CITY OF GROSSE POINTE PARK
CITY COUNCIL BUDGET MEETING MINUTES
APRIL 26, 2023

CALL TO ORDER

The meeting was called to order at 7:00 p.m. by Mayor Hodges and opened with the Pledge of Allegiance to the Flag. The meeting convened at the Council Chambers of the Municipal Building, 15115 E. Jefferson, Grosse Pointe Park, Wayne County, Michigan 48230.

ROLL CALL

PRESENT MEMBERS:	Councilmembers Brenner, Gallagher, Caulfield, McMillan, Wiener, and Mayor Hodges.
LATE:	Relan (excused - arrived at 7:45 p.m.)
ALSO PRESENT:	Nick Sizeland, City Manager; Meaghan Bachman, City Clerk; Morgan McAtamney, City Attorney; Warren Rothe, Assistant City Manager; and Ginger Moriarty, Finance Director.

PUBLIC COMMENT (AGENDA ITEMS)

None

NEW BUSINESS

Budget Workshop for Fiscal Year 2023/2024

Mayor Hodges spoke of the purpose of the budget workshop and the requirement by City Charter to hold the workshop. She noted the final budget will be voted on during the May 8, 2023, City Council Meeting.

City Manager Nick Sizeland presented the proposed highlights including a budget surplus of $150,000 and touched on each budget account, allowing questions from Council. Feedback was received from Council. The following memo was presented to Council.

The City of Grosse Pointe Park operates on a set of financial controls that are established by State Law (Uniform Budgeting and Accounting Act- PA 2 of 1968). All Local Governments are required to prepare and administer an annual balanced budget. At the end of the fiscal year the city retains an independent auditor to review financials.

The City will be retaining a new auditor for the preparation of the FY2022-2023 Financial Statements & Schedule of Expenditures of Federal Awards (SEFA).

General Fund

Resident taxpayer dollars are deposited in the General Fund along with State Shared Revenue from sales and use taxes and other. General Fund dollars are used to support City services such as public safety, general government, public works, parks, and other governmental units.

The City Manager's proposed FY2024 budget reflects revenues of $13,074,200 over expenditures of $12,917,800 with an anticipated surplus budget of $156,400 before additional FY2024 budget appropriations and pending union negotiations, not yet reflected in the proposed budget.

The General Fund expenditures include a transfer out of $ 282,800 to the Capital Program Fund along with the 2019 Capital Improvement Bond Debt Service obligation of $160,400 making up both principal and interest payments. The Capital Improvement Bond was issued in 2020 for $2.6 million with the final debt service payment in 2039.

General Fund Funding Sources

The city's major revenue sources in the General Fund come from Property Tax Revenues which make up approximately 74% of the FY2024 proposed budget or just over $9.7 million dollars. Program Revenue & Charges for services of $1,956,700 is the second largest revenue category, with the third largest revenue source coming from State Shared Revenue making up 11% or $1,413,900 for fiscal year 2023-2024.

Tax Collections- General Fund

	Actual	Actual	Actual	Actual	Projected	Proposed
Fiscal Year	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
General Operating	6,260,561	6,406,006	6,611,297	6,704,533	6,918,950	7,378,800
Communication	50,520	49,681	49,863	46,546	46,338	50,000
Public Safety	1,617,001	1,659,582	1,687,126	1,741,598	1,806,450	1,874,800
Tax Admin	360,665	324,763	359,055	352,114	391,749	400,000
Total General Fund	8,288,748	8,440,032	8,707,341	8,844,791	9,163,486	9,703,600

All Funds – 2023 Tax Rate Request (L-4029)

The annual assessment Inflation Rate Multiplier calculation based on the statutory requirements of MCL 211.34d for 2023 was capped at 1.05 (5%); while the Headlee Millage Reduction Fraction (MRF) required under the Michigan Compiled Law was 1.079 (7.9%) resulting in a Headlee Fraction calculation that exceeded 1.0000 for tax year (TY)2023/FY2024. As a result, the 2023 Requested Tax Rates remain unchanged for operating and extra voted millages excluding debt service and communications.

The City's Taxable Value in FY2022-2023 was $703,317,126 and has increased in FY2023-2024 to $749,906,105 or almost $46.6 million, growing 6.6% over last year because of the inflation rate multiplier and new construction.

