

CITY OF TECUMSEH
COUNCIL BUDGET WORKSHOP
MARCH 24, 2014
TECUMSEH CITY HALL
7:30 P.M.

Mayor Johnson called the meeting to order and led the Pledge of Allegiance.

Roll call was taken as follows:

Present: Mayor Johnson, Council members Baker, Naugle, Philo, VanAlstine and Wright.

Absent: Council member Wimple.

Also Present: City Manager Kevin Welch, and Department Heads.

Council member Wimple arrived at 8:10 p.m.

Motion VanAlstine and seconded Wright, to approve the March 24, 2014 Budget Workshop agenda as presented. Motion carried unanimously.

Guests were welcomed to the meeting by Mayor Johnson.

City Manager Welch advised Council that a draft budget would be presented at the April 21st council meeting and on May 5th a public hearing would be held and a resolution requesting the adoption of the budget would be presented.

Kevin informed Council that DPW Superintendant Tim Bock was unable to attend due to an emergency and he would be presenting Tim's budget. He also explained that the budget workshop booklet includes estimated revenue and expenses for the current year and the proposed 2014/2015 budget.

City Manager Welch presented an overview of the current 2013/2014 General Fund. Stating that revenue is higher than budgeted and expenses are close to expectations. Total Fund balance shows a decrease due to the purchase of the fire truck and pointed out that money has been set aside for this purchase. Taking that into consideration the revenue and expenditures would equal. Total Fund Balance for 2014 will be approximately \$1.2 million. He explained that next year projections are based on anticipation of a tax revenue increase. Estimating an increase of \$80,000 for Revenue and Expenditures would stay about the same. If goes as expected \$15,000 would be added to the Fund Balance by June 2015.

Manager Welch reviewed the General Fund - Transfer of Funds which included transfers to the Major/Local Street, Economic Development Fund, TCA, and CIP. The Reserve/Designated Funds section of the budget booklet summarizes every fund, noting that they all are balanced.

The Four Year Projection worksheet includes expenses and revenue for the General Fund, Local and Major Highway Funds and the TCA. Kevin reported that a small increase in revenue is projected for each year. He explained that no street projects are planned for 2015 and the 2016FY Budget includes improvements to Burt St. through grant funding. He reported that by the end FY 2017 the Local Highway Fund will have a reserve of \$48,000 and the Major Highway Fund a reserve of \$148,595, which significantly limits any improvements to our streets.

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The following is a summary of the Department Head's presentation. A question/answer opportunity for the council members followed each department's budget presentation.

Economic Development Director Paula Holtz stated that there are no major changes in her budget. Two new line items have been added for the MHSDA and MDEQ grants. The Brownfield Authority Budget includes the capture of TIF funds for the Tim Horton project. The Public Art Fund which is managed by the DDA includes contributions from the Sage Foundation and funds received from the State. Paula reported that new art will soon be displayed. The Pure Michigan Campaign has been going very well. They have had over 700 requests for Tecumseh packet information which explains the \$5,000 increase to help cover postage. The DDA TIF has decreased from \$144,000 to \$128,000 due to changes in personal property tax and increase in bond payments. Paula also mentioned that they are looking for creative ways to attain funds for the much needed repair of our parking lots.

Cemetery Superintendent Dan Righter stated his budget will remain basically the same. The changes in this year's budget are due to increase in seasonal payroll and equipment/supplies. Dan reported that he has twenty eight niches left and the Reserves designated funds for a new columbarium will soon be used.

Fire Chief Joe Tuckey stated that his budget will not change much. He noted that his department provided quality service with less staff. Reserved Funds were used this year to purchase a new brush truck. The 2014/2015 budget increase will be used for repairs on several trucks and their costs for participating in Lenawee County's Cooperative training. Joe reported that The Association has offered to buy rescue tools. In conclusion he cited that they are pursuing a FEMA grant to increase staff, researching other available grants and writing letters to Foundations for funds.

