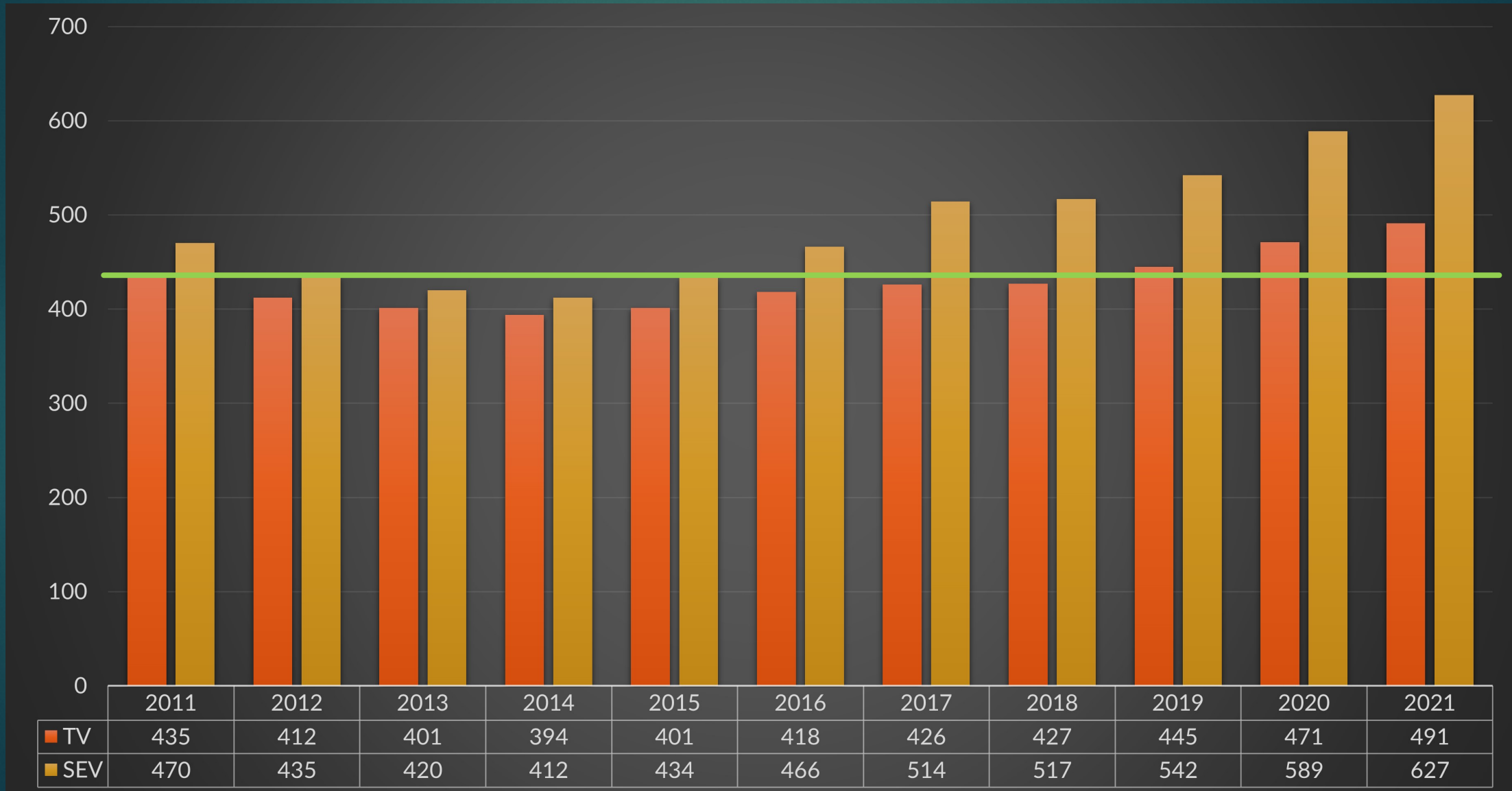


# ANNUAL BUDGET PRESENTATION

RECOMMENDED  
FISCAL YEAR 2022/2023 BUDGET

# CLOSING OUT YEAR ENDING JUNE 30, 2021



# LOOKING BACK AT FISCAL YEAR 2021/2022

- Received Grant Funds/Awards of Nearly \$1,000,000
  - Received \$375,000 Category "F" Grant for Rickett Road.
  - Received \$218,000 grant from EGLE for the Distribution System Material Inventory Program (DSMI).
  - Conducted the Feet on the Street Recycling Improvement Grant to reduce recycling contamination.
- Launched Phase II (Final Phase) of the Northwest Neighborhoods project.
- Replaced Fairway Cemetery roadway.
- Began residential cross connection inspection program.
- Completed and certified the America Water Infrastructure Act (AWIA) Risk Resilience Assessment and the AWIA Emergency Response Plan to the Environmental Protection Agency.
- Hired and trained two new officers and established a departmental drone team.
- Created the Uniformed Detective position.
- Converted Police Department interior lighting to LED.
- Continued move to digital file storage across departments.
- Completed new Transit Stop Ordinance and launched the Sign Ordinance overhaul.
- Conducted a broker/developer tour of available properties.
- Created and recommended framework to City Council for transition to Community Enrichment Committee (CEC).

