

MEMORANDUM

DATE: April 26, 2018
TO: City Council
FROM: David A. Thayer, City Manager
SUBJECT: FY 19 Budget Proposal

The Fiscal Year 2019 Budget maintains essential city services while focusing on long over due maintenance. FY 19 General Fund revenue/expenditures are down \$146,301, being \$2,158,837 compared to FY 18 General Fund revenue/expenditures of \$2,305,138. Property tax revenue is up \$24,308 over last year. DPW interfund transfers are down \$98,410. FY 18 contained an \$100,000 fund balance transfer.

Last year's millage rate was 19.5205. Truth-in-Taxation calculations reduces the rate to 19.4228 for this year. This not a Headlee roll back. The loss in revenue is \$4,654. We can maintain last year's rate if we conduct a Truth-in-Taxation public hearing, otherwise, 19.4228 mills will become our permanent cap. I recommend we preserve last year's millage rate.

Health insurance only increased 6.5%, however, due to retirements and other departures our overall cost decreased. Other fringe benefits remain comparable to last year. In the City Hall cost center, we must replace the electrical junction box and the attic exit door. In the Other City Property cost center, we must replace the storm sewer that runs in the alley, between Cedar St. and Washington Ave., just off Adams St. In the DPW cost center, we have above average maintenance needs for our equipment. In the Community Recreation cost center, we should replace the roof and dividers on/in the bathroom building and add playground equipment at Nanaimo Park. Also, we should complete the drainage program we started in 2016. We must replace the electrical junction box at Nelson Field. I will seek to use the shared revenue earned during events to cover that cost.

Major Streets Fund revenues from P.A. 51 transfers are up \$57,944. Local Streets Fund revenues from P.A. 51 transfers are up \$17,202. Costs for our 2018 Road Project are accounted for in the respective funds expenditures. In the Cemetery Fund, we need to make improvements to the condition of the headstones.

In the DDA Fund, revenues are down \$21,226. They will be able to continue their aggressive improvements to the district and local economy with the use of some of their fund balance. With the RV Park Fund, we will partner with ICECA and add more 50 Amp service to some sites.

With the Water Fund, we will rebuild Well #1 and replace the roof on Wellhouse #2. We need to replace some outdated meters to assure a more accurate read. Last year's replacement program, revealed and captured a tremendous amount of previously unrecorded usage. In the Sewer Fund, the Washington Avenue Sewer Improvement Project is included. The Motor Pool Fund is healthy, and we will determine necessary purchases throughout the year. We need to address the resolution of the inoperable 2011 Snowplow Truck.

Overall, this is a continuation budget. On a positive note, we have turned the corner on declining property taxes. I expect to see growth in the upcoming years.

Fiscal Year 2019 Appropriations Resolution

The Iron River City Council received the City Manager's Revenue and Expenditure Plan for Fiscal Year 2019 on May 1, 2018 and accepts that spending plan as the basis for the City's FY 19 Appropriation Resolution as may be amended by Council and reflected in subsequent minutes. The City Manager's recommendation was presented on a fund, cost center, and line item basis. The FY 19 Appropriations Resolution is adopted on a Fund/Cost Center basis.

This year, the City's taxable value increased over last year by \$583,354. Truth-in-taxation calculations caused the allowable millage rate to fall to 19.4228 mills, or otherwise stated, .0977 of a mill less than the current millage rate. The City held a Truth-in-Taxation public hearing and, after listening to all testimony, resolved to continue the current millage rate of 19.5205 with the adoption of this resolution. The amount of revenue collected from this action is \$5,039.

The following sums are the appropriations by Fund Account for FY 19:

101 General Fund	\$ 2,158,837	supported in part by 19.5205 mills
202 Major Streets Fund	\$ 548,244	
203 Local Streets Fund	\$ 197,302	
204 Muni Streets Fund	\$ 44,000	
209 Cemetery Fund	\$ 6,200	
245 DDA/TIF Fund	\$ 185,633	supported in part by 1.9966 mills
249 Surplus Prop Fund	\$ 15,000	
499 RV Park Fund	\$ 7,500	
512 Building Auth Fund	\$ 22,563	
591 Water Fund	\$ 811,435	
593 Sewer Fund	\$ 811,190	
641 Motor Pool Fund	\$ 104,500	
726 Health ABS	\$ 5,000	
951 Debt Retirement Fund	\$ 62,111	

The Total Fiscal Year 2019 Appropriations are \$4,979,515.

The fiscal year 2018 appropriation was \$4,967,345 or \$11,170 less than FY 19.

The following policies and administrative functions to support the FY 19 Appropriations are authorized:

1. Replacement of the electrical junction box in City Hall.
2. Replacement of the electrical junction box at Nelson Field.
3. Replacement of the exit door leaving the Attic Room in City Hall.
4. Purchase of three police car 800 MHz radios and two body cameras.
5. Purchase of several sets of tires for DPW vehicles.
6. Contract for the upgrading of electrical service at the RV park to 50 Amp service for 6 – 8 sites.
7. Contract for rebuilding Well #1.
8. Purchase of new commercial water meters.
9. Purchase of a new sander for the 2019 snow plow truck.
10. Contract for water and electrical service upgrades for the Ice Lake Park bathhouse.
11. To pay routine bills presented to the City and pay other specific budgeted items provided for in this year's appropriations.

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