



June 11, 2024

**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: FY2025 ANNUAL BUDGET - DRAFT

In accordance with Chapter IX of the City Charter, here is the proposed annual budget for FY2025 (July 1, 2024 – June 30, 2025) 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 FY2024 accomplishments and proposed goals for FY2025.

FY2024 ACCOMPLISHMENTS

Constructed six new housing units at The Creeks Development and are in process to complete a Master Deed amendment that will allow for more duplexes to be constructed.

Partner with West Shore Community College to secure a \$1,000,000 grant to help locate a WSCC satellite campus in Hart, filling a vacant building.

Partnered with TIFA to acquire Congregational Church building with redevelopment efforts in process.

Implemented new investment policies to invest cash reserves which resulted in a return of over \$75,000 in the first 2 quarters.

FY2025 (July 1, 2024 – June 30, 2025) Budget

Completed an 8 year effort to automate meter reading technology city wide, resulting in time savings equal to over \$25,000 annually to city utilities.

Following the acquisition of the Ceres Solutions Co-Op property, have received grants to continue environmental survey work and engage a development consultant to expedite the redevelopment of the site.

Completed phase one of city-wide way-finding signage project, helping area community members and visitors to locate resources throughout the city.

Implemented and advertised sidewalk repair program for the first time in over a decade.

Initiated ballot language to allow city council meeting times to change annually by resolution of council. This may help to recruit new council members in the future by allowing flexibility in meeting times.

Reformatted John Gurney Park, Historic District, and National Asparagus Festival websites for easier access to information.

Performed the first city council retreat in Hart history where the general public was invited as well as high schools students in an effort to steer city planning using input from future generations of leaders.

Supported local business development through over \$117,000 in TIFA property improvement grants.

Continued work with local bio-solids hauler resulting in significant savings to the city, keeping local rate payer dollars local, and helping to ensure the reliable removal of this bio-solids.

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

Continued BS&A software training to streamline office processes resulting in time savings, data accuracy, and paper resource wastes.

Completed Hart Energy financial study.

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

Sorted, digitized, and shredded over 40 file cabinet drawers of legacy and unneeded documents.

FY2025 (July 1, 2024 – June 30, 2025) Budget

Continued tree trimming to minimize Hart Energy power outages.

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

Initiated SRF (State Revolving Fund) loan to construct planned water, wastewater, and road projects. SRF loan was awarded 50% principal forgiveness relieving a substantial future debt from city water and sewer rate payers.

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

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

FY2025 GOALS

Complete infrastructure upgrades and construction of portions of Dryden street area project and the Hart BioPure plant expansion efforts.

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

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

Remediation of Boy Scout Cabin and enhancements to utilize it for additional public benefit.

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. 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)

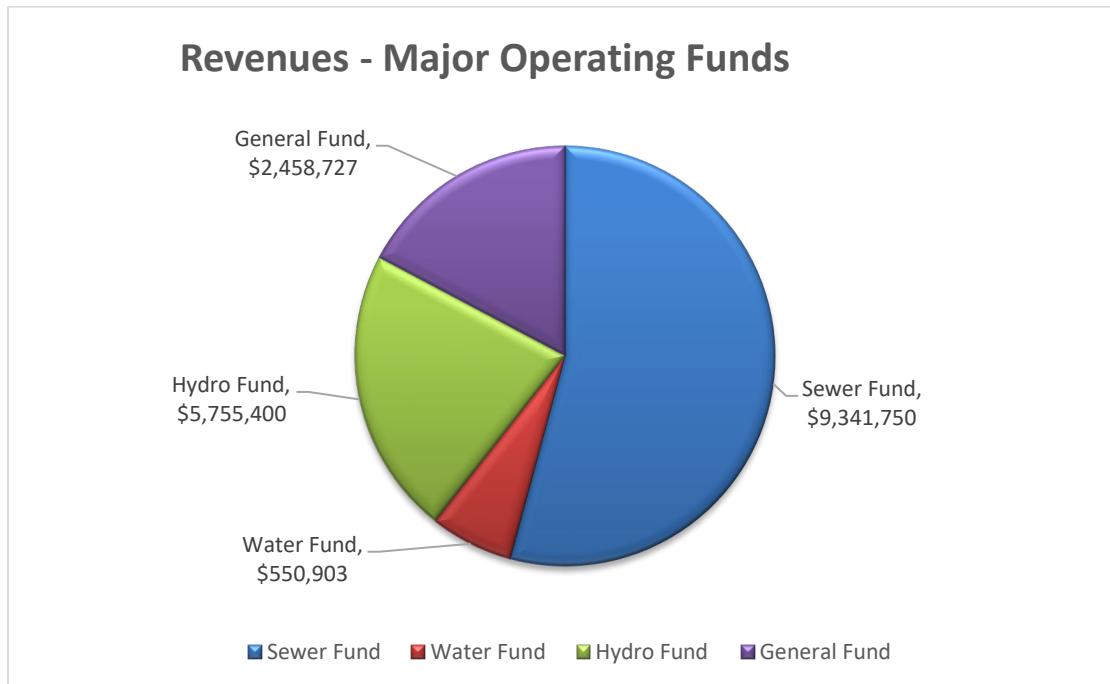
FY2025 (July 1, 2024 – June 30, 2025) Budget

