

City's Projected Budget Shows \$53K Surplus

By Mark Tower

St. Ignace City Council pored through more than 100 pages of documents outlining the city's budget for 2010 at a special workshop Monday, November 30. The drafted budget, which totals \$7,366,000, showed projected general fund revenues of \$2,597,268 and expenses of \$2,543,981, creating a \$53,287 surplus that could be held in the city's fund balance for future or unexpected expenses.

The city budgeted \$7,330,868 in 2009 with general fund revenues of \$2,597,268 and expenses of \$2,597,787.04, a deficit of \$519.04, but as the year has progressed, the city now expects to finish the year in the black.

Several factors could affect 2010 revenues, City Manager Eric Dodson said, including property values on which taxes are based and the amount of state Revenue Sharing allocated to St. Ignace. The state sent \$248,000 last year and is projected to allocate \$253,000 in 2010.

Tax revenue could be affected by Board of Review determinations from assessment protests and from adjustments the state may place on city assessments when the state doesn't agree with them, and Revenue Sharing in St. Ignace and communities across Michigan has been hit by cuts in the 2010 state budget.

In the current budget draft, 2010 property taxes are projected at \$1,190,520, the same amount budgeted for 2009.

Mr. Dodson said the city's general fund has been depleted in previous years, and holding a budget surplus to build this savings account back up is a necessary step for the city.

The city's fund balance is currently \$264,000, and would increase by \$53,287 in 2010 if the current budget is realized. In the 1990s, Mr. Dodson said, the fund contained as much as \$450,000, but had decreased to \$158,000 in 2007.

"There has been more need over the years to dip into that," he said. "Our goal is to move it the other way."

The acceptable level for a city's fund balance varies depending on who you ask, Mr. Dodson said, ranging from 9% to 20% of the entity's total budget expenditures. Auditors for the city recommend a fund balance between 9% and 12%, he said, which the city complied with in 2008 with \$736,195 in savings across all funds, 9% of the year's \$8 million budget.

"I'd like us to shoot for 20%, but we also have to be realistic and not cut services if we can help it," he said. "Being able to put out people's fires and make sure water is coming out of their faucet is a little more important."

The expenses assumed in the 2010 budget draft could change, too, Mr. Dodson said. Totals for salaries and wages have been estimated, but are contingent on the decisions of the negotiations committee, which is meeting with both union and non-union workers this month to discuss employee pay.

For instance, the total projected cost of wages and salaries in the police department is \$290,364 for 2010, a \$7,490 increase (about 2.6%) from last year. These amounts could change based on the ongoing negotiations with police and other city employees.

The cost of health insurance for city workers is estimated to increase about \$135,000 this year, although until the city negotiates a contract with an insurance provider, this number could change. Last year, the city allocated \$295,800 for health insurance premiums. For 2010, the city projects \$430,550.

The cost of fire protection to the city, which is based on a formula paid into by the city and its surrounding townships, could change next year based on decisions made by the joint-governmental fire committee, currently re-thinking the formula now in use. The department is also pursuing a grant for a new fire hall which would require a match from the city and townships and could further drive up this expense, Mr. Dodson said.

Another big variable in the local and major streets funds is winter snow plowing, said Les Therrian, director of public works for the city. The amount and frequency of snowfall this winter, Mr. Therrian said, could make the difference between the two funds being drastically over or under budget.

City water and sewer departments are also both in need of expensive improvements not factored into the draft 2010 budget. Engineers are working on a 20-year plan for the two systems, which will include recommendations on repairs and replacement, and should be completed in 2011.

To meet the pressing needs of the water and sewer systems, like repairs to the pump at Reagon Street, Mr. Dodson said the city is looking at other funding sources and may discuss changes to the water and sewer rates at upcoming utilities committee meetings.

One change discussed during Monday's workshop was a decrease in capital outlay budgeted for the Fire Department from \$12,000 to \$10,000.