# LOOKING BACK AT FISCAL YEAR 2021/2022

## GENERAL FUND PROJECTIONS

### 2021/2022 General Fund Projections

	Original Budget	Projection
Revenue	\$ 9,650,430	\$ 10,020,861
Expenditures	\$ 10,092,658	\$ 10,648,859
Use of Fund Balance	\$ (442,228)	\$ (627,998)
Beginning Assigned and Unassigned Fund Balance (Audited*)	\$ 3,441,296	\$ 3,441,296
Ending Assigned and Unassigned Fund Balance	\$ 2,999,068	\$ 2,813,298
Assigned and Unassigned FB as a % of Op. Expenditures (**at Budget Adoption)	33%**	26%



# FISCAL PRESSURES STATUS

- FISCAL PRESSURE I: STREETS AND RELATED INFRASTRUCTURE
- FISCAL PRESSURE II: UNDERFUNDED CAPITAL
- FISCAL PRESSURE III: PENSION AND OPEB LIABILITIES



# FISCAL PRESSURE I: STREETS AND RELATED INFRASTRUCTURE

## FISCAL YEAR 2021/2022

- ▶ COMPLETED RICKETT ROAD PHASE II
- ▶ NORTHWEST NEIGHBORHOODS (Down to Two Phases)
- ▶ GRAND RIVER AND SIDE STREETS
- ▶ STARTED SIDEWALK GAP PROGRAM DEVELOPMENT





# FISCAL PRESSURE II: UNDERFUNDED CAPITAL



☒ GENERAL  
☐ FUND  
UTILITIES  
FUND

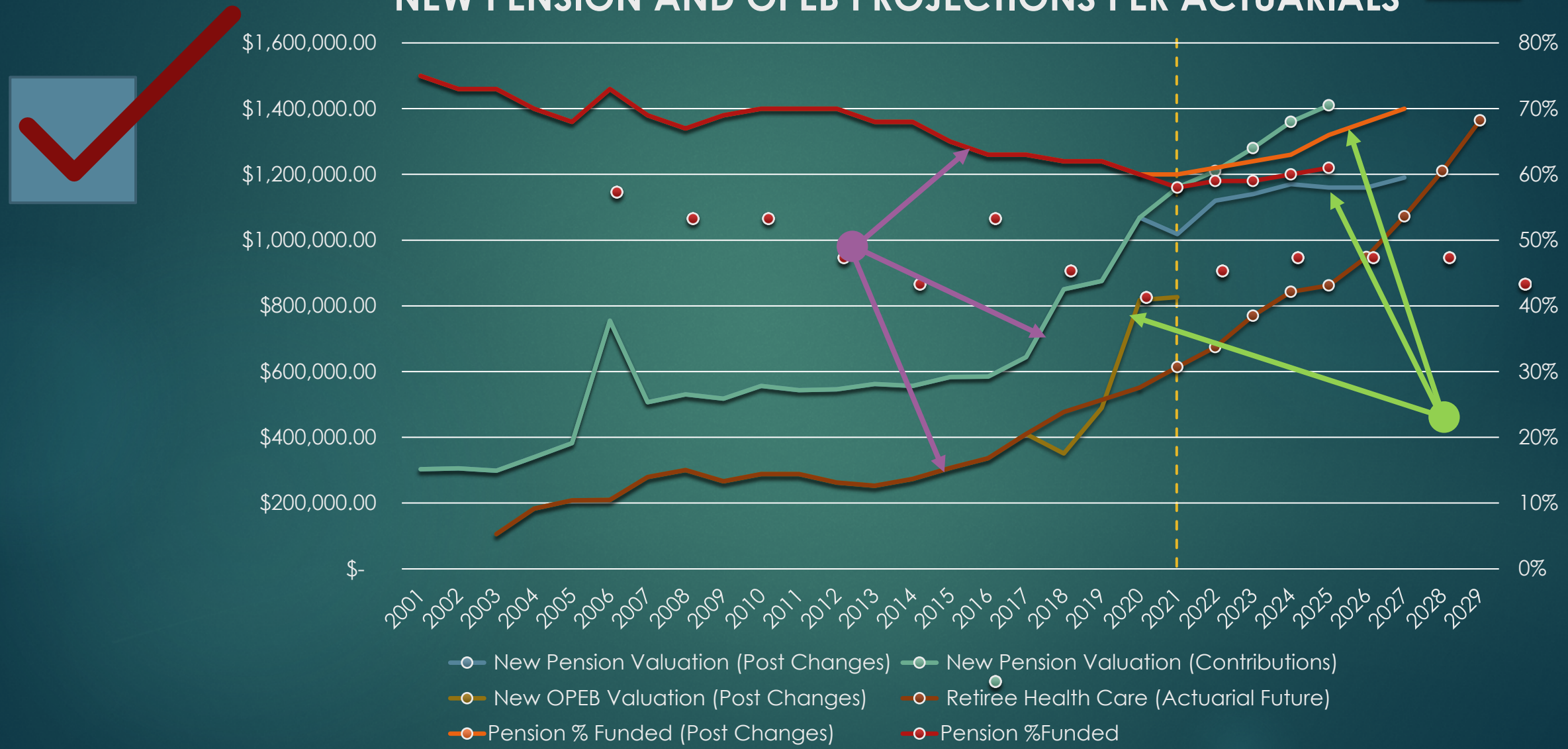
## FISCAL YEAR 2021/2022

- ▶ CAPITAL RESERVE FUND
  - ▶ THE “FIRST” MILL
  - ▶ FUNDING DEPRECIATION @ 10%
    - ▶ 2023/24 or 2024/25 Look to Increase
- ▶ UTILITY RESERVE FUND
  - ▶ PROGRESS HAS BEEN MADE
  - ▶ MORE WORK TO DO (THE SYSTEMS NEEDS ARE IMMENSE)

