

EXHIBIT B



2019/2020 Budget



Honorable Mayor and City Commissioners:

I respectfully submit a Proposed Fiscal Year (FY) 2019-20 Budget of the City of Fennville. This year's budget was designed to be a fiscal statement of Commissions recently adopted priorities for the upcoming year which were adopted by the Commission on April 15, 2019.

The 2019-20 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:

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 2019-20 FY, the citizens will see the work begin on over \$4.6 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 \$1.2 million, will be funded through bonds received from the USDA Rural Development Program.
- *Sewer* – City Administration will continue to work with engineers to submit an application to the MDEQ SRF Program for funding \$3.3 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 applied for 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.

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 and Planning Commission will be working to update the current recreation plan and working with landscape engineers to develop a Master Plan for upgrading the play structure at Memorial Paradise Park. The efforts taken during this FY will put the City in the position to apply for possible grant funding for the improvements in the 2020-21 FY.

Upgrading Technology – The City Commission will work with staff to update technology to improve customer service, communication with community, staff efficiency and information access. The process has begun with work to upgrade the City's website. This FY budget will be address acquiring the appropriate equipment to allow commissioners to access electronic agenda packets and City based email accounts. In addition, the budget reflects upgrading the City's internet to a fiber system and upgrading the phone system to a VOIP system. Further, during this FY staff will work to ensure our customers have the ability to access utility and tax information online and make payments to their accounts using credit cards.

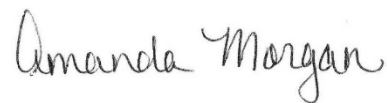
Changing Regulations – This year’s water and sewer budget has been greatly impacted by recent regulations imposed by the DEQ regarding lead and copper service lines. The Commission has established this FY budget to be proactive in addressing the funding that will be needed to fund the work that will need to be done as part of these regulations.

Staff Organizations and Improved Services – The City staff was recently reorganized due to the retirement of the long term DPW Superintendent. City Administration has been working to analyze personnel practices and has identified several areas where changes need to be made. These areas include:

- Realigning the GL allocations of the DPW staff members to more accurately reflect the average time spent in the various departments and charging not only benefits but leave time to this allocation as well. Past practices had leave time funded solely by the general fund.
- Changing classifications and wage levels of staff to more align with industry standards for similar positions and/or staff experience.
- Changes to rules for receiving overtime compensation and estimating budgets appropriately.
- Charging for DPW services directly to the DDA instead of creating journal entries to account for such activity.
- Bolstered training budgets to allow newer staff to obtain licenses need to operate the system and maintain continue education for those that already maintain a license.

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,



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	\$ 660,503
Expenditures	669,156
Net Revenues/Expenditures	\$ (8,653)
Beginning Fund Balance	\$ 599,914
Ending Fund Balance	\$ 591,261

General Fund Revenues by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL	610,271	591,458	606,593
265	CITY HALL & GROUNDS			3,000
301	POLICE	1,450		600
336	FIRE DEPARTMENT		33,544	50,310
TOTAL ESTIMATED REVENUES		611,721	625,002	660,503

Summary of revenues:

- General Fund revenues are projected higher than last fiscal year due to the renewal of the headlee override ballot proposal in 2018 and an increase in taxable value.
- A separate line item was added to track the amount received from property tax revenue and the amount received for the PPT reimbursement.
- Revenues for City Hall and Grounds includes anticipated revenue from a pending lease agreement with Chemical Bank for the ATM machine located at the former Chemical Bank site which will be received after the purchase of the facility.
- Police revenue is related to donations received to offset the expenses related to the HAWK Outstanding Character award.
- Another significant change to the revenue of the General Fund is related to a change in the way the reimbursements from the Fire Department for employee expenses are accounted for. This reimbursement line item offsets the wages/social security under the Fire Department expenses.

