

**CITY OF FENTON COUNCIL PROCEEDINGS
2017/2018 BUDGET WORK SESSION
Saturday, April 22, 2017
Fire Department Training Room
205 East Caroline Street**

Mayor Sue Osborn called the meeting to order at 9:08 AM.

Present: Grossmeyer, Jacob, Lockwood, McDermott, Osborn, Smith.
Absent: Draves (excused).
Others Present: Lynn Markland, City Manager; Michael Hart, Assistant City Manager; Daniel Czarnecki, Director of Public Works; Cynthia Shane, Treasurer; Jon Satkowiak, Deputy Treasurer; Mike Reilly, Building and Zoning Administrator; Bob Cairnduff, Fire Chief; Jason Slater, Interim Police Chief; Tonya Lall, Assessor; Renee Wilson, City Clerk and Stephen Schultz, Legal Counsel.

General Overview

Markland reviewed the state of the budget letter included in the budget document and highlighted the accomplishments and challenges of the City over the past year. The economy has continued to improve and growth seems to have stabilized. The industrial park has very few vacancies and true cash value of residential properties continues to increase and are close to pre-recession values.

During the 2017 fiscal year, the City sold property in the Lexington Oaks and Eagles on the Waters Edge developments; the properties were acquired through tax reversion during the recession and both now have homes under construction. Over the past twelve months, the City has issued 23 building permits for new houses.

The City, through the DDA, continued to work on improvements and assist businesses within the district. The downtown is doing well and there is a lot of interest in future development. He highlighted development and improvements that has taken place downtown within the last year. The DDA also continued very popular events in the downtown district including the Art Walk, Concerts at the Gazebo and the Farmers Market.

Markland stated the residential real estate market improved and overall taxable values increased. This resulted in an increase in overall real property tax revenue of about \$112,000 and the City is expected to gain \$21,000 in state revenue sharing.

Markland stated the constant rise in healthcare costs and changes in applicable laws requires the City to look at this issue each year. The City changed carriers two years ago and switched to Priority Health and offered policies that include a Health Savings Account option, which the majority of employees chose. The policies have worked very well but the City continues to review the cost of policies and review other options. Changes have also been made to the retiree healthcare program. Retirees under 65 years old are offered options through Priority Health; retirees over 65 are provided \$200 per month to purchase their own Medicare supplement policy. These changes have simplified retiree health care and stabilized costs. Retiree healthcare is an ongoing legacy cost that is an unfunded liability for the City.

Markland stated the City Treasurer has submitted financial data to the City's financial consultant to provide the City with the annual five year forecast. Prior forecasts indicated the City's operating costs are not sustainable. There have been substantial reductions in operating costs over the past five years that allowed the City to balance its budget while still providing a high level of service. The current financial forecast indicates the City's past decisions had a positive impact on the financial forecast. Major issues that still exist are unfunded retiree healthcare and pension costs. Steps have been taken to reduce future pension liabilities and the City has planned to budget additional funds to resolve the pension issue over a ten-year period.

Markland stated the 2018 Fiscal Year (FY) budget reflects the concerns and goals of the City Council. Following Board of Review meetings, the City's taxable value for the General Fund improved and there was an increase in property tax revenue of \$97,000. General Fund revenue increased by \$524,415, with a significant

portion of the increase coming from an expected loan of \$290,000 for police and fire radios. The budget is presented as balanced with \$500,000 in contributions from other funds.

Markland stated an appropriation to the Capital Improvement Project (CIP) Fund was not budgeted. This fund is used mainly for street improvements. The CIP fund has a fund balance of approximately \$1,113,600. The fund is currently being used as matching funds for grant projects.

Markland stated the General Fund for FY 2018 is budgeted with revenues over expenditures of \$1,190. FY2017 is expected to close with a surplus due to revenue generated from the sale of property, specifically with revenues over expenditures of \$881,775 is anticipated. He reviewed the City's accomplishments during the current FY shown on page 12.

