CADILLAC CITY COUNCIL

SPECIAL MEETING AGENDA

Thursday, May 28, 2020 4:00 p.m.

Special Meeting held with in-person attendance by the City Council and remote electronic participation by the public.

200 N. Lake St. Cadillac, MI 49601

CALL TO ORDER

ROLL CALL

- I. APPROVAL OF AGENDA
- II. PUBLIC COMMENTS
- III. CONSENT AGENDA
 - A. Minutes from the regular meeting held on May 18, 2020. Support Document III-A
- IV. PUBLIC HEARINGS
 - A. Public hearing to consider adoption of Ordinance Establishing General Appropriations Act for Fiscal Year 2021.
 Support Document IV-A
- V COMMUNICATIONS
 - A. 2020 Senior Car Cruise Support Document V-A
- VI. ADJOURNMENT

CITY COUNCIL MEETING MINUTES

May 18, 2020

By Remote Electronic Participation 200 N. Lake St. - Cadillac, Michigan 49601

CALL TO ORDER

Mayor Filkins called the City Council meeting to order at approximately 6:00 pm.

ROLL CALL

Council Present: Elenbaas, Schippers, Engels, King, Mayor Filkins

Council Absent: None

Staff Present: Peccia, Roberts, Dietlin, Ottjepka, Payne, Coy, Homier, Wasson

APPROVAL OF AGENDA

2020-072 Approve agenda as presented.

Motion was made by Schippers and supported by Elenbaas to approve the agenda as presented.

Motion unanimously approved.

PUBLIC COMMENTS

Michael Hayes thanked the City Council for allowing him to serve on the CWTA and noted he is running for Circuit Court Judge.

CONSENT AGENDA

2020-073 Approve consent agenda as presented.

Motion was made by Schippers and supported by Engels to approve the consent agenda as presented.

Motion unanimously approved.

PUBLIC HEARINGS

A. Public hearing to consider adoption of Resolution Approving Brownfield Plan Amendment for Cadillac Lofts.

Peccia stated the ability to secure a second Community Development Block Grant for the project is on hold due to the pandemic. He noted the plan amendment would allow for the utilization of available funding to be reimbursed to the City for putting in public infrastructure related facilities.

Mac McClelland, Otwell Mawby Brownfield Consultant, presented information on the proposed plan amendment (see attachment).

Mayor Filkins opened the public hearing.

Bill Barnett expressed opposition to the proposed Brownfield Plan Amendment.

Mayor Filkins closed the public hearing.

King stated if the plan is amended now to fund the project in this manner then we won't be able to get approved for the grant in the future. He noted if it just requires one survey to be able to get certified why would we not go through that process especially with the State beginning to open up. He stated he doesn't want the City to fund something that we planned on being funded by this grant. He noted he is concerned about utilizing street funds for this project.

McClelland stated there is a timeframe in which the approval needs to take place in order to get these qualified and conduct the activities. He noted there is legislation which allows for activities to be conducted and then included in a subsequent plan.

Peccia noted there was a recent meeting held with the Michigan Economic Development Corporation (MEDC) and specifically those responsible for facilitating the Community Development Block Grant process, which is a federal grant. He stated those involved in the meeting were very much in favor of the City amending the plan now to take care of the portion of public infrastructure that needs to be completed in order to coincide with Phase I of the overall project. He noted the plan is to continue with the process of being certified by the State to then apply to receive a second Community Development Block Grant for the purposes of funding the remainder of the public infrastructure pieces of the project.

King stated he just recently realized that we were going to pay for this infrastructure from pending street bond proceeds for which there has been no bond issue yet so the money is not available. He noted he is concerned about moving forward before we have a set plan of what money is actually available, how it's going to be spent, and how it's going to be accounted for.

McClelland stated Council will have an opportunity to look at the allocation for that bond issue at a subsequent date.

King asked how Council can approve something when we don't know the money is actually available.

McClelland stated in a brownfield plan you oftentimes include things you may or may not know is expended. He noted you can only be reimbursed for those items that you actually expense as eligible activities and get reimbursed.

Owen Roberts, Director of Finance, stated these are street and infrastructure investments, such as Shelby Street and sidewalks, that we would be making at some point regardless of whether or not this project was occurring. He noted these types of infrastructure and street investments are eligible activities to be paid for directly from Act 51 street dollars, both the street portions and what Act 51 refers to as non-motorized investment, for example sidewalks and bike lanes. He stated the City can budget for those costs once we get final design and timing similar to what would be done for any street project. He noted the source of funds

instead of being a one-time grant is being provided from the tax capture, almost 40% of which are State dollars. He stated we are able to utilize those funds from the State level to pay back the cost of public street and non-motorized investment.

King stated he has heard from other developers that they have not been offered a plan like this by the City. He noted if there are development projects located on streets that need to be repaired, they have to get in line for the street bond money.

Peccia explained that a project has to meet certain key criteria in order to be eligible to receive a brownfield incentive. He added once they do receive an incentive the value of the overall project is considered to determine if the value is great enough to do something transformational.

McClelland stated it's a tremendous advantage for core communities to have this additional public infrastructure as an eligible activity. He noted there has not been many opportunities in the development projects that have come before us for these kinds of public infrastructure improvements.

Schippers stated her understanding is that approving this amendment is not allocating any funds and any expenditures will still have to come before Council for approval.

Peccia stated that is correct. He noted approving the amendment to the Brownfield Plan would allow for the reimbursement to occur and adjust the brownfield budget accordingly. He stated once the bids are received, a recommendation to award the project would be brought to the City Council. He noted at that time, we would likely amend the budget to account for the money coming in and then how the money is going out for this specific project.

Roberts stated a minimum of two (2) more decisions would need to be made before any funds are allocated.

Schippers stated it is her understanding that this is all for infrastructure the City owns and will continue to own, and without this project these improvements would still be necessary. She added with the Brownfield Plan there's a possibility to be reimbursed for these infrastructure improvements.

Peccia stated that is correct with the clarification that Shelby Street is not yet deeded back to the City but will be forthcoming as part of future approvals.

King stated he still has questions about what happened with the grant and how this will impact the budget.

<u>2020-074 Table Resolution Approving Brownfield Plan Amendment for Cadillac Lofts (Motion Failed).</u> Motion was made by King and supported by Elenbaas to table the amendment of the Brownfield Plan until such time we have the information, how it specifically impacts our budget, and what are the precedents we are setting by extending this when we have not gone this far for any other private projects.

Schippers asked if this item is tabled until the next meeting what impact would it have on the project itself and the ability to apply for the grant.

McClelland stated he can't say pushing this out a month would cause us to lose our opportunity for State approval for tax capture.

Schippers reiterated this is not approving the funds, this is enabling it so we don't have to allocate any money at this time.

Ayes: King, Elenbaas

Nays: Schippers, Engels, Mayor Filkins

Motion failed.

Engels stated he likes to see people involved, especially in something like a brownfield. He noted if he thought this project was going to fail or the company was going to disappear, he would not have supported this in the first place. He noted we tried to bring in this development to help the housing crisis. He stated the project ran into an unfortunate situation with the COVID-19 crisis and he fears that we are in a position where we either risk taking on the cost of improving the streets without getting reimbursed or the risk of delaying the project. He noted he is not willing to make a decision that contributes to the building possibly being vacant for any longer than it needs to be. He added it has already been delayed because of the virus.

<u>2020-075 Adopt Resolution Approving Brownfield Plan Amendment for Cadillac Lofts.</u>
Motion was made by Engels and supported by Schippers to adopt the Resolution Approving Brownfield Plan Amendment for Cadillac Lofts.

Ayes: Schippers, Engels, Mayor Filkins

Nays: King, Elenbaas

Motion carried.

Peccia stated if anyone is looking at any type of commercial or industrial improvement project, they can contact him directly to have a discussion to determine if any of the tools available would be able to assist them on their project.

B. Public hearing to consider adoption of Ordinance to Amend Section 42-201 and 42-202(3) of Chapter 42 of the Cadillac City Code to Increase Water Rates.

Peccia stated there is one presentation covering both water and sewer rates but there will be separate public hearings.

Roberts presented information on Water and Sewer User Rates (see attachment).

Mayor Filkins opened the public hearing.

There were no public comments.

Mayor Filkins closed the public hearing.

Schippers stated she appreciates the effort to help support our community members by deferring the rate increases until October.

2020-076 Adopt Ordinance 2020-05 with change to effective date.

