



FY 2014 – 2015 Budget



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Budget Introduction

Welcome to the City of Manistee's Fiscal Year 2014-2015 budget. The Budget is the guiding financial policy document for the City of Manistee and includes all City revenues, expenditures, and capital projects for the fiscal year. The Budget is laid out in an easy to understand and read format. The *Table of Contents* should direct anyone to their particular area of interest.

If you want a quick summary of the document, the *Overview* section provides the reader with the big picture of the City's finances and challenges. This consists of the City Manager's Budget Transmittal Letter and the Executive Summary.

Important issues are discussed in greater detail under the heading of *Issue Pages*. This section addresses important, timely issues that impact the City and its residents. If you want a good overview of the most important issues facing the City, this is the place to look.

The *General Fund* is the largest part of the document and the place where most public services are identified, as well as most departmental budgets. Each departmental budget is presented in detail. Reading the narrative pages of each department will give you a good understanding of the responsibilities, operations and challenges of that department, as well as budget assumptions.

Enterprise Funds is the next section of the document. These funds include the Water & Sewer Utility, Municipal Marina, Boat Launch and Ramsdell Theatre. These are Funds that operate like a business and charge user fees to generate operating revenues.

Internal Service & Special Revenue Funds are presented next. These funds are established for a specific purpose, such as tracking a grant or for State mandated items, and typically have independent revenue sources. Examples of activities that are accounted for in these funds are the Motor Pool, Major & Local Street Funds, Refuse Fund and various grant funds.

Permanent Funds are those that are intended to be perpetual in nature and where only the earnings can be spent. The City's Oil & Gas fund is a permanent fund.

If you want to see what general physical improvements the City is planning, the *Capital Project Funds* section is the place to look. These funds track capital expenditures and most current projects. Other specific capital improvements can be found in the Enterprise fund section. Finally, the City does not have a *Debt Service Fund*. Instead, City debt is recorded in the fund that it is associated with.

The *Appendices* provide valuable supplemental information to the reader. This section tracks valuable information over time, such as the Number of Employees and State Equalized Value. This information allows the budget to serve as a record of important historic information.

We hope you find this document useful. On behalf of the City of Manistee, thank you for taking the time to review the Fiscal Year 2014-2015 budget document.

Overview

Budget Transmittal Letter

March 21, 2014

Honorable Mayor Colleen Kenny
Members of the Manistee City Council
City of Manistee
70 Maple Street
Manistee, Michigan 49660

Ladies and Gentlemen:

In preparation of composing this year's budget transmittal letter, I reviewed previous transmittal letters back to the 2008-2009 fiscal year. Each of those transmittal letters began with lamenting about the failing state and national economy that was impacting our local economy.

It is time to end this trend and to focus on moving forward. Several key indicators are pointing to the direction of growth in upcoming years. These indicators are increased home sales in the City, increased investment in industrial manufacturing, and significant renewed interest in our downtown. The opening of the Blue Fish Kitchen and the Vogue Theater in 2013 highlighted the increased interest in the downtown, but was not the only success experienced in the downtown.

While we were hoping for these positive trends to impact this year's budget; they were unable to overcome the fifth straight year of declining taxable value, massive health insurance increases/changes with the federal Patient Protection and Affordable Care Act (PPACA/Obamacare), and several large tax appeal settlements in the City.

With these external pressures, citizens should ask, how did you balance the 2014-2015 fiscal year budget? The simple answer is a combination of attrition (not filling the retired Community Development Director position), not filling a needed combined clerical position at City Hall, merging the Utility Director and DPW Director positions, increasing employee health insurance costs, and implementing very minimal raises for employees. Additional layoffs were narrowly avoided by balancing the budget through these actions.

Recently some residents and nonresidents have been questioning previous City decisions and indicating these decisions are the reason for the current fiscal challenges and for not having additional revenue to deal with other City needs, primarily local street upgrades. Whereas my professional position is to always stay focused on moving forward, understanding the past is so important.

Recently the Ramsdell Theatre has come under scrutiny for receiving both capital and operational subsidies of approximately \$300,000, including the loan payments on the \$1,700,000 roof and HVAC projects. Some suggest we should stop subsidizing the Ramsdell Theatre. The reality is that this decision could have been made at two different occasions; when the City received the Theatre from the Rotary in the 1940s and more recently 12-15 years ago before approximately \$4,000,000 of private and

public funds were invested to upgrade the facility. Shutting the Theatre now while the Ramsdell Theatre Governing Authority is working toward creating a more sustainable model, would be placing the nearly \$6,000,000 of investments in great jeopardy and would only save the City about \$100,000 per year since we are still required to make loan payments.

Other suggestions are to stop funding "Tourist" projects, which include all parks and recreational facilities, including beach houses/shelters, boat launches, beach maintenance, Riverwalk, etc. Over the past ten years or so the City has invested significantly in aging infrastructure including replacing 1940s Fifth Avenue beach restrooms, replacing a 1950s First Street beach restroom, upgrading the Arthur Street boat launch, replacing a 1980s fish cleaning station and the construction of a 1.5 mile Riverwalk. Did these assets have to be built or upgraded? Not necessarily. Should they have been replaced or constructed? Absolutely! Is the community a better place with these new assets, which are all supported by the Strategic Plan? I believe so.

What about the 2008 agreement between the City and MAPS regarding the Community pool? Annually the City contributes \$40,000 (.21 mills) toward the community pool. Was this the right decision to make in 2008? What I can say for sure is that absent the City stepping up to the plate the community philanthropist would have not donated the funds for the pool construction and if the City removes the \$40,000 contribution, it would significantly hamper pool operations. What will be the right decision four years from now? Should the City continue to fund the pool then?

Each and every one of these decisions, along with all current decisions, is based upon the best information that is available at the time and assumptions moving forward. These decisions were thoroughly vetted by City Council and the decision was to move forward with each of them. If we would have chosen to not proceed with these projects, would there be additional revenue in fiscal year 2014-2015? Yes, but imagine the community without each of these assets.

The 2014-2015 Budget and Capital Improvement Plan will be introduced to the Council and the Community at the Tuesday, April 1, 2014 meeting. Various budget work sessions have been established: a regular work session on Tuesday, April 8; a work session on Tuesday, April 15; and optional work sessions on Tuesday, April 22 and Tuesday, April 29, 2014. The public hearing to review these budget recommendations and receive public input on them has been scheduled for Tuesday, April 15, 2014. Budget adoption is anticipated at the regular meeting of May 6, 2014.

While the enclosed budget recommendations represent the City Manager and Administration's best judgment for spending based on existing City Council policies and priorities, these issues are subject to the Council's review and ultimate decision. Councilmembers are the elected representatives of the people and maintain the right and responsibility of balancing the 2014-2015 Budget for the City of Manistee.

Respectfully submitted,

Mitchell D. Deisch

Mitchell D. Deisch, City Manager

Overview

Executive Summary

The 2014-2015 budget has proved to be one of the most difficult the City has faced in many years. There are significant challenges and opportunities ahead.

1. We are in the fifth year of declining tax base.
2. The health insurance markets are undergoing tremendous turmoil.
3. The water and sewer utility needs several large capital expenditures; and we have commissioned a professional rate study to ensure fair & equitable rates.
4. We are on the verge of completing strategic utility deals with Filer and Manistee Twps.
5. We are undertaking strategic planning for the Ramsdell Theatre to move it towards self-sufficiency and stability.
6. We are exploring ways to generate revenue to address our street network.
7. We are undertaking departmental review and reorganization.

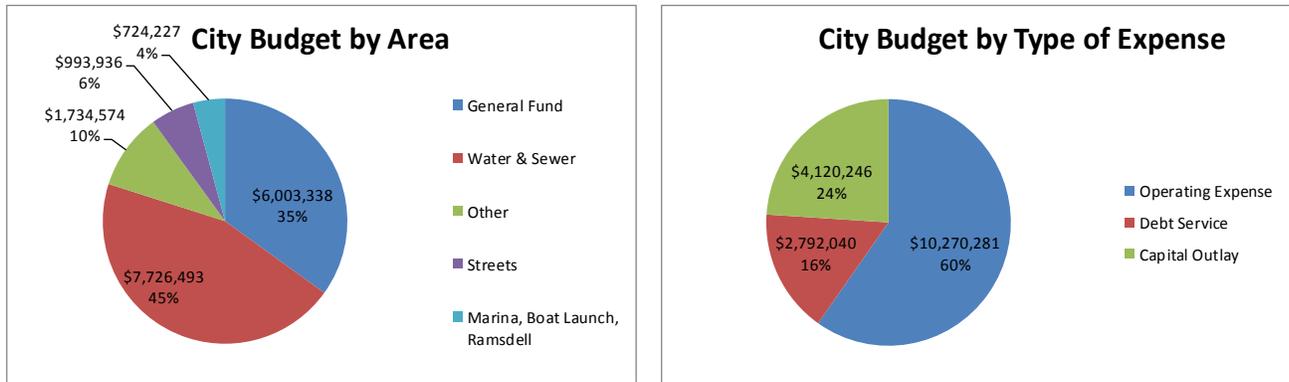
Retrenching will have to occur in the areas of capital investments and service provision. The City has undertaken an impressive array of capital improvement projects over the last several years. This pace cannot continue as the funds are simply not available. Future large projects will be very difficult or impossible without significant grant funding and/or additional revenue. We need to absorb the past projects and ensure that they are maintained to the best of our ability. We also need to focus on our core municipal services and evaluate what is absolutely needed, and what are optional or expendable, if necessary.

We are planning for the future in several areas. The addition of ALS transport services has not only generated much-needed revenues, but also opened up partnership opportunities. The S2 SSES grant projects have identified areas that will help the water and sewer utility, but will also require significant investment in infrastructure. The SAW grant may allow us to dramatically upgrade the information and management tools we have for our water and sewer utility. The departmental white papers are laying out a path for succession planning, continuity of service and potential cost savings. We are exploring collaborative sewer projects with our neighbors to both the north and south. Our street asset management plan is shaping the dialogue regarding street funding.

Over the past several years, challenges have been met by the City through creativity, fiscal restraint and collaboration. This is a sign of a professional and very resilient yet flexible organization. The City will continue to meet its challenges head on.

The following pages provide a brief overview of the 2013-2014 budget.

The budget for all funds, including capital outlay and debt service totals **\$17,182,567**. This is an increase of **\$3,913,355** from the prior year. Spending by area is shown below.



The General Fund has a total budget of **\$6,003,338** or **35%** of total spending. Services most people associate with local government, such as police, fire & EMS, tax collection, assessing, elections and planning & zoning are funded here.

The General Fund receives its income from a variety of sources, including property taxes, state revenue sharing and charge for services. Even with reduced tax and state revenue, the General Fund has been resilient thru the addition of ALS revenue, collaboration and departmental cost savings.

General fund expenses are up in line with inflation. Two high level full-time positions have been eliminated this year thru attrition. The Community Development Director and Public Works Director both retired and were not replaced. Existing staff assumed those duties. Pension and health care costs are being managed in a proactive manner, although state and federal mandates and market performance add much uncertainty.

The Water & Sewer Utility has budgeted expenditures for operations, capital outlay and debt service of **\$7,726,493** or **45%** of total City spending. This includes a potential \$3.5+ million dollar bond issue to address State mandated and/or critical projects.

Water and Sewer rates are proposed to increase. A typical 6,000 G customer will see their monthly bill increase by **\$3.16**. This increase is required to address additional debt service from the aforementioned bond issue and repair and maintenance needs. The City commissioned professional water and sewer rate study (see [Rate Study Issue Page](#)) and the recommendations of the study were incorporated in the budget.

Operational costs increased from last year due to the need to address deferred and current maintenance on an aging system. Debt service will increase due to the new bond issue. Capital outlay increased and reflects the projects that are being bonded for.

The overall Street budget is **\$993,936** or **6%** of total spending. This includes the Major and Local Street funds, as well as the City Street fund. Street maintenance, repairs and construction is primarily funded by gas tax money passed through by the State to the City. The budget anticipates one large street project this year, fixing 12th street from Maple to Oak. Existing street funds are insufficient to maintain our street network (see *Streets Issue Page*). The budget does support the street asset management plan by allocating some money for crack sealing streets.

Other City funds account for **\$1,266,667** or **7%** of spending. Foremost among these funds are the Capital Improvement, Grant Management, Oil & Gas, Motor Pool and Refuse funds. The Capital Improvement fund pays for capital projects throughout the City. This fund has contributed an enormous amount to the City's ability to fund critical infrastructure, but is nearing its capacity in the near term.

The Grant Management fund accounts for the Local Revenue Sharing grants, as well as various other grants.

The Oil & Gas fund is a permanent endowment fund that accumulates royalties and investment earnings on City-owned mineral rights. It is the primary source of revenue for the Capital Improvement fund. Continued positive market performance is crucial to this fund.

The Motor Pool fund accounts for the purchase of vehicles and equipment for use by City departments. The fleet has been reduced somewhat in recent years, and the lifespan of equipment is currently under review by Administration.

The Refuse fund accounts for the taxes and fees collected, and payments made, to collect and dispose of refuse and yard waste in the city. Declining tax revenue, flat user fees and a vendor contract that calls for a 4% annual increase, has resulted in the need to raise user rates by approximately 12%.

The Marina, Boat Launch and Ramsdell Theatre account for **\$724,227** or **4%** of expenditures. All three City enterprises have seen significant capital investments in recent years, and now need to pay back this debt (*City Indebtedness Issue Page*). The Marina is being well-received by boaters, but this has not translated into additional revenue. The budget anticipates restructuring one of its loans to help ease the cash crunch. The Boat Launch will benefit from predicted higher water levels, but ultimately its revenue is dependent on the weather and the fishing. The Ramsdell Theatre continues to present a challenging situation as the City attempts to increase revenues (*Ramsdell Theatre Issue Page*).

Budget Change Summary

During the budget process, changes are often made to the Manager's proposed budget. These changes will be summarized here, and reflected in the budget numbers, narratives and annual appropriation act.

The primary changes were as follows:

1. Council approved levying an additional .4655 mill property tax to fund an additional police officer. The .4655 mill is the amount below the Headlee limit that the City had available to levy without voter approval. This additional levy is estimated to generate around \$82,000.
2. Council approved incorporating the water & sewer rate structure and rates proposed by the rate consultant, Burnham & Associates.
3. Council approved \$86,000 in additional funding for employee health insurance from what had been proposed in the budget. This came from general fund contingency and general fund, water & sewer and Ramsdell cash reserves.
4. Corrections of clerical errors in the Oil & Gas and Capital Improvement fund budgets were made. The amount of money dictated by the Oil & Gas annual spending rule was incorrectly entered.

In 2007 the City embarked upon a strategic planning process to focus both Staff and City Council efforts on achieving the City's vision:

Manistee will be the community of choice on the Northwest Michigan coastline with a strong, diversified economy providing opportunities for all...a city whose prosperity continues into the future.

The strategic plan provides direction to staff which is used in formulating each department's tactical approach and annual operating budget in order to competitively position the City of Manistee as the community of choice and destination for business, industry, tourists and families.

The City annually updates this plan to ensure that it is kept current. The idea is to keep the focus on the big picture items and ensure that the document remains relevant and that all stakeholders have input into the plan. The most recent areas of focus in the strategic plan are:

1. Economic Development & Jobs
2. Infrastructure & Facilities
3. Beaches, Parks & Recreation Areas
4. Financial Stability & Continuous Improvement
5. Intergovernmental Relationships
6. Housing, Homelessness and Senior Citizens

New items included in this year's strategic plan are developing a plan to address street funding, several new park improvements, review deep water port assets, enhance cooperative intergovernmental projects and address City blight.

The annual budget and capital improvement plan are developed with the goal of supporting the strategic plan wherever possible and economical. The past few years have seen tangible, steady progress in each of these areas. This budget continues that trend thru both operational and capital items.

The most recent Strategic Plan update can be found at www.manisteemi.gov

Staff and Council will need to continue their annual strategic planning process in fall 2014.

Clerk and Financial Services White Paper

In 2010 the City of Manistee completed the Operational Services Assessment Study that looked for ways to improve and reduce costs in each City department. Out of the OSA report came direction from Council that Administration would complete a White Paper study on each City department looking for best practice organizational models, privatization opportunities, and intergovernmental cooperation; all with the goal of maintaining the community desired level of service and reducing costs if possible.

Council has previously received and discussed white papers for Public Safety, Assessing, Public Works, Ramsdell Theatre and Community Development. Each has led to considerable discussion and ultimately to restructuring within each department. They also proved valuable in preparing the budget and moving forward in a more sustainable fashion.

The Clerk & Financial Services Whitepaper has been presented and will be discussed as part of the budget process. The recommendation was to form a consolidated Administrative Services Department, as was discussed with City Council when the whitepaper was presented.

However, budgetary constraints have prevented this recommendation from being incorporated in the proposed budget. The high level clerical position that was anticipated to help fill the gap left by not replacing the Community Development Director has not been filled and was removed in the proposed budget.

Unless funds are found to restore this position, Administration will look at ways to restructure internally within the existing budget to implement the recommendations of the Clerk & Financial Services Whitepaper. If no viable way is found to do so, the issue will be revisited as part of the 2015-2016 budget, or sooner if and when attrition occurs.

Other departmental white papers that need to be completed are City Manager and Boards & Commissions.

The logo for Burton & Associates, consisting of the company name in white, bold, sans-serif capital letters inside a blue rectangular box.

The primary source of revenue for the City's water and sewer utility is the money raised by customer charges for water and sewer service. These are billed monthly and are currently \$3.37 per 1000G of water, \$6.74 per 1000G of sewer and a fixed monthly charge based on meter size. The total of these charges accounts for the vast majority of the annual revenue of the utility.

In the last twenty years, the City has never had a comprehensive, professional water and sewer rate study. During this time, several important events have occurred:

- The City is undertaking a multi-year sewer separation project.
- The City extended utilities into neighboring townships.
- The Oaks prison became a customer.
- The City expanded the wastewater treatment plant.
- The City signed an agreement with Filer Charter Township to extend sewer.

As a result of ongoing discussions with Manistee Township and the Little River Band of Ottawa Indians regarding utilities in Manistee Township, the City agreed to conduct a professional rate study to determine the cost of serving various classes of customers, among other things. This study was to be based upon industry accepted standards as laid out by the AWWA.

The City awarded a contract in February to Burton and Associates, a national utility rate consultant. The study is ongoing and is expected to be presented to Council on April 15. Prior to this, there will be meetings held with the various stakeholders.

The proposed budget is based on the City's traditional annual internal rate making process and ordinance requirements and presented that way. The rate study will develop an entirely new rate making system. Council action will be required to implement the new system and amend ordinance(s) as needed.

Council ultimately approved incorporating the recommendations of the rate study into the budget.

Issue Page

Ramsdell Theatre

The City owns the historic Ramsdell Theatre (“Ramsdell”). The Ramsdell is listed on the National Register of Historic Places and serves as the cultural center of Manistee County. It is one of the finest small theatres in the country. In the recent past, the volunteer, non-profit group Ramsdell Theatre Restoration Project (“RTRP”) raised nearly \$3,000,000 from generous donors and various grants to renovate and restore the Theatre.



The City has recently made substantial investments in the building. The failing Theatre roof and other areas of the building envelope were addressed in the fall of 2009 at a cost of \$485,000. The HVAC system was completely replaced in the fall of 2011 at a cost of \$1,260,000. Other improvements include the addition of a projector to show live events and movies in the theatre, upgrading the sound system to stereo, renovation of classrooms downstairs and renovation of the green room. There are still areas of the theatre that have not been renovated. Ballpark estimates of work remaining to be done are around \$500,000.



The City, through the Ramsdell Theatre Governing Authority (RGA), manages and operates the facility. It sets the policies for the building and is responsible for day to day operations and maintenance. In September of 2013, the City hired its very first Ramsdell Theatre Executive Director. This was an outcome of the Ramsdell Theatre whitepaper which was presented to Council as part of the 2013-2014 budget process. Ramsdell back office operations and ultimate supervision are provided by the Financial Services department.

From an operational standpoint, the City and RGA hope to eventually move the Ramsdell Theatre to a break-even enterprise. However, this is may be a number of years down the road.

In the short-term to medium-term, the City's General fund provides an annual operating subsidy. The subsidy is \$100,000 in the proposed budget, down from \$107,000 the prior year. This subsidy allows the Theatre to keep its doors open, and more importantly, protect the multi-million dollar investment that has been made in the building. The City Capital Improvement fund also contributes \$178,830 towards the roof and HVAC notes.

The Ramsdell faces a number of challenges including a limited market, less than optimal governance structure and challenging fundraising environment. It is about to embark on a strategic planning process to address the future direction of the Ramsdell, with governance and fundraising being addressed specifically.

It is worth repeating the fundamental dilemma of the Ramsdell: An irreplaceable community asset that has widespread support but is not an essential government service and requires heavy, ongoing taxpayer support.

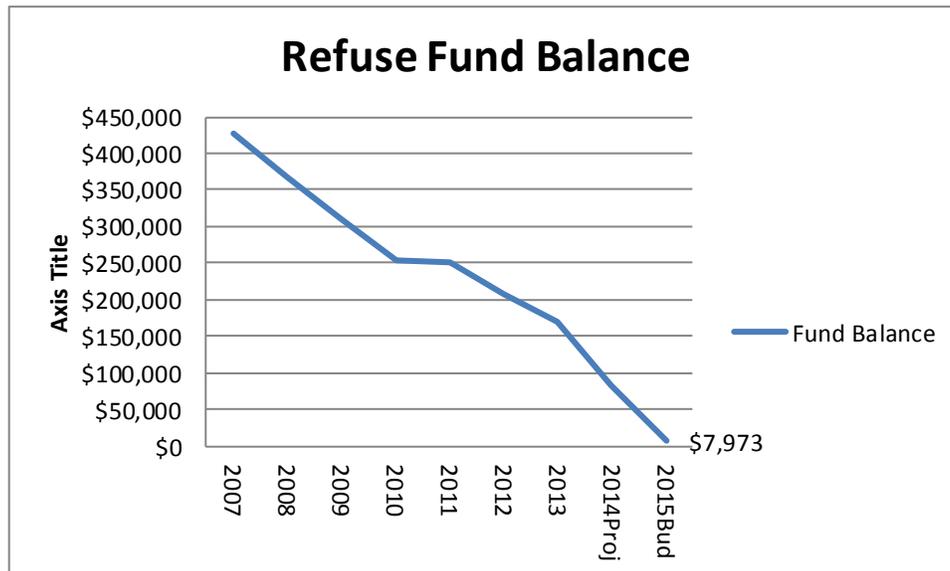
The hiring of the Executive Director has provided a unique perspective on how to move the Ramsdell forward. The strategic plan will lay out a roadmap on how to get there. Execution will require time and significant community involvement and support.

Issue Page

Refuse Fund

The City refuse fund is funded partially by property taxes and partially by monthly user fees. At the end of the 2004-2005 fiscal year, the fund had a fund balance of \$515,645. As part of the budget discussion the next year, it was decided to lower the millage rate from 2.0 to 1.5 to start reducing the relatively high level of fund balance. In the intervening years, the taxable value of the City declined significantly, the last refuse contract included a 4% annual escalator and user rates have not always been adjusted each year due to concerns about the impact on customers.

As a result, the refuse fund has been running an annual deficit and fund balance has been drawn down as anticipated. However, this trend is not sustainable and cannot continue. The following graph shows a projected ending fund balance of about \$8,000.



This assumes no increase in the millage rate, but a 12% increase in user fees. This results in an ending fund balance that is about 1.7% of annual expenditures. In a fund like the refuse fund, which has fairly predictable revenues and expenses, the ending fund balance should be no less than 5% or \$20,000.

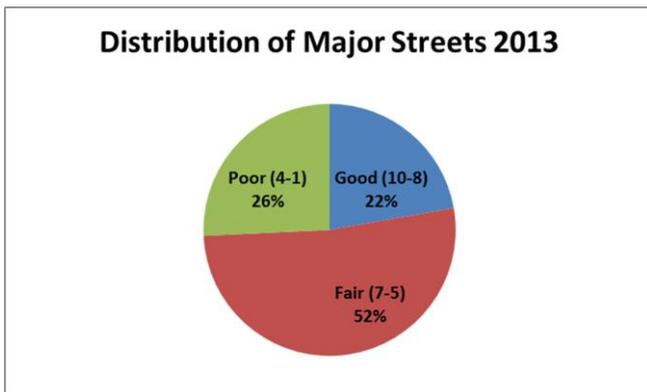
The refuse contract is up in June of 2015. These services will be bid out prior to preparing the 2015-2016 budget. Council and staff will have a work session to sort out the details as we get closer to the contract expiration.

Issue Page

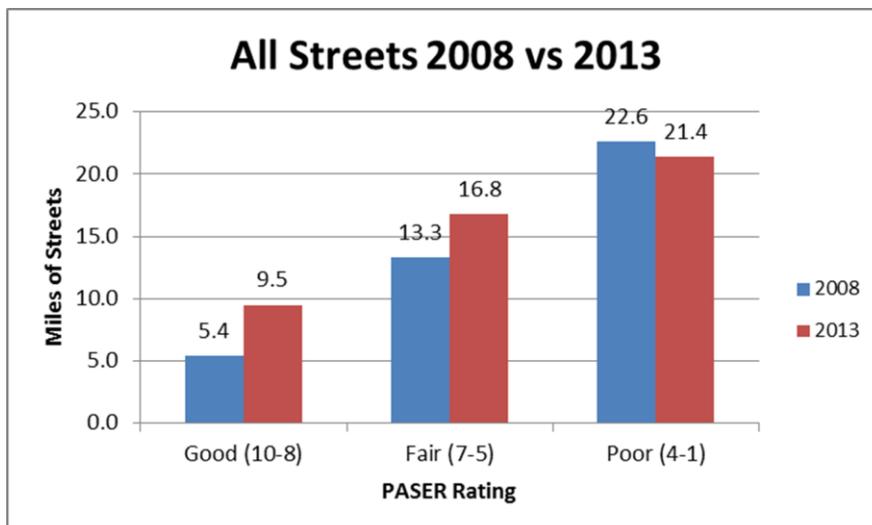
Streets

The City has 47.9 miles of streets that it is responsible for maintaining. In 2008, the City adopted a street asset management plan to help guide the maintenance of its street network. This plan and the process leading up to it received an award from the Transportation Asset Management Council in 2009. The plan is formally update every five years, but our entire street network is rated annually using the PASER rating system. This data is used to help track the condition of the street network and suggest appropriate preventative maintenance options.

The condition of City streets in the fall of 2013 is shown in the charts below. This is before the effects of the extremely brutal winter we are just now seeing the end of.



Since 2008, the City has invested over \$8.7 million dollars into its streets. Much of this work was accomplished as part of the last two phases of the sewer separation project. A significant portion was highly leveraged thru the use of grants. Much of it was financed by bonds. The work that was completed has made a noticeable improvement in the street network.



Unfortunately, this level of investment is not sustainable. In fact, 2012 was the high point in the condition of the street network. All of the significant street sewer separation projects, which were the primary way the City was able to reconstruct streets, have been completed. Revenue from the State of Michigan for streets has declined by over \$50,000 or nearly 10% since 2004. The money received is barely enough to cover routine maintenance and some preventative maintenance, and is wholly insufficient to do any large scale street projects.

On December 10, 2013 City administration presented to Council the updated 2013 Street Asset management. The extensive presentation and 2013 Street Asset Management Plan can be found online at www.manisteemi.gov/streets.

On March 4, 2014 City Council adopted a strategic plan that included the following:

Strategy 2.1.3: *Develop a plan that will increase revenue toward addressing necessary upgrades to both local and major streets. The plan will look at options for increasing revenue, potentially identify which streets need to be upgraded and with include Staff, City Council and resident input.*

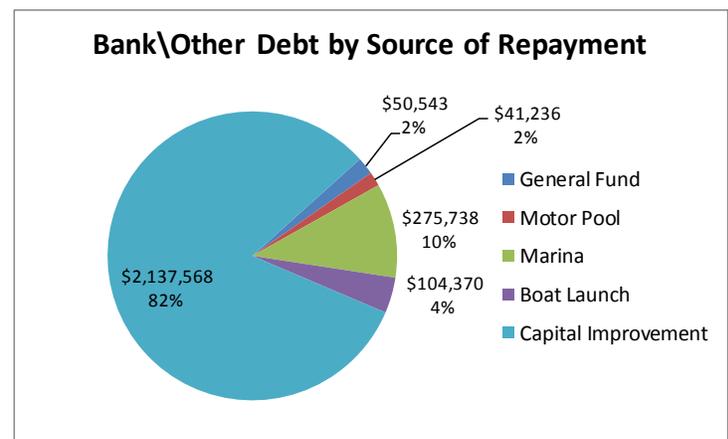
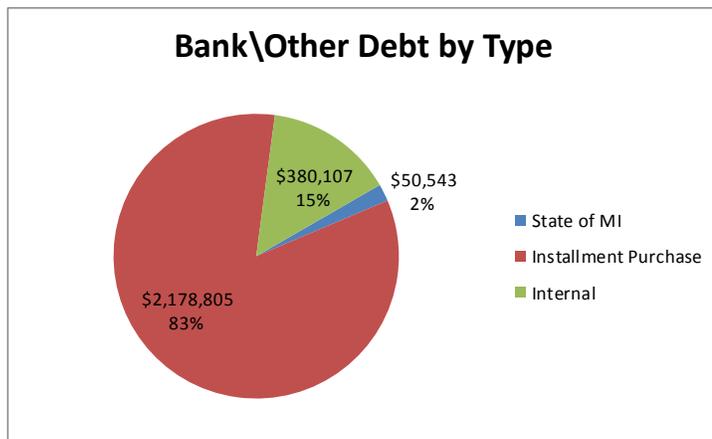
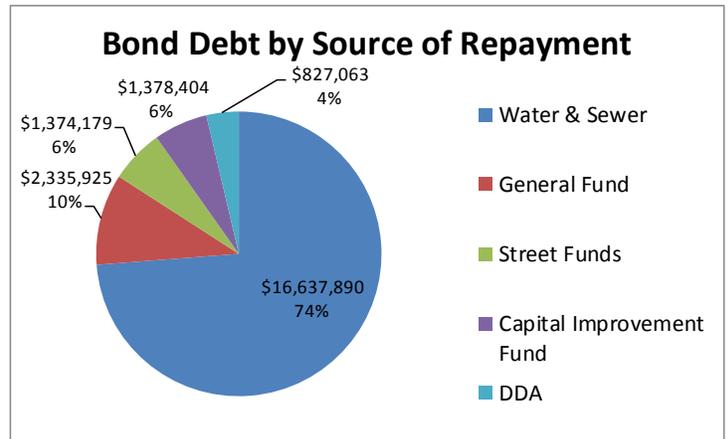
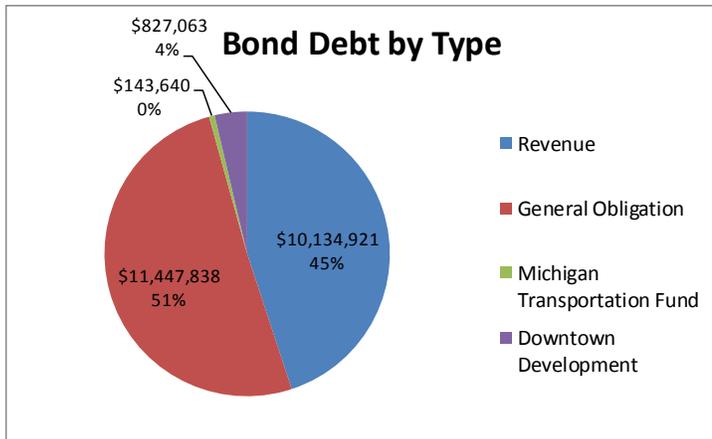
On March 11, 2014 staff provided a refresher on the December presentation and also presented to Council various options for raising additional revenue to address the repair and maintenance of streets. Options presented were:

Grants	Voted Bond Debt (millage)
General Fund Allocation	Capital Improvement Fund
Special Assessment	Expiring bond in Major Street fund
Levy unlevied millage	
Headlee Override	

Council directed staff to come up with a few options to address the streets in a meaningful way. Administration is working on this document and will be providing it to Council within the next two to three months.

City Indebtedness

The City has thirteen outstanding bond issues for a variety of purposes. It has eight outstanding bank installment purchase contracts and internal loans. These bond issues and loans create a first demand on City financial resources, before any discretionary funding. It is necessary to remain aware of these obligations as the City makes decisions on other financial matters.



Detailed information on all of the City’s debt is found on the next two pages. It should be noted that the cost of capital for most of the City’s debt is at quite advantageous rates, particularly the loans thru the SRF and DWRF programs.

Refunding activity is an important part of the City’s financial management. When market and bond covenants allow, the City will refinance previous debt issues to save money. In August of 2005, the City refunded three Water & Sewer revenue bonds. This refunding saved the City \$282,000 over the life of the bonds. In 2010, the City refinanced the DDA bond, saving over \$60,000. In 2013, the City refunded its 2003 City Hall Capital Improvement Bonds, saving over \$263,000.



