



Legislation Details (With Text)

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**Title:** Resolution to Rescind User Fee/Overhead Charge Established with R-496-10-77

**Sponsors:**

**Indexes:**

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**Attachments:** 1. user fees.pdf

| Date      | Ver. | Action By    | Action   | Result |
|-----------|------|--------------|----------|--------|
| 1/11/2024 | 1    | City Council | Approved | Pass   |

Resolution to Rescind User Fee/Overhead Charge Established with R-496-10-77

On October 3, 1977, City Council approved Resolution #R-496-10-77, which enacted the following:

1. Repealed R-218, R-219, and R-220 of May 1969 that established user fees/overhead charges.
2. Authorized the levy of a Municipal Service Charge to City Enterprise Funds in an amount relative to its proportionate share of general government costs as determined annually through adoption of the City Budget.
3. Established a user fee/overhead charge to be levied on bonded capital projects, at the following rates:

|                                     |             |
|-------------------------------------|-------------|
| The first \$300,000.00 of a project | 5% user fee |
| The next \$200,000.00 of a project  | 4% user fee |
| Anything over \$500,000.00          | 3% user fee |

The evolution of the Municipal Service Charge, which is assessed via a cost allocation study (“Cost Allocation Plan”) performed during budget preparation, adequately recovers General Fund administrative costs of general government that are associated with bond issuances; therefore, the user fee/overhead charge levied on bonded capital projects is no longer suitable.

**Budget Fiscal Impact:** Over the last decade the City has taken advantage of State of Michigan Programs, that bonded on behalf of the City. Due to these programs, there has been no budgeted bond user fee revenue; therefore, there is no budget impact of this legislation.

Prepared by: Marti Praschan, Financial Services Area Administrator and CFO

Reviewed by: Michelle Landis, Senior Assistant City Attorney

Approved by: Milton Dohoney Jr., City Administrator

Whereas, On October 3, 1977, City Council established a user fee/overhead charge to be levied on

bonded capital projects, per project value, at the following rates:

The First \$300,000.00 of a project will cost 5%, the next \$200,000.00 will cost 4%, and anything over \$500,000.00 will be charged at 3%; and

Whereas, the Cost Allocation Plan performed with the budget cycle appropriately recovers General Fund administrative costs of general government associated with bond issuances;

RESOLVED, That the user fee/overhead charge on bonded capital projects authorized via R-496-10-77, be rescinded; and

RESOLVED, That City Council authorize the Mayor, City Clerk and City Administrator to take necessary administrative actions to implement this resolution.