

CITY OF FENTON COUNCIL PROCEEDINGS
2015/2016 BUDGET WORK SESSION
Saturday, April 25, 2015
Fire Department Training Room
205 East Caroline Street

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

Present: Bland, Grossmeyer, Jacob, Lockwood, McDermott, Osborn.
Absent: King.
Others Present: Lynn Markland, City Manager; Michael Burns, Assistant City Manager; Daniel Czarnecki, Director of Public Works; Cynthia Shane, Treasurer; Jill Beckley, Deputy Treasurer; Mike Reilly, Building and Zoning Administrator; Bob Cairnduff, Fire Chief; Rick Aro, Police Chief and Renee Wilson, City Clerk.

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 as well as the manufacturing climate. The industrial park has almost no vacant buildings and vacant land continues to be available for new development. He stated Creative Foam located in the City's industrial park and opened an engineering center. True cash value of residential properties increased over the past year and home values have almost recovered to pre-recession values.

The City, through the DDA, continues to assist businesses in the district and the DDA partnered with the Corlin Group to construct the Cornerstone building at the southeast corner of Silver Lake Road and South Leroy Street and the building is the start of the rebirth of the downtown area. 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 have increased. This resulted in an increase in overall real property tax revenue of about \$47,000 and the City is expected to gain \$29,000 in state revenue sharing.

Markland stated he expects there will be significant changes to the health care policy, and perhaps the provider. He stated City Council needs to review the retiree healthcare offering and suggested Council look at the continued retirement benefit for future employees. This benefit has created a large legacy cost and needs to be reviewed and perhaps change the qualification requirements.

Markland stated the City Treasurer has submitted financial data to Stauder, Barch & Associates to provide the City with the annual five year forecast. Prior forecasts indicated the City's operating costs are not sustainable. Over the past five years there have been substantial reductions in operating costs which allowed the City to balance its budget while still providing a high level of service. The forecast report will be reviewed at the May work session.

Markland stated the 2016 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 \$47,000. General Fund revenue increased by \$417,192 but \$290,000 of this increase is an expected loan for police and fire radios. The budget is presented as balanced and the \$525,000 in contributions from other funds is same as last year.

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 \$1.3 million. After the Silver Lake Road Bridge project (FY 2016) the fund is expected to have \$900,000, which is to be used for the Poplar Street project in FY 2017.

Markland stated the General Fund for FY 2016 is budgeted with a revenue over expenditures of \$154,000 and reminded all there are many more needs and requirements for future years, including legacy costs that could use these funds. He stated FY15 is expected to close with a small variance in the General Fund, specifically with

an expenditures over revenues of (\$56,000). He reviewed the City's accomplishments during the current FY shown on page 12.

Markland next reviewed recommendations for the FY 2016 recommended budget and upcoming projects shown on pages 13-17. By Charter the City can levy up to 13 mils for general operating. The 13 mils have been reduced to 10.6226 by the implementation of the Headlee Amendment to the State Constitution and Proposal A of 1994. He stated this FY will be the 17th consecutive year the City has not levied additional millage for debt and 10.6226 mils continues to represent the lowest millage rate levied by the City since at least 1976. General fund revenues are expected to increase by \$417,192 in FY 2016 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 2016 are expected to be \$5,671,846 and expenditures of \$5,517,416 with over \$373,000 (6.7%) of expenditures being transferred to other funds to subsidize their expenditures.

Markland is recommending Council maintain the current millage and collect 10.6226 mils for FY 2016. A public hearing will be scheduled for Monday, May 11, 2015, after which the budget can be adopted. He thanked Treasurer Cindy Shane and Deputy Treasurer Jill Beckley for their work on the budget.

PUBLIC WORKS DEPARTMENT

Czarnecki reviewed the Parks & Recreation Fund budget – pages 117-119. Not much change from last year's budget.

