

City of Albion
Budget Study Session
November 9, 2015

I. CALL TO ORDER

Mayor Domingo opened the study session at 6:30 p.m.

II. ROLL CALL

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

STAFF PRESENT:

Sheryl Mitchell, City Manager; Tom Mead, Finance Director; Jill Domingo, City Clerk; Cullen Harkness, City Attorney and Jim Lenardson, Director of Public Services

III. Budget Discussion

- **Overview:**

City Manager Mitchell gave a brief overview of the following funds: Major Streets, Local Streets, Street Improvements, MDOT Street Reconstruction, Retiree Health Care, Sidewalk Program and Equipment Pool funds.

- **Fund 202-Major Streets:**

Finance Director Mead highlighted the following items for the Major Street Fund:

- There haven't been too many changes in this fund for the past few years.
- Fund 202-000-569 is State Grants-Others. The State began paying additional funds to municipalities in 2013 to help with the hard winters. These funds were allotted in four payments which were November, December, January and February. The amount was increased in 2015 and we received four payments. The remaining two payments will be in January and February of 2016. It is not known whether the State will continue this program. These funds were split 50/50 between Major and Local Street funds.
- The \$42,885 in Fund 202-000-676 in 2014 was a one-time special disbursement from the State.
- The revenue for this fund remains the same.
- Department 454-Non-Motorized Vehicle Fund is a new fund in 2016. The City must spend funds received from the gas and weight tax money on non-motorized vehicles. MDOT requires 1% on a ten year rolling cycle of funds collected be spent on the non-motorized vehicles such as bike lanes or

sidewalks. The City is currently in compliance with this policy but needs to consider spending a portion of these funds each year to ensure compliance.

- Salaries and Wages are now spread more evenly throughout the Major and Local street funds.
- Fund 467 Winter Maintenance is an estimate as it is dependent on the weather and may be spread over two budgets.
- Funds are transferred from Major Streets to Local Streets according to need. It is allowable for the City to transfer 50% from the gas taxes received.
- \$3,000 is transferred out for the lease payment on the Street Department garage.
- We are currently look at a \$41,000 surplus in this Fund for 2015.
- If the \$10,000 MDOT funds are spent in 2016, we will have a \$4,200 surplus in 2016 for this fund.

Comments were received from Council Members Krause and Barnes; City Manager Mitchell and Mayor Domingo.

- **Fund 203-Local Streets:**

Finance Director Mead highlighted the following items for The Local Street Fund:

- Fund 202-000-569 is State Grants-Others. The State began paying additional funds to municipalities in 2013 to help with the hard winters. These funds were allotted in four payments which were November, December, January and February. The amount was increased in 2015 and we received four payments. The remaining two payments will be in January and February of 2016. It is not known whether the State will continue this program. These funds were split 50/50 between Major and Local Street funds.
- The revenue for this fund remains the same.
- Salaries and Wages are now spread more evenly throughout the Major and Local street funds.
- \$3,000 is transferred out for the lease payment on the Street Department garage.
- A \$3,000 surplus is expected for both 2015 and 2016 for this fund.

Comments were received from Council Member Barnes.

- **Fund 450-Street Improvements:**

Finance Director Mead highlighted the following items for the Street Improvement Fund:

- The millage money received is put into this this Fund and is strictly used for street projects.
- In 2015 there was no activity for street projects. The West Erie Street Project was used from Fund 452-MDOT Street Reconstruction as it was a grant funded project.
- If a project has a local match, it must be used from this fund.

- It is unknown at this time what the local match amount will be for the 2017 Downtown Street Project will be. On November 3, 2015, the estimate we received from MDOT for the local match was \$119,687.00 with bump outs and \$144,450.00 to reconstruct as we currently have. The difference in these costs are due to the increased amount of bricks, concrete and labor needed. On November 9, 2015 we received an estimate of \$287,932.00 with bump outs and \$352,185.00 for what we currently have. Director of Public Services Lenardson is looking into the difference in quotes.
- There is a possibility of receiving TAP funds and also the 1% required use of the gas and weight tax can be used to help fund the local match for the project.
- The above quotes are for street work only and does not include funds for the water and sewer portion of the project. The local match projected for the water and sewer portion of the project is \$46,000. This is \$.10 on the dollar and will taken from the Water Fund.
- Due to the uncertainty of the local match for the 2017 Downtown Street Project, there is hesitancy to use any of these local funds for street projects in 2016.
- The 2017 Downtown Street Project is still in the design phase but should include all new pavers for the street.
- A \$270,000 surplus is expected for 2015 and a \$483,000 surplus for 2016 for this fund.