2014-2015 Budget

Outstanding Bond Debt

As of 7/01/2014

Issue #	Issue Name	Purpose	Type	Public Act	Paid By	Expires	Years Left	Original Principal Balance	Remaining Principal Balance	Remaining Interest Payments	Total Remaining Payments	2014-2015 Principal Payments	2014-2015 Interest Payments	2014-2015 Total Payments
1	1997 B SRF	CSO	Revenue	94	Water & Sewer	2017	3	\$ 525,000	\$ 95,000	\$ 4,388	\$ 99,388	\$ 30,000	\$ 2,138	\$ 32,138
2	1998 B SRF	CSO	GO LT	451	Water & Sewer	2019	5	\$ 2,715,000	\$ 780,000	\$ 44,775	\$ 824,775	\$ 150,000	\$ 15,863	\$ 165,863
3	1999 MTF	Streetscape	MTF LT	175	Major Street	2015	1	\$ 1,500,000	\$ 140,000	\$ 3,640	\$ 143,640	\$ 140,000	\$ 3,640	\$ 143,640
4	1999 B SRF	CSO	GO LT	451	Water & Sewer	2021	7	\$ 2,285,000	\$ 935,000	\$ 84,188	\$ 1,019,188	\$ 125,000	\$ 21,813	\$ 146,813
5	2005 WS Refunding	Refund WS	Revenue	94	Water & Sewer	2028	14	\$ 6,285,000	\$ 4,105,000	\$ 689,986	\$ 4,794,986	\$ 490,000	\$ 153,383	\$ 643,383
6	2006 SRF	WWTP	Revenue	94	Water & Sewer	2027	13	\$ 2,757,270	\$ 1,882,270	\$ 217,336	\$ 2,099,606	\$ 135,000	\$ 30,587	\$ 165,587
7	2010 SRF	CSO	Revenue	94	Water & Sewer	2031	17	\$ 705,000	\$ 581,075	\$ 131,318	\$ 712,393	\$ 30,000	\$ 14,152	\$ 44,152
8	2010 DWRF	CSO	Revenue	94	Water & Sewer	2031	17	\$ 465,000	\$ 405,000	\$ 93,063	\$ 498,063	\$ 20,000	\$ 9,875	\$ 29,875
9	2010 Cap Imp	Various	GO LT	34	W&S, CI, St	2031	17	\$ 5,800,000	\$ 5,165,000	\$ 2,102,950	\$ 7,267,950	\$ 220,000	\$ 205,235	\$ 425,235
10	2010 DDA Refunding	Streetscape	DDA LT	197	DDA	2020	6	\$ 1,075,000	\$ 745,000	\$ 82,063	\$ 827,063	\$ 115,000	\$ 22,988	\$ 137,988
11	2011 SRF	CSO	Revenue	94	Water & Sewer	2032	18	\$ 1,485,000	\$ 1,165,774	\$ 278,396	\$ 1,444,170	\$ 55,000	\$ 29,144	\$ 84,144
12	2011 DWRF	CSO	Revenue	94	Water & Sewer	2032	18	\$ 775,000	\$ 392,555	\$ 93,761	\$ 486,316	\$ 20,000	\$ 9,814	\$ 29,814
13	2013 CI Refunding	City Hall	GO LT	34	General Fund	2024	10	\$ 2,950,000	\$ 2,075,000	\$ 260,925	\$ 2,335,925	\$ 155,000	\$ 43,750	\$ 198,750
TOTAL								\$ 29,322,270	\$ 18,466,674	\$ 4,086,787	\$ 22,553,461	\$ 1,685,000	\$ 562,379	\$ 2,247,379

Type of Bond Debt	Total Debt Service			Total Existing Bond Debt by Fiscal Year		
	Total Principal	Total Interest	Total Debt Service	Principal	Interest	Total
Revenue	\$ 8,626,674	\$ 1,508,247	\$ 10,134,921	2015 \$ 1,685,000	\$ 562,379	\$ 2,247,379
General Obligation	\$ 8,955,000	\$ 2,492,838	\$ 11,447,838	2016 \$ 1,600,000	\$ 513,508	\$ 2,113,508
Michigan Transportation Fund	\$ 140,000	\$ 3,640	\$ 143,640	2017 \$ 1,650,000	\$ 466,132	\$ 2,116,132
Downtown Development	\$ 745,000	\$ 82,063	\$ 827,063	2018 \$ 1,705,000	\$ 416,717	\$ 2,121,717
				2019 \$ 1,770,000	\$ 364,073	\$ 2,134,073
Total	\$ 18,466,674	\$ 4,086,787	\$ 22,553,461	2020 \$ 1,840,000	\$ 305,593	\$ 2,145,593
				2021 \$ 995,000	\$ 260,774	\$ 1,255,774
				2022 \$ 892,555	\$ 233,668	\$ 1,126,223
				2023 \$ 925,000	\$ 206,772	\$ 1,131,772
				2024 \$ 955,000	\$ 178,804	\$ 1,133,804
				2025 \$ 700,000	\$ 153,106	\$ 853,106
				2026 \$ 720,000	\$ 129,921	\$ 849,921
				2027 \$ 702,270	\$ 105,656	\$ 807,926
				2028 \$ 595,774	\$ 80,941	\$ 676,715
				2029 \$ 555,000	\$ 58,682	\$ 613,682
				2030 \$ 575,000	\$ 36,657	\$ 611,657
				2031 \$ 601,075	\$ 13,403	\$ 614,478
				2032 \$ -	\$ -	\$ -
Total	\$ 18,466,674	\$ 4,086,787	\$ 22,553,461	\$ 18,466,674	\$ 4,086,787	\$ 22,553,461



2014-2015 Budget

Outstanding Bank\Other Debt

As of 7/01/2012

Issue #	Issue Name	Purpose	Type	Public Act	Paid By	Expires	Years Left	Original Principal Balance	Remaining Principal Balance	Remaining Interest Payments	Total Remaining Payments	2014-2015 Principal Payments	2014-2015 Interest Payments	2014-2015 Total Payments
1	Renaissance Park	Economic Dev	StateLoan	n/a	General Fund	2022	8	\$ 102,000	\$ 44,927	\$ -	\$ 44,927	\$ 5,616	\$ -	\$ 5,616
2	Ramsdell Roof	Ramsdell	IPA	99	Cap Imp	2017	3	\$ 425,000	\$ 166,368	\$ 9,472	\$ 175,840	\$ 64,105	\$ 5,775	\$ 69,880
3	Marina Building	Marina	IPA	99	CapImp\Marina	2026	12	\$ 380,000	\$ 317,804	\$ 70,833	\$ 388,637	\$ 22,090	\$ 10,297	\$ 32,386
4	Marina Building	Marina	Internal	n/a	Marina	2021	7	\$ 274,482	\$ 274,482	\$ 36,924	\$ 311,406	\$ -	\$ 5,540	\$ 5,540
5	Arthur St. Launch	Boat Launch	Internal	n/a	Boat Launch	2018	4	\$ 135,000	\$ 79,447	\$ 4,049	\$ 83,496	\$ 19,270	\$ 1,604	\$ 20,874
6	Ramsdell HVAC	Ramsdell	IPA	99	Cap Imp	2027	13	\$ 1,250,000	\$ 1,085,775	\$ 276,100	\$ 1,361,875	\$ 69,961	\$ 38,989	\$ 108,950
7	Vactor	Water & Sewer	Lease	n/a	Motor Pool	2019	5	\$ 271,235	\$ 244,531	\$ 25,288	\$ 269,819	\$ 20,591	\$ 6,113	\$ 26,705
8	Braun Ambulance	Fire	IPA	99	Motor Pool	2023	9	\$ 257,904	\$ 228,628	\$ 32,447	\$ 261,075	\$ 22,741	\$ 6,259	\$ 29,000
9	Intl. Plow Truck	DPW	IPA	99	Motor Pool	2018	4	\$ 120,000	\$ 120,000	\$ 4,041	\$ 124,041	\$ 29,405	\$ 1,606	\$ 31,010
TOTAL								\$ 3,215,621	\$ 2,561,961	\$ 459,154	\$ 3,021,116	\$ 253,780	\$ 76,182	\$ 329,961

Type of Debt	Principal	Interest	Service
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State of MI	\$ 44,927	\$ -	\$ 44,927
Installment Purchase	\$ 1,918,575	\$ 392,893	\$ 2,311,468
Lease	\$ 244,531	\$ 25,288	\$ 269,819
Internal	\$ 353,928	\$ 40,973	\$ 394,902
Total	\$ 2,561,961	\$ 459,154	\$ 3,021,116

Total Existing Bank\Other Debt by FY

	Principal	Interest	Total
2015	\$ 253,780	\$ 76,182	\$ 329,961
2016	\$ 286,665	\$ 68,343	\$ 355,008
2017	\$ 261,327	\$ 59,881	\$ 321,208
2018	\$ 231,865	\$ 53,262	\$ 285,128
2019	\$ 322,514	\$ 47,025	\$ 369,539
2020	\$ 168,510	\$ 38,029	\$ 206,539
2021	\$ 173,690	\$ 32,849	\$ 206,539
2022	\$ 179,054	\$ 27,485	\$ 206,539
2023	\$ 179,048	\$ 21,950	\$ 200,998
2024	\$ 155,693	\$ 16,230	\$ 171,923
2025	\$ 160,808	\$ 11,116	\$ 171,923
2026	\$ 135,509	\$ 5,827	\$ 141,336
2027	\$ 53,499	\$ 976	\$ 54,475
Total	\$ 2,561,961	\$ 459,154	\$ 3,021,116

Source of Funds to Repay	Principal	Interest	Service
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General Fund	\$ 44,927	\$ -	\$ 44,927
Motor Pool	\$ 593,159	\$ 61,776	\$ 654,935
Marina	\$ 274,482	\$ 36,924	\$ 311,406
Boat Launch	\$ 79,447	\$ 4,049	\$ 83,496
Capital Improvement	\$ 1,569,947	\$ 356,405	\$ 1,926,352
Total	\$ 2,561,961	\$ 459,154	\$ 3,021,116

Employee Groups & Numbers

The City of Manistee has four different unionized employee groups including the DPW employees represented by the United Steelworkers (USW), police officers represented by the Police Officers Association of Michigan (POAM), police sergeants represented by the Command Officers Association of Michigan (COAM), and the firefighters represented by the International Association of Fire Fighters (IAFF). It also has two non-union groups, Department Directors and Non-Supervisory. Collective Bargaining Agreements are in place for all four unions, as shown.

Employee Group	Number of Employees	Contract Expiration
POAM	9	June 30, 2015
COAM	3	June 30, 2015
IAFF	8	June 30, 2015
USW	21	June 30, 2014
Supervisory	5	n/a
General	9	n/a
Manager	1	n/a
Total	56	n/a

The public safety unions consisting of the POAM, COAM and IAFF have binding arbitration rights under PA 312, whereas the USW does not. This means that if negotiations reach an impasse, an independent arbitrator will ultimately make the final decision for these three unions. However, no one benefits from going through arbitration, and it is always Administration’s goal to settle contracts through good faith negotiation.

The current year budget calls for a net decrease in the number of employees of one by eliminating two department head positions and adding a police officer. This is comprised of the elimination of the Community Development Director position thru attrition, and the merging of the Public Works Director Position and the Utility Director position after a retirement.

Wages

Employee group wages are adjusted annually on July 1, and are adopted as part of the overall budget. Each existing Union group has an established wage and step schedule. A step schedule is a mechanism by which employees’ annual wages are developed. It establishes an introductory wage for a position, and then over a period of years moves employees through a series of wage increases, or steps, as their experience and abilities develop. Eventually, the employee hits the top of the wage scale and no longer receives an annual step increase.

Non-union groups have a wage and step scale based on a comprehensive compensation and classification study done several years ago. The step component of the schedule has not been fully used for several years because of financial conditions.

To account for inflation, each wage scale is annually adjusted by a percentage that is negotiated (union groups) or tied to the Proposal A inflation rate (nonunion groups). For this year, the Proposal A inflation rate is 1.6%.

In this year’s budget, Administration is proposing a wage increase of 1.6% (equal to inflation) for non-union and supervisory employees. The actual wage increase for Union employees is being negotiated, as each contract has a wage re-opener, however, step increases are typically included. Final wages will require the POAM, COAM, IAFF and USW to agree to them in collective bargaining negotiations.

Pension

The City is a member of the Municipal Employees’ Retirement System of Michigan (MERS). Most of the City’s employees are covered under one of a number of defined benefit (DB) retirement plans administered through MERS. A few employees are covered under a 457 deferred comp plan administered by ICMA.

MERS calculates an annual contribution for each DB plan while the 457 contribution is a percentage of wages. Overall, as of the most recent actuarial valuation, the retirement plan is funded at 100.3%, which is very strongly funded; in the top 10% of all MERS plans. This percentage has generally declined over time, as is expected actuarially, and also because of the recent market performance. The table below shows relevant pension information.

	2014-2015	12/31/2012 AAV		
Division	Percent Funded	Normal Cost	Required Minimum	Budgeted Contribution
01 Non-Union	93.2%	5.12%	7.79%	7.79%
02 POAM	100.0%	10.67%	10.82%	10.82%
05 IAFF	80.4%	9.59%	20.30%	20.30%
10 USW	114.6%	0.00%	0.00%	0.00%
USW New	96.3%	4.14%	4.54%	4.54%
20 COAM	113.0%	10.07%	3.96%	3.96%
Overall	98.3%			

Recent benchmarking shows that the City pension plan is in much better financial shape than its peers. Specifically, in comparison to its peers, the City’s plan:

1. Is significantly better funded.
2. Costs the City less per active employee.
3. Requires a much higher employee contribution.
4. Provides a lower pension benefit.
5. Provides fewer benefit riders.

Post-Employment Benefits

The City generally provides a contribution of \$250 per month for retirees from retirement age till eligibility for Medicare towards health insurance. This hard cap has generally limited the City's annual expected contribution for this benefit to about \$20,000 per year. This is in stark contrast to many other communities where retiree healthcare has created multi-million dollar unfunded liabilities. Because of the nature of this benefit, the City funds it on a pay as you go basis.

Health Insurance

The City provides health insurance to all full-time employees. Coverage is provided through Blue Cross Blue Shield of Michigan (BCBSM). It has been a long-standing City objective to provide quality, affordable health coverage to employees as a method of attracting and retaining talented staff. However, maintaining quality coverage has become more difficult. Health insurance is the second biggest employee expense behind wages. As is the case throughout the country, the City has seen tremendous increases in the cost of health insurance premiums. Over the past several years, the City's premiums have grown much faster than general inflation.

To combat the rapid rise in prices, the City has been proactive in addressing these costs. In the late 1990's, it switched from a Master Medical plan to a PPO plan. Cost savings for this move are not available. However, the belief is that there were small savings and improved coverage. In 2003, the City went from a \$5 flat co-pay drug card to a \$10/\$20 generic/brand co-pay drug card. Then in 2005, the City went to a \$15/\$30 generic/brand drug card. In 2007, the City implemented a choice of plans for non-union, IAFF and USW and required employee participation in premium costs for the more expensive plans.

In 2009, the City implemented a Flexible Blue 2 (FB2) plan, maintained employee premium payments and added Health Reimbursement Arrangement (HRA). The FB2 was a higher deductible plan that reduced premiums and made pricing more apparent. Under the HRA, the City reimburses the employee their out of pocket costs up to the deductible limits. As part of the plan, the City also achieved health care capping. The City would be responsible for the first 5% of premium increases. The employee would be responsible for the next 5%. The third 5% is split between the employee and the City. Any increase greater than 15% is considered catastrophic and the City would pick up those additional costs. The net result is that the City likely limited its exposure to 7.5% in any given year. This cost sharing formula resulted in a USW arbitration case which was decided in the City's favor.

This FB2 plan worked well for two years. Then, in 2011 the City was hit with a 30%+ premium increase. This forced the City to look at other options in order to reduce costs. Effective July 1, 2011 City non-union staff switched to a high deductible plan with an HRA. This plan was also implemented with all of the Union groups effective November 1.

Also in 2011, the State law was passed that limits the amount that public employers can pay for health insurance. The City has been complying with this requirement. In 2012, a State law was passed that levies a tax on health insurance premiums, which is passed thru to the City. In 2014, the State tax increased dramatically and a new PPACA (Obamacare) tax was also levied.

Then, in February, our insurance consultant indicated that the premiums on our plan were expected to increase 30%+ again.

The City is currently discussing with its union groups and employees about moving to a different plan that is compliant with the hardcap, yet affordable for the employees. Employees will still be paying significantly more for their insurance in the coming year.

Retirements and Attrition

The City workforce has been reduced by ten full-time equivalent employees or 15.4% since 2004. Most of these reductions have been the result of attrition, or not replacing an employee when they retire or resign. The only reason the budget was able to be balanced this year is thru the attrition of two department heads.

Recovering the loss of tax base in the City is likely to take several years and be a slow process. This will lead to continued financial struggles. There are a number of employees that are either eligible or nearly eligible to retire. It is probable that upon retirement, some of these positions will not be filled; or services provided by the retiree will be contracted out, in order to save money. Administration is going to take an active look at this situation over the coming months.

Conclusion

The City's employees are its most valued asset. None of the high level of services that Manistee residents enjoy would be possible without the City's highly trained and dedicated workforce.

The 2008 financial crisis and ongoing sluggish economy is being felt in Manistee. Revenues are stagnant and unable to keep up with escalating costs. City employees have shouldered the brunt of the resulting cuts. In addition, new laws passed by the Legislature and Congress continue to put even more financial burden on our workers. Through all of this, the employees have maintained professionalism and worked in a constructive manner with Administration to address the financial challenges.

Issue Page

Interfund Activity

There is considerable interaction among the various accounting funds of the City. The following table shows the transfers, reimbursements and charges that have been budgeted.

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Reason</u>
<u>Operating Transfers</u>			
Oil & Gas	Water & Sewer	\$ 358,543	Transfer investment earnings in
Water & Sewer	Capital Improvement	\$ 358,543	Transfer investment earnings out
General	Ramsdell Theatre	\$ 100,000	Operating subsidy
<u>Charge for Services</u>			
General	Motor Pool	\$ 210,000	Lease of equipment
Water & Sewer	Motor Pool	\$ 105,000	Lease of equipment
Building Inspector	General	\$ 15,000	Reimbursement
Boat Launch	General	\$ 2,102	Administration
Local Street	General	\$ 81,000	Reimbursement
Major Street	General	\$ 206,000	Reimbursement
Marina	General	\$ 12,278	Administration
Refuse	General	\$ 17,472	Reimburse for trash haul
Refuse	General	\$ 21,840	Reimburse for yard waste
Refuse	General	\$ 29,279	Administration
Water & Sewer	General	\$ 301,292	Administration\Reimbursement
<u>Debt Service</u>			
Capital Improvement	General	\$ 71,997	2010 CI Bond
Major Street	Local Street	\$ 80,648	2010 CI Bond In
Local Street	General	\$ 80,648	2010 CI Bond Out
Water & Sewer	General	\$ 186,563	2010 CI Bond
Capital Improvement	Marina	\$ 40,000	Assist Marina Debt Service
Capital Improvement	Ramsdell	\$ 178,830	Assist Ramsdell Debt Service
Boat Launch	Oil & Gas	\$ 14,536	Internal Loan Pmt
Marina	Oil & Gas	\$ 5,540	Internal Loan Interest Pmt

General Fund

Reserves

The General fund is the primary City operating fund. It is thru this fund where most City services are provided. Financial stability in the General fund is absolutely vital if high levels of service are to be maintained. Unfortunately, the City is being squeezed on both revenues and expenses. This has caused the General fund to come under enormous financial strains in recent years, making service provision extremely challenging.

One key to financial stability is adequate, healthy financial reserves, i.e. a fund balance. This is true for three primary reasons. First, a reasonable fund balance provides insurance against unanticipated major expenses. Major natural or man-made disasters could require the expenditure of significant sums and the fund balance provides resources if necessary to address such events. The severe storm in June, 2008 is an example of this.

Second, an appropriate fund balance provides an opportunity for investment earnings. Investment earnings can reduce the demand on other revenue sources and provide further stability for municipal operations. Unfortunately, interest earnings are at their lowest level ever because of the actions of the Federal Reserve to keep rates low to stimulate the economy. Interest income is now down over 90% or \$70,000 annually since the recession began in 2008.

Third, a fund balance provides stability in the event of an economic downturn, one-time or nonrecurring expenses, volatile commodity prices and unexpected budget variances. An adequate cash reserve provides an opportunity to absorb these items without dramatically altering the services provided. The City has tapped the fund balance somewhat in the recent past to address issues such as tax refunds, high overtime related to record snowfall and record gasoline prices. However, as a rule Administration and Council have to date made the structural changes necessary to balance the budget without depleting its savings account.

This year, the budget proposes tapping the reserves in the amount of \$72,000. This will fund the Ramsdell Theatre Executive Director and pay for paramedic training for two additional firefighters if a LRSB grant is not received. With the continuing decline in property values there will be increasing pressure to use the fund balance to maintain existing services. *After Council discussion, an additional \$42,000 in fund balance will be used to fund health insurance.*

Council has established a General fund balance target of 20% of prior year operating expense, including transfers out for operations and debt service. Depending on the expenses of the previous year, any percentage over 20% will be transferred into the Capital Improvement fund. In the past, \$410,000 has been transferred. No additional transfers are anticipated for the foreseeable future. The 20% fund balance goal provides an appropriate financial cushion.

The June 30, 2013 audit showed a general fund balance of \$1,121,904 a decrease of \$53,399 from the prior year. The fund balance was at the 19.4%, just less than the target percentage.

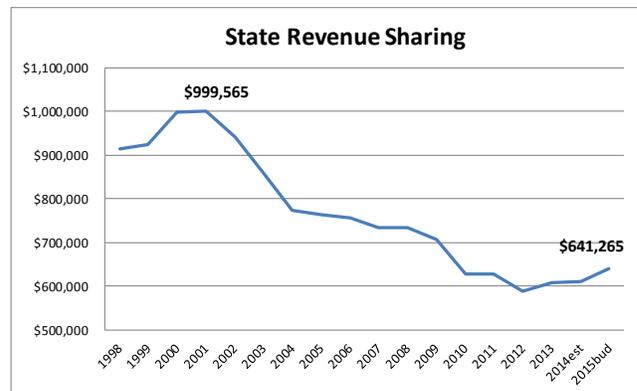
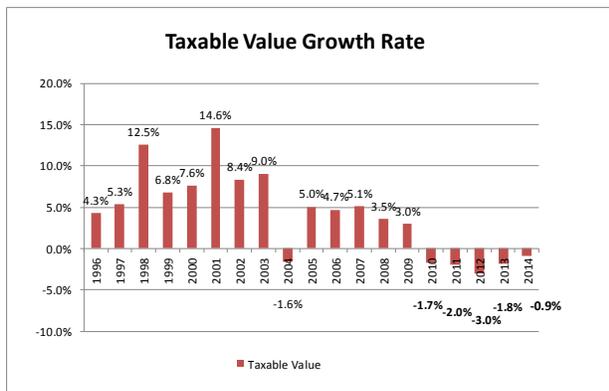
General Fund

Revenue

On the revenue side, the City continues to confront significant challenges. The two primary sources of revenue to the General Fund are: 1) local property taxes; and 2) sales taxes passed thru to the City from the state in the form of revenue sharing.

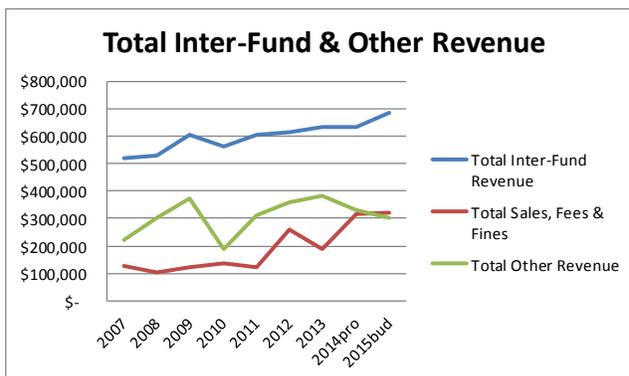
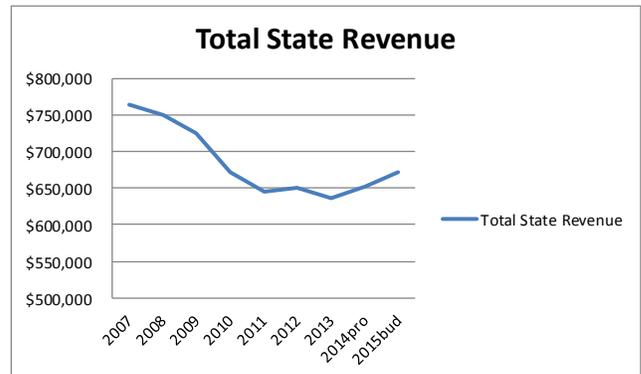
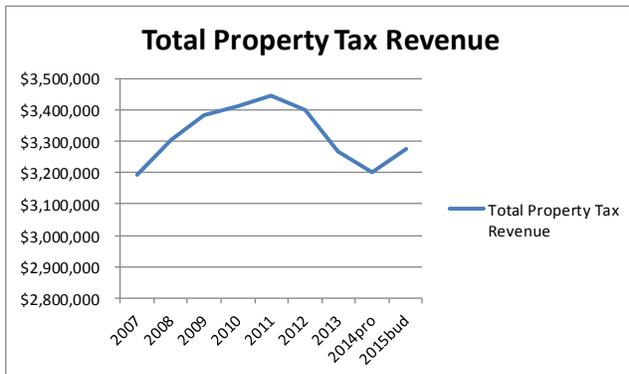
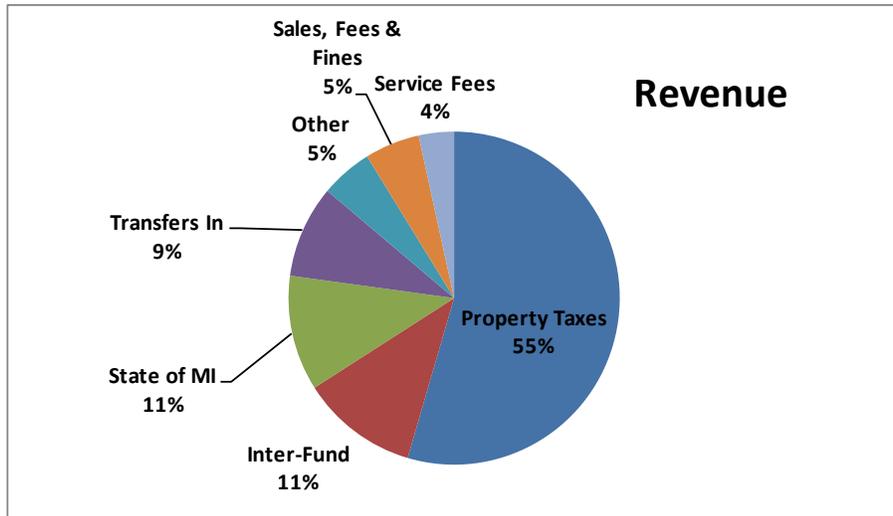
Revenue will again be impacted this year by both declining property values and lack of new construction (growth). The taxable value of City property declined .94% for 2014 which equates to a reduction in tax revenue of about \$33,000. This is the fifth straight year of decline and totals 9.2% since 2009. The aggregate decline yields approximately \$336,000 (almost 6% of the GF operating budget) less per year in operating property tax revenue.

The City used to receive both constitutional and statutory revenue sharing. Statutory revenue sharing has since been eliminated and replaced with the economic vitality incentive program (EVIP). Unfortunately, EVIP payments are only 67% of the former statutory payment. Total revenue sharing has declined by 36% or \$358,000 (6% of the GF operating budget) since 2001. Total loss of statutory and/or EVIP payments since 2001 is about \$3,800,000. Fortunately, the State's economic and budget crisis appears to be passing and these payments have increased the last two years.



The City has very little ability to raise new revenues in the General fund, further complicating the challenge. However, it should be noted that the City is currently levying .4655 mills less than the maximum allowed as the result of a voluntary millage reduction in 2007. Prior to 2007, the City was levying the maximum Headlee rolled back millage rate. The additional .4655 mills, if levied, would raise approximately \$82,000. After Council discussion, the additional millage will be levied to fund an additional police officer position, due to officer safety concerns.

General Fund revenues come from a variety of sources. Property taxes account for about 54% of the budget, with the remaining coming from the State of Michigan, various charge for services, interest income and miscellaneous other items. The breakdown and trends in revenue are shown in the following graphs.



Revenue Assumptions & Notes

Total Property Tax Revenue	increased	\$49,012	1.5%
Total Service Fees	increased	\$22,440	12.2%
Total State Revenue	increased	\$30,451	4.7%
Total Inter-Fund Revenue	increased	\$55,663	8.8%
Total Sales, Fees & Fines	increased	\$22,300	7.4%
Total Other Revenue	increased	\$6,869	2.3%
Total Transfers In	increased	\$42,100	8.5%
TOTAL REVENUES	increased	\$228,834	4.0%

Overall Revenue: Total revenue increased from the prior year budget. Continuing property tax declines (the fifth straight year) were more than offset by higher revenue in other areas and the levying of additional millage. The overall increase was higher than the rate of inflation.

Property Tax Revenue: Property tax and related revenue increased from the prior budget. This category includes taxes, penalties and interest and the administration fee. Taxable value in the City showed a decrease of .94%. However, an additional .4655 mill was levied which more than offset the decline.

Service Fee Revenue: Service fee revenue increased from the prior year budget. This revenue relates to the service fees charged to water and sewer users outside of the city limits, the fee paid by the Housing Commission and similar payments. The increase was due to a new payment for the Meijer development.

State of Michigan Revenue: State revenue increased from the prior year budget. This category includes revenue sharing, EVIP, liquor license fees and state grants. The combination of constitutional revenue sharing and (EVIP) increased \$30,000 over last year’s budget. The continuous year over year cuts in this area appear to have subsided for now, and this category is starting to show modest growth.

Inter-Fund Revenue: Inter-fund revenue increased from the prior year. This category includes various reimbursements to the General Fund for personnel, equipment and administration. This year, administration fees are set at 7.5% of revenues for water and sewer, 7% for refuse and boat launch. The marina is set at 5% due to its ongoing revenue struggles. These rates are in the generally accepted range of 5% - 10% typically seen. Standardizing this charge resulted in some increases and some decreases. The biggest change is in water and sewer utility; however, this is consistent with the fact that the DPW director is now responsible for both DPW and Utilities, and a shared employee transferred from water to DPW.

Sales, Fees & Fines: Sales, fees and fines again increased from the prior year budget. This is the result of moving fully to Advanced Life Support Transport service. Transport sales are expected increased, although the increase is not as great as had been anticipated. Once another year of providing this service is complete, we will have a better understanding of the revenue stream from this important service.

Other Revenue: Other revenue increased from the prior year budget. This category includes interest income, franchise fees, reimbursement, lease income, refunds and the like. The increase is due to primarily to increased franchise fee income and reimbursements.

Transfers In: Transfers in increased. General fund reserves are again being used to fund the executive director for the Ramsdell Theatre and fund additional paramedic training, if no grants are received. In addition, \$42,000 of fund balance will be used to partially mitigate health insurance increases on the employees.

City Council Decision: City Council took the following action on the Manager's recommended budget:

Budget as recommended Budget with changes

Changes:

Council approved levying an additional .4655 mill property tax to fund an additional police officer. The .4655 mill is the amount below the Headlee limit that the City had available to levy without voter approval. This additional levy is estimated to generate around \$82,000.

Council approved \$86,000 in additional funding for employee health insurance from what had been proposed in the budget. A total of \$42,000 of this came from general fund reserves.



2014-2015 Budget

REVENUES	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
402.000 Real & Pers Prop Tax	\$ 2,969,465	\$ 2,863,753	\$ 2,900,000	\$ 2,842,060	\$ 2,924,298	\$ 60,546	2.1%
411.000 Delinquent Real Prop Tax	\$ 183,897	\$ 215,698	\$ 180,000	\$ 213,534	\$ 213,534	\$ (2,164)	-1.0%
420.000 Delinquent Pers Prop Tax	\$ 2,985	\$ 12,188	\$ 8,000	\$ 12,051	\$ 12,051	\$ (136)	-1.1%
445.000 Tax Penalties & Interest	\$ 14,366	\$ 36,660	\$ 20,000	\$ 31,597	\$ 31,597	\$ (5,063)	-13.8%
447.000 Tax Administration Fee	\$ 95,064	\$ 96,200	\$ 92,000	\$ 92,029	\$ 92,029	\$ (4,171)	-4.3%
Total Property Tax Revenue	\$ 3,265,777	\$ 3,224,498	\$ 3,200,000	\$ 3,191,271	\$ 3,273,510	\$ 49,012	1.5%
640.000 Service Fees	\$ 192,816	\$ 184,163	\$ 184,000	\$ 206,603	\$ 206,603	\$ 22,440	12.2%
Total Service Fees	\$ 192,816	\$ 184,163	\$ 184,000	\$ 206,603	\$ 206,603	\$22,440	12.2%
501.000 Federal Grant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
539.000 State Grant Revenue	\$ 17,843	\$ 19,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 1,000	5.3%
539.002 Crim Just Training Grant	\$ 2,183	\$ 2,500	\$ 2,400	\$ 2,300	\$ 2,300	\$ (200)	
574.000 State Share Liquor Tax	\$ 8,344	\$ 8,600	\$ 8,500	\$ 8,500	\$ 8,500	\$ (100)	-1.2%
575.000 State Shared Revenue	\$ 454,545	\$ 458,454	\$ 471,119	\$ 480,828	\$ 480,828	\$ 22,374	4.9%
575.001 State EVIP	\$ 153,075	\$ 153,060	\$ 160,438	\$ 160,437	\$ 160,437	\$ 7,377	4.8%
Total State Revenue	\$ 635,989	\$ 641,614	\$ 652,457	\$ 672,065	\$ 672,065	\$30,451	4.7%
627.000 Charge for Serv - Bldg. Insp.	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	0.0%
628.000 Charge for Serv - Boat Ramp	\$ 9,500	\$ 9,900	\$ 9,900	\$ 2,102	\$ 2,102	\$ (7,798)	-78.8%
630.000 Charge for Serv - Local St.	\$ 77,000	\$ 81,000	\$ 81,000	\$ 81,000	\$ 81,000	\$ -	0.0%
631.000 Charge for Serv - Major St.	\$ 202,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ 206,000	\$ -	0.0%
632.000 Charge for Serv - Marina	\$ 14,000	\$ 14,800	\$ 14,800	\$ 12,278	\$ 12,278	\$ (2,523)	-17.0%
634.000 Charge for Serv - Refuse	\$ 41,750	\$ 67,400	\$ 67,400	\$ 68,591	\$ 68,591	\$ 1,191	1.8%
635.000 Charge for Serv - W&S	\$ 277,000	\$ 236,500	\$ 236,500	\$ 301,292	\$ 301,292	\$ 64,792	27.4%
Total Inter-Fund Revenue	\$ 631,250	\$ 630,600	\$ 630,600	\$ 686,263	\$ 686,263	\$55,663	8.8%
450.000 Business Registration	\$ 1,275	\$ 1,500	\$ 1,350	\$ 1,500	\$ 1,500	\$ -	0.0%
485.000 Permits	\$ 9,224	\$ 8,000	\$ 8,000	\$ 8,500	\$ 8,500	\$ 500	6.3%
626.000 Charge for Service	\$ 38,695	\$ 49,000	\$ 45,000	\$ 48,000	\$ 48,000	\$ (1,000)	-2.0%
629.000 Charge for Serv - Inspections	\$ 8,190	\$ 10,000	\$ 9,000	\$ 10,000	\$ 10,000	\$ -	0.0%
636.000 Charge for Serv - Transport	\$ 99,041	\$ 201,000	\$ 219,000	\$ 220,000	\$ 220,000	\$ 19,000	9.5%
642.000 Sales	\$ 10,037	\$ 4,200	\$ 6,000	\$ 6,000	\$ 6,000	\$ 1,800	42.9%
655.000 Fines & Forfeits	\$ 22,766	\$ 26,000	\$ 29,000	\$ 28,000	\$ 28,000	\$ 2,000	7.7%
Total Sales, Fees & Fines	\$ 189,228	\$ 299,700	\$ 317,350	\$ 322,000	\$ 322,000	\$22,300	7.4%

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
490.000 Franchise Fees	\$ 98,164	\$ 97,000	\$ 100,000	\$ 102,000	\$ 102,000	\$ 5,000	5.2%
570.000 Local Grants	\$ -	\$ -	\$ -	\$ -	\$ -		
664.000 Interest Income	\$ 2,584	\$ 3,586	\$ 1,000	\$ 1,455	\$ 1,455	\$ (2,131)	-59.4%
667.000 Rental Income	\$ 4,600	\$ 4,600	\$ 1,300	\$ 4,600	\$ 4,600	\$ -	0.0%
668.000 Riverfront Lease Income	\$ 20,844	\$ 20,844	\$ 20,844	\$ 20,844	\$ 20,844	\$ -	0.0%
671.000 Other Revenue	\$ 36	\$ 500	\$ 300	\$ 500	\$ 500	\$ -	0.0%
674.000 Contributions\Donations	\$ 15,370	\$ 1,000	\$ 8,000	\$ 1,000	\$ 1,000	\$ -	0.0%
676.000 Reimbursements	\$ 175,452	\$ 141,263	\$ 161,000	\$ 153,263	\$ 153,263	\$ 12,000	8.5%
687.000 Refunds	\$ 63,943	\$ 23,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ (5,000)	-21.7%
688.000 Refunds - W.C. Premium	\$ 692	\$ 5,000	\$ 2,500	\$ 2,000	\$ 2,000	\$ (3,000)	-60.0%
695.000 Insurance Settlement	\$ 1,361	\$ -	\$ 18,000	\$ -	\$ -	\$ -	
Total Other Revenue	\$ 383,047	\$ 296,793	\$ 330,944	\$ 303,662	\$ 303,662	\$ 6,869	2.3%
699.000 Operating Transfer In	\$ 424,387	\$ 425,135	\$ 425,135	\$ 425,235	\$ 425,235	\$ 100	0.0%
Contribution from Fund Balance		\$ 72,000	\$ 72,000	\$ 72,000	\$ 114,000	\$ 42,000	58.3%
Total Transfers In	\$ 424,387	\$ 497,135	\$ 497,135	\$ 497,235	\$ 539,235	\$ 42,100	8.5%
TOTAL REVENUES	\$ 5,722,494	\$ 5,774,503	\$ 5,812,486	\$ 5,879,099	\$ 6,003,338	\$ 228,834	3.96%

General Fund

Legislative

The Legislative department accounts for the expenses of City Council. It includes things such as compensation, fringes, travel & training expense, MML membership and Mayor’s exchange.

Legislative Assumptions & Notes

Total Costs	increased	\$896	1.9%
Employee Costs	increased	\$1,293	4.4%
Operational Costs	decreased	(\$397)	-2.2%

Total Costs: Total costs increased from the prior year budget.

Employee Costs: Employee costs increased from the prior year budget. Council previously approved a slight wage increase recommended by the Compensation Commission.