- Surface under playground equipment – about a \$3500 expense
- In process of replacing picnic tables – approximately \$300/table
- New disc golf course installed at Silver Lake Park
- Revenues stay basically the same – doesn't foresee any increase in fees. Fees will be looked at when the Parks and Recreation Board reviews their Master Plan this year.
- Slight increase in salaries for parks staff – largely due to increase in minimum wage.
- Capital Outlay – work on bathrooms and storage building at Silver Lake Park
- \$5000 budgeted for tennis courts both this FY and next. Monies will be used to resurface the courts behind the Community Center

Osborn noted there is nothing budgeted in the ice rink line item. She has been in discussion about donations for an ice rink and asked how much it would cost to install one. Czarnecki stated he looked into a refrigeration unit which was close to \$500,000.

Czarnecki reviewed the Cemetery Fund budget – pages 120-122

- Revenues are same as previous year
- Pretty close to having the cemetery records computerized
- Started fixing roads using road millings
- Columbarium and the walkway around it needs to be sealed this year
- Markers will be reset
- DPW work consists of cleaning up trees or grading roads. Other maintenance items are contracted out.

Czarnecki reviewed the Major Street Fund budget – pages 123-128

- Crews out daily patching potholes
- Traffic counts need to be completed

Discussion ensued regarding money for potholes. Czarnecki stated money is budgeted in the maintenance department of both the major and local street budgets. Money in this department is for all items relating to road repair. A load of cold patch is about \$3500 and approximately five to six loads are needed each year.

- Stay up to date on grading streets and bridge inspections

- Design work ongoing for the Silver Lake Road Bridge. Project will take place after the Streetscape project.

Osborn asked how much general fund is contributing to the Silver Lake Road Bridge project. Czarnecki responded the overall cost is approximately \$2 million and roughly \$1.6-\$1.7 million will be covered by grants; general fund's portion is for the design work and grant match. He stated there is a grant coming from MPO for the work on Poplar Street. The design work will move forward this year but will likely carry over to FY 17. Lockwood inquired about the right turn lane on Poplar. Czarnecki responded the intersection will be straighten out so Poplar Street and Silver Lake Road will intersect at a right angle. Discussion ensued regarding construction and the impact on Conklin Park and whether or not LDFA funds can be used towards the Poplar Street improvements because of the proximity to the Industrial Park. Markland will check with the City Attorney about the LDFA funds. Administration will also look at installing off street parking near the park.

- 818.000 – patch roads that were recently improved
- Page 126 – most items stayed consistent with last year's budget.
- 474.818.000 – charge for County to maintain traffic signals. Discussed retiming signals to accommodate change in traffic flows due to construction. After streetscape project, Administration will look at reviewing entire traffic signal system to help improve traffic flow. Discussed various street improvements around town. Administration will get a price comparison to improve Owen Road with either asphalt or concrete.
- Page 127 - 740.000 operating supplies – Salt – expects costs to go up this year.

Czarnecki reviewed the Local Street Fund budget – pages 129-133

- Maintain streets as much as possible with the funds available – no outside funding to help maintain local streets.
- Pages 131-132 – budget is similar to last year.
- Page 132 - \$32,500 allocated for salt

Dawn Overmyer asked if raised manholes causes problems for the D.P.W. crew to patch. Czarnecki responded it can potentially lead to problems and stated when manholes are raised, they are looked at to determine why (i.e. if road is settling) and are worked on if needed.

Czarnecki reviewed the Sewer Operating Fund budget – pages 134-138

- Covers sanitary sewers and lift stations.
- 490.000 – tap in fee revenue. Increased over the last few years as economy continues to improve. Most other revenue consistent with the prior fiscal year.
- Not much change on expenditure side. Increase in budget is due to price increases – basic budget same as in the past.

Czarnecki reviewed the Water Operating Fund budget – pages 139-144

- Reviewed budget summary on page 139.
- Pump needs to be replaced.
- Pickup truck needs replaced – will purchase one with a plow so the Water Plant can plow their own lot.
- Tap-in fee revenue is increasing as development continues.
- Expenditures didn't change much. Basic budget is same as in the past; increase is due to increase in prices of materials.
- 920.000 – Utilities – Osborn asked if the energy audit resulted in savings. Markland responded a small savings was found. The City was being charged a tax it shouldn't have been charged. Discussed options to become more energy efficient.
- Repairs are needed at water plant facility and have been budgeted for.

