



FY04 FISCAL PLAN
(July 1, 2003 - June 30, 2004)

VILLAGE COUNCIL

Daniel Keller
Village President

William Filber
Melvin Hall
Jim Palma

Tom Fischer
Fred Holland
Scott VanStrate

Ryan Cotton
Village Manager

VILLAGE OF SPRING LAKE
SPRING LAKE, MICHIGAN

FY04 FISCAL PLAN

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May 14, 2003

Dear President Keller and
Members of the Village Council:

I am pleased to submit the next Comprehensive Fiscal Plan.

What follows are the key strategies that guided the recommendations in this Fiscal Plan.

FISCAL GUIDELINES

Village Council approved the following Fiscal Guidelines on March 3, 2003. (The three key Guidelines most relevant to the budget are excerpted below.)

1. **Actively Maintain the Annual Budget and Five-Year Capital Plans.** Both are attached.
2. **Keep minimum reserve fund balances (Cash)**
 - A. **Maintain a 15% of expenditure amount in the fund balance of the General Fund.** This budget increases the cash reserve to an estimated \$158,914, which is 14% of General Fund revenue.
 - B. **Make no capital new expenditure authorization over \$25,000 without first seeing the impact on the Five Year Plan and/or reducing a like capital expenditure elsewhere in the Plan.** No Large capital expenditure is planned for FY04 other than the long planned Village Hall Renovation and Police Department Expansion.
3. **Pay-as-you-go if at all possible.** All projects contained herein are pay-as-you-go except for the Village Hall Renovation and Police Department Expansion project. A 25-year, back-loaded bond is used in order to equitably spread the cost out over generations. The interest rate is 4.57%.

VILLAGE COUNCIL PRIORITIES

The Village Council approved a list of priorities at its October 14, 2002 special work session: 1.) Complete the Village Hall and Police Department Expansion; 2) Complete the West End Redevelopment; and 3.) Maintain positive Police Department public relations.

The Village Hall project will be completed by May, 2004. The West End Redevelopment Project is funded the best possible given recent HUD denial of CDBG funds. The Police Department will suffer the loss of D.A.R.E. in order to avoid a fourth year of deficit budgets in the General Fund.

Theme

The theme for this year's budget is to eliminate the deficit spending and maintain operations with less state shared revenue and without an operating millage increase. This budget is written using financial integrity, stability and simplicity as its foremost principles.

FIVE YEAR PLAN

A Five Year Plan is essential to avoid fiscal crises, given its increased vision.

The Five Year Operating, Public Improvement and Capital Equipment Plans project multi-year revenues and expenditures to pro-actively reveal problem areas.

The FY04 General Fund is balanced with a small surplus. Although small deficits are projected in FY05 and FY06, the Tax Increment Financing District sunset in FY07 allows the fund balances to be restored.

The Village's capital needs cannot be afforded, however, without additional funding. A short-term millage could be used to provide the local match for \$269,771 of new federal Metropolitan Planning Organization (MPO) Funds.

The primary need for this Five Year Plan is to verify Village Council priorities for these projects, equipment and programs for FY04. The secondary need is to look at projects for future years. This plan will be amended annually.

BOTTOM LINES FOR FY 2004

1. General Fund Operations

The General Fund tax rate is budgeted to remain the same as the FY03 Budget Amendment assumed (10.1835 mills).

Total operating costs are budgeted to decrease \$398,942, or 25.6% from FY03, in the General Fund to \$1,138,213. The Village will end the year with surplus operating revenues over expenditures of \$8,404.

The cash balance for the General Fund at June 30, 2003 is expected to be \$150,510 or \$26,106 below the 15% minimum. The cash balance of the General Fund at June 30, 2004 is estimated to increase to \$158,914 or only \$11,818 below the minimum.

GENERAL FUND

	Actual FY01	Actual FY02	Original Budget FY03	Amended Budget FY03	Proposed Fy04	%
Revenue of all types	\$1,153,723	\$1,123,630	\$1,191,784	\$1,447,818	\$1,146,617	(20.8%)
Total Expenditures	<u>\$1,163,135</u>	<u>\$1,187,639</u>	<u>1,326,697</u>	<u>\$1,537,155</u>	<u>1,138,213</u>	<u>(25.6%)</u>
Difference	(\$9,412)	(\$64,009)	(\$134,913)	(89,337)	8,404	

MAJOR STREET FUND

A total of \$269,771 new Federal Street Funds are available through the Muskegon MPO for FY03 and FY04. A local match, plus engineering, is estimated to be \$133,502. Since the major street fund balance on 6/30/03 is estimated to be \$40,868, additional revenues equal to a 1.0 millage dedicated to major streets is needed to cover the Village's costs and are shown in the budget for Village Council consideration. Lake Street is planned for fall of FY04 and portions Liberty would be resurfaced in Spring of FY04. (Funding permitting, portions of Prospect, Jackson and Meridian would be resurfaced in FY06.).

2. STAFF FOR FY2004

The only staff change is a reduction of one full-time officer in the Spring Lake/Ferrysburg Police Department to coincide with the reduction in school liaison/D.A.R.E. grant funding and elimination of the D.A.R.E. program. A 3% inflationary adjustment and step increases are included. Although there is no cost impact, vacation is proposed to increase by one day per year after twenty years to twenty-five years.

3. CASH FUND BALANCES

Most funds are budgeted to end the year with cash fund balances that meet, or exceed, the Village Council's policy for minimum fund balances. The exceptions are noted below:

<u>Fund</u>	<u>Difference Below Minimum</u>
General Fund	(\$ 11,818)
Local Streets	(\$ 9,768)
DDA Debt	(\$ 1,806)
Public Improvement	(\$24,934)

DETAILED LIST OF KEY CHANGES FOR FY 04 (Not otherwise covered above)

General Fund:

1. **Cost Allocations:** The costs of personnel and equipment were analyzed and re-allocated to all funds. Some costs increased in Departments in the General Fund while others decreased.
2. **Strategic Decision Not to Seek Grants:** Some grants, like the School Liaison program, are drying up and others that require local matches cannot be funded without a tax increase. The one exception is in Major Streets given the Muskegon MPO (West Plan's) guarantees of funding for FY03 and FY04.
3. **Revenue Sharing Reductions:** The Governor's budget as of press time is being upheld by the Appropriations Committees. This means that the 3.5% cut will hold for at least the next fiscal year. Spring Lake Village is down \$33,000 from its high point of \$263,000 in FY 01 (equivalent to 0.5 mills).
4. **General Operating Changes:**
 - **Operating Costs and Capital Costs Are Separated:** This change will make it easy for the Administration and Council to plan these functions without incurring financial surprises.
 - **The General Fund must return to a balanced state and is recommended to do so.**
 - **Large, Non-Reoccurring Expenditures Are Placed in the Public Improvement Fund:** An example is the tree trimming/safety catch-up program. The Park Development category in the General Fund will be eliminated next year.
 - **Street Lighting:** A total of \$45,000 is used each year to light the streets. As suggested by Council, Staff plans to conduct an audit of the billing to ensure no overpayment and to eliminate unused poles.
 - **No Zoning Code Re-write is budgeted:** This re-write will take its cue from the Downtown Master Plan that is in progress. Furthermore, Staff can do it internally with Planning and Council review.
 - **Street Ends:** Low maintenance landscaping and maintenance is included in the budget.
 - **Recreation Funds:** This is the first year of operation for the In-line Skate Rink and the expanded Lakeside Beach. No new funds are budgeted since the costs to operate should not materially increase.
 - **School Liaison and DARE:** These costs are no longer supported by grants and are not included. One less full-time Police officer is funded. No layoff is necessary given that a vacancy already exists.
 - **Spring Lake/Ferrysburg Police Department Strategic Plan:** The Department's equipment is good; the pay and benefits are good, the facilities are being upgraded. The questions of authorized strength; long-term relationship with Ferrysburg; long-term funding; and transitions given the Chief's retirement needs to be discussed and concluded by all stakeholders. This Strategic Plan will start in July. No bike patrol is specifically budgeted, although it will still be scheduled as needed. No specific school program is budgeted, although police and staff will continue to participate in school programs. Overtime pay for part-time officers will accrue only after 80 hours worked per pay period.
 - **Hourly pay increases for seasonal public works did not increase.**
 - **Increased Health Insurance Cost Increases:** This year's cost increase is 19%. Changes in the Village's health insurance plan are necessary to be determined in FY 05 for implementation in FY 06.

- Park and Recreation Plan: Another Five-Year Recreation Plan needs to be filed with the MDNR. Staff will produce this plan internally under the direction of the committee.

5. General Fund Cuts Considered and Not Recommended:

- a. Leaf Pick-up program elimination
- b. Sidewalk snowplowing cuts
- c. Pay cuts and health insurance cuts
- d. Service hours cut by going to part-time hours for office personnel

Major Street Fund:

See above explanation in the Summary regarding new revenue needed. A three-year, one mill increase is recommended to be dedicated to Major Streets so portions of Lake, Liberty, Prospect, Jackson and Meridian can be resurfaced taking advantage of \$473,218 of new federal MPO funds. (One mile of Streets).

Water Fund:

Debt service increased over \$20,000 last year due to the new intake. Usage is flat. A Debt Service Charge is recommended based on size of meter. The Water Fund services approximately \$280,000 of debt; \$170,000 of which is solely funded by the Village (not NOWS other customers). A Debt Service Charge starting at \$5.88 per quarter for 5/8" water line customers and growing proportionally based on meter size would provide for some of this debt coverage (\$44,000).

Fee Inventory:

A list of recommended changes is included for Barber School and building permits.

GASB-34:

This accounting change will occur for FY 04. This means the audited statements will adjust the information on fixed assets and depreciation to be included "by fund". In order to compensate, only cash fund balances are shown on the summary pages so no fiscal emergency will result from the GASB-34 changing assumptions.

Public Improvement Plan:

- The customary parking lot and sidewalk repairs are budgeted.
- Catch up Tree Safety is included at \$15,371. (Since \$10,000 was customarily funded in the General Fund, this is an increase of only \$5,371.)
- River Street Sidewalk design is funded; construction is postponed until future years and is proposed as a 50% cost share with the neighborhood.
- South Street Sidewalk was discussed several years ago before the bike path revenue sharing from Spring Lake Township ended. It was requested again in a Letter To The Editor this year. It cannot be afforded but is shown in FY 08 so as to not lose sight of it.
- Watershed Management Program: This program required a Storm Water Plan (submitted March 10,2003) and involves on-gong public education. Our neighbors are paying a consultant to handle. The budget includes minor expenditures for GIS work on storm sewer coordinates but no other expenditures. The remaining activities will be done in-house and in combination with the Spring Lake Lake Board.

Tax Increment Financing District: The use of remaining funds for the Village Hall renovation project will ensure no leftover amounts in the fund when it sunsets in FY 06.

What Did Not Fit and Is Not Funded In the Budget?

1. Tree Planting (Reduction From \$5,000 to 0)
2. Leaf Pick-up Machine (\$50,000 – 100,000)
3. Restoration of Local Streets (like Barber, Longview and Maple Terrace)
4. Way finding Signage Program
5. Grand River Greenway
6. Crack Sealing Preventative Street Maintenance
7. Deferred Capital Upgrades of Water Lines

Long Term Fiscal Solutions and Strategies

The Village of Spring Lake provides high quality services with a lean budget. The problem is capital items are being deferred or funded only by raiding another fund. Short and long-term fiscal strategies are needed to provide more stability and capital maintenance. Suggested strategies are included at the end of this Fiscal Plan.

Appreciation

A great deal of information is contained in the following pages.

Special thanks goes to Maribeth Lawrence, Village Clerk/Treasurer and to the entire Budget Team consisting of Bill Kaufman, Police Chief and John Hansen, Community Services Director.

I also want to thank Chris Mastenbrook, Executive Assistant and Kristie Holzinger, Administrative Assistant for researching various points and helping to produce the documents. I appreciate feedback along the way from President Keller and members of the Village Council.