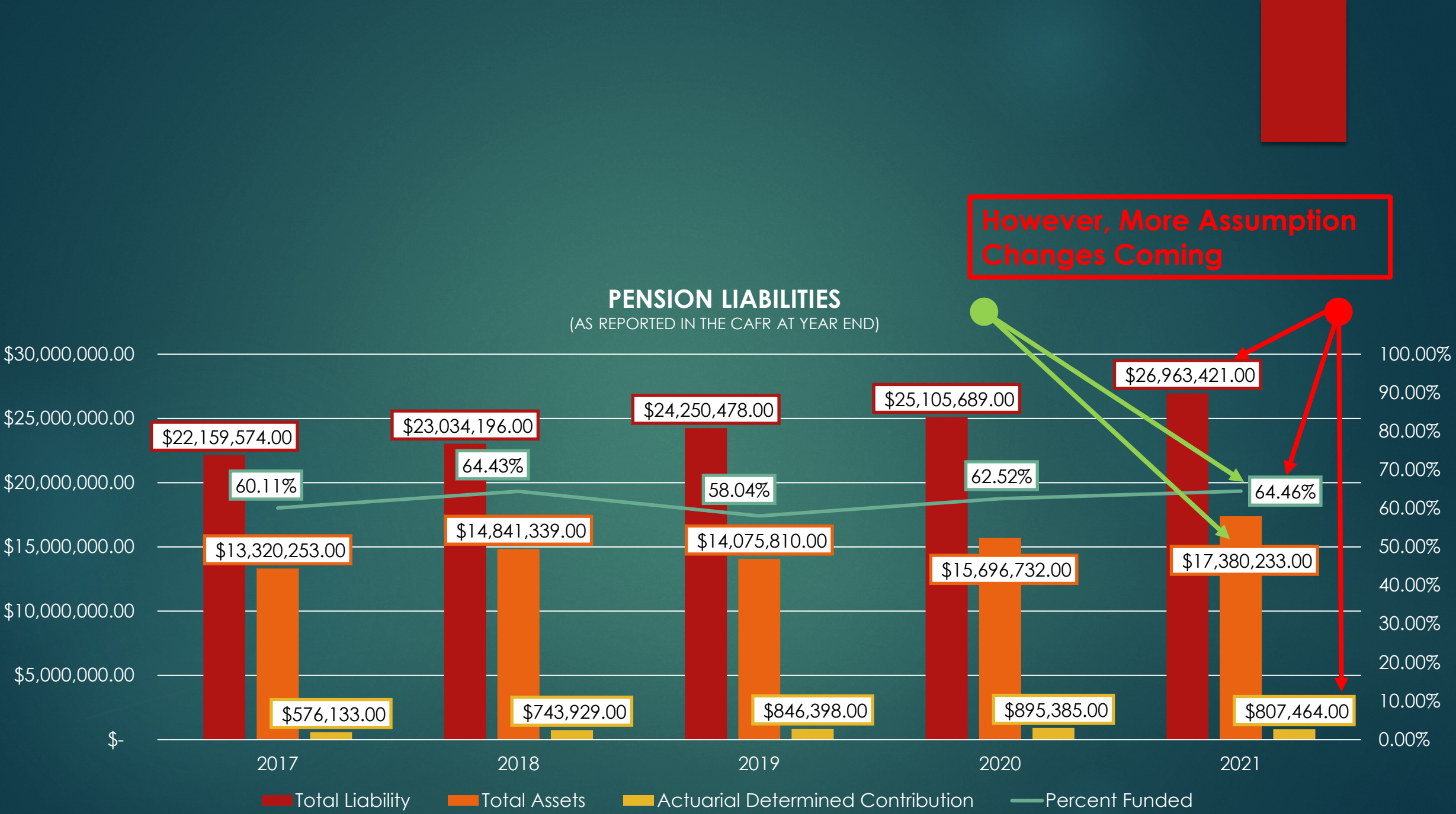


# FISCAL PRESSURE III: PENSION AND OPEB LIABILITIES

## NEW PENSION AND OPEB PROJECTIONS PER ACTUARIALS

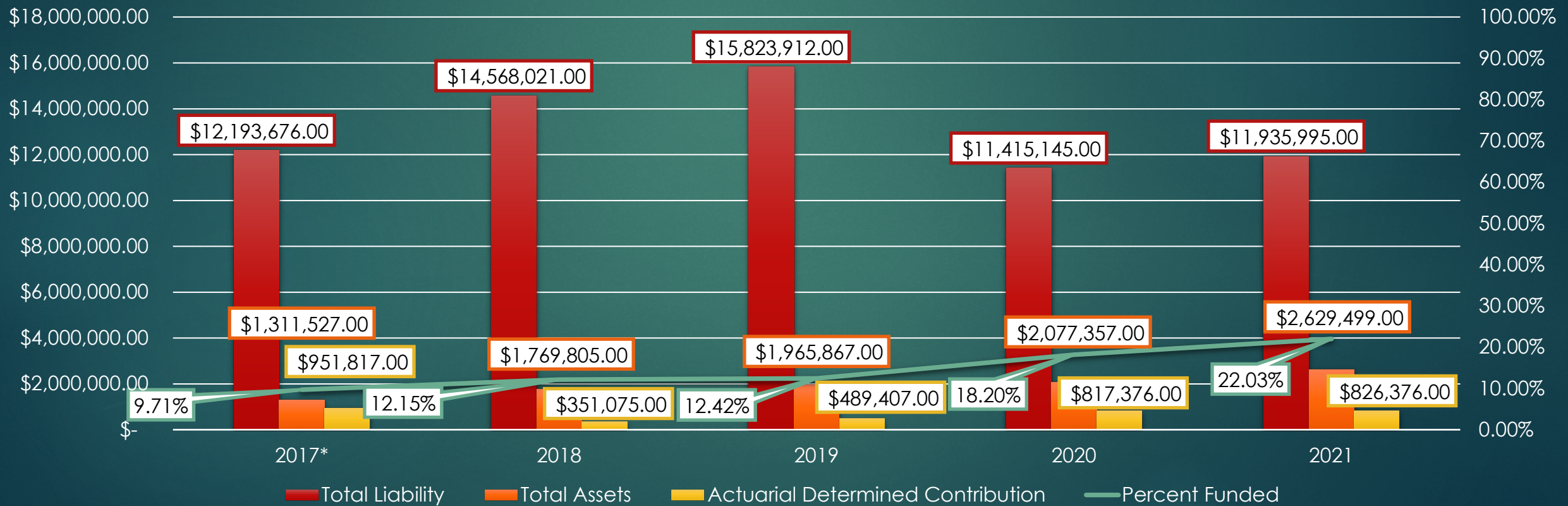






## OPEB LIABILITIES

(AS REPORTED IN THE CAFR AT YEAR END)







