



## Agenda: Battle Creek City Commission

**Meeting Type:** Workshop

**Meeting Date:** May 3, 2018

**Chair:** Mark A. Behnke, Mayor

**Prepared By:** DPW Multipurpose Room - 150 S Kendall - 6 pm

City Commission

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### ATTENDANCE

#### Attendance

|                                  |   |
|----------------------------------|---|
| Mayor Mark Behnke                | Rebecca Fleury, City Manager                |
| Commissioner Susan Baldwin       | Ted Dearing, Assistant City Manager         |
| Commissioner Kaytee Faris        | Linda Morrison, Finance Director            |
| Commissioner Kate Flores         | Jill Steele, City Attorney                  |
| Commissioner Lynn Ward Gray      | Victoria Houser, City Clerk                 |
| Commissioner John Griffin        | Jim Blocker, Police Chief                   |
| Commissioner Christopher Simmons | Chris Dopp, Director of DPW                 |
| Commissioner Sherry Sofia        | Marcie Gillett, Community Services Director |
| Vice Mayor Dave Walters          | Larry Bowron, Transportation Director       |
|                                  | Marcie Gillett, Community Services Director |
|                                  | Sarah VanWormer, Interim IT Director        |
|                                  | Duska Brumm, Recreation Director            |
|                                  | Carl Fedders, City Engineer                 |
|                                  | Miles Weaver, Airport Operations Manager    |
|                                  | Rich Werner, Transit Supervisor             |
|                                  | Tracy Hovarter, Budget Officer              |
|                                  | Brad Waite, Budget Officer                  |

### PUBLIC COMMENT - limited to 3 minutes per individual

Tate Trujillo, 150 Minges, thanked everyone for their work, commenting on over time expenses in the Police, Fire and Transit departments, legacy costs and program costs in the Recreation Department.

### DISCUSSION ON FY2019 BUDGET PROPOSAL

Ms. Fleury noted the workshop would include discussions of the FY 17-18 General Fund estimates and projected additions to the Fund Balance, FY 18-19 Budget discussion and assumptions, FY 18-19 General Fund

recommendations, specifically the property tax millage and history, the general fund major revenue sources and general fund revenues, expenditures and projected fund balance. Ms. Fleury also noted the presentation included department highlights, stating staff was present to answer questions. Finally, Ms. Fleury stated the workshop would address the next steps, including a public hearing and resolution to adopt the FY 18-19 budget.

Ms. Morrison noted the FY 17-18 estimates show an addition of \$170,560 to the fund balance for the year ending June 30, 2018. Ms. Morrison noted the proposed General Fund budget included 18 months of Binder Park Golf Course revenues and expenditures being moved to the Recreation Department budget, putting the golf course on the same fiscal year as the rest of the City. Ms. Morrison noted a year-end budget adjustment would be presented to the Commission in June.

Ms. Morrison noted tab 3 included 2018 estimated amounts for General Fund revenues of \$51,348,588 and tab 4 for the expanded details of the 2018 estimated revenues. Ms. Morrison also referred Commissioners to tab 5 for 2018 estimated expenditures of \$51,178,028 and tab 6 for 2018 estimated expenditures by department.

Ms. Fleury informed the Commission that staff continues to work with Treasury to get remaining Personal Property tax reimbursement in this fiscal year, amounting to \$2.4 million, noting a budget adjustment will be needed if the funds are not received. Ms. Fleury also noted a growth in taxable value, approximately 2.2%. Ms. Fleury expressed her appreciation to all staff for their work to develop the 2018-2019 FY budget.

Ms. Fleury noted a .394 mill increase for the Police and Fire Pension, stating this assumes no float and no change to the total millage rate. Ms. Fleury also noted the budget assumes 2-3% raises and steps across the organization, for employees represented by collective bargaining units and non-represented employees. Ms. Fleury stated all employees now pay 20% of health insurance, noting an additional option with Blue Care Network, with a low premium, was available on January 1st. Ms. Fleury also noted a \$500,000 reduction in general fund contributions to capital street construction, which is being replaced with Act 51 revenue.

Comm. Simmons asked if taxpayers may eventually experience less millage increases for the Police and Fire Pension if the stock market continues to perform well.

Ms. Morrison noted the Police and Fire Pension fund has done well with the investments, stating it is actuarially determined, that uses an assumed rate of return. Ms. Morrison also noted it takes time for those actual investment earnings exceeding the actuarial rate of return to make it go up. Ms. Morrison agreed to ask the actuarial advisor for additional information, noting that not all of the funds were invested in stocks, stating some are in bonds which have not done so well recently.

Ms. Fleury stated previous year budgets included an intentional spend down of Risk funds, stating this has not been sustainable. Ms. Fleury noted the FY 18-19 budget includes a new charge model that will more accurately distribute costs for health insurance, liability insurance, property insurance and administration of employee benefits. Ms. Fleury complimented the work of Kevin Smith in the Finance Department who helped to determine the cost to the organization and the allocations to each department. (reference page 19)

Ms. Morrison noted this change impacts several departments, as an example, the major and local street funds will bear the real costs of property and liability insurance, administrative and print shop costs.

Ms. Fleury noted that while this is a hit to departmental budgets, it will adequately show the costs, to better analyze the overall impact.

Ms. Fleury also noted the budget assumptions include changing the Binder Park Golf Course budget year end to June 30th, noting 12 months of activity for FY 18-19 are included in the proposed budget. As to MERS contributions, Ms. Fleury stated there would be an additional 1% contribution from non-represented employees, with no corresponding decrease in employer contribution. Finally, Ms. Fleury noted \$100,000 of support for the Central Business District maintenance would come from the Downtown Development Authority (DDA).

As to FY 18-19 General Fund Budget Recommendations, Ms. Fleury noted the millage comparison, stating the general fund is absorbing the .394 increase for the P&F contribution.

Comm. Simmons expressed agreement, stating the overall millage went up the last two years.

Comm. Baldwin stated that not everyone agreed the millage should be floated, asking what the City will do when the P&F retirement becomes 8 mills.

Ms. Fleury, expressing appreciation for Comm. Baldwin's comment, noted just under \$400,000 had to come from the General Fund to support the P&F Pension, causing reductions and hardship to other departments.

