

FISCAL YEAR 2021-22 ANNUAL BUDGET EXECUTIVE SUMMARY

Honorable Mayor and City Council:

I am pleased to present to you the FY2021-2022 Budget. The budget document represents the program strategies and resources formulated by the City Council and City staff during the budget preparation process.

ADJUSTMENTS FOR COVID-19

This year Administration and City Council were once again tasked with preparing a budget that attempts to consider the ongoing impacts of the COVID-19 pandemic. Some of the impacts from COVID-19 may be short term, while other impacts may take time to develop, such as the impact on the commercial real estate market due to employees working from home. Nonetheless, administration has attempted to incorporate these impacts on both the revenue and expenditure side of the budget

Unlike last year where we entered estimates more conservative than State projections, for Fiscal Year 2021-2022, the City has utilized the State's estimates for Act-51 funds and State Shared Revenue. Although some areas of the economy continue to struggle other areas such as online sales have increased.

We have also tried to estimate the impact of COVID on other revenue lines such as building, zoning and traffic fees/fines. These have all been reviewed and in some cases adjusted to reflect potential impacts as we attempt to determine what the new normal will be at the federal, state and local level.

Property tax revenues are the largest component of revenues in the General Fund. The market appears to be stable. Single family homes continue to sell quickly in Richmond, however some of the prices appear to have plateaued. Property values are set based on the sales studies from the previous 2 to 3 years. Although difficult to predict, it appears that our tax revenues will continue to be stable for the near future.

On the expenditure side, Administration again began by reviewing the remaining expenditures in the FY2020-2021 budget to determine if initial year end projections for June 30, 2021 were realistic. In some cases, the City Manager and City Treasurer adjusted these year-end projections to account for the impact of COVID-19 on the ability to hold certain programs or events.

Administration and City Council then reviewed departmental budgets from a conservative approach. We have adjusted the year end projections provided by the Department Directors and in some cases, we have recommended cuts in their proposed budgets.

Based on the lack of staff, we have adjusted the Recreation budget to reflect a change in Camp Richmond. We may not be able to offer a traditional day camp, but may be able to offer more individual programs. We hope to be able to open the pool, but may need to adjust the hours and offerings based on final numbers of lifeguards. We have adjusted the projections for the FY2020-2021 budget based on these factors. We continue to adjust programing to accommodate current social distancing requirements set by the

MDHHS. If we have to cancel programs due to COVID-19, the lack of revenues will be offset by a reduction in expenses.

Although changes have been made to account for the ongoing impacts of COVID-19 on the proposed budget, administration believes we have prepared an annual City budget that is not only fiscally conservative but continues to move the City forward to achieve the Goals and Objectives of the City Council.

AMERICAN RECOVERY ACT OF 2021

Under the American Recover Act of 2021, the City of Richmond should receive a substantial amount of funds. At this time the details are too vague to be able to accurately input the funding into the FY2021-2022 budget.

One estimate has the City receiving \$577,324 for the portion of the City in Macomb County and \$197 for our St. Clair County area. According to webinars the funds will be allocated over two fiscal years.

Although the Federal Government keeps indicating that we will have flexibility in spending the funds, generally they also state the funds can be used for three major areas. First, revenue replacement for revenues lost due to COVID. Second, to cover increased expenses due to COVID. Finally, for infrastructure investment into water, sewer or broadband.

Although more information is beginning to be released final details are still coming. The FY2021-2022 budget does not incorporate any American Recovery Act funding. As administration and City Council receive all of the information on how the funding can be spent, City Council

will need to determine how the City of Richmond will spend is allotment.

GENERAL BUDGET OVERVIEW

As the real estate market remained strong during COVID-19, the increase in property values in Richmond has once again required another Headlee roll back due to uncapped properties increasing the City's taxable value faster than the rate of inflation. Specifics are defined under the Revenue section of this document.

The City Manager and City Treasurer continue to evaluate additional cuts to address the City's budget shortfall. The current budget incorporates a \$272,868 shortfall between revenues and expenditures in the General Fund. The proposed ending fund balance for June 30, 2022 is \$1,932,692 which is 41.9% of expenditures. As administration and the City Council have discussed at previous meetings, we need to replace the two main dispatching consoles in our dispatch center. Administration is recommending that as part of the resolution to adopt the budget, Council "assigns" \$400,000 of the fund balance toward the purchase of new dispatch consoles in FY2022-2023.

