City Of Fraser

CENTENNIAL COMMUNITY

MAYOR
Joseph Nichols

COUNCIL
Mayor Pro Tem Michael Carnagie
Acting Mayor Matt Hemelberg
Patrice M. Schornak
Yvette Foster
Kathy Blanke
Michael Lesich

INTERIM CITY MANAGER
D. Wayne O'Neal

CITY CLERK
Kelly Ann Dolland

FRASER CITY COUNCIL – SPECIAL MEETING
TUESDAY – APRIL 25, 2017 – 6:00 P.M.

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1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

4. PUBLIC HEARING:

   a. The City of Fraser will hold a Public Hearing on the proposed Drinking Water Revolving Fund (DWRF) project for the purpose of receiving comments from interested persons. The Hearing will be held at 6:00pm on Tuesday, April 25th, 2017 at the following location: City Council Chambers, 33000 Garfield Road, Fraser, Michigan 48026. The purpose of this project is to build a water storage facility to increase the reliability and efficiency of Fraser's current water works system.

5. CITIZEN PARTICIPATION ON AGENDA ITEMS

6. REQUEST FOR COUNCIL ACTION –

   a. Request Council approve a Lease Agreement with Adopt-a-Watt (AAW) for Sustainable and Democratized Funding for City Hall Parking Lot Energy and Infrastructure upgrades.

7. PRESENTATIONS:

   a. Presentation and Discussion of the 2017/2018 Annual Budget.

8. CITIZEN PARTICIPATION

9. ADJOURNMENT

(Posted Wednesday, April 19th, 2017 @ 8:30am)

**A RESOLUTION ADOPTING A FINAL PROJECT PLAN
FOR WATER SYSTEM IMPROVEMENTS AND
DESIGNATING AN AUTHORIZED PROJECT REPRESENTATIVE**

WHEREAS, the City of Fraser *(legal name of applicant)* recognizes the need to make improvements to its existing water distribution system; and

WHEREAS, the City of Fraser *(legal name of applicant)* authorized Anderson, Eckstein and Westrick, Inc. *(name of consulting engineering firm)* to prepare a Project Plan, which recommends the construction of Alternate 1A - a 500,000 gallon water system reservoir, pumping station, water main connections to the existing system and related appurtenances, and Alternate 2B - two pressure reducing valves at connections to GLWA system, relegating a third connection to GLWA system as an emergency connection only, along with related appurtenances; and

WHEREAS, said Project Plan was presented at a Public Hearing held on April 25, 2017 and all public comments have been considered and addressed;

NOW THEREFORE BE IT RESOLVED, that the City of Fraser *(legal name of applicant)* formally adopts said Project Plan and agrees to implement the selected alternative (Alternative 1A and 2B).

BE IT FURTHER RESOLVED, that the City Manager *(title of the designee's position)*, a position currently held by D. Wayne O'Neal *(name of the designee)*, is designated as the authorized representative for all activities associated with the project referenced above, including the submittal of said Project Plan as the first step in applying to the State of Michigan for a Drinking Water Revolving Fund Loan to assist in the implementation of the selected alternative.

Yeas:

Nays:

I certify that the above Resolution was adopted by City of Fraser *(the governing body of the applicant)* on April 25, 2017.

BY: ____

Name and Title *(please print or type)*

____

Signature Date

Honorable Mayor and Council April 20, 2017
Municipal Building
Fraser, MI 48026

Re: Major Changes in Department Budgets

Dear Sirs and Misdames:

Mary and I have gone through the proposed budget to identify the major changes in each department. These increases are driven by outside forces in terms of contractual obligations and/or pension and OBEB costs. Capital improvements are the other large numbers that have been differed from prior years and are increasing in costs due to inflation. While these numbers are large, they do not reflect the unfunded accrued liabilities of approximately $54 million for OPEB that must be addressed.

The individual line items remaining within the departments reflect the on-going cost to operate the departments either for day-to-day operations or driven by contracts to provide services. These line items are budgeted at the proposed levels based on prior years experience and what is needed going forward. A review of these items will show that the 2017-2018 numbers are in line with prior year's expenditures.

In addition, we have added two more pages that change the three Scenario's when we take into account two different milages for Public Safety. The first is a public safety milage that is not a special assessment under PA33 and the second is a Public Safety milage under PA 33 and is special assessed and excluded personal property. All other assumptions remain the same.