Motion was made by Schippers and supported by Engels to adopt the Ordinance to Amend Section 42-201 and 42-202(3) of Chapter 42 of the Cadillac City Code to Increase Water Rates in the City of Cadillac 7.5 % with a new effective date of October 1, 2020.

Ayes: Schippers, Engels, Mayor Filkins

Nays: King, Elenbaas

Motion carried.

C. Public hearing to consider adoption of Ordinance to Amend Section 42-374 of Chapter 42 of the Cadillac City Code to Increase Sewer Rates.

Mayor Filkins opened the public hearing.

There were no public comments.

Mayor Filkins closed the public hearing.

Mayor Filkins stated in regard to water and sewer, the City rates are ranked low when compared to other communities and we have one of the finest systems and professional staff to manage the system. She noted that we don't want to find ourselves in a situation where we need millions and millions of dollars in improvements because everything is failing. She stated she believes the City has done an admirable job in reinvestment in our system to make it one of the very best.

Schippers stated it should be noted that there have been communities in our area that have had to implement significant rate increases to cover crisis in their infrastructure. She noted raising rates incrementally to maintain the infrastructure is very important.

2020-077 Adopt Ordinance 2020-06 with change to effective date.

Motion was made by Schippers and supported by Engels to adopt the Ordinance to Amend Section 42-374 of Chapter 42 of the Cadillac City Code to Increase Sewer Rates in the City of Cadillac 5% with a new effective date of October 1, 2020.

Ayes: Schippers, Engels, Mayor Filkins

Nays: King, Elenbaas

Motion carried.

D. Public hearing to consider adoption of Ordinance Establishing General Appropriations Act for Fiscal Year 2021.

Peccia noted a lengthy presentation was provided at both the work session and the previous public hearing.

Roberts provided a brief overview of the budget process. He noted the City Charter states the budget shall be adopted in the second half of the month of May. He stated the General Appropriations Act as it relates to Fiscal Year 2021 covers the period from July 1, 2020 through June 30, 2021. He noted the adoption of the budget, the General Appropriations Act, is appropriating money so it requires a four-fifths vote of the City Council.

Mayor Filkins opened the public hearing.

There were no public comments.

Mayor Filkins closed the public hearing.

King expressed concern about approving the budget during this crisis without looking critically at what money is going to be flowing out. He noted other cities have adjusted their budgets as a result of the current crisis and suggested the City relook at the budget and consider a reduction, such as 10%. He stated he is also uncomfortable approving a budget that potentially will have an outflow of public money from street bonds that have not yet been identified or received to the Cadillac Lofts project. He noted this money was not part of the approval of the original Brownfield Plan. He stated we are not in normal circumstances and believes we have a very high fiduciary duty to do what other municipalities are doing which is to figure out where we need to tighten our belt before we move forward.

Roberts noted this was part of the discussion during the work session and we arrived at the point that it is difficult to make significant decisions without data. He noted data is just beginning to come in and we have an idea of what may happen with one of our revenue sources but it is still a pretty gray area as far as the real data is concerned. He stated it was discussed that we don't know the full impact of the crisis but planned to move forward with approval of the budget and then be very careful with our spending. He noted any capital spending would need to come before the Council for approval. He stated every financial decision will be looked at carefully, not necessarily what was approved as a budget but rather what makes sense as the situation becomes more and more clear.

Mayor Filkins thanked Council Member King for his concerns. She stated every year when we adopt a budget, we know it is based on the staff's best work on what is known at the time. She noted we have to put a budget in place but that doesn't mean we are going to start spending on things that we shouldn't be spending on. She stated it is going to be everyone working together to make the best decisions in the coming fiscal year based on the data we receive. She noted it is a very strange time and if it does require a 10% or 20% adjustment then we will figure out how to make that adjustment to the budget but we have to have a groundwork for those decisions to be made. She noted we aren't going to make any big decisions without input from staff and Council and we are always going to act in the best interest of our community.

Peccia noted the budget is a dynamic document and we often amend the document when necessary. He stated we are coming off of what is perhaps the strongest fiscal year we have had in a decade and it is unfortunate that we are now in this unprecedented time. He noted this budget, along with the past budgets, have always been very conservatively based. He stated in looking at some of the estimates that are coming in we are still within a window of being able to meet our financial targets. He noted that while the document appropriates money for the budget, but it doesn't approve any specific project.

2020-078 Adopt Ordinance 2020-04 (Motion Failed).

Motion was made by Engels and supported by Schippers to approve the resolution to adopt Ordinance Establishing General Appropriations Act for Fiscal Year 2021.

Ayes: Schippers, Engels, Mayor Filkins

Nays: King, Elenbaas

Motion failed due to lack of a four-fifths vote.

City Attorney Homier stated the motion did not pass because it has to be approved by a four-fifths vote. He noted until that is achieved then there is no approved budget. He stated if the City does not have an approved budget at the beginning of the fiscal year then it has no authority to spend any money.

Schippers asked if a budget is not approved by the beginning of the fiscal year which is July 1, 2020 does that mean we are shut down.

Homier stated it certainly means there is no authority to make expenditures so, in effect, that is what it means.

Roberts stated he is going to need some guidance on what adjustments need to be done to make this a passable budget.

Elenbaas stated he would prefer a face-to face meeting to discuss the budget.

Mayor Filkins agreed with Council Member Elenbaas. She stated we have a responsibility to establish and approve a budget and the only way we are going to be able to do that is for everyone to come together. She recommended that a special meeting be scheduled to have that discussion if that is acceptable to everyone.

Homier stated the City Council is permitted to meet in person because they are considered critical infrastructure as long as everyone abides by social distancing, the CDC and Department of Health and Human Services protocols. He noted Council can allow the public to attend remotely.

Mayor Filkins stated she would like to have an in-person meeting of the City Council as soon as possible.

Schippers requested the meeting take place in a location that allows for social distancing and asked that everyone wear face masks.

Homier stated he believes the Council Chambers is large enough to allow for adequate social distancing.

Mayor Filkins suggested Council Members provide any input they have on the budget to the City Manager in preparation for the special meeting.

Homier noted the City Charter states that the budget has to be adopted by the end of May.

Schippers asked for clarification regarding the approval process, specifically the need for additional public hearings, if the budget is amended at this point. She asked about the possibility of approving the existing budget and then holding a work session to make amendments, as deemed necessary.

King stated he needs additional information regarding what impacts the current crisis will have before approving a budget.

Elenbaas stated he has received negative comments from the public regarding spending on the Cadillac Lofts project.

Engels asked Council Member Elenbaas if he is stating that he will not pass a budget that includes the Cadillac Lofts project.

Elenbaas stated that is correct with the information known to him at this time.

Roberts stated this budget does not include the Cadillac Lofts project. He noted there would have to be at least two (2) additional decisions made, both the budget amendment for that project and the awarding of the project itself.

Discussion ensued regarding preparation and scheduling for the special meeting.

Engels stated he is concerned about the budget being rejected without having discussions regarding what needs to be changed.

King stated he needs more education to ensure that we proceed appropriately in this time of crisis.

Homier explained the potential consequences of not approving a budget before the beginning of the fiscal year. He urged Council to follow the City Charter which states a budget shall be adopted by the end of May.

2020-079 Schedule special meeting for May 28, 2020.

Motion was made by King and supported by Elenbaas to schedule a special meeting for a work session May 28, 2020 at 4:00 pm to have further discussion and possible decision-making on the budget. The special meeting will be held in the Council Chambers with in-person attendance by the City Council and remote electronic participation by members of the public.

Motion unanimously approved.

APPOINTMENTS

A. Recommendation regarding reappointment to the Cadillac-Wexford Transit Authority.

2020-080 Approve reappointment to the Cadillac-Wexford Transit Authority.

Motion was made Schippers and supported by King to approve the reappointment of Michael Hayes to the Cadillac-Wexford Transit Authority for a 2-year term to expire on June 5, 2022.

Motion unanimously approved.

B. Recommendation regarding reappointment to the Brownfield Redevelopment Authority.

2020-081 Approve reappointment to the Brownfield Redevelopment Authority.

Motion was made by Schippers and supported by Elenbaas to approve the reappointment of Carla Filkins to the Brownfield Redevelopment Authority for a 3-year term to expire on May 19, 2023.

Motion unanimously approved.

CITY MANAGER'S REPORT

A. COVID-19 Update

City Manager Peccia summarized the current COVID-19 update provided by District Health Department #10. He noted the hotline number being facilitated by the Wexford County Prosecutor's Office is 231-942-765 and the email address is COVID19@wexford county.org. He stated the recent Executive Order allows for retail, restaurants, and offices to open within certain guidelines in Region 8 (which is the Upper Peninsula) and Region 6 (which includes Wexford County) effective May 22, 2020. He noted the City offices remain closed to the public at this time.