Operational Costs: Operational costs decreased from the prior year budget. Miscellaneous supplies were reduced.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

101 Legislative	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Year to Year		Percent Change
					Council Adopted	Budget Difference	
702.000 Salaries	\$ 26,743	\$ 27,052	\$ 27,052	\$ 28,250	\$ 28,250	\$ 1,198	4.4%
712.001 Costs - Social Security	\$ 1,658	\$ 1,677	\$ 1,677	\$ 1,752	\$ 1,752	\$ 74	4.4%
712.002 Costs - Medicare	\$ 388	\$ 392	\$ 392	\$ 410	\$ 410	\$ 17	4.4%
712.007 SUTA	\$ 53	\$ -	\$ -	\$ -	\$ -	\$ -	
712.009 Costs - Work Comp		\$ 73	\$ 72	\$ 76	\$ 76	\$ 4	5.0%
Employee Costs	\$ 28,842	\$ 29,194	\$ 29,193	\$ 30,488	\$ 30,488	\$1,293	4.4%
728.000 Office/Operating	\$ 9,333	\$ 11,026	\$ 10,000	\$ 10,629	\$ 10,629	\$ (397)	-3.6%
860.000 Travel & Training	\$ 3,869	\$ 6,750	\$ 4,500	\$ 6,750	\$ 6,750	\$ -	0.0%
Operating Costs	\$ 13,202	\$ 17,776	\$ 14,500	\$ 17,379	\$ 17,379	(\$397)	-2.2%
TOTAL LEGISLATIVE	\$ 42,044	\$ 46,970	\$ 43,693	\$ 47,867	\$ 47,867	\$896	1.9%

General Fund

Manager

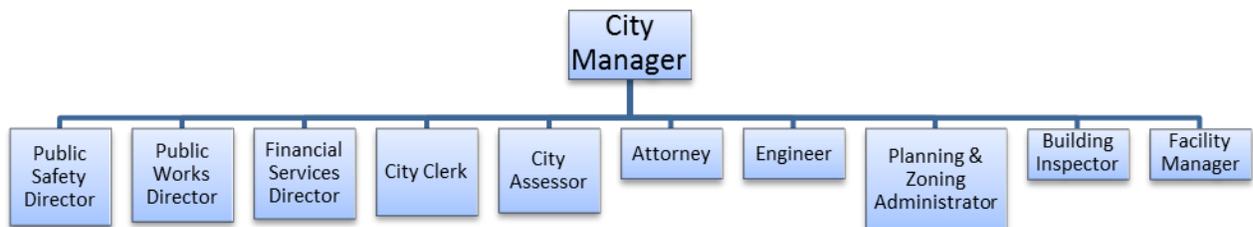


Mitch Deisch is the City Manager for the City of Manistee. He has been with the City for 13 years.

The City Manager is the chief administrative officer of the City and is appointed by City Council. The City Manager is primarily responsible for the efficient administration of all City Departments; the enforcement of all City laws and ordinances; the appointment of certain City department heads, with the consent of City Council; to fully advise the Council on policies, affairs, financial conditions and the needs of the City; the

enforcement of any franchises, contracts or agreements; and the recommendation and administration of an annual City budget.

The City Manager maintains a system of accounts which conform to a uniform system required by law, the City Council and generally accepted principles and procedures of government accounting. In addition to this the City Manager performs other duties as may be prescribed by City Charter, City Ordinances or City Council.



General Fund

Manager

Manager Assumptions & Notes

Total Costs	increased	\$3,374	1.6%
Employee Costs	increased	\$4,109	2.2%
Operational Costs	decreased	(\$735)	-3.5%

Total Costs: Total costs increased from the prior year budget.

Employee Costs: Employee costs increased from the prior budget. The budget assumes a wage increase equal to inflation, increased health insurance & a slight pension cost increase. The City Manager opts out of the City health care plan which reduces the overall cost to the City.

Operational Costs: Operational costs decreased from the prior year budget. Operating expense and supplies were reduced.

City Council Decision: City Council took the following action on the Manager's recommended budget:

- Budget as recommended
 Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.



2014-2015 Budget

172 Manager	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
702.000 Salaries	\$ 139,913	\$143,755	\$143,755	\$146,055	\$146,055	\$2,300	1.6%
703.000 Longevity	0	0	0	\$0	0	0	
704.000 Overtime	0	0	0	\$0	0	0	
706.000 Part-Time	0	0	0	\$0	0	0	
708.000 V/SH Sell	0	0	0	\$0	0	0	
712.001 Costs - Social Security	9,796	10,185	10,185	\$10,281	10,347	162	1.6%
712.002 Costs - Medicare	2,291	2,382	2,382	\$2,404	2,420	38	1.6%
712.004 Costs - ICMA Contribution	0	0	3,000	\$5,086	5,086	5,086	
712.005 Costs - MERS	15,006	16,011	13,000	\$11,378	11,378	-4,633	-28.9%
712.006 Costs - In Lieu of BC/BS	4,194	4,515	4,515	\$3,306	4,373	-142	-3.1%
712.007 Costs - SUTA	500	500	500	\$314	314	-186	-37.3%
712.009 Costs - Work Comp	605	608	608	\$617	617	10	1.6%
712.010 Costs - Blue Cross Insurance	9,024	9,446	10,390	\$7,014	10,258	812	8.6%
712.011 Costs - Life Insurance	502	460	460	\$466	466	6	1.3%
712.012 Costs - HRA Payments/Fees	218	2,343	1,000	\$3,147	3,000	657	28.1%
Employee Costs	\$182,048	\$190,204	\$189,795	\$190,068	\$194,314	\$4,109	2.2%
728.000 Operating Expense	\$ 2,202	\$ 3,600	\$ 2,800	\$ 2,800	\$ 2,644	\$ (956)	-26.6%
735.000 Periodicals & Publications	151	150	150	150	150	-	0.0%
801.000 Professional Services	0	500	500	500	500	-	0.0%
831.000 Contractual Repairs & Maint.	576	1,000	1,000	1,000	1,000	-	0.0%
860.000 Travel & Training Expense	2,123	3,300	5,750	3,350	3,350	50	1.5%
865.000 Vehicle Allowance	0	0	0	0	0	-	
870.000 Memberships & Dues	243	1,200	1,371	1,371	1,371	171	14.3%
873.000 Education	0	0	0	0	0	-	
874.000 Retiree BCBS	0	0	0	0	0	-	
900.000 Printing & Publishing	0	0	0	0	0	-	
930.000 Repairs & Maintenance	0	0	0	0	0	-	
957.000 Motor Pool	9,250	9,000	9,000	9,000	9,000	-	0.0%
970.000 Capital Outlay	0	0	0	0	0	-	
985.000 Lease Purchase	1,919	2,220	2,220	2,220	2,220	-	0.0%
Operating Costs	\$ 16,466	\$ 20,970	\$ 22,791	\$ 20,391	\$ 20,235	\$ (735)	-3.5%
TOTAL MANAGER	\$ 198,514	\$ 211,174	\$ 212,586	\$ 210,459	\$ 214,549	\$ 3,374	1.6%

General Fund

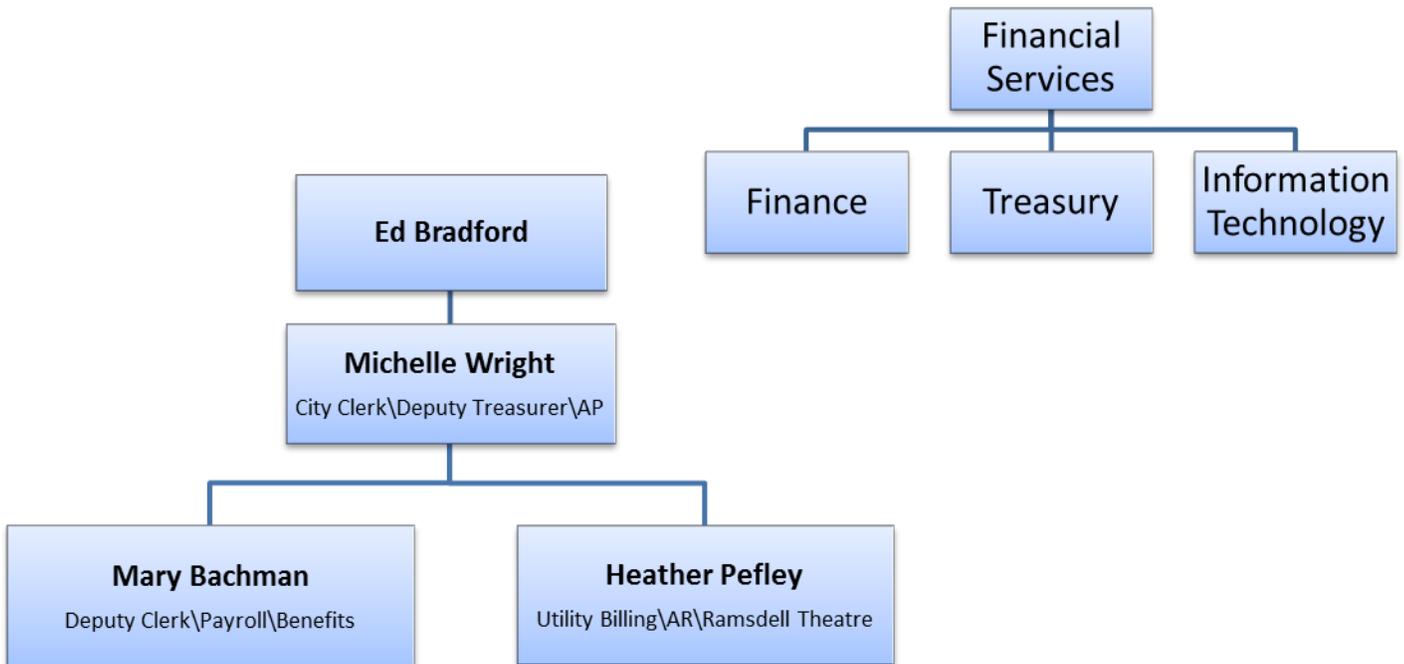
Financial Services

Edward Bradford is the City’s Chief Financial Officer, serving as both Finance Director and Treasurer. He has been with the City for 12 years.



The Financial Services Department is responsible for all financial activities in the City, with three main areas of responsibility: finance, treasury, and information technology. The main activities of the department include:

- Receiving all City revenue
- Paying all City bills
- Investing all City funds
- Maintaining City’s accounting records
- Managing the annual audit
- Preparing the annual budget
- Drafting policies and procedures
- Serving as Chief Technology Officer\managing IT contracts



General Fund

Financial Services

Financial Services Assumptions & Notes

Total Costs	decreased	(\$8,047)	-3.9%
Employee Costs	increased	\$1,154	0.7%
Operational Costs	decreased	(\$9,201)	-17.2%

Total Costs: Total costs decreased from the prior year budget.

Employee Costs: Employee costs increased from the prior budget. The budget assumes a wage increase equal to inflation, increased health insurance costs & a pension cost decrease.

Operational Costs: Operational costs decreased from the prior budget. Professional services for audit costs declined because the audit was bid out this year and we are not anticipating a single audit. Approximately 70% of the department’s operational budget is non-discretionary, thru either mandatory contractual professional services or software maintenance agreements.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.

253 Finance	2013	2014	2014	Manager	Council	Budget	Percent
	Actual	Budget	Projected	Budget	Adopted	Difference	Change
702.000 Salaries	\$113,677	\$117,176	\$117,176	\$119,051	\$119,051	\$1,875	1.6%
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	0	500	500	500	500	0	0.0%
706.000 Part-Time	0	0	0	0	0	0	
708.000 V\SH Sellback	0	0	0	0	0	0	
712.001 Costs - Social Security	7,387	8,003	8,003	7,993	7,993	-10	-0.1%
712.002 Costs - Medicare	1,728	1,872	1,872	1,869	1,869	-3	-0.1%
712.004 Costs - ICMA Contribution	8,036	8,317	4,800	0	0	-8,317	-100.0%
712.005 Costs - MERS	2,535	3,091	5,500	9,366	9,366	6,275	203.0%
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	0	
712.007 Costs - SUTA	500	500	500	314	314	-187	-37.3%
712.009 Costs - Work Comp	493	497	497	505	505	8	1.6%
712.010 Costs - Health Insurance	10,929	11,457	12,603	10,438	12,843	1,386	12.1%
712.011 Costs - Life Insurance	243	379	379	383	383	4	1.2%
712.012 Costs - HRA Payments/Fees	1,525	2,877	2,000	3,693	3,000	123	4.3%
Employee Costs	\$ 147,051	\$ 154,669	\$ 153,830	\$ 154,112	\$ 155,823	\$ 1,154	0.7%
728.000 Operating Expense	\$4,217	\$3,800	\$3,800	\$3,800	\$3,644	(\$156)	-4.1%
735.000 Periodicals & Publications	1,220	1,225	1,225	790	790	-435	-35.5%
801.000 Professional Services	27,738	32,500	32,500	23,700	23,700	-8,800	-27.1%
831.000 Contractual Repairs & Maint.	7,034	7,500	7,500	7,750	7,750	250	3.3%
860.000 Travel & Training Expense	4,307	4,500	4,500	4,500	4,500	0	0.0%
870.000 Memberships & Dues	660	605	605	605	605	0	0.0%
873.000 Education		0	0	0	0	0	
874.000 Retiree BCBS		0	0	0	0	0	
900.000 Printing & Publishing	447	700	700	700	700	0	0.0%
930.000 Repairs & Maintenance	0	0	0	0	0	0	
970.000 Capital Outlay	0	1,000	900	800	800	-200	-20.0%
985.000 Lease Purchase	1,513	1,600	1,700	1,740	1,740	140	8.8%
Operating Costs	\$ 47,135	\$ 53,430	\$ 53,430	\$ 44,385	\$ 44,229	(\$9,201)	-17.2%
TOTAL FINANCE	\$ 194,185	\$ 208,099	\$ 207,260	\$ 198,497	\$ 200,052	(\$8,047)	-3.9%

General Fund

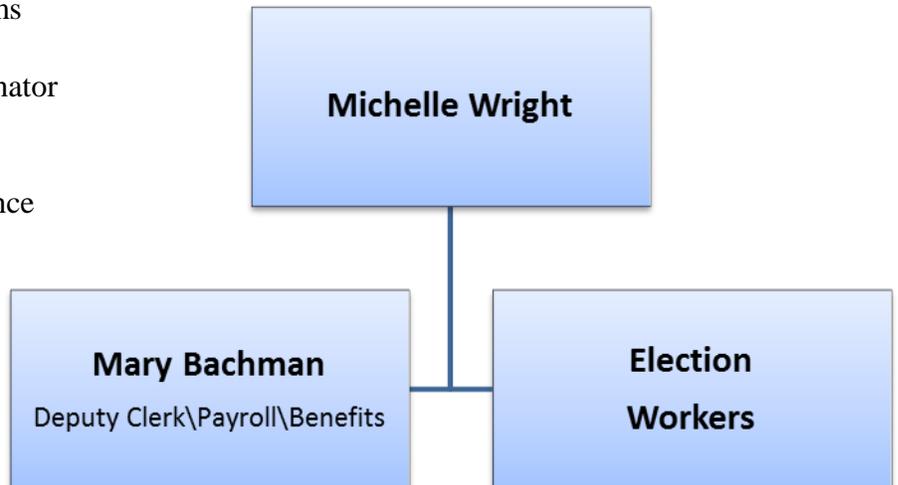
Clerk



Michelle Wright is the Clerk and Deputy Treasurer for the City of Manistee. She has been with the City for 25 years.

The office of City Clerk is staffed by two full-time people; Michelle Wright and Deputy Clerk /Payroll & Benefits Mary Bachman. The office also periodically employs 28-34 temporary workers as election inspectors. This office shares staff and duties with the Financial Services department. Its responsibilities are:

- Safekeeping all City documents
- Preparation of Council Minutes
- Publishing ordinances and board vacancies
- Maintaining voter registration records
- Management of school, local, state and federal elections
- Business registrations
- Payroll management and maintenance
- Employee benefits
- Retiree insurance
- Processes insurance claims
- Banner permits
- Records retention coordinator
- Accounts payable
- Bank reconciliations
- General ledger maintenance



General Fund

Clerk

Clerk Assumptions & Notes

Total Costs	increased	\$18,459	10.2%
Employee Costs	increased	\$13,677	9.3%
Operational Costs	increased	\$4,782	14.3%

Total Costs: Total costs increased from the prior year budget.

Employee Costs: Employee costs increased from the prior budget. The budget assumes a wage increase equal to inflation, increased health insurance & a pension cost increase. Part-time is the biggest portion of the increase based on the number\type of elections.

Operational Costs: Operational costs increased from the prior year budget. This is based on the number\type of elections, additional employee training and education tuition reimbursement.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended
 Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.

215 City Clerk	2013	2014	2014	Manager	Council	Year to Year	Percent
	Actual	Budget	Projected	Budget	Adopted	Budget	Change
						Difference	
702.000 Salaries	\$105,046	\$110,244	\$110,244	\$112,008	\$112,008	\$1,764	1.6%
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	0	1,000	250	1,000	1,000	0	0.0%
706.000 Part-Time	13,281	5,000	3,500	14,000	14,000	9,000	180.0%
708.000 VSIH Sellback	0	0	0	0	0	0	
712.001 Costs - Social Security	6,824	7,745	7,000	8,456	8,456	711	9.2%
712.002 Costs - Medicare	1,596	1,811	1,650	1,978	1,978	166	9.2%
712.004 Costs - ICMA Contribution	0	0	0	0	0	0	
712.005 Costs - MERS	6,559	8,181	8,181	8,883	8,883	702	8.6%
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	0	
712.007 Costs - SUTA	500	500	500	314	314	-186	-37.3%
712.009 Costs - Work Comp	453	492	492	538	538	45	9.2%
712.010 Costs - Blue Cross Insurance	9,024	9,446	10,390	7,014	10,258	812	8.6%
712.011 Costs - Life Insurance	243	348	348	352	352	4	1.2%
712.012 Costs - HRA Payments/Fees	464	2,343	4,000	3,147	3,000	657	28.1%
Employee Costs	\$ 143,988	\$ 147,110	\$ 146,555	\$ 157,689	\$ 160,787	\$13,677	9.3%
728.000 Supplies - Operating	\$3,239	\$3,450	\$3,450	\$3,100	\$2,944	(\$506)	-14.7%
735.000 Periodicals & Publications	0	150	150	155	155	5	3.3%
740.000 Election Expense	7,669	4,700	4,700	8,470	8,470	3,770	80.2%
801.000 Professional Services	508	3,100	3,100	3,100	3,100	0	0.0%
831.000 Contractual Repairs & Maint.	7,078	7,500	7,500	7,500	7,500	0	0.0%
860.000 Travel & Training Expense	4,352	5,200	5,200	6,150	6,150	950	18.3%
870.000 Memberships & Dues	440	485	485	550	550	65	13.4%
873.000 Education	0	0	0	498	498	498	
874.000 Retiree BCBS	0	0	0	0	0	0	
900.000 Printing/Publishing	5,661	5,900	5,900	5,900	5,900	0	0.0%
970.000 Capital Outlay	0	0	0	0	0	0	
985.000 Lease Purchase	2,940	3,000	3,000	3,000	3,000	0	0.0%
Operating Costs	\$ 31,888	\$ 33,485	\$ 33,485	\$ 38,423	\$ 38,267	\$4,782	14.3%
TOTAL CLERK	\$ 175,876	\$ 180,595	\$ 180,040	\$ 196,112	\$ 199,054	\$ 18,459	10.2%

General Fund

Assessor



Julie Beardslee is the Assessor for the City of Manistee. She has been with the City for 23 years.

The City Assessor is an administrative officer appointed by the City Council, working under the direction of the City Manager. The Assessor is responsible for keeping the records for all real and personal property in the City. Real property is all land and improvements. Personal property includes furniture, fixtures, machinery and equipment which are generally owned by commercial and industrial businesses. An assessment roll is prepared on an annual basis. December 31 is tax day for the following year's taxes. The assessment roll is completed and certified by the first Monday in March.

Upon completion of the assessment roll, if there is a change in the assessment of your property, you will be mailed a notice of assessment change. The notice is mailed 10 days before the meeting of the Board of Review. The Board meets to hear appeals the second Monday in March. If you suspect an error you may want to appeal. This is a very tight time schedule; if you miss the opportunity to appeal to the Board of Review, you will be limited in your ability to further appeal to the Michigan Tax Tribunal. Resident and non-resident taxpayers may file appeals through a letter.

Clerical errors, mutual mistakes of fact, homestead exemption and poverty exemption appeals are heard at the July and December Boards of Review. The July Board of Review is on the Tuesday following the third Monday of the month. The December Board of Review is held on the Tuesday following the second Monday of the month.

The state equalized value on your tax bill is 50% of the true cash or fair market value. Taxes are now based on taxable value, not state equalized value. Proposal A, which was passed by the electorate in 1994, limits increases in taxable value to 5% or the rate of inflation, whichever is less. New construction and equipment are added to the tax roll at 50% of the current true cash value.

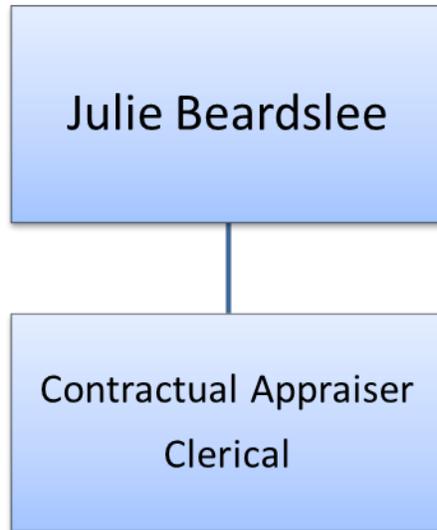
New home or business buyers will experience the taxable value being raised to the level of the state equalized value the year following their purchase of real estate. The cap implemented by Proposal A will then begin again in the second year following purchase and continue until the property sells, not including new construction and improvements.

General Fund

Assessor

The actual taxes you pay are a function of the millage rate and the taxable value (as found on the assessment roll). The City of Manistee has a summer and winter tax bill. The taxing jurisdictions are the County of Manistee, the City of Manistee, Manistee Area Public Schools, Manistee Intermediate Schools, West Shore Community College, and the State of Michigan (receives the State Education Tax).

The City Assessor administers homestead exemptions in conjunction with the State of Michigan. Homeowners are allowed one exemption from the 18 mills of school operating tax on their principal residence or homestead. The Assessor also administers poverty exemptions.



General Fund

Assessor

Assessor Assumptions & Notes

Total Costs	increased	\$2,579	2.2%
Employee Costs	increased	\$2,622	2.6%
Operational Costs	decreased	(\$43)	-0.3%

Total Costs: Total costs increased from the prior year budget.

Employee Costs: Employee costs increased from the prior budget. The budget assumes a wage increase equal to inflation and increased health insurance costs.

Operational Costs: Operational costs decreased insignificantly from the prior year budget.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.



2014-2015 Budget

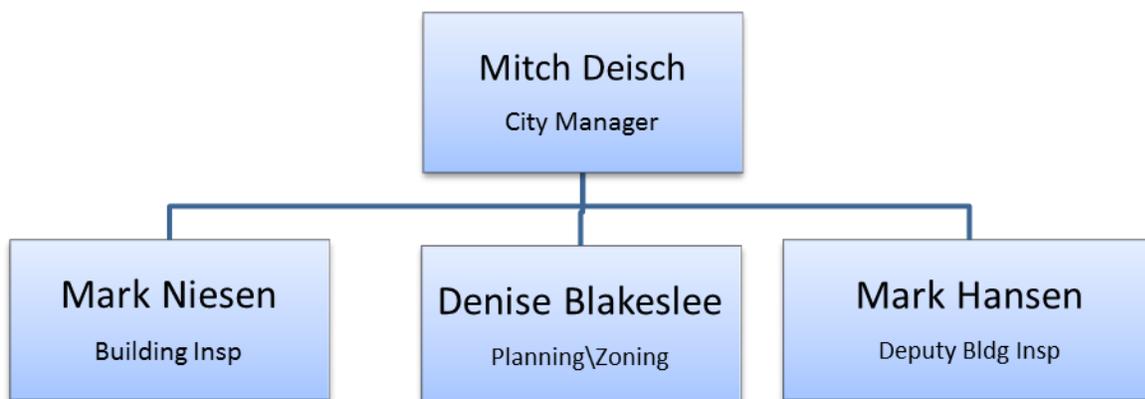
257 City Assessor	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
702.000 Salaries	\$66,938	\$67,857	\$67,587	\$68,943	\$68,943	\$1,086	1.6%
703.000 Longevity	0	0	0	\$0	0	0	
704.000 Overtime	0	0	0	\$0	0	0	
706.000 Part-Time	3,965	3,120	3,700	\$3,120	3,120	0	0.0%
708.000 VHS Sellback	0	0	0	\$0	0	0	
712.001 Costs - Social Security	4,566	4,975	4,975	\$5,050	5,050	75	1.5%
712.002 Costs - Medicare	1,068	1,163	1,163	\$1,181	1,181	17	1.5%
712.004 Costs - ICMA Contribution	7,361	7,464	7,464	\$7,584	7,584	119	1.6%
712.005 Costs - MERS	0	0	0	\$0	0	0	
712.006 Costs - In Lieu of BC/BS	0	0	0	\$0	0	0	
712.007 Costs - SUTA	363	500	500	\$314	314	-186	-37.3%
712.009 Costs - Work Comp	746	732	732	\$729	729	-2	-0.3%
712.010 Costs - Blue Cross Insurance	10,929	11,457	12,602	\$10,438	12,843	1,386	12.1%
712.011 Costs - Life Insurance	153	269	269	\$273	273	4	1.6%
712.012 Costs - HRA Payments\Fees	1,928	2,877	7,500	\$3,693	3,000	123	4.3%
Employee Costs	\$ 98,017	\$ 100,414	\$ 106,492	\$ 101,324	\$ 103,035	\$ 2,622	2.6%
728.000 Operating Expense	\$1,932	\$2,050	\$2,050	\$2,050	\$1,972	\$(78)	-3.8%
735.000 Periodicals & Publications	980.4	1180	1245	1245	1245	65	5.5%
801.000 Professional Services	6543.33	7100	7100	7100	7100	0	0.0%
831.000 Contractual Repairs & Maint	1432.91	2445	2465	2465	2465	20	0.8%
860.000 Travel & Training Expense	1053.77	1635	1635	1635	1635	0	0.0%
865.000 Vehicle Allowance	1800	1800	1800	1800	1800	0	0.0%
870.000 Memberships & Dues	543.75	560	610	610	610	50	8.9%
873.000 Education	0	0	0	0	0	0	
874.000 Retiree BCBS	0	0	0	0	0	0	
900.000 Printing/Publishing	0	0	0	0	0	0	
930.000 Repairs & Maintenance	0	0	0	0	0	0	
970.000 Capital Outlay	100	100	0	0	0	-100	-100.0%
985.000 Lease Purchase	0	0	0	0	0	0	
Operating Costs	\$ 14,386	\$ 16,870	\$ 16,905	\$ 16,905	\$ 16,827	\$(43)	-0.3%
TOTAL ASSESSOR	\$ 112,403	\$ 117,284	\$ 123,397	\$ 118,229	\$ 119,862	\$ 2,579	2.2%

General Fund

Community Development

The Community Development office handles many activities within the City, primarily planning & zoning, building inspection and facility management. Employees in this department report to the City Manager. Other activities include:

- Grant Writing/Administration
- Rental Inspection Program
- Civil Infractions (Building & Zoning)
- Miscellaneous Permits
- GIS



General Fund

Community Development

Community Development Assumptions & Notes

Total Costs	decreased	(\$82,769)	-27.6%
Employee Costs	decreased	(\$81,234)	-28.2%
Operational Costs	decreased	(\$1,535)	-12.8%

Total Costs: Total costs decreased sharply from the prior year budget.

Employee Costs: Employee costs decreased sharply from the prior budget. The Community Development department was restructured and the department director position eliminated. This saves approximately \$90,000. For remaining employees, the budget assumes a wage increase equal to inflation, increased health insurance costs & a slight pension cost increase.

Operational Costs: Operational costs decreased from the prior year. Travel and training costs decreased.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended
 Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.



2014-2015 Budget

Community Development	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
748 Community Development							
702.000 Salaries	\$175,607	\$208,011	\$140,000	\$147,695	\$147,695	(\$60,316)	-29.0%
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	0	750	1,000	750	750	0	0.0%
706.000 Part-Time	20,670	0	0	0	0	0	
708.000 V\S\H Sellback	390	0	0	0	0	0	
712.001 Costs - Social Security	12,782	14,287	8,680	10,283	10,349	-3,939	-27.6%
712.002 Costs - Medicare	2,989	3,341	2,030	2,405	2,420	-921	-27.6%
712.004 Costs - ICMA Contribution	0	0	0	0	0	0	
712.005 Costs - MERS	11,077	13,564	10,206	10,496	10,496	-3,068	-22.6%
712.006 Costs - In Lieu of BC/BS	4,194	4,515	4,515	3,306	4,373	-142	-3.1%
712.007 Costs - SUTA	1,281	999	750	470	470	-529	-52.9%
712.009 Costs - Work Comp	2,063	1,547	1,200	851	851	-696	-45.0%
712.010 Costs - Blue Cross Insurance	19,952	32,359	35,595	17,452	23,101	-9,258	-28.6%
712.011 Costs - Life Insurance	318	427	427	158	158	-269	-62.9%
712.012 Costs - HRA Payments/Fees	22,147	8,097	4,000	6,840	6,000	-2,097	-25.9%
Employee Costs	\$ 273,469	\$ 287,898	\$ 208,403	\$ 200,707	\$ 206,664	\$ (81,234)	-28.2%
728.000 Operating Expense	\$1,899	\$3,410	\$3,200	\$3,410	\$3,175	(\$235)	-6.9%
735.000 Periodicals & Publications	214	250	200	250	250	0	0.0%
801.000 Professional Services	0	0	0	0	0	0	
831.000 Contractual Repairs & Maint	1,122	1,300	900	1,300	1,300	0	0.0%
860.000 Travel & Training Expense	1,806	2,200	1,100	1,100	1,100	-1,100	-50.0%
865.000 Vehicle Allowance	3,600	4,400	4,000	4,200	4,200	-200	-4.5%
870.000 Memberships & Dues	204	200	100	200	200	0	0.0%
873.000 Education	0	0	0	0	0	0	
874.000 Retiree BCBS	0	0	0	0	0	0	
900.000 Printing & Publishing	0	200	200	200	200	0	0.0%
930.000 Repairs & Maintenance	0	0	0	0	0	0	
957.000 Motor Pool	0	0	0	0	0	0	
970.000 Capital Outlay	1,139	0	0	0	0	0	
985.000 Lease Purchase	0	0	0	0	0	0	
Operating Costs	\$ 9,983	\$ 11,960	\$ 9,700	\$ 10,660	\$ 10,425	\$ (1,535)	-12.8%
TOTAL COMMUNITY DEVELOPMENT	\$ 283,452	\$ 299,858	\$ 218,103	\$ 211,367	\$ 217,089	\$ (82,769)	-27.6%

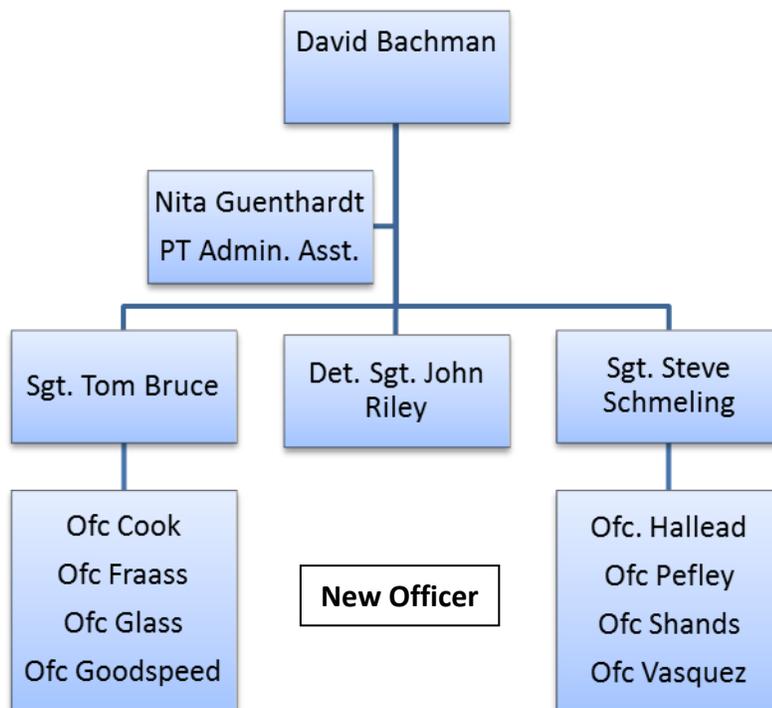
General Fund

Police



Dave Bachman is the Public Safety Director for the City of Manistee. He oversees the Police and Fire\EMS departments. He also runs the Municipal Marina and serves as Harbor Master. He has been with the City for 17 years.

The Manistee Police Department is a progressive department with many plans for the future. The department currently has 12 sworn officers; including the Chief, detective sergeant and two road sergeants. The officers are unionized and represented by the POAM. The Sergeants are also unionized and represented by the COAM. There is also a part-time office support staff position. The department averages 1,400 documented complaints annually.



General Fund

Police

Currently there are 4 patrol cars which patrol 50 miles of City streets. The department also has a car for the detective sergeant’s use. During the summer months there is a bike patrol for community policing and summer events. Officers are expected to do foot patrols daily throughout the downtown area, the Riverwalk and local beaches. A Polaris Ranger beach vehicle allows officers to patrol the beaches more effectively and respond to emergencies more quickly. Officers also assist the fire department at structure fires. Over the past several years, reductions in sworn officers have reduced road patrol time by over 6,000 hours annually. This results in less police presence and lower revenue from fees and fines.

Police Assumptions & Notes

Total Costs	increased	\$76,592	7.9%
Employee Costs	increased	\$69,276	8.1%
Operational Costs	increased	\$7,316	6.6%

Total Costs: Total costs increased from the prior year budget.

Employee Costs: Employee costs increased sharply from the prior budget. The budget assumes adding one police officer, a slight wage increase, step increases for those eligible, increased health insurance costs & a pension cost increase. Part-time officer usage decreased significantly.

Operational Costs: Operational costs increased from the prior year budget due to adding the new officer.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.

Council approved an additional police officer position.