Markland next reviewed recommendations for the FY 2018 recommended budget and upcoming projects shown on pages 13-17. By Charter, the City can levy up to 13 mills for general operating. For many years, the City levied 10.6226 mills which was allowed by the implementation of the Headlee Amendment to the State Constitution. Last FY the Headlee Amendment and Proposal A of 1994 forced the City to lower the millage rate to 10.4378. This FY the millage is required to be rolled back again and the cap is 10.3657 mills. The 2018 FY will be the 19th consecutive year that the City has not levied additional millage for debt. General fund revenues are expected to increase by \$515,763 in FY 2018 and is due to a slight increase in property tax, borrowing for police and fire radios and an increase in revenue sharing. Total general fund revenues in FY 2018 are expected to be \$6,027,157 and expenditures of \$6,025,967 with over \$479,000 (approximately 8%) of expenditures being transferred to other funds to subsidize their expenditures. He reviewed the projects and significant expenditures for the upcoming year, which represents \$2,074,000 in civic and infrastructure improvements, with expected grant funding for these projects anticipated to be \$500,000. The City's other funds are all in good condition.

Markland is recommending Council collect 10.3657 mils for FY 2018. A public hearing will be scheduled for Monday, May 8, 2017, after which the budget can be adopted. He thanked Treasurer Cindy Shane and Deputy Treasurer Jon Satkowiak for their work on the budget.

Markland next reviewed charts showing different revenue sources and reviewed General Fund revenue by source and expenditures.

CITY MANAGER

Markland reviewed the Legislative and Executive budget – pages 51-52

- Budget same as last year.
- Salaries are for City Council meetings.

Markland reviewed the City Manager budget – pages 53-54

- Salaries are 50% of the City Manager's salary. Small increase from last year. LDFA, DDA and Water/Sewer also pay a portion of the salary.
- Includes conferences and fringe benefits for City Manager.

Markland reviewed the General Services budget – pages 55-58

- Budget lower than last year.
- Attorney fees are budgeted in this department. Council discussed tax tribunal cases and legal representation of these cases. Markland suggested tax tribunals be approved by City Council. Will discuss topic more in depth at a future work session.
- Includes retiree healthcare.
- Minor increase for professional services.
- Telephone expenses will dramatically decrease once VOIP system is up and running.

Markland reviewed the Public Service budget – pages 59-61

- Page 61 – Public Services – basically stayed the same as last year.

- Includes Mill Pond weed control, mosquito control, drain assessments and parking lots. Council discussed weed harvesting/weed control options available for the Mill Pond.
- Includes funds for sidewalk improvements.

Markland reviewed the Community Needs budget – pages 62-64

- Library budget is similar to last year's budget.
- Approximately \$26,000 was spent out of Museum capital outlay line item. Capital Outlay has been reduced to \$8,000 for the upcoming fiscal year.
- Page 64 – 819.300 Community Center Needs – current year budget amended to pay for roof repairs. Will be reimbursed by City's insurance carrier.
- Lockwood questioned why no monies are budgeted under Beautification for holiday decorations. Markland responded those funds are in the DDA budget.
- Council discussed the 50/50 tree program that used to be in effect.

Page 65 itemizes General Fund's contributions to other funds.

CITY CLERK/ELECTIONS

Wilson reviewed the Clerk's Department and Elections budget – pages 66-69

Most items in both budgets similar to last FY.

- Small increase in Clerk's Department budget for salary increase and cost of fringe benefits.
- 702.000 – Salaries (Elections) – Reduced from \$16,000 to \$12,000 due to the elimination of the February election date.
- 970.000 – Capital Outlay (Elections) - decreased from last year. State has indicated a local match is not needed for new election equipment. Money has been budgeted to purchase a backup tabulator.

CITY TREASURER

Shane reviewed the Treasurer's Office budget – pages 70-71

- Fees for the auditor and financial consultant are budgeted here.
- Wages are a portion of the Treasurer's and all of the Deputy Treasurer's wages.
- Contract services are for annual computer software support services.
- Discussed contributions to MERS and contribution levels over the next ten years that will allow the pension plan to get close to being 100% funded.