Specific Departmental Goals are listed here:

FY 2025 Goals and Priorities Department	Goal	Estimated Expenditure	Notes
City Hall	Continued Security Enhancement	\$22,000	In cooperation with the 2022 Hart City Hall threat assessment
Police	New Vehicle	\$40,000	2026
Energy	Line Pulling equipment	\$51,000	For system study improvements
DPW/Energy	Mini Excavator/Ventrac	\$97,000	To be shared between departments
DPW	Dump Truck	\$250,000	Will entertain used/reconditioned model
All Depart	Industrial Vacuum Truck	\$250,000	Uses Jet lines, catch basin, Storm drains, hydro excavation (2027?)
Streets	Construct New Parking Lot #0	\$140,000	Old Walkers site (TIFA board to Fund)
Parks	Veteran's Park Planned Construction	\$800,000	\$300,000 grant + \$500,000 local Match
Parks	John Gurney Park 5 yr plan and year 1 improvements	\$38,500	2025 work to develop a 5-yr growth plan
Parks	Refresh Disc Golf Course	\$14,000	2025
DPW	Backhoe	\$175,000	2026
Energy	Backyard Machine	\$120,000	2026 detachable bucket for boom- auger- carries poles
Energy	Refer to GRP CIP	\$950,000	
Energy	New indoor/covered storage	\$100,000	Potential Move of building from ceres property to energy site
BioPure	Gator/Golfcart	\$9,500	
BioPure	Hose for pump and add fittings	\$12,000	Used primarily in Biopure
BioPure	Lawnmower	\$9,500	Replace old hand-me-down
BioPure	Biosolids application alternative	\$20,000	Consultant/engineer

REVENUES

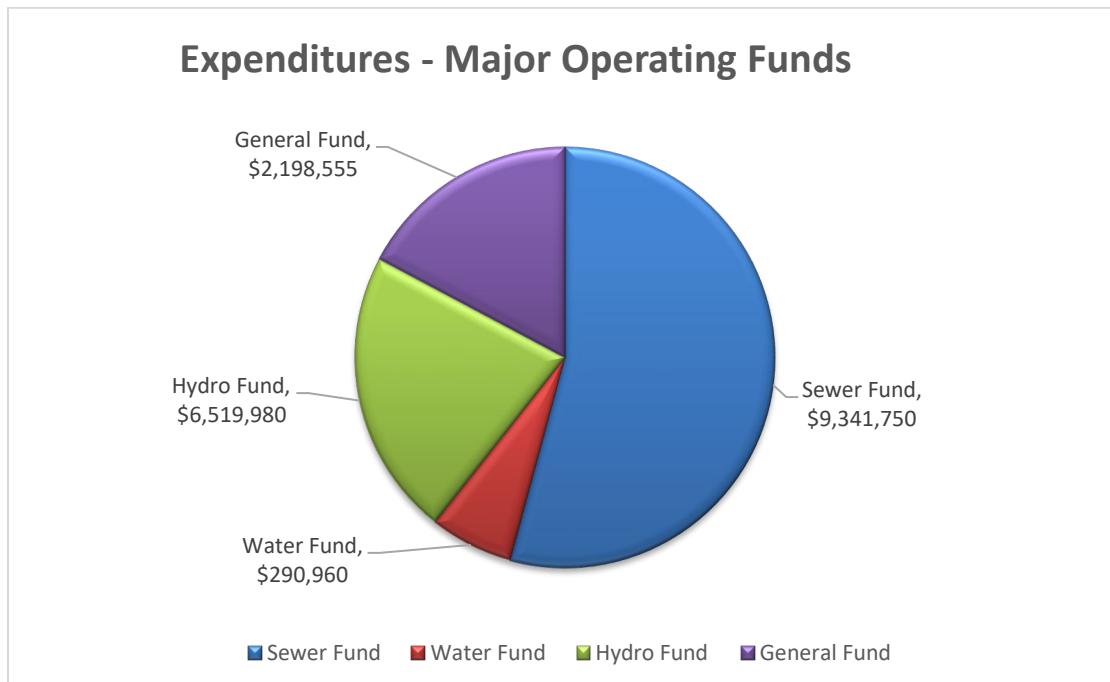
The annual budget contains statements of revenues and expenditures for the fiscal year July 1, 2024 – June 30, 2025. It is also a planning document in that identifies projects and programs the city will undertake during the year. Here are the major operating funds with corresponding revenues totaling \$ 18,038,531:



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 \$2,459,177.

EXPENDITURES

This chart shows the major fund expense categories and includes the use of cash reserves totaling \$17,101,390. 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 FY2025 Major Operating Fund expenditure overview is as follows:



STAFFING

FY2025 Staffing Levels		
Department	Full-time	Part-time
City Hall	5	1
Police	5	1
HEART		2 & Volunteers
Public Works	4	1
Parks and Recreation	1	3
Hart Energy	5	0
Wastewater	3	0
Historic District	0	2 & Volunteers
TOTAL	23	10

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.

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 FY2025	<u>REVENUES</u>	<u>EXPENDITURES</u>
	\$22,800,169	\$21,315,182

Respectfully,



Robert Splane
City Manager