Council member Don Gustafson suggested the change after seeing the proposed purchases for the department, which total \$9,067.32. He said \$1,000 extra for additional purchases makes sense, but he does not see why it is necessary to budget \$12,000 for the items. This change will be reflected in the next draft of the budget presented to City Council.

This year, Mr. Dodson included a five-year plan along with the 2010 budget, something he said will help the city and its departments better plan for the future. After asking department heads to plan out all major purchases and revenues through 2014, Mr. Dodson drafted projections for 2011 through 2014, along with the proposed budget for 2010.

As required by the State of Michigan, the city submitted seven deficit elimination plans in June aimed at getting the seven funds into the black. These funds are major streets, local streets, office equipment fund, equipment maintenance, ski hill, data processing, and marina.

These plans, which show projected revenues and expenditures for each fund over the next five years, must be submitted again in June 2010, after the official financial audit of the city is completed. Mr. Dodson said he hopes one or two of these funds will have achieved enough financial stability that a deficit elimination plan won't be required again this year, but that the state has not yet forgiven the yearly requirement for any of these seven funds.

The city council will continue to discuss changes, cuts, and additions to the 2010 budget until it passes it before the end of the year. The deadline dictated by the city's charter to pass a 2010 budget is December 31, 2009, although the city council is expected to pass a budget at its Monday, December 21, meeting.

City council meetings are open to the public and are at 8 p.m. the first and third Monday of each month in St. Ignace City Hall.

Rudyard's Local Community Foundation Joins Consortium

The Rudyard Area Community Foundation has joined the Community Foundation of the Upper Peninsula, Chair Margaret LaPonsie announced Tuesday, December 1.

As a member, it will be a partner with eight other community foundations in the Upper Peninsula.

"There are many advantages to small U.P. community foundations working in a collaborative manner to benefit all," said Chari Fischer, treasurer of the Rudyard foundation board. "By combining our funds for investment purposes, we are able to provide more protection for our donors, obtain a better return on our investment, as well as lower the investment costs for all of us. While our funds are co-mingled for investment purposes, they are tracked by individual foundation and fund. All the funds we raise for our foundation will benefit the Rudyard area."

Michigan's Winter Ad Campaign Canceled

\$24.6 Million Cut From Pure Michigan

Advertising for tourism in Michigan took a blow late this year when Travel Michigan's popular Pure Michigan advertising campaign budget was cut from \$30 million to \$5.4 million for 2010. The winter advertising campaign, which was a new feature in 2009, will be the most immediate casualty.

The cut in funds is devastating to the tourism campaign, said George Zimmermann, vice-president for Travel Michigan, a division of Michigan's Economic Development Corporation.

"Advertising is based on the premise of repetition," Mr. Zimmermann said. "Now we are

talking about not doing any of it. It just doesn't make any sense."

The advertising budget at Travel Michigan increased over the years from \$5.7 million in 2005 to \$30 million in 2009, when the state decided to strengthen its efforts toward tourism promotion, and has added target markets of Ohio, Indiana, Illinois, Missouri, Canada, and bought a national television advertising package.

A proposal has been extended to state legislators to solve the organization's funding woes that would raise \$40 million for advertising and business promotion through a change in the allocation of sales taxes from tourism-related

businesses. Putting a \$2.50 surcharge on all rental cars paid for at airports in the state would create temporary funding until the tax could be enacted.

Michigan legislators would need to pass this law before the end of January to save spring and summer advertising campaigns, Mr. Zimmermann said. The bill was on agenda for discussion at the state House of Representatives Tuesday, December 8. It is not yet certain what the potential law's fate will be.

Those fighting for the passage of this bill have cited the overwhelming success of Pure Michigan since it was launched in 2007. They point to \$40 in consumer spending and \$2.86 in state

tax that studies have suggested result from each dollar spent on tourism advertising between 2004 and 2008.

"We are going to keep making the case," Mr. Zimmermann said. "Summer is our biggest tourism season. We definitely need to have this fixed by spring."