- Page 141– building rent – money paid to General Fund.

Czarnecki reviewed the Equipment Fund budget – pages 145-148

- Projects include rebuilding two dump trucks, replace hydraulics and worn components and also replace two pickups.
- Supplies are to maintain equipment.
- Reviewed vehicle replacement schedule – page 148

Lockwood asked about removal of wood chips from Silver Lake Park. Czarnecki responded there is no room to store them at the DPW garage and he doesn't know of anywhere else they could be stored on City property.

Council discussed the problem with graffiti on the bridge underpasses and potential ways to address the issue.

Discussion ensued regarding adding a Deputy DPW Director position to help with the planning, safety tasks and direct day to day operational oversight. Czarnecki stated right now, crew leaders are tasked with these items which takes them away from working out in the community. He stated it will also help free up some of his time that is spent on day to day operations. Money was allocated for the position in the budget presented to Council. The position would be filled sometime after September and monies that will become available due to debt retiring will be used to help fund the position.

Czarnecki updated Council on the Streetscape project.

CITY MANAGER

Markland reviewed the Legislative and Executive budget – pages 52-53

- Budget similar to last year. Salaries and conference line items increased slightly.
- Salaries are for City Council meetings.

Discussed sending one councilmember a year to the NLC conference in Washington DC. Lockwood stated it would be beneficial to send a councilmember and commented it is good to interact with legislators and get information from municipalities across the nation. In the past, only the Mayor and Mayor Pro-tem have attended. McDermott suggested bumping budget up enough to cover sending a councilmember to a national conference.

Discussion ensued regarding benefits gained from attending conferences. Grossmeyer thinks this could be discussed at a future work session and worked out for future budgets. McDermott stated he thinks this can be dealt with this year. A process could be put in place to select a councilmember to send to a conference and budget for the expense.

Conference budget line item for City Council will be increased \$2,500 to accommodate sending an additional councilmember to a conference in the upcoming fiscal year. A policy will be developed at a later date to address conference attendance.

Markland reviewed the City Manager budget – pages 54-55

Discussion ensued about redesigning the City website to be a more user-friendly site. Administration will look at vendors that specialize in government websites to design and maintain the City website.

Osborn stated a work session needs to be held to discuss pension legacy costs. Markland agreed and stated health care costs also need to be discussed.

Markland reviewed the General Services budget – pages 56-59

- Attorney fees budgeted in this department

- Legal fees (826.000) is for tax tribunals
- City Hall budget increased slightly in the contracted services and capital outlay line items.

Markland reviewed the Public Service budget – pages 60-62

- Page 61 – public services – basically stayed the same as last year
- Page 62 – street lights costs will be reduced once LED lighting is installed downtown

Markland reviewed the Community Needs budget – pages 63-65

- Museum Capital Outlay – money added to paint museum
- Library Capital Outlay – item was increased last year to cover renovations and has been reduced back down to \$10,000.

McDermott asked for a total cost of the website. Beckley responded website expenses are \$650 per month.

Discussion ensued regarding the Beautification Commission budget. The Commission is looking at replacing flower pots throughout the City at a cost of \$45 per pot. Research will be done on the cost of banners. Discussion was held regarding the plantings downtown and hanging plants. Markland stated the plantings were picked by the Beautification Commission that was in place at the time the Streetscape Project was being discussed. Administration will looking at getting an estimate to equip the downtown light poles with an irrigation system.

- Page 66 itemizes General Fund's contributions to other funds.

CITY TREASURER

Shane reviewed the Treasurer's Office budget – pages 71-72

- Fees for the auditor and financial consultant are budgeted in her department.
- Wages are a portion of the Treasurer's and all of the Deputy Treasurer's wages.
- Contract services are for computer software services.