Ms. Morrison stated they were hoping to find a way to contain the amount needed to be levied for the P&F pension, noting there is not a cap on the millage and it was approved by the voters in 1961.

Ms. Morrison noted there were three major funding sources for the General Fund, including Income Tax, Property Tax and State Revenue Sharing. Ms. Morrison noted proposed income tax revenue of \$16.5 million, a decrease of \$150,000 from the FY 18 adopted budget, but an increase of \$157,695 from FY 18 estimated revenue. As to property taxes, the FY 18-19 budget proposed \$13,055,597 real property taxes and \$2,031,866 person property tax revenue, noting a net taxable value increase of 0.88% from \$1,272,209,6813 to \$1,283,431,815, primarily a result of the increase in residential real property taxable values. Ms. Morrison also noted \$5,847,503 was proposed for state revenue sharing, noting the combined statutory and constitutional combined reflect a 1.8% increase from the FY18 estimated revenue and a 5.9% increase from the FY 18 original budget. Responding to Mayor Behnke's inquiry, Ms. Morrison noted there was a website that compared property values among other municipalities.

Ms. Morrison, referencing page 16, noted the General Fund balance projections, with revenues over expenditures of \$170,560, with no change for FY 19, and a proposed unassigned fund balance of \$6,044,076 and other fund balance of \$2,112,481. Ms. Morrison noted this is about 12%.

Comm. Baldwin stated the Commission adopted a policy to have an 8% fund balance, noting the GAS is pushing for a higher amount, about 15%.

Ms. Morrison discussed other funds not in the general fund, including Special Revenue funds, Enterprise funds and Internal Service funds.

Comm. Flores questioned FY ending June 30, 2017 amount just under \$400,000, but estimated fund balance ending June 30, 2018 of \$1.4 million.

Ms. Morrison stated the difference is a lump sum of Act 51 dollars that are being used this fiscal year and the light winter, reducing salt and labor costs.

Ms. Morrison noted capital expenditure needs for water and sewer are not shown, stating they end up on the balance sheet, replaced with depreciation expense.

Ms. Fleury noted the new sewer rate structure per the interlocal agreements with surrounding municipalities is included.

Ms. Fleury presented information on the Self Insurance Fund (Risk Fund), noting a lot of the sidewalk repair funds came out of the Risk Fund, but the City was no longer able to continue.

City Departments provided highlights related to their department budget. Departments included:

- Mayor & Commission/City Manager
- City Attorney
- Community Services, which includes Code Compliance, Inspections, Planning and Zoning and Community Development
- Revenue Services, which includes Finance, Purchasing, Treasurer/Utility Billing, Assessing, and Income Tax
- Human Resources
- Information Technology, including Phone Services, Financial Systems Maintenance, Data Center Update and Computer Replacement

- Police and Fire Departments
- Recreation
- Transportation, including the Airport, Transit and Intermodal Transportation Center
- City Clerk
- Department of Public Works, including Parking, Engineering/Traffic, Field Services, Fleet, Records, Water, Sewer, and Environmental

Ms. Fleury noted staff would continue to use Priority Based Budgeting when developing the annual budget, ensuring funds are aligned with community results, mostly in quartiles 1 and 2. Ms. Fleury noted post employment benefits continue to be a priority, stating the Legacy Cost Committee continues discussions. Ms. Fleury also discussed personal property tax elimination and replacement funding, stating staff would continue to be diligent with the State Treasury.

Ms. Morrison noted capital items were stripped out of the budget, as they were in the Capital Improvement Program. Ms. Morrison stated staff continued to look for alternative funding sources. Ms. Morrison also informed the Commission of new forecasting software, noting no software was an exact match for municipalities.

Ms. Fleury stated the public hearing for the budget was set for May 15, 2018, requesting Commissioners address any concerns or adjustments with her or the Finance Director, prior to June 5, 2018.

Comm. Simmons requested the Commissioners consider supporting a resolution to revisit a ballot proposal related to a 911-surcharge, noting the City pays \$1.4 million per year for dispatch services. Comm. Simmons stated several other AMSA municipalities were interested in having the proposal placed on the ballot this year. Comm. Simmons asked the Commission to consider how the City would give funds back to the residents, possibly in reduced property taxes. Comm. Simmons stated the residents of the City of Battle Creek have the most to gain if the ballot proposal is successful.

Comm. Baldwin noted the 911-surcharge is discussed at every AMSA Board meeting, stating a committee needs to take the lead in planning the initiative so that the Calhoun County Commission will support the ballot proposal.

Comm. Gray asked if the Mayor could appoint a committee to explore this and consider a recommendation.

Comm. Baldwin stated the ballot initiative committee would have to be made up of individuals, not the Commission. Comm. Baldwin stated the Commission would also have to determine the priorities the potential fund savings could be used for.

## **ADJOURNMENT**

Mayor Behnke adjourned the meeting at 8:42 pm.

Citizens who wish to address a specific issue on the floor may do so after being recognized by the Mayor or presiding Commissioner. At the time for general public comments, after being properly recognized, citizens may address the commission on any subject within the control and jurisdiction of the City of Battle Creek. Citizens will be subject to the following summarized limitations, which are set out fully in ordinance 212.02, Art XVII:

1. Citizen comments on any Resolution before the Commission may be made either before or after the Commissioners have had an opportunity to discuss the Resolution, at the discretion of the Chair;
2. Citizens wishing to speak to a particular Resolution should raise their hands and wait to be recognized before speaking;
3. Before speaking, an individual who has not filled out a comment card disclosing this information, shall identify themselves by name and address and, if appropriate, group affiliation for the record.

4. Citizens will confine their remarks to matters currently pending on the floor, and be brief and concise in making their remarks;

5. If a citizen becomes repetitive or, in the opinion of the Chair, takes an inordinate amount of time in making comments, that citizen will be ruled out of order and the Commission will continue with its business;

6. Citizens should address all remarks to the Commission as a whole, and not to individual Commissioners.

These Rules will apply to comments by citizens during the Public Comment section of the Agenda.