Tax Rate	TY2021/FY2022	TY2022/FY2023	TY2023/FY2024
Operating Millage	10.7074	10.5917	10.5917
Solid Waste Millage	1.5851	1.5679	1.5679
Public Relations Millage	0.0744	0.0710	0.0710
Roads Millage	0.9676	0.9571	0.9571
2007 Debt Millage	0.9500	0.7300	0.7910
Public Safety Millage	2.5977	2.5696	2.5696
Water & Sewer Millage	0.0000	2.5000	2.5000
Total Summer & Winter	16.8822	18.9873	19.0483

Personnel Costs

The city's major funding uses (expenditures) in the General Fund are wages of $5.1 million (prior to union negotiations) down 4% over FY2023 projected based on reductions in city personnel of seven (7) positions. Wages and Salaries make up 40% of the total requested funding uses of $12,917,800. All other Fund's salary and wages for Special Revenue and Enterprise funds budgets total $1,125,700.

The General Fund benefits make up 34% of the annual budget or $4.4 million while all other operational expenditures make up a request of 26% of the FY2024 proposed budget.

DESCRIPTION	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Projected	2023-24 Proposed
Salaries & Wages: (GF)	5,220,336	4,983,669	5,015,018	5,497,163	5,334,550	5,118,200
All Fund Benefits						
Health Insurance	1,501,009	1,542,031	1,747,251	1,775,682	2,096,000	2,124,900
Life Insurance	23,560	23,307	24,157	24,777	25,000	25,000
Workers Compensation	139,780	135,992	114,729	95,763	187,000	168,100
Unemployment Compensation	7,546	6,926	6,933	7,208	10,000	10,000
Retirement - City Share	1,943,000	2,277,000	2,333,746	2,206,178	2,262,000	2,365,300
Social Security Tax	269,502	255,656	266,456	293,560	300,000	296,000
Deferred Comp City Share	228,515	205,776	197,049	212,054	225,000	220,000
Health Care Savings Program	18,336	25,725	32,757	40,679	46,500	53,000
Trust 115- OPEB Fund	-	50,000	60,000	60,000	60,000	60,000
Total Fringes/Benefits	4,131,248	4,522,414	4,783,078	4,715,901	5,211,500	5,322,300
Total Salary & Fringe Benefits	9,351,584	9,506,083	9,798,096	10,213,064	10,546,050	10,440,500
Operational Expenditures	3,035,472	1,416,213	1,306,308	2,307,790	1,682,200	2,477,300
Total General Fund Funding Uses	12,387,056	10,922,296	11,104,404	12,520,855	12,228,250	12,917,800

Fund Types & Categories

FUND AND CATEGORIES		
Fund Type	**Category**	**Fund Number**
Governmental Fund Types	General Funds	101-149
	Permanent Funds	151-199
	Special Revenue Funds	201-299
	Debt Service Funds	301-399, 851-899
	Capital Projects Funds	401-499, 801-850
Proprietary Fund Types	Enterprise Funds	501-599
	Internal Service Funds	600-699

Governmental Fund Types

Special Revenue Funds

Special revenue funds consist of major and local street funds, solid waste, tax increment finance authority, downtown development authority, building inspection fund, indigent fund, drug forfeiture fund, and the community development block grant fund.

Major and Local Street Funds

Major and Local Street Funds Include Act 51 dollars from the State of Michigan and Local Road Millage Revenue.

The Major Street fund has three revenue sources that make up the $1.4 million proposed for in FY2024. The Act 51 Gas & Weight Tax is budgeted at $989,500 providing for an increase of 4.8% over FY 2023. The city received Federal Aid funding in the amount of $415,700 for the Kercheval Road resurfacing project between Balfour to Bedford both received and recognized as unearned revenue in 2023, and to be recognized as a revenue source for FY2024's project. The total project cost is budgeted at $750,000.

In addition, the Major Street Fund will receive an interfund transfer-in from the 2018 Road Millage fund of $21,300 for other road projects like the Cadieux resurfacing project from Jefferson to Kercheval with the city's cost share of $47,000 to be funded in partnership with Grosse Pointe City.

The Local Street fund is expected to receive $364,200 from the State of Michigan, in addition to METRO Act funding for cable inspections within the city's rights-of-way. Two transfers-in making up $184,500 will come from the Major Street and 2018 Road Millage Funds for roadwork on Essex associated with the Extreme Emergency Relief Valve (EERV) project of $188,000.

The 2018 voter approved Road Fund millage of $717,700 grew $44,800 over FY2023 with three main project expenditures planned for FY2024. Projects include a transfer-out to the Capital Projects fund of $447,000 for the City Hall Parking Lot resurfacing, with $125,000 for alleyway paving projects, and $124,400 as a transfer out to the 203 Local Street Fund projects.

Solid Waste Fund

This fund includes both Green For Life (GFL) rubbish collection and recycling services. The TY2023/FY2024 millage will generate approximately $1,092,300 or approximately $68,600 in revenue sources over last year. The recycling rate increase will generate $16,700 in additional funding sources to offset recycling costs in the new fiscal year. Annual recycling is charged at a rate of $67.20 and will increase to $70.14 reflecting $2.94 more per year, resulting in an additional $0.25 per month or $0.49 per utility billing cycle.

