

FY 2019 PROPOSED BUDGET HIGHLIGHTS

April 16, 2018

Honorable Mayor and Council Members:

OVERVIEW

Property Taxes and Millage Rates – The total taxable value of the City (with TIFA, Brownfield & CIA) increased from \$1,459,695,000 to \$1,522,428,000. This is an increase of 4.30% which is higher than the rate of inflation/CPI of 2.1% for 2017.

Fiscal Year	Taxable Value (000's)	Percent Change	MRF
2019	1,522,428	4.3%	.9845 Est
2018	1,459,695	3.4%	.9850
2017	1,411,427	1.8%	.9891
2016	1,385,923		.9977

However, the Headlee Amendment limits local tax revenue growth by requiring an offsetting reduction in the millage rates to decrease growth in assessed values that exceed the CPI of the previous year. This is done using a Millage Reduction Factor (MRF), or, roll back rate. We do not have final confirmation from the County or State, but we estimate the MRF will be .9845. The millage rates below have already had the MRF applied. Note that the Police & Fire Pension and General Obligation Debt millages are not subject to any roll back.

Taxable Value (in thousands) With TIFA, Brownfield and CIA	FY 2018 Adopted		FY 2019 Proposed Budget	
		1,459,695		1,522,428
Without TIFA, Brownfield and CIA	1,437,732		1,501,306	
Millage Reduction Factor (MRF)	0.9850		0.9845	
Taxes	Millage	Levy	Millage	Levy
Operating	6.1224	8,802,319	6.0275	9,049,126
Sanitation	2.2956	3,300,517	2.2600	3,392,979
Police and Fire Pension	6.5590	9,430,084	6.9928	10,498,333
Publicity, Act 359	0.0347	49,889	0.0333	49,993
Police and Fire Operating	4.9250	7,080,830	4.8486	7,279,176
Voted Street Millage	1.2149	1,746,701	1.1960	1,795,516
Library	0.8984	1,291,685	0.8844	1,327,717
Total Operations	22.0500	31,702,025	22.2425	33,392,840
General Obligation Debt	0.4150	605,773	1.0605	1,614,535
LSC "Clean Water" Debt	1.9439	2,837,495	1.9137	2,913,424
Total Debt	2.3589	3,443,269	2.9742	4,527,959
Total City Millage	24.4089	35,145,294	25.2167	37,920,799

GENERAL FUND

Overview

The General Fund expenditure budget is now at \$39.3 million, a \$2.2 million (5.9%) increase over last year's adopted budget of \$37.1 million and \$35.2 million the year before. Following is a brief history of recent adopted budgets:

ADOPTED BUDGET HISTORY

Fiscal Year	Revenues	Expenditures	Surplus (Deficit)
2019 (P)	39,277,124	39,336,277	(59,153)
2018	38,062,644	37,056,635	1,006,009
2017	30,877,850	35,220,386	(4,342,536)
2016	30,433,444	40,351,938	(9,918,494)*
2015	44,912,074	46,380,918	(1,468,844)

*Due to accounting changes that were made to create new funds

Structural Deficit

While last year's budget was adopted with approximately a \$1.0 million surplus, the proposed FY 2019 budget has a \$59,153 deficit. When the initial projections were prepared for the January 2017 budget workshops, it was expected that the deficit would be in the \$200,000 to \$300,000 range. And, an even larger deficit likely in FY 2020.

For FY 2019 the proposed revenues are up \$1.2 million, or, 3.1% from last year while proposed expenditures are up \$2.2 million, or 5.9%.

Fund Balance

Based on a deficit of \$59,153, the *Unrestricted* fund balance as of June 30, 2019 is now estimated at \$10 million, which is approximately 25% of total expenditures.

The Government Finance Officers Association (GFOA) establishes local government benchmarks and recommends that cities maintain an unrestricted fund balance of no less than two months of general fund expenditures, or about 17%. The proposed budget will meet this best practice.

MAJOR REVENUES [Page 2]

Taxes [Increase of \$462,257, or, 2.7%]

The Increase/Decrease column of the General Fund revenue page indicates an increase in total property tax revenues of \$462,257 which is primarily due to the increase in taxable property values. Also, the FY 2018 budget includes an anticipated reimbursement from the State of Michigan of \$122,142 for lost Personal Property Taxes. Total projected tax revenue is \$17,307,437.