The City of Battle Creek will provide necessary, reasonable, auxiliary aids and services, such as signers for the hearing impaired, and audiotapes of printed materials being considered in the meeting, upon seven days' notice to the City of Battle Creek. Individuals with disabilities requiring auxiliary aids or services, should contact the City of Battle Creek by writing or calling the following:

Victoria Houser  
Office of the City Clerk  
Post Office Box 1717  
Battle Creek, Michigan 49016  
269/966-3348 (Voice)  
269/966-3348 (TDD)

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# CITY COMMISSION BUDGET WORKSHOP

**May 3, 2018**

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# AGENDA

- FY17-18 General Fund Estimates and Projected Addition to Fund Balance
- FY18-19 Budget Discussion and Assumptions (All Funds)
- FY18-19 General Fund Budget Recommendation
  - Property Tax Millage & History
  - General Fund Major Revenue Sources
  - General Fund Revenues, Expenditures, and Projected Fund Balance
- Other Funds
- Department Highlights
- Future Budget Thoughts
- Discussion & Next Steps



# **FY17-18 GENERAL FUND ESTIMATES AND PROJECTED ADDITION TO FUND BALANCE**





# FY17-18 GENERAL FUND ESTIMATES AND PROJECTED ADDITION TO FUND BALANCE

- Estimates show General Fund addition to fund balance for the year ending 6/30/18 of \$170,560.
- The General Fund revenues and expenditures include 18 months of Binder Park Golf Course activity in the Recreation Department budget. This will put the golf course on the same fiscal year as the rest of the City and moves the golf course from a special revenue fund into the general fund.
- There will be a year-end budget adjustment that will come before the Commission for approval in June.

# FY17-18 GENERAL FUND ESTIMATES AND PROJECTED ADDITION TO FUND BALANCE

- See Tab 3 of the Preliminary Budget Book for 2018 Estimated Amounts for General Fund Revenues (Total \$51,348,588).
- See Tab 4 of the Book for the Expanded Details of the 2018 Estimated Revenues.
- See Tab 5 for the 2018 Estimated Expenditures (\$51,178,028).
- See Tab 6 for the 2018 Estimated Expenditures by Department.



# **FY18-19 BUDGET DISCUSSION AND ASSUMPTIONS**



# FY18-19 BUDGET DISCUSSION AND ASSUMPTIONS (ALL FUNDS)

- Police & Fire Pension annual contribution calculation results in a .394 mill increase; this assumes NO float and NO change to the total millage rate (as shown on the millage comparison).
- 2-3% raises and steps across the organization – collectively bargained as well as non-represented.
- All employees now pay 20% of health insurance premiums. An additional health plan (Blue Care Network) was offered with a lower premium amount for the plan year that began 1/1/18.
- \$500,000 reduction in general fund contribution to capital street construction. This has been replaced with new Act 51 revenue.

# FY18-19 BUDGET DISCUSSION AND ASSUMPTIONS (ALL FUNDS)

- Previous years budgets included an intentional spend-down of the Risk fund fund-balance. For the FY18-19 budget a new charge model has been implemented to more accurately distribute costs for health insurance (and related costs), liability insurance, property insurance, and administration of employee benefits. This has had a major impact on departmental budgets, as the Risk fund had been bearing a disproportionate share of these costs in previous years.
- New charge models for administrative costs and the mail room were also implemented for the FY18-19 budget.
- The Binder Park Golf Course year end change to June 30 began in FY17-18. Twelve months of activity for FY18-19 are included in the proposed general fund budget.
- There will be an additional 1% non-rep contribution to MERS with no corresponding decrease in employer contribution.
- \$100,000 of support for the Central Business District maintenance is coming from the Downtown Development Authority (DDA).



# **FY18-19 GENERAL FUND BUDGET RECOMMENDATION**



**MILLAGE COMPARISON**

| LEVY                                  | Actual<br>2017-2018 | Proposed<br>2018-2019 | INCREASE/<br>(DECREASE) |
|---------------------------------------|---------------------|-----------------------|-------------------------|
| OPERATING                             | 8.740               | 8.346                 | (0.394)                 |
| CAPITAL PROJECTS/CAPITAL PROJECT DEBT | 0.500               | 0.500                 | 0.000                   |
| STREET/DRAINAGE IMPROVEMENTS          | 1.500               | 1.500                 | 0.000                   |
| POLICE & FIRE RETIREMENT              | 5.009               | 5.403                 | 0.394                   |
| <b>TOTALS</b>                         | <u>15.749</u>       | <u>15.749</u>         | <u>(0.000)</u>          |

|  |                      |
|--|----------------------|
| Operating                              | \$ 8,559,376         |
| Capital Projects/Capital Projects Debt | \$ 512,787           |
| Streets                                | \$ 1,538,362         |
| P&F Pension                            | \$ 5,541,254         |
| <b>TOTAL</b>                           | <u>\$ 16,151,780</u> |

In 1960 the City was authorized to levy 11.60 mills.

11.3622 Headlee Amendment reduction of operating millage

10.3459 Proposed levy for FY18

1.016 Available operating millage



## Millage Rate History

Last Ten Fiscal Years

(rate per \$1000 of taxable value)

| Fiscal Year<br>Ended June 30 | Levied July<br>1 | Operating | Capital<br>Projects/Capital<br>Project Debt | Streets | Police & Fire<br>Pension | Total  |
|------------------------------|------------------|-----------|---|---------|--------------------------|--------|
| 2019                         | 2018             | 8.346     | 0.500                                       | 1.5     | 5.403                    | 15.749 |
| 2018                         | 2017             | 8.740     | 0.500                                       | 1.5     | 5.009                    | 15.749 |
| 2017                         | 2016             | 8.740     | 0.500                                       | 1.5     | 4.679                    | 15.419 |
| 2016                         | 2015             | 8.740     |   | 1.5     | 4.496                    | 14.736 |
| 2015                         | 2014             | 8.807     |   | 1.5     | 4.429                    | 14.736 |
| 2014                         | 2013             | 9.148     |   | 1.5     | 4.088                    | 14.736 |
| 2013                         | 2012             | 9.427     |   | 1.5     | 3.809                    | 14.736 |
| 2012                         | 2011             | 9.488     |   | 1.5     | 3.748                    | 14.736 |
| 2011                         | 2010             | 9.488     |   | 1.5     | 3.488                    | 14.476 |
| 2010                         | 2009             | 9.558     |   | 1.5     | 3.418                    | 14.476 |