Recessed for lunch at 12:21 PM

Reconvened at 1:07 PM

POLICE DEPARTMENT

Aro reviewed Police Department budget – pages 73-84

- Reviewed department summary, goals and objectives – pages 73. Noted the department summary indicates staff includes two part time dispatchers, but there are three.
- Funding for an additional Sergeant position was added to the budget.
- Overtime should not go over budget for current FY.
- Operating supplies have pretty much stayed the same.
- Prosecutions are paid for, in part, with fines and court costs.
- Narcotics Control is paid for from F.A.N.G., which has been a good partnership.
- Capital Outlay – significant increase – 911 upgrades – installing fiber optic cable and implementing a text to 911 capability for current FY. FY 2016 expense is mostly for radios.
- Increase in part time salaries for FY 2016.
- 960.000 - budget same as last year
- Police Communications – stayed the same as last year.
- Utilities – reduced for the current year – partially due to installing LED lights
- Auto Rental – should be \$80,000, not \$50,000 - patrol vehicle will be replaced.
- Most expenses on page 75 are similar to prior budgets.

Osborn asked why employee fringes went up so much. Markland responded it is a combination of fringes for the new sergeant position and an increase in the cost of benefits.

Aro reviewed his request to add an additional Sergeant. About 28% of patrols do not have a Sergeant or Lieutenant on duty. Calls for service have increased about 11% over the past five years. An average police department has 1.7 officers per 1000 residents, which would be close to twenty for the City. The department currently has fourteen officers. An additional Sergeant would allow for coverage when the other Sergeants are off. It would also allow flexibility to have an officer on foot patrol in the downtown area, which has seen an increase in foot traffic due to all the restaurants, businesses and events.

Lockwood questioned if public perception would be negative to have a uniformed officer patrol the downtown area and if the perception would be that things are unsafe downtown.

Markland commented the downtown is changing in a positive way and it is not uncommon to see an officer patrolling a downtown area. He thinks perception would be one of reassurance that everything is okay, not that there is a problem.

Aro stated his intention is to have an officer downtown Thursday, Friday and Saturday nights and other days that events may be taking place.

Grossmeyer doesn't think one officer in a downtown area would lead to a negative public perception.

Bland stated he would not have a problem with an officer patrolling the downtown area and doesn't think the perception would be anything other than one of a safe area.

Aro stated there will be no requirement for the downtown officer to write tickets. He wants this to be more a community relations position. He stated money is in the budget for this beginning with the last quarter of FY 2016. He thinks it will improve the perception of the City. Aro stated he hopes the DDA could help fund this position as patrols will mostly take place in the DDA district. Markland stated that was looked at. There isn't money in the upcoming budget year as there are numerous projects on tap, but the DDA may be able to contribute after that.

Narcotics Enforcement Fund – page 76-77

- Forfeiture funds are accounted for here
- Pays for FANG dues when funds are available

D.A.R.E. Fund – pages 79-81

- Financed by donations
- Used for school related expenses (i.e. project graduation, buying ads in school newspaper).

Lockwood asked about using these funds to help pay for crossing guards. Aro stated that could be done, but the funds would run out fairly quickly.

Emergency 911 Fund – pages 82-84

- Page 83 – revenue received from telephone companies.

The Auto Rental line item (865.000) on page 74 will be increased from \$50,000 to \$80,000.

Osborn stated there has been discussions regarding body cams and asked if those become a requirement, how much would they cost and where would the money come from. Aro responded if they are required, the legislature would have to provide funding for it.

FIRE DEPARTMENT

Cairnduff reviewed the Fire Department budget – pages 85-92

Cairnduff stated staffing will be a concern in the next few years and there will be a need for supplemental staffing in the future. Training and requirements for volunteer firefighters continues to rise and it's difficult to recruit people due to other life commitments. One of things being done is applying for SAFER grants for staffing

but the funds available at the federal level are shrinking and requests are increasing. The Department has not been awarded funds but will continue to submit a grant application. To continue the level of service, additional staff will have to be addressed at a later date.

Markland asked Cairnduff his thoughts about a public safety department. Cairnduff stated in the right situation it can work, but there needs to be a large enough police force to be able to take officers off the road when a fire incident occurs and the City does not have that. He stated public safety departments typically work best in an area that have police departments staffed with twenty or more officers or a small area with a very low call volume. Discussion took place on the logistics of a public safety department. If Fire Department staff is added in the future, a public safety millage will have to be looked at.

