

CALL TO ORDER:

Mayor Pro-Tem Hunsaker called the Regular City Council Meeting to order at 6:09 p.m. He led the pledge of allegiance.

ROLL CALL:

Council Members Present: Matthew Cooper Denise Donohue, Dave Hunsaker, Trevor VanDyke, Frank Waters, (virtually in the City of DeWitt, Michigan) and Jennifer Whitman (virtually in the City of DeWitt, Michigan)

Excused: None

STAFF:

Daniel Coss, Lisa Grysen, and Bruce Ferguson,

AUDIENCE:

Mayor Leeming

AGENDA:

Motion by VanDyke, seconded by Donohue and carried by unanimous vote of the Council that **the agenda be approved as presented.**

APPROVAL OF MINUTES:

Motion by Cooper, seconded by VanDyke and carried by unanimous vote of the Council **to approve the March 15, 2021 finance committee minutes as presented.**

PUBLIC COMMENT:

None

NEW BUSINESS:

1. **Review of the Fiscal Year 2021-2022 Budget for all City Funds:**

In accordance with Article 12 of the City Charter, enclosed for your review is the City Administrator's Proposed Budget for Fiscal Year 2021-2022 for the City of DeWitt. This budget document recommends a work program and financial plan for operating the City of DeWitt for the period of July 1, 2021 to June 30, 2022. I would like to thank the staff for their effort and diligence in helping to present a fiscally constrained budget, while preserving the services the residents of the City of DeWitt have come to expect.

The following narrative provides a brief outline of key elements comprising the proposed City budget for the upcoming fiscal year:

GENERAL FUND

Revenues: The FY21-22 General Fund Budget has proposed continuing the current millage rate of 13.00 mills. Total revenues for the General Fund for Fiscal Year 2021-22 are expected to be \$3,418,466; an increase of \$65,054 from Fiscal Year 2020-21 Original Budget, which is

attributed to increase in new home construction and increase in the Taxable Value of the community.

The largest source of revenue continues to be property taxes. The FY 21-22 General Fund budget proposes total property tax revenues of \$2,248,400, which is an increase of \$48,400 from FY20-21.

The second largest source of revenue for the General Fund is State Shared Revenue. The budget estimates that the City will receive \$367,200 in revenue sharing for FY 21-22. Due to the uncertainty of the COVID-19 shutdown and how it will impact revenue sharing the budget has figured a 7.5-percent reduction for the full fiscal year. Michigan Department of Treasury has FY22 revenue estimates of \$396,740.00.

The Federal Stimulus funding is not accounted for in the budget, which estimates are \$474,000. The funding is expected to be disbursed in two (2) rounds 50% April-May 2021 and 50% April-May 2022. Once the US Department of Treasury issues complete guidance on how the funds may be used, City Council will have to discuss options for the funding.

The General Fund presented represents a balanced budget with an anticipated contribution of \$79,936.00 to the General Fund Fund Balance at the end of the Fiscal Year.

Expenditures: Total General Fund expenditures are budgeted for \$3,338,530 for FY 21-22. This is an increase of \$99,170 or approximately 3.0% from FY20-21 Original Budget.

Some points of interest in the General Fund are:

Council: The council budget is being proposed at \$32,940.00, which is being held flat from FY20-21.

Administrator: The administrator budget covers the City Administrator, Administrative Assistant and 50% of a proposed Part-Time Employee (PTE). The proposed budget is \$263,220.

Election: This is one of those categories that fluctuate as the number of elections can vary from year to year. The department budget has four (4) elections budgeted during the FY21-22 year. The budget for Elections increased \$62.00 from FY20-21.

Assessor: Normal operating costs for contracting Assessing are budgeted for a slight increase. The City signed a new contract with the City of Grand Ledge, effective April 1, 2021, that provided a four-year rate guarantee, which expires on March 31, 2025. Overall, the Assessing budget is increasing \$41.00.

Clerk/Treasurer: The Clerk/Treasurer budget covers the Clerk/Treasurer, Administrative Assistant II and 50% of a proposed PTE. The proposed budget is \$191,724.00, which is an increase of \$981.00. While the PTE is budgeted, hiring for this position will be delayed due to the COVID-19 pandemic.