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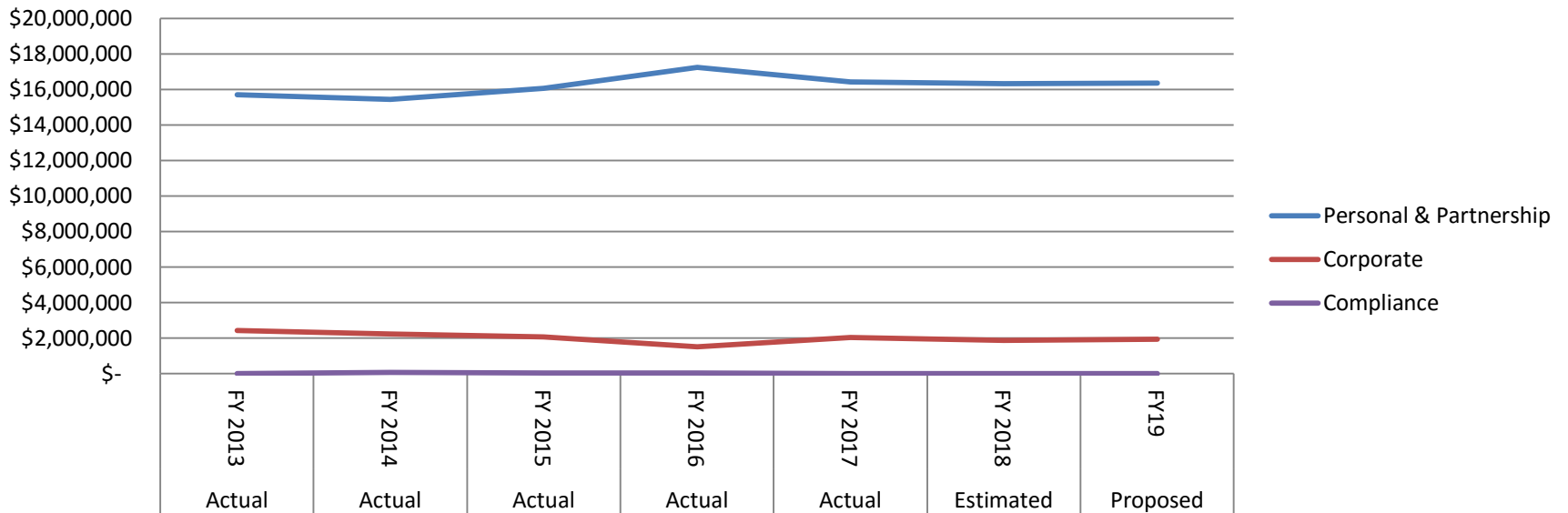
# FY18-19 GENERAL FUND MAJOR REVENUE SOURCES

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- **Income Tax**: Proposed \$16,500,000 revenue. This is a decrease of \$150,000 from the FY18 adopted budget and is an increase of \$157,695 from the FY18 estimated revenue. The impact of the federal tax law changes is unknown, but is estimated to be minimal.
- **Property Tax**: Proposed \$13,055,597 real property tax and \$2,031,866 personal property tax revenue. Estimated net taxable value shows an increase of 0.88% from \$1,272,209,681 to \$1,283,431,815 primarily as a result of the increase in residential real property taxable values.
- **State Revenue Sharing**: Proposed \$5,847,503 revenue. Combined Statutory and Constitutional reflect a 1.8% increase from the FY18 estimated revenue and a 5.9% increase from the FY18 original budget.

| Income Tax:                       | Actual<br>FY 2013 | Actual<br>FY 2014 | Actual<br>FY 2015 | Actual<br>FY 2016 | Actual<br>FY 2017 | Estimated<br>FY 2018 | Proposed<br>FY19 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|------------------|
| <b>Personal &amp; Partnership</b> | \$ 15,702,103     | \$ 15,442,622     | \$ 16,063,228     | \$ 17,235,252     | \$ 16,435,308     | \$ 16,333,000        | \$ 16,350,000    |
| <b>Corporate</b>                  | \$ 2,433,613      | \$ 2,249,589      | \$ 2,073,951      | \$ 1,515,185      | \$ 2,026,311      | \$ 1,875,125         | \$ 1,950,000     |
| <b>Compliance</b>                 | \$ 24,554         | \$ 67,778         | \$ 35,918         | \$ 58,274         | \$ 1,031          | \$ -                 | \$ -             |
| <b>Refunds</b>                    | \$ (1,925,730)    | \$ (1,666,282)    | \$ (1,697,310)    | \$ (2,394,139)    | \$ (1,881,533)    | \$ (1,865,820)       | \$ (1,800,000)   |
| <b>Total</b>                      | \$ 16,234,540     | \$ 16,093,708     | \$ 16,475,787     | \$ 16,414,572     | \$ 16,581,117     | \$ 16,342,305        | \$ 16,500,000    |
| <b>% Change over Prior Year</b>   | 12.6%             | -0.9%             | 2.4%              | -0.4%             | 1.0%              | -1.4%                | 1.0%             |

