



## VILLAGE OF MANCHESTER

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May 31, 2017

To: Village President Vaillencourt and Members of the Village Council.

Home sales are rebounding, commercial activity downtown is improving, and the economy is generally strong. With inflation at around 2.5%, the Inflation Multiplier which we use under Headlee is .9%, which is 1.5% below inflation. It shows that the general economy is remaining strong, and local government is still hindered by new and past state tax legislation, mainly Headlee, which rely on new growth being the stimulus to taxable value increases. As a result, we have rolled back the millage due to Headlee. The monetary increase in revenue from taxes is about \$5000 this year. The State of Michigan, Treasury Department, has assured us that we may receive the \$60,000 lost in PPT and should get it in October. The MML is working hard to make a case for increasing State Shared Revenue with the local communities. State Shared Revenue has been redirected from the local communities to remain with the State of Michigan and used for State of Michigan budget. The cumulative difference that they have not shared with the Village of Manchester is \$800,000 since the year 2003. We have balanced the budget with a Headlee mandated decrease in general fund millage. For the Budget Year 2017/2018, we have projected taxable values and revenues to remain stable as long as the State of Michigan can afford to make us whole on the personal property revenue. In years when they can't, we will be limited to bond debt and essential service reimbursement which in our case is police coverage we provide. Without any budgetary changes, we project a balanced budget in General Fund again for the year 2018/2019. Administration is confident that we can best continue to balance and find savings in our budget by using a "rolling adjustments" process that we have implemented over the last few years. We continuously work to find ways to save dollars in operations as we go through the year, thus making sure our operations are efficient. This allows us to adjust not only to changes that come up during the year, but to take advantage of opportunities within our goals and directives.

With home sales continuing to improve, property values have stabilized, creating a positive change. New growth is necessary in order to see larger revenue improvements. Industry has remained the same as last year with all facilities performing well. We have seen some improvement with retail downtown with the renovation of the building on the corner of Main and M-52 with the Over the Edge Restaurant, improvements at the Dairy Queen and a few empty buildings getting new retail tenants. We have far to go, but this is positive and in the right direction. We will continue to live within our means, major work this year will be dredging of the Mill Pond, River Raisin Park development on the mill pond with the MDNR grant of \$300,000 and the Safe Routes to School grant in the amount of \$320,000. We have been very fortunate to be successful in securing continued funding for projects. They both should help generate placemaking in the village. The DDA continues to work with the Washtenaw County Economic Department with Act 88 Funding to help redevelop activity in the Central Business District. We will work with the State of Michigan to work towards being a Ready Redevelopment Community over the next few years to review our best practices. We continue to work on making our community attractive to be a place people want to live and raise families in.

Our fund balances remain strong with Council's commitment. Our debt picture is in very good shape with our sewer and building outstanding bonds scheduled to be paid off within the next five years. This position has allowed us to take on projects like the mill pond dredging without borrowing money or increasing our millage.

In benchmarking our recycling efforts, we will start the fourth year of contracting for recycling. Village Council continues to save residents money by withdrawing from the Western Washtenaw Recycling Authority. This continues to be a great way of providing service while saving our residents about \$75 per year.

Our water and sewer rates continue to be competitive. A previous community cost of service survey, ranked low to high, ranked us 11<sup>th</sup> out of 26 communities of similar size. We review our rates every year utilizing a program developed for small systems. Using that system, we are proposing no increase water rates for the upcoming year. We do propose to increase Sewer Rates 3% for the upcoming year. This will keep our capital outlay plans in the black as we make needed maintenance and repairs. We feel this will cover our current needs while keeping rates competitive.

Collaboration has been important but challenging as we continue to look for ways to continue working with other agencies to save money or work in cooperation. We were successful in working with Manchester Township to develop a Joint Master Plan. We were also able to work with Washtenaw County Parks on the water trail in conjunction with the River Raisin Park. We will continue to communicate with others and continue to review possible projects to work with others for beneficial results in our community.

Here are the highlights for each department:

#### **General Fund:**

We will see a modest increase in revenues for general fund this year. State revenue sharing should remain stable with a small increase as the state collects more sales tax as the economy gets stronger. General Fund revenues are, as a percentage of budget, remaining about the same. Police costs are projected to increase 1.5%, even though our contract ends in January of 2018. We continue to work with Sgt. Cook to keep overtime costs in check. We continue to work with the farmer's market committee and the Gazebo Concerts help make Thursdays in the summer exciting in downtown Manchester. With the CTAP Grant and Act 88 funding we will be working on signage to promote our History in the Central Business District.