Building and Grounds: A variety of activities are funded from the Building and Grounds budget. Major expenses from this budget include payment to Granger Disposal for the refuse and recycling contract (\$309,530); transferring of funds to the Street Fund for street improvements (\$75,000); street lights (\$82,935), legal fees (\$38,000) and Bond Payment (\$140,000). The overall budget decreased \$41,562.00 from FY20-21.

Police Department: Total expenditures for the Police Department are anticipated at \$784,265, which is an increase of \$30,275 from the FY20-21 Original Budget. The increases are due to two (2) computer replacements and increase hourly rate for PTE staff. The cumulative four-year average for part-time officers is 2,400 hours per year. On July 1, 2021 the hourly rate part-time officers will increase to \$20.00.

Fire Department: The City's payment to the DeWitt Area Emergency Services Authority for FY21-22 will be \$198,480.00. This is an increase of \$12,842.00 or approximately 6.9% from FY20-21 Original Budget. The Authority presented their annual budget at a previous City Council meeting and indicated additional funds being used to cover increased hours for the Chief and Capital Improvement for equipment purchases. In addition to the payment to DAESA, \$1,000 is included in the Fire Department budget for repair and maintenance to the building, which is owned by the city.

Planning: The Planning budget for FY 2021-22 is \$12,750 and is being held flat as compared to the FY20-21 Original Budget.

Public Services: The DPS proposed budget is \$674,294 which is an increase of \$28,723 from FY20-21 Original Budget or approximately 4.4%. The budget includes funds for an increase in part-time staff for leaf collection and wage increases per the CBA.

The Parks Facilities: FY2021-22 operating budget is \$88,032 an increase of \$43,124.00 from the FY20-21 Original Budget total. The FY21-22 Budget does include paving for the Sports Park parking lot.

Recreation: The Recreation budget contains funds for paying the DeWitt Area Recreation Authority for providing recreation programming to City residents. The amount to be paid to DARA is estimated since they operate on a calendar year fiscal year. The DARA payment is proposed to be \$36,829.00, which is a slight increase from FY20-21. The actual costs are based in part on programming numbers, which reflect the number of City participants. The DARA budget will be directly impacted by the reduction in programming revenue and may have to be revised once the full impact is known.

Retiree Benefits: The retiree benefit budget is proposed to be \$206,038.00. The budget includes an annual payment of \$25,000 to the Retiree Health Care Trust Fund and a \$150,000 additional payment to the MERS Pension System. These payments are above and beyond the required City contribution in an effort to eliminate the City's long-term unfunded liability. Coverage of the current City retirees makes up the remaining \$31,038.00.

Fund Balance: Per previous budget years, Council and Administration have shared the mutual goal of maintaining a minimum 25% of a given Fiscal Year's expenditures in General Fund fund balance. Under the proposed budget the Fund Balance would be 40.78%, including transfers.

MAJOR STREET FUND:

Revenues: Revenues for the Major Street fund come from the State of Michigan and are allocated based on a formula that includes; population (4,507) and miles of major streets (6.28). Revenue for FY21-22 is anticipated to be 334,750. Each category has a factor assigned and as revenue estimates come in to the State they adjust the revenue estimates accordingly. Revenue estimates are posted on the Treasury website for Gas Tax Revenues. The Fund Balance has been reduced due Bridge Street and the upcoming road projects, but remains healthy at \$216,302.

Expenditures: The expenditures fluctuate as the street improvement projects may or may not take place on a "Major" street in a given year. The Wilson Street Bond payment is made in the Major Street Fund and is budgeted at \$40,000.00 per year. The Schedule of Indebtedness tab contains a table that shows the payment schedule for the Wilson Street Bonds. The Construction line item of \$75,000 is the City match for the South Bridge Street resurfacing project.

