

SPECIAL ASSESSMENT DISTRICT
FAQ - PUBLIC HEARING INFORMATION

At the public hearings held on April 19 and May 24, 2021 a number of questions were posed by residents and taxpayers. Below is a summary of those questions and answers. More information is also available on the city's website at www.charlottemi.org/fpf

1. Has the city looked at other sources of revenue?

In short, yes. The city is considering all options for revenues. Many revenue sources, like grants, are one-time sources for specific projects and not intended to provide ongoing revenues for operating costs. Even though grants are one-time sources, the city continues to apply for grant opportunities.

2. Can't we sell city equipment or property?

Any sale of equipment or property would result in an immediate cash influx, but that will not represent any long term revenue source for the city. The financial constraints facing the city are operational and ongoing which necessitate longer-term fixes beyond a one-time payout from a sale. City administration is evaluating assets in order to make informed recommendations in the future. This will take some time and diligence in order to weigh long-term needs; the city would not want to sell assets that have a future use and would cost the city more in the long-run.

3. Why doesn't the RFA pay more? Can't we assess township residents?

The Rural Fire Association pays the contractual amounts for operational and capital expenditures. While the city can discuss changes to those terms with the RFA, we will have to come to a mutual agreement to modify the contract. The city cannot assess township residents for our fire department services.

4. Why was this not put to a vote?

In March, the city began assembling the budget for the upcoming fiscal year at which time administration noted that significant cuts would be required to pass a budget without additional revenues on July 1st. The City Council decided to move forward with a special assessment to avoid significant cuts to city services including layoffs to police and fire departments.

5. Can't we realize cost savings through pension cuts?

In 2012 and 2013 the city negotiated reductions in the pensions with its union employees and made changes to the non-union pension plan to reduce those long term liabilities. The divisions created at that time are fully funded. The unfunded divisions within the pension system are those which were adopted prior to 2012 and represent a significant number of retirees. Any changes to the pension system will not resolve those legacy costs.

6. Why don't we allow marijuana businesses to increase revenues?

The city is discussing whether amending ordinance regulations to permit some commercial marijuana activity is desirable. However, like any change in an allowable use, this should be a long term consideration for the best types of commercial activity for the community, including discussion on proper locations for the businesses, and consideration for costs associated with enforcement.

7. What about federal stimulus money?

The city has not received any of the American Rescue Plan stimulus funding yet. We anticipate we will receive the first half of the funding sometime this summer or fall. Based on the information provided by the US Treasury in late-May, we anticipate we will receive approximately \$900k total and \$450k this year. Further, the federal government has outlined a number of restrictions and requirements for eligible expenditures for that money. Most importantly, this represents a one-time revenue source and will not be available to fund ongoing operations and maintenance.

8. Will businesses pay? Who is exempt?

The entirety of the city was included in the special assessment district. State statute exempts those properties which are exempt from the collection of taxes under the general property tax act, 1893 PA 206, as amended. The entire assessment roll can be found on the city's website, www.charlottemi.org/fpf.

9. Can we eliminate the airport to save money?

In short, no. The airport is subject to a number of state and federal laws as part of the national transportation network. We would be subject to approximately \$2 million dollar cost to repay federal loans, and closure of the airport would require FAA approval which is not guaranteed even if we were to repay the grants and had a ready and willing developer to repurpose the property. Further, the airport is heavily subsidized by state and federal grants and the total annual budget represents a fraction of the general fund expenditures.

10. How long will this assessment remain in effect?

Each year Council is required to hold a public hearing on the assessment roll based on the estimated costs for that upcoming fiscal year. The amount will vary based on those cost estimates. Council has the option to continue to defray costs for the fire department or it can choose to eliminate the special assessment district .