Troy Stern Police Chief reported that revenue for this year has been right on target. Replacement of two officers, which was not anticipated, caused increase in overtime, uniform allowance and police training expenditures. Revenue for FY 2014/2015 should be about the same. Chief Stern reported he is looking at increasing impounding fees to cover administrative costs. Troy requested Council consider increasing the CIP to include the purchase of equipment with the new patrol car. Future expenditures to consider are repairs to the Police building and the addition of an extra officer. Expressing concern for our officers who are often working overtime to cover the daily schedule or called in when two officers are needed due to lack of staff. Chief Stern also voiced the following reasons to hire another officer: increase in amount and seriousness crimes, potential safety of citizens, minimal assistance from other police enforcement within the County and by the national average we should have nineteen officers as opposed to eleven.

Building Services Director Brad Raymond reviewed the status of the O'Reilly and McDonalds projects. He reported that he is seeing an increase in residential construction and home remodeling which explains his revenue increase. He also indicated he will be reviewing the fee schedule which have not been increased five years. He explained that line items for IT maintenance and Office

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supplies show an increase due to the purchase of new field computer code books and software for him and the other inspectors. He explained that the field computers can be taken to the building site and needed information can be directly inputted. Also permits, ordinance enforcement, scheduling of inspections will all be done online which will increase staff efficiency significantly.

Public Utilities Todd Amstutz credited his staff for providing great service to residents while assisting other departments. He reported that they have been approved for a Stormwater Asset Management Wastewater Grant from the MDEQ. The grant will assess the inventory, condition and future needs of the plant and prioritize repairs. Todd noted that upkeep for the aging Wastewater Plant and 40 miles of sewer lines will need to be taken into consideration in the near future. Todd also expressed concern for his staff which has been spread very thin. He remarked on what a great hard working crew he has and that this year has been tough dealing with 30 main breaks, 9 within a five day period, 14 frozen water lines and also supporting the DPW and Parks and Recreation Department. Todd also reported that within the next five years, he would be losing three experienced employees.

Director of Cultural & Leisure Services Shelley Lim began her summation with the TCA budget. Noting that with Kathy Fields help they were able to reduce the deficit to \$100,000. The endowment income will be used to balance the budget. They are projecting that by 2016 the Endowment Fund will be exhausted and they are looking for solutions. They were able to add \$6,000 to the budget with the Seat Sponsorship program. Furthermore, with the installation of the new HVAC system, which they accomplished with a generous donations, reduce costs should be seen. To increase revenue they will continue with professional touring season (which generated \$30,000), the black box series and pursue grants.

Shelley reported that the Parks and Recreation revenue has increased owing to the rental of the Hayden-Ford Mill Building and the new A.J. Smith Center. With two gyms at the Smith Center they have expanded classes for all ages, have included drop-in programs, camps and clinics. Rental of the building for programs such as the Craft and Building shows will be continued for additional revenue. Addressing the increase in expenses, Shelley accounted the need for additional staff and protective floor covering for the gyms. Shelley also reported that \$15,000 of the Designated Funds will be used to repair the Tennis Courts at Satterwaithe Park.

City Manager Welch presented DPW Supt. Tim Bock's budget summary reporting that there are no significant changes. Commenting that most of his money is spent on Local and Major streets. Kevin explained that the State provides funds for the maintenance of M50 and the right-of-ways, However, State funds do not usually cover everything so it is also included in Tim's budget. Kevin commented that the unusual weather this year has been challenging for Tim's staff and the help of the Public Utility staff was very much appreciated.

Manager Welch apprised Council that some serious decisions need to be made on the future of the TCA. Reporting that the TCA is using prior years investing income to help with finances and he

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projects that the money will run out in 2015/2016. Commenting that they have been working with the Herrick Foundation, who has given generously to the TCA.

Manager Welch commenting that he agrees with Chief Stern's need of another officer and the DPW is in a similar situation but financing would be a challenge. Suggesting before any decisions are made to wait and see the outcome of the November election. The 2014/2015 projected budget also includes the 1.25 increase, as agreed with the Unions and step increases for a few employees. Kevin furnished Council with spreadsheets illustrating streets that have been joint sealed and completed/anticipated road construction. In conclusion, Kevin remarked that overall we are in good shape in comparison to other communities.

Council member Baker inquired on the costs of another officer. Manager Welch reported it would be \$80,000 - \$90,000 approximately. Mayor Johnson commented that underfunded roads and under-staffed is of concern and suggested they look into a road millage.

Motion VanAlstine and seconded Naugle to adjourn the Budget Workshop at 9:35 p.m. Motion carried.

Richard Johnson, Mayor

Mary Feight, Clerk