

# City of Escanaba Special Council Meeting Monday, April 11, 2016

Pursuant to a meeting notice posted March 8, 2016, the Council of the City of Escanaba convened in special session in Room 101 of City Hall at 8:00 a.m., to begin the review and discussion of the proposed 2016/17 City Budget.

**Present:** Mayor Marc D. Tall, Council Members Patricia A. Baribeau, Ronald J. Beauchamp, Ralph B. Blasier, and Michael R. Sattem.

**Absent:** None

**Also Present:** City Manager James V. O'Toole, City Controller Becotte, and various City Department Heads, media and public.

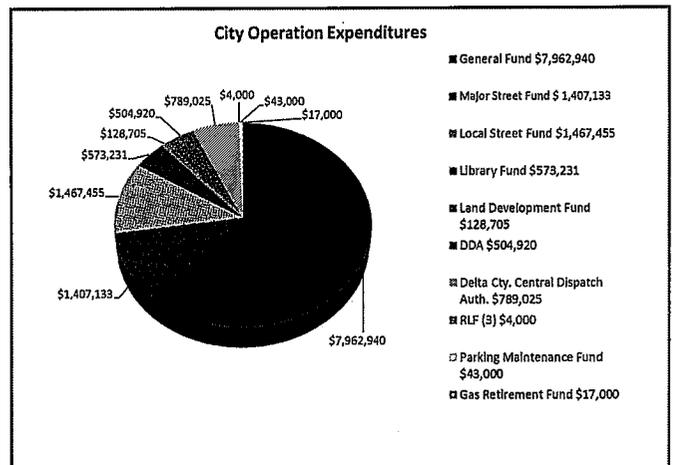
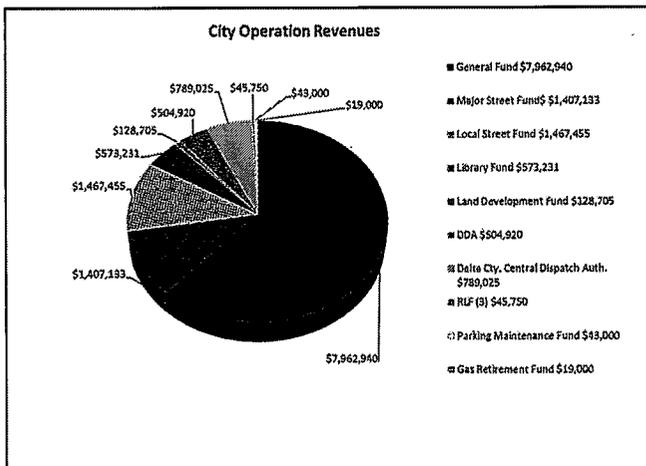
**GENERAL PUBLIC COMMENT – None**

## Introduction by City Manager O'Toole and City Controller Becotte

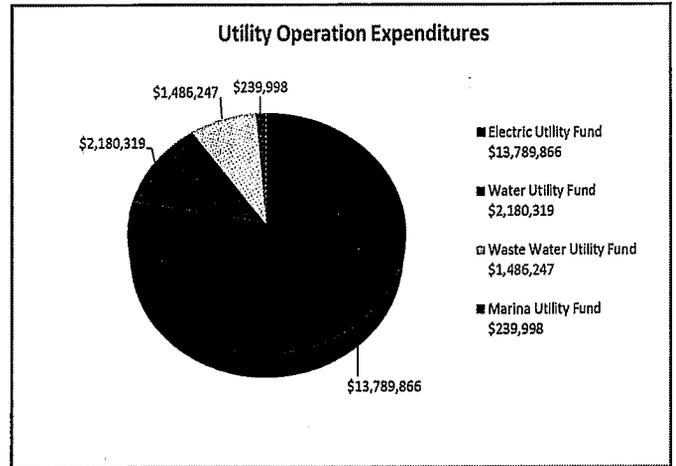
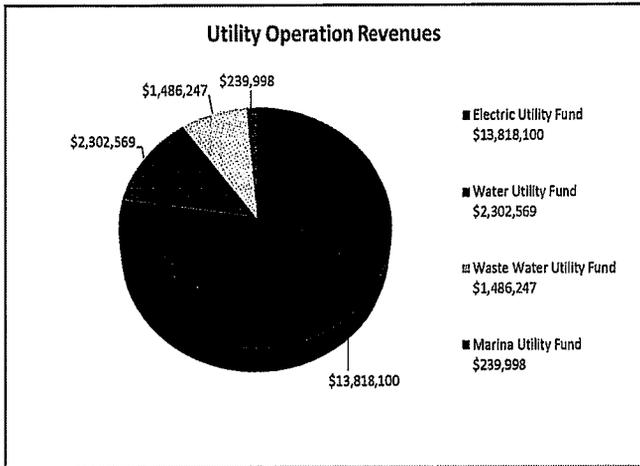
### CITY MANAGER'S PROPOSED BUDGET OVERVIEW – FY 2016-17

Pursuant to the Escanaba City Charter and relevant state laws, I hereby submit for City Council and community review the proposed FY 2016-17 Budget. A copy of this document was placed on file with the City Clerk and at the Escanaba Public Library, where the public could review it during normal hours of operation. An electronic version was also available on the City's web site, [www.escanaba.org](http://www.escanaba.org), and on the City of Escanaba's Facebook page. This document serves as a daily guide for City Administration in receiving and allocating resources in the most effective way for the good of the community.

This budget, with over \$30.6 million in expenditures, reflects our commitment in providing core services to our community and was developed using the best available information and most current revenue projections.



# Annual 2016/17 Budget Work Session



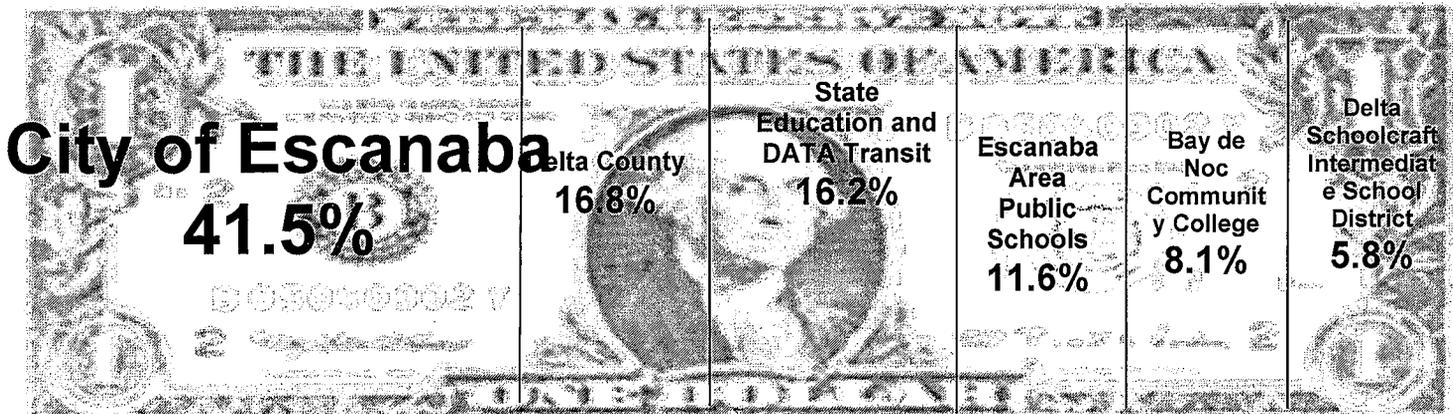
**Mission Statement:**

Enhancing the enjoyment and livability of our community by providing quality municipal services to our citizens.