Comments were received from Council Members Krause and Barnes; City Manager Mitchell; Director of Public Services Lenardson and Mayor Domingo.

- **Fund 452-MDOT Street Reconstruction:**

Finance Director Mead highlighted the following items for the MDOT Street Reconstruction Fund:

- This fund is used for MDOT projects only.
- The funds are transferred in for the projects.
- The West Erie Project was approximately \$170,000 less than projected due in part to the bids being sent out early and receiving good rates from the contractors.
- This fund carries a fund balance of \$4500.00 and will remain the same for 2015 and 2016.

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

- **Fund 737-Retiree Health Care:**

Finance Director Mead highlighted the following items for the Retiree Health Care Fund:

- This fund began in 2001 and was a self-administered retiree health care plan.
- The funds were deducted from employees' wages and put in this fund to be used at employee's retirement for health care.

- This deductions for the retiree health care was discontinued in 2013 as it did not meet the IRS requirements for this type of plan.
- The employee's deductions deposited into this fund were paid back in 2013.
- Only the employees that were currently retired and already drawing from this fund remained. The amount these employees are receiving monthly is approximately \$20.00-\$50.00 per month as all but one are Medicare eligible and the one remaining will be eligible in 2016. For this reason, we are able to decrease the amount of expenses. The balance in this account will last several years and will accommodate the City's obligations to the employees that remain on the plan.

- **Fund 367-Sidewalk Program:**

Finance Director Mead highlighted the following items for the Sidewalk Program Fund:

- Funds that are collected from property taxes are placed in this fund to repair sidewalks throughout the City.
- Title companies collect on special assessments and pay them in full at closing which creates less revenue for the year the assessment is to be collected.
- The year to date activity is low. The crews are out working now and we anticipate spending approximately \$110,000.00 on sidewalks for 2015.
- The estimated expense for 2016 is \$125,000.00.
- This fund can be used for street projects if it directly relates to sidewalks.
- This was a ten year assessment and the final year of collection will be 2017.
- A request for a legal opinion on whether or not the City can assess this tax. City Attorney Harkness stated the assessment as it is structured is not legal as it is more in the form of a tax. City Manager Mitchell stated that a survey of the sidewalks will be done and a presentation made so the Council can determine how they would like this handled. She further stated for future sidewalk assessments that they would need to be done by districts and also the cost associated with the sidewalks.

Comments were received from Council Members Krause and Barnes; City Attorney Harkness; Director of Public Services Lenardson and City Manager Mitchell.

- **Fund 661-Equipment Pool:**

Finance Director Mead highlighted the following items for the Equipment Pool Fund:

- The Equipment Pool Fund is used to purchase capital equipment and is used to estimate how much it would cost to lease or rent equipment.
- Improvements need to be made to this fund.
- No major changes to this fund for 2015 or 2016. If equipment is purchased, this fund may change.

- An equipment loan of \$105,000 will be paid off in 2015 so we will not have to pay any interest in 2016.

Comments were received from Council Member Barnes.

IV. CITIZENS COMMENTS

Comments were received from Finance Director Mead who stated the Thursday, November 19, 2015 Budget Session has been cancelled; Mayor Domingo who stated he had received a call from the American Legion asking the City to replace the 3 x 5 flags at the cemetery.

Director of Public Services Lenardson stated he will check on this.

Additional comments were received from Council Member Krause.

V. ADJOURNMENT

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

Mayor Domingo adjourned the Budget Study Session at 7:30 p.m.

Date

Jill Domingo
City Clerk