



June 14, 2022

Honorable Mayor Vicki Platt
Fred Rybarz, Mayor Pro Tem
Catalina Burillo, Council
Jim Evans, Council
Dean Hodges, Council
Amanda Klotz, Council
Kris Trygstad, Council

CITY OF HART
HART, MICHIGAN

SUBJECT: FY2023 ANNUAL BUDGET

In accordance with Chapter IX of the City Charter, here is the proposed annual budget for FY2023 (July 1, 2022 – June 30, 2023) for the City of Hart, Michigan. I would like to thank the Mayor, City Council, Committees, Boards, Clerk-Treasurer, and City staff for their invaluable assistance in the preparation of this document. I would like to begin by reviewing the FY2022 accomplishments and proposed goals for FY2023.

FY2022 ACCOMPLISHMENTS

Resumed bio-solid hauling to allow for proper Bio-Pure plant functionality.

Successfully finished the Hart Solar Project agreement that will bring some revenue to the city in lease fees and eventually supply our residents with power through the City's relationship with the Michigan Public Power Authority.

Acquired Mudget Woodshop building completing the Hart Historic District Campus.

Obtained \$810,000 in CDBG (Community Development Block Grant) funding to assist with the cost of the force main project.

Purchase of street sweeper to ensure clean streets and open storm sewers.

FY2023 (July 1, 2022 – June 30, 2023) Budget

Painting and exterior improvements on DPW garage to enhance its appearance on a major city street.

Engaged with local industry businesses to partner in capital improvement plan forecast to ensure proper infrastructure for planned growth.

Replaced dozens of utility poles at end-of-life as directed by pole inspection results.

Continued tree trimming to minimize Hart Energy power outages.

Kicked off drinking water asset management project with awarded grant funds in the amount of \$407,400 to survey the city's water supply inventory and help support the state mandated replacement of drinking water service lines.

The HEART Team was able to articulate the COVID storm and brought lots of added benefit to the city. Some highlights of their efforts include;

- Updated John Gurney Park campground and Hart Historic District websites for easier usability and city site continuity.
- Applied for and received \$10,000 in funding for a new art initiative (The H-Art Project) from Consumers Energy, Put Your Town on The Map Competition.
- Sponsored the Pitch North Competition, which looks to bring new business to West Michigan.
- Worked with multiple interested developers and entrepreneurs promoting new growth in our city.
- Held Kick-off meeting and set public information night for the First Impression Tourism Grant. This program will give the city a report of what impression a first-time visitor in Hart is likely to perceive, aiding future community development campaigns.
- Continued focus on tasks outlined in the City's adopted Economic Development and Marketing Plan which includes initiatives in Education, Infrastructure, Industry activity, as well as Destination and Marketing goals.

FY2023 GOALS

Utilize DNR grant award of \$300,000 to improve Veteran's Memorial Park.

Break ground on new housing at The Creeks Development site.

Establish a regional property maintenance code enforcement and rental inspection department in coordination with other local communities and staff as necessary.

Seek SRF (State Revolving Fund) loan for up to \$9,500,000 to construct planned water, wastewater, and road projects.

FY2023 (July 1, 2022 – June 30, 2023) Budget

Enhancements and reconstruction to Dam embankment, (awarded by council in February 2022).

Upgrade communication equipment within the water system SCADA equipment.

Provide new fencing, insulation, and siding at Hart Energy site as an efficiency and security measure.

Continued beautification efforts including replacement of Leaf Vacuum.

Work with city staff, engineers, and stakeholder support to seek out and apply for available grants.

Infrastructure upgrades and construction of Hanson Street.

Demolition and site remediation of Boy Scout Cabin and the Walkers Restaurant Site.

Continuing study and replacement of city water supply lines per state mandate.

Support consistent Bio-Solid removal to ensure proper Bio-Pure plant operations.

Perform Hart Power comprehensive study, fuse plan, and rate study to establish a sustainable plan for future capital improvements. Research Diesel Power Plant improvements vs decommissioning strategies.

Review and make changes as identified in risk assessment plan from Hart Police Department. Planned projects include outdoor security cameras, access control, more secure glass at the city hall customer service window.