POLICE DEPARTMENT

Slater reviewed Police Department budget – pages 72-86

- Reviewed department summary, goals and objectives – pages 72.
- Initially proposed filling a position in the 4th quarter of the current year. Due to budgetary issues, this position will not be filled and is not included in the proposed budget for the upcoming FY.
- Significant increase in fringe benefits is to fund MERS.
- Prosecutions line item was increased due to Code Enforcement activities that result in prosecutions.
- Conferences and Dues was increased by \$1000. Covers the cost of two conferences and membership dues.
- 865.000 – Auto Rental – requesting to replace one patrol vehicle and add an administrative vehicle for daily operations.
- Miscellaneous – budgeted \$500 for one-time expenses.
- Capital Outlay
 - Money budgeted to purchase new radios. Will purchase under the Genesee County bid.
 - Would also like to purchase three automatic external defibrillators (AED). Current AED's were purchased thirteen years ago and cannot be utilized on a pediatric patient.

- Replace one radar unit.
- Replace 2 vehicle mounted computer printers; current ones are seven years old and at the end of their useful life.
- New shredder also needs to be purchased – current one does not meet Department of Justice standards.
- GIS – budget increased to replace two desktop computers; remainder of funds will be used for unforeseen equipment failures.
- 853.000 – Telephone – line item reduced in upcoming budget due to the implementation of the VOIP system.
- 854.000 – Equipment Leasing – upgrades to cables for CLEMIS system.
- Building Maintenance
 - Plans to remove flooring in PD training room. Subfloor also needs to be looked at.
 - Remove and replace deteriorating overhead door closer.
 - Replace 17 year old air conditioning unit that covers the main Police Department offices.
- 818.000 – Contracted Services – monies budgeted to contract with a company to provide the department with model policies, written specifically from state statues and would allow the Department to update policies to current standards.

Narcotics Enforcement Fund – page 75-76

- Has a fund balance of \$5,875. Would like to use \$2,640 of those funds to purchase 16 service pistols.

D.A.R.E. Fund – pages 78-80

- Purchase extension antenna within Fenton High School. This will allow for coverage throughout the building.
- Discussed ongoing drug prevention educational programs.

Emergency 911 Fund – pages 81-83

- May 2nd Election – if the 9-1-1 surcharge increase passes, the City will receive approximately \$60,000 in additional funding.
- Would like to hire one more part time dispatcher, it would assure the department would not be utilizing a part time position for close to full time hours. The estimated cost of this position is \$15,000.
- Telephone – reduction due to switching to a VOIP system.

FIRE DEPARTMENT

Cairnduff reviewed the Fire Department budget – pages 87-94.

- Salaries are for firefighters, part-time administrative assistant, weekday personnel weekend duty shift and overtime costs. Small increase included for administrative assistant, who has not had an increase in two years. Funds were budgeted for a part-time licensed fire inspector position. This would not be a firefighter position and not involve the costs normally involved with training and equipping a firefighter. Hiring an individual to take on inspection related duties will help speed up the fire inspection process.
- There are currently 32 volunteer firefighters. Difficulties in finding volunteers and keeping younger members on department; will discuss staffing issues and solutions at a future Council work session.
- Will continue to look for grant monies. Department falls within the lowest priority level for SAFER grants and only the highest priority gets funded.
- 740.200 – Fire Fighting Equipment - small increase in upcoming budget year to purchase an additional set of gear.
- Uniforms – increase of \$1500 to purchase new uniforms for day time duty shift.
- 934.00 – Equipment and Maintenance – includes maintenance of all Fire Department owned equipment.
- 970.000 Capital Outlay - budget for technology upgrades and matching grant funds. Funds budgeted to purchase a PPE gear dryer and to replace the department's pressure washer. Equipment will be purchased with grant money if received. If not, funding is budgeted here.