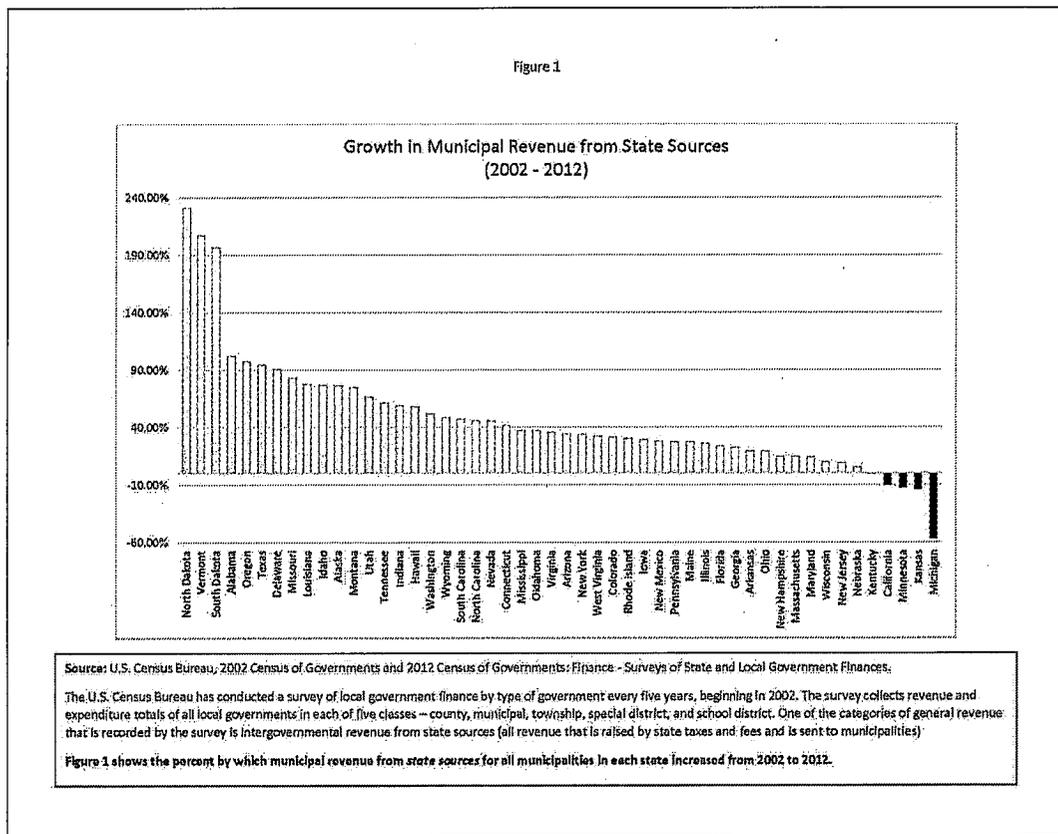
**City Millage Rate/Tax Rate and Tax Roll.** The proposed budget was based on a property tax rate of 17 mills, which would not require any tax increase in the upcoming fiscal year if approved by the City Council as recommended.

For homeowners in the City, 41.5% of the total property tax bill was kept by the City of Escanaba to pay for all General Fund services provided. The remaining 58.5% of a homeowner's tax bill was remitted to Delta County, the State of Michigan, the Escanaba School District, the Delta Schoolcraft Intermediate School District, the Delta County Sheriff Department, 911 Operations, the Delta Area Transit Authority and Community Action Agency.

## WHERE YOU'RE TAX DOLLAR GOES AS A HOMEOWNER

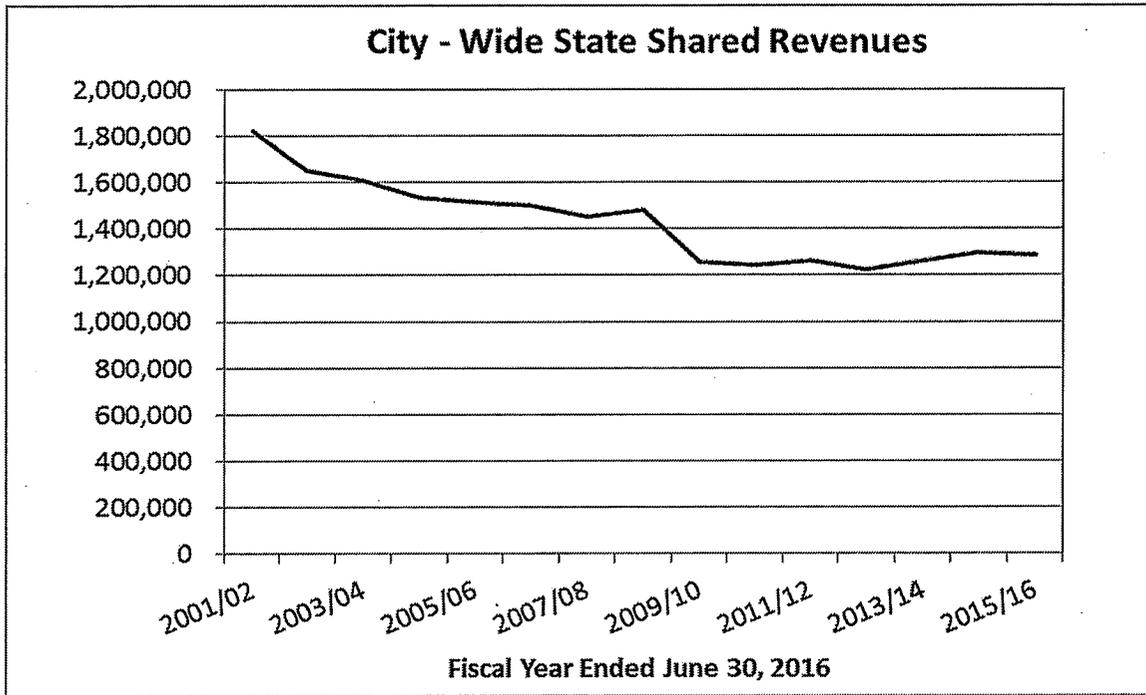


**General Fund.** The General Fund budget, which supported many of the day-to-day activities of the City, was \$7,997,707 (including transfers in from other funds), representing an increase of 1.1% from the previous year's budget. At the end of FY 2014-15, the General Fund balance was \$3,876,457, with a long-term debt obligation of \$1,125,000. At the end of FY 2015-16, projections show an estimated fund balance of \$3,815,142, with a long-term debt obligation of \$1,000,000. In the FY 2016-17 Budget, a projected fund balance of \$3,502,791, with a long-term debt obligation of \$875,000, was being proposed.



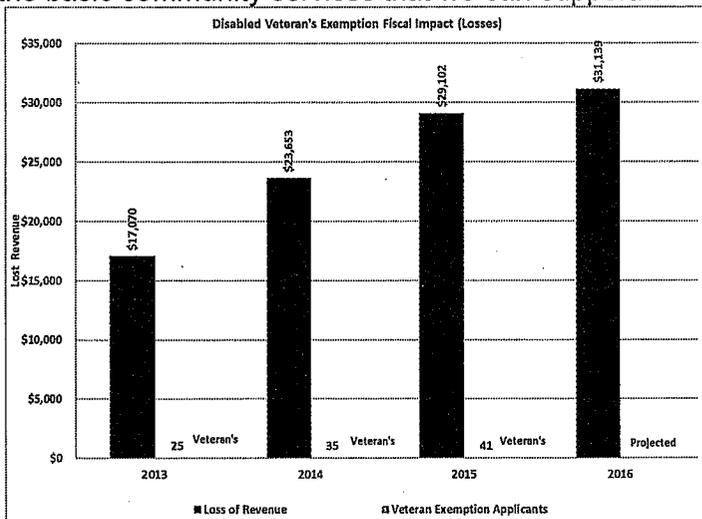
In the proposed budget, I am recommending we reach into our General Fund reserves in the amount of \$302,166. This recommendation was being made due to the fact that I, as do others, believe we do not have what was considered to be a reliable, stable and sufficient system of municipal finance in how the State of Michigan provides revenue sharing to local units of government. Also, I am of the opinion that further cuts in our operation cannot be made without severely impacting the services the residents have come to expect. If you recall, one of our major sources of revenue to the General Fund was through the State Revenue Sharing System. Historically, the State Revenue Sharing distribution formula was designed to appropriately compensate communities such as ours for the costs we bear in providing service to our residents. Recently, a former State House Fiscal Agency Director and Lansing Economist, using information from the U.S. Census Bureau, reported that municipal revenue from State of Michigan sources has declined 56.9% from 2002 to 2012, the worst by far in the Country. To put that into perspective, the State of Kansas had the next largest decline at 14.3%. That same report further points out that State funding to local units of government in 45 other states increased by an average of 48.1%. Since the 2001-02 fiscal year, the City of Escanaba's General Fund has had State Revenue Shares reduced by an average of \$397,475 annually, which translates to a commutative loss of revenue to the City of approximately \$5,962,123. To make matters worse, Governor Rick Snyder is recommending in his FY 2017 Budget to further cut State Revenue Sharing payments to local units of government by an additional \$5.8m. Unless the trend was reversed by the State Legislative and Executive branches, the severity of the continued cuts in State Shared Revenues would continue to have a direct negative impact on the basic community services we were able to provide.