PUBLIC COMMENTS

Bill Barnett expressed concern about the City spending taxpayer money on the Cadillac Lofts project.

GOOD OF THE ORDER

Peccia noted the City received an \$800,000 Community Development Block Grant for the Cadillac Lofts project and we are still going through the process of securing an additional grant.

Peccia stated as businesses begin to reopen there will be more vehicles, bicycles, and pedestrians. He encouraged everyone to be careful while driving around the community.

Elenbaas stated he believes the Cadillac Lofts project will be good for Cadillac if the apartment units and the retail businesses are occupied. He noted he just doesn't feel comfortable investing taxpayer money into the project. He stated the COVID-19 crisis had nothing to do with construction not moving forward. He encouraged people who have concerns about water and sewer rate increases have their voices heard by voting.

Schippers stated her philosophy since she joined Council has always been to look to the future and to look at what is going to be best for our community. She noted as decision makers we need to realize that

decisions we make now have impact in the future. She stated all of these things are not giving away money but are putting things in place to plan for the future of our community. She noted the plan is to have Shelby Street come back to the City, so it is not giving money to a private corporation. She stated she wants the City to be viable and wants the infrastructure in place for good clean water and well-maintained sewers.

Mayor Filkins thanked everyone for their input. She noted she believes Council will be able to move the budget forward at the special meeting scheduled for May 28, 2020 at 4:00 pm.

ADJOURNMENT

Respectfully submitted,

Carla J. Filkins, Mayor

Sandra L. Wasson, City Clerk

PLAN AMENDMENT



Cadillac City Council May 18, 2020

1



BROWNFIELD TAX INCREMENT FINANCING

- The increased taxes generated by additional private investment are captured and used to reimburse approved eligible activities over time.
- Taxes are only captured on Brownfield Eligible Property.
- Capture is limited to the amount spent on Brownfield Eligible Activities.

AMENDMENT PURPOSE

- Initial public infrastructure needs to begin to coordinate with Cadillac Lofts
- Original Brownfield Plan includes match for CDBG, but CDBG funding is not currently an option.
- Increase budget for public infrastructure for reimbursement

2

WHAT IS ELIGIBLE PROPERTY?

- The property must be a "facility" with hazardous substances in the soil or groundwater at levels exceeding MDEQ criteria; or
- Blighted declared a public nuisance or has utilities disconnected: or
- Functionally obsolete no longer able to be used for its intended purpose; AND
- A brownfield plan must be approved by the brownfield authority and the governing body to become Eligible Property.







1

WHAT ARE ELIGIBLE ACTIVITIES?

- Environmental Activities
 - Investigation: BEA
 - Protection: Due Care
 - Remediation: Additional Response
- Non-Environmental Activities
 - Lead and Asbestos Abatement
 - Demolition
 - Site Preparation
 - Infrastructure

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CADILLAC LOFTS

- Former Olesons store had been vacant for over 10 years.
- Michigan Community Capital, 501(c)(3) public charity developed for public-private partnerships for the "missing middle"
- Combines federal New Market Tax Credits, federal and state grants, private equity and financing to complete projects that do not private sector return requirements.
- Cadillac Lofts included a \$740,000 CDBG Grant,\$1.5 million MEDC Community Revitalization Grant, \$499,000 EGLE Brownfield Grant and \$267,140 Loan, Commercial Redevelopment Act and Neighborhood Enterprise Zone abatements.
- No developer fee, will likely not break even for first two years and projected annual Internal Rate of Return of below 2%

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- The purpose of the amendment is to provide additional funding for public infrastructure improvements.
- Infrastructure improvements were part of the original project and Brownfield Plan.
- The original Brownfield Plan included only a match for CDBG grant that is currently not available.
- There is a need to initiate the first phase this spring/summer in conjunction with the completion of the first building
- The additional funding does not significantly extend the reimbursement timeline based on a recalculation of TIF revenues.
- The local tax capture (except ISD taxes) would go to the DDA and not to the City's General Fund and other taxing jurisdictions. Schools are held harmless.
- Brownfield capture includes State tax capture.
- Most all of the Private Eligible Activities have been funded by a CDBG grant and an EGLE grant.



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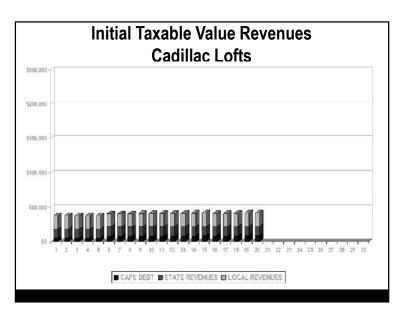
Environmental Eligible Activity Costs

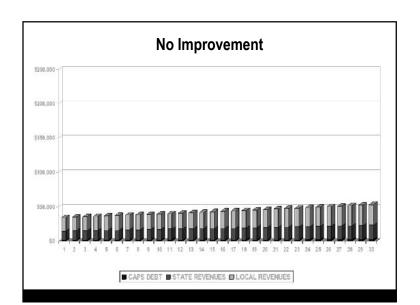
Eligible Activities		
Baseline Environmental Assessment		\$19,000
Phase I Environmental Site Assessment	\$2,000	
Phase II Environmental Site Assessment	\$15,000	
Baseline Environmental Assessment	\$2,000	
Due Care Activities		\$66,500
Due Care Assessment/Plan	\$9,000	
Due Care Measures (Soil Disposal, Vapor)	\$57,500	
Subtotal		\$85,000
Contingencies (15%)		\$12,825
Eligible Activities Subtotal		\$98,325
Interest (4% for 10 years)		<u>\$11,140</u>
Environmental Eligible Activities Total		<u>\$109,465</u>
Work Plan Development, Review, Implementation		\$15,000
Environmental Eligible Activities Total		\$124,465
Administrative and Operation Costs (Local Only)		\$20,000

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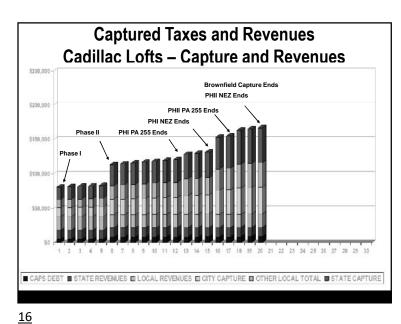
Eligible Activities	Original Cost	Amended Cost	Difference
PRIVATE ELIGIBLE ACTIVIES			
Private Infrastructure – Stormwater	\$152,000	\$152,000	
Site Preparation	\$165,520	\$165,520	
Subtotal	\$317,770	\$317,770	
Contingency	<u>\$47,665</u>	<u>\$47,665</u>	
Subtotal	\$365,435	\$365,435	
Interest (4% for 10 years)	\$85,120	\$85,120	
Private Eligible Activities Total	\$450,555	\$450,555	
PUBLIC ELIGIBLE ACTIVITIES			
Road Improvements/Parking	\$300,000	\$875,000	\$575,000
Interest	\$69,800	\$189,785	\$119,985
Work Plan Development, Implementation	\$20,000	\$20,000	
City Eligible Activity Total	\$389,800	\$1,084,785	\$694,985
MSF Eligible Activities Subtotal	\$840,355	\$1,535,340	\$694,985
Administrative and Operation Cost (Local Only)	\$30,000	\$30,000	

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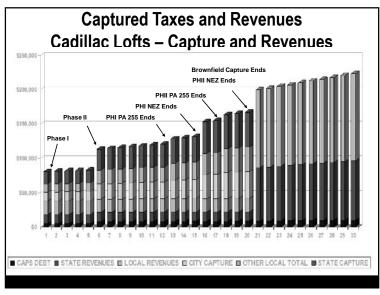




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BROWNFIELD SUMMARY Cont.

- After Eligible Activity expenses are reimbursed, the revenue goes to the taxing jurisdictions.
- Schools are held harmless; debt millages are not captured
- Brownfield projects bring in significant State funding to support local economic development projects.

BROWNFIELD SUMMARY

- Economic development projects have extraordinary costs (Eligible Activities) that affect financial viability.
- These costs can be paid from pending street bond proceeds, then reimbursed over time by the capture of increased property tax revenues resulting from additional private investment on the Brownfield Eligible Property.
- The capture is <u>only</u> on the Brownfield Eligible Property and <u>only</u> for the length of time to repay the actual Eligible Activity expenses.

