

**WORK SESSION AGENDA
WYOMING CITY COUNCIL MEETING
CITY COUNCIL CHAMBERS**

Monday, February 11, 2013, 7:00 P.M.

- 1) Call to Order**
- 2) Student Recognition**
- 3) Public Comment on Agenda Items (3 minute limit per person)**
- 4) Parks & Recreation Fund Balance Projections**
- 5) Water and Sewer Fund Budget Preview**
- 6) Retreat Follow-Up**
- 7) Any Other Matters**
- 8) Acknowledgement of Visitors/Public Comment (3 minute limit per person)**

STAFF REPORT

DATE: February 6, 2013

FROM: Rebecca Rynbrandt, Director of Community Services

RE: Parks & Recreation Fund Balance Projections/Use
Jackson Park Development Project/MNRTF Grant

PROJECT SCOPE – PHASE ONE DEVELOPMENT

In the process of developing the Michigan Natural Resources Trust Fund Grant (MNRTF) for the phase one development of Jackson Park per the approved park master plan; and in preparing the project scope, including:

- access road and parking lot,
- creation of the storm water control measures (wetland, extensive grading),
- restroom,
- splash pad and playground, and
- irrigation and security lighting,

the construction cost estimate has been projected to be \$1,220,000. As a result of the MNRTF having reached its endowment cap (as established by law), the maximum grant award has been reduced to \$300,000. This requires the City to contribute \$920,000 to this project.

BUDGET TRENDS

In preparing the FY 2014 budget, with planned additional staff reductions, evaluating revenue and expense projections for the parks and recreation fund, we anticipate base operational costs to equal revenues. This limits the current and future funds for grant matches, development, and major maintenance projects.

FY 2013 Estimated Year End Net	\$86,000
FY 2014 Estimated Year End Net	\$5,560
• Eliminate 1 FTE	
• No major maintenance budgeted	
• No development	
Fund Balance Projection FY 2013 Year End	\$1,345,845
Proposed Jackson Park Grant Match	\$920,000
Projected Remaining Fund Balance	\$425,845

In order to maintain operations and plan for cash flow, emergencies, major maintenance, and development, it has been our policy to maintain and grow our fund balance in the following manner:

Cash flow/Emergency	10-15% of budget	\$305,560 - \$458,340
Major Maintenance	5%-10%	\$152,780 - \$305,560
Total General Reserve		\$458,340 - \$763,900
Grant Match/Major Capital	Historical Target	\$400,000 - \$500,000

In this model, based upon current projections, we only have \$581,945 - \$887,505 available for grant matches/major capital. Funding the Phase 1 Jackson Park development project would require us to drop below our minimal desired General Reserve standard.

ADDITIONAL CONSIDERATIONS

On Tuesday, February 5, during my monthly meeting with City Manager Holt, when evaluating the project scope for this phase one development and Parks and Recreation operational needs, we considered the following:

- MNRTF grant scoring criteria as it relates to project scope.
- Impact of income reductions in Personal Property Tax.
- Property taxes - continued decreases or have we “bottomed out”? Status of Foreclosure Rates within the City?
- Delay in HUD’s release of Community Development Block Grant census track changes for qualified funding areas.

COUNCIL AFFIRMATION SOUGHT

Taking into consideration the recent ongoing major maintenance needs identified in the 5-Year Recreation Master Plan in addition to development needs, it is staffs recommendation to:

- Prioritize maintaining current facilities.
- Maintain our Fund Balance use plan.
- Delay the Jackson Park MNRTF grant one year to ascertain the impact of Personal Property Tax loss and evaluate overall revenue trends.
- Cancel the public hearing scheduled for February 18, 2013.

Does City Council concur with these approaches?

DATE: February 6, 2013

TO: Curtis L. Holt, City Manager

FROM: William D. Dooley, Director of Public Works

SUBJECT: Fiscal Year 2014 Water and Sewer Fund Budget Preview

At the last two City Council retreats we focused our attention on the long-term sustainability of our community, including the replacement of our aging water, sewer, and street infrastructure. As we begin our budget discussions for 2014, we continue to be guided by our need to develop and maintain a truly sustainable community. In fiscal year 2014 we will continue to pursue changes which will enable Wyoming to ‘live within its means’ and remain sustainable. This includes efforts to consolidate activities within the public works and utility departments, to expand collaborative efforts with surrounding municipalities, and to implement strategic reductions in personnel through attrition. While some changes may result in incremental reductions in service, we will continue to focus our efforts on the community’s priorities and work to minimize direct impacts to our customers.

In 2012, after considering four alternatives, Wyoming decided to phase in a one-time 6% rate increase over six years to help fund infrastructure replacement – which included the following:

- 1) \$15 million of Water Fund and Sewer Fund working capital and construction reserve for infrastructure replacement
- 2) \$78 million of water and sewer revenue bonds for infrastructure replacement - without increasing Wyoming’s current overall debt limit
- 3) Annual cost-of-living adjustments to Wyoming’s water and sewer commodity rates
- 4) Review of the current and historical ready-to-serve charges, with any resulting increases to be used for infrastructure replacement - thereby reducing the size of the commodity rate increases.

For fiscal year 2014, we anticipate recommending the following water and sewer commodity rates:

Water Rates

<u>FY</u>	<u>Operation</u>	<u>Infrastructure</u>	<u>Total</u>
2012	\$1.20	\$0.00	\$1.20
2013	\$1.22 (+1.7%)	\$0.01 (+0.8%)	\$1.23 (+2.5%)
2014	\$1.25 (+2.5%)	\$0.02 (+0.8%)	\$1.27 (+3.3%)

Sewer Rates

<u>FY</u>	<u>Operation</u>	<u>Infrastructure</u>	<u>Total</u>
2012	\$2.10	\$0.00	\$2.10
2013	\$2.13 (+1.4%)	\$0.02 (+0.9%)	\$2.15 (+2.4%)
2014	\$2.19 (+2.8%)	\$0.03 (+0.5%)	\$2.22 (+3.3%)

Based upon these rates, we propose to undertake the following water and sewer infrastructure replacement projects, which will be partially financed with new revenue for infrastructure replacement as well as existing water and sewer fund working capital and construction reserves:

Water Fund

Water Main Replacement	\$1,200,000
WTP Generator Upgrade	200,000
WTP Low Service & Gezon Upgrades	100,000
	=====
	\$1,500,000
New Revenue for Infrastructure	\$80,000
Working Capital/Construction Reserve	1,420,000
	=====
	\$1,500,000

Sewer Fund

Sewer Main Slip Lining	\$300,000
CWP HVAC & Lab Rehab	1,150,000
CWP Centrifuge Rehab	50,000
	=====
	\$1,500,000
New Revenue for Infrastructure	\$110,000
Working Capital/Construction Reserve	1,390,000
	=====
	\$1,500,000

We will be available to discuss this and other water and sewer budget matters with the City Council at their study session on February 11, 2013. We will also prepare a few graphs to better illustrate financial trends in the water and sewer funds.