

**A GUIDE TO MUNICIPAL
ORGANIZATION & ADMINISTRATION
FOR ELECTED OFFICIALS**

2016



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Cities are organized by people to ensure that specific services will be provided to them. A city's governmental structure is formed as a means of coordinating the resources necessary to provide these services. This report provides a brief review of Otsego's organization as a means of describing the various relationships which result in provision of services.

CITY ORGANIZATION

To clarify the concept "city", it is necessary to distinguish it from the concept "community". In the first instance, we are referring to an organization which has been incorporated under the laws of the State and which is represented both by a physical structure (the land and buildings within the city limits) and a legal structure (the laws and rules which govern the daily operations of the organization). "Community" is a less well defined idea. It represents a feeling that individuals have that they belong to a larger group and that this group is made up of individuals who share certain goals and needs.

The distinction between "city" and "community" is important to understand how and why Otsego is organized as it is. At some point in time, a group of individuals (a community) decided that there would be benefits to the group which could be derived from developing a formal organizational structure (a city) to ensure that certain specific services would be available which could not be provided on an individual basis. This formal organizational structure would allow the group to raise money to fund these services and to develop rules governing how services would be provided. It is likely that among their primary concerns were police and fire protection and improved roads.

THE CITY CHARTER

In any organization, it is necessary to develop procedures which state how the organization is to operate. For cities, this document is the charter. A charter is developed by a community to describe what activities will be governed by the city and how this is to take place.

Otsego's charter provides the organization known as the City of Otsego with the power to tax residents, provide certain services, and pass ordinances. Further, it describes how the city is to be governed and what powers are exercised by various elected and appointed officials. The charter is the legal basis for all actions taken by the city and can only be modified by a vote of the people.

RULE MAKING AND POLICY MAKING

The charter is a general document designed to establish an organization and govern the conduct of that organization. It establishes a body, the city commission, the responsibility of which is to implement the requirements of the charter. This

implementation involves essentially two types of activities which are frequently interrelated -- rule making and policy making. Rule making is most frequently undertaken by adopting ordinances which in some way regulate or prohibit or require certain behaviors of individual residents. It is significant to note at this point that by adopting a charter and electing officials, the city resident has, in principle, agreed to allow his individual freedom to be restricted as a means of contributing to the greater benefit of the community as a whole.

The second activity, policy making, involves choosing between competing demands for scarce resources. The city has a limited amount of resources (tax dollars, property, equipment, labor) which must be allocated among many activities. The manner in which these allocations are made is a part of the process of policy making.

The most readily apparent example of policy making is the annual adoption of a budget. By deciding levels of funding for individual departments or activities, the commission determines what projects will be undertaken and how these projects will be carried out.

Because policy making is a large part of the activity of the commission, the remainder of this report is designed to provide you with a familiarity with the sources of the city's resources and with the activities with which the city is traditionally involved. It is hoped that this overview will put the city's operations in clear perspective by indicating how the various aspects of the network of city services are related.

THE CITY'S RESOURCES

The city derives the resources necessary to carry out its operations from a variety of sources. The most frequently referred to source of funds is the property tax. It is significant to note, however, that the property tax accounts for less than 28% of all anticipated revenues in the 2009-2010 budget. Other major sources of funds include State Shared Revenue, user fees, charges, and transfers from other levels of government.

User fees are charges which individuals pay that are based on the cost of providing a specific service to them. Among the services which generate user fees are water, sewer, and the transfer station. Unlike the property tax which is not based on any one specific service, water, sewer and transfer station customers pay only for the services which they receive.

The city also receives revenues from other charges. These include fees from building and electrical permits, police fines, and special assessments.

Transfers from the state and federal governments are also a large source of revenues. In some cases, the funds are relatively unrestricted as to their use while other funds must be utilized for specific purposes. Table I below summarizes the type of revenue

received through transfers.