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CADILLAC LOFTS BROWNFIELD PLAN AMENDMENT



Cadillac City Council May 18, 2020

<u>19</u> <u>20</u>

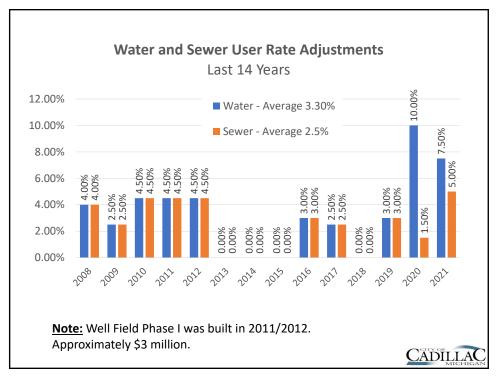
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Water and Sewer User Rates

Public Hearing May 18, 2020

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2

Proposed Rate Adjustment: + \$2.76 per mo/\$33.12 per year (total water and sewer)



- Water and Sewer User Charges
 - Justification:
 - Well Field (\$9 \$10 million)
 - · Ongoing capital investment
 - Average Monthly Bill ↑~\$2.76 (↑5.98%)
 - Sewer: \(\dagger) \\$1.45/month (5%)
 - Water: \(\dagger) \\$1.31/month (7.5%)
 - Based on <u>average</u> residential customer (5200 gallons per month)
 - Q2 (October 1) effective date v. July 1 effective date



2

Rate Survey Results

2017 Survey of Eastern UP and Northern LP Municipal Water and Sewer Systems

Water Rates: Cadillac 10th lowest of 68 responding systems;

Typical Monthly water bill: \$28.66 (Cadillac \$17.56)

* 14th lowest if last four years increases factored into **only Cadillac** rates

<u>Sewer Rates:</u> Cadillac <u>11th lowest</u> of 62 responding systems

Typical Monthly sewer bill: \$40.38 (Cadillac \$27.09)

* 14th lowest if last four years increases factored into only Cadillac rates

Total Typical Water/Sewer Bill: \$69.04 (Cadillac \$44.65)

Source: Gosling Czubak Engineering Services, Inc.; '2017 Water & Sewer Rate Study'.



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Baker Tilly Rate Analysis



- Need to maintain adequate reserves
- Fund \$550,000 additional annual debt service for new well field
- Continue to fund ongoing capital investment with cash on hand
- Identified need for user charge adjustments (Water):

FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
5%	15%	4%	4%	4%	4%



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Ongoing Capital Investment

Since 2010 (Cash Only – Does not include bond-financed Well Field Phase I Project)

	Water	Sewer	Total
Infrastructure	\$2,698,830	\$1,415,860	\$4,114,690
Equipment, Building, etc.	1,222,760	\$991,262	\$2,214,022
Total	\$3,921,590	\$2,407,122	\$6,328,712



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City Council

200 North Lake Street Cadillac, Michigan 49601 Phone (231) 775-0181 Fax (231) 775-8755



Mayor Carla J. Filkins

Mayor Pro-Tem Tiyi Schippers

Councilmembers

Bryan Elenbaas Robert Engels Stephen King

RESOLUTION	No. 2020)-

RESOLUTION APPROVING THE CADILLAC COVID-19 PANDEMIC FINANCIAL RESPONSE PLAN
At a special meeting of the City Council of the City of Cadillac, Wexford County, Michigan, held electronically for public participation pursuant to the Open Meetings Act and Governor Whitmer's Executive Order 2020-75 and inperson for City Council members and necessary staff on the 28th day of May, 2020, at 4:00 p.m.
PRESENT: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBER:
The following preamble and resolution was offered by <u>XXXXXXXXXXXXXXX</u> and seconded by <u>XXXXXXXXXXXXXXX</u> .
WHEREAS, the novel coronavirus (COVID-19) is a respiratory disease that can result in serious illness or death and it is caused by a new strain of virus that has not previously identified in humans and can easily spread from person to person; and
WHEREAS, COVID-19 has had a global negative economic impact not limited to the citizens and businesses of the City; and
WHEREAS, the ultimate economic effect is unknown as the City prepares to enter its upcoming 2021 fiscal year that starts July 1, 2020; and
WHEREAS, the City Council has determined it is in the best fiduciary interests of the City to temporarily freeze implementation of certain projects and expenses as identified in the Cadillac COVID-19 Pandemic Financial Response Plan.
THEREFORE BE IT RESOLVED by the City Council of the City of Cadillac, Michigan, as follows:
1. The Cadillac COVID-19 Pandemic Financial Response Plan is hereby approved.
2. Any resolution inconsistent with this Resolution is hereby repealed, but only to the extent necessary to give this resolution full force and effect.
ADOPTED:
YEAS:
NAYS:
STATE OF MICHIGAN)
COUNTY OF WEXFORD)
I, Sandra Wasson, City Clerk of the City of Cadillac, hereby certify this to be a true and complete copy of Resolution No. 2020, duly adopted at a meeting of the City Council held on the day of, 2020.



COVID-19 Pandemic Financial Response Plan

Developed by: City of Cadillac

- Office of the City Manager
- Financial Services Department

Provided to Cadillac City Council Special Meeting May 28, 2020

THE PROBLEM

The COVID-19 pandemic has created significant financial turbulence that has negatively affected the economies of countries around the globe and did not spare the United States or Michigan. Recent revenue estimates place the loss of revenues for the State of Michigan's general fund at approximately \$2 billion for the current fiscal year, with additional decreases anticipated for the State's upcoming two fiscal years as well. The impact to Michigan's economy will inevitably affect the local economy and the revenues that Cadillac receives.

This is a time of economic uncertainty, while at the same time the City needs to pass a budget for the fiscal year beginning July 1, 2020. In an effort to exemplify the City's ongoing conservative fiscal approach during this time of unknown impacts to important revenue sources, this Pandemic Financial Response Plan was developed. This Plan showcases financial planning diligence by identifying potential projects to temporarily pause until financial indicator(s) are available, such as receipts from future tax collections and new projections from the State.

LOCAL IMPACT

This report focuses on four primary funds of the City: General Fund, Major Street Fund, Local Street Fund, and Water and Sewer Fund. Collectively these funds comprise a majority of the City's overall budget and contain the revenue sources that will face the most significant and actionable impacts from the pandemic.

Within the four funds mentioned above, several specific sources of revenue are most at risk of being impacted by an economic crisis. These sources of revenue will be the primary focus of this economic analysis. These sources include:

- Property Taxes (General Fund only)
- State Shared Revenue (Constitutional and Statutory) (General Fund only)
- Act 51 Road Funds (Major and Local Street Funds)
- Water and Sewer User Charges (Water and Sewer Fund)
- Interest Income (General Fund; Water and Sewer Fund)

Following the analysis of the impacts that the current economic crisis will have on the City's primary revenue sources, this report details the financial response to the potential revenue reductions.

REVENUE IMPACTS

Property Taxes

Property tax revenues are expected to provide \$3,977,000 to the General Fund, or 56% of total fund revenues. Based on the property tax calendar each year, values for the next tax roll are established as of December 31 each year. This means that the tax roll that will provide revenue for the FY2021 budget was established at December 31, 2019, prior to the start of the economic crisis. In addition, most outstanding tax balances are transferred to Wexford County for delinquent collection as of March 1 each year. This means that except for a small portion of the delinquent taxes due, the City will collect 100% of the current levy during the fiscal year. If any balances remain unpaid three years after they are due, then the tax foreclosure process begins.

Additionally, one of the impacts of the Headlee amendment is that the taxable value of property changes differently than assessed value. In theory, assessed value reflects 50% of the actual

market value of a particular property and can change from year to year based on market conditions. Growth in taxable value, though, is restricted to the twelve-month change in the consumer price index as of September 30 each year. This means there is typically a gap between assessed value and a lower taxable value. In fact, this gap for the current tax roll for City parcels has grown to \$54,158,255 which is just over 20% of total assessed value for real property in the City.

The gap cushions the City in times of shrinking property values from experiencing dramatic year to year losses in property tax revenues. In fact, taxable values could increase based on inflation even in years when assessed value drops. Charts 1 and 2 illustrate the City's assessed and taxable values since 2008, the tax year prior to the Great Recession, in terms of both dollars and percentage change year to year. It's important to note that the housing market was one of the significant contributing factors to the 2008 recession, which is very different than the factors creating the economic crisis caused by the pandemic.