The Major Changes document prepared by the Finance Director outlines what is discussed above. The totals for these areas for the entire General Fund budget are:

OPEB/Retirement costs:	$419,000
Capital Improvements:	$574,550
Other:	$616,000
Total Increases:	$1,610,550

As it relates to revenue needs, we are in the same situation as we were last year and need an increase of over 4 mils depending on the type of millage is being sought. A full mil garners approximately $431,794 and a PA 33 mil garners approximately $382,000 (this does not include a levy on personal property) and is a special assessment. A "full" Public Safety Millage of 4.0 mils is equal to $4.5214 mils from PA 33. My recommendation would be, if the council votes for an election, to levy a "full" Public Safety millage which would cost the average resident less money because of the personal property tax levy.

Mary has indicated that if this budget is approved without the appropriate amount of mils, and there is a November vote that does not pass, the budget would have to be cut twice as much to make up for the first six months of expenditures already spent. I would recommend that in the event that council decides to put this to a vote that the Public Safety budget be cut and all capital spending frozen starting June 1st and restored once the millage is approved.

The projected fund balance in the General Fund at 6/30/2017 is $2,155,467 down from the $2.4 Million fund balance from 6/30/2016. The total reduction in fund balance would have be higher than $260,000 if we had not received the additional $200,000 from PPT. also, this amount may increase depending on revenue and expenditures at year end. Without any additional revenues, and all cuts outlined in Scenario C, the projected shortfall is estimated to be $547,235.00. The existing reserves would drop to $1,354,000 and will not be able to sustain this shortfall over the next two fiscal years without affecting cash flow and our ability to meet our debt obligations and employee payroll.

The following information for the City of Fraser is being provided to outline some of the problems that have exacerbated our budgetary problems and will continue for the foreseeable future.

Amount of Revenue Sharing loss since 2003 = $5,479,511.00

Year	Const. Payments	Statutory Payments	Total Payments	Full Statutory Payments	Statutory Reduction	Full Funding	Cummulative Difference
2003	$1,019,744.00	$628,277.00	$1,648,021.00	$684,006.00	($55,729.00)	$1,703,750.00	($55,729.00)
2004	$1,008,668.00	$472,495.00	$1,481,163.00	$676,576.63	$204,081.63	$1,685,244.63	($259,810.63)
2005	$1,032,738.00	$432,280.00	$1,465,018.00	$692,721.89	$260,441.89	$1,725,459.89	($520,252.52)
2006	$1,050,322.00	$398,395.00	$1,448,717.00	$704,516.57	$306,121.57	$1,754,838.57	($826,374.10)
2007	$1,028,495.00	$377,079.00	$1,405,574.00	$689,875.84	$312,796.84	$1,718,370.84	($1,139,170.94)
2008	$1,062,836.00	$342,738.00	$1,405,574.00	$712,910.50	$370,172.50	$1,775,746.50	($1,509,343.44)
2009	$1,002,382.00	$342,738.00	$1,345,120.00	$672,360.22	$329,622.22	$1,674,742.22	($1,838,965.66)
2010	$971,675.00	$224,675.00	$1,196,350.00	$651,763.12	$427,088.12	$1,623,438.12	($2,266,053.78)
2011	$976,894.00	$219,456.00	$1,196,350.00	$655,263.83	$435,807.83	$1,632,157.83	($2,701,861.61)
2012	$1,039,801.00	$152,412.00	$1,192,213.00	$697,459.48	$545,047.48	$1,737,260.48	($3,246,909.09)
2013	$1,061,328.00	$163,299.00	$1,224,627.00	$711,898.99	$548,599.99	$1,773,226.99	($3,795,509.07)
2014	$1,086,216.00	$171,168.00	$1,257,384.00	$728,592.92	$557,424.92	$1,814,808.92	($4,352,934.00)
2015	$1,103,277.00	$176,393.00	$1,279,670.00	$740,036.80	$563,643.80	$1,843,313.80	($4,916,577.80)
2016	$1,102,217.00	$176,393.00	$1,278,610.00	$739,325.79	$562,932.79	$1,841,542.79	($5,479,510.59)

The Michigan Municipal League's Tony Minghine was a panelist at the recent Business Leaders for Michigan Summit on Fiscal Stability. A hot topic was legacy costs for municipal pensions and retiree health care. Those costs currently claim 19% of government revenues in payments that cities, townships and school systems must make for services rendered in the past. And state revenue sharing is down 25%

or more from 2007-2016. "We're not equipped to deal with another recession. If we were to go into another recession right now, we'd see widespread communities failing," said Minghine.

