

To: Mayor Dean and City Council  
 From: Matthew Baumgarten  
 Subject: FY 2023-2024 Proposed Draft Budget  
 Date: May 5, 2023



Madame Mayor and Members of Council,

Now that the Headlee Override Millage is behind us and the reality of the decisions of the voters is in hand. Staff and Administration are proposing a different strategy for the use of funds provided by the American Rescue Plan Act of 2021 (ARPA). As originally proposed, the City would have used \$600,000 in ARPA funds in the current fiscal year (FY 22/23) then used \$1,000,000 in the upcoming fiscal year (FY 23/24). This would have forestalled the total burden of cutting expenditures to align with revenues to fiscal year 24/25. The abrupt decrease in levels of service to our residents would be in contrast to our values and mission statement.

By contrast, the funding strategy being proposed by Administration is intended to make difficult but needed budget cuts over the course of two fiscal years while we are still able to utilize ARPA funds to lessen the impact on our residents. This two-year strategy would ease our community into the reality of reduced services and programs that will be our new reality when the FY 25/26 budget goes into effect on July 1, 2025 when we have exhausted finite federal funds (deadline December 31, 2024).

**Revenues**

The updated funding strategy includes proposed revenues to help cover costs that would normally be funded directly or indirectly through general fund tax revenues. These would be in addition to the new revenue sources already proposed for use in the existing budget (highlighted in green). As mentioned, the use of ARPA revenues have been decreased to \$500,000. Due to the proposed cancellation of the Public Safety Golf Outing we would need to decrease the revenues collected during that event as well.

101-001-501-000	\$1,749,000	Add State/Fed Grant Dollars for HVAC Project
101-001-543-000	\$12,500	State Liquor Licenses
101-001-544-000	\$200,000	State Marijuana Licenses (5 @ \$40,000)
101-001-528-000	\$500,000	Realize ARPA Funds from Deferred Revenues
226-001-629-003	\$36,000	Reestablish Fees for bagged yard waste collection as of July 1, 2023
101-001-630-000	\$5,500	Establish fee for EV charging at .23 per kwh as of June 2023
101-001-675-104	-\$15,000	Reduce Golf Outing Revenue to \$0
101-001-499-000	\$5,500	Cost recovery fee for city labor/materials to support third-party events as of July 1, 2023
614-001-626-902	\$7,515	Charge for use of athletic facilities as of July 1, 2023
614-001-626-901	\$3,000	Update fee schedule for usage of Community Center

Administration proposed to begin the practice of assessing a fee to partially recover costs associated with the collection of yard waste, providing electric vehicle charging, provide support for third party events, athletic facilities such as our baseball/softball field and tennis courts to Berkley school district, and hold to a stricter policy of assessing fees for community center use to our local groups.

### **Expenditures**

In the year ahead, the following programs, services, events, and projects could be cut or eliminated. I am appreciative our Department Director and staff who worked hard to adhere to the will of the voters while also working to preserve as much of the spirit of Berkley as our resources will support. As with the revenue section, items highlighted in green were already proposed as reductions in spending in the initial draft of the FY 23/24 budget. The green cuts amounted to a \$1,251,500 and the non-highlighted section proposes an additional \$545,600 in cuts for a total of \$1,797,100 in the upcoming fiscal year.

101-172-960-000	\$3,500	Remove ICMA Conf and Reduce Millage to \$500
101-265-974-000	\$570,000	Defer Cummings lot, Remove ERLF Contribution, Reduce EV Charging Station
101-265-976-000	\$100,000	Reduce City Hall Projects to \$100,000
101-265-821-030	\$50,000	Defer Wayfinding Program to FY 24/25
101-310-960-001	\$20,000	Reduce Tuition Reimbursement to \$10,000
101-310-976-000	\$50,000	Defer Basement Renovations to FY24/25
101-310-985-000	\$140,000	Defer two of four Police Vehicles
101-441-984-000	\$130,000	Defer to 3/4 Ton Pick Up to FY 2024/25
101-441-982-000	\$175,000	Defer or Move Cold Planer to 202/203
101-750-984-002	\$13,000	Reduce telecommunications equipment purchase to \$7,000
101-284-818-000	\$15,000	Cut annual contributions to Tri-Community Coalition, Holiday Lights Parade, and BHW Youth Assistance
101-265-974-000	\$50,000	Remove Funding for EV stations in FY 23/24 (unless grants can be obtained)
101-265-730-000	\$2,000	Email All Building Inspection Reports- No Postage
101-284-996-000	\$7,000	Reduce Berkley Buzz to three issues each year
101-310-758-003	\$6,000	Cancel Lids 4 Kids
101-310-758-006	\$6,000	Cancel Fire Open House
101-310-758-008	\$20,000	Cancel Golf Outing
614-950-821-000	\$20,000	Reduce Engineering to \$20K from \$40K
614-950-974-000	\$90,000	Defer Parking Lot, Jaycee Park Pavilion, Lazenby Field Materials (All Other Capital items shift back one year)
Multiple	\$150,000	Reduce curbside yard waste leaf collection season by half
101-738-731-001	\$3,000	Discontinue Wi-Fi hotspots
101-738-981-000	\$6,000	Defer Reupholster of 14 lounge chairs to FY 2024/25
101-738-983-001	\$3,500	Discontinue scanning station service for public
101-738-983-000	\$20,000	Defer Security camera system expansion to FY 2024/25
101-738-707-000	\$5,980	Close Library on Saturdays (between Memorial Day and Labor Day weekends as we did during the recession)
101-738-707-000	\$5,720	Close Library one evening each week (Wednesdays)
101-172-704-000	\$57,000	Hiring freeze on replacing 3rd full time position
Multiple	\$3,300	Cancel Santa Drive (staff time and materials)
Multiple	\$5,000	DPW Overtime reduction due to Leaf Collection, Brush Collection, and Reduced Events

101-310-709-000	\$15,000	Public Safety Overtime reduction due to reduced events
Multiple	\$50,400	End brush collection (chipper service)
226-528-818-004	\$2,000	Restrict to City chipping disposal only
101-191-709-000	\$1,000	Reduce DPW Overtime for precinct set up due to precinct consolidation in August Special Election
101-191-818-000	\$1,700	Precinct Consolidation (Precincts 4 & 5 for August Special Election

**Total: \$545,600**

The service and program reductions will carry forward into the following year (FY 24/25) and beyond until revenues can support them again. Administration, Staff and Council will have to plan to cut or defer another approximately \$500,000 in the FY 24/25 budget. After the cumulative cuts of \$1,000,000 in FY 23/24 and FY 24/25 are made, then we will need to cut another \$500,000 in FY 25/26. This will be difficult on all involved, including our residents, who were accustomed to a higher level of services. After the three-year transition to a \$1,500,000 reduction in programs and services, these cuts will continue indefinitely. This also permanently hampers our ability to take on new improvements or infrastructure repairs in the city that the balance of the millage could have gone towards.

Staff will be working on updating the budget documents to reflect these potential changes should Council adopt them. Administration will be prepared to discuss the rational and impact further during our upcoming work sessions next week. I am available to discuss at Council's convenience.

With respect and pride in Berkley,



Matthew Baumgarten  
Berkley City Manager