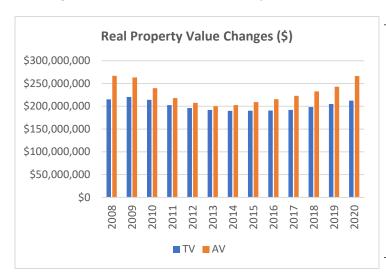


Chart 1

Assessed Value (AV) peaked in 2008, then dropped \$66.5 million (25%) over the next five years before recovering to nearly the same value in 2020.

Taxable value (TV) peaked in 2009, then dropped \$30.4 million (14%) over the next five years and is still over \$8 million less than pre-recession levels. So, while TV still dropped, the impact was far less than the actual loss in property value, and the subsequent growth has been slower than AV.

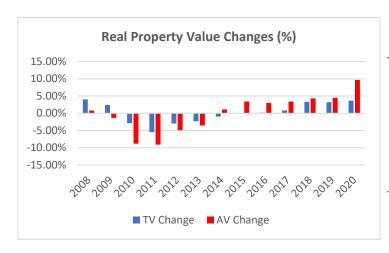


Chart 2

This chart illustrates the year to year change in both TV and AV. It highlights the fact that the assessed value is subject to more significant changes both in times of increasing values, and in times of decreasing values, while TV changes at a far smaller rate.

Property Taxes - Summary of Impact on FY2021 Budget

Essentially, this means that this important source of revenue should not be impacted for the FY2021 budget, but will need to be monitored for future years, even though future years' potential losses will be cushioned by the protectionary gap between Assessed Value and Taxable value.

State Shared Revenue

The second most significant source of revenue for the General Fund is State Shared Revenue. There are two components of State Shared Revenue. The first and most significant is a constitutional component that passes down by formula amounts that are collected from sales tax revenues. The second portion is based on the State of Michigan's City, Village and Township Revenue Sharing (CVTRS) program and is based on an annual appropriation in the State budget.

The City had conservatively planned for total revenue of \$1,120,000 from State Shared Revenue. This was based on estimates provided by the State of Michigan prior to the pandemic and was initially \$26,000 below these projections. Of the total amount of expected revenue, \$915,000 was Constitutional, while \$205,000 was the Statutory portion based on the CVTRS appropriation.

It is important to remember that State Shared Revenue has fallen woefully short of the amount that should have been provided by the State of Michigan. As Chart 3 illustrates, the amount of revenue now expected for FY2021 is approximately the same dollar amount received 25 years ago in FY1995! A strong effort to inform the public about this issue can be researched at www.savemicity.org.

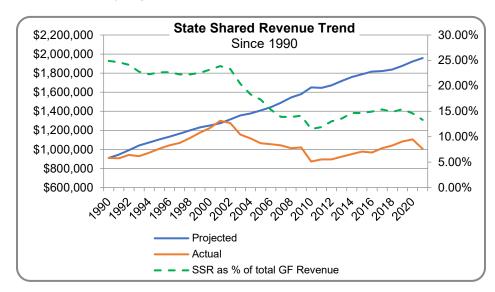


Chart 3 Latest estimates from the State of Michigan put the total anticipated state shared revenues at the same level as 1995. The dotted green line highlights that this revenue source is providing a decreasing share of General Fund revenue.

State Shared Revenue - Summary of Impact on FY2021 Budget

Estimates provided by the State after the May 15, 2020 revenue estimating conference project that the City's combined State Shared Revenue will be \$1,005,969, as compared to an initial budgeted amount of \$1,120,000. This results in a decrease of \$114,031.

The CVTRS portion of revenue, the non-Constitutional component, is currently projected at \$206,679 compared to the City's proposed budget of \$205,000. There are no indications at this point what additional action the State may take regarding this component of the appropriation, and currently it is stable. However, should the State make a 10% cut to the non-Constitutional CVTRS portion of revenues, that would result in a \$20,000 reduction to the City.

Act 51 Road Funds

Act 51 road funds are passed down from the State of Michigan through the allocation of gas taxes and motor vehicle registration fees. These local allocations have risen over the last several years based on an increase in state gas taxes from \$0.19 per gallon to \$0.263 per gallon in 2017 and increases in registration fees in the same time period. The pandemic will clearly have a short-term impact on these revenues, though it remains to be seen what the final impact will be. The City has a total projected budget of \$1,370,000 combined in the Major and Local Street Funds from this revenue source.

Act 51 Road Funds – Summary of Impact on FY2021 Budget

The Michigan Department of Transportation updated projections of payments to local road agencies on April 29, 2020. Based on these estimates and combined with the City's conservative approach to budgeting for potential increases, the most recent State projections still provide 100% of the amount budgeted for FY2021. Earlier projections had estimated that the City would receive \$1,441,775 in FY2021, but the City had budgeted just \$1,370,000. The newest projections estimate \$1,372,679 in revenues for Cadillac which is nearly identical to the budgeted amount. Therefore, the City's FY2021 budget will be mostly unaffected, barring further reductions to the State's estimates.

Water and Sewer User Charges

Nearly all of the \$4.4 million budget in the Water and Sewer Fund is funded through user charges. This is typical of an Enterprise Fund that accounts for the operations of municipal systems like water supply and wastewater treatment. The majority of connections to the City's water and sewer systems are residential customers or residential-size meters, with 3,251 of 3,574 customers – over 90% - in this category. Usage in this category is not expected to be significantly impacted by current conditions. However, actual billing for this class of customers only provides on average about 40% of system revenues. The reopening and recovery of local commercial customers and industries will be very important to the system's finances. Cadillac is in one of the two regions allowed to reopen in late May 2020 with reduced restrictions. As a result, this area will inevitably see more commercial activity through the reopening of many businesses. The system's largest customers, industries, were allowed to reopen earlier in May, and it is anticipated that this too will positively affect the system's finances.

Water and Sewer User Charges – Summary of Impact on FY2021 Budget

It is difficult to predict the short- and intermediate-term impact that the pandemic may have on the trend of user charges in the water and sewer systems. As the country and State reopens this should re-stimulate the local economy, and it is expected that usage could quickly return to pre-pandemic levels. However, because there was an impact on April and May volumes, the City has already reduced spending in the fund and is closely watching volumes to determine future actions that may be necessary to maintain the financial stability of these systems.

Separate from the pandemic, local industries and residents have been making incremental gains in installing higher efficiency fixtures and systems, which has put downward pressure on usage trends. This is illustrated in Chart 4, as it shows the conservation impacts to both systems since 2005.

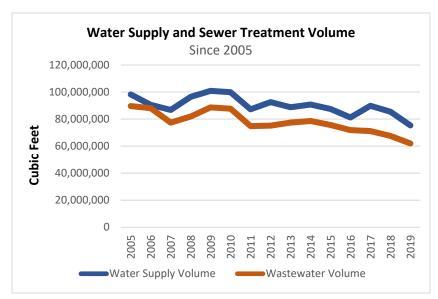


Chart 4

Volume trends have been on a general downward trend since 2010. This is the result of residents and businesses implementing new, higher efficiency technology, equipment, and procedures. Unfortunately, there is not a direct, 1:1 correlation in the drop in volume and the cost of providing water and treating wastewater.

Interest Income

Because the Federal Reserve System took quick and significant action to help protect the economy by lowering the federal funds rate, this will have an impact on the amount that the City earns on the investment of surplus funds. The rate has been reduced to 0-0.25% as compared to 2.5% just one year ago. Typically, the City's weighted average return benchmark is the 3-year treasury yield. This yield has dropped from 2.17% on May 20, 2019 to 0.22% as of May 19, 2020. The City's average return as of 4/302019 was 2.04% but is on a downward trend and was 1.76% as of 4/30/2020. Average returns will continue to decline as short-term investments mature and are reinvested at lower rates, but rates will eventually increase again.

Interest Income – Summary of Impact on FY2021 Budget

The City's four primary funds currently have about \$7 million in reserves invested in various short-term, conservative investments. A potential loss of 50 basis points, or 0.5% in average returns, would reduce investment earnings by approximately \$35,000 across these four funds. A potential loss of 100 basis points would equate to a reduction of approximately \$70,000 across these funds.