In, addition to this, recent changes to our MERS assumptions on the rate of return on investments of from 8.0% to 7.75% decreased our percent of funding for our pension obligations from 58% to 56%. I believe that this interest number of 7.75% should be considerable less and maybe closer to 4% to be on the generous side. This would have a catastrophic effect on the funding percentage.

Our Annual Required Contributions (ARC) into the MERS fund is being met. The problem as I see it is that this payment does not make a dent in the unfunded accrued liabilities (UAL) and we do not have the funds available to increase this amount, thus lowering the percentage.

Respectfully Submitted,

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D. Wayne O'Neal
Interim City Manager

Honorable Mayor and Council
Municipal Building
Fraser, MI 48026

April 20, 2017

Re: Budget Questions

Below are the emails from council members and the questions and answers in bold or a different color:

Good morning,

As I've been reviewing the budget that was presented, I was hoping not to nickel dime it but I do have a few simple questions to start off with:

City Council

Describe Professional Services? **Ed Horn Video services during Council meetings**
Conf & Workshops $2000???? Why? **Training for council that I recommend be put in the budget**
$3600 more on Salaries & Wages??? Why? **24 meeting per year to cover special meeting**

City Manager
Special Pays? **Kelly split between Manager and Clerk budget**
Pro Services/Training, went from $6000 to $14000 Affordable Health Care **Act monthly and annual fees**

Clerk
Slight increases???? **Union contract and split wages with Managers budget (reflects true cost of the department).** The slight increase refers to union contract part-time employee incremental pay raise. The slight increase also includes a potential Fraser High School Co-op student employed during the 2017-2018 school year.

Parks & Recreation
4% wage increase???? **Union employees and department head**
Special Pays went up $2640? **Union contract**
Conf & Workshops? **$1,000 for seminars etc.**
Nothing budgeted for McKinley Park? Please explain? **McKinley Park is budgeted to be spent this year.** I did notice $50000 was added in Park Maintenance under Capital what will this be used for? **Fort Fraser and Bathroom Roof.**
Did not receive from this department a breakdown of 5,10&15%. **Departmental memo refers to what cost cutting would effect in programs and revenues.**
I also included in my top 5 any costs savings consolidating this department with another city. I w**ill explain at meeting.**

I'm starting with these, I have many more but I am hoping to get answers in a timely manner & not overwhelm anyone. If answers could not be held up until Friday reports on this matter I would appreciate it Wayne. I am also suggesting that all questions/answers be brought to entire council to cut back on repeat questions & help cut back on upcoming meetings. May I ask, has anyone brought forward any questions as of date? I don't believe I have received any? **These are**

the only ones to date that I have received. Councilman Lesich did come in and reviewed budgets with individual department heads but did not ask for any clarification or additional information. After I started this, I got an email from Matt, Joe and Mike L. they will be added below.

Wayne I also had a question on the bills that were presented at last weeks meeting. I explained to Mary that I didn't want to bother anyone because I knew you were all finalizing the budget & after all the conversations in regards to council emailing, I'm still very uncomfortable, just saying. And for the lack of transparency, I do not call but rather am more comfortable emailing.

I look forward to hearing everyone's thoughts/concerns/questions in regards to our budget. I would also request that confidentiality be used among each other in regards to my emails please. I am including all in my series of questions for the better of council working together on this years budget.

Thank you,
Yvette

Wayne,

First I would like to know how many employees this budget is giving a raise in pay to? **Mary - Everyone in the City is included. Per union contracts which were approved by Council, the City has no choice but to honor the raise. The Administrative employees are being treated the same as union employees.** How does any employee think we can give raises while we huke up taxes to pay for them.

Second I would like to know why we have not seen a 5% -15% comparison for parks and Recreation. **Departmental memo refers to what cost cutting would effect in programs and revenues.**

Christiana wrote:
<u>5/10/15%</u>
As far as the Recreation/Senior Center 5/10/15%, the general preface holds true that was submitted in my memo. I've added a closer look in the attached budget worksheet.
Excerpt from MEMO on March 31st 2017

> Operating line items are items that keep the Office running. Cuts to operating line items will result in loss of ability to operate the Activity center at current levels.
> Programming line items are items needed to operate programs and events. Cuts to Programming line items will result in fewer programs, activities and events offered, and will result in an adjacent loss in revenue.
> Other line items are items that result in positive investments in the Department. Cuts to these lines will result in stagnant growth in the department.