301 Police Department	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
702.000 Salaries	\$575,383	\$584,204	\$584,204	\$589,492	\$624,008	\$ 39,804	6.8%
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	0	15,000	18,000	15,000	16,500	1,500	10.0%
704.001 Spotlight Grant Overtime	28,354	0	0	0	0	0	
706.000 Part-Time	11,964	21,960	12,000	14,196	14,196	-7,764	-35.4%
708.000 V\SIH Sellback	19,161	18,000	18,000	17,000	17,000	-1,000	-5.6%
712.001 Costs - Social Security	728	1,926	1,926	1,444	1,444	-481	-25.0%
712.002 Costs - Medicare	9,588	9,886	9,886	9,912	10,537	650	6.6%
712.004 Costs - ICMA Contribution	0	0	0	0	0	0	
712.005 MERS	30,685	46,031	46,031	50,766	54,662	8,631	18.8%
712.006 Costs - In Lieu of BC/BS	9,465	9,030	9,030	9,918	13,119	4,089	45.3%
712.007 Costs - SUTA	3,198	3,518	3,518	2,207	2,364	-1,154	-32.8%
712.009 Costs - Work Comp	14,544	14,533	14,533	14,827	15,739	1,205	8.3%
712.010 Costs - Blue Cross Insurance	95,643	101,316	111,448	88,725	122,004	20,688	20.4%
712.011 Costs - Life Insurance	1,834	1,823	1,823	1,825	1,983	160	8.8%
712.012 Costs - HRA Payments\Costs	19,896	25,552	26,000	31,391	28,500	2,948	11.5%
Employee Costs	\$ 820,442	\$ 852,780	\$ 856,399	\$ 846,703	\$ 922,056	\$ 69,276	8.1%
715.000 Uniform & Cleaning Allowance	\$5,795	\$9,500	\$9,500	\$9,500	\$13,750	\$4,250	44.7%
728.000 Operating Expense	16,227	12,500	12,000	12,500	14,622	2,122	17.0%
735.000 Periodicals & Publications	0	200	100	200	200	0	0.0%
770.000 Gasoline	19,000	20,500	18,000	18,000	18,000	-2,500	-12.2%
795.000 Spotlight Grant Expenses	0	0	0	0	0	0	
801.000 Professional Services	3,332	4,500	4,500	4,500	5,000	500	11.1%
831.000 Contractual Repairs & Maint	2,664	8,689	6,500	8,833	8,833	144	1.7%
860.000 Travel & Training Expense	7,589	6,500	6,500	7,000	7,500	1,000	15.4%
865.000 Vehicle Allowance	4,200	4,800	4,800	4,800	4,800	0	0.0%
870.000 Memberships & Dues	525	500	500	500	500	0	0.0%
873.000 Education	0	0	0	0	0	0	
874.000 Retire. Costs - Blue Cross	0	0	0	0	0	0	
900.000 Printing/Publishing	232	1,100	1,000	1,100	1,100	0	0.0%
930.000 Repairs & Maintenance	5,075	11,000	10,000	11,000	11,000	0	0.0%
957.000 Motor Pool	32,500	31,000	31,000	31,000	31,000	0	0.0%
970.000 Capital Outlay	0	0	0	0	0	0	
985.000 Lease Purchase	0	0	0	1,800	1,800	1,800	
Operating Costs	\$ 97,140	\$ 110,789	\$ 104,400	\$ 110,733	\$ 118,105	\$ 7,316	6.6%
TOTAL POLICE	\$ 917,582	\$ 963,569	\$ 960,799	\$ 957,436	\$ 1,040,161	\$ 76,592	7.9%

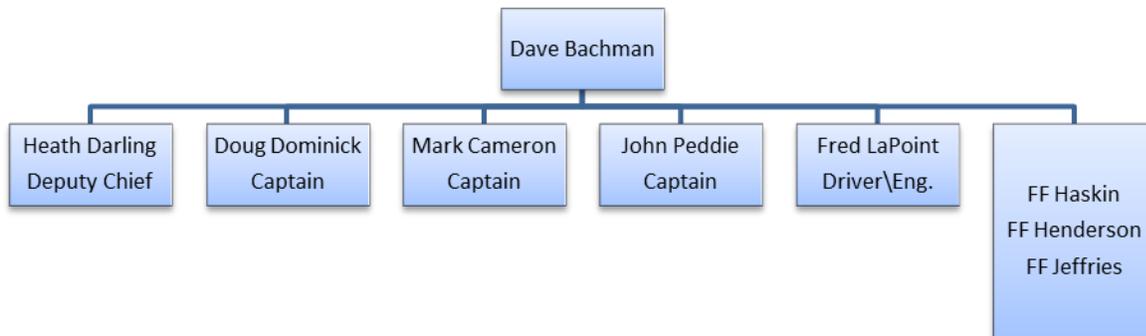
General Fund

Fire & EMS

Dave Bachman is the Public Safety Director for the City of Manistee. He has been with the City for 17 years.

The Fire Department has a budgeted staff of 9 full time employees; seven firefighters, a deputy chief and one public safety director. The department provides the City with fire protection and medical response services at the advanced life support transport level.

In addition, firefighters conduct an active fire prevention program, conduct fire prevention and preplanning inspections, inspect the City’s fire hydrants, and maintain the City’s 117 year-old fire station. All firefighters are specially trained for cold water and confined space rescue, and some hazmat operations.



General Fund

Fire & EMS

Fire & EMS Assumptions & Notes

Total Costs	increased	\$79,929	9.3%
Employee Costs	increased	\$31,594	4.5%
Operational Costs	increased	\$48,335	30.7%

Total Costs: Total costs increased from the prior year budget.

Employee Costs: Employee costs increased from the prior budget. The budget assumes a slight wage increase, step increases for those eligible, increased health insurance costs & a significant pension cost increase.

Operational Costs: Operational costs increased sharply from the prior year budget. The increase is the result of higher medical supply cost. The previous budgets had underestimated the cost of ALS\BLS medical supplies. Motor pool expense went up due to the increased contribution for the ambulance.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended
 Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.



2014-2015 Budget

Fire Department	2013	2014	2014	Manager	Council	Year to Year	
	Actual	Budget	Projected	Budget	Adopted	Budget	Percent
						Difference	Change
336 FIRE							
702.000 Salaries	\$382,555	\$412,534	\$412,534	\$425,067	\$425,067	\$12,533	3.0%
703.000 Longevity		0	0	0	0	0	
704.000 Overtime	27,701	30,000	35,000	30,000	30,000	0	0.0%
706.000 Part-Time	5,303	5,000	5,500	5,000	5,000	0	0.0%
708.000 V\SH Sellback	38,950	30,000	33,000	27,000	27,000	-3,000	-10.0%
712.001 Costs - Social Security	330	310	310	310	310	0	0.0%
712.002 Costs - Medicare	6,162	6,948	6,948	7,223	7,223	275	4.0%
712.004 Costs - ICMA Contribution		0	0	0	0	0	
712.005 MERS	57,660	74,916	74,916	86,188	86,188	11,272	15.0%
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	0	
712.007 Costs - SUTA	2,826	2,501	2,501	1,709	1,709	-791	-31.6%
712.009 Costs - Workers Compensation	16,494	15,548	15,548	16,429	16,429	881	5.7%
712.010 Costs - Blue Cross Insurance	82,526	89,860	98,846	81,593	100,741	10,881	12.1%
712.011 Costs - Life Insurance	1,315	1,348	1,348	1,350	1,350	1	0.1%
712.012 Costs - HRA Payments/Fees	36,703	24,458	24,458	29,244	24,000	-458	-1.9%
716.000 Food\Cleaning Allowance in wages		6,240	6,240	6,240	6,240	0	0.0%
Employee Costs	\$ 658,524	\$ 699,662	\$ 717,149	\$ 717,352	\$ 731,256	\$ 31,594	4.5%
715.000 Uniform & Cleaning Allowance	\$6,171	\$6,000	\$6,000	\$6,000	\$6,000	\$0	0.0%
728.000 Operating Expense	17,878	7,300	7,300	7,800	7,135	-165	-2.3%
732.000 Medical Supplies	5,436	4,000	13,000	16,000	16,000	12,000	300.0%
735.000 Periodicals & Publications	74	1,150	1,150	350	350	-800	-69.6%
770.000 Gasoline	8,809	7,040	9,000	7,040	7,040	0	0.0%
790.000 Fire Prevention	2,083	2,200	2,200	2,200	2,200	0	0.0%
801.000 Professional Services	10,524	15,000	16,425	16,500	16,500	1,500	10.0%
831.000 Contractual Repairs & Maint.	2,920	3,900	3,000	3,900	3,900	0	0.0%
860.000 Travel & Training Expense	10,185	8,300	8,300	8,300	8,300	0	0.0%
865.000 Vehicle Allowance	0	0		0	0	0	
870.000 Memberships & Dues	605	400	400	400	400	0	0.0%
873.000 Education	2,500	17,000	11,000	17,000	17,000	0	0.0%
874.000 Retiree BCBS	16,750	15,000	15,000	15,000	15,000	0	0.0%
900.000 Printing/Publishing	429	800	800	800	800	0	0.0%
930.000 Repairs & Maintenance	19,834	12,100	10,000	12,100	12,100	0	0.0%
942.000 Hydrant Rental	21,600	21,600	21,600	21,600	21,600	0	0.0%
956.000 Mutual Aid	0	200	0	200	200	0	0.0%
957.000 Motor Pool	27,700	27,000	27,000	62,000	62,000	35,000	129.6%
970.000 Capital Outlay	6,203	8,200	8,200	7,200	7,200	-1,000	-12.2%
985.000 Lease Purchase	449	0	0	1,800	1,800	1,800	
Operating Costs	\$ 160,150	\$ 157,190	\$ 160,375	\$ 206,190	\$ 205,525	\$ 48,335	30.7%
TOTAL FIRE	\$ 818,673	\$ 856,852	\$ 877,524	\$ 923,542	\$ 936,781	\$ 79,929	9.3%

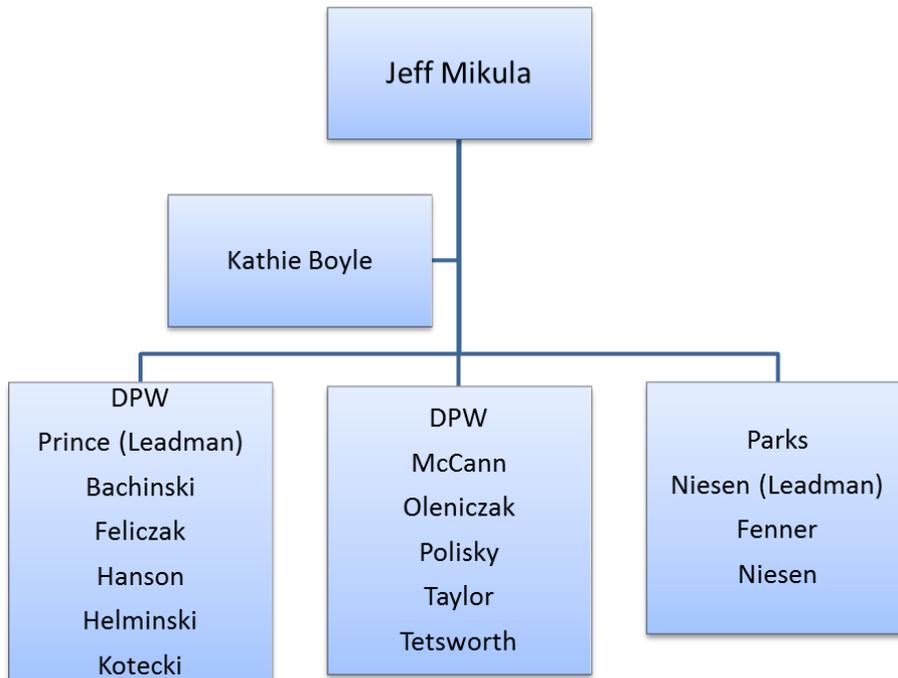
General Fund

Public Works



Jeff Mikula is the Public Works Director. He has been with the City for 1 year. He oversees all aspects of the Public Works operations.

The Department of Public Works (including the Parks department) is the workhorse of the City. It provides such services as snow plowing, sanding, street repairs, traffic control, chipping, leaf pickup, Christmas tree pickup, maintaining parks, flooding ice rink, putting up Christmas decorations, making compost, fleet maintenance, beach grooming and public area maintenance, and operating the Maple and US 31 bridges to name just a few. The DPW also assists other organizations as necessary, especially during the City’s festivals and peak summer season.



General Fund

Public Works

DPW Assumptions & Notes

Total Costs	increased	\$120,876	12.0%
Employee Costs	increased	\$104,357	14.1%
Operational Costs	increased	\$16,519	6.2%

Total Costs: Total costs increased from the prior year budget.

Employee Costs: Employee costs increased from the prior budget. The budget reflects an employee transferring from water and sewer into the DPW as leadman, and the full cost of the DPW Director. The budget also assumes a slight wage increase, step increases for those eligible, increased health insurance costs & a small pension cost increase.

Operational Costs: Operational costs increased from the prior year budget. The increase is made up of variances in many line items, reflecting a budget being looked at with a fresh set of eyes from the new director. Over half the increase is in Christmas decorations for the DDA which are being reimbursed by the DDA.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended
 Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.

441 DPW

	2013	2014	2014	Manager	Council	Year to Year	Percent
	Actual	Budget	Projected	Budget	Adopted	Budget	Change
						Difference	
702.000 Salaries	\$474,252	\$483,195	\$483,195	\$531,824	\$531,824	\$ 48,628	10.1%
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	20,393	27,000	35,000	36,400	36,400	9,400	34.8%
706.000 Part-Time	27,297	26,936	26,936	26,936	26,936	0	0.0%
708.000 VSIH Sellback	11,630	7,500	12,000	7,500	7,500	0	0.0%
712.001 Costs - Social Security	32,470	34,677	34,677	38,290	38,356	3,679	10.6%
712.002 Costs - Medicare	7,594	8,110	8,110	8,955	8,970	860	10.6%
712.004 Costs - ICMA Contribution	2,833	2,835	2,835	2,858	2,858	23	0.8%
712.005 Costs - MERS	4,376	6,523	6,523	7,953	7,953	1,431	21.9%
712.006 Costs - In Lieu of BC/BS	4,194	4,515	4,515	3,306	4,373	-142	-3.1%
712.007 Costs - SUTA	3,673	3,457	3,457	2,325	2,325	-1,131	-32.7%
712.009 Costs - Work Comp	30,056	29,785	29,785	32,973	32,973	3,188	10.7%
712.010 Costs - Blue Cross Insurance	77,766	82,472	90,719	90,000	113,420	30,948	37.5%
712.011 Costs - Life Insurance	894	1,094	1,094	1,175	1,175	81	7.4%
712.012 Costs - HRA Payments/Fees	29,077	21,108	15,000	33,637	28,500	7,392	35.0%
Employee Costs	\$ 726,505	\$ 739,207	\$ 753,846	\$ 824,133	\$ 843,565	\$ 104,357	14.1%
715.000 Uniform & Cleaning Allowance	\$5,935	\$4,900	\$6,000	\$5,703	\$5,703	\$803	16.4%
728.000 Operating Expense	11,189	11,400	11,400	11,850	10,911	-489	-4.3%
735.000 Periodicals & Publications	151	250	250	250	250	0	0.0%
770.000 Gasoline	83,210	74,000	74,000	74,000	74,000	0	0.0%
801.000 Professional Services	6,737	1,000	6,500	3,560	3,560	2,560	256.0%
831.000 Contractual Repairs & Maint.	11,081	10,000	8,000	8,950	8,950	-1,050	-10.5%
860.000 Travel & Training Expense	757	3,500	3,500	6,450	6,450	2,950	84.3%
870.000 Dues & Memberships	359	465	465	400	400	-65	-14.0%
873.000 Education	0	0	0	0	0	0	
874.000 Retire. Costs - Blue Cross	750	0	0	0	0	0	
900.000 Printing & Publishing	184	300	300	500	500	200	66.7%
930.000 Repairs & Maintenance	93,407	80,000	90,000	80,000	80,000	0	0.0%
955.000 Christmas Decorations	6,127	7,500	13,500	16,300	16,300	8,800	117.3%
957.000 Motor Pool	74,000	72,000	72,000	72,000	72,000	0	0.0%
970.000 Capital Outlay	4,264	0	0	1,250	1,250	1,250	
985.000 Lease Purchase	0	0	0	1,560	1,560	1,560	
Operating Costs	\$ 298,150	\$ 265,315	\$ 285,915	\$ 282,773	\$ 281,834	\$ 16,519	6.2%
TOTAL DPW	\$ 1,024,655	\$ 1,004,522	\$ 1,039,761	\$ 1,106,906	\$ 1,125,399	\$120,876	12.0%

General Fund

Parks & Recreation

Parks Assumptions & Notes

Total Costs	decreased	(\$31,705)	-8.5%
Employee Costs	increased	\$7,925	4.4%
Operational Costs	decreased	(\$39,630)	-20.8%

Total Costs: Total costs decreased from the prior year budget.

Employee Costs: Employee costs increased from the prior budget. The budget assumes a slight wage increase, step increases for those eligible & increased health insurance costs. Overtime is up due to changes in how employees are being required to be on-call.

Operational Costs: Operational costs decreased from the prior year budget. The decrease is caused by moving both the \$40,000 annual appropriation to the MAPS Paine pool and the \$6,500 annual contribution for Reitz Park maintenance (handled by the Manistee Saints) to the Appropriation budget where they are more accurately reflected. Excluding these, the year-over year budget increased by about \$7,000 driven primarily by water usage (meters in parks were replaced), and repairs and maintenance.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.

751 Parks	2013	2014	2014	Manager	Council	Year to Year	Percent Change
	Actual	Budget	Projected	Budget	Adopted	Budget Difference	
702.000 Salaries	\$82,442	\$84,043	\$84,043	\$84,693	\$84,693	\$ 650	0.8%
703.000 Longevity		0	0	0	0	\$ -	
704.000 Overtime	10,558	6,500	16,500	11,000	11,000	\$ 4,500	69.2%
706.000 Part-Time	31,770	49,020	38,000	49,020	49,020	\$ -	0.0%
708.000 V\SH Sellback	2,097	500	1,500	500	500	\$ -	0.0%
712.001 Costs - Social Security	7,593	8,684	9,304	8,637	8,637	\$ (47)	-0.5%
712.002 Costs - Medicare	1,776	2,031	2,176	2,020	2,020	\$ (11)	-0.5%
712.004 Costs - ICMA Contribution	0	0	0	0	0	\$ -	
712.005 Costs - MERS	0	0	0	0	0	\$ -	
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	\$ -	
712.007 Costs - SUTA	1,540	2,133	2,133	1,947	1,947	\$ (186)	-8.7%
712.009 Costs - Work Comp	3,321	3,702	3,702	3,781	3,781	\$ 79	2.1%
712.010 Costs - Blue Cross Insurance	18,047	18,892	20,781	14,028	20,516	\$ 1,625	8.6%
712.011 Costs - Life Insurance	158	158	158	158	158	\$ -	0.0%
712.012 Costs - HRA Payments/Fees	12,208	4,685	7,500	6,294	6,000	\$ 1,315	28.1%
Employee Costs	\$ 171,510	\$ 180,347	\$ 185,796	\$ 182,078	\$ 188,272	\$ 7,925	4.4%
715.000 Uniform & Cleaning	\$2,373	\$920	\$920	\$1,031	\$875	(\$45)	-4.9%
728.000 Operating Expense	7,573	11,000	10,000	11,000	11,000	0	0.0%
735.000 Periodicals & Publications	0	0	0	0	0	0	
770.000 Gasoline	5,466	7,000	7,000	7,000	7,000	0	0.0%
801.000 Professional Services	3,628	2,500	1,500	500	500	-2,000	-80.0%
831.000 Contractual Repairs & Maint.	83,260	67,600	80,000	22,200	22,200	-45,400	-67.2%
860.000 Travel & Training Expense	0	1,000	500	1,200	1,200	200	20.0%
870.000 Dues & Memberships	150	135	135	250	250	115	85.2%
900.000 Printing & Publishing	178	500	500	500	500	0	0.0%
920.000 Gas	861	1,000	1,000	1,000	1,000	0	0.0%
922.000 Water	12,077	5,000	12,500	10,500	10,500	5,500	110.0%
925.000 Electric	19,794	19,000	20,000	20,000	20,000	1,000	5.3%
930.000 Repairs & Maintenance	28,451	39,000	45,000	40,000	40,000	1,000	2.6%
957.000 Motor Pool	37,000	36,000	36,000	36,000	36,000	0	0.0%
970.000 Capital Outlay	20,509	0	6,500	0	0	0	
985.000 Lease Purchase	0	0	0	0	0	0	
Operating Costs	\$ 221,320	\$ 190,655	\$ 221,555	\$ 151,181	\$ 151,025	\$ (39,630)	-20.8%
TOTAL PARKS	\$ 392,830	\$ 371,002	\$ 407,351	\$ 333,259	\$ 339,297	\$ (31,705)	-8.5%

General Fund

Attorney

George Saylor, of Mika Meyers Beckett & Jones, is the City Attorney. Their staff works closely with City staff on a variety of legal issues and prepares or reviews all contracts entered into by the City. The City also uses several other legal firms on various matters such as labor issues, tax appeals and environmental matters. The prosecuting attorney fee is also paid here.



Attorney Assumptions & Notes

Total Costs	increased	\$0	0.0%
Employee Costs	n/a	n/a	n/a
Operational Costs	increased	\$0	0.0%

Total Costs: Total costs were flat from the prior year budget.

Employee Costs: There are no employee costs as this is a contractual or fee for service relationship.

Operational Costs: Operational costs were flat from the prior year budget.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

Budget as recommended Budget with changes

Changes:

266 Attorney	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
802.000 Professional Services - GWSH	\$ 48,750	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0.0%
803.000 Prof Serv - Other Attorneys	\$ 54,815	\$ 30,000	\$ 40,000	\$ 30,000	\$ 30,000	\$ -	0.0%
TOTAL ATTORNEY	\$ 103,565	\$ 80,000	\$ 90,000	\$ 80,000	\$ 80,000	\$0	0.0%

General Fund

Engineer

The Spicer Group is the City’s Engineer of Record. This contract was awarded in 2013. Shawn Middleton is the primary contact for the City. Spicer assists in many of the day to day activities of the City; answering technical questions and working across all departments to address their engineering needs. They also help the City write, apply for and administer various grants. This fund accounts only for the retainer paid to Spicer. Actual engineering fees are recorded on a project basis in their appropriate fund.



Engineer Assumptions & Notes

Total Costs	increased	\$0	0.0%
Employee Costs	n/a	n/a	n/a
Operational Costs	increased	\$0	0.0%

Total Costs: Total costs were flat from the prior year budget.

Employee Costs: There are no employee costs as this is a contractual relationship.

Operational Costs: Operational costs were flat from the prior year budget. This amount is a contractual retainer fee for various day to day services.

285 Engineer	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Budget Difference	Percent Change
801.000 Professional Services (Retainer)	\$ 36,500	\$ 12,000	\$ 18,000	\$ 12,000	\$ 12,000	\$ -	0.0%
TOTAL ENGINEER	\$ 36,500	\$ 12,000	\$ 18,000	\$ 12,000	\$ 12,000	\$0	0.0%

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

General Fund

Municipal Buildings



This fund accounts for the expenses associated with the ongoing operation of the City’s buildings, including City Hall, Fire Station, and City Garage. The utilities for all these buildings, as well as maintenance, repairs and the cleaning contract for City Hall are recorded here. Maintenance and repairs for the Fire Station and City Garage are recorded in the Fire|EMS and DPW budgets, respectively.

Municipal Buildings Assumptions & Notes

Total Costs	increased	\$0	0.0%
Operational Costs	increased	\$0	0.0%

Total Costs: Total costs were flat from the prior year budget.

Employee Costs: Employee costs are not recorded in this department. The deputy building inspector \ facility manager \ caretaker is budgeted in the Community Development department.

Operational Costs: Operational were flat from the prior year budget. Decreases in phone were cost offset by various other increases.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:



2014-2015 Budget

265 Municipal Buildings	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
728.000 Operating Supplies	\$ 6,029	\$ 7,000	\$ 6,500	\$ 7,500	\$ 7,500	\$ 500	7.1%
801.000 Professional Services	\$ 173	\$ 2,500	\$ 1,000	\$ 2,500	\$ 2,500	\$ -	0.0%
831.000 Contractual Repairs & Maint.	\$ 19,018	\$ 7,000	\$ 7,500	\$ 8,200	\$ 8,200	\$ 1,200	17.1%
850.000 Utilities - Phone	\$ 6,852	\$ 9,600	\$ 7,000	\$ 7,000	\$ 7,000	\$ (2,600)	-27.1%
920.000 Gas - City Hall	\$ 5,320	\$ 6,500	\$ 7,000	\$ 6,500	\$ 6,500	\$ -	0.0%
920.336 Gas - Fire Dept	\$ 3,728	\$ 4,500	\$ 5,000	\$ 4,500	\$ 4,500	\$ -	0.0%
920.441 Gas - DPW	\$ 19,360	\$ 20,000	\$ 22,000	\$ 20,000	\$ 20,000	\$ -	0.0%
920.446 Gas - Bridge	\$ 1,361	\$ 1,200	\$ 1,300	\$ 1,200	\$ 1,200	\$ -	0.0%
922.000 Water - City Hall	\$ 2,671	\$ 2,700	\$ 2,700	\$ 2,800	\$ 2,800	\$ 100	3.7%
922.336 Water - Fire Dept	\$ 1,181	\$ 850	\$ 900	\$ 900	\$ 900	\$ 50	5.9%
922.441 Water - DPW	\$ 3,642	\$ 2,500	\$ 2,500	\$ 2,750	\$ 2,750	\$ 250	10.0%
922.446 Water - Bridge	\$ 1,736	\$ 700	\$ 700	\$ 700	\$ 700	\$ -	0.0%
925.000 Electric - City Hall	\$ 20,200	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ -	0.0%
925.336 Electric - Fire Dept	\$ 4,290	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ -	0.0%
925.441 Electric - DPW	\$ 12,557	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ -	0.0%
925.446 Electric - Bridge	\$ 4,231	\$ 2,800	\$ 2,800	\$ 2,800	\$ 2,800	\$ -	0.0%
930.000 Repairs & Maintenance	\$ 3,141	\$ 8,000	\$ 8,000	\$ 8,500	\$ 8,500	\$ 500	6.3%
970.000 Capital Outlay (Expense)	\$ 2,191	\$ 3,000	\$ 2,000	\$ 3,000	\$ 3,000	\$ -	0.0%
TOTAL MUNICIPAL BUILDINGS	\$ 117,683	\$ 118,850	\$ 116,900	\$ 118,850	\$ 118,850	\$0	0.0%

General Fund

General Operating & Debt Service

The General Operating department accounts for those items that are City-wide in nature, or ones that do not fit within an existing department. Examples of these items are things such as streetlights, information technology support, insurance, postage, debt service & transfers out. In addition, debt service for general obligation bonds is recorded here.

General Operating Assumptions & Notes

Total Costs	increased	\$249	0.0%
Operational Costs	increased	\$ 2,509	0.6%
Debt Service Costs	decreased	\$ (2,260)	-0.3%

Total Costs: Total costs “increased” from the prior year budget.

Employee Costs: No employee costs are charged to this department.

Operational Costs: Operational costs increased from the prior year budget. This is mainly due to the inclusion of a larger contingency line item. Other costs actually declined. Professional services increased because of environmental consulting fees. Cell phone costs increased because of increased numbers of phones and plan costs. Data and internet costs were reduced by eliminating an allocation for backup internet access that was not implemented. Postage is up because of rate increases and usage. Street light costs are expected to decline because of Consumers Energy replacing less efficient streetlights. Transfer out decreased because of less money being transferred to the Ramsdell Theatre.

Debt Service Costs: Debt service costs decreased slightly. Four general obligation bonds are recorded here: the 2003 Capital Improvement Bond (City Hall), the 2005 DDA Refunding Bond (Streetscape), the 2010 Capital Improvement Bond (water & street projects) and the 2013 Refunding Bond (refund 2003 City Hall bond). The general fund pays for the 2003 CI bond and the 2013 Refunding bond, the DDA reimburses the City 100% for the 2005 DDA Refunding Bond and the capital improvement fund, water and sewer fund and street fund(s) reimburse the general fund 100% for the 2010 CI bond.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs. As part of this change, related services that used to be paid here were re-allocated to individual departments. In addition, the contingency line item was lowered.



2014-2015 Budget

100 General Operating & Debt Service

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
728.000 Operating Expense	\$121	\$0	\$0	\$0	\$0	\$0	
801.000 Professional Services	30,895	28,000	38,000	33,487	32,288	4,288	15.3%
822.000 Insurance	77,238	78,000	77,000	78,000	78,000	\$ -	0.0%
855.000 Utilities - Cell Phones	15,545	13,500	18,000	18,000	18,000	\$ 4,500	33.3%
859.000 Utilities - Data\Internet	2,774	5,000	2,500	2,000	2,000	\$ (3,000)	-60.0%
901.000 Postage	25,605	21,279	23,000	23,000	23,000	\$ 1,721	8.1%
925.001 Electric - Street Lights	125,406	128,000	125,000	120,000	120,000	\$ (8,000)	-6.3%
940.000 Rent	1,688	1,800	1,700	1,800	1,800	\$ -	0.0%
959.000 Bad Debt	0	500	0	500	500	\$ -	0.0%
960.000 Bank Charges	4,994	1,000	1,500	2,000	2,000	\$ 1,000	100.0%
964.000 Refunds	88	558	200	558	558	\$ -	0.0%
970.000 Capital Outlay	0	0	0	0	0	\$ -	
989.000 Computer Hardware & Software	11,917	6,000	7,000	6,000	6,000	\$ -	0.0%
999.000 Transfer Out	161,283	107,000	107,000	100,000	100,000	\$ (7,000)	-6.5%
Contingency		7,000	0	0	16,000	\$ 9,000	128.6%
Operating Costs	\$ 457,554	\$ 397,637	\$ 400,900	\$ 385,345	\$ 400,146	\$ 2,509	0.6%
992.002 Renaissance Park Loan - Principa	\$0	\$0		\$0	\$0	\$0	
992.004 Bond Principal (1999 DDA)	0	0		0	0	0	
992.005 2003 Capital Improvement - Principi	115,000	125,000	125,000	0	0	-125,000	-1
992.006 2010 DDA Refunding - Principal	105,000	115,000	115,000	115,000	115,000	0	0.0%
992.007 2010 Capital Improvement - Principi	210,000	215,000	215,000	220,000	220,000	5,000	2.3%
992.008 2013 CI Refunding - Principal	0	25,000	25,000	155,000	155,000	130,000	520.0%
997.004 Bond Interest (1999 DDA)	0	0		0	0	0	
997.005 2003 Capital Improvement - Interes	91,238	2,188	2,188	0	0	-2,188	-1
997.006 2010 DDA Refunding - Interest	28,350	25,863	25,863	22,998	22,998	-2,865	-11.1%
997.007 2010 Capital Improvement - Interes	214,385	210,135	210,135	205,235	205,235	-4,900	-2.3%
997.008 2013 CI Refunding - Interest	0	46,058	46,058	43,750	43,750	-2,308	-5.0%
Debt Service	\$ 763,973	\$ 764,243	\$ 764,244	\$ 761,983	\$ 761,983	\$ (2,260)	-0.3%
TOTAL GENERAL OPERATING	\$ 1,221,526	\$ 1,161,880	\$ 1,165,144	\$ 1,147,328	\$ 1,162,129	\$ 249	0.0%

General Fund

Boards & Commissions

This department accounts for the many Boards and Commissions that have been established by Council or through ordinance. Some are State mandated and others are purely a local creation; however they all make significant contributions to the Community and its betterment.

Boards & Commissions Assumptions & Notes

Total Costs	increased	\$600	4.8%
Employee Costs	n/a	n/a	n/a
Operational Costs	increased	\$0	0.0%

Total Costs: Total costs increased from the prior year budget.

Employee Costs: This department has no employee costs.

Operational Costs: Operational costs increased due to an increased stipend for Board of Review members previously approved by City Council.

290 Boards & Commissions	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
712.001 Costs - Social Security	\$83	\$100	\$100	\$100	\$100	\$0	
712.002 Costs - Medicare	19	25	25	25	25	0	
712.009 Costs - Workers Comp	0	5	5	5	5	0	
881.000 Board of Review	1,725	2,000	2,600	2,600	2,600	600	
883.000 Harbor Commission	338	250	250	250	250	0	
884.000 Historic District Commission	564	750	750	750	750	0	
885.000 Non-Motorized Transportation	572	1,000	1,000	1,000	1,000	0	
886.000 Parks & Beautification Comm	297	850	850	850	850	0	
887.000 Planning Commission	2,979	6,000	5,000	6,000	6,000	0	
888.000 Tree Commission	245	350	350	350	350	0	
889.000 Zoning Board of Appeals	889	1,300	1,000	1,300	1,300	0	
TOTAL BOARDS & COMMISSIONS	\$ 7,717	\$ 12,630	\$ 11,930	\$ 13,230	\$ 13,230	\$600	4.8%

City Council Decision: City Council took the following action on the Manager’s recommended budget:

Budget as recommended Budget with changes

Changes:

General Fund

Appropriations

The City funds a variety of different organizations which undertake public activities on the City's behalf. By law the City may not provide a gift or a contribution of tax dollars for any purpose. However, the City may provide governmental services through other organizations. This distinction is important. In order to document the public purpose being served, the City has requested signed agreements that document the public benefit being provided, when not readily apparent or already documented. The organizations that the City funds are listed below with a brief description of the service they provide.

<u>Organization</u>	<u>Services Provided</u>
Alternatives for Area Youth 211	Teen Center, youth activities Social services hotline
Alliance for Economic Success	Economic development services
Junior Baseball	Youth recreation, field maintenance
Manistee Recreation Association	Youth recreation
Manistee Area Historical Museum	City historian, Historical reviews
PEG (Public, Education & Government TV)	Videotape & Broadcast Council meetings
Veteran's Memorial Day	Memorial Day flags
Manistee Area Public Schools Paine Pool*	Community Pool
Manistee Saints*	Rietz Park ball diamond maintenance

*Included in Appropriations this year instead of Parks.

The partnership with these organizations allows the City to deliver services in a cost effective manner and relieves the administrative and operational burden of these activities. The Manager's budget is not recommending any reduction in funding levels.

The two organizations marked with an asterisk have been moved from the Parks budget to the Appropriation budget to more accurately reflect the nature of the expenditure. The pool expenditure is contractually obligated thru January 2018. The Rietz Park diamond maintenance is for the Manistee Saints to maintain the ball field, which is exclusively reserved for the Manistee Saints. In the past, the City has authorized the Saints to contract for the work and paid the bill directly. In the future, the City would allocate an amount based on a proposal from the Saints vendor, estimated to be \$6,000 annually.

This recommendation is intended to provide the Council a point of beginning for discussion. Like other budgetary decisions, allocation decisions are in the hands of the City Council.

Appropriation Assumptions & Notes

Total Costs	increased	\$46,500	35.5%
Employee Costs	n/a	n/a	n/a
Operational Costs	increased	\$46,500	35.5%

Total Costs: Total costs increased from the prior year budget

Employee Costs: There are no employee costs in this budget.

Operational Costs: Operational costs increased from the prior year budget due to the inclusion of Manistee Area Public Schools and the Manistee Saints. These previously were accounted for in the Parks department. PEG requested an additional \$500 (on top of their \$1,500 increase last year).

801 Appropriations	2013 Actual	2014 Budget	2014 Projected	Organization Requested	Manager Budget	Council Adopted	Year to Year		Percent Change
							Budget Difference		
890.000 Alternatives for Area Youth	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ -		0.0%
891.001 211	\$ 2,500	\$ 2,500	\$ 2,500	\$ 3,000	\$ 3,000	\$ 3,000	\$ 500		20.0%
891.002 Manistee Saints	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000		
891.003 MAPS Paine Pool	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000		
892.000 Alliance for Economic Success	\$ 46,235	\$ 46,518	\$ 46,518	\$ 46,518	\$ 46,518	\$ 46,518	\$ -		0.0%
893.000 Junior Baseball	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ -		0.0%
894.000 Manistee Recreation Assoc.	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ -		0.0%
895.000 Museum	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ -		0.0%
896.000 PEG	\$ 24,000	\$ 25,500	\$ 25,500	\$ 26,000	\$ 25,500	\$ 25,500	\$ -		0.0%
897.000 Ramsdell Restoration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
898.000 SSCENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
899.000 Veteran's Memorial Day	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -		0.0%
969.016 Civic Players - Ramsdell	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
TOTAL APPROPRIATIONS	\$ 128,235	\$ 131,018	\$ 131,018	\$ 178,018	\$ 177,518	\$ 177,518	\$46,500		35.5%

City Council Decision: City Council took the following action on the Manager's recommended budget:

Budget as recommended Budget with changes

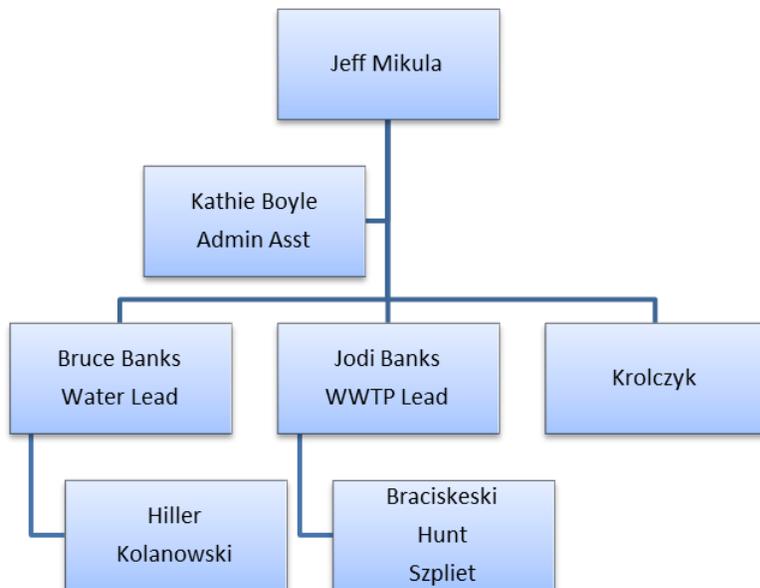
Changes:

Enterprise Funds

Water & Sewer Utility

The Water & Sewer Utility (WSU) is under the direction of Public Works Director Jeff Mikula. Jeff joined the City in 2013.