There are two terms for doing a placeholder in the Fund Balance. The first option is a formal Council Action to have the funds "committed" in the fund balance. The less formal option is to have them "Assigned". Assigning the funds within the fund balance leaves them there, but provides the Council with the option of changing their mind in the future.

Setting aside the \$400,000 assigned in the fund balance, we then have an ending fund balance on June 30, 2022 of \$1,532,692 which is 33.2% of expenditures.

The budget includes a 2.5% wage increase for this year in accordance with the approved Teamster and Communications Contract. The Patrol union has a wage re-opener in FY2021-2022.

The budget also includes some salary adjustments to our seasonal employees to keep pace with the market. Due to the State's high unemployment rate the minimum wage has not changed.

Although Administration would be more comfortable without a budget deficit, the City is still projected to have a fund balance of 33.2% of expenditures on June 30, 2022, after the assignment of the \$400,000 for the technology upgrades.

The Council Goals and Objectives are incorporated with the departmental submissions to formulate a comprehensive plan for providing high quality services to the citizens of Richmond in the most cost-effective manner possible. Following are some of the highlights of the budget:

CONSISTENCY WITH CITY MISSION AND GOALS

The City of Richmond's mission statement of "promoting a high quality of life for its residents by providing municipal services and addressing community issues in partnership with its citizens, businesses, and neighbors" is the guiding premise for the preparation of this budget document.

Several goals established by the City Council for FY 2021-22 continue to be reflected in the preparation of this budget:

- **Council Issue #1 – Promoting Industrial and Commercial Growth.** Both the Community Master Plan, TIFA

Plan and Recreation Master Plan have recently been updated. Funds are allocated in TIFA to cover a portion of the City Administration Staff's salary and benefits that work within the TIFA Fund.

Administration will continue to work to develop ways to streamline permit processing and formulate creative financing plans for industrial and commercial development, redevelopment, and business retention. The MEDC's Redevelopment Ready Communities (RRC) program will assist Administration in reviewing City processes and ordinances. Council, Planning Commission and the EDC will work with the MEDC as the City progresses through the RRC program.

Funding for TIFA and EDC's façade improvement programs are continued in this budget under TIFA. The programs continue to be altered by the EDC and TIFA to improve them and operate with lower funding levels.

- **Council Issue #2 – Traffic Congestion and accessibility on Main Street.** Traffic congestion and parking on Main Street are being addressed through several projects. The City has implemented several portions of the Transportation and Streetscape Master Plans. Council has identified maintaining parking along Main Street and providing adequate off-street parking for downtown businesses as a priority. TIFA has allocated \$450,000 in the "Streetscape" line item to pay for both the engineering on the various municipal parking lots in the North Business District and the construction of the lot behind the "Chaps" block. We also have \$100,000 in Streetscape that may be used in part to install pedestrian

bump-outs and other pedestrian safety tools. The City continues to replace deteriorated or lifted sidewalks to maintain pedestrian safety and the walkability of the community.

- **Council Issue #3 – Streetscape Implemented.** This past year Council and TIFA installed additional signage identified by the Streetscape committee as well as a second set of across the road banner poles.

As discussed at the joint meeting between the City Council and TIFA, the priority this year is to come up with engineering plans for improvements to the two existing municipal parking lots in the North Business District. These plans will include a review of utilities within the parking areas and improvements that would go up to and include rear entrances to the buildings. Administration has also included funds to review the private parking lots on the east side of Main Street between Monroe and Park Streets. The deliverable for this work will be engineered plans to present to all businesses adjoining the parking lots. Due to delays by DTE, the engineering will extend into FY2021/2022.

As mentioned before, TIFA budgeted \$450,000 to finish the engineering and complete the parking lot behind the Chaps Block.

- **Council Issue #4 – Rails-to-Trails Funding, Maintenance, Use, and Development.** The City is working with St. Clair County and the Trail Conservancy to develop plans to connect Richmond with the St. Clair County trail system. This link will be a part of the Trail Conservancy's effort to connect

Lake Michigan with Lake Huron by way of Route 1 of the Great Lake to Lake Trails. Funds are included in the budget to cover our maintenance costs as a member of the Macomb Orchard Trail Commission.

