



**Fiscal Year 2014-2015
Budget Message**

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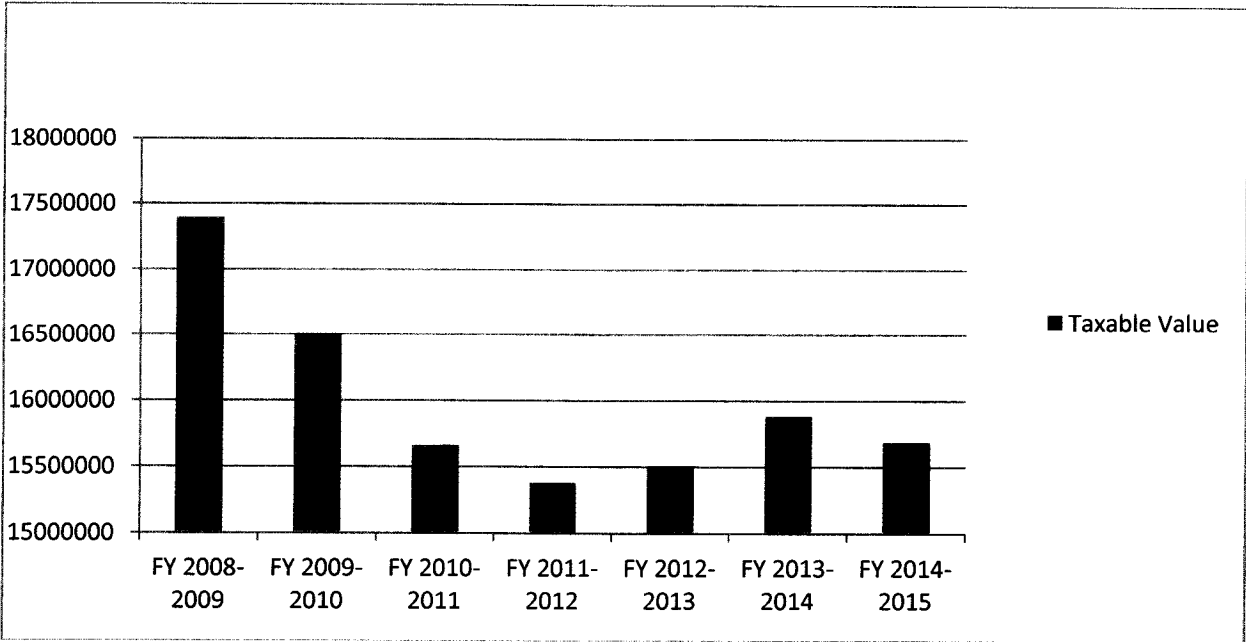
Honorable Mayor, City Commissioners, Residents and Tax Payers of the City of Grant:

We are pleased to present the final draft of the proposed FY 2014-2015 City of Grant budgets. The development of these budgets have been guided by a reviewing the City's taxable value, anticipated state revenue sharing, EVIP (former statutory revenue sharing), fees and service contract agreements.

The City of Grant's total taxable value (real and personal) for FY 2013-2014 decreased from \$15,877,991 in 2013 to \$15,685,030 in 2014. Listed below are taxable values by fiscal year pre Great Recession to our upcoming fiscal year. Taxable value is the basis for revenue in conjunction with millage rates.

- FY 2008-2009 TV: \$17,392,207
- FY 2009-2010 TV: \$16,497,996
- FY 2010-2011 TV: \$15,659,579
- FY 2011-2012 TV: \$15,376,618
- FY 2012-2013 TV: \$15,502,051
- FY 2013-2014 TV: \$15,877,991
- FY 2014-2015 TV: \$15,685,030

City of Grant Taxable Values



The current expected property tax millage rates, adjusted for Headlee Amendment Rollbacks fraction is 10.3714 for the General Operating Fund, 2.9559 for Roads and Right-of-Ways Fund, 1.0000 mill for fire

operating and equipment, 1.0000 mill for public safety and 2.1000 for Sewer Bond Debt for the 1992 sewer bonds.

Improving the quality of life, public services, sense of place and good public infrastructure are all important keys to attracting and retaining investment. Below are various projects or departmental service changes/updates for FY 2014-2015:

Downtown Development Authority:

There will continue to be no capture for the DDA this fiscal year. The DDA will not capture any general operating funds from the City and County operating millage rates until taxable values within the district are greater than the baseline values when it was created. The baseline taxable value from FY 2007-2008 was \$6,339,665 and the current taxable value in the DDA district has not recovered beyond this point yet.

