

**BUDGET FOOTNOTES**  
**FY 17/18 OPERATING / CAPITAL BUDGET**

**General Fund-101**

<b><u>Item</u></b>	<b><u>Page</u></b>	
1	1	<p>The City's total Ad Valorem Taxable Values increased this year about 1%. There is still an additional \$14.4 million in taxable value in the Gerber Products Agricultural Renaissance Zone, which will not be taxable till 2024. The City established the 15-year Zone in 2009, annually reducing the City's property tax revenue by \$225,000. <b><u>With that being said, the City had to increase the levy from 14 to 15 mills in 2016, the first increase in eighteen years.</u></b> The Charter permits the City of Fremont to levy up to 20 mills.</p> <p>The original ad valorem tax revenue estimate of \$1,766,454 was further reduced by the tax captures from both the DDA (\$239,537) and the LDFA (\$34,891.) The increased capture of General Fund tax revenue became necessary because of the loss of "capturability" of the school operating millages due to the State of Michigan's tax legislation changes.</p> <p>IFT property taxes have been decreasing due to IFT certificates expiring, from which the taxable property values held at 50% on the IFT tax roll that will be added to the ad valorem tax roll at 100%. Most of the City's IFT certificates have an exemption status for 12 years.</p>
2	1	<p>This line item accounts for property tax payments received from parcels transferring to the City's jurisdiction under the December 2004 "P.A. 425 Conditional Transfer Agreement" with Dayton &amp; Sheridan Townships. Parcels are not transferred into the City until water/sewer utilities are hooked up to a property. Then all other City services are received as well. Also, see Footnote #34 for details of the township payouts.</p>
3	1	<p>The current franchise fee for Comcast to lease the City's street ROW's to provide cable TV to its customers is based on 5% of their gross revenues.</p>
4	1	<p>Splitting the Statutory portion of local government Revenue Sharing from the Constitutional became necessary when the Governor's EVIP (Economic Vitality Incentive Program) policies were adopted by the Legislature. It started out with an automatic elimination of 66% of the Statutory Revenue Sharing and implemented a set of state standards that local governments must abide by in order to receive the remaining 33% of the revenue. The State has estimated up to 5% increases in both revenues for this year. A Local Stabilization Fund was established to coordinate replacement of the eliminated personal property taxes. Although not confirmed, the City should receive up to an additional \$150,000 for those lost tax dollars.</p>
5	1	<p>The economy has shown an increase interest rates up to 1/2% on short-term investments, so the City's earns approximately 1½% on investments.</p>
6	1	<p>Annual land rents at the Fremont Municipal Airport and Industrial Park.</p>
7	1	<p><b><u>FY 17/18:</u></b> The City receives an annual maintenance grant (est. \$22,000) from the William Branstrom Park Endowment Fund held at the Foundation; and the Police Dept. coordinates "Shop with a Cop" annually (est. \$13,000) for the community; plus miscellaneous donations are typically received.</p>
8	1/17	<p><b><u>FY 16/17:</u></b> Transfer to cover cost of construction of a new cemetery crematorium mausoleum.</p>

