



June 22, 2021

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

CITY OF HART
HART, MICHIGAN

SUBJECT: FY2022 ANNUAL BUDGET

In accordance with Chapter IX of the City Charter, here is the proposed annual budget for FY2022 (July 1, 2021 – June 30, 2022) 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 FY2021 accomplishments and proposed goals for FY2022.

FY2021 ACCOMPLISHMENTS

Successfully navigating the difficult nature of COVID-19 precautions. With no permanent loss of employees due to the pandemic.

Upgrades and preventative maintenance to the SCADA monitoring system at the City of Hart hydro-electric dam and diesel power plant.

Deployed new blowers at the Bio-Pure plant saving the city thousands of dollars a month through efficiency savings. The return on investment to the city is estimated at 7.5 years.

Completed emergency repairs on the Griswold lift station avoiding a potentially critical waste-water system failure.

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

FY2022 (July 1, 2021 – June 30, 2022) Budget

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.

Installed a new roof on the Historic Sackrider Church.

The City of Hart teamed with donors, clubs, bicyclists, businesses, local government, and the Michigan Fitness Foundation to identify funding and submit an application seeking funds 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)

Revisited the SAW (Sewer and Water) Grant study to allow council a review of the results of the study and highlight the 10 year capital improvement plan.

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;

- Two rounds of gift card purchasing programs backed with donation money allowing community members to purchase \$25 gift cards and receiving \$35 in value. This program allowed businesses (even some forced to close) the ability to continue receiving revenue due to disbursements prior to redemption.
- Redesign of takemetohart.org website to increase its relevance.
- Working with John Gurney Park campground operators and Hart Historic District to redesign their websites for easier usability and city site continuity.
- Sponsored the Pitch North Competition, which ultimately helped a new business to expand just outside of the city.
- Establishing an emergency social zone for our local restaurants to operate outdoors last summer.
- Sidewalk vendor permits – to encourage foot traffic and increase our downtown business revenue.
- Work with area stakeholders to create Discover Oceana – an Oceana County area economic development collaboration.
- Worked with multiple interested developers and entrepreneurs promoting new growth in our city.
- They continue to 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.

Anticipation of the completion of the pocket park which was quite delayed due to the pandemic and resultant supply chain issues.

FY2022 GOALS

Seek SRF (State Revolving Fund) loan to construct new force main from the Griswold lift station to the Bio-Pure facility.

Obtain CDBG (Community Development Block Grant) award to assist with the cost of the force main project.

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

Purchase new bucket truck for Hart Power Department (Purchase authorized in FY2021 to secure a vehicle) and pickup truck to replace a legacy vehicle.

Enhancements and reconstruction to Dam embankment, (as engineered in FY2021).

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

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

Infrastructure upgrades and re-construction of Hanson and Dryden Streets.

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 and rate study to establish a sustainable plan for future capital improvements.

Review utility pole study and implement a replacement plan accordingly.

Purchase new Police Department patrol vehicle and outfit it for service.

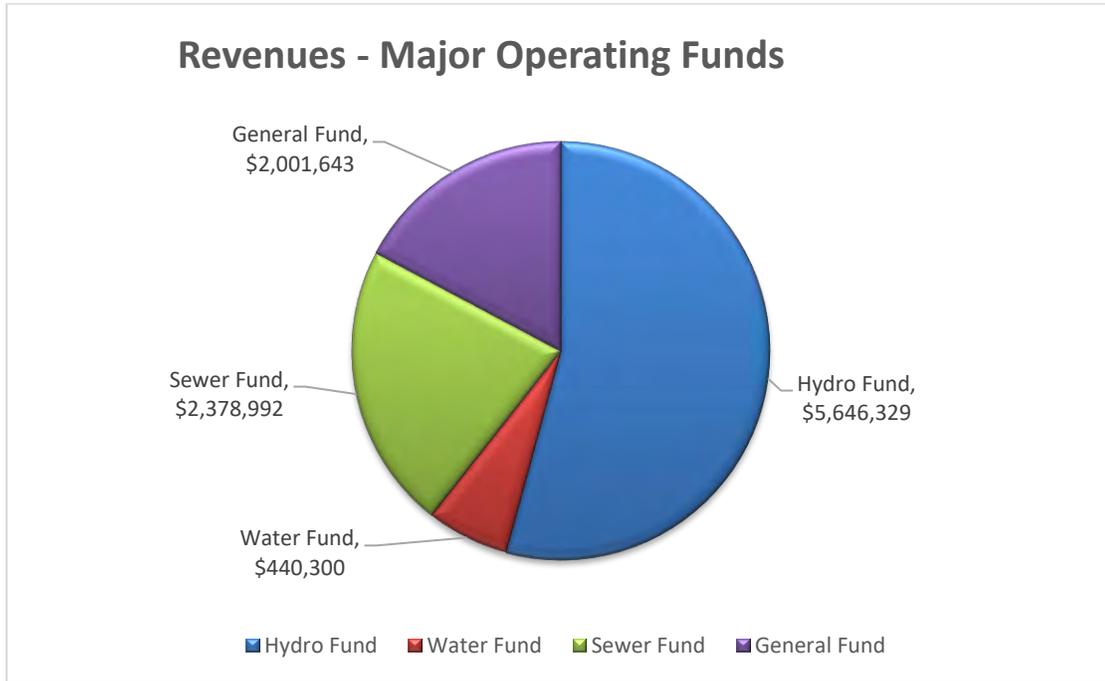
Purchase and implement new BS&A software modules to streamline Human Resources and Community Development functionality.

