



May 23, 2023

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

CITY OF HART
HART, MICHIGAN

SUBJECT: FY2024 ANNUAL BUDGET - DRAFT

In accordance with Chapter IX of the City Charter, here is the proposed annual budget for FY2024 (July 1, 2023 – June 30, 2024) 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 FY2023 accomplishments and proposed goals for FY2024.

FY2023 ACCOMPLISHMENTS

Constructed two new housing units at The Creeks Development with four additional units in construction.

Enhancements and reconstruction to Dam embankment complete.

Secured a local contractor to assist with bio-solid hauling seeking more predictable Bio-Pure plant functionality.

Upgrade communication equipment within the water system SCADA equipment.

Infrastructure upgrades and construction of Hanson and Wigton Streets.

Demolish blighted building at 227 E. Main.

FY2024 (July 1, 2023 – June 30, 2024) Budget

Deployed grant funded distributed audio system in downtown Hart.

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

Implemented new BS&A software modules to streamline employee timecards and reduce time and paper resource wastes.

Completed Hart Energy comprehensive system study.

Completed Griswold force main construction utilizing \$810,000 in CDBG (Community Development Block Grant) funding.

Purchase of commercial leaf vacuum to ensure clean streets and open storm sewers.

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;

- 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.
- Applied and was awarded a \$106,000 USDA grant to improve 227 E main property.
- Applied and was awarded a \$12,500 grant for art installations.
- Completed all work with First Impression Tourism Grant. The FIT Grant produced a report of impressions of first-time visitors in Hart, 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.

FY2024 GOALS

Infrastructure upgrades and construction of portions of Dryden, Hart, Wood, Jefferson, Johnson, and Church Streets.

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

Implement property maintenance code enforcement and rental inspection program utilizing Hart Police Department Staff

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

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

Demolition and site remediation of Boy Scout Cabin. (A planned 2023 goal, the city continues to work with the Boy Scout Pack to identify a new location for their home.)

Continuing implementation of Drinking Water Asset Management Grant (DWAM) to study and assist with replacement planning of city water supply lines per state mandate.

Research Diesel Power Plant improvements for generation and other potential strategies.

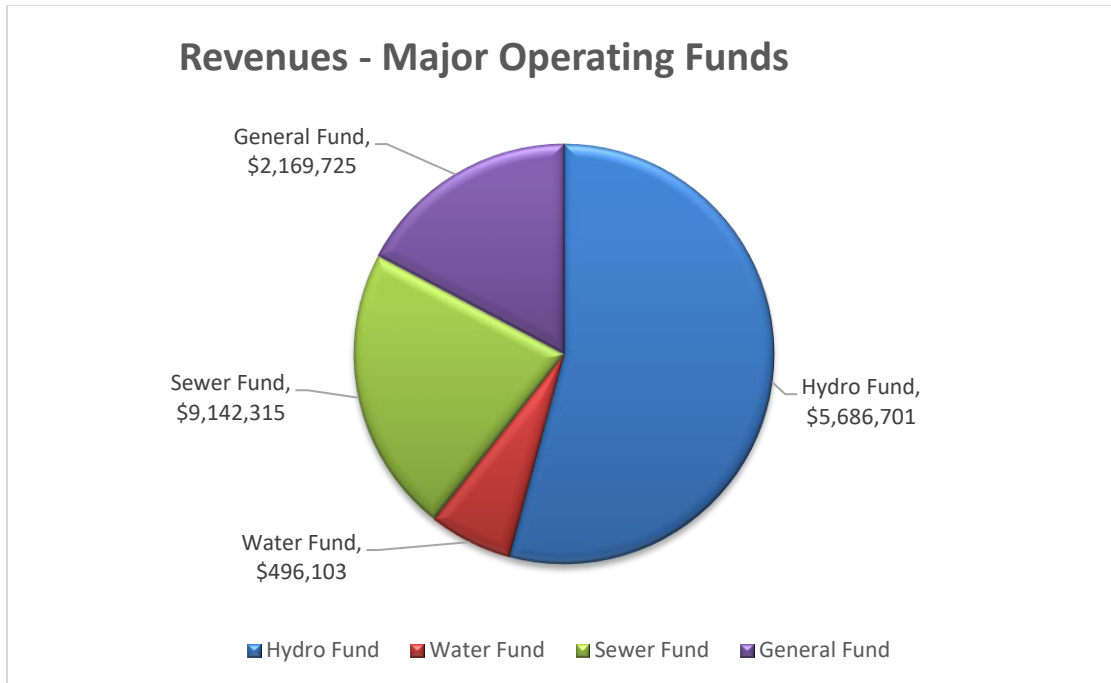
Continue risk management assessments and emergency planning with Hart Police Department. Projects include surveillance of critical infrastructure/assets, access control, and staff training.

