



2012 - 2013 Budget



Table of Contents

Budget Introduction	4
Overview	5
Budget Transmittal Letter	5
Executive Summary	7
Budget Change Summary	10
Issue Page.....	11
Strategic Plan	11
General Fund Revenues	12
General Fund Financial Reserves	13
Property Tax Appeals	14
ALS Transport	15
Deputy Fire Chief	16
DPW Organization.....	17
Water & Sewer Rates & Revenue.....	18
Obligated Funds	20
Departmental White Papers	21
Capital Improvement Fund	22
City Indebtedness.....	23
Construction Projects	26
Ramsdell Theatre	27
Employment Legislation.....	29
Employees.....	30
Interfund Activity.....	34
General Fund.....	35
Revenue.....	35
Legislative.....	40
Manager	42
Financial Services	45
Clerk.....	48
Assessor	51
Community Development.....	55
Police.....	58
Fire & EMS.....	61
Public Works.....	64
Parks & Recreation	67
Attorney	69
Engineer	70
Municipal Buildings.....	71
General Operating & Debt Service	73
Boards & Commissions	75
Appropriations	76



2012-2013 Budget

Enterprise Funds	78
Water & Sewer Utility	78
Municipal Marina.....	89
Boat Launch	93
Ramsdell Theatre	96
Internal Service Funds	100
Motor Pool	100
Permanent Funds.....	103
Oil & Gas	103
Special Revenue Funds.....	105
Major Street	105
Local Street	108
Street Improvement.....	110
Refuse	112
Building Inspector.....	114
Grant Management.....	116
Capital Project Funds.....	117
Capital Improvement Fund	117
Budget Appropriation	121
Schedule of Fees	125
Appendix.....	130
Elected Officials & Administration	130
City Organization Chart.....	131
Number of Employees	133
Breakdown of Employees.....	134
SEV & Taxable Value Charts	135
SEV & Taxable Values	136
Millage Rates	137
Millage Rates	138
Inflation Rates.....	139
Properties Uncapped.....	140
Water & Sewer Rates.....	141
General Fund Balance.....	142
Population	143
Grants Received	144

Budget Introduction

Welcome to the City of Manistee's Fiscal Year 2012-2013 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 2012-2013 budget document.

Overview**Budget Transmittal Letter**

March 23, 2012

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

Budget Transmittal Letter

Ladies and Gentlemen:

In 1964 Bob Dylan released a song, “The times they are a-changing” which seems to be as appropriate in 2012 as it was 48 years ago. This song could be the title for this year’s budget theme as the culmination of four years of taxable value reductions, a decade of State-shared revenue cuts, continuing legislative uncertainty out of Lansing, and State-mandated utility upgrades to an aging infrastructure has placed the City at a precarious financial crossroad. The financial dilemma is complex, not easily solved, and will require strict spending discipline over the next decade to come out ahead.

For the past several years the State’s economic crisis has been impacting the City of Manistee. This year is no different. As normal for Northwest Michigan we usually lag behind the State and the Nation in economic trends, thus it took longer for the economic recession impacts (mainly housing market declines) to reach Manistee and it will continue to impact Manistee longer as parts of the State and Nation are entering into recovery mode.

Accompanying these financial pressures the City was also under a State-mandated requirement to complete our Fixed Date Schedule Combined Sewer Separation Projects. More than six million dollars of State-mandated infrastructure improvements were completed over the past year. In addition, the City also leveraged this opportunity to upgrade 1.2 miles of orphaned streets adjacent to the Cedar Street CSO Project at a cost of more than one million dollars. City Council also chose to upgrade First Street to coincide with the Cedar Street CSO Project which added another million dollars that had to be bonded and will need to be repaid. When you add the Municipal Marina, Arthur Street waterfront access, Glocheski Drive, Monroe Street truck route and the Maple Street Bridge; it becomes clear just how busy the last two years have been. The time has come for the City to slow up on capital projects and work on paying off the projects we have completed.

With the knowledge of these fiscal challenges, the City continues to improve and put emphasis on strategic planning. Again in 2011, public input was sought to update the Strategic Plan with

assistance from the Alliance for Economic Success. The major goal of the plan is to address the Strategic Mission that states, “To competitively position the City of Manistee as the community of choice and destination for business, industry, tourists and families.” This Strategic Plan, like the ones before it, will serve as a guide for future budgetary decisions.

2012 will not be as busy a construction year as 2011. However, several very important projects will be completed in this fiscal year including First Street Upgrades (FY 2011-2012), Maple Street Bridge (FY 2011-2012), Fish Cleaning Station (FY 2012-2013) and First Street Beach House (FY 2012-2013). Each of these projects is supported by the Council Strategic Plan and support the overall mission to competitively position the City of Manistee as a community of choice.

The Capital Improvement Fund, which is almost entirely funded through oil and gas royalty investment earnings, has been a driving force over the past few years for completing capital projects. Like all funds, the Capital Improvement Fund has limited resources that are being committed over several years to assist with multi-year funding of capital projects. As these commitments increase, the Capital Improvement Fund will not be able to continue funding the volume of projects like we have for the past few years. As we mentioned last year, after 2012-2013 we are going to need to significantly slow down on capital projects until these multi-year projects are paid off and additional non-committed capital improvement funds are available. Currently the Capital Improvement Fund is committed at approximately 80%.

The 2012-2013 Budget and Capital Improvement Plan will be introduced to the Council and the Community at the Tuesday, April 3, 2012 meeting. Various budget work sessions have been established: a regular work session on Tuesday, April 10; a work session on Tuesday, April 17; and an optional work session on Tuesday, April 24, 2012. The public hearing to review these budget recommendations and receive public input on them has been scheduled for Tuesday, April 17, 2012. Budget adoption is anticipated at the regular meeting of May 1, 2012.

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 2012-2013 Budget for the City of Manistee.

Respectfully submitted,

CITY OF MANISTEE

Mitchell D. Deisch

Mitchell D. Deisch, City Manager
mdeisch@manisteemi.gov

MDD:cl

Overview

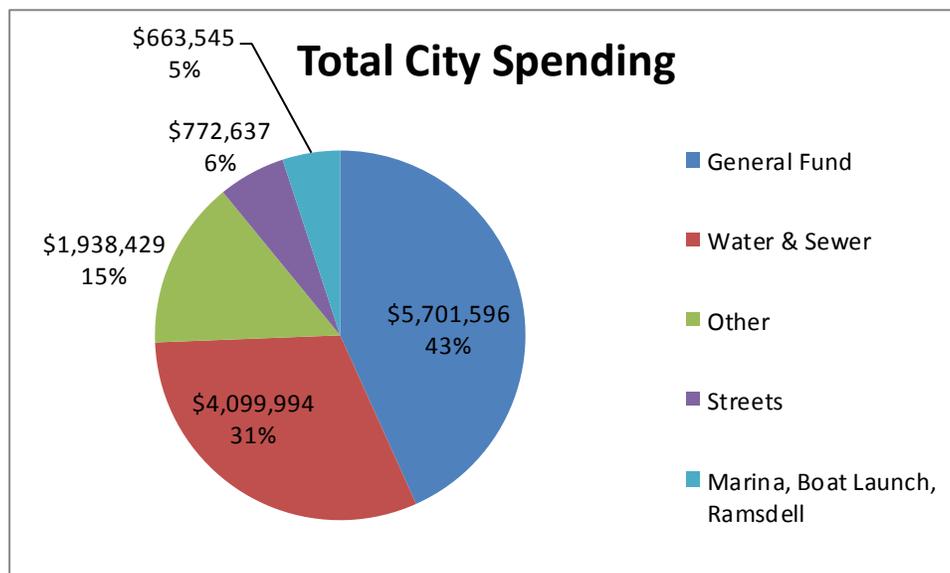
Executive Summary

The themes of this year’s budget are transition and retrenching. Transition is occurring in many areas of the City. Some transitions are destabilizing and add uncertainty, while others add stability and provide clarity. Some of the key transitions are:

1. State revenue sharing appears to be stabilizing after years of cuts.
2. We are in an extended period of negative or flat growth in the tax base.
3. We are moving quickly towards being a full service EMS transport community.
4. We are on the verge of completing a strategic sewer extension into Filer Twp.
5. The Legislature continues to pass laws that impact public employers and employees.

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. For the next several years, we need to absorb the past projects and ensure that they are maintained to the best of our ability.

Early on, the budget was shaping up to be very difficult to balance in spite of significant downsizing and reforms in City government over the past several years. The primary problem is the continued reduction in tax revenue as the housing market collapse continues to impact property values. Concentrated effort and out of the box thinking on both the revenue and expense side of the ledger will be needed to continue providing desired services. The budget for all funds, including capital outlay and debt service totals **\$13,176,201**



The General Fund has a balanced budget of **\$5,701,596** or **43%** of total spending. Services most people associate with local government, such as police, fire & EMS, tax collection, assessing 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 (*General Fund Revenues Issue Page*). Tax revenue has declined for the third straight year due to a stagnant housing market and less new construction. Revenue sharing from the state appears to have stabilized after years of cuts, although a portion comes with many strings attached from the state which may prove to be problematic. The new advanced life support transport service (*ALST Issue Page*) provided by the Fire Department is expected to bring significant additional revenue.

General fund expenses are largely stable, with the exception of creating a deputy fire chief position (Deputy Fire Chief issue page) and accounting requirements relating to debt service that add both revenue and expense. Pension and health care costs are being managed in a proactive manner, although state mandates add much uncertainty to this area (*Employment Legislation Issue Page*).

The Water & Sewer Utility has budgeted expenditures for operations, capital outlay and debt service of **\$4,099,994** or **31%** of total City spending. Water and Sewer rates are proposed to increase 8.0%. A typical customer will see their monthly bill increase by \$4.62. This increase is required to address additional debt service needs and also reflects the fact that revenue raised is not correlated dollar for dollar with rate increases (*Water & Sewer Rates & Revenue Issue Page*).

Operational costs increased from last year. The primary causes are the addition of a Utility Supervisor (*DPW Organization Issue Page*) and the S2 grant expenditures which are 90% offset by grant revenue

Debt service increased because of obligations from the Jones and Cedar St. CSO projects and infrastructure improvements associated with First Street. Capital outlay decreased sharply because of completion of prior projects and the need to push out the Riverbank sewer replacement and the Sixth Ave. lift station until finances will allow.

The overall Street budget is **\$1,935,429** or **15%** of total spending. This includes the Major and Local Street funds, as well as the Street Improvement fund. Street maintenance, repairs and construction is primarily funded by gas tax money passed through by the State to the City. The budget anticipates no major street projects this year. Street funds are largely obligated for the next several years (*Obligated Funds Issue Page*) The budget does support the street asset management plan by allocating money for crack sealing a number of roads.

Other City funds account for **\$772,637** or **6%** 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 (*Capital Improvement Fund Issue Page*). This fund has contributed an enormous amount to the City's ability to fund critical infrastructure, but is nearing its capacity.

The Grant Management fund accounts for the Local Revenue Sharing Grants, as well as the MNRTF Beach House Grant and the GLFT Fish Cleaning station grant. Both projects will be completed this fiscal year (*Construction Projects Issue Page*).

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 extended in an attempt to reduce costs.

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. Although our vendor's contract calls for a 4% annual increase, no rate increase will be passed on to customers this year in an attempt to buffer the impact of the water and sewer rate increase.

The Marina, Boat Launch and Ramsdell Theatre account for **\$663,545** or **5%** 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 should experience higher revenues this year with the completion of the new boater facility. To the extent that this is still insufficient to service its debt, the Capital Improvement fund will serve as a backstop. The Boat Launch should also see increased revenues with the completion of the First Street project resulting in less disruption. 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. Issue pages will not be changed, in order to reflect the issues as they were presented in the proposed budget.

The primary changes were as follows:

Council chose to move City Clerk Michelle Wright through the pay scale in an accelerated fashion over two years in order to bring her up to parity with her department head peers.

Council decided to limit the water and sewer rate increase to 6% instead of the 8% that had been recommended in the Manager's proposed budget.

Council chose to hold off on hiring the utility director that was proposed in the budget until January to offset the decreased revenue from the lower rate increase mentioned above.

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

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 strategic planning process in 2012.

Issue Page

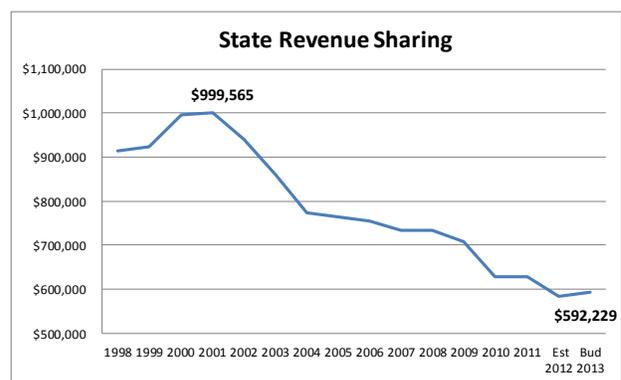
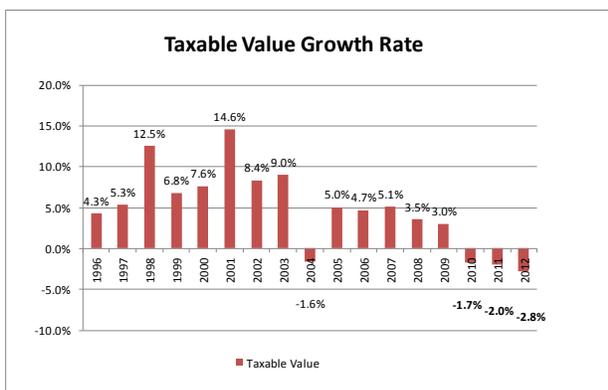
General Fund Revenues

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.

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. Both of these have declined in recent years and are largely out of the control of the City.

Revenue will again this year be impacted by both declining property values and lack of new construction (growth). The taxable value of City property declined 2.6% for 2012 which equates to a reduction in tax revenue of about \$80,000. This is the third straight year of decline and totals 6.4% since 2009. The aggregate decline yields approximately \$160,000 less per year in operating property tax revenue.

The City used to receive both constitutional and statutory revenue sharing. In the current State budget, statutory revenue sharing was 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 41% or \$407,000 (almost 8% of the GF operating budget) since 2001 while statutory\EVIP payments have declined by a whopping 75% or \$430,000. Total loss of payments since 2001 is \$3,400,000. The State's economic and budget crisis appears to be passing and payments are hopefully stabilizing.



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 \$85,000.

General Fund Financial Reserves

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.

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, 2011 audit showed a general fund balance of \$981,242 an increase of \$61,303 from the prior year. Fund balance has increased 14.4% or \$127,000 over the past two years, almost entirely due to a reduction in the number of employees. The fund balance is currently below the 20% target balance at 18.4%. With the continuing decline in property values there will be increasing pressure to use the fund balance to maintain existing services.

The current year budget anticipates a maximum \$25,000 contribution from fund balance to cover non-recurring costs associated with the defense of several large scale tax appeals. This is consistent with the purpose of a general fund balance, as this expenditure is non-recurring in nature and inclusion in the traditional operating budget would necessitate unnecessary cuts in other areas. In addition, as has been done in the past, any payback of tax appeals will come out of the general fund balance. The [Property Tax Appeals Issue Page](#) explains this in further detail.

Property Tax Appeals

As the economic condition of the State has deteriorated over the past several years, the value of real estate has also declined. This challenging environment has led to a much larger number of property tax appeals than usual. Property tax appeals are costly in a number of ways. First, valuable staff time is spent preparing to defend and/or settle the claims. Second, larger appeals often incur legal and/or appraisal fees that are outside of the normal budget. Third, the loss of an appeal can lead to refunds of taxes previously paid. Finally, the loss of an appeal can diminish the amount of taxes collected moving forward.

The City is currently facing nine full tax tribunal cases with a contested taxable value of almost \$3,000,000. This has a maximum potential general fund revenue loss moving forward of about \$52,000 per year. This does not include any potential payback of taxes. Due to the complexity of some of these cases, it is likely that the City will have to enlist outside legal assistance and possibly financial professionals to perform appraisals.

Every effort will be made to minimize this expense, but some will likely be unavoidable. The budget includes \$25,000 for these expenses which will be paid out of a contribution from fund balance. Likewise, as is past City practice, any refunds necessary will also come out of fund balance. This approach is advisable because of the non-recurring nature of the expenses, the extremely tight position of the general fund budget and ample reserves to absorb this cost.

The City is also facing fourteen small claims cases, primarily residential properties with small contested amounts. City Assessor Julie Beardslee is attempting to settle these where possible and advantageous. Not all cases will be able to be settled.

In addition, the City has already settled four other small claims cases with a total reduction in taxable value of about \$142,000. This will result in an annual loss of about \$2,500 in general fund tax revenue.

ALS Transport

The Manistee Fire Department (MFD) started Basic Life Support Transports (BLST) in January of 2011. This was a new and higher level of service for both our employees and our patients. With BLST, we are able to give our patients a better overall experience, and also bill for our services. After operating for a few months, it was determined that over half of our patients required an Advanced Life Support Transport (ALST), and that we were forgoing much revenue by not providing this service to our residents.

In July of 2011 it was decided that the MFD would work towards becoming an ALST organization. This requires additional training to bring employees from EMT level to Paramedic level. To begin this transition, two employees, Capt. Darling and Driver Engineer Cameron were selected to start paramedic classes at WSCC. The cost of the paramedic program is somewhere between \$6,000 and \$8,000 per student for the 15 month program. The program includes a semester of prerequisites and a year of the paramedic program. In addition, Firefighter Fred LaPoint requested and was granted permission to enter the same program as long as he paid his own tuition costs. All three of them passed the prerequisites and are established in the program.

As a BLST service we did 254 transports in the year 2011 and generated an estimated \$60,000 in new revenue with very few new expenses. At the same time there were 291 ALS transports made by WSMC crews that we were not qualified to make. We have slowly gained a higher percentage of the transports from the city but still are missing 45% of all calls due to ALS requirements. An ALS transport is more technical and is billed at a higher rate to the patient's insurance service and Medicare. Consequently if we were in a position to capture all of the runs coming from the city we could generate an estimated \$200,000 to \$250,000 in revenue annually. That would be the actual revenue generated after write offs and uncollectable bills.

The law allows us a two year period to transition into an ALS service. As a result when these three employees graduate the paramedic program we will begin transporting ALS patients as we have staff on duty. Within two years we will train three additional paramedics and will be fully staffed to do ALS 24/7. To run a paramedic level program we need a cardiac monitor on the rig, which we have budgeted for in this budget. Long term we would like to have a back-up ambulance and will continue to search for grant opportunities through the Aid to Firefighter programs and perhaps the rural health initiative. There is money out there to offset the cost of a second ambulance.

The proposed budget assumes \$145,000 in transport revenue because of the ability to do ALS transports, up from the \$80,000 projected revenue this fiscal year.

Issue Page

Deputy Fire Chief

The proposed budget calls for promoting an employee to a Deputy Chief position and hiring an additional full time firefighter in order to manage the EMS side of the operation.

In calendar year 2011 MFD EMS crews responded to 857 EMS calls for service. Crews transported 254 Basic Life Support (BLS) patients. An additional 291 Advanced Life Support (ALS) patients were transported by WSMC.

In the fall of 2011 three MFD employees began an educational program that within the year will license them as paramedics (EMT-P). Once they hold their license the MFD will begin to capture many of the ALS runs that previously went to WSMC. Over the course of the next two years the plan is to send as many as three more department members to school to obtain their EMT-P license. At that time we will be fully transitioned to an ALS service and functioning at that level.

As a BLS service the department has already generated \$70,000 in new revenue to the city. Our costs to do that were minor and much of it was funded by an LRSB equipment grant. In addition the educational portion of the transition is substantially funded by a LRSB grant.

By January of 2013 we expect to be transporting ALS patients and conservatively estimate additional revenue of over \$100,000 annually. The amount of administrative time necessary to manage 500 plus medical runs, continuing education requirements, review of run reports, quality control and continuous improvement is far above the administrative time available in the current configuration. Patient care is an area of potential high liability and requires constant attention to detail. The Deputy Chief would have primary responsibility for this function on a daily basis.

When a Deputy Chief is named the intention is to promote one of our two part time paramedics to a full time position. This would free the Deputy Chief for the aforementioned administrative tasks, and add a paramedic to our compliment of employees for ALS. We currently have two trained and ready to go paramedics in our part time lineup.

The next two to three years is critical for the continued progression to ALS. Having daily oversight through a Deputy Chief is the best option to provide this oversight. A Deputy Chief would come from within the rank and file of current members. At the time when Captain Smith retires we would reevaluate the effectiveness of the position. If for some unforeseen reason it is determined that the position was not effective or not necessary, we would have the opportunity to eliminate it at that time thru attrition.

The estimated cost to promote a Deputy Chief and hire a full time entry level person at the firefighter level is approximately \$50,000 including benefits. The cost is more than offset by the revenue generated from moving to ALST, estimated to be in the \$200,000 range annually.

Staff has committed to an in-depth review of all City departments. The Department of Public Works (DPW) White Paper was completed and presented to City Council on Monday, March 19, 2012. The report was a combined effort among staff and consultants Fishbeck Thompson Carr & Huber.

Whereas in the past Staff has not made recommendations in the Public Safety and Assessing White Papers; the importance of the DPW and future organizational model of the Utility Departments necessitated the need for staff to include their preferred organizational model which recreates the Utility Supervisor position overseeing both the Water and Wastewater operations. This model also elevates manager positions out of the union to manage day to day operations of both departments.

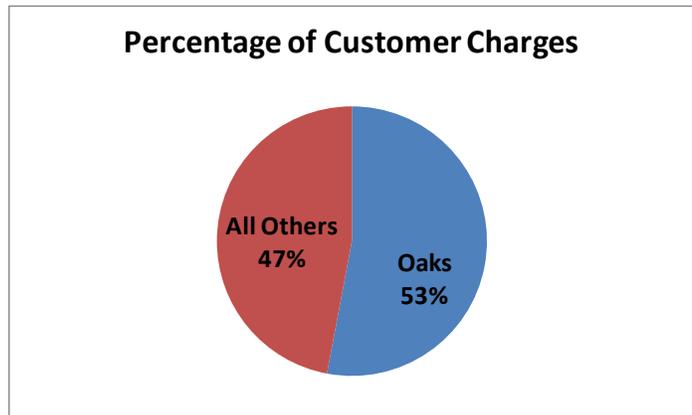
Along with overseeing the WTP and WWTP departments, the Utility Supervisor will also work closely with the DPW Director for the next few years and upon the DPW Director's retirement, will assume the DPW Director role, thus creating a succession plan for the current DPW Director position.

Funds are included in the fiscal year 2012-2013 budget for this transition, although Council will ultimately make the decision on the route these departments will follow.

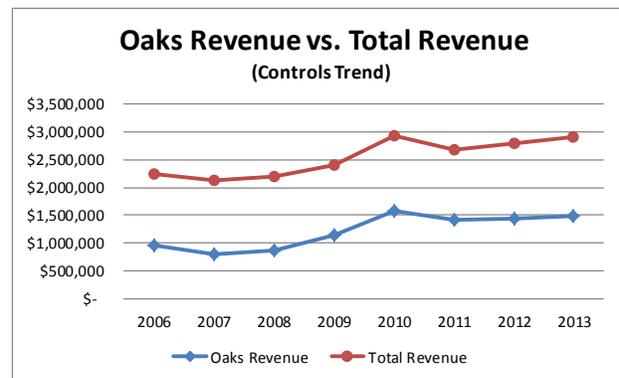
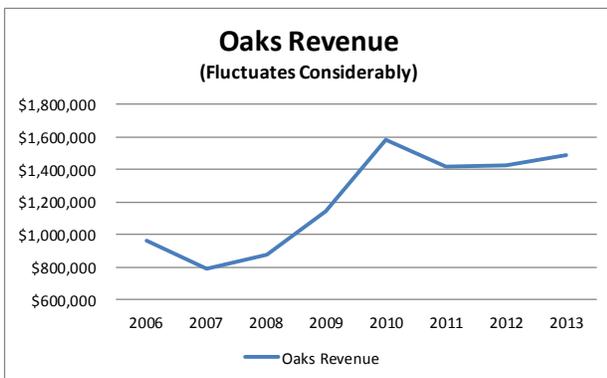
Issue Page

Water & Sewer Rates & Revenue

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 \$2.84 per 1000G of water and \$5.68 per 1000G of sewer. The total of these charges typically account for 85% of the annual revenue of the utility, or about \$2,700,000. Of this, over 50% comes from one customer, the Oaks prison. The reason for this is that they are by far our largest user AND by contract they pay double the rates of regular customers.



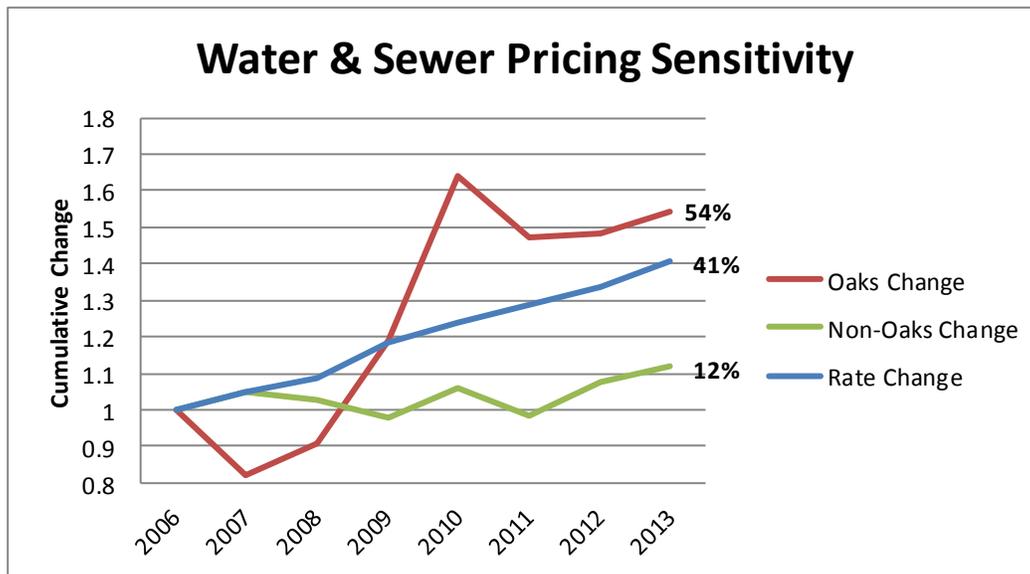
This customer concentration risk is significant and can cause revenue to fluctuate considerably depending on prison population and/or water saving activities. It also means that their activity is highly correlated to and controls the trend of overall utility revenues.



Since 2006, the City has raised water and sewer rates by 41%. The expansion of the WWTP and the Jones and Cedar St. sewer separation projects, as well as long overdue maintenance projects and system improvements are part of the reason for the increase. However, mandatory and necessary inflationary increases also have contributed.

Detailed analysis of our revenue streams has shown that over the last several years there is not a one to one correlation between water and sewer rate increases and revenue increases, particularly among our regular customers. The likely causes of this are increased water conservation (such as less sprinkling), installation of low flow fixtures and low water use appliances & population loss.

The end result is that over the last 6 years, for every 1.0% increase in rates, non-Oaks customer revenue increased by only 0.3%. Over the same period, for every 1.0% increase, Oaks revenue increased about 1.3%. Overall, a 1.0% rate increase led to about a .75% revenue increase.



This behavior is referred to as price sensitivity, or price elasticity of demand. It is the degree to which the price of a product affects consumers purchasing behaviors. As rates of a product rise, consumption of that product tends to fall.

As a result of this behavior, the rate increases have not been as effective as hoped for in raising necessary revenue. This means that the utility will have to raise rates more, and also for a longer duration, than previously expected. For example, during the planning phase of the projects, it was projected that a 12% phased in rate increase would be sufficient to cover the anticipated debt service. It now appears that the increase will need to be in the 18% to 22% range.

It is important to keep in mind a few other factors that will determine rate increases moving forward:

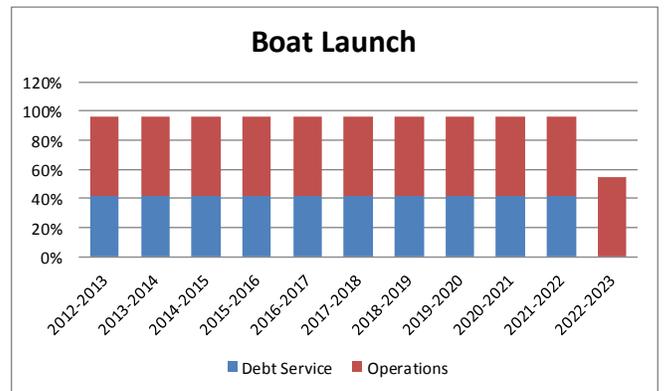
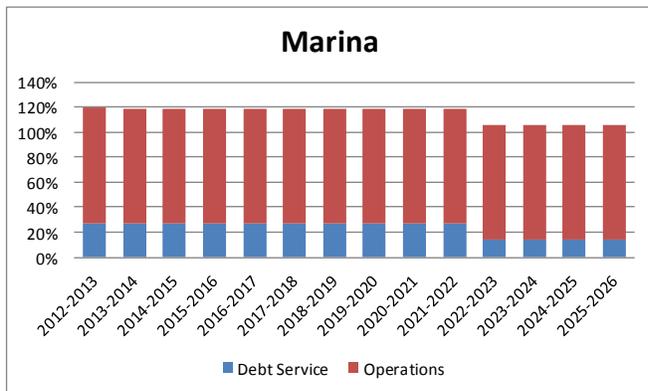
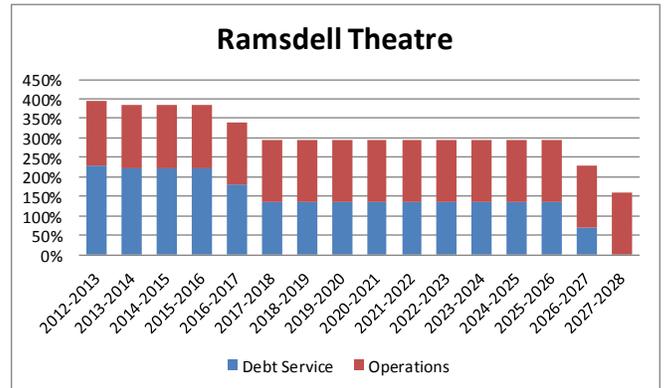
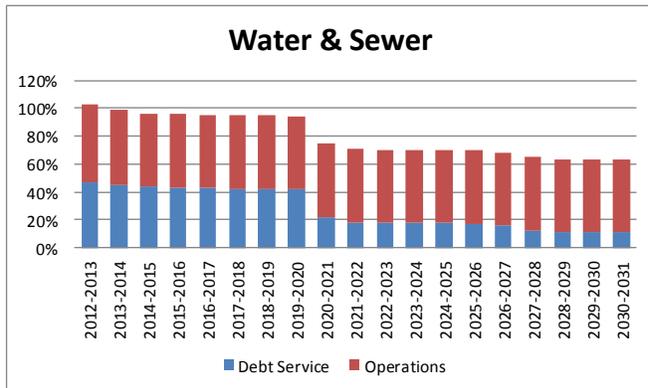
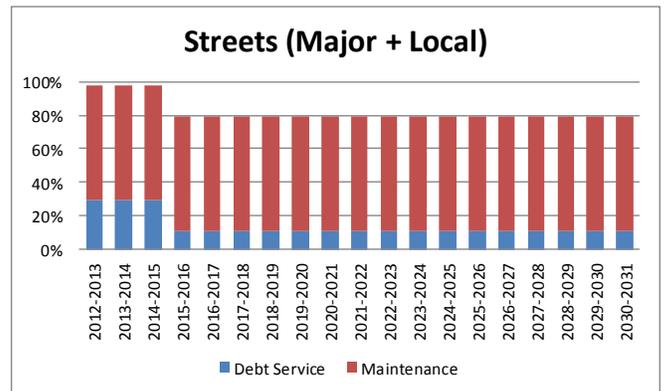
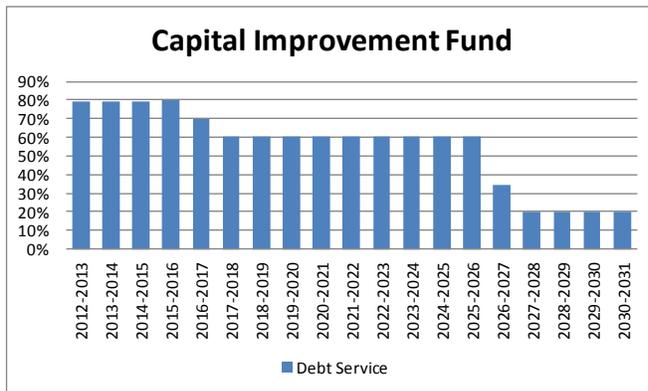
1. The level of population at the Oaks and whether they undertake additional water conservation measures.
2. The sensitivity of regular customers to additional rate increases.
3. The timing and magnitude of additional customers in Filer and Manistee Townships.