Respectfully submitted,

Ryan Cotton
Village Manager

VILLAGE OF SPRING LAKE

FY04

MISSION AND VISION

OUR MISSION STATEMENT

The Village of Spring Lake provides desired public services to meet the needs of its residents, visitors and businesses to enhance the community's quality of life through the cost effective use of available resources. We value citizen participation in an open environment that fosters fair, honest and respectful treatment of the community we serve.

Village Vision

The Village's Vision is to focus on service niches like our community policing, leaf pick-up program and overall friendliness. A sense of history and quaintness is important to the Village. At the same time, the challenge to maintain what we already have, rather than building new projects, needs to be met while keeping the tax rate in check.

VILLAGE OF SPRING LAKE

FISCAL GUIDELINES

3/3/03

Village of Spring Lake

Fiscal Guidelines

Five-Year Financial Plan

1. Maintain Minimum Fund Balances (Cash)

a. General fund:	15% of annual operating expenditures (About \$177,000)
b. Permanent Public Improvement Fund:	\$25,000
c. Water Fund:	\$60,000
d. Sewer Fund	\$100,000
e. Major Streets:	\$40,000
f. Local Streets:	\$30,000
g. Central Equipment:	\$40,000
h. Police Equipment Fund:	\$25,000
i. SL/FB Police Department Fund:	\$50,000
j. Debt Service Funds:	
i. 2000 Street	\$5,000
ii. Water	\$5,000
iii. DDA	\$5,000
k. Tax Increment Financing Fund	Cover all encumbered projects per CBDDA/TIF Plan/Council
l. CBDDA:	\$1,000
m. Historical Conservation Commission:	\$1,000
n. Building Fund:	\$0

2. Recommend transfer to the Village Council of any operating cash in excess of the above minimum balance after the annual audit to the Permanent Public Improvement Fund for capital projects.

3. Pay Cash As Much As Possible (depending on amount of debt, interest rates, paperwork and term)
4. Whenever a new capital improvement is to be made, ensure that the Village Council receives estimates of the future operating costs projected for the project.
5. Make no new expenditure authorization over \$25,000 without seeing the impact on the Five Year Financial Plan. A corollary is for the Village Manager to recommend to the Village Council to otherwise reduce a like capital expenditure elsewhere in the Plan.
6. If a budgeted capital project is postponed, the funds should be shown as encumbered for that use until action by Village Council upon recommendation of the Village Manager.
7. The Fund Balances approved by the Village Council should not be diminished during the Fiscal Year without the confirmation and understanding of the Village Council as to the extent.
8. Follow an Annual Budget Calendar to be prepared by Village Clerk
9. [Maintain] Update the [a] Five Year Financial Plan annually.

VILLAGE OF SPRING LAKE
FY04
BUDGET SUMMARIES

Summary Budgetary Information

The proposed total millage rate of 13.1619 mills includes a 1.000 mill increase from the Fiscal Year 2003 levy. The one mill increase is dedicated to the Major Street Fund as a local match for Federal MPO Street funds (three years).

Taxable value has grown by 1.18%.

INSERT CASH FUND BALANCE ANALYSIS PER Village of Spring Lake FISCAL GUIDELINES SPREADSHEET (ALL FUNDS AND FUND BALANCES)

FROM MANAGER

INSERT PAGE 19 – CASH FUND BALANCE ANALYSIS GUIDELINES

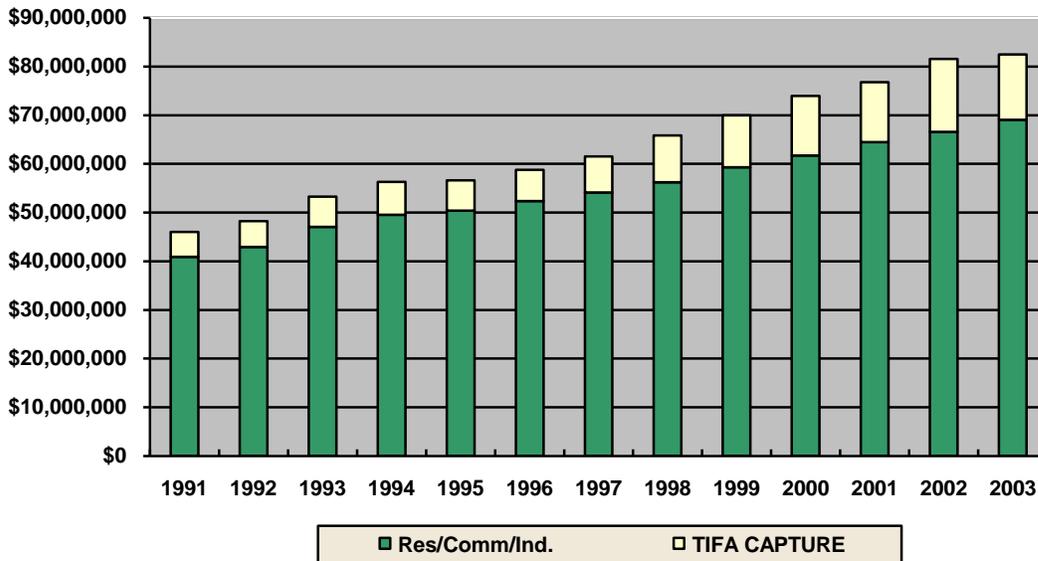
General Fund
Village of Spring Lake
FY 04
(Sixth Draft)

Revenues	Actual FY 02	Original FY 03	Estimated FY03	FY 04	Change from FY 03 Revisions	Change from FY 02 Actual
Current Real Property Tax (10.1835 mills, TV of 65.545068 M)	\$600,707	\$593,668	\$684,449	\$667,478	-2%	11%
Real/Personal Refunds	\$604	\$0	\$0	\$0	NA	-100%
Current Personal Property Tax (10.1835 mills, TV of 3.5053 M)	\$37,899	\$31,246	\$39,100	\$35,696	-9%	-6%
Personal Property Tax Prior Year	\$2,373	\$0	\$0	\$0	NA	-100%
Harbor Transit (0.3004 mills, TV of 69.1 M))	\$0	\$0	\$0	\$20,742	NA	NA
Business Licenses and Permits	\$1,120	\$500	\$500	\$500	0%	-55%
Cable TV Franchise Fees	\$28,967	\$25,000	\$25,000	\$28,000	12%	-3%
Cellular Tower Customers (3)	\$10,000	\$10,000	\$10,000	\$12,000	20%	20%
Zoning Fees	\$2,490	\$2,000	\$1,000	\$1,000	0%	-60%
State Shared Revenue	\$256,136	\$249,270	\$240,546	\$230,506	-4%	-10%
Liquor Licenses	\$2,818	\$2,500	\$2,500	\$2,800	12%	-1%
Charges for Services	\$1,227	\$1,000	\$1,000	\$1,000	0%	-19%
Leaf Bag Sales	\$174	\$0	\$0	\$100	NA	-43%
1% Administration Fee	\$9,247	\$8,000	\$9,500	\$9,500	NA	3%
Penalty Revenue on Taxes	\$6,672	\$1,500	\$6,067	\$5,000	-18%	-25%
Charges for Services	\$52,000	\$59,000	\$59,000	\$41,500	-30%	-20%
Administration/Fee	\$0	\$0	\$0	\$0	NA	NA
Fines, Forfeitures & Costs	\$8,982	\$10,000	\$10,000	\$9,000	-10%	0%
Civil Infraction Fines	\$0	\$0	\$0	\$0	NA	NA
Housing Inspection Fees	\$1,725	\$3,000	\$3,000	\$3,000	0%	74%
O.U.I.L. Cost Recovery	\$20	\$0	\$0	\$0	NA	-100%
Interest & Dividend Income	\$9,455	\$15,000	\$7,500	\$6,000	-20%	-37%
Accrued Interest	\$292	\$0	\$0	\$0	NA	-100%
Community Hall Rentals	\$5,588	\$5,000	\$5,000	\$0	-100%	-100%
Barber School Rent	\$3,953	\$4,000	\$4,000	\$4,000	0%	1%
Tanglefoot Park Rentals	\$54,576	\$56,000	\$56,000	\$57,680	3%	6%
Launch Ramp Fees	\$40	\$100	\$100	\$0	-100%	-100%
Sale of Fixed Assets	\$0	\$0	\$0	\$0	NA	NA
Contribution from CI /Transfers from other funds	\$0	\$0	\$1,000	\$0	-100%	NA
Reimbursements	\$2,890	\$1,000	\$1,000	\$0	-100%	-100%
Park Expenses Reimbursed	\$11,432	\$10,000	\$11,000	\$11,000	0%	-4%

Savidge Corridor Reimbursements	\$0	\$4,000	\$0	\$0	NA	NA
NSF Returned Check Fee	\$3,407		\$175	\$100	-43%	-97%
Grants & Misc. Income	\$8,836	\$100,000	\$270,381	\$15	-100%	-100%
Historic Commission Revenue	\$0	\$0	\$0	\$0	NA	NA
General Service Revenue	\$1,123,630	\$1,191,784	\$1,447,818	\$1,146,617	-21%	2%
			(\$674)			
Expenditures						
Village Council	\$4,183	\$4,190	\$4,190	\$4,190	0%	0%
Village Manager	\$86,277	\$94,130	\$107,905	\$81,857	-24%	-5%
Elections	\$1,115	\$0	\$0	\$1,150	NA	3%
Legal Services	\$25,182	\$23,600	\$33,325	\$25,100	-25%	0%
Clerk/Treasurer	\$54,822	\$63,710	\$63,710	\$82,667	30%	51%
Village Hall and 209 S. Park	\$42,336	\$38,890	\$38,890	\$23,854	-39%	-44%
Barber Street School Building	\$20,039	\$18,575	\$18,575	\$16,997	-8%	-15%
Police Department (9 Full time)	\$421,290	\$441,837	\$439,381	\$443,272	1%	5%
Fire Department	\$10,202	\$9,720	\$9,720	\$9,600	-1%	-6%
Zoning/planning	\$65,181	\$83,705	\$63,705	\$42,909	-33%	-34%
Public Works	\$168,451	\$150,875	\$165,075	\$134,608	-18%	-20%
Savidge Corridor Maintenance	\$0	\$9,500	\$9,500	\$9,500	0%	NA
Street Lighting	\$42,769	\$45,000	\$45,000	\$45,000	0%	5%
Tanglefoot Park	\$45,231	\$43,575	\$40,575	\$37,305	-8%	-18%
Recreation Department	\$11,877	\$12,000	\$12,678	\$13,185	4%	11%
Parks Maintenance	\$107,385	\$114,440	\$157,740	\$113,869	-28%	6%
Community Promotion	\$50,626	\$42,950	\$42,950	\$50,650	18%	0%
Contingencies	\$1,898	\$0	\$5,107	\$2,500	-51%	32%
Grant Expenditures (Parks)	\$27,275	\$130,000	\$279,129	\$0	-100%	-100%
Transfer to Public Improvement Fund	\$1,500	\$0	\$0	\$0	NA	-100%
Transfer to Water Debt (Discretionary)	\$0	\$0	\$0	\$0	NA	NA
Total	\$1,187,639	\$1,326,697	\$1,537,155	\$1,138,213	-26%	-4%
Surplus (Deficit)	(\$64,009)	(\$134,913)	(\$89,337)	\$8,404	NA	NA
New Year Cash Balance	NA	\$239,847	\$239,847	\$150,510	NA	NA
End of Year Cash Balance	\$239,847	\$104,934	\$150,510	\$158,914	NA	NA
Minimum Fund Balance	\$174,055	\$179,505	\$176,616	\$170,732	NA	NA
Difference	\$65,792	(\$74,571)	(\$26,106)	(\$11,818)	NA	NA

RECORDED GROWTH FOR SPRING LAKE'S STATE EQUALIZED VALUATION (through 1994)
AND TAXABLE VALUE (beginning 1995)