Annual 2016/17 Budget Work Session

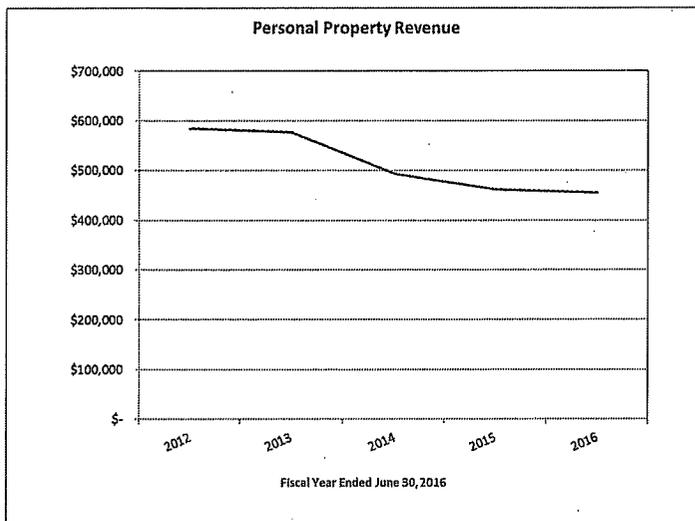


In addition to the loss of State Shared Revenue, the City also incurred and continues to incur expenses related to Tax Tribunal "Big Box" cases for such things as attorney and appraisal fees (\$64,618.94 +/- to date) and refunds to property owners (\$170,064.07) including interest payments. Our current liability of the Michigan Tax Tribunal docket for 2015 and older tax revenues was a projected loss of approximately \$188,000+/- . This figure represents possible refunds that we will have to make should we lose any of the other cases currently under appeal before the Michigan Tax Tribunal and the Michigan Court of Appeals. This figure did not include interest payments or attorney/appraiser fees.

Additionally, we were experiencing revenue cuts on an annual basis at the hands of the State which were attributed to the Disabled Veteran Property Tax exemptions (projected to be \$31,000 +/- in the upcoming fiscal year) and decreases in revenue as a result of the Michigan Personal Property Tax Reform initiative which was signed into law in 2012. The projected PPT losses are estimated to be \$122,000 +/- in the upcoming fiscal year (with the promise of partial reimbursement by the State in the future). Clearly, this too negatively impacts the basic community services that we can support.



## Annual 2016/17 Budget Work Session



Since 2002, the City has made deep cuts which included the elimination of 36 full-time City employee positions, the consolidation of departments and their management team, early retirements, major changes to the City pension system and major changes to City/employee cost sharing in how medical insurance was paid for with the employee now paying 20% of the policy costs. Additionally, a change was negotiated in the Collective Bargaining Agreements that changed the way vacation, personal days, sick leave and funeral leave are earned for newly hired employees.

As you know, the City Council would make the final determination on whether to accept the recommendation to use General Fund reserves to backfill revenue loss due to the actions of the State. If Council chooses not to accept the recommendation, City Administration along with the Council and residents of the City would need to have a very honest and candid discussion at the scheduled Council Budget Work Sessions, scheduled for April 11, 12 and 13, 2016. The discussions would look at how further cuts may impact current operations and services if advanced into the final budget. Should we go in that direction, all options should be on the table, including reductions in work force within the General Fund operation, contributions made to other departments and agencies, capital improvement project cutbacks, postponements or deferred maintenance, materials and supplies reductions, and program and service cuts and reductions. Discussion topics could include, but not be limited to:

### Reduction Possibilities

	<u>Fiscal Impact (+/-)</u>
Elimination or Reduction of the General Fund transfer to the Library	\$400,000
General City Operations Reduction in Work Force	\$280,000
Department of Public Safety Officer Reduction in Force	\$120,000
Discontinue Participation with the UPSET Program	\$ 74,000
Eliminate Neighborhood Playground (Transfer funds to General Fund)	\$ 46,000
Reduce Snow Plowing and Snow Hauling Operations	\$ 30,000
Reduction in Park Maintenance (Grass cutting)	\$ 25,000
Elimination of Rock the Dock Community Events Including New Year's Eve Fireworks	\$ 15,000
Closure of Wading Pool	\$ 12,000
Reduce Civic Center Activities (By Half)	\$ 12,000
Reduce Care of Trees and Shrubs	\$ 11,000
Defer Rose Park Tennis Court Maintenance	\$ 10,000
Defer Royce Park Basketball Court Maintenance	\$ 10,000
Elimination of K9 Program	\$ 19,500
Reduce Public Beach Hours of Operation (By Half)	\$ 9,000
Elimination of City Contributions to the Bonifas Art Center (Operations and Art Festival) and Delta County Historical Society	\$ 8,200
Elimination of Crosswalk Improvements	\$ 5,000

## Annual 2016/17 Budget Work Session

As previously stated, the proposed budget was based on a property tax rate of 17 mills, in place since 1988. It is possible, and make no mistake, I am not suggesting nor recommending, that we could increase our allowable operations millage levy so as to generate additional local revenues as follows:

Increase City Operations Millage from 14.03 to 15.03	\$283,033
Increase City Operations Millage from 1 Mill and Act 345 Millage (Police/Fire) from 2.0 to 3.0	\$566,066
Increase City Operations Millage from 14.03 to 17.0433	\$852,863

**Major/Local Street Funds.** Street improvement funding continues to be a major concern. Administration remains proactive in identifying funds to address shortfalls such as applying for competitive grants. The City of Escanaba maintains 28.22 miles of major streets. Major Street Fund expenditures, which support the day-to-day activities such as maintenance and snow plowing, are proposed to be \$1,406,433. At the end of FY 2015-16, projections show an estimated fund balance of \$1,839,721.

Additionally, the City of Escanaba maintained 55.05 miles of local streets. Local Street Fund expenditures, which support the day-to-day activities such as maintenance and snow plowing, were proposed to be \$1,779,767. At the end of FY 2015-16, projections show an estimated fund balance of \$946,161.

Each spring, the City Engineering Department conducts "Pavement Surface Evaluation and Rating (PASER)" inspections of all paved City streets. Using the PASER system, each street was scored a rating of 1 through 10 to evaluate the pavement surface condition. Each street was then entered into a condition category (failed, poor, fair, good and excellent), and assigned a treatment option. From that list, street projects were prioritized, and selected, based on surface condition, curbing condition, traffic volume, opinion of cost to repair and funds availability. Currently, approximately 65% of our street surfaces are considered to be substandard and in need of repair and upgrade.

Late in 2015, the Governor signed into law nine (9) bills as part of his new transportation revenue package. It was unknown what impact, if any, the package would have on any new road revenue in that it all appears to be in a state of flux. Administration continued to monitor the actions of the Michigan Legislature and Governor Rick Snyder on road funding initiatives to determine how street funding projections would be impacted either positively or negatively.