### Income Tax Revenue History



**City of Battle Creek**  
**101 General Fund Revenue Summary**  
**Summary**

|   | <b>2017 Actual<br/>Amount</b> | <b>2018 Adopted<br/>Budget</b> | <b>2018 Amended<br/>Budget</b> | <b>2018 Estimated<br/>Amount</b> | <b>2019 Commission<br/>Review</b> |
|---|-------------------------------|--------------------------------|--------------------------------|----------------------------------|-----------------------------------|
| <b>Fund: 101 General Fund<br/>Revenue</b> |                               |                                |                                |                                  |                                   |
| 101.00 - General Revenue                  | 44,246,974                    | 43,125,936                     | 43,125,936                     | 44,047,719                       | 45,363,235                        |
| 101.01 - City Manager                     | 0                             | 0                              | 0                              | 200                              | 0                                 |
| 101.02 - Assessor                         | 6,075                         | 7,700                          | 7,700                          | 4,950                            | 5,000                             |
| 101.03 - Treasurer                        | 906                           | 0                              | 0                              | 33                               | 0                                 |
| 101.05 - Labor Relations                  | 0                             | 0                              | 0                              | 3,768                            | 0                                 |
| 101.06 - Finance                          | 2,632                         | 3,000                          | 3,000                          | 6,983                            | 2,500                             |
| 101.07 - Attorney                         | 155,480                       | 169,273                        | 169,273                        | 160,290                          | 140,727                           |
| 101.09 - Purchasing                       | 1,473                         | 1,500                          | 1,500                          | 1,200                            | 1,300                             |
| 101.11 - Human Resources                  | 24                            | 0                              | 0                              | 0                                | 0                                 |
| 101.12 - Licensing & Compliance           | 348,376                       | 214,951                        | 214,951                        | 247,632                          | 260,501                           |
| 101.13 - Fire                             | 6,527                         | 0                              | 5,000                          | 58,069                           | 1,500                             |
| 101.14 - Police Department                | 1,155,818                     | 1,454,377                      | 1,454,377                      | 1,414,770                        | 1,547,881                         |
| 101.16 - P&R                              | 1,605,139                     | 1,512,020                      | 1,512,020                      | 3,234,836                        | 2,445,107                         |
| 101.21 - Transit                          | 99,876                        | 112,274                        | 112,274                        | 105,222                          | 102,562                           |
| 101.22 - Streets                          | 100,472                       | 52,402                         | 52,402                         | 94,944                           | 63,732                            |
| 101.26 - Engineering                      | 88,773                        | 170,000                        | 170,000                        | 147,370                          | 90,000                            |
| 101.50 - Other                            | 1,077,806                     | 1,880,313                      | 1,880,313                      | 1,820,602                        | 629,000                           |
| <b>Revenue Totals:</b>                    | 48,896,349                    | 48,703,746                     | 48,708,746                     | 51,348,588                       | 50,653,045                        |

**City of Battle Creek**  
**101 General Fund Expenditure Summary**  
**Summary**

|  | 2017 Actual<br>Amount | 2018 Adopted<br>Budget | 2018 Amended<br>Budget | 2018 Estimated<br>Amount | 2019 Commission<br>Review |
|--|-----------------------|------------------------|------------------------|--------------------------|---------------------------|
| <b>Fund: 101 General Fund Expenditures</b> |                       |                        |                        |                          |                           |
| 101.01 - City Manager                      | 1,115,087             | 1,356,271              | 1,356,271              | 1,350,725                | 1,111,813                 |
| 101.02 - Assessor                          | 840,531               | 938,243                | 938,243                | 908,879                  | 1,010,443                 |
| 101.03 - Treasurer                         | 339,804               | 372,199                | 372,199                | 365,178                  | 379,634                   |
| 101.04 - Income Tax                        | 634,288               | 675,084                | 675,084                | 664,651                  | 681,853                   |
| 101.05 - Labor Relations                   | 322,459               | 275,476                | 275,476                | 238,421                  | 272,996                   |
| 101.06 - Finance                           | 939,336               | 1,121,323              | 1,121,323              | 1,116,879                | 1,162,632                 |
| 101.07 - Attorney                          | 949,184               | 1,266,835              | 1,266,835              | 1,251,769                | 1,024,063                 |
| 101.09 - Purchasing                        | 672,893               | 726,164                | 726,737                | 735,136                  | 802,019                   |
| 101.11 - Human Resources                   | 428,034               | 435,216                | 523,216                | 491,162                  | 442,148                   |
| 101.12 - Licensing & Compliance            | 1,546,258             | 1,555,325              | 1,574,684              | 1,583,571                | 1,697,162                 |
| 101.13 - Fire                              | 9,980,055             | 10,432,242             | 10,437,454             | 10,495,438               | 11,064,669                |
| 101.14 - Police Department                 | 17,625,218            | 18,484,292             | 18,511,570             | 18,549,157               | 19,367,955                |
| 101.15 - Dispatch                          | 1,490,186             | 1,471,421              | 1,471,421              | 1,408,916                | 1,347,692                 |
| 101.16 – P&R                               | 3,134,789             | 3,098,721              | 3,099,922              | 4,969,347                | 3,854,502                 |
| 101.21 - Transit                           | 98,915                | 103,837                | 103,837                | 104,127                  | 97,751                    |
| 101.22 - Streets                           | 2,210,134             | 2,420,923              | 2,421,723              | 2,526,263                | 2,672,996                 |
| 101.26 - Engineering                       | 177,008               | 301,940                | 302,100                | 239,019                  | 237,480                   |
| 101.50 - Other                             | 6,713,098             | 3,668,234              | 3,668,234              | 4,179,390                | 3,425,237                 |
| <b>Expenditure Totals:</b>                 | 49,217,275            | 48,703,746             | 48,846,329             | 51,178,028               | 50,653,045                |

**City of Battle Creek  
General Fund  
Fund Balance Projection  
June 30, 2019**

Fund Balance:

|  |                            |
|--|----------------------------|
| Unassigned Fund Balance 6/30/17            | \$ 5,958,796               |
| Other Fund Balance 6/30/17                 | 2,027,201                  |
| Estimated Revenue 7/1/17 - 6/30/18         | 51,348,588                 |
| Estimated Expenditures, 7/1/17 - 6/30/18   | <u>51,178,028</u>          |
| Revenues over (under) Expenditures         | 170,560                    |
| Projected Unassigned Fund Balance, 6/30/18 | 6,044,076                  |
| Projected Other Fund Balance, 6/30/18      | 2,112,481                  |
| Proposed Revenue, 7/1/18- 6/30/19          | 50,653,045                 |
| Proposed Expenditures, 7/1/18 - 6/30/19    | <u>50,653,045</u>          |
| Revenues over (under) Expenditures         | -                          |
| Proposed Unassigned Fund Balance, 6/30/19  | 6,044,076                  |
| Proposed Other Fund Balance, 6/30/19       | <u><u>\$ 2,112,481</u></u> |



