

FY 2024 Recommended Budget



Observations

*DISCLAIMER





Goals

CITY COMMISSION GOALS

- Housing and Homelessness
- Water Systems
- Access and Mobility
- Climate
- Connecting People w/ Each Other and Nature
- Economic Development



CITY STAFF RESPONSIBILITIES

- Statutory Requirements
- Daily Operations/Core Service Delivery
- Infrastructure/Facility Maintenance
- Public Safety
- A Lot More

**LITTLE, TO NO, ALIGNMENT
DISCONNECT**



More on Goals

- No Strategic Plan Bridging City Commission Goals with Daily Operations and Responsibilities
- Little, to No, Connection Between City Commission Goals and the Budget
- Do We Have the Staff Capacity/Resources to Facilitate the Goals?



**EFFICIENCY SUFFERS
UNNECESSARY TENSION**

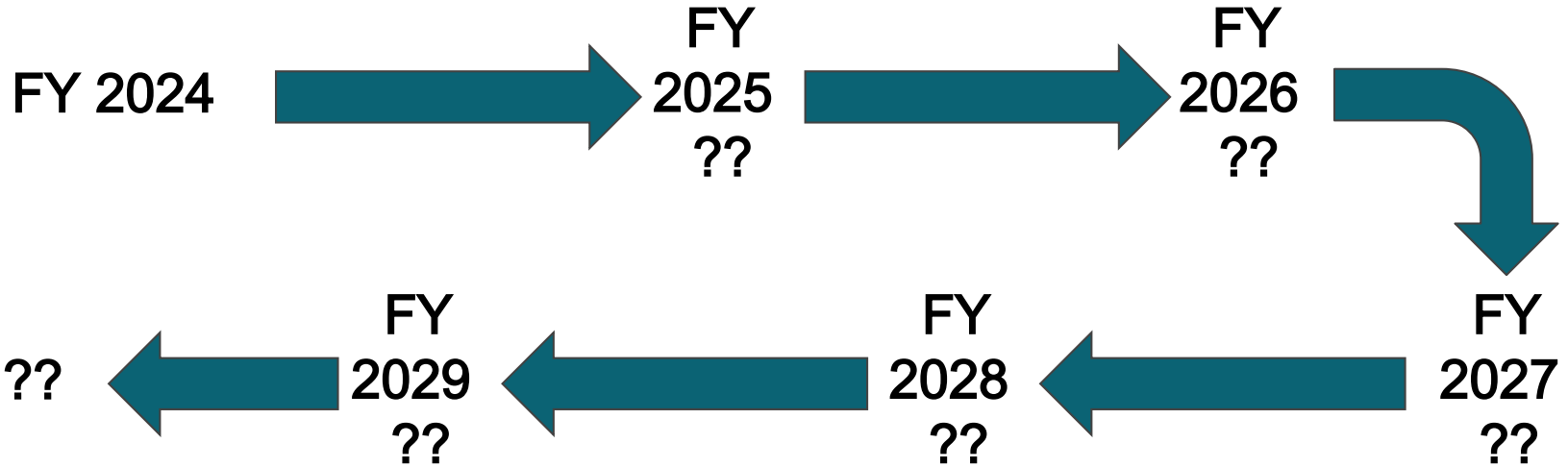


Missing Data & Other Challenges

- **Class and Comp Study (In Progress)**
- **Facilities Study (In Progress)**
- **Comprehensive Streets Improvement Plan (Budgeted)**
- **Vacancies - 10 Current**
 - **City Manager**
 - **Assistant City Manager**
 - **Finance Director/Treasurer**
 - **Police Chief**
- **Retirements**
 - **50+ Eligible in Next 5 Years**
 - **18 Can Go Anytime +9 in Next 12 Months**



Outlook





Summary Recommendation

STRATEGIC REGROUP & REALIGNMENT

Unfunded Liabilities





Pension

MERS Pension - 2021

<i>Funded Ratio</i>	<i>Unfunded Liability</i>	<i>Annual Contribution</i>	<i>Funding Source</i>
62.2%	\$16,953,588	\$1,750,159	General Fund/Utilities

PA 345 Pension - 2022

<i>Funded Ratio</i>	<i>Unfunded Liability</i>	<i>Annual Contribution</i>	<i>Funding Source</i>
71.1%	\$15,098,729	\$2,507,587	Special Millage