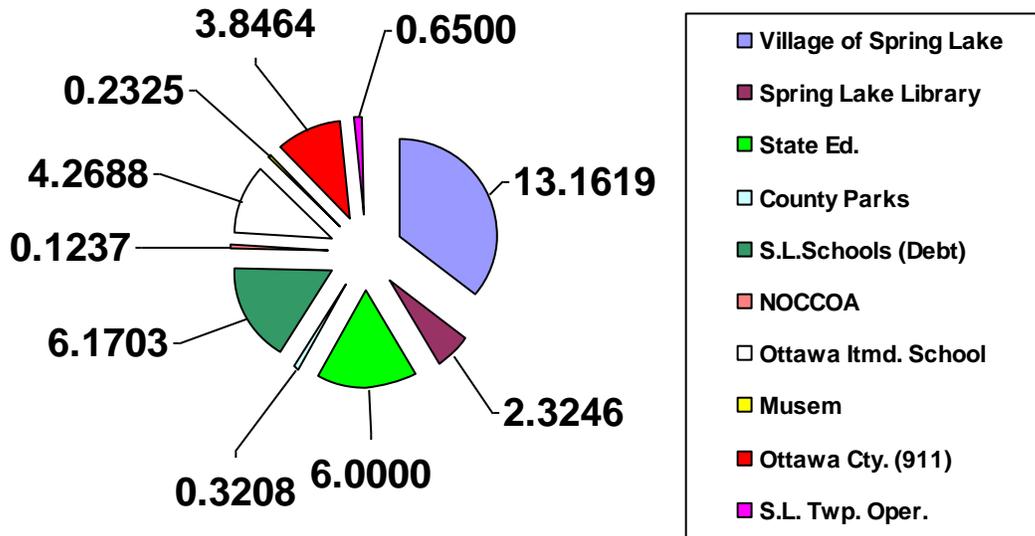
<u>Year</u>	<u>Res/Comm/Ind/Personal</u>	<u>%Increase</u>	<u>TIFA</u>	<u>Total Taxable</u>	<u>%</u>
<u>Increase</u>			<u>Capture</u>	<u>Value</u>	
1981	24,813,000	8.26%	0	24,813,000	8.26%
1982	28,040,100	13.01%	0	28,040,100	13.01%
1983	29,032,700	3.54%	0	29,032,700	3.54%
1984	29,163,900	0.45%	81,000	29,244,900	.73%
1985	29,790,700	2.15%	530,800	30,321,500	3.68%
1986	30,659,100	2.92%	1,526,700	32,185,800	6.15%
1987	32,454,100	5.85%	1,979,800	34,433,900	6.98%
1988	33,501,000	3.23%	2,933,800	36,434,800	5.81%
1989	35,574,700	6.19%	3,204,100	38,778,800	6.43%
1990	38,524,500	8.29%	4,077,700	42,602,200	8.97%
1991	40,930,700	6.25%	5,107,800	46,038,500	8.07%
1992	42,942,500	4.91%	5,310,650	48,253,150	4.81%
1993	47,040,300	9.54%	6,264,100	53,304,400	10.47%
1994	49,517,400	5.27%	6,760,000	56,277,400	5.58%
1995	50,381,121	1.74%	6,250,934	56,632,055	.63%
1996	52,340,563	3.89%	6,450,366	58,790,929	3.81%
1997	54,153,916	3.46%	7,362,006	61,515,922	4.64%
1998	56,212,294	3.80%	9,603,856	65,816,150	6.99%
1999	59,301,632	5.50%	10,673,096	69,974,728	6.32%
2000	61,735,026	4.10%	12,257,283	73,992,309	5.70%
2001	63,245,498	2.44%	13,044,526	76,290,024	3.80%
2002	66,576,446	5.27%	14,950,729	81,527,175	6.86%
2003	69,050,368	3.72%	13,436,154	82,486,522	1.18%



VILLAGE TAXES - FISCAL YEAR 2004 PROPOSED

<u>ALL TAXES</u>	<u>Est.Millage</u>
Village of Spring Lake	13.1619
Spring Lake District Library	2.3246
State Education	6.0000
County Parks	0.3208
Spring Lake Public School (Debt)	6.1703
NOCCOA	0.1237
Ottawa Intermediate School District	4.2688
Museum	0.2325
Ottawa County (including 911)	3.8464
S.L. Township	<u>0.6500</u>
TOTAL MILLAGE RATES	37.0990

*Spring Lake District Library Debt - Bond issue approved by voters in May, 2001. Bonds issuance contingent upon approval of future operating millage.



Notes: Village millages represent the proposed 2003 millage; all other millages are based on 2002 rates.

PROPOSAL A: ANALYSIS

	<u>1993 Millage</u>	<u>2003 Millage</u>	<u>FY 2004</u>	<u>Savings from 1993</u>
Residential Total	59.1772	37.0990	37.0990	22.0782
Business Total	59.1772	54.0990	54.0990	5.0782

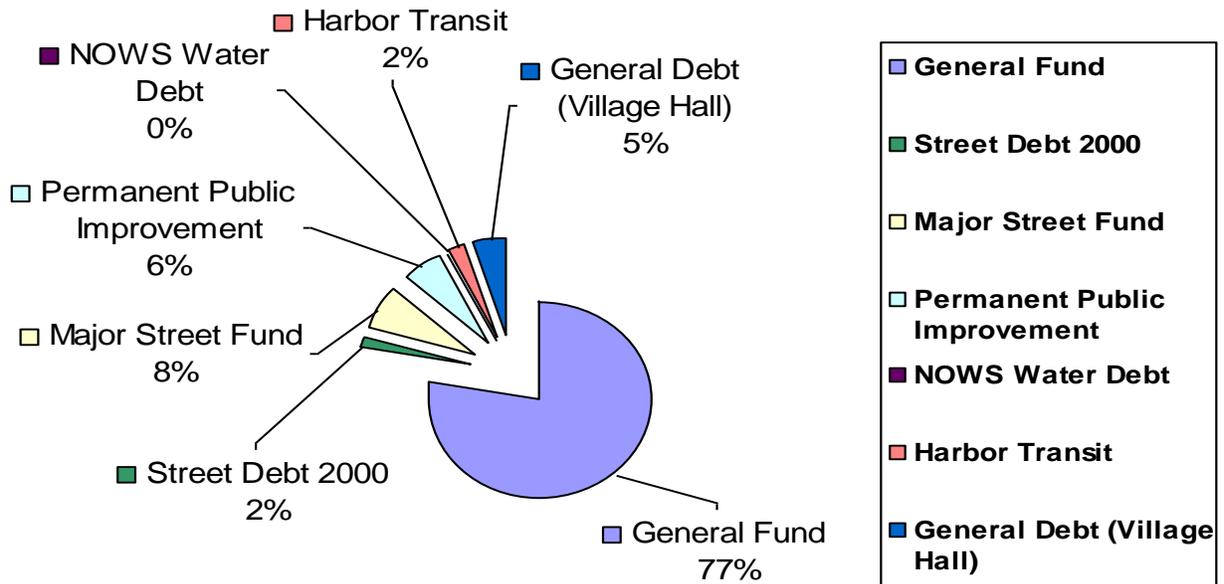
Notes: Business millage rate includes 18-mill statewide tax.

WHERE YOUR ESTIMATED 2003(FY2004) TAX DOLLAR GOES

VILLAGE TAXES – FY2004 Proposed

	<u>FY03</u>	<u>FY04 Estimated Millage</u>	<u>Difference</u>	<u>Tax Dollars</u>
General Operating Fund	9.0860	10.1835	1.0975	\$703,174
Street Debt 2000	0.2780	0.2780	0	\$ 20,236
Permanent Public Improvement	1.4000	0.7332	(0.6668)	\$ 43,758
NOWS Water Debt	1.0975	0.0000	(1.0975)	\$ 0
Harbor Transit	0.3004	0.3004	0	\$ 20,742
General Debt (Village Hall)	0.0000	0.6668	0.6668	\$ 55,000
Major Street Fund		1.0000	1.0000	\$ 69,040
Total		13.1619	1.0000	\$911,950

Village Taxes - FY04



VILLAGE MILLAGE HISTORY (1997 TO PRESENT)

	<u>1997</u>		<u>1998</u>	
General Operating	9.6494	\$525,538	9.6109	\$540,251
1986 Water Debt Fund	.8030	49,519	.8968	59,024
NOWS Water Debt Ret.	.6267	38,645	1.0782	70,963
Harbor Transit	.4039	21,997	.3363	18,904
Street Debt Ret. Fund	.2449	15,103	.2397	15,776
Permanent Public Imp.	.0000	0	.0000	0
Museum (voted)	<u>.0000</u>	<u>0</u>	<u> </u>	<u> </u>
TOTAL	11.7279	\$650,802	12.1619	\$704,918

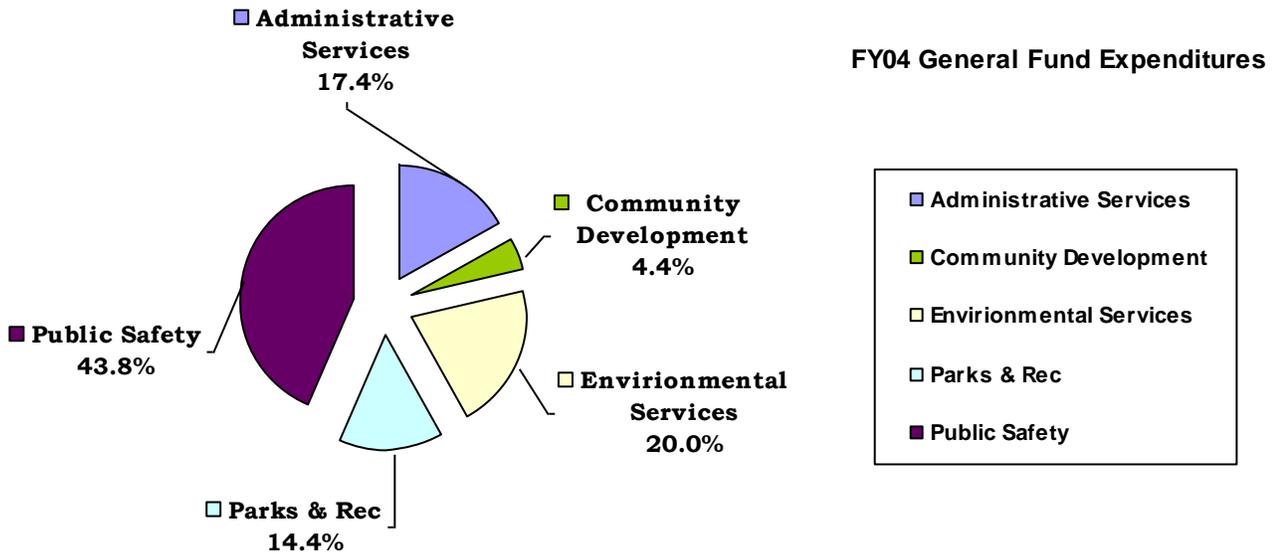
	<u>1999</u>		<u>2000</u>	
General Operating	9.0712	\$539,540	9.4552	\$585,613
1986 Bond Issue			.7011	51,871
1986 Water Debt Fund	.7919	55,437		
NOWS Water Debt Ret.	1.1081	77,573	1.0489	77,603
Harbor Transit	.3501	20,823	.3232	20,018
Street Debt Ret. Fund	.5519	38,636	.2780	20,568
Permanent Public Imp.	<u>.2887</u>	<u>17,171</u>	<u>.3555</u>	<u>22,018</u>
TOTAL	12.1619	\$749,180	12.1619	\$777,691

	<u>2001</u>		<u>2002(FY03)</u>	
General Operating	9.5932	\$618,453	9.0860	\$604,914
1986 Bond Issue	0.0000	0	0.0000	0
NOWS Water Debt Ret.	1.2250	94,064	1.0975	89,476
Harbor Transit	0.3102	19,998	.3004	20,000
Street Debt - 2000	0.2780	21,347	.2780	22,665
Permanent Public Imp.	<u>0.7555</u>	<u>48,705</u>	<u>1.4000</u>	<u>93,207</u>
TOTAL	12.1619	\$802,567	12.1619	\$830,262

