



CITY OF BATTLE CREEK

CITY MANAGER - COMMUNICATIONS

April 30, 2020

City of Battle Creek current/upcoming budget story

City leaders continue to crunch numbers related to the current and upcoming budget years, made more challenging than usual due to the COVID-19 pandemic and the impact on city revenues.

The city's budget year is July 1 to June 30.

Let's start with the numbers. These are a difficult, real consequence of the pandemic, and the resulting changes in the City of Battle Creek, Calhoun County, and across the state and nation.

Our estimates for the current, fiscal year 2020 (ending June 30, 2020), show Battle Creek with \$839,178 of expenditures over revenues (approximately \$47.8 million and \$48.6 million). Consequences of this are:

- Staffing-related savings of \$459,119 reflect 95 employees furloughed for May and, for some, part of June. The savings number reflects potential for all furloughs to last through the end of June. It also reflects a 3 percent salary reduction for the city manager, assistant city manager, city attorney, and 27 department/division heads for May and June.
- City income tax reduction of \$638,946 (4 percent reduction for April, May, and June) based on COVID-19 impact revenue estimates from the Michigan Department of Treasury, due to unemployment and telework.
- Constitutional revenue sharing reduction of \$762,144 (16 percent reduction for June and August payments) based on COVID-19 impact revenue estimates from Treasury, due to sales tax receipt losses.
- Loss of miscellaneous revenue of \$102,793 from fees, permits, licenses, investment income, etc.

Our estimates in the proposed fiscal year 2021 (July 1, 2020-June 30, 2021) show Battle Creek with \$4,969,825 of expenditures over revenues (approximately \$44.8 million and \$49.8 million). Consequences of this are:

- Staffing-related savings of \$229,560 reflect the potential for the 95 employee furloughs to last through July, as well as a 3 percent salary reduction for the city manager, assistant city manager, city attorney, and 27 department/division heads for July.
- City income tax reduction of \$3,400,309 (20 percent) based on COVID-19 revenue estimates from Treasury, due to unemployment and telework.
- Constitutional revenue sharing reduction of \$1,049,634 – 50 percent reduction in the first quarter payment, and 10 percent reduction for the other three quarters.
- Statutory revenue sharing reduction of \$205,077 (13.4 percent reduction) based on anticipated changes in appropriations to local governments.
- Loss of miscellaneous revenue of \$314,805 from fees, permits, licenses, investment income, etc. **CONTINUED**



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Another real consequence is that these numbers, alongside the governor's continued Stay Home, Stay Safe order have, and will continue to cause impacts to city services. This is just two years after our need to amend the general fund budget based on the unexpected decrease in the personal property tax reimbursement Battle Creek receives from the state.

Here are some of the significant stories from our city departments:

Divisions under the **Community Services Department** focus on our neighborhoods. With these budget numbers, staff expect to demolish fewer buildings in need, delay enforcement of long grass, and delayed planning activities. Code staff will be able to address only emergency situations, and will not conduct our planned proactive property surveys in 2020.

The **Battle Creek Fire Department** will provide services like public fire safety education, smoke detector and carbon monoxide detector installations, and fire marshal inspections as resources allow.

The **Battle Creek Police Department** will face significant reduction or elimination of various services. This will limit the department's ability to support community events, retain current response times, and manage current call loads. Police will eliminate programs like Police Cadets, Police Explorers, the Citizens Police Academy, and Community Services. Police will reduce training hours for many units.

Water and waste water teams will continue to operate those facilities without service interruptions, but will have limited ability to do proactive work, due to staff reductions. The **Department of Public Works** will delay planned construction that does not have an attached federal obligation, and our streets crews will have less capacity to respond to tasks like street sweeping, tree removal, pothole patching, and parks and public space maintenance.

Full Blast continues to serve as a day and night shelter for our community's homeless population. Regular **Recreation Department** services are severely limited, due to their nature, and the guidance to prevent the spread of COVID-19. Youth recreation programs are on hold, as are programs held at the Bailey Park complex. The Kidventure Summer Camp and opening of Flash Flood Water Park are on hold, as are the training opportunities for local youth who staff these programs.

In our Revenue Services divisions, neighbors will experience longer wait times for services in the **Treasurer, Utility Billing, Assessing, and Income Tax** offices. Assessing staff will suspend housing re-inspections for 2020, and income tax refund processing times will increase. We may also experience delays in processing payments to city vendors.

Battle Creek Transit has continued bus and Tele-Transit services, and was fortunate to receive \$3.9 million in Federal Transit Administration funding, through the CARES Act (Coronavirus Aid, Relief, and Economic Security Act). While we typically would use these funds to complete necessary capital improvements, state and local budget cuts require us to use all of the funding for operating expenses, in order to maintain current service levels. Without this funding, BCT would have faced significant public transportation service reductions and eliminations.

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