General Fund Expenditures by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL			
101	CITY COUNCIL	22,131	29,308	29,830
120	WATER ADMINISTRATION			
172	CITY ADMINISTRATOR		23,405	26,471
215	CITY CLERK	33,974	19,016	19,683
247	BOARD OF REVIEW	350	250	500
253	CITY TREASURER	43,750	25,580	25,096
257	ASSESSOR	9,173	8,610	9,795
262	ELECTIONS	1,880	6,486	6,922
265	CITY HALL & GROUNDS	60,209	96,104	85,613
276	CEMETERY	16,183	25,697	22,765
301	POLICE	79,326	86,862	99,789
336	FIRE DEPARTMENT	108,884	142,555	151,382
428	AMBULANCE	14,970	14,720	15,325
445	DRAINS			28,900
448	STREET LIGHTS	21,568	22,084	23,000
450	SIDEWALKS	3,346	6,643	7,342
452	SIDEWALKS-WINTER MAINTENANCE	7,241	9,395	9,271
491	VACATION OF STREETS			
525	BRUSH PICKUP	5,352	5,330	5,056
721	PLANNING	1,712	1,589	2,146
751	PARKS & RECREATION	19,278	24,967	30,245
852	EMPLOYEES MEDICAL	14,949	42,124	39,215
861	EMPLOYERS	8,577	9,066	8,510
865	GENERAL INSURANCE	8,719	9,731	9,750
866	SPRING CLEAN-UP		4,000	10,000
870	MESC	923	950	950
871	WORKER'S COMP	1,633	1,600	1,600
872	BONUSES			
890	CONTINGENCIES		15	
965	TRANSFER OUT			
TOTAL APPROPRIATIONS		484,128	616,087	669,156

Dept 101: City Commission

Summary of expenditures:

- There was a significant increase made to publishing expenses due to no longer having a flat rate for publishing from the Local Observer.
- Added operating supplies line to City Commission for \$2000 for the purchase of tablets for the City Commission.

Dept 172: City Administrator

Summary of expenditures:

- Anticipated wage increase and reallocation for City Administrator due to additional Public Works responsibilities.

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:

- Assessing Contracted services anticipates a slight increase based on a preliminary proposal from the current assessor.

Dept 262: Elections

Summary of expenditures:

- Slight increase in expenses related to the City Commission election to be held in November 2019 in which the city must cover all expenses for the election.

Dept 265: City Hall

Summary of expenditures:

- Changing the Internet to fiber and upgrading the phone system to VOIP – monthly costs removed from phone and contracted services and added to public utilities. Includes one time installation fees of \$\$\$350 for phone service.
- Operating Supplies includes an estimated cost for the purchase of a receipt printer and additional barcode scanner for cash receipting purposes \$1000.
- Misc Bank Charges were increased. This is due to the bank closing and fees we are incurring for deposit pick up.
- Debt Service payments were added for the purchase of the chemical bank.
- Increased costs for utilities due to the purchase of the former chemical bank location estimated at \$7000/year.

Dept 276: Cemetery

Summary of expenditures:

- Budgeted for the removal and replacement of cedar trees at entrance. Other work to be done includes updating and restoration of facilities and landscaping.

Dept 301: Police

Summary of expenditures:

- Part time wages and social security were increased to allow for one additional eight hour part time shift per week.
- Utilities were increased for the addition of fiber internet service to the building to improve staff efficiency.

Dept 336: Fire Department

Summary of expenditures:

- Budgeted as approved by the City Commission and Manlius Township as part of the Fire Department budget process.
- Employee wages are reimbursed by the Fire Department which are recorded under the General Fund Revenue.

Dept 428: Ambulance

Summary of expenditures:

- The Emergency Services Committee recently received proposals for ambulance services. Budgeted according to the anticipated bid to be accepted.

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:

- No significant changes.
-

Dept 450: Sidewalks

Summary of expenditures:

- No significant changes.
-

Dept 452: Sidewalks – Winter Maintenance

Summary of expenditures:

- No significant changes.
-

Dept 525: Brush Pickup

Summary of expenditures:

- No significant changes.
-

Dept 721: Planning

Summary of expenditures:

- Slight increase to publishing budget due to Recreation Plan process.
-

Dept 751: Parks & Recreation

Summary of expenditures:

- Engineering fees of \$10,000 for estimated expense related to developing a Master Plan for Paradise Park and completing a grant application for the project.