	<u>FY04</u>			
General Operating	10.1835	\$703,174		
1986 Bond Issue	0.0000	0		
NOWS Water Debt Ret.	0.0000	0		
Harbor Transit	0.3004	20,742		
Street Debt - 2000	0.2780	20,236		
Major Street Fund	1.0000	69,040		
Permanent Public Imp.	0.7332	43,758		
General Debt (Village Hall)	<u>0.6668</u>	<u>55,000</u>		
TOTAL	13.1619	\$911,950		

**FUNCTIONAL BREAKDOWN OF RECOMMENDED FY04
GENERAL FUND EXPENDITURES**

<u>Function</u>	<u>FY03</u>		<u>FY04</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Administrative & Management Services</u> Village Council, Village Manager, Legal Services, Village Clerk/Treasurer, Board of Review, Elections, Cable Communications Commission	\$214,237	13.9%	\$197,464	17.4%
<u>Citizen / Community Development</u> Community Promotions	\$42,950	2.8%	\$ 50,650	4.4%
<u>Environmental Services</u> Village Hall & Grounds, Barber School, Department of Public Services, Planning/Zoning/Inspections, Savidge Corridor Maintenance	\$295,745	19.2%	\$227,868	20.0%
<u>Parks & Recreation</u> Mobile Home Park, Recreation Department Park Maintenance, Park Development	\$490,122	31.9%	\$164,359	14.4%
<u>Public Safety</u> Police/Fire Departments, Street Lighting	\$494,101	32.2%	\$497,872	43.8%
Total	\$1,537,155	100%	\$1,138,213	100%

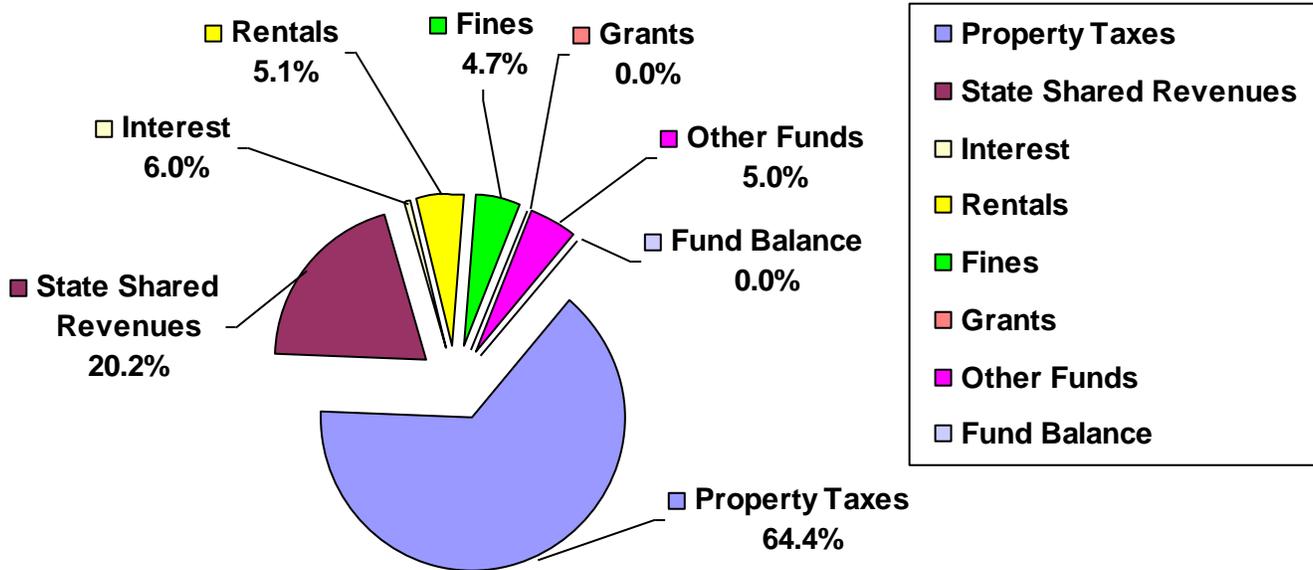


FUNDEXP.WKS:

BREAKDOWN OF EXPECTED FY04 GENERAL FUND REVENUES BY SOURCES

<u>Source</u>	<u>Estimated</u>		<u>FY04</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Local Property Taxes Administration Fee Penalty Revenue	\$739,116	48.1%	\$738,416	64.4%
State Shared Revenues Sales Tax Liquor Licenses Fees	\$240,546	15.6%	\$230,506	20.2%
Interest Income	\$ 7,500	0.5%	\$ 6,000	6.0%
Facility Rentals	\$ 65,000	4.3%	\$ 61,680	5.1%
Fines, fees and other Locally generated income	\$ 66,275	4.3%	\$ 52,335	4.7%
Grants	\$270,381	17.6%	\$ 0	0.0%
Charges to other Funds	\$ 59,000	3.8%	\$ 57,680	5.0%
Fund Balance	\$ 89,337	5.8%	\$ 0	0%
TOTAL REVENUES	\$1,537,155	100%	\$1,146,617	100%

FY04 General Fund Revenues



Personnel

*The wage and salary plan has been increased by 3%.
One additional vacation day per year for twenty to twenty-five years of service.*

Insert In-Range Salary Progression

JULY 1, 2003 TO JUNE 30, 2004

WAGE DETAIL

INSERT WAGE SCALE

JULY 1, 2003 TO JUNE 30, 2004

INSERT WAGE DISTRIBUTION FY 2003/2004

VILLAGE OF SPRING LAKE
FY04
LINE ITEM DETAIL
ALL FUNDS

VILLAGE OF SPRING LAKE
FY04 BUDGET

COMPARATIVE TAX AND FEE
INFORMATION

INSERT BUDGET/MILLAGE BENCHMARKING SPREADSHEET

INSERT CHART 2
BENCHMARKING
GENERAL FUND TAXABLE VALUE

INSERT CHART 3

BENCHMARKING

CALCULATED GENERAL FUND \$/PERSON

INSERT CHART 4
BENCHMARKING
POLICE \$/PERSON

INSERT

2003 OTTAWA COUNTY WASTEWATER & WATER RATE CHARGES PER 1000 GALLONS

BENCHMARKING

INSERT CHART 5

BENCHMARKING

2002 OTTAWA COUNTY WASTEWATER RATE & WATER RATE CHARGES

VILLAGE OF SPRING LAKE
FY04 FEE ANALYSIS

INSERT FEE SCHEDULE

PAGE 1

INSERT FEE SCHEDULE

PAGE 2

INSERT FEE SCHEDULE

PAGE 3

INSERT FEE SCHEDULE

PAGE 4

INSERT

MOORE & BRUGGIN, INC. LETTER

PAGE 1

INSERT

MOORE & BRUGGINK LETTER- PAGE 2 -

SPRING LAKE DEBT SERVICE

VILLAGE OF SPRING LAKE
FY04 – FY08

FIVE-YEAR GENERAL FUND PLAN

INSERT

*FIVE-YEAR GENERAL FUND PLAN SPREADSHEET
(THIRD DRAFT)*

PAGE 1

INSERT

*FIVE-YEAR GENERAL FUND PLAN SPREADSHEET
(THIRD DRAFT)*

PAGE 2

Village of Spring Lake

FY 04 – FY 08

Public Improvement Plan
and
Deferred Maintenance

INSERT

*PUBLIC IMPROVEMENT PLAN FOR FY04 AND FIVE-YEAR CAPITAL
PLAN
(FIFTH DRAFT) SPREADSHEET*

Village of Spring Lake
Remainder of Five-Year Capital Plan

Remainder of Capital Plan	FY04	FY05	FY06	FY07	FY 08	Source
Streets						
<i>Major</i>						
Lake (FY 03 Done for \$192,000)						MPO/1 mill for Major
Liberty (Water/Sewer?)	\$210,839					MPO/1 mill for Major
Meridian, Prospect, Jackson (Water/Sewer?)			\$292,453			MPO/1 mill for Major
<i>Local</i>						
Longview (W&S?)				\$153,000		Unfunded
Barber (See below. W&S?))				\$ 50,000		Unfunded
Maple Terrace W&S?)				\$100,000		Unfunded
Fire Safety						
Fire Flow to Intermediate School (96)					\$519,250	Unfunded
Hydrant Replacements/Additions (96)					\$50,000	Unfunded
Water Mains and Streets						
Replace 4" Mains in Streets Needing Recon					\$2,500,000	Unfunded
(Since 1996)						
Replace Remaining 4 " Mains					\$1,201,250	Unfunded
Street Improvements w/o 4 " mains (96)					\$256,250	Unfunded
Water System Impvts under Savidge (96)					\$281,750	Unfunded

Trails						
Tri-Cities Connector					\$10,000	<i>Unfunded</i>
West End Community Boardwalk			\$20,000			<i>Unfunded</i>
Grand River Boardwalk					\$500,000	<i>Unfunded</i>
Total	\$210,839	\$ -	\$312,453	\$303,000	\$4,818,500	
Total Funds Available	\$192,150	\$ -	\$291,048	\$ -	\$ -	
Difference	\$(18,689)	\$ -	\$(21,405)	\$(303,000)	\$(4,818,500)	
Total Program Funded	\$ -				\$192,150	
Total Unfunded					\$5,452,642	<i>Unfunded</i>

*INSERT MAJOR STREETS APPROVED BY WEST PLAN
THIRD DRAFT(Liberty moved up in priority)
PAGE 54*

*INSERT TIF PLAN (BUDGET FY04)
(tiffiveyear 053003-pg 55)*

Village of Spring Lake

FY04

Long-Range Fiscal Solutions & Strategies

STRATEGIES

After working on the budget and becoming thoroughly oriented to the Village history and goals, I have several observations for short and long-term strategies. These actions are in addition to those otherwise mentioned in the FY 04 Budget.

The following strategies are intended to save dollars; do more with the existing dollars; build on the Village Vision or otherwise intended to make Spring Lake Village the choice community for Tri-Cities families.

Short Term Strategies

1. Conduct the zoning code re-write in house.
2. Conduct the storm water management federal/state requirements in house.
3. Use a facilitator and conduct the Police Department Strategic Plan before 2004.
4. Install new signage with an eye on supporting an eventual way finding sign design concept.
5. Increase the use of SWAP and Community Service help for improved summer maintenance.
6. Increase the use of interns and volunteers where they add value.
7. Increase Village Hall maintenance to preserve the taxpayer investment.
8. Maintain & showcase the street ends like parks.

Long-Term Strategies

1. Increase the new Debt Service Charge equal to the actual debt while correspondingly reducing the water rate commodity rate.
2. When TIF sunsets, enable the new income stream to replace the state shared revenue as a source to support operations; correspondingly, move the state shared revenue to fund the Public Improvement program.
3. Another option is to ensure that the new TIF revenues be evenly used for operations, local street restoration and other public improvements.
4. Support a Downtown Plan that grows in height, grows in residential and office uses, spreads the traffic burden around and supports destination businesses.
5. "Maintenance, maintenance, maintenance" is needed for a desirable family and low-crime rate community. People like getting what they pay for.
6. Continue to collect land rights for the eventual Grand River Greenway.
7. Complete the Lakeshore Trail connection to the West End Community Boardwalk.
8. "Shop Local" Campaign
9. Accentuate the nautical heritage with canoe/kayak/birding launch sites.
10. Be the catalyst to redevelop the West End by borrowing to amass the properties necessary.
11. Develop a summer concert series in Mill Point Park with local talent and sponsorship.
12. Work on the "Spray Park" concept in collaboration with the CBDDA and the Parks Board.
13. Tackle Deferred Capital Improvements such as 4" water mains.

APPENDIX

I. STRATEGIC PLAN

II. FISCAL HISTORY

APPENDIX I.

Strategic Plan Executive Summary

The Village of Spring Lake's Plan for Continuous Improvement

Introduction

The ability of any organization to meet or exceed its customers' expectations will dictate whether or not it is successful. This axiom is no different for the Village of Spring Lake. Simply put, the Village cannot be successful if it fails to provide quality services to its citizens and businesses.