The WSU performs a variety of tasks, all of which are important to the City and its residents. The Water department is responsible for water production and treatment, monitoring, storage, testing, system maintenance and ensuring compliance with State and Federal regulations. The WWTP is responsible for treating and disposal of the City wastewater stream, operating lift stations, testing, system maintenance, and ensuring compliance with the City's NPDES permit and Local, State and Federal regulations. The Sewer department is responsible for maintaining the sewer infrastructure, and monitoring CSO's and SSO's. All parties work together to ensure the highest treatment standards for both water and sewer so that the public health and environment is protected.



Enterprise Funds

Water & Sewer Utility

The WSU is an enterprise fund and the second biggest in terms of revenue for all City funds. All of the WSU revenues and expenses, capital outlays and debt service are accounted for in one fund. Enterprise funds should be self-supporting. That is, the users of the system should pay all the costs associated with operating, maintaining and servicing the debt of the system. In fact, the City is required by law and ordinance to ensure that sufficient funds are available to provide for the debt service, operation and maintenance of the WSU.

The WSU has taken on a significant amount of debt in the recent past to fund State-mandated combined sewer separation projects. All of the major street segments have now been completed. Remaining work includes closing off the last outfall by 2016 and addressing inflow and/or infiltration issues. Total existing debt service payments average about \$1,600,000 per year through 2020 and the last bond is paid off in 2032.

With the foregoing in mind, the proposed budget anticipates \$3,500,000+ in additional debt to finance a variety of mandated and/or critical infrastructure construction and/or repairs over the next three years. This adds an estimated \$260,000 per year in debt service expense.

As discussed in the *Water & Sewer Rate Study* page, the proposed budget is based on the City's traditional annual internal rate making process and ordinance requirements and presented that way. The rate study will develop an entirely new rate making system. Council action will be required to implement the new system and amend ordinance(s) as needed. *Council ultimately approved incorporating the recommendations of the rate study into the budget.*

Under the new structure, a typical 6,000 gallon per month user would see their bill increase by \$3.16 per month or \$37.92 per year. It is important to keep in mind factors that will determine rate increases in the future.

1. The level of consumption at the Oaks Prison.
2. The sensitivity of customers to rate increases.
3. The timing and magnitude of additional customers in Filer and Manistee Townships. Filer and Manistee Township flows are indeterminate; however the budget does anticipate losing sewer flow from the Hospital, Medical Care and Health Center due to the LRBOI sewer line.
4. The need for additional capital expenditures. The list is extensive and is outlined in the Capital Improvement Plan.

No one likes to raise rates any more than is necessary. One way to keep rate increases down is to expand the customer base. Our efforts to cooperatively partner with Filer and Manistee Township will help increase our customer base and lower dependency on large customers.

Water & Sewer Utility Assumptions & Notes

Revenue	increased	\$ 117,649	3.0%
General	increased	\$ 16,235	4.7%
Administration	decreased	\$ (33,726)	-7.7%
Employee Costs	decreased	\$ (98,454)	-61.5%
Operating Costs	increased	\$ 64,728	23.3%
Water	increased	\$ 47,773	10.2%
Employee Costs	increased	\$ 14,108	7.4%
Operating Costs	increased	\$ 33,665	12.2%
WWTP	increased	\$ 31,894	4.5%
Employee Costs	increased	\$ 7,697	3.4%
Operating Costs	increased	\$ 24,197	5.0%
Sewer	decreased	\$ (48,280)	-23.1%
Employee Costs	decreased	\$ (56,986)	-45.3%
Operating Costs	increased	\$ 8,706	10.4%
Debt Service	increased	\$ 1,838	0.1%
Interest	increased	\$ (36,368)	-8.0%
Principal	increased	\$ 1,838	0.1%
Capital Expenditures	increased	\$ 3,508,000	3941.6%

Revenue: Revenue increased compared to the prior year budget. The increase is the result of the new rate structure\price increases, slightly higher projected flows and eliminating the \$125,000 oil & gas subsidy.

Administration Expense: Total expense decreased from the prior year budget. Employee costs decreased due to the merging of the Public Works and Utility Director positions. This position is now budgeted in the general fund. The budget also assumes a slight wage increase, step increases for those eligible and increased health insurance costs.

Operating costs increased due to higher administration fees paid to the general fund to reimburse for services and staff provided. The administration fee is set at 7.5% of operating revenues, which is in the generally accepted 5% to 10% range.

Water Expense: Total expense increased compared to the prior year budget. Employee costs increased. The budget assumes a slight wage increase, step increases for those eligible and increased health insurance costs. Contractual repairs and maintenance increased due to the addition of one fire hydrant insertion (and line stop). Electric went up based on prior year actual. Repairs and maintenance went up due to replacing the PLC's on well 6.

Operating costs increased due to changes in a variety of line items. Meters are up because the City will be more aggressive in replacing large meters (which have a quick payback thru increased revenue). Professional services increased due to an inspection of the Industrial Park water tower and consulting related to cross-connections. Capital cost is to retrofit the bulk water filling station on Washington Street for compliance purposes.

WWTP Expense: Total expense increased compared to the prior year budget. Employee costs increased over last year. The budget assumes a slight wage increase, step increases for those eligible and increased health insurance costs.

Operating costs increased due to increased professional services and repairs and maintenance. The City is required to close the last remaining combined sewer overflow by 2016 and this must be designed and engineered. It would be reimbursable if the City ultimately receives a SAW grant. Repairs and maintenance increased due to addressing needed and deferred items in the WWTP.

Sewer Collection Expense: Total expense decreased from the prior year budget. Employee expenses decreased due to an employee being transferred to the DPW and not being replaced. This is offset partially by a transfer back to the general fund. The budget assumes a slight wage increase, step increases for those eligible and increased health insurance costs.

Operating costs increased because of additional sewer cleaning and televising and for casting adjustments for manholes with a new type of repair kit.

Debt Service: Debt service increased from the prior year. This is entirely due to the proposed bond issue to fund the mandatory and needed improvements to the system. The structure and timing of the bond will be determined as more information is obtained regarding the various projects.

Capital Outlay: Capital outlay increased sharply from the prior year. The capital budget includes several items including Maywood water tower painting, water emergency response trailer, equalization basin, Sixth Ave. pump station, Renaissance park generator, portable pump, Industrial Park pump station, Sweetnam pump station, Riverbank sewer, inflow and infiltration removal and Century Terrace CSO closure. The Capital Improvement plan explains these projects and identifies other capital items for the water and sewer fund in the upcoming years. Delaying capital projects due to lack of funds or financing sources does not mean they "go away". Instead, an environment is created where emergency funds may have to be spent if infrastructure fails before it can be replaced, repaired or upgraded. It is far better to anticipate and schedule capital expenditures so they can be prioritized and a plan put in place to pay for them. Also, some state mandates remain which cannot be pushed back.



2014-2015 Budget

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended
 Budget with changes

Changes:

Council allocated additional funds to help employees manage increased health insurance costs.

Council ultimately approved incorporating the recommendations of the rate study into the budget.

REVENUES	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
539.000 State Grant	\$158,229	\$0	\$43,096	\$0	\$0	\$0	
608.000 Penalties	35,017	36,225	36,225	36,225	36,225	0	
610.000 Bond Debt	355,502	360,000	356,000	355,000	779,005	419,005	116.4%
612.000 New Service	14,438	2,500	18,000	2,500	2,500	0	
626.000 Charge for Service	225	1,000	500	1,000	1,000	0	
648.000 Water Sales	967,270	1,060,525	1,060,525	1,182,260	800,539	-259,986	-24.5%
649.000 Sewer Sales	1,632,376	1,802,185	1,802,185	1,950,346	1,899,055	96,870	5.4%
650.000 Meter Sales	7,864	3,500	4,000	3,500	3,500	0	
664.000 Interest Income	8,466	1,000	100	1,000	3,361	2,361	236.1%
667.000 Rental Income	77,443	69,922	69,922	69,922	69,922	0	
669.000 Hydrant & Tunnel Rental	21,600	21,600	21,600	21,600	21,600	0	
671.000 Other Revenue	5,649	3,500	5,500	3,500	3,500	0	
676.000 Reimbursement	32,419	0	32,000	0	0	0	
680.000 Capital Cost Recovery	31,791	31,836	31,836	31,836	0	-31,836	-100.0%
687.000 Refunds	10,994	0	1,645	0	0	0	
695.000 Insurance Settlement	0	0	0	0	0	0	
699.000 Transfer In	432,894	467,308	467,308	358,543	358,543	-108,765	-23.3%
TOTAL REVENUES	\$ 3,792,176	\$ 3,861,101	\$ 3,950,442	\$ 4,017,231	\$ 3,978,750	\$ 117,649	3.0%



2014-2015 Budget

100 GENERAL

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
799.000 Miscellaneous Expense	\$0	\$0	\$1,184	\$0	\$0	\$0	
999.000 Transfer Out	\$ 365,548	\$ 342,308	\$ 342,308	\$ 358,543	\$ 521,692	\$ 16,235	104.7%
TOTAL GENERAL	\$ 365,548	\$ 342,308	\$ 343,492	\$ 358,543	\$ 521,692	\$ 16,235	4.7%

541 ADMINISTRATION

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
702.000 Salaries	\$67,656	\$111,961	\$111,961	\$40,059	\$40,059	(\$71,902)	-64.2%
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	950	1,200	1,200	1,200	1,200	0	
706.000 Part-Time	0	0	0	0	0	0	
708.000 VSIH Sellback	0	0	2,300	0	0	0	
712.001 Costs - Social Security	4,229	7,530	7,735	2,760	2,760	-4,770	-63.3%
712.002 Costs - Medicare	989	1,761	1,809	646	646	-1,115	-63.3%
712.004 Costs - ICMA Contribution	0	0	0	0	0	0	
712.005 Costs - MERS Contribution	4,193	8,295	8,295	3,263	3,263	-5,032	-60.7%
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	0	
712.007 Costs - SUTA	500	500	500	157	157	-343	-68.6%
712.009 Costs - Workers Compensation	644	2,603	1,900	176	176	-2,427	-93.2%
712.010 Costs - Blue Cross Insurance	13,439	20,902	21,948	7,014	10,258	-10,644	-50.9%
712.011 Costs - Life Insurance	173	79	360	79	79	0	
712.012 HRA Payments	3,641	5,220	11,000	3,147	3,000	-2,220	
Employee Costs	\$ 96,413	\$ 160,051	\$ 169,008	\$ 58,500	\$ 61,597	(\$98,454)	-61.5%
728.000 Operating Expense	\$19,289	\$11,000	\$12,000	\$11,000	\$10,922	(\$78)	-0.7%
735.000 Periodicals & Publications	151	500	150	500	500	0	
801.000 Professional Services	70	150	35,000	0	0	-150	-100.0%
806.000 Administration	277,000	236,836	236,836	301,292	301,292	64,456	27.2%
831.000 Contractual Repairs & Maint.	1,883	4,300	3,000	4,300	4,300	0	
850.000 Phone	4,762	8,000	6,500	8,000	8,000	0	
860.000 Travel & Training Expense	1,447	2,500	2,500	3,000	3,000	500	20.0%
870.000 Membership & Dues	155	300	200	300	300	0	
873.000 Education	0	0	0	0	0	0	
874.000 Retiree BCBS	0	0	0	0	0	0	
900.000 Printing/Publishing	6,729	6,000	6,000	6,000	6,000	0	
930.000 Repairs & Maintenance	0	0	0	0	0	0	
959.000 Bad Debt	0	0	0	0	0	0	
960.000 Bank Charges	8,689	7,000	7,500	7,000	7,000	0	
970.000 Capital Outlay (Expense)	0	1,000	1,000	1,000	1,000	0	
Operating Costs	\$ 320,175	\$ 277,586	\$ 310,686	\$ 342,392	\$ 342,314	\$64,728	23.3%
TOTAL ADMINISTRATION	\$ 416,588	\$ 437,637	\$ 479,694	\$ 400,892	\$ 403,912	(\$33,726)	-7.7%



2014-2015 Budget

542 WATER OPERATION

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
702.000 Salaries	\$128,348	\$127,662	\$127,662	\$128,685	\$128,685	\$1,023	0.8%
703.000 Longevity		0	0	0	0	0	
704.000 Overtime	21,760	6,000	22,000	22,125	22,125	16,125	268.8%
706.000 Part Time	0	0	0	0	0	0	
708.000 VSIH Sellback		2,000	1,000	2,000	2,000	0	
712.001 Costs - Social Security	9,076	8,360	8,360	8,423	8,423	63	0.8%
712.002 Costs - Medicare	2,123	1,955	1,955	1,970	1,970	15	0.8%
712.004 Costs - ICMA Contribution	0	0	0	0	0	0	
712.005 Costs - MERS Contribution	0	0	0	0	0	0	
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	0	
712.007 Costs - SUTA	750	750	750	470	470	-279	-37.3%
712.009 Costs - Workers Compensation	5,119	4,530	4,530	4,580	4,580	50	1.1%
712.010 Costs - Blue Cross Insurance	28,976	30,348	31,866	20,758	27,522	-2,826	-9.3%
712.011 Costs - Life Insurance	238	238	238	238	238	0	
712.012 HRA Payments	6,859	7,562	2,500	8,386	7,500	-62	
Employee Costs	\$ 203,247	\$ 189,405	\$ 200,861	\$ 197,635	\$ 203,513	\$ 14,108	7.4%
715.000 Uniform & Cleaning Allowance	\$1,379	\$1,155	\$1,500	\$1,155	\$1,155	\$0	
728.000 Operating Expense	3,083	4,000	3,500	4,000	3,765	-235	-5.9%
745.000 Chemicals	37,858	35,500	25,000	35,500	35,500	0	
750.000 Meters	21,929	24,000	22,000	32,000	32,000	8,000	33.3%
770.000 Vehicle Gas	8,817	6,500	9,000	6,500	6,500	0	
801.000 Professional Services	27,818	15,000	15,000	21,000	21,000	6,000	40.0%
822.000 Insurance	2,745	3,500	4,500	3,500	3,500	0	
824.000 Lab Testing	4,886	9,000	5,000	9,000	9,000	0	
831.000 Contractual Repairs & Maint	26,860	21,000	18,000	21,000	21,000	0	
860.000 Travel & Training Expense	1,483	2,500	1,800	2,500	2,500	0	
870.000 Membership & Dues	273	525	525	525	525	0	
873.000 Education	0	0	0	0	0	0	
874.000 Costs - Retiree BCBS	0	0	0	0	0	0	
920.000 Gas	0	0	0	0	0	0	
925.000 Electric	70,913	62,000	68,000	70,000	70,000	8,000	12.9%
930.000 Repairs & Maintenance	57,551	57,000	57,000	63,900	63,900	6,900	12.1%
957.000 Motor Pool	35,000	35,000	35,000	35,000	35,000	0	
970.000 Capital Outlay (expense)	-684		0	5,000	5,000	5,000	
Operating Costs	\$ 299,913	\$ 276,680	\$ 265,825	\$ 310,580	\$ 310,345	\$33,665	12.2%
TOTAL WATER OPERATION	\$ 503,160	\$ 466,085	\$ 466,686	\$ 508,215	\$ 513,858	\$47,773	10.2%

543 SEWER - WWTP

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
702.000 Salaries	\$171,681	\$170,090	\$170,090	\$171,512	\$171,512	\$1,422	0.8%
703.000 Longevity		0	0	0	0	0	
704.000 Overtime	21,027	7,000	22,000	12,602	12,602	5,602	80.0%
706.000 Part Time		0	0	0	0	0	
708.000 VSIH Sellback	4,456	2,000	2,000	2,000	2,000	0	
712.001 Costs - Social Security	11,962	11,166	11,166	11,254	11,254	88	0.8%
712.002 Costs - Medicare	2,798	2,611	2,611	2,632	2,632	21	0.8%
712.004 Costs - ICMA Contribution	0	0	0	0	0	0	
712.005 Costs - MERS Contribution	0	0	0	0	0	0	
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	0	
712.007 Costs - SUTA	999	999	999	627	627	-372	-37.3%
712.009 Costs - Workers Compensation	4,436	3,962	3,962	4,104	4,104	142	3.6%
712.010 Costs - Blue Cross Insurance	18,448	19,328	20,295	17,050	21,685	2,357	12.2%
712.011 Costs - Life Insurance	317	317	317	317	317	0	
712.012 HRA Payments	1,917	7,562	2,500	6,785	6,000	-1,562	
Employee Costs	\$ 238,042	\$ 225,036	\$ 235,940	\$ 228,883	\$ 232,733	\$7,697	3.4%
715.000 Uniform & Cleaning Allowance	\$2,995	\$3,208	\$3,208	\$3,328	\$3,328	\$120	3.7%
728.000 Operating Expense	28,263	25,000	25,000	25,040	24,727	\$ (273)	-1.1%
745.000 Chemicals	34,089	30,000	27,000	30,000	30,000	\$ -	
770.000 Vehicle Gas	6,709	7,200	4,800	7,200	7,200	\$ -	
801.000 Professional Services	14,431	21,500	30,000	24,500	24,500	\$ 3,000	14.0%
822.000 Insurance	19,222	29,000	20,000	20,000	20,000	\$ (9,000)	-31.0%
824.000 Lab Testing	9,874	10,900	6,000	14,400	14,400	\$ 3,500	32.1%
831.000 Contractual Repairs & Maint.	41,721	60,000	55,000	75,500	75,500	\$ 15,500	25.8%
860.000 Travel & Training Expense	3,727	4,000	4,000	4,000	4,000	\$ -	
870.000 Membership & Dues	232	450	450	600	600	\$ 150	33.3%
873.000 Education	0	0	0	0	0	\$ -	
874.000 Costs - Retiree BCBS	0	0	0	0	0	\$ -	
920.000 Gas	19,400	21,000	21,000	21,000	21,000	\$ -	
925.000 Electric	116,906	117,000	122,850	117,000	117,000	\$ -	
930.000 Repairs & Maintenance	53,171	117,500	117,500	128,700	128,700	\$ 11,200	9.5%
957.000 Motor Pool	35,000	35,000	35,000	35,000	35,000	\$ -	
970.000 Capital Outlay (expense)	-10,105	0	0	0	0	\$ -	
Operating Costs	\$ 375,636	\$ 481,758	\$ 471,808	\$ 506,268	\$ 505,955	\$24,197	5.0%
TOTAL SEWER - WWTP	\$ 613,678	\$ 706,794	\$ 707,748	\$ 735,151	\$ 738,688	\$31,894	4.5%



2014-2015 Budget

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Budget Difference	Percent Change
702.000 Salaries	\$83,519	\$80,998	\$80,998	\$40,826	\$40,826	(\$40,173)	-49.6%
703.000 Longevity		0	0	0	0	\$ -	
704.000 Overtime	11,748	3,500	22,216	1,750	1,750	\$ (1,750)	-50.0%
706.000 Part Time		0	0	0	0	\$ -	
708.000 VAS\H Sellback	2,386	2,500	2,500	2,500	2,500	\$ -	
712.001 Costs - Social Security	5,811	5,448	6,000	2,833	2,833	\$ (2,615)	-48.0%
712.002 Costs - Medicare	1,359	1,274	1,400	663	663	\$ (612)	-48.0%
712.004 Costs - ICMA Contribution	0	0	0	0	0	\$ -	
712.005 Costs - MERS Contribution	0	0	0	0	0	\$ -	
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	\$ -	
712.007 Costs - SUTA	500	500	500	157	157	\$ (343)	-68.6%
712.009 Costs - Workers Compensation	3,169	2,800	2,800	1,456	1,456	\$ (1,344)	-48.0%
712.010 Costs - Blue Cross Insurance	21,857	22,913	24,059	10,438	12,843	\$ (10,071)	-44.0%
712.011 Costs - Life Insurance	158	158	158	79	79	\$ (79)	-50.0%
712.012 HRA Payments	1,904	5,755	3,000	3,693	3,000		
Employee Costs	\$ 132,410	\$ 125,847	\$ 143,631	\$ 64,394	\$ 66,106	(\$56,986)	-45.3%
715.000 Uniform & Cleaning Allowance	\$1,315	\$1,432	\$1,432	\$2,266	\$2,266	\$834	58.2%
728.000 Operating Expense	157	2,500	1,500	2,500	2,422	\$ (78)	-3.1%
745.000 Chemicals	4,988	8,000	4,000	8,000	8,000	\$ -	
770.000 Vehicle Gas	0	0	0	0	0	\$ -	
801.000 Professional Services	288,571	12,000	40,000	12,000	12,000	\$ -	
831.000 Contractual Repairs & Maint.	550	10,000	5,000	15,300	15,300	\$ 5,300	53.0%
860.000 Travel & Training Expense	921	1,000	500	1,000	1,000	\$ -	
870.000 Membership & Dues	0	450	0	600	600	\$ 150	
873.000 Education	0	0	0	0	0	\$ -	
874.000 Costs - Retiree BCBS	0	0	0	0	0	\$ -	
930.000 Repairs & Maintenance	19,965	13,000	13,000	15,500	15,500	\$ 2,500	19.2%
957.000 Motor Pool	35,000	35,000	35,000	35,000	35,000	\$ -	
970.000 Capital Outlay (Expense)	0	0	0	0	0	\$ -	
Operating Costs	\$ 351,467	\$ 83,382	\$ 100,432	\$ 92,166	\$ 92,088	\$8,706	10.4%
TOTAL SEWER COLLECTION	\$ 483,877	\$ 209,229	\$ 244,063	\$ 156,560	\$ 158,194	(\$48,280)	-23.1%



2014-2015 Budget

574 BOND INTEREST	2013	2014	2014	Manager	Council	Year to Year	Percent
	Actual	Budget	Projected	Budget	Adopted	Budget	Change
						Difference	
960.000 Bank Charges	\$491	\$500	\$500	\$1,500	\$1,500	\$1,000	200.0%
995.003 1997 B SRF Bond Interest	3,488	2,813	2,813	2,138	2,138	-675	-24.0%
995.005 1998 B SRF Bond Interest	22,388	19,181	19,181	15,863	15,863	-3,318	-17.3%
995.007 1999 B SRF Bond Interest	27,813	24,875	24,875	21,813	21,813	-3,062	-12.3%
995.008 2005 Refunding Interest	193,851	174,345	174,345	153,383	153,383	-20,962	-12.0%
995.009 2006 SRF Interest	34,812	32,699	32,699	30,587	30,587	-2,112	-6.5%
995.010 2010 SRF Interest	15,455	15,875	15,875	14,152	14,152	-1,723	-10.9%
995.011 2010 DWRF Interest	10,871	10,375	10,375	9,875	9,875	-500	-4.8%
TRFOUT 2010 Cap Imp Interest	137,414	134,704	134,704	131,563	131,563	-3,141	-2.3%
995.010 2011 SRF Interest	31,758	30,519	30,519	29,144	29,144	-1,375	-4.5%
995.011 2011 DWRF Interest	10,738	10,314	10,314	9,814	9,814	-500	-4.8%
New Bond Issue				155,385	0	0	
TOTAL DEBT INTEREST	\$ 489,077	\$ 456,200	\$ 456,200	\$ 575,217	\$ 419,832	\$ (36,368)	-8.0%
300.003 1997 B SRF Bond Principal	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$0	0.0%
300.005 1998 B SRF Bond Principal	140,000	145,000	145,000	150,000	150,000	\$ 5,000	3.4%
300.007 1999 B SRF Bond Principal	115,000	120,000	120,000	125,000	125,000	\$ 5,000	4.2%
300.008 2005 Refunding Principal	445,000	470,000	470,000	490,000	490,000	\$ 20,000	4.3%
300.009 2006 SRF Principal	130,000	130,000	130,000	135,000	135,000	\$ 5,000	3.8%
300.010 2010 SRF Principal	25,000	30,000	25,000	30,000	30,000	\$ -	0.0%
300.011 2010 DWRF Principal	20,000	20,000	20,000	20,000	20,000	\$ -	0.0%
TRFOUT 2010 Cap Imp Principal	134,617	137,822	137,822	141,028	141,028	\$ 3,206	2.3%
300.010 2011 SRF Principal	55,000	55,000	55,000	55,000	55,000	\$ -	0.0%
300.011 2011 DWRF Principal	20,000	20,000	20,000	20,000	20,000	\$ -	0.0%
New Bond Issue				118,987	0	\$ -	
TOTAL DEBT PRINCIPAL	\$ 1,114,617	\$ 1,157,822	\$ 1,152,822	\$ 1,315,015	\$ 1,196,028	\$ 38,206	3.3%
TOTAL DEBT SERVICE	\$ 1,603,694	\$ 1,614,022	\$ 1,609,022	\$ 1,890,232	\$ 1,615,860	\$ 1,838	0.1%
SURPLUS\DEFICIT BEFORE CAPEX	\$ (194,369)	\$ 85,026	\$ 99,738	\$ (32,362)	\$ 26,546		
CAPITAL EXPENDITURES							
	2013	2014	2014	Manager	Council	Year to Year	Percent
	Actual	Budget	Projected	Budget	Adopted	Budget	Change
						Difference	
541 Admin Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0	
542 Water Capital Outlay	94,872	48,000	40,000	279,000	279,000	\$ 231,000	
543 WWTP Capital Outlay	31,265	41,000	41,000	2,288,000	2,288,000	\$ 2,247,000	
544 Sewer Capital Outlay	32,200	0	0	1,133,000	1,030,000	\$ 1,030,000	
TOTAL CAPITAL EXPENDITURES	\$ 158,337	\$ 89,000	\$ 81,000	\$ 3,700,000	\$ 3,597,000	\$ 3,508,000	3941.6%
CASH IMPACT BEFORE FINANCING	\$ (352,706)	\$ (3,974)	\$ 18,738	\$ (3,746,900)	\$ (3,570,454)		
SRF Loan	\$0	\$0	\$0	\$0	\$0		
DWRF Loan	0	0	0	0	0		
Other Bond	0	0	0	3,700,000	3,597,000		
FINANCING SOURCES	\$ -	\$ -	\$ -	\$ 3,700,000	\$ 3,597,000		
FINAL CASH IMPACT		\$ (3,974)	\$ 18,738	\$ (46,900)	\$ 26,546		
BEG UNRESTRICTED CASH & INV			\$ 625,068		\$ 643,806		
ENDING UNRESTRICTED CASH	\$ 625,068		\$ 643,806		\$ 670,352		

Enterprise Funds

Municipal Marina



The Municipal Marina fund accounts for the activities of the Manistee Municipal Marina.

Recognized as one of the finest public marinas on Lake Michigan, our marina hosts hundreds of boats a year and also serves as the home port for several large fishing tournaments. The gorgeous facility boasts state of the art boater amenities including comfortable day room, children's area, spacious showers, restrooms and laundry facilities. Public restrooms are also accessible from River Street and serve downtown pedestrian traffic. A public gathering\meeting room available for rent is located on the upper level.

The marina has 36 slips ranging in length from 30 to 60 feet. It can also accommodate larger vessels (up to 100') with a broadside tie against the Riverwalk seawall. It offers a full array of services including gasoline and diesel fuel, pump out, bath facilities, water and electric hookup and wi-fi.

The recent renovations to the Marina building required the Marina to incur approximately \$650,000 in debt, adding \$63,000 per year in annual debt service payments.

Marina Assumptions & Notes

Revenue	decreased	(\$36,925)	-13.1%
Total Costs	decreased	(\$20,850)	-9.0%
Employee Costs	decreased	(\$2)	0.0%
Operating Costs	decreased	(\$20,848)	-10.4%
Debt Service	decreased	(\$25,097)	-39.8%
Interest	increased	\$497	3.1%
Principal	decreased	(\$25,594)	-54.5%
Capital Expenditures	increased	\$0	

Revenue: Revenue decreased from the prior year budget. This decrease is primarily due to less grant revenue, as the dredging project is expected to be complete. Dockage sales have also been adjusted down to the three year average. Fuel revenue is up as costs are expected to increase. The City has an approximate 10% profit margin on fuel.

Employee Costs: Employee costs were flat from the prior year.

Operating Costs: Operating costs decreased from the prior year budget. The decrease is due to the previously mentioned dredging which has been completed. Other costs, primarily utilities, increased slightly.

Debt Service: Debt service decreased from the prior year budget. The Marina has a loan out from the oil & gas fund and an installment purchase contract with West Shore Bank. Currently, revenues from the Marina are inadequate to fund operations and service debt so a \$40,000 transfer in from the Capital Improvement fund is used as a backstop for the debt service. In addition, the budget anticipates making an interest only payment on the oil & gas loan as revenues have not been sufficient to fund operations and debt service. The oil & gas board has approved this change.

Capital Outlay: No capital outlay is budgeted.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

594 Municipal Marina Fund	2013	2014	2014	Manager	Year to Year		Percent
	Actual	Budget	Projected	Budget	Council	Budget	Change
					Adopted	Difference	
539.000 State Grant	\$0	\$24,000	\$58,500	\$0	\$0	-\$24,000	-100.0%
570.000 Local Grant	0	0	0	0	0	0	
642.000 Sales	3,658	4,000	4,000	4,000	4,000	0	0.0%
645.000 Charge for Sales - Fuel	126,846	120,875	105,000	125,000	125,000	4,125	3.4%
646.000 Charge for Sales - Dockage	76,510	92,000	82,000	85,000	75,000	-17,000	-18.5%
664.000 Interest Income	39	100	25	50	50	-50	-50.0%
667.000 Rental Income	520	0	1,000	1,500	1,500		
671.000 Other Revenue	59	0	0	0	0	0	
674.000 Contributions\Donations	0	0	0	0	0		
695.000 Insurance Settlement	0	0	15,000	0	0	0	
699.000 Operating Transfer In	40,000	40,000	40,000	40,000	40,000	0	0.0%
Total Revenues	\$247,632	\$280,975	\$305,525	\$255,550	\$245,550	(\$36,925)	-13.1%
702.000 Salaries	\$0	\$0	\$0	\$0	\$0	\$0	
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	594	500	100	500	500	0	0.0%
706.000 Part-Time	25,518	26,000	26,000	26,000	26,000	0	0.0%
712.001 Costs - Social Security	1,595	1,643	1,643	1,643	1,643	0	0.0%
712.002 Costs - Medicare	373	384	384	384	384	0	0.0%
712.007 Costs - SUTA	888	13	13	8	8	-5	-37.3%
712.009 Costs - Work Comp	945	914	914	917	917	3	0.3%
Employee Costs	\$29,912	\$29,455	\$29,054	\$29,452	\$29,452	(\$2)	0.0%
728.000 Operating Expense	6,399	9,500	6,500	7,500	7,500	-2,000	-21.1%
730.000 Operating Supplies - Fuel	109,890	112,925	97,650	113,400	113,400	475	0.4%
801.000 Professional Services	2,298	500	10,000	500	500	0	0.0%
820.000 Administration	14,000	14,800	14,800	12,278	12,278	-2,523	-17.0%
822.000 Insurance	1,490	1,750	1,600	1,750	1,750	0	0.0%
831.000 Contractual Repairs & Maint.	3,889	1,500	4,000	3,500	3,500	2,000	133.3%
850.000 Phone	0	0	0	0	0	0	
892.500 Marketing	1,747	4,000	3,500	4,000	4,000	0	0.0%
920.000 Gas	1,387	1,200	1,400	1,400	1,400	200	16.7%
922.000 Water	3,722	3,000	4,000	4,000	4,000	1,000	33.3%
925.000 Electric	14,824	13,000	14,000	15,000	15,000	2,000	15.4%
930.000 Repairs & Maintenance	2,268	27,000	66,500	3,000	3,000	-24,000	-88.9%
958.000 Sales Tax	4,666	4,000	4,200	4,500	4,500	500	12.5%
959.000 Bad Debt	0	0	0	0	0	0	
960.000 Bank Charges	8,926	8,000	8,200	9,000	9,000	1,000	12.5%
964.000 Refunds	0	0	0	0	0	0	
970.000 Capital Outlay	6,046	0	150	500	500	500	
Operating Costs	\$181,552	\$201,175	\$236,500	\$180,328	\$180,328	(\$20,848)	-10.4%



2014-2015 Budget

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
TOTAL OPERATING EXPENSES	\$211,464	\$230,630	\$265,554	\$209,780	\$209,780	-\$20,850	-9.0%
AVAILABLE FOR DEBT SERVICE	\$36,168	\$50,345	\$39,971	\$45,770	\$35,770	-\$16,075	
998.003 Interest - Internal Loan	\$6,007	\$5,043	\$5,540	\$5,540	\$5,540	497	9.9%
998.001 Interest - Bank Loan (IPA)	\$11,661	\$10,990	\$10,965	\$10,990	\$10,990	0	0.0%
TOTAL DEBT INTEREST	\$17,668	\$16,033	\$16,505	\$16,530	\$16,530	497	3.1%
OPERATING RESULT	\$18,500	\$34,312	\$23,466	\$29,240	\$19,240		
214.000 Principal - Internal Loan DTOF	\$0	\$25,594	\$0	\$0	\$0	-25,594	-100.0%
308.001 Principal - Bank Loan (IPA)	\$21,397	\$21,396	\$21,421	\$21,396	\$21,396	0	0.0%
TOTAL DEBT REPAYMENT	\$21,397	\$46,991	\$21,421	\$21,396	\$21,396	-25,594	-54.5%
SURPLUS\DEFICIT BEFORE CAPEX	-\$2,897	-\$12,679	\$2,044	\$7,844	-\$2,156		
CAPITAL EXPENDITURES							
	\$0	\$0	\$0	\$0	\$0		
TOTAL CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0		
CASH IMPACT BEFORE FINANCING	-\$2,897	-\$12,679	\$2,044	\$7,844	-\$2,156		
General Fund Transfer In	\$0	\$0	\$0	\$0	\$0		
Installment Purchase	\$0	\$0	\$0	\$0	\$0		
FINANCING SOURCES	\$0	\$0	\$0	\$0	\$0		
FINAL CASH IMPACT	-\$2,897		\$2,044	\$7,844	-\$2,156		
BEGINNING CASH			\$577		\$17,397		
ENDING CASH	\$577		\$17,397		\$15,240		

Enterprise Funds

Boat Launch



The Boat Launch fund accounts for the activities of the First Street, Arthur Street and Ninth Street Boat launches. It operates as a stand-alone enterprise.

Both First St. and Arthur St. launches have seen significant investment in recent years. Arthur St. received a complete makeover including refurbishing the restrooms, reconfiguring the parking, expanding the launch, adding an accessible fishing pier and landscaping. Ninth St. also needs work, but construction at this site is probably a few years out due to funding limitations and the complexity of the project.

Ingress and egress to the First St. Boat Launch was reconfigured as part of the First St. project.

Boat Ramp Assumptions & Notes

Revenue	decreased	(\$3,000)	-9.1%
Total Costs	decreased	(\$7,698)	-41.9%
Employee Costs	n/a	n/a	n/a
Operating Costs	decreased	(\$7,698)	-41.9%
Debt Service	decreased	(\$0)	0.0%
Interest	decreased	(\$245)	-10.3%
Principal	increased	\$245	2.0%
Capital Expenditures	increased	\$0	

Revenue: Revenue decreased from the prior year budget. Revenues are largely dependent on weather and fishing conditions and the price of fuel. This projection is based on historical data.

Employee Costs: The boat launch has no employees.