<u>City Vehicle</u>
The City vehicle that is stationed at the Senior Activity Center is used for transport to and from the office to city hall at least once a day, usually twice a day. We also use it to go to the different parks or program locations, as many as 6 times a day during our busy time of summer programs. We use it to transport equipment which can be dirty and not what employees want in their personal cars. We also use it to pick up materials and to transport seniors if both busses are out

for repairs or if there is an emergency and a senior needs a ride that cannot be accommodated by our current schedule. The car is also used by non-activity center employees when an employee from another department needs a car to use.

In addition, most of my office staff drive leased vehicles, which they do not want to run mileage up as it can be costly. On the opposite side, an employee who has a bought but older car most likely wants to prolong the life of their car and not use it for city tasks.
The use of a company car also protects the city against liability and ensures that the vehicle an employee is driving in is safe and up to date on maintenance while they drive over the course of the work day.

The Senior Activity Center is the furthest city building, so even though Fraser is only 2x2 miles traveling daily to city offices as we are required to do would not be possible without use of a City car.

Thank you for sending this over. My thoughts mirror Councilman Hemelberg in regards to city owned vehicles & their use. I have been very vocal on this issue in the past & will continue moving forward.

I had requested in my top 5 looking into consolidating this department with another community. Clinton Twp for example. This is turning into a common practice for other communities & the response has been successful. I hope this has been looked into & will be something addressed durning our upcoming meetings.

Up to 8 times a day to drive around a city that is 2X2 & I stress UP TO. There are days that this does not happen. 2X2. I understand no one wants to put miles on a lease car. I understand that there might be equipment that is dirty. But I also understand that though it's not popular, this is not a necessity but a want.

I also want to address the 4% raise that was placed in this departments budget. Unfortunately, at this time, no recommendation has been made by Wayne nor our past CM. Nor do we currently have the funds for this. Want not a need. I am only addressing this because it was placed in the budget. No personal attack but this should be something addressed at a later time. Again, I would like to visit all at will employees in the near future. But to simple place a raise in the budget that was presented as a want not need budget, I find wrong. And, I'm sure my thoughts will be unpopular to some, but this is not a popularity contest.

As I am not only a Councilwoman but a tax payer, before I want my taxes raised I'd like to see our city do whatever we can & I know change isn't easy. I'm sure we all agree that past practices need to not continue & I look forward to working with all on solutions in a professional manner.

Have a great weekend,
Yvette

Barrier Free Park Grant

The State grant we obtained for the Barrier Free Park is a reimbursement grant, which means that after the total amount is expended for the project THEN the state will look it over and send us our reimbursement. We have not been able to expend any funds because we are still waiting for the state to review details of the project, and then it will be bid out, and at that time we will be able to purchase the needed items and submit for reimbursement. This is anticipated to occur before the close of FYE2017, so it wouldn't be on the upcoming proposed Budget.

Third why is the amount debited from all other accounts for admin fees all over the board? Why not a set percentage for all. **Because some departments have more use of Administrative services than others.**

Mary - If I understand the question correctly then my answer is - the percentage charged cannot be the same across all funds as they are different cost centers with different amounts in expenditures with different services provided with their own requirements for which they should be charged accordingly

Does council have to vote on the mil that the library is getting or is that something you can impose?

The Council does not vote on the mil for the Library. This mil was voted on by the people of Fraser and passed with no expiration date in 1963. This vote created the founding of the Fraser Public Library as a PA 164 section 10a library, but the mil has not been collected for many years. Under the Act, the Library Board will approve a budget within the mil and submit that mil to be levied as part of the tax roll. This millage has already been passed and does not need a further vote.

If we add 1 mil to library. **For this year, we cannot add 1 mil to library fund. As a section 10a library, the Library Board has the ability to ask the people to vote on up to an additional 1 mil in funding, but that is not possible to have completed for the upcoming budget cycle. For this fiscal year, the Library Board is approving an operating budget within the current approved 1 mil.**

Why do we need to increase pay and all other expenditures? **Increases in minimum wage, union contracts and other increasing costs.**

Why cant that mil relieve some of the stress on the general fund. That library budget is just ridiculous.

All money collected for the Library Fund can only be use by the Library, per PA 164 of 1877. This money cannot be used for any other purpose.

What is figured for capital inprovement on the senior housing? **$475,000 for parking lot replacement.** Have we recieved any bids on any capital improvements need for this location? **No. Only a quote to get an idea of the cost for this project.**

As I have said before, people better figure a way to cut cost or get the residents to vote in a milage before I vote yes to any budget this city proposes.

Also please let me know if employee vehicles have been removed from this budget. **No**.

