Budget Work Sessions May 8 – 10, 2017
Budget Work Session 2, May 9, 2017

- City Clerk/Elections – 191
- Finance – 201
- Treasury - 215
- Building - 371
- Planning – 801
- Community Development 821 and 275
- Public Works (Major Streets 202, Local Streets 203, Solid Waste 226, W&S 592)
- Parks and Rec (Rec Revolving Fund 614, Senior Activities, 615)
City Clerk/Elections

- City Clerk/Elections (Dept 191)
- $211,790 Total expenditures
- Retirement savings
- Contractual services – budgeting for 3 elections
- New election equipment in FY 17
- Computer software – new agenda and records management software
- Healthcare and retirement increases in FY 19
• Finance (Dept 201)
• $464,334 Total expenditures
• 3 full time staff
• Consultant – GASB 67/68 requires actuarial valuation in relation to OPEB
Treasury

- Treasury (Dept 215)
- $89,067 Total expenditures
- 1 full time and 1 part time staff
  - Redistribution of department staff produces a savings in department
Building Department

- Building Dept (Dept 371)
- $444,750 Total expenditures
  - $120,000 - Building inspections
  - $156,000 - Contractual inspections
  - Increase in expenditures a direct correlation to increase in revenues
  - City has experienced an increase in new builds:
    - 26 in FY 2014
    - 32 in FY 15
    - 46 in FY 16
- Planning (Dept 801)
- Master Plan Update in FY 19
Community Development

- Community Development (Dept 821)
  - Code enforcement

- Bar chart showing budget amounts for FY 15 Actual, FY 16 Actual, FY 17 Projected, FY 18 Recommended, FY 19 Recommended:
  - FY 15 Actual: $74,384
  - FY 16 Actual: $73,512
  - FY 17 Projected: $79,537
  - FY 18 Recommended: $79,654
  - FY 19 Recommended: $80,908
Community Development Block Grant (CDBG)

- City receives approximately $30,000 from Oakland County.
- Funds used for:
  - ADA sidewalk compliance
  - Yard services
  - Large print books
Department of Public Works

- Public Works (Dept 441)
  - 1 Director, 1 Clerk, 1 Foreman, 9 DPW
  - Contra-expense for DPW direct allocation
Department of Public Works

- **Building Improvements**
  - Fuel management system and automated gates - $45,000
  - Steel flagpole replacement - $5,000
  - Salt dome replacement - $100,000 in FY 19

- **Equipment**
  - Enclosed storage containers - $6,000
  - John Deere mower - $20,000 FY 19
  - Box snow plow for backhoes - $8,000 FY 19
  - Office copier/scanner - $8,000 FY 19
Department of Public Works

- Vehicles
  - ¾ Ton pick up 4 WD with plow - $40,000
  - ¾ Ton pick up - $40,000
  - Dump truck with plow - $250,000
  - ¾ ton pick up - $40,000 FY 19
  - Dump truck with plow spreader - $250,000 FY 19
Public Works Garage (Dept 442)

$242,985 Total expenditures

- 1 full time mechanic

- Equipment
  - Shop wash station south door - $3,500
  - Hydraulic line crimping tool and supplies - $18,000
  - Tire changer - $6,000
  - Portable truck hoist - $60,000 FY 19
  - Tire balancer - $6,000 FY 19
Public Works Programs

- **Streetlighting (Dept 446)**
  - DTE Energy

[Bar chart showing budget allocations for FY15 to FY19]

- FY15 Actual: $269,864
- FY16 Actual: $243,639
- FY17 Projected: $185,513
- FY18 Recommended: $200,288
- FY19 Recommended: $207,000
Major Street

