

CALL TO ORDER:

Mayor Pro-Tem Hunsaker called the Finance Committee Meeting to order at 6:02 p.m. He led the Pledge of Allegiance.

ROLL CALL:

Council Members Present: Matthew Cooper, Denise Donohue, Dave Hunsaker, Trevor VanDyke, Frank Waters and Jennifer Whitman

Excused: None

STAFF:

Daniel Coss, Lisa Grysen, Mayor Leeming and Police Chief Bruce Ferguson

AUDIENCE:

None

AGENDA:

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

APPROVAL OF MINUTES:

None

PUBLIC COMMENT:

None

CITY ADMINISTRATORS REPORT:

None

OLD BUSINESS:

None

NEW BUSINESS:

1. Presentation of the FY 2020-2021 Budget:

In accordance with Article 12 of the City Charter, enclosed for your review is the City Administrator's Proposed Budget for Fiscal Year 2020-2021 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, 2020 to June 30, 2021. 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.

Due to the COVID-19 pandemic and the financial uncertainty with State Revenue Sharing all Capital Project expenses have been eliminated, with the exception of previously scheduled road and bridge construction.

At such time that in-person meetings can be convened, I am recommending City Council schedule a supplemental budget meeting to discuss 2020-2021 capital expenses.

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

GENERAL FUND

Revenues: The FY20-21 General Fund Budget has proposed continuing the current millage rate of 13.00 mills. Total revenues for the General Fund for Fiscal Year 2020-21 are expected to be \$3,353,412; an increase of \$220,249 from Fiscal Year 2019-20 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 20-21 General Fund budget proposes total property tax revenues of \$2,200,000, which is an increase of \$230,823 from FY19-20.

The second largest source of revenue for the General Fund is State Shared Revenue. The budget estimates that the City will receive \$360,000 in revenue sharing for FY 20-21. Due to the uncertainty of the COVID-19 shutdown and how it will impact revenue sharing the budget has figured a 10-percent reduction for the full fiscal year.

The General Fund presented represents a balanced budget with an anticipated contribution of \$114,053.00 to the General Fund Fund Balance at the end of the Fiscal Year.

Expenditures: Total General Fund expenditures are budgeted for \$3,239,359 for FY 20-21. This is an increase of \$162,437 or approximately 5.2% from FY19-20 Original Budget. The increase is attributable to the City Hall Debt Payment and increase in MERS Pension contribution.

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 FY19-20.

Administrator: The administrator budget covers the City Administrator, Administrative Assistant and 50% of a proposed Part-Time Employee (PTE). The proposed budget is \$240,747. This is an increase of \$5,873 or approximately 2.5%.

Election: This is one of those categories that fluctuates as the number of elections can vary from year to year. The department budget has four (4) elections budgeted during the FY20-21 year. The budget for Elections increased \$5060.00. The cost increase would also cover any additional expenses that may occur due to modifications in how the August and November elections are handled due to the COVID-19 pandemic.

Assessor: Normal operating costs for contracting Assessing are budgeted for a slight increase. The City signed a two-year contract with the City of Grand Ledge that provided a two-year rate guarantee, which expires on August 31, 2021. Overall the Assessing budget is increasing \$8,277.00.

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 (\$300,515); transferring of funds to the Street Fund for street improvements (\$75,000); street lights (\$81,309), legal fees (\$38,000) and Bond Payment (\$135,000). The overall budget increase \$177,841 from FY19-20.

Police Department: Total expenditures for the Police Department are anticipated at \$753,990, which is a decrease of \$21,437 from the FY19-20 Original Budget. This is in large part to the County 911 millage covering purchasing new radios.

Fire Department: The City's payment to the DeWitt Area Emergency Services Authority for FY20-20 will be \$185,638.00. This is an increase of \$5,008.00 or approximately 2.7% from FY19-20 Original Budget. The Authority presented their annual budget at a previous City Council meeting and indicated additional funds being used to cover more daytime shift coverage. 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 2020-21 is being increased \$4,500.00 to cover the review of the Future Land Use Master Plan and any potential amendments that may occur as a result of the review process.

Public Services: The DPS proposed budget is \$645,571 which is an increase of \$5,749 from FY19-20 Original Budget or approximately 2.3%. The budget includes funds for an increase in part-time staff for leaf collection and wage increases per the CBA.

The Parks Facilities: FY2020-21 operating budget is \$44,908 a decrease of \$54,778.00 from the FY19-20 Original Budget total. The FY20-21 Budget does not include any capital projects. The paving for the Sports Park parking lot and equipment upgrades have been eliminated from the budget due to the COVID-19 pandemic.

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 \$36,126.00, which is a slight increase from FY19-20. 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 programing revenue and may have to be revised once the full impact in known.

Retiree Benefits: The retiree benefit budget is proposed to be \$204,560.00. 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 \$29,560.00.

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 38.44%, including transfers.

STREET FUNDS

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 FY20-21 are anticipated to be \$275,000. 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 Main Street and the upcoming road projects, but remains healthy at \$103,765.

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 \$100,000 is the City match for the South Bridge Street resurfacing project.

Local Street Fund:

Revenues: Revenues are anticipated to be approximately \$249,000. Funds transferred to Local Streets from the General Fund and Major Streets are proposed to total \$125,000; for resurfacing and crack sealing. If approved, the Local Street Fund fund balance would decrease by \$57,693.00. The remaining Fund Balance totals \$103,355 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; East Geneva. Construction funds budgeted for the proposed street resurfacing, including design/construction engineering total \$225,000.00.

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 70.42 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 \$9,203 for FY20-21. 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 \$374,303.00, which is a slight increase of \$9,129.00. 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 \$3.77 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 \$257,407.00, which is an increase of \$15,311.00 over FY19-20 levels. The motor pool account is in a position to cover the proposed equipment purchases and have a balance of \$330,695.00 in Retained Earnings to assist with future equipment purchases.

Expenditures: Motor Pool Fund expenses are anticipated to be \$218,557.00 for FY20-21. This year the budget proposes the replacement of wood chipper, John Deere Gator and leaf box for the DPW. 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 \$69.72 to \$70.42.

Proposed Refuse/Sewer Rates:

Refuse - \$44.18 (3.0%) Sanitary Sewer - \$70.42 (1%)

Total Bill = \$114.60 (1.8% increase)

Current Refuse/Sewer Rates:

Refuse - \$42.89 Sanitary Sewer - \$69.72

Total Bill = \$112.61

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 FY20-21 (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 FY20-21.

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.

Motion by Cooper, seconded by VanDyke and carried by unanimous vote of the Council that **to recommend approval of the FY2020-21 Budget and spending plan to City Council.**

ADJOURNMENT:

Motion by VanDyke, seconded by Whitman and carried by unanimous vote of the Council that **the meeting be adjourned at 7:09 p.m.**

Respectfully submitted,

Lisa M. Grysen
City Clerk-Treasurer

Dave Hunsaker
Mayor Pro-Tem