- 9        2        Salary splits: City Manager (60% of salary); Account Clerk I (10%); Account Clerk II (10%). (Also, see Salary Distribution table in Appendix G.)
- 10       2        \$29,000 for contracted part-time assessing services, \$4,000 for assessing software maintenance agreements and \$3,000 for other miscellaneous fees.
- 11       2        Attorney fees based on City Attorney retainer (\$15,000) and anticipated court attorney costs (\$5,000) related to labor negotiations & MI Tax Tribunal filings.
- 12       2        Salary splits: City Clerk (60%); Account Clerk II (Melanie) (20%); Account Clerk I (Colin) (10%). (Also, see Salary Distribution table in Appendix G.)
- 13       2        Auditing services to cover general auditing & new GASB compliances (\$14,000), Accounting Software maintenance (\$1,000), and other miscellaneous professional services (\$1,000.)
- 14       3        Salary splits: Treasurer (40% of salary); Account Clerk II (20%); Account Clerk I (20%). (Also, see Salary Distribution table in Appendix G.)
- 15       3        \$1,500 for floor care; \$500 for Fire Alarm System maintenance/testing; \$1,500 for elevator maintenance, testing and annual permit; \$11,000 for annual computer network consulting and software upgrades; and \$3,500 for Internet services.
- 16       3        Includes \$17,000 HVAC System maintenance agreement; and \$3,000 balance for miscellaneous repair and maintenance costs for the City Hall/Police/Fire Complex.
- 17       3        FY 16/17: Install columbarium mausoleum foundation (\$20,000.)
- 18       3        Implement “Push-Button” system for Municipal Building north entrance doors (\$5,000.)
- 19       4        FY 17/18: Police Dept. replacement of in-car radar unit (\$1,600), repair portable radar sign (\$1,000), replace copy/printer (\$4,500), and replace Kevlar bullet proof vests (\$2,500 *w/total of \$4,900-50% being paid with Forfeiture funds*); and general annual operating supplies (\$10,000.)
- FY 16/17: Police Dept. purchase of in-car video cameras with addition of body-cams (\$18,000)(*w/50% from Forfeiture Account*); purchase new bi-directional amplifier (\$5,300)(*w/50% from Forfeiture Account*); replace in-car laptop computers (\$6,000) and general annual operating supplies (\$9,000.)
- 20       4        The Police Department coordinates the “Shop with a Cop” program annually (\$11,500) and participates in various other community programs (\$2,500.)
- 21       4        FY 17/18: Fire Department will purchase 10 sets of turnout gear (\$15,000); Radio Equipment upgrade to 800 MHZ along with NC Grant project, total City 5% share (\$11,000) w/grant; and the line item also includes annual general operating supplies (\$13,000.)
- FY 16/17: The Fire Dept. will purchase remaining 20 pairs of Leather Firemen Boots (\$7,000) this year; Assortment of Fire Hoses at various sizes (\$7,000); and annual general operating supplies (\$13,000).
- FY 15/16: Fire Department will purchase remaining 25 SCBA Tanks (\$12,000) this year; 4 new portable radios for emergency vehicles (\$3,800); and the line item also includes annual general operating supplies (\$13,000.) Again, the Department will use 50% (\$6,000) of the donated equipment funds toward the SCBA replacement project.

- 22 4/5 Planning & Zoning services are handled by the Community Development & Planning/Zoning Officer. The salary shown reflects 60% of Planning/Zoning position, whereas 20% of the position is charged to G.F. Dept. 727 (Community Development) and 20% to the DDA Operating Fd-248.
- 23 4 Professional services will be needed for the unbiased oversight of the City's increased Blight Ordinance enforcement (\$2,000) planned; and professional consulting (\$1,000) for zoning & planning issues.
- 24 4 This line item reflects the changes that were necessary for the establishment of the Fremont Community Joint Planning Commission FCJPC created by the City of Fremont, Sheridan Charter Township and Dayton Township. The City's pro-rata contribution (51%) of the needed local government funds for the FCJPC budget are transferred to the FCJPC Fund-268, which the City maintains on behalf of the participating jurisdictions. There have been no transfers over the last few budget years because of a left over fund balance.
- 25 5 The City budgets annually to the sidewalk replacement program, repairing various sections of sidewalk throughout the city that are broken or shifting.
- 26 5 The refuse collection & disposal contract with Allied Waste Services was renewed April 1, 2015, for a term ending March 31, 2020. There was no annual inflationary increase for the first year of the new contract, but each year following the 65-gallon rate and the 95-gallon rates increase by CPI.
- The City recently also incorporated commercial refuse/dumpster pickup in the 4-block downtown area, which is collected through the quarterly utility billing program. The City contracted with Allied Waste at a negotiated rate, of which has been estimated at \$12,000 per year. This has not only reduced downtown business's refuse costs, but streamlined the refuse program with same day pickup and reduced the amount of dumpsters in the downtown, thus increasing available parking.
- The City will also continue contracting with Cart-Right, LLC of Fremont for the curbside pickup of residential recyclable materials. The monthly recycling program fee is currently set around \$3/mo.
- This line item also includes the City's contract for a 20-yard roll-off dumpster to handle the City's operational needs (\$6,000.)
- 27 5 Represents annual Airport Manager's contract and refuse services at airport.
- 28 5 Intentionally left blank.
- 29 6 The City and participating Townships agreed to transferring funds toward the new Fremont Community Recreation Authority that is running the Community Recreation programs and operating the old high school as a recreation center. Last year was the final year of transferring funds. The Authority was successful with their .5 operational millage campaign in 2016.
- 30 6 The City introduced an employee health insurance opt-out program in 2007, whereas the City saves approximately 60% of premium costs by sharing the remaining 40% with employees who opt-out. With six employees currently participating, the City is saving an estimated \$50,000 annually.
- 31 6 FY 16/17: The City had to comply with Public Act 52 and adopt a set plan of required employee financial participation in health care premiums. The Council adopted the "Hardcap" option in line with the State's annually adjusted family/double/single rates, instead of the hard-fast 80/20 option.