The budget proposes an 8.0% increase comprised of 5.3% for additional debt service and 2.7% for inflation which yields an effective rate of 6.0% using the .75% sensitivity factor. Future rate increases beyond inflation will be necessary and depend upon all the factors listed above and future capital investments.

Issue Page

Obligated Funds

The City has obligated a large amount of funds in future years to fund recent capital investments. These obligations need to be recognized and it needs to be understood that the payback of them will limit future capital projects, as well as making cash flow management extremely important moving forward. The charts below show the percent of annual operating revenue obligated in various funds. This does not consider any cash reserves in the respective funds, nor transfers in.



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 the Public Safety White Paper and the Assessing White Paper. Each has led to considerable discussion and ultimately led to restructuring within each department. They also proved valuable in preparing the budget and moving forward in a more sustainable fashion.

The DPW White Paper is being presented and discussed as part of the budget process.

Other departmental white papers that need to be completed are Community Development, Finance/Clerk and City Manager. The Community Development and Finance/Clerk departments will be next and the process will start in early summer.

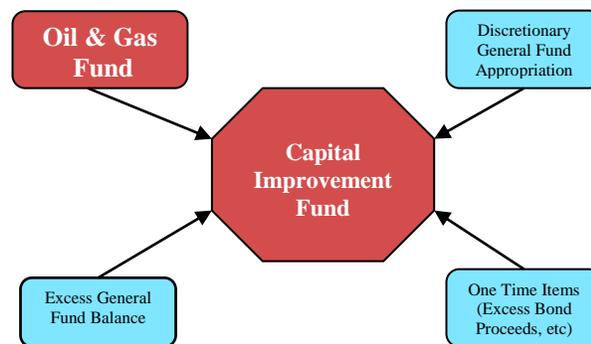
Capital Improvement Fund

The Capital Improvement fund was established in 2005 as a method to accumulate money to help pay for capital improvements in the City. All major capital expenditures not required to be recorded in another fund will be recorded and budgeted for in this fund. This will primarily be General fund items. However, it could include things such as streets and other infrastructure needs, such as other City-owned buildings, Municipal Marina or Boat Launch. 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 primary source of funding is Oil & Gas fund earnings. This will provide a stable, long-term source of funding for capital projects. However, this source of funds is not inexhaustible.

Secondary sources of funding will be an annual transfer of excess General fund balance, general fund appropriations and one time transfers. An annual evaluation of the General fund balance will be 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. Based on the FY 2011 audit, the general fund is below the 20% threshold, so no transfer will occur in FY 2011 and none is anticipated in the foreseeable future.

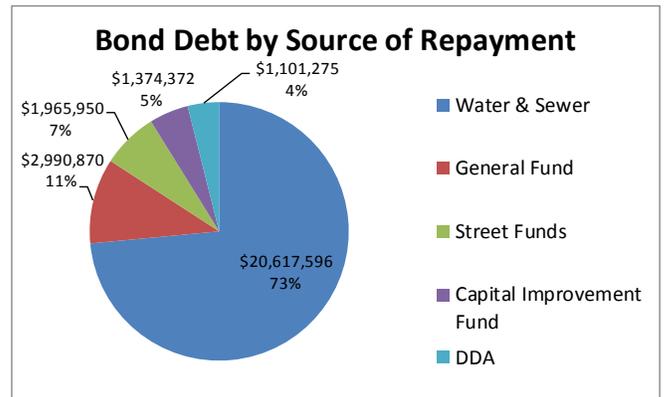
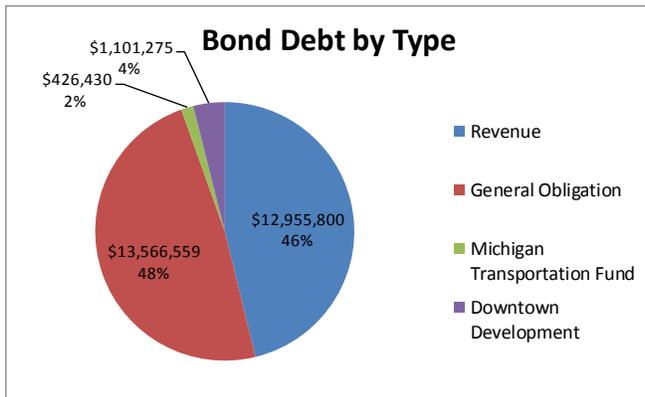
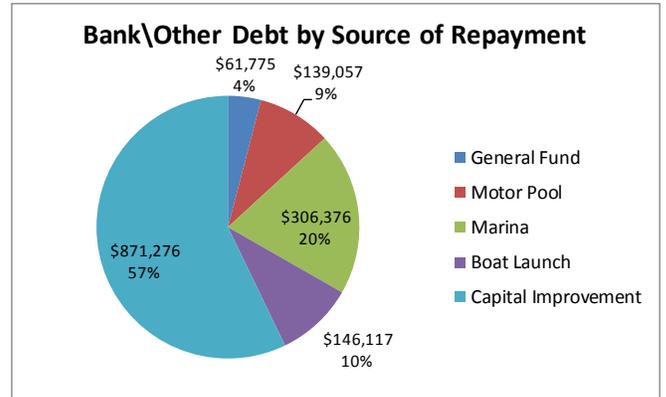
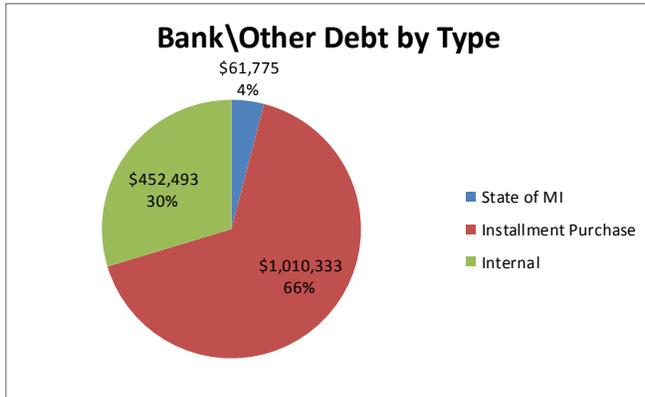


The City’s Capital Improvement fund is a significant financial resource for the City. However, like any other resource, it needs to be managed wisely and is not inexhaustible. Due to proactive actions by Administration relating to allowable investments and the resultant professional investment management 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.

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.



2012-2013 Budget

Outstanding Bond Debt

As of 7/01/2012

Issue #	Issue Name	Purpose	Type	Public		Expires	Years Left	Original Principal Balance	Remaining Principal Balance	Remaining Interest Payments	Total Remaining Payments	2012-2013		2012-2013	
				Act	Paid By							Principal Payments	Interest Payments	Principal Payments	Interest Payments
1	1997 B SRF	CSO	Revenue	94	Water & Sewer	2017	5	\$ 525,000	\$ 155,000	\$ 10,688	\$ 165,688	\$ 30,000	\$ 3,488	\$ 33,488	
2	1998 B SRF	CSO	GO LT	451	Water & Sewer	2019	7	\$ 2,715,000	\$ 1,065,000	\$ 86,344	\$ 1,151,344	\$ 140,000	\$ 22,388	\$ 162,388	
3	1999 MTF	Streetscape	MTF LT	175	Major Street	2015	3	\$ 1,500,000	\$ 395,000	\$ 31,430	\$ 426,430	\$ 125,000	\$ 17,163	\$ 142,163	
4	1999 B SRF	CSO	GO LT	451	Water & Sewer	2021	9	\$ 2,285,000	\$ 1,170,000	\$ 136,875	\$ 1,306,875	\$ 115,000	\$ 27,813	\$ 142,813	
5	2003 Cap Imp	City Hall	GO LT	34	General Fund	2024	12	\$ 2,950,000	\$ 2,315,000	\$ 675,870	\$ 2,990,870	\$ 115,000	\$ 91,238	\$ 206,238	
6	2005 WS Refunding	Refund WS	Revenue	94	Water & Sewer	2028	16	\$ 6,285,000	\$ 5,020,000	\$ 1,058,183	\$ 6,078,183	\$ 445,000	\$ 193,851	\$ 638,851	
7	2006 SRF	WWTP	Revenue	94	Water & Sewer	2027	15	\$ 2,757,270	\$ 2,142,270	\$ 284,847	\$ 2,427,117	\$ 130,000	\$ 34,812	\$ 164,812	
8	2010 SRF	CSO	Revenue	94	Water & Sewer	2031	19	\$ 705,000	\$ 680,000	\$ 173,750	\$ 853,750	\$ 30,000	\$ 16,625	\$ 46,625	
9	2010 DWRF	CSO	Revenue	94	Water & Sewer	2031	19	\$ 465,000	\$ 445,000	\$ 114,313	\$ 559,313	\$ 20,000	\$ 10,875	\$ 30,875	
10	2010 Cap Imp	Various	GO LT	34	W&S, CI, MjSt	2031	19	\$ 5,800,000	\$ 5,590,000	\$ 2,527,470	\$ 8,117,470	\$ 210,000	\$ 214,385	\$ 424,385	
11	2010 DDA Refunding	Streetscape	DDA LT	197	DDA	2020	8	\$ 1,075,000	\$ 965,000	\$ 136,275	\$ 1,101,275	\$ 105,000	\$ 28,350	\$ 133,350	
12	2011 SRF	CSO	Revenue	94	Water & Sewer	2032	20	\$ 1,485,000	\$ 1,485,000	\$ 402,188	\$ 1,887,188	\$ 60,000	\$ 36,375	\$ 96,375	
13	2011 DWRF	CSO	Revenue	94	Water & Sewer	2032	20	\$ 775,000	\$ 775,000	\$ 209,563	\$ 984,563	\$ 30,000	\$ 19,000	\$ 49,000	
TOTAL								\$29,322,270	\$22,202,270	\$5,847,793	\$28,050,063	\$1,555,000	\$716,361	\$2,271,361	

Type of Bond Debt	Total		Total Debt Service
	Principal	Interest	
Revenue	\$ 10,702,270	\$ 2,253,530	\$ 12,955,800
General Obligation	\$ 10,140,000	\$ 3,426,559	\$ 13,566,559
Michigan Transportation Fund	\$ 395,000	\$ 31,430	\$ 426,430
Downtown Development	\$ 965,000	\$ 136,275	\$ 1,101,275
Total	\$22,202,270	\$ 5,847,793	\$28,050,063

Total Existing Bond Debt by Fiscal Year

	Principal	Interest	Total
2013	\$ 1,555,000	\$ 716,361	\$ 2,271,361
2014	\$ 1,620,000	\$ 666,951	\$ 2,286,951
2015	\$ 1,685,000	\$ 613,919	\$ 2,298,919
2016	\$ 1,600,000	\$ 562,661	\$ 2,162,661
2017	\$ 1,660,000	\$ 512,412	\$ 2,172,412
2018	\$ 1,720,000	\$ 459,452	\$ 2,179,452
2019	\$ 1,790,000	\$ 402,686	\$ 2,192,686
2020	\$ 1,865,000	\$ 339,413	\$ 2,204,413
2021	\$ 1,025,000	\$ 289,299	\$ 1,314,299
2022	\$ 930,000	\$ 256,588	\$ 1,186,588
2023	\$ 960,000	\$ 223,801	\$ 1,183,801
2024	\$ 995,000	\$ 189,576	\$ 1,184,576
2025	\$ 730,000	\$ 160,247	\$ 890,247
2026	\$ 745,000	\$ 136,312	\$ 881,312
2027	\$ 732,270	\$ 111,359	\$ 843,629
2028	\$ 625,000	\$ 85,895	\$ 710,895
2029	\$ 580,000	\$ 62,905	\$ 642,905
2030	\$ 610,000	\$ 40,130	\$ 650,130
2031	\$ 630,000	\$ 16,015	\$ 646,015
2032	\$ 145,000	\$ 1,813	\$ 146,813

\$22,202,270 \$ 5,847,793 \$ 28,050,063

Source of Funds to Repay	Total		Total Debt Service
	Principal	Interest	
Water & Sewer	\$ 16,520,653	\$ 4,096,944	\$ 20,617,596
General Fund	\$ 2,315,000	\$ 675,870	\$ 2,990,870
Street Funds	\$ 1,455,172	\$ 510,778	\$ 1,965,950
Capital Improvement Fund	\$ 946,445	\$ 427,927	\$ 1,374,372
DDA	\$ 965,000	\$ 136,275	\$ 1,101,275
Total	\$22,202,270	\$ 5,847,793	\$28,050,063



2012-2013 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	2012-2013 Principal Payments	2012-2013 Interest Payments	2012-2013 Total Payments
1	Renaissance Park	Economic Dev	StateLoan	n/a	General Fund	2022	10	\$ 102,000	\$ 61,775	\$ -	\$ 61,775	\$ 5,616	\$ -	\$ 5,616
2	Fire Pumper	Public Safety	IPA	99	Motor Pool	2014	2	\$ 206,771	\$ 69,634	\$ 4,916	\$ 74,550	\$ 22,420	\$ 2,430	\$ 24,850
3	Beach Cleaner	Parks	IPA	99	Motor Pool	2012	0	\$ 73,290	\$ 14,658	\$ 690	\$ 15,348	\$ 14,658	\$ 690	\$ 15,348
4	Ramsdell Roof	Ramsdell	IPA	99	Cap Imp	2017	5	\$ 425,000	\$ 343,873	\$ 41,607	\$ 385,480	\$ 56,781	\$ 13,098	\$ 69,880
5	Bucket Truck	Motor Pool	IPA	99	Motor Pool	2014	2	\$ 60,000	\$ 45,866	\$ 3,293	\$ 49,159	\$ 14,759	\$ 1,628	\$ 16,386
6	Marina Building	Marina	IPA	99	CapImp\Marina	2026	14	\$ 380,000	\$ 380,000	\$ 105,796	\$ 485,796	\$ 20,074	\$ 12,312	\$ 32,386
7	Marina Building	Marina	Internal	n/a	Marina	2021	9	\$ 274,482	\$ 274,482	\$ 31,894	\$ 306,376	\$ 24,631	\$ 6,007	\$ 30,638
8	Arthur St. Launch	Boat Launch	Internal	n/a	Boat Launch	2018	6	\$ 135,000	\$ 135,000	\$ 11,117	\$ 146,117	\$ 18,149	\$ 2,725	\$ 20,874
9	Ramsdell HVAC	Ramsdell	IPA	99	Cap Imp									
TOTAL								\$1,656,543	\$1,325,286	\$ 199,314	\$1,524,600	\$ 177,088	\$ 38,890	\$ 215,978

Type of Debt	Total			Total Existing Bank\Other Debt by FY			
	Principal	Interest	Service	Principal	Interest	Total	
State of MI	\$ 61,775	\$ -	\$ 61,775				
Installment Purchase	\$ 854,030	\$ 156,303	\$ 1,010,333				
Internal	\$ 409,482	\$ 43,011	\$ 452,493	2012	\$ 152,457	\$ 32,884	\$ 185,341
				2013	\$ 167,118	\$ 33,512	\$ 200,630
				2014	\$ 172,909	\$ 27,721	\$ 200,630
				2015	\$ 137,192	\$ 22,201	\$ 159,394
				2016	\$ 141,451	\$ 17,943	\$ 159,394
				2017	\$ 111,922	\$ 13,672	\$ 125,594
				2018	\$ 78,108	\$ 11,406	\$ 89,514
				2019	\$ 58,994	\$ 9,646	\$ 68,640
				2020	\$ 60,378	\$ 8,262	\$ 68,640
				2021	\$ 61,800	\$ 6,840	\$ 68,640
				2022	\$ 63,261	\$ 5,379	\$ 68,640
				2023	\$ 28,508	\$ 3,878	\$ 32,386
				2024	\$ 29,432	\$ 2,954	\$ 32,386
				2025	\$ 30,386	\$ 2,001	\$ 32,386
				2026	\$ 31,370	\$ 1,016	\$ 32,386
Total	\$ 1,325,286	\$ 199,314	\$ 1,524,600				
					\$ 1,325,286	\$ 199,314	\$ 1,524,600

Like in the 2011-2012 fiscal year the 2012-2013 fiscal year will be very busy with construction projects. However, the scope and cost of projects will be much reduced from those the last several years. Nonetheless, the projects scheduled are extremely important to the City.

The major projects for the upcoming fiscal year are:

First Street Beach House	\$480,000 (previously budgeted)
Fish Cleaning Station	\$150,000 (previously budgeted)
Ramsdell Classrooms\Concession	\$40,000
Water & Sewer Utility (total)	\$95,000

As previously discussed, the long term commitments in all City funds due to the pace of construction in recent years will limit the number and scope of capital projects for the next several years.

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”) has raised nearly \$3,000,000 from generous donors and various grants to renovate and restore the Theatre.



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 ongoing maintenance. The day to day management provided entirely by City employees as a secondary responsibility to their main job functions. The work is split primarily between the Financial Services department and the Community Development department.



The theatre is still has not been completely renovated. Ballpark estimates of work remaining to be done are around \$600,000. The City has recently made substantial investments in the building. The 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 movies in the theatre, upgrading the sound system to stereo and beginning to renovate three classrooms downstairs. Each of these projects is being funded through the capital improvement fund. The remaining areas of the building that need completing:

Lower level classrooms
Concession area
Dressing rooms and substage
Subtheatre floor

Green room reconfiguration
Handicap accessible elevator access
Ballroom serving bar

The Capital Improvement plan lists these areas and the Capital Improvement fund budget includes money for finishing the lower level classrooms and then addressing the next highest priority, probably the ballroom serving bar and/or concession area.

From an operational standpoint, the RGA hopes to eventually move the Ramsdell Theatre to a break-even enterprise. However, this is a number of years down the road. In the short-term, the City's General fund provides a \$60,000 annual operating subsidy. 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 transfer provides money to partially fund operations; primarily utility bills and custodial services, and also day to day maintenance.

In an attempt to increase revenue, the RGA hired a consultant to schedule several months of programming to attempt and generate additional revenue. The initiative has not been profitable, but has raised the awareness level of the Theatre and should pay dividends down the road.

Administration, Council and the Community recognize the extraordinary value of the Ramsdell. However, the reality is that the Ramsdell is not self-supporting operationally, consumes a significant amount of capital improvement resources and cannot effectively be operated by City staff on a part-time basis in the intermediate to long term, particularly if activity levels increase.

<p>This last point is particularly important. The increased programming attempted over the last several months has made it clear that in order to continue with this level of activity, a dedicated Executive Director/Manager is needed for the Ramsdell in the near future. However, one is not contemplated in this year's budget.</p>

Instead, the RGA and Administration are continuing investigations into alternative operating models and/or funding sources for the Theatre, including strategic private partnerships, collaborative public partnerships and dedicated revenues thru a county wide millage authority. It will continue to study the various options and provide a report back to Council at a future date.

The State legislature has recently passed a variety of laws that have a direct impact on City employees. The three major ones are:

Public Act 54 of 2011

Public Act 152 of 2011

Public Act 63 of 2011

Public Act 54 of 2011 amends the Public Employment Relations Act. It deals with expired collective bargaining agreements. If an agreement expires, wage and health insurance costs are frozen at current levels. The employee must pick up 100% of the additional health insurance costs. Further, once the contract is finally settled, the City may not pay retroactive wage increases, nor cover the increased premium costs retroactively. This law gives unions a powerful incentive to settle contracts.

Public Act 152 of 2011 addresses the maximum amount a public employer can pay for its medical benefit plans; known as the “hard cap”. It also provides options for the governing body to select a different formula, or opt out of the requirements. This law has the general effect of forcing employees to absorb a greater share of health insurance costs than they may have in the past. Because of the past reforms taken by the City, there is a good chance we will be able to meet the hard cap limits, although this is yet to be determined.

Public Act 63 of 2011 is a budget law that replaces statutory revenue sharing with the Economic Vitality Incentive Program (EVIP). The three phases of EVIP are Accountability and Transparency, Consolidation of Services and Employee Compensation. Each phase of EVIP is worth \$47,260 to the City. EVIP Phase 3 addresses the following areas:

1. Maximum allowable retirement plan contributions for new hires.
2. Maximum pension multipliers for all employees.
3. Limiting the amount of overtime and paid accrued leave that can be used when calculating a pension.
4. A 20% health care premium contribution for all new hires.

Each of these laws will have a significant impact on the City and our employees, and will make negotiating union contracts much more difficult.

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). A fifth group of five nonsupervisory, non-union employees has recently voted to be represented by the Governmental Employees Labor Council (GELC). Currently, supervisory and support staff are nonunion. Collective Bargaining Agreements are in place for all four unions, as shown.

Employee Group	Number of Employees	Contract Expiration
POAM	8	June 30, 2012
COAM	3	June 30, 2012
IAFF	8	June 30, 2012
USW	21	June 30, 2012
GELC	5	TBD
Supervisory	7	n/a
General	3.5	n/a
Manager	1	n/a
Total	56.5	n/a

The public safety unions consisting of the POAM, COAM and IAFF have binding arbitration rights under PA 312, whereas the USW and GELC do 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 an increase in the number of employees of 2, from 54.5 to 56.5. This is comprised of the creation of Deputy Fire Chief and Utility Director positions.

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 had a wage and step scale based on a compensation and classification study done several years ago. The step component of the schedule has not been used for several years.

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 2.7%.

Wages increased 2% last year after having been frozen for the prior two years (unless an employee’s job classification changed), and the year prior to that POAM and COAM gave up a negotiated 4% increase. Additionally, Department directors took two furlough days two years ago, reducing their wages by about 1%.

In this year’s budget, Administration is proposing a modest wage increase for all employees. Union employee step increases are subject to negotiation. Non-union employees not at the top of their scale receive an additional 1%. City Clerk Michelle Wright will receive an additional 1% adjustment to move her closer to her department head peers which she has lagged behind since the economic downturn started. Final wages will require the POAM, COAM, IAFF, USW and GELC to agree to them in collective bargaining negotiations. The extreme financial challenges brought about by the housing market decline and continued erosion of State revenue sharing has made for difficult financial times.

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 and/or MERS, or a 401 defined contribution plan provided by MERS; collectively (DC).

MERS calculates an annual contribution for each DB plan while the DC contribution is a percentage of wages. Overall, the retirement plan is funded at 103.8%, 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 downturn. The table below shows relevant pension information.

Division	Percent Funded	Normal Cost	Required Minimum	Budgeted Contribution
01 Non-Union	96.1%	4.92%	6.25%	6.25%
02 POAM	104.0%	10.27%	7.10%	7.10%
05 IAFF	90.2%	9.50%	13.84%	13.84%
10 USW	120.0%	4.66%	0.00%	0.00%
USW New	100.0%	2.17%	2.17%	2.17%
20 COAM	122.8%	9.77%	0.20%	0.20%
Overall	103.8%			

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. Recent laws passed at the State level may significantly impact this area moving forward.

Health Insurance

The City provides health insurance to all full-time employees. Coverage is provided through a Blue Cross Blue Shield of Michigan (BCBSM) insurance pool. 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 is a high deductible plan that reduces premiums and makes 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 has also achieved health care capping. The City will be responsible for the first 5% of premium increases. The employee is 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 picks up those additional costs. The net result is that the City has 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, 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 very high deductible plan with an HRA. The estimated savings to the City are over \$100,000. This plan was also implemented with all of the Union groups effective October 1. The budget assumes this plan and the cost sharing formula remain in place. Recent laws passed at the State level may significantly impact this are moving forward.

Other Benefits

Longevity payments have been eliminated for all groups except the USW which agreed to abate theirs for another year. The proposed budget assumes this abatement continues or the payment is eliminated thru negotiations. The City will look to reduce or eliminate sick time sell back for groups that still have it. These provisions will have to be negotiated into all four union contracts, but have already been implemented for the non-union staff. Sick time sell back will save at least \$5,000 per year, although this amount is highly variable because of each employee's utilization.

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 recent financial crisis in Michigan and across the country has been felt in Manistee too. City employees have taken the brunt of the cuts and have worked in a constructive manner with Administration through these difficult times. New laws passed by the Legislature will put even more financial burden on our employees.

Issue Page

Interfund Activity

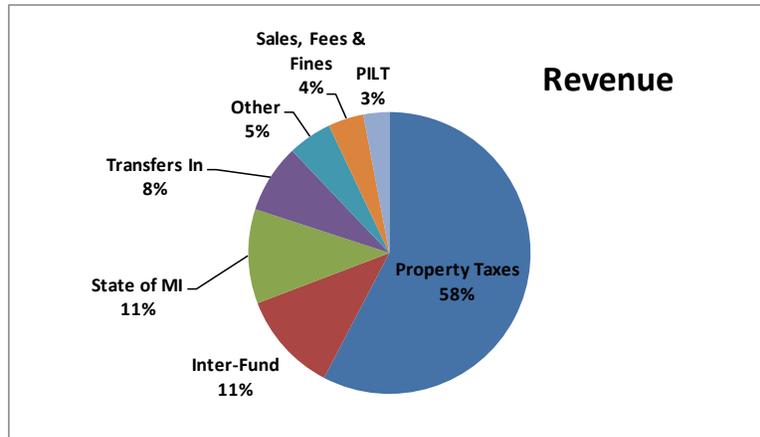
There is considerable interaction among the various accounting funds of the City. The following table shows the transfers, reimbursements and charges that have been budgeted.

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Reason</u>
<u>Operating Transfers</u>			
Oil & Gas	Water & Sewer	\$ 365,548	Transfer investment earnings in
Water & Sewer	Capital Improvement	\$ 365,548	Transfer investment earnings out
General	Ramsdell Theatre	\$ 60,000	Operating subsidy
<u>Charge for Services</u>			
General	Motor Pool	\$ 180,450	Lease of equipment
Water & Sewer	Motor Pool	\$ 105,000	Lease of equipment
Building Inspector	General	\$ 10,000	Reimbursement
Major Street	General	\$ 202,000	Reimbursement
Local Street	General	\$ 80,000	Reimbursement
Refuse	General	\$ 15,500	Reimburse for trash haul
Refuse	General	\$ 20,000	Reimburse for yard waste
Refuse	General	\$ 29,000	Administration
Water & Sewer	General	\$ 277,000	Administration
Marina	General	\$ 14,000	Administration
Boat Ramps	General	\$ 9,500	Administration
<u>Debt Service</u>			
Capital Improvement	General	\$ 71,853	2010 CI Bond
Local Street	General	\$ 80,487	2010 CI Bond
Water & Sewer	General	\$ 272,045	2010 CI Bond
Capital Improvement	Marina	\$ 40,000	Marina Debt Service
Capital Improvement	Ramsdell	\$ 178,830	IPA Debt Service
Boat Launch	Water & Sewer	\$ 14,536	Internal Loan Pmt
Marina	Water & Sewer	\$ 63,024	Internal Loan Pmt

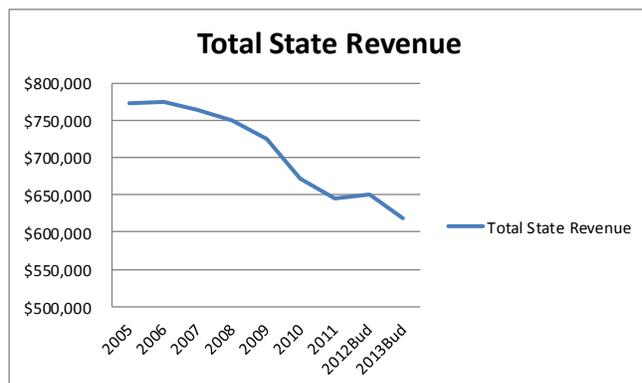
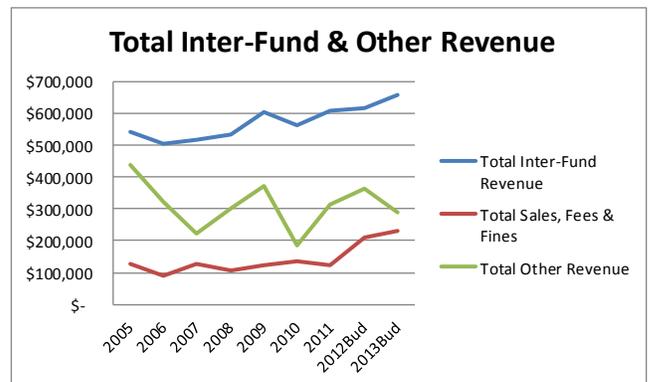
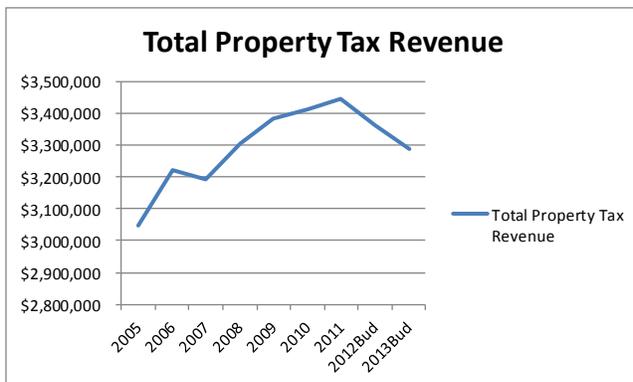
General Fund

Revenue

General Fund revenues come from a variety of sources. Property taxes account for about 60% of the budget, with the remaining coming from the State of Michigan, various charge for services, interest income and miscellaneous other items.



Trends in revenue are shown in the graphs below



Revenue Assumptions & Notes

Total Property Tax Revenue	decreased	(\$78,100)	-2.3%
Total PILT	increased	\$3,316	2.0%
Total State Revenue	increased	\$70,281	12.8%
Total Inter-Fund Revenue	increased	\$43,630	7.1%
Total Sales, Fees & Fines	increased	\$63,700	37.8%
Total Other Revenue	decreased	(\$29,327)	-9.2%
Total Transfers In	increased	\$449,385	
TOTAL REVENUES	increased	\$522,885	10.1%

Overall Revenue: Total revenue increased from the prior year budget. Accounting changes which require recording of general obligation bond debt in the general fund accounted for over \$425,000 of this or over 80%.

Property Tax Revenue: Property tax and related revenue decreased from the prior budget. This category includes taxes, penalties and interest and the administration fee. Taxable value in the City showed a decrease of 2.6%. The impact of this on City taxes was a reduction of over \$80,000.

Payment in Lieu of Taxes Revenue: PILT revenue increased from the prior year budget. This revenue relates to the payment-in-lieu of taxes charged to water and sewer users outside of the city limits, the fee paid by the Housing Commission and similar payments. The increase was largely due to the annual State of Michigan inflationary adjustment.

State of Michigan Revenue: State revenue increased from the prior year budget. This category includes revenue sharing, refundable liquor license fees and state grants. The combination of constitutional revenue sharing and (EVIP) increased \$75,000 over last year’s budget. The continuous year over year cuts in this area appear to have subsided for now.

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. The increases in this category are primarily due to adjustments in the allocation administrative staff time among various activities. The Water & Sewer utility has and will continue to consume increasing amounts of staff time, particularly as the system becomes more complex and finances tighten. Refuse fund transfers also decreased as this area requires less attention than in previous years.

Sales, Fees & Fines: Sales, fees and fines increased from the prior year budget. This is the result of moving to Advanced Life Support Transport service and the resulting increased fees. Sales declined because the budget removes the assumed sales of lots in the industrial parks which have not been happening.

Other Revenue: Other revenue decreased from the prior year budget. This category includes interest income, franchise fees, reimbursement, lease income, refunds and the like. The decrease is the result of the loss of the \$15,000 annual payment by the LRBOI to hire their officers to maintain their MCOLES certifications and less DDA bond debt reimbursement as the payment on this bond has declined since it was refinanced.

Transfers In: Transfers in increased. The increase is the result of recording the 2010 Capital Improvement bond in the general fund. This debt service is paid out of the general fund and the water and sewer fund, street funds and capital improvement fund all transfer money to cover this payment. This also includes a \$25,000 contribution from fund balance to cover non-recurring legal and appraisal fees relating to tax appeals. See tax Appeal issue page.

