

FAMILIES FIRST: Lower Property Taxes, Better Services

Dearborn:

Our community needs to address many issues but lowering property taxes and bringing working families much-needed relief to their pocketbooks are among the highest of our priorities. **Presently, the city of Dearborn levies some of the highest local taxes in Wayne County because our city's leadership has relied on millage increases to support Dearborn's overall budget.** In order for Dearborn to prosper and compete with neighboring communities, we must find a solution that brings relief to its families' pockets while supporting them in the process.

My team and I have thought carefully about how to maintain Dearborn's current budget without increasing property taxes and ensure that all city services and long-term infrastructure projects are carried out.

In the following document, you will find a Hammoud administration's five-part solution to **(1) reduce property taxes, (2) generate new dollars for an increased budget in innovative ways, and (3) enhance our city's operations.** Each of the five parts are listed below and directly correspond to one of these three goals. A thorough explanation of each part is outlined in the document to follow:

- PART 1:** Pay Down Our Unfunded Liabilities & Improve Dearborn's City Operations
- PART 2:** Accelerate Responsible Housing and Economic Development
- PART 3:** Reinvest Savings into a City Endowment Fund and Establish the Dearborn Way Commission
- PART 4:** Establish a Financially Beneficial Partnership with Local Credit Unions
- PART 5:** Provide Property Tax Relief to the Hard-working Residents of Dearborn

Our plan is bold and innovative, but it will take a Mayor with a vision, drive, and leadership to get the job done, and I will do just that. Community cohesion is a cornerstone of our campaign, and I welcome your feedback on the proposal outlined below.

In Service,



Abdullah Hammoud



Estimated Property Tax Savings based on Hammoud's Five-Part Plan



Market Value



Taxable Value

*The estimates assume completion of the five-part solution and calculate the reduction based on the current City of Dearborn millage rate.



Market Value (MV)	Taxable Value (TV)	ANNUAL SAVINGS*
\$100,000	\$50,000	\$225 - \$350
\$200,000	\$100,000	\$450 - \$700
\$300,000	\$150,000	\$650 - \$1,000
\$400,000	\$200,000	\$900 - \$1,400
\$500,000	\$250,000	\$1,100 - \$1,700

P1: Pay Down our Unfunded Liabilities & Improve Dearborn's City Operations

Problem: Following the Great Recession of 2007, Dearborn's taxable value plummeted from roughly \$4.9B in 2009 to \$3.3B in 2017. This significant decrease in taxable value pressed the city to propose new levies to sustain the City's operations, and residents ultimately voted to adopt them. Today, our taxable value is just over \$3.6B.

Over the last decade, the City's legacy costs have continued to climb at alarming rates. To date, the unfunded liabilities of the city are roughly \$300M. Why does this matter? In the current city budget, roughly \$35M (or 26%) out of the total \$135M city budget is used every year to try and pay down this unfunded liability.

Solution: Make a One-Time Payment of \$100M to Fully Fund our Pension and Other Post-Employment Benefits (OPEB) Obligations

Where will the \$100M come from?

- **\$50M from the federal American Rescue Plan Act (ARPA)**
 - The city of Dearborn received roughly \$50M from the federal government through ARPA. The interim final rules issued by the Federal Department of the Treasury allow the city to use these funds for the provision of government services, compensation for public safety employees, and lost revenues below an assumed 4.1% inflation factor. By using ARPA funds strategically, we can in-turn reallocate \$50M in general fund dollars to help pay down our unfunded liabilities and put the city on a path to succeed.
- **\$35M from existing retiree obligation payments**
 - Currently, \$35M is appropriated towards retiree obligations payments annually.
- **\$15M in targeted operating efficiencies and savings**
 - As Mayor, Hammoud will identify an additional \$15M by improving efficiencies in city operations across all departments. (There also is potential to receive additional dollars from the state and county, as Hammoud has initiated conversations with state and county leaders stressing the importance of providing such dollars to local municipalities to help alleviate retiree obligations.)

“Abdullah knows how to make sense when it comes to the dollars of any budget. It was Hammoud who asked the tough questions on Michigan’s largest budget to find win-win solutions that increased services and saved taxpayer dollars. Dearborn will benefit from his leadership as Mayor.”

— Jon Hoadley,
Former Vice Chair of Appropriations, Michigan House of Representatives

Where will the \$15M in operating efficiencies come from?

▪ **Implement New Technology and Consolidate Platforms**

- **Problem:** Many governmental agencies utilize antiquated IT systems that decrease performance and efficiency. In fact, there are often several IT systems being utilized throughout individual departments that do not communicate with one another, adding inefficiencies to the system.
- **Solution:** As Mayor, we will lead the effort to consolidate IT systems and ensure that our employees are utilizing systems that help complement and support the work they are doing. Additionally, we will identify new technologies that can be incorporated throughout business operations to help streamline processes.

▪ **Improve Operations of City Managed Facilities:**

- **Problem:** Forecasting Dearborn’s financial standing has been made difficult by the pandemic and we are still assessing the full, long term economic implications. Every year, Dearborn loses millions of dollars in the operations of many of its assets, like our golf courses and performing arts centers. While these assets are foundational to Dearborn’s operations, their management can be improved.
- **Solution:** As Mayor, Hammoud will have the Economic Development Team work with other city departments to stop the financial losses of many city-managed facilities – such as the Ford Performance Arts Center, Dearborn Golf Course, Mystic Creek Golf Course, Camp Dearborn, and others. In partnership with Hammoud’s Executive Team, the Economic Development Team will rebid city contracts, identify potential new revenue streams, and tap into available state funding for renovations or improvements.