George is the only one who has a car in his contract that I know of and that needs to change on the next negotiation also. **Nick Shafer has a car in his contract**. He is a at will employee. Its crazy that anyone would believe he deserves a car. NOBODY DESERVES ONE. Most residents dont get vehicles to drive to and from work from their employers, why should we tax our residents to death so employees who dont even pay taxes in this city can have free vehicles. It is ridiculous and idiotic. If people cant pay to drive themselves to and from work then maybe they need new jobs.

ALL EMPLOYEE CARS TAKEN HOME NEED TO GO.. ALSO PARKS AND REC AND I.T. CARS ALSO.
WE CAN SAVE LOTS OF MONEY BY PAYING MILEAGE FOR THOSE WHO NEED TO DRIVE DURING WORK HOURS!!!! ITS ABOUT TIME EMPLOYEES STOP TAKING ADVANTAGE OF TAXPAYERS MONEY THAT IS NOT THEIRS. NOT ONE OF THESE CARS GETS USED FOR CITY BUSINESS AFTER HOURS. WE ARE 2 X 2 THEY CAN PICK UP A CAR FROM. CITY HALL IF NEEDED AFTER HOURS. I only wrote in caps because everyone keeps ignoring this and not looking into it. Maybe you will all see this now.

We also need to look into a system to keep checks and balances on the fuel at DPW. Who uses it and how much each vehicle is using. I have asked for this information and never received it. If we have this system in place please give us a monthly report on this. **The system that was in place malfunctioned this past January and BJ included a new system quote in his 2017-18 budget in the amount of $20,000.00.**

Also have we recieved the grant money for the boundless park from the state yet? I dont see anything for the park on the budget. **The grant application is pending and additional information has been requested by the state. We have been meeting on this for the past several months.**

I will send more as I keep going thru the budget. Thanks all and have a great day.

Matt Hemelberg
Acting Mayor

Good afternoon Wayne,

I would like a complete break down of the separation of library funds and the impact to the GF. **The impact is that the library costs are in the Library Fund Budget and removed from the General Fund. The remaining costs in the General Fund are the costs associated with the Library Building. The one mil did not cover the building costs in 2016-17 or 2017-18. The Library Board may decide to ask the residents for additional millage in the future to cover these and other associated costs for the Library. While the costs were removed from the General Fund, the corresponding one mil was also removed. No vote by the council is needed for this mil and removes this question from consideration going forward.**

Hello,

The Library Board, with the Library Director and the Finance Director and input from the City Manager, reviewed the library revenues and budgeted accordingly. This budget was approved by the Library Board today, April 19, 2017. Our next step is posting and advertising for a Public Hearing on the budget, tentatively scheduled for May 9, 2017 at 1pm in the Library Meeting Room.

I am also including the approved minutes from the Library Board Special Budget meeting from April 10, 2017.

Regards,

Lorena

I would like the completion date for the water rate study and the suggested rates to include the projected GLWA 13/15% over all water and sewer rate increase.

We are meeting with Plante Moran next week and of course all associated costs pertaining to water and sewer service delivery are to be included. This will also include all costs associated with the "sink hole" and the MIDD. This will be completed prior to the new rate setting for the 2017-2018 budget which takes effect in August of 2017 for water used after July 1st.

I will present any and all other questions during open session.

Respectfully,

Joe Nichols

Good morning Wayne,
Councilmember Lesich has some valid points. Please see my reply below.
Thank you.
Mary
From: Michael Lesich [mailto:mlesich@micityoffraser.com]
Sent: Thursday, April 20, 2017 3:14 AM
To: Mary Jaganjac; Wayne O'Neal
Subject: Senior Apartments Budget worksheet issue

Mary/Wayne,

Can someone please take a look at the Fund 270: Senior Housing spreadsheet?

This spreadsheet has a couple of issues that I would appreciate being addressed

- **"Total Appropriations"** calculation for **2014/15** and **2015/16** is incorrect - This was exported from BS&A and I did not update the formula when I included additional GL activity. When you come into the office next time (if you have time) I can show you the export and what I need to do for this particular fund. The revenue and net numbers are accurate. This is corrected now.

- Please confirm no bond principal expense for 2014/15 and 2015/16. That doesn't seem possible. – Great question! Since this Fund is an enterprise fund on the financial statements the accounting is full accrual accounting to close the books. The interest is expensed each year (shown on R&E reports) and the principal is reclassified to reduce the liability on the balance sheet. This is why you do not see in the activity. For budgeting purposes and cash flow we list both the principal and bond payment amounts due on revenue and expenditure report. Hope this helps.