DESCRIPTION	FY 2017 Actual	FY 2018 Budget			FY 2019 Proposed Budget	Increase (Decrease) To FY 2018
		Adopted	Amended	Actual		
		06/19/17	11/20/17	12/31/17		
Property Taxes	11,627,678	16,055,180	16,055,180	15,332,135	16,500,437	445,257
Admin Fee	710,496	688,000	688,000	740,496	705,000	17,000
Penalties & Int.	93,987	102,000	102,000	25,355	102,000	0
TOTAL TAXES	12,432,161	16,845,180	16,845,180	16,097,986	17,307,437	462,257

Licenses and Permits [Decrease of \$29,096, or, 1.2%]

After several consecutive years of increases, activity has leveled off as several large projects have been completed. Revenue from permits and licenses is projected to decrease by over \$29,000 from last year and is an indicator that new construction activity has peaked. This is also evidenced by the fact that revenues are down by \$338,000 as compared to FY 2017 actual. Fees were adjusted in FY 2017 based on audit findings that indicated that costs exceeded revenues the past several years. Total license and permit revenue is \$2,369,750.

DESCRIPTION	FY 2017 Actual	FY 2018 Budget			FY 19 Proposed Budget	Increase (Decrease) To FY 2018
		Adopted	Amended	Actual		
		06/19/17	11/20/17	12/31/17		
Business Licenses	70,060	63,000	63,000	31,652	60,000	(3,000)
Cable Franchise	1,485,771	1,500,000	1,500,000	361,337	1,500,000	0
Rental Inspections	163,420	160,700	160,700	102,842	150,000	(10,700)
Bldg Permits	522,895	323,196	323,196	170,491	320,000	(3,196)
Electrical Permits	138,966	94,000	94,000	60,390	94,000	0
Mechanical Permits	149,760	102,900	102,900	70,150	90,000	(12,900)
Plumbing Permits	94,197	70,600	70,600	47,509	75,000	4,400
Other Permits	82,978	84,450	84,450	38,419	80,750	(3,700)
TOTAL LICENSES	2,708,047	2,398,846	2,398,846	882,789	2,369,750	(29,096)

State Revenue Sharing [Increase of \$356,375, or, 6.7%]

The statutory portion for the City, Village, & Township Revenue Sharing (CVTRS - formerly EVIP) remains unchanged at \$602,183. Constitutional sales tax is up \$356,375 to \$5,044,697. Total projected revenue for both is \$5,646,880. However, this is still significantly lower than the \$6,328,309 we received in 2005.

Other State and Federal Funds [Decrease of \$13,000, or, 1.8%]

After removing the revenue sharing from the equation, the balance received from other state and federal sources such as CDBG admin fees, grants, liquor tax, State reimbursement for judge’s salaries, etc. is expected to decrease slightly by \$13,000. Due to the uncertainty, we typically do not budget for larger grants until we receive the Notice to Proceed. Total revenues from other State and Federal sources is \$700,382.

DESCRIPTION	FY 2017	FY 2018 Budget			FY 19 Proposed Budget	Increase (Decrease) To FY 2018
	Actual	Adopted	Amended	Actual		
		06/19/17	11/20/17	12/31/17		
CDBG Fed grants	168,554	185,000	185,000	61,162	185,000	0
CVTRS (Prev EVIP)	602,183	602,183	602,183	216,888	602,183	0
Sales Tax-Const	4,807,488	4,688,322	4,688,322	1,725,346	5,044,697	356,375
Liquor Tax	36,317	34,500	34,500	36,037	34,500	0
Judge's Reimb	91,448	91,448	91,448	45,949	91,448	0
Grants	153,322	172,900	172,900	218,025	159,900	(13,000)
Senior grants	204,369	229,534	229,534	107,299	229,534	0
TOTAL STATE/FED	6,063,682	6,003,887	6,003,887	2,410,705	6,347,262	343,375

Fees and Charges [Decrease of \$89,868, or, 1%]

Fees and charges may tend to fluctuate a great deal from year to year, in some cases based on the weather, other concurrent events, etc. as evidenced by the following detail:

1. The Boating, Pool and Golf Course fees decreased by \$49,200, or 3% for a total of \$1,684,100.
2. Rentals increased \$32,629 based on a review of current contracts for cell towers, billboards, property leases, Act 51 rentals, etc.
3. Court revenues decreased \$65,500 based on current projections.

Total revenues from fees and charges is \$9,122,730.

