

City of Albion
Budget Study Session
November 30, 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), Rebecca Decker (4), Cheryl Krause (5), Andrew French (6) and Mayor Joseph Domingo. Garrett Brown (3) arrived at 7:03 p.m.

STAFF PRESENT:

Sheryl Mitchell, City Manager; Tom Mead, Finance Director; Jill Domingo, City Clerk, Scott Kipp, Chief of Public Safety and Cullen Harkness, City Attorney.

III. Budget Discussion

• **A. Overview:**

City Manager Mitchell stated the funds being discussed on tonight's agenda are the remaining funds for the 2016 budget process. The meeting scheduled for Thursday, December 3, 2015 - Budget Wrap Up is cancelled.

• **B. Fund 244-Economic Development:**

Finance Director Mead highlighted the following items for the Economic Development Fund:

- Revenue for the Economic Development fund is rent from Ossur.
- A significant loss of revenue due to an EPA grant ending in 2015.
- A transfer in from the TIFA fund is made each year to balance the revenue and expenses. The 2016 amount will be \$30,135.00
- This fund does not carry a fund balance.
- No big changes for revenue and expenses.

• **C. Fund 246-Business Incubator:**

Finance Director Mead highlighted the following items for the Business Incubator Fund:

- Department 729 has been created for rent from Sinclair Designs.
- Salaries & Wages were overlooked for this Fund in 2015, because the wages were not a significant amount, it was determined to make the corrections for the 2016 budget.
- No major changes in revenue and expenses.
- Department 731-Food Hub has also been added. This fund had several grants in 2015 for the renovation of the building and new equipment purchases for the Food Hub. These will be dropping off and will be replaced with rental income once the Food Hub is up and running.
- Per an agreement, the ABA is currently paying the utility bills for this property but once the Food Hub is open, they will be taking those bills over.
- The TIFA fund will transfer in \$15,600 to balance the revenue and expenses.
- The contractual service account 731 has been used for the renovation of the building.
- The Building & Grounds Fund has been increased due to some work needing to be done on the Incubator Building.

Comments were received from Council Member Decker, Mayor Domingo and EDC Director Sindt.

- **D. Fund 247-TIFA:**

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

- This fund receives revenue from the tax capture of properties in the TIFA district. These are mainly industrial and commercial properties.
- The industrial and commercial property values have remained steady.
- Finance Director Mead stated inquiries need to be done to determine why the base has changed on the TIFA district as generally the base doesn't change.
- The TIFA fund will receive \$214,000 in revenue for 2016 and will have a strong year.
- TIFA transfers money to the EDC and the Incubator Fund to help balance these two accounts. \$45,000 will be transferred for the 2016 budget.
- This fund has a healthy fund balance.

Comments were received from Council Member Brown and City Manager Mitchell.

- **E. Fund 265-Drug Law Enforcement:**

Finance Director Mead highlighted the following items for the Drug Law Enforcement Fund:

- This is a special revenue fund and is unique.
- The revenues for this fund have been split in two accounts: drug forfeitures and federal drug reimbursements.

- This fund is beneficial to Public Safety as equipment pertaining to drug forfeiture can be purchased using this fund and not have to be expensed through the Public Safety fund.
- This fund is difficult to budget for the following reasons:
 - A. All proceeds for a drug forfeiture must be split with all jurisdictions involved in the forfeiture and
 - B. Unsure of when actual funds will be received depending on the type of forfeiture. Federal forfeitures take a long time and can take up to 6 months before receiving actual reimbursement.

Comments were received from Council Members French, Decker and Krause; Chief Kipp and City Attorney Harkness.

- **F. Fund 296-Revolving Loan:**

Finance Director Mead highlighted the following items for the Revolving Loan Fund:

- The revenue for this fund is received from interest income.
- The purpose of this fund is to loan money out to businesses as a supplemental loan. Only 1/3 of the total requested amount can be used from this fund. Generally a bank would be the primary lender and this would be secondary.
- The rate is 2/3 of prime up to 4%.
- These are federal funds and are closely regulated by the federal government and have several reporting requirements.
- The administrative fees for this fund are being paid from the TIFA fund due to requirements placed on this fund by the federal government.

Comments were received from Council Member Decker and EDC Director Sindt.

- **G. Fund 732-Public Safety Pension Trust:**

Finance Director Mead highlighted the following items for the Public Safety Pension Trust Fund:

- Market fluctuates and has been volatile.
- This is 140% funded and that is more than most municipalities have.
- This is a defined pension account.

Comments were received from Council Member French who would like to see a split in this fund between the market loss/gain and the officers who are drawing a pension.

Additional comments were received from Council Member Krause would like the cost of officers that are eligible to retire for the next ten years.

- **H. Fund 101-General Fund Revisions:**

Finance Director Mead highlighted the following items for the General Fund Revisions:

- Due to the increase in the Solid Waste millage, a smaller amount was needed from the general fund to support solid waste.
- Account 101-000-673 are the payments received from the State to help recover funds for local municipalities due to the personal property tax reform. We received \$37,000 for 2014 and 2015. \$18,000 has been budgeted for 2016.
- The City Council salaries and wages have been increased to \$24,500.00. This will also increase the benefits a small amount.
- 101-172-959 is a new account and will be used for City Manager reimbursement for events attended representing the City.
- Account 101-210-801-City Attorney Fees should have been corrected from \$89,500 to \$85,000.
- The transfer in for the cemetery fund should be \$17,000 not \$5,000 which will add an additional \$12,000 to the general fund balance.
- In the original budget presented, 25% of the Code Enforcement wages were being charged to solid waste and due to the limited funds in solid waste the 25% was changed to the general fund. Due to the increase in millage for solid waste, 20% of the Code Enforcement wages have been moved back into the solid waste fund.
- After the above revisions the general fund is estimated to have an ending balance of approximately \$14,000 which will go to the overall fund balance.
- In 2016, \$10,000 will be transferred from solid waste to the general fund to reimburse for trash removal.
- \$1,260.00 was added to On Call Pay-Account 101-775-707.
- The general fund balance at the end of 2016 will be \$1,080,378.00 which is 30.9%.

Comments were received from Council Members French, Decker, Brown and Krause.

- **I. Fund 228-Solid Waste Revisions:**

Finance Director Mead highlighted the following items for the Solid Waste Revisions:

- A 1 mill increase was approved for the solid waste fund taking it from 2 mills to 3 mills which will increase revenue to \$220,000.
- Chargebacks were also increased for this fund.
- Leaf pickup and the tree dump accounts remained the same.

- Contractual Services account was increased to \$44,500 to accommodate code enforcement issues and demolition costs.
- This fund will have a \$25,000 surplus for 2016.

IV. CITIZENS COMMENTS

No comments were received.

V. ADJOURNMENT

Krause moved, French supported, CARRIED, to Adjourn the Study Session (7-0, vv)

Mayor Domingo adjourned the Budget Study Session at 8:08 p.m.

Date

Jill Domingo
City Clerk