Operating Costs: Operating costs decreased from the prior year budget. The administration fee was set to be 7% of revenues, resulting in a decrease in this line item.

Debt Service: Debt service remained flat from the prior year budget. The boat launch has a loan from the oil & gas fund to finance the Arthur St. Boat launch renovations. This budget is payment number 3 of 10.

Capital Outlay: No Capital outlay is budgeted. If grant funding materializes for the proposed Ninth St. Boat launch renovation, this project could proceed, but is not likely this year.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

Budget as recommended Budget with changes

Changes:



2014-2015 Budget

508 Boat Launch Fund	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Year to Year		Percent Change
					Council Adopted	Budget Difference	
539.000 State Grant	\$0	\$0	\$0	\$0	\$0	\$0	
642.000 Sales	28,862	33,000	33,000	30,000	30,000	-3,000	-9.1%
664.000 Interest Income	12	25	5	25	25	0	0.0%
Total Revenues	\$28,874	\$33,025	\$33,005	\$30,025	\$30,025	(\$3,000)	-9.1%
Employee Costs	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
728.000 Operating Expense	\$490	\$2,500	\$1,800	\$2,500	\$2,500	\$0	0.0%
801.000 Professional Services	1,500	500	250	500	500	0	0.0%
820.000 Administration	9,500	9,800	9,800	2,102	2,102	-7,698	-78.6%
850.000 Phone	236	230	270	230	230	0	0.0%
892.500 Marketing	0	500	0	500	500	0	0.0%
922.000 Water	609	750	1,000	750	750	0	0.0%
925.000 Electric	2,377	2,100	2,200	2,100	2,100	0	0.0%
930.000 Repairs & Maintenance	2,275	1,500	750	1,500	1,500	0	0.0%
960.000 Bank Charges	417	500	500	500	500	0	0.0%
970.000 Capital Outlay (expense)	0	0	0	0	0	0	
Operating Costs	\$17,404	\$18,380	\$16,570	\$10,682	\$10,682	-\$7,698	-41.9%
TOTAL OPERATING EXPENSES	\$17,404	\$18,380	\$16,570	\$10,682	\$10,682	(\$7,698)	-41.9%
AVAILABLE FOR DEBT SERVICE	\$11,470	\$14,645	\$16,435	\$19,343	\$19,343		
998.003 Interest - Internal Loan	\$1,898	\$2,393	\$2,393	\$2,148	\$2,148		
TOTAL DEBT INTEREST	\$1,898	\$2,393	\$2,393	\$2,148	\$2,148	-\$245	-10.3%
OPERATING RESULT	\$9,572	\$12,252	\$14,042	\$17,196	\$17,196		
214.000 Principal - Internal Loan DTOF	\$12,638	\$12,143	\$12,143	\$12,388	\$12,388		
				0	0		
TOTAL DEBT REPAYMENT	\$12,638	\$12,143	\$12,143	\$12,388	\$12,388	\$245	2.0%
SURPLUS\DEFICIT BEFORE CAPEX	-\$3,066	\$109	\$1,899	\$4,808	\$4,808		
CAPITAL EXPENDITURES							
First Street Launch		\$0	\$0	\$0	\$0		
Arthur Street Launch		0	0	0	0		
Ninth Street Launch		0	0	0	0		
TOTAL CAPITAL EXPENDITURES		\$0	\$0	\$0	\$0	\$0	
CASH IMPACT BEFORE FINANCING		\$109	\$1,899	\$4,808	\$4,808		
		\$0	\$0	\$0	\$0		
		0	0	0	0		
FINANCING SOURCES		\$0	\$0	\$0	\$0		
FINAL CASH IMPACT		\$109	\$1,899	\$4,808	\$4,808		
BEGINNING CASH & INV			\$5,955	\$7,854	\$7,854		
ENDING CASH & INV	\$5,955		\$7,854	\$12,662	\$12,662		

Enterprise Funds

Ramsdell Theatre

This fund accounts for the operations of the Ramsdell Theatre. The City owns and operates the theatre and the Ramsdell Governing Authority, appointed by Council, oversees operations of the complex. See the *Ramsdell Theatre Issue Page* for more details.

Ramsdell Theatre Assumptions & Notes

Revenue	increased	\$33,615	8.0%
Operating Costs	increased	\$80,643	46.9%
Employee Costs	increased	\$21,452	30.6%
Operating Costs	increased	\$59,191	58.2%
Debt Service	increased	\$1,546	0.9%
Interest	decreased	(\$9,840)	-18.0%
Principal	increased	\$11,386	9.3%
Capital Expenditures	decreased	(\$20,000)	-50.0%



Revenue: Revenue increased over the prior year budget. The new Executive Director is bringing in additional performances to the theatre. Rental income is expected to increase when we negotiate new leases with our user groups to more fully reflect the value they are receiving. Fundraising is also hoped to increase as we re-engage our donors. Transfers in were reduced by \$7,000 (general fund) and \$25,000 (capital improvement fund).

Employee Costs: Employee costs increased. The budget assumes a wage increase equal to inflation and increased health insurance costs. It also assumes engaging more seasonal need-based labor for site management, custodial and technical needs.

Operating Costs: Operating costs also increased. The biggest increase is in performance costs related to the more active programming mentioned above. Repairs and maintenance also increased due to needed work on the marquee and pillars.

Debt Service: Debt service costs were largely flat. This reflects the HVAC system and roof loan payments. Both of these are funded entirely by the Capital Improvement fund.

Capital Outlay: Capital outlay decreased as the allocation from the capital improvement fund was eliminated. This will likely go towards substage improvements.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes: Council allocated additional funds to help employees manage increased health insurance costs.

296 Ramsdell Theatre Fund	2013 Actual	2014 Budget	2014 Projected	Ramsdell Proposed	Year to Year		Percent Change
					Council Adopted	Budget Difference	
539.000 Grant Revenue	\$0	\$0	\$0	\$11,500	\$11,500	\$11,500	
642.000 Sales	0	500	0	0	0	-\$500	-100.0%
651.000 Sales - Concessions	1,748	3,000	363	0	0	-\$3,000	-100.0%
652.000 Sales - Movies\Opera	276	3,000	0	4,300	4,300	\$1,300	43.3%
653.000 Sales - Performances	24,727	28,000	16,000	55,035	55,035	\$27,035	96.6%
664.000 Interest Income	42	50	25	50	50	\$0	0.0%
667.000 Rental Income	25,185	30,000	22,856	37,680	37,680	\$7,680	25.6%
667.001 Rental Income - Ballroom	26,673	24,000	19,070	26,400	26,400	\$2,400	10.0%
667.002 Rental Income - Theatre	7,130	4,500	4,080	4,700	4,700	\$200	4.4%
667.003 Rental Income - Hardy Hall	3,644	2,000	4,700	5,000	5,000	\$3,000	150.0%
667.004 Rental Income - Studio	285	200	0	0	0	-\$200	-100.0%
671.000 Other Revenue	2,240	0	0	0	0	\$0	
674.000 Contributions\Donations	374	11,500	2,000	27,700	27,700	\$16,200	140.9%
699.000 Transfers In	289,850	310,830	310,830	278,830	278,830	-\$32,000	-10.3%
Total Revenues	\$382,173	\$417,580	\$379,924	\$451,195	\$451,195	\$33,615	8.0%
702.000 Salaries	\$0	\$40,000	\$31,200	\$45,720	\$45,720	\$5,720	14.3%
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	0	0	0	0	0	0	
706.000 Part-Time	17,959	10,660	14,000	21,580	21,580	10,920	102.4%
708.000 V\SIH Sellback	350	0	350	0	0	0	
712.001 Costs - Social Security	1,156	3,141	2,802	4,173	4,173	1,032	32.8%
712.002 Costs - Medicare	270	735	655	976	976	241	32.8%
712.004 Costs - ICMA Contribution	0	0	0	0	0	0	
712.005 Costs - MERS	0	2,916	2,274	3,562	3,562	646	22.1%
712.006 Costs - In Lieu of BC/BS	0	0	0	0	0	0	
712.007 Costs - SUTA	607	250	600	157	157	-93	-37.3%
712.009 Costs - Work Comp	354	1,733	600	2,003	2,003	270	15.6%
712.010 Costs - Health Insurance	0	9,446	8,500	7,014	10,258	812	8.6%
712.011 Costs - Life Insurance	0	79	75	79	79	0	0.3%
712.012 Costs - HRA Payments/Fees	0	1,095	500	3,147	3,000	1,905	174.0%
Employee Costs	\$20,697	\$70,055	\$61,557	\$88,410	\$91,507	\$21,452	30.6%
728.000 Office/Operating Expense	\$10,020	\$12,000	\$13,000	\$17,000	\$16,922	\$4,922	41.0%
751.000 Concession Expense	2,295	3,000	300	0	0	-\$3,000	-100.0%
752.000 Movie Expense	385	2,500	2,500	4,090	4,090	\$1,590	63.6%
753.000 Performance Expense	17,161	10,750	12,000	50,586	50,586	\$39,836	370.6%
801.000 Professional Services	7,655	8,000	2,600	8,500	8,500	\$500	6.3%
822.000 Insurance	1,811	2,000	4,000	2,000	2,000	\$0	0.0%
831.000 Contractual Repairs & Maint	7,691	6,500	32,000	20,000	20,000	\$13,500	207.7%
850.000 Phone	479	540	600	540	540	\$0	0.0%
860.000 Travel & Training	0	0	150	0	0		
870.000 Memberships & Dues	485	485	1,350	485	485	\$0	0.0%
892.500 Marketing Expense	2,388	5,000	3,500	5,000	5,000	\$0	0.0%
900.000 Printing/Publishing	465	1,500	200	1,875	1,875	\$375	25.0%
901.000 Postage	0	1,000	0	1,668	1,668	\$668	66.8%
920.000 Gas	13,023	16,000	12,000	13,000	13,000	-\$3,000	-18.8%
922.000 Water	257	500	260	300	300	-\$200	-40.0%
925.000 Electric	12,615	19,000	15,000	15,000	15,000	-\$4,000	-21.1%
930.000 Repairs & Maint	4,832	8,000	5,000	16,000	16,000	\$8,000	100.0%
970.000 Capital Outlay	8,270	5,000	18,000	5,000	5,000	\$0	0.0%
Operating Costs	\$89,832	\$101,775	\$122,460	\$161,044	\$160,966	\$59,191	58.2%



2014-2015 Budget

	2013 Actual	2014 Budget	2014 Projected	Ramsdell Proposed	Council Adopted	Year to Year Budget Difference	Percent Change
AVAILABLE FOR DEBT SERVICE	\$271,644	\$245,750	\$195,907	\$201,741	\$198,722		
998.000 Ramsdell Roof - Interest	\$10,720	\$10,733	\$8,304	\$5,775	\$5,775		
998.002 Ramsdell HVAC - Interest	\$43,870	\$43,870	\$41,473	\$38,989	\$38,989		
TOTAL DEBT INTEREST	\$54,590	\$54,603	\$49,777	\$44,763	\$44,763	-\$9,840	-18.0%
308.000 Ramsdell Roof - Principal	\$59,160	\$57,601	\$61,576	\$64,105	\$64,105		
308.002 Ramsdell HVAC - Principal	\$65,101	\$65,080	\$67,477	\$69,961	\$69,961		
TOTAL PRINCIPAL	\$124,261	\$122,681	\$129,053	\$134,067	\$134,067	\$11,386	9.3%
TOTAL DEBT SERVICE	\$178,851	\$177,284	\$178,830	\$178,830	\$178,830	\$1,546	0.9%
SURPLUS\DEFICIT BEFORE CAPEX	\$92,793	\$68,466	\$17,077	\$22,911	\$19,892		
CAPITAL EXPENDITURES	\$70,421	\$40,000	\$40,000	\$20,000	\$20,000	-\$20,000	-50.0%
CASH IMPACT BEFORE FINANCING	\$22,373	\$28,466	-\$22,923	\$2,911	-\$108		
	\$0	\$0	\$0	\$0	\$0		
FINANCING SOURCES	\$0	\$0	\$0	\$0	\$0		
FINAL CASH IMPACT	\$22,373	\$28,466	-\$22,923	\$2,911	-\$108		
BEGINNING CASH			\$85,808		\$62,885		
ENDING CASH	\$85,808		\$62,885		\$62,777		

Internal Service Funds

Motor Pool

The City operates a Motor Pool which provides capital funding for significant equipment purchases. It receives payments from the operating departments and pays out money for purchasing equipment and insurance; accruing capital for equipment replacement, or funding emergency purchases if necessary. In this regard, the Motor Pool provides a cushion against the unexpected. The Motor Pool was originally established with the \$551,000 sale proceeds from the Dunes Subdivision auction.



The overall condition of the City's fleet is good. With the Motor Pool, vehicles have been acquired in a cost-effective manner and replaced on a regular basis. This maintains vehicle efficiency and reduces maintenance costs. Administration has established a rolling 10 year forecast for Motor Pool equipment purchases. This schedule serves as a guide to Motor Pool purchases, but is subject to significant revision in case of unforeseen circumstances, changing economic conditions and evaluation of vehicle and equipment condition. Fleet condition will continue to be closely monitored. City mechanics Mickey McCann and Jim Polisky do an excellent job of maintaining the fleet and extending its useful life.

The budget proposes buying the following vehicles and equipment:

1. Salt Truck	Replace	\$180,000	Financed	est. \$38,750 per year for 5 yrs
2. Pickup	Replace	\$26,000	Cash	
3. Pickup	Replace	\$24,000	Cash	
4. Dump Box	Replace	\$8,000	Cash	
5. Tilt Trailer	New	\$8,000	Cash	
6. Stump Grinder	New	\$5,000	Cash	
7. Mower	Replace	\$12,000	Cash	
8. Power Washer	Replace	\$11,000	Cash	
9. Backhoe	Replace	\$80,000	Cash	

Additional information about the proposed Motor Pool purchases can be found in the Capital Improvement Plan.

Internal Service Funds

Motor Pool

Motor Pool Assumptions & Notes:

Revenues	increased	\$35,000	12.3%
Expenses	decreased	(\$7,558)	-2.2%

Revenue: Revenue increased as rental payments from the general fund were increased by \$35,000 for the Braun ambulance purchase.

Expenses: Expenses decreased from last year due to the nature of the vehicles and/or equipment being purchased and the method of payment.

City Council Decision: City Council took the following action on the Manager's recommended budget:

Budget as recommended Budget with changes

Changes:

661 Motor Pool	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year		Percent Change
						Budget	Difference	
664.000 Interest Income	\$413	\$400	\$400	\$400	\$400	\$0	0.0%	
670.002 Equipment Rental - City Mgr.	9,250	9,000	9,000	9,000	9,000	\$0	0.0%	
670.003 Equipment Rental - Fire	27,700	27,000	27,000	62,000	62,000	\$35,000	129.6%	
670.004 Equipment Rental - Parks	37,000	36,000	36,000	36,000	36,000	\$0	0.0%	
670.005 Equipment Rental - Police	32,500	31,000	31,000	31,000	31,000	\$0	0.0%	
670.006 Equipment Rental - Public Works	74,000	72,000	72,000	72,000	72,000	\$0	0.0%	
670.007 Equipment Rental - Sewer Street	35,000	35,000	35,000	35,000	35,000	\$0	0.0%	
670.008 Equipment Rental - Water	35,000	35,000	35,000	35,000	35,000	\$0	0.0%	
670.009 Equipment Rental - WWTP	35,000	35,000	35,000	35,000	35,000	\$0	0.0%	
671.000 Other Revenue	0	0	0	0	0	\$0		
673.000 Sale of Asset	0	5,000	0	5,000	5,000	\$0	0.0%	
Total Revenue	\$285,863	\$285,400	\$280,400	\$320,400	\$320,400	\$35,000	12.3%	
799.000 Miscellaneous Expense	\$9,108	\$500	\$0	\$0	\$0	-\$500	-100.0%	
822.000 Insurance	32,837	36,000	32,000	32,000	32,000	-\$4,000	-11.1%	
971.001 DPW - Plow Trucks		160,000	34,479	69,196	69,196	-\$90,804	-56.8%	
971.002 DPW - Loader (Big)		0	0	0	0	\$0		
971.003 DPW - Sidewalk Tractor/Blower		0	0	0	0	\$0		
971.004 DPW - Pickup		0	0	50,000	50,000	\$50,000		
971.005 DPW - Dump Truck		0	0	8,000	8,000	\$8,000		
971.006 DPW - Loader (Small)		0	0	0	0	\$0		
971.007 DPW - Hot Patch Trailer		0	0	0	0	\$0		
971.008 DPW - Aerial Lift	16,386	16,386	16,386	0	0	-\$16,386	-100.0%	
971.009 DPW - Sweeper	126,050	33,000	0	0	0	-\$33,000	-100.0%	
971.010 DPW - Snow Blower		0	0	0	0	\$0		
971.011 DPW - Skid Steer		0	0	0	0	\$0		
971.012 DPW - Chipper		0	0	0	0	\$0		
971.013 DPW - Sidewalk Spreader		0	0	0	0	\$0		
971.014 DPW - Trailer		0	0	8,000	8,000	\$8,000		
971.015 DPW - Stump Grinder		0	0	5,000	5,000	\$5,000		
972.016 DPW -Power Washer		0	0	11,000	11,000	\$11,000		
972.001 PARKS - Mowers	21,914	15,000	0	12,000	12,000	-\$3,000	-20.0%	
974.002 FIRE- Ambulance		0	32,300	29,276	29,276	\$29,276		
974.003 FIRE - Pumper	48,720	24,850	0	0	0	-\$24,850	-100.0%	
974.004 FIRE - Pickup		0	0	0	0	\$0		
974.005 FIRE - Aerial Lift Truck		0	0	0	0	\$0		
975.001 WATER - Pickup		0	0	0	0	\$0		
975.002 WATER - Service Truck		0	32,013	0	0	\$0		
976.001 WWTP - Pickup	21,487	0	0	0	0	\$0		
977.001 WS - Vactor	26,955	27,000	26,705	26,705	26,705	-\$295	-1.1%	
977.002 WS - Backhoe		0	0	80,000	80,000	\$80,000		
978.001 GENERAL - Car		0	0	0	0	\$0		
978.002 MANAGER - Car		26,000	23,233	0	0	-\$26,000	-100.0%	
999.000 Operating Transfer Out		0	0	0	0	\$0		
Total Expenses	\$303,457	\$338,736	\$197,115	\$331,177	\$331,177	-\$7,558	-2.2%	
TOTAL MOTOR POOL	-\$17,594	-\$53,336	\$83,285	-\$10,777	-\$10,777			
Beginning Cash			\$489,970		\$425,718			
Ending Cash	\$489,970		\$425,718		\$414,941			

Permanent Funds

Oil & Gas

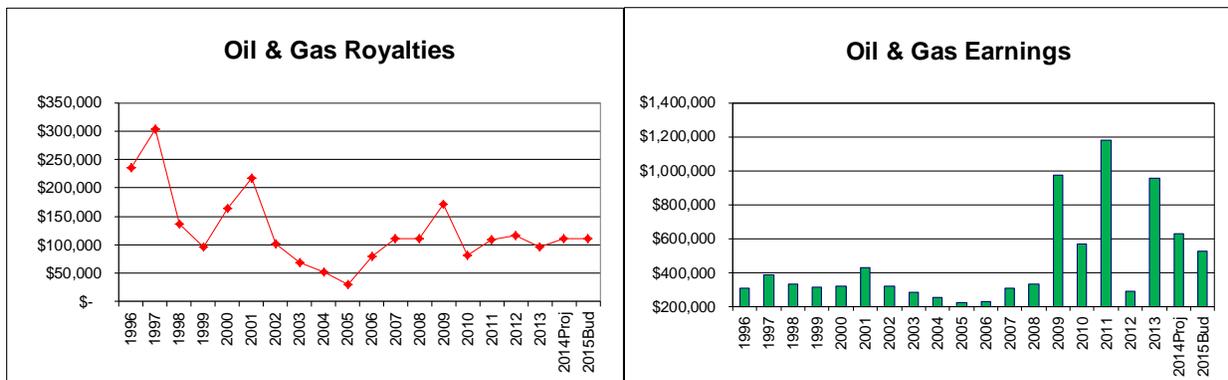
The Oil & Gas Fund was established to accumulate the principal generated from oil and gas royalties received from City-owned mineral rights. Charter Section 2-1(B) protects the principal and royalties of this fund from being spent without a vote of the people.

Investing the assets of this fund is handled by the Oil & Gas Investment Board, appointed by City Council. The Board consists of five members, including the Mayor and Finance Director. In the summer of 2008, the City’s legislative initiative to allow the Oil & Gas fund to be invested like a public pension fund, instead of under the more restrictive PA 20 regulations, was successful. Public Act 220 of 2008 was enacted into law on July 16, 2008. In order to take advantage of the new law, the Oil & Gas Board went thru a rigorous selection process to hire an investment advisor. Bartlett & Co. was chosen in January of 2009 and they began investing the funds in March.



Well production and royalty income have fluctuated over the past ten years because oil and gas production volumes have varied and the price of oil and gas has moved up and down considerably. The lifespan of the oil and gas wells is unknown.

Annually, money is transferred from the Oil & Gas fund thru the Water & Sewer fund and into the City’s Capital Improvement fund pursuant to the Investment Policy and Spending rule.



Oil & Gas Assumptions & Notes:

Revenues	increased	\$0	0.0%
Expenses	decreased	(\$120,308)	-51.3%

Revenue: Revenue is projected to be flat from the prior budget. Dividend and capital gain income is subject to market fluctuations. We are in the middle of a five year bull market; however, economic fundamentals remain positive. Future economic shocks or political instability could have an adverse impact on returns in the short to medium term.

Expenses: Expenses decreased due to lower transfers out. This amount is determined pursuant to the Spending Rule adopted by the Oil & Gas Board. The money is transferred to the Capital Improvement fund via the Water & Sewer Utility. In the prior year, Council authorized an additional \$125,000 transfer to help subsidize water and sewer rates. This is not expected this year. The fund also pays an investment advisory fee that is tied to the market value of the portfolio.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

Budget as recommended Budget with changes

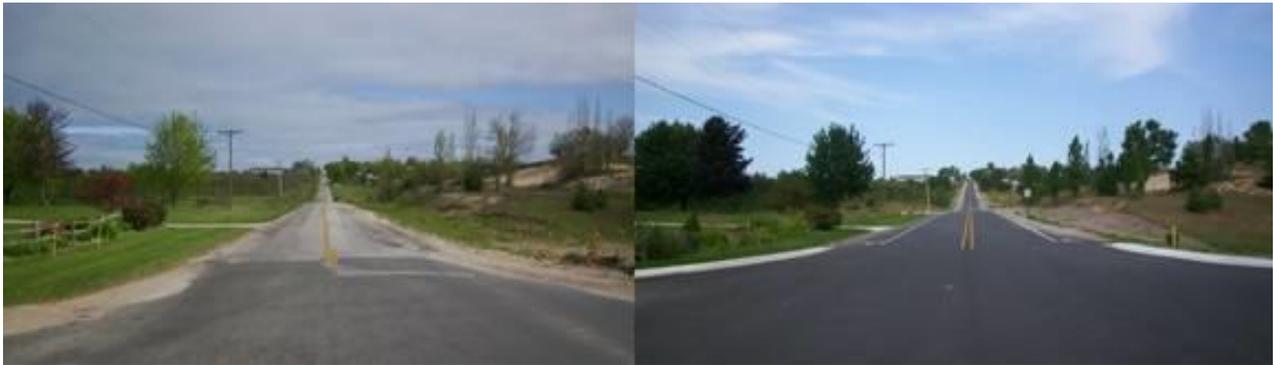
Changes: A clerical error was corrected on the amount of available money per the spending rule.

245 Oil & Gas Fund	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
664.000 Interest Income	\$236,925	\$250,000	\$230,000	\$250,000	\$250,000	\$0	0.0%
665.001 Unrealized Gain\Loss	716,281	\$275,000	400,000	275,000	\$275,000	\$0	0.0%
666.000 Oil Royalties	96,076	\$110,000	110,000	110,000	\$110,000	\$0	0.0%
Total Revenues	\$1,049,282	\$635,000	\$740,000	\$635,000	\$635,000	\$0	0.0%
728.000 Office/Operating Expense	\$0	\$200	\$0	\$200	\$200	\$0	
801.000 Professional Services	46,907	\$47,000	49,000	49,000	\$49,000	\$2,000	5.8%
999.000 Operating Transfer Out	365,548	\$467,308	467,308	345,000	\$358,543	-\$108,765	-54.4%
Total Expenditures	\$412,455	\$514,508	\$516,308	\$394,200	\$407,743	-\$106,765	-45.5%
TOTAL OIL & GAS FUND	\$636,827	\$120,492	\$223,692	\$240,800	\$227,257		
Beginning Fund Balance			\$9,385,398		\$9,609,090		
Projected Ending Fund Balance	\$9,385,398		\$9,609,090		\$9,836,347		
Accumulated Royalty Balance	\$7,280,344		\$7,390,344		\$7,500,344		

Special Revenue Funds

Major Street

This fund records revenue the City receives from the State of Michigan for its major streets. It is authorized by Public Act 51 of 1951, and is funded by gasoline taxes. The City has 18.35 miles of Major Streets. The City files a report with the Michigan Department of Transportation every year detailing how its Act 51 dollars are spent. The Major Street fund pays for things like road construction, road maintenance and plowing of streets.



The first obligations of this fund are the debt service on bonds issued for the River Street streetscape and part of the debt service on the capital improvement bond issued to fund the Cedar St. orphan streets (via a transfer to the Local Street fund). The payment for the River Street bond is about \$140,000 per year and the bonds will be retired this year. The payment toward the Cedar St. orphan streets will be about \$81,000 per year. These bonds will be retired in 2031.

Over the last decade, City's total street funding has declined. Since 2004, the City is receiving \$52,000 or 9.4% less annually. This negative trend has slightly reversed in recent years and it is hoped that the Legislature will address this funding crisis. In any event, even without these decreases, the Act 51 revenue does not cover the full costs of maintaining our streets. It is necessary to supplement these funds with other locally generated funds and/or thru grants.

A State approved, award winning Street Asset Management Plan has been drafted to guide the City's future street projects and maintenance. This has given us increased flexibility in using our street dollars by allowing more flexibility to transfer dollars between the Major and Local Street funds. The plan is updated annually after our streets are rated by the DPW, in order to prepare for the next year's budget.

See *Streets Issue Page* for a further discussion about potential funding sources for City streets

Major Street Assumptions & Notes:

Revenue	increased	\$133,000	24.1%
Expenses	increased	\$204,496	40.0%

Revenue: Revenue is expected to increase from the prior year. Act 51 revenue is expected to increase slightly. Reimbursement from American materials per their development agreement is expected to fund the 12th Street reconstruction between Maple and Oak. Transfers in from the City Street fund are also expected to increase to cover a pilot sidewalk saw cutting program.

Expenses: Expenses are expected to increase from the prior year budget. The reconstruction of 12th St between Maple and Oak, a shovel ready project design (8th Street), and engineering for a small urban grant (12th between Maple and US 31) are the main causes of the increase. The sidewalk program will also increase and include a pilot sidewalk saw cutting project, while stump grinding will decrease due to the City acquiring a stump grinder. Crack sealing per the asset management plan will also increase. Transfers out to the Local Street fund are to allow it to service the debt on the Cedar St. orphan street project.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

202 Major Street Fund	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
539.000 State Grant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	
576.000 Act 51 Revenue	367,031	365,000	370,000	370,000	370,000	5,000	1.4%
626.000 Charge for Service	207,422	182,000	182,000	185,000	185,000	3,000	1.6%
641.000 Snow Removal	31,833	0	0	0	0	0	
664.000 Interest Income	86	100	100	100	100	0	0.0%
676.000 Reimbursement	27,986	0	10,000	120,000	120,000	120,000	
699.000 Transfer In	256,838	5,000	5,000	10,000	10,000	5,000	100.0%
Total Revenues	\$891,196	\$552,100	\$567,100	\$685,100	\$685,100	\$133,000	24.1%
728.000 Operating Expense	\$0	\$500	\$0	\$500	\$500	\$0	0.0%
935.000 Traffic Services	6,040	9,000	9,000	9,000	9,000	0	0.0%
936.000 Preservation Streets	276,677	127,000	216,500	330,000	330,000	203,000	159.8%
937.000 Routine Maintenance Bridges	128,091	5,000	2,000	5,000	5,000	0	0.0%
938.000 Winter Maintenance Streets	145,808	147,500	160,000	147,500	147,500	0	0.0%
960.000 Bank Charges	300	0	0	0	0	0	
981.000 Construction Streets	0	0	0	0	0	0	
982.000 Construction Bridges	0	0	0	0	0	0	
992.003 Bond Principal (1999 MDOT)	125,000	125,000	130,000	140,000	140,000	15,000	12.0%
997.003 Bond Interest (1999 MDOT)	17,163	17,163	10,627	3,640	3,640	-13,523	-78.8%
999.000 Transfer Out	80,506	80,629	80,629	80,648	80,648	19	0.0%
Total Expenses	\$779,583	\$511,792	\$608,756	\$716,288	\$716,288	\$204,496	40.0%
TOTAL MAJOR STREET	\$111,613	\$40,308	-\$41,656	-\$31,188	-\$31,188		
Beginning Cash			\$96,802		\$73,436		
Ending Cash	\$96,802		\$73,436		\$42,248		
Ending Fund Balance	\$213,888		\$73,436		\$42,248		

Special Revenue Funds

Local Street

This fund records revenue the City receives from the State of Michigan for its local streets. It is authorized by Public Act 51 of 1951, and is funded by gasoline taxes. The City has 29.5 miles of Local Streets. The City files a report with the Michigan Department of Transportation every year detailing how its Act 51 dollars are spent. The Local Street fund pays for things like road construction, road maintenance and plowing of streets. Any construction of local streets requires a 50% match of locally raised dollars (special assessment, general fund, etc.). A State approved Street Asset Management Plan has been drafted to systematically guide the City’s future street projects and maintenance. This has given us increased flexibility in using our street dollars.



The first obligation of this fund is the debt service on bonds that were issued for the Cedar Street orphan streets. The payment toward the Cedar\First Street bond will be about \$81,000 and the bonds will be retired in 2031.

See *Streets Issue Page* for a further discussion about potential funding sources for City streets

Local Street Assumptions & Notes

Revenue	increased	\$7,049	3.3%
Expenses	increased	\$11,769	5.4%

Revenue: Revenue is expected to increase from the prior year. Act 51 revenue is expected to increase slightly. Transfers in from the City Street fund are also expected to increase to cover a pilot sidewalk saw cutting program.

Expenses: Expenses increased over prior year budget. Sidewalk maintenance and crack sealing increased, while stump grinding contractor expense decreased due to the City anticipating acquiring a stump grinder in the proposed Motor Pool budget.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

203 Local Street Fund	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
501.000 Federal Grant	\$0	\$0	\$0	\$0	\$0	\$0	
539.000 State Grant	0	0	0	0	0	0	
576.000 Act 51 Revenue	131,610	130,000	132,000	132,000	132,000	2,000	1.5%
626.000 Charge for Service	0	0	0	0	0	0	
641.000 Snow Removal	9,788	0	0	0	0	0	
664.000 Interest Income	20	50	80	80	80	30	60.0%
676.000 Reimbursement	0	0	0	0	0	0	
699.000 Transfers In	80,506	85,629	115,629	90,648	90,648	5,019	5.9%
Total Revenues	\$221,924	\$215,679	\$247,709	\$222,728	\$222,728	\$7,049	3.3%
728.000 Operating Expense	\$13	\$500	\$0	\$500	\$500	0	
935.000 Traffic Services	0	5,000	5,000	5,000	5,000	0	0.0%
936.000 Preservation Streets	51,328	60,250	100,000	72,000	72,000	11,750	19.5%
938.000 Winter Maintenance Streets	77,727	72,000	72,000	72,000	72,000	0	0.0%
981.000 Construction Streets	0	0	0	0	0	0	
999.000 Transfers Out	80,506	80,629	80,629	80,648	80,648	19	0.0%
Total Expenditures	\$209,574	\$218,379	\$257,629	\$230,148	\$230,148	\$11,769	5.4%
TOTAL LOCAL STREET	\$12,350	-\$2,700	-\$9,920	-\$7,420	-\$7,420		
Beginning Cash			\$81,469		\$20,748		
Ending Cash	\$81,469		\$20,748		\$13,328		
Ending Fund Balance	\$52,459		\$20,748		\$13,328		

Special Revenue Funds

City Street Fund



This fund records locally generated and other revenues that are used for street and right-of-way improvements. Funding sources include money generated from the METRO Act, charges for road breakage and special assessments. This fund pays for part of the sidewalk replacement program and also for the tree program. This fund may also help provide the local match required for any local street projects. MDOT recommends that locally generated revenues be recorded here, to ensure maximum flexibility.

City Street Assumptions & Notes

Revenue	decreased	(\$3,000)	-8.3%
Expenses	increased	\$10,000	26.7%

Revenue: Revenue is projected to decrease. We do not expect to receive a tree grant from Consumer’s Energy this year.

Expenses: Expenses increased because of greater transfers out to the Major and Local street funds for sidewalk maintenance. Sidewalk replacements are recorded in the Major & Local street funds, per MDOT, so they can be counted toward required non-motorized transportation expenditures.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

204 City Street Fund	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
495.000 ROW Fee	\$24,227	\$24,000	\$24,000	\$24,000	\$24,000	\$0	0.0%
539.000 State Grants	0	0	0	0	0	0	0.0%
570.000 Local Grants	3,000	3,000	0	0	0	-3,000	-100.0%
626.000 Charge for Service	0	0	0	0	0	0	0.0%
664.000 Interest Income	943	500	500	500	500	0	0.0%
672.000 Special Assessment	1,540	1,500	2,750	1,500	1,500	0	0.0%
674.000 Contributions\Donations	0	0	0	0	0	0	0.0%
676.000 Reimbursement	0	7,143	7,143	7,143	7,143	0	0.0%
699.000 Operating Transfer In	70,000	0	0	0	0	0	0.0%
Total Revenue	\$99,710	\$36,143	\$34,393	\$33,143	\$33,143	-\$3,000	-8.3%
728.000 Operating Expense	\$171	\$0	\$0	\$0	\$0	\$0	0.0%
801.000 Professional Services	450	2,500	500	2,500	2,500	\$0	0.0%
831.000 Contractual Repairs & Maint.	0	10,000	0	15,000	15,000	\$5,000	50.0%
964.000 Refunds	0	0	0	0	0	\$0	0.0%
983.000 Capital Outlay - Sidewalks	10,257	0	0	0	0	\$0	0.0%
984.000 Capital Outlay - Trees	10,081	15,000	11,000	10,000	10,000	-\$5,000	-33.3%
999.000 Transfer Out	170,000	10,000	10,000	20,000	20,000	\$10,000	100.0%
Total Expense	\$190,959	\$37,500	\$21,500	\$47,500	\$47,500	\$10,000	26.7%
TOTAL STREET IMPROVEMENT	-\$91,248	-\$1,357	\$12,893	-\$14,357	-\$14,357	-\$13,000	
Beginning Cash			\$92,624		\$35,517		
Ending Cash	\$92,624		\$35,517		\$21,160		

Special Revenue Funds

Refuse

The refuse fund records revenues and expenditures relating to refuse collection and disposal. Refuse collection in the City is a public/private partnership. The collection and recycling service has been moved to the private sector through a contract with Allied Waste. The contract calls for a 4% increase annually and runs thru 2015. The funding is a hybrid system, funded by a 1.15 mill levy and a monthly user charge. This budget calls for increasing the user charges by about 12%. The rates have not been adjusted



for the last two years in recognition of increased water and sewer rates and the desire to lessen that impact on residents. Combined with decreasing tax revenues, this result in a continued drawdown of refuse fund cash reserves, which is no longer sustainable. See *Refuse Issue Page*. If tax base continues to decline, user fees and/or millage rates will have to be raised, or service levels altered in the future.

Refuse Assumptions & Notes

Revenue	increased	\$19,873	5.0%
Expenses	decreased	(\$16,546)	-3.4%

Revenue: Revenue increased due to an increase in monthly user fees. Tax revenues fell due to a declining tax base.