OPEB

PA 345 OPEB - 2022

<i><u>Funded Ratio</u></i>	<i><u>Unfunded Liability</u></i>	<i><u>Annual Contribution</u></i>
46%	\$5,348,104	
	\$625,782	Special Millage

NON-PA 345 OPEB - 2022

Well Funded



Capital/Infrastructure

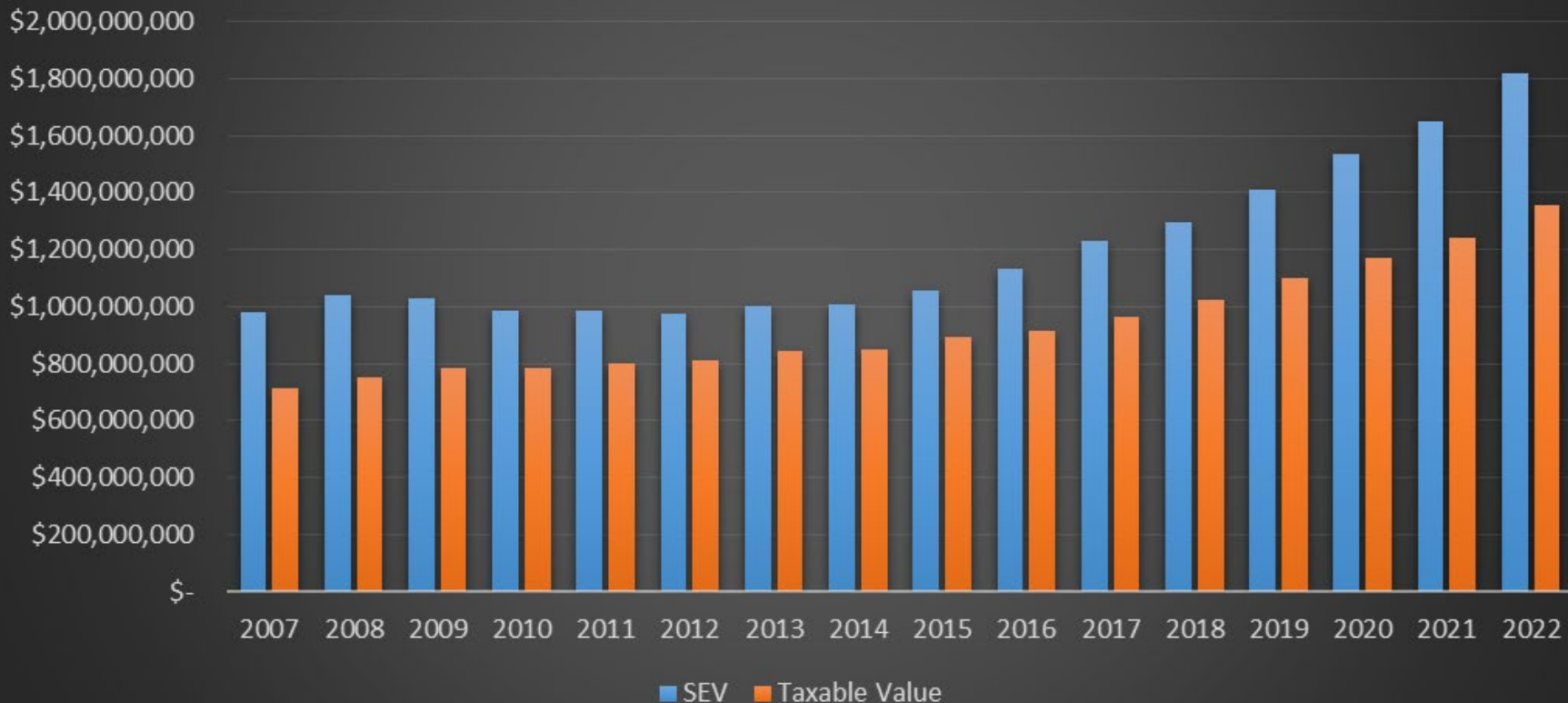
- Fleet - No Concern
- Facilities, Streets, Etc - ???