- Salaries is for firefighters, administrative assistant and weekend duty shift.
- Asked for an increase for duty shift – from \$10 to \$12 hour – no change since 2005.
- Supplies line items stayed the same.
- Firefighter equipment line item decreased.
- Equipment maintenance (934,000) - tires on ladder truck needs to be replaced this year.
- Capital outlay – decreased from \$18,500 to \$11,000, matching grant funds are budgeted here.
- Asked for \$5,000 to do a joint project with STAT-EMS to approach local health care facilities to buy a LUCAS device.
- Building Maintenance stayed the same but the building is 14 years old and will need repairs.

Fire Equipment Fund – pages 88-92

- Two payments left of Tanker 14.
- Last payment on ladder truck was this fiscal year.
- LDFA contributes \$50,000 for the ladder truck.
- \$100,000 contribution helps replacements stay on schedule.
- Replacement for Rescue 16 has been ordered.

The Fire Department Capital Outlay line item will be increased by \$90,000 for the purchase of radios.

CITY ASSESSOR

Assessor is sick – will be reviewed at a later date.

CITY CLERK/ELECTIONS

Wilson reviewed the Clerk's Department and Elections budget – pages 67-70

- 727.000 – Supplies - line added to this year's budget. Used to be included in the 'miscellaneous' line item, which has been reduced accordingly.
- 818.700 – Codification Update – line item added this year to separate these costs from the 'printing and publishing' line item. Should be less in subsequent years as code will be updated more frequently than in the past.
- 900.000 – Publishing – increased current year budget to include current codification update.
- 727.000 – Election Supplies - slight increase in budget as most election supplies have been used and need replenishing before the 2016 election cycle.
- 818.000 – reduced from last year. Covers maintenance of voting equipment. Some of the testing responsibilities were taken in-house to save on costs of using a third party vendor.
- 970.000 – increase from last year. Generally only used if necessary to replace equipment but would like to purchase additional voting booths before the 2016 presidential election.

ECONOMIC DEVELOPMENT DEPARTMENT

Burns reviewed the Local Development Finance Authority (LDFA) budget – pages 98-104

- Funding was changed to have the Director's salary and benefits allocated 90% to the DDA and 10% LDFA.
- Working on updating signage for Industrial Park.
- Landscaping around lift station at Alloy and Fenway.
- Install outdoor exercise equipment.
- LDFA will have to re-evaluate roads within the industrial park. Estimate for improvements is \$1.7 million.
- Proposing \$175,000 revenue share with general fund.
- Conference and dues consists of a portion of the Assistant City Manager's conference expenses and dues to the I-69 Trade Corridor.

Lockwood asked about a marketing plan. Burns responding marketing has been discussed, but nothing has moved forward. Markland stated there isn't much to market; the industrial park only has a few vacant lots and no vacant buildings. Lockwood asked why \$10,000 is budgeted. Burns stated it been in the budget since before he was with the City but it can be taken out of the budget or reallocated if Council wishes. Administration will find out if LDFA funds can be used towards the cost of reconfiguring the Poplar/Silver Lake Road intersection.

Burns reviewed the Downtown Development Authority (DDA) Budget – pages 105-116

- Three buildings were recently bought downtown to be developed which changed how the budget was put together.
- Demands of the DDA are high which means the DDA needs to be careful when choosing projects to fund or it can run out of money.
- Highlighted FY 2016 projects as listed on page 105.
- Revenue share to general fund stays the same as last year. Markland stated this is a payment to general fund for incremental increases and demands on public service in the DDA area. He does not look at it as a revenue share. Item will be renamed in the budget to reflect that funds are not a revenue share.
- Page 108 – increased bond payments to reflect streetscape bond payments. Also paying towards Fire Hall/DPW bonds. Markland stated additional money will be borrowed for the streetscape project.
- Page 107 – tax revenues – MTT appeals caused \$65,265 of revenue to be restricted for FY 2015.
- Page 107 – bond proceeds – loan payments from Corlin Builders.
- Page 111 – increase in salaries and employee fringes reflects 90% of the Director's wages and fringe benefits.
- Reduced professional services due to no longer working with the Ferguson Group.
- Marketing line item reduced to \$30,000.
- DDA revised budget to contribute to Art Walk, Jinglefest and the Freedom Festival but not contribute to the Silver Linings program.
- Recapped the façade improvement program (975.730).