FY 15/16: Employees and Council preferred transferring to a new Priority Health plan under the Affordable Care Act with a 9.5% increase, whereas employees will cover 50% of the increased costs through payroll deduction. The ACA plan is a more affordable plan, but with higher deductibles. Delta Dental insurance premiums remained the same for the 3<sup>rd</sup> straight year.

- 32      6      The employee's retirement system (MERS) has undergone some funding policy changes that are requiring participating municipalities to more aggressively reduce their unfunded %, with a goal of being full funded within 20 years versus the original 30 years. This has increased the City's annual premiums, whereas the City has a current funding level of only 61% as of 12/31/2016. To address this, the City plans to continue making the additional annual contributions over the next ten years or until the City's funding level is at a more comfortable 80%.
- 33      6      This line item only includes costs attributive to administrative operations. The City's municipal liability insurance rates through the MML Liability and Property Pool experienced very little change over the last six years. This is a result of the City's preventative maintenance of facilities and infrastructure, not to mention personnel training and attitude.
- 34      6      Transfer out to townships the 4 mills of shared property tax revenues collected on parcels located with the P.A. 425 Agreement areas within Dayton & Sheridan Townships. Per the Agreement, the 4 mills of tax sharing are limited to 20 years from the time a parcel transfers to the City's jurisdiction. (See Appendix P for a map of the 425 Agreement Parcels and Appendix Q for a summary of the parcel values and tax receipts for the 425 Agreement.)
- 35      6      Community Promotions entail a variety of items: Yahaba Friendship City Program Administration (\$3,000); Mayor Exchange for comparable City (\$2,000); City Beat Newsletters (\$11,000); Employee Recognition Picnic (\$1,000); Chamber of Commerce Annual Community Profile (\$1,000); Hike & Bike Program (\$1,500); and other miscellaneous items (\$3,500.)
- 36      6      The County Treasurer's office annually charges back prior year tax rebates typically attributable to Michigan Tax Tribunal appeals and bankruptcies.
- 37      6/11      Transfers out to the Capital Projects Fund-490:  
FY 17/18: Transfer the City's 5% match for airports federally funded north/south runway mill and PFC resurfacing.

### Major Street Fund-202

- 38      7/8      The State has again estimated little if any increase in Motor Fuel Tax (MFT) funds available for the P.A. 51 funding formula distributed between MDOT, county road commissions and cities & villages. It is due to the significant raids on the MI Transportation Fund to cover more costs of other State Departments to cover the State's General Fund.
- 39      7      The City annually crushes concrete and sells the resulting aggregate to local contractors and residents. This recycling/sales resource pays for itself and allows the City to keep enough product for city-street projects as well, which helps keep our raw material costs low on projects. The City has not purchased gravel for street projects since we began crushing operations in 1994.
- 40      7      MDOT reimburses the City's maintenance budget to cover annual



maintenance costs on M-82 and has covered increasing winter maintenance costs experienced over a few harsh winters in prior years.

- 41 7 If the City is successful in receiving an MDOT Loan, it will use Major St. fund fund reserves and future Act 51 funds to complete and fund the Cedar Street Extension project. The State has a "State Construction Loan Program" that this project qualifies for low-interest loans through.
- 42 7 FY 17/18: Street milling/resurfacing of Locust Ave. & Industrial Dr. in the Industrial Park. Funded with a \$150,000 Rural Development MDOT grant, LDFA TIFA funds of \$50,000 and Major St (\$25,000.)
- 43 7/8 Transfer of the maximum 25% (\$70,000) of P.A. 51 Major Street revenues to the Local Street Fund-203 for much-needed local road projects. Under the Act 51 funding distribution formula, Local Streets receive significantly less per road mile than do Major Streets. Yet, the City has significantly more Local Streets (17.57 miles) than we do Major Streets (11.49 miles.)

