various members of the three communities have made mention of considering consolidation in some form to provide better services to residents and to share resources to work toward greater efficiency. This report seeks to provide a base of information upon which community members may frame their discussions.
2. *Provide accessible and clear information.* The report provides a demographic analysis of the Village of Laurium, the Village of Calumet, and Calumet Charter Township. It also provides a fiscal analysis for each municipality. It breaks down which services the communities provide to residents, and summarizes social issues raised from interviews with fourteen community residents. The report details the legal requirements and ramifications of consolidation, and describes the process.
3. *Examine advantages and disadvantages of various options.* Based on the information gathered to meet goal 2, the research team concluded that there are at least five viable options for Calumet area municipalities moving forward. These include: (1) maintaining the status quo and not making any substantial changes toward greater cooperation or consolidation, (2) creating intergovernmental agreements between units for shared services, (3) revenue sharing between units, (4) the Village of Calumet dissolves into Calumet Charter Township, and (5) the Villages of Calumet and Laurium consolidate into an incorporated city separate from Calumet Charter Township. The final sections of this report examines the advantages and disadvantages associated with each of these options.

Methods and Data

Demographic and Fiscal Analysis

The research team collected data on population size and structure, socioeconomic characteristics, and housing stock based on data from the US Census Bureau for the villages of Calumet and Laurium and for Calumet Charter Township to understand historical community change and demographics. The team also collected and reviewed data on municipal finances including revenues, expenditures, assets, liabilities, and net balances to understand the fiscal realities facing each community. Data on demographic statistics were sourced from the U.S. Census Bureau and American Community Survey (ACS) found on American Factfinder (www.factfinder.gov) and the National Historical Geographic Information System (NHGIS). Fiscal data was sourced from Michigan Department of Treasury Local Audit and Finance Division database as well as provided directly from administrative officials.

Interviews

The research team conducted 14 interviews with residents and business owners in Calumet Charter Township, Village of Calumet, and Village of Laurium in October 2016. Questions were designed to understand people's experiences and perspectives regarding municipal services, service sharing, opportunities for collaboration, community identity, and potential for consolidation. We spoke with business owners, municipal administrators, village employees, and general residents. The interviews were digitally recorded (with consent) and either summarized or transcribed exactly. Summaries and transcriptions were coded for key themes that would presumably impact the viability of any cooperation or consolidation process. The interviews are not representative of the general public and cannot indicate the overall level of support among various constituencies. Instead, the interviews provide some significant insight into the range of issues and opinions present in the community that might impact coordination or consolidation efforts.

Peer and Case Review

The research team reviewed studies and reports from other successful and unsuccessful consolidation and dissolution efforts across the state of Michigan and the Upper Midwest. We paid particular attention to the consolidation of the cities of Iron River and Stambaugh and the village of Mineral Hills to create the new City of Iron River that became official in 2000. Throughout this reading, we paid attention to lessons learned in these cases that could help inform Calumet area communities.

Using a study published by Martin and Scorsone (2011) evaluating the results of the consolidation into Iron River, our team compared per capita municipal general fund expenditures and revenues in the villages of Calumet and Laurium with other similar cities in Michigan. This comparison aims to examine how expenses for these two villages with two separate governments compare to similar cities that have only one government. We selected two control groups of cities in Michigan based on their similarity to Calumet-Laurium in population density, population size, and geographic location. The primary control group consists of five cities in the Upper Peninsula of Michigan while the secondary control group consists of another four cities in the Northern Lower Peninsula. Data on total General Fund expenditures and revenues was sourced from the Michigan Department of Treasury's Audit-Financial Reports, while population estimates were obtained from the U.S. Census Bureau's Annual Estimates of the Resident Population through American FactFinder.

Policy & Legal Analysis

The team reviewed State of Michigan policies on municipal funding, city formation, municipal consolidation, and village dissolution. We spoke with an attorney who works with communities involved with consolidations from lower Michigan, as well as the director of the Michigan Office of Land Survey & Remonumentation, who provided clarity and guidance.

Demographic and Fiscal Analysis

The Villages of Calumet and Laurium are within the boundaries of Calumet Charter Township, and village residents are officially also township residents. The villages operate under the Michigan Common Law Village act, which provides a framework for government structure and strictly dictates many of the government's powers and duties. Village residents elect seven council members to two- or four-year terms, as well as a village clerk and treasurer. The villages also each employ one full-time administrator. Village governments are created to provide residents with additional services not typically allocated by the surrounding township while coexisting within the Township government system (Heffernan, 1997). Therefore, village residents pay taxes to both their respective villages as well as to the Township.

Charter Township of Calumet

Calumet Township was established in 1866. There are three villages within its borders: the Village of Calumet, the Village of Laurium, and the Village of Copper City. It is the largest township in Houghton County with a population of 6,489 according to the 2010 Census. Although the township provides fewer services relative to the villages, the township has both historic and recreational assets which benefit the entire area. Historic and cultural resources include several of the magnificent administrative and industrial buildings which date back to the Calumet & Hecla mining era, now part of the Keweenaw National Historical Park. Historic church buildings, the Coppertown Mining Museum, and remnants of the industrial core where mining operations took place also line township streets. Recreational facilities include the Calumet Colosseum, the Calumet Township Waterworks Park on Lake Superior, the Lions Club Park at Calumet Lake, and the Swedetown Recreational Area. The Public Schools of Calumet, Laurium and Keweenaw is a consolidated school system located in the township which educates approximately 1,600 local students in grades K-12.

Demographic Report

Reaching a peak in 1910 with 32,845 persons, the population of the township faced a steep and steady decline during the next 50 years. As of the 2010 Census, 6,489 people live in the township. The population density of the 33.2 square mile township is 195 people per square mile in 2010, down from 210 persons per square mile in 2000.

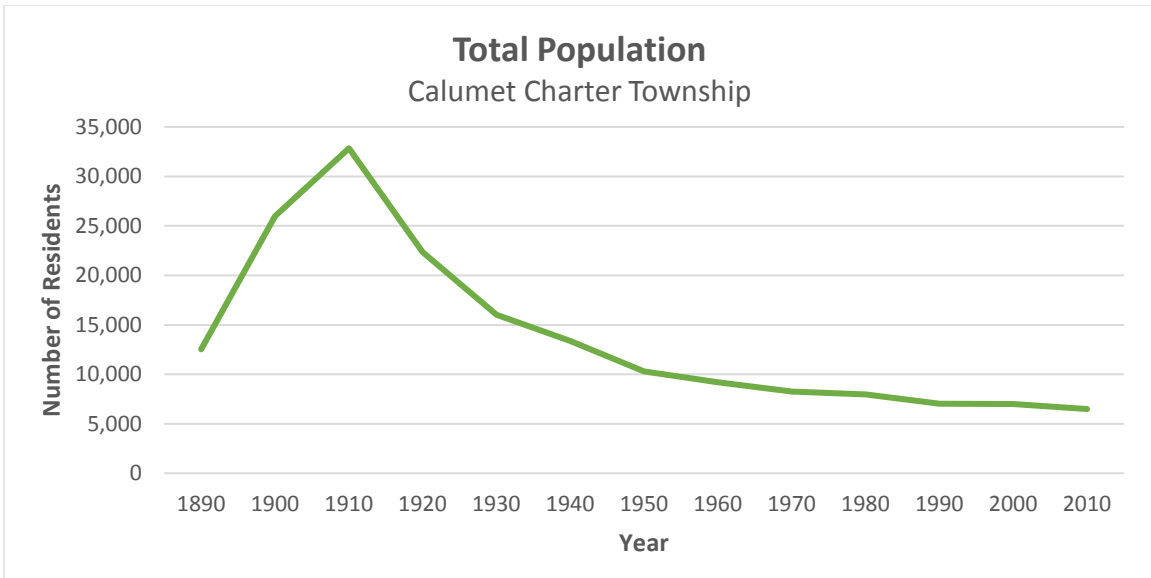


Figure 3: Calumet Charter Township population declined since 1890. Source: U.S. Census Bureau, NHGIS database.

Families with children make up a large share of the township’s population with approximately 28% of residents under the age of 18. Older people are also well represented with about 20% of people age 65 and older.

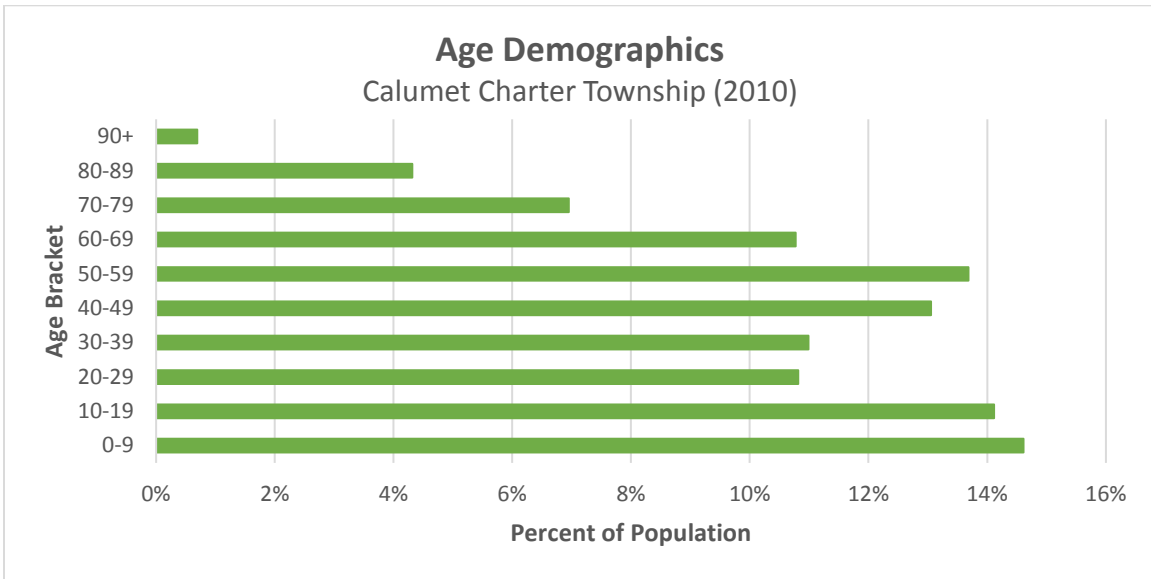


Figure 4: Calumet Charter Township age demographics in 2010. Source: U.S. Census Bureau, American FactFinder database.

Measures of socioeconomic status (poverty, income, education, unemployment) fair somewhat better in Calumet Township compared to the Village of Calumet, but remain considerably below state or national averages. The 2010-2014 American Community Survey (ACS) estimated the township’s poverty rate to be about 23.8%, and an unemployment rate about 6%. Median household income is approximately \$32,000, which is significantly lower than the

state average of \$49,000. About 15% of residents age 25 and over have a four-year college degree, compared to 26% in the state as a whole (ACS, 2014).

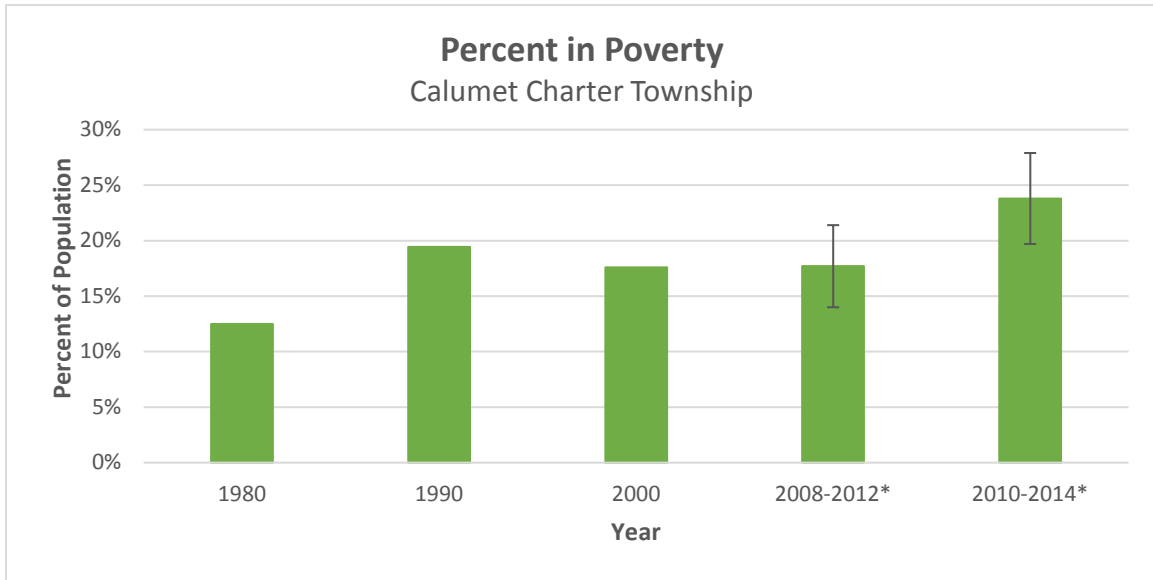


Figure 5: The percentage of Calumet Charter Township population living below federal poverty line, 1980-2014. Source: U.S. Census Bureau, American FactFinder database and *American Community Survey (ACS) database.

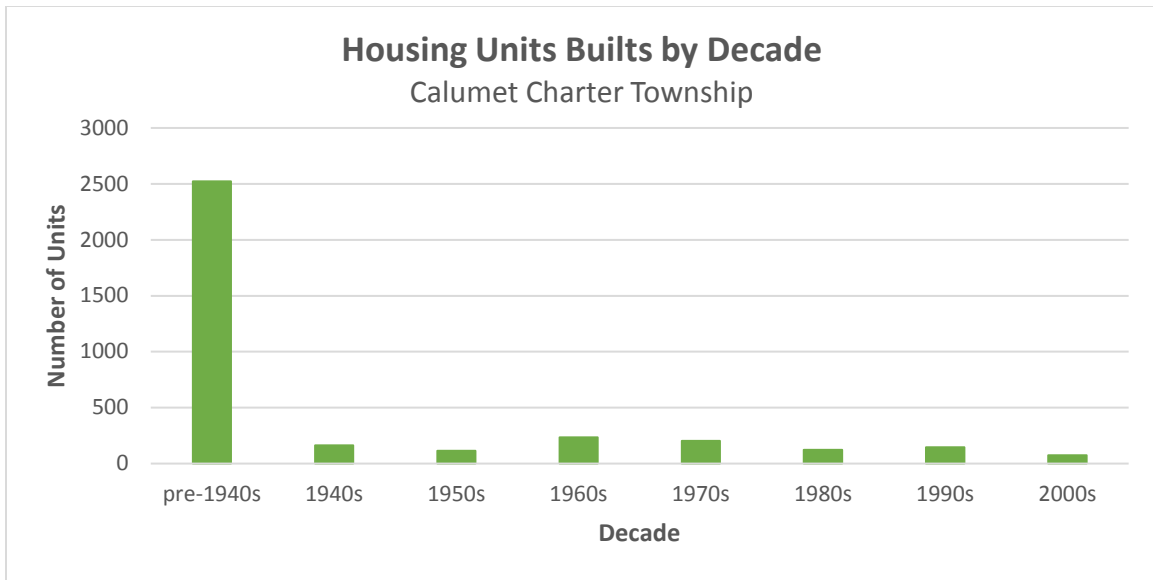


Figure 6: Housing unit construction by decade in Calumet Charter Township. Source: U.S. Census Bureau, NHGIS database.

Most of the township’s housing units were built before 1940, but there has been steady construction of new units over each of the last several decades, especially in the 1960s and 1970s. Current median owner-occupied housing value is \$59,800 (ACS, 2014) with a high rate of owner occupation.

Fiscal Report

Increased population and some commercial development have contributed to a growing tax base for Calumet Charter Township.

Sources of Revenue

Total revenues in the township decreased from 2004 to 2013, but increased slightly in 2015 to \$1,218,695. Contributing to the revenue changes over the years are decreasing capital grants and contributions, increasing property taxes, decreasing state-shared revenues, increasing charges for services, and increasing operating grants. A notable asset gain in 2004 was the acquisition of the Colosseum due to a property exchange with the State. There are many changes that created the nearly \$150,000 decline in total revenues from 2009 to 2013. Capital grants and contributions fell more than 50% from 2009 to 2013. There were gains from asset sales in 2009 and 2013, coupled with increasing service charges, operating grants and contributions, and property tax revenue. Property taxes are the greatest revenue source for 2015, followed by state-shared revenues, and service charges.

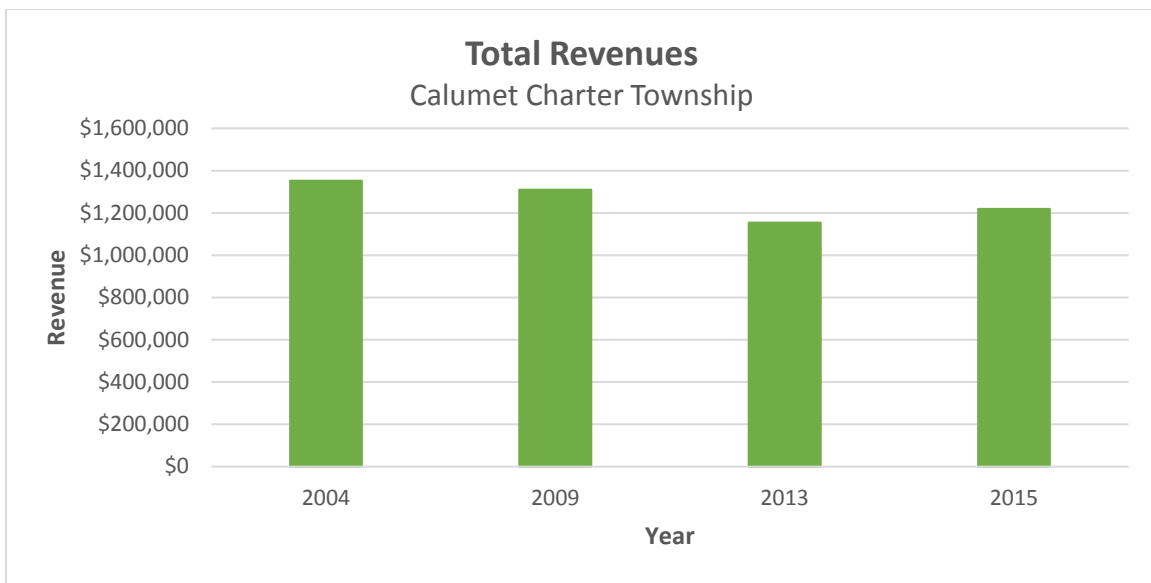


Figure 7: Total revenue for Calumet Charter Township, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

Property tax revenue has increased during the decade, from \$201,300 (2004) to \$389,967 (2015). The operating millage rate in 2015 was 5.1242, which consisted of 1.2854 mills for operating purposes and 0.988 mills for the Calumet Colosseum Community Center levied on a taxable valuation of \$94,389,883. Extra millages for fire department improvements (1.35 mills) and for unincorporated areas road repair and improvements (1.50 mills) were levied on a \$59,819,394 taxable value. The 2004 millages totaled 3.5218 levied against a taxable value of \$63,011,699. Taxable value has been increasing over the last few years.

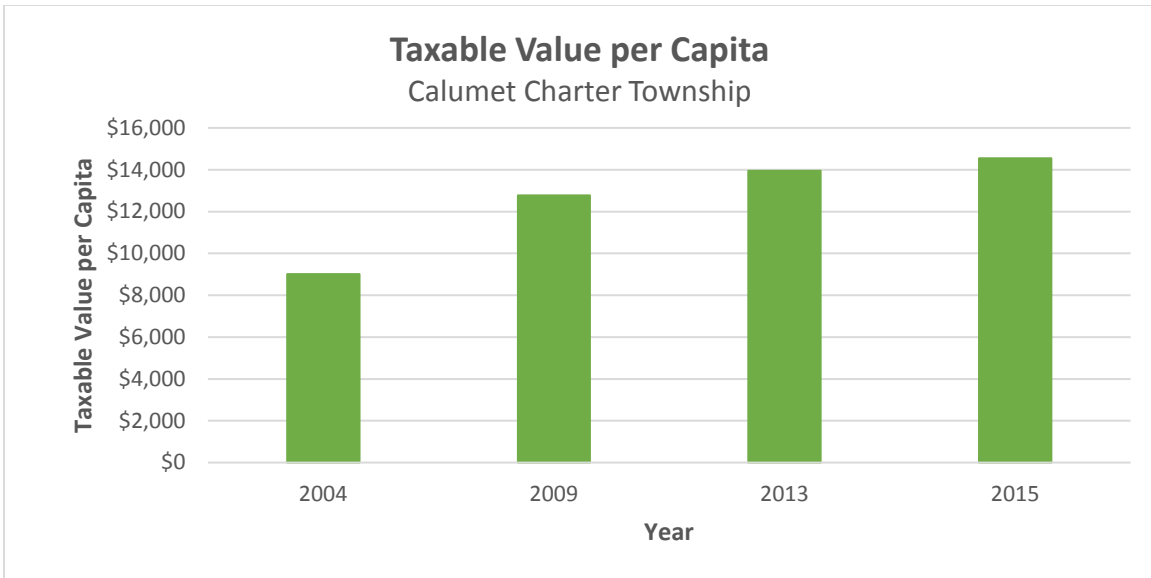


Figure 8: Taxable value per capita for Calumet Charter Township, 2004-2015. Source: Author's per capita calculations based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports.

The breakdown of revenue sources for 2015 is shown in the chart below. Public works/roads received operating grants and contributions totaling \$161,826 for 2015. Community/historical programs account for 92.98% of 2015's capital grants revenues. Charges for services include ice fees at the Colosseum.

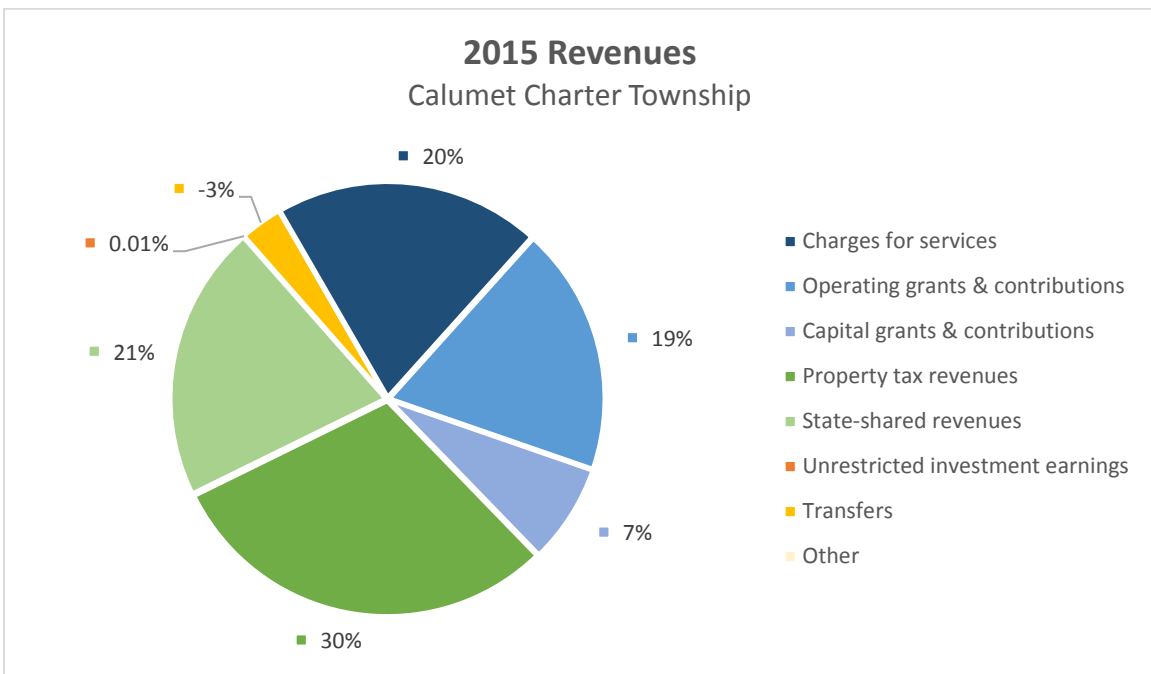


Figure 9: Calumet Charter Township 2015 revenue by category. Source: 2015 Michigan Department of Treasury Local Audit Reports.

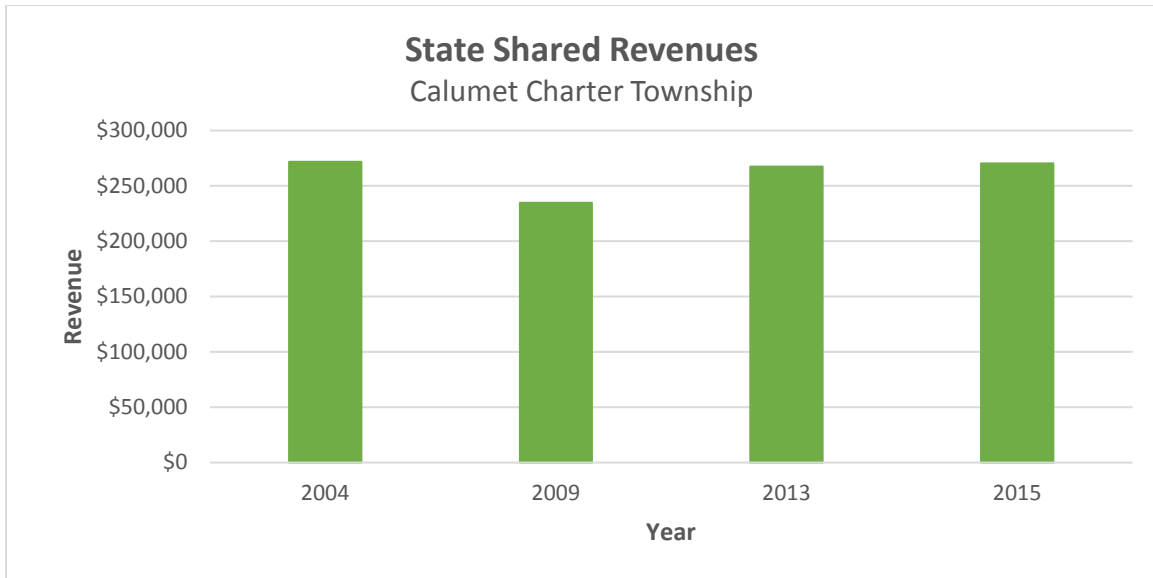


Figure 10: State shared revenues for Calumet Charter Township, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

Expenses and Services Provided

Calumet Charter Township provides some services to its residents. Unlike the villages, the township does not provide a dedicated police force but relies on the Michigan State Police and Houghton County Sheriff’s Department, as well as a limited arrangement with village police. The township’s roads are maintained and plowed by the Houghton County Road Commission. Children attend the consolidated Calumet-Laurium-Keweenaw Schools, and water and sanitation services operate under the consolidated North Houghton County Water/Sewer Authority, which includes Calumet Charter Township and the villages of Calumet and Laurium. Total expenditures are summarized in the chart below. Fluctuations occur year to year due to purchasing, improvements, and other non-routine expenses

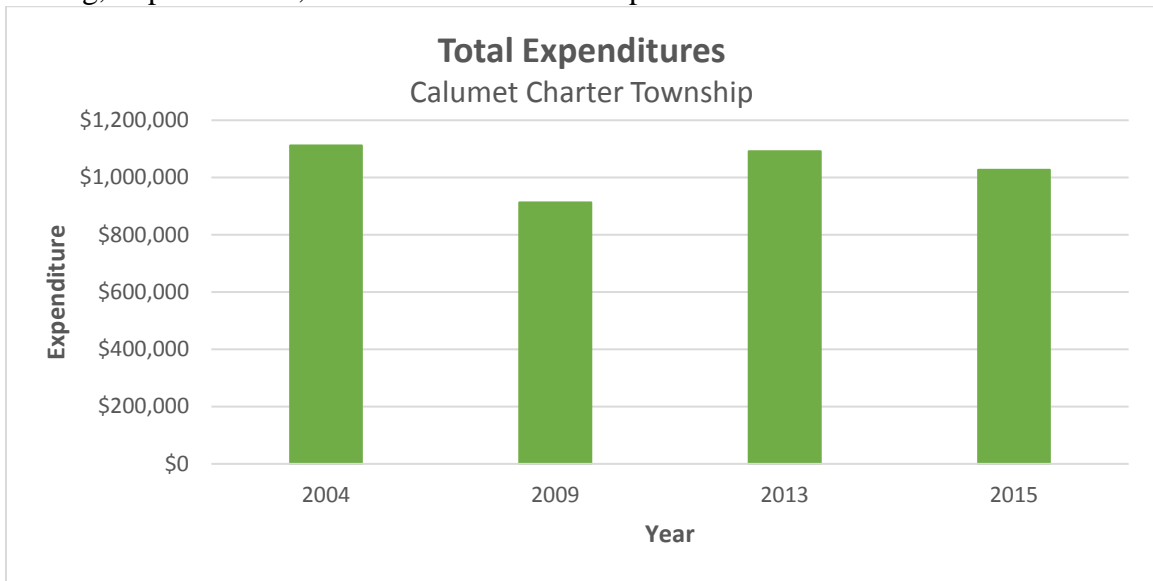


Figure 11: Total expenditures for Calumet Charter Township, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

Calumet Township Fire department is funded by a special revenue fund. In 2015, it started with a balance of \$31,781 (actual) and received \$69,950 (actual) from tax revenues due to 1.35 mills levied for the purposes of funding repair, maintenance, and replacement of fire department vehicles and equipment. The department has 15 volunteer firefighters and five to six fire vehicles. They answer 75-80 fire calls annually.

