April 29, 2025, FY2026 Budget Introduction Questions from City Commissioners

1. On slide 18 (Property Tax Projection), there is a dollar bill graphic illustrating the distribution of property tax amongst City funds. Why are the Brownfield and Other Authorities not included in this graphic as it is a significant part of the allocation as shown in the bar graph to the right on the same slide?

   The allocation of FY2026 property tax by fund per dollar received is as follows and was correctly presented on slide 18:

General Fund	**$0.28**
Public Library Fund	**$0.25**
Refuse Collection Fund	**$0.20**
Capital Reserve Fund	**$0.14**
Parks & Recreation Fund	**$0.13**

   The bar graph on the right side of slide 18 inadvertently added the capture districts (Brownfield and Other Authorities) to the top of the bars. $65.7M was billed to property owners for the 2024 Summer and Winter property tax bills. $10.9M was captured and paid to the Brownfield and other authorities. The net amount collected for the City millages was $54.8M. In other words, 16.6% of City property taxes collected is captured and paid to Brownfield and other authorities. These relate to the economic development tools and special tax acts, which specifically allow for the capture to tax monies and is embedded in state law.

   The corrected bar chart is shown below:
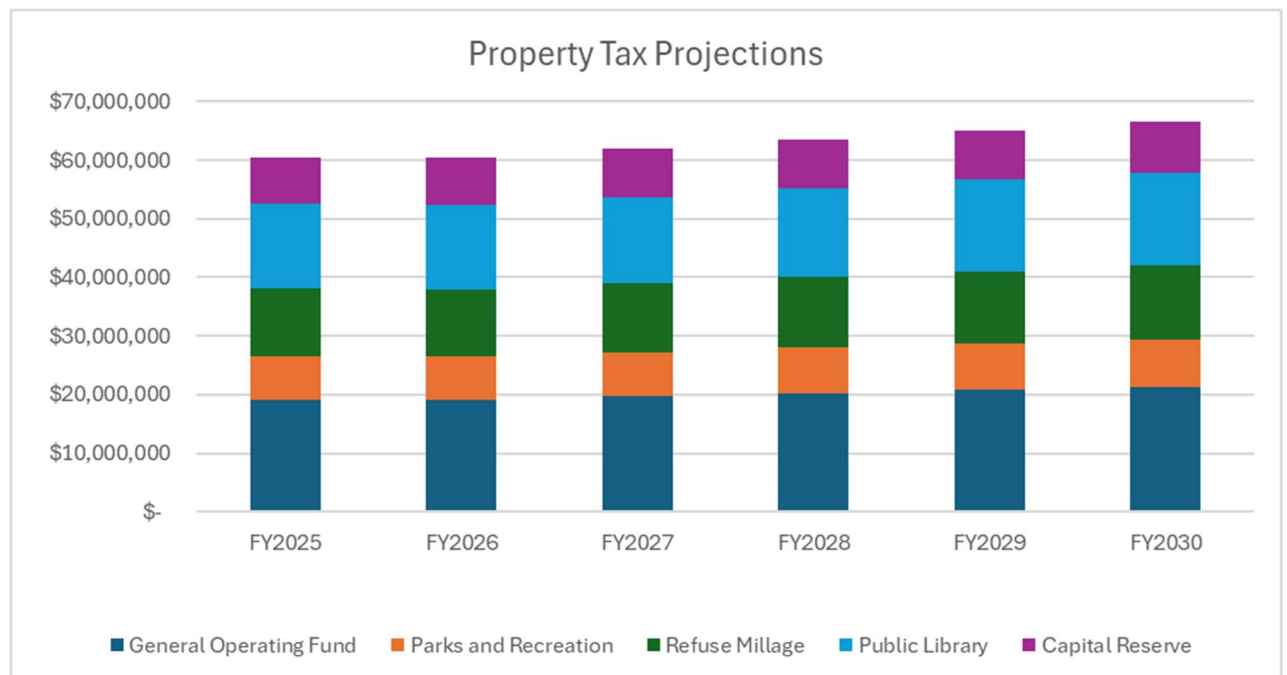
2. On slide 23 (General Fund Forecast), why is there only a $22,791 increase in property tax revenue in the General Fund between the FY2025 Estimate and the FY2026 proposed budget?

   A further review of the data revealed a logic error in the calculation of the estimated FY2025 totals which resulted in overinflated FY2025 totals. The error has since been corrected which resulted in a higher difference between FY2025 estimates to FY2026 budget comparison. The preliminary FY2025 Estimate of $19,085,339 will be revised downward to $18,585,823 in the Final Fiscal Plan.

3. Is an underlying assumption in the income and property tax forecast model that the City population remains stable over the forecast period? What about housing and economic development?

   Currently, the income tax forecast does not take population growth directly into account. The forecast is based upon an assumed growth rate provided by the Income Tax Administrator for "base" income tax. There is also a "compliance" component that is added to the base income tax to arrive at the total revenue forecast. The compliance forecast is a flat amount as determined by the Income Tax Administrator based upon information received from the State of Michigan. Currently, the Fiscal Services Performance Management and Reporting Specialist is developing a new income tax forecast model that includes numerous components believed to drive income tax revenue growth including local, state, and nationwide macroeconomic data from the Bureau of Labor and Statistics as well as Income Tax and Construction data from City records. The forecasting model will ideally take into consideration more datasets as they are identified and refined. Additionally, $25,000 is included in the FY2026 proposed budget for an economic consultant for further development of the income tax forecast model.

4. In terms of capital infrastructure investments, where does the 6th Street Bridge fall in the maintenance plan?

   We just submitted an application for the 6th Street bridge through MDOT's local bridge program. Commission approved our application on March 11th. This will include cleaning and coating of the bridge, replacement of sidewalk deck boards and repairs to the east approach. Funding request is for FY2028. Estimated total cost for 6th St + Michigan over Division (submitted both bridges in the application) is $2.3 million which would require a city match of $950,000 (Vital Streets funded).

5. Does the City have existing or planned positions for grant seeking?

   The City hired a full-time Administrative Analyst in November 2023 that provides centralized grant services for the City. This includes grant seeking, writing, compliance, etc. Departments need only reach out to her to add priority projects and initiatives to the grant search done regularly. In addition, departments seek out grants within their networks.