DESCRIPTION	FY 2017	FY 2018 Budget			FY 19 Proposed Budget	Increase (Decrease) To FY 2018
	Actual	Adopted 06/19/1 7	Amended 11/20/17	Actual 12/31/17		
Recreation Fees	569,480	539,910	539,910	251,114	539,910	0
Senior programs	37,865	42,184	42,184	22,297	42,184	0
Civic Arena	863,816	977,860	977,860	419,018	972,489	(5,371)
Kyte-Monroe Concessions	42,231	65,526	65,526	19,310	60,000	(5,526)
Pool Fees		174,000	174,000	77,590	174,000	0
Boating Fees		370,300	370,300	89,173	371,100	800
Golf Fees		1,189,000	1,189,000	612,053	1,139,000	(50,000)
Chgs for Svc & Cobra	515,164	572,000	572,000	522,453	575,100	3,100
Sidewalk Charges		480,000	480,000	229,836	480,000	0
Ambulance Fees	1,449,382	1,500,000	1,500,000	555,316	1,500,000	0
Fire Response Fees	750	2,000	2,000		2,000	0
OUIL Reimbursement	28,450	20,000	20,000	11,447	20,000	0
False Alarm Charges	33,803	30,000	30,000	12,123	30,000	0
Rentals	930,120	969,318	969,318	548,046	1,001,947	32,629
Court Revenues	2,165,967	2,280,500	2,280,500	729,507	2,215,000	(65,500)
TOTAL FEES & CHGS	6,637,027	9,212,598	9,212,598	4,099,282	9,122,730	(89,868)

Contributions from Other Funds [Increase of \$485,013, or, 15%]

These are transfers from other funds to reimburse the General Fund for administrative services such as accounting, legal, purchasing, general management, technology, customer service, etc. Following is a comparison of the current proposed budget and three previous years. Note that the TIFA contribution has been reduced to what it once was some time ago. Total revenue from contributions is \$3,697,543.

Contributions from Other Funds	Proposed FY 2019	Adopted FY 2018	Adopted FY 2017	Adopted FY 2016
Computer Replacement	33,062	33,062	\$50,695	\$50,695
Streets	503,132	433,531	432,531	354,800
Court	75,000	75,000	75,000	75,000
Golf Capital Fund	50,000	50,000	0	0
Utility	2,396,000	1,989,000	1,838,000	1,819,000
Motor Pool	314,000	242,000	239,000	232,000
Sanitation	241,349	184,937	178,925	171,514
TIFA	50,000	170,000	170,000	170,000
PA 345 Pension	35,000	35,000	30,000	29,000
TOTAL	3,697,543	3,212,530	\$3,014,151	\$2,902,009
Year-To-Year Change	485,013	198,379	112,142	

MAJOR EXPENDITURES

In this section we will point out major citywide expenditures as well as variances by General Fund department.

Personnel

There are several proposed personnel changes in FY 2019:

- 242 Full-time positions FY 2018
 - 1 Added 1 Multi Media Producer in Communications (Currently contract position)
 - 1 Added 1 Communications Assistant in Communications (Currently contract position)
 - 1 Added 1 Engineer in DPW Administration
- 245 Full-time positions FY 2019

The staffing in Sanitary Sewer and Storm Sewer has been reorganized to reflect the actual workload. However, there is no change in the total staffing for the two departments combined.

One other change in personnel cost budgeting is in the Fire Department where we have budgeted for an overlap for two positions that will be filled as a result of the current individuals retiring – a Fire Marshall/Inspector (9 months overlap) and the EMS Coordinator (2 months overlap).

Wages

The budget includes 2% contractual increases for all full-time positions. This puts total full time wages at \$16,176,477 which is up \$426,092, or 2.7% from \$15,750,385 in last years adopted budget.

The State of Michigan has been steadily increasing the minimum wage as shown below. We do not yet have the rate for next year as it's supposed to be tied to the CPI.

<u>Hourly Rate</u>	<u>Effective Date</u>	<u>Percent Change</u>
\$8.50	January 1, 2016	--
\$8.90	January 1, 2017	4.7%
\$9.25	January 1, 2018	3.9%
TBD		

The budgets for part-time, seasonal and temporary workers is now at \$2,216,173, down from \$2,275,785 in last years adopted budget. This is primarily due to upgrading the 2 positions in Communications from contracted to permanent.