The Village Manager and Village Council have traditionally sought to meet the needs of its citizens and businesses by developing a list of goals and objectives as part of the annual budget process. The result of this process, however, was a collection of goals and objectives that, while valuable, was not necessarily guided by the needs of Village citizens.

During the development of the 2000-2001 Fiscal Year Budget, an ad hoc committee comprised of Village citizens, Council members and Village staff worked with a facilitator to develop a Strategic Plan that would better focus the Village Council and staff's attention on those issues that the public deems to be most important to the community. The Strategic Planning Committee met on four occasions and completed the following tasks:

- Composed the Village of Spring Lake Mission Statement;
- Developed a list of Key Result Areas in which the Village must have continuous improvement if it is to achieve its mission;
- Rated the Village's current performance in the Key Result Areas; and
- Developed Strategies and Action Plans to improve performance in the Key Result Areas.

The Village Council has reviewed the results of the Strategic Planning Committee's efforts and has narrowed the list of potential Action Plans to one that is more manageable for Village staff. Village staff further refined the Action Plans after Council review.

This Executive Summary is the result of the aforementioned process.

Key Result Area	Rating (1-10)	Multi-year Strategies and Actions Plan
Intergovernmental Cooperation	4	Encourage open lines of communication with surrounding communities
		<i>Coordinate regular meetings of local governments to address current affairs, problems, social events</i>
		<i>Better define NOWS and harbor transit services</i>
		<i>Economies of scale projects</i>
		<i>Develop costs to provide services outside the community.</i>
		Encourage citizen participation in local governmental affairs
		<i>Inform new citizens of volunteer opportunities on various boards and commissions</i>

Key Result Area	Rating (1-10)	Multi-year Strategies/Action Plans
Environmental Quality	6	Develop a process for citizens to express concerns about local environmental issues
		Find funding to assist with the conservation and preservation of historical, environmental items of significance
		Participation with Spring Lake Lake Board
		Educational Program to promote good stewardship
		Governmental guidance/awareness on use of natural resources (land, wetlands, trees, beaches)
		Communicate report/info on environmental issues in Crosswinds
		Address Noise Pollution
		Historical Landmark appreciation and identification
		“Environmental Day” – Arbor Day foundation

Key Result Area	Rating (1-10)	Multi-Year Strategies and Action Plans
Development/Redevelopment	5	Develop a structured marketing program to attract new investment to vacant and/or Brownfield sites
		<i>Improve visibility of parking by implementing a downtown signage program</i>
		Develop Strategies to Enhance Waterfront Access
		<i>Develop Strategies to Maintain Green space areas in new development projects</i>
		Develop a unique identity for the Village
		<i>Develop a process/policy for assessing residential impact of development projects</i>
		<i>Complete development of parking requirements</i>
		<i>Strategies to involve citizen input in development planning</i>
		<i>Provide incentives to encourage historic preservation and educational activities</i>

Key Result Area	Rating (1-10)	Multi-Year Strategies and Action Plans
Resource Management	7	Develop programs to improve sense of ownership in Village neighborhoods
		<i>Develop Strategies to Encourage Volunteerism by Village residents</i>
		<i>Develop an ongoing communications/community outreach program</i>
		<i>Financial preservation strategies</i>
		<i>Develop an Annual Financial Report for the Community</i>
		<i>Rationalize and justify the use of community buildings and parks</i>
		<i>Develop and implement strategic human resource management techniques</i>
		<i>Conduct an annual review of Village personnel</i>
		Encourage appropriate use of vacant or underutilized properties in the Village
		<i>Develop Vacant land database for redevelopment and marketing efforts</i>

“The Village of Spring Lake provides desired public services to meet the needs of its residents, visitors and businesses to enhance the community’s quality of life through the intelligent use of available resources. We value citizen participation in an open environment that fosters fair, honest and respectful treatment of the community we serve.”

In order to achieve our mission, the Village of Spring Lake must continuously improve in the following Key Result Areas:

- Public Services
- Development and Redevelopment
- Resource Management
- Intergovernmental Cooperation
- Environmental Quality
- Vehicle Traffic

Current performance was measured through a Gap Analysis of each Key Result Area (on a scale of 1-10 with 10 representing performance which is fully in line with the mission/vision):

- | | |
|---------------------------------|---|
| ■ Public Services | 7 |
| ■ Development and Redevelopment | 5 |
| ■ Resource Management | 7 |
| ■ Intergovernmental Cooperation | 4 |
| ■ Environmental Quality | 6 |
| ■ Vehicle Traffic | 5 |

Develop an Evaluation Process for In-house and Contractual Services

- Develop quality standards for contractual services.
- Develop quality standards for in-house services.
- Evaluate impact of new equipment on operational efficiency.

Develop an Evaluation Program of Village Infrastructure and Facilities

- Develop a Three-Year Plan with an annual review.

Develop Strategies and Programs Designed to Meet Public Expectations

- Conduct an Annual Perception Survey and communicate the results.
- Deliver Council Agendas to the media on preceding Thursdays.
- Develop an inventory of projects open to volunteer assistance.
- Increase ordinance enforcement efforts (i.e. blight conditions and animal control).
- Increase police visibility by means of bicycle/foot patrols in downtown areas.
- Post “how to” information on the web site (i.e. gun registrations, house checks, etc.).
- Create a “Welcome Package” for new residents. Explain Village services and ordinances.

Develop a Structured Marketing Program to Attract New Investment to Vacant and/or Brownfield Sites

- Assist the ACI with the maintenance of an “Available Properties” list.
- Distribute “Available Properties” lists to commercial real estate brokers and directly to potential businesses.

Strengthen the Village’s Downtown Identity

- Encourage the use of green space in new development projects.

- Explore the use of a Design Review Committee for the CBD.
- Encourage groups or businesses to sponsor planting pots for fall bulb planting.

Communicate Financial Information to the Community

- Develop an annual financial report for the community. Compare data to communities of similar character. Install on the community website.

Develop and Implement Strategic Human Resource Management Techniques

- Conduct annual employee evaluations
- Obtain customer service training for employees.
- Complete the Village of Spring Lake Employee Manual.

Encourage Open Lines of Communication with Surrounding Communities

- Coordinate regular meetings or social gatherings of local governmental officials to discuss current issues or matters of common interest.

Internal SWOT as a Service Organization (3/14/03)

Strengths

Weaknesses

Small town, individual, one-on-one service	<i>Lack of available funds</i>
<i>New and expanded facilities coming</i>	<i>Shortage of personnel</i>
<i>Village Council internal relations</i>	<i>One week of vacation creates issues for other staff</i>
<i>Village Council support of staff</i>	<i>Need time to file</i>
<i>Good working environment</i>	<i>Shortage of clerical help and administrative staff</i>
Experienced work force	<i>Not enough staff</i>
Dedicated employees	<i>Excessive number of "hats" to wear</i>
Good fit between mission and personnel beliefs	Part-time officer turnover is expensive
Good communication between departments	More training needed in _____
Personnel know individuals in the community	More cross training is needed in payroll, for example
Exceptional customer service provided	<i>Deferred maintenance everywhere you look</i>
High degree of management experience	Lack of funds to accomplish community goals
<i>Personnel and Council are development friendly</i>	

<i>Intergovernmental cooperation?</i>	Intergovernmental cooperation?
---------------------------------------	--------------------------------

Opportunities

Threats

Better services with Village Hall/Police renovations	Lack of funds creating deteriorating infrastructure....not able to even maintain existing facilities
Better efficiencies with renovations	Loss of existing revenues is creating future threat
More adequate space for staff	Doing business as usual in the face of lost revenue is a threat
Cost and resource savings possible (lights and idling vehicles)	<i>Retirements and loss of expertise/stability without a transition plan is a threat</i>
Retirements in Police and Public Works	<i>Increased workload with the same number of people is a threat</i>
<i>Intergovernmental cooperation; additional agreements</i>	<i>Inability to provide necessary services with lack of staff</i>
<i>Additional intergovernmental agreements</i>	<i>Contracting police services would be a threat to services</i>
<i>Fifth Monday meetings with neighbors</i>	Raising taxes or rates is a threat to residents
<i>Joint social functions with Township staff (potluck at Thanksgiving, Christmas, etc.)</i>	Little room for revenue increases without hurting residents
Software more efficient: Ability to work at home and less <input type="checkbox"/> duplicated data entry	Future water plant expansion is a threat to rates
More time to think outside the box	East end stagnation is a threat to the community
Increased cellular tower rental fees	Savidge Street traffic is a threat to community
Potential for more resident involvement, maybe via a Citizen Academy	<i>Fall elections can create instability</i>
To provide direction for development...Master plan revision, CBDDA Downtown plan, Zoning ordinance re-write	<i>Ferrysburg staff and Council turnover creates instability</i>
<i>Library and Village Hall as new downtown anchors</i>	
<i>Downtown area has opportunity</i>	

APPENDIX II.

History

What follows is a short history of major activity in the various funds since the early 1980's. This history has been carried forward annually and has proved immensely valuable to me in preparing the FY 04 budget.

General Operations

Village Council

The Village Council is the legislative branch of our local unit of government and as such, the policy-making body for our community. The members set the goals and objectives for the advancement of Spring Lake and provide direction to the Village Manager. Council members are elected for four-year terms and the Village President is elected for a two-year term as provided in the 1997 Village Charter.

The President is paid \$300 and each member of the Council receives \$200 per year. The rates of compensation will be increased following the 2003 Village Council elections per Council's 2001 resolution to \$1,200 and \$900 per year respectively.

The budget also includes funds for attendance by Village Council members at professional meetings and conferences, publishing, dinner meetings and other miscellaneous items.

Village Manager's Office

This budget accounts for the time the Village Manager, administrative assistants, Village Clerk/Treasurer and Community Services Director spend on general Village matters not directly charged to another department or fund. A portion of these employee wages is also allocated to the water and sewer departments, the major and local street funds and the equipment fund.

Elections

The Village Clerk/Treasurer is responsible for voter registration and maintaining election records. No elections are scheduled this year.

Legal Fees

The Village Council retains the firm of Scholten and Fant. One individual serves as the primary Village Attorney and attends Village Council meetings. This individual is responsible for coordinating legal work as it relates to specific areas of expertise such as personnel, liability, environmental matters, contracts, zoning, real estate and insurance.

Village Clerk/Treasurer

The Village Clerk/Treasurer position was created with the ratification of the 1997 Village Charter. The Village Clerk/Treasurer assumed responsibility for functions previously assigned to the part-time Clerk and Treasurer, such as the collection of Village personal property tax and other revenues, as well as those of the full-time Finance Director. Personnel expenses, supplies and service fees for the Clerk/Treasurer functions are recorded in this department.

Board of Review

The Board of Review functions as an appeals board that resolves differences between the Spring Lake Township Assessor and property owners. Members of the Board of Review include three citizens appointed at-large by Spring Lake Township. At least one member is from the Village. Each property owner has the right to an audience before the Board of Review.

Village Hall and Grounds

This budget is used for the maintenance and operation of the temporary Village Hall at 209 South Park. For the first time, the Spring Lake/Ferrysburg Police Department fund is covering the operating costs of their temporary facility at the old Fireside Design on West Savidge.

Barber School Community Building

In 1986, the Spring Lake Heritage League rescued of the Barber School. A successful fund-raising campaign was initiated and Barrett Boat Works graciously donated the historic Barber School building. Construction began in late-1987 and was completed in about three years.

The Heritage League received a \$33,000 Neighborhood Builders Alliance Grant in 1989. These funds were utilized to complete the kitchen, purchase furnishings and landscape the grounds. Heritage League members and community volunteers and businesses worked diligently to reconstruct the Barber School. The Barber School is operated and maintained by the Village.