# OTHER FUNDS

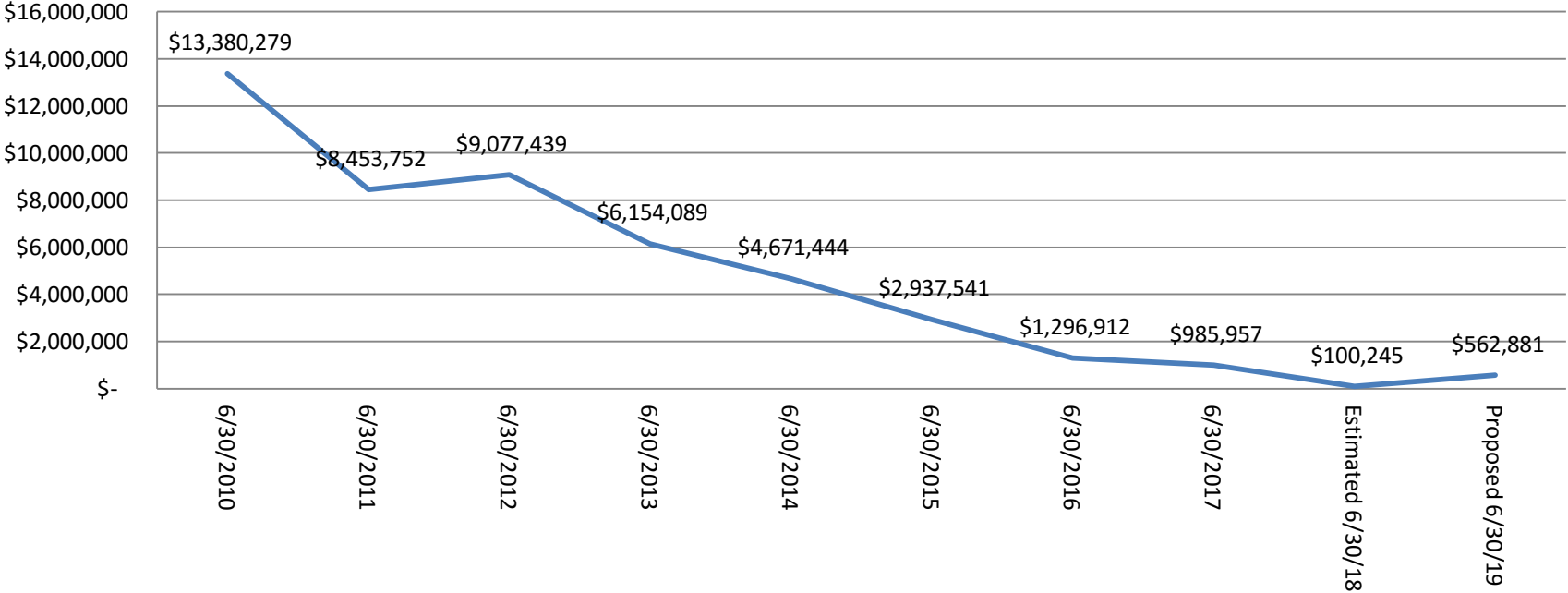


**City of Battle Creek  
Selected Funds  
Fund Balance/Working Capital/Operating Activities Projections  
June 30, 2019**

**Estimated**

| <b>Fund</b>   | <b>Balance<br/>6/30/17</b> | <b>Estimated<br/>Revenue<br/>2017/2018</b> | <b>Expenditures/<br/>Expenses<br/>2017/2018</b> | <b>Estimated<br/>Balance<br/>6/30/18</b> | <b>Proposed<br/>Revenue<br/>2018/2019</b> | <b>Proposed<br/>Expenses<br/>2018/2019</b> | <b>Proposed<br/>Balance<br/>6/30/19</b> |
|---|----------------------------|--|---|--|---|--|---|
| <b>Special Revenue Funds (Restricted &amp; Committed Fund Balance):</b> |                            |  |   |  |   |  |   |
| Motor Vehicle Highway   |                            |  |   |  |   |  |   |
| Major Street Fund   | \$ 398,072                 | 6,581,525                                  | 5,551,617                                       | 1,427,980                                | 6,188,500                                 | 7,140,946                                  | \$ 475,534                              |
| Local Street Fund   | \$ 157,031                 | 3,254,000                                  | 3,136,740                                       | 274,291                                  | 3,535,500                                 | 3,728,361                                  | \$ 81,430                               |
| Michigan Justice Training Fund  | \$ 35,672                  | 18,400                                     | 34,185  | 19,887                                   | 18,400                                    | 21,039                                     | \$ 17,248                               |
| Narcotics Forfeiture Fund   | \$ 117,890                 | 130,672                                    | 120,143   | 128,419                                  | 155,800                                   | 102,634                                    | \$ 181,585                              |
| Inspections Fund  | \$ 900,777                 | 535,842                                    | 710,847   | 725,772                                  | 537,775                                   | 839,989                                    | \$ 423,558                              |
| <b>Enterprise Funds (Working Capital):</b>                              |                            |  |   |  |   |  |   |
| WK Kellogg Airport Fund   | \$ 26,721                  | 1,951,419                                  | 1,811,297                                       | 166,843                                  | 1,844,579                                 | 1,814,564                                  | \$ 196,858                              |
| FAA Fund  | \$ 991,970                 | 404,400                                    | 440,696   | 955,674                                  | 404,400                                   | 1,195,577                                  | \$ 164,497                              |
| Auto Parking System Fund  | \$ 279,312                 | 1,234,600                                  | 1,124,798                                       | 389,114                                  | 1,139,600                                 | 1,192,648                                  | \$ 336,066                              |
| Battle Creek Transit Fund   | \$ 776,496                 | 3,775,619                                  | 3,939,071                                       | 613,044                                  | 3,775,313                                 | 4,385,671                                  | \$ 2,686                                |
| Water and Sewer Fund  | \$ 27,465,539              | 26,044,500                                 | 19,792,678                                      | 33,717,361                               | 27,103,200                                | 22,624,299                                 | \$ 38,196,262                           |
| Solid Waste Collection Fund   | \$ 563,032                 | 3,434,000                                  | 3,263,627                                       | 733,405                                  | 3,615,000                                 | 3,520,804                                  | \$ 827,601                              |
| Economic Development Fund   | \$ -                       | 537,400                                    | 498,707   | 38,693                                   | 554,302                                   | 551,143                                    | \$ 41,852                               |
| <b>Internal Service Funds (Unrestricted Net Position):</b>              |                            |  |   |  |   |  |   |
| Equipment Center Fund   | \$ 2,928,799               | 6,802,449                                  | 5,812,987                                       | 3,918,261                                | 7,157,807                                 | 6,557,802                                  | \$ 4,518,266                            |
| Self Insurance Fund   | \$ 985,957                 | 14,826,828                                 | 15,712,540                                      | 100,245                                  | 16,006,162                                | 15,543,526                                 | \$ 562,881                              |
| Information Technology Fund   | \$ 296,701                 | 1,898,984                                  | 1,681,235                                       | 514,450                                  | 2,080,139                                 | 2,188,843                                  | \$ 405,746                              |
| Reproduction Fund   | \$ 78,399                  | 328,455                                    | 367,559   | 39,295                                   | 364,754                                   | 401,045                                    | \$ 3,004                                |