Major and Local Street Projects in the proposed budget include:

<b><u>Activity</u></b>	<b><u>Amount</u></b>
Installation of North 26 <sup>th</sup> Street between 3 <sup>rd</sup> Avenue North and 6 <sup>th</sup> Avenue North	\$1,200,000
Ludington Street Resurfacing, Ramps and Curb Repair – 3 <sup>rd</sup> to 9 <sup>th</sup> Street	\$ 475,000
Ludington Street Driving Lane Resurfacing – 9 <sup>th</sup> to Stephenson Avenue	\$ 305,000
General Street Paving – Major Streets	\$ 80,000
North 30 <sup>th</sup> Street Turn Lane Installation at 3 <sup>rd</sup> Avenue North	\$ 70,000
20 <sup>th</sup> Avenue South at Lakeshore Drive Chip Seal	\$ 21,400
South 22 <sup>nd</sup> Street at 18 <sup>th</sup> Avenue South Chip Seal	\$ 15,700

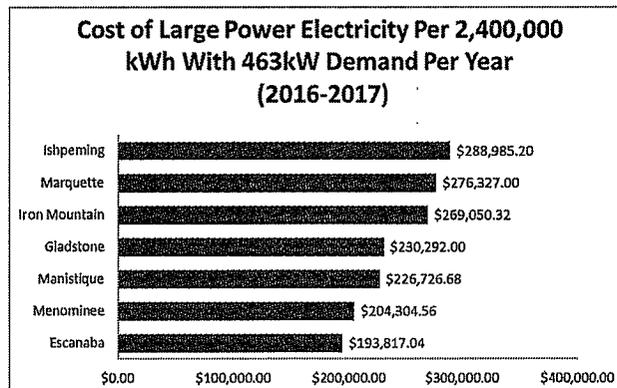
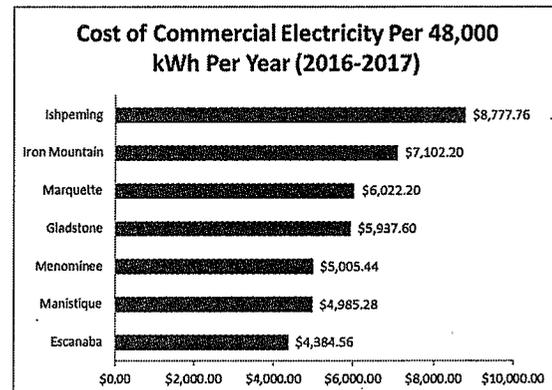
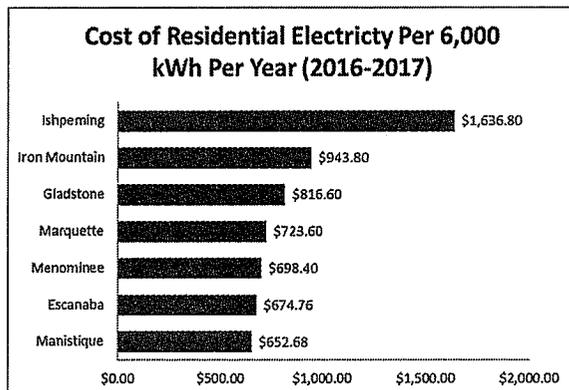
**Electric Fund.** The Electric Fund budget, which supports the day-to-day activities of the electrical operation, was \$13,789,860, representing an increase of .4% from the previous year's budget. As of June 30, 2015, the overall City Electric Fund net assets exceed \$15.7 million. The current cash balance is approximately \$11.8 million.

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Of notable interest, the Electric Fund budget includes proposed funding for:

<u>Activity</u>	<u>Amount</u>
Substation Improvement – New Substation (20 <sup>th</sup> Avenue North)	\$2,500,000
Electrical Meter Replacement and Upgrade	\$1,000,000
Purchase of Electrical Line Truck	\$ 250,000
Substation Improvement – Power Plant	\$ 200,000
Distribution System – Power Pole Replacement	\$ 200,000
Substation Improvement – West Side Substation	\$ 150,000
Street Light Replacement	\$ 100,000
Purchase of Mini-Excavator	\$ 60,000
Distribution System Maintenance – System Wide Tree Trimming	\$ 25,000

No (0%) electrical rate increases were being proposed in the upcoming FY 2016-17 Budget.



**Water Fund.** The Water Fund budget, which supports the day-to-day activities of the Water Treatment Plant, is \$2,180,319, representing an increase of 4.1% from the previous year's budget. As of June 30, 2015, the overall City Water Fund net assets exceed \$5.96 million. The current cash balance is approximately \$786,000.

Of notable interest, the Water Fund budget includes proposed funding for:

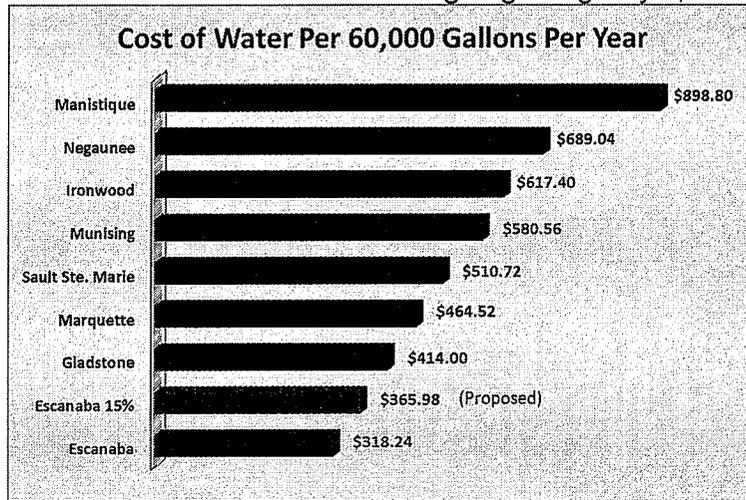
<u>Activity</u>	<u>Amount</u>
State Required Replacement, Repair and Improvement Fund	\$ 272,000
Distribution System – Water Service Meter Replacement	\$ 150,000
Installation of two (2) Water Tower Mixer Systems	\$ 80,000
Distribution System – Water Service Line Replacement	\$ 35,000
Leak Detection Testing	\$ 30,000

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Facility Improvement

\$ 15,000

Due to the need to upgrade such things as our water meters as part of a water loss reduction initiative and an upcoming State requirement that the City of Escanaba create and fund a "Replacement, Repair and Improvement Fund" for future system upgrades, a water rate increase of fifteen percent (15%) was included in the proposed budget. With this increase, a typical residential customer using 60,000 gallons of water annually would experience a \$47.74 increase in their annual billing beginning July 1, 2017.



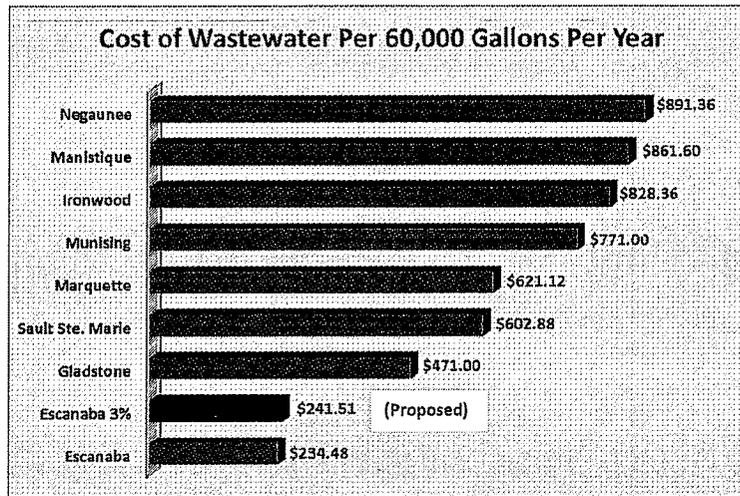
**Wastewater Fund.** The Wastewater Fund budget, which supports the day-to-day activities of the Wastewater Treatment Plant, is \$1,486,247, representing an increase of 3.6% from the previous year's budget. As of June 30, 2015, the overall City Wastewater Fund net assets exceed \$7.05 million. The current cash balance was approximately \$3 million.