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

Budget as recommended Budget with changes

Changes:



2012-2013 Budget

REVENUES	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference
402.000 Real & Pers Prop Tax	\$ 3,103,434	\$ 2,997,001	\$ 3,000,000	\$ 2,924,037	\$ 2,924,037	\$ (72,964)
411.000 Delinquent Real Prop Tax	\$ 216,703	\$ 228,362	\$ 225,000	\$ 220,381	\$ 220,381	\$ (7,981)
420.000 Delinquent Pers Prop Tax	\$ 665	\$ 5,779	\$ 16,000	\$ 8,148	\$ 8,148	\$ 2,370
445.000 Tax Penalties & Interest	\$ 23,510	\$ 35,153	\$ 20,000	\$ 37,380	\$ 37,380	\$ 2,227
447.000 Tax Administration Fee	\$ 99,908	\$ 99,653	\$ 99,000	\$ 97,901	\$ 97,901	\$ (1,752)
Total Property Tax Revenue	\$ 3,444,220	\$ 3,365,948	\$ 3,360,000	\$ 3,287,848	\$ 3,287,848	(\$78,100)
640.000 In Lieu of Taxes	\$ 163,287	\$ 165,809	\$ 165,809	\$ 169,125	\$ 169,125	\$ 3,316
Total PILT	\$ 163,287	\$ 165,809	\$ 165,809	\$ 169,125	\$ 169,125	\$3,316
501.000 Federal Grant Revenue	\$ 4,900	\$ -	\$ -	\$ -	\$ -	\$ -
539.000 State Grant Revenue	\$ -	\$ 20,000	\$ 55,000	\$ 14,500	\$ 14,500	\$ (5,500)
539.002 Crim Just Training Grant	\$ 2,522	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700	\$ -
574.000 State Share Liquor Tax	\$ 8,741	\$ 8,100	\$ 8,200	\$ 8,300	\$ 8,300	\$ 200
575.000 State Shared Revenue	\$ 628,941	\$ 516,648	\$ 583,623	\$ 592,229	\$ 592,229	\$ 75,581
Total State Revenue	\$ 645,103	\$ 547,448	\$ 649,523	\$ 617,729	\$ 617,729	\$70,281
627.000 Charge for Serv - Bldg. Insp.	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
628.000 Charge for Serv - Boat Ramp	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,487	\$ 9,487	\$ 486
630.000 Charge for Serv - Local St.	\$ 75,000	\$ 75,000	\$ 75,000	\$ 80,000	\$ 80,000	\$ 5,000
631.000 Charge for Serv - Major St.	\$ 189,000	\$ 189,000	\$ 189,000	\$ 202,000	\$ 202,000	\$ 13,000
632.000 Charge for Serv - Marina	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,982	\$ 13,982	\$ 982
634.000 Charge for Serv - Refuse	\$ 74,500	\$ 69,500	\$ 69,500	\$ 64,955	\$ 64,955	\$ (4,545)
635.000 Charge for Serv - W&S	\$ 235,000	\$ 248,000	\$ 248,000	\$ 276,706	\$ 276,706	\$ 28,706
Total Inter-Fund Revenue	\$ 605,500	\$ 613,500	\$ 613,500	\$ 657,130	\$ 657,130	\$43,630
450.000 Business Registration	\$ 900	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
485.000 Permits	\$ 6,039	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
626.000 Charge for Service	\$ 23,761	\$ 100,300	\$ 20,000	\$ 25,000	\$ 25,000	\$ (75,300)
629.000 Charge for Serv - Inspections	\$ 13,690	\$ 11,000	\$ 9,000	\$ 11,000	\$ 11,000	\$ -
636.000 Charge for Serv - Transport	\$ 5,823	\$ -	\$ 80,000	\$ 145,000	\$ 145,000	\$ 145,000
642.000 Sales	\$ 37,690	\$ 8,200	\$ 58,000	\$ 2,200	\$ 2,200	\$ (6,000)
655.000 Fines & Forfeits	\$ 33,138	\$ 40,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ -
Total Sales, Fees & Fines	\$ 121,040	\$ 168,500	\$ 211,000	\$ 232,200	\$ 232,200	\$63,700

	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference
490.000 Franchise Fees	\$ 88,443	\$ 86,000	\$ 88,000	\$ 88,000	\$ 88,000	\$ 2,000
664.000 Interest Income	\$ 2,999	\$ 4,629	\$ 2,000	\$ 2,806	\$ 2,806	\$ (1,823)
667.000 Rental Income	\$ 7,221	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ -
668.000 Riverfront Lease Income	\$ 23,704	\$ 24,885	\$ 24,885	\$ 24,122	\$ 24,122	\$ (763)
671.000 Other Revenue	\$ 657	\$ 1,000	\$ 500	\$ 1,000	\$ 1,000	\$ -
674.000 Contributions\Donations	\$ 1,903	\$ 1,000	\$ 15,000	\$ 1,000	\$ 1,000	\$ -
676.000 Reimbursements	\$ 167,118	\$ 162,491	\$ 190,000	\$ 133,750	\$ 133,750	\$ (28,741)
687.000 Refunds	\$ 85	\$ 23,000	\$ 28,000	\$ 23,000	\$ 23,000	\$ -
688.000 Refunds - W.C. Premium	\$ -	\$ 10,000	\$ 9,808	\$ 10,000	\$ 10,000	\$ -
695.000 Insurance Settlement	\$ 20,027	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Revenue	\$ 312,157	\$ 317,505	\$ 362,693	\$ 288,178	\$ 288,178	(\$29,327)
699.000 Operating Transfer In	\$ 159,900	\$ -	\$ 428,585	\$ 424,385	\$ 424,385	\$ 424,385
Contribution from Fund Balance				\$ 25,000	\$ 25,000	\$ 25,000
Total Transfers In	\$ 159,900	\$ -	\$ 428,585	\$ 449,385	\$ 449,385	\$ 449,385
TOTAL REVENUES	\$ 5,451,209	\$ 5,178,710	\$ 5,791,110	\$ 5,701,596	\$ 5,701,596	\$ 522,885

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	decreased	(\$1,606)	-3.4%
Employee Costs	increased	\$29	0.1%
Operational Costs	decreased	(\$1,635)	-8.7%

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

Employee Costs: Employee costs decreased immaterially from the prior year budget. Council previously rejected a wage increase recommended by the Compensation Commission.

Operational Costs: Operational costs decreased from the prior year budget. Mayor’s Exchange budget was reduced to better reflect actual expenses.

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

- Budget as recommended Budget with changes

Changes:

101 Legislative	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
702.000 Salaries	\$ 26,536	\$ 27,052	\$ 27,052	\$ 27,052	\$ 27,052	\$ -	0.0%
712.001 Costs - Social Security	\$ 1,645	\$ 1,677	\$ 1,677	\$ 1,677	\$ 1,677	\$ -	0.0%
712.002 Costs - Medicare	\$ 385	\$ 392	\$ 392	\$ 392	\$ 392	\$ -	0.0%
712.007 SUTA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
712.009 Costs - Work Comp	\$ 34	\$ 40	\$ 40	\$ 69	\$ 69	\$ 29	72.7%
Employee Costs	\$ 28,601	\$ 29,162	\$ 29,161	\$ 29,191	\$ 29,191	\$ 29	0.1%
728.000 Office/Operating	\$ 6,760	\$ 12,500	\$ 12,500	\$ 10,865	\$ 10,865	\$ (1,635)	-13.1%
860.000 Travel & Training	\$ 4,917	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ -	0.0%
Operating Costs	\$ 11,677	\$ 18,750	\$ 18,750	\$ 17,115	\$ 17,115	(\$1,635)	-8.7%
TOTAL LEGISLATIVE	\$ 40,278	\$ 47,912	\$ 47,911	\$ 46,306	\$ 46,306	(\$1,606)	-3.4%

General Fund

Manager



Mitch Deisch is the City Manager for the City of Manistee. He has been with the City for 11 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	\$5,502	2.7%
Employee Costs	increased	\$3,232	1.8%
Operational Costs	increased	\$2,270	11.4%

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

Employee Costs: Employee costs increased from the prior budget. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. Unemployment and workers comp insurance both increased.

Operational Costs: Operational costs increased from the prior year budget. A new copier was procured thru a lease\purchase and the old one went to the police department.

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

- Budget as recommended Budget with changes

Changes:

172 Manager	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
702.000 Salaries	\$ 132,290	\$135,776	\$135,776	\$139,848	\$139,848	\$4,072	3.0%
703.000 Longevity	\$ 444	\$0	\$0	\$0	\$0	\$0	
704.000 Overtime	\$ 301	\$0	\$1,300	\$0	\$0	\$0	
706.000 Part-Time	\$ -	\$0	\$0	\$0	\$0	\$0	
708.000 V\SH Sell	\$ -	\$0	\$0	\$0	\$0	\$0	
712.001 Costs - Social Security	\$ 9,215	\$9,593	\$9,593	\$9,880	\$9,880	\$286	3.0%
712.002 Costs - Medicare	\$ 2,155	\$2,244	\$2,244	\$2,311	\$2,311	\$67	3.0%
712.004 Costs - ICMA Contribution	\$ -	\$0	\$0	\$0	\$0	\$0	
712.005 Costs - MERS	\$ 13,703	\$14,761	\$14,761	\$15,045	\$15,045	\$284	1.9%
712.006 Costs - In Lieu of BC/BS	\$ 6,121	\$4,190	\$4,190	\$4,454	\$4,454	\$264	6.3%
712.007 Costs - SUTA	\$ 416	\$416	\$700	\$716	\$716	\$301	72.3%
712.009 Costs - Work Comp	\$ 336	\$342	\$500	\$577	\$577	\$235	68.9%
712.010 Costs - Blue Cross Insurance	\$ 12,890	\$13,549	\$10,000	\$9,305	\$9,305	(\$4,244)	-31.3%
712.011 Costs - Life Insurance	\$ 848	\$823	\$823	\$447	\$447	(\$376)	-45.7%
712.012 Costs - HRA Payments/Fees	\$ 2,247		\$2,000	\$2,343	\$2,343	\$2,343	
Employee Costs	\$180,966	\$181,693	\$181,887	\$184,925	\$184,925	\$3,232	1.8%
728.000 Operating Expense	\$ 3,094	\$ 4,300	\$ 3,500	\$ 4,300	\$ 4,300	\$ -	0.0%
735.000 Periodicals & Publications	\$ 154	\$ 150	\$ 150	\$ 150	\$ 150	\$ -	0.0%
801.000 Professional Services	\$ -	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	0.0%
831.000 Contractual Repairs & Maint.	\$ 475	\$ 975	\$ 975	\$ 1,200	\$ 1,200	\$ 225	23.1%
860.000 Travel & Training Expense	\$ 1,979	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ -	0.0%
865.000 Vehicle Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
870.000 Memberships & Dues	\$ 1,239	\$ 1,155	\$ 1,155	\$ 1,180	\$ 1,180	\$ 25	2.2%
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
874.000 Retiree BCBS	\$ -	\$0	\$0	\$0	\$0	\$ -	
900.000 Printing & Publishing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
930.000 Repairs & Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
957.000 Motor Pool	\$ 9,450	\$ 9,450	\$ 9,450	\$ 9,250	\$ 9,250	\$ (200)	-2.1%
970.000 Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
985.000 Lease Purchase	\$ 1,923	\$ -	\$ 800	\$ 2,220	\$ 2,220	\$ 2,220	
Operating Costs	\$ 18,314	\$ 19,830	\$ 19,830	\$ 22,100	\$ 22,100	\$2,270	11.4%
TOTAL MANAGER	\$ 199,280	\$ 201,523	\$ 201,717	\$ 207,025	\$ 207,025	\$5,502	2.7%

General Fund

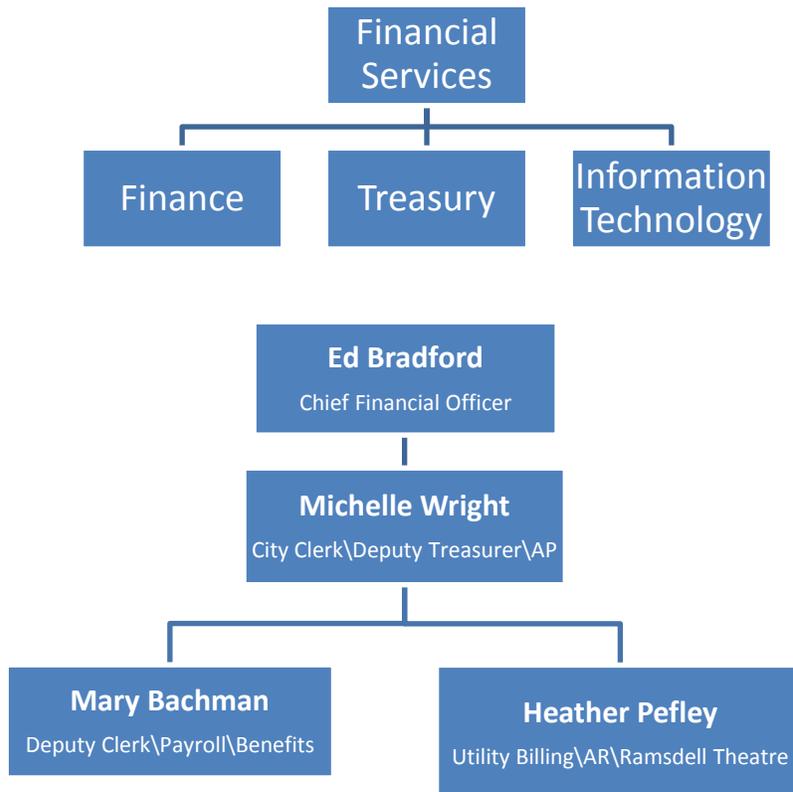
Financial Services

Edward Bradford is the City’s Chief Financial Officer, serving as both Finance Director and Treasurer. He has been with the City for 10 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	increased	\$2,125	1.1%
Employee Costs	increased	\$2,545	1.7%
Operational Costs	decreased	(\$420)	-0.8%

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

Employee Costs: Employee costs increased from the prior budget. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. Unemployment and workers comp insurance both increased.

Operational Costs: Operational costs decreased from the prior budget. The cost of annual software maintenance declined because of the elimination of an unused module. Approximately 90% 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:

253 Finance	2011	2012	2012	Manager	Council	Budget	Percent
	Actual	Budget	Projected	Budget	Adopted	Difference	Change
702.000 Salaries	\$ 107,040	\$110,299	\$110,299	\$113,214	\$113,214	\$ 2,915	2.6%
703.000 Longevity	\$ 273	\$0	\$0	\$0	\$0	\$ -	
704.000 Overtime	\$ 761	\$250	\$500	\$500	\$500	\$ 250	100.0%
706.000 Part-Time	\$ 3,717	\$0	\$0	\$0	\$0	\$ -	
708.000 V\SH Sellback	\$ -	\$0	\$0	\$0	\$0	\$ -	
712.001 Costs - Social Security	\$ 7,043	\$7,500	\$7,500	\$7,707	\$7,707	\$ 207	2.8%
712.002 Costs - Medicare	\$ 1,647	\$1,754	\$1,754	\$1,802	\$1,802	\$ 48	2.8%
712.004 Costs - ICMA Contribution	\$ 7,502	\$7,801	\$7,801	\$8,035	\$8,035	\$ 234	3.0%
712.005 Costs - MERS	\$ 2,151	\$2,625	\$2,625	\$2,560	\$2,560	\$ (65)	-2.5%
712.006 Costs - In Lieu of BC/BS	\$ -	\$0	\$0	\$0	\$0	\$ -	
712.007 Costs - SUTA	\$ 488	\$416	\$600	\$716	\$716	\$ 301	72.3%
712.009 Costs - Work Comp	\$ 273	\$278	\$450	\$469	\$469	\$ 191	68.7%
712.010 Costs - Health Insurance	\$ 15,555	\$15,382	\$11,000	\$11,280	\$11,280	\$ (4,102)	-26.7%
712.011 Costs - Life Insurance	\$ 702	\$679	\$679	\$368	\$368	\$ (311)	-45.7%
712.012 Costs - HRAPayments/Fees	\$ 4,145		\$4,750	\$2,877	\$2,877	\$ 2,877	
Employee Costs	\$ 151,295	\$ 146,985	\$ 147,960	\$ 149,530	\$ 149,530	\$ 2,545	1.7%
728.000 Operating Expense	\$ 3,941	\$ 3,650	\$ 3,650	\$ 3,800	\$ 3,800	\$ 150	4.1%
735.000 Periodicals & Publications	\$ 1,155	\$ 1,100	\$ 1,100	\$ 1,200	\$ 1,200	\$ 100	9.1%
801.000 Professional Services	\$ 29,310	\$ 31,080	\$ 31,080	\$ 31,700	\$ 31,700	\$ 620	2.0%
831.000 Contractual Repairs & Maint.	\$ 6,826	\$ 8,900	\$ 8,900	\$ 8,000	\$ 8,000	\$ (900)	-10.1%
860.000 Travel & Training Expense	\$ 1,828	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ -	0.0%
870.000 Memberships & Dues	\$ 430	\$ 420	\$ 420	\$ 430	\$ 430	\$ 10	2.4%
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
874.000 Retiree BCBS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
900.000 Printing & Publishing	\$ 720	\$ 1,200	\$ 1,200	\$ 1,000	\$ 1,000	\$ (200)	-16.7%
930.000 Repairs & Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
970.000 Capital Outlay	\$ 1,470	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.0%
985.000 Lease Purchase	\$ 1,978	\$ 1,800	\$ 1,800	\$ 1,600	\$ 1,600	\$ (200)	-11.1%
Operating Costs	\$ 47,658	\$ 52,650	\$ 52,650	\$ 52,230	\$ 52,230	(\$420)	-0.8%
TOTAL FINANCE	\$ 198,953	\$ 199,635	\$ 200,610	\$ 201,760	\$ 201,760	\$2,125	1.1%

General Fund

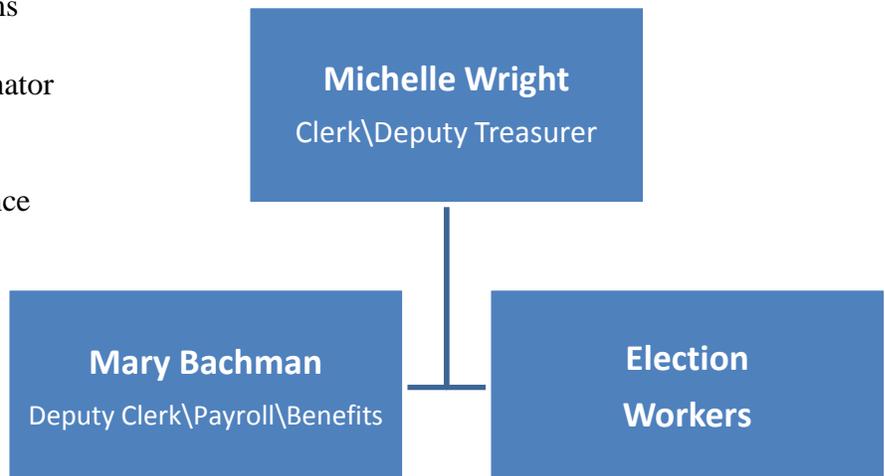
Clerk



Michelle Wright is the Clerk and Deputy Treasurer for the City of Manistee. She has been with the City for 23 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	\$6,919	3.8%
Employee Costs	increased	\$7,116	5.0%
Operational Costs	decreased	(\$197)	-0.5%

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

Employee Costs: Employee costs increased from the prior budget. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS decreased while unemployment and workers comp insurance both increased. Part-time also increased based on a wage adjustment for election inspectors and the number\type of elections.

Operational Costs: Operational costs decreased slightly.

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

- Budget as recommended Budget with changes

Changes:

Council chose to move City Clerk Michelle Wright through the pay scale in an accelerated fashion over two years in order to bring her up to parity with her department head peers.

215 City Clerk	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
702.000 Salaries	\$ 95,627	\$98,396	\$98,396	\$104,945	\$104,945	\$ 6,549	6.7%
703.000 Longevity	\$ 548	\$0	\$0	\$0	\$0	\$ -	
704.000 Overtime	\$ 1,835	\$1,000	\$1,000	\$1,000	\$1,000	\$ -	0.0%
706.000 Part-Time	\$ 10,410	\$12,500	\$10,000	\$14,000	\$14,000	\$ 1,500	12.0%
708.000 V\SH Sellback	\$ -	\$0	\$0	\$0	\$0	\$ -	
712.001 Costs - Social Security	\$ 6,208	\$7,378	\$6,783	\$7,882	\$7,882	\$ 504	6.8%
712.002 Costs - Medicare	\$ 1,452	\$1,725	\$1,586	\$1,843	\$1,843	\$ 118	6.8%
712.004 Costs - ICMA Contribution	\$ -	\$0	\$0	\$0	\$0	\$ -	
712.005 Costs - MERS	\$ 5,427	\$6,598	\$6,598	\$6,679	\$6,679	\$ 82	1.2%
712.006 Costs - In Lieu of BC/BS	\$ -	\$0	\$0	\$0	\$0	\$ -	
712.007 Costs - SUTA	\$ 421	\$416	\$600	\$716	\$716	\$ 301	72.3%
712.009 Costs - Work Comp	\$ 210	\$282	\$450	\$496	\$496	\$ 214	75.8%
712.010 Costs - Blue Cross Insurance	\$ 14,911	\$13,549	\$10,000	\$9,305	\$9,305	\$ (4,244)	-31.3%
712.011 Costs - Life Insurance	\$ 598	\$577	\$425	\$329	\$329	\$ (248)	-43.1%
712.002 HRA Payments/Fees	\$ 4,220		\$4,500	\$2,343	\$2,343	\$ 2,343	
Employee Costs	\$ 141,866	\$ 142,421	\$ 140,338	\$ 149,538	\$ 149,538	\$7,116	5.0%
728.000 Supplies - Operating	\$ 2,667	\$ 3,535	\$ 3,535	\$ 3,600	\$ 3,600	\$ 65	1.8%
735.000 Periodicals & Publications	\$ 73	\$ -	\$ -	\$ -	\$ -	\$ -	
740.000 Election Expense	\$ 7,347	\$ 10,600	\$ 10,600	\$ 10,643	\$ 10,643	\$ 43	0.4%
801.000 Professional Services	\$ 1,139	\$ 3,100	\$ 3,100	\$ 3,100	\$ 3,100	\$ -	0.0%
831.000 Contractual Repairs & Maint.	\$ 6,861	\$ 7,200	\$ 7,200	\$ 7,500	\$ 7,500	\$ 300	4.2%
860.000 Travel & Training Expense	\$ 2,838	\$ 5,200	\$ 5,200	\$ 5,200	\$ 5,200	\$ -	0.0%
870.000 Memberships & Dues	\$ 490	\$ 485	\$ 485	\$ 480	\$ 480	\$ (5)	-1.0%
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
874.000 Retiree BCBS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
900.000 Printing/Publishing	\$ 4,196	\$ 6,200	\$ 6,200	\$ 5,600	\$ 5,600	\$ (600)	-9.7%
970.000 Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
985.000 Lease Purchase	\$ 2,940	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0.0%
Operating Costs	\$ 28,551	\$ 39,320	\$ 39,320	\$ 39,123	\$ 39,123	(\$197)	-0.5%
TOTAL CLERK	\$ 170,417	\$ 181,741	\$ 179,658	\$ 188,661	\$ 188,661	\$6,919	3.8%

General Fund

Assessor



Julie Beardslee is the Assessor for the City of Manistee. She has been with the City for 21 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.

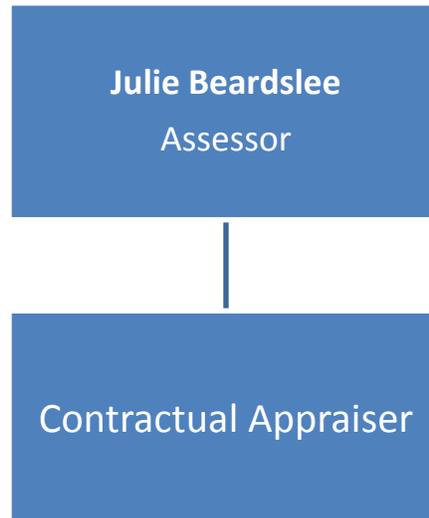
The state equalized value on your tax bill is 50% of the true cash or fair market value. Taxes are now based on taxable value, not state equalized value. Proposal A, which was passed by the electorate in 1994, limits increases in taxable value to 5% or the rate of inflation, whichever is less. New construction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



General Fund

Assessor

Assessor Assumptions & Notes

Total Costs	increased	\$6,522	6.0%
Employee Costs	increased	\$4,392	4.7%
Operational Costs	increased	\$2,130	15.0%

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

Employee Costs: Employee costs increased from the prior budget. The primary cause is the addition of a one day a week for 26 weeks part-time employee to cover the office during scheduled training, vacations, Board of review, tax tribunal cases and during tax roll preparation. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. Unemployment and workers comp insurance both increased.

Operational Costs: Operational costs increased from the prior year budget. The increase is largely due to more contract appraisal work in order to complete the cyclical reappraisal in a more timely fashion.

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

- Budget as recommended Budget with changes

Changes:



2012-2013 Budget

257 City Assessor	Year to Year						
	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Budget Difference	Percent Change
702.000 Salaries	\$ 63,897	\$ 64,971	\$ 64,971	\$ 66,920	\$ 66,920	\$ 1,949	3.0%
703.000 Longevity	\$ 391	\$ -	\$ -	\$ -	\$ -	\$ -	
704.000 Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
706.000 Part-Time	\$ -	\$ -	\$ -	\$ 2,756	\$ 2,756	\$ 2,756	
708.000 V\H\S Sellback	\$ 6,076	\$ -	\$ -	\$ -	\$ -	\$ -	
712.001 Costs - Social Security	\$ 4,530	\$ 4,583	\$ 4,583	\$ 4,888	\$ 4,888	\$ 305	6.7%
712.002 Costs - Medicare	\$ 1,059	\$ 1,072	\$ 1,072	\$ 1,143	\$ 1,143	\$ 71	6.7%
712.004 Costs - ICMA Contribution	\$ 6,872	\$ 7,147	\$ 7,147	\$ 7,361	\$ 7,361	\$ 214	3.0%
712.005 Costs - MERS	\$ 155	\$ -	\$ -	\$ -	\$ -	\$ -	
712.006 Costs - In Lieu of BC/BS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
712.007 Costs - SUTA	\$ 208	\$ 208	\$ 300	\$ 462	\$ 462	\$ 254	122.2%
712.009 Costs - Work Comp	\$ 507	\$ 439	\$ 600	\$ 726	\$ 726	\$ 288	65.6%
712.010 Costs - Blue Cross Insurance	\$ 17,935	\$ 15,382	\$ 12,000	\$ 11,280	\$ 11,280	\$ (4,102)	-26.7%
712.011 Costs - Life Insurance	\$ 499	\$ 485	\$ 485	\$ 265	\$ 265	\$ (220)	-45.4%
712.012 Costs - HRA Payments\Fees	\$ 2,786		\$4,000	\$ 2,877	\$ 2,877	\$ 2,877	
Employee Costs	\$ 104,914	\$ 94,287	\$ 95,158	\$ 98,679	\$ 98,679	\$ 4,392	4.7%
728.000 Operating Expense	\$ 1,719	\$ 2,000	\$ 2,000	\$ 2,050	\$ 2,050	\$ 50	2.5%
735.000 Periodicals & Publications	\$ 1,015	\$ 995	\$ 995	\$ 1,070	\$ 1,070	\$ 75	7.5%
801.000 Professional Services	\$ 5,280	\$ 5,500	\$ 5,800	\$ 7,100	\$ 7,100	\$ 1,600	29.1%
831.000 Contractual Repairs & Maint	\$ 1,740	\$ 2,010	\$ 2,010	\$ 2,040	\$ 2,040	\$ 30	1.5%
860.000 Travel & Training Expense	\$ 1,243	\$ 1,560	\$ 1,560	\$ 1,635	\$ 1,635	\$ 75	4.8%
865.000 Vehicle Allowance	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ -	0.0%
870.000 Memberships & Dues	\$ 388	\$ 360	\$ 360	\$ 560	\$ 560	\$ 200	55.6%
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
874.000 Retiree BCBS	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	\$ -	
900.000 Printing/Publishing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
930.000 Repairs & Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
970.000 Capital Outlay	\$ 938	\$ -	\$ -	\$ 100	\$ 100	\$ 100	
985.000 Lease Purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Operating Costs	\$ 14,123	\$ 14,225	\$ 14,525	\$ 16,355	\$ 16,355	\$ 2,130	15.0%
TOTAL ASSESSOR	\$ 119,037	\$ 108,512	\$ 109,683	\$ 115,034	\$ 115,034	\$ 6,522	6.0%

General Fund

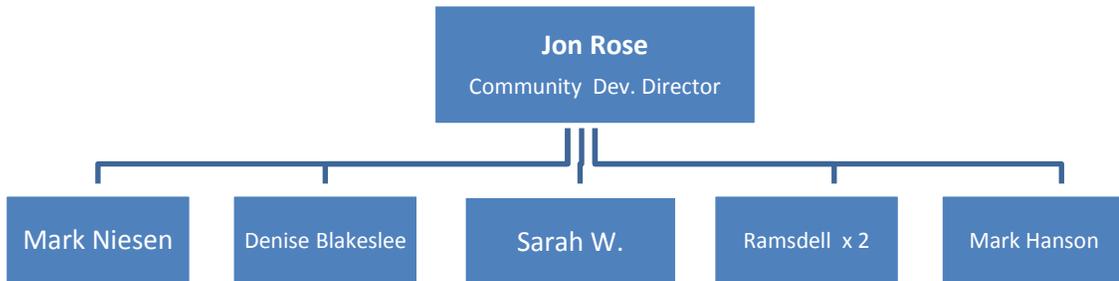
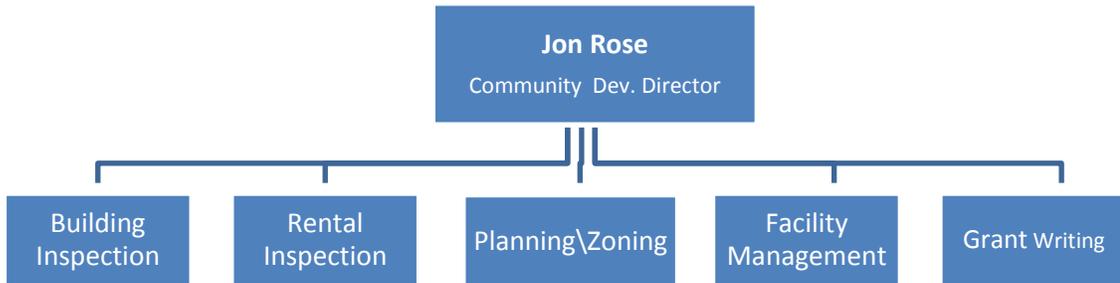
Community Development

Jon Rose is the Community Development Director for the City of Manistee. He has been with the City for 21 years.



The Community Development office coordinates many activities within the City. It also includes the Building Inspection and Facility Management function. Activities include:

- City Planning Department
- Zoning Administration
- Construction Code Enforcement
- Grant Writing/Administration
- Construction Project Administration
- Rental Inspection Program
- Risk Management Administration
- Facility Management
- Civil Infractions (Building & Zoning)
- Miscellaneous Permits



General Fund

Community Development

Community Development Assumptions & Notes

Total Costs	decreased	(\$7,813)	-2.8%
Employee Costs	decreased	(\$7,813)	-2.9%
Operational Costs	increased	\$0	0.0%

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

Employee Costs: Employee costs decreased from the prior budget. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS contributions declined because of the rebound in the market, while unemployment and workers comp both increased. Health insurance decreased sharply because of an employee opting out.

Operational Costs: Operational costs were flat from last year.

