

City of Muskegon

Work Session

Minutes

June 12, 2023, 5:30 pm

Muskegon City Hall

933 Terrace Street, Muskegon, MI 49440

Present: Mayor Ken Johnson
Commissioner Rachel Gorman
Commissioner Rebecca St.Clair
Commissioner Eric Hood
Commissioner Teresa Emory
Commissioner Michael Ramsey

Absent: Vice Mayor Willie German, Jr.

Staff Present: City Manager Jonathan Seyferth
City Clerk Ann Meisch

2023-66

1. Call to Order

Mayor Johnson called the worksession meeting to order at 5:30 p.m. on Monday, June 12, 2023.

2. New Business

2.a 3rd Quarter Budget Reforecast - Finance

At this time staff is asking for approval of the 3rd Quarter Budget Reforecast for the FY2022-23 budget year. Some highlights from the 3rd Quarter reforecast are as follows:

GENERAL FUND

Building Permit revenue is expected to go up significantly with the spring construction projects. We are increasing the revenue from \$810,000 to \$1,400,000. We also, had to increase the costs that we pay to Safebuilt because they receive a percentage of revenue. The increase cost is reflected in the Building Department's contractual service line.

Income Tax revenues remain strong. We are going to keep the revenue projection at \$10,750,000. We may have to increase this amount in the 4th Quarter. However, we did increase Penalty and Interest collections for Income Tax from \$230,000 to \$290,000.

Last year, the General Fund had an \$918,391.50 unrealized loss from investment income. This year with the uncertainty of the market we budgeted for a \$450,000 unrealized loss. However, thru the 3rd Quarter the unrealized loss was only \$287,000. We are going lowering the unrealized loss for the year to \$250,000 with the hope that we actually have a gain by the end this fiscal year.

The General Fund usually transfers funds to other funds. We have made some changes for the third quarter.

- The Public Improvement fund no longer needs \$50,000 from the General Fund.
- The Local Street fund no longer needs \$235,000 from the General Fund. They will get some of their funds from the Major Street fund.
- The Arena needs an additional \$600,000 from the General Fund due to some one-time costs to cover some unexpected one-time costs and audit adjustments from the previous fiscal year.

The General Fund had a lot of small revenue adjustment that our highlighted on the worksheets.

We are 75% thru the fiscal year. The General Fund revenues exceed expenditures by a little more than \$207,000. The General Fund is on pace to almost breakeven with the 3rd Quarter amendments. I am hopeful that we will finish in the black this year.

ARENA FUND

The Arena Revenues are up in almost every category. Arena revenues are up almost \$200,000 from a year ago.

Despite the increase in revenue the Arena needs a total of \$950,000 from the General Fund to cover some unexpected one-time costs and audit adjustments from the previous fiscal year.

PUBLIC IMPROVEMENT FUND

The Public Improvement Fund is doing great. The original budget projected \$480,000 for the sale of our Infill Houses. So far this year, the sale of Infill Houses exceeded \$1,375,000. We expect that sales by the end of year to be \$2,700,000.

STREET FUND

The Public Works Director wants to transfer \$150,000 from the Major Street fund to the Local Street fund.

Finance Director Ken Grant presented the 3rd Quarter reforecast information, discussion took place, and the 3rd Quarter reforecast will appear on the June 13, 2023 Regular Commission Meeting agenda for consideration.

2.b Transmittal of 2023-24 Proposed Budget - Finance

At this time staff is transmitting to the City Commission the proposed budget for fiscal year 2023-24 which starts July 1, 2023. Both hardcopy and electronic versions of the budget have been distributed to Commissioners. Additionally, the budget is available for inspection on the City's website and at the City Clerk's office. The proposed budget will be reviewed in detail with staff at the June 12, 2023 work session. A public hearing on the budget will be held at the regular Commission meeting on June 13, 2023. City ordinance requires that the budget be adopted by the Commission on or before the second Commission meeting in June.

<https://muskegon-mi.gov/proposed-budget-for-2023-2024/>

City Manager Jonathan Seyferth reviewed highlights of the proposed 2023-24 Fiscal Year Budget and discussion took place. A public hearing on the proposed budget will be held at the next regular City Commission meeting on June 13, 2023.

2.c Shoreline Drive Traffic Pilot Phase 2- Public Works

Staff is requesting guidance regarding traffic control services for the Shoreline Drive Road Diet Pilot Phase 2, based on the previously completed study and Commission's previous direction.

At the worksession meeting on March 13, 2023, our consultant ProgressiveAE presented the results of the Phase 1 Shoreline Drive Traffic Pilot. The report

showed the first phase of the pilot had presented mixed results, and recommended further study in the form of a second phase that would be longer and would occur during the summer tourism and event season.

At that worksession meeting, the Commission expressed support for the second phase, but asked that staff return with several different options for implementing the second phase based on a desire to balance cost and complexity.

Staff solicited pricing for two items – the items necessary for the traffic control setup, and a set of plantings that would encourage travelers to envision the corridor in a less vehicle-focused state. Staff will present these costs, and request guidance on the amount of investment supported for the second phase of the pilot.

Discussion took place and this item will be returned to the Commission for formal consideration at a later date.

3. Public Comment

No public comments were received.

4. Adjournment

The Work Session meeting adjourned at 7:12 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC - City Clerk