Of notable interest, the Wastewater Fund proposed budget includes funding for:

<u>Activity</u>	<u>Amount</u>
Facility Blower and Motor Replacement	\$60,000
Raw Sewage Pump and Motor Replacement	\$37,000
Collection System Infiltration Study	\$30,000
Lift Station Upgrades	\$30,000

Due to increases in operating costs, a wastewater rate increase of three percent (3%) was included in the proposed budget. With this increase, a typical residential customer using 60,000 gallons of water annually would experience a \$7.03 increase in their annual billing beginning July 1, 2017.

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**Solid Waste Collection.** No (0%) garbage/recycling collection rate increases are proposed in the upcoming FY 2016-17 Budget. However, landfill and recycling operations and the funding of those operations remain a concern of the Administration given the recent news related to increased operations cost within the Delta County Solid Waste Management Authority Landfill and Recycling Center.

**Motor Vehicle/Motorized Equipment.** Within the proposed budget was a Motor Vehicle/Motorized Equipment Fund. The purpose of the fund was to pay for salaries, wages and operations required for the repair and replacement, purchase and operation of motor vehicle equipment and motorized equipment, and for the purchase of equipment, materials and supplies to be used in the administration and operation of the fund. This fund is primarily funded by each department under a rental and replacement fee schedule. Like most funds being funded with General Fund dollars, this fund was also one that is being closely monitored by the Administration so that it is adequately funded for future needs.

The proposed Motor Vehicle/Motorized Equipment budget is \$1,001,916, representing a decrease of 6% over the current fiscal year. At the end of FY 2015-16, the Motor Vehicle/ Motorized Equipment Fund balance was \$292,323. At the end of FY 2015-16, projections show an estimated fund balance of \$263,651. In the FY 2016-17 Budget a projected fund balance of \$262,381 is being proposed.

The proposed budget includes the purchase or upgrade of the following pieces of equipment:

<u>Activity</u>	<u>Amount</u>
Department of Public Safety – 1 Patrol Car	\$30,000
Department of Public Works – Leaf Vacuum	\$30,000
Department of Public Works – Slide In Tank/Spreader Bar – Brining	\$10,000
Department of Engineering – HVAC Replacement	\$ 6,000
Department of Public Works – Brine Storage Tanks	\$ 5,000
Department of Public Works – Copy Machine	\$ 5,000
Department of Public Works – Computer Updates, Tablets and Misc. Tools	\$ 4,500

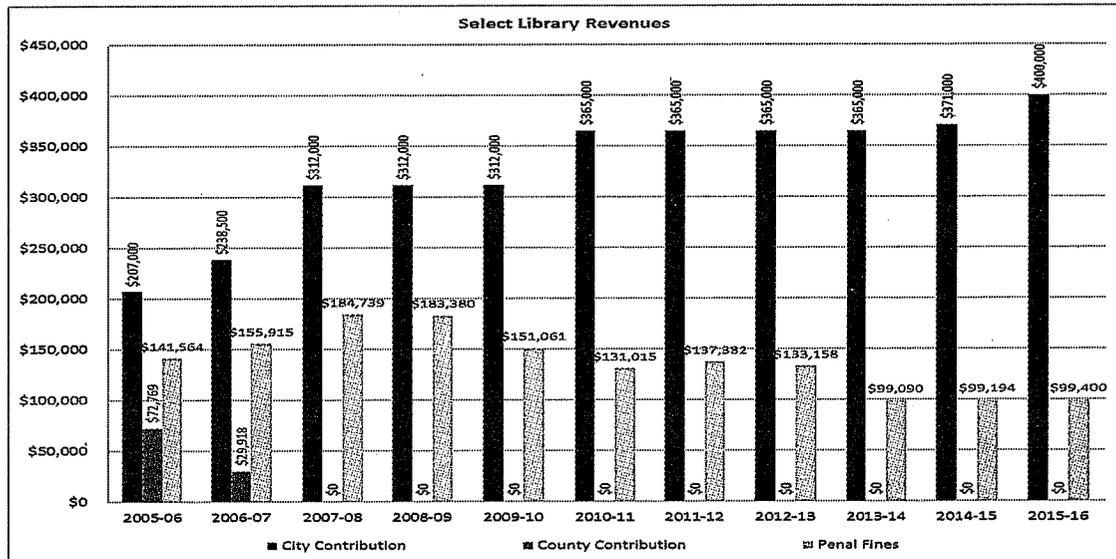
**Library Fund.**

The Library Fund budget, which supports the day-to-day activities of the Library, was \$573,231. As of June 30, 2016, the Library Fund balance was projected to equal \$81,834. The Escanaba Public Library, a community hub, offered essential early literacy programs for children and families, cultural enrichment and lifelong learning opportunities for all and the resources and expertise our citizens need to stay current in a digital world.

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For FY 2016-17, the library will continue progress on implementing the partnerships and initiatives outlined in its strategic plan, with renewed emphasis on identifying alternative means of sustainable funding.

The City's General Fund appropriation for FY 2016-17 was proposed to remain at \$400,000. General Fund support continues to be the primary funding source for the Escanaba Public Library and could be impacted unless and until the State of Michigan adopts a more stable and sufficient system of municipal finance or amends current laws related to how penal fines are distributed amongst public libraries.



**Department of Public Safety.** The Escanaba Department of Public Safety was created in the mid-1970's, at which time the police and fire departments were merged in an attempt to save money and improve the delivery of service. In the proposed budget, the Department of Public Safety represents 55% of the City's General Fund appropriation. In dollars, this translates to \$4.4m in the upcoming fiscal year. The figure did not include the costs associated with Dispatching Operations. In the 2007-08 fiscal year budget, the department had 34 sworn officers including Officers, Command Staff, Detectives, a Captain and the Director. At that time our sworn officer (all ranks) to citizen ratio was approximately 1 to 362. In this proposed budget, the sworn officer head count was proposed to be 31 including Officers, Command Staff, Detectives, a Captain and the Director. Currently our sworn officer (all ranks) to citizen ratio was approximately 1 to 405.

The current Director of the Department of Public Safety will be retiring in June 2016. With this vacancy, there will be an opportunity to have the new Director complete a fresh departmental assessment to determine if there was a potential to restructure the department in order to reduce overall departmental costs. In addition to completing a restructuring plan, the new Director would be charged with the task of creating formal internal purchasing and expenditure controls and establishing specific minimum performance training standards for departmental personnel that meet appropriate national, state, and local standards and certifications in the most cost effective way. Lastly, the new Director would be charged with the task of developing an overtime reduction plan in an effort to reduce those costs.

<b>PERFORMANCE MATTERS</b>			
<b>PUBLIC SAFETY - CRIME, TRAFFIC, AND FIRE</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Violent Crimes Per 1,000	2.06	2.9	2.47
Property Crimes Per 1,000	50.4	41.7	35.3
Traffic Injuries / Fatalities	65	73	64
Traffic Tickets - City Infraction	593	773	783
Traffic Tickets - Misdemeanor	324	185	160
Call Volume - Incident	7,600	7,512	8,455
Call Volume - Quick Call	13,803	14,557	15,527
Fire Calls	145	99	140
Escanaba Public Safety Case Clearance Rate	48%	52%	56%
Statewide Case Clearance Rate (Averages)	34.1%	36%	36%