A breakdown of expenditure categories is shown in the chart below. In 2015, the greatest expense for the township was Public Works (30.36% of total expenditures), followed by general government (20.34%), community projects (16.63%), other (12.90%), and public safety (12.83%). The township owns a number of historical buildings, between and around the village boundaries, and community properties.

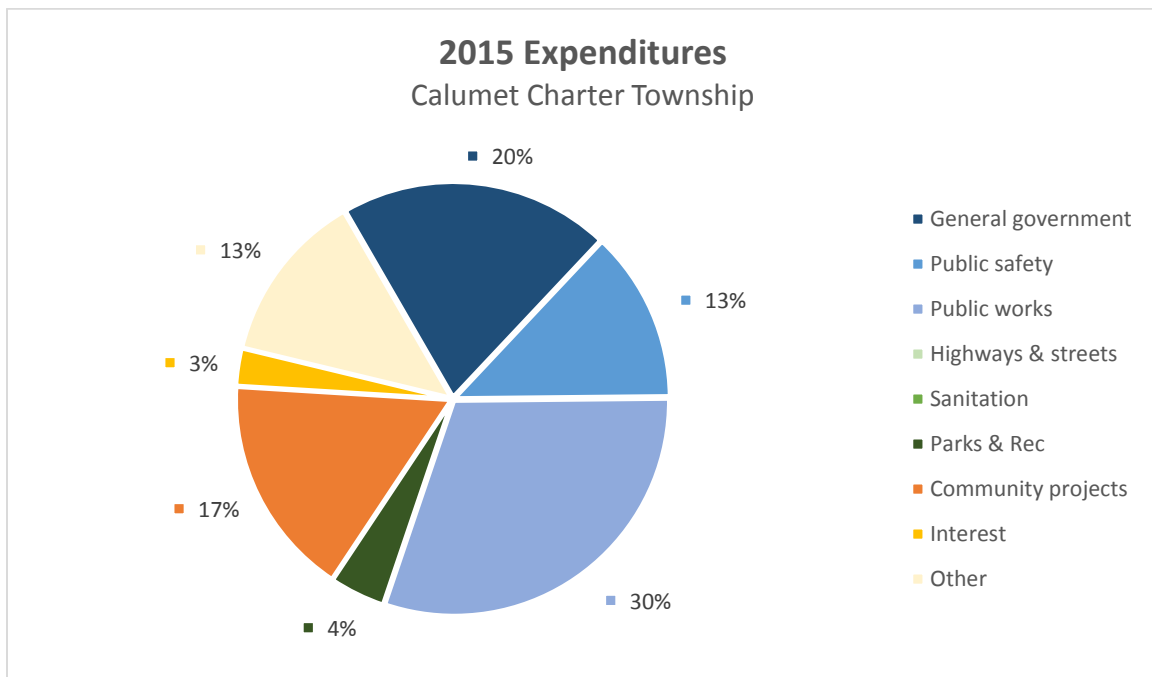


Figure 12: Calumet Charter Township 2015 expenditures by category. Source: 2015 Michigan Department of Treasury Local Audit Reports.

Long-term debt for 2015 was \$855,801, with bonds payable accounting for 75.83%. The Township has about \$5.8 million invested in a range of capital assets, including land, infrastructure, buildings, furniture, equipment, and vehicles. Notable additions of capital assets in 2015 included drill shop improvements, a new pickup truck, and kitchen improvements in the Keweenaw Heritage Center. The net position (total assets minus total liabilities) for the Township at year-end 2015 was \$5,542,070.

Village of Calumet

The Village of Calumet was incorporated in 1875 (known then as “Red Jacket”) as mining in the region was intensifying. While much of the land in the area was owned by the mining companies, the village area was independently owned by private individuals. The village served as the area’s business district, and it was home to thousands of mineworkers in boarding houses, apartments, and single-family homes during the boom years.

During the last century, many of Calumet’s historic buildings have fallen into a state of disrepair. Some have been abandoned, others have collapsed, and some have been lost to fire. Several buildings pose a liability to neighbors due to their structural instability. In spite of these challenges, its downtown still contains many architecturally significant commercial, civic and municipal buildings, several of which are on the National Register of Historic Places including the Calumet Theatre and St. Paul the Apostle Church. In 1992, the Keweenaw National Historical Park (KNHP), which encompasses the entire Village, was established to celebrate and promote the region’s involvement in copper mining and the historic downtown.

The area’s rich history, and unique cultural events regularly attract locals and outsiders alike. In 2015, more than 240,000 people visited the KNHP and its 21 heritage sites. The Park Service has provided numerous grants to local organizations. First Fridays art walks, held each month, connect visitors to the artists within the community by inviting them to explore the Village’s many galleries. Events, such as the Great Bear Chase and the CopperDog 150 dog sled race, draw visitors and competitors from around the nation.

Demographic Report

The Village of Calumet was once the bustling commercial center of the Copper Country, its scores of beautiful stone and masonry buildings housed hundreds of businesses and more than 4,500 residents at its peak in 1900. Population has declined by 85% since that time from 4,668 in 1900 to an estimated 708 people in 2015. Most of that decline occurred early (between 1910 to 1930) but decline has continued with moderate population loss over each of the last several years. The Village’s small geographic size, however, means population density remains relatively high at 3,540 people/square mile.

Calumet has a large proportion of young people; a quarter of residents are children younger than 18 and 40% of the population is younger than 30. Fewer than 20% of residents are 65 and older.

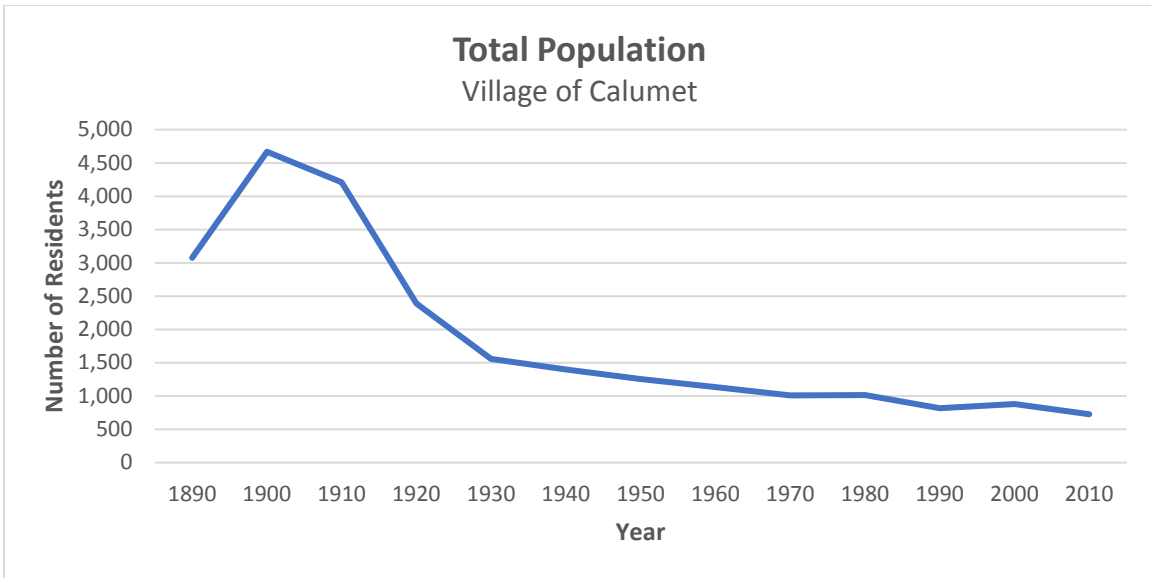


Figure 13: Village of Calumet population declined since 1890. Source: U.S. Census Bureau, NHGIS database.

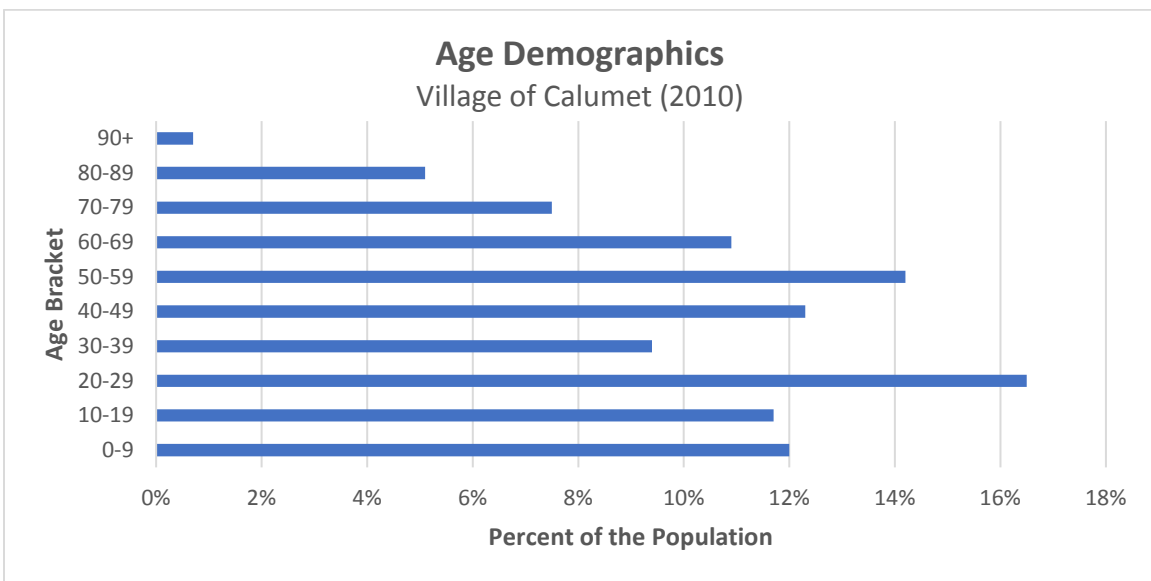


Figure 14: Village of Calumet age demographics in 2010. Source: U.S. Census Bureau, American FactFinder database.

Residents in the Village of Calumet struggle economically compared to those of the surrounding township and the state of Michigan. Median household income was just \$15,200 according to a 2014 estimate, far below the state average of \$49,000. The Village has experienced high, but relatively steady poverty rates since 1980, typically above 30%. Unemployment rates are also high, hovering around 15% since 1980. In 2010, 16% of residents 25 and older had a four-year college degree. Non-violent crime rates are relatively high. Between 2013 and 2015, there were an average of 143 criminal incidents reported to Village of Calumet police each year (202 incidents per 1,000 people compared to statewide 63 per 1,000). Most of the reported incidents in 2015 were for larceny/theft (n=34), nonaggravated assault (n=31),

damage to property (n=18), or disturbing the peace/disorderly conduct (n=12) (Michigan Incident Crime Reporting, Michigan State Police 2013, 2014, 2015).

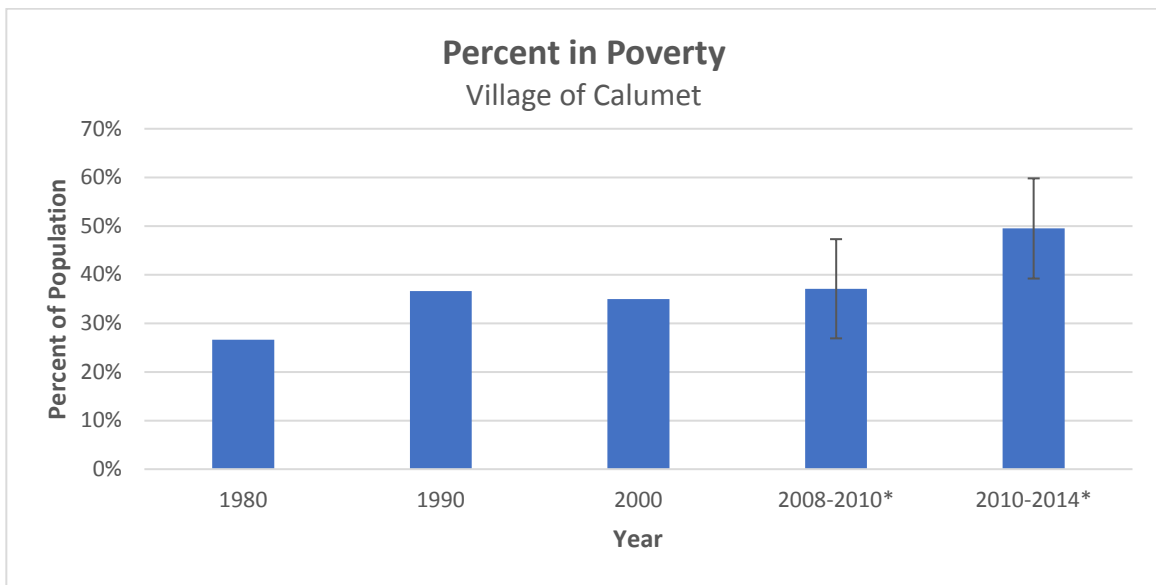


Figure 15: The percentage of the Village of Calumet population living below federal poverty line, 1980-2014. Source: U.S. Census Bureau, American FactFinder database and *American Community Survey (ACS) database.

Roughly 70% of residents do not own their own home, and almost two-thirds of all housing units in the Village were built before 1940, though the 1960s and 1970s saw some new construction. According to building permit records, only one new housing unit has been built since the year 2000. The median home value (owner occupied) has fluctuated between \$50,000 and \$75,000 since 1980 (2014 dollars).

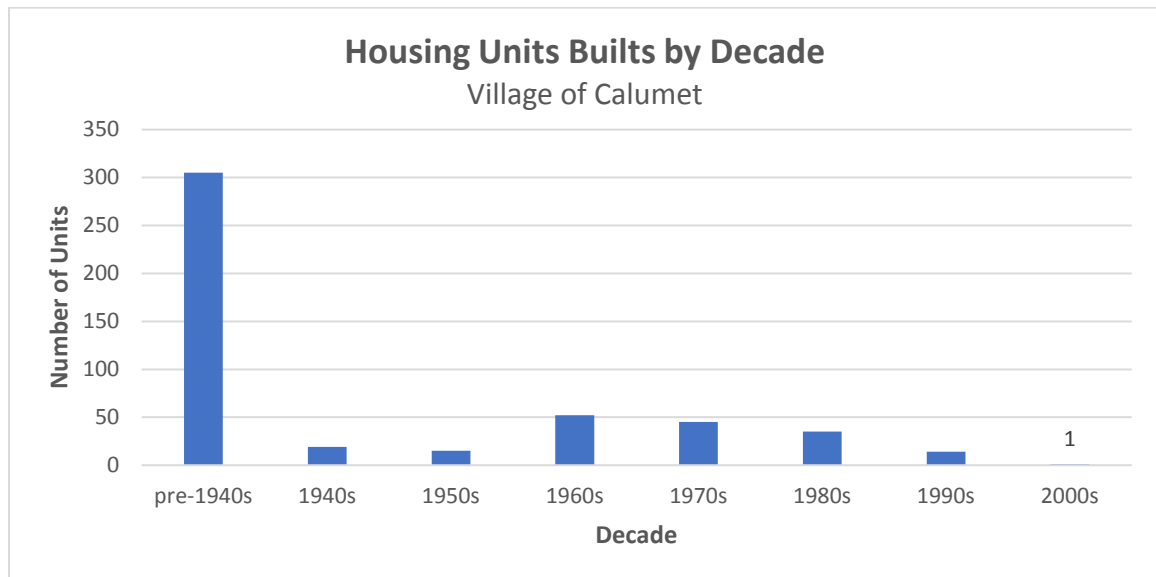


Figure 16: Housing unit construction by decade in the Village of Calumet. Source: U.S. Census Bureau, NHGIS database.

Fiscal Report

Loss of jobs, residents, and businesses have led to a shrinking tax base for the Village of Calumet. This along with a loss of shared-revenue funds from the State of Michigan during the past decade make it increasingly difficult for the Village government to make ends meet. Despite the challenges, during the past 10 years the village has maintained positive fund balances. For the fiscal year ending Feb. 29, 2016, had an overall net position of \$1,439,172, with 84% invested in capital assets, which includes infrastructure, trucks and equipment, and several buildings, including the Calumet Theatre, the village hall, and Firefighters History Museum. Additionally, the Village maintains a number of parks throughout the community. The Village has maintained a steady general fund balance of about \$165,000 over the last decade.

Sources of Revenue

Total revenues in selected years are shown below, and typically range from \$700,000 to \$1,000,000. The fluctuations are mostly due to state and federal grants received for specific capital projects like equipment purchases or road maintenance. In 2004, no such grants were received, hence a lower overall revenue.

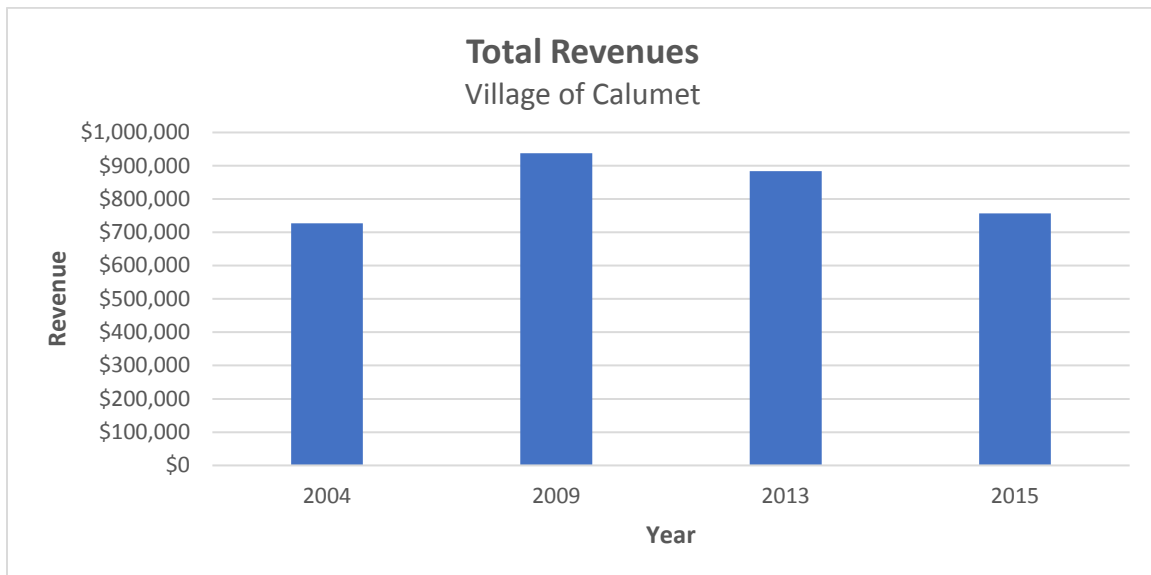


Figure 17: Total revenue for the Village of Calumet, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

Property tax revenue has been relatively stable over the past decade, between \$140,000 and \$170,000 or about 17 to 20% of total revenue. Residents pay a relatively high property tax rate, of more than 20 mills in order to maintain the level of service the Village provides. Village residents must pay some Calumet Township property tax (~2.3 mills) to cover election and assessment expenses. The 2015 taxable valuation of the Village totaled \$9,253,306 (\$13,070 est. per capita), on which taxes levied consisted of 13.5027 mills for operating purposes, 2.5285 mills for garbage removal, and 4.2146 mills for street maintenance.

Although Calumet's taxable value per capita is increasing (due to population loss more than value increase), it remains well below the value of \$20,000/per capita noted in a recent Michigan Municipal League Report as a baseline under which municipalities find it difficult to maintain services and within the bottom quintile of villages and cities in the state. Such a low

taxable property value can contribute to a cycle of increasing taxes as the Village struggles to pay for services, and loss of residents who move elsewhere to receive higher levels of service and lower tax rates (Great Lakes Economic Consulting 2016).

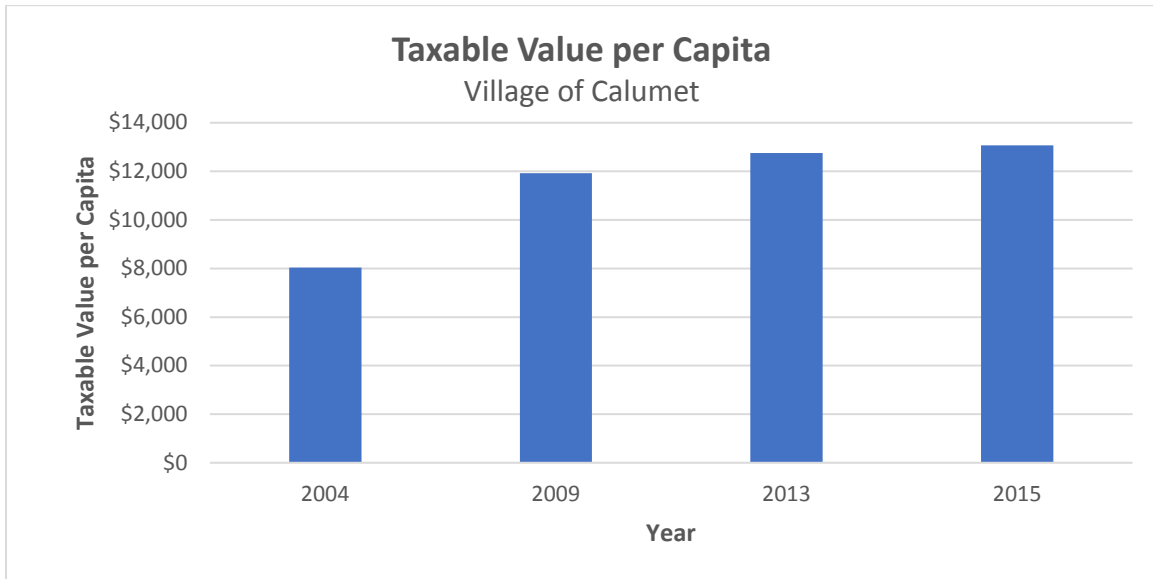


Figure 18: Taxable value per capita for the Village of Calumet, 2004-2015. Source: Author’s per capita calculations based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports.

The breakdown of revenue sources for 2015 is shown in the chart below. Charges for services primarily include snow pickup from local businesses, and fees for the residential trash pickup service. Operating grants and funds include Michigan Transportation Fund (Act 51) money for road improvements. In recent years, the Michigan Department of Transportation (MDOT) has provided the Village with just under \$50,000 per year in Act 51 road funding for general road maintenance and snow removal, and a similar amount of “extra snowfall” funding from the state, which fluctuates each year depending on actual snowfall. The Village also receives additional funding from MDOT to maintain the section of state highway M-203 that passes through the Village.

Funding from state-shared revenues, a portion of the state sales tax distributed to every municipality in the state, has declined significantly in the last decade, and the village has lost roughly \$50,000 per year since 2005, primarily due to decisions made by state lawmakers (Great Lakes Economic Consulting 2016).

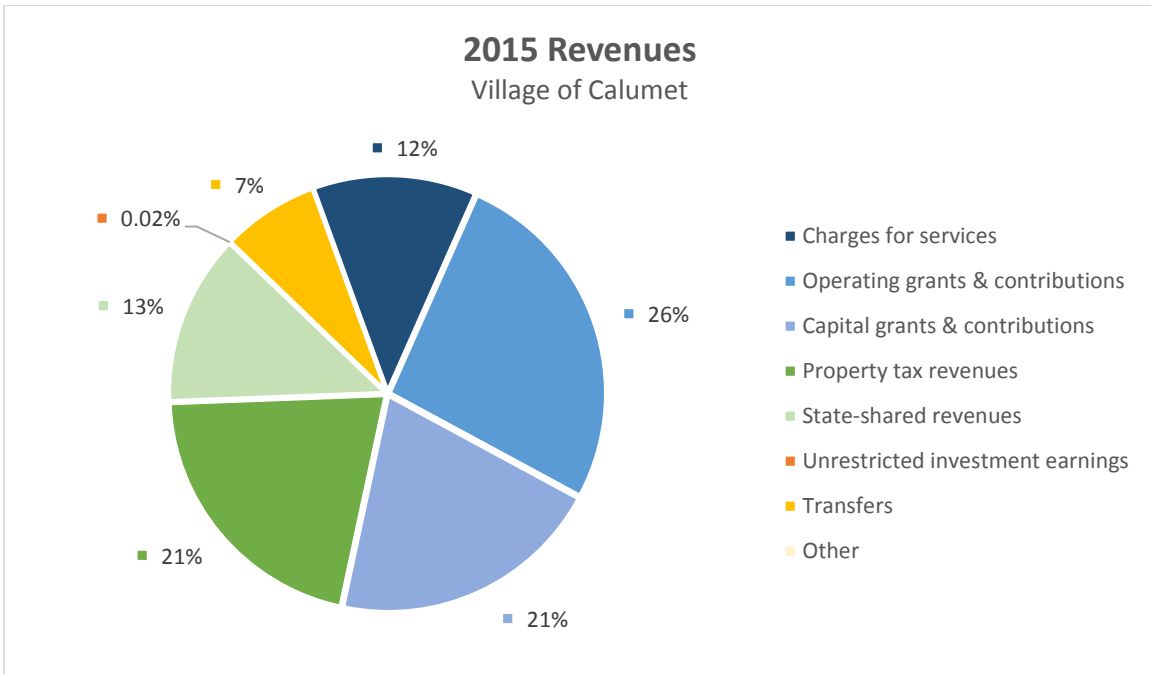


Figure 19: Village of Calumet 2015 revenue by category. Source: 2015 Michigan Department of Treasury Local Audit Reports.

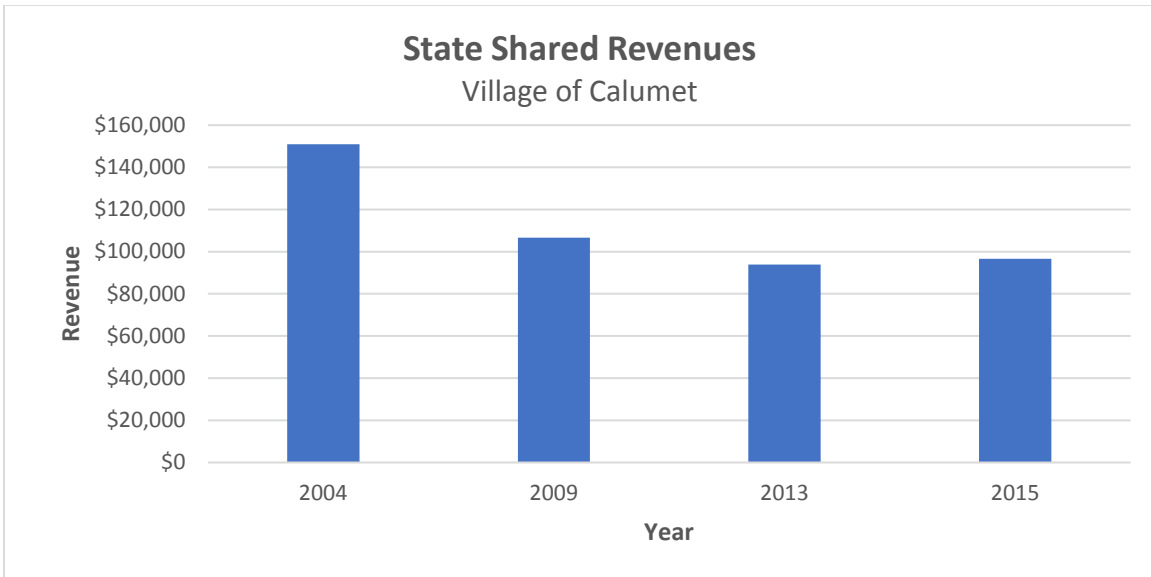


Figure 20: State shared revenues for Village of Calumet, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

Expenses and Services Provided

The Village of Calumet strives to provide a high level of service to its residents, and operates its own police and fire departments, snow plowing and pickup services, and offers a weekly residential trash pickup service for a fee. Children attend the consolidated Calumet-Laurium-Keweenaw Schools, and water and sanitation services operate under the consolidated North Houghton County Water/Sewer Authority, which serves Calumet Charter Township, Calumet Village, and Laurium Village residents. The key services provided to residents, and their costs are summarized in the table below.

