

FISCAL YEAR 2023-24 ANNUAL BUDGET EXECUTIVE SUMMARY

Honorable Mayor and City Council:

I am pleased to present to you the FY2023-2024 Budget. The budget document represents the program strategies and resources formulated by the City Council and City staff during the budget preparation process.

AMERICAN RECOVERY ACT OF 2021

Under the American Recover Act of 2021, the City of Richmond received \$614,000. Due to a recent federal ruling that all communities essentially have a 10 million standard deduction for the impact of the pandemic, the potential uses of these funds have widened significantly.

This past year, the City Council approved the use of \$423,489 for two new 9-1-1 consoles. The City, with the assistance of Macomb County Radio, contracted with Motorola for this project. During the budget process the City Council approved utilizing the remaining \$190,511 in ARPA toward the new fire engine. All funds will need to be programed prior to the end of 2024.

Due to the federal reporting requirements, Administration and Council have agreed to submit payroll expenses against the ARPA funds, which will then allow General Fund monies to be placed toward the dispatch consoles and fire engine.

GENERAL BUDGET OVERVIEW

The residential real estate market remained strong this year. Based on the rate of

inflation (CPI) of 7%, the taxable values of residential properties under Proposal A will increase 5%. This is the first time since proposal A was passed in the 1990s that the taxable value has increased this amount. This increase is due to Proposal A, which states that the taxable value will increase by 5% or the rate of inflation, whichever is less.

The taxable value of Commercial and industrial properties will not increase by 5%. This is due to another section of Proposal A that states the taxable value of a property cannot be higher than the assessed value. The real estate market for commercial and industrial properties did not increase by 5%, which prevents the assessments of properties from increasing by that amount. As a result, their taxable value increase is less than 5%.

As a result of inflation and market forces on assessments, the City does not have a Headlee Rollback for FY2023-2024. The City's general operating millage will remain at 15.6637 mills.

The current budget incorporates a \$236,911 shortfall between revenues and expenditures in the General Fund. The proposed ending fund balance for June 30, 2024 is \$1,950,348 which is 36.9% of expenditures.

This shortfall is in part due to capital projects, vehicle purchases, and a MERS contribution. All of these projects and expenditures have been reviewed by Council and administration.

The budget includes a 3% wage increase for FY2023-2024 in accordance with the Teamster and Patrol Contracts. The Command and Communications contracts

expire prior to FY2023-2024 and are currently being negotiated.

The budget also includes some salary adjustments to our seasonal employees to keep pace with the market. Due to a number of factors including the Baby Boomer generation entering retirement, it is projected that the worker shortage issues facing employers will not subside for another year and a half to two years.

Although Administration would be more comfortable without a budget deficit, the City is still projected to have a fund balance of 36.9% of expenditures on June 30, 2024.

The Council Goals and Objectives are incorporated with the departmental missions 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 2023-24 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 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 is working to upload the Recreation Plan into the DNR website, so that the plan can be updated to include the Roosevelt Civic Auditorium.

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. They have revamped the RRC program to provide an “Essentials” level endorsement recommended for communities with traditional downtowns such as Richmond.

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 Master Transportation and Streetscape Plans. Council has identified maintaining parking along Main Street and providing adequate off-street parking for downtown businesses as a priority. TIFA recently awarded \$459,695 for the reconstruction of the parking lot on the east side of Main, between Water and Monroe Streets.

TIFA will be looking to work on the design this year of the two other parking lots in the North Business District. The City continues to replace deteriorated or lifted sidewalks to maintain pedestrian safety and the walkability of the community.

The new Chief of Police has expressed interest in investigating the potential for pedestrian improvements in our downtown through signage and potential ordinance changes that would come before the City Council.

- **Council Issue #3 – Streetscape Implemented.** This past year TIFA installed downtown lighting from the light poles to the front facades of the buildings. We anticipate there will be a phase two of the Downtown Lighting project once property owners see the impact of phase one.

Now that The Aud is owned by the City, administration is working on the replacement of the changeable copy sign at the Aud. An overall landscaping plan for the front of the Aud will be developed. The sign and landscaping area will be a new focal point for the community along Main Street.