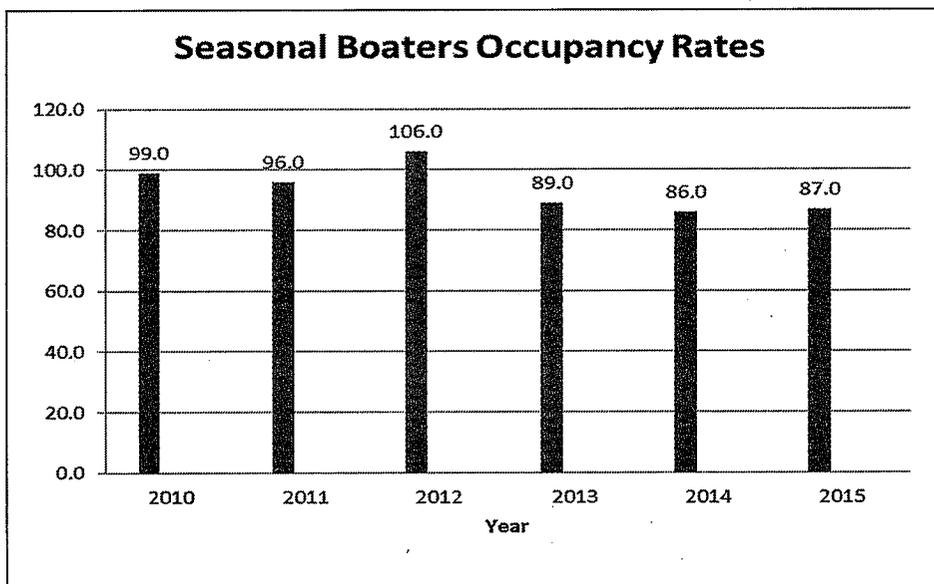
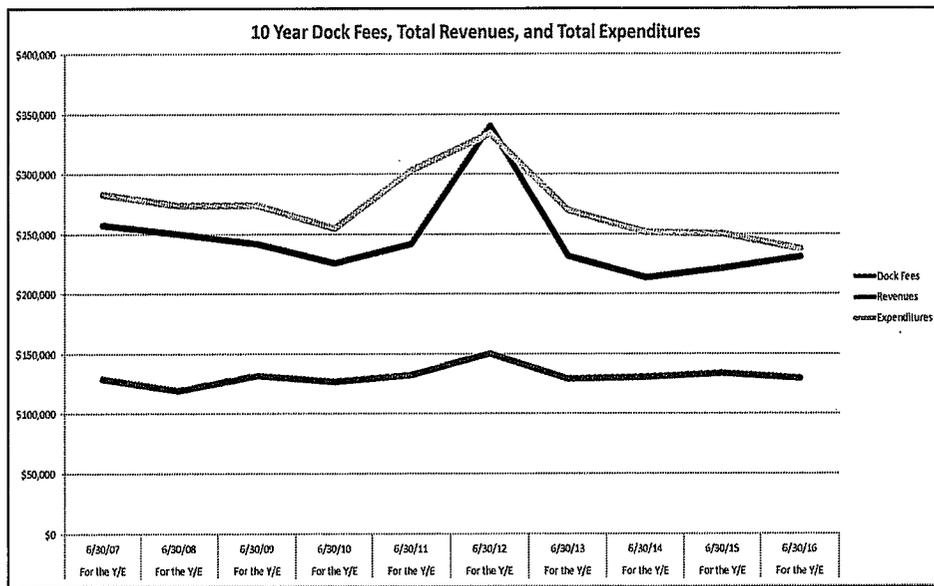
Additionally, as in any emergency response profession, there were critical needs that should be addressed for the sake of public safety. One of those needs exists within the Department of Public Safety with regards to their 1992 Pierce fire truck. As defined by industry standards, this critical piece of equipment was rated to have a normal service life of 20 years. The current fire truck has been in service since 1992. Equipment such as the fire truck will continue to become aged and in need of replacement. The concern is that the existing fire truck will become increasingly unreliable and costly to repair. In an effort to address the replacement of this specialized piece of equipment, departmental personnel have been successful in securing a financial commitment from Wells Township in the amount of \$108,000 towards the replacement of the unit as part of our mutual aid agreement. The department has also been successful in obtaining \$25,000 in grants and donations towards the replacement of the unit. This however leaves a funding gap of approximately \$280,000. Because of that gap, the department has been pursuing a grant through the Department of Homeland Security (FEMA) Assistance to Firefighters Grant Program over the last several funding cycles. This program is in place to provide financial assistance for critically needed resources, such as a new fire truck, which will enhance operations efficiencies, foster interoperability, and support community resilience. Needless to say, there is more demand for the funds from around the country than there are funds available. Although not included in the proposed budget, the City of Escanaba does have an application submitted to the Department of Homeland Security (FEMA) for the current funding cycle. If the application is not approved or approved in part, we will likely be looking for ways to finance our portion of the replacement truck. Options could include taking funds from the General Fund reserves, an inter-fund City loan, or a possible loan from the U.S. Department of Agriculture under their Community Facilities Guaranteed Loan Program.

**Municipal Marina Operations.** The Marina Fund accounts for the activities of the Escanaba Municipal Marina. The publicly-owned Marina has 165 slips, including areas used to broadside tie against the basin seawall. The Municipal Marina offers a full array of services, including seasonal slip rental, transient slip rental, fuel, pump out services, bath facilities, water and electric hook up and laundry equipment.

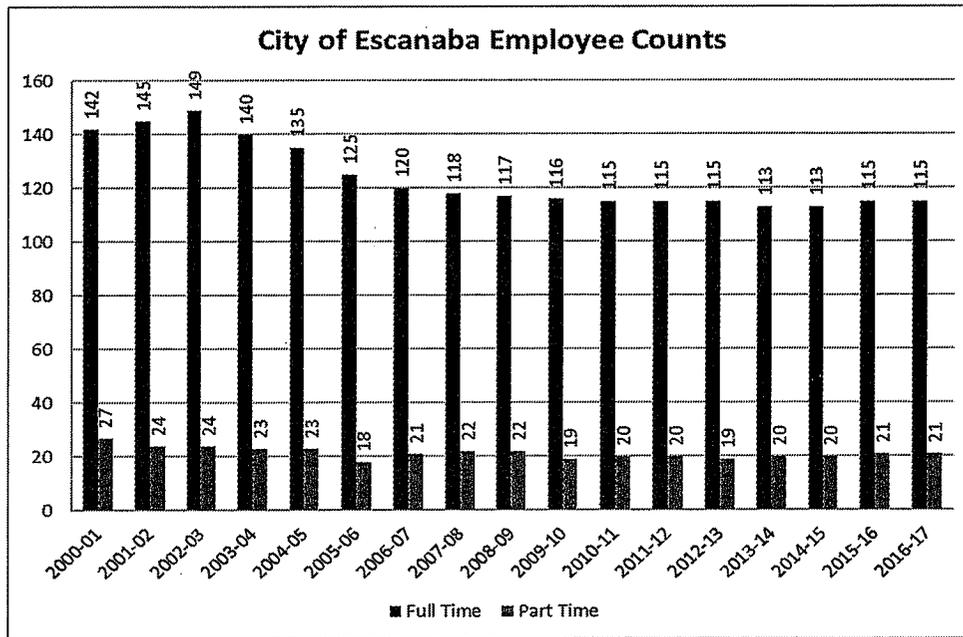
The proposed Marina Fund budget was \$239,998, representing a decrease of 1.4% over the current fiscal year. At the end of FY 2014-15, the Marina Fund balance was \$124,217, with a long-term debt obligation of \$279,794. At the end of FY 2015-16, projections show an estimated fund balance of \$144,027, with a long-term debt obligation of \$260,314. In the proposed FY 2016-17 proposed budget, a projected fund balance of \$130,029, with a long term debt obligation of \$239,649 is being proposed.

No rate increases were included in the proposed budget. However, the docks located within the Marina were reaching or exceeded their recommended normal service life. To address these types of concerns, the Harbormaster has been tasked with completing a debt restructuring plan and putting together a replacement, repair and improvement plan for future upgrades. The implementation of this plan will likely result in the necessity to increase future rates.

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**Personnel and Staffing.** Full-time staffing levels in the budget include 115 employees. Part-time staffing levels are at 21 employees. Seasonal employee levels will fluctuate throughout the year, depending on the operational needs of the various departments. Routinely, City Administration examines all job vacancies closely to ensure that our human resources are aligned with our operational needs and our financial means. All five (5) Collective Bargaining Units have agreements in place through June 30, 2017. Retirements of key personnel in the current fiscal year and into the next fiscal year are of concern. Any further loss of employees without replacement will most likely disrupt City operations and adversely affect current service levels.