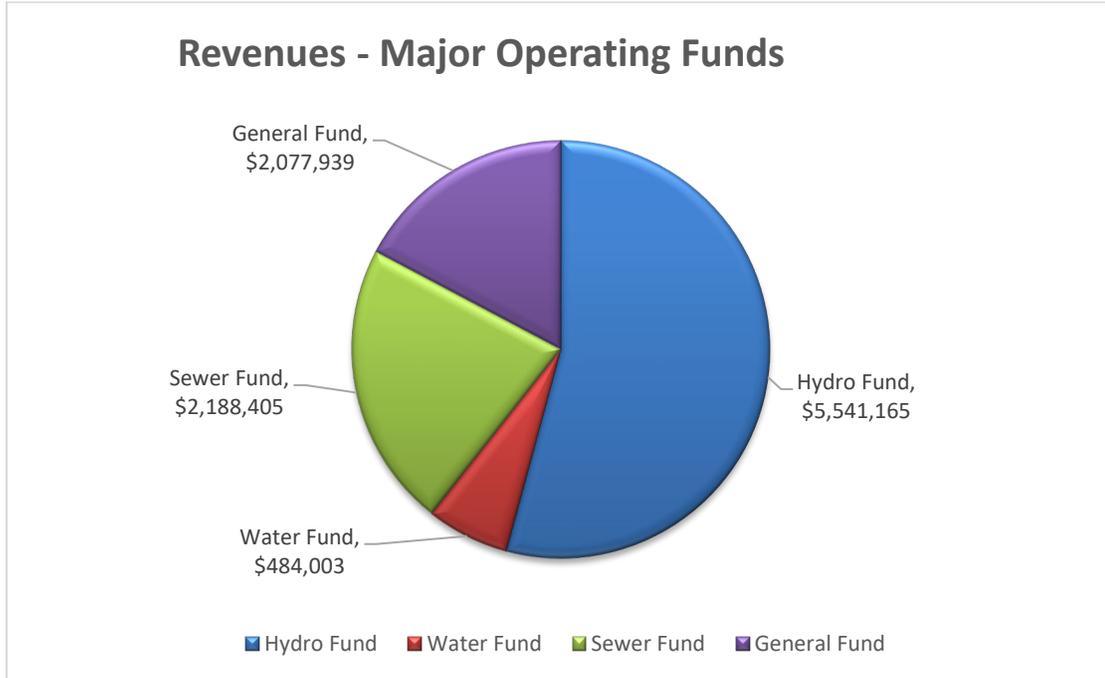
Purchase & implement new BS&A software modules to streamline employee timecards.

Work with City Treasurer and budgetary consultants to establish a 3-, 5- and 10-year rolling budget cycle. Further enhance budgetary reporting.

The City of Hart will likely receive an award of \$448,523 in funding from the Safe Routes To Schools program. The Michigan SRTS program is managed by the Michigan Department of Transportation with support provided by the Michigan Fitness Foundation. If the grant money is awarded, it will allow for the construction of an extension of our Bike Trail from Wood and Water Street north to Johnson, west to Plumb Street, North to Tyler and west to the mobile home park at 72nd and Tyler. This is a welcome addition to our existing outdoor recreational opportunities, providing additional safety to our students, and continuing development of National Bike Route 35 (BR35)