With the improvements made by TIFA to the parking lot on the north end this spring, at least four building owners have indicated they will be doing improvements to their rear facades including improving customer entrances.

Both the changeable copy sign and improvements to the rear facades have been a part of the Streetscape Vision since the beginning.

- **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 2023-24 Budget includes appropriations for continued training and education for City Council, Planning Commission, TIFA and Board of Review. As directed by City Council, instead of canceling meetings when there is a lack of agenda items, administration has increased in-house training and attention to ordinance reviews. Part of the RRC Essentials work will be the creation of orientation packets for each Board. This year, two members of City Council attended the MML Legislative Convention. Funds are provided in the Council’s budget to continue this if there is interest.
- **Council Issue #6 – Code Enforcement.** Administration intends to build on the progress made in recent years. The City Clerk will coordinate a team-oriented approach to code enforcement through the Building, Planning and Police Departments. Several ordinance changes to switch additional penalties to civil infractions rather than misdemeanors are in the works. Funds have been included to pay for a reserve officer when needed to assist with code enforcement.

- **Council Issue #7 – Technology.** Council has approved the use of \$423,489 of the ARPA funds to improve technology at our 9-1-1 dispatch. The project has started, and will likely be finished in the first part of FY2023-2024.

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 FY2023-24 Budget includes funds for the annual maintenance of the City website through Civic Plus. This year, the City is eligible for an update/redesign of its website through this same company. The City will continue to improve its social media presence.

GENERAL FUND REVENUES

The FY 2023-24 Budget calls for a general operating ad valorem property tax levy of 15.6637 mills, of which an amount equal to 1.38 mills will be placed in the Municipal Street Fund for street improvements. This year the City’s millage rate did not have a Headlee Millage Rollback. Due to the inflation rate of 7%, taxable value increased by the maximum 5% allowable under proposal A. 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 \$16,348,417 to \$231,773,256 from this time last budget cycle (Source: March 2023 Board of Review). The Richmond Tax Increment Finance Authority will capture \$42,786,030 of the taxable value. One mill for general operating purposes is equal to \$188,987 after TIFA capture. (Last year one

mill was equal to \$175,330.) The City will realize \$2,960,239 in property tax revenues with a tax levy of 15.6637 mills. An additional \$95,000 is budgeted for the 1% administration fee.

Residential property represents \$171,109,069 or 78% of the City’s total taxable value an increase of \$14,184,878; commercial property represents \$44,529,904 or 17% an increase of \$1,849,5109; industrial property represents \$6,513,683 or 2% an increase of \$127,730; and personal property represents \$9,620,600 or 3% an increase of \$186,700. Although personal property values have increased for 2023, the value of personal property that will qualify for the Small Business Exemption will increase from \$80,000 to \$180,000 in 2023. This could have an impact on personal property values in 2023.

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 \$299,744,800 for FY 2023-24 (Source: March 2023 Board of Review), the value of property which can be taxed will be \$231,773,256. The FY 2023-24 loss of tax revenue from Proposal “A”, based on a 15.6637 mill tax levy, would be \$1,064,686.

The City Council has elected not to enter into a tax base sharing agreement with the TIFA in FY2023-2024; allowing TIFA to capture the full amount of eligible TIF revenues.

The shortfall between revenues and expenditures in the City budget is \$236,911. The current proposed budget calls for a June 30, 2024, ending fund balance of

\$1,950,348; which is 36.9% of total expenditures in the General Fund.

GENERAL FUND EXPENSES

CITY COUNCIL. The FY 2023-24 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, and the Chamber of Commerce. The Budget also provides funds in FY2023-2024 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 and part-time programming assistant at 15 hours per week. The last five 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.

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. The YouTube Channel has over 1,000 subscribers. The budget includes funding (\$6,000) to upgrade the Council Chamber cameras and move to a digital recording option rather than recording to tape.