Cable Communications Commission

This budget provides for the continuation of the Cable Communications Commission pursuant to Village Ordinance #166. This ordinance maintained the five member-at-large commission that was created in 1979 to assist and advise in the establishment of a cable television system, resolve customer complaints and set equitable rates. In 1993, the Village began participating in the C-TEC/Mercom Consortium to monitor compliance with FCC regulations. An allocation of \$1,000 was budgeted for that purpose. In 1998, the Village worked with this consortium to regulate the purchase of Cable Michigan (formerly C-TEC) by Avalon Cable. In 1999, the Village participated with the consortium to regulate the transfer Cable Michigan to Charter Communications.

Fire Department

The Spring Lake Township Fire Department provides fire protection and first-responder medical services for the Village residents. The Department is made up entirely of persons who serve the community as paid volunteer firemen. The Village contracts with Spring Lake Township for fire protection services and some Village residents, business owners and employees serve on the department. A portion of this annual contractual obligation is set aside by the Township to be used for equipment and vehicle replacement.

Inspections and Zoning

The Village Manager provides overall supervision and assists the Community Services Director in his responsibilities as liaison to the Zoning Board of Appeals and Planning Commission.

Public Services Department

The Public Services Department is responsible for maintaining buildings, parks, vehicles, equipment, streets, sidewalks, sanitary sewers, lift stations and the storm drainage and water distribution systems. The Department is also responsible for various other activities, including sidewalk snowplowing, sidewalk repair, new sidewalk construction, tree planting, and parks maintenance and shoreline erosion control for

Village property. Additionally, the Department provides direct citizen services such as brush pickup, leaf pickup and the spring/fall trash collection programs.

The cost of providing the aforementioned services is charged back to the activity or fund for which the department is working.

The Department collects brush for contract chipping later in the year. This arrangement allows the Village to avoid the capital cost of a new self-feeding chipper.

Savidge Street Corridor Maintenance

Construction of the Savidge Street Corridor Project was completed in June 1996. The Project is the most visible element of the Village's Tax Increment Financing Plan and includes irrigation systems, sidewalk repairs and light fixture replacements. .

Street Lighting

This budget activity includes the cost for all street lighting in the Village. Consumers Energy owns, operates and maintains all streetlights in the Village except for the historic lighting installed as part of the Savidge Street Corridor Project.

Tanglefoot Park

In the early 1980's, new landscaping, playground equipment and trailer pads were installed. In 1998-99, the Village completely resided the trailer park community building. The second phase of a power upgrade at the park occurred in FY 2003. The water and sewer systems were completely replaced and the docks repaired in FY 2003 as well. The Village Staff started calling this area Tanglefoot Park as an experiment in FY 03. This park was donated by the Hugo Thum family who made his fortune by inventing the first flypaper by the name of "Tanglefoot". It was enormously popular in the African Boor wars at the turn of the last century.

Recreation Department

The Village contributes to the Spring Lake Area Recreation Department along with Spring Lake Township, Crockery Township and Spring Lake Public Schools. The Recreation Department coordinates various programs including the Spring Lake Beach Program, the swimming program and Central Park activities.

The Recreation Department provides good summer programming for Spring Lake youth, but falls short on adult and winter activities. It is hoped that continued improvements can be made in programming, special events, and public information regarding events and programs.

Parks Maintenance

Mill Point Park used to be a popular facility, but low water levels now prevent any large boat launching. Dredging and adjusting the ramp to accommodate boat-launching activity with the existing water levels is cost prohibitive.

The Village discontinued the practice of contracting for mowing and trimming services for Village parks in the 1990's. In 2000, the Village's contractor was unable to provide the quality and timely service that was expected. Village staff terminated the mowing contract and hired an additional part-time Department

of Public Services employee. Staff found the alternative to be cost effective and purchased the mower and hires another part-time employee.

The Village and Spring Lake Township share expenses associated with the maintenance of Central Park and Lakeside Beach on an equal basis. It is anticipated that this mutually beneficial arrangement will continue.

Park Development

In 1993, the Village of Spring Lake Parks and Recreation Committee completed work on the Community Recreation Plan. The Plan ensures the Village's eligibility for future recreation grant opportunities from the Michigan Department of Natural Resources. The plan was also approved by the DNR on February 27, 1998.

The Village worked with Spring Lake Township and the Loutit Foundation to acquire property for the expansion of Lakeside Beach in FY 2003. The Loutit Foundation purchased the property adjacent to Lakeside Beach, located in Spring Lake Township, in 1999 for \$275,000 from the owner of the existing duplex. The Village received a Michigan Natural Resource Trust Fund Grant in the amount of \$122,500 for the acquisition of the property. The grant was matched by a \$100,000 contribution from the Loutit Foundation, a \$28,000 contribution from the Boer Family Donor Advisory Fund and \$14,124 from both Spring Lake Township and the Village. The Beach expansion was completed in FY 2003.

Community Promotion

This budget includes miscellaneous expenditures that are of general interest and importance to the community. Two editions of the Village newsletter ("Crosswinds") and a contribution to the CBDDA for promotional activities are included.

The community promotion activity includes payment to the City of Grand Haven for the Harbor Transit System. Grand Haven administers the Harbor Transit Program for the Village of Spring Lake and the City of Ferrysburg. These communities, in turn, reimburse the City of Grand Haven for their local share of Harbor Transit expenses.

Funding is also provided for the celebration of the U.S. Coast Guard Festival. An allocation of \$2,000 is proposed for this year.

Major Street Fund

The Major Street Fund accounts for the use of state gas and weight tax funds that are earmarked for the repair, maintenance and construction of Village streets that are part of the state-designated major street system.

Currently, the majority of funds from the Michigan Transportation Fund are allocated by a formula that provides 39.1% to the Michigan Department of Transportation (MDOT) for state highways, 39.1% to county road commissions for county roads and 21.8% to cities and villages for local roads. Additionally, the MDOT receives 75% of federal aid provided to the state for roadways, with the remaining 25% being distributed to local units of government for federal aid eligible roadways.

The Village, like many other local governments, continues to struggle with inadequate funding to maintain its local roadway system. The Village historically augmented its Act 51 allocations through the use of

additional millages for local road projects. Presently, the Village levies .2780 mills for debt service for the reconstruction of Buena Vista, Mark and James Streets and micro surfacing treatments on streets in the Evergreen Park subdivision.

Act 51 allocations, coupled with property tax revenues, do not allow the Village to reconstruct and seal coat or crack seal an equal amount of roadway surfaces to those which are experiencing pavement surface failures. More miles of roadways are failing than that which is being reconstructed or repaired on a year-to-year basis. Additionally, the use of property taxes to finance roadway projects increasingly moves the community away from a user fee concept to a greater reliance upon the property tax.

Unless transportation funding is increased dramatically, the Village will need to consider dedicating additional general operating millage towards street construction. Anticipated grant funding from West Plan (Muskegon MPO) will allow the Village to repair “federal-aid roads”. Streets with local designations will need to be funded solely through the use of transportation and property tax revenues.

Local Street Fund

The Local Street Fund provides for the maintenance of streets that have not been designated as major streets by the State of Michigan.

During 1989-90, a number of local streets were constructed during Phase II of the water system improvement program and during the projects completed on School and Exchange Streets. The implementation of the Community Infrastructure Plan is vital to maintain these streets as they are beginning to show signs of aging.

Although the Local Street Fund is not terribly active this fiscal year, the decrease in gas and weight tax revenues is having a detrimental effect upon the fund’s fiscal health. It is obvious that this fund cannot support the needs of the community’s local streets – even regular maintenance items -- without assistance from outside sources.

Spring Lake/Ferrysburg Police Department

Police Department

On July 1, 1989, the former Spring Lake and Ferrysburg Police Departments merged to form the Spring Lake/Ferrysburg Police Department. This innovative arrangement is providing full service to both communities at less cost than if the same service was provided separately.

The amount reflected in general fund represents the Village's share of the cost under the Intergovernmental Police Services Agreement. In December of 1988, the Spring Lake Village Council invited both Spring Lake Township and the City of Ferrysburg to meet in joint sessions to discuss items of common interest. The Ferrysburg City Council responded favorably to this request. The first joint session of both councils took place on January 9, 1989. The two councils engaged in a goal setting exercise that proved to be very beneficial. The two councils found they had much in common and could agree on thirteen common community goals.

The product of the goal-setting exercise was the formation of two study groups, a municipal consolidation task force and a police consolidation task force. Members were appointed to both task forces and both

were charged with the responsibility of evaluating the potential for consolidation of services in their respective task areas.

Membership of the police consolidation task force included the city managers of both communities, a council representative from each community, the police chiefs of each community and a citizen appointed at-large. The citizen-at-large was selected from the City of Ferrysburg and served the task force very well as its chairman.

The task force began by developing joint policing goals. Armed with these goals, they evaluated service delivery mechanisms. An operating authority structure was considered as well as a less formal sharing of police services and a joint contract. After considerable discussion, the task force settled upon the joint contract method.

The agreement could not have succeeded if not for the open and positive attitude of elective and administrative officials of both communities. Both realized the need to adapt service delivery mechanisms in a rapidly changing environment. The result is an excellent 24-hour program of coverage at less cost to both communities.

Under the agreement prepared by the task force, the City of Ferrysburg contracts with the Village to provide police service in the joint service district, which includes the corporate boundaries of the City of Ferrysburg and the Village of Spring Lake. The former Ferrysburg officers became employees of the Village of Spring Lake. The Village Manager of the Village of Spring Lake is responsible for directing the activities of the Police Chief. The Village Manager and the Police Chief report periodically to a joint police commission, which is an advisory body, established to help set policy for the department and assist in budget formulation.

The joint police commission consists of one member from each municipal council, the City Manager from the City of Ferrysburg and the Village Manager from the Village of Spring Lake. An even number of participants was selected in order to guarantee that consensus would be reached in decision-making. The joint police department initiated operations on July 1, 1989, less than six months after the joint police task force began their work.

The budget for the joint police department is financed by an allocation of shares of the budgetary expense on a percentage basis. The initial allocation of expense was determined based upon existing service levels and existing budgetary levels. This percentage was locked in for the first two years of the contract and again for the first two years following the 1998 amendment to the agreement. This year, the Police Commission recommended a change in the funding percentages based on workloads and other service factors.

In spite of major responsibilities and commitments, there has been much concern and effort to keep the costs at a minimum, while providing every citizen with excellent police service. The Department continues to achieve the purpose of their motto, "Serving Together," and continues to do so efficiently and cost effectively.

The FY 2003 budget created a new position within the Department. Detective Roger DeYoung was assigned to the new position of "**Detective/Sergeant**".

Permanent Public Improvement

This fund was recreated for the FY 1999 Budget to begin to allocate specific funds for capital improvement projects. Fund operations will be financed by a dedicated millage.

In addition to Village property tax revenue, the Village once received a reimbursement from the Township for the portion of the Spring Lake Township Bike path Millage levied in the Village itself. This reimbursement was earmarked for sidewalk construction projects as a matter of Council policy. Funding from the Spring Lake Township Bike path Millage ended in December 2000. As a result, the Council postponed the construction of additional sidewalk segments within the Village until Spring Lake Township officials determine if the Bike path Millage will be renewed

Historic Commission Fund

On October 2, 1995, the Village Council established the Village of Spring Lake Historic Conservation District Commission by Ordinance in an attempt to safeguard the Village's heritage by preserving landmarks and sites, improving property values, foster civic beauty, strengthen the local economy, identify historic resources, provide advice and/or management of public historical properties and unify historic preservation efforts.

Building Department

Licensed inspectors will provide all building, electrical, plumbing and mechanical inspections on a contractual basis for the Village of Spring Lake.

The Building Department will generate permit fees necessary to cover the cost of contractual inspections as well as any administrative costs that the Village will incur as a result of the inspection programs. No subsidies from other funds will be required.

Spring Lake Central Business District Development Authority

Since its inception in 1978, the Spring Lake CBDDA has accounted independently for revenues and expenditures required for its operations. In 1988, the CBDDA requested that the Village account for their funds on the same basis as is practiced for the Spring Lake Tax Increment Finance Authority (TIFA).

