

HUDSONVILLE CITY COMMISSION
City Commission Minutes

April 28, 2015

Mayor Van Doeselaar called a Work Session of the Hudsonville City Commission to order on Tuesday, April 28, 2015 at 6:15 PM.

Present: Mayor Van Doeselaar, Commissioners Brandsen, Bolhuis, Leerar, Northrup, O'Brien, Raterink, City Manager Waterman and City Clerk Wiersum.

8499. *Review of Proposed 2015-2016 Budget.*

Mayor Van Doeselaar opened the meeting and stated that the primary purpose of this meeting is to review the proposed 2015-2016 Budget.

City Manager Waterman began the review of the proposed budget by reviewing his memo on the budget summary that was sent to the City Commission. The following is a listing of some of the items discussed:

General Fund

We are seeing a steady increase in revenues due to property taxes going up. The commercial property tax appeals and the repeal of the personal property taxes are keeping these revenues from increasing at a greater rate. The repeal of the personal property tax will greatly affect us in the future, and we do not know if or how the State will replace those lost revenues. Cable franchise fees are going up due to the growth in the community.

Expenditures in the general fund are projected to decrease from last year's budget due to the fact that last year we transferred a large amount to streets for road improvements. Other items affecting the decrease are salary amounts, debt service payments decreasing, tax tribunal settlements, legal costs and less election costs.

Expenditures are increasing due to Hughes Park improvements and salary adjustments in the Planning & Zoning Department. The Planning Director's salary will no longer be paid out of the DDA and TIFA fund; that salary will all come out of the general fund. The equipment rent is increasing in all funds.

Personnel

City Manager Waterman is recommending an across-the-board cost of living allocation of 1.6%. Also there are some employees that will receive step

increase. Overall wage and benefit costs in the General Fund are projected to increase by \$30,953. Health insurance cost is anticipated to increase by 4.5%. MERS contributions to the Defined Benefit plan are projected to increase by \$10,332 next year.

Personnel changes that were reviewed and recommended by the Personnel Committee include appointing Michelle Fare as the Executive Director for the DDA. A higher portion of her salary will then be charged to the DDA's TIFA fund. Also, a new part time Events Planner position would be created. This salary will be split 50/50 with the Chamber of Commerce.

City Manager Waterman is also recommending that Mark Ondersma be moved up to Senior Mechanic. He has been the city's mechanic for approximately 8 years. Mark would need to get licensed to become the senior mechanic. Mark has obtained one of the licenses, and will work toward continuing to get additional licenses.

City Manager Waterman also stated that the SEIU collective bargaining agreement is up for renegotiations this year, so any financial changes would affect this budget.

The City Commission also discussed the possibility of transferring some of the general fund balance to the street fund. The City Manager would like to continue to do some crack sealing. The fiber mat chip seal is more expensive, but does last longer. City Manager will discuss with Dutch what some of the critical areas are that should be addressed this year, and he will come back with another recommendation.

Street Funds.

The Major and Local Street Funds have projected year end fund balances of \$128,842.

The increase in revenues in the Major Street Fund and Local Street Funds is due to the additional revenue from the new Ottawa County Road Commission millage and Act 51 funding.

Expenditures increased in the Major Street fund due to engineering costs, street construction costs and equipment rent increases.

Some of the planned projects for the Major and Local Street Funds include crack sealing, chip sealing, the Oak Street Bridge replacement, the resurfacing of part of Highland Drive, and a new bike path installed behind City Hall.

Library Fund

Overall library expenses are going up \$8,183, which will result in a shortfall of \$41,699. The projected fund balance of \$97,913 will cover this shortfall, but would reduce the Library's fund balance to 15% of annual expenses. A one-time transfer from the General Fund may be necessary. Waterman stated that the 0.5 mills collected to pay the Library's debt is set to expire in 2016/2017, however a final payment of \$79,462 will be due in 2017/2018. City Manager Waterman is recommending that in order to alleviate future budget shortfalls, the City continue to levy the 0.5 mills which is currently obligated towards debt service after 2017 and dedicate those dollars toward library operations. This would not change the City's millage rate. The millage rate would remain 11.2303.

DDA/TIFA Funds

The DDA fund has a projected fund balance of \$25,723 and the TIFA fund has a projected fund balance of \$1,566,509. The TIFA revenues are projected to decrease largely due to the decline in property tax revenues as a result of a the payoff of the bond for the DDA parking lot in front of Family Fare. DDA revenue is also projected to decrease due to the loss of personal property taxes no longer collected by the DDA. Overall expenditures in the TIFA and DDA are projected to increase because of repairs and maintenance expenditures, professional services, capital outlay expenditures and miscellaneous expenses.

One capital project included in the TIFA budget is to convert all City-owned street lights along Chicago Drive and the DDA parking lot to high efficiency LED fixtures.

Sewer and Water Funds

These two funds have projected year-end fund balances of \$3,758.883 (Sewer) and \$5,648.005 (Water). One of the capital projects in the sewer and water funds is to camera the entire sewer system. The sewer jetting program will also continue on an as needed basis. The water fund expenditures will include the School Avenue watermain and resurfacing project, engineering fees and routine maintenance.

Equipment Fund

An increase in equipment rent is being proposed to be paid by all funds. Also a one-time equipment rent payment of \$150,000 by the sewer fund is being made to help boost revenues in the equipment fund. Equipment purchases include a new pickup truck for DPW, a medical response vehicle for the Fire Department and a one-way plow for the DPW.

8500. *Discussion on Library Purchase.*

Commissioner Brandsen opened a discussion with the City Commission on a proposal to purchase the library. Discussion revolved around the idea of relocating the library closer to the downtown area in the future. The consensus of the City Commission is to pursue additional information before further discussions take place.

ADJOURNMENT

8501. Motion by O'Brien, seconded by Leerar, to adjourn at 8:05 p.m.

All aye, motion carried.

Jan Wiersum
Hudsonville City Clerk

Mayor Van Doeselaar