

City of Albion
Study Session Minutes
October 23, 2017

I. CALL TO ORDER

Mayor Pro Tem Brown called the meeting to order at 7:00 p.m.

II. ROLL CALL

PRESENT: Council Members Lenn Reid (2), Sonya Brown (3), Marcola Lawler (4) and Andrew French (6). Council Members Maurice Barnes (1) and Jeanette Spicer (5) were absent. Mayor Brown arrived at 7:05 p.m.

ABSENT: Council Members Maurice Barnes (1) and Jeanette Spicer (5).

STAFF PRESENT:

Sheryl Mitchell, City Manager; Cullen Harkness, City Attorney; Jill Domingo, City Clerk; Tom Mead, Finance Director; Stacey Levin, Assistant City Manager; Scott Kipp, Chief Public Safety and John Tracy, Director Planning, Building & Code Enforcement.

III. PUBLIC COMMENTS (Persons addressing the City Council shall limit their comments to **agenda items only** and to no more than three (3) minutes. Proper decorum is required).

No public comments were received.

IV. ITEMS FOR INDIVIDUAL DISCUSSION

A. Budget Overview

City Manager Mitchell stated the proposed 2018 budget proposal being presented to Council.

B. Fund 101-General Fund

Finance Director Tom Mead gave the following 2018 Budget Information:

- This is the first year that property values did not decline.
- There was a 5.5% increase for health care.
- Built in costs for union negotiation wage increases.
- Fund 101-000-438-Income Taxes-Had some issues with the new company and banking information, however once the issues have been worked out there should be a substantial increase in revenue collections.
- Fund 101-000-573 is the new reimbursement from the State to offset some of the revenue decline from the personal property reform law. Beginning in 2017 the State recommends posting payments into the 101-000-441 fund.

- Fund 101-000-676 was used to reflect reimbursement from Retiree's for the cost of their health insurance paid by the City. The cost was reflected in expense account 101-895-716. In 2018, both the reimbursement and the payments will be reflected in a balance sheet account since they have no net impact on revenue and expense.
- Fund 101-000-693 reflects \$47,500 for military equipment obtained through Public Safety that will be sold.
- Dept 101-City Council is status quo. No significant changes.
- Dept 172-City Manager has an increase in wages to reelect the new position for the Assistant City Manager and increase in City Manager salary. Account 101-172-702.01 is funding for leave bank payouts/bonuses.
- Dept 209-Assessing-Small change in revenue. This was previously received for residents not filing property exemptions which has decreased significantly.
- Dept. 210 City Attorney-Slight increase for professional services
- Dept. 215 Clerk-Increase in election costs as 2018 is an election year
- Dept 226 Human Resources-No significant changes
- Dept 260 Finance-Increase in contractual services for assistance with income tax collections.
- Dept 265-No significant changes. Account 101-265-785 was increased in 2017 for elevator repair.
- Dept 276-Cemetery-Increase from cemetery trust for cemetery perpetual care. 2017 includes \$5,000 reallocation of estimated wage & benefits for City property leaf pickup that was historically charged to solid waste. An ordinance will be coming forth pertaining to add perpetual care for the cemetery.
- Dept 345-Public Safety- Changes to Account 101-345-981 are as follows:
 - 2017 will increase from \$20,139 to \$32,898 as one additional payment needs to be made in 2017. This will be an increase of \$12,758.00.
 - 2018, the amount will decrease from \$47,138 to \$39,485 for a decrease of (\$7,653.00)
 - Account 101-345-477 Liquor licenses is funding provided by the State for various sting operations throughout the County
 - The COPS grant that was applied for was for two new officers, however due to the size of the department, the City would only receive funding for one officer. We have not received notification of whether the City received the grant or not. If the grant is received, the City will be responsible for 20% of employee's benefits and wages and would be approximately \$13,000.
 - What account has the repairs to the military equipment been charged to? The forfeiture account has taken care of the repairs to the military equipment.
- Dept 422 Code Enforcement-No significant changes
- Dept 442 City Maintenance-this fund incorporates properties owned by the City other than City Hall. Account 101-442-922 Electricity which are for street lights. This has been changed to its own new department.

