AGENDA 6b
DATE 5-6-19

CITY OF NORTON SHORES
CITY COUNCIL WORK SESSION
April 23, 2019

A regular work session of the Norton Shores City Council was held on Tuesday, April 23, 2019 at 5:30 p.m. at Norton Shores City Hall, 4814 Henry Street.

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

Absent: Council Members Flanders, Jurkas and Sladick

1. Strategic Plan 2019

Assistant to the City Administrator Anthony Chandler presented the final draft of the four strategic planning sessions with Council and staff which contained Consultant Kevin Woods' outline centering on five key points. Mr. Chandler explained that he and City Administrator Mark Meyers edited the outline adding some content to make it readable and concise and asked for Council's consideration to adopt the Strategic Plan 2019 at the next Council meeting. Council Member Hylland pointed out some areas of the document that he had asked to be changed during the planning sessions that are still reflected in the final draft such as singling out the millennial generation, naming succession planning in the Strategic Plan, and basic redundant language for Economic Development listing nonspecific goals and common practices that the City does on a regular basis. Council Member Beecham agrees that the draft plan doesn't address how any of the goals will be accomplished and was hoping for an action plan moving forward. Mayor Nelund asked Council members whether they prefer staff to go through the document and clarify how to reach goals or have Council members send their suggestions individually to staff for incorporation into the Strategic Plan. Council Member Morgenstern would like the document to be more aspirational with definitive goals. Mr. Meyers did bring attention to some tangible projects such as the Harvey Street PlacePlan and feels establishing parameters challenges staff to do better. Council members will send their individual comments regarding changes to the draft Strategic Plan to Mr. Meyers for discussion at a future work session.

2. Proposed Fiscal Year 2020 Operating Budget

Mr. Meyers was pleased to present the Fiscal Year 2020 Operating Budget and began by asking Finance Director Mike Huston to give a high level overview. Mr. Huston began by stating that Norton Shores assessed values have reached $1.1 billion in SEV and $928 million in taxable value. Mayor Nelund shared a recent study that named Norton Shores as having the 78th largest tax base in the State of Michigan and the only community in Muskegon County to make the list. Revenues and expenses will increase this year with property taxes up 3.52%; State Revenue Sharing up .51%; charges for service increased by 1.31% and, predictions for Constitutional State Revenue Sharing to be up 3.2%. The

City's millage rate will remain 10.95 and the majority of the City's expenditures were noted to be utilities at 25%; Capital Improvement Projects accounting for 19%; Public Works road maintenance at 15%; with Police and Fire making up the remaining 11%. Mr. Meyers reiterated the City's ability to maintain services, millage levy and staffing in the coming fiscal year. The General Fund includes adding $153,000 to fund balance bringing the balance to 21% of expenditures over the last two years, exceeding Mr. Meyers' goal of increasing it from 15% to 20% in approximately four years. The City Council may consider formalizing a fund balance policy in the coming years. To address accrued unfunded liabilities the City will be paying $400,000 above the pension ARC for the sixth straight year. The FY20 Budget represents the third year of TIFA pass through and next year we will contemplate whether to do the same or use TIFA funds to complete some projects in the district. Typically, the Operating Budget is at approximately $30 million with it reaching $32 million previously and the current proposed budget is at $35.4 million due to the ladder truck replacement which equates to $750,000 from TIFA funds, replacement of four plow trucks from the Replacement Program and $2 million in water and sewer projects from the Water and Sewer Fund. Following Capital Improvement Budget discussions at the March work session we were informed by our IT Consultant that the Windows 7 operating system will not be supported by Microsoft as of January 2020 requiring replacement of 22 computers and three servers at a cost of $49,000. Council Member Moulatsiotis asked about the rental program and Mr. Huston explained that rental fees are charged for vehicle and equipment use which are put into the General Fund for vehicle maintenance and operations and into the Capital Improvement Fund for replacement of vehicles. Council Member Hylland asked about the TIFA boundaries and whether a bike path could be routed through the district as a connector to the bike trail. To Council Member Beecham's questions, Public Works Director Jerry Bartoszek reported that brining gravel roads in-house is proving to be beneficial, tiles under the culverts are periodically cleaned during storm drain maintenance and pavement marking products currently in use have been found to be the best, most cost effective option available for roadways in our climate. Council Member Beecham suggested that the City obtain first right of refusal for the sale of residential properties adjacent to the cemetery for future expansion opportunities. A public hearing will be held to received comments and adopt the Fiscal Year 2020 Operating Budget at the next Council meeting on Monday, May 6, 2019.

General Comments

Mayor Nelund reminded everyone that the next meeting will be on Monday, May 6, 2019 due to the election on Tuesday.

Meeting adjourned at 6:26 p.m.

Shelly Stibitz

Shelly Stibitz, City Clerk