▪ **Evaluate the City’s Cost Allocation Structure:**

- **Problem:** Across our city, there are employees whose roles and responsibilities oftentimes cross departments. Our current city allocation structure is rigid, and has led to substantial reserves in city dollars.
- **Solution:** As Mayor, Hammoud will lead an assessment of our existing cost allocation model, ensuring that staff salaries and benefits are expensed from the most effective funds.

- **Stronger Management of Pensions, Retiree Healthcare, City Employee Healthcare:**
 - **Problem:** Dearborn recently transitioned to a self-funded model of healthcare, meaning the city is financially responsible for every single point of service transaction. Although self-funded models can provide financial savings, there must be a public health management component to continuously evaluate health plan design for efficiencies. Accordingly, the City's pension and OPEB fund performances have been among the bottom percentiles in the state.
 - **Solution:** As a public health professional, Hammoud is best positioned to help the city devise a stronger healthcare plan that both improves healthcare outcomes for city employees and delivers savings. As a previous consultant on the nation's largest trust fund, Hammoud is the only candidate with real experience in the management of healthcare expenses and retirement funds.

P2: Accelerate Responsible Housing and Commercial Development

Problem: Following the 2007 recession, the overall taxable value of Dearborn plummeted. Over a decade later and Dearborn has yet to return to pre-recession taxable value levels. Additionally, there has been an increase in the bureaucratic red tape of the permitting process, and a stagnation of new development outside of the West Downtown Michigan Ave Corridor.

Solution: As Mayor, Hammoud will lead the effort to generate new housing and commercial development. Coupled with improved processes for permitting, Hammoud will accelerate responsible development that will generate new property tax revenue without the need to increase property taxes.

Additionally, as Mayor, Hammoud will ensure a transparent and fair assessment process for residents. By completing an evaluation of our assessment practices and providing a comparison to like cities, we will provide residents the confidence they seek in the methodology behind the City's assessment practices.

Goal: The City's taxable value is currently estimated around \$3.6B. As Mayor, we will provide a clear roadmap to increase Dearborn's taxable value to well above \$4.0B. Through strategic economic development initiatives, we can construct a pathway to sustainably increase the revenues in the city, without the need for additional voter approved millages.

P3: Reinvest Savings into a City Endowment Fund and Establish the Dearborn Way Commission

Problem: Local governments almost wholly and uniquely rely on property tax revenue as the means for providing city services to residents and fulfilling obligations.

Solution #1: As Mayor, Hammoud will establish a City Endowment Fund that will provide additional general fund dollars to the city on an annual basis. After injecting \$100M into our unfunded liabilities and identifying an additional \$15M in operation efficiencies, Hammoud will have generated nearly \$40M in annual savings. These dollars will be placed into an endowment fund for 2-3 years, providing an annual return of roughly \$4M to \$6M. Additionally, Hammoud will lead an effort to raise funds from local stakeholders into the City's endowment fund.

- **Case Study Example:** The City of Kalamazoo recently established an endowment with an initial investment of \$86M with a goal of raising upwards of \$500M. The fund provides Kalamazoo with nearly \$25M in annual funding. In exchange, the city reduced its property taxes by 7 mills, providing relief to all who reside and operate in the city.

Solution #2: Hammoud will establish the Dearborn Way Commission. As Mayor, Hammoud will assemble a round table of stakeholders in the city - from school administrators and fortune 500 companies, to large non-profits, small business owners, and informed residents. The goal of this commission will be to provide recommendations on short- and long-term strategic planning and vision for the city, building consensus along the way.

- **Case Study Example:** The City of Columbus, Ohio created the Columbus Way many years ago and it has been credited with assisting the city in major developments and advances.

P4: Establish a Financially Beneficial Partnership with Local Credit Unions

Problem: Traditionally, municipalities and local governments place their dollars in large banks that provide neither financial incentives, nor care for the well-being of the community. Although the City's resources are used to generate returns for the banking institutions, there is no reciprocated benefit to the city.

Solution: As Mayor, Hammoud will transition the City's dollars to a local credit union, where Dearborn will be the priority and benefit. The agreement will be structured to ensure that the credit unions reinvest a portion of the proceeds generated towards community projects. Estimated returns to the city range from \$3M to \$5M on an annual basis.

- **Case Study Example:** The State of North Dakota established a state bank in 1919 to provide the residents with additional benefits and services. Over the years, the Bank of North Dakota has reinvested over \$1B back into the state. North Dakota lends itself as a concrete example of the best practices that can be emulated in Dearborn to produce similar results.

P5: Provide Property Tax Relief to the Hard-working Residents of Dearborn

TAX RELIEF: Upon the implementation of the above steps, as Mayor, Hammoud will have reduced the city's unfunded liabilities, kept our promises to employees and retirees, and generated new revenue without the need to hike property taxes. At this juncton, Hammoud will eliminate many of the additional millages levied by the city and approved by voters.

Estimated Property Tax Savings based on Hammoud's Five-Part Plan



Market Value



Taxable Value

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How do we know Hammoud will deliver on this plan:

Hammoud Delivered Over \$100M in Savings at the State:

- As the Vice Chair of the Health and Human Services Budget, Hammoud challenged the way things had always been done and delivered savings to the tune of over \$100M. The savings generated came from adjusting the State's Medicaid pharmaceutical program to benefit the state and not bad actors in the pharmaceutical industry.

Hammoud Led Bipartisan Initiative to Consolidate and Improve IT Systems:

- Hammoud helped lead a bipartisan workgroup to evaluate the State's existing IT infrastructure across the Health and Human Services Department. Following months of research and work, Hammoud and the coalition were successful in passing legislation that established a process to prevent future cost overruns, save taxpayer dollars, and improve the operations of the overall department.