TABLE I - REVENUE SOURCES		
REVENUE	SOURCE	USE
Sales Tax	State	Unrestricted
Liquor Licenses	State	Restricted
State Income Tax	State	Unrestricted
Michigan Business Tax	State	Unrestricted
Intangibles Tax	State	Unrestricted
Gas and Weight Tax	State	Street Maintenance

PROGRAMS, PROJECTS, ACTIVITIES AND SERVICES

To account for the range of programs, projects, activities, and services with which the city is involved, the budget is divided into funds. The distinction between funds is related in part to the source of revenues and in part to the activities which are being undertaken.

The **GENERAL FUND** derives its revenues primarily from property taxes, charges, and transfers from the state. The activities included in the General Fund are extremely diverse. A list of these services and a brief description of each follows:

GENERAL ADMINISTRATIVE - provides for the expenses of the city manager, city clerk, city commission and various community promotions.

ASSESSING - involves determining property values as a basis for taxation.

ACCOUNTING & CLERICAL - includes the operations of the City Treasurer such as collecting tax revenues, bookkeeping and budgeting.

BUILDING AUTHORITY - provides expenses for the building, mechanical, plumbing, and electrical inspectors.

CITY HALL - maintenance of the City Hall Building and Grounds.

COMMUNITY/YOUTH CENTER - provides general maintenance for the Community Center/Scout House.

POLICE DEPARTMENT - all law enforcement activities.

FIRE DEPARTMENT - performed in cooperation with Otsego Township. Includes all fire fighting activities, maintenance of equipment, building and grounds.

DEPARTMENT OF PUBLIC WORKS - maintenance of Public Works Building and Grounds.

GENERAL SERVICES - includes a variety of activities performed by the Department of Public Works such as maintenance of parking lots, installing flags, planting trees, decorating downtown, trash pickup, etc.

SIDEWALKS - plowing sidewalks in winter and replacing broken sidewalk.

RECYCLING SERVICES - recycling activities.

TRANSFER STATION - disposal of solid waste.

PARKS & RECREATION - includes maintenance of parks and summer recreation program.

EMPLOYEE SAFETY COMMITTEE - provides funding for tapes, speakers, films, etc. for the Employee Safety Committee.

DEBT SERVICE EXPENSE - payment of loan to Water Fund for purchase of two fire trucks.

TRANSFERS TO OTHER AGENCIES - transfers to Allegan County Economic Development Alliance and to Otsego Township to provide for the city=s share of cemetery expenses.

TRANSFERS OUT - transfer to Local Street Fund.

The **WATER FUND**, and **SEWER FUND** are enterprise funds which derive their revenues solely from their operations in the form of user fees. The services provided in these funds are apparent from the fund names.

The **EQUIPMENT FUND** is also an enterprise fund which receives funds through charges to other activities within the budget. In effect, all motor vehicles (except those purchased by the Police Department, Fire Department and City Manager=s vehicle) and other equipment such as mowers, compressors, and barricades, are assets of the Equipment Fund. When a department such as Public Works uses this equipment, the amount of time it is in use is recorded and a standard hourly rate is charged to the activity (such as street sweeping) for which it is used. This charge covers all maintenance and operations costs including gasoline, insurance, and depreciation and allows for the accumulation of a reserve for the purchase of new equipment.

The **MAJOR STREET FUND** and **LOCAL STREET FUND** are special revenue funds established to account for monies transferred from the state to be utilized exclusively for street maintenance activities. It is also important to note that the city has a contract with the state for the maintenance of that part of M-89 which is in the City. This contract provides for reimbursement for expenses which the City incurs in carrying out these functions.

The **LAND DEVELOPMENT FUND** includes funds used to purchase and develop property in and around the city. Some examples include Eley Acres Development, the Armintrout property, etc.

The **STREET AND BRIDGE FUND** - August, 1998, the Allegan County voters approved a one mill levy for street maintenance activities. The city uses the revenue to help maintain the approximate 12.79 miles of local streets throughout the city.

The **PUBLIC IMPROVEMENT FUND** has been established for the purposes of a revolving street reconstruction fund. As streets are reconstructed the property owners are assessed a portion of the reconstruction costs. The special assessment revenues collected are then re-invested into future street reconstruction projects.

