

CITY OF WHITEHALL
CITY COUNCIL BUDGET WORK SESSION MINUTES
May 18, 2020
5:00 p.m.

PRESENT: Scott Brown, Dick Connell, Virginia DeMumbrum, Ellie Dennis, Debi Hillebrand, Sean Mullally, and Steve Salter

ABSENT: None

ALSO PRESENT: City Manager Huebler, City Clerk Bourdon, Treasurer Audo

Mayor Hillebrand called the meeting to order at 5:00 p.m. via Zoom

Discussion Items

Budget Fundamentals

Treasurer Audo provided an overview of governmental budget fundamentals with a PowerPoint presentation (attached).

Fiscal Year Budget 2020/2021

City Manager Huebler provided highlights of the proposed budget for fiscal year 2020/2021 with a PowerPoint presentation (attached).

Huebler shared line items that would be eliminated due to lack of revenue sharing. The following were eliminated from the general fund budget that were requested: conferences (except for reimbursed Police Department training and required Treasurer training), operating supplies & capital items, cemetery driveway improvements, siren repairs, Norman Park improvements, reduced police overtime and PT Wages, Solid Waste subsidy, funding for Senior Center.

Other highlights included future road improvement projects, increases in water and sewer rates, increases due to splash pad, elimination of event center and MATs funding, challenges at the Marina due to high water, and the need to revisit the Playhouse budget due to COVID-19 pandemic.

Public Comment

Lillian Morningstar encouraged council not to eliminate the funding for the Senior Center.

Meeting Adjourned at 6:07 p.m.

Debra Hillebrand, Mayor

Brenda Bourdon, City Clerk

Budget Fundamentals

- **Accounts Payable** – review and confirmation of expenditures previously approved with the budget adoption, not rubber stamping.
 - First half lists bills alphabetically
 - Second half lists bills by department
- Wage & Benefit Distribution
- Major Grants & Donations – last 20 years has exceeded \$8.4M
- Debt Capacity = \$14.6M
 - Current Balance = \$2.3M

- **Budget** – legislative authority for the expenditure of specific and general purchases of services and products within established limits
 - Revenue and expenditure forecasts are developed using the best information available at the time of adoption. Amendments are typical and prudent, not a sign of poor fiscal management. “Amend before you spend”
 - State law prohibits the adoption of deficit budgets. Fund reserves may be used to balance any revenue shortfall
 - Fund Budget vs. Line item
 - Accrual vs Cash

- **Fund Types**
 - General
 - Special Revenue
 - Major Streets, Local Streets, Marijuana, Brownfield, TIFA, LDFA, Inspections
 - Debt
 - Capital Projects
 - Proprietary/Enterprise
 - Playhouse, Sewer, Water, Motor Pool
 - Fiduciary
 - Cemetery Trust

- **Charter Chapter VII – Budget Procedure**
 - Fiscal Year is July 1 to June 30
 - On or before the second Monday of March budget requests are submitted by department heads
 - At its meeting nearest the first Monday of May budget recommendations are submitted to Council
 - A public hearing is required prior to budget adoption
 - No later than the first Monday of June Council adopts the budget
 - Quarterly financial reports and independent audits are required

CITY OF WHITEHALL FISCAL YEAR 2020 - 2021 BUDGET OVERVIEW

- ### MAJOR STREETS
- \$242,000 in Expenditures
 - Operating Income of \$52,000
 - \$291,000 Fund Balance
 - Target Fund Balance of \$85,000
 - Build up Fund Balance for Street Improvements
 - Revenue Sharing Down \$69,000
- ### LOCAL STREETS
- \$216,000 in Expenditures
 - Net Operating Loss of \$115,000
 - \$72,000 Fund Balance
 - Target Fund Balance of \$76,000
 - Revenue Sharing Down \$25,000

- ### GENERAL FUND
- \$2.4M in Expenditures
 - Operating Loss of \$45,000
 - \$776,000 Fund Balance
 - Target Fund Balance of \$739,000
 - Revenue Sharing ??
 - Eliminated Conferences (\$11,900), Operating Supplies & Capital (\$4,400), Cemetery Driveway Improvements (\$10,000), New Police Cruiser (\$15,000 lease), Siren Repairs (\$500), Norman Park Improvements (\$100,000)
 - Reallocated Administrative Wages & Benefits (\$24,500)
 - Reduced Police Overtime and PT Wages (\$15,000), Solid Waste Subsidy (\$2,000)
 - Did not include funding for Senior Center (\$2,400)
 - 2.5% Union Wage Increase, 2.5% Detroit CPI One Time Wage Payment for Non-union in December