Residential Service	Provider	2015 Actual Budget	2015 Projected Budget	2016 Projected Budget
Police	Village of Calumet	\$90,190	\$93,500	\$93,500
Fire		\$24,661	\$21,000	\$21,000
Snow Removal		\$213,598	\$181,500	\$173,000
Garbage Collection		\$39,526	\$41,000	\$42,000
Parks and Rec.		\$7,742	\$5,100	\$5,200
Public Works		\$79,181	\$86,000	\$80,000

Table 1: Actual and projected service budgets for the Village of Calumet. Source: Calumet Village Budget 2016.

The Calumet Police department consists of one full-time chief (who works 40 hours/week). The lack of around-the-clock preventative policing may contribute to the Village's crime rate. The fire department consists of 12 volunteer firefighters paid an annual stipend, and the Village operates its own firehouse with two firetrucks and associated firefighting equipment. According to the chief, the fire department typically answers 20 to 50 calls per year.

Snow removal is one of the Village's largest expenses, and made up over 80% of street fund expenditures in 2015. The street department employs one full-time and two part-time employees, and a part-time maintenance person. Snow is picked up from Village streets multiple times per week during the winter, using a front-end loader, two Snow Goes, and three dump trucks. Local businesses also pay the Village to remove snow from their sidewalks and parking areas. The Village owns very old snow plowing and snow pickup equipment that is expensive to maintain and is due for replacement. Weekly trash pickup is provided by a private waste management company on contract with the Village, and residents and businesses pay a quarterly \$36 fee for the service. In total, the Village spends about \$40,000/year to provide trash pickup for 120 households.

Total expenditures are summarized in the following graph. Expenditures can fluctuate significantly year to year due to major equipment purchases, or projects like street light replacement.

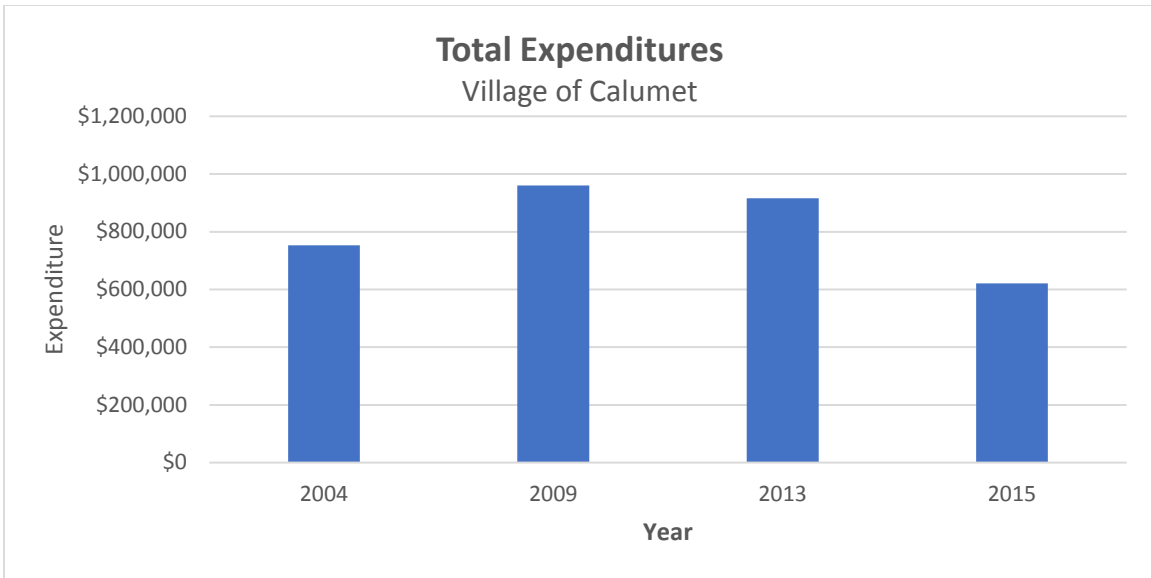


Figure 21: Total expenditures for Village of Calumet, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

A breakdown of expenditure categories is shown in the chart below. In 2015, the greatest expense for the Village of Calumet was general government activities at 30%. The village employs one full-time administrator, one full-time secretary, a part-time treasurer, and a part-time clerk. The seven council members are paid a monthly stipend. Public safety includes police and fire services. Public works, highways and streets includes snow removal activities, as well as general road maintenance.

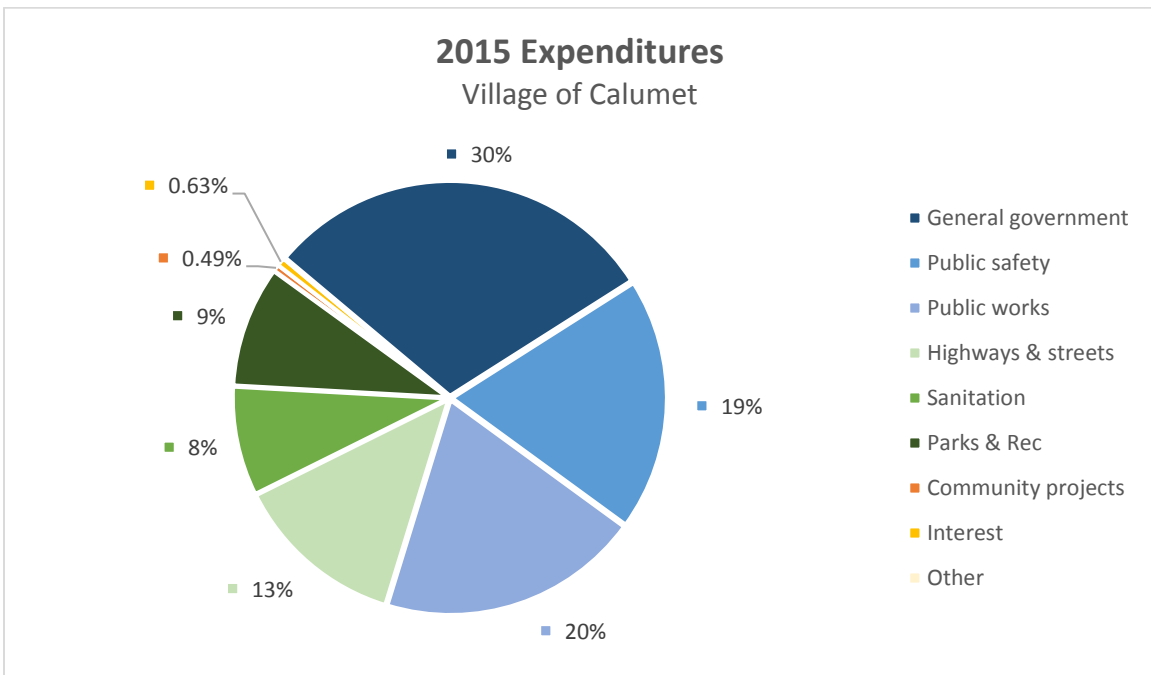


Figure 22: Village of Calumet 2015 expenditures by category. Source: 2015 Michigan Department of Treasury Local Audit Reports.

At the end of 2015, Calumet carried \$109,225 in long-term debt, from a 1997 \$160,000 Michigan Transportation Fund bond for 5th Street improvements that costs approximately \$15,000 per year and will be fully paid off after 2016, and from another loan for a road grader that matures in 2024 and costs approximately \$10,000 per year. The Village is currently at its debt limit of 1.25% of taxable value after taking out a loan in 2016 for a front-end loader.

The Calumet Village Downtown Development Authority (DDA) was established in 1975. The DDA uses TIF (Tax Increment Financing) to fund public improvements in the downtown district. The DDA is designed to be a catalyst in the development of a downtown district, halt property value deterioration, increase property tax valuation eliminate causes of deterioration and promote economic growth. Some of the programs the Village of Calumet DDA has helped fund include street bonds, historic lighting, street equipment, stabilization of abandoned properties and promotion of downtown events. The DDA has also helped fund sidewalk repairs and administers a mini-grant program to help improve downtown building facades.

Major financial challenges for the Village of Calumet are primarily due to aging infrastructure like roads and equipment. Due to the Village's low revenues and tight budgets, it's difficult to meet grant matching requirements for major projects like road or other infrastructure repairs, or purchasing new snow removal equipment. The Village relies on funds from the DDA to pay off loans for snow removal equipment, and recently held a community fundraiser to raise additional funds for equipment purchases. These types of financial strains will only become more frequent as infrastructure ages and if population and revenues continue to decline.

Village of Laurium

The Village of Laurium was incorporated in 1889 and was originally known as the Village of Calumet. It was reincorporated as the Village of Laurium in 1895. While much of the land in the area was owned by the mining companies, the village area was independently owned by private individuals. Laurium primarily served as a residential district for business owners, professionals, mining managers and engineers, and mineworkers during the boom years. Today, Laurium remains primarily residential. The streets are lined with some of the finest historic homes in Houghton County, and the small downtown boasts buildings with remarkable architectural detail. Aspirus Keweenaw Hospital is located in Laurium and provides the northern Keweenaw Peninsula with needed emergency and clinical health care. There are a number of parks in the community, and the notable lodging establishment is the Laurium Manor Inn, a carefully restored historic home now operating as a bed-and-breakfast.

Demographic Report

Laurium reached its peak population in 1910 at 8,537 residents. Since then, the population has fallen steadily to about 1,941 residents in 2015. Due to its small geographic area, population density in the village remains relatively high at about 3,042 people per square mile.

Families with children make up a large share of Laurium's population with 28% of residents under the age of 18. Older people are also well represented with about 16% of people age 65 and older.

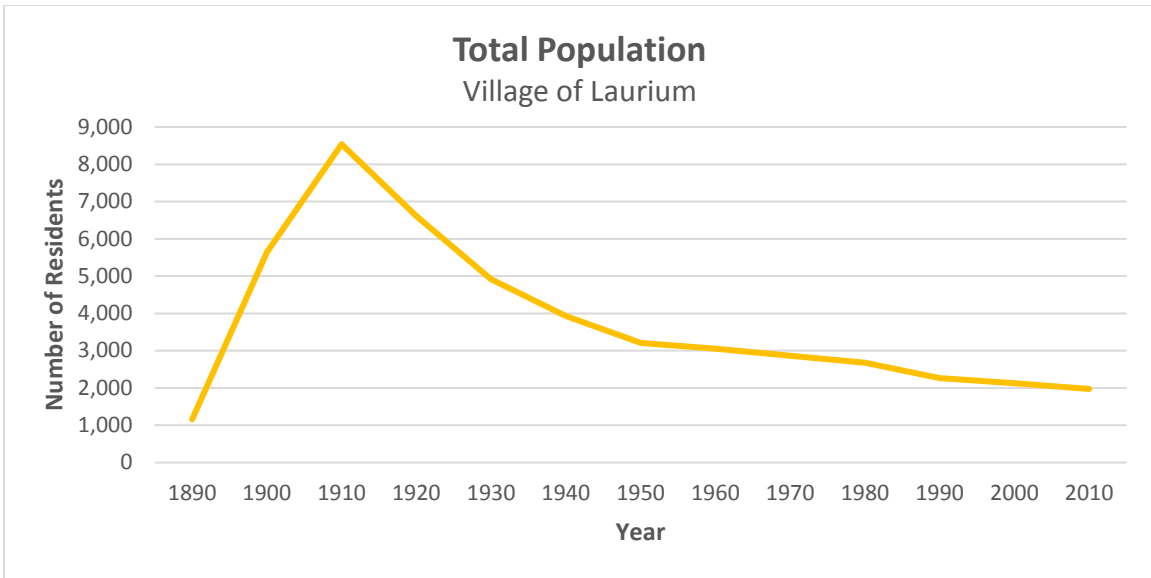


Figure 23: Village of Laurium population declined since 1890. Source: U.S. Census Bureau, NHGIS database.

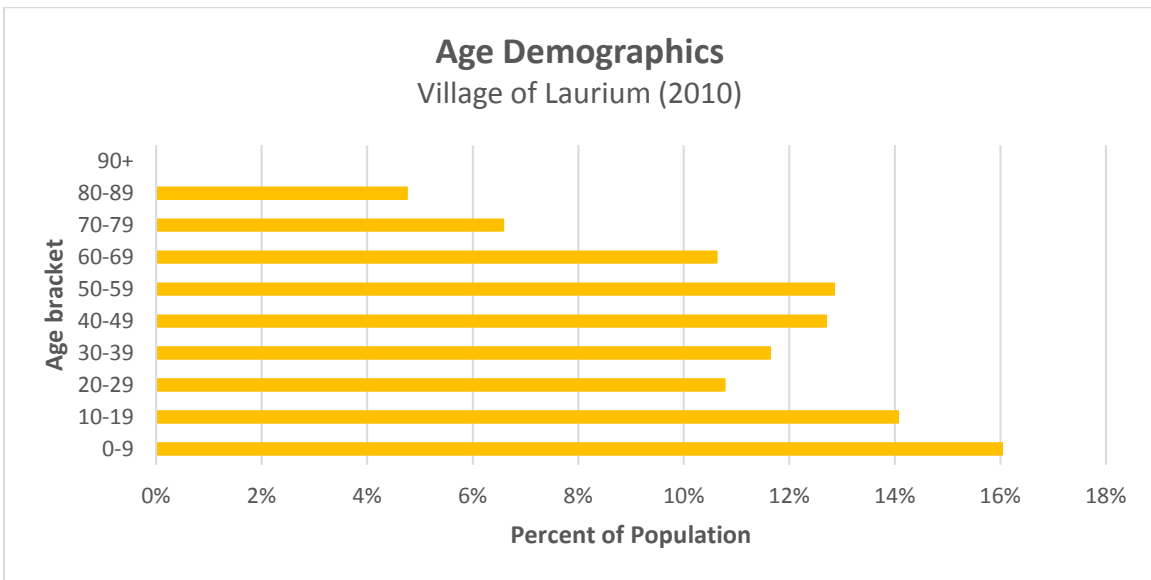


Figure 24: Village of Laurium age demographics in 2010. Source: U.S. Census Bureau, American FactFinder database.

Measures of socioeconomic status (poverty, income, education, unemployment) fair somewhat better in Laurium compared to Village of Calumet, but remain considerably below state or national averages. The 2010-2014 American Community Survey (ACS) estimated Laurium’s poverty rate about 20%, and an unemployment rate about 6%. Median household income is approximately \$35,000, which is significantly lower than the state average of \$49,000. About 23% of residents age 25 and older have a four-year college degree, compared to 26% in the state as a whole. Crime rates in the village are relatively low. Between 2013 and 2015, there were an average of 89 criminal incidents reported to Village of Laurium police each year (46 incidents per 1,000 people compared to statewide 63 per 1,000). Most of the reported incidents in

2015 were for non-aggravated assault (n=16), larceny/theft (n=13), or damage to property (n=10) (Michigan Incident Crime Reporting, Michigan State Police 2013, 2014, 2015).

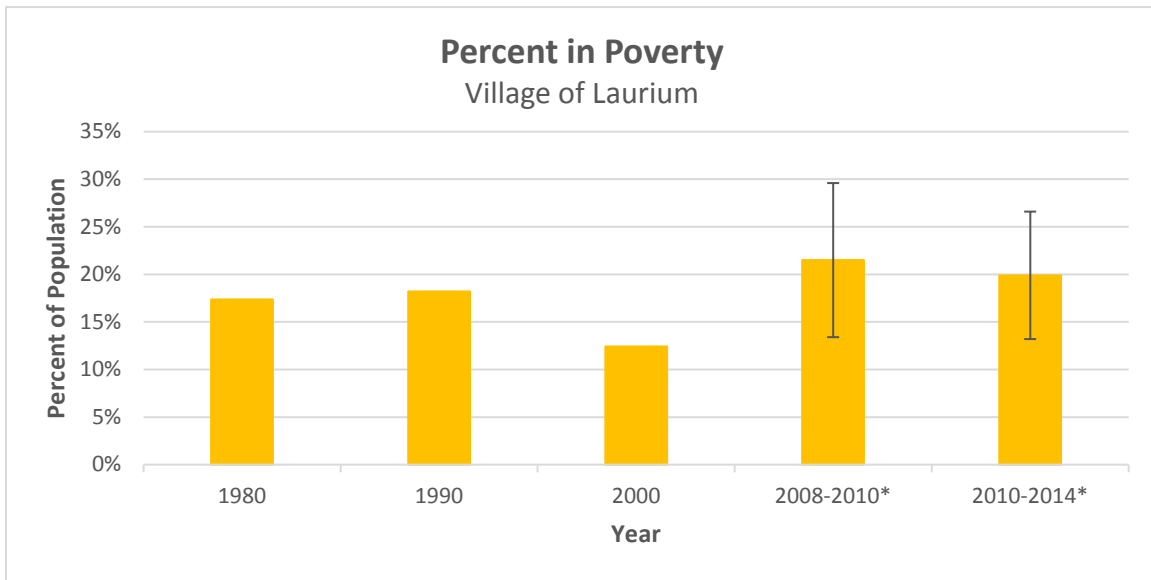


Figure 25: The percentage of Village of Laurium population living below federal poverty line, 1980-2014. Source: U.S. Census Bureau, American FactFinder database and *American Community Survey (ACS) database.

About three-quarters (76%) of Laurium’s occupied housing units are occupied by their owners and the median home value is about \$68,000. Like in much of northern Houghton County, the available housing stock in Laurium is very old, with roughly two-thirds of it built prior to the 1940s and only minimal new development since 1980 and no new building permits issued since 2010.

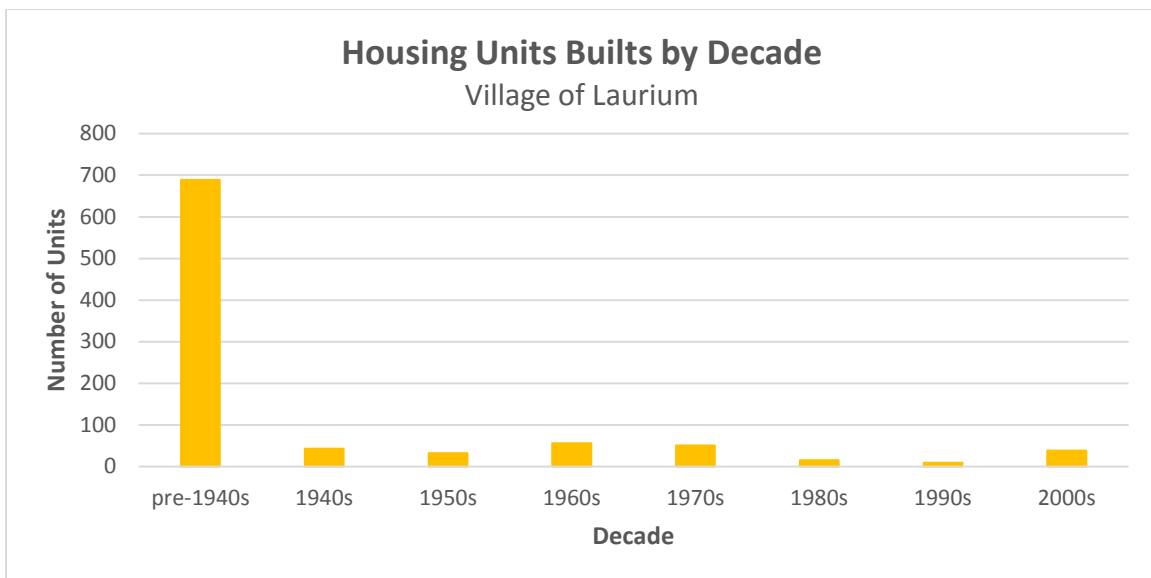


Figure 26: Housing unit construction by decade in Village of Laurium. Source: U.S. Census Bureau, NHGIS database.

Fiscal Report

Much like Calumet, loss of jobs, residents, and businesses have contributed to a shrinking tax base for the Village of Laurium. This along with diminished shared revenue funds from the State of Michigan during the past decade have made it increasingly difficult for the Laurium government to make ends meet. Despite the challenges, during the past decade the village has maintained positive fund balances, and for the fiscal year ending Feb. 29, 2016, had an overall net position of \$2,242,804, with 94.5% invested in capital assets, which includes infrastructure, trucks and equipment, and several buildings, such as the village hall, a building leased to UPPCO, and the Gipp ice rink. Village administration notes that these capital assets are used to provide services to residents rather than stockpiling cash in the bank. The Village's unrestricted fund balance for the general fund was \$331,526, which is approximately 35.4 percent of total general fund expenditures. At the end of fiscal year ending Feb. 28, 2015, Laurium's total debt outstanding was \$1,780,000. The village's outstanding long-term debt decreased by \$88,000 during the fiscal year.

Sources of Revenue

In Laurium, total revenues typically range from \$1.3 to \$1.5 million. Fluctuations are primarily due to state and federal grants received for specific capital projects like equipment purchases or road maintenance. In 2013 the village rebuilt its stretch of M-26 and Lake Linden Avenue, which included sidewalks, lights, curbs, and water lines. This \$3.5 million project accounts for the spike in Laurium's revenues in 2013.

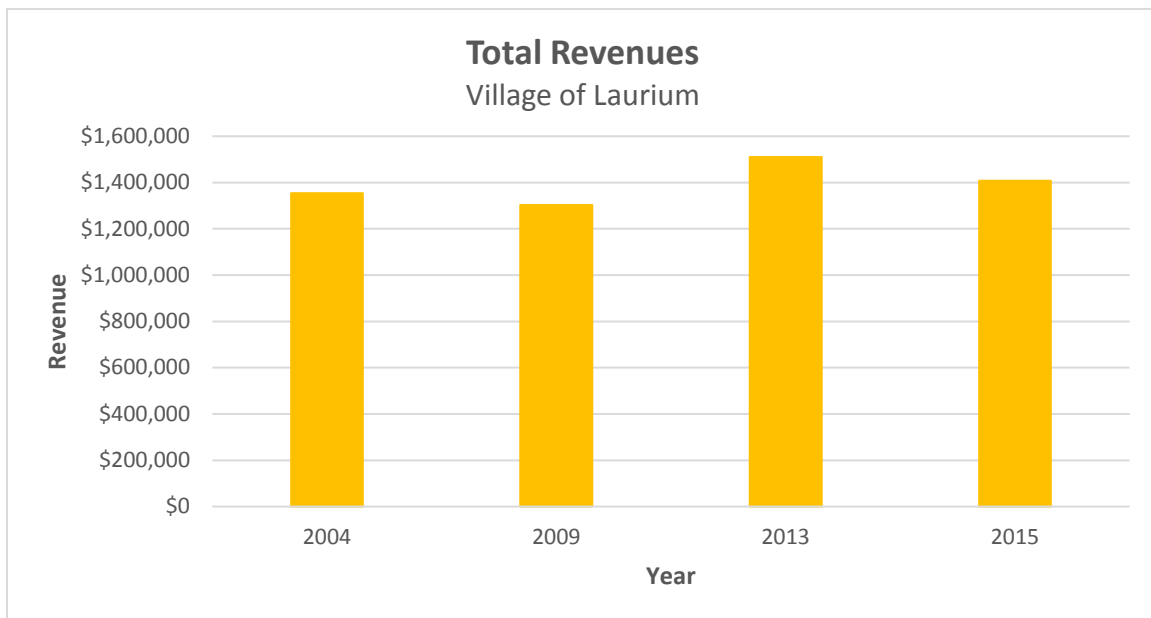


Figure 27: Total revenue for Village of Laurium, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

Property tax revenue (about 26% of total revenue) has risen over the past decade, from \$304,290 in 2004 to \$427,267 in 2015 because of modest increases in total taxable valuation. Residents pay a relatively high property tax rate of 17.9227 mills (down from 19.5 mills in 2004) in order to maintain the level of service the Village provides. Laurium residents also pay

Calumet Charter Township property tax (~2.3 mills) to cover election, assessment, and Colosseum expenses. The 2015 taxable valuation of the Village totaled \$22,947,975 (\$11,822.75 est. per capita), on which taxes levied consisted of 12.5 mills for operating purposes, 3.0 mills for garbage removal, and 5.0 mills for street maintenance. The village also assesses .9826 mills for snow removal and 1.0 mill for fire apparatus.

Laurium did not experience a sharp drop in taxable value after the 2008 financial crisis like many places downstate did (Great Lakes Economic Consulting 2016). In fact, taxable value per capita has generally increased during the past decade as population has declined and values increased modestly. However, Laurium’s taxable value per capita remains among the lowest for villages/cities in the state. Such low values can contribute to a cycle of increasing taxes as the Village struggles to pay for services, and loss of residents who move elsewhere to receive higher levels of service and lower tax rates (Great Lakes Economic Consulting 2016).

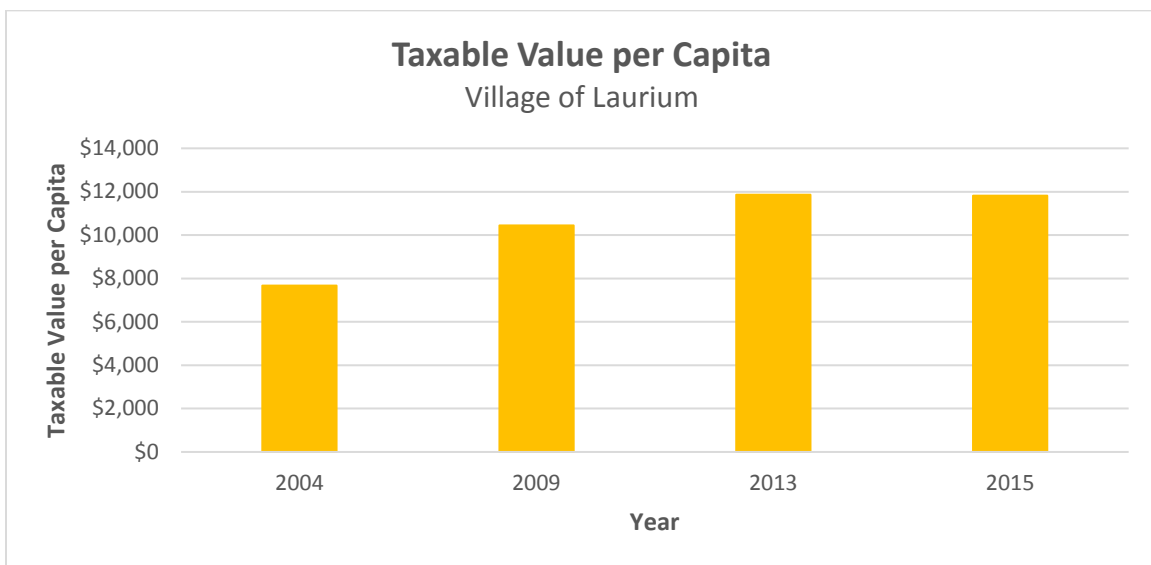


Figure 28: Taxable value per capita for Village of Laurium, 2004-2015. Source: Source: Author’s per capita calculations based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports.

The breakdown of revenue sources for 2015 is shown in the chart below. Charges for services primarily include snow pickup from local businesses and residential sidewalks and fees for the trash pickup service. Laurium has three enterprise accounts, which are mostly funded by charges for services, with some slack picked up by tax dollars.

Operating grants and funds include Michigan Transportation Fund (Act 51) money for road improvements. In recent years, the Michigan Department of Transportation (MDOT) has provided the Village with roughly \$500,000 per year in Act 51 road funding for general road maintenance and snow removal, and a similar amount of “extra snowfall” funding from the state, which fluctuates each year depending on actual snowfall. The Village also receives additional funding from MDOT to maintain the section of M-26 that passes through the Village, but it does not cover the entire cost, as noted later in this section.

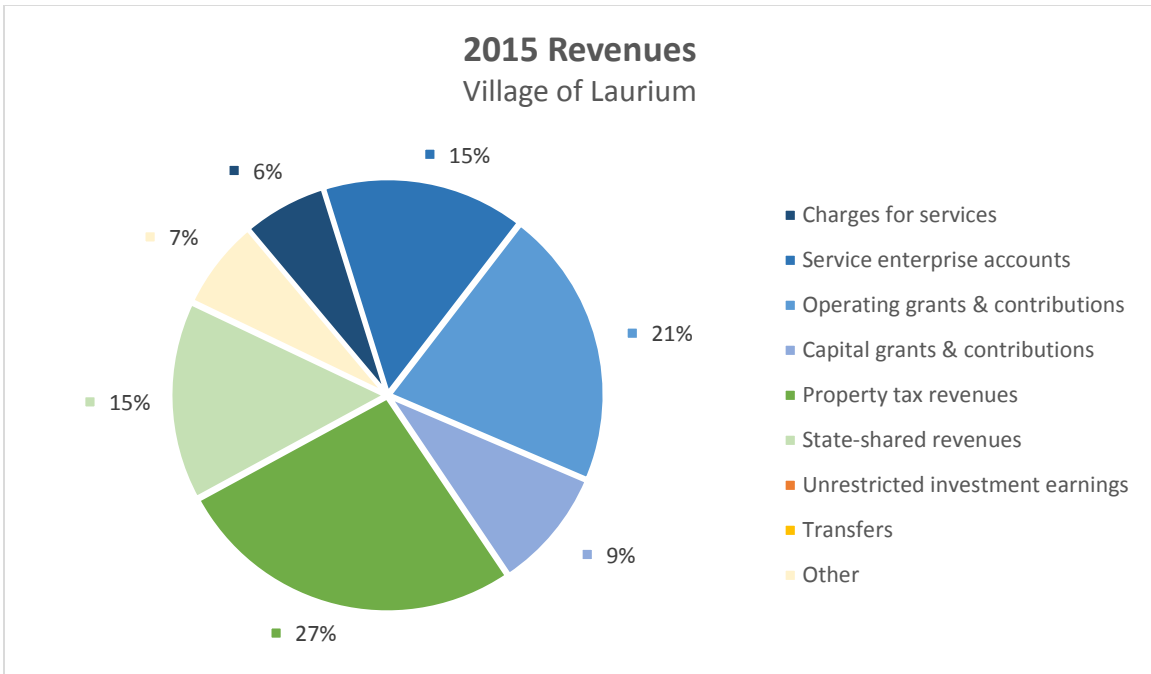


Figure 29: Village of Laurium 2015 revenue by category. Source: 2015 Michigan Department of Treasury Local Audit Reports.

