CITY OF NORTON SHORES
CITY COUNCIL WORK SESSION
April 28, 2020

A regular work session of the Norton Shores City Council was held remotely on Tuesday, April 28, 2020 at 5:30 p.m.

Present: Mayor Nelund, Council Members Beecham, Hylland, Morgenstern, Moulatsiotis, and Olson; also, Mark Meyers, Shelly Stibitz, Doug Hughes, Bob Gagnon, Jon Gale, Mike Huston, Jerry Bartoszek, and Anthony Chandler

Absent: Council Member Jurkas

1. Proposed Fiscal Year 2021 Capital Improvement Program

At Mayor Nelund's request, City Administrator Mark Meyers explained that the budgeting process begins in January with Department Heads and their staff developing requests and bringing those to the Budget Committee made up of the City Administrative, Assistant to the Administrator and Finance Director to be discussed twice, line by line, through February with revisions finalized in March for the Capital Improvement Program and April for the Operating Budget. The next fiscal year budgets are adopted in May but budgeting continues year-round with mid-year adjustment discussions and emergency requests.

In his overview, Finance Director Mike Huston told Council that the Capital Improvement Program (CIP) would not be affected by COVID-19 due to property tax values already being established. The budget is restricted by fixed costs and, for the first time in many years, the City will have to use $224,000 of Fund Balance to balance the budget. Mr. Meyers shared some of the key expenditures including contributions to the Mona Lake Improvement Association; City Hall and Library roof replacements, parking lot replacement at Fire Station #1 and installation of crime watch intersection cameras partially paid for with Tax Increment Financing funds.

Council members asked several questions and were informed that fees for use of the new sewer truck will be placed monthly in the equipment revolving fund account from the sewer fund; Frisbee Golf course upgrades include new tee boxes, bark and informational signs; adding trails to the kayak launch in Black Lake Park would be very expensive due to the amount of wetlands on the property; tree plantings at the parks are replacements for some that had to be removed; painting the railroad overpass will be split with another municipality and the appropriation to clear the land at the new cemetery site is only for initial cleanup. In response to additional questions Public Works Director said that a new library drinking fountain was requested by library personnel and that each year sections of ceiling tile in city hall are being replaced due to their age and appearance; and, Mr.

Huston reported that the mowers and tractor are beyond the expected replacement schedule and not operating efficiently.

2. Proposed Fiscal Year 2021 Operating Budget

Mr. Meyers feels that, although the pandemic is creating a cloud of uncertainty, it is less uncertain than communities who rely on income tax revenue. There are some challenges ahead and in the remaining fiscal year and we will be reviewing measures taken during the Great Recession. The proposed budget is based on the current 10.95 mill rate with no additional staff recommended. It was hoped that $60,000 could be added to continue to increase fund balance but that may have to be put on hold as well as payment above the ARC in the next fiscal year. Act 51 gas and weight tax, as well as sales tax, is down significantly and will likely mean a $170,000 net deficit in fiscal year 2020 due to State Revenue Sharing declines.

To Council Member Olson's question as to what would happen to the budget if the upcoming public safety millage renewal failed, Mr. Meyers said that it would not have a negative effect until fiscal year 2022 and, following May 2020, there would be another opportunity to bring the proposal to a vote. Following a question about the industrial development fund, Mr. Meyers shared that the fund's intent is to allow the City purchase industrial property to encourage economic development and employment within the City.

Mr. Meyers expressed appreciation to the City Council for their thoughtful questions and thanked staff for their time and cooperation in preparing their proposed budgets as it is one of the most important things the team completes each year.

General Comments

Mayor Nelund and several Council members shared their appreciation for the work that goes into developing the budget.

Meeting adjourned at 6:37 p.m.

Shelly Stibitz

Shelly Stibitz, City Clerk