### *Local Street Fund- 203*

- 44 8 State METRO Act right-of-way (ROW) rental fees for telecommunication companies, such as AT&T (formerly SBC) These funds are at-risk due to the hotly debated issue with local CATV franchising & private use of locally-owned ROW's at both the Federal & State governmental levels.
- 45 8 Construction costs related to the closure of Darling Ave (Main-Maple) and Sheridan St (Darling-Merchant) and implementation of a walkable pathway, curbing street closures and pedestrian lighting.
- 46 8 FY 17/18: Street milling/resurfacing of Lake Drive (Oak-Lakeview & from Lake/Lake intersection west 380'), Sullivan Ave & Oak St (southwest corner of Hospital), Mechanic Ave (Elm-Cherry), Maple St (Sullivan-Gerber) and Dayton St (Darling-Merchant.)  
FY 16/17: Street milling/resurfacing of Darling Ave (Maple-Pine) and Merchant Ave (Pine-Sheridan.)

### *Downtown Development Authority (DDA)*

#### *Operating Fund-248*

- 47 9 In December of 2006, the City sold \$1.7 million of Capital Improvement Bonds to finance the first phase of reconstruction of the downtown parking lots and alleys, erection of a new way-finding signage system and the provision of environmental enhancement and recreational opportunities in the Fremont Industrial Park (FIP). Debt service on the bonds is financed through TIFA district captures through the DDA and LDFA.

This line item includes the DDA's FY 16/17 portion, \$132,418 or 88.2% of the coming year's debt service costs of \$150,474 on the bonds (also see Footnote # 54 and the Debt Service Schedule in Appendix N of the Budget.)

This line item also now includes additional TIFA capture of (\$154,195) to:

- Pay for most of the DDA District Maintenance Dept. costs (\$113,135);

- DDA Façade/Right-of-Way renovation grant program (\$20,000);
  - Cover the public-benefit (1/3 or \$9,120) of the overall annual cost of \$27,365 for downtown parking maintenance. The remaining private-benefit (2/3's or \$18,245) will be special assessed to the property owners within the revised DT Parking Assessment District (see Footnote #51);
  - Cover the remaining portion of DDA administration (\$31,940)
  - Cover the DDA's portion (\$95,000) of the Darling/Sheridan street renovation project (\$155,000 – the \$60,000 Beautification Fd grant)
- 48      9      FY 15/16: The approval process was delayed in 2015, but construction for eight (8) new apartments was finished in May 2016. The City will seek additional applicants from the downtown this year, which could require a budget amendment or planned project for 2017/18.
- FY 14/15: The City of Fremont was successful in approval of a MSHDA Rental Rehabilitation Program grant up to \$370,000 in grant funding for 10 units, and some administrative grant funding (\$50,000) to cover administrative services. A 25% minimum required match from private property participants of \$130,000 is expected.
- 49      9      Intentionally left blank.
- 50      9      Represents an annual grant of \$14,000 to be requested from the Fremont Downtown Beautification Fund endowment at the FAF for DDA maintenance. The DPW crew has assumed additional operation and maintenance, including an extensive banner program, more parking, landscaping & irrigation, flowers, etc. The remaining maintenance costs will be covered by additional TIF capture of levies from the City, Newaygo County and the Fremont Area District Library within the DDA District. Also represents a \$60,000 grant to be requested from the Beautification Fund to help cover costs for landscaping and art along the new pathway in the Darling/Sheridan street renovation project.
- 51      9/17      Special assessments are being levied within the re-established Downtown Parking Maintenance District. Total maintenance budget for FY 17/18 is \$27,365. Based on the previous DT Parking S.A. program, 2/3's of the cost (\$18,245) will be assessable annually to private property owners within a defined S.A. district and 1/3 of the cost (\$9,120) will be covered by taxes captured from the City, County & District Library by the DDA & LDFA.
- 52      9      Represents the DDA's long running Downtown Building Façade Renovation Program funded by TIF capture funds and the City's General Fund. This year the DDA plans to expand the grant program (\$20,000) to include right-of-way renovations within the district and west of downtown.
- 53      9      Supply costs typically cover landscaping supplies and purchase of flowers throughout the entire DDA District, but predominantly in the Downtown area.
- 54      9      Debt Payments (\$132,418) are 88.2% of Capital Improvement Bond annual debt service (LDFA Fund pays remaining \$117,756 or 11.8 %.)
- 55      9      Transfer of captured funds (\$95,000) and \$60,000 Beautification Fund grant for City/DDA construction project: Darling/Sheridan Street Renovation.
- 56      Intentionally left blank