- ### MARIJUANA FUND
- \$13,000 in Expenditures
 - Operating Income of \$2,000
 - \$12,000 Fund Balance
 - No Established Target Fund Balance
 - First Year Fund
 - CoVid19 Pandemic has stalled the opening of all three locally licensed facilities

- ### GENERAL FUND (continued)
- General Maintenance Complaints
 - Additional FT DPW Maintenance Worker - \$56,000
 - 55% of time dedicated to downtown and sidewalks
 - MERS Unfunded Liability - \$91,000 Additional Payment
 - Funnel Field Basketball Courts
 - \$12,000 to repair, \$21,000 to replace
 - Bush Creek Bridge at Baldwin Street
 - \$5,000 to \$292,000
 - Colby Street Sidewalk in front of Admiral Gas Station

- ### BROWNFIELD
- \$330,000 in Expenditures
 - Operating Income of \$15,000
 - \$65,000 Fund Balance
 - Target Fund Balance of \$20,000
 - \$300,000 in Due Care Reimbursement

TIFA

- \$1.9M in Expenditures
- Operating Loss of \$608,000
- \$739,000 Fund Balance
 - Target Fund Balance of \$72,000
- Capital Expenditures - West Colby Street Sidewalk (\$20,000), Hanson Street Sewer/Chamber Parking Lot (\$60,000), Façade Grants (\$20,000), Mears Parking Lot (\$651,000)
 - The Event Center has been eliminated
- Utilities Increased \$19,000 for Splash Pad and Event Center
- \$2,500 for 4th of July Fireworks not likely to be spent
- Increased Administrative Wages & Benefits (\$24,210)
- Pass Through Increased by \$100,000
- MATS Funding Eliminated (\$20,000)

CAPITAL PROJECTS

- \$818,000 In Expenditures
- Operating Loss of \$52,000
- \$119,000 Fund Balance
 - No Established Target Fund Balance
- Past Eight Years - \$4.2M
- Future Projects
 - 2021 - Lakeview, Lewis, Wilshire (\$818,000)
 - 2022 - Mears Avenue (\$650,000)
 - \$375,000 MDOT Grant
 - 2022 - Warner Street (\$300,000)
 - \$250,000 Federal Grant

LDFA

- \$345,000 in Expenditures
- Operating Loss of \$20,000
- \$63,000 Fund Balance
 - Target Fund Balance of \$69,000
- Playhouse Renovations (\$150,000)
- Eliminated MAF Funding (\$5,000)

PLAYHOUSE

- \$760,000 In Expenditures
 - Debt Payments (\$422,000)
 - Depreciation (\$80,000)
- Operating Loss of \$138,000
- No Established Target Fund Balance
- CoVid19 Pandemic has resulted in a significant closure and dramatic reduction of available events

INSPECTIONS

- \$88,000 in Expenditures
- Operating Loss of \$8,000
- \$120,000 Fund Balance
 - Target Fund Balance of \$15,000
- Inspectors receive 80% of fees

SEWER

- \$1.5M in Expenditures
 - County Wastewater Treatment (\$926,000)
 - Depreciation (\$91,000)
- Operating Loss of \$204,000
- No Established Target Fund Balance
- 5% rate Increase, commencing January 1

WATER

- **\$972,000 in Expenditures**
 - Depreciation (\$175,000)
- **Operating Loss of \$249,000**
- **No Established Target Fund Balance**

- **5% Rate Increase in both Sewer and Water**
 - Increase of \$2.60 Per Month for the Average Customer

MARINA

- **\$157,000 in Expenditures**
 - Depreciation (\$44,000)
- **Operating Loss of \$13,000**
- **No Established Target Fund Balance**

- **CoVid19 Pandemic has resulted in a delayed opening**
- **High water has prevented electrical repairs to the west dock and may cause further operational challenges**

MOTOR POOL

- **\$357,000 in Expenditures**
 - Depreciation (\$106,000)
- **Operating Loss of \$118,000**
- **No Established Target Fund Balance**