- **15.63 Miles of major streets**
- **Revenues**
  - $884,010 or 91% Act 51 funds
  - $40,000 or 4% Metro Act (Right of Way funds)
- **Expenditures**
  - Harvard Reconstruction – Complete by October 2017
    - $150,000 Engineering and $400,000 Construction in FY 18
  - Removal of Street Administration Costs (with exception of audit fees)
  - Continued transfer to Local Streets. Max transfer allowed 50% of Act 51 monies
Expenditures are cyclical based projects.
Local Street

- **35.95 miles of local streets**

- **Revenues**
  - $335,310 or 67.2% Act 51 funds
  - $150,000 or 30% Transfer from Major Street

- **Expenditures**
  - $38,200 or 23% increase in Street Tree Maintenance
  - Removal of Street Administration Costs (with exception of audit fees)
Solid Waste

**Revenues**
- $939,608 or 71.9% Property taxes
- $353,760 or 27% Charges for Services
  - Increase in residential quarterly charge from $8.75 to $10.75
  - Rates remained steady at $7.55 from FY 2006-2016
  - FY 19, budgeting for an elimination of yard waste stickers
- Elimination of transfer in from General Fund

**Expenditures**
- 2.7% increase in SOCRA expenditures
  - $1,075,200 FY 2018 or 77% of total fund expenditures
- Remaining costs: DPW labor, garbage bins, equipment rental, vehicle maintenance.
- Rear load garbage truck - $170,000 FY 19
Solid Waste

Solid Waste Fund Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>$1,680,563</td>
</tr>
<tr>
<td>2015-16</td>
<td>$1,235,172</td>
</tr>
<tr>
<td>2016-17 Projected</td>
<td>$1,477,047</td>
</tr>
<tr>
<td>2017-18 Budgeted</td>
<td>$1,393,589</td>
</tr>
<tr>
<td>2018-19 Projected</td>
<td>$1,597,194</td>
</tr>
</tbody>
</table>

Solid Waste Fund Fund Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>$536,787</td>
</tr>
<tr>
<td>2015-16</td>
<td>$656,201</td>
</tr>
<tr>
<td>2016-17 Projected</td>
<td>$440,183</td>
</tr>
<tr>
<td>2017-18 Budgeted</td>
<td>$354,562</td>
</tr>
<tr>
<td>2018-19 Projected</td>
<td>$158,822</td>
</tr>
</tbody>
</table>

Percentage breakdown:

- 2014-15: 32%
- 2015-16: 53%
- 2016-17 Projected: 30%
- 2017-18 Budgeted: 25%
- 2018-19 Projected: 10%
W&S fund provides 27.3% of all City revenues

- Consumption charge – based on actual water usage, $3,487,800 or 52.6%
- Ready to service charge – based on meter size, $625,900 or 9.4%
- Storm water charge – proportional spread of debt and drain commission storm water charge, $2,255,780 or 34.1%
- Non-residential user charge – commercial/industrial pass through charge $57,000 or 0.9%
- Other (late fees, investment income, equipment rental, state grants), 3%
Enterprise Funds – Water & Sewer

- **Expenses**
  - Bulk water SOCW, $905,000 or 11.7% (SOCWA’s fees increased 2.3%)
  - Bulk sewage OCWRC, $1,041,000 or 13.5% (OCWRC fees est increase 4.8%)
  - Storm flow, $1,063,016 or 21.7% (Est fee increase 1.64%)
  - Salaries and fringes, $1,063,016 or 13.8%
    - DPW direct allocation
    - New position, mechanic, 100% to W&S
    - Internal services – labor, includes General Fund supporting services allocation (i.e. Treasury, Finance, City Manager, DPW director and foreman)
Enterprise – Water & Sewer