- 972.000 – GIS – funds budgeted to replace in-truck computers.
- 931.000 – money budgeted to crack seal and coat parking lot. Funds also budgeted to paint apparatus bays.
- Approximately \$300,000 in replacement fund for ladder truck; truck still has quite a few years left. Once truck needs replacing, the fund should be able to cover at least ¾ of the cost. The equipment fund for all the other trucks is in good shape.
- Discussed replacing the brush truck. Committee will look at replacing the utility truck and brush truck and possibly combining them into one vehicle. Committee will look into available options in an effort to save money. Will hold off purchasing for another year.
- The 2001 Pierce Truck (Engine 11) is scheduled for replacement in five years but will probably have to be moved up at least two years in the replacement plan. Truck has needed numerous, costly repairs over the past few years.

Recessed for lunch at 12:10 PM

Reconvened at 12:45 PM

CITY ASSESSOR

Lall review the Assessing Department budget – pages 98-99

- Budget basically stayed the same as last year.
- Feels department is appropriately staffed with part time/contract help.
- Will discuss selecting an Attorney to handle tax tribunal cases at an upcoming Council work session.

BUILDING DEPARTMENT

Reilly reviewed pages 95-97 of the budget.

- Department will assume enforcement of electrical, mechanical and plumbing codes. This is budgeted for in the Contracted Services line item in the Protective Inspection department; revenues will also increase.
- Funds budgeted to purchase tablets and mobile printers for use by inspectors and the code enforcement officer while out in the field.
- 865.000 - Auto Rental – funds budgeted to purchase a newer vehicle for the Code Enforcement Officer.
- Discussed ways to better communicate with residents regarding what constitutes a code violation.
- Updated Council on Code Enforcement cases/issues and building permit data.
- Council will discuss choosing an Attorney to handle code enforcement issues at an upcoming work session.

PUBLIC WORKS DEPARTMENT

Czarnecki reviewed the Parks & Recreation Fund budget – pages 119-121. Not many changes from last year's budget; Major changes are for capital outlay and project expenses.

- Reviewed revenue sources on page 120. Includes \$125,000 contribution from the General Fund.
- 709.000 – Gatekeeper Salaries. Increase in line item due to minimum wage increasing.
- 970.000 - Capital Outlay - includes funds to repair the roof of the storage shed and for bathroom repairs at Silver Lake Park. Funds also budgeted to install more signs/posts at the Park to keep people on the road and off the grass.
- 970.300 - Tennis Courts will be resealed and will include a pickle ball court layout.
- Discussed bike trails line item and contributions to non-motorized trails from surrounding municipalities.
- Discussed the possibility of an ice rink within the City at some point in the future.

Czarnecki reviewed the Cemetery Fund budget – pages 122-124

- Will begin to develop plans for a scatter garden and additional columbarium niches.
- 801.000 - Maintenance Contract - funds for the mowing contract are budgeted here.
- Provided update on computerizing cemetery information; will eventually put information on City's website.
- 970.000 - Capital Outlay – includes funds for the purchase of benches.

Czarnecki reviewed the Major Street Fund budget – pages 125-130

- Reviewed and discussed projects scheduled for the upcoming fiscal year including Poplar Street improvements, North Road/Torrey Road intersection improvements and the Caroline Street extension.
- Traffic signals will be converted to LED lights over a five year period.
- 818.000 – Traffic Services Contractual – costs from Genesee County to maintain traffic signals.

Czarnecki reviewed the Local Street Fund budget – pages 131-135

- Eddy Lake and Dauner Roads - water that sits on southwest side of intersection needs to flow towards state park; Looking at changing the drain tiles that go across Eddy Lake Road to help water flow better towards the park.
- \$38K increase in revenues – money from State.
- Riggs Street project - PVC water main pipe will be used to reduce project costs. Public meeting will be held to inform residents about the project.
- Lead and copper testing is due to start in June; testing is required every three years.

Czarnecki reviewed the Sewer Operating Fund budget – pages 136-140

- Arc Flash study will be performed at the lift stations.
- Will review sanitary system when the SAW Grant becomes available in October.
- Investigating sewers on Ellen and Pine Streets; there are issues with roots in that area.
- 818.000 - Lift station – funds to pay for work at lift stations that is contracted out.
- Discussed changing utility billing and payment options – changing from quarterly to monthly or bi-monthly billing.