The function of the CBDDA is to plan for the future of the Village's commercial areas. In the Village of Spring Lake Central Business District Master Development Plan, the Authority envisioned the future of the downtown-shopping district. This work has formed the basis of improvements now being undertaken through the Tax Increment Finance Authority. The plan has also guided private investment in the Village and served as the foundation for the Waterfront Redevelopment Plan.

A millage is permitted under state law, but the CBDDA chooses not to levy a millage and has not done so in its 24-year existence

Spring Lake Tax Increment Finance Authority

The Village Council created the Spring Lake Tax Increment Finance Authority (TIFA) in December 1983. The TIFA was charged with the mission of constructing public improvements required to attract private investment and promote retail commercial and industrial business activity in the Village of Spring Lake Central Business District development area. This mission would accomplish the goal of creating new jobs and additions to the tax base of the community that would not otherwise be possible.

These goals are to be attained by implementing an approved tax increment financing and development plan. The development plan is based on the Village of Spring Lake Central Business District Master Development Plan, which was developed in 1981.

The Spring Lake Central Business District Development Authority, as appointed by the Village Council, administers TIFA. The CBDDA has requested that the Village of Spring Lake manage development projects for them through the Spring Lake Tax Increment Financing Authority Fund established in this budget. This process guarantees proper management of the TIFA's resources and good project administration.

The TIFA fund budget is approved by the CBDDA and is presented to the Village Council for their consideration and adoption. All transactions involving the TIFA follow the same process.

The TIFA was initially given a 12-year time period to accomplish its mission. The Downtown Development Authority District was expanded in 1992 and the plan was restated in 1993 and amended in 1997

The Tax Increment Financing Authority District will lapse on December 31, 2005. Although the Village will not have a designated source of revenue for infrastructure improvements associated with economic redevelopment efforts after that date, the Village will have the flexibility to utilize Village dollars captured by the TIFA for general operating purposes and other infrastructure projects beginning in Fiscal Year 2007. The impact of this influx of revenue will be great. For example, if the TIFA District lapsed on December 31, 2001, the Village would have received an additional \$161,265.

TIFA Progress to Date:

Design was completed for the reconstruction and refurbishment of the Casemier, Spencer and North Jackson Street parking lots in 1986. Design work was also completed in 1987 for Project 86-1, which provided a portion of the required west end water and sewer improvements and Project 87-1, which constructed the required central Village water main.

The reconstruction of the Casemier, Spencer and North Jackson parking lots was completed in July of 1987. Work on project 86-1 began in the spring of 1987 and resulted in construction of a new sewer lift station, sewer main and water main in the West Savidge area. Project 87-1, central Village water, was placed under contract and was constructed in 1988.

In 1988, the TIFA completed Project 87-1, installed a new bus shelter in the Spencer parking lot and completed preliminary plans for additional West Savidge water and sewer work. The financial package for the CBD access roadway was also developed.

The year 1989 saw completion of the west end water, sewer and roadway improvements on M-104, School Street and Exchange Street. Construction plans were developed for the railroad right-of-way linear park.

1990 saw the initiation of construction of the railroad right-of-way linear park. The park was named Lakeside Trail and was dedicated in June of 1991. Additional improvements were made in 1992.

In the 1993-94 fiscal year funds were allocated for parking lot improvements, installation of an 8" main in South Jackson Street, from M-104 to Exchange Street, and initiation of planning for the Savidge Street Corridor Project. Planning for this project continued in 1995. Implementation of the Corridor Project began in the fall of 1995 and was completed in June 1996.

During the 1999 fiscal year, the West End Community Boardwalk was constructed on the Old Boys Brewhouse/Spring Lake Condominium site. The concept began taking shape in 1995 when the Village and developers began negotiating the conditions of a Planned Unit Development Agreement involving the brewpub and condominiums. A grant in the amount of \$5,000 was received to offset the boardwalk design costs from the Coastal Zone Management Grant Program. Additional funding came from the Michigan Natural Resource Trust Fund Program in the amount of \$64,360 to offset construction and engineering costs. Total Project costs were \$309,000. Construction began in November 1999 and was completed in May 2000.

In FY 2003, the TIF plan funded a connection from the West End Community Boardwalk through the Holiday Inn parking lot and to the Tri-Cities Connector Path. It also funded resurfacing and sub-surface work on School Street and due diligence on the West End Redevelopment project.

The TIFA derives its revenue from property taxes levied on the incremental growth of property valuations within the development area. The base years for valuations were established as 1983 and 1992 for the expanded district. Increases in SEV over the values present in these years are called increments. The largest increments are generated by new private investment such as Huntington Bank, Mill Point Condominiums, Bank One, Arby's, Village Cove Project, Shell Super Station, Barrett's Marina expansion, Wesco, Harbor Village Professional Center, the Old Boys Brewhouse/Spring Lake Condominium PUD Project, Pier 33 and the Harborfront Hospital for Animals. The revenue generated in this way is applied to projects within the development district according to the approved development plan. The Tax Increment Finance Authority does not levy an additional property tax. Rather, tax revenues generated by incremental increases in value are received by the TIFA based on the millage rate of all taxing jurisdictions. All taxing jurisdictions continue to tax the base valuation established in 1983 and 1992, and will benefit from the increased valuation generated by the TIFA when the TIFA is dissolved.

Water Debt Retirement
1986 Water Supply Bond

On February 17, 1986, Village residents approved entering into a bond contract with the Ottawa County Road Commission for \$850,000 in water system improvements. The road commission sold bonds for the project in August 1986. The Village was responsible for repaying the debt over a 15-year period, which began in May 1987. In all, ten water main projects were included in the program and a new emergency generator was purchased. This debt was repaid on a 50% cost-share basis with the Water Fund. The issue was retired during FY2000.

Transmission Main #2

Repayment of the Village's share of the \$5.1 million North Ottawa Transmission Main Project continues this fiscal year. This project included construction of a 24" water main from the water plan in Grand Haven to Fruitport Road in Spring Lake, a one million gallon storage tank, a metering station and system loops. The Village's share of this project is 26.08% of the total cost. The Village must also make supplemental payments on that portion of the Nows #1 water main project not included in the Nows #2

debt schedule. The Millage was used to make up the difference until FY 2003. A Debt Service Charge was initiated in FY 2004.

Street Debt 2000

Bond payments for the reconstruction of Mark and James Streets and Buena Vista and micro surfacing in the Evergreen Park Subdivision, were completed during the 2000 fiscal year. A millage rate of .2780 is used to generate \$22,665 to assist with the payments of \$36,855. Contributions from the Major Street, Water and Sewer Funds will be used to pay the difference between revenues and expenditures.

DDA Debt Fund

The Village issued \$1.28 million in DDA bonds in October 1994. The bonds were sold to finance the Savidge Corridor Project. These funds will provide the local grant match for the \$1.8 million project. The DDA Debt Fund was created in 1994 to account for the repayment of this debt.

The debt is to be repaid through the Village of Spring Lake Tax Increment Finance and Development Plan (TIF). The TIF plan was adopted in 1984 and was amended in 1986, 1993 and 1997. The Savidge Corridor Project and 1994 DDA bond issue achieved a "pipeline project" classification under legislation adopted to clarify the status of DDAs and TIF plans in the wake of the Proposal A property tax reform.

The bond issue was structured to fit the TIF revenue stream between the present time of the bond issue and the year 2004. Debt obligations will be low initially and then will ramp up rapidly this year as other TIF debt is retired.

Sewage Treatment

In 1973, the Grand Haven/Spring Lake Sewer Authority began operating a new wastewater treatment facility under contract with the City of Grand Haven to provide wastewater treatment services for the Village of Spring Lake and the City of Grand Haven. Since then, the Village has paid a proportional share of the expense for operating this plant.

The Village has also paid a share of the original general obligation bond that was issued to raise funds for the construction of the wastewater treatment plant facility. This bond issue has been retired.

The largest single cost component of the sewer department's operating budget consists of contractual payments to the Grand Haven/Spring Lake Sewer Authority and Spring Lake Township (lift station capacity) to offset operating expenses for the wastewater treatment plant. The remaining elements of the total operating budget are used to operate and maintain local sewers.

The Sewer Department had been operated in a deficit condition for several years prior to the 1982-83 fiscal year. The basic reason was that the Village's rate structure could not generate enough revenue to pay operating expenses. The fund had borrowed a total of \$30,000 from the water department and water debt retirement funds. The 1981-82 retained earnings deficit was \$60,072 and the fund balance deficit was \$32,572.

The 1982-83 budget increased sewer rates charged Village customers by approximately twenty-one percent. This rate increase was absolutely necessary if an even worse deficit condition was to be avoided. The sewer department deficit position was improved tremendously during the 1982-83 fiscal year by the settlement of the access rights agreement that admitted Ferrysburg and Spring Lake Township to the

Grand Haven/Spring Lake Sewer Authority for the first time. In order to join the authority, each unit was required to purchase a portion of the capacity of the wastewater treatment plant from the City of Grand Haven and the Village of Spring Lake. The Village's share of this settlement was a onetime payment of \$122,959. The revenue from this settlement was used to erase the sewer department's debt owed to the water debt retirement and water department funds (\$30,000) and to establish a sewer capital improvement fund (\$92,959). However, a fund balance deficit of \$26,584 remained at the end of the 1982-83 fiscal year.

The 1982-83 rate increase would not have reduced this deficit condition without the infusion of substantial monies received in the access rights agreement. The rates adopted in the 1982-83 fiscal year would also have been unable to meet expected 1983-84 expenditures unless another loan or contribution was secured from the sewer capital improvement fund.

A rate increase was needed to enable the Village to supplement the sewer capital improvement fund and begin needed system improvements. It was also required to stabilize rates for the foreseeable future, barring any substantial increase in operating or capital expenditures.

As a result, the Village Manager recommended that the Village Council increase the sewer commodity charge from \$1.09 per thousand gallons to \$1.25 per thousand gallons. The Village Council adopted the new rate on March 21, 1983.

The overall impact of this required rate increase was positive for several years. The financial position of the sewer operating fund has improved dramatically and it recorded a positive fund balance at the close of the 1983-84 fiscal year for the first time in several years in order to fund operating expenses, capital needs and depreciation.

Equally important is the fact that the rate increase enabled the Village to begin developing and implementing a much-needed program of routine preventative maintenance. It also made possible the purchase of modern equipment required to perform effective emergency and routine maintenance procedures.

The first rate increase in seven years was recommended and implemented in 1990 to maintain the fiscal health of the sewer fund. Readiness-to-serve charges were increased by \$1 per month for all meter sizes, and the commodity rate was increased from \$1.25 per one thousand gallons to \$1.30 per one thousand gallons. The last several budget messages cautioned that a rate increase would be necessary in the future. Rate restraint may have been extended to residents too long, but there was significant concern regarding the need to stabilize water finances before addressing sewer rates.

The 1994-95 budget was based upon a commodity rate increase of 25% and a readiness to serve increase of 50%. It was recommended that commodity rates be increased from \$1.43 per 1,000 gallons to \$1.80 per 1,000 gallons. Both recommendations were accepted and the increases were effective in the May, 1994 quarter. The financial reasons for this were clear. Prior to the rate increase, Sewer Operating Revenues had fallen short of estimates by a range of \$19,200 to \$70,000 over the last three fiscal years. Those losses were incurred even though capital improvement expenditures were minimal and depreciation expenses were not adequately funded.

The Sewer Fund began to respond during the 1994-95 fiscal year. The fund's cash position began to improve and it ended the operation year with a positive change in fund balance for the first time in several years.

In order to expedite the fund's recovery, the 1995-96 budget increased sewer commodity rates by 8.8%. Commodity charges were increase from \$1.90 per 1,000 gallons to \$1.95 per 1,000 gallons.

Water Treatment and Distribution

The Village Water Department is a separate enterprise of the Village. Spring Lake purchases water from the Northwest Ottawa Water System (NOWS) for distribution to its 1,100 customers.

