



2020/2021 Budget



Honorable Mayor and City Commissioners:

I respectfully submit a Proposed Fiscal Year (FY) 2020-21 Budget of the City of Fennville. This year's budget was designed to be a fiscal statement of Commission's commitment to continuing to complete their adopted priorities.

The 2020-21 FY will be filled with challenges and opportunities for the City of Fennville. Some of the significant items that will impact the coming year budget are:

Revenue – The City will experience a 10% decrease in State Revenue Sharing for FY2021, and is expected to see a 20% decrease in FY2022.

Major Infrastructure Improvements – The City Commission has spent nearly four years working to identify and prioritize infrastructure improvements needed to provide the citizens with the highest quality services. During the 2020-21 FY, the citizens will see the work begin on nearly \$6 million worth of infrastructure improvements. The improvements planned during this FY include:

- *Water* – Construction will begin on several water projects which include water main replacements on North 58th Street, Reynolds Street, Center and Sherman Streets. In addition, all customers will receive upgraded water meters. These improvements, totaling nearly \$1.67 million, will be funded through bonds received from the USDA Rural Development Program as well as contributions from other entities such as MDOT.
- *Sewer* – City Administration will continue to work with engineers to finalize an application to the MDEQ SRF Program for funding \$3.5 million of sewer infrastructure improvement. The major projects identified for the funding include upgrades to the lift stations and wastewater treatment facility, and replacing the mains on Walter and S Maple Street.
- *Roads* – In addition to the water and sewer work, the City Commission has received a grant from MDOT to aid in the financing to complete additional road work beyond the scope of the water and sewer projects. The roads scheduled to be reconstructed include North 58th Street, and additional block of Reynolds Street, and a portion of Landsburg Road on the East end of town.
- *MEDC Grant* – In addition to the work listed above the City has also been approved to move forward in the application process for an Infrastructure Resiliency Grant through the MEDC. Some of the highlights of this project plan is to abandon and upsize parallel water lines along West Fennville Street and add a sidewalk along South Street.

Planning for Park Improvements – The City Commission is dedicated to providing the citizens of the Fennville area with outdoor recreational opportunities. In order to achieve this goal, the City Commission will continue working with landscape engineers to finalize a Master Plan for upgrading the play structure at Memorial Paradise Park and complete a grant application or the improvements in the 2020-21 FY.

Staff Organization – The City staff was reorganized due to the retirement of the long term DPW Superintendent. We are facing another retirement of our Iron Removal Plant Operator and have

been working to further realign responsibilities to absorb the workload without replacing the position.

Increase Costs of Providing Public Safety – One of the biggest challenges of this Fiscal Year was the increased cost of providing public safety services, most notably the Fire and Ambulance Services. Staff has been able to reduce costs to the general fund to offset these expenses in a variety of ways without impacting the level of general fund services provided. Some of those changes include reallocating wages to put a great burden on enterprise funds, allocating auditing and contractual expenses to all the departments, and limiting additional request for general fund expenditures outside of routine items.

Staff is committed to using this budget document as a tool to guide our decisions and daily work activities to ensure that the City Commission priorities are the focus.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Amanda Morgan".

Amanda Morgan
City Administrator

GENERAL FUND (101)

The General Fund accounts for resources traditionally associated with governments that are not required to be accounted for in another fund. In the City of Fennville the functions of the General Fund include Legislative, General Administration, Parks, Cemetery, Police, Fire, and Ambulance. The General Fund is the designated repository per Michigan law for ad valorem property taxes. Other revenue sources for the General Fund are state-shared revenues and license and permit fees and other miscellaneous income.