**Health Insurance.** The proposed budget takes into account a health premium increase of 4.4% to 9.6% up from 3.7% - 4.7% in the current fiscal year budget, depending on coverage, as a result of a contractual price increase from the Michigan Conference of Teamsters. In the budget, employee health insurance premium contributions will continue to be 20% of premium costs.

**Pension Obligations.** Employees of the City of Escanaba were in one of four retirement systems. Department of Public Safety Officers, Command Staff, Chief(s) and Captain(s) hired before July 1, 2014, were enrolled in the Act 345 Defined Benefit Plan. Officers, Command Staff, Chief(s) and Captain(s) hired on or after July 1, 2014, were enrolled in a 457 Defined Contribution Retirement Plan. In 2005, the City began transitioning its new hire non-Public Safety staff to a 401 (a) Defined Contribution Retire Plan. The transition was complete in 2007, and all such employees now participated in that plan. Employees hired before the transition remain in the MERS Defined Benefit Retirement Plan. Additionally, the City did not carry any retiree health care benefit obligations. It should also be noted that Defined Benefit Plan funding levels continue to be impacted by fluctuating conditions in the financial markets. There was significant diversity of opinion with respect to actuarial assumptions used to calculate those funding levels. Future changes in assumptions are likely to have a material impact on calculated funding levels and on required contributions. This was something that was being monitored very closely.

**Master Fee Schedule.** Included with the proposed budget is a "Master Fee Schedule" for services that were provided to City of Escanaba residents and non-residents alike. The intent was to have the fees reviewed annually by the City Council and adopted by resolution (unless otherwise mandated by State or Federal law) as part of the budget approval process. While the primary mission of government was to satisfy community needs, many City services solely benefit specific individuals or businesses and are subject to separate fees. As a matter of practice, the City would continue the policy of not subsidizing activities of private interest through general tax and utility rate revenues. Fees that do not recover the cost of providing the service result in a subsidy, which shifts away from other critical and high priority programs that may not have similar cost recovery options.

**Other Notable Recommended Improvements**

Annually, the Escanaba Planning Commission was required by state law to prepare a recommended Capital Improvement Plan (included with budget) with public input and to submit that plan to the City Council. A capital improvement was any improvement and direct engineering cost which involved the construction, purchase, and/or renovation of a public way, space, building, structure or utility. Other than some of the improvements

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already stated, these notable improvements are also included in the upcoming fiscal year's Capital Improvement Plan and proposed budget include:

<u>Activity</u>	<u>Amount</u>
Downtown Market Place Neighborhood Playground (Ludington Street and South 15 <sup>th</sup> Street)	\$46,000
Downtown Parking Lot Improvements	\$27,500
Royce Park Basketball Court Resurfacing	\$10,000
Rose Park Tennis Court Resurfacing	\$10,000
Sidewalk Replacement	\$ 5,000
West Side Cross Country, Snow Shoeing and Recreational Trail Upgrades	\$ 5,000

**Budget Schedule.** The budget has been developed with input from the City employees, City Council, City Boards, Commissions, and Committees and the public. This input is invaluable in terms of identifying the needs and desires of the community. The following schedule of reviews/actions has or will take place:

March 25, 2016		Proposed Budget released to the City Council and to the public.
April 11, 2016	8:00 a.m.	Council Budget work sessions begin - City Hall.
April 12, 2016	8:00 a.m.	Council Budget work sessions continue - City Hall.
April 13, 2016	8:00 a.m.	Council Budget work sessions continue - City Hall – (If needed).
April 21, 2016	7:00 p.m.	(Regular Council Meeting) The Council will be asked to pass resolution setting May 5, 2016, as the fourth Public Hearing on the FY 2016-17 City Budget.
May 5, 2016	7:00 p.m.	(Regular Council Meeting) Public Hearing on FY 2016-17 City Budgets before the City Council.
May 19, 2016	7:00 p.m.	(Regular Council Meeting) Final Public Hearing and adoption on the FY 2016-17 City Budget.
May 26, 2016	8:00 a.m.	(Special Council Meeting) Second reading and adoption of the Tax Levy Ordinance and the Appropriations Ordinance will take place.
June 6, 2016	8:00 a.m.	(Special Council Meeting) Second reading and adoption of the Utility Ordinances will take place.

While it is my privilege to author this budget message, thanks must be given to the City Council, Department Heads, City employees, City Boards, Commission and Committee Members, and community members who committed themselves to assisting in this budget process. Collectively, as a team, I remain confident that we will continue to utilize our combined knowledge and experience in meeting the challenges that lay ahead in providing more efficient City services and growing the community economically. As City Manager, I appreciate and am fortunate to have a Council, community and dedicated employee support in providing the residents with the necessary resources, flexibility and funding which allows us all to live in a community that we can be proud of.

### **Electric Superintendent, Mike Furmanski – 9:00 a.m.**

Mr. Furmanski reviewed the 2016/17 proposed City Electric Budget with Council. The following was discussed:

- Reviewed Sales Study, same as previous year;
- Reviewed equipment purchases;
- Pole change out program;
- Power Plant Insurance claim was yet to be determined, once received, would be

## Annual 2016/17 Budget Work Session

brought to Council for approval;

- Reviewed LED replacement program;
- Reviewed proposed rates, current and future;
- Reviewed meter replacement program, and use of smart meters;
- Miscellaneous line item discussions;
- Reviewed proposed fee changes.

The time being 9:40 a.m., the Council recessed.

The Council came back into regular session at 9:48 a.m. and reviewed the following budgets.

### **Water/Wastewater Superintendent, Jeff Lampi – 9:48 a.m.**

Mr. Lampi reviewed the following 2016/17 proposed Water/Wastewater budget items with Council:

#### Water Department:

- Rate increase proposed to change from 15% increase to a 6% rate increase;
- Flint crisis, would reflect increases to Municipal Governments State-wide;
- Discussed unfunded mandates, and increase in reporting;
- Reviewed water loss program;
- Discussed proposed leak detection program;
- Mixers in the Water Towers;
- Repairs to structures.

#### WasteWater Department:

- Discussed possible retirements;
- Infrastructure improvements;
- Industrial Waste Charges;
- Proposed Department Fee increases.

After discussion, Blasier moved, Sattem seconded, to approve the Water Department fee schedule for the lead and copper testing effective immediately.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Sattem, Baribeau, Beauchamp, Tall

Nays: None

**MOTION CARRIED.**

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### **Community Preservation 10:30 a.m.**

- Discussed feasibility of moving Code Enforcement to Public Safety;
- Reviewed proposed changes to nuisance complaint program;
- Reviewed Code Enforcement fees.

### **City Clerk**

#### Clerk Office Budget:

- Propose fee increases.

#### Elections Budget:

- Proposed voting machines moved to next fiscal year;
- Movement of Precinct 4;
- Election Inspector salary increase.

### **Downtown Development Authority (DDA) – Edward Legault 11:00 a.m.**

DDA Director Ed Legault reviewed the DDA Budget with Council and discussed the following budget line items:

- Façade Program and the Market Place Project;
- Community Police Program;
- Christmas and Marina Fest expenditures.

### **Other funds 11:12 a.m.**

- Catherine Bonifas Fund;
- Brownfield Fund;
- Central Dispatch;
- Drug Enforcement;
- Farmers Home Grant;
- Gas Retirement Fund;
- Grants Fund;
- Health and Dental Insurance;
- Housing Rehab Fund;
- Land Development Fund;
- Motor Vehicle Fund;
- Office Equipment Fund;
- Parking Maintenance Fund;
- Risk Retention Fund;
- Sanitary Landfill Fund:
  - Discussed a Neighborhood Cleanup Program.

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- UDAG Fund.

