

City of Albion
Budget Study Session
November 23, 2015

I. CALL TO ORDER

Mayor Domingo opened the study session at 7:00 p.m.

II. ROLL CALL

Maurice Barnes (1), Lenn Reid (2), Cheryl Krause (5), Andrew French (6) and Mayor Joseph Domingo. Garrett Brown (3) and Rebecca Decker (4) were absent.

STAFF PRESENT:

Sheryl Mitchell, City Manager; Tom Mead, Finance Director; Jill Domingo, City Clerk and Cullen Harkness, City Attorney.

III. Budget Discussion

• **A. Overview:**

City Manager Mitchell went over the remaining budget which are as follows:

- Monday, November 30, 2015, 7:00 p.m. Budget Study Session.
- Thursday, December 3, 2015, 6:30 p.m. Budget Wrap Up.
- Monday, December 7, 2015, 7:00 Council Meeting-Public Hearing-2016 Budget.

• **B. Fund 250-Community Block Grants:**

Finance Director Mead highlighted the following items for the Community Block Grant Fund:

- The Community Block Grants began in the early 1970's and 1980's with money received from MSHDA to make loans throughout the City.
- The Community Action Agency handled these loans for the City in 2012 and 2013.
- The City currently has approximately 35 properties in loans outstanding and total \$416,175.46.
- Due to the fact that several of these loans are extremely old and basically uncollectable due to insufficient records, Finance Director Mead is recommending that 75% of these loans be moved to uncollectable debts this year and the remaining 25% next year. These will remain on the City's

finances as uncollectable debts. Efforts will continue to collect on these old loans.

- The new loan receivables will be for the 2012 and 2013 loans. Most of these were 50 year loans.
- Most of the funds for the Community Block Grants has been distributed with a remaining balance of \$13,800 which was not enough to do another project. Loans repaid will go back into this account.

Comments were received from Council Members Barnes and Krause and Mayor Domingo.

- **C. Fund 363-Energy/425/Generator Bonds:**

Finance Director Mead highlighted the following items for Fund 363-Energy/425/Generator Bonds:

- This fund is the Honeywell Energy Bonds.
- All departments that had work done by Honeywell transfer funds into this account.
- These funds are used to make the bond payment.
- This bond will expire 10-1-2024.

- **D. Fund 364-GO Bond for Water Projects:**

Finance Director Mead highlighted the following items for the GO Bond for Water Project Fund:

- This fund is a voted debt and is a debt millage.
- The revenue is from property taxes.
- Due to the obligation of paying this back, The City can increase the amount as we have done the last few years.
- The revenue is collected from property taxes and then used to pay the bond payment.
- This bond matures 10-1-2017.

- **E. Fund 374-DPW Building Debt:**

Finance Director Mead highlighted the following items for the DPW Building Debt Fund:

- This is for the purchase of the DPW garage. It was purchased from the County on a land contract.
- The DPW departments utilizing this garage transfer money into this fund for the land contract payment.

- The land contract payment is \$15,000 per year and the contract will be paid 7-1-2023.

• **F. Fund 208-Recreation Fund:**

Finance Director Mead highlighted the following items for the Recreation Fund:

- This fund relies on millage funds only. The millage which is based on property values which have been declining for the last several years.
- Due to the declining revenues, the Recreation Department has had to scale back programs.
- The 2016 estimated revenues will be \$128,660.
- The Recreation Department consists of part time staff which helps to save on benefits.
- It is expected to have a \$13,000 surplus in 2015.
- The expenses for 2016 is \$130,700.00 which will create a \$5,000 deficit that will need to be taken from their fund balance.
- In 2014, the Recreation Department received a \$25,000 grant for youth programs from the Albion Community Foundation. Only \$13,000 was spent in 2014 so the remaining amount was transferred to the 2015 and 2016 budgets.
- \$10,500 is paid to the equipment rental each year for the recreation vans repairs. These funds would be used for the payments of the new van. This would be a on a 3 year installment plan and would have an approximate cost of \$8,500-\$9,000 per year.

Comments were received from Council Members Barnes, French and Reid; City Manager Mitchell and Mayor Domingo.