Summary of Revenue Losses on FY2021 Budget

In summary, the impact of the current pandemic on the primary revenue sources of the City's four major funds may be as follows:

Table 1 – Summary of Potential Revenue Losses

	Primary	Total Initial	
	Fund(s)	Budgeted	Potential
Source	Impacted	Revenue	Loss
Property Taxes	General Fund	\$3,977,000	\$0
State Shared Revenue	General Fund	\$1,120,000	(\$115,000)
Act 51 Road Funds	Major/Local Street	\$1,370,000	\$0
Interest Income	All	\$102,000	(\$35,000 - \$70,000)

SPENDING AND APPROPRIATION ADJUSTMENTS

With any economic crisis comes the necessity to closely analyze spending in order to respond to the crisis in a thoughtful and prudent way that enables the City to maintain services while also ensuring current and future financial stability. With this in mind, the City's Response Plan offers the following analysis:

Strong Reserves

It is critical to note that the City has entered the current crisis with very strong reserves, which is one of the most significant advantages that will enable Cadillac to have a "soft landing" as the economy continues to adjust and revenues may further dip before rising. As of the last audited financial statements of the City dated June 30, 2019, the City had the following reserves in the four primary funds:

Table 2 - Summary of Reserves on Hand

	Available	As % of Total	
Fund	Reserves	Expenditures	Benchmark
General Fund	\$2,466,312	35.31%	15%
Major Street Fund	\$754,447	60.34%	N/A
Local Street Fund	\$393,325	50.49%	N/A
			3-6 Mos, or
Water and Sewer Fund	\$1,597,596	35.66%	25-50%

Strong reserves allow continued investment in critical and important community services even (or especially) during local crises.

General Fund

Anticipating that the General Fund could face the loss of \$130,000 - \$150,000 (1.8 - 2.0%) in total revenues for FY2021, this Response Plan identifies the following items that may be temporarily deferred:

Table 3 - General Fund Financial Response Recommendations

Current Budget	Pandemic Response Plan	Increase (Decrease)
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GENERAL FUND

Department: Revenue	\$7,159,600	\$7,019,600	(\$140,000)
Amended Line Items Detail			
Sales & Use Tax - Constitutional	915,000	800,000	(115,000)
Sales & Use Tax - Statutory	205,000	195,000	(10,000)
Interest Income	50,000	35,000	(15,000)

Purpose: Reduce revenue lines due to COVID-19 pandemic impact on State and local revenue sources.

Department: City Complex	\$356,400	\$279,400	(\$77,000)
Amended Line Items Detail			
Capital Outlay	77,000	0	(77,000)

Purpose: Freeze funding for Staff Car (\$27,000) and Backup Generator Replacement (\$50,000).

Department: Parks	\$256,300	\$231,300	(\$25,000)
Amended Line Items Detail			
Capital Outlay	25,000	0	(25,000)

Purpose: Freeze funding for three planned capital projects: Lakefront Lighting (\$10,000), Shoreline Stabilization (\$7,500), Riding Mower (\$7,500).

Department: Various - all departments

Amended Line Items Detail
Travel and Education 65,300 49,000 (16,300)

Purpose: Freeze funding for 25% of all Travel and Education budgets in the General Fund.

General Fund Summary	Prior Proposed	Amended
Revenues	7,159,600	7,019,600
Expenditures	7,158,200	7,039,900
Revenues Over (Under) Expenditures	\$1,400	(\$20,300)

The deferment of these line items represents \$118,300 of postponed spending. The Response Plan maintains Police and Fire related projects, because deferring these purchases could negatively impact the City's ability to respond to public safety emergencies with the most up-to-date tools available. These public safety items are the only capital purchases that would remain authorized in the General Fund. This Plan also would anticipate the use of \$20,300 in reserves on-hand, an amount that would not impact the City's ongoing compliance with fund balance policies.

In addition to the plan above for the FY2021 budget, the City has also delayed a current year project (Rotary Pavilion Sign Upgrade), that saves \$20,000 in the current budget and results in a total of \$138,300 of deferred spending.

Note - Personal Property Tax Reimbursement Update

As reported in prior years, the personal property tax reimbursement provided by the State of Michigan has exceeded projections since its inception in FY2017. This was the reimbursement tool passed into law when eligible manufacturing personal property (EMPP) was removed from property tax rolls. On May 26, 2020, the City received the second portion of this payment for FY2020. Similar to prior years, this revenue source, originally budgeted at \$500,000 for FY2020, will be well in excess of projections, with nearly \$350,000 more than budget received. This unexpected additional revenue will provide funds to help maintain service delivery and support capital projects.

Major and Local Street Funds

Because the updated projections from MDOT staff indicate that the City should still receive full budgeted revenues for FY2021, no changes to the initial proposed appropriations are recommended for the Major and Local Street Funds. If the impact of the crisis becomes greater than projected and future revenues fall further below current State projections, there are sufficient reserves in both funds to help mitigate the immediate impact of the reduction while further decisions are made. Funds will still be appropriated for Chestnut Street, Evart Street, and Stimson Street as originally planned and approved in the 6-Year Capital Improvement Program.

Water and Sewer Fund

Based on the challenge of projecting usage once the economy is reopened, City staff will be closely monitoring monthly usage trends and will look to respond accordingly to financial challenges in the system as necessary. As part of this effort, this Response Plan identifies the following items that may be temporarily deferred:

Table 5 – Water and Sewer Fund Financial Response Recommendations

	Current Budget	Pandemic Response Plan	Increase (Decrease)
WATER AND SEWER FUND			
Department: Revenue	\$4,447,000	\$4,447,000	\$0
Amended Line Items Detail			
* No specific reductions recommended at this time	0	0	0

Purpose: No specific recommendations are being made to reduce projected revenues at this time. Instead, certain expenses and capital purchases will be essentially frozen until further Council action depending on actual impact to revenue throughout the year.

Department: Capital	\$10,037,000	\$9,615,000	(\$422,000)
Amended Capital Investment Detail			
Capital Investment	10,037,000	9,615,000	(422,000)
Projects Deferred:			
Service Truck	28,000		
LIMS/WIMS Software	75,000		
Revolution Blower	200,000		
Ultraviolet Bulbs	34,000	(Need to buy	\$6,000)
Manhole Rehabilitation	25,000		
Storage Barn	35,000		
Water Well Inspection	25,000	_	
Total Projects Deferred:	422,000		

Purpose: Freeze funding for projects referenced above. Purchases/projects are still recommended but will be readdressed as the year progresses.

In addition to the project deferrals referenced above, the Utilities Department is analyzing scheduling and staffing options to provide further cost reductions if needed.

SUMMARY OF CHANGES

In summary, the City will respond to the impacts that the crisis may have on the FY2021 budget in a thoughtful and flexible way. In the City's largest funds, this response is summarized as follows:

	Current Budget	Pandemic Response Plan	Increase (Decrease)
General Fund			_
Capital Expenditures	157,000	55,000	(102,000)
Travel and Education	65,300	49,000	(16,300)
			(118,300)
Water and Sewer Fund			
Capital Projects	10,037,000	9,615,000	(422,000)
		Total	(\$658,600)

RECOMMENDED CITY COUNCIL ACTION

In accordance with the information and guidelines outlined in this Response Plan, it is recommended that City Council consider approval by resolution the proposed Cadillac Pandemic Financial Response Plan that freezes spending for the items detailed in the 'SPENDING AND APPROPRIATION ADJUSTMENTS' section.

Based on the information and guidelines outlined in this Pandemic Financial Response Plan, it is also recommended that City Council adopt by ordinance the General Appropriations Act as originally presented with the inclusion of the Downtown Infrastructure Project Fund as described in Addendum A.

FUTURE OUTLOOK

It is anticipated that throughout the upcoming fiscal year updated action may be necessary as is typical in most years. However, due to the pandemic, this upcoming fiscal year certainly may be unique.

The spending adjustments identified in this Response Plan can be readdressed during the year should the pandemic ease and the economy and revenues begin to stabilize. Indicators such as stable or "normal" tax receipts, water/sewer revenues and shared revenue income could indicate a stronger level of comfort in restoring appropriations. These projects otherwise would not be able to be implemented until subsequent action is taken by the City Council to restore their appropriation. Council will be provided with financial status updates in order to stay abreast of current financial conditions.

This will be a unique budget year! However, this is a resilient organization that will continue its proud tradition of being fiscally conservative while also providing high quality services and doing whatever possible to provide an environment where Cadillac will continue to thrive and prosper.