- **Council Issue #5 – Orientation and Training for Members of Boards and Commissions.** The FY 2021-22 Budget includes appropriations for continued training and education for City Council, Planning Commission, TIFA and Board of Review. Administration was developing a potential workshop just prior to the COVID-19 outbreak with a professor from the MSU Extension office. Once social distancing is relaxed, we will try to set this up again.
- **Council Issue #6 – Code Enforcement.** Administration intends to build on the progress made in recent years. The City Manager will continue to coordinate a team oriented approach to code enforcement through the Building, Planning and Police Departments. City Council will be reviewing additional ordinances for consideration of switching to civil infractions rather than misdemeanors. Funds have been included to pay for a reserve officer when needed to assist with code enforcement.
- **Council Issue #7 – Technology.** In FY2020-2021, administration was able to utilize CARE funds to replace the City Hall computer server and firewall. Administration is reviewing the potential to place credit card processors at the Police, Library and Recreation Departments either through the BS&A financial software or other vendors. The FY2021-22 Budget includes funds for the annual maintenance of the City

website. The City will continue to improve its social media presence.

The \$400,000 assigned in the General Fund - Fund Balance toward 9-1-1 dispatch consoles ensures that the City's Emergency Dispatch remains updated with the latest technology.

GENERAL FUND REVENUES

The FY 2021-22 Budget calls for a general operating ad valorem property tax levy of 15.8717 mills, of which an amount equal to 1.55 mills will be placed in the Municipal Street Fund for street improvements. The City's millage rate is lower due to a Headlee Millage Rollback of 0.2156. The City continues to see a reduction in its millage rate due to the Headlee Amendment which requires a local unit of government to reduce its millage when annual growth on existing property is greater than the rate of inflation. The City will also continue to levy a 1% administration fee on all tax collections as permitted by State law.

The City's taxable value has increased this year by \$7,771,409 to \$202,778,871 from this time last budget cycle (Source: March 2021 Board of Review). The Richmond Tax Increment Finance Authority will capture \$35,517,982 of the taxable value. One mill for general operating purposes is equal to \$167,261 after TIFA capture. (Last year one mill was equal to \$159,047) The City will realize \$2,654,715 in property tax revenues with a tax levy of 15.8717 mills, the proposed tax base sharing agreement would limit the TIFA capture by \$67,648 for a total tax revenue of \$2,722,362. An additional \$93,900 is budgeted for the 1% administration fee.

Residential property represents \$146,617,686 or 76% of the City's total taxable value an increase of \$6,718,659;

commercial property represents \$41,248,715 or 18% an increase of \$1,264,201; industrial property represents \$6,254,770 or 3% an increase of \$86,349; and personal property represents \$8,657,700 or 3% a decrease of \$297,800.

Proposal "A" enacted by a vote of the people in 1994 and effective beginning in 1995 continues to erode municipal revenues. As Council is aware, Proposal "A" established the concept of *taxable value* as the means for determining tax assessments and capped annual assessment increases at 5% or the rate of inflation, whichever is less. While the State Equalized Value (SEV) of the City is \$258,882,400 for FY 2021-22 (Source: March 2021 Board of Review), the value of property which can be taxed will be \$202,778,871. The FY 2021-22 loss of tax revenue from Proposal "A", based on a 15.8717 mill tax levy, would be \$890,458.

Due to previous budget shortfalls, administration worked with Miller Canfield to obtain a legal opinion and tax base sharing agreement with the TIFA that allowed the City to limit the TIFA capture in FY2020-21 by \$86,767 (15%). This year administration is proposing that we extend the agreement another year and lower the TIFA capture by \$67,648 in FY2021-22 (12%). The current General Fund Revenue line items include the proposed limits on the TIFA capture.

The shortfall between revenues and expenditures in the City budget is \$272,868. The current proposed budget calls for a June 30, 2022, ending fund balance of \$1,932,692. Of this balance, \$400,000 would be assigned for a future purchase in dispatch and \$1,532,692 would be unassigned, which is 33.2% of total expenditures in the General Fund.

GENERAL FUND EXPENSES

CITY COUNCIL. The FY 2021-22 Budget provides for compensation for the Mayor at \$60.00 per regular meeting attended and for councilors at \$50.00 per regular meeting attended. The budget provides for continued membership in the Michigan Municipal League, Michigan Municipal League Legal Defense Fund, Southeast Michigan Council of Governments, Traffic Safety Association of Macomb County, and Richmond Area Chamber of Commerce. The Budget also provides funds in FY2021-2022 for Council members to attend training sessions and committee meetings put on by these organizations. The printing and publishing provided for in this department puts out the City Calendar.