Constitutional Impacts



City of Traverse City Real & Personal Property Taxable Value & SEV 2007 - 2022





Headlee

- Requiring Voter Approval for Tax Increase or New Taxes
- Limit Property Tax Revenue Resulting from Property Tax Assessment Increasing
- Limiting Revenue Collected to the Amount the Millage Originally was to Generate (With Factor for Inflation)



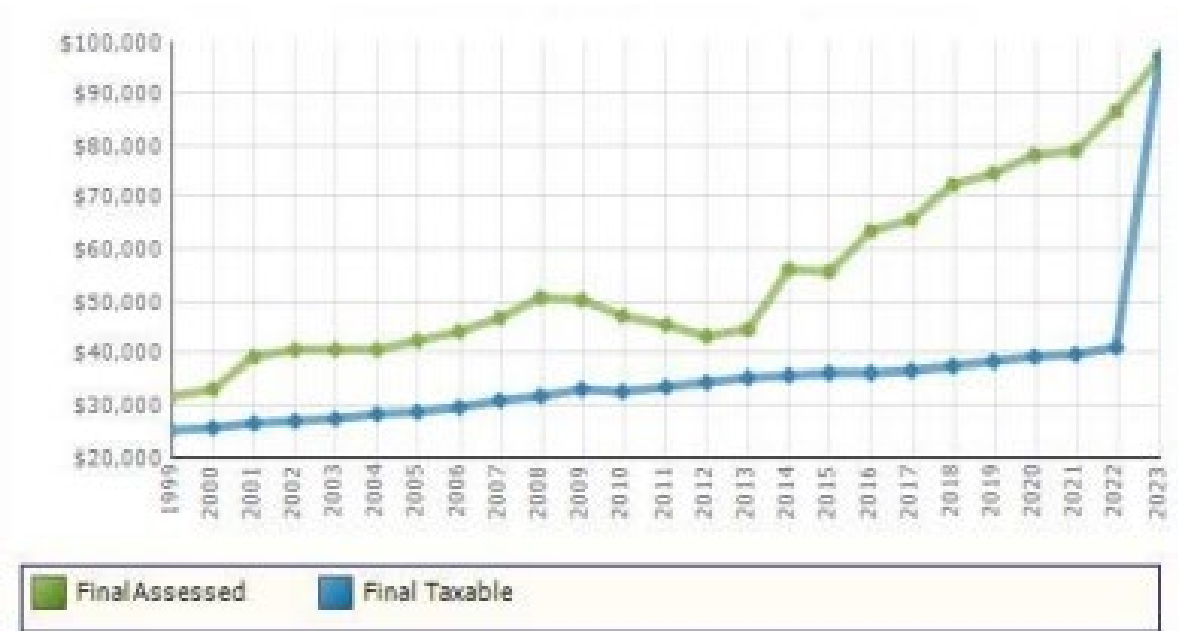
Proposal A

- Growth on Taxable Value of Individual Parcels of Property is Limited to the Lesser of Inflation or 5%, and
- When Property is Sold/Transferred, Taxable Value is Reset to Equal State Equalized Value, Which Equals Half of the Property's Cash Value



Proposal A

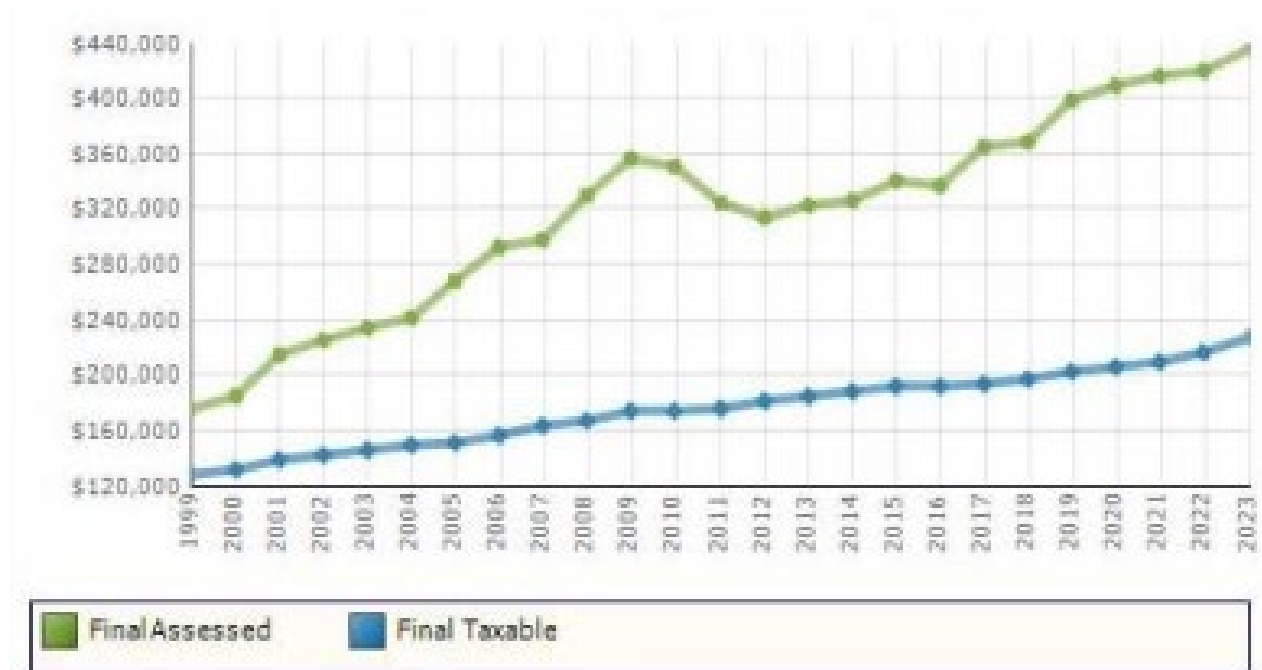
Parcel A sold October 2022 for \$453,000, thus for 2023 the parcel became uncapped. This shows the disparity from Assessed vs Taxable.