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

- Budget as recommended Budget with changes

Changes:

Community Development	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
748 Community Development							
702.000 Salaries	\$ 163,852	\$166,550	\$166,550	\$170,530	\$170,530	\$ 3,981	2.4%
703.000 Longevity	\$ 640	\$0	\$0	\$0	\$0	\$ -	
704.000 Overtime	\$ 761	\$750	\$500	\$750	\$750	\$ -	0.0%
706.000 Part-Time	\$ 23,259	\$25,459	\$25,459	\$25,990	\$25,990	\$ 530	2.1%
708.000 V\S\H Sellback	\$ 68	\$0	\$400	\$0	\$0	\$ -	
712.001 Costs - Social Security	\$ 11,947	\$12,862	\$12,862	\$13,399	\$13,399	\$ 537	4.2%
712.002 Costs - Medicare	\$ 2,794	\$3,008	\$3,008	\$3,134	\$3,134	\$ 126	4.2%
712.004 Costs - ICMA Contribution	\$ -	\$0	\$0	\$0	\$0	\$ -	
712.005 Costs - MERS	\$ 9,244	\$11,094	\$11,094	\$10,791	\$10,791	\$ (303)	-2.7%
712.006 Costs - In Lieu of BC/BS	\$ 2,620	\$0	\$4,500	\$4,454	\$4,454	\$ 4,454	
712.007 Costs - SUTA	\$ 1,011	\$1,040	\$1,500	\$1,791	\$1,791	\$ 751	72.3%
712.009 Costs - Work Comp	\$ 1,124	\$1,004	\$1,600	\$1,985	\$1,985	\$ 981	97.6%
712.010 Costs - Blue Cross Insurance	\$ 37,607	\$44,314	\$22,000	\$20,585	\$20,585	\$ (23,729)	-53.5%
712.011 Costs - Life Insurance	\$ 811	\$784	\$784	\$423	\$423	\$ (361)	-46.0%
712.012 Costs - HRA Payments/Fees	\$ 4,738		\$9,500	\$5,220	\$5,220	\$ 5,220	
Employee Costs	\$ 260,475	\$ 266,865	\$ 259,757	\$ 259,052	\$ 259,052	\$ (7,813)	-2.9%
728.000 Operating Expense	\$ 3,315	\$3,410	\$3,410	\$3,410	\$3,410	\$ -	0.0%
735.000 Periodicals & Publications	\$ 211	\$250	\$250	\$250	\$250	\$ -	0.0%
801.000 Professional Services	\$ -	\$0	\$0	\$0	\$0	\$ -	
831.000 Contractual Repairs & Maint	\$ 921	\$1,000	\$1,000	\$1,000	\$1,000	\$ -	0.0%
860.000 Travel & Training Expense	\$ 1,924	\$2,200	\$2,200	\$2,200	\$2,200	\$ -	0.0%
865.000 Vehicle Allowance	\$ 3,600	\$3,800	\$3,800	\$3,800	\$3,800	\$ -	0.0%
870.000 Memberships & Dues	\$ 105	\$200	\$200	\$200	\$200	\$ -	0.0%
873.000 Education	\$ -	\$0	\$0	\$0	\$0	\$ -	
874.000 Retiree BCBS	\$ -	\$0	\$0	\$0	\$0	\$ -	
900.000 Printing & Publishing	\$ 83	\$200	\$200	\$200	\$200	\$ -	0.0%
930.000 Repairs & Maintenance	\$ -	\$0	\$0	\$0	\$0	\$ -	
957.000 Motor Pool	\$ -	\$0	\$0	\$0	\$0	\$ -	
970.000 Capital Outlay	\$ -	\$0	\$0	\$0	\$0	\$ -	
985.000 Lease Purchase	\$ -	\$0	\$0	\$0	\$0	\$ -	
Operating Costs	\$ 10,158	\$ 11,060	\$ 11,060	\$ 11,060	\$ 11,060	\$0	0.0%
TOTAL COMMUNITY DEVELOPMENT	\$ 270,633	\$ 277,925	\$ 270,817	\$ 270,112	\$ 270,112	(\$7,813)	-2.8%

General Fund

Police

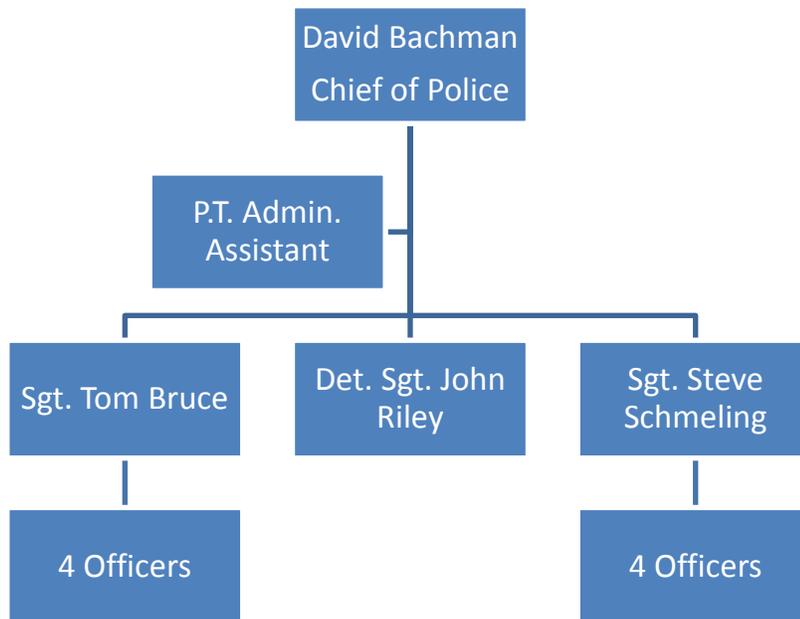


Dave Bachman is the Public Safety Director for the City of Manistee. He will be overseeing the Police and Fire\EMS departments. He also runs the Municipal Marina in conjunction with the Parks Department and serves as Harbor Master. He has been with the City for 15 years.

The Manistee Police Department is a young, 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.

Currently there are 5 patrol cars which patrol 40 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 funded by a Local Revenue Sharing Grant will allow officers to patrol the beaches more effectively and respond to emergencies more quickly.



General Fund

Police

Police Assumptions & Notes

Total Costs	decreased	(\$13,201)	-1.4%
Employee Costs	decreased	(\$4,726)	-0.6%
Operational Costs	decreased	(\$8,475)	-7.1%

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

Employee Costs: Employee costs decreased from the prior budget. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. Also, the POAM and COAM contracts expire 6-30-2012, and the employee budget could change pending the outcome of the collective bargaining negotiations. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS contributions declined because of the rebound in the market, while unemployment and workers comp both increased. Overtime and sellback of time also increased to be more in line with actual experience.

Operational Costs: Operational costs decreased from the prior year budget. The increase is the result of higher gasoline costs, education reimbursement, repairs & maintenance and the need to replace the departmental shredder.

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

- Budget as recommended Budget with changes

Changes:

301 Police Department	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
702.000 Salaries	\$ 603,184	\$ 581,670	\$ 581,670	\$ 582,684	\$ 582,684	\$ 1,014	0.2%
703.000 Longevity	1,333	0	0	0	0	\$ -	
704.000 Overtime	24,605	9,300	24,000	15,000	15,000	\$ 5,700	61.3%
704.001 Spotlight Grant Overtime	0	0	0	0	0	\$ -	
706.000 Part-Time	21,535	20,000	20,000	25,000	25,000	\$ 5,000	25.0%
708.000 V\S\H Sellback	13,367	6,000	18,000	14,000	14,000	\$ 8,000	133.3%
712.001 Costs - Social Security	1,250	2,512	2,512	2,114	2,114	\$ (398)	-15.8%
712.002 Costs - Medicare	10,158	9,742	9,742	9,613	9,613	\$ (129)	-1.3%
712.004 Costs - ICMA Contribution	0	0	0	0	0	\$ -	
712.005 MERS	66,938	57,653	57,653	28,751	28,751	\$ (28,902)	-50.1%
712.006 Costs - In Lieu of BC/BS	8,576	8,380	8,380	8,908	8,908	\$ 528	6.3%
712.007 Costs - SUTA	3,020	2,807	2,807	5,042	5,042	\$ 2,236	79.7%
712.009 Costs - Work Comp	9,273	7,983	12,000	13,957	13,957	\$ 5,975	74.8%
712.010 Costs - Blue Cross Insurance	141,034	127,451	103,000	99,758	99,758	\$ (27,693)	-21.7%
712.011 Costs - Life Insurance	4,108	3430	1850	1,821	1,821	\$ (1,609)	-46.9%
712.012 Costs - HRA Payments\Costs	17,543	0	24,000	25,552	25,552	\$ 25,552	
Employee Costs	\$ 925,924	\$ 836,928	\$ 865,614	\$ 832,201	\$ 832,201	\$ (4,726)	-0.6%
715.000 Uniform & Cleaning Allowance	\$ 10,271	\$ 6,575	\$ 6,575	\$ 7,400	\$ 7,400	\$ 825	12.5%
728.000 Operating Expense	11,546	12,500	12,500	12,500	12,500	\$ -	0.0%
735.000 Periodicals & Publications	0	200	200	200	200	\$ -	0.0%
770.000 Gasoline	19,109	23,725	19,500	20,500	20,500	\$ (3,225)	-13.6%
795.000 Spotlight Grant Expenses	0	0	0	0	0	\$ -	
801.000 Professional Services	397	5,500	5,500	4,500	4,500	\$ (1,000)	-18.2%
831.000 Contractual Repairs & Maint	5,913	8,689	8,689	8,689	8,689	\$ -	0.0%
860.000 Travel & Training Expense	12,542	8,000	8,000	6,500	6,500	\$ (1,500)	-18.8%
865.000 Vehicle Allowance	4,200	4,200	4,200	4,200	4,200	\$ -	0.0%
870.000 Memberships & Dues	526	500	500	500	500	\$ -	0.0%
873.000 Education	0	2,500	2,500	2,500	2,500	\$ -	0.0%
874.000 Retire. Costs - Blue Cross	3,000	3,000	0	0	0	\$ (3,000)	-100.0%
900.000 Printing/Publishing	549	1,100	1,100	1,100	1,100	\$ -	0.0%
930.000 Repairs & Maintenance	12,128	9,000	9,000	9,000	9,000	\$ -	0.0%
957.000 Motor Pool	33,075	33,075	33,075	32,500	32,500	\$ (575)	-1.7%
970.000 Capital Outlay	627	1,500	1,500	1,500	1,500	\$ -	0.0%
985.000 Lease Purchase	0	0	0	0	0	\$ -	
Operating Costs	\$ 113,882	\$ 120,064	\$ 112,839	\$ 111,589	\$ 111,589	\$ (8,475)	-7.1%
TOTAL POLICE	\$ 1,039,806	\$ 956,992	\$ 978,453	\$ 943,790	\$ 943,790	\$ (13,201)	-1.4%

General Fund

Fire & EMS

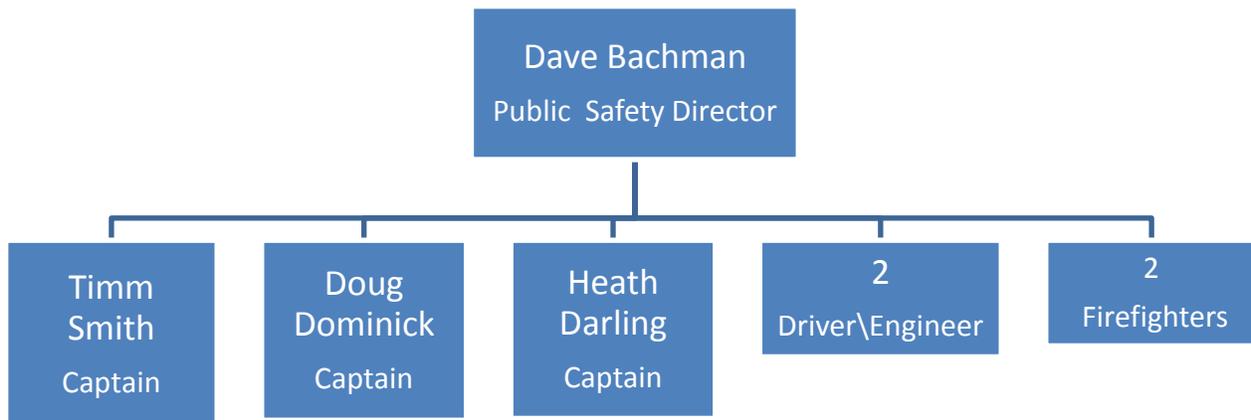


Dave Bachman is the Public Safety Director for the City of Manistee. He has been with the City for 15 years.

The Fire Department has a budgeted staff of 8 full time employees; seven firefighters and one public safety director. The department provides the City with fire protection and medical response services at the basic life support transport level. The department will begin to provide advanced life support transport services this year.

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.

Structural changes are proposed in the department and are discussed on the Deputy Fire Chief issue page. The current organizational chart is shown below.



General Fund

Fire & EMS

Fire & EMS Assumptions & Notes

Total Costs	increased	\$99,417	14.3%
Employee Costs	increased	\$100,877	17.7%
Operational Costs	decreased	(\$1,460)	-1.1%

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

Employee Costs: Employee costs increased from the prior budget. The primary reason is the creation of a Deputy Fire Chief position from within the organization and the creation of a new firefighter position. Also, two new firefighters are eligible for step increases per contract. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. Also, the IAFF contract expires 6-30-2012, and the employee budget could change pending the outcome of the collective bargaining negotiations. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS contributions increased as did unemployment and workers comp.

Operational Costs: Operational costs decreased from the prior year budget. The decrease is the result of higher third party billing charges as transport runs increase and lower operating capital outlays because of a grant received for turnout and SCBA gear.

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

- Budget as recommended Budget with changes

Changes:



2012-2013 Budget

Fire Department	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
336 FIRE							
702.000 Salaries	\$ 323,953	\$342,731	\$342,731	\$405,236	\$405,236	\$ 62,505	18.2%
703.000 Longevity	\$ 1,011	\$0	\$0	\$0	\$0	\$ -	
704.000 Overtime	\$ 39,882	\$30,625	\$35,000	\$35,000	\$35,000	\$ 4,375	14.3%
706.000 Part-Time	\$ 968	\$0	\$8,000	\$5,000	\$5,000	\$ 5,000	
708.000 V\SH Sellback	\$ 33,904	\$18,000	\$24,000	\$30,000	\$30,000	\$ 12,000	66.7%
712.001 Costs - Social Security	\$ 188	\$0	\$0	\$310	\$310	\$ 310	
712.002 Costs - Medicare	\$ 3,788	\$4,394	\$4,394	\$5,647	\$5,647	\$ 1,253	28.5%
712.004 Costs - ICMA Contribution	\$ -	\$0	\$0	\$0	\$0	\$ -	
712.005 MERS	\$ 58,949	\$47,836	\$47,836	\$56,864	\$56,864	\$ 9,028	18.9%
712.006 Costs - In Lieu of BC/BS	\$ 3,806	\$0	\$0	\$0	\$0	\$ -	
712.007 Costs - SUTA	\$ 1,796	\$1,559	\$2,200	\$3,572	\$3,572	\$ 2,013	129.1%
712.009 Costs - Workers Compensation	\$ 8,698	\$7,487	\$12,000	\$15,152	\$15,152	\$ 7,665	102.4%
712.010 Costs - Blue Cross Insurance	\$ 100,762	\$113,535	\$92,000	\$88,478	\$88,478	\$ (25,057)	-22.1%
712.011 Costs - Life Insurance	\$ 2,254	\$2,235	\$2,235	\$1,345	\$1,345	\$ (889)	-39.8%
712.012 Costs - HRA Payments/Fees	\$ 14,024		\$24,000	\$22,675	\$22,675	\$ 22,675	
716.000 Food Allowance	in wages						
Employee Costs	\$ 593,984	\$ 568,402	\$ 594,396	\$ 669,279	\$ 669,279	\$ 100,877	17.7%
715.000 Uniform & Cleaning Allowance	\$ 5,254	\$ 6,820	\$ 6,820	\$ 5,400	\$ 5,400	\$ (1,420)	-20.8%
728.000 Operating Expense	\$ 11,195	\$ 9,370	\$ 9,370	\$ 9,370	\$ 9,370	\$ -	0.0%
735.000 Periodicals & Publications	\$ 1,108	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,150	\$ -	0.0%
770.000 Gasoline	\$ 4,515	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ -	0.0%
790.000 Fire Prevention	\$ 1,951	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ -	0.0%
801.000 Professional Services	\$ 1,584	\$ 500	\$ 500	\$ 7,500	\$ 7,500	\$ 7,000	1400.0%
831.000 Contractual Repairs & Maint.	\$ 2,635	\$ 3,050	\$ 3,050	\$ 3,900	\$ 3,900	\$ 850	27.9%
860.000 Travel & Training Expense	\$ 2,197	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ -	0.0%
865.000 Vehicle Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
870.000 Memberships & Dues	\$ 560	\$ 400	\$ 400	\$ 400	\$ 400	\$ -	0.0%
873.000 Education	\$ -	\$ 1,500	\$ 1,500	\$ 2,500	\$ 2,500	\$ 1,000	66.7%
874.000 Retiree BCBS	\$ 13,000	\$15,000	\$15,000	\$15,000	\$15,000	\$ -	0.0%
900.000 Printing/Publishing	\$ 860	\$ 800	\$ 800	\$ 800	\$ 800	\$ -	0.0%
930.000 Repairs & Maintenance	\$ 11,013	\$ 11,850	\$ 11,850	\$ 10,000	\$ 10,000	\$ (1,850)	-15.6%
942.000 Hydrant Rental	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600	\$ 21,600	\$ -	0.0%
956.000 Mutual Aid	\$ 110	\$ 1,000	\$ 1,000	\$ 400	\$ 400	\$ (600)	-60.0%
957.000 Motor Pool	\$ 28,350	\$ 28,350	\$ 28,350	\$ 27,700	\$ 27,700	\$ (650)	-2.3%
970.000 Capital Outlay	\$ 12,720	\$ 11,690	\$ 11,690	\$ 5,900	\$ 5,900	\$ (5,790)	-49.5%
985.000 Lease Purchase		\$ -	\$ -	\$ -	\$ -	\$ -	
Operating Costs	\$ 118,652	\$ 127,030	\$ 127,030	\$ 125,570	\$ 125,570	(\$1,460)	-1.1%
TOTAL FIRE	\$ 712,636	\$ 695,432	\$ 721,426	\$ 794,849	\$ 794,849	\$99,417	14.3%

General Fund

Public Works

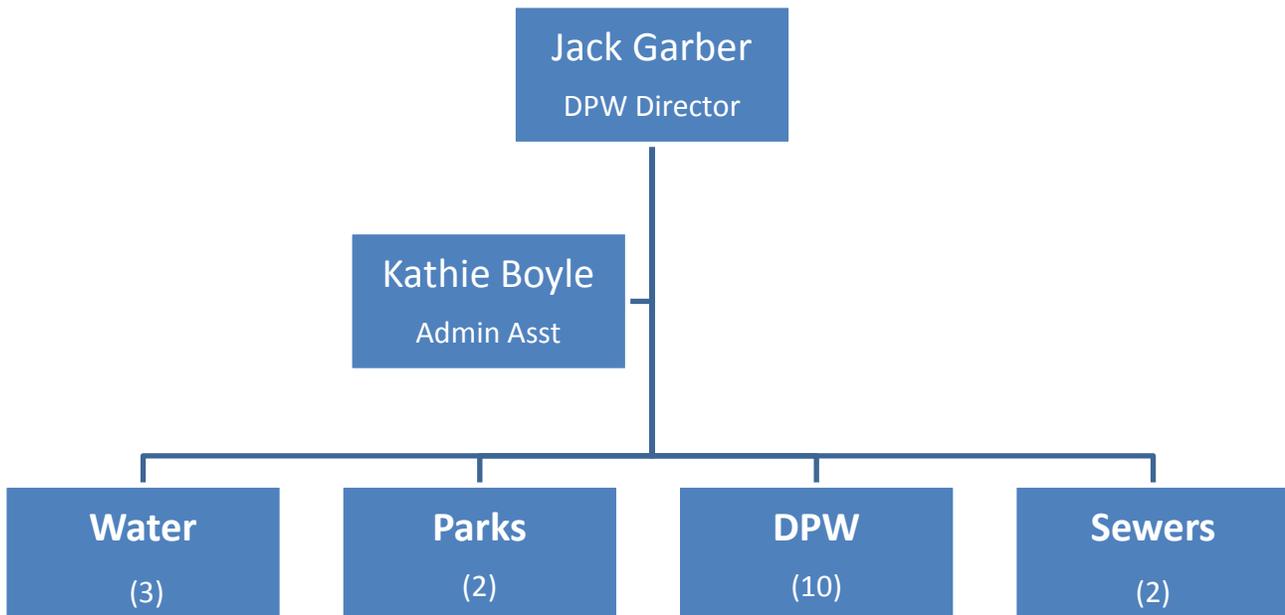


Jack Garber, current DPW Director, has been with the City for 41 years. He oversees all aspects of the Public Works operations.

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, to name just a few. The DPW also assists other organizations as necessary, especially during the City’s festivals and peak summer season.

The DPW is also responsible for operating the City’s Water and Sewer Utility. The current organizational chart is shown below. A different organizational structure is being proposed for the budget. See DPW Whitepaper issue page for more details.



General Fund

Public Works

DPW Assumptions & Notes

Total Costs	decreased	(\$15,592)	-1.5%
Employee Costs	decreased	\$ (5,004)	-0.7%
Operational Costs	decreased	(\$10,588)	-3.8%

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

Employee Costs: Employee costs decreased from the prior budget. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. Also, the USW contract expires 6-30-2012, and the employee budget could change pending the outcome of the collective bargaining negotiations. However, the budget assumes a modest wage increase, that the union will agree to eliminate\abate longevity, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS contributions declined because of the rebound in the market, while unemployment and workers comp both increased.

Operational Costs: Operational costs decreased from the prior year budget. The decrease is driven primarily by better estimates of fuel costs and the contractual repair and maintenance costs. The \$10,000 DDA maintenance allotment for sidewalk slabs is budgeted in the Major Street fund as required.

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

- Budget as recommended Budget with changes

Changes:

441 DPW	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
702.000 Salaries	\$455,498	\$474,012	\$474,012	\$481,250	\$481,250	\$ 7,237	1.5%
703.000 Longevity	\$3,455	\$0	\$0	\$0	\$0	\$ -	
704.000 Overtime	\$31,141	\$27,000	\$28,000	\$30,000	\$30,000	\$ 3,000	11.1%
706.000 Part-Time	\$26,237	\$26,208	\$26,208	\$26,936	\$26,936	\$ 728	2.8%
708.000 V\SH Sellback	\$7,003	\$10,000	\$10,000	\$10,000	\$10,000	\$ -	0.0%
712.001 Costs - Social Security	\$31,088	\$35,040	\$35,040	\$34,845	\$34,845	\$ (194)	-0.6%
712.002 Costs - Medicare	\$7,271	\$8,195	\$8,195	\$8,149	\$8,149	\$ (45)	-0.6%
712.004 Costs - ICMA Contribution	\$2,672	\$2,752	\$2,752	\$2,807	\$2,807	\$ 54	2.0%
712.005 Costs - MERS	\$18,975	\$22,891	\$22,891	\$5,775	\$5,775	\$ (17,116)	-74.8%
712.006 Costs - In Lieu of BC/BS	\$6,121	\$4,190	\$4,190	\$4,454	\$4,454	\$ 264	6.3%
712.007 Costs - SUTA	\$2,775	\$2,287	\$2,800	\$4,955	\$4,955	\$ 2,668	116.7%
712.009 Costs - Work Comp	\$15,904	\$16,188	\$24,000	\$27,855	\$27,855	\$ 11,667	72.1%
712.010 Costs - Blue Cross Insurance	\$113,896	\$114,627	\$92,000	\$81,214	\$81,214	\$ (33,413)	-29.1%
712.011 Costs - Life Insurance	\$2,122	\$2,062	\$2,062	\$1,099	\$1,099	\$ (963)	-46.7%
712.012 Costs - HRA Payments/Fees	\$15,583		\$12,000	\$21,108	\$21,108	\$ 21,108	
Employee Costs	\$ 739,740	\$ 745,452	\$ 744,151	\$ 740,448	\$ 740,448	\$ (5,004)	-0.7%
715.000 Uniform & Cleaning Allowance	\$ 4,774	\$ 4,168	\$ 4,168	\$ 4,700	\$ 4,700	\$ 532	12.8%
728.000 Operating Expense	\$ 12,970	\$ 11,370	\$ 11,370	\$ 11,500	\$ 11,500	\$ 130	1.1%
735.000 Periodicals & Publications	\$ 154	\$ 250	\$ 250	\$ 250	\$ 250	\$ -	0.0%
770.000 Gasoline	\$ 69,925	\$ 83,850	\$ 68,000	\$ 74,000	\$ 74,000	\$ (9,850)	-11.7%
801.000 Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
831.000 Contractual Repairs & Maint.	\$ 13,869	\$ 12,000	\$ 12,000	\$ 10,000	\$ 10,000	\$ (2,000)	-16.7%
860.000 Travel & Training Expense	\$ 3,556	\$ 2,600	\$ 2,600	\$ 3,500	\$ 3,500	\$ 900	34.6%
865.000 Vehicle Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
870.000 Dues & Memberships	\$ 370	\$ 465	\$ 465	\$ 465	\$ 465	\$ -	0.0%
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
874.000 Retire. Costs - Blue Cross	\$ 250	\$0	\$0	\$0	\$0	\$ -	
900.000 Printing & Publishing	\$ 145	\$ 500	\$ 500	\$ 300	\$ 300	\$ (200)	-40.0%
930.000 Repairs & Maintenance	\$ 89,472	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ -	0.0%
955.000 Christmas Decorations	\$ 7,761	\$ 7,000	\$ 7,000	\$ 8,500	\$ 8,500	\$ 1,500	21.4%
957.000 Motor Pool	\$ 75,600	\$ 75,600	\$ 75,600	\$ 74,000	\$ 74,000	\$ (1,600)	-2.1%
970.000 Capital Outlay	\$ 2,763	\$ -	\$ -	\$ -	\$ -	\$ -	
985.000 Lease Purchase	\$ 1,139	\$ -	\$ -	\$ -	\$ -	\$ -	
Operating Costs	\$ 282,747	\$ 277,803	\$ 261,953	\$ 267,215	\$ 267,215	\$ (10,588)	-3.8%
TOTAL DPW	\$ 1,022,487	\$ 1,023,255	\$ 1,006,104	\$ 1,007,663	\$ 1,007,663	(\$15,592)	-1.5%

General Fund

Parks & Recreation

Parks Assumptions & Notes

Total Costs	increased	\$6,667	1.9%
Employee Costs	decreased	(\$3,433)	-2.0%
Operational Costs	increased	\$10,100	5.4%

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

Employee Costs: Employee costs decreased from the prior budget. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. Also, the USW contract expires 6-30-2012, and the employee budget could change pending the outcome of the collective bargaining negotiations. However, the budget assumes a modest wage increase, that the union will agree to eliminate\abate longevity, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS contributions declined because of the rebound in the market, while unemployment and workers comp both increased.

Operational Costs: Operational costs increased from the prior year budget. The increase is driven primarily by professional services for swim buoy installation and phragmites control, contractual costs for additional portable toilets at First Street beach and electricity costs.

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

- Budget as recommended Budget with changes

Changes:



2012-2013 Budget

751 Parks	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year		Percent Change
						Budget	Difference	
702.000 Salaries	\$ 79,066	\$81,689	\$81,689	\$83,273	\$83,273	\$	1,584	1.9%
703.000 Longevity	\$ 60	\$0	\$0	\$0	\$0	\$	-	
704.000 Overtime	\$ 8,177	\$6,667	\$8,500	\$6,667	\$6,667	\$	-	0.0%
706.000 Part-Time	\$ 30,011	\$37,620	\$34,000	\$37,620	\$37,620	\$	-	0.0%
708.000 V\SIH Sellback	\$ -	\$500	\$500	\$500	\$500	\$	-	0.0%
712.001 Costs - Social Security	\$ 6,845	\$8,098	\$8,098	\$7,940	\$7,940	\$	(159)	-2.0%
712.002 Costs - Medicare	\$ 1,601	\$1,894	\$1,894	\$1,857	\$1,857	\$	(37)	-2.0%
712.004 Costs - ICMA Contribution	\$ -	\$0	\$0	\$0	\$0	\$	-	
712.005 Costs - MERS	\$ 3,407	\$4,143	\$4,143	\$0	\$0	\$	(4,143)	-100.0%
712.006 Costs - In Lieu of BC/BS	\$ -	\$0	\$0	\$0	\$0	\$	-	
712.007 Costs - SUTA	\$ 937	\$416	\$1,000	\$2,349	\$2,349	\$	1,934	465.0%
712.009 Costs - Work Comp	\$ 1,789	\$1,898	\$2,800	\$3,230	\$3,230	\$	1,332	70.2%
712.010 Costs - Blue Cross Insurance	\$ 21,987	\$27,098	\$20,000	\$18,609	\$18,609	\$	(8,489)	-31.3%
712.011 Costs - Life Insurance	\$ 312	\$299	\$299	\$158	\$158	\$	(140)	-47.0%
712.012 Costs - HRA Payments/Fees	\$ 5,746	\$0	\$2,000	\$4,685	\$4,685	\$	4,685	
Employee Costs	\$ 159,940	\$ 170,321	\$ 164,923	\$ 166,888	\$ 166,888	\$	(3,433)	-2.0%
715.000 Uniform & Cleaning	\$ 857	\$ 920	\$ 920	\$ 920	\$ 920	\$	-	0.0%
728.000 Operating Expense	\$ 10,003	\$ 13,000	\$ 13,000	\$ 15,000	\$ 15,000	\$	2,000	15.4%
735.000 Periodicals & Publications	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	
770.000 Gasoline	\$ 6,218	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$	-	0.0%
801.000 Professional Services	\$ 2,610	\$ 500	\$ 5,700	\$ 4,000	\$ 4,000	\$	3,500	700.0%
831.000 Contractual Repairs & Maint.	\$ 76,392	\$ 63,600	\$ 66,000	\$ 67,000	\$ 67,000	\$	3,400	5.3%
860.000 Travel & Training Expense	\$ 364	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$	-	0.0%
870.000 Dues & Memberships	\$ 145	\$ 135	\$ 135	\$ 135	\$ 135	\$	-	0.0%
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	
874.000 Retiree BCBS	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	
900.000 Printing & Publishing	\$ 132	\$ 500	\$ 200	\$ 500	\$ 500	\$	-	0.0%
920.000 Gas	\$ 936	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$	-	0.0%
922.000 Water	\$ 3,736	\$ 6,000	\$ 6,000	\$ 5,000	\$ 5,000	\$	(1,000)	-16.7%
925.000 Electric	\$ 18,795	\$ 15,000	\$ 17,500	\$ 18,000	\$ 18,000	\$	3,000	20.0%
930.000 Repairs & Maintenance	\$ 37,606	\$ 40,000	\$ 37,000	\$ 40,000	\$ 40,000	\$	-	0.0%
931.000 Repairs\Maint - Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	
957.000 Motor Pool	\$ 37,800	\$ 37,800	\$ 37,800	\$ 37,000	\$ 37,000	\$	(800)	-2.1%
970.000 Capital Outlay	\$ 844	\$ -	\$ 25,000	\$ -	\$ -	\$	-	
985.000 Lease Purchase	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	
Operating Costs	\$ 196,438	\$ 185,955	\$ 217,755	\$ 196,055	\$ 196,055	\$	\$10,100	5.4%
TOTAL PARKS	\$ 356,377	\$ 356,276	\$ 382,678	\$ 362,943	\$ 362,943	\$	\$6,667	1.9%

General Fund

Attorney

Gockerman, Wilson, Saylor & Hesslin 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	\$25,000	31.3%
Employee Costs	n/a	n/a	n/a
Operational Costs	increased	\$25,000	31.3%

Total Costs: Total costs increased 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 increased from the prior year budget due to additional expenses relating to several large tax appeals. This will be absorbed by fund balance. See Tax Appeal issue page. At least four labor contracts will also need to be negotiated.

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

- Budget as recommended Budget with changes

Changes:

266 Attorney	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
802.000 Professional Services - GWSH	\$ 49,750	\$ 50,600	\$ 49,000	\$ 49,600	\$ 49,600	\$ (1,000)	-2.0%
803.000 Prof Serv - Other Attorneys	\$ 19,113	\$ 29,400	\$ 31,000	\$ 55,400	\$ 55,400	\$ 26,000	88.4%
TOTAL ATTORNEY	\$ 68,863	\$ 80,000	\$ 80,000	\$ 105,000	\$ 105,000	\$25,000	31.3%

General Fund

Engineer



Abonmarche is the City’s Engineer of Record. This contract was awarded to Abonmarche in August of 2007 and renewed in 2010 until August, 2012. Jeff Mikula, Vice-President Manistee office, is the primary contact for the City. Abonmarche 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.

Engineer Assumptions & Notes

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

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

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

Operational Costs: Operational costs remained flat from the prior year budget. This amount is a contractual retainer fee. Total engineering costs are higher than this budget reflects because they are charged to different funds depending on the project.

285 Engineer	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Budget Difference	Percent Change
801.000 Professional Services (Retainer)	\$ 36,043	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ -	0.0%
860.000 Travel & Training		\$ -				\$ -	
TOTAL ENGINEER	\$ 36,043	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$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	decreased	(\$5,700)	-4.3%
Employee Costs	n/a	n/a	n/a
Operational Costs	decreased	(\$5,700)	-4.3%

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

Employee Costs: Employee costs are not recorded in this department. The cost of part-time staff member to clean City Hall in a pooling arrangement with the Ramsdell Theatre have been budgeted in the Community Development budget, which supervises the employee.