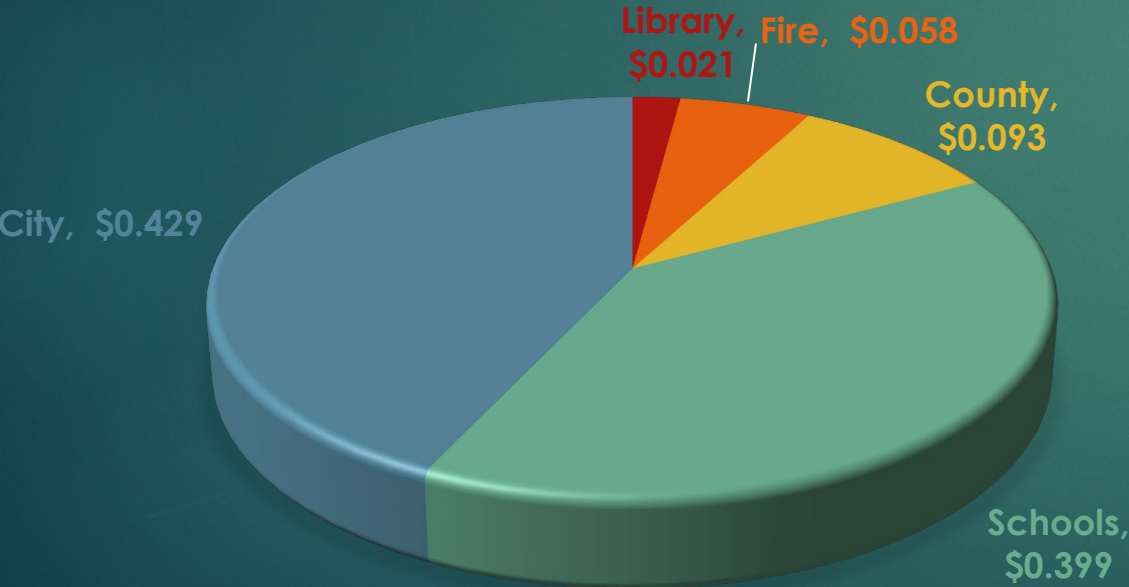
# FISCAL YEAR 2022/2023

RECOMMENDED BUDGET

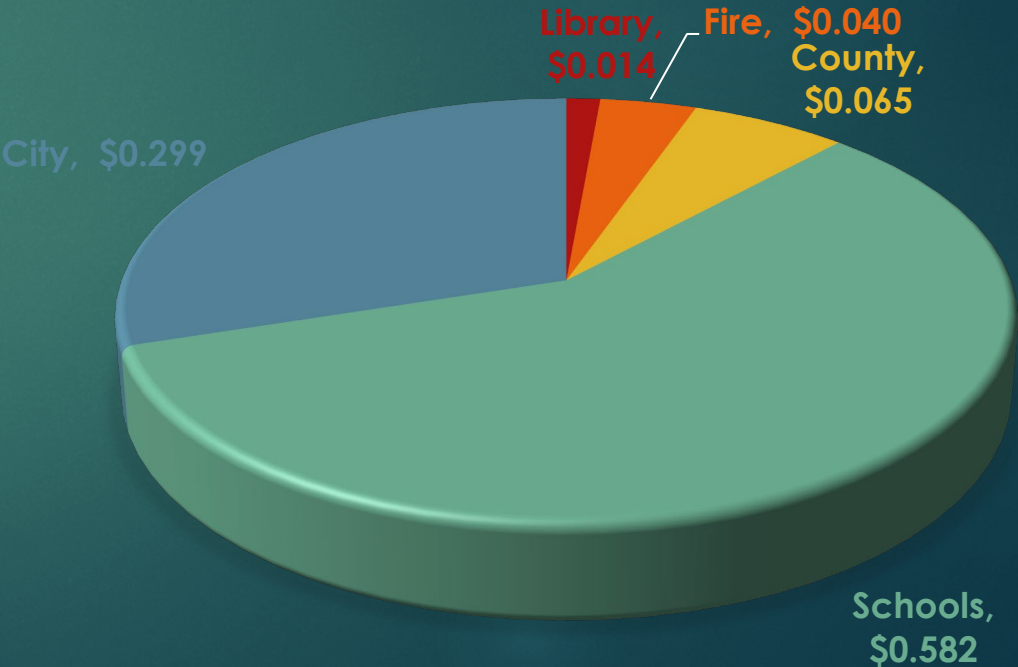
# TAX DOLLAR DISTRIBUTION



## RESIDENTIAL TAX DOLLAR DISTRIBUTION



## COMMERCIAL TAX DOLLAR DISTRIBUTION





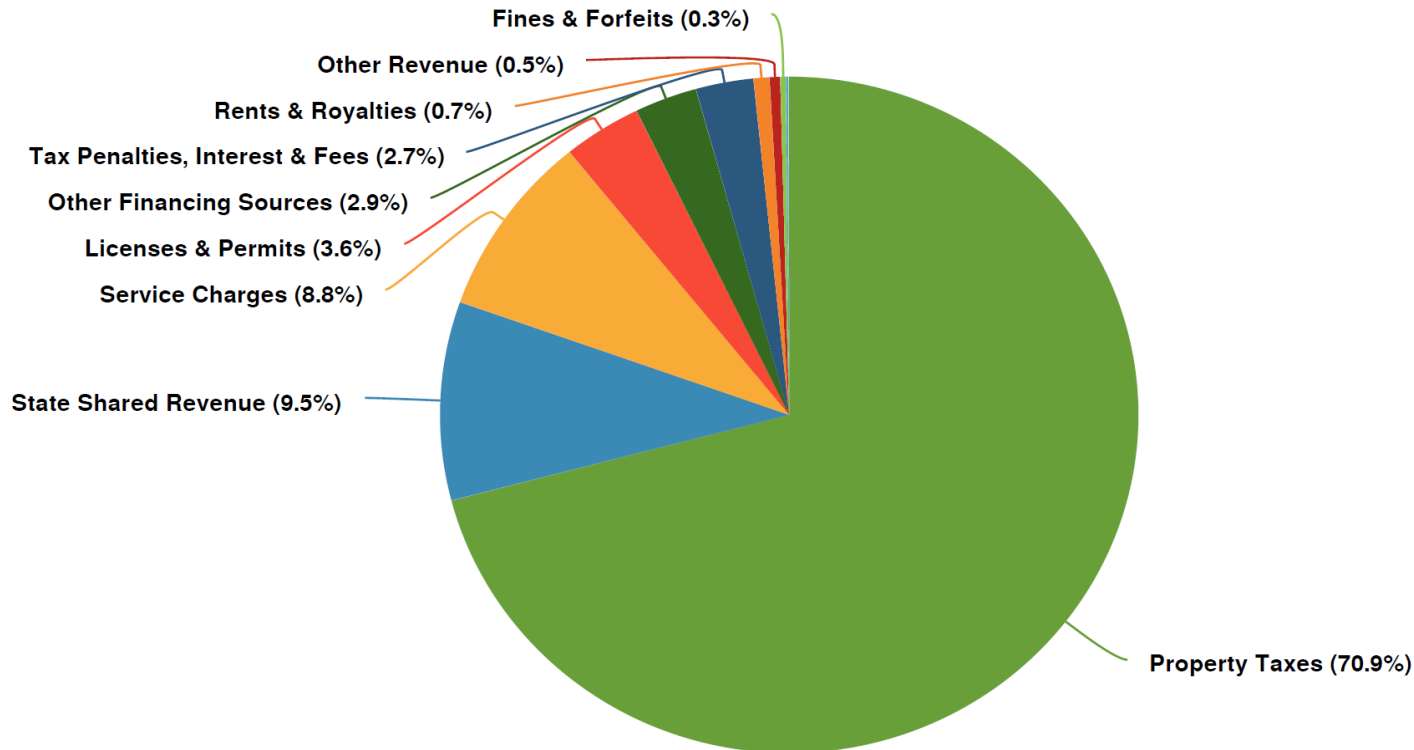
# FISCAL YEAR 2022/2023: BUDGET CONTEXT

- ▶ PROPERTY VALUES
  - ▶ REAL PROPERTY INCREASED BY 6.9%
  - ▶ PERSONAL PROPERTY INCREASED BY 3.19%
  - ▶ INDUSTRIAL FACILITIES TAX DECREASED BY 1.20%
- ▶ REVENUE SHARING GROWTH\*\*
- ▶ ACT 51 REVENUE GROWTH\*\*
- ▶ FEDERAL FUNDS
- ▶ ECONOMIC DEVELOPMENT ACTIVITY HAD BEEN STRONG, BUT STARTING TO SLOW
- ▶ NO HEADLEE REDUCTION (PROJECTED)
  - ▶ 2021/2022 HEADLEE REDUCTION FRACTION - .9840
  - ▶ 2020/2021 HEADLEE REDUCTION FRACTION - .9834
  - ▶ 2019/2020 HEADLEE REDUCTION FRACTION - .9996
- ▶ COST INFLATION

**\$10,020,861** **\$370,431**  
(3.84% vs. prior year)

## Revenues by Source

Projected 2023 Revenues by Source



FISCAL YEAR  
2022/2023  
RECOMMENDED  
BUDGET

GENERAL FUND  
SUMMARY (REVENUES)

