



Exploring Internal Capacity Building Strategies in Small Municipalities: A Case Study of Evart, Michigan

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Executive Summary

This case study investigates how capacity building can influence the fiscal health of small municipalities, focusing on the experience of Evart, Michigan. Evart faces challenges common to many rural communities, including limited financial resources, a small administrative staff, and an aging infrastructure system. While state-level training programs exist to support municipal leadership, they are often cost-prohibitive and not designed for communities with small populations. Using a mixed-methods approach, this study draws on local financial data and stakeholder interviews to understand the city's fiscal condition, its challenges related to training and administrative capacity, and its attempts to identify realistic, targeted strategies for improving capacity and long-term sustainability. Through internal training, interdepartmental collaboration, and a focus on community trust, Evart offers a model of proactive governance in a small-town context.

Introduction

Capacity building aims to enhance local government effectiveness, service delivery, and responsiveness to community needs. It can include providing training in technical skills such as budgeting and planning, developing leadership among officials, offering education on policy and governance, promoting effective community engagement, and supporting the use of technology to improve operations.

Typically, training in Michigan is provided externally by non-profit organizations such as the Michigan Municipal League (MML) or the American Planning Association (APA). Most commonly, local city and village officials rely on state-level programs, such as the Newly Elected Officials Course and the Elected Officials Academy, both offered by MML.¹ While the League offers a variety of free programs, some programs can cost members between \$100–\$1000.²

For Evart, officials have attended such training programs, but one member of city government shared that the programs are typically tailored for municipalities with populations greater than 5,000, making it difficult to apply lessons to a smaller, rural context. Broader data confirms this challenge. The Spring 2025 Michigan Public Policy Survey (MPPS) found strong interest in training but persistent gaps in uptake in small jurisdictions. For example, among jurisdictions with fewer than 2000 residents, officials from 29% of townships, 41% of cities, and 40% of villages said they had not received training in resident engagement but would like such training. Similarly, about one-third of cities reported being “somewhat concerned” about the lack of budgeting expertise among staff, and nearly half expressed the same concern about elected officials.³ This points to a wide and unmet need for more accessible training.

One-quarter of very small jurisdictions (under 1,500 residents) and 28% of small jurisdictions (with 1,500–5,000 residents) say they do not currently conduct long-term revenue projections, but would like to. Meanwhile, only 16% of very small jurisdictions and 20% of small jurisdictions currently conduct long-term revenue projections.⁴

This study takes up the case of Evert, a city in Osceola County with a population of around 1,700, to examine how internal governance capacity can strengthen financial stability and support better decision-making.

Methodology

This case study uses a mixed-methods approach, integrating quantitative financial analysis with qualitative community insight. Evert’s Annual Comprehensive Financial Reports (ACFRs) from FY 2019 to FY 2024 were reviewed alongside comparable data from Reed City and Osceola County. The analysis focused on trends in revenue, expenditures, liquidity, and enterprise fund activity.

To complement the financial review, qualitative data were drawn from stakeholder interviews conducted in July 2025 and the 2023 City of Evert Master Plan. Peer benchmarking with Reed City, a municipality of similar size and regional context, was included to provide additional perspective alongside county-level data from Osceola County.

Table 1 below details the demographic comparison between the City of Evert, Reed City, and Osceola County.

Table 1
Peer Benchmarking^{5,6}

	City of Evert	Reed City	Osceola County
Population	1,742	2,505	23,484
Median Income (dollars)	\$34,107	\$48,646	\$54,875
Median Age (years)	31.5	40.8	43.5
Number of Households	791	1,033	9,072

Background: Evert’s Context and Challenges

Evert’s economy has shifted from agriculture to manufacturing and retail after the closure of Dean’s Dairy in 2012, which eliminated nearly 250 jobs and contributed to population decline that left the city with excess infrastructure, particularly in wastewater and water systems.⁷

According to city officials in Evert, the city’s excess of aging infrastructure, poor housing conditions, and limited revenue streams are primary sources of financial strain, especially as the cost of maintaining public services continues to rise.⁸ Residents, surveyed in 2022, highlighted poor housing quality and job loss as key challenges. This survey, which informed the City of Evert Master Plan (2023) also expressed a desire for Evert to become a destination for tourists, outdoorsmen, and shoppers.⁹ Evert’s 5-Year Capital Improvement Plan outlines \$12.3 million in necessary updates, \$10.9 million of which are allocated to the Department of Public Works.¹⁰ Evert is also working to revitalize through partnerships with the Michigan Economic Development Corporation, new retail establishments, and potential large-scale projects like the proposed Potash mine and proximity to the proposed Gotion battery plant.^{11,12}

These pressures highlight the need for strong governance capacity. Without it, fiscal sustainability and local development will remain fragile.