- No depreciation expense for 2016/17 approved budget. – This was not budgeted. It is something that we will need an amendment for this year. I plan to present all amendments in May and June since our fiscal year is about to end. This Fund is also facing a lot of other issues.

- Also missing entries for auditing fees, gas, electric, capital outlay, special pays (even if zero) – Great observation. This is part of the clean up here with our accounting records. We can't go back and adjust those entries for which the year is closed. We can amend the budget to include all of these things for this year and going forward we can make sure we have everything.

Gas and Electric were included in utilities in prior years – I split them up and gave them their own line item gas/electric. I did not want it bundled in utilities since this line item includes other things.
Special pays should not be charged to this Fund as they pertain to union employees and not part time staff working out of this fund.
I believe capital outlay has been booked in repairs and maintenance in the past.
There will need to be an amendment for auditing fees.

I hope this helps.

My goal is to have a clear picture of past and present activity and ensure that we have consistent appropriation history provided for each fiscal year.

Thank you for your assistance.

Sincerely,

Michael Lesich

FUND 270: SENIOR HOUSING

GL NUMBER	DESCRIPTION	2014-15 ACTIVITY	2015-16 ACTIVITY	2016-17 APPROVED BUDGET	2016-17 ACTIVITY 01/31/17	2017-18 PROPOSED BUDGET
REVENUES						
270-000-600.000	RENT	520,208.24	526,900.00	521,821.00	310,373.44	530,000.00
270-000-664.000	INTEREST INCOME	317.91	130.64	100.00	77.61	100.00
270-000-664.200	CLEANING FEE	6,425.00	6,665.00	10,000.00	2,300.00	4,000.00
270-000-689.000	REFUNDS/REIMBURSEN	101.31	375.00			-
TOTAL ESTIMATED REVENUES		**527,052.46**	**534,070.64**	**531,921.00**	**312,751.05**	**534,100.00**
APPROPRIATIONS						
270-265-702.200	WAGES - PART TIME	30,258.59	29,052.39	38,000.00	22,366.02	40,000.00
270-265-713.000	SPECIAL PAYS		2,545.00			
270-265-717.000	FICA/MEDICARE	2,314.79	2,231.39	2,678.00	1,702.12	3,100.00
270-265-718.000	MESC/WORKERS COMP	295.30	414.39	1,493.00	825.49	1,000.00
270-265-742.000	MATERIALS & SUPPLIES	19,754.64	9,017.05	18,500.00	4,324.41	19,000.00
270-265-801.000	AUDITING FEES	1,654.38	1,001.34			780.00
270-265-852.000	MOBILE PHONES	521.05	600.74	600.00	401.27	650.00
270-265-912.000	INSURANCE PUBLIC LIAI	36,231.94	37,875.85	38,000.00	37,895.26	38,800.00
270-265-920.000	UTILITIES	40,322.08	36,976.50	46,500.00	13,999.68	47,900.00
270-265-921.000	GAS			1,500.00	856.96	2,000.00
270-265-922.000	ELECTRIC			10,000.00	7,212.08	12,400.00
270-265-937.000	REPAIRS & MAINTENAN	86,808.68	78,833.60	65,225.00	61,605.08	75,000.00
270-265-965.101	ADMIN SERVICES-GENE	15,000.00	50,000.00	50,000.00	25,000.00	16,900.00
270-265-968.000	DEPRC. EXPENSE	91,147.44	89,296.00			89,300.00
270-265-977.000	CAPITAL OUTLAY		24,945.00			-
270-945-991.000	BOND PRINCIPAL EXP			[illegible]50,000.00	250,000.00	265,000.00
270-945-995.000	INTEREST EXPENSE	16,490.93	12,698.46	[illegible],425.00	3,870.61	5,700.00
TOTAL APPROPRIATIONS		**(16,490.93)**	**(12,698.46)**	**531,921.00**	**430,058.98**	**617,530.00**
NET OF REVENUES/APPROPRIATIONS - FUN		186,252.64	158,582.93	0.00		(83,430.00)
BEGINNING FUND BALANCE		3,079,064.74	1,962,228.41	2,120,811.34		2,120,811.34
ENDING FUND BALANCE		1,962,228.41	2,120,811.34	2,120,811.34		2,037,381.34
LAND & BUILDING						(2,787,635.09)
*TOTAL ADJUSTED FUND BALANCE						(750,253.75) ?

*Note fund Balance is comprised of assets valued at $2,787,635.09 for land and building

Michael Lesich
Councilmember
Fraser City Council

Good morning Wayne,

Please see below.