General Fund Budget Summary:

Revenues	\$651,007
Expenditures	673,618
Net Revenues/Expenditures	(\$ 22,611)
Beginning Fund Balance	\$996,244
Ending Fund Balance	\$973,633

General Fund Revenues by Department

DEPARTMENT	DESCRIPTION	2019-20 ACTIVITY	2019-20 PROJECTED ACTIVITY	2020-21 BUDGET
000	GENERAL	578,007	896,771	595,430
262	ELECTIONS			2,577
265	CITY HALL & GROUNDS	2,516	2,766	3,000
301	POLICE	100	100	
336	FIRE DEPARTMENT	41,386	44,688	50,000
TOTAL ESTIMATED REVENUES		622,009	944,325	651,007

Summary of revenues:

- General Fund revenues are projected lower than last year due to:
 - A reduction in the PILOT revenue due to the end of agreements for Maple Lane and Woodbridge Apartments.
 - An anticipated reduction in State revenue sharing.
 - Conservative estimates of revenue due to the current state of the economy.
- Created a new revenue item related to reimbursements for election expenses.

General Fund Expenditures by Department

DEPARTMENT	DESCRIPTION	2019-20 ACTIVITY	2019-20 PROJECTED ACTIVITY	2020-21 BUDGET
101	CITY COUNCIL	28,920	35,553	26,758
172	CITY ADMINISTRATOR	20,621	21,640	20,226
215	CITY CLERK	17,946	19,558	15,079
247	BOARD OF REVIEW	410	460	500
253	CITY TREASURER	23,721	25,162	25,948
257	ASSESSOR	8,942	9,712	9,725
262	ELECTIONS	5,889	5,429	6,595
265	CITY HALL & GROUNDS	79,265	81,253	63,551
276	CEMETERY	19,489	25,297	25,375
301	POLICE	102,572	106,532	106,073
336	FIRE DEPARTMENT	146,688	148,667	178,381
428	AMBULANCE	14,885	14,885	39,000
445	DRAINS			28,900
448	STREET LIGHTS	20,267	24,284	25,100
450	SIDEWALKS	1,012	6,591	1,284
452	SIDEWALKS-WINTER MAINTENANCE	6,696	8,641	10,531
525	BRUSH PICKUP	4,002	5,056	5,308
721	PLANNING	2,315	2,930	2,930
751	PARKS & RECREATION	18,999	33,175	26,869
852	EMPLOYEES MEDICAL	30,516	30,930	40,126
861	EMPLOYERS	8,176	8,176	8,143
865	GENERAL INSURANCE	10,875		
866	SPRING CLEAN-UP		5,000	5,000
871	WORKER'S COMP	2,216	2,216	2,216
890	CONTINGENCIES	1,264	1,264	
TOTAL APPROPRIATIONS		575,686	622,411	673,618

Dept 101: City Commission

Summary of expenditures:

- No significant changes

Dept 172: City Administrator

Summary of expenditures:

- No significant changes.

Dept 215: City Clerk

Summary of expenditures:

- No significant changes

Dept 247: Board of Review

Summary of expenditures:

- No significant changes
-

Dept 253: City Treasurer

Summary of expenditures:

- No significant changes
-

Dept 257: Assessor

Summary of expenditures:

- No significant changes.
-

Dept 262: Elections

Summary of expenditures:

- Budgeted expenses related to the Federal Election Cycle. However, the expenses are reimbursed and are offset by a revenue item.
-

Dept 265: City Hall

Summary of expenditures:

- Reduction in wages due to changes in staff and time reporting of DPW.
 - Reduction in contracted services due to the sale of the building at 222 S Maple St.
 - Changes in utilities to reflect fiber internet service, offset by reduction in utility expenses due to sale of 222 S Maple St.
-

Dept 276: Cemetery

Summary of expenditures:

- Increase in anticipated wages for weekend burial services.
- Increase in contracted expenses for lawn maintenance contract.