Capacity-Building Strategies in Evert

Evert has adopted a proactive approach to training and organizational learning as a way to stabilize its fiscal outlook. These efforts can be grouped into three main strategies:

Planning Commission Training

The City Manager requires Planning Commission members to earn the Land Use Planning and Zoning Certificate from Michigan State University.¹³ According to city officials, this certification has aided the Commission in handling housing, as local governments did not have to play as active a role in housing development in the past.¹⁴ This mandated internal training provides Commission members with the knowledge and skills necessary to advantageously and professionally plan for their community.

Leadership and Trust Building

The City Manager prioritizes keeping council members well-informed and able to clearly explain projects to the public. The City Attorney also plays an educational role, breaking down complex legal and policy issues during meetings and providing time for council Q&A. Together, these practices create a culture of transparency, trust,



Ava Hoffman with Roger Elkins, Mayor of Evert, MI
(Photo courtesy of Steve Kraft)

and shared learning. This culture of ongoing learning has helped prepare the Council to make more informed decisions and communicate confidently with the public, helping to increase trust in the local government.¹⁵

Cross-Departmental Collaboration

Strong working relationships now exist between the Planning Commission, City Council, and Downtown Development Authority, which supports alignment on strategic goals.¹⁶ However, siloing challenges persist between public works, public safety, city administration, and the DDA, as well as weak regional collaboration with surrounding jurisdictions.¹⁷

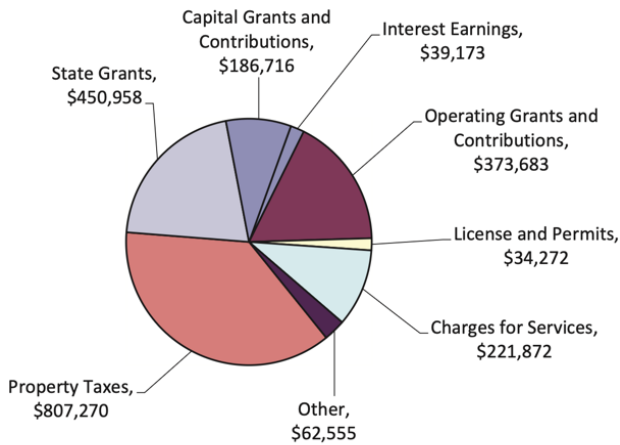
Fiscal Health Outcomes (2019–2024)

The city’s financial trajectory demonstrates the results of these governance strategies. By analyzing Evert’s and Reed City’s Annual Comprehensive Financial Reports (ACFRs) from 2019 to 2024, several trends emerge:

Revenue Sources

A significant portion of Evert’s revenue is supplied by property taxes. Evert’s operating millage, at \$13.98 per \$1,000 of taxable value, funds core services and closely aligns with Reed City.¹⁸ This rate has decreased since 2017, when it was \$14.58 and considered too high, highlighting the priority of the council to prioritize public opinion.¹⁹ *Figure 1* below is from page 12 of the City of Evert 2024 ACFR and presents the City’s sources of revenue.

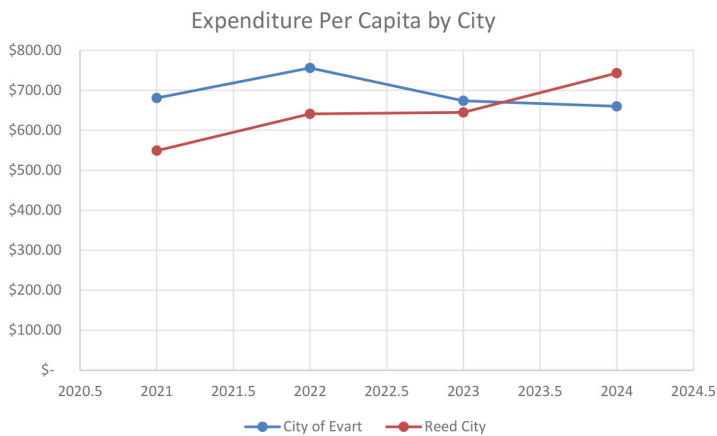
Figure 1
 "Revenues - Governmental Activities Fiscal Year End June 30, 2024"²⁰



Expenditures Per Capita

Evert’s per capita expenditures have fluctuated, while Reed City’s have steadily grown. Public safety spending has risen in Evert as a share of the general fund, supporting essential emergency services. *Figure 2* displays this trend between the two cities.