Funding from state-shared revenues, a portion of the state sales tax distributed to every municipality in the state, has declined significantly in the last decade, primarily due to decisions made by state lawmakers (Great Lakes Economic Consulting 2016).

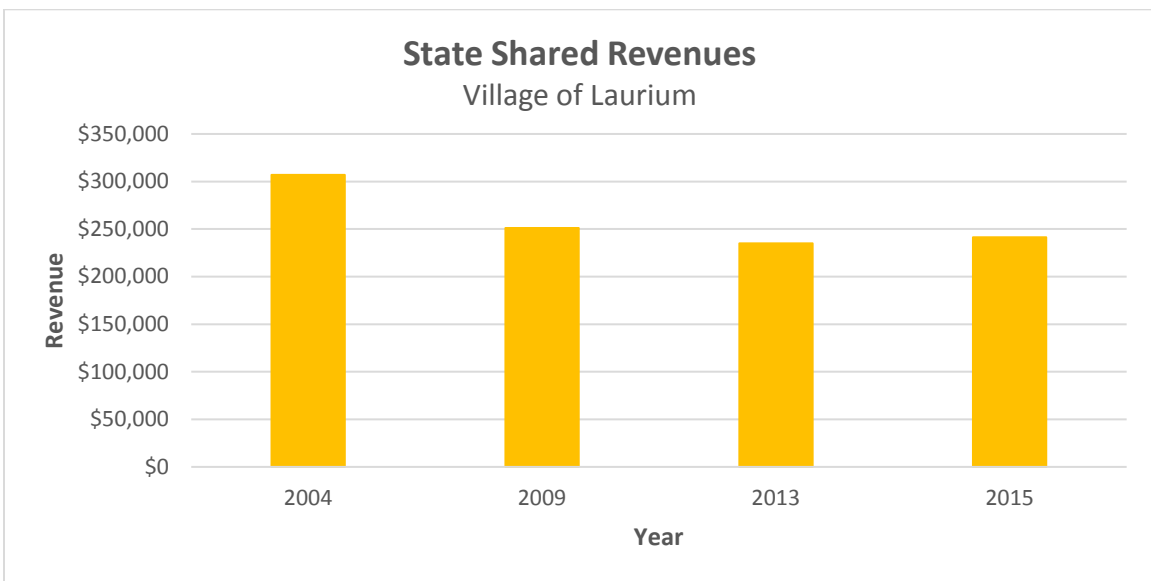


Figure 30: State shared revenues for Village of Laurium, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

Expenses and Services Provided

The Village of Laurium prides itself on providing a high level of service to its residents. It operates its own police and fire departments, snow plowing and pickup services, and offers a weekly residential garbage collection service for a fee (currently serving 730 customers). Children attend the consolidated Calumet-Laurium-Keweenaw school district. Laurium has three enterprise funds that are not funded in their entirety by taxpayer dollars: Water, sanitation (including trash pickup), and multi-recreation. Because of its water and sanitation funds, the village uses North Houghton County Water/Sewer Authority for sewer only; the authority includes Calumet Charter Township, Calumet Village, and Laurium Village. The key services provided to residents, and their costs are summarized in the table below.

Residential Service	Provider	2015 Actual Budget	2015 Projected Budget	2016 Projected Budget
Police	Village of Laurium	\$189,662	\$191,000	\$197,200
Fire		\$42,356	\$44,450	\$44,450
Snow Removal¹		\$371,350	\$352,900	\$380,500
Garbage Collection (Enterprise)		\$161,341	\$173,880	\$180,880
Multi-Recreation (Enterprise)		\$82,207	\$102,995	\$84,395
Water (Enterprise)		\$90,238	\$76,300	\$77,100
Public Works		\$196,525	\$169,000	\$180,000

Table 2: Actual and projected service budgets for the Village of Laurium. Source: Laurium Village Budget 2016.

The village employs 10 full-time employees. There are four in the police department, one in administration, and five in the roads department, and there are numerous part-time and seasonal staff. The Laurium Police department consists of a police chief and three full-time officers. Laurium also faces a fairly large pension liability, and there are 11 inactive employees or beneficiaries receiving benefits from the village at this time.

The village upgrades its police vehicles on a rotating basis, and currently has two police vehicles, both less than five years old. There are 15 volunteer firefighters (who receive a minimal annual stipend) who responded to an average 12 calls a year, which include responding to incidents like car accidents and downed trees on wires, in addition to fires. The Laurium fire chief noted that 2016 has been a busy year with more than 15 calls.

Snow removal is one of the Village's largest expenses. The state reimburses the village for 100 percent of plowing and sanding & salting of roads as part of Act 51 monies, but only reimburses the village for 46 percent of hauling the snow away. Snow is picked up from Village streets multiple times per week during the winter and local businesses also pay the Village to

¹ Snow removal includes major and local streets, as well as surface maintenance, traffic services, snow and ice removal, and snow hauling.

remove snow from their parking areas. The Village owns 1974 and 1979 snow goes, and a 1985 and a 1997 grader, in addition to one loader, three pickup trucks, five dump trucks, one under-blade sander, and one trackless for clearing sidewalks. The village plows 11.93 total street miles, not including state highway M-26 as it passes through the village, which stretches approximately 1.8 miles. The village administrator said the roads department plows when it snows beginning at 4 a.m., working until the snow is removed with all snow removal vehicles in operation, beginning with by clearing M-26. The administrator noted Laurium has had a mostly set plowing route in effect for 120 years.

The village purchased a 2001 aerial/pumper truck for the fire department in 2014 in part with community-raised funds, a transfer from the general fund, and a grant from the U.S. Department of Agriculture. In total, the village has three fire vehicles.

Total expenditures are summarized in the following graph. Expenditures can fluctuate significantly year to year due to major equipment purchases, or projects like street light replacement.

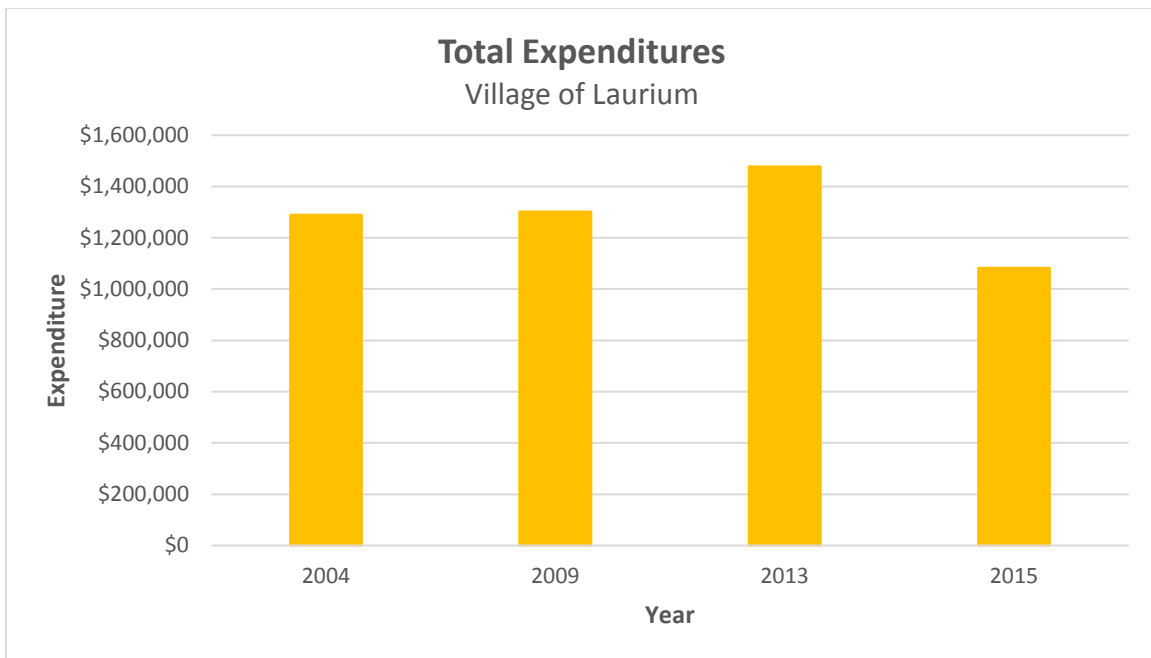


Figure 31: Total expenditures for Village of Laurium, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

A breakdown of expenditure categories is shown in the chart below. In 2015, the greatest expense for the Village of Laurium was snow removal and road maintenance at 33.35 percent. Public safety includes police and fire services. Public works, highways and streets includes snow removal activities, as well as general road maintenance. The multi-recreation, sanitation, and water funds are enterprise funds with expenses paid by user fees rather than taxpayer dollars.

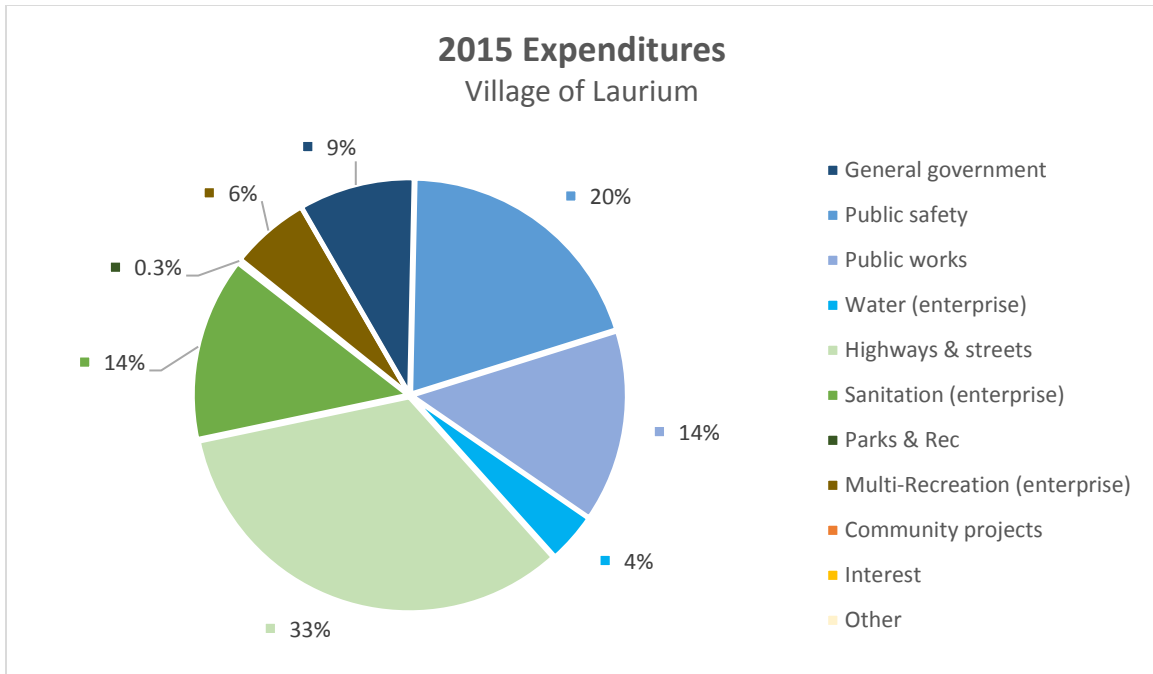


Figure 32: Village of Laurium 2015 expenditures by category. Source: 2015 Michigan Department of Treasury Local Audit Reports.

Major financial challenges for the Village of Laurium are primarily due to aging infrastructure like unoccupied buildings, roads and equipment. Laurium voters passed in November 2016 an increase of 2 mills for the purchase of snow removal equipment. This millage rate will only be in effect for five years, however.

Comparing the Municipalities

Calumet Village, Laurium Village, and Calumet Charter Township share a tightly intertwined history and they remain closely connected. The broader Calumet area (encompassed within the township today and including the Villages of Calumet and Laurium) reflect essentially a singular community and a unique point of interest due to the array of resources found in each. Calumet Charter Township contains several outdoor recreational areas and beautiful lake frontage. The Village of Laurium has historic residential neighborhoods filled with stately homes and parks as well as provides hospital and healthcare services. The Village of Calumet features a historic downtown, the Keweenaw National Historical Park, and several unique buildings, such as the Calumet Theatre and Copper Country Firefighters History Museum. Numerous social and cultural events are hosted in each throughout the year, such as the CopperDog 150 dog sled race, First Friday art walks, and concerts in the park, not to mention the restaurants, bars, and stores are regularly patronized by all the Calumet area residents. These communities do not function independently from one another as these assets are shared by all residents and attract tourism to the area.

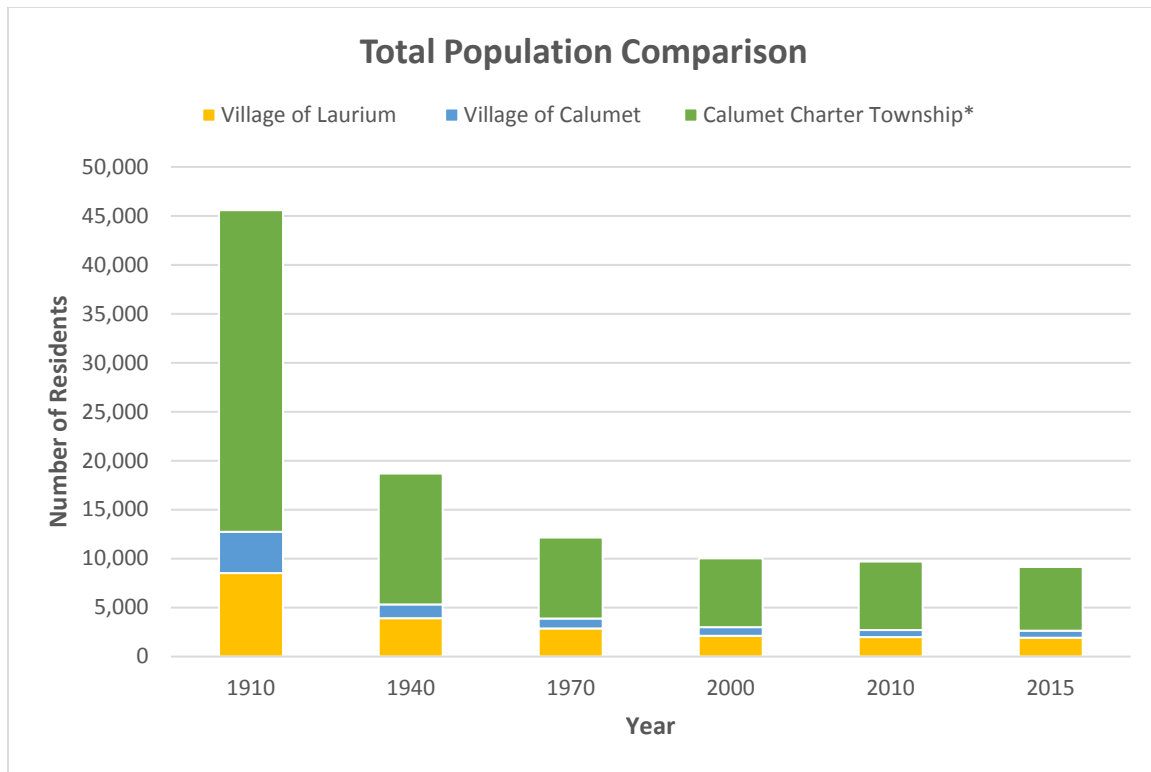


Figure 33: Population decline of the three municipalities for selected years, 1910-2015. *Calumet Charter Township includes the villages' demographic data. Source: U.S. Census Bureau, NHGIS database.

Demographic Comparison

The entire area suffers from long-term population decline, high poverty, low incomes, and aging housing stock and aging municipal and commercial infrastructure. The broader Calumet area reached its population peak in 1910 at 32,845 residents. Since then, the area population has declined by 78% to 6,997 residents in 2010. About one-third of area residents live in one of the villages and two-thirds live in the unincorporated township area.

The age distribution across the area is relatively young. Young adults tend to live in the Village of Calumet, and families with children make up a large share of the population in Laurium and the Township. Dependency ratios are a way to measure the amount of burden on the working age population to support children and senior citizens. In 2010, dividing the number of dependents (individuals younger than 16 or older than 65) by the number of working age people (ages 16 to 64) for Calumet Charter Township, Calumet Village, and Laurium Village results in measures of 70, 64, and 72, respectively, compared to 59 nationwide (OpenGov, n.d.). This level of dependency can lead to reduced levels of participation in community events and in local government.

Poverty is particularly high in the villages of Calumet and Laurium compared to the national rate. Median household incomes are relatively low in all three municipalities compared to national average. Unemployment is greater in the Village of Calumet compared to the other municipalities and the national average. Laurium Village and Calumet Charter Township have greater median housing values than Calumet Village. The majority of houses in each municipality were built prior to the 1940s.

<i>Demographic Measures</i>	Calumet Charter Township*	Village of Calumet	Village of Laurium	National Average
Population change 1910-2010 (percent)	-78.7%	-82.8%	-76.8%	+234.8%
Population change 2000-2010 (percent)	-0.26%	-17.4%	-7.0%	+9.7%
Largest age demographic (2010)	0-9	20-29	0-9	45-49
Total age dependency ratios (2010)	70.1	63.9	71.7	58.9
Percent in poverty (2010-2014)	23.8% (± 4.1%)	49.5% (± 10.3%)	23.7% (± 5.8%)	15.6% (± 0.1%)
Unemployment rate (2010-2014)	11.8% (± 2.7%)	14% (± 8%)	6.4% (± 3.6%)	9.2% (± 0.1%)
Median household income (2010-2014)	\$31,779 (± \$1,852)	\$15,200 (± \$3,100)	\$34,485 (± \$5,587)	\$53,482 (± \$95)
Median housing value (2010-2014)	\$59,800 (± \$4,023)	\$52,300 (± \$9,700)	\$68,000 (± \$6,999)	\$175,700 (± \$224)

Table 2: Demographic comparison between the three municipalities and the national average for 2010. *Calumet Charter Township includes the villages' demographic data. Sources: U.S. Census Bureau, NHGIS database, decennial Census 2010, American Community Survey (ACS) database (2010-2014), and U.S. Census Bureau Public Information Office database (2010).

Fiscal Comparison

This section compares the fiscal analysis previously detailed for Calumet Village, Laurium Village, and Calumet Charter Township. The fiscal year for Calumet Charter Township aligns with the calendar year. Alternatively, Calumet Village and Laurium Village follow fiscal years from March 1 to February 28 and are similar enough for a direct fiscal comparison with the villages (Heffernan, 1997). Here, for the villages, we represent fiscal year data ending February 28, 2016 as 2015 data, and so forth for prior years, to facilitate comparison with the Township.

Revenue Comparison

Municipalities generate revenue from a variety of sources to support various government functions. Total revenues in the Village of Laurium (\$1,408,019 in 2015) and Calumet Charter Township (\$1,218,695) are almost twice as much as in the Village of Calumet (\$756,753). Population size also matters as revenues are used to support different sized populations, so examining total revenue per capita is important as well. Calumet Village generates greater revenue per capita than the other two municipalities, primarily due to its small population. Laurium Village, on the other hand, generates less revenue per capita as it has a higher population to support similar services. Calumet Charter Township has much lower per capita revenues than the villages because its population is larger and because it provides relatively few services and maintains a much lower tax rate. Though they fluctuate year to year, based on grants and projects, total revenues are generally declining in the Village of Calumet and in Calumet

Charter Township and are stable in the Village of Laurium. In the Village of Calumet, total revenues are declining as the population does, coupled with decreasing state-shared revenues. In Calumet Township state-shared revenues have increased slightly.

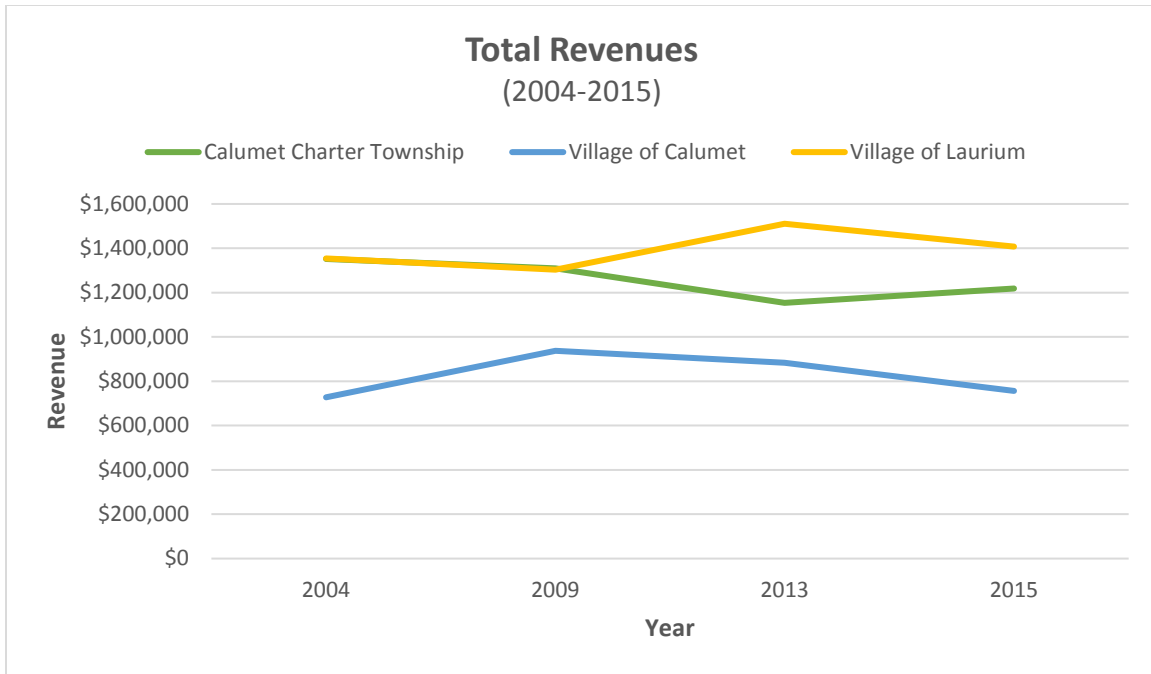


Figure 34: Total revenue for the three municipalities for selected years, 2004-2015. *Calumet Charter Township includes the villages’ demographic data. Source: Michigan Department of Treasury Local Audit Reports.

2015	Calumet Charter Township*	Village of Calumet	Village of Laurium
Population	6,463	708	1,977
Total Revenue	\$1,218,695	\$756,753	\$1,408,019
Revenue per capita	\$187.81	\$1,068.86	\$725.41

Table 4: Total revenue per capita comparison between the three municipalities, 2015. *Calumet Charter Township includes the villages’ demographic data. Source: U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports.

Property tax is the most important resource for revenue generation within a municipality (Great Lakes Economic Consulting, 2016). The amount of property tax revenue is determined by multiplying the taxable value and the millage rate for each municipality. The Taxable Value is equal to the Assessed Value (50 percent of the true cash value of the total municipality’s property) in the year assessed. Millage rate or operating millage rate is used to determine a municipality’s property tax amount in terms of tax per thousand dollars. Property tax revenues for each of the three municipalities increased between 2004 and 2009, but have levelled off in the last several years. In the Village of Calumet property tax revenue decreased by about \$12,851 between 2013 and 2015.

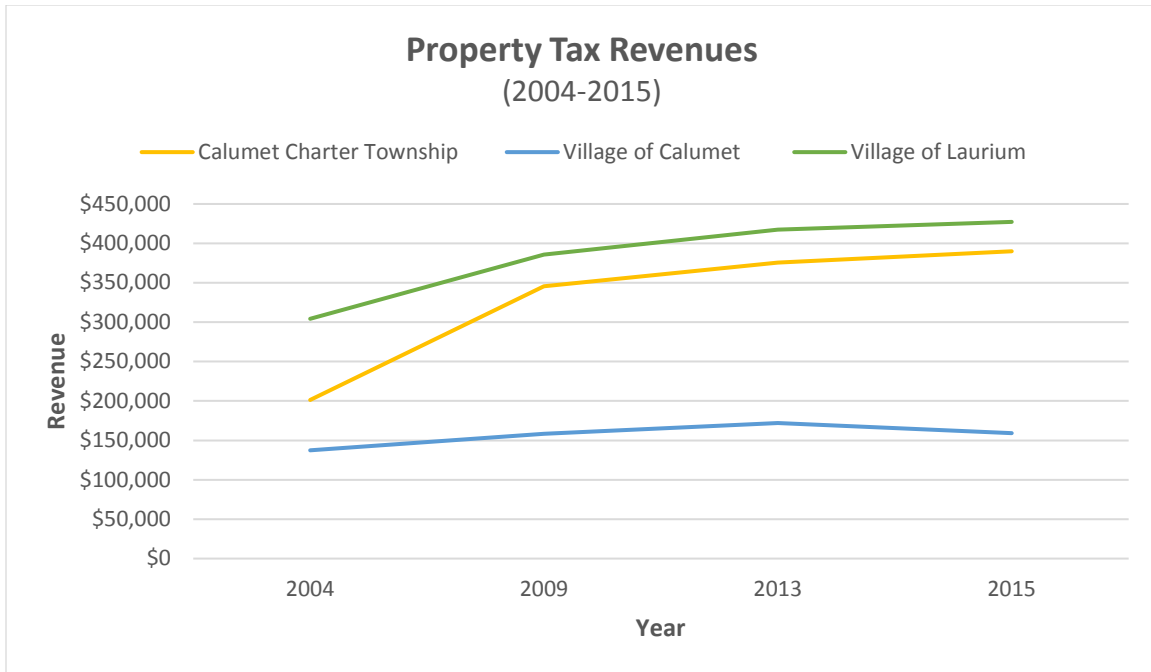


Figure 35: Property tax revenue for the three municipalities for selected years, 2004-2015. *Calumet Charter Township includes the villages' demographic data. Source: Michigan Department of Treasury Local Audit Reports.

Total taxable value of property is lower in Calumet Village than the other two municipalities because rents are lower and there are fewer residents in Calumet Village. In the November 2016 election, the Village of Laurium voted to increase its millage rate. This value will not be official added until June 2017, therefore millage rates cannot be currently compared between the villages. Finally, note that village residents pay a portion of the Calumet Township property tax (~2.3 mills) in addition to property tax for their respective village.

2015	Calumet Charter Township*	Village of Calumet	Village of Laurium
<i>Operating millage rate</i>	5.1242	20.2458	17.9227 ²
<i>General fund balance</i>	\$256,032	\$167,468	\$382,639
<i>Total taxable value</i>	\$94,389,883	\$9,253,306	\$22,947,975
<i>Taxable value per capita</i>	\$14,546.14	\$13,069.64	\$11,822.76

Table 5: Fiscal comparison between the three municipalities, 2015. *Calumet Charter Township includes the villages' demographic data. Source: Author's per capita calculations based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports.

Beyond property taxes, state-shared revenues returned from sales tax collection (see Appendix B for details) make up a critical share of local government funding in Michigan (Heffernan, 1997). The amount each municipality receives depends primarily on unit of government (city/village/township with cities getting higher weight), population size, taxable property values, tax effort (millage assessed), and policy decisions at the state level on how fully

² Millage rate was voted to increase in November 2016.

to fund the program. State-shared revenue has experienced significant cuts during the last several years, negatively impacting communities across the state (Great Lakes Economic Consulting, 2016). Calumet Village and Laurium Village have experienced considerable declines (36% and 21% respectively) in state-shared revenue since 2004.