Operational Costs: Operational decreased moderately from the prior year budget. The biggest contributor was a reduction in phone expense. The City was able to take advantage of the MIDEal website to get a better price for its main phone service.

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

- Budget as recommended Budget with changes

Changes:

265 Municipal Buildings	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
728.000 Operating Supplies	\$ 10,929	\$ 6,000	\$ 7,000	\$ 6,000	\$ 6,000	\$ -	0.0%
801.000 Professional Services	\$ 4,112	\$ 5,000	\$ 2,000	\$ 5,000	\$ 5,000	\$ -	0.0%
831.000 Contractual Repairs & Maint.	\$ 4,853	\$ 5,000	\$ 7,000	\$ 5,500	\$ 5,500	\$ 500	10.0%
850.000 Utilities - Phone	\$ 24,032	\$ 23,000	\$ 21,000	\$ 19,000	\$ 19,000	\$ (4,000)	-17.4%
920.000 Gas - City Hall	\$ 5,626	\$ 6,700	\$ 6,000	\$ 6,700	\$ 6,700	\$ -	0.0%
920.336 Gas - Fire Dept	\$ 4,462	\$ 4,700	\$ 4,200	\$ 4,700	\$ 4,700	\$ -	0.0%
920.441 Gas - DPW	\$ 22,904	\$ 24,000	\$ 20,000	\$ 22,000	\$ 22,000	\$ (2,000)	-8.3%
920.446 Gas - Bridge	\$ 1,642	\$ 1,400	\$ 1,400	\$ 1,400	\$ 1,400	\$ -	0.0%
922.000 Water - City Hall	\$ 2,531	\$ 2,800	\$ 2,800	\$ 2,700	\$ 2,700	\$ (100)	-3.6%
922.336 Water - Fire Dept	\$ 1,092	\$ 750	\$ 750	\$ 850	\$ 850	\$ 100	13.3%
922.441 Water - DPW	\$ 1,967	\$ 3,500	\$ 3,500	\$ 2,500	\$ 2,500	\$ (1,000)	-28.6%
922.446 Water - Bridge	\$ 673	\$ 700	\$ 700	\$ 700	\$ 700	\$ -	0.0%
925.000 Electric - City Hall	\$ 20,329	\$ 19,500	\$ 20,000	\$ 20,000	\$ 20,000	\$ 500	2.6%
925.336 Electric - Fire Dept	\$ 5,103	\$ 4,100	\$ 4,000	\$ 3,700	\$ 3,700	\$ (400)	-9.8%
925.441 Electric - DPW	\$ 15,262	\$ 13,500	\$ 14,500	\$ 13,500	\$ 13,500	\$ -	0.0%
925.446 Electric - Bridge	\$ 2,646	\$ 3,000	\$ 3,000	\$ 2,700	\$ 2,700	\$ (300)	-10.0%
930.000 Repairs & Maintenance	\$ 6,769	\$ 7,000	\$ 5,000	\$ 8,000	\$ 8,000	\$ 1,000	14.3%
931.000 Repairs & Maint - Building		\$ -	\$ -	\$ -	\$ -	\$ -	
940.000 Building Rental		\$ -	\$ -	\$ -	\$ -	\$ -	
970.000 Capital Outlay (Expense)	\$ 8,278	\$ 3,000	\$ 9,000	\$ 3,000	\$ 3,000	\$ -	0.0%
TOTAL MUNICIPAL BUILDINGS	\$ 143,210	\$ 133,650	\$ 131,850	\$ 127,950	\$ 127,950	(\$5,700)	-4.3%

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	\$413,040	55.8%
Operational Costs	decreased	\$ (3,886)	-1.0%
Debt Service Costs	increased	\$416,926	118.2%

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

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

Operational Costs: Operational costs increased somewhat from the prior year budget. Professional services went up because of an increase in the contract with our IT provider. The size of our network more than doubled with many additional devices to support after bringing remote locations, water wells and lift stations into the system. Although this cost is significant, thousands of dollars in savings will be realized thru the elimination of leased circuits, phone lines and reduced overtime because of greater remote access to the system. Some of this cost is also being recovered thru greater water and sewer participation in these costs. Cell phone costs went up because smart phones were issued to police sergeants and fire captains. Data and internet costs reduced sharply because of the ability to share services across the network.

Debt Service Costs: Debt service costs increased sharply. Three general obligation bonds are recorded here: the 2003 Capital Improvement Bond (City Hall), the 2005 DDA Refunding Bond (Streetscape) and the 2010 Capital Improvement Bond (water & street projects). This is the first year for the 2010 CI bond. The general fund pays for the 2003 CI 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:



2012-2013 Budget

100 General Operating & Debt Service

	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
728.000 Operating Expense	\$ 2,254	\$ -	\$ -	\$ -	\$ -	\$ -	
801.000 Professional Services	\$ 44,806	\$ 34,000	\$ 34,000	\$ 53,000	\$ 53,000	\$ 19,000	55.9%
822.000 Insurance	\$ 71,496	\$ 80,000	\$ 79,000	\$ 79,000	\$ 79,000	\$ (1,000)	-1.3%
855.000 Utilities - Cell Phones	\$ 8,723	\$ 10,000	\$ 13,000	\$ 13,200	\$ 13,200	\$ 3,200	32.0%
859.000 Utilities - Data/Internet	\$ 5,852	\$ 13,000	\$ 6,000	\$ 6,500	\$ 6,500	\$ (6,500)	-50.0%
901.000 Postage	\$ 25,667	\$ 24,950	\$ 24,950	\$ 25,000	\$ 25,000	\$ 50	0.2%
925.001 Electric - Street Lights	\$ 139,196	\$ 138,000	\$ 138,000	\$ 138,000	\$ 138,000	\$ -	0.0%
940.000 Rent	\$ 1,753	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ -	0.0%
959.000 Bad Debt	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ 500	
960.000 Bank Charges	\$ 597	\$ 1,500	\$ 1,000	\$ 1,000	\$ 1,000	\$ (500)	-33.3%
964.000 Refunds	\$ 2,000	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ (1,000)	-100.0%
970.000 Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
989.000 Computer Hardware & Software	\$ 850	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ -	0.0%
999.000 Transfer Out	\$ 60,000	\$ 60,000	\$ 140,955	\$ 60,000	\$ 60,000	\$ -	0.0%
Contingency	\$ -	\$ 17,636	\$ -	\$ 3,000	\$ -	\$ (17,636)	-100.0%
Operating Costs	\$ 363,194	\$ 387,886	\$ 445,705	\$ 387,000	\$ 384,000	\$ (3,886)	-1.0%
992.002 Renaissance Park Loan - Principa	\$ -	\$ 5,616	\$ 5,616	\$ 5,616	\$ 5,616	\$ -	0.0%
992.004 Bond Principal (1999 DDA)	\$ 90,000	\$ 95,000	\$ -	\$ -	\$ -	\$ (95,000)	-100.0%
992.005 2003 Capital Improvement - Principal	\$ 95,000	\$ 105,000	\$ 105,000	\$ 115,000	\$ 115,000	\$ 10,000	9.5%
992.006 2010 DDA Refunding - Principal	\$ -	\$ -	\$ 110,000	\$ 105,000	\$ 105,000	\$ 105,000	
992.007 2010 Capital Improvement - Principal	\$ -	\$ -	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000	
997.004 Bond Interest (1999 DDA)	\$ 43,251	\$ 52,091	\$ -	\$ -	\$ -	\$ (52,091)	-100.0%
997.005 2003 Capital Improvement - Interest	\$ 98,206	\$ 94,956	\$ 94,956	\$ 91,238	\$ 91,238	\$ (3,718)	-3.9%
997.006 2010 DDA Refunding - Interest	\$ 7,812	\$ -	\$ 30,500	\$ 28,350	\$ 28,350	\$ 28,350	
997.007 2010 Capital Improvement - Interest	\$ 156,932	\$ -	\$ 218,585	\$ 214,385	\$ 214,385	\$ 214,385	
Debt Service	\$ 491,201	\$ 352,663	\$ 774,657	\$ 769,589	\$ 769,589	\$ 416,926	118.2%
TOTAL GENERAL OPERATING	\$ 854,395	\$ 740,549	\$ 1,220,362	\$ 1,156,589	\$ 1,153,589	\$ 413,040	55.8%

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

Departmental Cost Summary			
Total Costs	increased	\$255	2.2%
Employee Costs	n/a	n/a	n/a
Operational Costs	increased	\$0	0.0%

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

Employee Costs: This department has no employee costs.

Operational Costs: Operational costs increased slightly due to an increased allocation to the non-motorized transportation committee.

290 Boards & Commissions	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
712.001 Costs - Social Security	\$ 67	\$ 100	\$ 100	\$ 100	\$ 100	\$ -	
712.002 Costs - Medicare	\$ 16	\$ 25	\$ 25	\$ 25	\$ 25	\$ -	
712.009 Costs - Workers Comp	\$ 2		\$ 2	\$ 5	\$ 5	\$ 5	
881.000 Board of Review	\$ 1,606	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	
883.000 Harbor Commission	\$ -	\$ 250	\$ 250	\$ 250	\$ 250	\$ -	
884.000 Historic District Commission	\$ 91	\$ 750	\$ 750	\$ 750	\$ 750	\$ -	
885.000 Non-Motorized Transportation	\$ 550	\$ 500	\$ 500	\$ 750	\$ 750	\$ 250	
886.000 Parks & Beautification Commission	\$ 2,879	\$ 850	\$ 850	\$ 850	\$ 850	\$ -	
887.000 Planning Commission	\$ 3,353	\$ 5,600	\$ 3,800	\$ 5,600	\$ 5,600	\$ -	
888.000 Tree Commission	\$ 471	\$ 350	\$ 350	\$ 350	\$ 350	\$ -	
889.000 Zoning Board of Appeals	\$ 265	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	
TOTAL BOARDS & COMMISSIONS	\$ 9,298	\$ 11,425	\$ 9,627	\$ 11,680	\$ 11,680	\$255	2.2%

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 funded last year 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

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.

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	\$1,351	1.1%
Employee Costs	n/a	n/a	n/a
Operational Costs	increased	\$1,351	1.1%

Total Costs: Total costs increased from the prior year budget. Junior Baseball requested a \$500 increase to defray rising maintenance costs and AES had a contractual increase.

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

Operational Costs: Operational costs increased slightly from the prior year budget due to the increases noted above.

801 Appropriations	2011 Actual	2012 Budget	2012 Projected	Organization Requested	Manager Budget	Council Adopted	Year to Year	
							Budget Difference	Percent Change
890.000 Alternatives for Area Youth	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ 13,000	\$ -	0.0%
891.001 211	\$ 2,375	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	0.0%
892.000 Alliance for Economic Success	\$ 45,384	\$ 45,384	\$ 45,384	\$ 46,235	\$ 46,235	\$ 46,235	\$ 851	1.9%
893.000 Junior Baseball	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,500	\$ 3,500	\$ 3,500	\$ 500	16.7%
894.000 Manistee Recreation Assoc.	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500	\$ -	0.0%
895.000 Museum	\$ 10,450	\$ 10,500	\$ 10,500	\$ 10,450	\$ 10,500	\$ 10,500	\$ -	0.0%
896.000 PEG	\$ 22,800	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ -	0.0%
898.000 SSCENT	\$ 21,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
899.000 Veteran's Memorial Day HSCB	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.0%
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
TOTAL APPROPRIATIONS	\$147,884	\$127,884	\$127,884	\$ 129,185	\$129,235	\$129,235	\$1,351	1.1%

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

Budget as recommended Budget with changes

Changes:

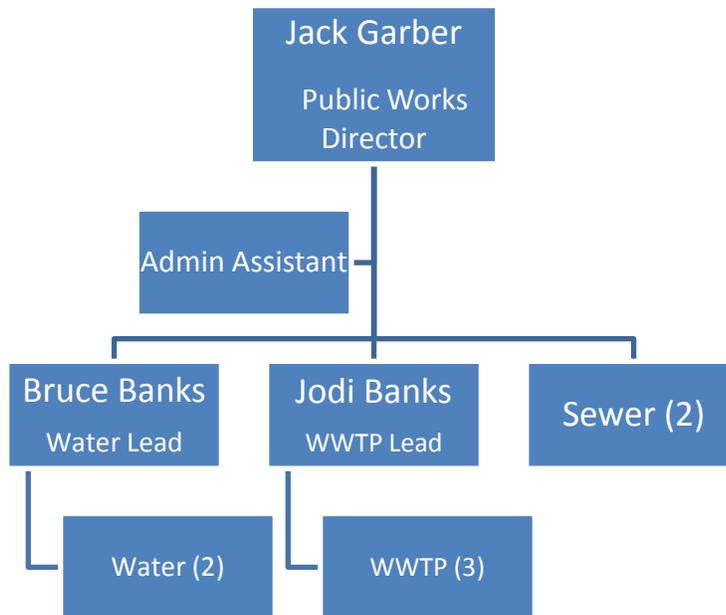
Enterprise Funds

Water & Sewer Utility

The Water & Sewer Utility (WSU) is under the direction of Department of Public Works Supervisor Jack Garber. Restructuring is recommended for this department (*DPW Whitepaper Issue page*).



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 insuring 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. The organizational chart represents the current structure prior to the suggested reorganization



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.



Water and sewer rates are established annually by ordinance and periodically evaluated. The ordinance calls for a minimum mandatory inflationary adjustment each year. Rates are a combination of a consumption charge and a fixed charge based on meter size. They are calculated and illustrated using a “typical” 6,000 gallon per month usage assumption. Residents are billed in 1,000 gallon increments, and may install an optional separate sprinkling meter. The annual inflationary adjustments to water and sewer rates ensure that the WSU has sufficient resources to respond to maintenance items and system failures. This commitment protects the citizens’ enormous investment in the system, and ensures that the City can adequately treat effluent and provide quality drinking water.

Rate increases beyond inflation may be needed to ensure the WSU can meet its legal operational and debt service requirements. Administration is recommending that the 2012-2013 rates be adjusted by 8.0% (*Water & Sewer Rates and Revenues Issue Page*). This represents a needed rate increase to cover the cost of the recent sewer separation projects. A typical user using 6,000 gallons per month will see their monthly bill increase **\$4.62** per month as the table below shows.

Proposed Water & Sewer Rates

	Existing		New	
	Per 1000g	Per 6000g	Per 1000g	Per 6000g
Water	\$ 2.84	\$ 17.04	\$ 3.097	\$ 18.58
Sewer	\$ 5.68	\$ 34.08	\$ 6.193	\$ 37.16
Fixed	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60
Total		\$ 57.72		\$ 62.34
Increase				\$4.62

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 segments have now been completed. Remaining work includes closing off the last outfall by 2016 and addressing inflow and/or infiltration issues. A combination of low interest loans from the State of Michigan and a market rate capital improvement bond will finance these projects. Total debt service payments average about \$1,645,000 per year through 2020 and the last bond is paid off in 2032.

The current year capital budget is significantly scaled back from recent years. Several remaining large projects will also need to be pushed back a few years in order for financial resources to accrue. This includes Riverbank Sewer and Sixth Ave. Lift Station.

Current year projects include: Well 8 rehabilitation, fencing at water towers, pump stations and well houses, City Garage and City Hall generators to support well and WWTP controls, 8th & Vine control pane replacement and a variety of pump station repairs. The 2011-2015 Capital Improvement plan explains these projects and identifies other capital items for the water and sewer fund in the upcoming years.

Water & Sewer Utility Assumptions & Notes

Revenue	increased	\$ 77,728	2.0%
General	increased	6.6%	6.6%
Administration	increased	\$ 66,853	18.6%
Employee Costs	increased	\$ 39,678	64.9%
Operating Costs	increased	\$ 27,175	9.1%
Water	increased	\$ 17,626	3.5%
Employee Costs	decreased	\$ (3,246)	-1.7%
Operating Costs	increased	\$ 20,872	6.6%
WWTP	increased	\$ 30,554	4.5%
Employee Costs	increased	\$ 4,427	1.9%
Operating Costs	increased	\$ 26,127	5.8%
Sewer	increased	\$ 204,571	89.4%
Employee Costs	decreased	\$ (93)	-0.1%
Operating Costs	increased	\$ 204,664	186.6%
Debt Service			
Interest	decreased	\$ (63,606)	-11.4%
Principal	increased	\$ 304,617	37.4%
Capital Expenditures	decreased	\$(5,915,000)	-98.4%

Revenue: Revenue increased compared to the prior year budget. This increase is the result of the receipt of a State S2 grant to evaluate the sanitary sewer system offset by lower revenues from user charges (*Water & Sewer Rates & Revenue Issue Page*).

Administration Expense: Total expense increased significantly from the prior year budget. Employee costs increased primarily due to the addition of a Utility Director. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws.

Operating costs increased due to increased administration fee relating to additional oversight and services provided to water & sewer operations and a reduction in phone expense due to technology upgrades.

Water Expense: Total expense increased compared to the prior year budget. Employee costs decreased. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. Also, the USW contract expires 6-30-2012, and the employee budget could change pending the outcome of the collective bargaining negotiations. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS contributions declined because of the rebound in the market, while unemployment and workers comp both increased.

Operating costs increased primarily because of the need to address deferred maintenance on our aging system, including new service on 14th Street and replacing a fire hydrant and valve.

WWTP Expense: Total expense increased compared to the prior year budget. Employee costs increased slightly. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. Also, the USW contract expires 6-30-2012, and the employee budget could change pending the outcome of the collective bargaining negotiations. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS contributions declined because of the rebound in the market, while unemployment and workers comp both increased.

Operating costs increased due to higher utility costs and needed repairs to the rail systems at three pump stations, offset by lower chemical and contractual repair & maintenance costs.

Sewer Expense: Total expense increased from the prior year budget.

Employee costs decreased. There is much uncertainty in budgeting for employee costs as discussed on the Employment Legislation issue page. Also, the USW contracts expire 6-30-2012, and the employee budget could change pending the outcome of the collective bargaining negotiations. However, the budget assumes a modest wage increase, continued cost sharing on health insurance and that there will be compliance with the new laws. MERS contributions declined because of the rebound in the market, while unemployment and workers comp both increased.

Operating costs increased sharply because of the inclusion of \$227,000 of S2 grant expenses that are largely offset by grant revenue (90% State, 10% City). Contractual Repairs and maintenance were also lower.

Debt Service: Debt service increased from the prior year budget because of the additional SRF, DWRF and Capital Improvement bond debt necessary for the Jones & Cedar St. CSO.

Capital Outlay: Capital outlay decreased from the prior year total. This was due to the completion of the Jones & Cedar St. CSO.

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

Budget as recommended Budget with changes

Changes:

Council decided to limit the water and sewer rate increase to 6% instead of the 8% that had been recommended in the Manager's proposed budget.

Council chose to hold off on hiring the utility director that was proposed in the budget until January to offset the decreased revenue from the lower rate increase mentioned above.



2012-2013 Budget

REVENUES	2011	2012	2012	Dept	Manager	Council	Year to Year	
	Actual	Budget	Projected	Request	Budget	Adopted	Budget	Percent
							Difference	Change
539.000 State Grant	\$ 400,000	\$ -	\$ -	\$ 204,300	\$ 204,300	\$ 204,300	\$ 204,300	
608.000 Penalties	\$ 34,061	\$ 32,000	\$ 32,000	\$ 34,500	\$ 34,500	\$ 34,500	\$ 2,500	7.8%
610.000 Bond Debt	348,053	360,000	360,000	355,000	355,000	355,000	\$ (5,000)	-1.4%
612.000 New Service	1,070	4,000	1,500	2,500	2,500	2,500	\$ (1,500)	-37.5%
626.000 Charge for Service	467	1,500	500	1,000	1,000	1,000	\$ (500)	-33.3%
648.000 Water Sales	955,296	1,096,186	985,000	1,028,233	1,028,233	1,028,233	\$ (67,953)	-6.2%
649.000 Sewer Sales	1,715,884	1,933,317	1,770,000	1,846,892	1,846,892	1,846,892	\$ (86,425)	-4.5%
650.000 Meter Sales	1,642	5,000	1,500	3,500	3,500	3,500	\$ (1,500)	-30.0%
664.000 Interest Income	2,838	3,500	3,000	3,000	3,000	3,000	\$ (500)	-14.3%
667.000 Rental Income	50,263	51,600	60,000	62,640	62,640	62,640	\$ 11,040	21.4%
669.000 Hydrant & Tunnel Rental	21,600	21,600	21,600	21,600	21,600	21,600	\$ -	
671.000 Other Revenue	6,275	3,000	3,000	3,500	3,500	3,500	\$ 500	16.7%
676.000 Reimbursement	406	0	0	0	0	0	\$ -	
680.000 Capital Cost Recovery	31,393	31,511	31,511	31,511	31,511	31,511	\$ -	
687.000 Refunds	3,581	0	0	0	0	0	\$ -	
695.000 Insurance Settlement	32,258	0	0	0	0	0	\$ -	
699.000 Operating Transfer In	320,770	342,782	342,782	365,548	365,548	365,548	\$ 22,766	6.6%
TOTAL REVENUES	\$ 3,925,859	\$ 3,885,996	\$ 3,612,393	\$ 3,963,724	\$ 3,963,724	\$ 3,963,724	\$ 77,728	2.0%



2012-2013 Budget

100 GENERAL	2011	2012	2012	Dept	Manager	Council	Year to Year	
	Actual	Budget	Projected	Request	Budget	Adopted	Budget	Percent
							Difference	Change
999.000 Operating Transfer Out	\$ 424,289	\$ 342,782	\$ 342,782	\$ 365,548	\$ 365,548	\$ 365,548	\$ 22,766	106.6%
TOTAL GENERAL	\$ 424,289	\$ 342,782	\$ 342,782	\$ 365,548	\$ 365,548	\$ 365,548	\$ 22,766	6.6%
541 ADMINISTRATION	2011	2012	2012	Dept	Manager	Council	Year to Year	
	Actual	Budget	Projected	Request	Budget	Adopted	Budget	Percent
							Difference	Change
702.000 Salaries	\$ 37,477	\$ 38,271	\$ 38,271	\$ 69,037	\$ 69,037	\$ 69,037	\$ 30,766	80.4%
703.000 Longevity	\$ 498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
704.000 Overtime	\$ 997	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ -	-
706.000 Part-Time	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
708.000 V/S\H Sellback	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
712.001 Costs - Social Security	\$ 2,391	\$ 2,611	\$ 2,611	\$ 4,629	\$ 4,629	\$ 4,629	\$ 2,018	77.3%
712.002 Costs - Medicare	\$ 559	\$ 611	\$ 611	\$ 1,083	\$ 1,083	\$ 1,083	\$ 472	77.2%
712.004 Costs - ICMA Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
712.005 Costs - MERS Contribution	\$ 2,156	\$ 2,638	\$ 2,638	\$ 4,429	\$ 4,429	\$ 4,429	\$ 1,791	67.9%
712.006 Costs - In Lieu of BC/BS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
712.007 Costs - SUTA	\$ 208	\$ 208	\$ 300	\$ 537	\$ 537	\$ 537	\$ 329	158.4%
712.009 Costs - Workers Compensation	\$ 96	\$ 100	\$ 150	\$ 1,128	\$ 1,128	\$ 1,128	\$ 1,028	1027.5%
712.010 Costs - Blue Cross Insurance	\$ 14,341	\$ 15,382	\$ 12,500	\$ 14,945	\$ 14,945	\$ 14,945	\$ (437)	-2.8%
712.011 Costs - Life Insurance	\$ 156	\$ 149	\$ 149	\$ 79	\$ 79	\$ 79	\$ (70)	-47.0%
712.012 HRA Payments	\$ 2,554	\$ -	\$ 7,000	\$ 3,781	\$ 3,781	\$ 3,781	\$ 3,781	-
Employee Costs	\$ 61,434	\$ 61,170	\$ 65,430	\$ 100,848	\$ 100,848	\$ 100,848	\$ 39,678	64.9%
728.000 Operating Expense	\$ 9,955	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	-
735.000 Periodicals & Publications	\$ 61	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	-
801.000 Professional Services	\$ 59	\$ 2,500	\$ 2,500	\$ 500	\$ 500	\$ 500	\$ (2,000)	-80.0%
806.000 Administration	\$ 235,000	\$ 248,000	\$ 248,000	\$ 277,000	\$ 277,000	\$ 277,000	\$ 29,000	11.7%
831.000 Contractual Repairs & Maint.	\$ 496	\$ 1,000	\$ 3,200	\$ 4,300	\$ 4,300	\$ 4,300	\$ 3,300	330.0%
850.000 Phone	\$ 29,106	\$ 25,000	\$ 25,000	\$ 19,000	\$ 19,000	\$ 19,000	\$ (6,000)	-24.0%
860.000 Travel & Training Expense	\$ 216	\$ 1,400	\$ 1,000	\$ 1,400	\$ 1,400	\$ 1,400	\$ -	-
870.000 Membership & Dues	\$ -	\$ -	\$ -	\$ 75	\$ 75	\$ 75	\$ 75	-
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
874.000 Retiree BCBS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
900.000 Printing\Publishing	\$ 6,120	\$ 3,000	\$ 3,000	\$ 4,800	\$ 4,800	\$ 4,800	\$ 1,800	60.0%
930.000 Repairs & Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
959.000 Bad Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
960.000 Bank Charges	\$ 10,248	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ -	-
970.000 Capital Outlay (Expense)	\$ 2,918	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	-
Operating Costs	\$ 294,180	\$ 298,400	\$ 300,200	\$ 325,575	\$ 325,575	\$ 325,575	\$ 27,175	9.1%
TOTAL ADMINISTRATION	\$ 355,614	\$ 359,570	\$ 365,630	\$ 426,424	\$ 426,424	\$ 426,424	\$ 66,853	18.6%



2012-2013 Budget

542 WATER OPERATION	2011	2012	2012	Dept	Manager	Council	Year to Year	
	Actual	Budget	Projected	Request	Budget	Adopted	Budget	Percent
							Difference	Change
702.000 Salaries	\$ 125,476	\$ 121,931	\$ 121,931	\$129,326	\$ 129,326	\$ 129,326	\$ 7,395	6.1%
703.000 Longevity	\$ 827	\$ -	\$ -	\$0	\$ -	\$ -	\$ -	-
704.000 Overtime	\$ 12,248	\$ 6,000	\$ 8,000	\$6,000	\$ 6,000	\$ 6,000	\$ -	-
706.000 Part Time	\$ -	\$ -	\$ -	\$0	\$ -	\$ -	\$ -	-
708.000 V\S\H Sellback	\$ -	\$ 2,000	\$ 1,000	\$2,000	\$ 2,000	\$ 2,000	\$ -	-
712.001 Costs - Social Security	\$ 8,142	\$ 8,401	\$ 8,401	\$8,485	\$ 8,485	\$ 8,485	\$ 84	1.0%
712.002 Costs - Medicare	\$ 1,904	\$ 1,965	\$ 1,965	\$1,984	\$ 1,984	\$ 1,984	\$ 19	1.0%
712.004 Costs - ICMA Contribution	\$ -	\$ -	\$ -	\$0	\$ -	\$ -	\$ -	-
712.005 Costs - MERS Contribution	\$ 7,083	\$ 6,030	\$ 6,030	\$0	\$ -	\$ -	\$ (6,030)	-100.0%
712.006 Costs - In Lieu of BC/BS	\$ -	\$ -	\$ -	\$0	\$ -	\$ -	\$ -	-
712.007 Costs - SUTA	\$ 624	\$ 624	\$ 1,000	\$1,074	\$ 1,074	\$ 1,074	\$ 451	72.3%
712.009 Costs - Workers Compensation	\$ 2,650	\$ 2,472	\$ 3,700	\$4,379	\$ 4,379	\$ 4,379	\$ 1,907	77.2%
712.010 Costs - Blue Cross Insurance	\$ 42,787	\$ 44,314	\$ 39,000	\$29,890	\$ 29,890	\$ 29,890	\$ (14,424)	-32.6%
712.011 Costs - Life Insurance	\$ 468	\$ 448	\$ 448	\$238	\$ 238	\$ 238	\$ (211)	-47.0%
712.012 HRA Payments	\$ 7,514	\$ -	\$ 7,000	\$7,562	\$ 7,562	\$ 7,562	\$ 7,562	-
Employee Costs	\$ 209,722	\$ 194,185	\$ 198,475	\$ 190,939	\$ 190,939	\$ 190,939	\$ (3,246)	-1.7%
	11.3%	\$ 19,700						
715.000 Uniform & Cleaning Allowance	\$ 518	\$ 830	\$ 830	\$ 800	\$ 800	\$ 800	\$ (30)	-3.6%
728.000 Operating Expense	\$ 3,044	\$ 4,000	\$ 2,500	\$ 3,000	\$ 3,000	\$ 3,000	\$ (1,000)	-25.0%
745.000 Chemicals	\$ 39,594	\$ 47,500	\$ 40,000	\$ 47,500	\$ 47,500	\$ 47,500	\$ -	-
750.000 Meters	\$ 7,004	\$ 25,000	\$ 18,000	\$ 27,000	\$ 27,000	\$ 27,000	\$ 2,000	8.0%
770.000 Vehicle Gas	\$ 5,701	\$ 8,125	\$ 7,000	\$ 6,500	\$ 6,500	\$ 6,500	\$ (1,625)	-20.0%
801.000 Professional Services	\$ 19,231	\$ 13,500	\$ 13,500	\$ 15,000	\$ 15,000	\$ 15,000	\$ 1,500	11.1%
822.000 Insurance	\$ 2,665	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ -	-
824.000 Lab Testing	\$ 6,549	\$ 9,100	\$ 9,100	\$ 9,000	\$ 9,000	\$ 9,000	\$ (100)	-1.1%
831.000 Contractual Repairs & Maint	\$ 13,831	\$ 25,000	\$ 20,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 15,000	60.0%
860.000 Travel & Training Expense	\$ 735	\$ 3,200	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ (700)	-21.9%
870.000 Membership & Dues	\$ 300	\$ 300	\$ 300	\$ 525	\$ 525	\$ 525	\$ 225	75.0%
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
874.000 Costs - Retiree BCBS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
920.000 Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
925.000 Electric	\$ 62,339	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ -	-
930.000 Repairs & Maintenance	\$ 82,985	\$ 65,000	\$ 65,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 5,000	7.7%
957.000 Motor Pool	\$ 34,398	\$ 34,398	\$ 34,398	\$ 35,000	\$ 35,000	\$ 35,000	\$ 602	1.8%
970.000 Capital Outlay (expense)	\$ 2,645	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	-
Operating Costs	\$ 281,539	\$ 314,453	\$ 296,628	\$ 335,325	\$ 335,325	\$ 335,325	\$20,872	6.6%
TOTAL WATER OPERATION	\$ 491,261	\$ 508,638	\$ 495,103	\$ 526,264	\$ 526,264	\$ 526,264	\$17,626	3.5%