Mary

From: Michael Lesich [mailto:mlesich@micityoffraser.com]
Sent: Thursday, April 20, 2017 3:45 AM
To: Mary Jaganjac; Wayne O'Neal; Rouhib, George
Subject: Ambulance Fund 210

All,

I reviewed the Ambulance Fund budget.

During last year's budget cycle, it was explained that the the Ambulance fund ended the 2015-16 budget year with a deficit of $180,844, which left a negative fund balance. My understanding was that this hole was plugged with a transfer in of $180,844, which effectively left the fund balance at near $0. – There was an amendment presented to Council in May 2016 to transfer over $180,844 since the revenue and expenditure report at that time was showing a huge depletion in fund balance on the R&E Ambulance fund report. This was created by the prior year transfer of money from Ambulance to General Fund per Plante Moran and Rich so that the General Fund does not end up in a deficit situation. After the books were closed in 2016 there was a surplus of $30,062.90 for the year and an ending fund balance of $325,498.00. The ambulance basically received its money back from the general fund. In my opinion the transfer of monies to general fund should never have occurred from a designated tax revenue source. Thus the whole confusion following.

We even discussed the need to set aside for future capital requirements for the ambulance, and a possible ALS millage. Now with a approved 2016-2017 budget of with a $1,487 surplus, we have gone from $0 to projected $326,986 fund balance for the current fiscal year. I do not understand how that is possible. Prior fund balance was positive.

Can you break down how we increased our fund balance in a single year by $295,000 without raising taxes? At no point in time was I lead to believe this was the case. Fund balance was never fully depleted.

Some comments:

- The columns on this (and other) funds are very confusing some appropriation columns are negative, some are positive. They should all be one or the other. You are referring to the total appropriation numbers? Yes this is a presentation error. I will fix. Thank you.

- Also, the inclusion in Revenue of the "Transfer to General Fund" as a positive number which is then subtracted is also VERY confusing. It's not really revenue, and only inflates/deflates the actual revenues from recurring sources. It makes year-to-year comparison for me very difficult. The same general comment about the $180,844 Transfer IN to the Ambulance Fund. – Transfer in/Transfer to are how we account for transfer of money between funds. For example: if General Fund is transferring $50,000 to Ambulance – you will have a line item in the General Fund expense side for $50,000 “Transfer to” and a Revenue line item in Ambulance Fund for $50,000 “Transfer in”. The transfers are considered revenue to the fund the money is being sent to since they are additional monies received and can only be shown as such. It doesn’t matter that they come from other funds they have to be booked as revenue in our accounting software. I hope this helps.

- I would like to understand whether the $102,000 surplus is realistic and verifiable. Yes if the actual numbers turn out as the proposed budget.

I hope this helps. Please let me know if further information is needed.

Thank you for looking into our budget questions. I look forward to getting started.