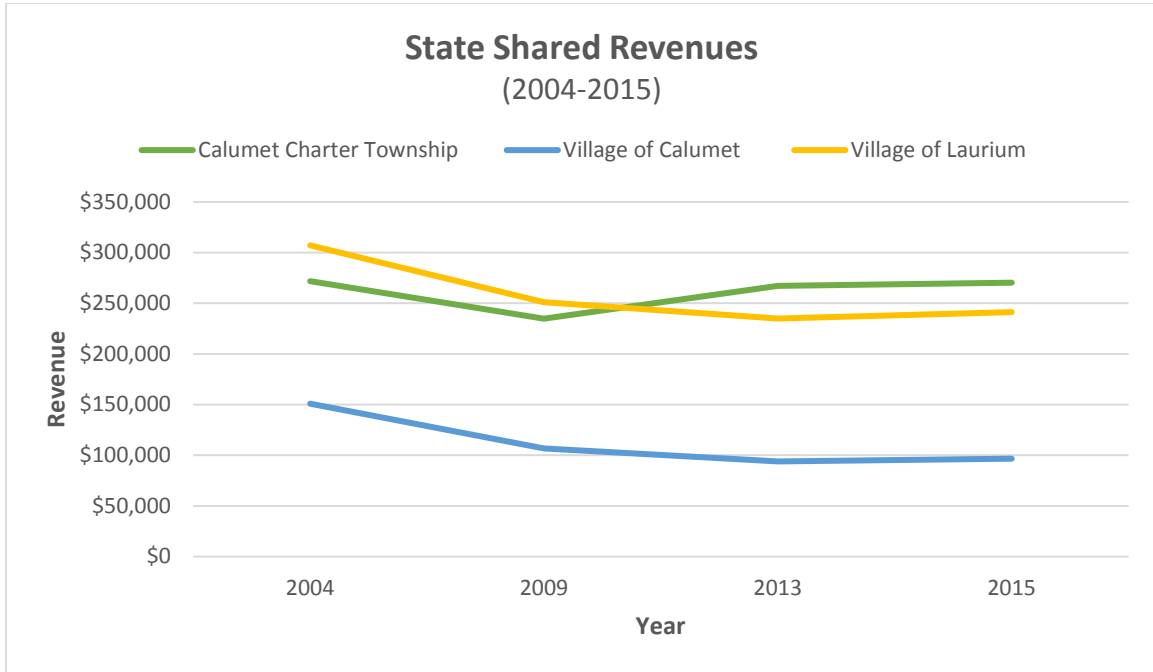


Figure 36: State shared revenue for the three municipalities for selected years, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

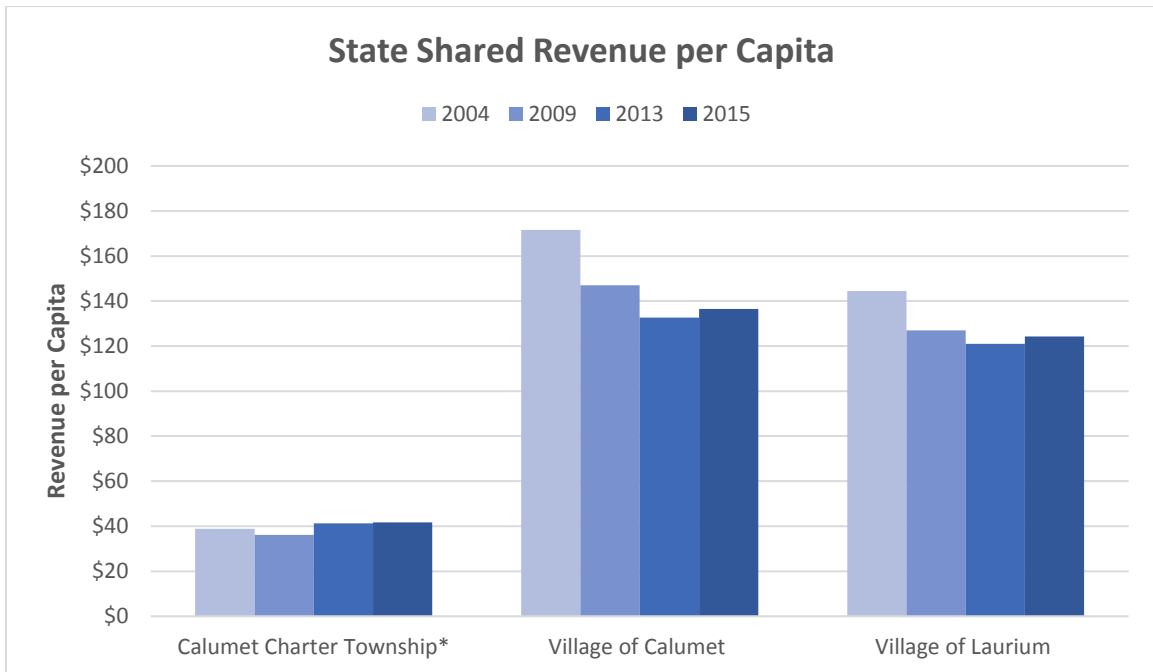


Figure 37: State shared revenue per capita for the three municipalities for selected years, 2004-2015. *Calumet Charter Township includes the villages' demographic data. Source: Author's per capita calculations based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports.

The figure below shows revenue per capita for Calumet Village, Laurium Village, and Calumet Charter Township by revenue source. In general, the villages generate far greater revenue per capita and provide more services than the Township government. Property taxes make up about a quarter of revenues in each municipality. Calumet Village, however, stands out as it relies on operating and project grants for almost half of its revenue (~ 47%), making it extraordinarily reliant on these somewhat unpredictable sources for operations.

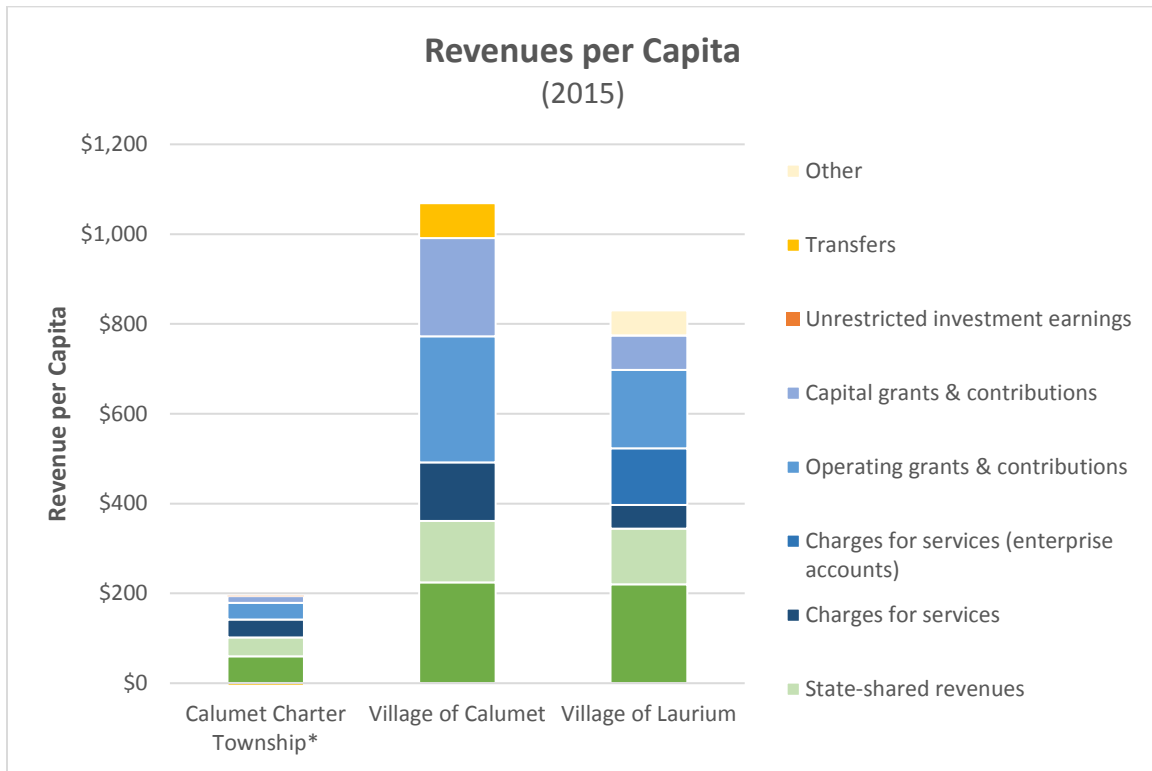


Figure 38. Per capita comparison of 2015 revenue by category between each municipality. *Calumet Charter Township includes the villages’ demographic data. Source: Author’s per capita calculations based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports.

Expenses and Services Comparison

Villages exist within townships in order to provide more services than townships would typically allocate while still remaining within the township structure (Heffernan, 1997). These services may include police, fire, water, waste, sewage, snow removal, parks, and more. Typically, services provided by a Township may only include election, property tax assessment and tax collection, basic planning, and inspection functions. Residents in the Calumet and Laurium villages pay taxes to both their respective villages as well as to the township for the different services each government provides. Laurium Village has greater annual expenditures (\$1,083,054) than the other municipalities with Calumet Village spending less than half this value (\$620,808). But, because of its smaller population, Calumet Village has a greater total expenditure per resident. Calumet Charter Township spends less per resident as it does not provide the same number of services as the villages and also has a larger population base.

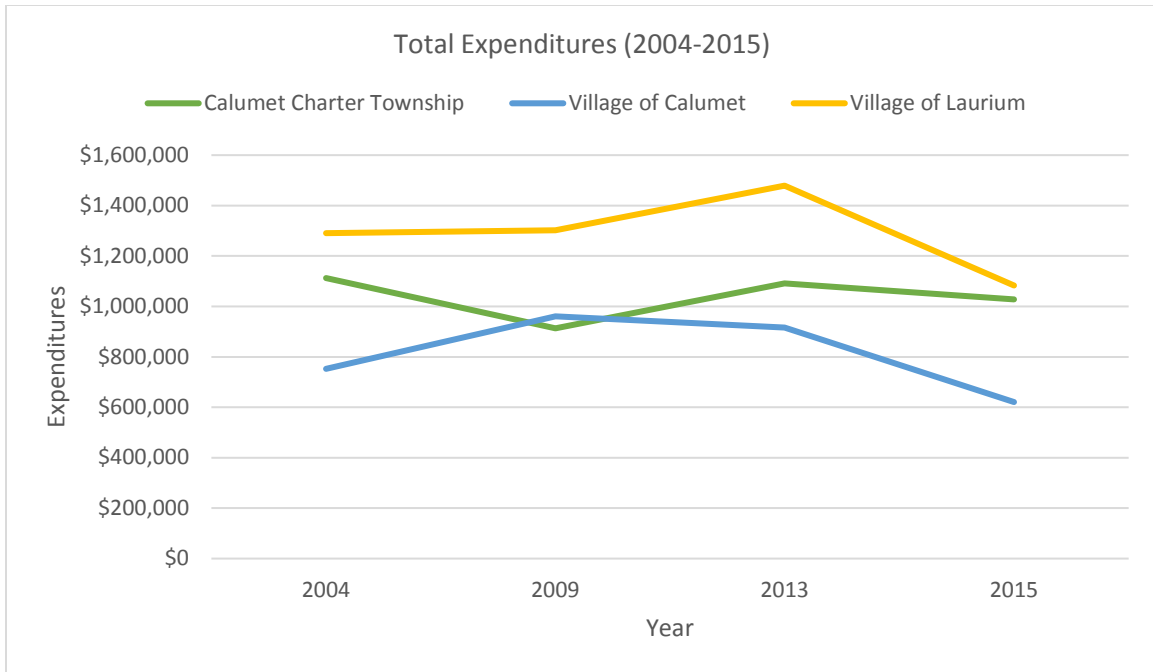


Figure 39: Total expenditures for the three municipalities for selected years, 2004-2015. Source: Michigan Department of Treasury Local Audit Reports.

2015	Calumet Charter Township*	Village of Calumet	Village of Laurium
Population	6,463	708	1,977
Total Expenditures	\$1,027,341	\$620,808	\$1,083,054
Expenditures per capita	\$158.32	\$876.85	\$557.99

Table 6: Total expenditures per capita comparison between the three municipalities, 2015. *Calumet Charter Township includes the villages' demographic data. Source: Michigan Department of Treasury Local Audit Reports.

The following figure compares per capita expenses by category for the three municipalities. As discussed, the villages are in place to provide additional services to their residents, and therefore require additional funds to do so. Both the villages of Calumet and Laurium provide police, fire, and snow plowing and removal. The Village of Laurium also utilizes enterprise funds (paid for by user fees rather than taxpayer dollars) for its multi-recreation, sanitation, and garbage collection.

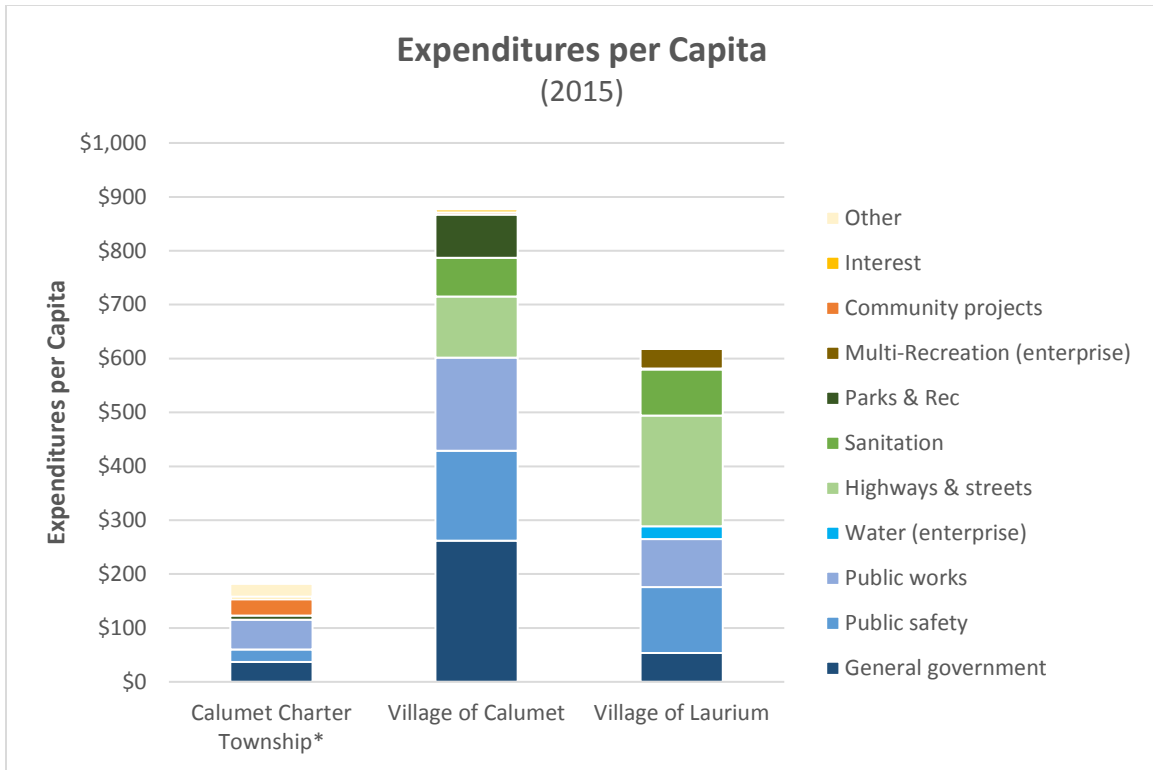


Figure 40: Per capita comparison of 2015 expenditures by category between each municipality. *Calumet Charter Township includes the villages' demographic data. Source: Author's per capita calculations based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports.

The greatest expense for the Village of Calumet is general government, comprising a third of the total expenditures. Calumet general government includes administrative costs such as the employment of one full time administrator, as well as one full-time secretary, a part-time clerk (10 hours per month) and a part-time treasurer (five hours per week). Laurium employs 10 full-time employees including one administrator and five in the roads department, as well as numerous part-time and seasonal staff. Calumet Charter Township employs one full-time administrator as well as a clerk and treasurer.

Public safety (police and fire) makes up another large share of village budgets. The Laurium Police department consists of a police chief and three full-time officers. There are 15 volunteer firefighters in the Laurium Fire Department, paid a minimal annual stipend. The village has three fire vehicles and associated firefighting equipment. The Calumet Police department consists of one full-time chief. The Calumet Village fire department consists of 12 volunteer firefighters paid a minimal annual stipend. The Village operates its own firehouse with two firetrucks and associated firefighting equipment. The Charter Township utilizes county and state police and does not employ a police department. The Township has a volunteer fire department with 15 volunteer firefighters and 5-6 vehicles.

Public works and highways and streets expenses include snow removal activities as well as general road maintenance. Snow removal is the greatest expense and greatest concern for most residents throughout the broader Calumet area. In both villages, snow is collected multiple times per week during the winter and local businesses also pay extra for snow removal from their sidewalks and parking areas. The Calumet Charter Township relies on Houghton County snow plowing.

Assets and Challenges

The greater Calumet area offers an array of unique assets located in each municipality. For example, the Keweenaw National Historical Park, established in 1992, encompasses the Village and surrounding locations in the Keweenaw, and aims to celebrate and promote the rich history of copper mining, and attracts outside visitors. In 2015 more than 550,000 people visited the park and its 21 heritage sites, and the park provided more than \$141,000 in grants to local organizations to help preserve and tell the copper story. In addition, the communities host several cultural events, regularly attract locals and outsiders alike, such as the First Friday art walks, concerts in the park, or the annual CopperDog 150 dog sled race.

Each of the municipalities owns historic, cultural, and recreational assets and buildings that contribute to character, tourism, and quality of life across the region. For all of the units, most (84% to 95%) of the value contributing to their net position is invested in such capital assets.

<i>2015</i>	Calumet Charter Township*	Village of Calumet	Village of Laurium
<i>Current and other assets</i>	\$829,915	\$318,608	\$1,164,468
<i>Capital assets</i>	\$5,822,813	\$1,305,731	\$3,899,652
<i>Total assets</i>	\$6,820,728	\$1,624,339	\$5,064,120
<i>Assets per capita</i>	\$1,051.12	\$2,294.26	\$2,609.03
<i>Percent invested</i>	92.7%	84.0%	94.5%

*Table 7: Fiscal comparison between the three municipalities, 2015. *Calumet Charter Township includes the villages' demographic data. Source: Author's per capita calculations based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury Local Audit Reports*

Summary: Calumet Charter Township

Calumet Charter Township contains many recreational areas ideal for silent sports and beautiful lake frontage, as well as the historic Colosseum, a historic indoor ice rink. The township is in stable fiscal condition. Compared to the villages, it has a larger and more stable population base, increasing property valuation from commercial and industrial construction, a low current tax millage, and less responsibility to provide services to residents. It has numerous open spaces and large lots for new construction ventures. On the other hand, it has less control in terms of its service operations than the villages as the county makes a number of decisions for it, such as which roads are plowed and in what order. The Charter Township assists the villages through financial maintenance of the recreation areas and parks in the broader Calumet area, which are valuable assets to the entirety of Houghton County.

Summary: Village of Calumet

The Village of Calumet features a historic downtown and several unique buildings, such as the Calumet Theatre and Copper Country Firefighters History Museum. Village administrators have worked hard to maintain a balanced (though bare bones) budget in recent years despite facing critical challenges, including population decline and associated revenue decline coupled

with relatively high crime rate, high social need, and aging and deteriorating infrastructure, and low government capacity (few staff). Residents have an expected level of municipal services, but the village will be hard pressed to continue to provide the services that it does without new sources of revenue. Expenses per capita are increasing, but this indicates population decline rather than a high level of service. Calumet's assets are largely fixed and with looming maintenance and replacement costs, the village does not have the cash necessary to operate without further cuts. Population decline contributes to blight and abandoned buildings, which further discourages investment. In the Village of Calumet's favor, the total taxable value has remained steady in the past decade, and the core downtown infrastructure is impressive and attracts tourists and shoppers to the area, and the village has very little long term debt liability. The village has a great deal of potential for future growth with affordable housing and low rents coupled with a walkable, unique downtown community.

Summary: Village of Laurium

The Village of Laurium has prized neighborhoods filled with stately homes, parks and a skating rink. It also hosts the historic Gipp memorial, a symbol of pride to many residents in the broader Calumet area. Aspirus Keweenaw Hospital is located in Laurium and provides the northern Keweenaw Peninsula with needed emergency and clinical health care. The biggest challenges facing Laurium are the losses in state-shared revenues (which have reduced the village's budget), population decline, and aging equipment and infrastructure in need of investment. The village's assets are invested in physical property, so there is little cushion for maintenance and repairs. Laurium also faces a large pension liability. Its property tax revenues are increasing (largely due to tax increases), but its taxable value per capita remains dangerously low. The village serves mainly as a bedroom community and much of its downtown is vacant. There is little opportunity to invest funds in economic or downtown development. Its housing stock is aging, though remains charming. Laurium has a high rate of homeownership, which contributes to a stabilizing and invested population. The community is very proud of the level of service it provides residents.

	Assets	Challenges
Calumet Charter Township	<ul style="list-style-type: none"> ▪ Stable fiscal condition ▪ Larger, more stable population ▪ Modestly increasing commercial and industrial taxable values ▪ Open space, big lots, new construction possibilities ▪ Recreational and cultural sites ▪ Lakeshore frontage 	<ul style="list-style-type: none"> ▪ Slowly declining population ▪ Vacant and deteriorating buildings ▪ Aging infrastructure to maintain ▪ Less local control on service operations (e.g. county roads, snow, police, etc.)
Village of Calumet	<ul style="list-style-type: none"> ▪ Historic downtown and Architecture ▪ Densely populated, walkable ▪ Keweenaw National Historical Park ▪ Downtown businesses, restaurants, etc. ▪ Cultural hub ▪ Affordable housing & business start-up (low rent) ▪ Little long-term debt liability 	<ul style="list-style-type: none"> ▪ Vacant and deteriorating buildings ▪ Population decline ▪ Low socioeconomic status (high poverty and crime) ▪ Aging infrastructure and service equipment ▪ Low tax revenue yielding a bare bones budget and low government capacity
Village of Laurium	<ul style="list-style-type: none"> ▪ Housing stock is affordable and aesthetically pleasing ▪ Residents are happy with services ▪ Parks and recreation facilities ▪ Historic downtown and architecture ▪ Densely populated, walkable ▪ Proximity to healthcare services 	<ul style="list-style-type: none"> ▪ Declining population ▪ Hollowed out downtown ▪ Declining revenue yielding low government capacity ▪ Low socioeconomic status ▪ Low taxable value per capita ▪ Long term debt liability

Table 9: Summary of the assets and challenges for each of the municipalities as determined from the demographic and fiscal analysis.

Social Issues

The research team interviewed 14 people from the Village of Calumet, Village of Laurium, and the Calumet Township between October and November 2016. The aim was to identify a range of feelings and issues that might impact the viability of any cooperation or consolidation process. The interviews examined the potential strengths, weaknesses, opportunities, and threats that might be associated with revenue sharing, cooperating, or consolidation. The sample is not representative and the results cannot speak to the overall views of Calumet area residents.

Although the informants spoke about their community from different perspectives, they collectively identified several issues regarding the benefits or challenges associated with each community's services, the potential of community collaboration, service sharing, declining population, tax base, available funds, expenses, and the outside forces that govern the level and type of services they receive within their municipality. The participants spoke of how each community has its own unique assets, which benefit all three communities. There is a collective appreciation for the recreational, architectural, and cultural resources in the three communities. The following summarizes six key themes raised in the interviews. Whenever possible, quotes have been added to illustrate the perspective presented. More details on the interview and analysis process are in Appendix C.

Cooperation

Among the people we spoke to, there was a general interest in considering greater municipal collaboration. Several spoke positively of the cooperative relationships that were already established and provided suggestions of what would benefit their communities. There is already some volunteerism and collaboration between civic groups working together on broader community projects, such as the Lions Club, Main Street and the Keweenaw National Historical Park (KNHP). Programs such as 31 Back Packs, the Food Pantry, and the Angel Mission survive through community donations and successful cooperative relationships with volunteers. Many of the participants expressed pride in the success of their consolidated school system. Business owners and residents are enthusiastic, cooperate, and do what they can to help others in their community when they are struggling financially or if they are sick. Even with the acknowledgment that there is little money in the region, there is still a high level of sharing what resources are there. Most residents interviewed felt collaboration and service sharing was a positive step into the right direction, because it would benefit everyone and provide some much-needed services.

“I think it would be better if they were working together, more stuff would get done, a lot more people would be getting what they need.” - Local resident

The idea of collaboration or service sharing was viewed more conservatively by some municipal administrators, though not discounted completely. They did express a willingness to explore possibilities and consider ways that consolidation, collaboration, and service sharing could reduce costs. Administrators stated that there have been some networks of reciprocity already established between each community especially in the police and fire service. Residents echoed this perspective and added that collaborations do exist within their communities and between

each other. The residents communicated that they have been looking out for each other for a very long time.

“...I signed on for this job here, but I was making three times downstate, but I took this job because this is where I started, and they need help, so I wanted to help. That’s what a lot of people around here do, they pitch in to help.” - Municipal employee

Several business owners expressed a need for greater collaboration among the communities to promote and share information regarding community programs and events. Several people expressed a need for better access to information such as bylaws and ordinances. Many businesses also expressed a need for a unified marketing plan to promote the many historical, cultural, and recreational resources that exist in the Village of Calumet, Village of Laurium and Calumet Township.

“I think a fallen down broken apart Calumet Village is no help to Laurium or Calumet Township, and a fallen apart broken apart Laurium Village is no help to anyone else. We all need to be on the same page, work together, develop a plan to market the area. [Like through the] Smart Zone down at Tech, get people moving in. Beautiful homes and places to live, we need to market that to get people to come up from Houghton/Hancock and move here. People would love to live in our beautiful, affordable homes.” - Local resident

Politics & Governance

Our interviews revealed different styles of governance, leadership, and political power in the different communities. There was some concern expressed by citizens that they would like to see more collaboration or communication between the various groups such as the Downtown Development Authority (DDA), Main Street Calumet, and the Historic District Commission (HDC). There was also some concern expressed by residents, business owners, and administrators that political divisions prevented things from getting done. Most residents and business owners expressed concern for the condition of some of the buildings in the commercial and residential areas. Blight was a common concern for residents, business owners, and municipal leaders. There is confusion regarding regulations, ordinances, and policy and who is responsible for implementation. When a couple of residents were asked if they thought that sharing services or if the three communities would benefit from consolidating their services they responded positively, but followed it up with a disclaimer that they didn’t think it would ever happen.

“Calumet Village, I don’t think they would ever want, I think they would want their control over everything. They want things their way and they don’t want anyone else coming in and saying that you can’t do this or you can’t do that. I think it is a Village thing, whereas the Township you are freer to do things.” - Local resident

Poverty and Blight

Participants recognized a sense of burden hanging over the three communities that comes out in dilapidated buildings and homes, an aging infrastructure, high poverty rates, and low incomes among area residents. Concerns included the cost of retrofitting buildings to state

legislated codes before one can insure a building for development, the number of buildings that are vacant and left to deteriorate or collapse, and that these issues impact all of the municipalities. Participants stated that there was little capital, jobs, resources, or population to sustain the business or built environment. Many approved of the National Park Service and the contributions it makes to the entire community, but some fear that park regulations limit redevelopment. The interviews revealed that there was confusion about what unit of government regulates building codes and who decides what can be done to the exterior or interiors of the properties. The communities are tied together and are aware of the how important the architecture and the historic assets are to the entire region. It was mentioned that more effort should be made to restore or preserve the historical buildings in the area and that it can be accomplished by uniting the Calumet communities toward this common goal.

“It’s a historical park, so, we have a whole community in itself trying to make this area better. There’s pros and cons to everything, so part of it’s...you have to build within, if you’re in the village and it’s a historical place it has to follow their standards: So, if you wanted to put on this building a beautiful sign, a mural painted on the side of the building, you can’t because there’s ‘ghost art’ that you can barely see, at all, and if you try to change the front of the building at all it’s ‘No, you can’t do that, it has to be done this way, with this material...’ that starts to create problems for some people.” - Local resident

There is some concern that blight feeds more blight by fueling an attitude of abandonment or a lack of care for the communities. There is also concern that the infrastructure needs so much repair, some equipment is so out of date, and the amount of capital available is so low that sharing services would not be equitable or economically feasible.

*“The historic buildings that we have on the main street, are falling, and they’re just there.”
- Local resident*

Participants expressed concern about neighborhood blight and how it affects the value of their property. Lower relative income levels and home ownership were cited as being a distinctive feature that defines differences between the communities. Businesses, residents, and administrators all expressed concern about low property values, the age of the housing and commercial buildings, and the cost to maintain and renovate older structures. Many participants felt that the lack of enforcement of ordinances and blight were the leading cause of disinvestment and a reluctance from people to create new businesses or invest in the community.

“I would like to see more businesses opening... that’s what I would like to see, but there is nowhere for them to open, ‘cause the buildings are all run down, that’s the sad part.” - Local resident

Community Identity

Several of the people we spoke to expressed a sense of collective identity more represented by the broader Calumet area and CLK schools than specific to any one municipal boundary. They recognized one general region of Calumet. The CLK school system, in particular, is a source of pride.