LOCAL STREET FUND:

Revenues: Revenues are anticipated to be approximately \$251,550. Funds transferred to Local Streets from the General Fund and Major Streets are proposed to total \$110,000 and Gas Tax Revenue is estimated at \$139,550; for resurfacing and crack sealing. If approved, the Local Street Fund fund balance would decrease by \$20,968.00. The remaining Fund Balance totals \$84,446 for the Local Streets Fund

Expenditures: Based on the comments from the Five-Year Budget Model, the Five-Year Transportation Plan will be implemented and the following streets are scheduled for resurfacing; Oakwood, West Dill, Cedarwood, Looking Glass Glen. Construction funds budgeted for the proposed street resurfacing, including design/construction engineering total \$190,000.00

WATER AND SEWER FUND

Revenues: The largest source of revenue for the Water/Sewer Fund is sewer services. Based on ownership and flow rates at SCCMUA, quarterly sewer rates are proposed to increase one-percent (1%) to 71.12 per REU. Based on an increase in new housing-starts and the future outlook for residential construction, hook-up fees are expected to generate approximately \$42,000.00.

Expenditures: Operating expenditures are expected to increase by \$17,797 for FY21-22. The increase is due to a slight increase in SCCMUA operating expenses. The largest expense for the Water/Sewer Fund will continue to be SCCMUA expenses, which are projected at \$383,661.00, which is a slight increase of \$9,358.00. Payment to SCCMUA covers the cost of treating the sanitary sewer generated in the City and the operation and maintenance of the City's sanitary sewer collection system. The Capital Outlay/Sewer line item contains \$15,000 for sanitary sewer repairs as recommended and prioritized in the SAW Grant.

The Fund Balance continues to remain healthy in the Water and Sewer Fund, approximately \$3.9 million. The City currently has approximately \$425,000 in Lift Station reserves with SCCMUA and \$103,106 for treatment plant operations. The goal has been to continue to carry a healthy enough fund balance in the Water and Sewer Fund, so that the City will not need to bond to pay for major expenses related to capital improvements at SCCMUA, or our sewer infrastructure.

MOTOR POOL FUND

Revenues: Motor Pool Fund revenues come in the form of rental income from other City funds that utilize the equipment owned by the Motor Pool Fund. Total revenues are estimated at \$254,964.00, which is a slight decrease of \$2,443.00 over FY20-21 levels. The motor pool account is in a position to cover the proposed equipment purchases and have a balance of \$380,272.00 in Retained Earnings to assist with future equipment purchases.

Expenditures: Motor Pool Fund expenses are anticipated to be \$358,410.00 for FY21-22. This year the budget proposes the replacement of a large plow truck and leaf box for the DPW and a patrol vehicle for the police department. Other regular operating expenses contained in this budget have been adjusted slightly to cover increases in fuel and labor. Traditionally, capital outlay expenses for the Motor Pool Fund are cyclical, which has an overall impact on the amount of Retained Earnings that the Motor Pool Fund carries.

GENERAL COMMENTS

User Fees/Rates: Quarterly sanitary sewer fees are proposed to increase one-percent (1%) from \$70.42 to \$71.12.

Proposed Refuse/Sewer Rates:

Refuse - \$45.50 (3.0%) Sanitary Sewer - \$71.12 (1%)

Total Bill = \$116.63 (1.8% increase)

Current Refuse/Sewer Rates:

Refuse - \$44.18 Sanitary Sewer - \$70.42

Total Bill = \$114.60

Wages: The proposed budget includes a 2.5% wage adjustment for all full-time union and non-union employees.

Debt: The current City debt during the FY21-22 (including principal and interest) totals \$3,555,025.00. Of this amount approximately \$175,000 in principal and interest will be paid during this fiscal year. The City has a total per capita debt of approximately \$788.78 for the FY21-22. The City's debt load has increased due to the bonding for the construction of a new city hall. The Debt Schedule is contained in the budget book and highlights the next ten (10) years of required debt payments.

EXTENDED COMMENTS:

- Include funds for new entrance sign in the General Fund Budget
- Invest funds on park equipment when parks inventory is complete
- Consider Upgrades to Percy Carris Park
- Monitor Staffing for Police Department
- Range for appropriate Fund Balance
- Designate funds for Park Improvements

ADJOURNMENT:

Motion by VanDyke, seconded by Donohue and carried by unanimous vote of the Finance Committee that **the meeting be adjourned at 9:00 p.m.**

Respectfully submitted,

Lisa M. Grysen
City Clerk-Treasurer

David Hunsaker
Mayor Pro-Tem