- Contractual services. FY 17, engineering costs charged here, in FY 18 and 19, costs move to Engineer line (821-000)
- Depreciation not budgeted
- Construction and engineering costs (Harvard), $1,338,000 or 17.3%
- Building improvements
  - Roof repairs - $8,000
  - HVAC and conference room conversion $60,000 – FY 19
- Vehicle and equipment purchases, $539,000 or 7.0%
  - Front end loader - $200,000
  - Mini excavator with attachments - $100,000
  - Escape hybrid ($35,000), 1 ton dump truck ($50,000), 1 ton 4WD ($65,000) – FY 19
- Sewer lining program, $300,000 or 3.9%
- Debt service (principal and interest), $533,770 or 6.9%
Plante & Moran performed W&S rate study in FY 17
- Recommended reworking the rate structure to best charge the users of the system for their share of the costs (per-unit cost vs. fixed charges)
- Factors in a capital component of $2.2 million each year (includes equipment and infrastructure costs)
  - Infrastructure capital assumes a water and sewer only component to a “Harvard like” project each year.
- SOCWA water costs increased 2.3% in FY 2013
- OCWRC sewer costs increased 4.8%
- Storm sewer increased 1.6%
- Other expenses – rate of inflation 1.86%
### Enterprise Funds – Water & Sewer

<table>
<thead>
<tr>
<th>Quarterly Billing</th>
<th>Current Rate FY 2017</th>
<th>Proposed Rate FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water service - consumption</td>
<td>$1.97</td>
<td>$3.55</td>
</tr>
<tr>
<td>Sewer service – consumption</td>
<td>$2.09</td>
<td>$3.76</td>
</tr>
<tr>
<td>Ready to service (.75 meter)</td>
<td>$53.31</td>
<td>$21.32</td>
</tr>
<tr>
<td>Storm service – fixed E RU per qtr</td>
<td>$63.42</td>
<td>$65.32</td>
</tr>
<tr>
<td>Billing charge per qtr</td>
<td>$3.11</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Average users will see a 8.6% increase in FY 2018
## Enterprise Funds – Water & Sewer

<table>
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<th>Current Rate FY 2017</th>
<th>Proposed Rate FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water service - consumption</td>
<td>$29.55</td>
<td>$53.19</td>
</tr>
<tr>
<td>Sewer service – consumption</td>
<td>$31.35</td>
<td>$56.43</td>
</tr>
<tr>
<td>Ready to service (.75 meter)</td>
<td>$53.31</td>
<td>$21.32</td>
</tr>
<tr>
<td>Storm service – fixed ERU per qtr</td>
<td>$63.42</td>
<td>$65.32</td>
</tr>
<tr>
<td>Billing charge per qtr</td>
<td>$3.11</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>$180.74</td>
<td>$196.26</td>
</tr>
</tbody>
</table>

Average residential customer consumers 1500 cubic feet per quarter with a .75” meter
<table>
<thead>
<tr>
<th>Community</th>
<th>Quarterly Charge 7/1/2016</th>
<th>2016/17 Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Oak</td>
<td>$532.55</td>
<td>(1)</td>
</tr>
<tr>
<td>Huntington Woods</td>
<td>$499.00</td>
<td>(2)</td>
</tr>
<tr>
<td>Lathrup Village</td>
<td>$476.39</td>
<td>(3)</td>
</tr>
<tr>
<td>Clawson</td>
<td>$448.48</td>
<td>(4)</td>
</tr>
<tr>
<td>Birmingham</td>
<td>$425.08</td>
<td>(5)</td>
</tr>
<tr>
<td>Southfield</td>
<td>$406.80</td>
<td>(6)</td>
</tr>
<tr>
<td>Pleasant Ridge</td>
<td>$397.81</td>
<td>(7)</td>
</tr>
<tr>
<td>Berkley (Proposed)</td>
<td>$378.97</td>
<td>(8)</td>
</tr>
<tr>
<td>Beverly Hills</td>
<td>$370.00</td>
<td>(9)</td>
</tr>
<tr>
<td>Berkley 2016/17</td>
<td>$282.24</td>
<td>(9)</td>
</tr>
<tr>
<td>Bingham Farms</td>
<td>$197.77</td>
<td>(10)</td>
</tr>
</tbody>
</table>