Project/Sidewalks:

The Safe Routes to School project was wrapped up, and no further sidewalks projects are slated for this fiscal year.

Assessor Services:

The City has renewed a collaborative assessing services contract with the Equalization Department from Newaygo County. This has provided an accessible Monday through Friday service for residents and business owners when under former private contracts provided only several days of access per month and communication gaps. For FY 2014-2015 the contract with Newaygo County is \$7,750 for the year or \$646 per month.

Community Center:

The City will be renegotiating the lease for the WIC Office (District 10 Health Dept) this coming August, and due to the continual increase in cleaning needs and demands, I recommend all cleaning services by City staff be removed from any renewal contract beginning September 1, 2014. The City budget includes minimal funding for building repairs and maintenance as well as an increase in utilities.

Cemetery:

The beautiful new split rail fence installed in fiscal year 2013-2014 is requiring DPW staff additional time to mow and trim along the northern edge of Parkview Cemetery, and a small increase in wages is the result. As we had hoped, the new fence is a deterrent to those who desire to cut through the cemetery.

Police-Public Safety:

The police department will receive an increase in the part time police budget up to \$32,000 for FY 14-15. The previous City Manager had hoped to work on a grant to purchase another police vehicle as we move forward with planning rotation of vehicles, and the budget can be amended later if we decide to proceed with this.

Department of Public Works:

We all enjoy receiving grants for projects that will improve the quality of life for our residents, taxpayers, and visitors alike. We need to be mindful that each structure we build, park we enhance, and feature we add, the DPW staff are ultimately tasked with ensuring each is properly maintained. With the most recent additions of the former rail yard property purchased from CSX and the new Amphitheatre, there will be more demand on staff for necessary maintenance. Because of this as well as continuing with the enhanced fall leaf service pick up, you will see an increase in salaries and wages of \$4,288 from last year. This year the budget calls for purchasing a new 14' dump trailer for \$8,765. This equipment is versatile and will hook up to any of the City trucks we already own. With the rebuild of the bad engine in the F-350 planned, the DPW has requested we consider selling the vehicle and entertain leasing a new one for two years. Because of our pricing, we could sell a new vehicle in two years and get into a cycle of replacing them this way. In FY 2014-2015 we have budgeted for this, and after the cost of purchasing a V Plow for the Holder for \$4,500, a Power washer/heater/reel/hose for \$600 and the dump trailer, we should have \$9,135 towards the replacement of the F350 should the City Commission so desire.

City Hall:

For FY 2014-2015 there are no appropriations budgeted for capital outlay purchases. There are increases in wages and salaries as well as utilities. We will need to repaint the doors and get estimates on repairing the exterior sign.

Economic Development:

The City has sustained involvement as a member and supporter of the Newaygo County Economic Development Office. This collaboration will continue to provide economic development expertise, tools and other related resources to the City of Grant and businesses in the community. The City budget plans an allocation of \$3000 for FY 2014-2015.

Parks and Recreation:

We currently have a \$12,300 MiDNR Passport Grant request submitted for new playground equipment at Blanche Lake Park. The budget would be amended if we are unable to receive this grant. Salaries and wages are increased due to the success of previous grant requests! Our DPW staff will likely need to increase spring and summer hours in order to keep up with the increased mowing and maintenance demands. For Blanche Lake Park, we already approved \$1,900 to have PLM continue with ongoing effort to improve water quality. The DPW have requested \$400 for needed repairs they have identified.

The new Amphitheatre is for all intents and purposes completed! It is our hope to obtain corporate sponsors to offer a movie in the park a few times over the summer. There are companies who bring a large projection screen, and set everything up to show a movie. We just need to find the sponsors to cover the costs to do this.

Major Streets:

The PASER ratings system is an asset management tool for City streets. The system has several sections identified for resurfacing, but the funding is available only for an overlay of 300' of State Street between M-37 and the railroad at an estimate of \$8,572, which is appropriated in the budget under Street Construction-Contracted Services.

Local Streets:

The PASER ratings system has sections identified for resurfacing including an overlay of approximately 500' on Lake Street between Commerce and Lee Street (estimate of \$9,331), resealing Lake Street between Commerce and Lee Street (estimate of \$3,978), and an overlay of approximately 500' starting at Amy Street and going south. Only \$1,694 of funding is available for all of this because so much of the Roads and Right-of-Ways funding is eaten up with streetlight costs and other projects.