Work with City Treasurer to 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

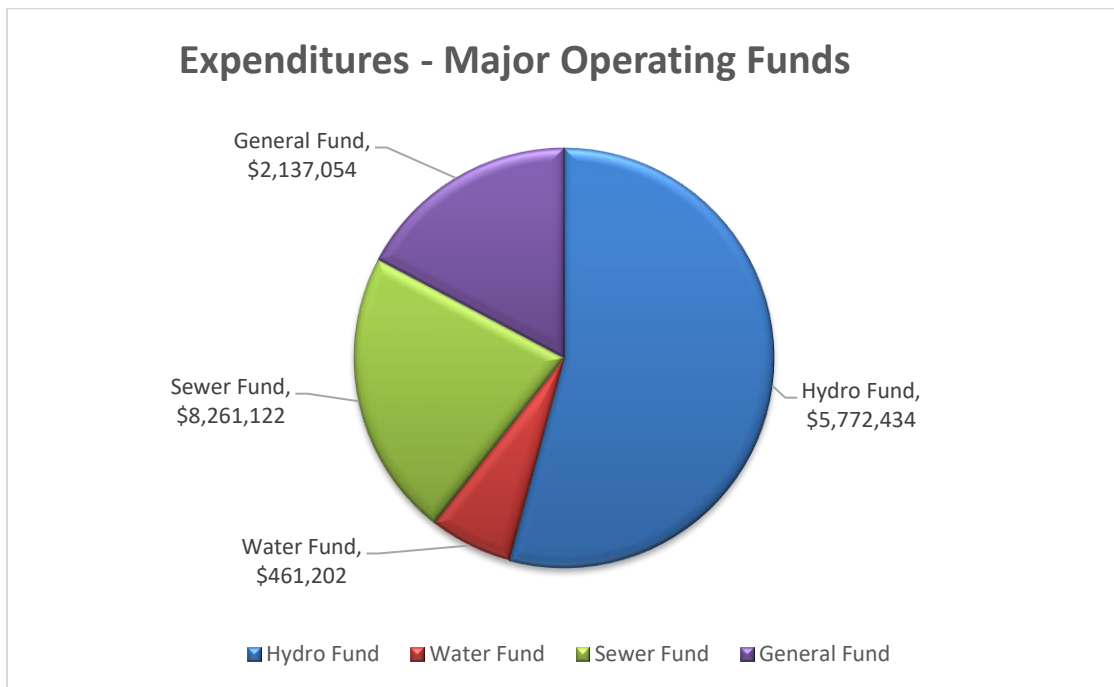
The annual budget contains statements of revenues and expenditures for the fiscal year July 1, 2023 – June 30, 2024. It is also a planning document in that identifies projects and programs the city will undertake during the year. Here are the major operating funds with corresponding revenues totaling \$17,494,844:



The General Fund has a mix of funding sources. Property taxes are increasing slightly and constitute the largest funding source. Several new properties are coming onto the tax rolls, helping to increase annual tax revenue. These properties include Seneca Foods expansion and subsequent parcel annexation into the city, 26 properties that were identified in the 1997 425 agreement with Hart Township (but never transferred), and the newly developed sites in the creek’s subdivision. These additions will bring an additional \$50,000 in revenue to the city annually beginning with next year’s tax roll adoption. 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 new state and federal funds. General Fund revenues total \$2,169,725.

EXPENDITURES

This chart shows the major fund expense categories and includes the use of cash reserves totaling \$16,631,732. 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 FY2024 Major Operating Fund expenditure overview is as follows:



STAFFING

FY2024 Staffing Levels		
Department	Full-time	Part-time
City Hall & Historic	5 1	1 1 & Volunteers
HEART		2 & Volunteers
Police	5	1
Public Works	4	1
Hydro	5	0
Wastewater	3	0
TOTAL	22	6

SUMMARY

Utility Rates and Fees – This year continues to implement our Water and Sewer rate increases (As planned with council 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. The State awarded principle forgiveness of 50% (up to \$4,250,000) to support the wastewater system improvements. 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 been awarded for the demolition and remediation of the 227 E. Main property with funds still forthcoming.

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

Staffing –. Goals included in 2024 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. 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 FY2024	<u>REVENUES</u>	<u>EXPENDITURES</u>
	\$22,167,449	\$20,637,392

Respectfully,



Rob Splane
City Manager