2012-2013 Budget

543 SEWER - WWTP	0.346599073						Year to Year	
	2011 Actual	2012 Budget	2012 Projected	Dept Request	Manager Budget	Council Adopted	Budget Difference	Percent Change
702.000 Salaries	\$ 165,637	\$ 162,173	\$ 162,173	\$ 170,379	\$ 170,379	\$ 170,379	\$ 8,206	5.1%
703.000 Longevity	659	-	-	-	-	-	-	-
704.000 Overtime	10,498	7,000	8,000	7,000	7,000	7,000	-	-
706.000 Part Time	0	-	-	-	-	-	-	-
708.000 V\SIH Sellback	370	3,000	1,500	3,000	3,000	3,000	-	-
712.001 Costs - Social Security	10,402	11,251	11,251	10,983	10,983	10,983	(268)	-2.4%
712.002 Costs - Medicare	2,433	2,631	2,631	2,569	2,569	2,569	(62)	-2.4%
712.004 Costs - ICMA Contribution	0	-	-	-	-	-	-	-
712.005 Costs - MERS Contribution	9,477	7,939	7,939	-	-	-	(7,939)	-100.0%
712.006 Costs - In Lieu of BC/BS	0	-	-	-	-	-	-	-
712.007 Costs - SUTA	832	832	1,200	1,433	1,433	1,433	601	72.3%
712.009 Costs - Workers Compensation	2,168	2,096	3,400	3,788	3,788	3,788	1,692	80.7%
712.010 Costs - Blue Cross Insurance	32,670	34,973	28,000	29,890	29,890	29,890	(5,083)	-14.5%
712.011 Costs - Life Insurance	624	598	598	317	317	317	(281)	-47.0%
712.012 HRA Payments	7,022	-	3,500	7,562	7,562	7,562	7,562	-
Employee Costs	\$ 242,792	\$ 232,492	\$ 230,192	\$ 236,919	\$ 236,919	\$ 236,919	\$4,427	1.9%
		-14.3%	(38,841)					
715.000 Uniform & Cleaning Allowance	\$ 2,249	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	-
728.000 Operating Expense	\$ 18,777	\$ 32,500	\$ 32,500	\$ 30,000	\$ 30,000	\$ 30,000	\$ (2,500)	-7.7%
745.000 Chemicals	\$ 21,760	\$ 39,900	\$ 30,000	\$ 31,000	\$ 31,000	\$ 31,000	\$ (8,900)	-22.3%
770.000 Vehicle Gas	\$ 6,428	\$ 16,275	\$ 7,000	\$ 8,400	\$ 8,400	\$ 8,400	\$ (7,875)	-48.4%
801.000 Professional Services	\$ 38,139	\$ 15,000	\$ 25,000	\$ 16,500	\$ 16,500	\$ 16,500	\$ 1,500	10.0%
822.000 Insurance	\$ 26,465	\$ 29,000	\$ 29,000	\$ 29,000	\$ 29,000	\$ 29,000	\$ -	-
824.000 Lab Testing	\$ 8,927	\$ 13,550	\$ 13,550	\$ 12,000	\$ 12,000	\$ 12,000	\$ (1,550)	-11.4%
831.000 Contractual Repairs & Maint.	\$ 55,907	\$ 72,000	\$ 72,000	\$ 68,000	\$ 68,000	\$ 68,000	\$ (4,000)	-5.6%
860.000 Travel & Training Expense	\$ 4,683	\$ 3,600	\$ 3,600	\$ 4,000	\$ 4,000	\$ 4,000	\$ 400	11.1%
870.000 Membership & Dues	\$ -	\$ -	\$ -	\$ 450	\$ 450	\$ 450	\$ 450	-
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
874.000 Costs - Retiree BCBS	\$ 3,000	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	-
920.000 Gas	\$ 21,575	\$ 17,000	\$ 17,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 4,000	23.5%
925.000 Electric	\$ 116,225	\$ 95,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ 115,000	\$ 20,000	21.1%
930.000 Repairs & Maintenance	\$ 76,806	\$ 76,000	\$ 80,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 24,000	31.6%
931.000 Repairs & Maintenance - Buildings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
957.000 Motor Pool	\$ 34,398	\$ 34,398	\$ 34,398	\$ 35,000	\$ 35,000	\$ 35,000	\$ 602	1.8%
970.000 Capital Outlay (expense)	\$ 1,107	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	-
Operating Costs	\$ 436,447	\$ 447,223	\$ 468,048	\$ 473,350	\$ 473,350	\$ 473,350	\$26,127	5.8%
TOTAL SEWER - WWTP	\$ 679,238	\$ 679,715	\$ 698,240	\$ 710,269	\$ 710,269	\$ 710,269	\$30,554	4.5%



2012-2013 Budget

544 SEWER COLLECTION	2011	2012	2012	Dept	Manager	Council	Year to Year	
	Budget	Budget	Projected	Request	Budget	Adopted	Budget	Percent
							Difference	Change
702.000 Salaries	\$ 75,094	\$ 78,640	\$ 78,640	\$ 80,196	\$ 80,196	\$ 80,196	\$ 1,556	2.0%
703.000 Longevity	\$ 96	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
704.000 Overtime	\$ 10,304	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ -	-
706.000 Part Time	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
708.000 V\SH Sellback	\$ 8,752	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	-
712.001 Costs - Social Security	\$ 5,657	\$ 5,539	\$ 5,539	\$ 5,397	\$ 5,397	\$ 5,397	\$ (142)	-2.6%
712.002 Costs - Medicare	\$ 1,323	\$ 1,295	\$ 1,295	\$ 1,262	\$ 1,262	\$ 1,262	\$ (33)	-2.5%
712.004 Costs - ICMA Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
712.005 Costs - MERS Contribution	\$ 4,421	\$ 3,866	\$ 3,866	\$ -	\$ -	\$ -	\$ (3,866)	-100.0%
712.006 Costs - In Lieu of BC/BS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
712.007 Costs - SUTA	\$ 416	\$ 416	\$ 600	\$ 716	\$ 716	\$ 716	\$ 301	72.3%
712.009 Costs - Workers Compensation	\$ 1,514	\$ 1,551	\$ 2,300	\$ 2,646	\$ 2,646	\$ 2,646	\$ 1,095	70.6%
712.010 Costs - Blue Cross Insurance	\$ 20,517	\$ 21,424	\$ 17,000	\$ 22,560	\$ 22,560	\$ 22,560	\$ 1,136	5.3%
712.011 Costs - Life Insurance	\$ 312	\$ 299	\$ 299	\$ 158	\$ 158	\$ 158	\$ (140)	-47.0%
712.012 HRA Payments	\$ 2,369	\$ -	\$ 3,000	\$ 5,755	\$ 5,755	\$ 5,755	\$ -	-
Employee Costs	\$ 130,775	\$ 119,030	\$ 118,539	\$ 124,692	\$ 124,692	\$ 124,692	(\$93)	-0.1%
715.000 Uniform & Cleaning Allowance	\$ 1,187	\$ 1,328	\$ 1,328	\$ 1,390	\$ 1,390	\$ 1,390	\$ 62	4.7%
728.000 Operating Expense	\$ 1,555	\$ 5,450	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ (2,450)	-45.0%
745.000 Chemicals	\$ -	\$ 7,500	\$ 4,500	\$ 8,000	\$ 8,000	\$ 8,000	\$ 500	6.7%
770.000 Vehicle Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
801.000 Professional Services	\$ 52,693	\$ 10,000	\$ 25,000	\$ 239,500	\$ 239,500	\$ 239,500	\$ 229,500	2295.0%
831.000 Contractual Repairs & Maint.	\$ 300	\$ 27,000	\$ 14,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ (17,000)	-63.0%
860.000 Travel & Training Expense	\$ 587	\$ 500	\$ 500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 500	100.0%
870.000 Membership & Dues	\$ -	\$ -	\$ -	\$ 450	\$ 450	\$ 450	\$ 450	-
873.000 Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
874.000 Costs - Retiree BCBS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
930.000 Repairs & Maintenance	\$ 17,033	\$ 23,500	\$ 23,500	\$ 16,000	\$ 16,000	\$ 16,000	\$ (7,500)	-31.9%
957.000 Motor Pool	\$ 34,398	\$ 34,398	\$ 34,398	\$ 35,000	\$ 35,000	\$ 35,000	\$ 602	1.8%
970.000 Capital Outlay (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Operating Costs	\$ 107,752	\$ 109,676	\$ 106,226	\$ 314,340	\$ 314,340	\$ 314,340	\$204,664	186.6%
TOTAL SEWER COLLECTION	\$ 238,527	\$ 228,706	\$ 224,765	\$ 439,032	\$ 439,032	\$ 439,032	\$204,571	89.4%



2012-2013 Budget

574 BOND INTEREST	2011 Actual	2012 Budget	2012 Projected	Dept Request	Manager Budget	Council Adopted	Budget Difference	Percent Change
960.000 Bank Charges	\$ 491	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000		
962.000 Accrued Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
963.000 Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
995.002 1997 A Bond Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
995.003 1997 B SRF Bond Interest	\$ 4,838	\$ 4,838	\$ 4,838	\$ 3,488	\$ 3,488	\$ 3,488		
995.004 1998 A Bond Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
995.005 1998 B SRF Bond Interest	\$ 28,631	\$ 28,631	\$ 28,631	\$ 22,388	\$ 22,388	\$ 22,388		
995.006 1999 A Bond Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
995.007 1999 B SRF Bond Interest	\$ 33,500	\$ 33,500	\$ 33,500	\$ 27,813	\$ 27,813	\$ 27,813		
995.008 2005 Refunding Interest	\$ 225,583	\$ 225,583	\$ 225,583	\$ 193,851	\$ 193,851	\$ 193,851		
995.009 2006 SRF Interest	\$ 38,874	\$ 38,874	\$ 38,874	\$ 34,812	\$ 34,812	\$ 34,812		
995.010 2010 SRF Interest	\$ -	\$ 17,313	\$ 8,813	\$ 16,625	\$ 16,625	\$ 16,625		
995.011 2010 DWRF Interest	\$ -	\$ 11,375	\$ 5,813	\$ 10,875	\$ 10,875	\$ 10,875		
995.012 2010 Cap Imp Interest	\$ -	\$ 140,121	\$ 70,733	\$ 137,428	\$ 137,428	\$ 137,428		
995.010 2011 SRF Interest	\$ -	\$ 36,403	\$ 36,403	\$ 32,875	\$ 32,875	\$ 32,875		
995.011 2011 DWRF Interest	\$ -	\$ 18,998	\$ 18,998	\$ 12,875	\$ 12,875	\$ 12,875		
TOTAL DEBT INTEREST	\$ 331,916	\$ 557,636	\$ 473,186	\$ 494,030	\$ 494,030	\$ 494,030	\$ (63,606)	-11.4%
OPERATING RESULT	\$ (331,916)	\$ 1,208,949	\$ 1,012,687	\$ 1,001,191	\$ 1,001,191	\$ 1,001,191		
TOTAL DEBT REPAYMENT	\$ 814,999	\$ 815,000	\$ 815,000	\$ 1,119,617	\$ 1,119,617	\$ 1,119,617	\$ 304,617	37.4%
SURPLUS\DEFICIT BEFORE CAPEX		\$ 393,949	\$ 197,687	\$ (118,426)	\$ (118,426)	\$ (118,426)		
CAPITAL EXPENDITURES								
541 Admin Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
542 Water Capital Outlay	\$ 55,191	\$ 135,000	\$ 135,000	\$ 50,000	\$ 50,000	\$ 50,000		
543 WWTP Capital Outlay	\$ 112,962	\$ 175,000	\$ 235,000	\$ 45,000	\$ 45,000	\$ 45,000		
544 Sewer Capital Outlay	\$ 4,130,177	\$ 5,700,000	\$ 3,011,400	\$ -	\$ -	\$ -		
TOTAL CAPITAL EXPENDITURES	\$ 4,298,330	\$ 6,010,000	\$ 3,381,400	\$ 95,000	\$ 95,000	\$ 95,000	\$ (5,915,000)	-98.4%
CASH IMPACT BEFORE FINANCING	\$ (4,298,330)	\$ (5,616,051)	\$ (3,183,713)	\$ (213,426)	\$ (213,426)	\$ (213,426)		
SRF Loan	\$ 601,774	\$ 1,370,000	\$ 1,389,466	\$ -	\$ -	\$ -		
DWRF Loan	\$ 429,462	\$ 535,000	\$ 570,538	\$ -	\$ -	\$ -		
Capital Improvement Bond	\$ 3,478,130	\$ 3,650,000	\$ 548,109	\$ -	\$ -	\$ -		
FINANCING SOURCES	\$ 4,509,366	\$ 5,555,000	\$ 2,508,113	\$ -	\$ -	\$ -		
FINAL CASH IMPACT	\$ 211,036		\$ (675,600)	\$ (213,426)	\$ (213,426)	\$ (213,426)		
BEGINNING CASH & INV	\$ -		\$ 1,810,010			\$ 1,134,411		
ENDING CASH & INV	\$ 1,810,010		\$ 1,134,411			\$ 920,984		
ENDING UNRESTRICTED CASH						\$ 433,183		
BOND DEBT RESERVE						\$ 487,801		

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 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. Several times a year, Manistee is visited by cruise ships that bring passengers to visit our Victorian Port City.

A complete renovation of the Marina building has been completed in time for the upcoming season. 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.

Marina Assumptions & Notes

Revenue	increased	\$9,000	3.5%
Total Costs	increased	\$4,039	1.9%
Employee Costs	increased	\$1,900	6.7%
Operating Costs	increased	\$2,139	1.2%
Debt Service	increased	\$11,533	22.4%
Interest	increased	\$3,540	25.1%
Principal	increased	\$7,993	21.4%
Capital Expenditures	increased	\$0	

Revenue: Revenue increased from the prior year budget. This increase is due to higher projected boater slip fees and fuel sales. The revenue budget is based on the assumption that the new facility will attract additional boaters and drive higher revenues. It also assumes more aggressive fuel pricing to increase margins.

Employee Costs: Employee costs increased from the prior year budget. The increase is due to slightly higher wages in an attempt to get more experienced staff and higher unemployment and workers compensation expenses.

Operating Costs: Operating costs increased slightly from the prior year budget. With a new facility, the cost structure will significantly change from prior years, so operating expenses are difficult to project. Maintenance costs should decline, but utility costs will go up due to the addition of air conditioning.

Debt Service: Debt service increased sharply from the prior year budget. The increase is due to cost overruns on the renovation project which resulted in an increased debt load. The Marina has a loan out from the water & sewer fund and an installment purchase contract with West Shore Bank. If revenues from the Marina are inadequate to both fund operations and service debt, the transfer in from the Capital Improvement fund to backstop the debt service may increase.

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	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
539.000 State Grant	\$310,959	\$0	\$0	\$0	\$0	\$0	
570.000 Local Grant	150,000	0	0	0	0	0	
642.000 Sales	1,687	4,000	4,000	4,000	4,000	0	0.0%
645.000 Charge for Sales - Fuel	91,090	125,000	125,000	130,000	130,000	5,000	4.0%
646.000 Charge for Sales - Dockage	41,879	91,000	60,000	95,000	95,000	4,000	4.4%
664.000 Interest Income	284	100	200	100	100	0	0.0%
671.000 Other Revenue	0	0	0	0	0	0	
695.000 Insurance Settlement	3,405	0	28,000	0	0	0	
699.000 Operating Transfer In	0	40,000	40,000	40,000	40,000	0	0.0%
Total Revenues	\$599,303	\$260,100	\$257,200	\$269,100	\$269,100	\$9,000	3.5%
702.000 Salaries	\$24,007	\$ 25,000	\$ 26,000	\$ 26,000	\$ 26,000	\$1,000	4.0%
703.000 Longevity	0	0	0	0	0	0	
704.000 Overtime	462	1,000	200	500	500	-500	-50.0%
706.000 Part-Time	0	0	0	0	0	0	
712.001 Costs - Social Security	1,382	1,612	1,700	1,643	1,643	31	1.9%
712.002 Costs - Medicare	323	377	450	384	384	7	1.9%
712.004 Costs - ICMA Contribution	0	0	0	0	0	0	
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	429	0	600	999	999	999	
712.009 Costs - Work Comp	449	510	1,000	872	872	362	71.1%
712.010 Costs - Blue Cross Insurance	0	0	0	0	0	0	
712.011 Costs - Life Insurance	0	0	0	0	0	0	
714.001 Retire. Costs - Blue Cross	0	0	0	0	0	0	
Employee Costs	\$27,052	\$28,499	\$29,950	\$30,398	\$30,398	\$1,900	6.7%
728.000 Operating Expense	8,970	13,000	12,000	12,000	12,000	-1,000	-7.7%
730.000 Operating Supplies - Fuel	78,875	112,500	112,500	110,500	110,500	-2,000	-1.8%
801.000 Professional Services	930	2,000	500	1,000	1,000	-1,000	-50.0%
820.000 Administration	13,000	13,000	13,000	14,000	14,000	1,000	7.7%
822.000 Insurance	1,600	700	715	750	750	50	7.1%
831.000 Contractual Repairs & Maint.	1,350	1,000	500	1,000	1,000	0	0.0%
850.000 Phone	15	500	0	0	0	-500	-100.0%
892.500 Marketing	1,600	4,000	4,000	4,000	4,000	0	0.0%
920.000 Gas	1,362	800	1,400	2,000	2,000	1,200	150.0%
922.000 Water	812	4,500	4,500	5,000	5,000	500	11.1%
925.000 Electric	5,351	11,500	12,000	14,000	14,000	2,500	21.7%
930.000 Repairs & Maintenance	51,128	4,000	10,000	4,000	4,000	0	0.0%
958.000 Sales Tax	8,171	3,000	4,000	4,000	4,000	1,000	33.3%
959.000 Bad Debt	0	0	0	0	0	0	
960.000 Bank Charges	4,182	8,611	8,500	9,000	9,000	389	4.5%
964.000 Refunds	0	0	0	0	0	0	
970.000 Capital Outlay (expense)	16,755	0	0	0	0	0	
Operating Costs	\$194,102	\$179,111	\$183,615	\$181,250	\$181,250	\$2,139	1.2%

	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
TOTAL OPERATING EXPENSES	\$221,153	\$207,610	\$213,565	\$211,649	\$211,649	\$4,039	1.9%
AVAILABLE FOR DEBT SERVICE	\$378,150	\$52,490	\$43,635	\$57,451	\$57,451	\$4,961	
Water & Sewer Loan Int		\$1,817	\$0	\$6,007	\$6,007	4,190	230.7%
Installment Purchase Int	\$4,104	\$12,312	\$12,312	\$11,662	\$11,662	-650	-5.3%
TOTAL DEBT INTEREST	\$4,104	\$14,129	\$12,312	\$17,669	\$17,669	3,540	25.1%
OPERATING RESULT	\$374,046	\$38,362	\$31,323	\$39,783	\$39,783		
Water & Sewer Loan	\$0	\$17,288	\$0	\$24,631	\$24,631	7,343	42.5%
Installment Purchase	\$0	\$20,074	\$20,074	\$20,725	\$20,725	650	3.2%
TOTAL DEBT REPAYMENT	\$0	\$37,362	\$20,074	\$45,355	\$45,355	7,993	21.4%
SURPLUS\DEFICIT BEFORE CAPEX	\$374,046	\$1,000	\$11,249	-\$5,573	-\$5,573		
CAPITAL EXPENDITURES							
Marina Building Replacement	\$805,987	\$0	\$120,000	\$0	\$0		
TOTAL CAPITAL EXPENDITURES	\$805,987	\$0	\$120,000	\$0	\$0		
CASH IMPACT BEFORE FINANCING	-\$431,941	\$1,000	-\$108,751	-\$5,573	-\$5,573		
Water & Sewer Loan	\$228,252	\$0	\$80,000	\$0	\$0		
Installment Purchase	\$380,000	\$0	\$0	\$0	\$0		
FINANCING SOURCES	\$608,252	\$0	\$80,000	\$0	\$0		
FINAL CASH IMPACT	\$176,311	\$1,000	-\$28,751	-\$5,573	-\$5,573		
BEGINNING CASH			\$59,366		\$30,615		
ENDING CASH	\$59,366		\$30,615		\$25,042		

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	increased	\$0	0.0%
Total Costs	increased	\$1,552	8.8%
Employee Costs	n/a	n/a	n/a
Operating Costs	increased	\$1,552	8.8%
Debt Service	increased	\$13,536	93.1%
Interest	increased	\$898	89.8%
Principal	increased	\$12,638	
Capital Expenditures	decreased	(\$358,000)	-100.0%

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

Employee Costs: The boat launch has no employees.

Operating Costs: Operating costs increased slightly from the prior year budget. Some costs were reallocated into more appropriate accounts, explaining individual line item variances from last year's budget.

Debt Service: Debt service increased from the prior year budget. The increase is due to a \$135,000 loan from the Water & Sewer fund necessary to finance the Arthur St. Boat launch renovations that is fully in place and will be amortized over 10 years.

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:



2012-2013 Budget

508 Boat Launch Fund	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
539.000 State Grant	\$110,941	\$0	\$0	\$0	\$0	\$0	
642.000 Sales	28,810	\$35,000	27,000	\$35,000	\$35,000	0	0.0%
664.000 Interest Income	5	\$25	20	\$25	\$25	0	0.0%
Total Revenues	\$139,756	\$35,025	\$27,020	\$35,025	\$35,025	\$0	0.0%
728.000 Operating Expense	\$492	\$2,300	\$2,000	\$3,000	\$3,000	\$700	30.4%
801.000 Professional Services	0	500	0	500	500	0	0.0%
820.000 Administration	9,000	9,000	9,000	9,500	9,500	500	5.6%
850.000 Phone	437	400	400	250	250	-150	-37.5%
892.500 Marketing	0	1,000	500	1,000	1,000	0	0.0%
922.000 Water	398	1,600	500	1,000	1,000	-600	-37.5%
925.000 Electric	1,616	1,400	1,800	1,400	1,400	0	0.0%
930.000 Repairs & Maintenance	6,068	1,000	700	2,000	2,000	1,000	100.0%
960.000 Bank Charges	464	400	400	500	500	100	25.0%
970.000 Capital Outlay (expense)	0	0	0	0	0	0	
Operating Costs	\$18,474	\$17,600	\$15,300	\$19,151	\$19,152	\$1,552	8.8%
TOTAL OPERATING EXPENSES	\$18,474	\$17,600	\$15,300	\$19,151	\$19,152	\$1,552	8.8%
AVAILABLE FOR DEBT SERVICE	\$121,282	\$17,425	\$11,720	\$15,874	\$15,873		
Water & Sewer Loan (Interest)	\$0	\$1,000	\$4,176	\$1,898	\$1,898		
TOTAL DEBT INTEREST	\$0	\$1,000	\$4,176	\$1,898	\$1,898	\$898	89.8%
OPERATING RESULT	\$121,282	\$16,425	\$7,544	\$13,976	\$13,975		
Water & Sewer Loan (Principal)	\$0	\$0	\$3,824	\$12,638	\$12,638		
Installment Purchase (Principal)	\$0	0	0				
TOTAL DEBT REPAYMENT	\$0	\$0	\$3,824	\$12,638	\$12,638	\$12,638	
SURPLUS\DEFICIT BEFORE CAPEX	\$121,282	\$16,425	\$3,720	\$1,338	\$1,337		
CAPITAL EXPENDITURES							
First Street Launch	\$0	\$0	\$0	\$0	\$0		
Arthur Street Launch	206,059	358,000	0	0	0		
Ninth Street Launch	0	0	0	0	0		
TOTAL CAPITAL EXPENDITURES	\$206,059	\$358,000	\$0	\$0	\$0	-\$358,000	-100.0%
CASH IMPACT BEFORE FINANCING	-\$84,777	-\$341,575	\$3,720	\$1,338	\$1,337		
Water & Sewer Loan (Proceeds)	\$135,000	\$75,000	\$0	\$0	\$0		
Installment Purchase (Proceeds)	0	0	0	0	0		
FINANCING SOURCES	\$135,000	\$75,000	\$0	\$0	\$0		
FINAL CASH IMPACT	\$50,223	-\$266,575	\$3,720	\$1,338	\$1,337		
BEGINNING CASH & INV			\$5,906	\$9,626	\$9,626		
ENDING CASH & INV	\$5,906		\$9,626	\$10,964	\$10,963		

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	\$138,580	60.8%
Total Costs	increased	\$32,543	34.1%
Employee Costs	decreased	(\$207)	-0.8%
Operating Costs	increased	\$32,750	47.5%
Debt Service	increased	\$107,397	153.7%
Interest	increased	\$42,317	344.4%
Principal	increased	\$65,081	113.0%
Capital Expenditures	decreased	(\$950,000)	-95.0%

Revenue: Revenue increased sharply over the prior year budget. This is primarily the result of greater transfers in from the Capital Improvement fund to pay for the HVAC system debt service. Higher rental income and ticket sales are projected because of the addition of air conditioning to the ballroom, established concessions and movie ticket sales.

Employee Costs: Employee costs decreased slightly. The Ramsdell employs two permanent part-time employees, who help maintain the building, set up for events and serve as site managers if time allows.

Operating Costs: Operating costs increased moderately. Part of this increase is due to costs associated with new programming and will hopefully be offset by additional revenue. Projecting utility costs will be challenging until we gain some experience with the new HVAC system. However, gas costs should decline because of the high efficiency boilers and electric costs should increase because of the added air conditioning. Also, the addition of film programming and operating concessions is new and requires additional contract staffing, inventory and fees. Overall, the goal is to have the new programming generate incremental profits.

Debt Service: Debt service increased significantly. This reflects the addition of the HVAC system loan payments. The roof loan payment is also reflected here. Both of these are funded entirely by the Capital Improvement fund.

Capital Outlay: Capital outlay decreased significantly as the HVAC system was completed in the prior fiscal year. The current year includes funds for ongoing building renovations.

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

Budget as recommended Budget with changes

Changes:

296 Ramsdell Theatre Fund	2011	2012	2012	Manager	Council	Year to Year
	Actual	Budget	Projected	Budget	Adopted	Budget Difference
539.000 Grant Revenue	\$0	\$0	\$0	\$0	\$0	\$0
642.000 Sales	0	5,000	12,000	500	500	-\$4,500
651.000 Sales - Concessions	159	0	2,500	9,000	9,000	\$9,000
652.000 Sales - Movies	0	0	0	12,500	12,500	\$12,500
664.000 Interest Income	7	20	1,800	50	50	\$30
667.000 Rental Income	51,197	43,000	43,000	23,000	23,000	-\$20,000
667.001 Rental Income - Ballroom	0	0	0	24,000	24,000	\$24,000
667.002 Rental Income - Theatre	0	0	0	3,500	3,500	\$3,500
667.003 Rental Income - Hardy Hall	0	0	0	2,000	2,000	\$2,000
667.004 Rental Income - Studio	0	0	0	100	100	\$100
671.000 Other Revenue	0	0	1,000	500	500	\$500
674.000 Contributions\Donations	3,608	0	4,705	2,500	2,500	\$2,500
699.000 Transfers In	249,761	179,880	259,354	288,830	288,830	\$108,950
Total Revenues	\$304,732	\$227,900	\$324,359	\$366,480	\$366,480	\$138,580
702.000 Salaries	\$24,266	\$23,338	\$20,000	\$23,270	\$23,270	-\$68
704.000 Overtime	245	0	400	0	0	\$0
712.001 Costs - Social Security	1,483	1,447	1,200	1,443	1,443	-\$4
712.002 Costs - Medicare	347	338	300	337	337	-\$1
712.007 Costs - SUTA	354	832	400	358	358	-\$474
712.009 Costs - Workers Comp	332	403	500	742	742	\$339
Employee Costs	\$27,026	\$26,358	\$22,800	\$26,151	\$26,151	-\$207
728.000 Office/Operating Expense	\$13,643	\$12,000	\$14,000	\$14,000	\$14,000	\$2,000
751.000 Concession Expense				\$5,750	\$5,750	
752.000 Movie Expense				\$7,500	\$7,500	
753.000 Performance Expense				\$3,000	\$3,000	
801.000 Professional Services	7,232	5,000	50,000	5,500	5,500	\$500
822.000 Insurance	1,647	1,700	1,550	1,600	1,600	-\$100
831.000 Contractual Repairs & Maint	5,423	3,000	3,000	6,500	6,500	\$3,500
850.000 Phone	911	900	800	540	540	-\$360
870.000 Memberships & Dues	0	0	460	460	460	\$460
892.500 Marketing Expense	\$194	3,000	\$11,000	5,000	5,000	\$2,000
900.000 Printing/Publishing	99	0	200	500	500	\$500
920.000 Gas	15,435	18,000	15,000	17,000	17,000	-\$1,000
922.000 Water	323	400	350	400	400	\$0
925.000 Electric	12,493	10,000	17,000	21,000	21,000	\$11,000
930.000 Repairs & Maint	12,134	15,000	9,000	8,000	8,000	-\$7,000
970.000 Capital Outlay	997	0	0	5,000	5,000	\$5,000
Operating Costs	\$70,533	\$69,000	\$122,360	\$101,750	\$101,750	\$32,750
TOTAL OPERATING EXPENSES	\$97,559	\$95,358	\$145,160	\$127,901	\$127,901	\$32,543

	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference
AVAILABLE FOR DEBT SERVICE	\$207,173	\$132,542	\$179,199	\$238,579	\$238,579	
998.000 Ramsdell Roof - Interest	\$15,294	\$12,286	\$13,098	\$10,733	\$10,733	
998.002 Ramsdell HVAC - Interest	\$0	\$0	\$22,807	\$43,870	\$43,870	
TOTAL DEBT INTEREST	\$15,294	\$12,286	\$35,905	\$54,603	\$54,603	\$42,317
OPERATING RESULT	\$191,879	\$120,256	\$143,294	\$183,977	\$183,977	
308.000 Ramsdell Roof - Principal	\$54,585	\$57,601	\$56,781	\$57,601	\$57,601	
308.002 Ramsdell HVAC - Principal			\$31,668	\$65,080	\$65,080	
TOTAL DEBT REPAYMENT	\$54,585	\$57,601	\$88,449	\$122,682	\$122,682	\$65,081
SURPLUS\DEFICIT BEFORE CAPEX	\$137,293	\$62,655	\$54,845	\$61,295	\$61,295	
CAPITAL EXPENDITURES						
Theatre HVAC		\$950,000	\$1,260,000	\$0	\$0	
Theatre Improvements		\$50,000	\$55,000	\$50,000	\$50,000	
TOTAL CAPITAL EXPENDITURES		\$1,000,000	\$1,315,000	\$50,000	\$50,000	-\$950,000
CASH IMPACT BEFORE FINANCING		-\$937,345	-\$1,260,155	\$11,295	\$11,295	
HVAC Loan		\$1,000,000	\$1,246,000	\$0	\$0	
FINANCING SOURCES		\$1,000,000	\$1,246,000	\$0	\$0	
FINAL CASH IMPACT		\$62,655	-\$14,155	\$11,295	\$11,295	
BEGINNING CASH & INV			\$13,266		-\$889	
ENDING CASH & INV			-\$889		\$10,406	

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 very 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 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.

The condition of the fleet will continue to be closely monitored by Department Heads. City mechanics Mickey McCann and Jim Polisky do an excellent job of maintaining the fleet and extending the useful life of the equipment.

In an attempt to reduce expenses, this year the street sweeper's service life is being extended. It will be extended as long as it remains functional and economical to maintain.

Internal Service Funds

Motor Pool

Motor Pool Assumptions & Notes:

Revenues	decreased	(\$10,419)	-3.5%
Expenses	decreased	(\$5,748)	-2.3%

Revenue: Revenue decreased as rental payments from the general fund were reduced by 2%.

Expenses: Expenses decreased from last year due to the nature of the vehicles and/or equipment being purchased. These are anticipated being paid for in cash (with the exception of the vactor) rather than being financed due to interest rate conditions. The budget proposes buying the following vehicles and equipment:

1. Water & Sewer - Vactor
2. WWTP – Pickup
3. DPW – Sander\Blade Truck
4. DPW - Mower

More information about these purchases can be found in the Capital Improvement Plan.