Figure 2
 Peer Benchmarking Expenditure Per Capita^{21,22}

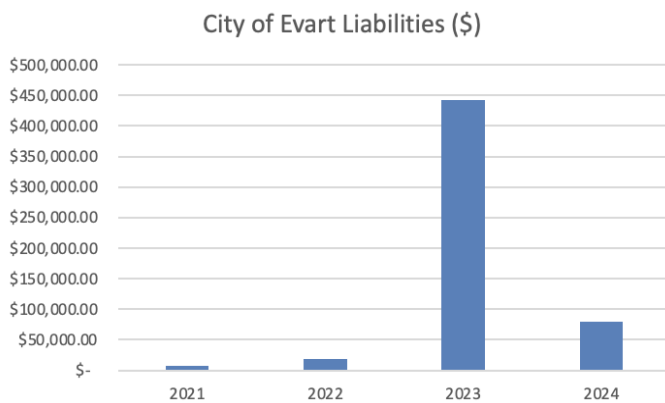


Enterprise Fund Activity

Large year-over-year changes in liabilities, which are amounts owed to creditors or for project financing, and cash solvency, which measures the city’s ability to cover short-term obligations with cash and liquid assets on hand, reflect the financing of these projects. The city recently secured a matched grant from the State of Michigan to support these improvements.²³ A 2023 spike in liabilities reflected educated infrastructure financing by the council, followed by reductions in 2024.²⁴ *Figure 3* below displays this trend.



Figure 3
City of Evert Enterprise Fund Liabilities from 2021 to 2024²⁵



Liquidity and Stability

Evert's general fund margin improved from -0.123 in 2019 to 0.292 in 2024, while days of cash on hand reached over two years for the general fund and three years for the enterprise fund—far above the statewide median of 245 days.²⁶

Key Findings and Observations from Fiscal Analysis

Over the past 5 years, an increase in capacity of the local leadership has occurred alongside an increase in fiscal stability. This improvement in Evert's general fund margin and its unusually high days of cash on hand indicate strong fiscal stability, ample liquidity to weather economic or operational shocks, and the capacity to sustain services and invest in infrastructure without immediate new revenue.

This increased capacity of the local leadership has occurred evidently alongside an increase in fiscal stability over the past 5 years. A shared learning culture, training requirements, and trust-building with the public have coincided with measurable fiscal stability. These improvements coincide with Evert's internal emphasis on training, communication, and collaborative planning. Council members say that they will continue to attend webinars in sectors such as planning, finance, and community engagement in order to maintain this positive fiscal trend.²⁷

Recommendations

Strengthening the capacity of small municipalities like Evert requires more than financial resources; it demands targeted, accessible, and ongoing training programs for local leaders and staff. Interviews revealed that while city staff are committed to improving operations and fiscal health, they often face siloed communication, and limited access to specialized expertise. These gaps hinder long-term planning, slow the adoption of best practices, and strain already limited staff capacity. Therefore, this report concludes with the following strategic recommendations, designed to outline ways to address these training needs and foster more resilient and self-sufficient local governments.

For the State of Michigan

- Conduct cross-jurisdiction collaboration workshops to support regional planning.

For Local Government Organizations

- Expand peer learning networks tailored to small municipalities.
- Develop specialized workshops for translating fiscal issues into accessible language.

For City Managers and Local Leadership

- Develop internal cross-training programs to reduce silos.
- Conduct council & commission learning series for budgeting, infrastructure, and housing policy.
- Participate in joint regional planning retreats to coordinate development and infrastructure with other governments in the region.

About the Fiscal Health Project

CLOSUP's Fiscal Health Project aims to develop a deeper understanding of the fiscal health and fiscal challenges of local governments in Michigan, and beyond. These case studies focus on specific Michigan local governments and are intended to highlight some of the unique and possibly overlooked fiscal challenges they face.

Acknowledgements

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Notes

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