Totals above are based on an average SOCWA usage of 4,000 cubic feet per quarter
Recreation Revolving

- General Fund “administrative” costs moved to Recreation Revolving Fund
  - Parks and Recreation director, office assistants, maintenance staff
  - Community Center building and equipment maintenance (i.e. supplies, utilities, custodial services)
  - Vehicle and liability insurance
- Big picture view of the cost of the entire Parks and Recreation Department
- Administration costs $556,487 or 43% of FY 2018 expenditures
Recreation Revolving

• Revenues
  ○ Program Charges $494,000 or 43.8%
  ○ Transfers In $420,000 or 37.3%
  ○ State Grant $180,000 or 16%

• Expenditures
  ○ Administrative Department $556,487 or 43%
  ○ Miscellaneous Programs $383,835 or 30%
    ▪ $310,000 CIP (Oxford Park restroom facilities, splash pad)
    ▪ $70,000 playground equipment, $40,000 walking trails – FY 19
  ○ Youth Camp $156,031 or 12%
  ○ Dream Cruise $118,712 or 9%
    ▪ $50,000 purchase barricades
Recreation Revolving

General Fund Parks and Rec Department and Recreation Revolving Fund Expenditures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures</td>
<td>$842,028</td>
<td>$869,129</td>
<td>$1,315,189</td>
<td>$1,270,957</td>
<td>$1,061,600</td>
</tr>
</tbody>
</table>

Recreation Revolving Fund Fund Balance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance</td>
<td>$593,290</td>
<td>$715,069</td>
<td>$444,128</td>
<td>$299,671</td>
<td>$299,671</td>
</tr>
<tr>
<td>Percentage</td>
<td>140%</td>
<td>161%</td>
<td>56%</td>
<td>24%</td>
<td>28%</td>
</tr>
</tbody>
</table>
Senior Activities

- **Revenue**
  - $52,820 or $56.7 Contributions/Donations (SMART, Beaumont)
  - $22,880 or 24.5% Grant Revenue (Smart)
  - $16,200 or 17.4% Senior Charges for Services

- **Expenditures**
  - Similar to prior years
  - Operating transfer out – Rec Revolving Fund $100,000
    - Cover cost of past years administration costs (i.e. P&R director, office assistants, maintenance staff, building and equipment maintenance, supplies, utilities, custodial services)
Senior Activities

Senior Activities Fund Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>$70,540</td>
</tr>
<tr>
<td>2015-16</td>
<td>$74,533</td>
</tr>
<tr>
<td>2016-17</td>
<td>$88,676</td>
</tr>
<tr>
<td>2017-18 Budgeted</td>
<td>$181,460</td>
</tr>
<tr>
<td>2018-19 Projected</td>
<td>$181,605</td>
</tr>
</tbody>
</table>

Senior Activities Fund Fund Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>$242,977</td>
</tr>
<tr>
<td>2015-16</td>
<td>$261,799</td>
</tr>
<tr>
<td>2016-17 Projected</td>
<td>$262,509</td>
</tr>
<tr>
<td>2017-18 Budgeted</td>
<td>$174,249</td>
</tr>
<tr>
<td>2018-19 Projected</td>
<td>$85,894</td>
</tr>
</tbody>
</table>
Enterise Funds – Ice Arena Fund

- Anticipated closure end of August 2017
- Utilities and part time staff cost approximately $10,600 per month to operating the arena
  - Utilities from October 2016-March 2017, average $7,700 per month
  - Part time staffing costs October 2016 – March 2017, average $2,900 per month
- Additional annual costs; building maintenance, building general liability, custodial costs
Debt Service Fund

- 11 Mile Road Debt
  - $1,050,000 Debt Outstanding as of 6/30/2017
  - FY 2018 payment:
    - $225,000 Principal $37,500 Interest
  - Matures 2021
  - Voter approved levy