The **DOWNTOWN DEVELOPMENT AUTHORITY** has been set up to administer the city=s Tax Increment Financing District and Downtown Revitalization Plan. Captured revenue from the district is used to make needed improvements. Projects such as the Farmer Street Bridge and City Hall renovations are located within the DDA district.

THE ADMINISTRATIVE STRUCTURE

While the commission is responsible for making policy decisions, it relies upon an administrative staff to provide information and recommendations and to carry out the directives of the Commission.

The following is a list of persons currently employed by the city. An asterisk (*) indicates employees appointed by the City Commission.

<u>POSITION</u>	<u>NAME</u>
City Manager	Thad M. Beard
City Clerk*	Angela M. Cronen
City Treasurer/Finance Director*	Matthew L. Storbeck
Chief of Police	Gordon Konkle
Dept. of Public Works Superintendent	Mike Bosch
Wastewater Treatment Plant Supt.	Luke Keyzer
Fire Chief	Brandon Weber
Assessor*	Kevin Harris
Attorney*	Ken Lane
Auditors*	Seigfried & Crandall

DEPARTMENTAL EMPLOYEES

Department of Public Works

Public Works Specialists:

Mike Wolthuis, Chuck Wolthuis, Gary Misak,
Jason Emig, Gary Smalley (Part-Time)
Ron Pillars (Part-Time)
Ron Lytle (Part-Time)

Transfer/Recycling Station Operator
Meter Reader

Wastewater Treatment Plant

Operators

Dennis Brown, Ryan Wheeler, John
VandenBerg

Main Street

Main Street Manager

Joshua Owens

Economic Development

Economic Development Director

David Rayman

Treasurer's Office

Accounts Payable/Payroll Clerk	Lura Holden
Accounts Receivable Clerk (Part-Time)	Ashlee Rose

Clerk's Office

Deputy Clerk/Utility Billing Clerk	Jamie Jameson
Janitor	Ruben Saucedo
Building Inspector	Professional Code Inspections
Code Enforcement Officer	Police Department/Police Chief
Electrical Inspector	Professional Code Inspections
Mechanical/Plumbing Inspector	Professional Code Inspections

Police Department

Sergeant	Kenneth Worstell
Detective	Bruce Beckman
Patrol Officers	Aaron LaLone, Michael Gudith, Brandon Weber
Part-Time Patrol Officers	3
Dispatcher/Secretary	Lisa Rickli

In addition to the individuals indicated above, various Boards and Commissions assist the City Commission by carrying out administrative duties and providing recommendations. A brief description of these bodies follows:

LIBRARY BOARD OF TRUSTEES - responsible for supervising all library operations. The City Commission appoints two members.

COMMUNITY RECREATION COMMITTEE - this committee is responsible for administering recreation activities and is composed of representatives from the City, Township and School system. The City makes an annual contribution for these recreation activities.

PLANNING COMMISSION - this nine member Commission is appointed by the City Commission to provide recommendations concerning land use and zoning.

DOWNTOWN DEVELOPMENT AUTHORITY - this nine member board is appointed by the Mayor and confirmed by the City Commission. The DDA was established by the City in September, 1985. The purpose of the board is to implement the Downtown Revitalization Plan.

FIRE CHIEF - The Fire Chief is selected by the City Commission and confirmed by the Township. Because the department is operated jointly by the City and the Township, this individual reports directly to the City Commission. He/she is responsible for all administration of the Fire Department, although certain

functions related to the city's use of fire services are performed by city staff. The City owns the Fire Station and rents space to the Township. The City and the Township have each purchased their own equipment and recently purchased two fire trucks jointly.

BOARD OF REVIEW - Appointed by the commission to respond to citizen concerns about property assessments made by the City Assessor. One member of this board is the Assessor.

SALARY REVIEW COMMITTEE - The purpose of this committee is to make salary recommendations to the commission and to be involved in wage negotiations. This committee is comprised of the City Manager and two City Commissioners.

LOCAL OFFICERS COMPENSATION COMMISSION - This commission was set up by ordinance to review, every two years, the compensation received by the City Commission.