CITY MANAGER. The City Manager's budget includes an increase in funding for the recent salary adjustment made to the City Manager's salary and a 30 hour a week administrative assistant position. The assistant is improving the City Manager's output as far as news releases and website posts. She has also been instrumental on follow through of projects like the Downtown Lighting. The budget includes an appropriation for the City Manager's membership in the Michigan Local Government Management Association. Funds were also included to replace the City Manager's shelving in his office.

ELECTIONS. The budget for elections has been increased to account for a November 2023 Council election and a March 2024 Presidential Primary election and mailing the AV applications and ballots for these elections.

At this time, the State of Michigan has not provided clerks with guidance on how to handle early voting. Recently passed legislation calls for 9 days of early voting. It is not clear on whether each municipality will have to pay election workers to staff a local voting location or whether there will be some kind of County or North Macomb Voting location for Macomb Communities.

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.

LEGAL SERVICES. The cost for legal services has remained stable for several years.

CITY CLERK. The budget provides for the City Clerk's salary and benefits. The wage and benefits for the Secretary/Receptionist's position have been shifted this year to the City Treasurer's Department. 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 \$5,500 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, Secretary/Receptionist and Deputy positions, with the remaining percentages allocated to the Major Streets, Local Streets, Water, Sewer and TIFA Funds. The Secretary/Receptionist position was moved to this department this year. The Treasurer's budget includes the contract for audit services.

BUILDINGS AND GROUNDS CHPD. This budget includes funds to maintain the City Offices including City Hall (CH) and Police Department (PD). If a line item is specific to one side it is 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 parttime

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 replace the tables and chairs (\$16,000) in the community room as they are nearing the end of their usable life. Funds have also been included for a paper folding machine (\$500) and drinking fountain (\$1,535) to replace the one in the lobby.

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 another SUV Police Interceptor.

Funds have been allocated for one additional candidate from the reserve officers to attend the Police Academy through the Macomb Public Safety Institute.

Some ongoing technology maintenance and support contracts have been moved from the Police Department "Office Equipment

Maintenance” to the same line item in the Communications Department to more appropriately reflect the cost of handling dispatch in-house.

TRAFFIC AND SAFETY. The budget includes appropriations for wages and benefits to provide crossing guards at key street intersections for school children.

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. The previous budget included \$423,489 for the purchase of the two new 9-1-1 consoles. However, this project will likely be completed the first part of FY2023-2024.

CODE ENFORCEMENT. Funds are budgeted to allow for a reserve officer to assist with code enforcement when needed. The City will continue to handle code enforcement functions primarily through the Police Department, however, the City Clerk’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.

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.

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.

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. The budget also includes resources for 2.78% of the cost of a full-time secretarial position for the department, with the remaining percentages allocated to the Major Streets, Local Streets, Water, and Sewer Funds.

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 (\$181,500) of the funds necessary to extend the DPW

building. The Streets, Water, Sewer and TIFA funds will also cover a portion of the upgrades. The project was awarded in FY2022-2023.

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.

CAPITAL IMPROVEMENTS. The FY 2023-24 budget does not include any projects this year. Projects are slated for future years within the Six Year Capital Improvement Plan.

REFUSE COLLECTION AND DISPOSAL. This is the third year of a three-year contract extension with Waste Management that expires June 30, 2024.

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 working with Macomb County Planning and Economic Development Department updated 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.

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.

This year's budget includes revenues (\$57,000) from the Richmond Township Library Millage. This is the last year of the five-year millage payments. The Township will have the extension of the library millage on the November 2023 ballot.

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

The budget does not include major improvements 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.

A joint meeting of the Public Library Board and City Council was held this spring to begin discussions on the best use of potential monies from an estate.

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 \$162,258 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 2038.

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 **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 40% of the equipment rental revenue this year. This is an increase from 35% last year.

The **Street Improvement Fund** provides a set-aside that combined with the TIFA contribution is equal to 1.38 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 2023-2024 Major Street budget includes \$374,000 to construct a storm sewer outlet for Howard Street, and a portion (\$90,000) of the funds necessary to pave the DPW yard. The Local Street fund will also cover a portion of the upgrades.

LOCAL STREETS. The FY 2023-2024 Local Street budget includes a portion of the funds to extend the DPW building and pave the DPW yard.