CABLE TELEVISION SERVICES. The budget includes an appropriation to provide for Cable TV production through a full-time coordinator. The last three years the City has partnered with Richmond Community Schools to allow the Cable Coordinator to teach the TV & Broadcast Media class at the High School level.

This year the budget includes funding for a 15 hour per week programming assistant. The purpose of this position is to assist the Coordinator with the editing of programs for timely uploads to Channel 6 and YouTube.

The cable budget also includes \$1,500 to reimburse the Cable Commission for a portion of their cable bills. The City continues to broadcast programming on Comcast Cable Channel 6 and our YouTube Channel RichmondTV12.

CITY MANAGER. The City Manager's budget includes funding for an assistant position. So far the assistant is improving the City Manager's output as far as new releases and website posts. She is also learning how to update the City's website.

The budget includes an appropriation for the City Manager's membership in the Michigan Local Government Management Association and the Michigan Society of Planning.

ELECTIONS. The budget for elections is significantly reduced as we only have to budget for conducting the November 2021 Council election and mailing the AV applications for the August 2022 Primary Election.

ASSESSING. The budget provides for the salary and wages for the Assessor. Due to budget restrictions the Building Clerk assists in measuring houses. The budget also includes an appropriation for annual software support for the Equalizer assessing administration software and the ArcView software. This year the budget includes a printer.

LEGAL SERVICES. The cost for legal services has remained stable for several years. Funds are specifically budgeted for Police, Assessor, City Council, Planning and Zoning.

CITY CLERK. The budget provides for the City Clerk's and Secretary/Receptionist's salary and benefits. The Clerk's wages and benefits are split between the General, Water, Sewer and TIFA Funds. The Secretary/Receptionist's salary and benefits are split between General, Water, Sewer and Cemetery Funds. Appropriations are also provided for contractual services for printing of ordinance supplements to the City Code; printing and publishing for legal notices; memberships in the Macomb County Clerks Association, International Institute of Municipal Clerks, and the Michigan Association of Municipal Clerks.

BOARD OF REVIEW. This year Administration budgeted \$5,700 in the

reimbursement line item to account for property owners potentially petitioning the Michigan Tax Tribunal.

CITY TREASURER. The General Fund Budget provides for a portion of the salary and benefits of the Treasurer and Deputy positions, with the remaining percentages allocated to the Major Streets, Local Streets, Water, Sewer and TIFA Funds. The Treasurer's budget includes the contract for audit services. Funds are allocated to hire the City's auditing consultants to update the capital asset records. This would combine records maintained in excel into BS&A as well as a review of the records to make sure all records are current.

BUILDINGS AND GROUNDS CHPD. Beginning in FY2015-2016, administration developed a new combined department to cover the consolidated City Hall and Police Post. Similar line items were combined into common line items that cover both the City Hall (CH) and Police Department (PD). Line items that were not similar were given a designation of CH or PD to designate which department is charging to that line item.

The budget includes appropriations for wages and benefits for DPW maintenance services and wages and benefits for part-time janitorial services at the building; building equipment maintenance to continue the annual inspection and servicing of the heating/cooling system; building maintenance contracts such as lawn maintenance, snow removal, and mechanical systems and fire suppression system annual inspections.

Contractual services for City Hall's computer maintenance, engineering, high speed internet and website domain and hosting services; office equipment maintenance for the postage scale and scale

software, mailing machine, computers, and copier; equipment rental for the postage meter and post office box.

Funds have been budgeted in Sewer, Water and TIFA to cover a percentage of the above costs related to the City Hall portion of the building.

Funds are included to complete the renovations to the employee wellness room as well as replace the tables in the Community Room.

POLICE. The wage and benefits accounts include appropriations to continue the following programs: (1) traffic patrol coverage; (2) community policing; (3) code enforcement activities; and (4) special event police coverage. Funds have been included for the replacement of current handguns that are 27 years old and to replace one of the 2015 SUVs with a new Police Interceptor. Funds are budgeted to replace half (3) of the AEDs in the vehicles. Funds are budgeted to install fiber optic lines for future improvements in dispatch. Funds have been allocated for one additional candidate from the reserve officers to attend the Macomb Public Safety Academy.