“To me, the community is Calumet as a whole. I am a Laurium resident, but think of it as Calumet as a whole. I just think of it all as Calumet.” - Business owner

“I identify with the whole Houghton County/Keweenaw area. I think that’s part of who we are... every little town kind of makes it complete.” - Local resident

“The division is more in the governments than in the people themselves. On a Friday night, we’re all cheering together for Calumet (High School Football team)... Any divisions are left over from the mining era, and especially when the population was bigger.” - Local resident

“This is not a hundred years ago, when the boom was going on and you had a Township, and you had a Laurium, and you had a Calumet. It’s all the same damn town to me.” - Business owner

Interviewees expressed a strong sense of place. There was a shared sense of pride for the natural environment, how people take care of each other, the recreational opportunities, the fact that the area is safe, and that the local events enriched their lives. People view this area as a family place, the kind of place that you would want to raise your children in.

“I think that most everyone who lives here loves it and we choose to live here... we have one of the number one schools in the whole state... there is a lot of things for our kids.” - Business owner

“It is a good place to live, and when it comes down to it, people are welcome here.” - Local resident

“There is so much up here, like you are right at the trails, you’re close to Copper Harbor, the water is right there. So, it’s really like a vacation, but you live there. That’s why I like it. It’s really friendly.” - Local resident

Everybody recognized that the history of the Calumet area, its historic architecture, and art is an important part of the community’s shared cultural identity, essential to local business and contributes to the local economy. Heritage tourism and the art community was identified as a major contribution to the success of the area and communicated that programs like First Friday’s, historic buildings, and the vast number of older homes contributed to the ambiance of the region.

“... Art and tourism is a defining characteristic for Calumet Village” - Local resident

“I really appreciate their downtown, I think it’s on Fifth Street. They have such nice little shops and cafes. But I would like to be more connected because we are basically the same town.” -Laurium resident

Still, the interviews did indicate that some feelings of division or separation remaining between the communities, especially between the administrative governmental units. A few participants also mentioned how the highway, US 41, physically separates the communities of Laurium and the Village of Calumet. Some respondents identified a specific municipality or

neighborhood that they identified with in addition to or instead of identifying with the broader community that includes the Village of Calumet, Village of Laurium, and Calumet Township. Residents who lived in the community for a long period exhibited a stronger identity to a particular municipality than those who were newer to the community.

“Biggest struggle for the village administration is getting the president and council to focus on the important issues and to develop a plan to work with other communities to help. They think ‘Calumet is Calumet’ and ‘Laurium is Laurium’. And so we cannot move forward.”
- Municipal employee

“They have discussed service collaboration but it has not gone far. I think the issue is about losing identity. But maybe eventually it will happen.” - Municipal employee

Risk and Resistance

There was concern among many of the participants about the future of the communities and frustration with services (especially roads), the local government councils, and administration. Many cited a lack of job opportunities for young people that contributes both to the loss of population and the overall feeling of stagnancy with little opportunity for growth. Administrators especially felt pressured by the decrease of revenue sharing, decrease of state-shared funding, and they felt there was little that could be done to change these outside forces. Some participants felt that their local government and/or the community as a whole was stuck in the past and they did not want to move forward or feared change.

“Lots of people want to try to recreate old Calumet with mining, department store, shoe stores, etc. Those days are gone, not coming back. Need to reinvent.” - Municipal administrator

“It’s just a good place up here, it’s got a good heart, it’s got some toughness to it from the old days, that still clings to the area, and you can’t disregard the old school, but there is some change that needs to occur within the mentality of the area.” -Business owner

“There are people who don’t want outsiders coming in to bring change.... It looks like people don’t want change or they have given up on change.” - Municipal employee

Most of the participants spoke of the need to attract more people into the area and that if there were more people in the community it would broaden the tax base, which would not only make the community stronger, but it would allow officials to use the revenue to repair community infrastructure and provide better services. Residents spoke about their children who must leave the area once they finish school to find work and that the decline in population is problematic for the entire region. In general, participants felt that the Village of Calumet is in the greatest level of need and that their revenue is lower than the rest of the municipalities.

There is a general consensus that something has to change and that some sort of action is needed. Even though everyone acknowledges that new ideas, people, and business would be beneficial to the area there are feelings of uncertainty, fear or underlying resistance to change. When asked how they felt about sharing services, equipment or manpower, several respondents, mostly Laurium residents, expressed reservation, mostly related to level of service compared to

the other municipalities. Laurium residents felt they had superior services to the surrounding communities, and were the most reluctant to share. Other respondents questioned the availability and timing of services, such as snow plowing and police patrol. Several had mixed feelings about cooperation and/or consolidation possibilities.

“If there wasn’t a Village of Laurium, a Village of Calumet...if it was all one? That scares the hell out of me! Yet, it excites me to some degree, but it scares me, because we are paying our taxes already, duplicate taxes already, we pay Laurium and we pay the Township.” - Local resident

Optimism

In spite of the many challenges faced by the municipalities, one important theme identified in many of the interviews was a spirit of optimism for the future. When participants were asked what they felt the strengths of their community were many responded that it was a great place to be, it was the kind of place you could raise your kids, the walkability in the community was appreciated, and spoke of the area’s architecture. It was mentioned that the natural environment is one of the area’s biggest assets and has the potential to be used as an economic driver. Participants spoke about the potential for encouraging ecotourism and extreme sports, and that the lake is an important aspect of the region – one that provides both beauty and accessibility. Participants spoke of the size of the homes, their beauty, and affordability. A few residents stated that there was no way that they would be able to live in the home they have here compared to where they came from.

“So, our house would be, like a half-a-million dollars in Ohio. You know what I mean?” - Local resident

“Property is really cheap compared to more popular places out west, like Colorado. Fixer upper houses for \$15,000-\$20,000. Great for young people.” - Local resident

Participants share a sense of place and have expressed that volunteers do what they can to make their community better. It was mentioned that flower boxes are placed along the main streets within the communities. Volunteers create decorative window displays in vacant buildings. Many talked of the community ambiance and that there were unique places to eat and socialize. Participants indicated that with a little creativity and an open mind there are potential opportunities.

“So, I like the architecture, I like the brick road, I like the main drag, you know... it reminds me of a lot of the Colorado towns I grew up in, in the 70s, 80s, and 90s. I’ve watched them all transform like Aspen, Breckenridge, some of those areas. And, this has the potential to do so.” - Business owner

“I want to welcome anyone, welcome with open arms, use available tools to welcome small businesses. Most first-time business owners fail. Want to make sure new businesses who move here succeed in the long run.” - Municipal administrator

Evaluating Possibilities

How might Calumet area municipalities move forward? In considering next steps its important to consider how different collaborative arrangements could impact the residents and businesses in each municipality. The following discussion aims to explore a variety of possible options and what effect they may have on the villages and the township. These include: (1) maintaining the status quo and not making any substantial changes toward greater cooperation or consolidation, (2) creating intergovernmental agreements between units for shared services, (3) revenue sharing between units, (4) Village of Calumet dissolves into Calumet Charter Township, and (5) the Villages of Calumet and Laurium consolidate into an incorporated city separate from Calumet Charter Township.

For each, we summarize the process and examine potential advantages and disadvantages for residents of each municipality and for the region as a whole. Where relevant, we summarize key outcomes from other communities across Michigan that have undergone or attempted a similar process.

Status Quo

One likely scenario is that Calumet area municipalities will continue operating as they currently are with no move toward greater cooperation or consolidation. What might be expected under this scenario? There are several factors, none of which can be predicted with much certainty, that would influence the outcome including: State-shared revenue returns to municipalities, population change, unexpected expenses (break down of machinery, etc.), change in taxable values, and leadership. Here, we summarize what we believe to be to be most likely outcomes for Calumet area municipalities generally assuming that the patterns of the recent past will remain the same into the future.

Potential Advantages

The key advantage of making no real change is that there is no time invested in researching, advocating for, planning for, implementing, evaluating, or adjusting to changes. Also, each municipality would retain its own sense of identity and independence from one another. Concluding from the interviews we conducted maintaining these separate boundaries would be a positive for some people in the community, but others would rather see the region develop a more collective identity and believe that it already has.

Potential Disadvantages

Under this scenario, it is likely that the Village of Calumet and Village of Laurium will continue to see slightly declining or stable populations and little change in revenues generated from property taxes. Both villages are already taxing at the greatest millage rate allowable without going to a public referendum to increase the rate. This means that tax revenues are likely to be stagnant for the Villages during the next several years. State-shared revenue funds returned to municipalities have diminished during the past 10 years and the future of such returns is unpredictable. Returns from the state are based, in part, on population size. It is a relatively safe assumption that state-shared revenues will remain stable in the near future. The Michigan Municipal League has been organizing in an effort to argue for increased returns, but it is

uncertain how this will play out in political discussions in Lansing. Altogether, we might assume stagnant revenues for the Villages. At the same time, if the villages maintain existing levels of services expenses are likely to rise due to inflation and the costs of deferred maintenance on aging infrastructure to catch up to them.

This combination poses a serious potential for cutbacks in the level of service provided by the villages, including elimination of some services entirely. This is most particularly a risk in the Village of Calumet and is described more below. There is also potential for more people to move out of the villages into the township, which would further reduce revenues (but have little impact on expenses), and could lead to a downward spiral. If the villages reduce or cut services, residents may find the lower tax rates in the township more appealing, feeling they aren't getting their money's worth in services. Migration from villages to township has already been occurring. The township has lower taxes but, currently, offers fewer services. Under this scenario, the township would benefit from increased revenue in the short term, but if the village centers, especially the downtown Calumet historic district, decline to the point of losing appeal to area residents and tourists, the entire region could suffer from loss of businesses, out-migration and associated loss of tax base.

The concerns are most important in the Village of Calumet. Its current budget is as bare bones as possible while continuing to operate as an entity that provides any kind of services. Village assets and infrastructure are aging and in need of maintenance that has already been forgone to reduce costs. At some point, and likely soon, deferred maintenance will catch up and the Village will incur increased costs to purchase new equipment and/or to conduct major repairs to existing equipment and infrastructure (like the Village Hall). The Village has some ordinances in place, but it cannot pay a lawyer or enforcement team to enforce many of them. Calumet relies heavily already on operating and projects grants (almost half of revenue sources) and there are more state and federal grants available that could help with funding some infrastructure, etc., but these grants often require matching funds that the Village simply does not have and without being able to hire staff to do the work, the Village doesn't have the capacity to pursue as many grant opportunities (research opportunities, write funding proposals, monitor awards and handle the required reporting). All of this means that without increased revenue (unlikely in Village of Calumet), it is likely that one or more of the following will occur: (1) considerable reduction in snow removal services or charging for the service of snow removal, (2) continued deferred maintenance on roads and infrastructure, (3) difficulty hiring a qualified and committed Village administrator, (4) lack of ability to enforce ordinances, and (5) state-declared financial emergency (appointing an emergency manager) that could lead to state-led effort to village dissolution, service sharing with other municipalities, and/or municipal consolidation. On this last mark, the Village's budgets are well balanced and there is currently no emergency and frankly no real place for costs to be cut. But if the Village cannot maintain itself, it could result in a state-forced dissolution or consolidation.

Most importantly, fiscal or statutory failure in the Village of Calumet could have negative impacts on the region as a whole, and likewise, a healthy downtown Calumet is in the best interest of residents in Village of Laurium and Calumet Township as well. For instance, if snow isn't removed from downtown Calumet, it will reduce access to shops and cultural experiences for everyone and reduce the tourist draw. If buildings and homes in downtown Calumet continue to deteriorate it makes the entire region less attractive to residents and businesses.

Intergovernmental Agreements for Shared Services

Municipal governments frequently make intergovernmental agreements to take advantage of economies of scale that could reduce overall costs to residents while still providing high-quality services. These are legal agreements between local governments where one unit agrees to provide a public service to the other government units' residents or whereby a special authority or district is created to provide a service. Consolidation of services (without changing municipal boundaries) has the potential to reduce costs and provide better, more comprehensive coverage to more people in the Calumet area. It could also reduce discrepancies in service levels between the different municipalities, which could be beneficial to all residents.

Some functions in the Calumet area are already fully consolidated. The C-L-K school district has served students from the Villages of Calumet and Laurium, Calumet Township, and nearby Villages of Allouez, Mohawk and Ahmeek for 60 years. The North Houghton County Water and Sewage Authority was created in 1983 and serves residents under an agreement between the three municipalities. According to discussions with several community members, these institutions not only provide more robust services, they also help foster and maintain a sense of community amongst area residents, whether it is high school hockey and football, or the ability of all communities to be represented in making important decisions about water infrastructure projects.

There are 77 Michigan statutes enabling governmental cooperation of some sort (McGee & Trebilcock, 2007), but key statutes are the Urban Cooperation Act of 1967, Intergovernmental Transfers of Functions and Responsibilities Act of 1967, and the 1988 Emergency Services to Municipalities Act. Such agreements and statutes provide one local government unit the right to shift their responsibility of a specific public service to another local government unit. These transfers of responsibility are legally binding for a set time-period or may be permanent depending on the agreement.

Fire Services

Intergovernmental agreements between fire departments, and even complete mergers, have become common in Michigan in recent years (MAFF, 2016). Calumet Township and the two villages each operate their own volunteer fire departments, each with rich histories of more than a century. The three fire halls are located within 1.5 miles of each other, with Calumet Township Fire and Rescue centrally located between the two villages, just off the 6th Street extension. Calumet Township has 15 firefighters and 5 firetrucks, and answers an average of 75-80 calls per year with a budget of \$69,950. Calumet Village fire department has 12 volunteer firefighters and 2 firetrucks, and answers 20-50 calls per year, with a budget of \$21,000. The Laurium Village fire department has 15 volunteer firefighters, and answers 10 to 15 calls per year, with a budget of \$44,540. The township must cover a significantly larger area, of more than 30 square miles, compared to Calumet's 0.2 square miles and Laurium's 0.65 square miles. In any discussions of collaboration between departments, the primary motive should always be to provide the highest possible level of this critical service to residents by maintaining low response times, obtaining necessary life-saving equipment, and ensuring high level of training.

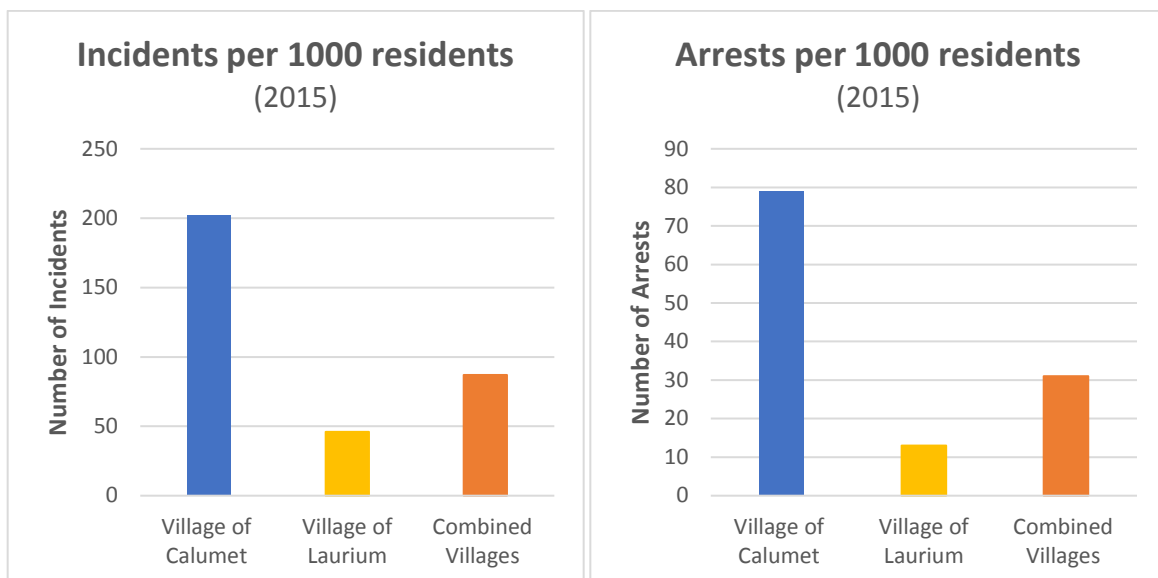
Several different options exist for collaborative agreements between the fire services. The three departments already have a mutual aid agreement for departments to respond outside their jurisdictions if necessary, but this agreement could potentially be strengthened and formalized. An agreement could also be developed to share certain resources, equipment, and manpower. For

example, the departments could share maintenance staff and allow mechanics to specialize, with one mechanic handling all vehicles, and another handling all other equipment. Administrative and logistical duties could also be shared. Departments could also maintain autonomy while sharing a single fire hall location to save on building upkeep cost (Fire Dept. & District Consolidation and Merger Issues, n.d.). These options would all require a legally binding intergovernmental agreement that would outline the shared responsibilities and duties of each department.

Another option would be a full merger of departments into one entity that would serve all residents. Potential advantages are cost savings and a more efficient allocation of resources that could allow faster response times and improved safety for residents. However, these three fire departments have long histories, and a merger could mean a loss of identity for some. One additional advantage to any additional collaboration between departments is that firefighters could gain more diverse experiences and broaden their skillsets.

Police Services

The Villages of Calumet and Laurium have their own police departments, while the Township relies on Houghton County and state police for its law enforcement. Calumet has a bare-bones department, employing just one full-time chief, which means only a few hours of patrols per week. Laurium employs a chief and three full-time officers, allowing for 20 hours a day of police protection. Calumet has higher, mostly nonviolent crime rates than Laurium which, combined with limited law enforcement capability, makes the community less safe. Since Laurium is located just a mile from Calumet, and many of its residents frequently visit and work in Calumet, increased law enforcement and police protection in Calumet would be beneficial to Laurium residents and Township residents as well.



Figures 41 A-B: Crime rate comparison for the villages, 2015: Source: Author's calculations based on Michigan State Police Media Center Statistics and Reports Crime Data 2015 and U.S. Census Bureau, NHGIS database.

The most realistic option for collaboration with law enforcement is to dissolve the Calumet police department and allow Laurium police to patrol Calumet Village or to create a

consolidated Calumet-Laurium police service under an intergovernmental agreement. An agreement could presumably result in one chief, plus four additional full-time officers at no additional cost. Such an arrangement would make it possible to have one officer on duty twenty-four hours/day.

While this could greatly benefit the residents of Calumet by providing significantly more police coverage, there are fears that it could stretch the Laurium police department thin and reduce protection to its residents. We examined law enforcement costs using three metrics — annual police budget per capita, per offense, and per arrest — for Calumet and Laurium separately, and then as a combined unit. By combining resources, the two villages would be able to achieve lower costs per offense and per arrest, an indication that pooling resources and expanding Laurium police’s jurisdiction wouldn’t necessarily stretch resources thin, without even considering possible savings from reduced administrative workload and costs. However, if Laurium wanted to keep arrests per officer from increasing, their department would have to expand from four to seven total officers. A force with 7 officers (including one chief) would make it possible to have two officers on duty together at least 20 hours/day. This would increase costs for the combined villages by about \$120,000/year. It is important to reiterate that any additional costs would benefit residents of both villages.

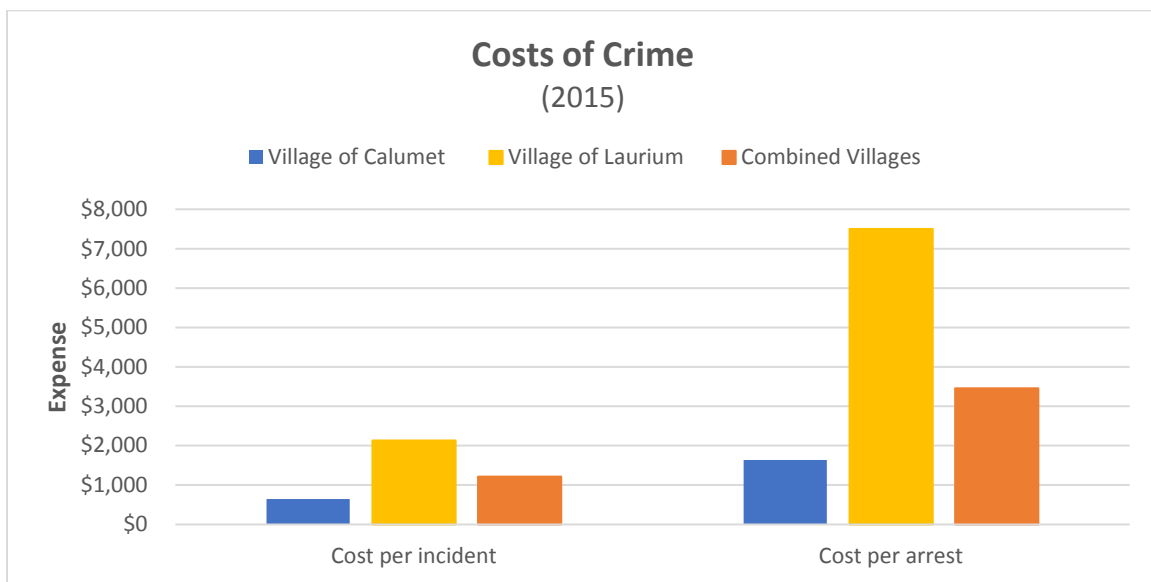


Figure 42: Crime cost comparison for the village, 2015: Source: Author’s calculations based on Michigan State Police Crime Data 2015 and U.S. Census Bureau, NHGIS database.

Snow Removal

Both Calumet and Laurium Villages are responsible for snow plowing and snow removal within their boundaries, while the outlying township relies on Houghton County for plowing. In 2015 Calumet budgeted \$181,500 for snow removal, and Laurium budgeted \$352,900. Both municipalities rely heavily on state funding, including regular Act 51 road funds and an additional extra snowfall check. This service is essential to residents during Keweenaw winters, and the process is heavily reliant on functional machinery. Both Villages own road graders for plowing, and SnoGos and dump trucks for snow removal. Calumet recently replaced its antique front-end loader, and is currently paying off a loan for a grader.

An intergovernmental agreement could help alleviate budget crises and headaches when equipment unexpectedly needs to be repaired or replaced, or allow newer or more capable equipment to be purchased and shared between the villages. Unlike plowing, which must be completed immediately after a snowfall, and is a highly sensitive topic for residents, snow pickup could be completed on scheduled days of the week and equipment like loaders, dump trucks and SnoGos more easily shared between the two villages. It could be possible to purchase larger, more efficient equipment to share that would require less staff time to operate and faster service to residents and businesses.

Figure 43 shows the cost of snow removal per mile in Calumet, Laurium, and a combined scenario. Calumet spends more money to plow each mile of streets, probably because they plow nearly three times fewer road miles than Laurium but operate similar equipment. In the combined scenario, if there were no efficiencies saved (no ability to reduce duplications in equipment or staffing), per mile costs would increase 8% over Laurium’s current cost. More likely would be some ability to increase efficiency through eliminating equipment, joint purchasing newer and more efficient equipment, and/or staff time reductions such that a combined scenario could improve service capacity without increasing costs.

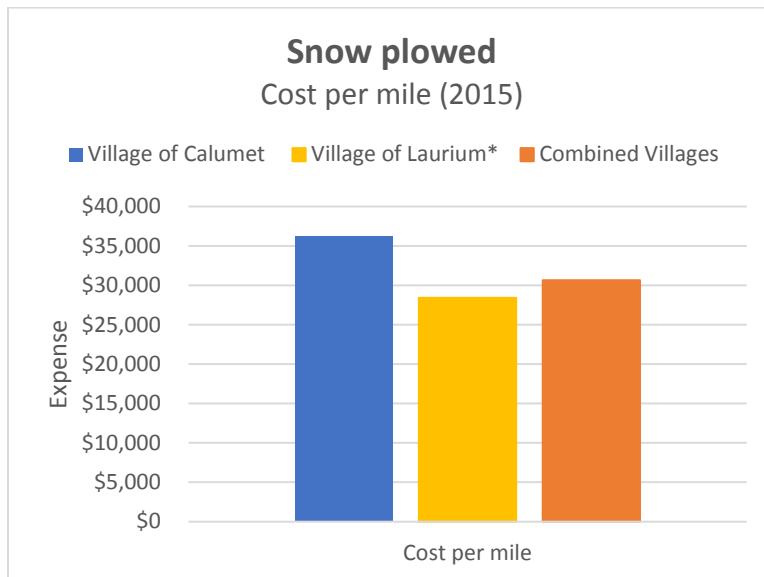


Figure 43: Snow removal expense per mile comparison for the villages, 2015. *Village of Laurium total miles plowed did not include the M-26 highway. Source: Author’s calculations based on villages’ budgets.

Garbage Collection

Laurium Village’s Department of Public Works operates its own residential trash pickup service covering 730 customers with its one garbage truck. The Village of Calumet hires a private contractor to provide trash service for 120 customers. Laurium currently spends \$238 per customer, whereas Calumet charges \$273 per customer, according to 2015 budgets. In theory, since Laurium’s truck is only in use twice per week on pickup days, it would be possible for this operation to cover both Villages more efficiently — possibly with minimal burden on Laurium. It might also be possible for the two communities to add a recycling program.

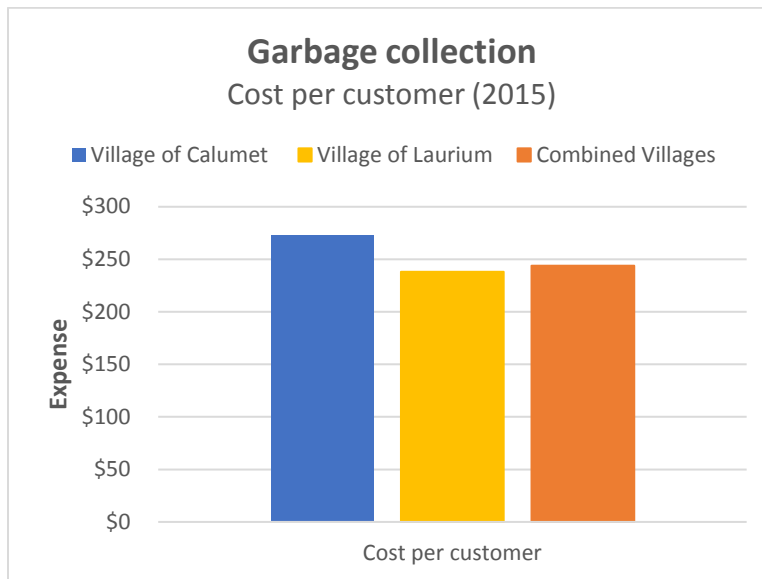


Figure 44: Garbage collection expense per customer comparison for the villages, 2015. Source: Author's calculations based on villages' budgets.

Revenue Sharing

One way to handle revenue disparities between local municipalities within a broader area/region is through revenue sharing whereby funds raised through taxes, or other sources, are shared. Typically, taxes raised in the higher value areas (usually outskirts or suburbs) are shared with governments of lower value areas (often downtowns/cities) under the recognition that all residents of the broader area use and benefit from the health of the downtown/city. This is a common strategy in metropolitan areas, but can be used anywhere. Revenue sharing can be decided through negotiations and contracts between interested parties. Funds can be raised to meet specific needs, such as street repairs, police, or plowing.

The Urban Cooperation Act of 1967 lays out the state's guidelines for revenue sharing. It reads that any agreement for revenue sharing must include four provisions covering the duration, method of rescission, description of property to be taxed, and include a formula for revenue sharing and a distribution schedule. Several factors should be considered: First, cooperating municipalities should establish the goals of the shared revenue fund and an agreement to what type of programs it will fund, such as infrastructure improvements and/or maintaining or developing cultural or historical assets. Second, cooperating municipalities should create a fund structure which may include raising or creating a local tax (sales, millage, etc.) or sharing property tax revenue increases in subsequent years. Finally, participating municipalities must formulate an equitable distribution amongst the municipalities that govern how funds should be allocated (Stansell, 2016).

There are several examples of successful programs of this sort across the United States, with the most famous ones implemented in metropolitan areas. In particular, the Twin Cities Fiscal Disparity Program in Minnesota (enacted in 1971) stands out as one of the most successful, and is one that has contributed to the development of one of the most successful (according to multiple social and economic measures) metropolitan areas in the United States.

The program requires all communities in the seven-county metropolitan region to contribute 40% of the growth in their commercial/industrial tax based (from 1971) to a regional pool (Stansell, 2016), with the goals of improving equity in the distribution of fiscal resources, reducing competition and increasing cooperation between municipalities for attracting businesses and regional growth, and making resources available to communities in earlier or more challenging stages of development.

A non-metropolitan example of revenue sharing is in the Iron Range Fiscal Disparities Program in Minnesota, which began in 1996. It closely mimics the Twin Cities program, except that there are no large cities involved and area industry (taconite mining) plays a big role. In this area, communities heavily impacted by taconite mining experience generally lower property values (the mines are an unappealing land use compared to forests and lakes of much of rest of the area). Taxes raised from the mines themselves are collected at the state level and don't directly improve the local municipalities where they are located. This program generally redistributes funds from higher value lake/forest areas to regions heavily impacted by mining.