Work with budgetary consultants to establish a 3-, 5- and 10-year rolling budget cycle. Implement resident input and transparency initiatives in the budgeting process.

Upgrade City technology infrastructure to allow for increased efficiency in communication and work flow.

REVENUES

The annual budget contains statements of revenues and expenditures for the fiscal year July 1, 2021 – June 30, 2022. 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 including use of cash reserves totaling \$10,467,264.



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 including use of cash reserves total \$2,001,643.

EXPENDITURES

This chart shows the major General Fund expense categories with Police & Public Safety and Public Works expending 65% of revenues. 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 Council-Administration section tracks expenditures for the required overhead of conducting governmental business.

FY2022 (July 1, 2021 – June 30, 2022) Budget

STAFFING

FY2022 Staffing Levels		
Department	Full-time	Part-time
City Hall-Historic	5	1 & Volunteers
HEART	1	Volunteers
Police	4	4
Public Works	4	1
Hydro	5	0
Wastewater	3	0
TOTAL	23	

SUMMARY

Utility Rates and Fees – This year implements our first Electric rate increase in some time (per council action in December of 2020). I recommend the city review the sewer and water study and consider rate increases on those utilities. Following the Electric rate assessment, the city may also 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 constant at prior year rates.

Grants – The City has applied for a \$448,523 grant as part of the safe routes to schools initiative and rail trail extension, an \$810,000 community development block grant to assist with the force main reconstruction project and, a drinking water asset management grand from the state in the amount of \$407,400 to help support the city’s state mandated water supply survey study.

Debt – An \$8,000,000 SRF loan will allow the necessary reconstruction of the Griswold force main to the Bio Pure plant.

Staffing – Hart Power plans to hire an apprentice to begin training as part of succession planning. No other new positions are planned.

RECOMMENDATION

Here is the grand total budget including transfers and inter-fund payments:

GRAND TOTAL FY2022	<u>REVENUES</u>	<u>EXPENDITURES</u>
	\$19,366,425	\$18,181,445

I recommend adoption of Resolution 2021-56 approving the FY2022 Annual Budget as presented on June 22, 2021.

Respectfully,

Rob Splane
City Manager

RESOLUTION 2021-56

**City Council
City of Hart, Michigan**

FY2022 ANNUAL BUDGET ADOPTION

WHEREAS, the City of Hart pursuant to Chapter IX of the Hart City Charter is required to conduct a public hearing for and adopt an annual budget on or before the first meeting in June each year, and City staff has prepared and submitted a budget for review by various committees and boards, and

WHEREAS, the City of Hart conducted a Truth in Taxation public hearing on June 22, 2021, regarding the annual budget; and

WHEREAS, the City of Hart has prepared a 10-Year Capital Improvement Program, a planning, and forecasting tool to assess the long-term infrastructure needs of the City; and

WHEREAS, in order to secure the benefits of efficient self-government and to promote and protect our common interests and welfare, the City Council hereby declares:

NOW THEREFORE BE IT RESOLVED THAT the Annual Budget for FY2022 (July 1, 2021 – June 30, 2022) and 10-Year Capital Improvement Program is adopted as follows:

<u>GENERAL OPERATING FUNDS</u>		
	<u>REVENUES</u>	<u>EXPENDITURES</u>
General - 101	\$2,001,643	
Total	\$2,001,643	\$2,000,898
	<i>Balance</i>	<i>\$745</i>
Major Streets - 202	\$144,593	\$39,320
	<i>Balance</i>	<i>\$105,273</i>
Local Streets - 203	\$175,916	\$175,624
	<i>Balance</i>	<i>\$292</i>
Street Improvements - 204	\$99,255	\$98,300
	<i>Balance</i>	<i>\$955</i>

FY2022 (July 1, 2021 – June 30, 2022) Budget

Park - 208	\$167,000	\$131,020	
	Balance	\$35,980	
Tax Increment Financing - 215	\$110,595	\$88,700	
	Balance	\$21,895	
HEART	\$43,331	\$29,600	
	Balance	\$13,731	
Historic Commission - 701	\$50	\$0	
	Balance	\$50	
Historic District - 702	\$67,260	\$29,760	
	Balance	\$37,500	
<u>ENTERPRISE FUNDS</u>			
Hydroelectric - 580	\$5,579,329		
Total	\$5,646,329	\$5,645,703	
	Balance	\$626	
BioPure - 590	\$10,378,992		
Water - 591	\$440,300		
Total	\$10,819,292	\$9,826,779	
	Balance	\$992,513	
<u>SPECIAL FUNDS</u>			
Library Debt Service - 301	\$75,760	\$75,750	
	Balance	\$10	
Hart Lake Board - 241	\$44,840	\$29,050	
	Balance	\$15,790	

FY2022 (July 1, 2021 – June 30, 2022) Budget

Rail Trail - 284	\$8,010	\$8,000	
	<i>Balance</i>	<i>\$10</i>	
GRAND TOTAL FY 2022	<u>REVENUES</u>	<u>EXPENDITURES</u>	
	\$19,366,425	\$18,181,445	
	Includes use of cash reserves	Includes interfund transfers	
PRIOR YEAR BUDGETED FY2021	\$10,697,261	\$10,375,315	

I hereby certify this to be a true and correct copy of the document on file with the office of the City of Hart Clerk.



Cheri Eisenlohr, Deputy City Clerk