TRAFFIC AND SAFETY. The budget includes appropriations for wages and benefits to provide crossing guards at key street intersections for school children. The hourly wage of the crossing guards was increased by \$1.00 this year due to the difficulty in finding crossing guards.

COMMUNICATIONS. The budget includes funds for the three full time and several part-time communications officers. The Fire Fund reimburses the General Fund for 10% of the costs of communications services to cover the cost of dispatching the Fire Department. Although the City Manager cut the new dispatch console from

the budget, Council and administration intend to assign \$400,000 of the fund balance to use in the FY2022-23 budget to purchase two consoles as part of the resolution adopting the budget. This assignment can be changed by the Council in the future.

CODE ENFORCEMENT. Funds are budgeted for a part-time code enforcement officer. The City will continue to handle code enforcement functions primarily through the Police Department, however, the City Manager's office will coordinate a team approach to code enforcement. The City handles most code complaints through civil infractions instead of misdemeanors.

BUILDING DEPARTMENT. The City employs a full-time Building Clerk and a part-time Building Official and contracts with others for electrical, mechanical, and plumbing inspection services. Funds are currently budgeted for a camera system to take photos of old and current paper plans. Funds are also included for a tablet.

PLANNING. The budget reflects the salary and benefit costs for the full-time Planning and Zoning Administrator position. Fifteen percent of the Planner's salary and benefit costs will be provided through TIFA. The budget also provides for the continuation of in-house training programs for the Planning Commission. This year funds have been included for a larger computer monitor to help with reviewing plans.

BOARD OF ZONING APPEALS. The budget does not provide for any expenditures. The BZA did meet last year and may more frequently in coming years due to development increasing. Any training will be covered out of other budgets.

EMERGENCY PREPAREDNESS. The City Manager currently serves as Emergency Management Coordinator with the City Planner and Police Chief as back up. Macomb County Emergency Management has updated the City's Plan. Due to our population size, the City falls underneath the County Plan. Funds have been budgeted to provide for maintenance on the four sirens.

PUBLIC SERVICE DIRECTOR. The budget provides for 52.5% of the Public Service Director's salary and benefits, with the remaining percentages allocated to the Major Streets, Local Streets, Water, and Sewer Funds. This budget along with water and sewer includes resources to make the secretarial position full time.

PUBLIC WORKS. The budget provides for portions of the wages and benefits of public works personnel which are attributable to General Fund functions that cannot be properly allocated to other funds. The percentages allocated to General Fund and the other funds are based upon historical data trends for each position. The budget also includes appropriations for continuation of the tree maintenance programs, city clock maintenance, and equipment maintenance. Funds are allocated to maintain existing trees within the right-of-way.

The budget includes a portion of the funds necessary to upgrade telephone service and water line upgrades in the DPW yard. The Streets, Water, Sewer and TIFA funds will also cover a portion of the upgrades. These improvements are necessary for a potential DPW Barn project estimated at \$600,000. Although the barn project is not contained in this fiscal year, it is planned for the FY2022-2023 budget. These improvements to the DPW yard this year will not hinder anything should the barn project be delayed.

STREET LIGHTING. The budget includes appropriations for the continuation of the general street lighting program. The TIFA Fund covers the lighting costs of the ornamental street lights that have been installed from Howard Street north to Park Street. The ornamental lights were installed by TIFA to provide an aesthetic improvement in our downtown districts. These lights are closer together and at a higher rate than the average street lights normally installed by the City. The budget was increased to account for the new lighting in the Richmond West Subdivision and Diane Lane.

CAPITAL IMPROVEMENTS. The FY 2021-22 budget includes an appropriation of \$10,000 to purchase another radar trailer.

REFUSE COLLECTION AND DISPOSAL. The five-year contract with Waste Management expires June 30, 2021. The proposal from Waste Management would maintain the same cost for FY 2021-2022 as the current year. The proposal is for three years with the annual increases of 0%, 3.5% and 3.5%.

EMERGENCY MEDICAL SERVICES. EMS services are provided through a contract with Richmond-Lenox EMS (RLEMS). In the past, the City of Richmond paid a stipend to help offset the costs of service to residents. Currently, RLEMS is not requesting any payment from the City for EMS services.

COMMUNITY TRANSIT. Community Transit services for senior citizens and the handicapped are provided through Suburban Mobility Authority for Regional Transportation (SMART) bus credit funds provided by the SMART millage to communities within urban counties. The

City of Richmond provides these services through a contract with RLEMS.