Sincerely,

Michael Lesich

FUND 210: AMBULANCE

GL NUMBER	DESCRIPTION	2014-15 ACTIVITY	2015-16 ACTIVITY	2016-17 APPROVED BUDGET	2016-17 ACTIVITY 01/31/17	2017-18 PROPOSED BUDGET
REVENUES						
210-000-403.000	CURRENT TAXES	359,153.78	367,381.60	372,890.00	360,167.00	375,100.00
210-000-410.000	CURRENT PERSONAL PROPERTY T	60,217.57	69,158.09	42,464.00	39,972.67	38,300.00
210-000-410.050	PPT SMALL TAXPAYER EXEMPTION LOSS					32,500.00
210-000-437.000	INDUSTRIAL FACILITY TAX	17,519.14	15,872.31	7,631.00	12,389.00	10,300.00
210-000-604.000	AMBULANCE FEES	320,148.12	330,888.23	310,000.00	176,576.22	302,702.09
210-000-695.000	TRANSFER IN		180,844.00			
210-000-801.050	BANK SERVICE CHARGES	319.54			31.96	600.00
210-000-966.101	TRANSFER TO GENERAL FUND	365,799.21				
TOTAL ESTIMATED REVENUES		**390,919.86**	**964,144.23**	**732,985.00**	**589,680.25**	**$759,502.09**
APPROPRIATIONS						
210-301-702.000	SALARIES & WAGES	206,346.95	210,140.71	200,000.00	116,486.66	217,400.00
210-301-709.000	OVERTIME	15,365.79	17,956.52	25,000.00	14,121.87	26,500.00
210-301-713.000	SPECIAL PAYS	13,600.64	22,539.33	92,000.00	10,763.84	128,950.00
210-301-714.000	EDUCATIONAL ALLOWANCE		153.92	2,000.00		2,000.00
210-301-715.000	HEALTH/LIFE/DENTAL INS	17,061.95	29,981.99	105,000.00	19,505.27	83,300.00
210-301-715.050	I/F HEALTH INSURANCE	52,205.38	34,924.10		14,756.78	
210-301-716.000	CY RETIREMENT EMPLOYER PENS	118,078.75	139,538.40	132,000.00	23,096.79	38,700.00
210-301-716.001	RETIREMENT DEBT		583.32		17,831.07	-
210-301-716.050	RETIREMENT EMPLOYER OPEB		4,231.04			
210-301-717.000	FICA/MEDICARE	17,057.80	19,060.14	24,251.00	10,620.43	23,200.00
210-301-718.000	MESC/WORKERS COMP	4,106.37	5,206.76	10,747.00	5,296.50	14,200.00
210-301-727.000	OFFICE SUPPLIES			150.00		150.00
210-301-741.000	UNIFORM ALLOWANCE		9,000.00	6,000.00	1,350.00	5,400.00
210-301-746.000	OPERATING SUPPLIES	22,494.14	16,146.92	17,250.00	7,470.69	18,200.00
210-301-801.000	AUDITING FEES	1,654.38	1,001.34			370.00
210-301-801.050	BANK SERVICE CHARGES		519.11	200.00	100.00	
210-301-801.200	PROFESSIONAL SERVICES - ACCUI	26,764.53	32,724.75	25,400.00	13,251.24	28,000.00
210-301-852.000	MOBILE PHONES			250.00	59.67	250.00
210-301-941.000	EQUIPMENT RENTAL	26,520.00	50,000.00	38,250.00	19,125.00	46,840.00
210-301-965.101	ADMIN SERVICES-GENERAL FUNC	172,000.00	75,000.00	53,000.00	26,500.00	23,220.00
TOTAL APPROPRIATIONS		**(693,256.68)**	**(668,708.35)**	**731,498.00**	**(300,335.81)**	**656,680.00**
NET OF REVENUES/APPROPRIATIONS - FUND 210		(302,336.82)	295,435.88	1,487.00		$102,822.09
BEGINNING FUND BALANCE		332,399.72	30,062.90	325,498.78		326,985.78
ENDING FUND BALANCE		30,062.90	325,498.78	326,985.78		429,807.87

Michael Lesich
Councilmember

Councilwoman Foster,

Please accept this as my response to your questions.

The only communities that have DARE are the following:
City of Fraser

Macomb County Sheriff Department
Shelby Township

This will be the **last year** for the DARE program. Myself and PSO Pettyes have created a Community Outreach Program where we will be involved with our youth from first grade to the twelfth grade instead of only the sixth grade. Our goals is to be a part of their lives throughout their educational journey. We are customizing our own program so that we do not have to follow the DARE guidelines. We have already met with the school superintendent and he is on board with the program.

The average number of prisoners we transport from week to week varies on department arrests, pickups from other communities, and drop-offs from other agencies. However, our prisoner transport officer transports 5-6 prisoners each week. Each transport takes approximately 1-2 hours. Our prisoner transport officer also is in charge of our evidence room. His duties include, checking property in, managing the property room, checking property out for court and other hearings, and the destruction of property.

We have conducted a feasibility study years back to outsource our dispatch. However, it would cost the city additional monies because our dispatchers conduct the following duties other than dispatch.
Greet people 24 hours a day in our lobby
Monitor our prisoners
Accept bond and provide receipts
Accept monies for PBT/defective equipment/warrants
Accept all emergency and non-emergency calls
Prepare paperwork for the officers and sergeants
If we eliminated the dispatch positions, I would have to hire public service aids to perform all non-dispatch duties. Once you add up all their hours and other benefits, it is a wash. More importantly, if we outsource our dispatch, our response time would double if not triple and we would lose all our 911 and PSAP funding. If anything, we have all that extra space in our old court office. Roseville PD is interested in combining our dispatch and that would be a perfect location. Before we can consider this, we would need to pay for a feasibility study that can be shared between both communities.

In respect to fire inspections, they are conducted daily. We have over 800 buildings in our community that are inspected. Per NFPA standards, we only need to conduct inspections every other year. Since only one individuals conducts the inspections, it is very difficult to keep this up since many establishments we have to re-inspect for non-compliance. We have three to four locations in town where hazardous materials are being stored. Because of this, we inspect these locations every year. We do charge for inspections and the fee is based on the square footage of the property.

If you need anything else, please let me know.

Sincerely,

George T. Rouhib Jr.