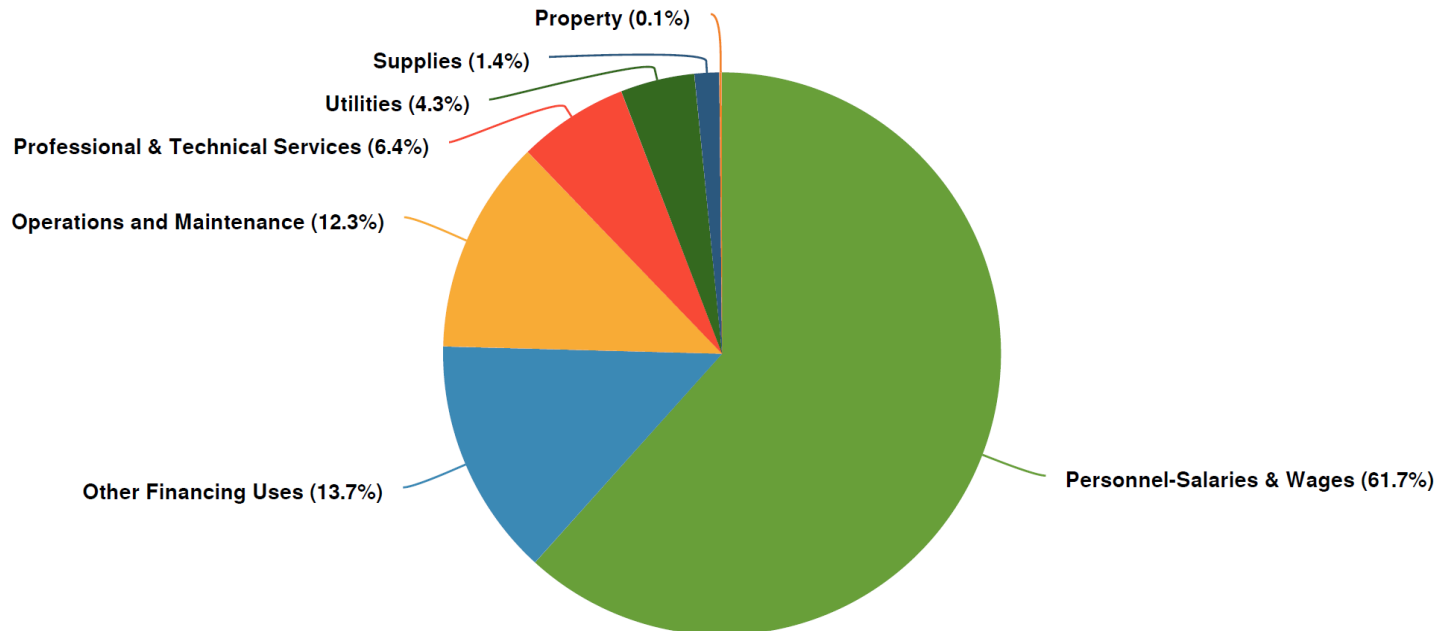


## Expenditures Summary

**\$10,648,859** **\$556,201**  
(5.51% vs. prior year)

### Expenditures by Expense Type

Budgeted Expenditures by Expense Type



FISCAL YEAR  
2022/2023  
RECOMMENDED  
BUDGET

GENERAL FUND  
SUMMARY  
(EXPENDITURES)

# ADDRESSING FISCAL PRESSURES: FISCAL YEAR 2022/2023

- FISCAL PRESSURE I: STREETS AND RELATED INFRASTRUCTURE
- FISCAL PRESSURE II: UNDERFUNDED CAPITAL
- FISCAL PRESSURE III: PENSION AND OPEB LIABILITIES



# FISCAL PRESSURE I: STREETS AND RELATED INFRASTRUCTURE



- ▶ NORTHWEST NEIGHBORHOODS PHASE II/III
- ▶ GRAND RIVER PHASE II & GRAND RIVER STUB STREETS
- ▶ SIDEWALK GAP PROGRAM PHASE I
  - ▶ \$250,000 TRANSFER TO CAPITAL RESERVE: SIDEWALK GAP PROGRAM

# FISCAL PRESSURE II: UNDERFUNDED CAPITAL



**CAPITAL RESERVE  
FUND FULLY FUNDED**  
THE “FIRST” MILL  
DEPRECIATION FUNDED @  
10%

<b>ADMINISTRATION (IT &amp; MISC.)</b>	<b>\$64,800</b>
Computers	\$14,800
New Fire Wall	\$4,000
Data Center	\$46,000
<b>FACILITIES</b>	<b>\$520,000</b>
Brine Tanks at DPW	\$20,000
DPW/PD Driveway and Parking Lot	\$250,000 (Bond)
<b>VEHICLES AND EQUIPMENT</b>	<b>\$375,000</b>
Turf Mower	\$15,000
Trailer Mounted Leaf Machine	\$140,000
Plow/Dump Truck	\$220,000
<b>DOWNTOWN CAPITAL &amp; MAINTENANCE</b>	<b>\$20,000</b>
Downtown Parking Lots	\$20,000
<b>TOTAL</b>	<b>\$729,800</b>



# FISCAL PRESSURE III: PENSION AND OPEB LIABILITIES



## CONTINUED UNFUNDED LIABILITY REDUCTION



GENERAL FUND

+\$450,000 (Recommended)



UTILITIES FUND

+\$134,000 (Recommended)

# STAFFING

## 22/23

FULL TIME EQUIVALENTS	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
ADMINISTRATIVE SERVICES	4.25	4	4.75	4.75	4.75
FINANCE DEPARTMENT	7	7	7	7	7
COMMUNITY DEVELOPMENT	3.7	3.7	3.7	3.7	3.7
POLICE DEPARTMENT	19.6	18.6	18.6	19.6	19.6
PUBLIC WORKS	11.75	10.5	10.5	10.5	10.5
GEN. FUND TOTAL	46.30	43.80	44.80	44.80	44.80
UTILITIES	11	10.5	11.5	11.5	11.5
TOTAL	57.30	54.30	56.05	57.05	57.05