ADDENDUM A

May 28, 2020

Council Communication

Re: Changes to proposed FY2021 General Appropriations Act

In order to address the upcoming downtown infrastructure project and to appropriate funds to cover debt service on the upcoming bond issuance, the following changes are recommended to the FY2021 General Appropriations Act:

	Current Budget	Amended Budget	Increase (Decrease)
BROWNFIELD REDEVELOPMENT FUND			
Department: Revenue	\$34,500	\$75,500	\$41,000
Amended Line Items Detail			
Property Taxes	34,000	75,000	41,000
Purpose: To recognize additional taxes captured from Lo	fts project.		
Department: Expenditures	\$34,500	\$75,500	\$41,000
Amended Line Items Detail			
Contractual Services	16,100	57,100	41,000

Purpose: To appropriate funds to transfer taxes captured from Lofts project to cover debt service on capital improvement bonds.

DOWNTOWN INFRASTRUCTURE PROJECT FUND (NEW!)

Department: Revenue	\$0	\$1,000,000	\$1,000,000
Amended Line Items Detail			
Bond Proceeds	0	1,000,000	1,000,000

Purpose: To appropriate funds for bond proceeds that will be utilized to fund the public infrastructure in the downtown area adjacent to the Lofts project. Bond proceeds will be repaid with captured taxes from incremental growths in the taxable value within the project area.

Department: Construction	\$0	\$1,000,000	\$1,000,000
Amended Line Items Detail			
Construction	0	1,000,000	1,000,000

Purpose: To appropriate funds to fund the public infrastructure in the downtown area adjacent to the Lofts project.

2020 CAPITAL IMPROVEMENT BONDS DEBT SERVICE FUND (NEW!)

Department: Revenue	\$0	\$325,000	\$325,000
Amended Line Items Detail			
Transfer In - Major Street Fund	0	142,000	142,000
Transfer In - Local Street Fund	0	142,000	142,000
Taxes	0	41,000	41,000

Purpose: To recognize revenue transferred in to pay debt service on new capital improvement bonds.

Department: Administration	\$0	\$325,000	\$325,000
Amended Line Items Detail			
Principle	0	215,000	215,000
Interest	0	110,000	110,000

Purpose: To appropriate funds to pay debt service on new capital improvement bonds.

MAJOR STREET FUND

Department: Administration	\$395,500	\$537,500	\$142,000
Amended Line Items Detail			
Transfer Out - 2020 Debt Service Fund	0	142,000	142,000

Purpose: To appropriate funds to transfer to debt service fund to pay debt service on new capital improvement bonds.

LOCAL STREET FUND

Department: Administration	\$156,500	\$298,500	\$142,000
Amended Line Items Detail			
Transfer Out - 2020 Debt Service Fund	0	142,000	142,000

Purpose: To appropriate funds to transfer to debt service fund to pay debt service on new capital improvement bonds.

Recommended Action

It is recommended that the General Appropriations Act ordinance be adopted as originally presented with the modifications above incorporated into the ordinance.

City Council

200 North Lake Street Cadillac, Michigan 49601 Phone (231) 775-0181 Fax (231) 775-8755



Mayor Carla J. Filkins

Mayor Pro-Tem Tiyi Schippers

Councilmembers Stephen King Robert J. Engels Bryan Elenbaas

RESOLUTION NO. 2020-___

RESOLUTION TO ADOPT ORDINANCE NO. 2020-04, ORDINANCE ESTABLISHING GENERAL APPROPRIATIONS ACT FOR FISCAL YEAR 2021

At a special meeting of the City Council of the City of Cadillac, Wexford County, Michigan, held electronically for public participation pursuant to the Open Meetings Act and Governor Whitmer's Executive Order 2020-75 and in-person for City Council members and necessary staff on the 28th day of May, 2020, at 4:00 p.m.

PRESENT: COUNCIL MEMBERS:	
ABSENT: COUNCIL MEMBER:	

The following preamble and resolution was offered by XXXXXX and seconded by XXXXXX.

WHEREAS, the Uniform Budgeting and Accounting Act, 1968 PA 2, as amended, requires the City Council of the City of Cadillac to pass a general appropriations act for all funds, except trust or agency, internal service, enterprise, debt service or capital project funds for which the City Council may pass a special appropriation act; and

WHEREAS, Section 10.3 of the Charter of the City of Cadillac (the "Charter") requires a public hearing be held in the second half of the month of April on the proposed budget before final adoption; that notice of the public hearing be published at least ten (10) days in advance of the hearing; and that the complete proposed budget be on file for public inspection during office hours at the office of the City Clerk for a period of not less than (10) days prior to such public hearing; and

WHEREAS, on the 4th day of April, 2020 a notice of hearing was published as required by Section 10.3 of the Charter, and a public hearing on the proposed budget for Fiscal Year 2021 was held on the 20th day of April, 2020; and

WHEREAS, Section 10.4 of the Charter requires the City Council to adopt a budget by ordinance between the 10th day of May and the last day of May of each year appropriating the money needed for municipal purposes during the next fiscal year and provide for a levy of the amount necessary to be raised by taxes upon real and personal property; and

City of Cadillac Resolution No. 2020-xxxx Page 2 of 3

WHEREAS, Section 5.2 of the Charter requires each proposed ordinance be introduced in written or printed form, identified by a short title containing a preamble stating its purpose and, following introduction of the proposed ordinance, requires the City Clerk to publish a summary of the proposed ordinance in a local newspaper of general circulation in the City and make copies of the proposed ordinance available for examination at the office of the City Clerk and provide copies at a reasonable charge; and

WHEREAS, the City Council introduced Ordinance No. 2020-04, Ordinance Adopting General Appropriations Act for Fiscal Year 2021 (the "Ordinance"), on May 4, 2020, and scheduled a public hearing on the Ordinance for May 18, 2020, at 6:00 p.m.;

WHEREAS, the City Council conducted a public hearing regarding the Ordinance on May 18, 2020 at 6:00 p.m. by electronic means pursuant to Executive Order 2020-75; and

WHEREAS, the City Council determined to hold an additional public hearing on May 28, 2020 at 4:00 p.m. by electronic means to consider adopting Ordinance No. 2020-04 and any impact that COVID-19 may have on the proposed budget for fiscal year 2021; and

WHEREAS, the City published notice of the May 28, 2020 special meeting and public hearing on May 23, 2020, including a summary of Ordinance No. 2020-04, in compliance with the Open Meetings Act, the City Charter and Executive Order 2020-75.

NOW, THEREFORE, the City Council of the City of Cadillac, Wexford County, Michigan, resolves as follows:

- 1. The Ordinance, as amended following the public hearing which is attached as Exhibit A, is hereby adopted.
- 2. The Ordinance shall be filed with the City Clerk.
- 3. The City Clerk shall publish a summary of the Ordinance in a newspaper of general circulation in the City within seven (7) days.
- 4. Any and all resolutions that are in conflict with this Resolution are hereby repealed upon the effective date of the Ordinance.

City of Cadillac	
Resolution No. 2020-xxxx	
Page 3 of 3	

YEAS: COUNCIL MEMBERS: _		
NAYS:		
STATE OF MICHIGAN)	
COUNTY OF WEXFORD)	
	•	lac, hereby certify this to be a true and complete copy of cial meeting of the City Council held on the 28th day of
		Sandra Wasson Cadillac City Clerk

City Council

200 North Lake Street Cadillac, Michigan 49601 Phone (231) 775-0181 Fax (231) 775-8755



Mayor Carla J. Filkins

Mayor Pro-Tem Tiyi Schippers

Councilmembers Stephen King Robert J. Engels Bryan Elenbaas

ORDINANCE NO. 2020-04

ORDINANCE ESTABLISHING GENERAL APPROPRIATIONS ACT FOR FISCAL YEAR 2021

THE CITY OF CADILLAC ORDAINS:

Section 1, Title.

This Ordinance shall be known as the City of Cadillac General Appropriations Act for Fiscal Year 2021.

Section 2, Public Hearing on the Budget.

Pursuant to MCL 141.412 and Section 10.3 of the City Charter, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on April 8, 2020, and a public hearing on the proposed budget was held on April 20, 2020.

Section 3, Expenditures.