Proposal A

This parcel has had not experiences an uncapping event. The above chart shows the disparity between the changes in Assessment vs Taxable since 1999.



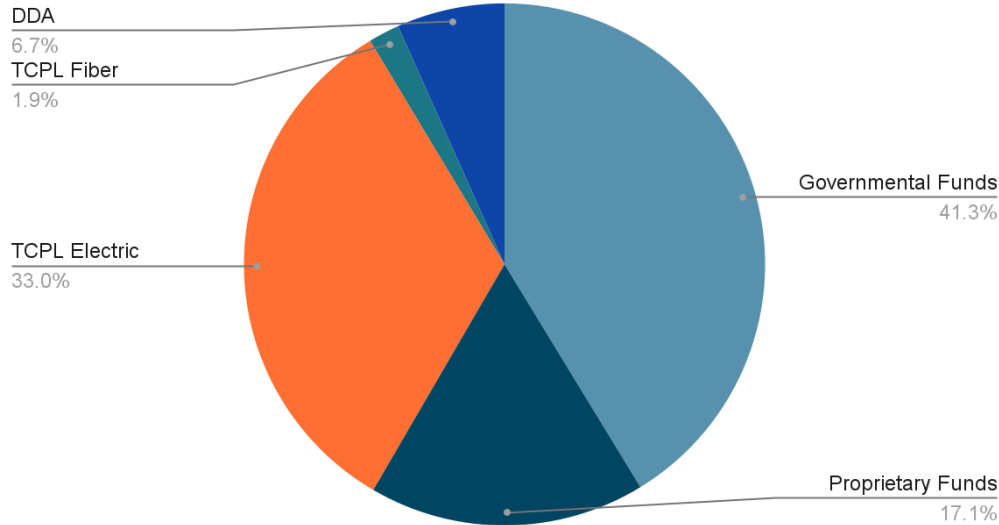
Recommended FY 2024 Budget





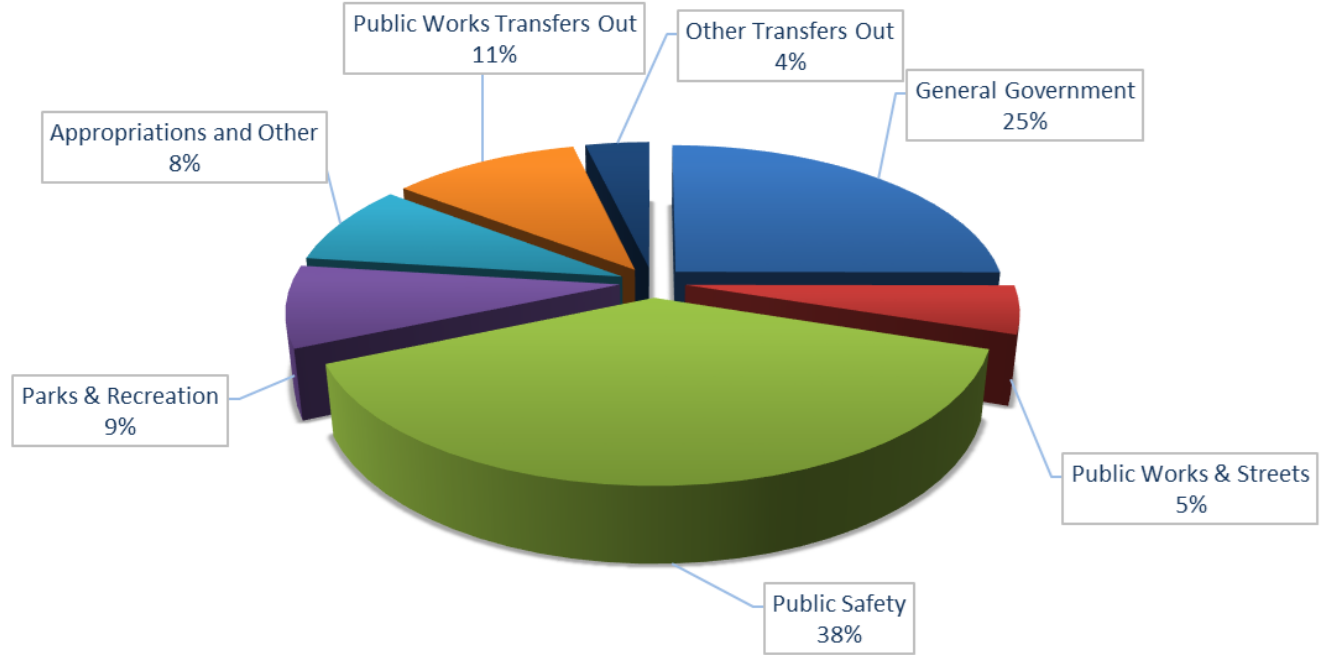
All Fund Expenditures

All Funds Summary



City of Traverse City	
Summary of Budgeted Expenditures	
City Primary Government - Governmental Funds	49,485,400.00
City Primary Government - Proprietary Funds	20,535,900.00
TCLP Component Unit - Proprietary Fund Electric	39,539,900.00
TCLP Component Unit - Proprietary Fund Fiber	2,313,300.00
DDA Component Unit - Governmental Funds	8,033,000.00
Total expenditures	119,907,500.00

City of Traverse City General Operating Fund 2023-24 Budgeted Expenditures



- General Government
- Parks & Recreation
- Other Transfers Out

- Public Works & Streets
- Appropriations and Other

- Public Safety
- Public Works Transfers Out

GENERAL OPERATING FUND

Departmental Budgets Summary

	FY 21/22 Actual		FY 22/23 Budget		FY 22/23 Projected		FY 23/24 Requested
Department							
City Commission	\$ 101,600	\$	109,300	\$	96,300	\$	118,300
City Manager Department	441,100		610,600		571,700		520,800
Human Resources Department	245,900		254,600		288,900		423,900