Benefits

Pension costs continue to increase despite negotiated benefit changes. The City contribution rates and amounts for both the Police & Fire and General Employee plans are shown in the table below. One difference this year is that we are proposing to increase the funding levels as indicated to better assure that the plans remain above the 60% threshold set by the State of Michigan in determining if a plan is underfunded.

The contribution to the General Employees pension plan is a fixed dollar amount since it is a closed plan. Based on proposed additional funding of 5%, the City contribution has increased by \$169,727 of which \$134,002 is due to the proposed overfunding. The total unfunded liability as of June 30, 2017 per the CAFR was \$26,832,029.

Assets	\$39,096,042
Liabilities	\$65,928,071
As of CAFR	6/30/17
Reqd Annual Contribution	\$2,554,204
Funded Ratio	59.3%

The Police and Fire plan is still open and the City contribution is based on a percent of actual payroll costs. We are proposing to increase this by 3% to assure we stay above the 60% funding level previously discussed. The result is an overall increase in the City contribution of \$242,242 of which \$178,862 is due to the proposed overfunding. The total unfunded liability as of June 30, 2017 per the CAFR was \$60,867,773.

Assets	\$102,735,561
Liabilities	\$163,603,334
As of CAFR	6/30/17
Reqd Annual Contribution	\$5,519,497
Funded Ratio	62.8%

The result is a total increase in pension costs of \$411,969 for FY 2019.

Police & Fire Retirement System				General Employees Retirement System		
Fiscal Year	Valuation Amount	Valuation Percent	Proposed Amount	Valuation Amount	Valuation Percent	Proposed Amount
2019	\$5,962,068	50.79%	\$6,140,930	\$2,680,039	76.1%	\$2,814,041
2018	\$5,898,688	49.28%		\$2,644,314	71.1%	
2017	\$5,603,001	48.24%		\$2,554,204	66.8%	
2016	\$5,136,032	47.76%		\$2,462,821	59.30%	
2015	\$5,024,799	47.25%		\$2,512,506	59.36%	
2014	\$4,417,956	42.81%		\$2,561,038	50.52%	
2013	\$3,834,745	31.73%		\$2,379,350	41.01%	
2012	\$3,479,418	30.57%		\$2,090,393	36.34%	

Last year we changed the way pension costs are allocated for the General Employee retirement system. Up until then, the percentage contribution was simply applied to each defined benefit (DB) employees' wages. However, because this is a closed system, the percentage rate would end up being an unrealistic amount over time. Therefore, the costs of defined benefit (DB) employees are instead being allocated based on the normal costs while defined contribution (DC) employees are allocated based on the Unfunded Actuarially Accrued Liability (UAAL). At the end of the day, there is no change in the total pension costs, just how it is distributed amongst the various departments so that each is paying their fair share.

Also, we modified the allocation formula this year which is why in some departments you may see a large swing in the UAAL Costs from last year to this year. The formula typically resulted in a decrease in the amount allocated to individual DB participants and a corresponding increase in the department UAAL Costs.

Health insurance costs have increased from \$12,502 per active employee to \$13,972 per active employee based on actual claims data. Based on 245 positions, the increased cost city wide is \$360,150. The total cost for all benefits is projected at \$12,869,410 for FY 2019. This compares to \$12,259,049 for FY 2018, an increase of \$610,361, or, 5%.

The City will continue to make the allowable pay-as-you-go payments toward the health care trusts (aka **OPEB**). We have also made some prefunding payments toward both plans. For the General Employees OPEB plan, we are proposing another \$403,305 in prefunding from Water, Sanitary Sewer, Storm Sewer and CDI/Permits. Another \$898,192, or, 25% of the Annual Required Contribution (ARC), in prefunding will be contributed toward the Police & Fire OPEB plan.

Although we are proposing in excess of \$1.3 million in OPEB prefunding, this will not be nearly enough to get us to the arbitrary 40% threshold established by the State of Michigan in determining if a plan is underfunded. As a result, under current legislation, we will have to submit a corrective action plan to the State sometime in FY 2019.

The total unfunded liability as of June 30, 2017 CAFR for General Employees OPEB was \$55,599,653.

Assets	\$6,287,279
Liabilities	\$61,886,932
As of CAFR	6/30/17
Reqd Annual Contribution	\$4,509,377
Funded Ratio	10.2%

The total unfunded liability as of June 30, 2016 for Police & Fire OPEB was \$90,879,748.