# General Fund Six Year Financial Forecast

	FY 2021-22 <u>Adopted</u>	FY 2021-22 <u>Projected</u>	FY 2022-23 <u>Proposed</u>	FY 2023-24 <u>Forecast</u>	FY 2024-25 <u>Forecast</u>	FY 2025-26 <u>Forecast</u>	FY 2026-27 <u>Forecast</u>	FY 2027-28 <u>Forecast</u>
Revenue	9,650,430	9,917,341	10,020,861	10,221,564	10,433,394	10,609,729	10,792,277	10,989,671
Expenditures	<u>10,092,658</u>	<u>10,967,327</u>	<u>10,648,859</u>	<u>10,201,610</u>	<u>10,507,676</u>	<u>10,775,642</u>	<u>10,766,211</u>	<u>10,924,756</u>
Change in Fund Balance	(442,228)	(1,049,986)	(627,998)	19,954	(74,282)	(165,913)	26,066	64,915
Add: Beginning Assigned and Unassigned Fund Balance	3,441,296	3,441,296	2,391,310	1,763,312	1,783,266	1,708,984	1,543,071	1,569,137
<b>Ending Assigned and Unassigned Fund Balance</b>	<b><u>2,999,068</u></b>	<b><u>2,391,310</u></b>	<b><u>1,763,312</u></b>	<b><u>1,783,266</u></b>	<b><u>1,708,984</u></b>	<b><u>1,543,071</u></b>	<b><u>1,569,137</u></b>	<b><u>1,634,052</u></b>
Minimum Target Assigned/Unassigned Fund Balance (15%):	<u>1,378,228</u>	<u>1,378,228</u>	<u>1,270,883</u>	<u>1,385,965</u>	<u>1,422,493</u>	<u>1,462,743</u>	<u>1,506,742</u>	<u>1,522,033</u>
<b>Assigned &amp; Unassigned Fund Balance Over/(Under) Minimum Target Fund Balance</b>	<b>1,620,840</b>	<b>1,013,082</b>	<b>492,429</b>	<b>397,301</b>	<b>286,491</b>	<b>80,328</b>	<b>62,395</b>	<b>112,019</b>
<b>Unassigned FB as a % of Oper. Expend.</b>	<b>33%</b>	<b>26%</b>	<b>21%</b>	<b>19%</b>	<b>18%</b>	<b>16%</b>	<b>16%</b>	<b>16%</b>

## Includes:

Additional Principal  
Payment on  
Unfunded Pension  
Liabilities = \$450,000

Transfer to Capital  
Reserve Fund for  
Sidewalk Gap  
Program = \$250,000

3.0% COLA for All  
Employees Except  
Those in a Binding  
Contract.

New Manager/  
Management  
Team Building



# OTHER BUDGET CONSIDERATIONS

(NOT INCLUDED IN RECOMMENDATION)

**\$172,000**

- ▶ CITY COUNCIL CONFERENCES AND WORKSHOPS
- ▶ NEW CITY MANAGER PAY SCALE
- ▶ CITY CLERK INCREASED DOCUMENT IMAGING
- ▶ INCREASE FUEL RELATED LINE ITEMS
- ▶ POSITION OVERLAP TO FACILITATE SUCCESSION PLANNING (DPS)
- ▶ ANY COLA OR PERFORMANCE PAY OVER 3.0%





# FISCAL YEAR 2022/2023

RECOMMENDED UTILITY RATES

# UTILITIES FUND

## PROPOSED 2022/2023 UTILITY RATES

	<b>FY 21/22</b>	<b>FY 22/23</b>
Water per 1,000 Gallons	\$5.45	\$6.00
Sewer per 1,000 Gallons	\$6.24	\$6.86
Admin Bi-Monthly*	\$9.64	\$10.22
Debt Service 3/4 inch Bi-Monthly	\$24.87	\$24.60
Connection Fee Per REU		
Sewer	\$7,198	\$7,198
Water	\$2,802	\$2,802
Total	\$10,000	\$10,000



# ESTIMATED UTILITY BILL IMPACTS

	FY 2021-22 UNIT CHRG.	FY 2022-23 UNIT CHRG.	\$ VARIANCE	% VARIANCE	FY 2021-22 Bi-monthly Charge	FY 2022-23 Bi-monthly Charge	\$ VARIANCE	% VARIANCE
User Fees Based on 6,000 gallons								
Sewer -								
Commodity/1,000 gal.	\$6.24	\$6.86	\$0.62	9.9%	\$37.44	\$41.16	\$3.72	9.9%
Administration/Meter/Mo.	\$4.82	\$5.11	\$0.29	5.9%	\$9.64	\$10.21	\$0.57	5.9%
Debt/3/4" Meter/Mo.	\$12.44	\$12.30	(\$0.14)	-1.1%	\$24.87	\$24.60	(\$0.27)	-1.1%
Total	\$23.50	\$24.27	\$0.77		\$71.95	\$75.97	\$4.02	5.6%
Water -								
Commodity/1,000 gal.	\$5.45	\$6.00	\$0.55	10.1%	\$32.70	\$36.00	\$3.30	10.1%
Debt/1,000 gal.	\$0.00	\$0.00	\$0.00	0.0%	0%	\$0.00	\$0.00	0.0%
Total	\$5.45	\$6.00	\$0.55	10.1%	\$32.70	\$36.00	\$3.30	10.1%
TOTAL SEWER AND WATER BASED ON 6,000 GALLONS					\$104.65	\$111.97	\$7.32	7.0%