REVENUES

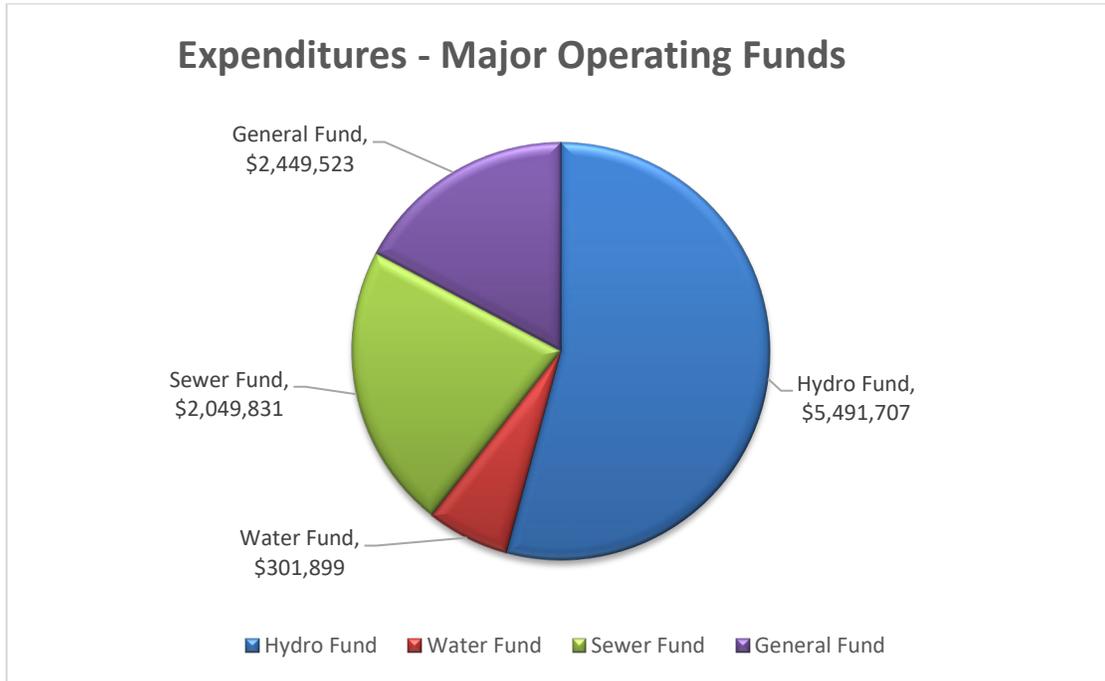
The annual budget contains statements of revenues and expenditures for the fiscal year July 1, 2022 – June 30, 2023. It is also a planning document in that identifies projects and programs the city will undertake during the year. Here are the major operating funds with corresponding revenues totaling \$10,289,512:



The General Fund has a mix of funding sources. Property taxes are increasing slightly and constitute the largest funding source. Payments in-lieu of taxes (PILOT) from City utility operating revenues have plateaued partially attributable to mandatory energy efficiency projects implemented since State adoption of PA 295. State revenue sharing has increased slightly due to federal aid. General Fund revenues total \$2,077,939.

EXPENDITURES

This chart shows the major fund expense categories and includes the use of cash reserves totaling \$9,980,153. The city supports Hart Cemetery, Hart Area Fire Board, Hart Economic and Redevelopment Team, Hart Area Recreation, Starting Block Kitchen Incubator and Hart Historic District. The FY2023 Major Operating Fund expenditure overview is as follows:



STAFFING

FY2022 Staffing Levels		
Department	Full-time	Part-time
City Hall & Historic	5 1	1 1 & Volunteers
HEART		2 & Volunteers
Police	5	2
Public Works	4	1
Hydro	5	0
Wastewater	3	0
TOTAL	22	7

SUMMARY

Utility Rates and Fees – This year implements our first Water and Sewer rate increase in some time (per council action in March of 2022). Following the electric rate assessment, the city may need to consider raising electric rates to continue to support our aging infrastructure in a planned and forecasted manner.

Taxes – Millage rates are proposed to remain consistent with prior year rates.

Grants – The City has applied for a U.S. Economic Development Corporation \$2,887,000 grant to help cover some of the cost of proposed \$9,500,000 wastewater, water, and road infrastructure projects. Final award notification is pending. The HEART Team applied for and won a \$10,000 grant that will be allocated towards an art project downtown. A DNR Trust Fund Grant of \$300,000 (awarded in 2021) will help to cover the cost of Veteran’s Park renovations. A \$98,336 USDA Grant has also been tentatively awarded for the demolition and remediation of the 227 E. Main property.

Debt – An \$9,500,000 SRF loan will allow the necessary reconstruction of several proposed Water, Wastewater, and Road projects.

Staffing – The Hart Police Department plans to add one additional full-time officer to help address the issue of no available part-time staff. This will be partially funded by using past budgeted part-time salary and reduction of over-time hours seen in 2022. Goals included in 2023 include an efficiency measure to digitize archived paper records to reduce the amount of storage space needed for city records and add the ability to easily find old documents. A temporary part-time position will be created to have a staff member available to focus on this effort. The city is also planning to work with other local communities to establish a property maintenance / code enforcement department inclusive of one full-time inspector with one part-time administrative support staff employee. No other new positions are planned.

RECOMMENDATION

Here is the grand total budget including Major and Minor fund activity, transfers, and inter-fund payments:

GRAND TOTAL FY2023	<u>REVENUES</u>	<u>EXPENDITURES</u>
	\$14,832,169	\$14,659,317

Respectfully,



Rob Splane
City Manager