Assets	\$12,494,721
Liabilities	\$103,374,469
As of CAFR	6/30/17
Reqd Annual Contribution	\$5,901,168
Funded Ratio	12.1%

Capital Outlay

Following is a summary comparison of just the General Fund capital outlay budget by department, after almost \$700,000 in requests were eliminated by the City Manager during the department review process. Capital outlay budgets for all departments can be found on the Expenditure Detail page for each department. Note that the budgets for FY 2019 do not reflect a number of capital issues which were addressed in the Johnson Control Inc. project.

GENERAL FUND CAPITAL OUTLAY	Proposed FY 2019	Adopted FY 2018	Adopted FY 2017	Adopted FY 2016	Adopted FY 2015
Finance	0	0	6,667	9,500	0
Clerk	0	125,000	13,125		0
General Government	0	0		11,000	0
Communications	0	20,000		58,860	0
Building Maintenance	0	70,000			
Police	213,500	248,500	213,000	210,200	208,073
Fire	475,500	107,691	799,400	231,550	207,100
DPW Administration	375,000	0	15,000	272,000	15,000
Parks & Rec Admin	0	18,855	40,000	0	0
Arena	40,000	42,000	55,000	63,396	31,000
Parks	110,250	87,000	221,500	37,500	20,000
Senior Center	0	0			5,000
Boating	185,650	5,000			
Pool	10,000				
Golf	78,750	104,500			
Total General Fund	1,488,650	828,546	1,363,692	894,006	486,173
Year-to-Year Change	660,104	(535,146)	469,686	407,833	-

Note: Capital outlay purchases for Information Systems are charged to the Computer Replacement Fund

Also, copies of the most recent *Five Year Forecast* and *Five Year Capital Outlay Request* can be found in Exhibit 4 at the end of the budget book binder.

EXPENDITURES - BY DEPARTMENT

In this section we will point out major expenditures and variances by department, comparing the current proposed budget to the current year amended budget and the amount of increase or decrease. The variance amount is the column on the far right of the Budget Summary page labelled *Increase/Decrease from FY 2018*. For a one page summary of the variances by General Fund department please refer to page 3 of the budget book binder, or the following table:

Department	FY 2017 Actual	FY 2018 Budget			FY 2019 Amended Budget	Increase (Decrease) From FY 2018
		Adopted	Amended	Actual		
		06/19/17	11/20/17	12/31/17		
101 Legislative	77,583	79,170	79,170	37,807	79,603	433
115 Boards & Comm	223,312	331,295	356,295	102,450	220,495	(135,800)
140 Court	2,191,677	2,425,264	2,425,264	1,139,225	2,488,945	63,681
170 City Manager	513,148	511,382	511,382	226,761	602,330	90,948
201 Finance	1,147,013	1,254,446	1,254,446	569,247	1,267,577	13,131
210 City Attorney	408,281	463,500	463,500	176,317	463,500	0
215 Clerk/Election	600,099	895,361	919,986	282,329	816,645	(103,341)
241 Assessment	329,858	323,657	323,657	126,021	318,725	(4,932)
253 General Govt	3,779,407	3,285,876	3,285,876	1,234,904	3,664,928	379,052
255 Communications	337,205	383,085	383,085	149,168	426,851	43,765
258 Inform. Systems	394,126	467,271	467,271	176,444	626,582	159,311
266 Building Maint.	507,248	604,902	604,902	222,363	447,885	(157,017)
300 Police	10,911,922	11,210,814	11,210,814	4,980,321	11,159,306	(51,509)
340 Fire	6,339,267	5,975,218	6,432,713	3,210,942	6,863,346	430,633
370 CDI	1,857,816	2,436,146	2,436,146	1,257,217	2,606,492	170,346

450	DPW Admin.	743,082	606,410	606,410	247,521	1,105,383	498,972
701	P & R Admin.	1,190,168	600,601	899,129	645,877	563,397	(335,733)
702	Recreation	248,101	246,901	246,901	174,805	257,328	10,427
703	Arena	1,051,456	867,506	867,506	338,226	1,040,014	172,508
705	Parks	1,071,818	1,078,603	1,098,847	524,289	1,127,118	28,271
706	Sr. Center	465,191	528,298	528,298	201,367	534,297	5,999
708	Boating		239,783	239,783		428,981	189,198
709	Pool		321,855	321,855		321,518	(336)
855	Golf		1,180,497	1,263,543		1,151,860	(111,683)
910	Insurance	869,177	738,795	1,117,389	738,486	753,173	(364,216)
TOTAL		35,256,955	37,056,636	38,344,168	16,762,087	39,336,277	992,109