The time being 11:45 p.m. Council Recessed to 12:30 p.m.

### **Public Safety Department, Ken Vanderlinden – 12:30 p.m.**

Manager O'Toole and Public Safety Director Vanderlinden reviewed the following 2016/17 proposed budget items with Council:

- Provided a brief recap of the current budget year which included Staffing levels that remained the same, various mutual agreements, community policing, training needs obtained by Officers, Social Media programs, Angel Program and equipment purchases;
- Train the Trainer Program and Act 302-Public Safety Training;
- Discussed Overtime reduction program;
- Tracking crime within the City;
- UPSET;
- Dispatch Training.

### **Public Works/Engineer, Bill Farrell – 2:00 p.m.**

Public Works Director/City Engineer Bill Farrell reviewed budgets he was responsible for and the following 2016/17 proposed budget items with Council:

- Request for Celebration – Flags;
- Request for Cross Walks;
- Request for Care of Trees and Shrubs;
- Request for Sidewalks;
- General Fund Public Works and Engineering budgets;
- Sanitary Landfill, and Landfill Road Clean-up;
- Solid Waste Collection;
- Composting Activities;
- Request for Recycling;
- Snowplowing of Alleys;
- Request for Parks;
- Request for Historical Museum;
- Alley Paving/Maintenance;
- Reviewed proposed Major/Local Streets;
- Crack/Chip Seal road improvements;
- Request for Storm Sewer and Roadside Drains;
- Request for Sweeping and Flushing;
- Request for Traffic Service;
- Request for Snow Plowing and Snow Removal;
- Request for Ice Control;
- Request for Administrative and Engineering;
- Reviewed Local Street Projects;

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- Reviewed Motor Vehicle and Equipment Fund and proposed purchases;
- Reviewed proposed fee schedule.

It was 2:20 p.m., After a short recess, the following funds were reviewed:

**Human Resources Director/City Treasurer, Robert Valentine – 2:30 p.m.**

Mr. Valentine, in accordance with Michigan Public Act 20, provided and reviewed with Council the annual Treasurer's Investment Summary, which included a review of annual investments, City portfolio, summary of gains and losses, and current listings of eligible depositories.

Blasier moved, Beauchamp seconded, to approve the acceptance of the City Treasurer's Annual Investment Report, Investment Policy Statement as of 12/31/2015, and list of depositories as required by Michigan Public Act 20.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Beauchamp, Baribeau, Sattem, Tall  
Nays: None

**MOTION CARRIED.**

Mr. Valentine reviewed the following 2016/17 proposed budget items with Council:

- Reviewed MERS Pension status and obligations;
- Reviewed Public Safety Pension status and obligations;
- All five Union contracts would expire next year;
- Human Resources and Treasurer's Department Budgets;
- Utility Billing Department;
- EDA Revolving Loan Fund;
- U.D.A.G. Revolving Loan Fund.

Hearing no further public comment and the time being 3:46 p.m., the Council recessed until 8:00 a.m., Tuesday, April 12, 2016.

Respectfully submitted,

Robert S. Richards, CMC  
City Clerk

Approved: \_\_\_\_\_  
Marc D. Tall, Mayor

**City of Escanaba  
Special Council Meeting  
Tuesday, April 12, 2016**

Pursuant to a meeting notice posted March 8, 2016, the Council of the City of Escanaba reconvened in special session in Room 101 of City Hall at 8:00 a.m., to continue the review and discussion of the proposed 2016/17 City Budget.

Present: Mayor Marc D. Tall, Council Members Patricia A. Baribeau, Ronald J. Beauchamp, Ralph B. Blasier, and Michael R. Sattem.

Absent: None

Also Present: City Manager James V. O'Toole, City Controller Becotte, and various City Department Heads.

**GENERAL PUBLIC COMMENT**

City resident Elizabeth Keller, and Library Board Member, spoke in support of the City Library 2016/17 Budget.

The following Department Heads presented their budgets:

**Library Director, Carolyn Stacey**

Manager O'Toole and Library Director Stacey reviewed the 2016/17 proposed Library Budget with Council. The following was reviewed:

- Overview of the Department, Library Strategic Planning process, daily programs, services, and technology's, and strategies the Library provides the community and Delta County;
- Reviewed various outreach programs with the Communities and County;
- Reviewed various projected revenues. Council Members suggested, continue to approach the County Board and ask again for a County Contribution for the City Library;
- Reviewed proposed fee schedule.

Council Members reviewed the following fund requests:

- City Council;
- City Manager;
- Request for Elections;
- City Controller;
- Auditors;
- City Attorney;
- Community Promotional;
- Request for Fourth of July and New Year's Celebrations;
- Request for Planning and Zoning;

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- Request for Community Services;
- Request for Band.

**Recreation, Kim Peterson – 8:45 a.m.**

Recreation Director Peterson reviewed the following Department and budgets she was responsible for with Council:

- Overview of Departmental activities and Civic Center Improvements;
- Discussed ice skating activities and possible relocation of current rinks;
- Request for Civic Center, and Staffing;
- Request for Fourth of July/New Year's Eve;
- Request for Administration;
- Request for Summer Sports;
- Request for Wading Pool;
- Request for Winter Sports;
- Request for Beach, and Boat Launches;
- Request for Civic Center Activities;
- Reviewed proposed fee schedule.

Time was 9:30 a.m. the Council recessed until 9:40 a.m.

**City Assessor, Daina Norden – 9:40 a.m.**

Assessor Norden reviewed her Department budget with Council. The following was discussed:

- Tax Tribunal appointment and case updates;
- Overview of Board of Review amendments would be updated;
- Overview of Veteran Exemptions, and Personal property changes;
- Overview of City Revenues;
- Board of Review Budget.

**Marina Fund - Larry Gravatt – 10:10 a.m.**

Mr. Gravatt reviewed the Marina Budget with Council and discussed the following items:

- Reviewed Marina Fund-Income Statement, Dock fees, services;
- Reviewed needed Dock repairs and various maintenance;
- Discussed Permanent and Transient Boaters;
- Discussed Fuel /Oil Sales;
- Discussed City Property Yacht Club lease and possible future property use. Council Members asked for further information;

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- Weed Harvester and Marina Weed Treatment Program;
- Harbor Advisory Board Status;
- Laundry Service Program;
- Reviewed proposed fee schedule.

**Escanaba Building Authority – 10:52 a.m.**

- Overview of the Budget

**Capital Improvement Plan**

- Reviewed proposed 2016/17 activity for the next fiscal year;
- Reviewed possible future programs. Priorities could change depending on the final outcome of the City Master Plan.

**General Discussions:**

Council Members further discussed and summarized the following proposed changes to the 2016-17 Fiscal year budget:

- Add 5,000 trash voucher program;
- Code Enforcement increase line item \$600 for phone;
- Engineering \$400 for clothing;
- Adopting water rate of 6%;
- Swapping Royce for Stevenson Park Basketball court repairs;
- Electric Fund non-union increase adjustment of \$12,500.

After a short recess, the following was discussed:

Council Members reviewed the proposed 2016/17 budget shortfall, and discussed increasing the annual Electric Fund transfer to the General Fund in order to not take funds from the General Fund Balance.

After further discussion, Blasier moved, Beauchamp seconded, to increase the transfer from Electric Fund to the General Fund from \$302,166 to \$765,790.

Upon a call of the roll. The vote was as follows:

Ayes: Blasier, Beauchamp, Baribeau, Sattem, Tall

Nays: None

**MOTION CARRIED.**

After review and discussion of proposed budgets, Blasier moved, Beauchamp seconded, to accept the 2016/17 Budget with the proposed amendments.

Upon a call of the roll, the vote was as follows:

Ayes: Blasier, Beauchamp, Baribeau, Sattem, Tall  
Nays: None

**MOTION CARRIED.**

Hearing no further public comment and the time being 11:57 a.m., the Council adjourned.

Respectfully submitted,

Robert S. Richards, CMC  
City Clerk

Approved:

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Marc D. Tall, Mayor