Roads and Right of Ways:

Roads and Right of Ways has a \$8,087 appropriation set aside for the farmers market placemaking project. There is no increase in costs for the streetlights utility costs budgeted for fiscal year 2014-2015, but there is little left for road repairs either. If we can find a better way to pay the electric bills for all of the streetlights, we would have more to complete needed overlay projects. We would need \$9,331 to overlay Lake Street between Commerce Street and Lee Street, \$3,977 to reseal Lake Street between Commerce Street and Lee Street, and \$9,440 to overlay Jones starting at Amy Street and going approximately 500 feet. There is only \$13,998 available after all expenditures, and once we use it up there is no cushion left. My recommendation is that we wait another year and do more overlays at once. Should the City Commission decide to proceed with one or more of these, a simple budget amendment would be needed at that time.

Sewer Fund:

At this point in preparing the budget, I am recommending a 3% rate increase for FY 2014-2015. Unless the City is able to add an additional large service as we were able to do in the past to help defray increased expenses, we may need to increase rates again next fiscal year. Since we have not modified our rates since August 2010, and the accumulated rate of inflation since that time totals over 6.8%. Even with this minimal rate increase, we are only budgeting for an increase of less than \$600 in combined usage and service fee revenue than we brought in two years ago. The City has avoided increases in the past through growth, but as we know from experience, growth can be difficult to budget for. The largest expenditure item in the budget is \$97,440 for Sewer Plant and Lab operations from Infrastructure Alternatives (2.1% COLA anticipated under new contract). The sewer fund will be contributing towards the purchase of shared operating supplies including uniforms, safety supplies, and specific tools. A few capital outlay expenditures will also be purchased, including a power washer/water heater/reel/hose, and a fuel tank. The previous City Manager had budget preparation documents pertaining to an appropriation of \$66,000 for CIPP replacement of 8 inch vitrified clay pipe sewer mains along both East State Road (850 feet) and West State Road (803 feet) to continue rehabbing what is left of clay tile sewer mains in the City. Should the City Commission desire to move forward with another CIPP sewer project, we would simply amend the budget to expense this to Sewer Replacement/Improvement Fund Capital Outlay. We have historically targeted and prioritized sections needing liners. Because of the fact that when emergency sewer repairs are involved, they have a higher expense to fix when compared to local streets that are not constructed to the same standards as the Class A roads. Fortunately M-37 is finished, and should be good for the next fifty years.

The balance on the smaller of the two 1992 Sewer General Obligation Bonds (\$80,000) is getting small enough that we are looking into possibly paying it off early in FY 2014-2015. This would depend on the timing when property tax payments are received. Since we paid off seven years off the end of the loan years ago, it would make sense to pay off this smaller bond as soon as we comfortably can.

Water Fund:

I am recommending a 3% increase in water usage and service fee rates for FY 2014-2015. In FY 2012-2013 we brought in a combined \$184,780 for these two line items. Even with this proposed minimal rate increase, we are budgeted to bring in a combined \$534 less than we actually brought in two years ago. Fortunately it appears our customers are fixing water leaks and better insulating their water meters in the colder months, which translates into less usage in the budget. As mentioned briefly in the Sewer Fund budget message above, we had been able to avoid rate increases since 2010 because of growth.

Fire Fund:

The City collects 1 mill for fire operating and equipment and contributes .25 mill as a general fund appropriation for first responder services to the Joint Fire District. The total appropriation for fire and first responder services to the joint fire district is \$19,606.

Wages:

The Employee Compensation Committee has recommended 1.9% increase for full-time and regular part-time City staff compensation. This has been accounted for in the proposed City budgets.

Retirement:

The City offers a 6% defined contribution only to employees who work 40 hours a week. No contributions are made to staff who work 60% - 90% of full time hours. Any employee receiving a regular payroll check may make additional contributions if they choose to do so.

Personnel Policy Changes:

The Employee Compensation Committee reviews the City Personnel Policy and makes recommendations when needed. The FY 2014-2015 budget has no recommended changes from the Employee Compensation Committee at this time.

Overall Projected Revenues/Expenditures for FY 2014-2015:

The City General Fund revenues projected at \$559,000 with expenditures estimated at \$557,191. Major Streets revenues are projected at \$52,020 with estimated expenditures at \$48,336. Local Streets revenues are projected at \$16,987 with expenditures at \$16,985. Roads and Right of Ways revenues are projected at \$46,453 with expenditures estimated at \$32,455. Fire Fund revenues projected at \$19,606 and expenditures at \$19,606. Sewer Fund revenues projected at \$501,362 with estimated expenditures at \$469,985 and Water Fund revenues projected at \$364,201 and expenditures estimated at \$358,190.

Respectfully Submitted,



Sherry Powell
Assistant City Manager/Clerk
Interim City Manager