Discussion took place regarding creation of a principal shopping district. Burns stated the district functions similar to a special assessment district where a majority of the property owners in the proposed district have to agree to a principal shopping district and all the money collected would be used specifically for marketing events in the district. The district would become their own legal entity. Lockwood asked if this could overlap the DDA district. Burns stated he will have to look into it more to see exactly how it works.

- DDA needs a policy regarding event sponsorship.
- Page 111 - \$20,000 for appraisals to contribute towards tax tribunal cases.
- 825.300 – public relations campaign for streetscape project.

Discussion took place regarding marketing options and expenditures. McDermott asked what the difference between marketing and event marketing is. Burns responded marketing is for media buys, maintaining City's

Facebook page and merchant outreach. In the FY 2016 budget, he eliminated media buys from the marketing line item. He originally proposed a budget that had no money budgeted for marketing and stated the marketing issue needs to be reevaluated. Burns stated once the Streetscape project is near completion, the DDA and City Council need to decide on a marketing approach. Currently, the DDA and merchants are not in favor of a marketing person and merchants are in favor of event marketing and happy with the current marketing firm. Markland stated once the downtown is significantly redeveloped, it will change the focus of the DDA. A joint meeting will be held at a later date.

Discussion took place about the Streetscape project affecting downtown businesses.

- Page 112 – streetscape maintenance – for upcoming FY budgeted is doubled – DDA needs to maintain sidewalks once the Streetscape project is completed.
- Community Center restoration – supposed to be amended to \$60,000 this year and \$40,000 for next year. \$100,000 will be set aside for community center landscaping. Bland questioned why \$100,000 is needed for landscaping. Markland stated a community plaza is planned. Council discussed future landscaping plans at the Community Center.
- Page 113 – budgeted \$500,000 for parking lot – seeking additional bonds to assist with development.

Osborn stated Tyrone and Fenton Township need to be approached about contributing towards library operations.

BUILDING DEPARTMENT

Reilly reviewed pages 93-95 of the budget.

- Reviewed budget summary on page 93.
- Salaries increased to accommodate administrative support position that went from part time to full time.
- Will create a policy manual for the department so consistent information is given out to the public.
- Tried to keep costs consistent with last year.
- Contracted services went down, will pick up some field work in-house to save money.
- Use website more to provide information about policy and procedures to the public. Bland suggested utilizing a City newsletter as was done in the past. Discussion ensued regarding options available to communicate with residents.

Continued Review

Markland reviewed remainder of budget items – pages 149

- Page 151 - Contribution to major street fund is for the Silver Lake Road Bridge project.
- Page 153 – working capital fund – line item added (698.910) for the Lake Fenton Special Assessment District.
- Page 154-158 – Fund set up for the Eagles on the Waters Edge Special Assessment District
- Page 159 – Garbage Fund – will modify budget if program changes from the bag and tag program.

Discussion ensued regarding changes to system. Will be part of the contract to bill only the number of houses where collection takes place. Residents out of town a month or more, the bill will be pro-rated. Contract is still being negotiated.

- Page 162 – Community Development - \$1,257 budgeted in the FARR Needs Assessment line item (597.007) will be reallocated to the Community Center Elevator line item (500.300).
- Page 164 – 997.005 – line item description says ‘Barrier Free’ and should be ‘Loose Senior Center’.

Lockwood suggested reallocating the Loose funds to the community center elevator. She does not want to take away revenue from the Loose Center if they have budgeted for it but she has not seen their budget. Administration will get a copy of the Loose Center budget.

- Page 165 – Neighborhood Stabilization Program – City owns one property that will be rehabilitated in 2015.
- Page 168 & 169 – Money for FACT Coordinator.

Reviewed Statements of Bond Indebtedness and Debt Service – pages 170-181.

Reviewed the 2014 Assessment Data on page 182.

Meeting adjourned at 5:13 PM.

Mayor Sue Osborn

City Clerk, Renee Wilson

Date approved: May 11, 2015