## Self Insurance Fund (AKA Risk Fund) Net Assets Unrestricted Balance - 10 Year History



This is evidence of the need for the FY19 implemented charge model discussed earlier. Purposeful use of the Self Insurance fund's fund balance was no longer sustainable.



# DEPARTMENT HIGHLIGHTS



- 
- **Mayor & Commission/City Manager**
  - **Attorney**
  - **Community Services**
  - **Revenue Services**
  - **Human Resources**
  - **Information Technology**
  - **Police and Fire**
  - **Recreation**
  - **Transportation**
  - **Clerk**
  - **DPW**



## **CITY COMMISSION – FY19 Budget Priorities**

- Continued funding for Commission Compensation
- Funding for Travel and Training
- Support for Municipal Memberships
- Funding for Commission goal setting
- Support for Youth Advisory Board
- Funding for printing and publications



## **CITY MANAGER – FY19 Budget Priorities**

- Continued funding for 5 FTE's and 1 PTE
- Support to the City Commission
- Support and Oversight of Ten Departments
- Oversight of the Budget and Fiscal Responsibilities
- Support for City communications, media oversight and social media management
- Support and oversight of City-wide economic development
- Funding for professional development travel and training



## **CITY ATTORNEY – FY19 Budget Priorities**

- To have the salary and benefits necessary to maintain our current staffing of six full-time employees.
- Maintain the research material such as Lexis Advance and the ICLE partnership.
- Adequate funding for continuing legal training for the four attorneys on staff.

# Community Services Department - FY19 Budget Priorities

## Across all Divisions

- Community Services Customer Satisfaction Survey
- Quarterly Publication of Community Services Newsletter
- Improve website content, educational materials and ease of navigation

## Code Compliance Division

- Proactive and Complaint Driven Property Maintenance Code Enforcement (Residential and Commercial)
- Registration, Inspection and Permitting of Rental Property
- Registration, Monitoring and Inspections of Vacant or Abandoned Structures (Residential and Commercial)
- Property Maintenance of City Owned Residential Vacant Property (Mowing and Clean up)
- Exterior Paint Voucher Program

## Inspections Division

- Permitting and Inspection of State Code Requirements (Residential and Commercial - Building, Electrical, Mechanical, Plumbing, etc)
- Code Complaint Investigations and Enforcement
- Coordination of Cross Departmental Commercial Development Project Meetings
- Dangerous Buildings Enforcement, Vacant / Abandoned Structures and Dangerous Buildings Inventory and Assessment
- Host Regional Inspectors Meetings and Coordinate Community Trainings / Work Sessions

# Community Services Department - Continued

## Planning / Zoning Division

- Scheduling and Implementation of Master Plan Initiatives
- Develop Neighborhood Plans (NPC's 1, 2, 3, & 4 in conjunction with Bryne Grant)
- Subarea Planning – Downtown 3D Modeling, City Hall / PD Campus
- Zoning Ordinance Changes (Corridors)
- Update Zoning Map to Reflect Adopted Changes

## Community Development Division

- Rehabilitate or preserve 64 units of affordable owner-occupied housing
- Provide tenant-based rental assistance to 15 households. Assistance will be provided to households where the householder is completing a self-sufficiency program through a community organization or to households with children having to relocate due to extreme lead-based paint hazards in their current residence
- Provide housing incentives to 25 BCPS teachers or administrators to purchase or maintain housing within the program target area (roughly NPC's 1-5)
- Complete yearly fair housing activities including 12 education sessions and three systemic investigations
- Provide lead risk assessments and full lead abatement to 50 housing units in Calhoun County (29 of which located in Battle Creek). This includes abating all lead hazards in 18 units of housing at SAFE Place

# REVENUE SERVICES GROUP – FY19 Budget Priorities

## Overall:

Continue implementing financial efficiencies across the organization, monitoring fiscal progress, assisting with and implementing best practices, and complying with public acts/ governmental accounting standards/city ordinances

## Assessing Department:

- Value all properties as of 12/31/18 and mail 20,000+ Assessment Change Notices to property owners. Defend those values before the March Board of Review, the Michigan Tax Tribunal and the State Tax Commission
- Continued re-inspection of residential, agricultural, commercial and industrial properties
- Processing and auditing of deeds, Property Transfer Affidavits and Principal Residence Exemption Affidavits to keep property ownership and mailing addresses current
- Maintain GIS spatial data for all layers for the use of internal and external customers
- Continue staff education, development and training

## Finance Department:

- Update the investment policy
- Continue promotion to vendors to sign up for ACH payment processing
- Training on the Munetrix software to help forecast revenue and expenses
- Continue staff education, training of new staff members and staff development



# REVENUE SERVICES GROUP continued

## **Income Tax Department:**

- Increase collections for accounts receivable
- Bring income tax returns back in-house from JP Morgan Chase for processing
- Make the CF-1040 and 1040 EZ forms fillable on our website
- Continue education for staff

## **Purchasing Department:**

- Upgrade to the online vendor registry to notify the department about who has pulled plans for upcoming bids
- Revise Internal processes for surplus items to be sold through Biddergy in order to maximize efficiency in item tracking
- Maintenance of strong working relationships with departments to assist with their purchasing needs