Numerous Departments

Johnson Control, Inc. Energy Savings Contract

With the JCI Energy Savings Project nearing completion, the first annual lease payment of \$388,137 is due June 1, 2018. The lease payment has been allocated amongst the various departments and locations based on their share of the total project costs. You will find the lease payments budgeted in line item 940 – Rentals as “JCI-BMO-TELP”. BMO is the firm that was awarded the financing and TELP refers to the Tax Exempt Lease Purchase financing instrument.

JCI has also taken over the facility maintenance duties from Honeywell at an annual savings of approximately \$100,000.

ATT phone costs have been reduced by 50% over FY 2017 actual to reflect implementation of the new internet based phone system. The remaining phone savings as well as other utility savings will be reflected in the FY 2020 budget once the Measurement and Valuation survey is completed.

In an unrelated matter, natural gas costs have been reduced by 30% over FY 2017 actual based on the three year contract that was recently awarded to IGS Energy, effective May 1, 2018.

115 Boards and Commissions

Capital Outlay

This budget was reduced by \$110,800 with the removal of the Skate Park project, which if not completed this year will be carried over at a later date.

215 Clerk/Elections

Capital Outlay

The reduction in the Clerks budget is due to removal of \$138,125 for the capital costs of new voting equipment made last year.

170 City Manager

Pension Allocation

This is an example of the reallocation of the UAAL pension costs. By changing the formula, those costs increased by \$98,012 but this was offset by decreases in other departments.

253 General Government

Pension Allocation

The General Government budget went up \$379,000 primarily due to the increased costs of retiree health care benefits.

255 Communications

Personnel

Mention has already been made of the two positions upgraded from contract to permanent with the associated costs reflected in the budget.

258 Information Systems

The IT budget is up by \$30,000 due to increasing the number of hours for a contract services position. It also went up \$65,449 for UAAL costs and another \$65,983 for the JCI-BMO TELP project. The IT portion of this project is primarily for the new internet based phone system (VOIP).

266 Building Maintenance

Capital Outlay

This budget shows an overall decrease of \$157,000. \$92,600 is due to anticipated savings resulting from JCI taking over facility maintenance from Honeywell and having new equipment that is now under warranty. The lift truck capital outlay has now dropped off.

340 Fire

Personnel

Costs are up \$367,181 due to filling two positions and allowing sufficient time for an overlap so there is an efficient handoff and sufficient training. Overtime costs are expected to increase by \$105,575 as outlined in one of the handouts in the budget.

370 CDI

The CDI budget for contracted services for inspections, engineering and rodent control went up \$147,000.

450 DPW Administration

Material Storage Building

The DPW Administration capital outlay budget includes \$375,000 for a material storage facility to house materials such as salt (up to 3,000 tons), cold patch, etc. The salt storage will allow the City to purchase in larger quantities at lower prices and better assure that we won't run out during a particularly hard winter. As indicated in the budget, the funding for the storage building is shared by the Utility Fund (50%), Streets (30%) Motor Pool (10%) and Sanitation Fund (10%).

Personnel

An Engineer position had been added for FY 2019 to give the City the ability to better manage projects as well as handle some internally to reduce costs. Cost of this position is \$112,185.

701 Parks and Recreation Administration

Capital Outlay

This budget went down by \$317,383 with the completion of several capital projects at Blossom Heath for parking, electrical and docks.

703 Arena

JCI-BMO-TELP

The arena budget increased by \$89,271 with the allocation for the JCI-BMO-TELP project and another \$45,422 for an ongoing maintenance program.

706 Senior Center

SMART Buses

The Senior Center budget has been reconfigured to reflect that SMART will be handling all repairs and preventative maintenance for their buses. The result is that we've added new line items for repairs & maintenance and fuel, thus eliminating the need for the Motor Pool vehicle maintenance fee.

708 BoatingCapital Outlay

The boating budget increased by \$180,900 with the addition of the final payment on the Recreation Revenue loan from the Sanitation Fund.

855 GolfCapital Outlay

The capital outlay budget for projects has been reduced by \$108,796 in FY 2019.

Hopefully this summary has been helpful. As always, please contact me at any time if you have questions.

Michael E. Smith
City Manager