*Capital Projects Fund-490*

- 64 11 Anticipated \$20,000 MEDC Patronicity Grant to match \$20,000 fundraising campaign for “Oak Arch” piece to be located in the new Darling/Sheridan street renovation project.
- 65 11 FY 17/18: Represents estimated private donations toward art project.  
FY 15/16: Dog Park Development (local match fundraising campaign)
- 66 11 Transfers from Fund-490’s Town & Country Path fund balance that has accumulated from unspent amounts from prior year projects.
- 67 11 The Fremont Municipal Airport Projects include a 5% local match for the milling/resurfacing of the PFC surface of the north/south runway.
- 68 11 “Oak Arch” piece to be positioned at the intersection of Darling & Sheridan street following the street renovation project.
- 69 11 Parking lot and landscaping in and throughout the Downtown Darling/Sheridan Street Renovation project.
- 70 11 Intentionally left blank.

*Sanitary Sewer System Enterprise Fund-590*

- 71 12 Sewer Fund revenues declined dramatically after Gerber Product’s Research & Pilot Plant wastewater lines were diverted from the City’s sanitary sewer system to Gerber’s treatment facility located in Dayton Township. Additional lines within the plant have more recently been diverted as well.
- The City also gives residents an opportunity to purchase & install a second water meter for any irrigation systems or outdoor water spigots. Thus, allowing residents to not be charged for sewer on water applied to their lawns and not entering the sanitary sewer system. With many residents and businesses installing irrigation meters, sewer revenues decreased substantially.
- For the above reasons, in 2011 the City implemented an increase in sanitary sewer rates for the first time in over 15 years. A moderate 5% increase in the residential rates and the implementation of a new rate based on meter sizes. Rates have been the same for all meter sizes in the past, but studies show that higher-end users create the most strain and demand on the system, so it was determined that higher rates for those users were justified.
- 72 12 The City occasionally budgets to “slip-line” sections of sanitary sewer main lines, whereas slip-lining coats the inner lining of sewer mains that have cracks in them and prolongs the usefulness of the lines up to an additional 20-30 years, a process much less expensive than replacement. The City also plans to have expansion of the wastewater lagoon system engineered, with the addition of another lagoon cell to accommodate future growth in the community.
- 73 12 FY 15/16: Replaced existing sanitary sewer main lines on Fremont St (Main – State.)
- 74 12 FY 16/17: The City replaced its sewer line video system this year (\$95,000.)
- 75 13 The City annually budgets for replacement of a pump at any given sewer pumping station each year.



**Water System Enterprise Fund-591**

In past years, the City has been able to fund street projects with General & Street Fund monies, whereas the Water Fund generally only paid for materials on various construction projects. The City has now changed policy to have the Water & Sewer Funds pay for projects that are initiated for the purpose of replacing main utility lines that are in disrepair. To accommodate this funding change, the City adjusted water rates in 2012 for the first time in over 15 years. A moderate 5% increase in the residential rates and the implementation of a new rate based on meter sizes. Rates have been the same for all meter sizes in the past, but studies show that higher-end users create the most strain on the system, so higher rates for those users is justified.

- 76 14 Intentionally left blank.
- 77 14 **Replacement of existing Watermains:**  
FY 15/16: Fremont St (Main - State) final phase
- 78 Intentionally left blank.
- 79 14 The City installs new watermains in coordination with new street extensions and private developments.
- 80 15 Rehabilitation of one well every other year (\$25,000) may be necessary and other repairs may become necessary (\$15,000.)
- 81 15 Intentionally left blank.

**Equipment/Motor Pool Internal Service Fund-661**

- 82 16 Motor Pool purchases will include (also see Appendix K):
  - Replace Vactor Truck (50% Sewer on last installment) \$ 390,000

**Local Improvement Fund -805**

- 83 17 Transfers out to various funds to initially finance the “private-benefit” portion of new (not replacement) capital improvement projects. These transfers are levied as special assessments on the benefiting property owners. Payments of both principal & interest on the front-loaded loans are then paid back to this Fund to allow for a revolving fund to address future capital financing needs.  
FY 17/18: the following transfer is to be made:
  - \$18,245 to DDA Downtown Parking Maintenance (see footnote #51)FY 16/17: the following transfer is to be made:
  - \$18,000 to DDA Downtown Parking Maintenance (see footnote #51)FY 15/16: the following transfer was made:
  - \$17,508 to DDA Downtown Parking Maintenance