Czarnecki reviewed the Water Operating Fund budget – pages 141-146

- Reviewed budget summary on page 141.
- 818.800 – Lagoon Drainage – done every other year. No funds budgeted for the upcoming fiscal year.
- Utilities expenses were reduced by changing to LED lights at the Water Treatment Plant.
- 972.000 – GIS/Computer – funds budgeted for replacement and upgrades of computers at the Water Treatment Plant and security camera expenses.
- 778.000 – Meters. Monies budgeted to replace old meters.
- Discussed possible increase in water rates; rate study will be completed.

Czarnecki reviewed the Equipment Fund budget – pages 147-149

- Page 149 – expenses consistent with last year's budget.
- Looking to buy a piece of equipment to maintain downtown sidewalks.
- Reviewed vehicle replacement schedule – page 150.

Recessed at 2:32 PM.

Reconvened at 2:42 PM.

ECONOMIC DEVELOPMENT DEPARTMENT

Hart reviewed the Local Development Finance Authority (LDFA) budget – pages 100-106.

- Reviewed projects and summaries on page 100.
- Reviewed LDFA Construction revenues and expenditures on pages 105-106.
- 820.846 – Park Improvements - money budgeted for landscaping work.
- 818.400 – Marketing – discussed expenses budgeted in this line item.
- Budget for upcoming fiscal year is \$25,000 less than budget originally adopted for current FY.

Hart reviewed the Downtown Development Authority (DDA) Budget – pages 107-118.

- Reviewed DDA Debt Retirement revenues and expenditures on pages 109 and 110.
- Reviewed DDA Construction revenues and expenditures on pages 112-113.
- Page 113 – 818.410 – Event Marketing – DDA approved Chamber for three events.
- 825.300 – Streetscape – funds budgeted to maintain streetscape.
- 825.400 – Rental properties – funds to maintain the property at 106 W. Shiawassee.
- Discussed Marketing (818.400) and Event Marketing (818.410) line items and what expenses are included in those items.
- Discussed issues with website and possibly changing vendors to manage the City’s website. Will look for a vendor that specializes in municipal websites and will discuss more in depth at a Council work session.
- 971.400 – Master Plan Implementation – funds for the Horizon Building project.
- 975.770 – Elizabeth Connector – pathway improvements by A Joyful Noise.
- 975.801 – Silver Parkway Improvements – monies budgeted to investigate options for an improved pedestrian crosswalk on the Parkway.
- 975.807 – Community Center Restoration – funds budgeted for initial design work and legal costs. Project will move forward in upcoming fiscal year.
- 975.816 – funds to maintain parking lots in the downtown area.

Continued Review

Markland reviewed remainder of budget items beginning on page 151

- Page 151 – Capital Improvement Fund – no budget in upcoming year. Fund balance is being preserved for future street projects.
- Page 154 – Working Capital Fund – Lake Fenton Weed Cutting special assessment is paid through this fund.
- Page 157 – Eagles Debt Service Fund – monies to pay bond payments for special assessment bond.
- Page 162 – Garbage Fund – rates will increase per the contract.
- Page 165 – Community Development Block Grant (CDBG) – money received for CDBG projects including the demolition of 206 E. Caroline Street.
- Discussed contribution to Loose Senior Center.
- Page 168 – Neighborhood Stabilization Program – No money in current fiscal year. The program has ended and fund will be closed.
- Page 171 – Public Communications – Funds collected from the communities participating in FACT; will be used to pay for the contracted FACT Coordinator position.

Reviewed Statements of Bond Indebtedness and Debt Service – pages 174-184 and 2016 Assessment Data on page 185.

Attorney Schultz updated Council regarding issues with the City Charter discussed at the April 17th special City Council meeting.

Meeting adjourned at 4:12 PM.

Mayor Sue Osborn

City Clerk, Renee Wilson

Date approved: June 12, 2017