Component Funds

The Downtown Development Authority and the Tax Increment Finance Authority are also known as component unit funds. A legal description describing the authority collects its fund revenue sources through a capture of taxes and is spent within the area of each taxing jurisdiction.

In FY2023-2024 the Downtown Development Authority tax capture is estimated at $119,900 with

funding uses of $105,000 with a budgeted $45,000 (year 3 of 5) as reserves for a future parking lot project at the Grosse Pointe Park Library expected to begin in FY2025-2026.

The Tax Increment Financing Authority (TIFA) proposed budget is balanced with a tax capture and funding use estimated at $1,156,000. Major fund expenditures include the third year of debt service of $301,800 for the 2020 TIFA Bond, a residential and commercial grant program for a combined total of $245,000, and streetscape improvements of $150,000. The fund budget also includes a reserve of $115,000 for future projects.

Building Department

This fund represents all building inspections, permit management, plan review and independent contract services. FY2024 revenue sources are expected to increase $12,500 over FY2023 with a budget of $348,000. Funding uses of $345,700 are anticipated to provide a surplus of fund balance in the amount of $2,300 next year.

Debt Funds

For FY2023-2024 the city proposed budget contains only one debt service fund; known as the 305 Fund: 2007 General Obligation Debt Millage issued in the original amount of $7.0 million dollars is budgeted at $600,000 in principal and $69,500 in interest with the last debt service payment occurring in three years on October 1st of 2026.

Capital Projects Fund

The Capital Project Fund reflects new capital assets for FY2023-2024 removing all general operational repairs and maintenance costs associated with maintaining existing assets or related to the 2019 Capital Improvement Bond budgeted for within the General Fund budget. Next year's requests include public safety requests of $204,000.

This includes vehicles and upfitting along with related equipment for patrol of $115,000, public safety replacement doors and security system of $54,000, and a new public safety evidence room renovation project of $85,000 in which the city's funding portion is $35,000 with a contribution commitment from the Grosse Point Park Foundation for the remaining $50,000 cost associated with the project. The largest project noted as a transfer out of the 2018 Road Millage Fund of $447,000 for the City Hall parking lot repaving project.

The Parks and Recreation projects make up $60,500 and include a new network server, Patterson Park concrete repairs, and the beginning of phase one of three for new playground equipment in the amount of $15,000.

Enterprise Funds

Enterprise funds consist of the Marina Fund and the Water and Sewer Fund. Revenues are generated for the services provided, marina boat slip rentals and water/sewer service provided to homes and businesses.

Water & Sewer Fund

Water and Sewer revenue for the next fiscal year is expected to be slightly more than $9.0 million with expenditures of approximately $10 million reflecting a deficit budget planned as a use of the

Fund's net position of $1,025,300 related to the revenue generated from the collection of the new TY2022 Millage rate last fiscal year for infrastructure projects. Water & Sewer charges are based on utility rates and is the major revenue source of the fund with water and sewer usage predicted to generate $6,020,600 in FY2023-2024 making up 67% of the funds funding sources after including a 3% water and sewer rate increase.

The second largest revenue source will come from the 2022 voter approved water and sewer millage for infrastructure repairs of $1,874,800 making up 21% of total revenues budgeted, and two donation commitments of $1,030,000 for the EERV Project with $900,000 coming from the Cotton Family and $130,000 from the Grosse Pointe Park Foundation with an estimated total project cost of just under $2.8 million in FY2024.

Major expenditures for fiscal year 2024 include the city's cost share of the St. Clare Montefalco watermain project of $179,000, a trailer, dump truck, and utility truck of $329,300; sewer cleaning and rehabilitation projects of $250,000 and the City Hall parking lot storm sewer project associated with the new repaving project of $146,000.

Marina Fund

FY2023-2024 Marina funding sources come from boat well rental revenue and represents a 3% increase over last fiscal year expected to generate $332,700 dollars. Funding uses are planned at $243,400 building the funds net position by $89,300.

PUBLIC COMMENT (NON-AGENDA ITEMS)

None

ADJOURNMENT

Motion by Councilmember Wiener, seconded by Councilmember Caulfield, to adjourn the meeting.

AYES: Councilmembers Brenner, Gallagher, Caulfield, Wiener, Relan and McMillan, and Mayor Hodges.

NAYS: None

MOTION CARRIED UNANIUMOUSLY

With no further business, the meeting adjourned at 9:19 PM.

Presiding Member: _____

Michele Hodges, Mayor

Respectfully submitted by: _____

Meaghan Bachman, City Clerk