Dept 301: Police

Summary of expenditures:

- No significant changes.
-

Dept 336: Fire Department

Summary of expenditures:

- Budget increase per request of the Fire Department.
-

Dept 428: Ambulance

Summary of expenditures:

- Budgeted increase due to increased contract costs.
-

Dept 445: Drains

Summary of expenditures:

- This expenditure reflects the additional storm work that needs to be done in association with the USDA Water projects totaling \$28,900.
-

Dept 448: Street Lights

Summary of expenditures:

- Increased expenses due to additional street lights requested at school walkways.
-

Dept 450: Sidewalks

Summary of expenditures:

- No anticipated sidewalk replacements due to major project on South Street as part of MEDC Grant.
-

Dept 452: Sidewalks – Winter Maintenance

Summary of expenditures:

- Overtime added for additional weekend service on M-89.
-

Dept 525: Brush Pickup

Summary of expenditures:

- No significant changes.
-

Dept 721: Planning

Summary of expenditures:

- Anticipated increase in wages and contracted services due to upcoming planning issues.
-

Dept 751: Parks & Recreation

Summary of expenditures:

- Reduction in anticipated tree replacement.
 - Estimated engineering expenses related to grant application process.
-

Depts 852-965: Other Misc Depts

Summary of expenditures:

- Continuing to budget for annual spring clean-up.
- Insurance Changes include:
 - Removal of one employee upon retirement.
 - Health insurance increase
 - Dental insurance decrease.
 - No change to premiums on STD, ADD & Life Insurance – but there is an increase to the life insurance benefit amount.

CEMETERY FUND (151)

The Cemetery Fund accounts for long term planning and capital improvements with revenues received from the perpetual care fees assessed on the sale of cemetery plots.

Cemetery Fund Budget Summary:

Revenues	\$ 2,000
Expenditures	0
<u>Net Revenues/Expenditures</u>	<u>\$ 2,000</u>
Beginning Fund Balance	\$ 164,218
Ending Fund Balance	\$ 166,218

Cemetery Fund Revenues & Expenditures

Summary of revenues and expenditures:

- There are no major changes.

MAJOR STREET FUND (202)

The City of Fennville maintains 3.09 miles of Major Streets within the City limits. The major street fund activities include administration, routine maintenance, traffic services, and winter maintenance. It also includes the maintenance activities on M-89 for which the City received reimbursement for through a contract with MDOT.

Major Street Fund Budget Summary:

Revenues	\$141,204
Expenditures	145,058
Net Revenues/Expenditures	(\$ 3,854)
Beginning Fund Balance	\$458,492
Ending Fund Balance	\$454,638

Major Street Fund Revenues

DEPARTMENT	DESCRIPTION	2019-20 ACTIVITY	2019-20 PROJECTED ACTIVITY	2020-21 BUDGET
000	GENERAL	119,301	185,481	141,204

Summary of Revenues:

- Revenue estimates are based on information received from the State regarding transportation funding.
- Grant revenue of \$40,800 expected from TDEF Grant.

Major Street Fund Expenditures

DEPARTMENT	DESCRIPTION	2019-20 ACTIVITY	2019-20 PROJECTED ACTIVITY	2020-21 BUDGET
172	CITY ADMINISTRATOR	4,321	4,509	6,043
463	ROUTINE MAINTENANCE	16,638	19,971	96,091
474	TRAFFIC SERVICES	481	817	327
478	WINTER MAINTENANCE	7,211	7,430	10,887
488	M-89	1,039	1,525	3,715
500	ADMINISTRATION			954
852	EMPLOYEES MEDICAL	3,211	3,287	5,386
861	EMPLOYERS	898	898	870
871	WORKER'S COMP	783	783	785
966	TRANSFER OUT		20,000	20,000
TOTAL APPROPRIATIONS		34,582	59,220	145,058

Summary of Expenditures:

- Contracted Services estimated at \$81,600 for the road work associated with the USDA Projects (58th St, Reynolds, Center and Sherman) and Landsburg Road. Grant for ½ of funding expected from MDOT related to a TDEF grant application.
- Contribution to Local Streets for road work.
- Slightly higher expenses anticipated for a harsher winter.