DPS Director and Asset Management Department	329,900		371,900		375,300		411,600
GIS Department	165,800		174,300		160,600		186,100
City Assessor Department	489,900		505,600		487,300		531,900
City Attorney Department	388,900		393,600		406,400		447,400
City Clerk Department	617,000		708,400		691,100		837,400
City Treasurer Department	368,500		430,300		451,300		462,200
Police Department	4,375,300		4,754,600		4,559,600		4,833,500
Fire Department	3,355,000		3,531,500		3,730,000		4,181,400
Engineering Department	844,600		984,000		913,300		995,900
Planning and Zoning Department	429,600		675,300		582,800		785,100
Parks and Recreation Department	1,827,500		1,861,400		1,844,400		1,991,600
Oakwood Cemetery Division	357,100		539,300		459,900		382,700
Streets Administration Department	641,900		884,800		698,800		760,000
Government Owned Buildings	167,200		128,200		177,400		178,500
Appropriations	972,700		1,523,100		1,206,600		2,036,600
Contingencies	-		440,000		-		232,000
Total Departmental Expenditures	16,119,500		18,880,800		17,701,700		20,316,900



ARPA UNSPENT/BALANCE

PER ARPA GUIDELINES ALL FUNDS MUST BE ENCUMBERED BY DECEMBER 2024

SPENT/ENCUMBERED

= \$ 640,832

ALLOCATED NOT SPENT

= \$ 685,000

- Gender Neutral (150K) Estimate (300K+)