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

Budget as recommended Budget with changes

Changes:



2012-2013 Budget

Motor Pool

661 Motor Pool	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
664.000 Interest Income	\$487	\$4,000	\$600	\$600	\$600	-\$3,400	-85.0%
670.002 Equipment Rental - City Mgr.	9,450	9,450	9,450	9,250	9,250	-\$200	-2.1%
670.003 Equipment Rental - Fire	28,350	28,350	28,350	27,700	27,700	-\$650	-2.3%
670.004 Equipment Rental - Parks	37,800	37,800	37,800	37,000	37,000	-\$800	-2.1%
670.005 Equipment Rental - Police	33,075	33,075	33,075	32,500	32,500	-\$575	-1.7%
670.006 Equipment Rental - Public Works	75,600	75,600	75,600	74,000	74,000	-\$1,600	-2.1%
670.007 Equipment Rental - Sewer Street	34,398	34,398	34,398	35,000	35,000	\$602	1.8%
670.008 Equipment Rental - Water	34,398	34,398	34,398	35,000	35,000	\$602	1.8%
670.009 Equipment Rental - WWTP	34,398	34,398	34,398	35,000	35,000	\$602	1.8%
671.000 Other Revenue	0	0	0	0	0	\$0	
673.000 Sale of Asset	-23,773	5,000	5,000	0	0	-\$5,000	-100.0%
Total Revenue	\$264,183	\$296,469	\$293,069	\$286,050	\$286,050	-\$10,419	-3.5%
799.000 Miscellaneous Expense	\$0	\$500	\$0	\$0	\$0	-\$500	-100.0%
822.000 Insurance	27,436	30,600	36,532	37,000	37,000	\$6,400	20.9%
971.001 DPW - Plow Trucks	0	0	0	100,000	100,000	\$100,000	
971.002 DPW - Loader (Big)	0	0	0	0	0	\$0	
971.003 DPW - Sidewalk Tractor/Blower	0	0	0	0	0	\$0	
971.004 DPW - Pickup	869	42,000	40,524	0	0	-\$42,000	-100.0%
971.005 DPW - Dump Truck	0	0	0	0	0	\$0	
971.006 DPW - Loader (Small)	0	0	0	0	0	\$0	
971.007 DPW - Hot Patch Trailer	0	0	0	0	0	\$0	
971.008 DPW - Aerial Lift	14,135	16,386	0	16,386	16,386	\$0	0.0%
971.009 DPW - Sweeper	30,376	0	0	0	0	\$0	
971.010 DPW - Snow Blower	0	0	0	0	0	\$0	
971.011 DPW - Skid Steer	0	0	0	0	0	\$0	
971.012 DPW - Chipper	0	35,000	25,000	0	0	-\$35,000	-100.0%
971.013 DPW - Sidewalk Spreader	0	0	0	0	0	\$0	
972.001 PARKS - Mowers	0	0	0	10,000	10,000	\$10,000	
972.002 PARKS - Beach Cleaner	14,658	15,348	15,313	0	0	-\$15,348	-100.0%
972.003 PARKS - Pickup	435	0	0	0	0	\$0	
972.004 PARKS - Gator	0	0	0	0	0	\$0	
973.001 POLICE - Patrol Car	512	90,000	90,000	0	0	-\$90,000	-100.0%
973.002 POLICE - Detective Car	0	0	0	0	0	\$0	
973.003 POLICE - Polaris	0	0	0	0	0	\$0	
974.003 FIRE - Pumper	21,664	24,850	24,850	24,850	24,850	\$0	0.0%
974.004 FIRE - Pickup	0	0	0	0	0	\$0	
974.005 FIRE - Aerial Lift Truck	0	0	0	0	0	\$0	
975.001 WATER - Pickup	435	0	0	0	0	\$0	
975.002 WATER - Cargo Van	0	0	0	0	0	\$0	
976.001 WWTP - Pickup	0	0	0	25,000	25,000	\$25,000	
977.001 WS - Vactor	33,807	0	0	35,700	35,700	\$35,700	
977.002 WS - Backhoe	0	0	0	0	0	\$0	
978.001 GENERAL - Car	435	0	0	0	0	\$0	
978.002 MANAGER - Car	0	0	0	0	0	\$0	
999.000 Operating Transfer Out	0	0	0	0	0	\$0	
Total Expenses	\$144,761	\$254,684	\$232,218	\$248,936	\$248,936	-\$5,748	-2.3%
TOTAL MOTOR POOL		\$41,785	\$60,851	\$37,114	\$37,114		
Beginning Cash			\$310,388		\$371,239		
Ending Cash	\$310,388		\$371,239		\$408,353		

Permanent Funds

Oil & Gas

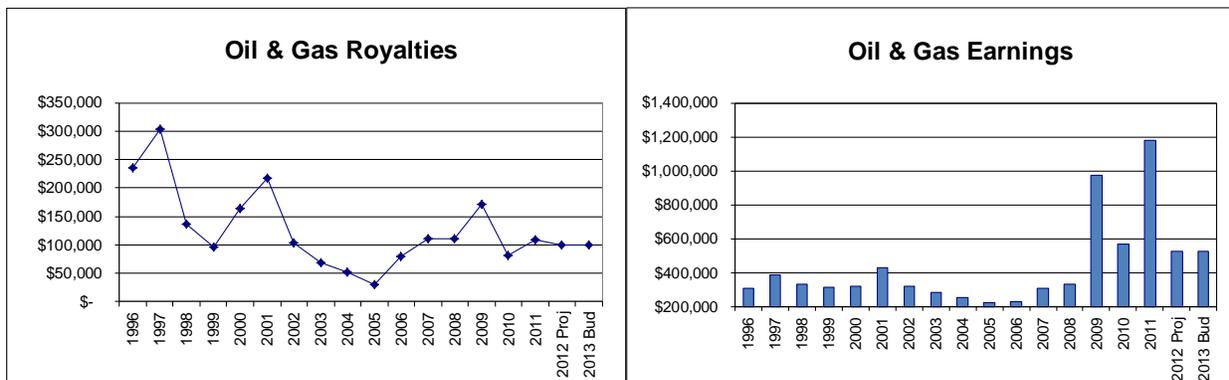
The Oil & Gas Fund was established to accumulate the principal generated from oil and gas royalties received from City-owned mineral rights. Charter Section 2-1(B) protects the principal and royalties of this fund from being spent without a vote of the people.

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	decreased	(\$25,000)	-3.9%
Expenses	increased	\$26,966	11.5%

Revenue: Revenue decreased slightly because of slightly less interest and dividend income than the prior budget. However, the economic recovery is tenuous and unexpected economic shocks or political instability could have an adverse impact on returns in the short term.

Expenses: Expenses increased slightly. Transfers out were responsible for most of this increase. 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 this case, the increase is a good thing as it reflects the value of the fund is increasing. 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

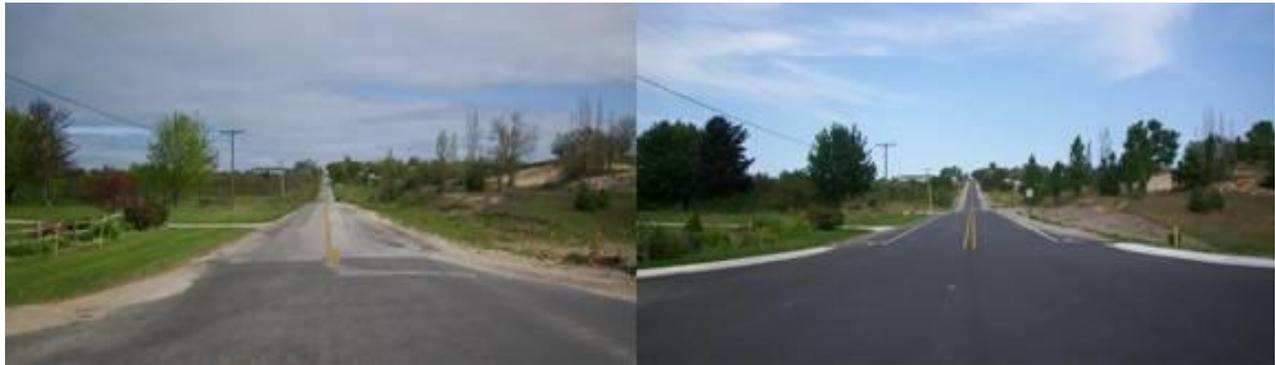
Changes:

245 Oil & Gas Fund	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
664.000 Interest Income	\$254,349	\$300,000	\$275,000	\$275,000	\$275,000	-\$25,000	-8.7%
665.001 Unrealized Gain\Loss	926,359	250,000	250,000	250,000	\$250,000	\$0	0.0%
666.000 Oil Royalties	108,245	100,000	100,000	100,000	\$100,000	\$0	0.0%
Total Revenues	\$1,288,953	\$650,000	\$625,000	\$625,000	\$625,000	-\$25,000	-3.9%
728.000 Office/Operating Expense	\$236	\$1,000	\$100	\$200	\$200	-\$800	
801.000 Professional Services	43,933	42,000	45,000	47,000	\$47,000	\$5,000	14.5%
999.000 Operating Transfer Out	320,770	342,782	342,782	365,548	\$365,548	\$22,766	11.4%
Total Expenditures	\$364,938	\$385,782	\$387,882	\$412,748	\$412,748	\$26,966	11.5%
TOTAL OIL & GAS FUND	\$924,015	\$264,218	\$237,118	\$212,252	\$212,252		
Beginning Fund Balance	\$7,806,264		\$8,730,279		\$8,967,397		
Projected Ending Fund Balance	\$8,730,279		\$8,967,397		\$9,179,649		
Accumulated Royalty Balance	\$7,068,112		\$7,168,112		\$7,268,112		

Special Revenue Funds

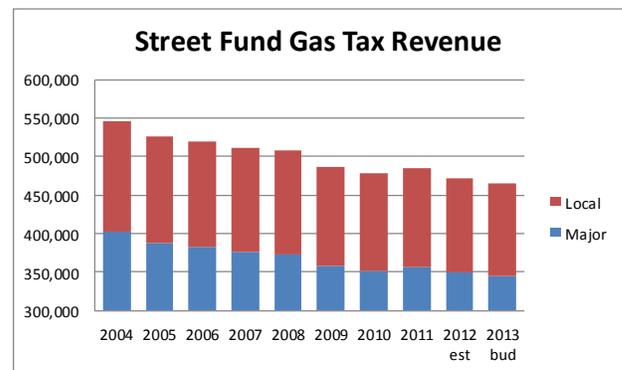
Major Street

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 in 2015. The payment toward the Cedar St. orphan streets will be about \$81,000 per year. These bonds will be retired in 2031.

With state gas tax revenues declining, the City is receiving less revenue each year for street projects. Since 2004, the City is receiving \$81,000 or 15% less in aggregate revenue. It is hoped that the Legislature will address this funding crisis at some point. In any event, even without these decreases, the Act 51 revenue does not nearly cover the full costs associated with 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 in the fall after our streets are rated by the DPW, in order to prepare for the next year's budget.

Major Street Assumptions & Notes:

Revenue	decreased	(\$2,577,911)	-82.9%
Expenses	decreased	(\$2,575,644)	-83.1%

Revenue: Revenue is expected to decrease sharply and return to the baseline budget. The decrease in overall revenues is due to the completion of the Maple Street bridge project, including electrical, tail locks and the approaches, and the completion of First Street. Act 51 revenue is expected to stay flat from the prior year because of stagnant gas and weight taxes passed thru from the State.

Expenses: Expenses are expected to decrease sharply and return to a more baseline budget. The Maple Street Bridge and First Street projects are complete. No major street projects are anticipated as funds are inadequate at this time. Crack sealing per the asset management plan will continue. 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	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year	
						Budget Difference	Percent Change
539.000 State Grant Revenue	\$0	\$1,182,000	\$45,000	\$0	\$0	-\$1,182,000	-100.0%
576.000 Act 51 Revenue	356,134	345,000	350,000	345,000	345,000	0	0.0%
626.000 Charge for Service	181,644	170,000	175,000	182,000	182,000	12,000	7.1%
641.000 Snow Removal	9,661	0	0	0	0	0	
664.000 Interest Income	307	500	20	500	500	0	0.0%
676.000 Reimbursement	185,000	0	0	0	0	0	
699.000 Transfer In	228,890	1,412,911	1,375,000	5,000	5,000	-1,407,911	-99.6%
Total Revenues	\$961,636	\$3,110,411	\$1,945,020	\$532,500	\$532,500	-\$2,577,911	-82.9%
728.000 Operating Expense	\$300	\$1,000	\$500	\$500	\$500	-\$500	-50.0%
935.000 Traffic Services	1,639	20,000	20,000	10,000	10,000	-\$10,000	-50.0%
936.000 Preservation Streets	892,805	1,422,330	1,430,000	144,500	144,500	-\$1,277,830	-89.8%
937.000 Routine Maintenance Bridges	74,789	1,306,581	105,000	5,000	5,000	-\$1,301,581	-99.6%
938.000 Winter Maintenance Streets	148,235	130,000	130,000	122,000	122,000	-\$8,000	-6.2%
960.000 Bank Charges	0	0	300	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)	110,000	110,000	120,000	125,000	125,000	\$15,000	13.6%
997.003 Bond Interest (1999 MDOT)	29,100	29,100	23,350	17,163	17,163	-\$11,937	-41.0%
999.000 Transfer Out	29,779	81,283	81,283	100,487	100,487	\$19,204	23.6%
Total Expenses	\$1,286,647	\$3,100,294	\$1,910,433	\$524,650	\$524,650	-\$2,575,644	-83.1%
TOTAL MAJOR STREET	-\$325,011	\$10,117	\$34,587	\$7,850	\$7,850		
Beginning Fund Balance	\$398,871		\$73,861		\$108,448		
Ending Fund Balance	\$73,861		\$108,448		\$116,298		

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.

Local Street Assumptions & Notes

Revenue	increased	\$103,959	85.5%
Expenses	increased	\$74,987	52.4%

Revenue: Revenue increased mainly because of a transfer in from the Major Street fund to pay for the debt service associated with the reconstruction of the orphan streets as part of the Cedar Street CSO project. This will continue every year for the life of the bonds. Gas tax revenues are expected to decline slightly.

Expenses: Expenses increased mainly because of a transfer out to the General Fund to pay for the debt service associated with the reconstruction of the orphan streets as part of the Cedar Street CSO project. This “in” and “out” accounting treatment is required by law. All other expenses were reduced slightly to better reflect actual spending trends.

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	2011	2012	2012	Manager	Year to Year		Percent	
					Actual	Budget		Projected
501.000 Federal Grant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
539.000 State Grant	0	0	0	0	0	0	\$0	
576.000 Act 51 Revenue	128,593	121,278	122,000	120,000	120,000	120,000	-\$1,278	-1.1%
626.000 Charge for Service	4,065	0	0	0	0	0	\$0	
641.000 Snow Removal	0	0	0	0	0	0	\$0	
664.000 Interest Income	377	300	40	50	50	50	-\$250	-83.3%
676.000 Reimbursement	0	0	0	0	0	0	\$0	
699.000 Transfers In	0	0	0	105,487	105,487	105,487	\$105,487	
Total Revenues	\$133,035	\$121,578	\$122,040	\$225,537	\$225,537	\$103,959		85.5%
728.000 Operating Expense	\$0	\$1,000	\$0	\$1,000	\$1,000	\$1,000		
935.000 Traffic Services	1,579	5,000	5,000	5,000	5,000	5,000	0	0.0%
936.000 Preservation Streets	43,379	75,000	65,000	74,500	74,500	74,500	-500	-0.7%
938.000 Winter Maintenance Streets	66,599	62,000	62,000	57,000	57,000	57,000	-5,000	-8.1%
981.000 Construction Streets	0	0	0	0	0	0	0	
999.000 Transfers Out	60,000	0	0	80,487	80,487	80,487	80,487	
Total Expenditures	\$171,558	\$143,000	\$132,000	\$217,987	\$217,987	\$74,987		52.4%
TOTAL LOCAL STREET	-\$38,523	-\$21,422	-\$9,960			\$7,550		
Beginning Fund Balance	\$119,540		\$81,017			\$71,057		
Projected Ending Fund Balance	\$81,017		\$71,057			\$78,607		

Special Revenue Funds

Street Improvement



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 provide the local match required for any local street projects. MDOT recommends that locally generated revenues be recorded here, to ensure maximum flexibility.

Street Improvement Assumptions & Notes

Revenue decreased (\$29,000) -51.8%
Expenses decreased (\$25,500) -45.9%

Revenue: Revenue is projected to decrease. This was caused by a reduction in grant revenue. No tree grants are expected at this time.

Expenses: Expenses decreased because of no grant expenditures for trees. The tree planting budget has been set at \$15,000 per year. The sidewalk replacement program has been set at \$30,000 per year. One third of this is paid by the Street Improvement fund thru a transfer to the Major & Local street funds (which pay the remaining \$20,000) to ensure compliance with state law relating to 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 Street Improvement Fund	2011	2012	2012	Manager	Council	Year to Year	
						Actual	Budget
						Difference	Change
495.000 ROW Fee	\$23,130	\$24,000	\$23,500	\$24,000	\$24,000	\$0	0.0%
570.000 Local Grants	1,275	30,000	0	0	0	-\$30,000	-100.0%
626.000 Charge for Service	0	1,000	500	1,000	1,000	\$0	0.0%
664.000 Interest Income	159	1,000	700	500	500	-\$500	-50.0%
672.000 Special Assessment	0	0	5,000	1,500	1,500	\$1,500	
674.000 Contributions\Donations	300	0	0	0	0	\$0	
676.000 Reimbursement	0	0	0	0	0	\$0	
699.000 Operating Transfer In	0	0	0	0	0	\$0	
Total Revenue	\$24,865	\$56,000	\$29,700	\$27,000	\$27,000	-\$29,000	-51.8%
801.000 Professional Services	\$1,551	\$5,000	\$2,500	\$5,000	\$5,000	\$0	0.0%
831.000 Contractual Repairs & Maint.	0	500	0	0	0	-\$500	-100.0%
964.000 Refunds	0	0	0	0	0	\$0	
983.000 Capital Outlay - Sidewalks	0	10,000	5,000	0	0	-\$10,000	-100.0%
984.000 Capital Outlay - Trees	7,978	40,000	13,500	12,000	15,000	-\$25,000	-62.5%
999.000 Operating Transfer Out		0		10,000	10,000	\$10,000	
Total Expense	\$9,529	\$55,500	\$21,000	\$27,000	\$30,000	-\$25,500	-45.9%
TOTAL STREET IMPROVEMENT	\$15,335	\$500	\$8,700	\$0	-\$3,000	-\$3,500	
Beginning Fund Balance	\$63,654		\$78,893		\$87,593		
Projected Ending Fund Balance	\$78,893		\$87,593		\$84,593		

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 current contract runs thru 2015. The funding is a hybrid system, funded largely by a 1.15 mill levy and supplemented by a modest monthly user charge of \$3.12, \$6.24, or \$9.36 per month based on the level of service desired. The contract calls for a 4% increase annually. This budget calls for maintaining the user charges at 2011 rates in recognition of the need to increase water and sewer rates by a relatively large amount and the desire to lessen that impact on residents.

Refuse Assumptions & Notes

Revenue	decreased	(\$6,338)	-1.6%
Expenses	decreased	(\$15,530)	-3.6%

Revenue: Revenue decreased due to a decrease in tax revenue. Monthly user charges are held flat this year.

Expenses: Expenses decreased because spring trash haul is not being offered this year and the general fund administrative fee was reduced. This was offset somewhat by a 4% increase in contractual waste fees.

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	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Year to Year		Percent Change
					Council Approved	Budget Difference	
402.000 Real & Personal Property	\$206,560	\$202,898	\$205,000	\$197,000	\$197,000	-\$5,898	-2.9%
411.000 Delinquent Real Tax	14,117	10,540	10,000	10,250	10,250	-\$290	-2.7%
420.000 Delinquent Personal Tax	59	400	100	200	200	-\$200	-50.0%
626.000 Charge for Service	175,628	179,400	180,000	180,000	180,000	\$600	0.3%
643.000 Yard Bags	12,550	12,000	12,000	12,000	12,000	\$0	0.0%
644.000 Trash Bags	789	500	700	700	700	\$200	40.0%
664.000 Interest Income	1,252	1,000	3,800	250	250	-\$750	-75.0%
671.000 Other Revenue	0	0	0	0	0	\$0	
699.000 Operating Transfer In	0	0	0	0	0	\$0	
Total Revenue	\$410,955	\$406,738	\$411,600	\$400,400	\$400,400	-\$6,338	-1.6%
755.000 Yard Bags	\$18,387	\$12,000	\$15,000	\$15,000	\$15,000	\$3,000	25.0%
799.000 Miscellaneous	2,723	5,000	3,500	5,000	5,000	\$0	0.0%
820.000 Administration	40,000	35,000	35,000	29,000	29,000	-\$6,000	-17.1%
826.000 Refuse Contract Fees	259,677	260,000	265,000	275,000	275,000	\$15,000	5.8%
827.000 Municipal Refuse Fees	29,564	23,000	27,000	28,000	28,000	\$5,000	21.7%
828.000 Trash Haul Contract Fees	0	35,000	35,000	0	0	-\$35,000	-100.0%
829.000 Trash Haul City	15,500	15,500	15,500	16,000	16,000	\$500	3.2%
829.001 Yard Waste Contract Fees	27,000	24,308	24,304	25,277	25,277	\$969	4.0%
829.002 Yard Waste City	19,000	19,000	19,000	20,000	20,000	\$1,000	5.3%
999.000 Operating Transfer Out	0	0	0	0	0	\$0	
Total Expenses	\$411,852	\$428,807	\$439,304	\$413,277	\$413,277	-\$15,530	-3.6%
TOTAL REFUSE	-\$897	-\$22,070	-\$27,704	-\$12,877	-\$12,877		
Beginning Fund Balance			\$252,632		\$224,928		
Projected Ending Fund Balance			\$224,928		\$212,051		

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 these wages and benefits. If it is a slow year for issuing permits, the amount of the administration fee will be reduced accordingly. The Building Inspector also handles enforcement of the blight ordinance, rental inspection program and facility management\maintenance duties at City Hall & the Ramsdell Theatre.

Building Inspector Assumptions & Notes

Revenue	increased	\$0	0.0%
Expenses	increased	\$10	0.1%

Revenue: Revenue remained flat from last year’s budget. Although actual building permit revenue was down in 2011, it is expected to rebound as the economy slowly improves.

Expenses: Expenses remained flat from the prior year.

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	2011	2012	2012	Dept	Manager	Council	Year to Year	
							Actual	Budget
633.000 Charge for Service - Permits	14,848	15,000	10,000	15,000	15,000	15,000	0	0.0%
664.000 Interest Income	31	20	25	20	20	20	0	0.0%
671.000 Other Revenue		0	0	0	0	0	0	
Total Revenues	\$14,880	\$15,020	\$10,025	\$15,020	\$15,020	\$15,020	\$0	0.0%
728.000 Operating Expense	\$833	\$1,000	\$700	\$1,000	\$1,000	\$1,000	\$0	0.0%
735.000 Periodicals & Publications	540	650	650	650	650	650	0	0.0%
820.000 Administration	10,000	10,000	10,000	10,000	10,000	10,000	0	0.0%
831.000 Contractual Repairs & Maint	730	725	740	750	750	750	25	3.4%
860.000 Travel & Training Expense	159	1,500	500	1,500	1,500	1,500	0	0.0%
865.000 Vehicle Allowance	0	0	0	0	0	0	0	
870.000 Memberships & Dues	192	325	300	310	310	310	-15	-4.6%
880.000 Education		0	0	0	0	0	0	
900.000 Printing/Publishing		75	75	75	75	75	0	0.0%
930.000 Repairs\Maint - Vehicle\Equip		0	0	0	0	0	0	
957.000 Motor Pool		0	0	0	0	0	0	
964.000 Refunds		0	0	0	0	0	0	
970.000 Capital Outlay		0	2,310	0	0	0	0	
Total Expenses	\$12,454	\$14,275	\$15,275	\$14,285	\$14,285	\$14,285	\$10	0.1%
TOTAL BUILDING INSPECTOR	\$2,426	\$745	-\$5,250	\$735	\$735	\$735		
Beginning Fund Balance			\$21,681			\$16,431		
Projected Ending Fund Balance	\$21,681		\$16,431			\$17,166		

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	increased	\$355,000	727.5%
Expenses	increased	\$445,000	690.3%

Revenue: Revenue is an estimate of grants that may be received. In addition to an estimated \$30,000 in LRSB grants, the City also received a \$75,000 grant for the fish cleaning station and a \$280,000 grant from the MNRTF for the First St. Beach House.

Expenses: Costs are dependent upon the amount of grant dollars received. Funds should be expended within 6 to 12 months of receipt.

275 Grant Management

	2011 Actual	2012 Budget	2012 Projected	2012 Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
570.000 Local Grant Revenue	\$48,800	\$30,000	\$194,331	\$105,000	\$105,000	\$75,000	154%
501.000 Federal Grant Revenue	0	0	98,468	0	0	0	
539.000 State Grant Revenue	0	0	0	280,000	280,000	280,000	
664.000 Interest Income	0	0	0	0	0	0	
Total Revenues	\$48,800	\$30,000	\$292,799	\$385,000	\$385,000	\$355,000	727%
799.000 Expenditures	64,468	30,000	183,468	30,000	475,000	445,000	690%
Total Expenditures	\$64,468	\$30,000	\$183,468	\$30,000	\$475,000	\$445,000	690%
TOTAL LOCAL REVENUE SHARING FUND	-\$15,668	\$0	\$109,331	\$355,000	-\$90,000		
Beginning Fund Balance	\$16,824		\$1,156		\$110,487		
Projected Ending Fund Balance	\$1,156		\$110,487		\$20,487		

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

- Budget as recommended Budget with changes

Changes:

Capital Project Funds

Capital Improvement Fund

The Capital Improvement fund was established in 2005 to set aside money for capital improvements. Its primary source of revenue is the earnings from the Oil & Gas fund. A sampling of recent projects includes the Fifth Avenue Beach House, Duffy Park soccer drainage, Sands Park Tennis court resurfacing, Fire Station furnace and Ramsdell Theatre Roof replacement. This fund has provided almost \$2,000,000 in funding since its inception.



Capital Improvement Assumptions & Notes

Revenue increased	\$18,748	5.4%
Expenses decreased	(\$166,261)	-30.9%

Revenue: Revenue of is based upon the 4.5% Oil & Gas spending rule formula.

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 2012-2013 Capital Improvement Plan for details of the projects anticipated in the budget:

Project	Cost	Notes
Ramsdell Roof Note	\$ 69,880	last payment FY 2016-217
First Street\Maple St. Bridge	\$ 71,853	last payment FY 2031-2032
Municipal Marina	\$ 40,000	last payment 2025-2026 (if needed on an annual basis)
Ramsdell Theatre HVAC	\$ 108,950	last payment FY 2026-2027
Wayfinding Signage	\$ 15,000	continue effort in parks
Heart Monitor	\$ 18,000	for ALS, enhance patient care
Ramsdell Renovations	\$ 40,000	finish classrooms, concession area
City Hall Generator	\$ 7,500	split 1/2 with Water & Sewer

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

- Budget as recommended Budget with changes

Changes:

430 Capital Improvement Fund

	2011 Actual	2012 Budget	2012 Projected	Manager Budget	Council Adopted	Year to Year Budget Difference	Percent Change
664.000 Interest Income	\$743	\$1,000	\$600	\$200	\$200	-\$800	-80.0%
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	0	0	0	\$0	
699.000 Operating Transfer In	320,770	\$346,000	342,782	365,548	365,548	\$19,548	5.6%
Total Revenues	\$321,513	\$347,000	\$343,382	\$365,748	\$365,748	\$18,748	5.4%
799.000 Miscellaneous Expense	\$0	\$0	\$0	\$0	\$0	\$0	
801.000 Professional Services	0	\$0	0	0	0	\$0	
970.000 Capital Outlay	54,371	\$537,444	276,000	80,500	80,500	-\$456,944	-85.0%
979.003 Ramsdell Roof Note			69,880	69,880	69,880	\$69,880	
979.004 Ramsdell HVAC Note			54,475	71,853	71,853	\$71,853	
979.018 Marina Building Note Support			40,000	40,000	40,000	\$40,000	
979.019 First St.\Maple St. Bridge Bond			108,950	108,950	108,950	\$108,950	
999.000 Transfer Out	216,363	\$0	0	0	0	\$0	
Total Expenditures	\$270,735	\$537,444	\$549,305	\$371,183	\$371,183	-\$166,261	-30.9%
TOTAL CAPITAL IMPROVEMENT	\$50,778	-\$190,444	-\$205,923	-\$5,435	-\$5,435		
Beginning Fund Balance			\$234,013		\$28,090		
Projected Ending Fund Balance	\$234,013		\$28,090		\$22,655		

Capital Improvement Fund

Estimated Cash Flows		2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Revenues	Estimated Cost	\$ 365,748							
Expenses									
Committed									
Ramsdell Roof Note		\$ 69,880	\$ 69,880	\$ 69,880	\$ 69,880	\$ 34,940			
First Street		\$ 71,853	\$ 71,980	\$ 71,997	\$ 72,640	\$ 72,256	\$ 72,680	\$ 72,111	\$ 72,130
Municipal Marina		\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Ramsdell Theatre HVAC		\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950	\$ 108,950
Total Committed		\$ 290,683	\$ 290,810	\$ 290,827	\$ 291,470	\$ 256,146	\$ 221,630	\$ 221,061	\$ 221,080
		79%	80%	80%	80%	70%	61%	60%	60%
Annual									
Wayfinding Signage	\$ 15,000	\$ 15,000							
Heart Monitor	\$ 18,000	\$ 18,000							
Ramsdell Renovations	\$ 50,000	\$ 40,000							
City Hall Generator 1/2	\$ 7,500	\$ 7,500							
Total Annual Expense		\$ 80,500							
Estimated Future Annual Available Funds			\$ 60,000	\$ 70,000	\$ 70,000	\$ 100,000	\$ 140,000	\$ 140,000	\$ 140,000
Total Expenses		\$ 371,183	\$ 350,810	\$ 360,827	\$ 361,470	\$ 356,146	\$ 361,630	\$ 361,061	\$ 361,080
Net Result		\$ (5,435)	\$ 14,938	\$ 4,921	\$ 4,278	\$ 9,602	\$ 4,118	\$ 4,687	\$ 4,668
Beginning Fund Balance		\$ 28,090	\$ 22,655	\$ 37,594	\$ 42,515	\$ 46,793	\$ 56,395	\$ 60,513	\$ 65,200
Ending Fund Balance		\$ 22,655	\$ 37,594	\$ 42,515	\$ 46,793	\$ 56,395	\$ 60,513	\$ 65,200	\$ 69,868



2012-2013 Budget

2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
\$ 365,748										

\$ 72,029	\$ 72,689	\$ 72,418	\$ 72,053	\$ 72,397	\$ 72,579	\$ 72,596	\$ 72,457	\$ 72,174	\$ 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				
\$ 220,979	\$ 221,639	\$ 221,368	\$ 221,003	\$ 221,347	\$ 221,529	\$ 127,071	\$ 72,457	\$ 72,174	\$ 72,571	\$ 72,764
60%	61%	61%	60%	61%	61%	35%	20%	20%	20%	20%

\$ 140,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 230,000	\$ 290,000	\$ 290,000	\$ 290,000	\$ 290,000
\$ 360,979	\$ 371,639	\$ 371,368	\$ 371,003	\$ 371,347	\$ 371,529	\$ 357,071	\$ 362,457	\$ 362,174	\$ 362,571	\$ 362,764
\$ 4,769	\$ (5,891)	\$ (5,620)	\$ (5,255)	\$ (5,599)	\$ (5,781)	\$ 8,677	\$ 3,291	\$ 3,574	\$ 3,177	\$ 2,984
\$ 69,868	\$ 74,637	\$ 68,746	\$ 63,126	\$ 57,871	\$ 52,272	\$ 46,491	\$ 55,168	\$ 58,460	\$ 62,034	\$ 65,211
\$ 74,637	\$ 68,746	\$ 63,126	\$ 57,871	\$ 52,272	\$ 46,491	\$ 55,168	\$ 58,460	\$ 62,034	\$ 65,211	\$ 68,195

Budget Appropriation

CITY OF MANISTEE

2012-2013 GENERAL APPROPRIATIONS ACT

BUDGET ADOPTION LIST

It was moved by _____, supported by _____, that the City of Manistee Budgets for the fiscal year 2012-2013 be adopted as presented by the City Manager on April 3, 2012 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	\$ 5,701,596
Total Expense	\$ 5,701,596
100 - General Government	\$ 384,000
100 - General Government Debt	\$ 769,589
101 - Legislative	\$ 46,306
172 - Manager	\$ 207,025
215 - Clerk	\$ 188,661
253 - Finance	\$ 201,760
257 - Assessor	\$ 115,034
265 - Municipal Buildings	\$ 127,950
266 - Attorney	\$ 105,000
285 - Engineer	\$ 36,000
290 - Boards and Commissions	\$ 11,680
301 - Police	\$ 943,790
336 - Fire	\$ 794,849
441 - Public Works	\$ 1,007,663
748 - Community Development	\$ 270,112
751 - Parks and Recreation	\$ 362,943
801 - Appropriations	\$ 129,235

ENTERPRISE FUNDS

573 - WATER & SEWER FUND **

Total Revenue	\$ 3,963,724
Total Expenses	\$ 2,467,536
Total Capital & Debt	\$ 1,708,647
General	\$ 365,548
Administration	\$ 426,424
Water	\$ 526,264
WWTP	\$ 710,269
Sewer	\$ 439,032
Debt Service	\$ 1,613,647
Capital Outlay	\$ 95,000

594 - MUNICIPAL MARINA FUND **

Total Revenue	\$ 269,100
Total Expenses	\$ 211,648
Total Capital & Debt	\$ 63,024
Debt Service	\$ 63,024
Capital Outlay	\$ -

508 - BOAT LAUNCH FUND

Total Revenue	\$ 35,025
Total Expenses	\$ 19,152
Total Capital & Debt	\$ 14,536
Debt Service	\$ 14,536
Capital Outlay	\$ -

296 - RAMSDELL THEATRE FUND

Total Revenue	\$ 366,480
Total Expenses	\$ 127,901
Total Capital & Debt	\$ 227,284
Debt Service	\$ 177,284
Capital Outlay	\$ 50,000

SPECIAL REVENUE FUNDS

202 - MAJOR STREET FUND

Revenue	\$	532,500
Expense	\$	524,650

203 - LOCAL STREET FUND **

Revenue	\$	225,537
Expense	\$	217,987

204 - STREET IMPROVEMENT FUND **

Revenue	\$	27,000
Expense	\$	30,000

226 - REFUSE FUND **

Revenue	\$	400,400
Expense	\$	413,277

249 - BUILDING INSPECTOR

Revenue	\$	15,020
Expense	\$	14,285

275 - GRANT MANAGEMENT

Revenue	\$	385,000
Expense	\$	475,000

CAPITAL PROJECT FUNDS

430 - CAPITAL IMPROVEMENT FUND **

Revenue	\$	365,748
Expense	\$	374,183

INTERNAL SERVICE FUNDS

661 - MOTOR POOL FUND

Revenue	\$	286,050
Expense	\$	248,936

PERMANENT FUNDS

245 - OIL & GAS FUND

Revenue	\$	625,000
Expense	\$	412,748

** Utilizes cash reserves

The Manistee City Council hereby establishes a property tax levy of 17.2957 mills for General Fund operations and 1.15 mills for Refuse Fund operations for the 2012-2013 fiscal year. Water and Sewer consumption charges are established at \$3.03 and \$6.06 per 1,000 gallons respectively for bills issued after July 1, 2012. Refuse monthly user charges are established at \$3.12, \$6.24 and \$9.36, depending on level of service selected, for bills issued after July 1, 2012.