LOCAL STREET FUND (203)

The City of Fennville maintains 3.60 miles of Local Streets within the City limits. The local street fund activities include administration, routine maintenance, traffic services, and winter maintenance.

Street Fund Budget Summary:

Revenues	\$84,628
Expenditures	136,137
Net Revenues/Expenditures	(\$51,509)
Beginning Fund Balance	\$131,905
Ending Fund Balance	\$80,396

Local Street Fund Revenues

DEPARTMENT	DESCRIPTION	2019-20 ACTIVITY	2019-20 PROJECTED ACTIVITY	2020-21 BUDGET
000	GENERAL	58,527	132,570	84,628
TOTAL ESTIMATED REVENUES		58,527	132,570	84,628

Summary of Revenues:

- Revenue estimates are based on information received from the State regarding transportation funding.
- Grant revenue of \$44,970.00 expected from TDEF Grant.
- Contribution from Major Street fund of \$20,000 to help cover some of the local road work that needs to be completed.

Local Street Fund Expenditures

DEPARTMENT	DESCRIPTION	2019-20 ACTIVITY	2019-20 PROJECTED ACTIVITY	2020-21 BUDGET
172	CITY ADMINISTRATOR	3,816	3,981	5,489
463	ROUTINE MAINTENANCE	16,444	21,051	110,884
474	TRAFFIC SERVICES	471	1,317	882
478	WINTER MAINTENANCE	7,880	8,349	11,125
498	MISCELLANEOUS	535	7,000	
500	ADMINISTRATION			716
852	EMPLOYEES MEDICAL	3,211	3,287	5,386
861	EMPLOYERS	898	898	870
871	WORKER'S COMP	783	783	785
TOTAL APPROPRIATIONS		34,038	46,666	136,137

Summary of Expenditures:

- Contracted Services estimated at \$89,940.00 for the road work associated with the USDA Projects (58th St, Reynolds, Center and Sherman) and Landsburg Road. Grant for ½ of funding expected from MDOT related to a TDEF grant application.

DOWNTOWN DEVELOPMENT AUTHORITY (248)

In 1993, the City of Fennville established a Downtown Development Authority (DDA) that encompasses the central business district of the city, generally located along Main Street an the CSX Railroad tracks between Mary Street on the west and Wilson Street on the east.

The DDA's development plan, updated in April 2017 sets the goals and objectives of the DDA.

DDA Budget Summary:

Revenue	\$ 60,376
Expenditures	124,461
Net Revenues/Expenditures	(\$ 64,085)
Beginning Fund Balance	\$421,607
Ending Fund Balance	\$357,522

DDA Revenues by Department

		2019-20	2019-20	2020-21
DEPARTMENT	DESCRIPTION	ACTIVITY	PROJECTED ACTIVITY	BUDGET
000	GENERAL	66,204	64,499	60,376

Summary of Revenues:

- No significant changes

DDA Expenditures by Department

		2019-20	2019-20	2020-21
DEPARTMENT	DESCRIPTION	ACTIVITY	PROJECTED ACTIVITY	BUDGET
000	GENERAL	57,896	58,427	118,461
751	PARKS & RECREATION	13,063	13,070	6,000
TOTAL APPROPRIATIONS		70,959	71,497	124,461

Summary of Expenditures:

- The DDA anticipates working with MDOT to repave the parking spaces on Main Street and add a pedestrian crosswalk during their resurfacing project. The anticipated costs are nearly \$65,000.

WATER/SEWER FUND (592)

The City of Fennville maintains 3.60 miles of Local Streets within the City limits. The local street fund activities include administration, routine maintenance, traffic services, and winter maintenance.