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 FY2023/2024 budget includes funds to purchase five (5) sets of turnout gear to continue ensuring that the members of the department have up to date gear.

The Equipment Acquisition line item includes \$58,000 for a new squad (Chevrolet Tahoe) that would be used to run on medical calls in the hopes of reducing usage of the Engine-1 and Ladder-2. This squad is in addition to the current squad.

We are entering the fifth year of a five-year Fire Contract with the Townships. The fifth year of the contract calls for a \$15,000 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 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. The current FY2022-2023 budget includes \$300,000 for the barn

construction on Festival property and \$459,695 for the North End Parking Lot project. However, the barn project will not occur in FY2022-2023. In order to prevent cash flow issues, administration moved the \$267,809 for TIFA's share of the DPW barn to the FY2023-2024 budget.

With recently completed and proposed projects the ending TIFA fund balance is projected to be \$33,279.

Over time with future tax base capture the TIFA fund will recover. However, in the FY2023-2024 budget no new large projects are proposed.

TIFA and the RAGODF are still investigating the potential for a barn project in Beebe Street Park in future years.

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. Last year the City was awarded funds to improve the entry doors at the Lois Wagner Memorial Library. This year we did not submit a brick and mortar project.

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 (\$1,000), CARE House (\$1,200), Interfaith Volunteer Care Givers (\$148) and MCREST (\$792).

WWTP EQUIPMENT REPLACEMENT.

The FY 2023-2024 WWTP Equipment Replacement budget includes \$25,000 to install a new sludge pump and VFD, \$40,000 to install new PEW pumps, \$10,000 for a drain line to the sludge handling building (for future screw press), \$50,000 to

repair a Return sludge pump, and \$60,000 to replace the effluent weirs on one of the Final Clarifiers.

DPW VEHICLE & EQUIPMENT REPLACEMENT. The FY 2023-2024 DPW Vehicle and Equipment Replacement budget includes \$14,000 for a new snow pusher box and \$140,000 for a new cemetery backhoe. The budget includes a transfer in of 40% of the equipment rental revenues.

SANITARY SEWER CONTRIBUTING CAPITAL. The FY 2023-2024 Sanitary Sewer Contributing Capital budget includes a transfer of \$375,000 for a sewer lining project and \$600,000 for a meter replacement project.

WATER CONTRIBUTING CAPITAL The FY 2023-2024 Water Contributing Capital budget includes a transfer of \$600,000 for a meter replacement project.

RECREATION. The budget includes appropriations for a part-time Recreation Department salaries and wages. The budget also includes appropriations for the community center, park property and equipment maintenance, summer programs, and swimming pool operations, staffing, and maintenance. Each year the City Manager, City Treasurer and Recreation Director review the wages for the summer staff positions at the pool and camp to ensure we continue to maintain staffing levels.

The Aud is again listed as a separate department within the Recreation Fund. Funding is included to finish up the building renovations, provide for a programmer position and programming.

The City submitted three Spark Grant Applications earlier this year. The first round of funding was \$14 million. Submissions for the second round of funding are due at the end of June 2023. It is anticipated that this round will be awarded summer of 2023. We have formulated capital sheets within the Six Year Capital Improvement Fund, in case we are not successful in obtaining grant funding.

SANITARY SEWER. The FY 2023-2024 Sewer budget includes a \$3.00 increase to the ready-to-serve fee for sewer. It also includes \$240,490 in debt service, \$375,000 for a sewer lining project and \$600,000 for a meter replacement project.

WATER. The FY 2023-2024 Water budget includes a 3% increase to the commodity rate for water. This is the first commodity rate increase since 2019. Between 2019 to 2023, we have focused on increasing the readiness to serve charge rather than increasing the commodity rate. The Water Fund budget also includes \$300,000 for Asset Management and Material Inventory activities (Grant), and \$600,000 towards a meter replacement program.

SUMMARY

The FY 2023-24 Budget is formulated conservatively with the top priority being establishing sound fiscal planning for operations and capital needs.

Sincerely,

Jon Moore, City Manager
June 14, 2023