Expenses: Expenses decreased because spring trash haul is not being offered this year. However, contract fees are being increased per the contract. City reimbursement for services also increased by the same rate.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes

226 Refuse Fund

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Approved	Year to Year Budget Difference	Percent Change
402.000 Real & Personal Property Tax	\$197,645	\$191,000	\$195,000	\$189,205	\$189,205	-\$1,795	-0.9%
411.000 Delinquent Real Tax	11,958	14,000	10,000	13,868	13,868	-132	-0.9%
420.000 Delinquent Personal Tax	234	200	500	200	200	0	0.0%
626.000 Charge for Service	184,697	180,000	180,000	201,600	201,600	21,600	12.0%
643.000 Yard Bags	12,273	12,250	11,000	12,250	12,250	0	0.0%
644.000 Trash Bags	969	700	1,200	1,000	1,000	300	42.9%
664.000 Interest Income	172	250	120	150	150	-100	-40.0%
671.000 Other Revenue	0	0	0	0	0	0	
699.000 Operating Transfer In	0	0	0	0	0	0	
Total Revenue	\$407,948	\$398,400	\$397,820	\$418,273	\$418,273	\$19,873	5.0%
728.000 Operating Expense	2,339	\$2,500	\$2,000	\$2,500	\$2,500	\$0	0.0%
755.000 Yard Bags	\$23,623	\$15,000	\$16,000	\$15,000	\$15,000	0	0.0%
820.000 Administration	29,000	29,600	29,600	29,279	29,279	-321	-1.1%
826.000 Refuse Contract Fees	316,423	310,761	312,000	322,473	322,473	11,712	3.8%
827.000 Municipal Refuse Fees	21,595	23,500	24,000	24,000	24,000	500	2.1%
828.000 Trash Haul Contract Fees	0	31,000	31,000	0	0	-31,000	-100.0%
829.000 Trash Haul City	0	16,800	16,800	17,472	17,472	672	4.0%
829.001 Yard Waste Contract Fees	33,427	34,291	33,000	35,343	35,343	1,052	3.1%
829.002 Yard Waste City	20,000	21,000	21,000	21,840	21,840	840	4.0%
999.000 Transfer Out	0	0	0	0	0	0	
Total Expenses	\$446,407	\$484,453	\$485,400	\$467,907	\$467,907	-\$16,546	-3.4%
TOTAL REFUSE	-\$38,459	-\$86,053	-\$87,580	-\$49,634	-\$49,634		
Beginning Cash			\$173,634		\$57,607		
Ending Cash	\$173,634		\$57,607		\$7,973		

Special Revenue Funds

Building Inspector



This fund accounts for the activities of the building inspector. It is a State mandated fund. Municipalities are not allowed to use the building inspection function as a revenue generator; rather, it should be run as a break-even operation. The City’s building inspector splits his time between the building inspection and general or other fund activities; however, his wages and car allowance are paid from the general fund. The administration fee is paid to the general fund to reimburse it for a portion of these wages and benefits. If it is a slow year for issuing permits, the amount of the administration fee is reduced accordingly. The Building Inspector also handles enforcement of the blight ordinance, rental inspection program and limited facility management\maintenance duties at City Hall & the Ramsdell Theatre.

Building Inspector Assumptions & Notes

Revenue	increased	\$0	0.0%
Expenses	increased	\$0	0.0%

Revenue: Revenue remained flat from last year’s budget. Although actual building permit revenue was down in 2012 and 2013, it is expected to rebound as the economy slowly improves.

Expenses: Expenses remained flat from the prior year. Administration fees (general fund reimbursement for wages and fringes) will not be sustainable in the future unless building activity picks up.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

249 Building Inspector

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
633.000 Charge for Service - Permits	11,541	15,000	11,000	15,000	15,000	0	0.0%
664.000 Interest Income	15	20	20	20	20	0	0.0%
671.000 Other Revenue		0	0	0	0	0	
Total Revenues	\$11,556	\$15,020	\$11,020	\$15,020	\$15,020	\$0	0.0%
728.000 Operating Expense	\$1,001	\$1,000	\$750	\$1,000	\$1,000	\$0	0.0%
735.000 Periodicals & Publications	0	650	0	650	650	0	0.0%
820.000 Administration	10,000	15,000	15,000	15,000	15,000	0	0.0%
831.000 Contractual Repairs & Maint	1,080	1,100	1,100	1,100	1,100	0	0.0%
860.000 Travel & Training Expense	299	750	500	750	750	0	0.0%
865.000 Vehicle Allowance	275	0	0	0	0	0	
870.000 Memberships & Dues	0	310	310	310	310	0	0.0%
880.000 Education	0	0		0	0	0	
900.000 Printing/Publishing	0	75	75	75	75	0	0.0%
930.000 Repairs\Maint - Vehicle\Equip	0	0		0	0	0	
957.000 Motor Pool	0	0		0	0	0	
964.000 Refunds	0	0		0	0	0	
970.000 Capital Outlay	0	0		0	0	0	
Total Expenses	\$12,655	\$18,885	\$17,735	\$18,885	\$18,885	\$0	0.0%
TOTAL BUILDING INSPECTOR	-\$1,099	-\$3,865	-\$6,715	-\$3,865	-\$3,865		
Beginning Cash Balance			\$16,736		\$10,021		
Ending Cash Balance	\$16,736		\$10,021		\$6,156		

Special Revenue Funds

Grant Management

This fund accounts for grants received from the Local Revenue Sharing Board and State and Federal grants not required to be accounted for elsewhere. For LRSB grants, there is a three member board (with a City representative) that distributes money to local units of government as prescribed in a compact with the Little River Band of Ottawa Indians. Grant applications are accepted twice per year. Public safety grants are the primary ones awarded to the City.

Grant Management Assumptions & Notes

Revenue	decreased	(\$292,000)	-73.9%
Expenses	decreased	(\$269,434)	-63.2%

Revenue: Revenue is an estimate of grants that may be received. In addition to an estimated \$50,000 in LRSB grants, the City also expects to receive a \$48,000 grant from LAWCON for the Rotary Park playground.

Expenses: Costs are dependent upon the amount of grant dollars received. Funds should be expended within 6 to 18 months of receipt.

City Council Decision: City Council took action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

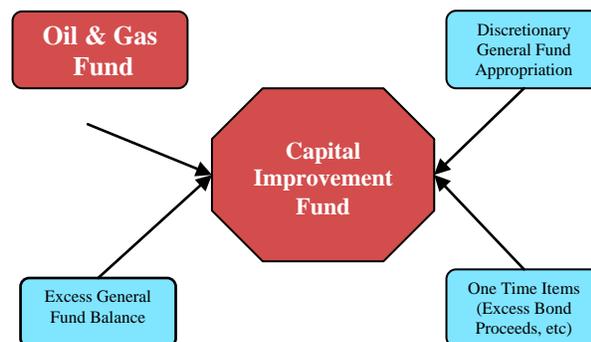
275 Grant Management	Year to Year						
000 Revenue	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Budget Difference	Percent Change
501.000 Federal Grant Revenue	\$36,213	\$0	\$49,590	\$0	\$0	\$0	
539.000 State Grant Revenue	387,000	325,000	325,000	0	0	-325,000	-100.0%
570.000 Local Grant Revenue	63,750	0	0	48,000	48,000	48,000	
570.xxx LSRB Grants	112,246	50,000	43,030	50,000	50,000	0	0.0%
664.000 Interest Income	0	0	0	0	0	0	
674.000 Contributions\Donations	0	0	1,000	5,000	5,000	5,000	
699.000 Transfers In	0	20,000	20,000	0	0	-20,000	-100.0%
Total Revenues	\$599,209	\$395,000	\$438,620	\$103,000	\$103,000	-\$292,000	-73.9%
275-901 LRSB Grants							
799.000 LRSB Expenditures	94,277	60,000	43,030	59,419	59,419	-581	-1.0%
Total LRSB	\$94,277	\$60,000	\$43,030	\$59,419	\$59,419	-581	-1.0%
275-902 Other Grants							
970.001 FEMA SCBA	\$35,890	\$0	\$54,720	\$0	\$0	\$0	
970.003 Blue Fish Kitchen - CDBG Grant	330,000	0	0	0	0	0	
979.005 First Str Beach House-FY 11/12	238,314	241,818	161,151	0	0	-241,818	-100.0%
979.011 Fish Cleaning Station-FY 11/12	149,777	59,454	51,292	0	0	-59,454	-100.0%
Rotary Park	0	65,000	0	98,000	98,000	33,000	50.8%
Total Other	\$753,982	\$366,272	\$267,163	\$98,000	\$98,000	-\$268,272	-73.2%
Total Expenditures	\$848,259	\$426,272	\$310,193	\$157,419	\$157,419	-\$269,434	-63.2%
TOTAL GRANT MANAGEMENT	-\$249,050	-\$31,272	\$128,427	-\$54,419	-\$54,419		
Beginning Cash Balance			\$215,472		\$54,419		
Ending Cash Balance	\$215,472		\$54,419		\$0		
Ending Fund Balance	\$46,743		\$54,419		\$0		

Capital Project Funds

Capital Improvement Fund

The Capital Improvement fund was established in 2005 as a method to provide a funding source to help pay for capital improvements in the City. All major capital expenditures not required to be recorded in another fund are recorded and budgeted for in this fund. This will primarily be for projects that could be considered general fund items; however, it could also include things such as streets and other infrastructure needs, such as other City-owned buildings, Municipal Marina or Boat Launch. Current year projects in the Capital Improvement fund will be supported by case statements that can be found in the Capital Improvement Plan and/or Capital Improvement fund budget. The Capital Improvement fund has provided over \$2,000,000 in funding since its inception.

The primary source of income to this fund is an annual transfer from the Oil & Gas fund based on a Council-adopted sustainable spending rule. This provides a relatively stable, long-term source of funding for capital projects. However, this source of funds is not inexhaustible.



Secondary sources of funding may be an annual transfer of excess General fund balance, general fund appropriations and one time transfers. An annual evaluation of the General fund balance is undertaken each year after getting the audit results back. The current policy is to transfer any amount in excess of 20% of General fund operating expenses to the Capital Improvement fund.

The City’s Capital Improvement fund is a significant financial resource for the City. However, like any other resource, it needs to be managed wisely and is not inexhaustible. Due to proactive actions by Administration relating to allowable investments and the resultant professional investment management of the Oil & Gas fund, revenues provided to the Capital Improvement fund are greatly increased and will provide much needed stability moving forward. Administration estimates that if not for these changes three years ago, annual revenue would be \$300,000+ less than are currently being received.

As the Capital Improvement fund has become the main source of funding capital projects, the demands on it have increased significantly. Initially, the size and scope of projects budgeted allowed for cash payments. Even large projects such as the Fifth Avenue Beach house were paid for in cash (although this was only accomplished by the use of excess General fund balance that had been transferred in). As the number and size of some of the projects has increased, the ability to finance improvements in cash has declined. The fund is now committed out multiple years through financing mechanisms such as installment purchase contracts. As a result, the number and size of future projects will necessarily be impacted.

Capital Improvement Assumptions & Notes

Revenue	increased	\$16,235	4.7%
Expenses	decreased	(\$11,683)	-3.3%

Revenue: Revenue is based upon the 4.0% Oil & Gas spending rule formula. The slight increase is due to an expected increase in the spending rule calculation base.

Expenses: The budget anticipates several capital projects, in addition to the funds already committed for multiple years for prior projects. A comprehensive cash flow for this fund is also presented to demonstrate the impact of multi-year commitments. Please see the Capital Improvement Plan for details of the projects anticipated in the budget:

Project	Cost	Notes
Ramsdell Roof Note	\$ 69,880	last payment FY 2016-2017
First Street Bond	\$ 71,997	last payment FY 2031-2032
Municipal Marina Note	\$ 40,000	last payment 2025-2026 (if needed on an annual basis)
Ramsdell Theatre HVAC Note	\$ 108,950	last payment FY 2026-2027
Ice Skating Rink	\$ 6,000	LRSB Grant Match for Teen Center Skating Rink
5th Ave Beach Improvements (6K + 19K)	\$ 25,000	NIA area
Rotary Park Playground (carryover)	\$ 10,000	Grant match for LAWCON (from last year)
Fire Dept Door Opener + Sign	\$ 6,500	Fire Station Improvements
Wayfinding Signs (Parks)	\$ 7,500	Continue wayfinding signage

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes: A clerical error was corrected regarding the amount of money available per the oil & gas spending rule.

430 Capital Improvement Fund

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
664.000 Interest Income	\$72	\$200	\$100	\$200	\$200	\$0	0.0%
671.000 Other Revenue	0	0	0	0	0	0	
674.000 Contributions\Donations	0	0	0	0	0	0	
676.000 Reimbursement	0	0	27,500	0	0	0	
699.000 Operating Transfer In	365,548	342,308	342,308	345,000	358,543	16,235	4.7%
Total Revenues	\$365,620	\$342,508	\$369,908	\$345,200	\$358,743	\$16,235	4.7%
801.000 Professional Services	\$0	\$0	\$0	\$0	\$0	\$0	
970.000 Capital Outlay	69,263	66,700	99,681	55,000	55,000	-11,700	-17.5%
999.000 Transfer Out	80,000	0	0	0	0	0	
Total Expenses	\$149,263	\$66,700	\$99,681	\$55,000	\$55,000	-\$11,700	-17.5%
979.003 Ramsdell Roof Note	69,880	\$69,880	\$69,880	69,880	69,880	\$0	0.0%
979.004 Ramsdell HVAC Note	108,950	108,950	108,950	108,950	108,950	0	0.0%
979.018 Marina Building Note Support	40,000	40,000	40,000	40,000	40,000	0	0.0%
979.019 First St.\Maple St. Bridge Bond	71,848	71,980	71,980	71,997	71,997	17	0.0%
Total Debt Support	\$290,678	\$290,810	\$290,810	\$290,827	\$290,827	\$17	0.0%
Total Expenditures	\$439,941	\$357,510	\$390,491	\$345,827	\$345,827	-\$11,683	-3.3%
TOTAL CAPITAL IMPROVEMENT	-\$74,321	-\$15,002	-\$20,583	-\$627	\$12,916		
Beginning Cash Balance			\$83,370		\$62,787		
Ending Cash Balance	\$83,370		\$62,787		\$75,703		
Ending Fund Balance	\$83,370		\$62,787		\$75,703		



2014-2015 Budget

Capital Improvement Fund

Estimated Cash Flows	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Revenues	\$ 358,743	\$ 340,000						
<hr/>								
Expenses								
Committed								
Ramsdell Roof Note	\$ 69,880	\$ 69,880	\$ 69,880	\$ 69,880	\$ 34,940			
First Street Bond	\$ 71,997	\$ 72,640	\$ 72,256	\$ 72,680	\$ 72,111	\$ 72,130	\$ 72,029	\$ 72,689
Municipal Marina Note	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Ramsdell Theatre HVAC Note	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950
Total Committed	\$ 290,827	\$ 291,470	\$ 291,086	\$ 291,510	\$ 256,001	\$ 221,080	\$ 220,979	\$ 221,639
	81%	86%	86%	86%	75%	65%	65%	65%
Annual								
Ice Skating Rink	\$ 6,000							
5th Ave Beach Improvements (6K + 19K)	\$ 25,000							
Rotary Park Playground (carryover)	\$ 10,000							
Fire Dept Door Opener + Sign	\$ 6,500							
Wayfinding Signs (Parks)	\$ 7,500							
Total Annual Expense	\$ 55,000							
Estimated Future Annual Available Funds		\$ 50,000	\$ 50,000	\$ 50,000	\$ 90,000	\$ 120,000	\$ 120,000	\$ 120,000
Total Expenses	\$ 345,827	\$ 341,470	\$ 341,086	\$ 341,510	\$ 346,001	\$ 341,080	\$ 340,979	\$ 341,639
Net Result	\$ 12,916	\$ (1,470)	\$ (1,086)	\$ (1,510)	\$ (6,001)	\$ (1,080)	\$ (979)	\$ (1,639)
Beginning Cash Balance	\$ 62,787	\$ 75,703	\$ 74,233	\$ 73,147	\$ 71,637	\$ 65,636	\$ 64,556	\$ 63,577
Ending Cash Balance	\$ 75,703	\$ 74,233	\$ 73,147	\$ 71,637	\$ 65,636	\$ 64,556	\$ 63,577	\$ 61,939



2014-2015 Budget

2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032
\$ 340,000									

\$ 72,418	\$ 72,053	\$ 72,397	\$ 72,579	\$ 72,596	\$ 72,457	\$ 72,174	\$ 72,571	\$ 72,764	\$ 72,571	\$ 72,764
\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000					
\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 54,475				
\$ 221,368	\$ 221,003	\$ 221,347	\$ 221,529	\$ 221,546	\$ 221,407	\$ 126,649	\$ 72,571	\$ 72,764	\$ 72,571	\$ 72,764
65%	65%	65%	65%	65%	65%	37%	21%	21%	21%	21%

\$ 120,000	\$ 210,000	\$ 250,000	\$ 270,000	\$ 270,000	\$ 270,000					
\$ 341,368	\$ 341,003	\$ 341,347	\$ 341,529	\$ 341,546	\$ 341,407	\$ 336,649	\$ 322,571	\$ 342,764	\$ 342,571	\$ 342,764
\$ (1,368)	\$ (1,003)	\$ (1,347)	\$ (1,529)	\$ (1,546)	\$ (1,407)	\$ 3,351	\$ 17,429	\$ (2,764)	\$ (2,571)	\$ (2,764)
\$ 48,396	\$ 47,028	\$ 46,024	\$ 44,677	\$ 43,148	\$ 41,603	\$ 40,196	\$ 43,548	\$ 60,976	\$ 58,212	\$ 55,641
\$ 47,028	\$ 46,024	\$ 44,677	\$ 43,148	\$ 41,603	\$ 40,196	\$ 43,548	\$ 60,976	\$ 58,212	\$ 55,641	\$ 52,877

Capital Project Funds

Renaissance Park Fund

The Renaissance Industrial Park is located just east of US-31 on M-55. The Renaissance Park fund accounts for activity relating to the park, including lot sales, marketing and infrastructure. This park was built in 1997 with funding from the Michigan Economic Development Corporation in the form of a loan and grant; as well as local funds. In 2007, the City successfully met the job creation goal necessary to convert most of the loan balance into a grant.



The remaining balance of \$110,000 was also altered by the MEDC to become a no interest loan. The City will make annual payments of \$5,616 until the loan is paid off. These funds will come from the Renaissance Park fund, or General fund, if necessary. Absent any lot sales or other revenue, this fund is expected to run out of money during this fiscal year, at which point the General fund will take over the payments.

Renaissance Park Assumptions & Notes

Revenue	increased	\$6,000	40000.0%
Expenses	increased	\$0	0.0%

Revenue: Revenue is up from last year. The budget anticipates one lot sale. If this does not happen, the General fund will have to take over the loan payments.

Expenses: Expenses are flat and represent one year’s repayment of the MEDC loan.

City Council Decision: City Council took the following action on the Manager’s recommended budget:

- Budget as recommended Budget with changes

Changes:

490 Renaissance Park

	2013 Actual	2014 Budget	2014 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
569.001 State Grant	\$0	\$0	\$0	\$0	\$0	\$0	
664.000 Interest Income	10	15	2	15	\$15	\$0	0.0%
671.000 Other Revenue	0	0	0	0	\$0	\$0	
677.000 Sale of Asset	0	0	0	6,000	\$6,000	\$6,000	
699.000 Operating Transfer In	0	0	0	0	\$0	\$0	
Total Revenues	\$10	\$15	\$2	\$6,015	\$6,015	\$6,000	40000.0%
799.000 Miscellaneous Expense	\$0	\$0	\$0	\$0	\$0	\$0	
801.000 Professional Services		0	0	0	\$0	\$0	
992.002 Renaissance Park Loan Principa	7,488	5,616	5,616	5,616	\$5,616	\$0	0.0%
Total Expenditures	\$7,488	\$5,616	\$5,616	\$5,616	\$5,616	\$0	0.0%
TOTAL RENAISSANCE PARK	-\$7,478	-\$5,601	-\$5,614	\$399	\$399		
Beginning Fund Balance			\$6,713		\$1,099		
Projected Ending Fund Balance	\$6,713		\$1,099		\$1,498		

Budget Appropriation

CITY OF MANISTEE

2014-2015 GENERAL APPROPRIATIONS ACT

BUDGET ADOPTION LIST

It was moved by _____, supported by _____, that the City of Manistee Budgets for the fiscal year 2014-2015 be adopted as presented by the City Manager on April 1, 2014 and modified by Council work sessions including tax levy, operating expenses, capital outlay, appropriations, schedule of fees and other matters included in the following expenditures:

101 - GENERAL FUND **

Total Revenue	\$ 6,003,338
Total Expense	\$ 6,003,338
100 - General Government	\$ 400,146
100 - General Government Debt	\$ 761,983
101 - Legislative	\$ 47,867
172 - Manager	\$ 214,549
215 - Clerk	\$ 199,054
253 - Finance	\$ 200,052
257 - Assessor	\$ 119,862
265 - Municipal Buildings	\$ 118,850
266 - Attorney	\$ 80,000
285 - Engineer	\$ 12,000
290 - Boards and Commissions	\$ 13,230
301 - Police	\$ 1,040,161
336 - Fire	\$ 936,781
441 - Public Works	\$ 1,125,399
748 - Community Development	\$ 217,089
751 - Parks and Recreation	\$ 339,297
801 - Appropriations	\$ 177,018

ENTERPRISE FUNDS

573 - WATER & SEWER FUND

Total Revenue	\$	4,156,039
Total Expenses	\$	2,336,344
Total Capital & Debt	\$	5,390,149
General	\$	521,692
Administration	\$	403,912
Water	\$	513,858
WWTP	\$	738,688
Sewer	\$	158,194
Debt Service	\$	1,793,149
Capital Outlay	\$	3,597,000

594 - MUNICIPAL MARINA FUND **

Total Revenue	\$	245,550
Total Expenses	\$	209,780
Total Capital & Debt	\$	37,927
Debt Service	\$	37,927
Capital Outlay	\$	-

508 - BOAT LAUNCH FUND

Total Revenue	\$	30,025
Total Expenses	\$	10,682
Total Capital & Debt	\$	14,536
Debt Service	\$	14,536
Capital Outlay	\$	-

296 - RAMSDELL THEATRE FUND**

Total Revenue	\$	451,195
Total Expenses	\$	252,473
Total Capital & Debt	\$	198,830
Debt Service	\$	178,830
Capital Outlay	\$	20,000

SPECIAL REVENUE FUNDS

202 - MAJOR STREET FUND **

Revenue	\$	685,100
Expense	\$	716,288

203 - LOCAL STREET FUND **

Revenue	\$	222,728
Expense	\$	230,148

204 - STREET IMPROVEMENT FUND **

Revenue	\$	33,143
Expense	\$	47,500

226 - REFUSE FUND **

Revenue	\$	418,273
Expense	\$	467,907

249 - BUILDING INSPECTOR **

Revenue	\$	15,020
Expense	\$	18,885

275 - GRANT MANAGEMENT **

Revenue	\$	103,000
Expense	\$	157,419

CAPITAL PROJECT FUNDS

430 - CAPITAL IMPROVEMENT FUND **

Revenue	\$	358,743
Expense	\$	345,827

490 - RENAISSANCE PARK FUND

Revenue	\$	6,015
Expense	\$	5,616

INTERNAL SERVICE FUNDS

661 - MOTOR POOL FUND**

Revenue	\$	320,400
Expense	\$	331,177

PERMANENT FUNDS

245 - OIL & GAS FUND

Revenue	\$	635,000
Expense	\$	407,743

** Utilizes cash reserves

The Manistee City Council hereby establishes a property tax levy of 17.7612 mills for General Fund operations and 1.15 mills for Refuse Fund operations for the 2014-2015 fiscal year. In City water and sewer consumption charges are established at \$2.52 and \$6.91 per 1,000 gallons respectively for bills issued after July 1, 2014. Refuse residential monthly user charges are established at \$3.50, \$7.00 and \$10.50, depending on level of service selected, for bills issued after July 1, 2014. All other fees and charges are established in the included schedule of fees and/or City ordinance.

Adopted by the Manistee City Council on May 6, 2014.

Colleen Kenny, Mayor

ATTEST:

Michelle Wright, City Clerk

Schedule of Fees

BUSINESS FEES \ REGISTRATION

BUSINESS REGISTRATION	\$75
GOING OUT OF BUSINESS	\$50
BICYCLE LICENSE	\$0
STREET PERFORMERS	\$0
TAX ABATEMENT / EXEMPTION	\$1,500
VENDORS	\$10

SERVICES\RENTAL

PERSONNEL CHARGES (per hour)		
Supervisory	\$40	
Regular Full Time	\$30	
EQUIPMENT CHARGES		State published rates
BANNER PERMIT (River St Arch)	\$50	
BRIDGE OPENING (off hours - commercial)	\$150	
CLEAN MANISTEE PROGRAM		Actual Charges to be Billed with Labor
Brush Pick Up - First 15 Minutes	\$0	
For Each Additional 15 Minutes	\$30	
Trash Pick Up - Minimum	\$30	
Trash - Per Item	\$30	
White Metal - Per Item	\$45	
Per Half Cubic Yard	\$15	
MEETING ROOM RENTAL		
First Hour	\$50	
each addl hour	\$25	
MEMORIAL BENCHES		
(whole)	\$850	
(picnic table)	\$450	
WEDDINGS	\$100	
WEED CUTTING	\$250	First Hour
		Addtl Hrs; Per Person / Per Hour + Equip Chg
HANDGUN APPLICATIONS	\$5	
RETURN CHECK FEE	\$30	
ROAD BREAKAGE DEPOSIT	\$1,000	
(deposit applied to actual and remainder billed)		

MARINA \ BOAT RAMP

MARINA			Rates Set by State of Michigan
BOAT RAMP			
Daily	\$10		
Resident Seasonal	\$40		
Non-Resident Seasonal	\$40		
MARINA MEETING ROOM		Resident Non-Resident	
One Half Day	\$80	\$100	
Full Day	\$120	\$150	
Security Deposit	\$100	\$100	

PARKING VIOLATIONS (Ord. Ch. 430)

Alternate Parking	\$40	
after 14 days	\$100	
Handicap Violations	\$100	
after 4 days	\$150	Needs ordinance amendment
Overtime Parking		
Overtime Parking	\$40	
after 14 days	\$100	

DOCUMENTS & COPIES

ZONING ORDINANCE	\$125
MASTER PLAN	\$75
CHARTER	\$20
CODE OF ORDINANCES	\$125
BUDGET	\$50
AUDIT	\$40
COPIES	
first page	\$1
each addl page	\$0.5
Police / Fire Reports	\$5
Pol/Fire - each addl page	\$0.5
FAX	
first page	\$5
each addl page	\$1
VOTER REGISTRATION LIST	
1 District - Electronic	\$10
1 District - Paper	\$15
All Districts - Electronic	\$15
All Districts - Paper	\$25

REFUSE RATES (monthly)

Residential	1-2 Bags / week	\$3.50	
	3-6 Bags / week	\$7.00	
	Tidy Tote / week	\$10.50	
Commercial	1-2 Bags / week	\$3.50	
	3-6 Bags / week	\$7.00	
	3-6 Bags 2x / week	\$14.00	
	Tidy Tote / week	\$10.50	
	Tidy Tote 2x / week	\$21.00	
Curbside Recycling		\$5.00	
Extra Bags		\$2.50	
Freon Tag		\$45.00	
Bulky Item		\$15.00	
Yard Waste bags	Cost recovery		Currently \$4.00

WATER / SEWER RATES (monthly)

Metered Water (per 1,000)	\$2.52	Inside City
Metered Sewer (per 1,000)	\$6.91	Inside City
Ready-To-Serve		Varies per meter size schedule in ordinance
Escrow Deposit	\$200	
Unmetered Water	\$25	
Unmetered Sewer	\$50	
Turn On / Off Service	\$75	
After Hours Service Call	\$100	
Sprinkling Meter 5/8"		Cost recovery
New Water Connection	\$200	
New Sewer Connection	\$3,700	
Utility Extension - Connection to New Line	\$1,000	
Additional Meter Installation		Cost recovery
WWTP - accept contaminated discharge/gal	\$0.03	
(after hours rate)	\$0.05	
WWTP - Industrial Pretreatment Program	varies	+ operator cost \$25/hr + operator cost \$45/hr

OTHER

Utility Connection - per lot	
- Sweetnam & Lakeview Subdivision	\$2,050
+ Sewer Lift Station charge per/unit	\$250
Industrial Park lots	\$6,000
Renaissance Park lots	\$6,000

CIVIL INFRACTIONS (Ord. Ch. 203)

See Ord.202.99 - \$500 max

	First Offense	Additional Offense
Chapter 415 - Abandoned Vehicles, etc.	\$100	\$500
Section 606.10 - Nuisances by Animals	\$100	\$500
Chapter 654 - Nuisances	\$100	\$500
Section 662.02 - Noise Creating Activities	\$100	\$500
Section 670.03 - Swimming in River	\$100	\$500
Chapter 1022 - Excavations	\$100	\$500
Chapter 1024 - Sidewalks	\$100	\$500
Chapter 1026 - Trees	\$100	\$500
Chapter 1062 - Parks and Recreation	\$100	\$500
Part Twelve/Title Six - Zoning Ordinance	\$100	\$500
Part Fourteen - Building & Housing Codes	\$100	\$500
Chapter 1610 - Fire Prevention Code	\$100	\$500
Other Unspecified	\$100	

RAMSDELL THEATRE

Ramsdell Theatre rates and charges are set by the Ramsdell Governing Authority and are subject to change. This schedule is not all-inclusive.

	Rent	Security Deposit	
Weddings & Receptions			
Theatre Ceremony/Ballroom Reception	\$2,000	\$500	
Hardy Hall Ceremony/Ballroom Reception	\$1,800	\$350	
Ballroom	\$1,500	\$325	
Theatre	\$500	\$125	
Hardy Hall			
Theatre Rental			
First Performance	\$500	\$250	+ \$1 per ticket endowment fee
Subsequent Performance	\$300		+ \$1 per ticket endowment fee
Rehearsal	\$125		
Meeting/Lecture	\$300		
Labor			
Ticket Office (per event)	\$50		
Sound Tech (per hour rate)	\$15		
Light Tech (per hour rate)	\$15		
Stagehands (per hour rate)	\$10		
Special Events			
Ballroom (6 hr min)	\$100	per hour	
Hardy Hall (4 hr min)	\$50	per hour	
Classroom (2 hr min)	\$25	per hour	

PLANNING & ZONING \ BUILDING \ RENTAL

CONSTRUCTION BOARD OF APPEALS	\$150	
DRIVEWAY PERMITS	\$25	
FENCE PERMITS	\$25	
PARCEL COMBINATION	\$50	
PARCEL SPLIT/COMBINATION		
First	\$100	
Each Additional	\$50	
MAPS		
Medium	\$2	
Large	\$4	
SIGN PERMITS	\$50	
RESIDENTIAL LAND USE PERMITS		
under 200 sq ft	\$25	
over 200 sq ft	\$75	
COMMERCIAL LAND USE PERMITS	\$200	
PUD REQUESTS	\$750	Minimum
STREET/ALLEY VACATION REQUESTS	\$750	
ZONING ORDINANCE AMENDMENT	\$1,000	
ZONING BOARD OF APPEALS	\$500	
SPECIAL USE PERMIT	\$750	Minimum
HISTORIC DISTRICT PERMITS		
BUILDING PERMITS		State of Michigan Rates
annual renewal	\$75	
demolition	\$75	
CONSTRUCTION PARKING PERMIT		
per space / per week	\$10	
RENTAL ORDINANCE		
Registration Certificate (one time)	\$10	
First Inspection	\$40	
Compliance Certificate (every 3 yrs)	\$40	
Additional Units in Building (ea)	\$20	
		Additional Charges May Apply
SITE PLAN REVIEW		
Level I (new residential, additions, accessory)	\$10	
Level II (new residential, commercial)	\$20	
Level III (special use and PUD)	\$150	

Appendix

Elected Officials & Administration

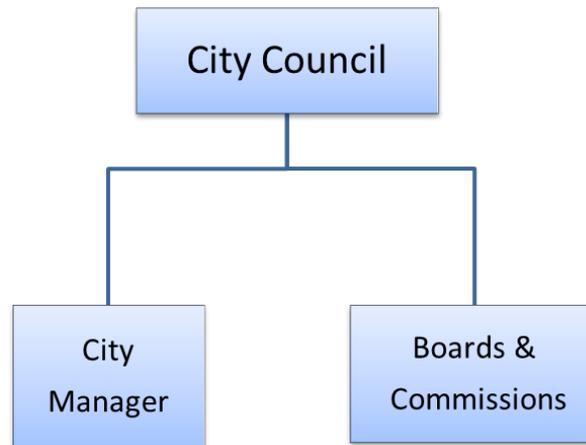
Colleen Kenny	Mayor	First District	ckenny@manisteemi.gov
Ed Cote	Councilmember	Second District	ecote@manisteemi.gov
Robert Hornkohl	Councilmember	Third District	rhornkohl@manisteemi.gov
Chip Goodspeed	Councilmember	Fourth District	cgoodspeed@manisteemi.gov
Catherine Zaring	Mayor Pro-Tem	Fifth District	czaring@manisteemi.gov
Mark Wittlieff	Councilmember	Sixth District	mwittlieff@manisteemi.gov
Eric Gustad	Councilmember	Seventh District	egustad@manisteemi.gov

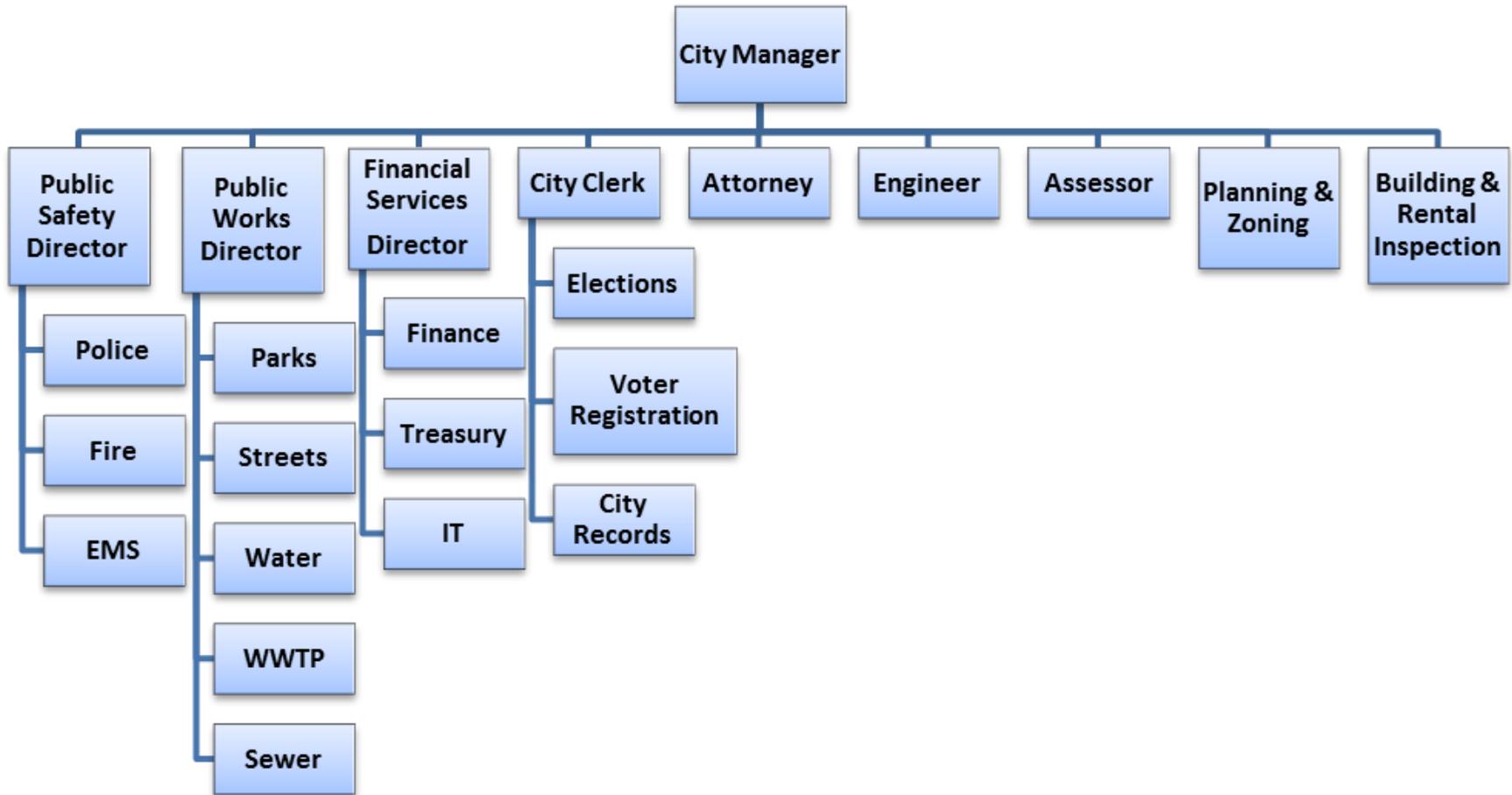
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Mitch Deisch	City Manager	mdeisch@manisteemi.gov
Dave Bachman	Public Safety Director	dbachman@manisteemi.gov
Julie Beardslee	City Assessor	jbeardslee@manisteemi.gov
Ed Bradford	Financial Services Director	ebradford@manisteemi.gov
Jeff Mikula	Public Works Director	jmikula@manisteemi.gov
Michelle Wright	City Clerk\Deputy Treasurer	mwright@manisteemi.gov