Potential Advantages

Improved Roads & Services in Villages. There is potential to bring increased funds to the villages directed at improving roads, maintaining infrastructure, reducing blight, and/or providing policing services if additional funds were available through revenue sharing. Residents and businesses across the area would benefit from this kind of arrangement, as they all use, visit and work in downtown areas, and it could eventually increase property values in the villages as services improve.

Encourage Regional Cooperation. Sharing funds encourages municipalities to collaborate more and compete less. Instead of competing over attracting new businesses or residents, municipalities would have more incentive to work together to attract businesses and residents to the broader area. There would also be more incentive to work together on comprehensive planning for a shared future.

Relatively Minor Investment. This option does not require changing the municipalities legal structures, only fiscal agreements between governments.

Potential Disadvantages

Increased Taxes or Reduced Funds in the Township. The real point behind a revenue sharing agreement would be to redistribute funds from the township to one or both villages. This would mean that residents of the township would ultimately have to reduce funds used for other activities, increase taxes levied currently, or shared taxes raised from new construction and associated taxable valuation.

Village of Calumet Dissolves into Township

A fourth option is the possible merging of the Village of Calumet into the Calumet Charter Township. This would require the dissolution of the municipal charter and return the village territory to the township. Under this scenario, the special identity of the area now known as Village of Calumet would not necessarily be lost. The former village could become a special downtown or historic district within the township. With a special district, consideration for

services needed to maintain the quality and identity of the special downtown district must be made, as would development of any new regulations and ordinances to preserve this identity. The implications of a special district for real estate property, assets, economic development, and debt are many, depend upon the type of special district decided upon, and warrant further review.

Under MCL 74.18a, General Law, villages may be disincorporated by a petition and election. The petition must contain the signatures of 15 percent of village electors and must be filed with the township clerk. Once the clerk determines that the disincorporation petition has met the statutory requirements, the village council can choose one of two different procedures.

Option one: An immediate election may be held regarding the disincorporation proposal in the village and affected township combined, on approval of a two-thirds vote, the village may be disincorporated (MCL 74.18a(4)–(9)).

Option two: The village council appoints a disincorporation commission to draft a plan for village dissolution prior to a vote of the electorate. The disincorporation commission is comprised of three members from the village and three members from each township involved. The plan must include: an interim land use and zoning plan for property within the village, a plan for handling village debt, and a plan for what will be done with all assets, land, personal property, etc. Refer to Michigan Compiled Law MCL 74.23e for a complete list of what the disincorporation plan must include. Once the commission has met the requirements, it submits the plan to the township board and the village council for ratification. If either the township board or the village council fail to ratify the disincorporation plan, the village can still be dissolved if a two-thirds majority of the vote in an election in the township and the village combined support the dissolution. If the disincorporation plan was successfully ratified the dissolution would pass with a simple majority vote of the electors voting separately in the village and townships involved (MCL 74.23e).

As of December 2016 there have been no known successful dissolutions of a village in Michigan. In 2012, the Village and Township of Onekama, Michigan, sought dissolution of the village into the township, using the disincorporation plan option. The matter failed voter approval, despite the fact that the commission’s plan would have reduced the tax levy by 5 mills. In a report by the Citizens Research Council of Michigan (2013), the primary reasons for failure were resident concerns regarding the maintenance of the former village’s roads and maintenance of village assets. Residents wondered, could the County Road Commission maintain the roads in the manner of which the village had or better? Prompt snow removal was a key issue and one that village residents were willing to pay extra for rather than dissolve. Another concern was the Village’s assets. Some residents viewed the assets as “personal property” and believed compensation was in order.

It is critical to have a clear plan for roads maintenance and snow removal in place before asking voters to approve dissolution.

Potential Advantages

Tax Reduction. Within the village, disincorporation would mean a considerable reduction in taxes. Residents would no longer have to pay both village and township taxes, but rather only township taxes. This would save village residents about 17 mills in tax rate, or about \$800/year for the average family with a house worth \$50,000 in taxable value. This savings is especially important for reducing tax burden on low-income residents and for promoting economic development in a downtown district with vacant buildings and need for increased investment.

Increased Efficiency & Service Improvements. If the village were to dissolve, there would no longer be a need for village employees nor for much of the village-owned personal property and equipment. Employees might be lost to attrition or retirement and need not be replaced. Others might be added to township or county payrolls. A rough estimate based on current expenditures is that this should save about \$100,000 annually.

There is also some potential that Houghton County would have more resources (equipment and capacity) to better take care of roads and snow, depending on how arrangements were made. Similarly, Calumet Charter Township could have more resources at its disposal to invest in downtown development and historic building preservation. The township and the village would no longer be competing with one another for new business development, but instead could work together to promote downtown development. Regarding waste management, either individually or collectively (through a special district), residents could contract directly with a private firm or potentially contract with village of Laurium, at a similar cost to what they currently pay in fees to Village of Calumet.

Addressing Problems. Many of issues raised when discussing disadvantages (below) could likely be addressed with a thoughtful disincorporation plan that raises mills (and funds) at the township level to pay for needs in downtown district, provide for a special downtown district, work with the county on a snow plowing/removal plan, and provide for explicit representation in township government from downtown district residents.

Potential Disadvantages

Funds from the State. Dissolution could mean that the local area would receive \$100,000 to \$150,000 less in funds redistributed from the State of Michigan.

If the Village of Calumet were to disincorporate, it would no longer be eligible for Act 51 monies to maintain roads. These funds would instead be designated to Houghton County and would likely be reduced. Loss of Act 51 monies could delete up to \$50,000 in state funds coming to the local area. It also creates the potential for changes (positive or negative) in current road services including maintenance, repair, new construction, and especially snow plowing and removal. On one hand, the county has equipment and capacity to handle roads effectively and could potentially address some of the deferred maintenance issues in the Village. On the other hand, the county has other territory to cover and might not prioritize downtown Calumet roads. However, the problem could be alleviated if a disincorporation committee (along with county representatives) created a special downtown district (or other mechanism) along with a specific plan for maintaining road services in the downtown Calumet area. State-shared revenues returned to the Calumet area would also be reduced. The Village of Calumet's portion is about \$100,000/year and these funds would be kept with the state should the village dissolve.

Services. Services (snow removal and plowing, police, fire, and waste management) in what is now Village of Calumet area would likely be reduced, depending on the disincorporation plan. But, the need for services in the downtown Calumet area would not disappear. In particular, the area would need police protection, which Calumet Charter Township does not currently provide. The Village of Calumet has a relatively high crime rate and hundreds of annual incidents reported. It would not be realistic to rely on the county sheriff. The Township would either need to adopt a police force for the entire township or for a special downtown district or contract with Village of Laurium for police services. Similarly, the Township's load of fire call

responsibilities would increase without the Village force. And the property owned by the Village, especially historic properties such as Village Hall, would need to be maintained.

Taxes. All of this creates new demands on the township budget. To accommodate these increased needs, the Township would likely need to raise taxes to approximately 7 or 8 mills across the Township area. Calumet Charter Township may not wish to grow its government in these ways.

Local Jobs. This merger would also eliminate one or more employees (likely a village administrator and also potentially support and public works positions). Positions with the Village would be eliminated as it would no longer exist, but new positions may be available with the Township and/or County, depending again on how employees are handled in a disincorporation plan.

Economic Development. Its unclear how dissolution might impact economic development. On one hand, reduced taxes may encourage more business start-ups in downtown Calumet and/or hires among current businesses. On the other hand, downtown Calumet businesses depend greatly on sense of place and tourism. If these factors were negatively impacted by dissolution and loss of services, economic development could suffer.

Identity and Representation. Residents and business owners in the Village of Calumet may lose some of their sense of community and place identity. Moreover, residents in what is now the Village area would lose local political representation/control and instead be represented by Township. Through a disincorporation plan process, special representation could be created for one or more village residents on the Township board.

Political Feasibility. There is a cost to considering dissolution in time and resources that would need to be spent collecting signatures, filing a petition, working on a plan, and organizing voters for an election. It is difficult to pass village dissolution in a vote of the electorate, especially if two-thirds of voters in both the township and the village must approve (requirement without a disincorporation commission). This is part of the reason that there has yet to be a successful disincorporation in Michigan. Voters would be more likely to approve a plan that is very clearly laid out and one in which people have had an opportunity to engage in the planning process and have their voices heard.

Summary

Village dissolution is a serious option to consider. If residents pursue this path, the research team highly recommends (as does The Citizens Research Council of Michigan (2013)) that a disincorporation commission be established to formulate a plan before bringing a vote to the electorate. This would allow village and township parties to work together to create a mutually amenable process. We also recommend the commission consider creating a special downtown Calumet district that could receive increased snow plowing and removal services (at the very least) to keep downtown Calumet businesses viable in the winter seasons, which would benefit the entire area. An increased level of service in the downtown would also likely be necessary for police and fire as well as potentially different ordinances or waste management services, all of which could be addressed with a special district.

The greatest impacts (positive and negative) of dissolution would be felt by residents of the Village of Calumet. The area would lose about \$100,000-\$150,000 in state tax dollars, but could save about the same amount of money in eliminating village government administration and increasing efficiencies. If done smartly and cooperatively with careful consideration of

continuing to provide some key services to downtown Calumet and promote downtown economic development, dissolution could prove generally advantageous for entire Calumet area. On the other hand, it could be disastrous if it resulted in diminished sense of place and quality of life in the downtown Calumet area.

Villages Consolidate to a City

Finally, the Villages of Calumet and Laurium could consolidate into a single city. First, the Village of Laurium would need to become an incorporated city and then consolidate with the Village of Calumet and annex a connecting portion of the Township in order to create a contiguous city boundary.

Throughout Michigan, communities struggle to meet the needs of their people within their available, and often declining, budgets. Governor Rick Snyder's 2011 "special message" letter to Legislature proposed financial incentives to those municipalities who merged services and or consolidated. Governor Snyder states that "shared services, consolidated schools, consolidating cities and townships will cut governmental costs and improve efficiency." In theory, municipal consolidations increase efficiency, resulting in cost savings and economic improvement, but in practice the evidence is mixed and depends upon the specific situation (Horner and Logie 2011). Municipal consolidation can result in financial savings if administrative and public safety staff for the combined entities are reduced.

Legal Procedure

The State Boundary Commission (SBC) and the Home Rule Village Act 278 of 1909 within Michigan Consolidated Laws prescribe the rules regarding powers and duties of incorporation, consolidation and annexation. The following is a brief summary of the procedural process and requirements for consolidation.

Michigan Compiled Laws (MCL) Act 191 of 1968 sets forth the rules and regulations of consolidation under which the State Boundaries Commission (SBC) operates. The first step in the process requires that an incorporated city submit a petition signed by no less than 5% of the population of the affected municipalities, which must be clearly named in the petition. Because there is currently no incorporated city in the Calumet area, the Village of Laurium would have to first become a city before any consolidation process with surrounding municipalities could be attempted. Cityhood requires a population total of at least 750 residents. With a population of about 1,941, the Village of Laurium would be eligible for fifth-class home city status. After becoming a city, Laurium can then merge with the Village of Calumet to form a new city.

Once Laurium is established as a city, it would then be able to petition the State Boundary Commission (SBC) for consolidation with the Village of Calumet along with annexing some Calumet Township territory that would geographically connect the boundaries of the current Village of Laurium area with the current Village of Calumet area (a "land bridge" between the two). The amount of land to be annexed could be as small or large as might be agreed upon between local municipalities and/or residents or businesses in the area under consideration, as long as it geographically connects the two entities. Once received, the SBC will review the targeted areas and consider the impact consolidation will have on these communities. The factors for consideration are: (1) population, (2) growth potential, (3) services both current

and future of each municipality, and (4) alternative action. Upon approval by the SBC, the SBC orders a referendum election whereby the citizens of each of the affected municipalities must pass a majority vote calling for a consolidation. The SBC also appoints nine charter commissioners to draft a proposed charter for the new city. The draft must then be approved by the governor. Once the charter is accepted by the governor, another election involving the citizens of the affected municipalities will be held regarding the charter and the candidates for office. Consolidation fails if the majority vote in any of the municipalities rejects the charter.

Laurium Village Incorporates into a City

There are advantages of cityhood for Laurium, regardless of whether or not a merger with Calumet would occur. The key advantage is that a city would be eligible for increased returns in state-shared revenue, compared to a village. Also, residents of the new city would no longer be required to pay township taxes (~2.3 mills). Under cityhood, the municipality would have more flexibility in how they spend taxes collected. Elections would be simplified with one voter registration system for all elections (under village administration village elections are separate from general elections and require a separate registration and system run by the village while general elections are handled by the township). Cities set their own ordinances (without confusion over whether a township's ordinances apply versus village ordinances) and have the opportunity to update charter, leadership structure, and ordinances to match modern conditions. One additional advantage is that the new city would have the distinction of being the northernmost city in the state of Michigan.

Drawbacks to becoming a city are that the city would be responsible for conducting general elections and for doing its own tax assessment and bearing the associated costs of those activities. Also, disadvantages of becoming a city includes losing township representation regarding township concerns, and losing the sense of closeness felt in the smaller village. See Jeffers (2003), Beavers (2011), and Beach (2011) in reference section below for more information on incorporation of a village to a city.

Municipal Consolidations in Michigan

Throughout Michigan, several other attempts to consolidate multiple municipalities into a merged city have been made over the last several years, but only Iron River has succeeded (see discussion below). Others fared similar to the city of Saugatuck and the village Douglas in the Lower Peninsula which attempted consolidation in 2013. Their proposed consolidation would have saved residents an estimated \$500,000. The communities already shared police, fire, water and sewer, and school services. However, voters turned the proposal down. Residents felt the savings gained by consolidation would not decrease taxes, but that the money would be used for other purposes, and loss of identity and potential loss in service quality and local customer service was not worth the potential savings (Sandoval, 2015).

The City of Iron River, on the other hand, is an example of a successful consolidation. In 2000, the cities of Iron River and Stambaugh merged with the Village of Mineral Hills to combine services and administrative duties, costs and benefits. All three municipalities were struggling financially, because of historic mine closures and dwindling population, coupled with the duplication in cost for services and administration. Consolidation provided a lifeline to these sinking communities. In a report by the Economic Vitality Incentive Program dated December

2011, the consolidation has saved the city \$1,350,000 annually. This savings has built over a period of 10 years and reflects the cost of eliminating three administrative staff (by attrition), offices and equipment, contracted services such as fire and police protection, road maintenance, and garbage removal, etc. The consolidation did not eliminate services and in some cases it actually enhanced services previously contracted out such as police protection (Martin and Scorsone, 2011).

Analyzing a Calumet-Laurium Merger

To investigate how municipal consolidation might impact the Villages of Calumet and Laurium, our team compared per capita municipal general fund expenditures in the villages of Calumet and Laurium (added together) with peer cities (with one government) in Michigan. The idea is that if the two separate cities spend more in sum than a similar, but single government city, it would suggest money could be saved by consolidating.

Using a method similar to what Martin and Scorsone (2011) did to study the impact of merger in Iron River, we selected two control groups of cities in Michigan based on their closeness in terms of population density, population, and location. The primary control group consists of five cities in the Upper Peninsula of Michigan while the secondary control group consists of another four cities in the Northern Lower Peninsula. We then compared the combined villages of Calumet and Laurium, and cities in the control groups by graphing data on per capita expenditures. Data on total General Fund expenditures was sourced from the Michigan Department of Treasury’s Audit-Financial Reports, while population estimates were obtained from the U.S. Census Bureau’s Annual Estimates of the Resident Population through American FactFinder for 2011, 2012, 2013, 2014 and 2015.

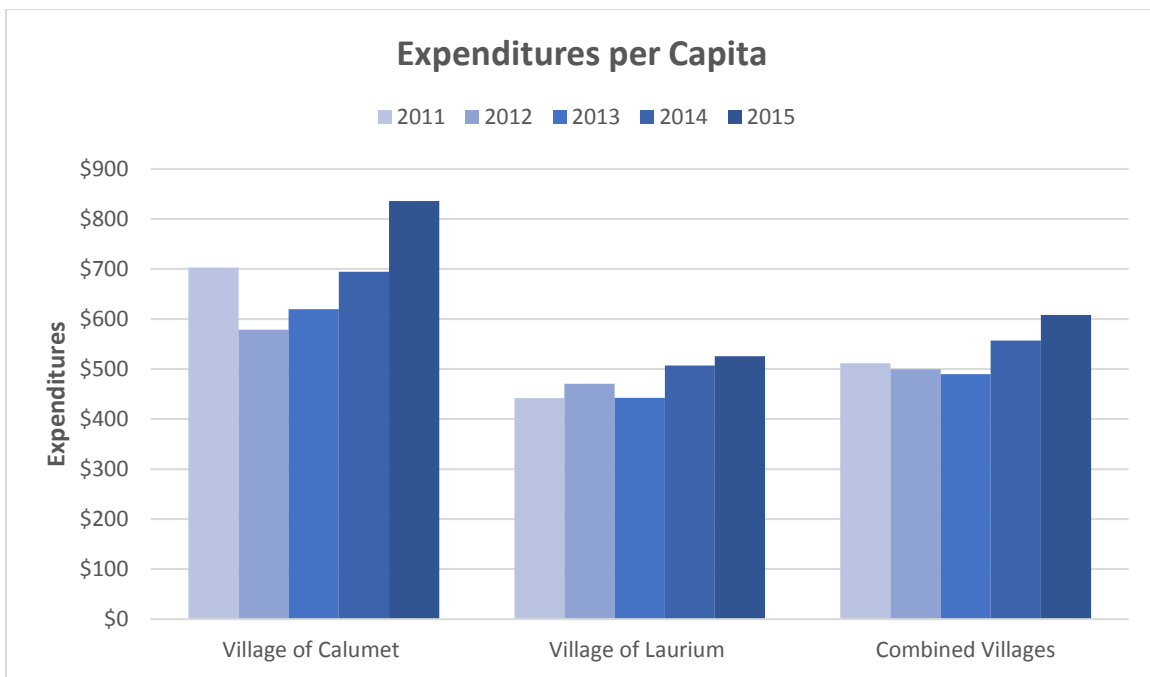


Figure 45: Expenditure per capita as calculated for the Villages of Calumet and Laurium merging to a city. Source: Author’s calculations are based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury.

The villages of Calumet and Laurium spent \$686 and \$477 per capita respectively each year on average, while the combined villages would have spent \$533 per capita in each year during 2011-2015.

Figure 46 shows how the combined villages compare to other cities in the control groups. Total per capita expenditures, on average, increased for most of the cities. Total expenditures for the combined villages are among the lowest of the communities studied, except for Hancock city. This simple comparison suggests that merging the villages would not necessarily reduce expenditures. These villages are already operating at a fairly bare bones (especially Calumet) level of expenses. Although there could be some duplication of services between the villages, merging to a city would not necessarily reduce expenses, but could provide an opportunity to increase capacity. The peer comparison cities all provide an increased level of services than what these two villages currently offer.

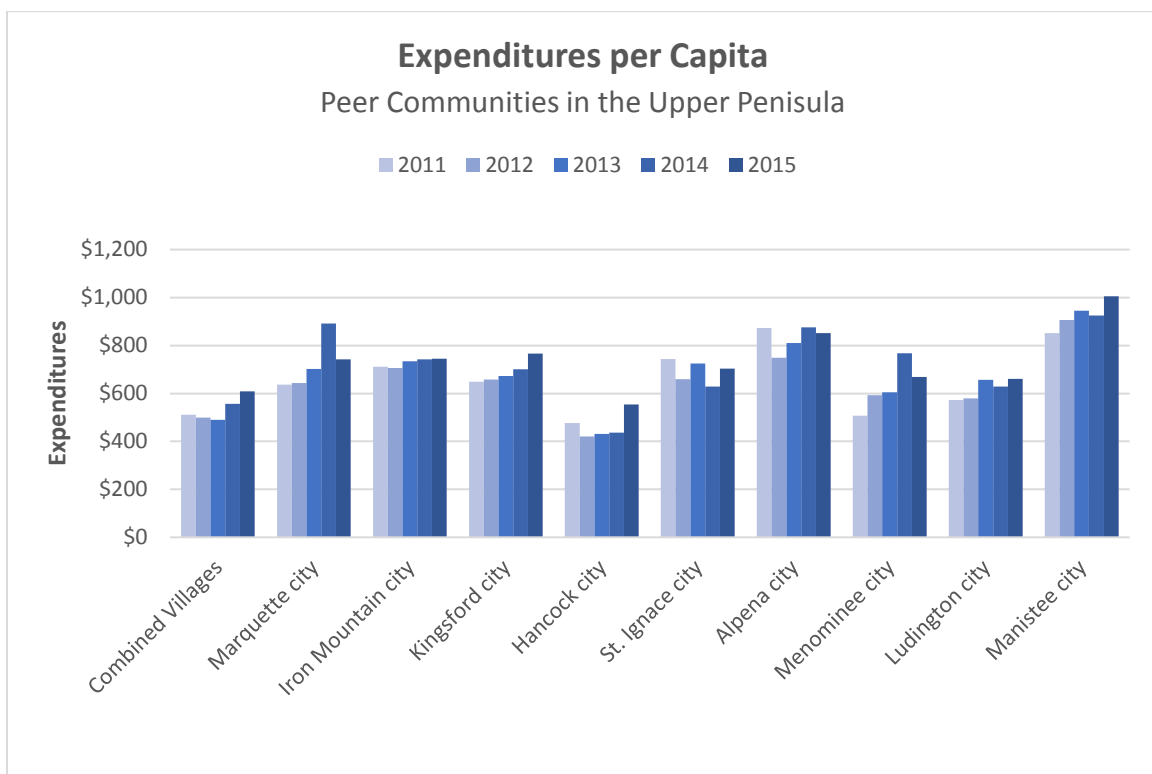


Figure 46: Expenditure per capita as calculated the Villages of Calumet and Laurium merging to a city compared with other cities of similar population category in the Upper Peninsula. Source: Author’s calculations are based on U.S. Census Bureau, NHGIS database and Michigan Department of Treasury.

Potential Advantages

Funds from the State. Consolidation would increase state-shared revenues obtained from the state, as the new city would support a greater population and register as a different municipality class. The state sharing formula designates a greater tax revenue return for cities than villages, all else equal.

Increased Efficiency & Service Improvements. The new city would enjoy the benefit of a larger tax base, reaping the benefits of the economies of scale and size. The new consolidated

government has the potential for improved services through consolidation of equipment, resources, and service revenue. In addition, a merger may potentially reduce future equipment expenses from duplicated equipment, while utilizing existing equipment to its full potential. This would allow the new government to take advantage of its larger size to be more efficient. The level and quality of services that would be provided by the new city would depend on how the new city organized. A merger could allow for increased governmental and service capacity as well as the possibility for greater division of labor and specialization of tasks, rather than having one village administrator who must serve as jack-of-all-trades, it could be possible to divide work for increased efficiency. This could potentially facilitate grant writing and/or placemaking for the new city.

Potential for Decreased Taxes. With additional revenue were raised from state sharing along with potential for expenditure savings with increased efficiencies, there is potential that residents and businesses in what is now the village areas could see property tax savings. Cities in the Upper Peninsula typically levy about 15-17 mills, which would be less than the 19-22 mills villages residents currently pay.

Economic Development. Since the two villages would become one city, this would reduce competition between the two for attracting businesses and residents and increase their joint competitiveness within the broader Keweenaw area. Several of the interviewees spoke of the need to market the area as one community and to jointly plan for community and economic development. This could be realized with a merged city. Developing two unique and diversified downtown districts/neighborhoods would prevent competition and loss of an important community asset, while facilitating new points of interest for both merged villages.

Identity & Planning for the Future. A municipal merger could facilitate a regional identity, and support a cohesive community rather than splintered groups. The new city would become the northernmost city in Michigan, providing an addition point of interest for the Calumet area. Consolidation of schools and churches in the regions have shown to be successful, therefore there is social support for a cohesive community. The new city would support comprehensive regional planning and potentially reduced the villages' vulnerability to degradation and potential failure. Finally, the organization effort afforded to merging to a new city may generate increased collective action and community engagement, strengthening the existing Calumet area identity.

Potential Disadvantages

Impact on Calumet Charter Township. The township would lose millage from the villages as well as the community connection to the villages. Conversely, the township would also lessen its financial and government responsibility with hosting the villages.

Political Feasibility. There is a considerable cost to considering consolidation in time and resources for forming a new city. Municipal consolidation is a process that would take years of effort, research, and careful planning. In addition, the formation of a city could be difficult to garner support for in the public election. This is a key reason why many attempted mergers in Michigan fail. However, the votes in Iron River easily approved their merger after years of careful community-driven process and expert leadership from Michigan State University. Voters would be more likely to approve a plan that is clearly laid out and one in which people have had an opportunity to engage in the planning process and have their voices heard. However, going

through a consolidation effort could instigate controversy and division between factions- a failed consolidation effort, in particular, could be divisive.

Identity and Representation. In combining to a city, village residents and business owners may lose some of their sense of historic place identity. For example, some people might strongly identify with either Calumet or Laurium and there are some legitimate concern that competing dual downtown streets would result in loss of one due to focus on the other. Under a consolidated government, residents would lose the localized political representation and service control unique to their village. This effect could potentially be mitigated through the formation of wards representative of each village. Singular government representation would result in reduction of some administrative roles, which may or may not be as sensitive to local neighborhood concerns as the current village governments. Community efforts could be made to preserve the historical neighborhood identity and individualize representation. Additionally, diversification of the downtown business selection could successfully support two unique downtown areas/neighborhoods in the new city.

Closing Remarks

The primary goals of this project were to start conversations about possibilities for cooperation among Calumet area municipalities and community members and to provide accessible information that would inform those conversations. Michigan Technological University students got involved in this effort after hearing from Calumet area community members of their interest in the topic. The research team gathered, analyzed, and interpreted a mass of demographic and fiscal information for area municipalities, reviewed similar cases from other communities and interviewed community residents, as described above. We were struck in the interviews we conducted by the general levels of positivity and optimism among the Calumet area residents we spoke with about their love for and attachment to the community, both regarding their own local municipalities but also feeling a common identity across the broader region. We were also surprised by a general open-mindedness and interest in learning more about and possibly pursuing opportunities for greater collaboration.

Ultimately, we found the collection of evidence to encourage further targeted research & community-engaged discussions about possibilities for greater cooperation. After reviewing the information, the team feels that formal discussions and planning are warranted. Ultimately, the viability and the distribution of impacts with any plan for increased cooperation lie in the details of how thoughtfully the plan is laid out. With any of the options explored here, there is room for creativity in developing agreements that meet the unique needs and conditions in the Calumet area.