BALANCE/UNENCUMBERED

= \$328,054

TOTAL

= \$1,653,886.25

CITY OF TRAVERSE CITY
 GENERAL OPERATING FUND
 ANALYSIS OF FISCAL YEAR END 6/30/2023
 BUDGETED ACTIVITY VS. PROJECTED ACTUAL ACTIVITY

23 PROJECTED VS.
 23 BUDGET

TOTAL REVENUES AND TRANSFERS IN	\$ 834,800	Total Projected Revenue Exceeds Initial Budget
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Key Line Item Differences:

There are over 60 individual revenue line items in the General Operating Budget, some where projections exceed the budget and other where projections fell below

		difference discussion
TAXES-CURRENT-REAL ESTATE	\$ 184,800	The projected activity includes adjustments and is based on the final tax settlement.
CITY FEE - COMPONENT UNITS (TCLP)	238,000	The City fee is based on TCLP & Fiber revenues both of which were higher than the initial budget.
ANNUAL MARIJUANA LICENSE	105,200	The 22/23 projected amount includes recreational use license fees which were not included in the initial budget.
FRANCHISE FEES	(12,000)	Charter franchise fees declining as cable customer base declines.
OTHER FEDERAL GRANTS	62,200	The projected amount corresponds to the General Fund Share of the Coronavirus Fiscal Recovery employee appreciation payments.
REVENUE SHARING-SALES/USE TAX	198,700	Actual sales tax distributions have been much higher than the original state projections.
AMBULANCE	43,000	This is a reflection of both an underestimate when preparing the 22/23 budget and a continued increase in the number of Ambulance runs being handled by the Fire Department.
INTEREST & DIVIDEND EARNINGS	48,000	The interest rates available for investments that can be held by the City have improved as well as interest being received on City held cash deposits (checking and savings accounts).

CITY OF TRAVERSE CITY
 GENERAL OPERATING FUND
 ANALYSIS OF FISCAL YEAR END 6/30/2023
 BUDGETED ACTIVITY VS. PROJECTED ACTUAL ACTIVITY

TOTAL EXPENDITURES AND TRANSFERS OUT \$ (1,222,300) **Total projected expenditures LESS than Initial Budget**

Key Line Item Differences:

There are over 360 expenditure line items in the General Operating Budget, some of the key differences are reviewed below.

difference discussion

SALARIES AND WAGES - Multiple Departments	(303,100)	There Were multiple open positions and retirements during the year, there were also more wages allocated to street funds than initial projected.
EMPLOYEE HEALTH INSURANCE - all depts.	(100,500)	A combination of staff openings and slightly lower rate increase than budgeted.
OPERATION SUPPLIES - all depts.	(40,200)	public safety departments and engineering much lower than budget - availability of supplies has been an issue.
PROFESSIONAL/CONTRACTUAL - all depts.	(222,600)	The Master plan contract timeline has been extended compared to original budget. Less tax tribunal related professional fees than budgeted. Police fye 23 budget amount overestimated. Budgeted Housing Study and Green Rate programs had limited actual activity.
PROFESSIONAL DEVELOPMENT - all depts.	(55,200)	Nearly every department is projected to be under budget. Most professional development continued to be online during 23 versus physical attendance. Staff shortages also affected time available for professional development.
Facilities and Fire Station Studies	(247,000)	Studies and professional services initially included in the FYE 2023 budget had minimal actual costs incurred. The work is expected to be completed in FYE 2024.
Contingencies	(440,000)	Contingency set asides for 3 additional firefighters were not used (unable to fill positions to date) Contingency for potential ACT wage changes was not used as wage study has not been presented to date.

PROJECTED CHANGE IN FUND BALANCE SUMMARY FOR FISCAL YEAR END JUNE 30, 2023:

Budgeted Revenues over (under) Expenditures	\$ (1,315,600)
Projected Revenues over (under) Expenditures	<u>741,500</u>
Difference in change in fund balance	<u>\$ 2,093,100</u>
BUDGETED 60/30/2023 YEAR END FUND BALANCE	\$ 5,888,200
PROJECTED 6/30/2023 YEAR END FUND BALANCE	\$ 7,945,300

~ \$2,093,100

Next Steps:

- Capital Discussion 5/22
- Public Hearing 5/22
- If Needed 5/30
- Adoption 6/5

QUESTIONS??