- Dept 444 Tree Trimming- This fund is bare bones. 2018 budget is tight and this is typically one of the funds that is cut.
- Dept 447 Engineering-This fund is used for miscellaneous engineering services not related to a specific project.
- Dept 448 Street Lighting-This department was created on recommendation from the State so the significant costs would be easier to track.
- Dept 526 EPA Landfill-This is monitoring done by Hull & Associates. No significant changes.
- Dept 758 Albion River/Bike Trail-New department that will capture revenue and expenses for the Albion River Trail. *The trail will not be plowed in the winter as grant funding did not cover this. Need to make public aware.*
- Dept 775 Parks-Includes \$5,000 reallocation of estimated wage & benefits for City Property leaf pickup, historically charged to solid waste. *Do we know what will be done with all the leaves in the streets and on public property?*
- Dept 778 Holland Park-This will cover grant dollars/donations for Holland Park projects. The revenues and expenses will be the same. \$25,000 is an estimated cost of what may come in from grant funding. It is assumed that what will come in will be spent the same year.
- Dept 895 General Appropriation:
 - Account 101-895-716-00 Hospitalization Insurance This was historically used to reflect the cost of the retiree's health insurance paid by the City, then the revenue account 101-000-676.01 reflected the offsetting reimbursement from the retiree's. Beginning in 2018, both the payments & reimbursements will be reflected in a balance sheet account since they have no net impact on revenue and expense.
 - Account 101-895-719.01 is paid to MERS for the old hospital nurses DB Pension Plan.
 - Account 101-895-955 Most of this was used for the \$50 sidewalk assessment on City owned properties. 2017 is the last year of the program so these costs go away in 2018 which explains the decline.

Overview 2018 General Fund Budget:

- Conservative numbers were used for the 2018 budget.
- We anticipate a \$159,000 shortfall for 2017.
- Currently showing a \$10,000 shortfall for 2018, however with the correction to Public Safety vehicles (approx. \$7800) this leaves an approximate \$2400.00 shortfall that can be trimmed from the current budget.
- Very close to revenue and expenses balancing
- We currently have a 34.95% Fund Balance
- The Library will be transitioning their accounting services to their own accounting system early in 2018.
- The State considers a balance budget to be adequate revenue and fund balance to cover expenses.

- A summary revenue & expense budget report was also given to Council.

City Manager Mitchell stated some items to consider that may be used from Fund Balance are:

- Need to consider priorities of the community and how fund balance should be allocated
- Additional staffing for Code Enforcement/Funding would need to be identified
- Sidewalks
- Cemetery Perpetual Care
- Medical Marijuana licensing
- Training for Council Members
- Tree trimming

Questions/Comments from the Council were as follows:

- Great looking budget
- Would like a listing of roles & salary in the next budget packet
- Would like to see fund balance used to help increase Code Enforcement
- If the Council chooses to move forward with Medical Marijuana licensing, depending on the location this may be additional funds for the General Fund.
- Council would like to set up a study session for code enforcement.

- C. Fund 363-Energy Bond-This bond was originally for an energy study and subsequent energy improvements around the City. Departments that received these improvements pay into the fund and those funds are then used to make the annual bond payment. This bond matures in 2024.
- D. Fund 364-GO Water Bond- This bond matures on 10-1-2017 so no tax levy or debt service required for 2018.
- E. Fund 367-Sidewalk Program-The last year for the sidewalk program was 2017. Estimating using approximately half of the amount in the fund in 2018 and the balance in 2019. Account 367-000-408.01 is chargebacks for sidewalk assessments of properties not sold at auction.
- F. Fund 369-ABA Bond-This fund covers two bond payments:
- Renovation and expansion at Maple Grove Apartments. This bond matures in 2019.
 - The construction of the Ambulance/ Fire Station. The Ambulance/Fire Station fund receives funds from Albion Public Safety and Huron Valley Ambulance, those funds are then used for the annual bond payment. This bond matures in 2028.
 - The fund balance for the ABA Bond has increased a small amount.

- G. Fund 374-DPW Bldg. Debt-This is also a debt service fund. Loan was for the purchase of the Street Department/Equipment Pool Garage. Funds are transferred in from the Departments using the garage and then used to make the loan payments. This loan matures in 2023.
- H. Fund 711-Cemetery Trust-\$30,000 will be transferred to the Cemetery Fund to be used for operations and perpetual care.
- I. Fund 735-Albion Trust-The Albion Trust holds bonds for the ambulance/fire station and Maple Grove. No expenses for 2018. The City has previously used money from this fund for purchases.
- J. Fund 737-Retiree Health Care-The Retiree Health Plan was first offered by the City around 2002 or 2003 and was discontinued around 2010. When discontinued, an offer was extended to all members to get their money back, or have it rolled to the City's current Retiree Health Plan. Almost all elected to get their money back. However, 5 who were retired or close to retirement elected to stay in the plan. They each receive a monthly benefit paid out from this fund ranging from \$24 to \$48 per month.

Comments were received from Council Members Lawler, French and Reid; Mayor Brown; City Attorney Harkness and Chief Scott Kipp.

- IV. PUBLIC COMMENTS (Persons addressing the City Council shall limit their comments to no more than three (3) minutes. Proper decorum is required).

Comments were received from Elaine Rice, 910 Irwin Avenue; Lauren Freeman, AmeriCorps Vista Intern; Janice Best, 710 S. Eaton St; Mayor Brown; Council Members Reid and French.

- V. ADJOURNMENT

Brown moved, Lawler supported, CARRIED, to ADJOURN Study Session. (5-0, vv).

Mayor Brown adjourned the Study Session at 8:17 p.m.

Date

Jill Domingo
City Clerk