ECONOMIC DEVELOPMENT. The budget does not provide for allocations for the EDC. The City worked with Macomb County Planning and Economic Development Department to update the TIFA Plan. Marketing and economic development activities are funded out of the TIFA.

The EDC created a Marketing and Promotions Committee that became active in events such as the Christmas Cash Program and Community Tree Lighting. This year the committee is looking to build upon the success of the Christmas Tree Lighting and Santa Parade two years ago.

LOIS WAGNER MEMORIAL LIBRARY. The library budget provides allocations for salaries, wages, and benefits for a full-time Library Director, Children's Programmer, and Library Technician; and part-time Library Clerk, Systems Manager and substitute library workers. The budget also provides funding for the continued membership in the Suburban Library Cooperative of Macomb, including utilization of the cooperative's SIRSI/Dynix cataloging system. Overall there was a reduction in this budget due to turnover in personnel.

This year's budget includes revenues (\$54,000) from the Richmond Township Library Millage. Council, the Library Board and Administration restored some funding levels and service hours in 2019.

The budget provides allocations for book purchases, other types of media, programming and operating supplies.

The budget does not include major improvements (\$240,000) to the Library at

this time based on the space needs study. Administration will continue to work this year with the City Council and Library Board to determine our course of action based on the study.

CONTINGENCY. The budget provides an allocation for General Fund contingencies in the amount of \$5,000 in accordance with the provisions of the City Charter.

DEBT SERVICE. The only General Fund debt obligation is the payment to Lenox Township for the Muttonville Mutual Detachment and Annexation Forbearance Agreement. The City and Township negotiated an extension of the agreement in 2019. The agreement calls for a payment of \$149,219 for this year.

The City pays 3.6 mils annually in September to Lenox Township under the agreement based upon the current taxable value of the properties in the Muttonville district. The new agreement calls for these payments to continue through 2029.

TRANSFERS OUT. The **Fire Department** is funded through contracts with the townships of Casco, Columbus, and Richmond as well as a City contribution. The budget reflects the City's share of the contribution toward operating and equipment replacement costs. Under the contracts, the operating expenses of the Fire Department cannot increase by more than 10% annually. The transfer from the General Fund also includes additional monies to purchase turnout gear.

The **Cemetery Fund** receives a transfer from the City's General Fund to allow for operations.

The **Recreation Fund** receives a transfer from the City's General Fund to allow for operations.

The **DPW Equipment Replacement Fund** will receive a transfer in from the General Fund of 35% of the equipment rental revenue this year, an increase from the 30% transferred last year.

The **Street Improvement Fund** provides a set-aside that combined with the TIFA contribution is equal to 1.55 mills of the general operating tax levy to provide a perpetual street improvement program. Currently, a 20-year capital plan for street improvements is in place which requires \$355,000 annually to complete. Due to the previous downturn in the economy, the City never reached \$355,000. However, the City has found ways to continue the street program.

Several factors contributed to the success of the street improvement program. TIFA and the General Fund will transfer a combined \$260,000 this year. The Public Service Director with the approval of the City Council has an MDOT approved Asset Management Program, that allows Richmond to transfer any percentage of our Act 51 Funds to local streets.

OTHER FUNDS

MAJOR STREETS. The FY 2021-2022 Major Street budget includes \$40,000 to evaluate and design a potential storm sewer outlet for Howard Street. This year's budget also includes a transfer of \$200,000 to the local street fund. Funds are allocated for crack sealing major streets.

LOCAL STREETS. The FY 2021-2022 Local Street budget includes \$250,000 to reconstruct Seymour Street and \$284,000 to reconstruct Burke Drive. Funds are allocated for crack sealing local streets.

FIRE. The Fire Department is operated utilizing volunteer firefighters and a volunteer chief who are paid \$18.00 per run. This year's budget includes an increase in Salary and benefit line items due to allowing trainees to fill out run reports.

The budget also includes appropriations for medical screening of all Fire Department personnel, boots, extrication suits, SCBA fit test screenings as required by MIOSHA; funds to provide for truck maintenance; ladder and hose testing/maintenance, and training.