	FY 2021-22 UNIT CHRG.	FY 2022-23 UNIT CHRG.	\$ VARIANCE	% VARIANCE	FY 2021-22 Bi-monthly Charge	FY 2022-23 Bi-monthly Charge	\$ VARIANCE	% VARIANCE
User Fees Based on 8,000 gallons								
Sewer -								
Commodity/1,000 gal.	\$6.24	\$6.86	\$0.62	9.9%	\$49.92	\$54.88	\$4.96	9.9%
Administration/Meter/Mo.	\$4.82	\$5.11	\$0.29	5.9%	\$9.64	\$10.21	\$0.57	5.9%
Debt/3/4" Meter/Mo.	\$12.44	\$12.30	(\$0.14)	-1.1%	\$24.87	\$24.60	(\$0.27)	-1.1%
Total	\$23.50	\$24.27	\$0.77	3.3%	\$84.43	\$89.69	\$5.26	6.2%
Water -								
Commodity/1,000 gal.	\$5.45	\$6.00	\$0.55	10.1%	\$43.60	\$48.00	\$4.40	10.1%
Debt/1,000 gal.	\$0.00	\$0.00	\$0.00	0.0%	0%	\$0.00	\$0.00	0.0%
Total	\$5.45	\$6.00	\$0.55	10.1%	\$43.60	\$48.00	\$4.40	10.1%
TOTAL SEWER AND WATER BASED ON 8,000 GALLONS					\$128.03	\$137.69	\$9.66	7.5%

	FY 2021-22 UNIT CHRG.	FY 2022-23 UNIT CHRG.	\$ VARIANCE	% VARIANCE	FY 2021-22 Bi-monthly Charge	FY 2022-23 Bi-monthly Charge	VARIANCE	VARIANCE
User Fees Based on 10,000 gallons								
Sewer -								
Commodity/1,000 gal.	\$6.24	\$6.86	\$0.62	9.9%	\$62.40	\$68.60	\$6.20	9.9%
Administration/Meter/Mo.	\$4.82	\$5.11	\$0.29	5.9%	\$9.64	\$10.21	\$0.57	5.9%
Debt/3/4" Meter/Mo.	\$12.44	\$12.30	(\$0.14)	-1.1%	\$24.87	\$24.60	(\$0.27)	-1.1%
Total	\$23.50	\$24.27	\$0.77	3.3%	\$96.91	\$103.41	\$6.50	6.7%
Water -								
Commodity/1,000 gal.	\$5.45	\$6.00	\$0.55	10.1%	\$54.50	\$60.00	\$5.50	10.1%
Debt/1,000 gal.	\$0.00	\$0.00	\$0.00	0.0%	0%	\$0.00	\$0.00	0.0%
Total	\$5.45	\$6.00	\$0.55	10.1%	\$54.50	\$60.00	\$5.50	10.1%
TOTAL SEWER AND WATER BASED ON 10,000 GALLONS					\$151.41	\$163.41	\$12.00	7.9%

# FISCAL PRESSURE I & II: INFRASTRUCTURE AND UNDERFUNDED CAPITAL



## FISCAL YEAR 2022/2023

<b>Water</b>	<b>\$2,222,122</b>
NWN	\$400,000
Meters	\$42,000
Water Tower Painting	\$1,550,000
Well and Pump Repairs	\$50,000
Meter Reader	\$30000
Valve Turner/Trailer Vacuum	\$70,000
Asset Management Plan	\$25,000
Pickup Truck	\$55,000



# FISCAL PRESSURE I & II: INFRASTRUCTURE AND UNDERFUNDED CAPITAL

FISCAL YEAR 2022/2023

## Wastewater

**\$1,651,822**

NWN	\$466,822
Screw Pump Rehab	\$100,000
Centrifuge Pumps Rebuild	\$30,000
MXU Change Outs	\$35,000
Phosphorous Study on Sand Filters	\$15,000
Loading Dock Controls	\$10,000
Replace Upper Gallery Hatch	\$20,000
Generator Switch Gear Replacement (Plant)	\$60,000
Sludge Mixer Refurb	\$60,000
Tertiary Clarifiers Refurb	\$200,000
Automatic Sampler Replacement	\$40,000
Ferric Lines Replacement	\$50,000
Flow Meters Replacement	\$30,000
PLC Replacement	\$300,000
3 <sup>rd</sup> Street Lift Station Pump Replacements	\$20,000
Portable Generator Replacement	\$60,000
Pick Up Truck w/Crane	\$125,000
3 <sup>rd</sup> Street Switch Gear Replacement	\$30,000



1,000 Gallons City Water  
= \$6

#### EQUIVALENT COSTS FOR OTHER LIQUIDS

- ▶ Meijer Distilled Water = \$990
  - ▶ (.99 per gallon)
- ▶ Dasani bottled Water = \$1,575
  - ▶ (4.99 per 24 bottle pack)
- ▶ Mountain Dew = \$4,440
  - ▶ (9.99 per 24 can pack)
- ▶ Starbucks Grande Café Latte = \$29,200
  - ▶ (3.65 per 16 oz)





# FISCAL YEAR 2022/2023: RECOMMENDED BUDGET

## NEXT STEPS

- ▶ MOTION TO SET BUDGET PUBLIC HEARING
  - ▶ THURSDAY, MAY 5, 2022
- ▶ BUDGET WORKSESSIONS
  - ▶ APRIL 13, 2022
  - ▶ APRIL 14, 2022
  - ▶ APRIL 20, 2022 (If Needed)