## **Treasurer/Utility Billing Departments:**

- Promote and expand the use of online property tax payments
- Seamless transition from retiring Treasurer to replacement
- Leadership training for new Treasurer
- Specialized training for new team members



## **HUMAN RESOURCES – FY19 Budget Priorities**

- Transition in and welcome a new Human Resources Director!
- Build on established relationships with partner agencies (Gallagher, MMRMA, Help-Net, etc.)
- Strategic Plan implementation (Plante & Moran)
- Operational policies and procedures development/updates
- Compensation study data usage
- Continued progress towards more health insurance options for employees
- Education of departmental managers in hiring processes for greater participation
- Partnership with departments for appropriate health and safety education
- Continued development of on-line applicant tracking system
- Education of staff in the elements of the software applications (Logos, CivicHR, etc.)
- Staff development and training



# INFORMATION TECHNOLOGY – FY19 Budget Priorities

**Phone System** - The line items in the budget are there for maintaining the required Michigan E911 Regulated phone system.

- **Financial System (Logos) Maintenance** - this maintenance allows for the entire City staff to efficiently maintain financial records.
- **Data Center Update** - Most servers/storage for entire City are coming to the end of life (no longer supported) so we are upgrading all of our equipment.
- **Computer Replacement** - Over 1/3 of our computers are out of warranty this fiscal year. This situation requires additional support and resources from the IT staff as well as additional cost to departments.

# Battle Creek Emergency Response-FY19 Budget Focus Area-Readiness

## BCPD

- Move into 34 West Division, New BCPD HQ. Thank you Battle Creek!
- We are holding the line on the number of Officer positions (112 sworn). In this next year-the focus is on developing the force (CIT PRG), investing in Officers education and development. Sponsoring three(3) internal Police Cadets to the academy
- Increasing productive contact between our Officers and the Community
- Aggressive Grant seeking program, COPS/DOJ

## BCFD

- Dolliver Facility acquisition, Joint Use Training and Storage Facility
- Similar to PD, maintaining personnel requirements, (81 FTE)
- Increase in Training and retaining skills, HAZMAT, TRT, Fire Tactics and increased medical first responder capability
- Significant and aggressive equipment replacement program implementation, (FEMA-no match commitment)



# Recreation Department – FY19 Budget Priorities

Mission: To provide recreation programs and services that improve the physical health and wellbeing of the individual and the community.

- To impact the lives of young people by providing educational programs that instill life-enhancing values, and promote healthy choices through the game of golf with our First Tee Link Program
- Build on the over 40,000 yearly rounds of golf played at scenic Binder Park Golf Course
- Continue to offer over 40 quality programs for our community adult and youth
- Maintain an 88,000 square foot multi-purpose recreation facility with a full service fitness center, locker rooms, indoor walking track, three large gymnasiums, batting cages, and a multi-purpose space
- Support Flash Flood Indoor/Outdoor Water Park between Memorial Day and Labor Day to create an enjoyable and memorable experience for visitors
- Provide seasonal employment for approximately 210 community members
- Create a family friendly play area for young children and their parents in the indoor pool area where the slides were removed
- Sustain the more than 80 acres of Bailey Park that is home to many recreational activities and has a reputation for hosting some of the finest baseball and softball tournament in the country



# **TRANSPORTATION – FY19 Budget Priorities**

## **Airport**

Implementation of Strategic Business Plan

Conduct Fee Study and Cost Allocation Study

Reconstruct Taxiway C - Phase 2

Succession planning/organizational structure - 1 additional FTE, and 1 position upgrade

## **Transit**

Continue work on Master Plan - finalize and develop next steps

Generate additional revenue with increased commercial advertising contract

## **Intermodal Transportation Center**

Install new roof with 100% grant funds.

# CITY CLERK - FY19 Budget Priorities

- **2 State General Elections:**
  - August 7, 2018 - State Primary Election
  - November 6, 2018 State General Election
  - As these are state elections, we are not allowed to consolidate precincts, therefore all 21 precincts will be open as well as an AV Counting Board
  - Election Inspector wages for the two elections, and possibly a May 2019 election, will be about \$68,000
  - Other expenses include polling location, programming, supplies and training expenses.
- **Civil Service Testing:**
  - July 2018 Fire Lieutenant Testing
  - December 2018 Entry Level Fire Fighter Testing
  - Testing fees estimated at \$24,000

# DEPARTMENT OF PUBLIC WORKS— FY19 BUDGET PRIORITIES

- **General**

- Long term field service and road funding modeling
  - Increases in Act51 revenue
  - Increase in equipment replacement cost
  - Service level and staffing evaluation
  - Road surface capital investment modeling
  - Reduction in general and self-insurance fund contributions
  - Appropriate fund reserve levels

- **Parking**

- Declining use and revenue

- **Engineering/Traffic**

- Renegotiate traffic signal contract with outside jurisdictions
- Coordination of operational work ahead of planned improvements
- Elimination of trip hazard sidewalk replacement and new sidewalk installation on local projects
- Non-motorized plan revision

- **Field Services**

- AVL implementation on plows and sweepers
- Preventative maintenance on road surfaces ahead of planned surface treatments



# DEPARTMENT OF PUBLIC WORKS – CONTINUED

- **Fleet**
  - Snow plow replacement program
  - Propane conversions
  - Gasoline and diesel purchasing changes
- **Records**
  - Asset management implementation/data collection
  - Airport and facility GIS/CityWorks implementation
  - Staffing level evaluation
- **Water**
  - Asset management implementation
    - Water main replacement throughout city
    - Verona pumping station improvements
  - Lead service replacement grant
- **Sewer**
  - Complete SAW grant and asset management plan submittal
  - Complete secondary treatment improvements
  - Biosolids composting demonstration project
- **Environmental**
  - Solid waste contract discussions
  - Storm water utility discussions



# FUTURE BUDGET THOUGHTS

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- Continued Use of Priority Based Budgeting
- Legacy Costs/Other Post Employment Benefits (OPEB)
- Personal Property Tax elimination and replacement funding
- Capital needs and funding
- Forecasting



# **DISCUSSION & NEXT STEPS**

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- Public Hearing Set for May 15
- June 5 – Adopt FY18-19 budget