Appendix

City Organization Chart

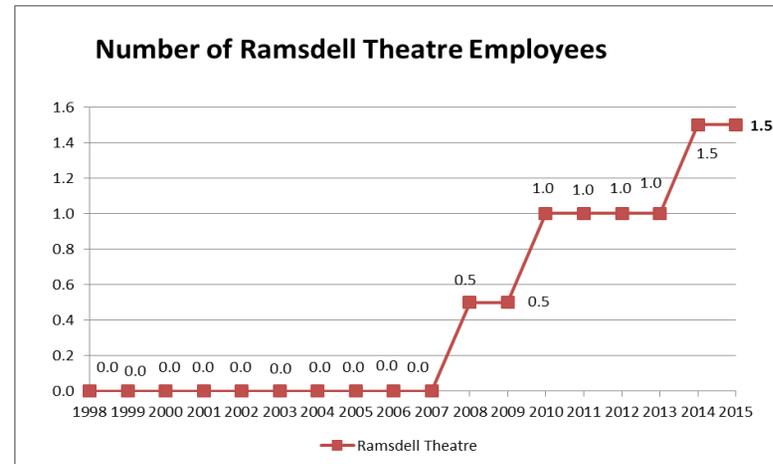
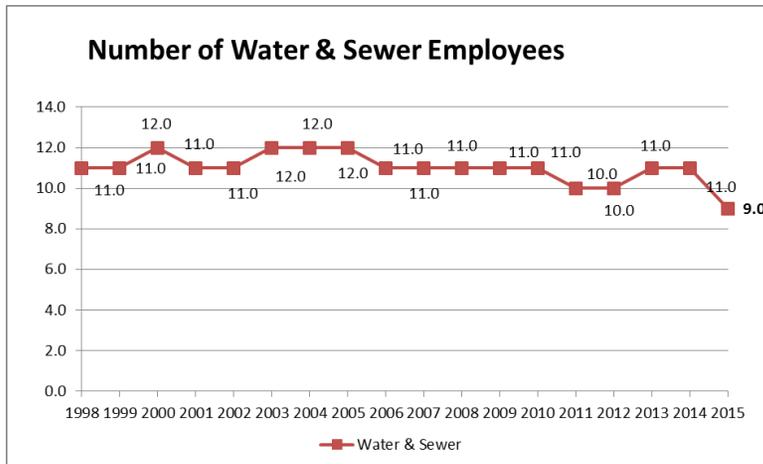
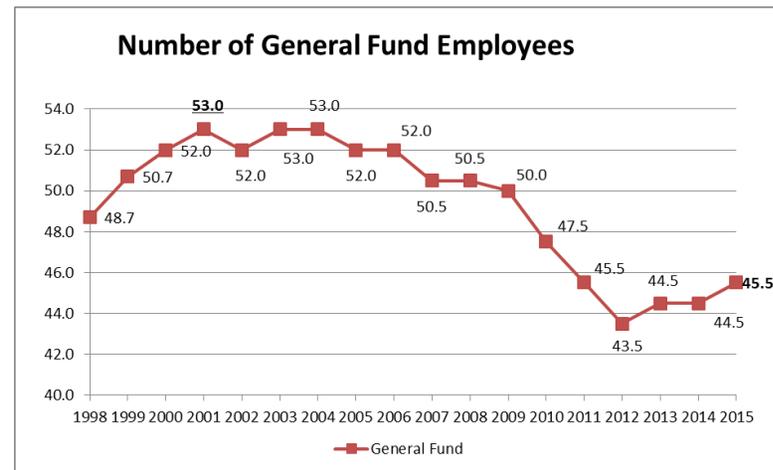
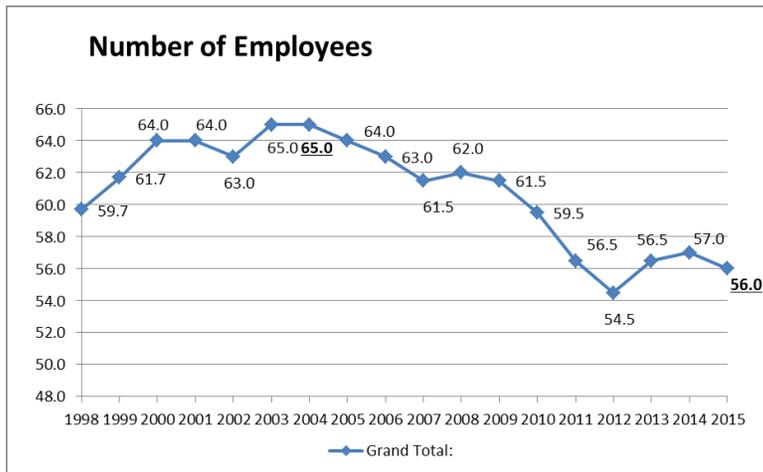




Appendix

Number of Employees

The number of City full-time equivalent employees over time is listed below. This excludes seasonal employees.



Appendix

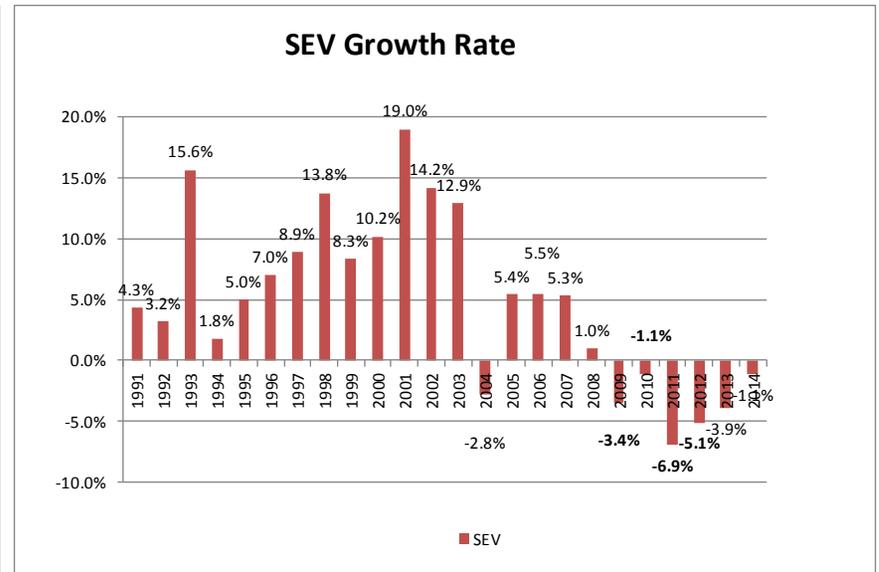
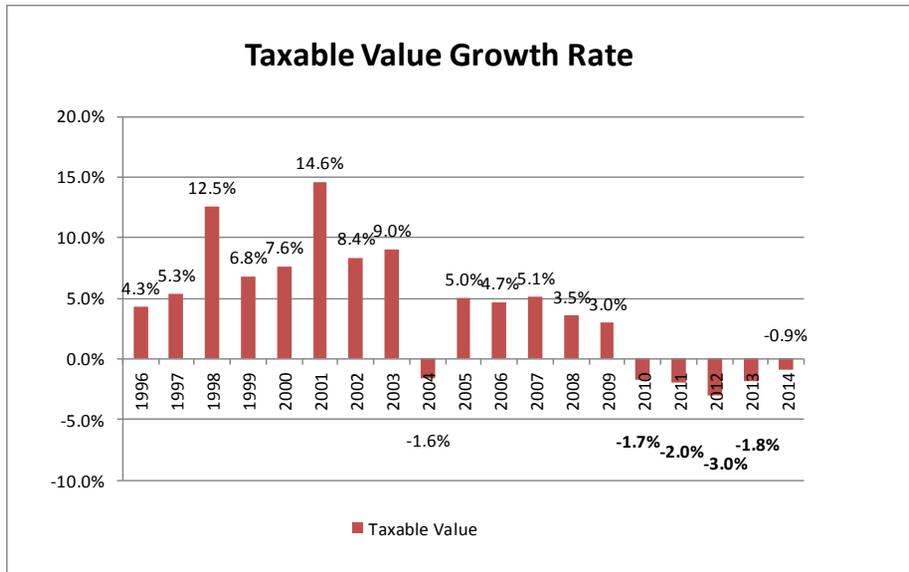
Breakdown of Employees

NUMBER OF EMPLOYEES (Full-Time & Permanent Part-Time Only, Excludes Seasonal)

	Actual 1998	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Budget 2015	
City Manager	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance/Clerk	3.0	4.0	4.0	4.0	4.0	4.0	4.5	4.5	4.5	4.5	4.5	5.0	4.5	4.0	4.0	4.0	4.0	4.0	4.0
Assessor	1.7	1.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
ComDev/BldgInsp	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.0	3.0	3.0
Municipal Building	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.0	0.0	0.0
Police	16.0	17.0	17.0	17.0	17.0	17.0	17.0	16.0	16.0	15.0	15.0	14.0	14.0	13.5	12.0	12.0	12.0	12.0	13.0
Fire/EEMS	8.0	8.0	8.0	8.0	8.0	9.0	9.5	9.5	9.5	8.5	8.5	8.5	8.5	8.0	7.5	8.5	8.5	8.5	8.5
Public Works	12.0	12.0	12.5	13.5	12.5	12.5	12.5	12.5	12.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	11.0	12.0	12.0
Parks	3.0	3.0	3.5	3.5	3.5	3.5	2.5	2.5	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General Fund	48.7	50.7	52.0	53.0	52.0	53.0	53.0	52.0	52.0	50.5	50.5	50.0	47.5	45.5	43.5	44.5	44.5	44.5	45.5
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Water	4.5	4.5	4.5	3.5	3.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
WWTP	3.5	3.5	4.5	4.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0	5.0	4.0	4.0
Sewer	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Water & Sewer	11.0	11.0	12.0	11.0	11.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	11.0	11.0	11.0	9.0
Ramsdell Theatre											0.5	0.5	1.0	1.0	1.0	1.0	1.5	1.5	1.5
Ramsdell Theatre	0.0	0.5	0.5	1.0	1.0	1.0	1.0	1.5	1.5	1.5									
Grand Total:	59.7	61.7	64.0	64.0	63.0	65.0	65.0	64.0	63.0	61.5	62.0	61.5	59.5	56.5	54.5	56.5	57.0	56.0	56.0

Appendix

SEV & Taxable Value Charts



Appendix

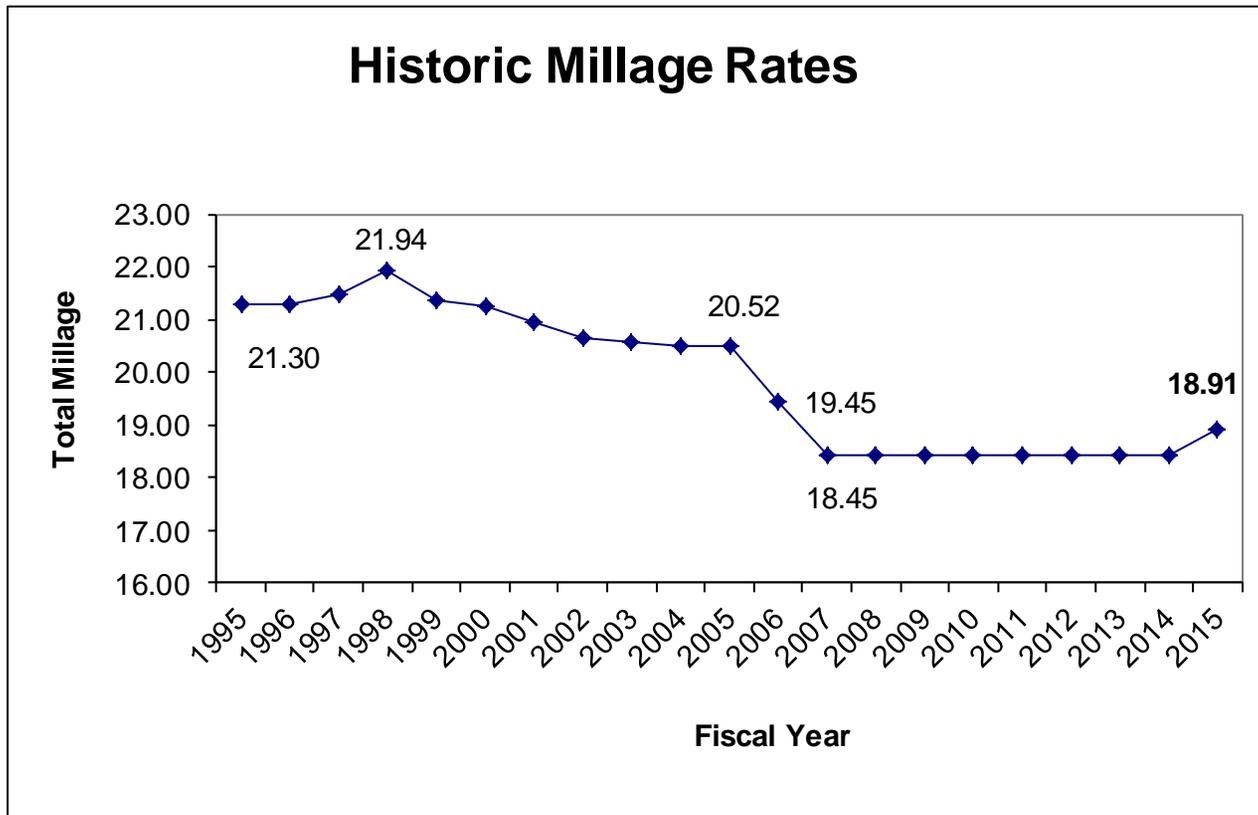
SEV & Taxable Values

Year	SEV	SEV Growth	Taxable Value Value	Taxable Value Growth
1990	\$ 69,346,762			
1991	\$ 72,328,192	4.3%		
1992	\$ 74,662,923	3.2%		
1993	\$ 86,335,306	15.6%		
1994	\$ 87,868,352	1.8%		
1995	\$ 92,276,049	5.0%	\$ 91,170,863	
1996	\$ 98,777,799	7.0%	\$ 95,065,215	4.3%
1997	\$ 107,576,400	8.9%	\$ 100,105,513	5.3%
1998	\$ 122,376,906	13.8%	\$ 112,633,190	12.5%
1999	\$ 132,539,856	8.3%	\$ 120,320,668	6.8%
2000	\$ 146,033,156	10.2%	\$ 129,495,380	7.6%
2001	\$ 173,749,756	19.0%	\$ 148,341,437	14.6%
2002	\$ 198,421,736	14.2%	\$ 160,733,605	8.4%
2003	\$ 223,975,606	12.9%	\$ 175,212,684	9.0%
2004	\$ 217,777,056	-2.8%	\$ 172,431,911	-1.6%
2005	\$ 229,542,700	5.4%	\$ 181,139,334	5.0%
2006	\$ 242,067,200	5.5%	\$ 189,639,514	4.7%
2007	\$ 254,905,300	5.3%	\$ 199,258,541	5.1%
2008	\$ 257,394,000	1.0%	\$ 206,309,448	3.5%
2009	\$ 248,539,700	-3.4%	\$ 212,438,939	3.0%
2010	\$ 245,823,500	-1.1%	\$ 208,759,415	-1.7%
2011	\$ 228,785,500	-6.9%	\$ 204,529,817	-2.0%
2012	\$ 217,101,200	-5.1%	\$ 198,380,202	-3.0%
2013	\$ 208,595,400	-3.9%	\$ 194,796,427	-1.8%
2014	\$ 206,200,100	-1.1%	\$ 192,962,533	-0.9%
2008	\$ (51,193,900)	2009	\$ (19,476,406)	
to		to		
2014	-20.6%	2013	-9.2%	

Appendix

Millage Rates

Historic City millage rates are presented below.



Appendix

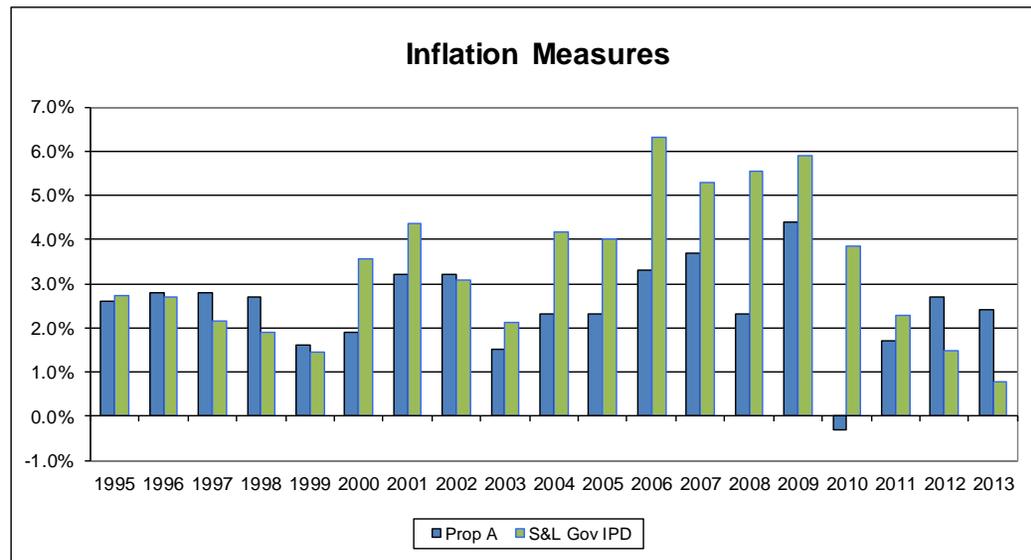
Millage Rates

Millage Rates	Fiscal Year Ended																				
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General	18.52	18.52	18.52	18.52	18.52	18.50	18.50	18.19	18.13	18.07	18.07	17.95	16.95	16.95	16.95	16.95	17.30	17.30	17.30	17.30	17.76
Refuse	2.78	2.78	2.95	2.78	2.25	2.25	2.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50	1.50	1.50	1.15	1.15	1.15	1.15	1.15
Voted Fire	0.00	0.00	0.00	0.64	0.60	0.50	0.45	0.45	0.45	0.45	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	21.30	21.30	21.47	21.94	21.37	21.25	20.95	20.64	20.58	20.52	20.52	19.45	18.45	18.91							
Reduction Amount	0.00	0.17	0.47	(0.57)	(0.12)	(0.30)	(0.31)	(0.06)	(0.06)	(0.00)	(1.08)	(1.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Cumulative Reduction	0.00	0.17	0.64	0.07	(0.05)	(0.35)	(0.66)	(0.72)	(0.78)	(0.78)	(1.85)	(2.85)	(2.85)	(2.85)	(2.85)	(2.85)	(2.85)	(2.85)	(2.85)	(2.85)	(2.85)
Percent Change	0.0%	0.8%	2.2%	-2.6%	-0.6%	-1.4%	-1.5%	-0.3%	-0.3%	0.0%	-5.2%	-5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%
Cumulative Change	0.0%	0.8%	3.0%	0.4%	-0.2%	-1.6%	-3.1%	-3.3%	-3.6%	-3.6%	-8.9%	-14.0%	-14.0%	-14.0%	-14.0%	-14.0%	-14.0%	-14.0%	-14.0%	-14.0%	-11.5%

Appendix

Inflation Rates

The following graph shows two measures of inflation. The first is the State of Michigan Proposal A rate. This is the rate used in determining taxable value and is a rough proxy for City property tax growth. The second is the State and Local Government Implicit Price Deflator, which is a more accurate measure of inflation experienced by units of government.



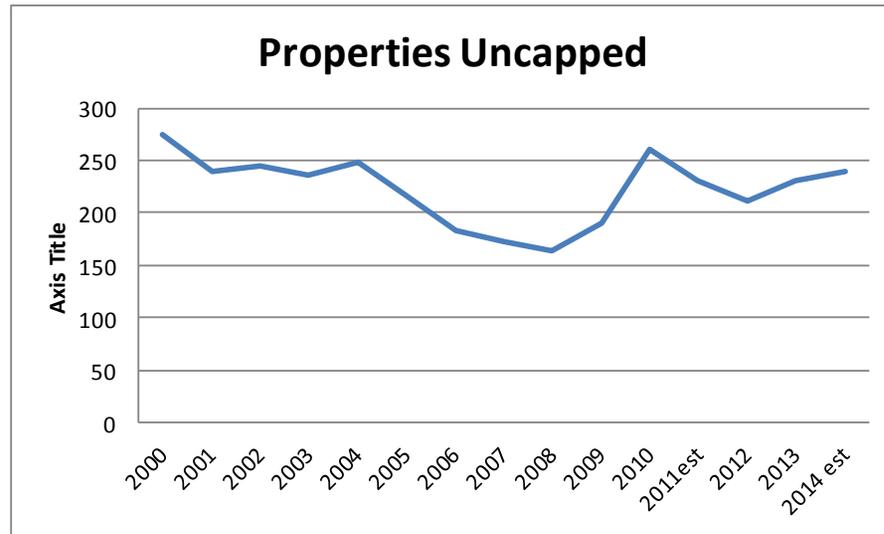
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Prop A	2.6%	2.8%	2.8%	2.7%	1.6%	1.9%	3.2%	3.2%	1.5%	2.3%	2.3%	3.3%	3.7%	2.3%	4.4%	-0.3%	1.7%	2.7%	2.4%
S&L Gov IPD	2.7%	2.7%	2.2%	1.9%	1.5%	3.6%	4.4%	3.1%	2.1%	4.2%	4.0%	6.3%	5.3%	5.5%	5.9%	3.8%	2.3%	1.5%	0.8%

Appendix

Properties Uncapped

The table below shows the number of properties uncapped (sold, transferred) in the City of Manistee.

Tax Year	Properties Uncapped	Change
2000	274	
2001	240	(34)
2002	245	5
2003	236	(9)
2004	249	13
2005	217	(32)
2006	184	(33)
2007	173	(11)
2008	163	(10)
2009	191	28
2010	260	69
2011est	230	(30)
2012	211	(19)
2013	231	20
2014 est	240	9





2014-2015 Budget

Appendix

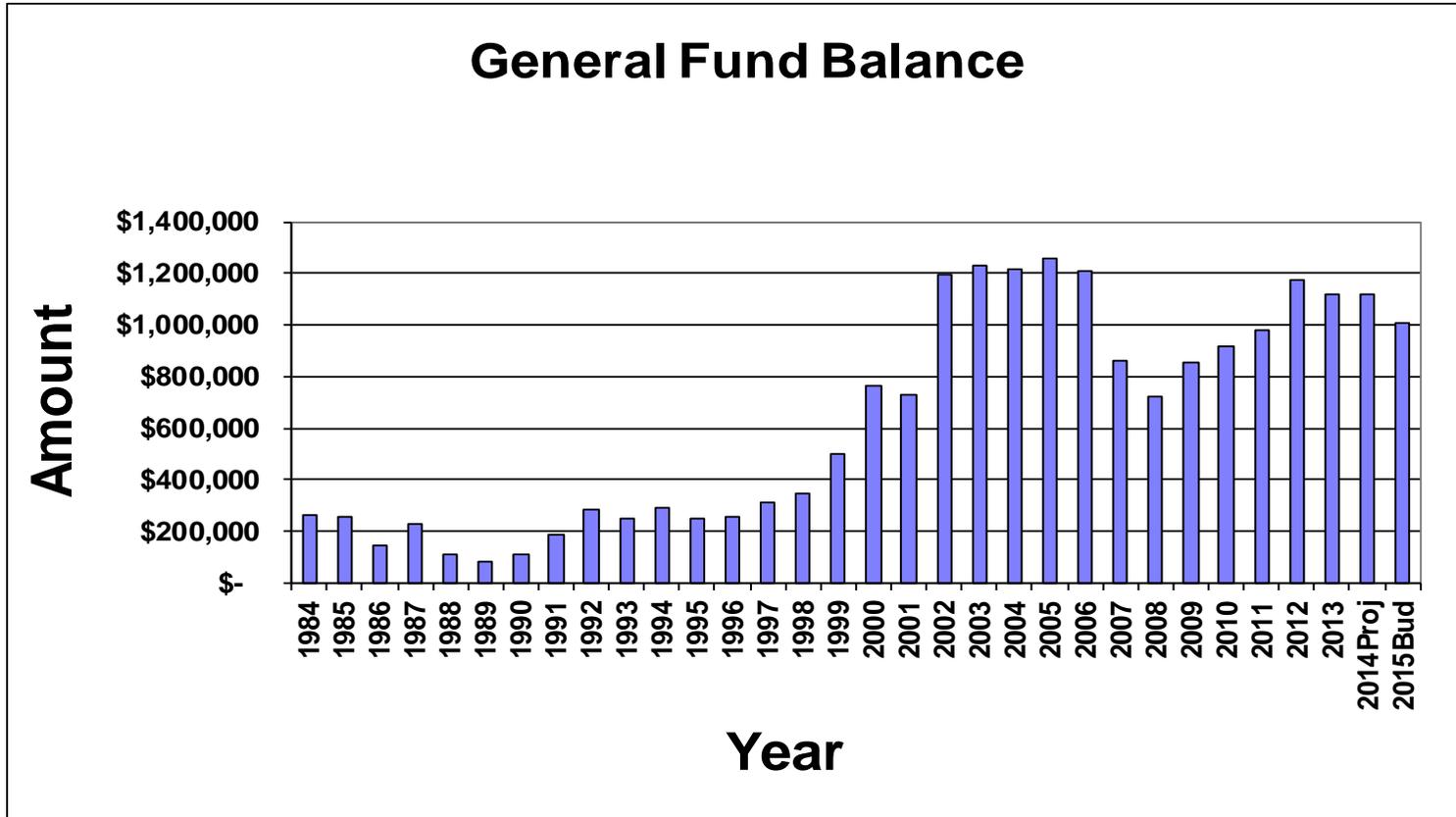
Water & Sewer Rates

The chart below shows historical water & sewer rate increases.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	New Rate Structure 2015
Water per 1000G	\$1.63	\$1.79	\$1.86	\$1.90	\$1.95	\$2.04	\$2.16	\$2.25	\$2.48	\$2.60	\$2.72	\$2.84	\$3.03	\$3.37	\$2.52
Sewer per 1000G	\$3.53	\$3.57	\$3.71	\$3.80	\$3.90	\$4.08	\$4.32	\$4.50	\$4.97	\$5.20	\$5.44	\$5.68	\$6.06	\$6.74	\$6.91
Fixed Charge 5/8"	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$13.84
Typical Bill (6,000 G per Month)	\$37.56	\$38.76	\$40.02	\$40.80	\$41.70	\$43.32	\$45.48	\$47.10	\$51.30	\$53.40	\$55.56	\$57.72	\$61.20	\$67.26	\$ 70.42
Dollar Increase		\$1.20	\$1.26	\$0.78	\$0.90	\$1.62	\$2.16	\$1.62	\$4.20	\$2.10	\$2.16	\$2.16	\$3.48	\$6.13	\$3.16
Percent Increase		3.2%	3.3%	1.9%	2.2%	3.9%	5.0%	3.6%	9.0%	4.4%	4.0%	4.0%	6.0%	10.0%	4.7%

Appendix

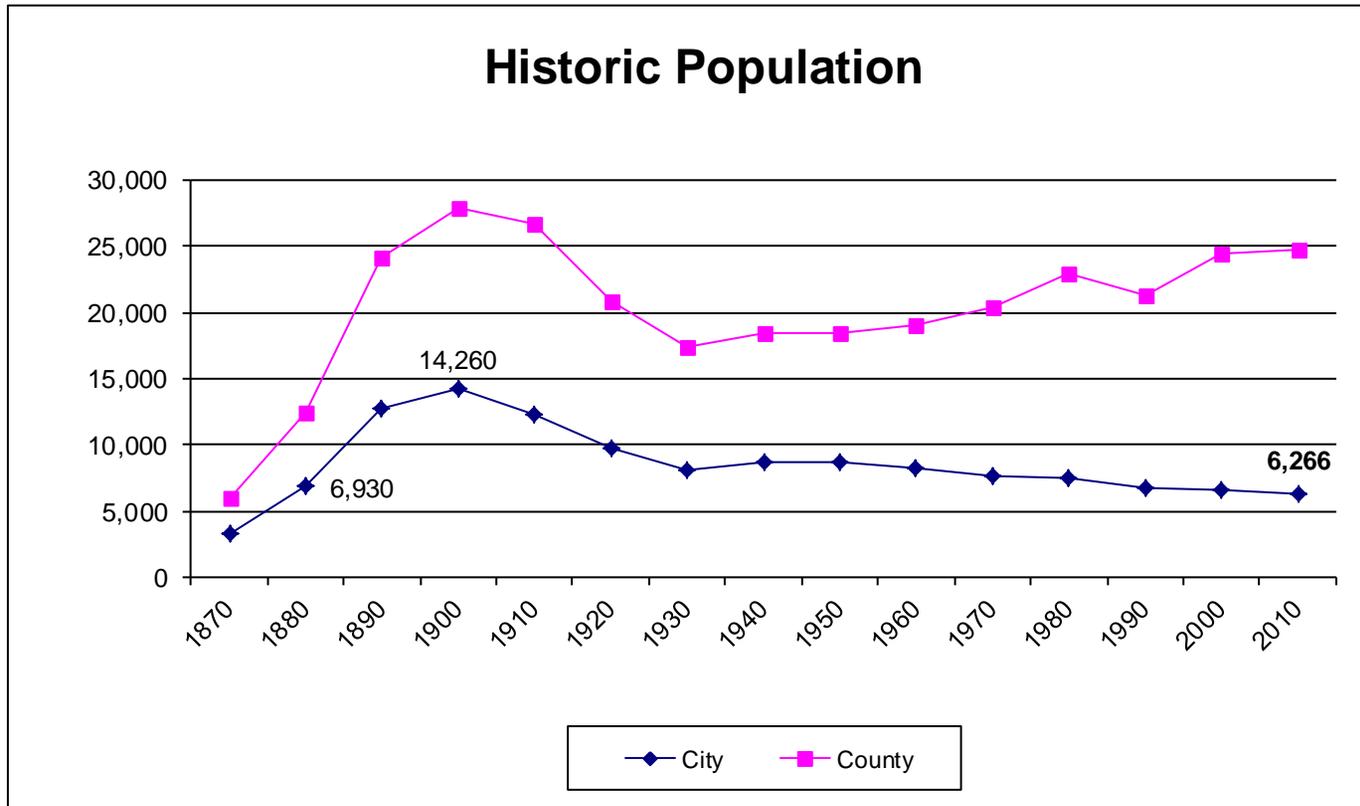
General Fund Balance



Appendix

Population

A history of census data counts has been prepared. The official 2010 census data showed a loss of 320 people from 2000.



Appendix

Grants Received

City of Manistee Grants

Year	Name	Project	Amount
2002	MSHDA Rental Rehab	Rehab Apts.	\$ 350,000
2002	MCACA	Ramsdell Theatre	\$ 52,000
2003	Michigan Rural Health	Rescue 5	\$ 40,000
2003	MDEQ Abandoned Well Mgt.	Plug old wells	\$ 35,000
2003	MCACA	Ramsdell Theatre	\$ 49,000
2003	Waterways Commision	1 st St Launch	\$ 37,000
2004	MSHDA Neighborhood	Infrastructure	\$ 829,000
2004	MSHDA New Homes	Grove St. Homes	\$ 430,000
2004	EPA Brownfield Pilot	Assessment	\$ 200,000
2004	MCACA	Ramsdell Theatre	\$ 47,500
2005	MDOT	Memorial Dr. Paving	\$ 30,000
2005	EPA Brownfield #2	Inventory	\$ 195,000
2005	Cool Cities	Peninsula Plan	\$ 400,000
2005	Corps of Engineers	Wave Study	\$ 35,000
2005	MEDC	5th Ave Paving	\$ 250,000
2005	MSHDA CBD	Downtown Apts.	\$ 465,000
2005	MCACA	Ramsdell Theatre	\$ 22,200
2006	MEDC	Wash St. Paving	\$ 292,000
2006	State of Michigan	Voting Machines	\$ 37,000
2006	State of Michigan	Voting Access	\$ 13,000
2006	Waterways Commission	Marina Docks	\$ 34,500
2006	MCACA	Ramsdell Theatre	\$ 18,200
2007	MDOT Category F	Old US 31 Truck Route	\$ 232,000
2007	MDOT Small Urban	Old US 31 Truck Route	\$ 350,000
2007	Federal Appropriation	Maple Street Bridge	\$ 341,500
2007	MCACA	Ramsdell Bathrooms	\$ 20,500
2007	Waterways Commission	Marina Gas Dock Kiosk	\$ 21,600
2008	MDOT Local Bridge Fund	Maple Street Bridge	\$ 500,000
2008	MNRTF	Man-Made Lake	\$ 2,016,000
2008	EPA Hazardous	Assessment	\$ 195,000
2008	EPA Petroleum	Assessment	\$ 195,000
2008	Waterways Commission	First Street Launch	\$ 17,435
2008	Access to Recreation (WK Kellogg)	Marina Handicap Lift	\$ 20,000
2008	Waterways Commission	Arthur St. Boat Launch	\$ 102,833
2008	Waterways Commission	Marina Building Improvements	\$ 329,800
2008	Great Lakes Fishery Trust	Arthur St. Boat Launch	TBD
2009	MDOT Category F	Old US 31 Truck Route	\$ 110,000
2009	MDOT Category A	Industrial Park Roads	\$ 378,000
thru 2009	Local Revenue Sharing	Variety of Items	\$ 600,000
2010	Local Revenue Sharing	Variety of Items	\$ 48,800
2010	MDOT Local Bridge Fund	Maple Street Bridge	\$ 682,000
2011	Consumers Energy	Trees	\$ 1,275
2011	Local Revenue Sharing	Variety of Items	\$ 194,331
2011	Great Lakes Fishery Trust	Fish Cleaning Station	\$ 75,000
2011	MNRTF	Beach House	\$ 280,000
2011	MDEQ Abandoned Well Mgt.	S2 Sewer Study	\$ 204,300
2011	MDEQ	Principal Forgiveness	\$ 78,000
2012	Local Revenue Sharing	Variety of Items	\$ 112,246
2012	MDOT	Kosciusko Street	\$ 172,804
2013	Consumers Energy	Trees	\$ 3,000
2013	Land and Water Conservation Fund	Playground	\$ 48,000
2013	MDEQ	Dredge	\$ 58,500
2013	Local Revenue Sharing		\$ 43,030
2013	FEMA		\$ 49,590
	Total		\$ 11,341,944