The City hereby appropriates the expenditures for the fiscal year commencing July 1, 2020 and ending June 30, 2021 on a departmental and activity total basis as follows:

General Fund Expenditures

Legislative	\$53,100
Office of the City Manager	303,100
Financial Services	335,200
City Clerk/Treasurer Department	319,000
Election Services	14,200
Assessing Services	138,500
Legal Services	200,000
Engineering Services	85,500
City Complex	356,400
Police Department	2,153,000
Code Enforcement	16,700
Fire Department	1,522,700
Public Works	919,900
Culture and Recreation	291,800
Economic Development and Assistance	218,400
Intergovernmental	100,700
Other	130,000

Total Expenditures

\$7,158,200

 $\frac{Section\ 4,\ Estimated\ Revenues}{The\ City\ estimates\ that\ revenues\ for\ the\ fiscal\ year\ commencing\ July\ 1,\ 2020\ and\ ending\ June\ 30,\ 2021\ will\ be\ as$ follows:

General Fund

Total Revenues	\$7,159,600
Interest and Rents	51,500
Miscellaneous	20,000
Fines & Forfeits	15,000
Charges for Services	1,059,600
Intergovernmental	1,897,000
Licenses & Permits	139,500
Taxes	\$3,977,000

Section 5, Budgets.

The City hereby approves budgets for the fiscal year commencing July 1, 2020 and ending June 30, 2021 for the following funds in the amounts set forth below:

	Revenues	Expenses
Governmental Funds		
Major Street Fund	\$2,978,700	\$1, 724,900 866,900
Local Street Fund	2,432,000	889,400 <u>1,031,400</u>
Cemetery Operating Fund	179,500	179,400
Cadillac Development Fund	78,000	78,000
Building Inspection Fund	90,000	90,000
Naval Reserve Center Fund	23,000	23,000
Lake Treatment Fund	0	16,000
H.L. Green Operating Fund	500	0
2016 General Obligation Capital Improvement Bond	160,000	160,000
2020 General Obligation Capital Improvement Bond	325,000	325,000
Industrial Park Fund	87,500	87,500
Special Assessment Capital Projects Fund	30,500	30,500
Trailhead at Cadillac Commons Fund	450,000	450,000
Downtown Infrastructure Project Fund	1,000,000	1,000,000
Cemetery Perpetual Care Fund	28,000	28,000
Capital Projects Fund	1,500	500

		Revenues	Expenses
Proprietary Funds		40 2 7 00	\$0.1.000
Auto Parking Fund		\$93,500	\$91,900
Water & Sewer Fund		4,447,000	4,421,730
	Capital		10,037,000
Deb	ot Service		620,000
Building Authority Operating Fund		155,500	140,500
Central Stores & Municipal Garage Fund		684,000	684,000
	Capital		262,500
Deb	t Service		50,000
Information Tashnalagy Fund		210,500	200 600
Information Technology Fund	Capital	210,300	208,600 70,000
	Сарпат		70,000
Self-Insurance Fund		1,635,000	1,635,000
Employee Safety Fund		12,000	12,000
Pension Trust Fund			
Police & Fire Retirement System		1,097,500	1,097,500
		-,07.,000	-,021,000
Component Units			
Local Development Finance Authority Operating Fu	275,000	274,900	
Local Development Finance Authority Utility Fund	25,500	15,400	
Local Development Finance Authority Capital Proje	350,500	350,500	
Downtown Development Authority Operating Fund		32,000	32,000
Downtown Development Authority Capital Projects		81,000	81,000
Brownfield Redevelopment Authority Operating Fu	<u>75</u> 34,500	<u>75</u> 34,500	

Section 6, Millage Levies.

- (a) The City will levy a tax of 13.7774 mills for the period of July 1, 2020 through June 30, 2021, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the general expense and liability of the City and is levied pursuant to Section 20.6, Article 20 of the City Charter. The maximum authorized levy according to the City Charter is 15.00 mills.
- (b) The City further levies a tax of 2.60 mills for the period of July 1, 2020 through June 30, 2021, on all real and personal taxable property in the City, according to the valuation of the same. This tax is levied for the purpose of defraying the cost of supporting the retirement plan for personnel of the police and fire departments of the City pursuant to the provisions of Public Act 345 of 1937, as amended, as approved by a vote of the citizens of the City on November 8, 1977.

City of Cadillac Ordinance No. 2020-04 Page **4** of **4**

(c) The City further levies a tax of 1.9387 mills for the period of July 1, 2020 through June 30, 2021, on all real and personal taxable property in the City, according to the valuation of the same in a district known as the Downtown Development District. This tax is levied for the purpose of defraying the cost of the Downtown Development Authority.

Section 7, Adoption of Budget by Reference.

The general fund budget of the City is hereby adopted by reference, with revenues and activity expenditures as indicated in Sections 5 and 6 of this Act.

Section 8, Transfer Within Appropriation Centers.

The City Manager is hereby authorized to make budgetary transfers within the appropriation centers established throughout this budget. All transfers between appropriations may be made only by further resolution of the City Council pursuant to Section 10.5 of the City Charter and Section 19(2) of the provisions of the Michigan Uniform Accounting and Budget Act.

Section 9, Appropriations by Resolution,

The City Council may, by resolution, make additional appropriations during the 2021 Fiscal Year for unanticipated expenditures required of the City, but such expenditures shall not exceed the amount by which actual and anticipated revenues of the fiscal year are exceeding the revenues as estimated in the budget unless the appropriations are necessary to relieve an emergency endangering the public health, peace or safety.

Section	10	Effor	tivo	Doto
Section	111	ешес	nve	Date.

This Ordinance shall take effect on July 1, 2020.

Approved this 248th day of May, 2020.	
Sandra Wasson, Clerk	Carla J. Filkins, Mayor



200 N. Lake Street Cadillac MI 49601 Phone (231) 775-0181 www.cadillac-mi.net

Today's DateS	
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I WMGT # WMWW "	

City Received Date

MUST BE OFFICIALLY CITY DATE STAMP

50.					300000000	1000		SECTION 1	5-13-14-15	
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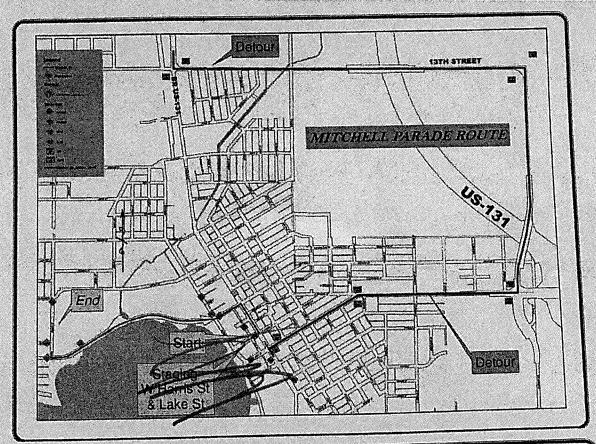
Name of Parade 2020 Sentor	Car Cruise
Purpose of Parade Recognize (ess of 2020
Requesting Organization Casilac	tigh School
Contact Person(s) Kones Mol	+25
Contact Phone	Contact Email Conrad. Molter@Cadillacsch
Date of Parade 5 / 3/ 20	Approx. number of participating groups
Requested Route	Staging Time 4: •• AM/PM
Starting Time 4.36AM/PM	Ending Time 5:00 AM/PM

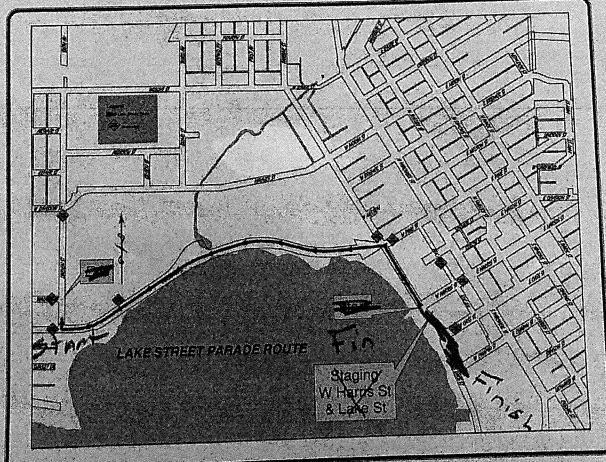
City of Cadillac & State of Michigan Rules

- Parade requests must be turned in a minimum of 6 weeks before parade
- Only one (1) parade is allowed per month
- Parades are only allowed on Holiday mornings, Saturday mornings, or Weekday evenings.
- Parades must use the designated route (See back side for the two (2) route options)
- Lake Street Parade Route is preferred so closure of US-131 can be avoided
- Mitchell Street Parade Route is only granted under special circumstances. The parade must be a wellestablished, annual parade with 40+ participating groups.

Form must be mailed or delivered to the above address or emailed to: <u>javila@cadillac-mi.net</u>
I understand and agree to these requirements & understand if these are not met the request will be denied.

Signature





Stage @ Kinwood Elementery