Depts 852-965: Other Misc Depts

Summary of expenditures:

- Budgeted for another curbside spring cleanup.

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	\$ 4,000
Expenditures	0
<hr/>	
Net Revenues/Expenditures	\$ 4,000
Beginning Fund Balance	\$ 161,368
Ending Fund Balance	\$ 165,368

Cemetery Fund Revenues & Expenditures

Summary of revenues:

- There are no major changes to the revenue for the Cemetery Fund.

Summary of expenditures:

- There are no planned expenditures for the Cemetery Fund.

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	\$ 173,859
Expenditures	133,609
Net Revenues/Expenditures	\$ 40,250
Beginning Fund Balance	\$ 318,373
Ending Fund Balance	\$ 358,623

Major Street Fund Revenues by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL	114,220	117,108	173,859
TOTAL ESTIMATED REVENUES		114,220	117,108	173,859

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 by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL			
172	CITY ADMINISTRATOR	2,676	4,625	4,952
463	ROUTINE MAINTENANCE	11,115	29,449	90,453
474	TRAFFIC SERVICES	604	5,141	1,470
478	WINTER MAINTENANCE	6,830	8,203	6,481
488	M-89	3,032	3,461	2,963
498	MISCELLANEOUS			
500	ADMINISTRATION	1,203	20	
852	EMPLOYEES MEDICAL	2,475	2,487	4,940
861	EMPLOYERS	505	524	950
870	MESC			
871	WORKER'S COMP	1,302	1,355	1,400
966	TRANSFER OUT	16,000	22,000	20,000
990	DEBT SERVICE			
TOTAL APPROPRIATIONS		45,742	77,265	133,609

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.
- Final year for deficit reduction plan for local streets. Final contribution is \$12,000 but that was increased at \$20,000 to help cover some of the local road work that needs to be completed.

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	\$ 127,298
Expenditures	125,361
Net Revenues/Expenditures	\$ 1,937
Beginning Fund Balance	\$ 19,392
Ending Fund Balance	\$ 21,329

Local Street Fund Revenues by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL	83,262	80,271	127,298
TOTAL ESTIMATED REVENUES		83,262	80,271	127,298

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.
- Final year for deficit reduction plan for local streets. Final contribution is \$12,000 but that was increased at \$20,000 to help cover some of the local road work that needs to be completed.

Local Street Fund Expenditures by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
172	CITY ADMINISTRATOR	2,141	3,928	4,414
463	ROUTINE MAINTENANCE	25,640	30,922	106,368
474	TRAFFIC SERVICES	604	1,377	1,670
478	WINTER MAINTENANCE	12,770	9,330	5,583
498	MISCELLANEOUS			
500	ADMINISTRATION	602	11	
852	EMPLOYEES MEDICAL	2,475	2,490	4,976
861	EMPLOYERS	505	524	950
870	MESC			
871	WORKER'S COMP	1,302	14	1,400
966	TRANSFER OUT		18,156	
990	DEBT SERVICE			
TOTAL APPROPRIATIONS		46,039	66,752	125,361

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 and 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.

General Fund Budget Summary:

Revenues	\$ 63,510
Expenditures	86,339
<hr/> Net Revenues/Expenditures	<hr/> \$ (22,829)
 Beginning Fund Balance	 \$ 405,919
Ending Fund Balance	\$ 383,090

DDA Revenues by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL	82,999	89,210	63,510
TOTAL ESTIMATED REVENUES		82,999	89,210	63,510

Summary of Revenues:

- The DDA negotiated a higher monthly rate for the rental of the 220 Building and revenues were updated to show the increase.
- Donations were increased due to increased efforts to get sponsorships to cover the increasing costs of promotion activities.

DDA Expenditures by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL	47,506	63,997	80,339
444	SIDEWALKS			
751	PARKS & RECREATION	5,894	7,335	6,000
TOTAL APPROPRIATIONS		53,400	71,332	86,339

Summary of Expenditures:

- Public utilities were increased to cover the additional expenses related to upgrading the City's internet service to Fiber Optic.
- Wages were increased to allow the DPW wages to be directly charged to the DDA.
- The DDA anticipates working with MDOT to repave the parking spaces on Main Street during their resurfacing project. The anticipated cost is \$22,700.
- The DDA will contribute \$2,500 to the equipment fund for the purchase of a salt spreader attachment for the bobcat and barricades to be used for the closure of Main Street.