Water/Sewer Fund Budget Summary:

Revenue - General	\$ 165,335
Revenues - Water	1,569,348
Revenues – Sewer	275,175
Expenditures	2,265,016
<u>Net Revenues/Expenditures</u>	<u>(\$ 255,158)</u>
Beginning Fund Balance	\$5,641,486
Ending Fund Balance	\$5,386,328

Water & Sewer Fund Revenues

DEPARTMENT	DESCRIPTION	2019-20 ACTIVITY	2019-20 PROJECTED ACTIVITY	2020-21 BUDGET
000	GENERAL	832		165,335
100	WATER	256,936	307,876	1,569,348
200	SEWER	199,905	254,016	275,175
300	WATER/SEWER	100		
TOTAL ESTIMATED REVENUES		457,773	561,892	2,009,858

Summary of revenues:

- To allow for accounting of the reimbursement from MDOT for storm drain work to be completed as part of the USDA projects.
- Water sales were increase 8% in accordance with the most recent review by the Financial Advisor.
- Sewer sales were increased 12% in accordance with the most recent review the by the Financial Advisor.
- Revenues were increased to reflect the reimbursements received from the USDA borrowing.
- Anticipated borrowing of \$350,000 from General Fund for costs associated with the MEDC Grant

Water & Sewer Fund Expenditures

DEPARTMENT	DESCRIPTION	2019-20 ACTIVITY	2019-20 PROJECTED ACTIVITY	2020-21 BUDGET
110	WATER OPERATION	181,417	340,707	1,932,919
120	WATER ADMINISTRATION	127,722	141,550	69,291
210	SEWER OPERATION	61,244	93,274	94,956
220	SEWER ADMINISTRATION	249,292	244,458	129,090
852	EMPLOYEES MEDICAL	40,210	40,756	31,682
861	EMPLOYERS	6,061	6,061	4,251
871	WORKER'S COMP	2,827	2,827	2,827
TOTAL APPROPRIATIONS		668,773	869,633	2,265,016

Summary of expenditures:

- Expenditures were increased to reflect the expenses related to the USDA Projects. These expenses are offset by the revenues received from USDA. All work is expected to occur during the upcoming fiscal year.
- Equipment purchases line item added for water fund to purchase a new line locator and supplies for hydrant flushing program.
- Wage decrease due to staffing changes.
- Contracted Services added to water for the Operator-In-Charge agreement.
- The anticipated debt service payment for the bond is an additional operating expense.
- Sewer expenditures increased due to SRF project costs.

EQUIPMENT (641)

The City of Fennville Equipment Fund accounts for activities related to the purchase and maintenance of City Equipment including vehicles, large office equipment, and miscellaneous operating equipment. The revenues for the equipment fund are from contributions made by the other various departments of the City.

Equipment Fund Budget Summary:

Revenues - Water	\$ 114,870
Expenditures	139,173
Net Revenues/Expenditures	(\$ 24,303)
Beginning Fund Balance	\$ 246,625
Ending Fund Balance	\$ 222,322

Equipment Fund Revenues

		2019-20	2019-20	2020-21
DEPARTMENT	DESCRIPTION	ACTIVITY	PROJECTED ACTIVITY	BUDGET
000	GENERAL	78,349	102,485	114,870
TOTAL ESTIMATED REVENUES		78,349	102,485	114,870

Summary of revenues:

- Revenue for the sale of fixed assets due to the sale of old piece of equipment.

Equipment Fund Expenditures

		2019-20	2019-20	2020-21
DEPARTMENT	DESCRIPTION	ACTIVITY	PROJECTED ACTIVITY	BUDGET
000	GENERAL	121,266	163,245	130,764
852	EMPLOYEES MEDICAL	3,894	4,091	6,989
861	EMPLOYERS	1,033	1,033	1,076
871	WORKER'S COMP	344	344	344
TOTAL APPROPRIATIONS		126,537	168,713	139,173

Summary of expenditures:

- The Equipment Purchases includes a budget of \$2500 to allow for the purchase of miscellaneous equipment that staff has identified is needed.
- Building rental increase due to lease of garages at the 222 S Maple Street building.
- Capital outlay expenditures for anticipated loan payment for the purchase of a new plow truck – total expense \$175,000.