• **G. Fund 248-DDA:**

Finance Director Mead highlighted the following items for the DDA Fund:

- DDA revenue is only from tax capture from property taxes.
- A projected \$13,400 reimbursement is expected from the State to help reimburse cities due to the reform of the personal property tax. These funds are expected to be received in 2016 but will entered in the 2015 revenue.
- Due to the new personal property tax reform, several businesses downtown are no longer required to pay personal property tax.
- The DDA has one car show and also façade grants. In 2015 they granted \$15,000 in facade grants and have budgeted \$10,000 for 2016.
- The Ismon House grant to renovate the third floor is also listed under this fund. This is a \$200,000 project – funded by \$120,000 from a reimbursement grant from the Michigan Heritage Restoration Program; \$50,000 from the Albion Trust; and \$30,000 from the Friends of the Ismon House. Because this is a reimbursement, the City may be asked to temporarily float the grant funding if short term bank financing is not available.

- The fund balance for 2015 will be approximately \$40,050 and this will include the \$13,400 reimbursement from the State and \$42,250 fund balance for 2016.
Comments were received from Council Members French, Barnes and Krause and Mayor Domingo.

- **H. Fund 275-Albion Building Authority Fund:**

Finance Director Mead highlighted the following items for the Albion Building Authority Fund:

- The revenue for this fund is from a small amount of interest and some rent from buildings.
- The option of selling some property owned by the ABA is being considered.
- Maple Grove was previously able to help this fund but due to changes by MSHDA, Maple Grove must now have its own fund.
- The ABA owns the following properties along with the revenue and expenses for each:
 - A. 201 N. Clinton St-This property has no revenue due to no current tenants but does have utility bills.
 - B. 101 N. Gale St.-Public Safety pays rents for this property.
 - C. Fire Barn-Public Safety and Huron Valley Ambulance pay \$36,000 each in rent and utilities for this property. The contract with Huron Valley states that actual expenses are calculated each year and any excess is paid back to Huron Valley Ambulance. The bonds for the Fire Barn will mature in 2028 and will then be city owned and operated.
 - D. 105-107 S. Superior was sold and funds will be used for the 112 E. Erie St-Food Hub.
 - E. 112 E. Erie St- the total renovation amount for this building is \$232,451 and the funding is as follows:
 - \$1,000-Homestead Bank
 - \$15,000-DDA
 - \$150,000-Albion Trust
 - \$64,000-Sale of 105-107 S. Superior St.

Comments were received from Council Members French and Krause and Mayor Domingo.

- **I. Fund 277-Maple Grove Apartments:**

Finance Director Mead highlighted the following items for the Maple Grove Apartments:

- Maple Grove is now a separate fund due to MSHDA requirements. They must have a capital asset reserve as too much cash will affect the rent. Because of this, expenses tend to fluctuate.
- \$60,000 has been budgeted for the 2016 budget in the Building, Additions and Improvement account for new windows.
- \$64,200 is to cover debt service for the Fire/Remodeling issue.

Comments were received from Council Member Krause and Mayor Domingo.

- **J. Fund 369-Albion Building Authority Bonds:**

Finance Director Mead highlighted the following items for the Albion Building Authority Bonds Fund:

- This fund is the debt service fund for the ABA bonds.
- Maple Grove, Huron Valley Ambulance and Public Safety all pay into this fund and the bond payment is then made from this fund.

- **K. Fund 735-Albion Trust:**

Finance Director Mead highlighted the following items for the Albion Trust Fund:

- The City receives monthly statements for the investments for this fund. There has been some volatility in the market and the gain/loss tends to fluctuate.
- This fund owns part of the bonds for the Fire Barn and Maple Grove.
- This fund expires in 2016

Comments were received from Council Members Barnes, French and Krause; City Attorney Harkness and Mayor Domingo.

IV. CITIZENS COMMENTS

No comments were received.

V. ADJOURNMENT

French moved, Krause supported, CARRIED, to Adjourn the Study Session (5-0, vv)

Mayor Domingo adjourned the Budget Study Session at 8:10 p.m.

Date

Jill Domingo
City Clerk