The budget also calls for the creation of two line items "Clothing – Turnout Gear" and "Equipment – SCBA/Air Packs" to more accurately track the budgeted and actual expenditure amounts for protective equipment (Turnout Gear and SCBAs/Air Packs). An additional \$20,600 was added to the Clothing- Turnout Gear line item to be able to update all of the outdated turnout gear in the FY 2021-2022 budget.

We are entering the third year of a five-year Fire Contract with the Townships. The third and fourth years of the contract call for a \$14,000 contribution to the Equipment Replacement Fund. The budget includes a transfer out to the General Fund to reimburse the City for 10% of dispatching costs.

CEMETERY. The FY 2021-2022 Cemetery budget provides for the seasonal part-time help for cemetery maintenance.

MAUSOLEUM. The Mausoleum budget provides for operation and maintenance of the Mausoleum.

TAX INCREMENT FINANCE

AUTHORITY. In recent years, the City and TIFA have worked together on a tax base

sharing agreement to limit the TIFA capture and assist the General Fund. Due to COVID-19, this year's budget continues to limit the TIFA capture by 12% or \$67,648 in FY2021-2022.

Once again funds are allocated for streetscape improvements to improve parking lots, equipment acquisition for the purchase of accent lighting in the downtown and façade programs. Administration included \$150,000 for improvements to the Aud. TIFA will have a proposed fund balance of \$165,894 at the end of FY2021-2022.

COMMUNITY DEVELOPMENT BLOCK GRANT.

Recently, Macomb County has changed the administration of the County's CDBG funds to allow for competitive applications from communities for the bricks and mortar allocations. Council approved using a majority of last year's funds to improve the main entry doors of City Hall with automatic door openers. This year, the city will be submitting a grant application to install these door openers at the Community Center. Our Public Service allocation will go to help pay a portion of the Senior Services Coordinator's wages and to provide funds to Turning Point (\$1,500), CARE House (\$600) and Interfaith Volunteer Care Givers (\$168).

WWTP EQUIPMENT REPLACEMENT.

The FY 2021-2022 WWTP Equipment Replacement budget includes \$150,000 to replace sludge screw pumps, \$75,000 for electrical panel upgrades to the oxidation ditch and final clarifiers, and \$33,000 for other various equipment replacement items.

DPW VEHICLE & EQUIPMENT

REPLACEMENT. The FY 2021-2022 DPW Vehicle and Equipment Replacement budget includes \$23,000 to replace the dump

box on the Dump Truck #3 and \$7,000 to install an auto-grease system on Truck #50. The budget includes a transfer in of 35% of the equipment rental revenues.

SANITARY SEWER CONTRIBUTING CAPITAL. The FY 2021-2022 Sanitary Sewer Contributing Capital budget includes a transfer of \$140,000 to replace a portion of the S-41 Alley sewer and \$30,000 for various sewer repairs.

WATER CONTRIBUTING CAPITAL The FY 2021-2022 budget has no transfers this year as there are no water projects scheduled.

RECREATION. The budget includes appropriations for Recreation Department salaries and wages. The Recreation Director position was restructured to a part-time Recreation Director working solely for the Recreation Department. The budget also includes appropriations for the community center, park property and equipment maintenance, summer programs, and swimming pool operations, staffing, and maintenance. This year adjustments were made to the top positions in the pool.

Funds are included to install a bike repair station at the trailhead park, install two intergenerational swings, two concrete cornhole boards, replace damaged items on the Kids Castle and replace the teeter-totters. Through the "other projects" line item in TIFA the HVAC unit at the Community Center is being replaced.

SANITARY SEWER. The FY2021-2022 Sewer budget includes a \$4.00 increase to the ready-to-serve fee for sewer. The ready-to-serve fee helps cover the fixed costs of the Sewer budget that do not fluctuate based on usage.

It also includes \$242,352 in debt service, \$140,000 to replace a portion of the S-41 Alley sewer and \$30,000 for various sewer repairs.

WATER. The FY 2021-2022 Water budget includes a \$4.00 increase to the ready-to-serve fee for water. As in the Sanitary Sewer Fund, the ready-to-serve fee helps cover the fixed costs of the Water budget that do not fluctuate based on usage.

SUMMARY

The FY 2021-22 Budget is formulated conservatively with the top priority being establishing sound fiscal planning for operations and capital needs in a time of financial constraints. In light of the ongoing of COVID-19 and future capital improvement needs, the City must continue to be conservative in planning its revenues and expenditures.

Sincerely,

Jon Moore, City Manager
May 28, 2021