WATER/SEWER FUND (592)

The City of Fennville supplies water and/or sewer customers within the City of Fennville, Manlius Township and Clyde Township. The water and sewer funds are used for the maintenance and operation of six miles of sewer lines, two sewer lift stations, WWTP lagoons, 17 miles of water mains, four wells, and Iron Removal Plant and an Elevated Tank.

Water/Sewer Fund Budget Summary:

Revenues - Water	\$ 1,441,140
Revenues – Sewer	263,407
Expenditures	1,757,879
<u>Net Revenues/Expenditures</u>	<u>\$ (53,332)</u>
Beginning Fund Balance	\$ 5,841,560
Ending Fund Balance	\$ 5,788,228

Water & Sewer Fund Revenues by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL	(4,701)		
100	WATER	261,061	316,281	1,441,140
200	SEWER	319,877	282,672	263,407
300	WATER/SEWER	8,133	18,156	
TOTAL ESTIMATED REVENUES		584,370	617,109	1,704,547

Summary of revenues:

- Water sales were increase 8% in accordance with the most recent review by the Financial Advisor.
- Revenues were increased to reflect the reimbursements received from the USDA borrowing.
- Sewer sales were increased 25% in accordance with the most recent review the by the Financial Advisor.
- There is a significant decrease in the amount of revenue related to state grants due to the completion of the SAW Grant.

Water & Sewer Fund Expenditures by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL			
110	WATER OPERATION	302,476	325,755	1,468,127
120	WATER ADMINISTRATION	50,872	85,925	47,105
210	SEWER OPERATION	85,746	95,051	129,873
220	SEWER ADMINISTRATION	199,443	182,920	52,073
852	EMPLOYEES MEDICAL	51,486	48,679	49,770
861	EMPLOYERS	6,087	6,245	6,475
870	MESC	7		
871	WORKER'S COMP	3,567	4,456	4,456
990	DEBT SERVICE			
TOTAL APPROPRIATIONS		699,684	749,031	1,757,879

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.
- Other operating expenses were increased a flat 3%.
- The addition of a line item has been added for uniforms. This will cover the cost of uniforms and boots for the employees, split 50/50 between the water and sewer.
- The anticipated debt service payment for the bonds is an additional operating expense.

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	\$ 98,060
Expenditures	169,434
<hr/> Net Revenues/Expenditures	<hr/> \$ (71,374)
 Beginning Fund Balance	 \$ 213,041
Ending Fund Balance	\$ 141,667

Equipment Fund Revenues

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL	81,816	99,947	98,060
TOTAL ESTIMATED REVENUES		81,816	99,947	98,060

Summary of revenues:

- There are two changes to the revenue. The rents from other funds was lowered based on actual activity for street related funds and raised 3% for non-street funds. The second includes an increase to the police cruiser rental fee to offset increasing expenses.
- The DDA will contribute \$2500 toward the purchase of a salt spreader to be used on the sidewalks in the downtown and barricades for blocking off Main Street.

Equipment Fund Expenditures by Department

DEPARTMENT	DESCRIPTION	2017-18 ACTIVITY	2018-19 PROJECTED ACTIVITY	2019-20 BUDGET
000	GENERAL	81,853	201,460	160,848
852	EMPLOYEES MEDICAL	2,475	2,386	6,360
861	EMPLOYERS	505	472	1,075
870	MESC			
871	WORKER'S COMP	664	1,151	1,151
TOTAL APPROPRIATIONS		85,497	205,469	169,434

Summary of expenditures:

- The Equipment Purchases includes a budget of \$7000 to allow for the purchase of a new salt spreader and also some miscellaneous equipment that staff has identified is needed.
- Capital outlay expenditures for the equipment fund for the FY20 budget include the purchase of a police car for approximately \$42,000 and a new truck with plow for DPW at an approximate cost of \$30,000