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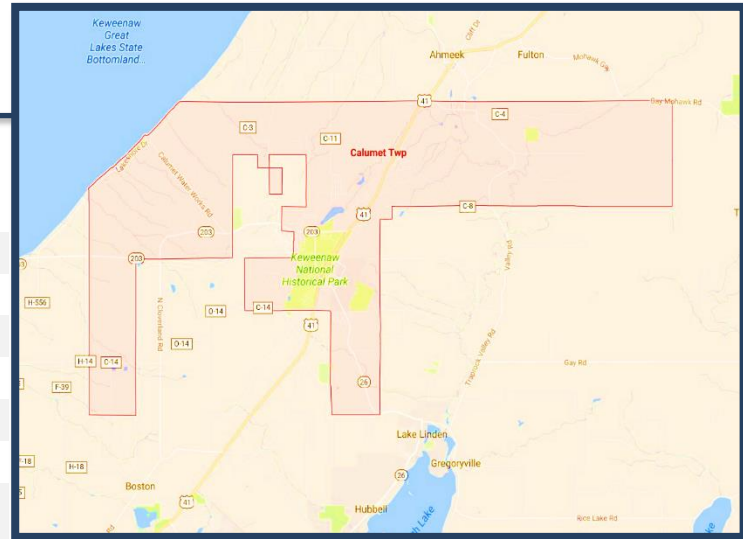
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Appendices

Appendix A: Community Profiles

CALUMET TOWNSHIP

Community Profile



POPULATION	TOTAL
1970	8,271
1980	7,965
1990	7,015
2000	6,997
2010	—

POPULATION DECLINE 1910-2010	78.7%
POPULATION DECLINE 2000-2010	0.26%

UNDER 18	
1990	59.6%
2000	60.5%
2010	50.9%

AGE OVER 65	
1990	54.0%
2000	44.3%
2010	32.5%

LARGEST AGE DEMOGRAPHIC 2010	0-9 yrs
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NUMBER OWNER OCCUPIED HOUSING UNITS	TOTAL
1990	2,915
2000	2,892
2010	2,721

MEDIAN HOUSING VALUE 2010-2014 (ACS)	\$59,800
MEDIAN HOUSEHOLD INCOME 2010-2014 (ACS)	\$31,779
PERCENT IN POVERTY 2010-2014 (ACS)	(±4.1%) 23.8%

LABOR FORCE 2006-2010 (ACS)	
Civilian Employed Population (over 16)	3,270
Private Wage and Salary Worker	2,308
Government Workers	704

UNEMPLOYMENT RATE 2010-2014 (ACS)	12%
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EDUCATIONAL ATTAINMENT 2010-2014 (ACS)	
	25 years and older
High School Graduate	37.40%
College Degree	20%

MUNICIPAL REVENUE 2015	
OPERATING MILLAGE RATE	5.12

TOTAL TAXABLE VALUATION	\$94,389,883
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TOTAL TAXABLE VALUATION PER CAPITA	\$14,546.14
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COMMUNITY SERVICES 2014	Actual Cost
Police	—
Fire	\$70,996
Snow Removal	—
Garbage/Waste	—
Water	—
Parks and Recreation	\$33,214
Public Works	\$302,822

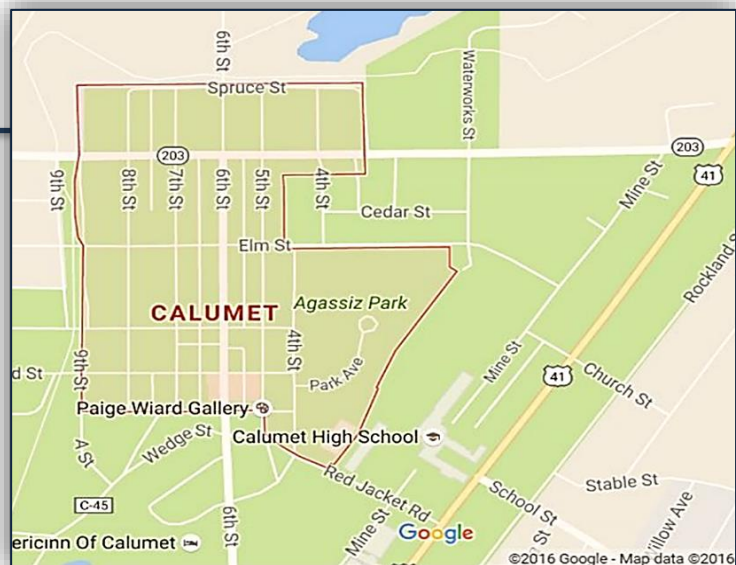
MAJOR INDUSTRIES 2010-2014 (ACS)	TOTAL POP.
Arts, entertainment, recreation, food	294
Educational service, health, social assistance	889
Manufacturing	651
Retail trade	341
Other services	140
Professional, science, management	163
Construction	198
Public Administration	86
Information	95
Finance, insurance, real estate	108

*Source: U.S. Census Bureau [American FactFinder Database] and *American Community Survey (ACS) Database
 The data used from the American Community Survey is based on a sample and has an associated margin of error

VILLAGE of CALUMET

Community Profile

POPULATION	TOTAL
1970	1,007
1980	1,013
1990	830
2000	879
2010	726
POPULATION DECLINE 1910-2010	82.8%
POPULATION DECLINE 2000-2010	17.4%
UNDER 18	
2010	23.7%
AGE OVER 65	
2010	18.2%
LARGEST AGE DEMOGRAPHIC 2010	20-29 yrs.
NUMBER OWNER OCCUPIED HOUSING UNITS	
1990	437
2000	387
2010	376
MEDIAN HOUSING VALUE 2010-2014 (ACS) ($\pm 9,700$)	\$52,300
MEDIAN HOUSEHOLD INCOME 2010-2014 (ACS)	\$15,200
PERCENT IN POVERTY 2010-2014 (ACS) (± 10)	
	49.5%
LABOR FORCE 2006-2010 (ACS)	
Civilian Employed Population (over 16)	335
Private Wage and Salary Worker	238
Government Workers	71
UNEMPLOYMENT RATE 2010-2014 (ACS) ($\pm 8\%$)	14%
EDUCATIONAL ATTAINMENT 2010-2014 (ACS)	
	25 years and older
High School or higher	–
College Degree	16.40%



MUNICIPAL REVENUE 2015	
OPERATING MILLAGE RATE	20.25

TOTAL TAXABLE VALUATION	\$9,253,306
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TOTAL TAXABLE VALUATION PER CAPITA	\$13,069.64
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COMMUNITY SERVICES 2014	Actual Cost
Police	\$90,190
Fire	\$24,661
Snow Removal	\$213,598
Garbage/Waste	\$39,526
Water	–
Parks and Recreation	\$7,742
Public Works	\$79,181

MAJOR INDUSTRIES 2010-2014 (ACS)	TOTAL
Arts, entertainment, recreation, food	91
Manufacturing	43
Retail trade	40
Other services	21
Professional, science, management	19
Construction	9
Public Administration	6
Information	2
Finance, insurance, real estate	0

*Source: U.S. Census Bureau [American FactFinder Database] and *American Community Survey (ACS) Database
The data used from the American Community Survey is based on a sample and has an associated margin of error



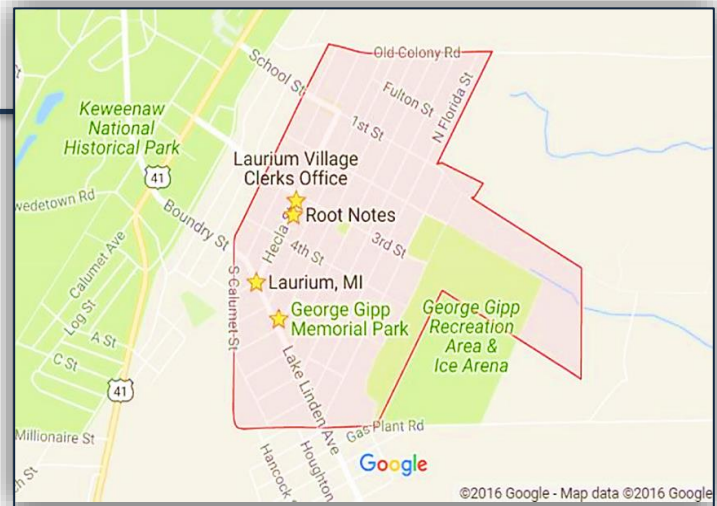
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VILLAGE of LAURIUM

Community Profile

POPULATION	TOTAL
1970	2,868
1980	2,678
1990	2,268
2000	2,126
2010	1,977
POPULATION DECLINE 1910-2010	76.8%
POPULATION DECLINE 2000-2010	7.0%
UNDER 18	
1990	21.70%
2000	29.30%
2010	30.10%
AGE OVER 65	
1990	23.40%
2000	20.10%
2010	15.30%
LARGEST AGE DEMOGRAPHIC 2010	0-9 years
NUMBER OWNER OCCUPIED HOUSING UNITS	TOTAL
2000	897
2010	814
MEDIAN HOUSING VALUE 2010-2014 (ACS)	\$68,000
MEDIAN HOUSEHOLD INCOME 2010-2014 (ACS)	\$34,485
PERCENT IN POVERTY 2010-2014 (ACS)	23.7%
LABOR FORCE 2006-2010 (ACS)	
Civilian Employed Population (over 16)	865
Private Wage and Salary Worker	646
Government Workers	151
UNEMPLOYMENT RATE 2010-2014 (ACS)	6.4%
EDUCATIONAL ATTAINMENT 2010	
	25 years and older
High School or higher	–
College Degree	13%



MUNICIPAL REVENUE 2015	
OPERATING MILLAGE RATE	17.92
TOTAL TAXABLE VALUATION	\$22,947,975
TOTAL TAXABLE VALUATION PER CAPITA	\$11,822.76
COMMUNITY SERVICES 2014	Actual Cost
Police	\$189,662
Fire	\$42,356
Snow Removal	\$371,350
Garbage/Waste	\$161,341
Water	\$90,238
Multi-Recreation	\$82,207
Public Works	\$196,525
MAJOR INDUSTRIES 2010-2014 (ACS)	TOTAL
Arts, entertainment, recreation, food	130
Educational service, health, social assistance	292
Manufacturing	160
Retail trade	33
Other services	37
Professional, science, management	30
Construction	54
Public Administration	15
Information	5
Finance, insurance, real estate	33

**Source: U.S. Census Bureau [American FactFinder Database] and *American Community Survey (ACS) Database
The data used from the American Community Survey is based on a sample and has an associated margin of error*



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Appendix B: Michigan State Revenue Sharing

There are 280 cities, 253 villages, and 1,224 townships within the 83 counties in Michigan. Sixteen cities and 11 villages span across county lines (existing in more than one county). The Michigan State Constitution, Article IX, Section 30 requires that 48.97% of state spending from state sources be paid to local government units.

Traditionally state revenue sharing has been through two sources:

- Constitutional Revenue Sharing, which is distributed to cities, villages and townships on a per capita base. This type is set by Michigan’s Constitution and cannot be changed without voter approval.
- Statutory Revenue sharing, which is distributed to cities, villages, townships and counties. However, during the past decade there have been various changes implemented that have reduced the number of eligible local units greatly.

Statutory Revenue Sharing funds are not constitutionally protected and can be raised or lowered accordingly.

Constitutional Revenue Sharing requires 15% of all sales tax collected at a rate of 4% be dispensed to cities, villages and townships on a per capita basis using the most recently completed census information.

The Department of Treasury issues the Constitutional Revenue Sharing payments at the end of months: October, December, February, April, June and August of each fiscal year based on actual sales tax collections of the prior two months.

Constitutional Revenue Sharing Payments (cities, villages, and townships)

	Final FY 2014-2015	Final FY 2015-2016	Estimated FY 2016-2017
Constitutional Revenue Sharing payments	\$750.70	\$750.00	\$757.90
Cities (280)	\$366.40	\$366.00	\$369.90
Villages (253)	\$ 20.30	\$20.30	\$20.50
Townships	\$364.40	\$363.60	\$397.50

FY- fiscal year

**Dollar amounts in millions and have been rounded.*

**estimates for FY 2017 are calculated using May 2016 sales tax projections*

Table 10: Constitutional revenue sharing payments for cities, villages and townships. Source: 2016 Budget Briefing State Revenue Sharing. House Fiscal Agency.

Statutory Revenue Sharing has changed throughout the years, as have the amounts given back to the cities, villages and townships. It gave way to the Economic Vitality and Incentive Program (EVIP) in fiscal year 2011-2012. These funds were conditional on specific requirements limiting the amounts received by the cities, villages, and townships in both monetary amounts and who was eligible. EVIP evolved into the CVT (cities, villages, townships) Revenue Sharing programs which provides \$2.65 per person, approved through fiscal year 2016-17.

Appendix C: Interview Questions

Questions for Municipal Administrators

I want to start by learning more about the [specific municipality] and gain a better sense of what the community is like.

- 1) What kind of place is the [specific municipality]? How would you describe it to someone like me who is not from around here and doesn't know much about this area?
- 2) What do you see as some of the key strengths of your community?
- 3) What are some of the weaknesses of your community?
- 4) Do you see opportunities that you hope your community can take advantage of?
- 5) Are there any threats facing your community?

Maybe we can shift now to talking more about the fiscal realities and the business of running the municipality.

- 6) I have [these] audit reports and information from Michigan Department of Treasury. But, I'm not sure I understand that [these] numbers mean. Can you help me with this?
- 7) If there are any years where the audit data look different or weird, or there is a trend of either more or less expenses, you might ask them to explain what is happening.
- 8) What services do you provide to residents? And how are they provided? Are there any that you see as really the most (or least) important? How do the services you provide compare to services that other local municipalities provide?
- 9) I understand that the state has not fully funded its shared revenue obligations for several years now, how has this impacted your municipality? Have you had to make specific cuts or increase millage? Other impacts?
- 10) Have you ever studied cooperation agreements with other municipalities or the possibility of consolidation? When? What did you learn? What do you think are the really key things to consider?
- 11) Do you see any potential opportunities for more collaboration or possibilities for consolidation between local municipalities? What would you like to see happen? Why or why not?

Finally, I hope we could talk a little about the broader region (the Calumet/Laurium area if you will).

- 12) What are the area's key strengths?
- 13) What weaknesses do you think are most evident across the area?
- 14) What do you see as regional opportunities?
- 15) What threats do you see to the area's wellbeing?
- 16) Is there anything else that you think that I should know or that you think that our team should investigate?
- 17) We're hoping to talk to several different people who might have different experiences and different opinions. Can you recommend someone else that you think that we should talk to?

Questions for Community Members

- 1) We are interested in learning more about the different communities or neighborhoods in the Calumet area. I'm not from here and really don't know that much about the area. Can you tell me about the community where you live? What kind of place is it?
- 2) How long have you lived in the community? Do you have family ties here? [if moved there recently, ask why chose that place]?
- 3) Can you tell me about what you see as the strengths of your community or something you especially like about the community or place where you live?
- 4) What do you consider the biggest challenges or threats facing your neighborhood or community?
- 5) What changes would you like to see in your community that would make it a better place to live?
- 6) What is standing in the way of making this happen? or what do you think it will take to make it happen?
- 7) In thinking about *your* neighborhood or community of people, what area/people do you identify with most? How would you define the place/people that you identify with? How important to you is that identity?
- 8) Now, thinking about the services that [MUNICIPALITY they live in] provides, what services are provided (like snow removal, garbage pick-up, etc.)? Is there a service that you feel is missing or should be improved?
- 9) Do you feel the services you are getting are about right for the amount of taxes paid? How would you rate the services you are getting compared to the communities around you?

10) What do you think are the biggest struggles that the Village/Township administrators and councils face in managing the community?

11) How well do you feel that your local government functions? Can you give a specific example?

12) Is there a service you think could/should be eliminated/reduced? Why or why not?

13) Do you feel that your local government represents you? Do you feel like there are any groups of people that are underserved?

14) How safe do you feel in your community? Compared to other communities around you? Can you give an example or explain better?

I want to shift now to talking about the different municipalities that are located in the broader Calumet area — Villages of Laurium and Calumet and township area.

15) How would you describe the Villages of Calumet and Laurium in relation to one another? How are they similar and different? What about the Township?

16) Do you see any potential opportunities for more collaboration or even consolidation between the different municipalities in terms of the services they provide or with sharing revenues?

17) Would you like to see more collaboration? Or would you like to see the communities do a thorough study of potential consolidation? Why or why not?

18) If services were shared between the communities of Calumet, Laurium villages and Calumet Township, do you feel it would be a benefit or loss for your community?

19) Is there anything else that you think that I should know?

20) Our class would like to talk to several people in the Calumet/Laurium/Township area who have different views on community life. Can you recommend someone else that we might talk to that might have different views or experiences than what you've shared with me today?

21) Would you like me to send you a copy of the final report? [If so, ask for contact information.]

Appendix D: Code Book

The first phase in this process involved labelling sections of the interviews with codes. The research team transcribed audio recordings of the thirteen interviews and coded the transcripts to make sense of the data and begin to see important themes. The codes were defined to categorize each community's assets, and to recognize residents' perspectives on how and why they see their community culturally and historically. Categories and codes evolved as interviews commenced and data grew. The codes are listed and explained below. These codes were then combined into six key themes: cooperation, governance, poverty and blight, community identity, risk and resistance, and optimism.

Using an inductive approach during concept development based first on categories that continued to evolve throughout the interview process and associated research. The interpretation and the validity of statements were addressed by two members of the research team as assigned by the primary investigator. The findings from assigning codes were offered to the rest of the research team in which they were validated and the key themes were decided upon by the entire research team.

All participants remain anonymous (unless serving as an administrator or elected official) and offered to communicate freely and had the choice at any point within the interviews to stop participating. No participants asked to be released from their consent. All digital recordings were destroyed once the transcripts and summaries were created. The results of this research were presented to the community on December 12, 2016 at the Calumet Elementary School Commons in Calumet Township (CLK Commons). Each participant was invited to this presentation. To preserve the anonymity of the interviewees, they have been identified as either interested business owners, residents, municipal employee, or managers.

Ethical approval for this research was granted and the method of data gathering was considered low risk and obtained through Michigan Technological University's Institutional Review Board. All research team members attended a mandatory research ethics course before conducting interviews.

Community Services

Municipal services refer to basic services that residents of a municipality (village, city, township, etc.) expect the local government to provide in exchange for the taxes which its citizens pay. Services may include Emergency Services: fire, police; Environmental: waste management and snow removal, Essential Utilities such as water and street lights, storm and sanitary sewers. Levels of service may differ in townships and villages. (Example, the Village of Calumet removes its snow from the downtown, outlying areas of the township are just plowed).

This category was for any raw data that relates to any statements, quotes, acknowledgement or concern for the value of the current or inherited amenities that may suggest the maintenance of the physical quality of the services, good or bad, that are found in either of the communities. Services that may impact or contribute to the community's quality of life, mobility, transportation, health, or sanitation.

Code: **Community Services**

Code attributes or statements identified regarding:

- Emergency Services – Fire and police

- Environmental - Waste management, snow removal and salting
- Essential utilities and water management
- Road maintenance
- Enhancement or the construction of local community services
- Budgetary changes, + / -
- Number of service calls: fire vs. police
- Capital spent on services per capita

Legacy of Burden

This code refers to an attitude towards the burden or pressures associated to the excess structures, features, or pressures caused by a swift change in use specific to each community after the mining companies left leaving the communities with all the pressures inherent to a built environment but with a smaller population, tax base, and state offered resources.

This category was reserved for data that refers to the positive or negative attributes in each community's landscape that is considered to have potential and has been saved as an aspect of one of these community's legacy.

Code: Legacy of Burden (hangover from the past)

Code attributes or statements identified regarding:

- Maintenance of structures
- Attitude and perception of one specific community over another
- Gossip and the perpetuation of rumors
- Current place within the State and Nation
- Loss of capital, resources, population, and revenue
- Building load versus monetary resources
- Liability and debt
- Reality of the infrastructure, roads and service
- Same service, added pressures, and contractual obligations

Historic, Art, and Cultural Resources

The reality of the resources found in the communities within the Township of Calumet, the Village of Calumet, and the Village of Laurium play a role in the kinds of services that these communities must employ. The built heritage and the shifts in the management of these structures directly impact the decisions regarding action within them. How they are seen, the reality of what exists, how they direct the overall view of the community, and how they contribute to the establishment of the area's business, outlook, and prosperity, whether they are positive or negative.

This category was for any raw data that has been identified through interviews that relates to any statements, quotes, acknowledgement or concern for the physical qualities or characteristics of the built environment that either contribute to the community's appreciation, aesthetic appeal, vision, and goals. Statements regarding the apprehension or loss of cultural identity, unity, or recreational attributes of the communities shared inherited resources.

Code: Historic and Cultural Resources

Code attributes or statements identified regarding:

- Site characteristics and ambiance
- Sense of place
- Actual role in the community
- Impact on businesses located in the district
- Issues surrounding the conservation of built landscape and infrastructure
- Changes to building inventories
- Stewardship
- Management
- Perception of role and governance in the community
- Access and tourism
- Sustainability and contribution
- The desire to rehabilitate or upgrade dilapidated or outdated structures based on overall goal of community's shared ideas regarding what historic period, aesthetic, and vision.
- Access to information, guidelines, building codes, or parameters for retrofitting structures, modifying or new development within the district.

Social and Human Resources

This category was for any raw data that pertains to an awareness of, or impact to, the continuing, on-going, loss or the enhancement or loss to social services that provide positive livability and financial security within these communities, which in turn could lead to a more viable engaged community.

Code: **Social and Human Resources**

Code attributes or statements identified regarding:

- Education (Diplomas, degrees, and opportunity for training or trades)
- Community spirit, fundraising, and support
- Community Health and Welfare
- Violence and crime
- Citizen support
- Senior assisted living issues
- Jobs and job security
- Poverty

Community Identity and Place Competition

A community is commonly considered a group of people who share common norms, values, ethnic or cultural affiliations or identity and often a sense of place that is situated in a given geographical area (e.g. a village, town, or neighborhood). Social networks, professional ties, and cultural affiliations help create a community or regional identity, and connect people to their community.

This category was for any raw data that communicates feelings identifying a person's social network, professional ties, or attachment to cultural affiliations that foster a positive or negative community or regional identity. It also includes any data that communicates people's unwillingness to share, change, grow or adapt to new ideas, policy, procedures or sharing

resources outside their own community. For now, it will also hold statements that identify how people define their community identity as an opportunity, challenge, or a consequence of a negative association to something.

Neighborhoods and locations (E.g.: Red Jacket, Blue Jacket, Yellow Jacket, Swedetown, Albion, Florida, Tamarack, Raymbaultown, etc.

- Village of Calumet,
- Village of Laurium
- Calumet Township

Note: The general area called “Calumet” usually refers to the Village of Calumet, the Village of Laurium, Calumet Township and outlying areas such as Traprock, Sedar Bay, Centennial Heights, etc.

Code: Community Identity and Place Competition

Code attributes or statements identified regarding:

- Lifestyle
- Identified place of origin
- Feelings of ownership vs. collaboration
- Choice
- Political push and pull
- Having to leave the community for opportunity, but still identifies it as home.
- Attitudes regarding self-identification “sometimes, it isn’t about money”
- Quality of life
- Historic affiliations (ethnic, neighborhoods/locations)
- Commercial connections
- Social networks
- Networks
- Boundary changes

Personal Property, Investment, and Ownership

This category was for any raw data that identifies concern for the impact that service sharing will have on individual autonomy over property and the direct impact changes could have on personal standards.

Code: Personal Property, Investment, and Ownership

Code attributes or statements identified regarding:

- Primary homes, seasonal homes, and vacation property
- Commercial industry and business
- Affordability
- Home ownership
- Cleanliness vs. uncleanliness
- Land use changes

- Property Value
- Public opinion

Financial Solvency/Efficiency

Decisions made by each municipality may affect or impact services businesses in the surrounding communities (eg.: one community offering tax breaks or providing municipal services to attract a big box store may affect the business environment in the downtown area. Perceived or real cost savings, the loss or gain of capital, assets, resources, or public services as a result of consolidation.

This category was for any raw data that show concern over economic development, job creation, additional financial obligations, or statements identifying negative or positive effects or impacts on their business, commercial development, or how changes may affect their industries. Feelings identifying concern for the improvement of or loss to current financial benefits or obligations. Costs associated with added pressure, public services, or municipal demands. Because, debt limitations are based on municipal structures each community may have responsibilities that are specific to the type of community that it is associated with (e.g. Township vs. village).

Code: **Financial Solvency/Efficiency**

Code attributes or statements identified regarding:

- Legal ramifications of consolidation
- Competition between communities vs. collaboration
- Management of investments
- Wealth distribution or revenue sharing
- Access to grants
- Stake share revenues
- Perceived risk, long-term liability, and debt load (such as financial load of pensions)
- Most for least dollars
- Prosperity versus poverty
- Taxable value per capita
- Expenses, tax base, and revenue (whether it increases or decreases)
- Financial obligations
- Roadway allowances \$ per mile - ACT 51

Governance

The way in which a city, village, township or body of government is controlled by the people who run it. This category considers ideas concerning individual governance and identifies feelings connected to municipal power, control, or interference related to regulations, local matters, practices, community laws, ordinances, and autonomy. Anti-Governmentalization of community autonomy and how each community advocates for the control of already established services or the adoption of new services, regulations, bylaws, building codes or taxes.

This category was for any raw data that communicates feelings regarding self-governance, autonomy and individual rights. Service sharing may be seen as a government

problem. Feelings of anxiety or ownership over choice, goals, services, identity, and values, whether positive or negative, with concern towards how changes will be handled and by who.

Code: **Governance**

Code attributes or statements identified regarding:

- Ordinances & Enforcement
- How will things change
- Development of Charter Commission
- Drafting and the adoption of a new charters
- Role in community
- Demands or expectations
- Accountability
- Managing change
- Sharing resources
- Union contracts
- Leadership
- Home rule
- political will
- power

Development and Land Use

This category was for any raw data that identifies feelings, statements, concerns, or opinions that point towards the interests of the community and what the opportunities or challenges would be if consolidation did occur. How each community will be appropriately or reasonability integrated into a new plan.

Code: **Development and Land Use**

Code attributes or statements identified regarding:

- Population growth or decline
- Annexation
- Rezoning and land bridges
- Increased pressures
- Bylaws, protection, and enforcement
- Allocation or protected areas
- Growth, fragmentation, and modification
- Development value
- Legal ramifications of consolidation or service sharing
- Long-term planning to enhance service sharing

Environment and Natural Amenity Landscape

Perception or impact of the natural environment, seasonality, and use.

This category was for any raw data that communicates people's perception of how the environment could be impacted. How changes will or won't contribute to the quality, quantity,

consumption, and / or protection of each community's natural resources. How consolidation may create opportunities or challenges towards green spaces.

Code: **Environment and Natural Amenity Landscape**

Code attributes or statements identified regarding:

- Environmental health (biodiversity and ecosystems)
- Parks and trails
- Dangerous use of lands
- Development value
- Forests
- Water
- Tourism and recreation

Resistant to Change, Fear, or Risk

This category considers the actual or perceived ideas or feelings of risk, whether it identifies changes made a system that is considered working (snow plow's efficiency and consistency with service expectation) or how changes may change a system that a community is comfortable living within. This is being kept unidentified specifically towards any factors until observations, site visits, and interviews have conducted.

This category was for any raw data that communicates people's unwillingness to share, change, grow, or adapt to new habits, policy, procedures or spreading resources through a community. Negative impact that the idea that consolidation may create.

Code: **Resistant to Change, Fear or Risk**

Code attributes or statements identified regarding:

- Service changes; e.g.: snow plow routes
- Increase in taxes
- Changes perceived in community health and safety
- How things will change
- Loss of expectations
- Actual loss of community
- New ideas or people coming into the community
- Loss of community services or identity
- Changes in expectations
- Loss of additional saved funds
- Trust and relationships with researchers and participants
- Loss of capital money
- A misunderstanding of the value of research gathered from this project
- Loss of already established collaborations

Legacy of Separation

The effects or impacts on each community's ability to collaborate due to the historic separation of the communities by the mining companies—example—the Calumet Village commercial district was always separated (by design) from the industrial district by C &

H. Also, the separation of the Village of Calumet and the Village of Laurium by US 41 acts as a physical barrier between the two communities.

This category was for any raw data or statements that describe feelings that identifies to early ties to the mining industry or identity created through place competition.

Code: **Legacy of Separation**

Code attributes or statements identified regarding:

- Rejection
- Fear
- Desire
- Ambition
- Complacency

Spirit of Enthusiasm, Cooperation, and Collaboration

This category considers data that communicates a “glass half-full” attitude, feelings of trust towards decision makers, confidence in how collaboration could benefit the whole Township, and the willingness to make the changes necessary to move toward a common goal. Willingness to tackle risks for the betterment of the whole area.

Code: **Spirit of Enthusiasm, Cooperation and Collaboration**

Code attributes or statements identified regarding:

- Willingness to help
- Willingness to stay and make a difference
- Need to return
- Volunteer
- Build business connections
- Stay to help community survive

Reluctance to Share and Conflict

This category was for any raw data or statements that describe feelings or opinions regarding an inability or reluctance to sharing services, equipment, or manpower to any other community.

Code: **Reluctant to Share**

Code attributes or statements identified regarding:

- Pressures and stressors on the current level of service
 - services
 - buildings
 - equipment
- Timing of services
- Availability of services
- Inclusion to community events, such as First Fridays
- Sharing of ideas regarding community goals

Attitude of Pessimism

This category was reserved for data that display or communicate feelings of pessimism, “glass half-empty” attitude, feelings of mistrust towards decision makers, a lack of confidence in collaboration and how it could negatively impact the whole Township. Feelings that are disconnected from positive thinking patterns, perpetuated feelings associated to long term frustration, complacency, and an unwillingness to participate in any ideas connected to consolidation of any services or the communities’ themselves.

Code: **Attitude of Pessimism**

Code attributes or statements identified regarding:

- Not want to move into the future
- People needing to leave to find work
- No jobs or opportunity
- Frustration with services
- Mistrust of council, administration, or local government and administrators
- Feelings of being stuck

Cost of Living in the Community

This category was for any raw data or statements that describe the costs needed to sustain a certain average standard of living in one community or another (Village of Calumet, Village of Laurium, Calumet Charter Township).

Code: **Cost of living**

Code attributes or statements identified regarding:

- taxes
- services
- utilities
- transportation
- food
- energy
- maintenance
- Prices of houses

Public Relations, Marketing, and Planning

This category was reserved for data that display or communicate actions that could promote or create awareness regarding the benefits of service sharing, actual involvement of codes, bylaws, community programs and events. Marketing as a way to educate, promote, and attract people to invest in the community. Outreach and draw tourism in ways that it creates feelings of inclusion, which will lead to community cohesion.

Code: **Public Relations, Marketing and Planning**

Code attributes or statements identified regarding:

- Tourism

- Building opportunities
- Programs
- Community Events
- Business opportunities