Adopted by the Manistee City Council on May 8, 2012.

Colleen Kenny, Mayor

ATTEST:

Michelle Wright, City Clerk

Schedule of Fees

BUSINESS FEES \ REGISTRATION

AMUSEMENT LICENSE	
Phonographs	\$5
Bowlers	\$10
Pool Tables	\$15
BUSINESS REGISTRATION	\$75
GOING OUT OF BUSINESS	\$50
BICYCLE LICENSE	\$0
STREET PERFORMERS	\$0
TAX ABATEMENT / EXEMPTION	\$1,000
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		
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	\$30	
Per Half Cubic Yard	\$15	
		Actual Charges to be Billed with Labor
MEETING ROOM RENTAL		
	First Hour	\$50
	each addl hour	\$25
MEMORIAL BENCHES	(whole)	\$850
	(picnic table)	\$450
WEDDINGS		\$50
WEED CUTTING	\$250	First Hour
		Addtl Hrs; Per Person / Per Hour + Equip Chg
HANDGUN APPLICATIONS		\$5
RETURN CHECK FEE		\$30
ROAD BREAKAGE DEPOSIT		\$600
	(deposit applied to actual and remainder billed)	

MARINA \ BOAT RAMP

MARINA	Rates Set by State of Michigan
BOAT RAMP	
Daily	\$5
Resident Seasonal	\$35
Non-Resident Seasonal	\$35

PARKING VIOLATIONS (Ord. Ch. 430)

Alternate Parking	\$40
after 14 days	\$100
Handicap Violations	\$50
after 4 days	\$100
Overtime Parking	
Overtime Parking	\$40
after 14 days	\$100

DOCUMENTS & COPIES

ZONING ORDINANCE	\$75
MASTER PLAN	\$75
CHARTER	\$20
CODE OF ORDINANCES	\$80
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	\$3.12
	3-6 Bags / week	\$6.24
	Tidy Tote / week	\$9.36
Commercial	1-2 Bags / week	\$3.12
	3-6 Bags / week	\$6.24
	3-6 Bags 2x / week	\$12.48
	Tidy Tote / week	\$9.36
	Tidy Tote 2x / week	\$18.72
Curbside Recycling		\$4.16
Extra Bags		\$2.00
Freon Tag		\$45.00
Bulky Item		\$12.00
Yard Waste bags		\$3.50

WATER / SEWER RATES (monthly)

Metered Water (per 1,000)	\$3.09
Metered Sewer (per 1,000)	\$6.18
Bonded Debt	varies
Escrow Deposit	\$200
Unmetered Water	\$15
Unmetered Sewer	\$45
Turn On / Off Service	\$75
After Hours Service Call	\$75
Sprinkling Meter 5/8"	\$90
New Water Connection	\$1,000
New Sewer Connection	\$1,000
Utility Extension - Connection to New Line	\$1,000
Additional Meter Installation	\$50
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 within 30 Days
Chapter 415 - Abandoned Vehicles, etc.	\$100	\$250
Section 606.10 - Nuisances by Animals	\$50	\$250
Chapter 654 - Nuisances	\$50	\$250
Section 662.02 - Noise Creating Activities	\$50	\$250
Section 670.03 - Swimming in River	\$50	\$250
Chapter 1022 - Excavations	\$50	\$250
Chapter 1024 - Sidewalks	\$50	\$250
Chapter 1026 - Trees	\$50	\$250
Chapter 1062 - Parks and Recreation	\$50	\$250
Part Twelve/Title Six - Zoning Ordinance	\$50	\$500
Part Fourteen - Building & Housing Codes	\$100	\$500
Chapter 1610 - Fire Prevention Code	\$50	\$250
Other Unspecified	\$50	

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/VALLEY 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	

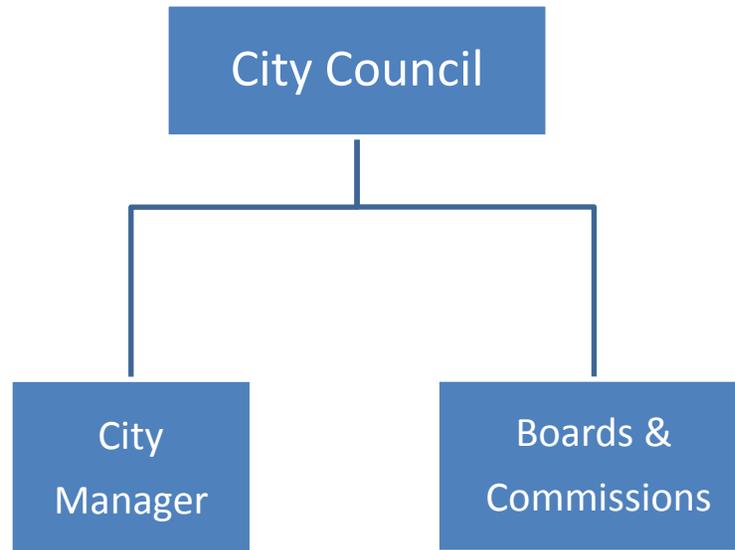
Appendix

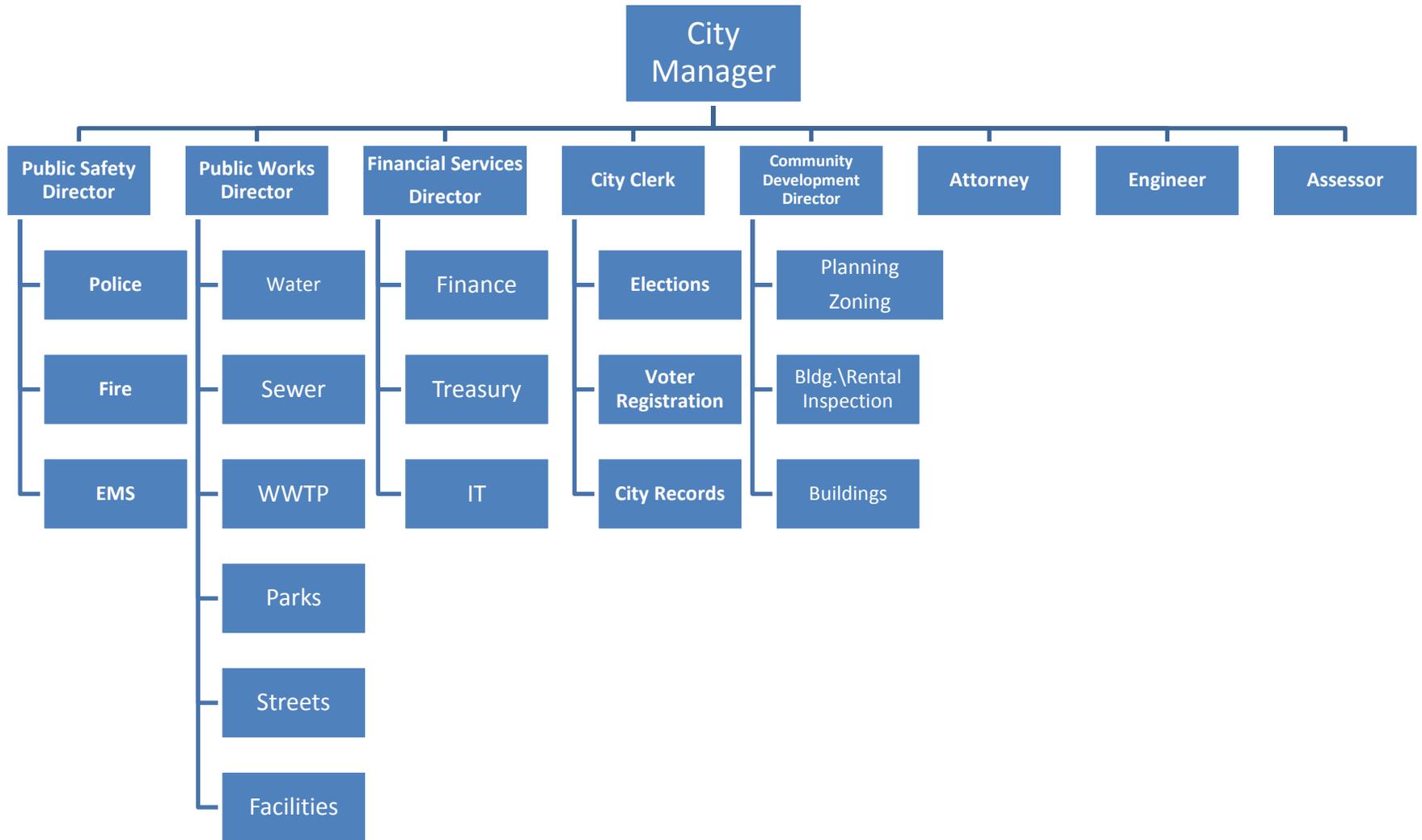
Elected Officials & Administration

Colleen Kenny	Mayor	First District	ckenny@manisteemi.gov
Sid Scrimger	Councilmember	Second District	sscrimger@manisteemi.gov
Robert Hornkohl	Councilmember	Third District	rhornkohl@manisteemi.gov
Iлона Haydon	Councilmember	Fourth District	ihaydon@manisteemi.gov
Catherine Zaring	Mayor Pro-Tem	Fifth District	clzaring@manisteemi.gov
Beth Adams	Councilmember	Sixth District	badams@manisteemi.gov
Alan Marshall	Councilmember	Seventh District	amarshall@manisteemi.gov
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
Jack Garber	Public Works Director		jgarber@manisteemi.gov
Jon Rose	Community Development Director		jrose@manisteemi.gov
Michelle Wright	City Clerk\Deputy Treasurer		mwright@manisteemi.gov

Appendix

City Organization Chart

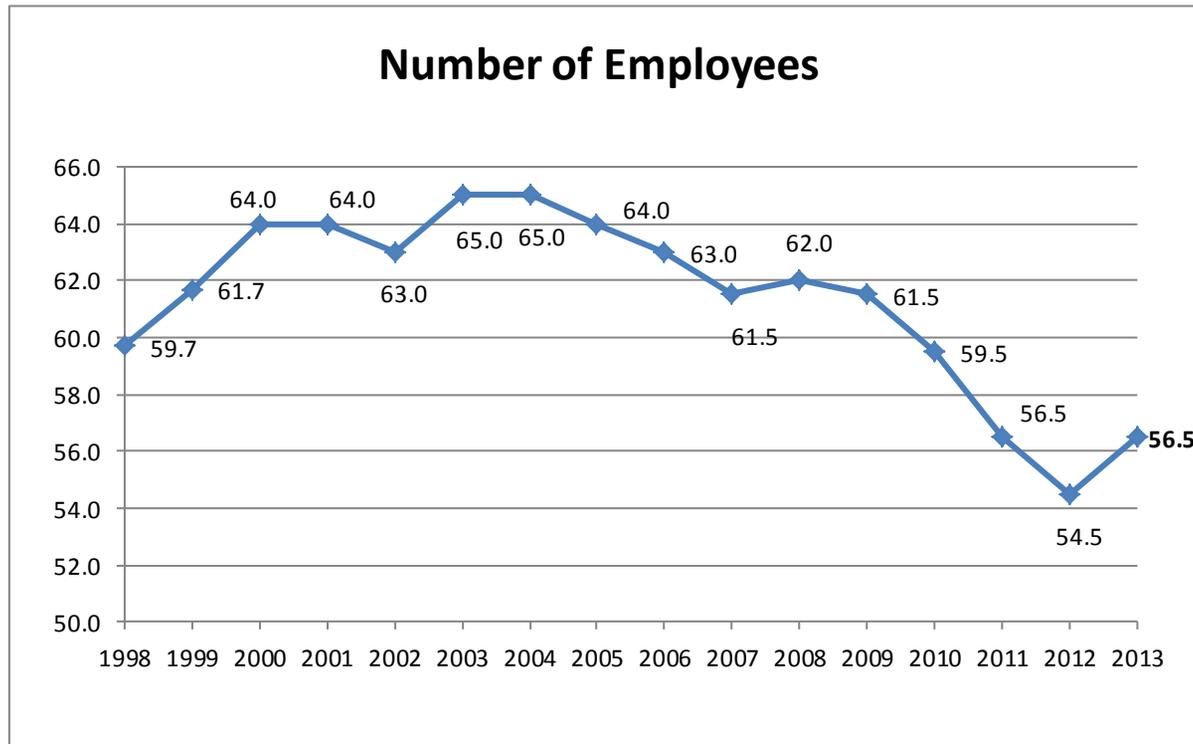




Appendix

Number of Employees

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



Appendix

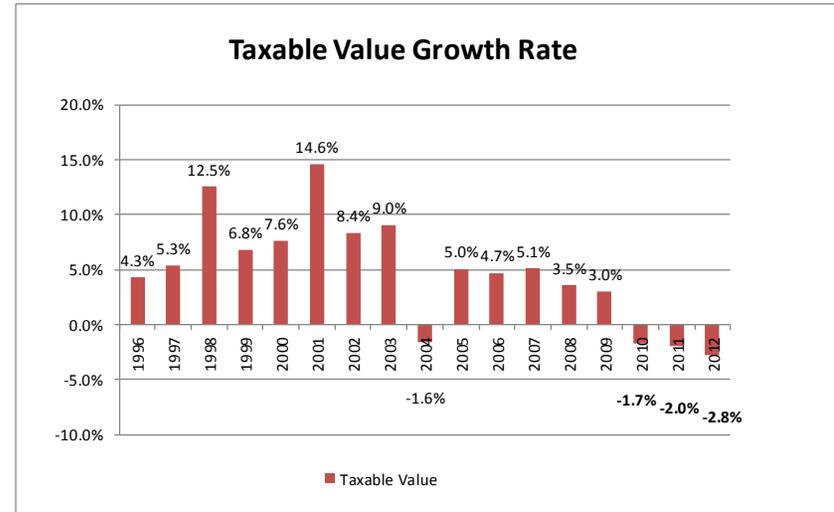
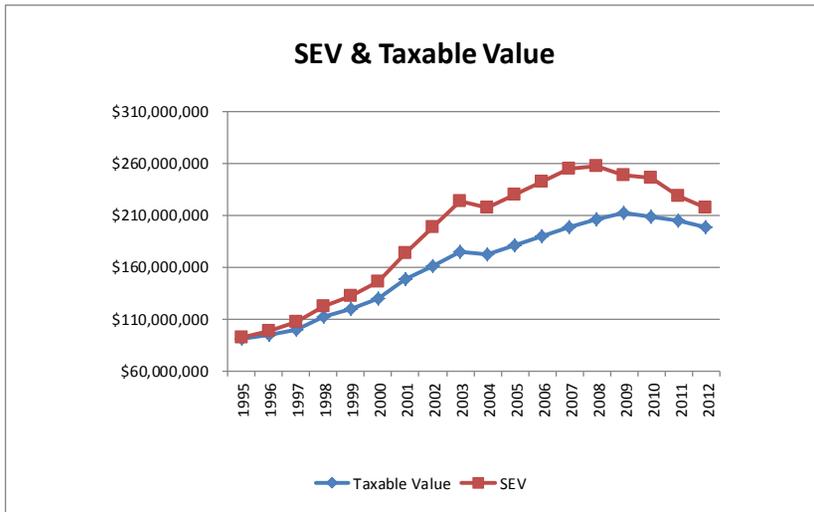
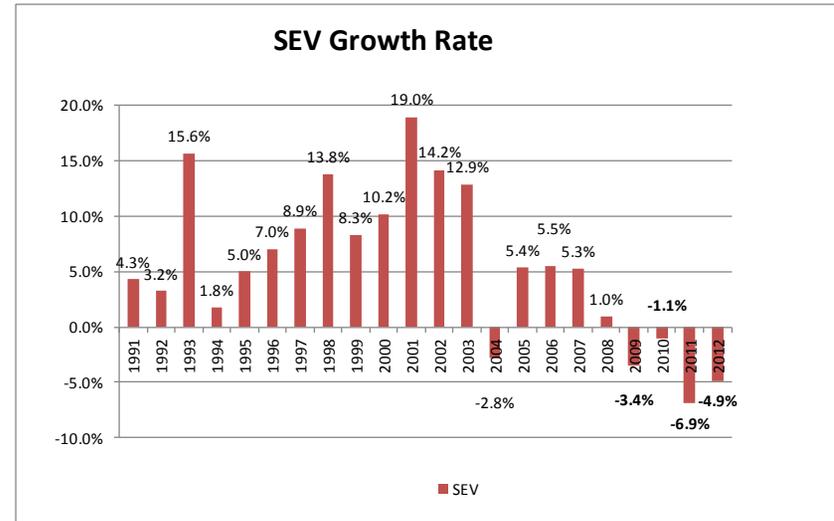
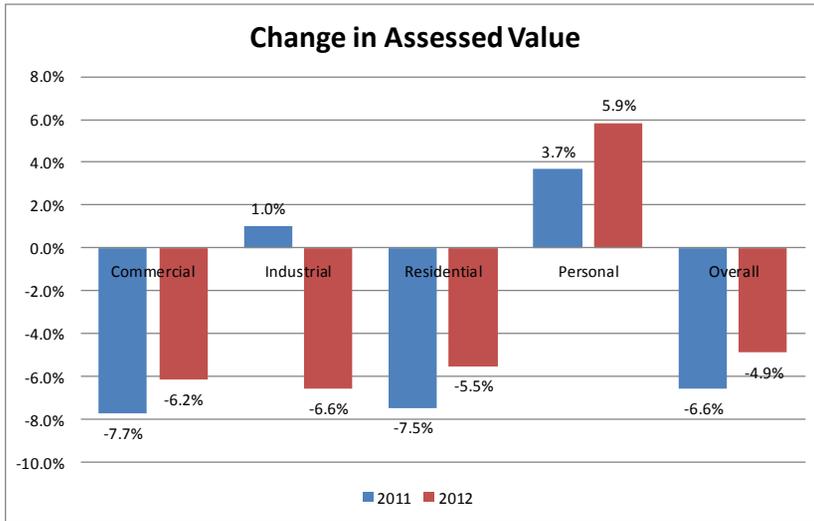
Breakdown of Employees

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
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
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
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
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
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
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
Fire\EMS	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
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
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
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
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	2.0
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
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	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
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
Ramsdell Theatre											0.5	0.5	1.0	1.0	1.0	1.0
Ramsdell Theatre											0.5	0.5	1.0	1.0	1.0	1.0
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

Appendix

SEV & Taxable Value Charts



Appendix

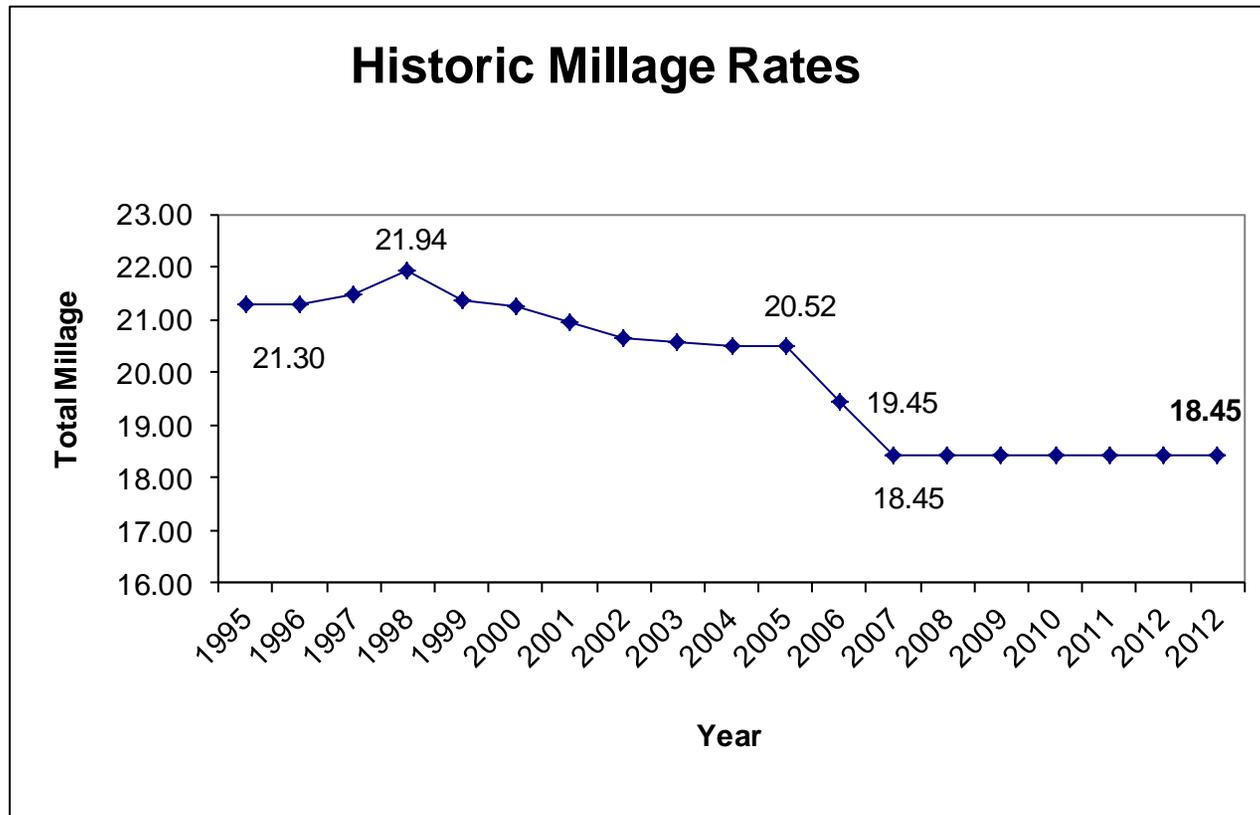
SEV & Taxable Values

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	\$ 217,633,900	-4.9%	\$ 198,853,536	-2.8%
2008 to 2012	\$ (39,760,100) -16.0%	2009 to 2012	\$ (13,585,403) -6.4%	

Appendix

Millage Rates

Historic City millage rates are presented below.



Appendix

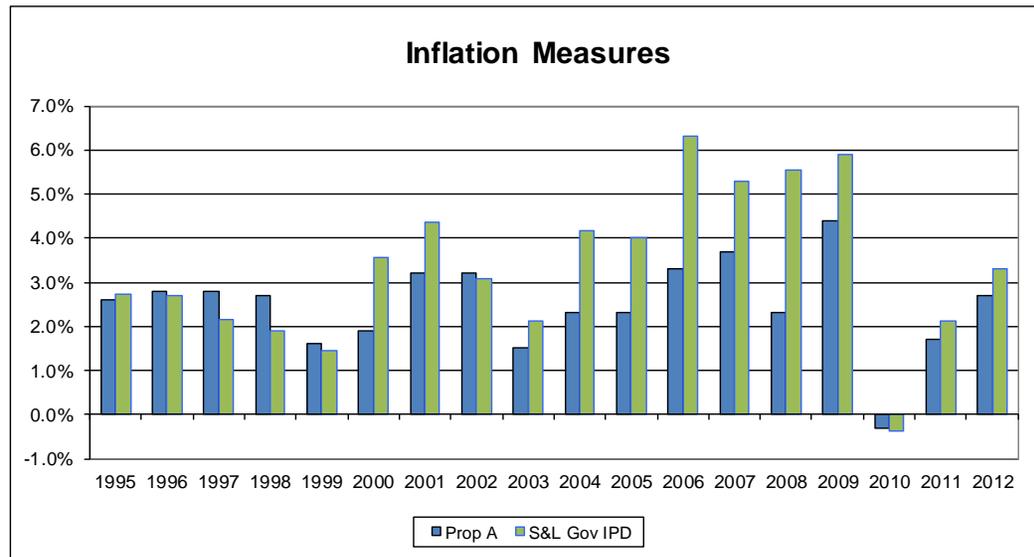
Millage Rates

Millage Rates	Fiscal Year Ended																			
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012	
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	17.2957	
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	
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	
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							
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	
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)	
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%	
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%	

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
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%
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%	-0.4%	2.1%	3.3%

Appendix

Properties Uncapped

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

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
Average	221	



2012-2013 Budget

Appendix

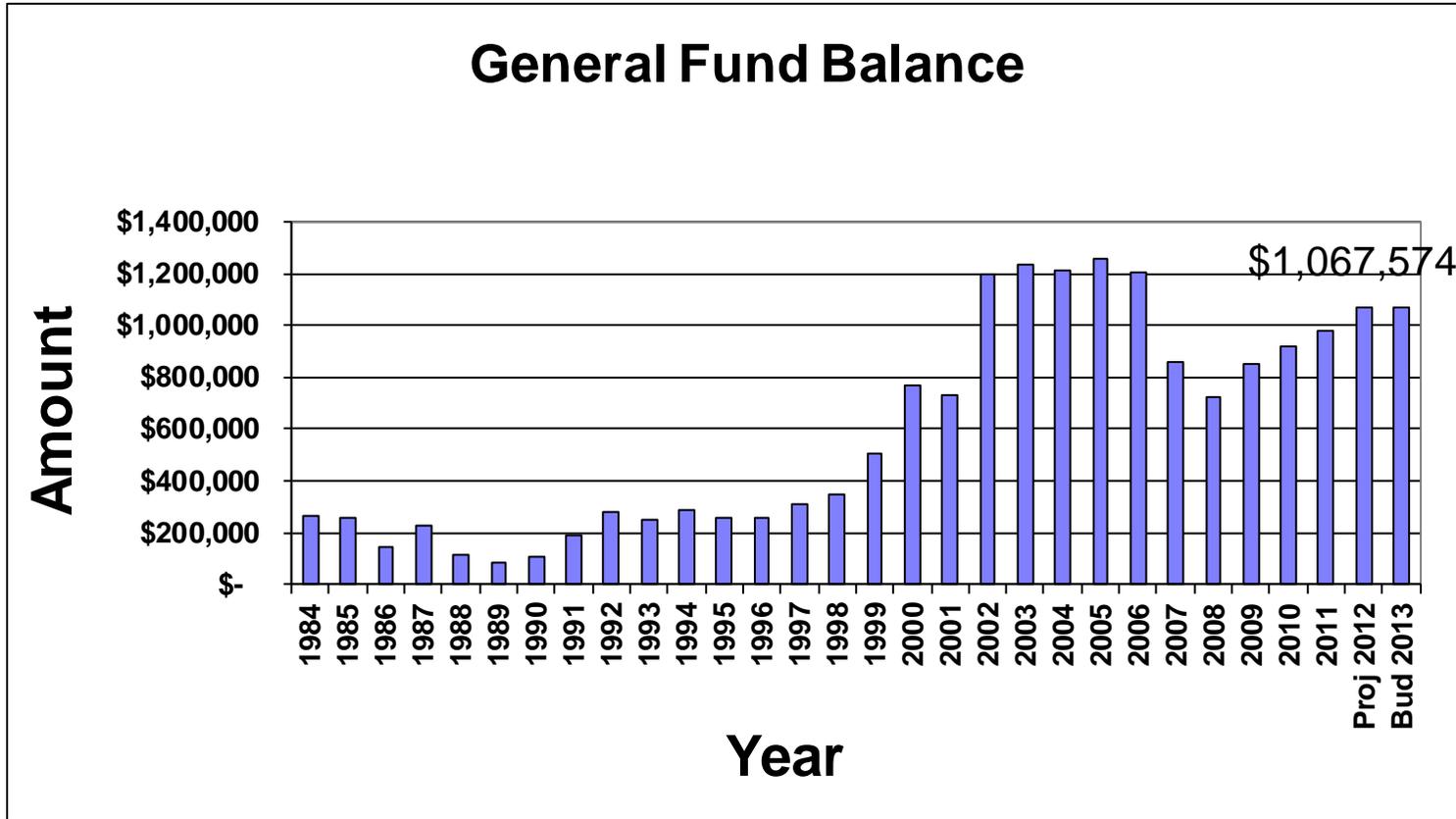
Water & Sewer Rates

The chart below shows historical water & sewer rate increases.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$3.09
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	\$6.18
Fixed Charge	\$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
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	\$62.34
Dollar Increase		\$1.20	\$1.26	\$0.78	\$0.90	\$1.62	\$2.16	\$1.62	\$4.20	\$2.10	\$2.16	\$2.16	\$4.62
Percent Increase		3.2%	3.3%	1.9%	2.2%	3.9%	5.0%	3.6%	9.0%	4.4%	4.0%	4.0%	8.0%

Appendix

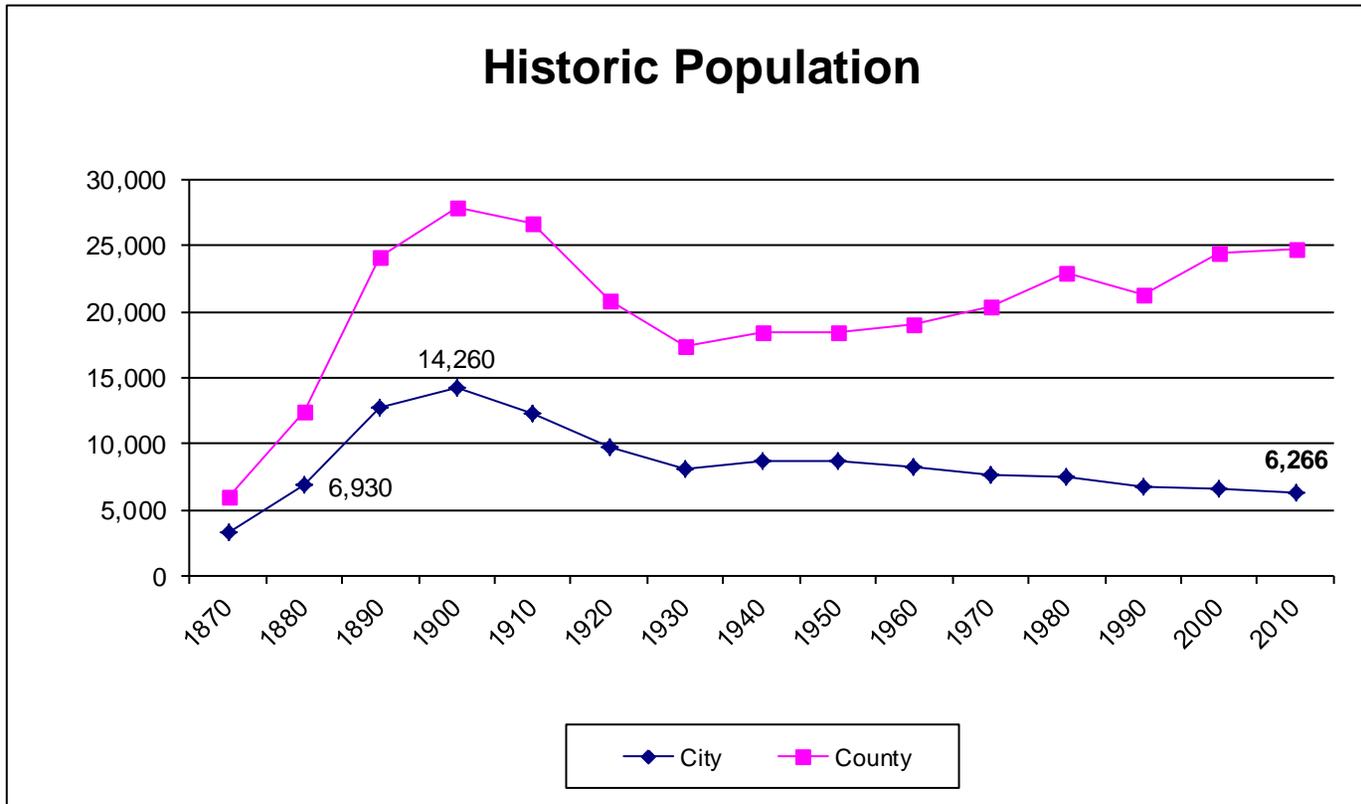
General Fund Balance



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

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 Commission	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	1 st St 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	Local Revenue Sharing	Variety of Items	\$ 194,331
2011	MNRTF	Beach House	\$ 280,000
2011	MDEQ Abandoned Well Mgt.	S2 Sewer Study	\$ 204,300
Total			\$ 10,700,499