The use of NOWS water replaced a system that had been very efficient and cost-effective since its inception in the early 1900s. This change took place in April 1992 at the end of a long process that began as the result of the discovery of TCE and PCE in the Village's groundwater water aquifer in 1987. The Village has discarded a groundwater-based supply system in favor of connecting to the Lake Michigan-based Northwest Ottawa Water System (NOWS). This conversion was costly and had significant water rate and millage levy implications. The Village, however, has been able to provide high-quality water to its residents through this conversion.

System Improvements:

Over the past several years, a growing capital improvement program has been conducted that has worked to upgrade the water distribution system. In 1983-84, funds were budgeted for the renovation of the well and pump at Well #1. Engineering was completed for the following system improvements: railroad right-of-way transmission main; Lake Avenue, River to Leonard; and South Street, Prospect to Hammond. Engineering was also completed for a replacement water main in North Jackson Street, Liberty to Barber.

In 1984-85, the North Jackson Street water main was completed in conjunction with reconstruction of the roadway. Each of the three well house buildings was thoroughly reconditioned.

The 1985-86 capital improvement program took another major step forward with completion of a replacement water main in Savidge Street, Lake Avenue to Fruitport Road and in Rotary Drive, from Savidge Street north. This work was completed in conjunction with the reconstruction of M-104 by the Michigan Department of Transportation.

By completing the M-104 project in 1985 using the rate-generated water fund cash reserves; the Village was able to reduce the remaining amount of the water system improvement program that required funding. The 1985-86 budget also included the water fund's share of microcomputer equipment and software.

The 1986-87 capital improvement program included the following projects: evaluation of Well #2; Flush and inspect water tower; purchase of additional microcomputer system equipment; the Water System Improvement Program; and reserve for M-104, Lake Avenue to Fruitport Road. The ambitious water system improvement program was made possible through voter support for the bond proposition at the February 17, 1986 election. The bond issue was approved by a 65 percent majority, which indicated Village residents understanding of the problems facing the water system.

The 1987-88 Capital Program included allocations for flushing and inspecting the water tower, the rehabilitation of Well #2, the purchase of additional computer peripherals and software, the performance of a reliability study, and reserve for M-104, Lake Avenue to Fruitport Road.

Work proceeded on the Water System Improvement Program during the 1987 construction season and continued in 1988. Proceeds from the bonds sold by the Ottawa County Road Commission on behalf of the Village financed the \$850,000 project. Spring Lake will be responsible for repaying the debt through a combination of water fund revenues and a voter-approved millage that should continue to average less than 1.5 mills over the 15-year life of the program.

The 1988-89 budget included a much-reduced capital program. This was due to considerable uncertainty about the future Village water supply and the cost of assuring that an adequate source is available. No construction of further water improvements proceeded, except those already included in the Water System Improvement Program and Tax Increment Finance Plan. The capital budget included \$4,500 for participation in the purchase of a new financial computer and VCR equipment and \$30,000 for installation of cutoff (purge) wells to protect the Central Park well field.

The Village's consulting engineers recommended connection to the North Ottawa Water System and the Village Council and staff concurred with this recommendation. On February 6, 1989, the Village Council directed the Village Manager and engineer to take the necessary steps to effect the connection of the Nows and to implement the water distribution system improvements required to utilize the higher-pressure Nows system.

The cost of the conversion to Nows totaled over \$4.0 million. The required facilities have now been constructed and are on line. The connection was completed on April 27, 1992.

The 1991-92 year saw completion of a loop on Fleser Court, in cooperation with Spring Lake Schools, and a loop in the West Savidge area was under contract at the end of the fiscal year.

Work was completed on the West Savidge loop in 1992. The 1992-93 fiscal year also saw completion of the Hammond/Prospect water main loop on school property. Initial planning also began for the DPS yard renovation. The water tank was removed in anticipation of this project.

In 1993, the DPS yard renovation was substantially completed. A water main replacement was completed in South Jackson Street between M-104 and Exchange Street.

In 1994, the Village's three wells were decommissioned and the two Central Park well houses were rehabilitated and converted into storage buildings.

In 2000, 4" water mains were replaced with 8" mains on Mark and James Streets and Buena Vista. Additionally, a stub was installed at the south end of Mark Street in order to loop the system to the main located near the Spring Lake Middle/Intermediate School in the future.

Rates Impacted by System Conversion:

There have been serious rate impacts. The first has been the expense of dealing with the presence of volatile organic compounds in our groundwater supply. The Village undertook extreme measures to guarantee a water supply that was free of volatile organic compounds or, at the very least, meet maximum

contaminant levels set by the EPA. These measures carried significant expenses that initially decimated the water fund balance until the lawsuit with the Anderson-Bolling Company was settled and \$225,000 was returned to the fund. Those expenses are now behind us.

The Village connected to the NOWS in April of 1992. The cost of purchasing water from this water supply will exceed the cost of producing water from groundwater supply. Debt costs will be included in these rate costs. Additionally, the water fund is responsible for repayment of one-half the debt of the water system improvement program. This burden must be absorbed in addition to providing for any future improvements required in the water distribution system.

The 1988-89 budget included an increase in water commodity rates from \$.75 per 1,000 gallons to \$1.00 per 1,000 gallons effective February 1988.

A rate increase was required again in 1989 to pay for continuing expenses related to the Village's ongoing efforts to resolve the water supply issue. The 1989-90 water rate was set at \$1.10 per 1,000 gallons, effective with the February 1989, billing quarter.

Significant rate and readiness-to-serve increases were approved in 1990 as follows: 1) The water commodity rate was increased from \$1.10 per 1,000 gallons to \$1.70 per 1,000 gallons; 2) Readiness-to-serve charges were doubled. These were very strong measures. Unfortunately, they were required in order to provide a long-term, safe and assured source of water.

NOWS Obligations are Fully Charged:

The 1992-93 year is when the Village's obligations were fully realized. In anticipation of this, the water fund was stripped of all costs associated with the old well-based system. Personnel time charged to this fund has been reduced from pre-NOWS levels and other costs have decreased.

Catch-up payments totaling \$638,000 were made as part of the agreement to join NOWS. \$200,000 was paid toward the access charges in 1992. The Village connected to the NOWS on April 27, 1992, without incident and began purchasing water from NOWS at that time.

The Village's water meters had been the source of concern among staff and Village Council for some time. The meters used by the Village were antiquated and required a labor-intensive process to complete meter reading. In 1996, the Village Manager recommended that the meters be replaced with new "touch-read" meters. The resulting Meter Replacement Project was completed during the 1998-99 fiscal year.

The installation of these meters has had two significant impacts. First, the amount of time dedicated to meter reading each quarter has been greatly reduced. This has reduced the amount of time required to read meters and freed-up up time for other Department of Public Services functions. Secondly, the Village had not been able to accurately monitor the amount of water NOWS billed to the community. The installation of the new meters, combined with the adjustment of our billing quarters, has permitted the Village to compare the amount of water being billed by NOWS to the amount being billed by the Village to its customers. The Village was able to secure a payment from Spring Lake Township in the amount of \$39,149 as a reimbursement due to inaccurate billings in addition to reducing the Northbank water allocation percentage from 20.83% to 16.03%. This has assisted in rebuilding the Water Fund's cash balance and reduced the cost of water to the Village. However, staff has noted an 18% difference between the amounts of water the Village bills its customers compared to the amount NOWS bills the Village in

each of the last three fiscal years. Staff is currently working with the Ottawa County Road Commission Utility Services Director to determine why this difference in the billing amounts continues to exist.

NOWS Intake and Treatment Plant Expansion Projects and the Financial Impact upon the Village

Members of the Northwest Ottawa Water System (NOWS) began discussing in earnest the need to proceed with an expansion of the Water Intakes (located in Lake Michigan) and the Water Treatment Plant in 1997. The initial discussions touched off a debate about how the communities would pay for the proposed projects. Although the 1993 NOWS Contract was used to guide the decision-making, there was a difference of opinion as to what the language in the contract actually said. The City of Grand Haven believed that that the contract provided for the expansion of the water intakes and treatment plant on a capacity basis. This funding methodology would require that the “growth” communities pay for the additional water capacity they require. Grand Haven Township, however, believed that the contract provided for a utility based financing mechanism that requires all member communities to contribute to expansion projects based upon a uniformly applied debt charge on the wholesale rate for water. The Village agreed with the methodology advanced by the City of Grand Haven as the most equitable means of sharing costs, but believed that Grand Haven Township’s interpretation of the 1993 NOWS Contract was correct.

In 1998, Grand Haven Township filed a lawsuit against the NOWS’ member communities in order to obtain a declaratory judgment on the meaning of the 1993 NOWS Contract. On February 2, 2000, Ottawa County Circuit Judge Bosman issued a final judgment and order in favor of the City of Grand Haven. Grand Haven Township unsuccessfully appealed the Circuit Court’s decision in April 2000.

The communities’ representatives on the NOWS Administrative Committee have implemented the intake and plant expansion projects. The Committee members developed a consensus as to how financing on a capacity basis should be structured and who should pay for what portions of the project.

Commodity Rates to Remain Level:

The 1998-99 fiscal year increased the water rates by \$.10 per 1,000 gallons to bring the rate charge for water to \$1.90 per 1,000 gallons; water commodity rates had not increased since 1990. The rates were increased to finance a portion of existing debt obligations.

Although there remain challenges to overcome in the water department, such as continuing to reduce the gap between the volumes of water the Village bills its customers compared to the volume of water NOWS bills the Village and replacing old water mains, there is good news. Revenue projections for FY 2002 show that the Village will realize an operating surplus for the second time in several years. This upswing in revenue, which is due in part to the accuracy of the new meters, combined with the retirement of existing debt and the structure of new debt is allowing the Village to maintain commodity charges at their current rates. Maintaining rates at their current levels will permit the Village to meet its obligations to NOWS and improve the Water Fund’s cash balance for the next four to five years. However, the Village needs to consider another rate increase to keep pace with maintenance and replacement costs. It is recommended that the Village implement a rate analysis and determine the rate necessary to make necessary improvements to the water distribution system.

Central Equipment Fund

Established in the 1986-87 budget to provide for the maintenance of the Village's fleet and the purchase of new equipment. The establishment of the fund was necessitated by the elimination of the Federal Revenue Sharing Program.

Until March 1986, all equipment maintenance expenditures had been accounted for in the General Fund. Certain funds would pay rentals to the General Fund and these revenues amounted to approximately \$30,000 each year. Other funds did not pay rentals. Under the current arrangement, all funds and departments pay rentals or fees to the Central Equipment Fund. Depreciation charges will also be fully assessed against client funds this fiscal year. While this will reveal itself in higher rental charges to the client funds, this action will help improve the cash position of the fund and will help guarantee that funds are available for major purchases.

The new financial software package, combined with a computer network planned for this year, will allow all financial transactions within the Village to be integrated and handled electronically as opposed to spending valuable staff time preparing paper calculations and reports.

In the future, the Central Equipment Fund will be closed in accordance with GASB 34. Complying with this accounting standard will return the Village to the practice of recording assets in the General Fund.

Police Equipment Fund

According to the Vehicle Replacement Schedule, the Police Chief's vehicle is to be replaced this year. The Police Chief's existing vehicle would be assigned to the Detective and the Detective's vehicle then sold.

Additionally, Chief Kaufman is reviewing our policies with respect to the use of the spare patrol vehicle in order to extend the useful life of our patrol vehicles. Currently, the spare patrol vehicle sits idle unless one of the active patrol vehicles is in the garage for repairs. The semi-regular use of the spare car, however, could extend the useful life of our active patrol vehicles so that the Department could skip the purchase of a new patrol vehicle every fourth year as opposed to replacing a vehicle every year. The results of this review will be discussed with the Police Commission during the upcoming fiscal year to prepare for the 2003 fiscal year.

Conclusion

My appreciation goes to former Managers DeLong, Koryzno and Lukasik for keeping this History of fund operations up. I continue to provide it as a key source of continuity and illumination as we chart a new fiscal year future together.

*Ryan Cotton
Village Manager*