We will put some monetary effort into our building this year. We hope to remodel our bathrooms, install a softener system to help the life of our toilet mechanisms, some general painting, and update some bay lighting in the DPW facility.

**Streets** – Revenue for streets is mainly derived from two sources, tax collection and ACT 51 revenues from the state through gas taxes. We are assuming that the revenues from the State of Michigan will increase due to the revenue they will be receiving with a gas tax increase and vehicle registration increases. We will be receiving funding from Washtenaw County through PA283 over the next four years also. With this money, we hope to mill and fill Auburn Street and a portion of Torrey Street. This year will see the continuance of routine maintenance of crack filling and minor patching to extend the life of other streets.

#### **Parks:**

Revenue to Parks will remain stable this year. We will install a small child play equipment apparatus this year to Kirk Park with donations through the completed Field of Dreams project and a donation from the Five Healthy Towns Foundation. The Parks Commission will be working to update their Five-Year Plan by the end of the year. This is required by the State of Michigan to be able to apply for MDNR Grants.

With the success of the Michigan Department of Resources Trust Fund Grant, the Village of Manchester will be developing a new park on the Mill Pond in Downtown Manchester. This will have a boardwalk to the Main Street

Bridge, canoe/kayak access and fishing deck. This should enhance the other improvements downtown and continue to make it a place for our community to come together.

### **Enterprise Funds:**

Enterprise Funds are different from the other funds in that they do not rely on taxes for their revenue. Enterprise Funds are funded more like a business and their revenue is primarily from user fees. For the Village of Manchester, Enterprise funds consist of the Sewer & Water Funds. The fees we receive are the sewer and water bills we send out monthly. We are proposing to increase sewer rates 3% and have proposed no increase in water rates. The average sewer user (5000 gallons a month) will see an increase in their sewer bill of \$1.05 per month or \$12.60 per year. The average water user (5000 gallons a month) will see no increase in their monthly water portion of the bill.

The sludge pump project for the WWTP will be in the budget for this year. Also, the 3<sup>rd</sup> tank will be scheduled for valve, actuators and pump changes which will bring this portion of capital improvement to an end. We will have the finished results from the Reliability Study and re-build well house #2 on East Main Street this year also.

Our Wastewater and Storm Water Asset Management Plan will be finished around the same time as year-end. We will use the Asset Management Plan to identify repairs for next year and have it reflected in an updated Capital Improvement Plan. Digitation of the system and other construction maps have been completed.

### **Equipment:**

Equipment usage, set at a rate provided in conjunction with the Michigan Department of Transportation, is the source for revenue for this fund. Equipment allocation is the expense account in the other funds that bring in revenue to this fund.

The largest purchase we have this year is a replacement pick up for the WWTP. The budget cost is \$36,000 with a plow.

Revenues to the equipment fund will pay for this.

### **General Notes:**

Projects –The major project we have for this year is the Safe Routes to School sidewalk installation which the cost is \$320,000 and the River Raisin Park in which we received \$300,000 from the MDNR Trust Fund which we will match with \$114,000. The \$150,000 to \$200,000 cost to dredge the Mill Pond will be a planned expenditure from the General Fund.

1. We need to start working on getting one gate valve operational on the Manchester Ford Dam. We are waiting to get the most recent Dam Inspection Report from the DEQ before proceeding on this.
2. We have assumed that the PPT will come from State Treasury this year.
3. We will continue to work with Manchester Township, Washtenaw County Parks & Recreation and the DNR to plan on a trail from the Village of Manchester to Watkins Lake State Park.
4. With the state increasing the gas tax and registration fees for streets, we will work on a five-year plan with the money that they have planned on sharing with us. This should include Duncan Street Bridge.
5. We will continue to review our retirement plan and seek lower cost options.

6. We will continue to work on our succession plan in as we replace key employees that will retire over the next several years.

The Village Council Trustees have continued move forward with infrastructure projects to make important improvements in our village. We have been very successful with programs to help fund the work and are making great improvements in our community. These projects will serve our residents for generations to come. Our goal is to make Manchester a more enjoyable community to live in for its residents and visitors alike.

Respectfully submitted,

Jeffery L. Wallace  
Village Manager