Forbes magazine recently named Pure Michigan in its list of top 10 tourism campaigns of all time, along with "Virginia is for Lovers," and Las Vegas' "What Happens Here Stays Here."

"We know that we have the right campaign, and we have the data to show that it works," Mr. Zimmermann said. "Our attitude is to just get it going."

Children Decorate Downtown Christmas Trees

Pat Lanin's St. Ignace developmental kindergarten class poses with the tree they decorated in downtown St. Ignace Thursday, December 3, part of a yearly Christmas tradition. Pictured are (from left) Joran Biron, Carter Boucha, Tristen Bester, Reece McLean, Quin Brown, Lilly Sawyer, Lucas Martin, and Gunnar Olsen. Tyler McMillan was absent Thursday. Downtown trees were also decorated that day by students from the Sault Ste. Marie Tribe of Chippewa Indians Head Start, Gros Cap School, Community Action Head Start, and other St. Ignace Elementary School classes.



Nicki Lee's kindergarten class from St. Ignace poses after decorating a Christmas tree downtown Thursday, December 3. Pictured are (in no particular order) Mrs. Lee, Drew Coleman, Riley O'Rourke, Carly Jo Atkinson, Ella Adams, Jonathan Litzner, Bailey Ryerse, Jasmine Convery, Teagan Ferguson, Ronald Paquin, Lucas Hill, Violet Gustafson, Brooke Brandstrom, Shawn Amacher, Ethan Sayles, Ely North, Summer Amacher, and Brandon Hines. Classmate Kylee Peters was absent Thursday and is not pictured. The activity is part of a yearly tradition in St. Ignace, in which children decorate the trees along State Street.

Moran Twp. Will Install Streetlight at Spring and Fourth St.

The location of seven commercial gravel pits was pinpointed in a survey and submitted to the Moran Township Board of Trustees Wednesday, December 2. The board also approved the installation of a streetlight at the intersection of Spring and Fourth streets.

The township did not know the exact location of the gravel pits on the parcels of land before the survey. If commercial gravel pit owners open additional pits outside of the identified parcels they own, they will be subject to the Transitional Use ordinance passed in 2004. The seven gravel pits were active before the enactment of the Transitional Use zoning ordinance, and were grandfathered in during the summer, Supervisor Jim Durm said. Grandfathering makes them exempt from zoning requirements such as reporting the

amount of gravel removed from the pits or providing a performance bond.

The board approved the installation of a new streetlight at the intersection of Spring and Fourth

streets. The intersection is barely inside bounds of Moran Township, the board noted, but is the township's responsibility.

The streetlight installation was spurred by complaints the intersec-

tion is very dark and many children pass by there while walking home from school. The light will cost an estimated \$2,500, Mr. Durm said, and plans are to install it by the end of the year, weather permitting.

Les Cheneaux Decorating Contest Underway

Les Cheneaux Chamber of Commerce will sponsor its annual holiday decorating contest, and is seeking residential entries from the Cedarville and Hessel area for this

year's contest. A home can be entered in the contest by calling the Les Cheneaux Welcome Center at (906) 484-3935 or by sending an e-mail with the home's address to lci-

chamber@lescheneaux.net. Judging will be Thursday evening, December 17, so holiday decorations must be finished and entered by 4 p.m. that day, at the latest.

Snowmobile Safety Class Offered in Cedarville

Deadline December 15

The Les Cheneaux Snowmobile Club is offering a free Snowmobile Safety Course Saturday, December 19, from 8:30 a.m. to 4 p.m. at the

clubhouse. The course is for youth between the ages of 12 and 17. Youth must be 12 by April 1, 2010, to participate. The class will be taught by certified instructor and lunch will be provided. Participants

will receive a Department of Natural Resources patch and certificate. There is a limit of 50 students. Pre-registration is required by Tuesday, December 15, by calling Frank Harness at 484-2385.