

AGENDA

SPECIAL BUDGET MEETING OF THE COUNCIL OF THE CITY OF SOUTHFIELD TO BE HELD IN THE COUNCIL CHAMBERS, 26000 EVERGREEN ROAD, SOUTHFIELD, MICHIGAN, ON MONDAY, JUNE 21, 2010, AT 6:30 P.M., EASTERN DAYLIGHT SAVINGS TIME, PURSUANT TO SECTION 4.3 OF THE CITY CHARTER.

ROLL CALL

PLEDGE OF ALLEGIANCE

PRESENTATIONS

APPOINTMENTS

MINUTES

COMMUNICATIONS

CONSENT AGENDA (Any item on the Consent Agenda will be removed for discussion upon the request of a Council Member, the Mayor, or a member of the public.)

CONSENT AGENDA ITEMS FOR DISCUSSION

PUBLIC HEARINGS

- A. 2010-2011 City Budget Adoption

SITE PLANS

1. COUNCIL

2. MAYOR

3. ADMINISTRATION

4. ATTORNEY

5. CLERK, TREASURER, PLANNER, ASSESSOR, ENGINEER

6. SCHEDULE

7. ORDINANCES

June 21, 2010

Honorable Mayor and Council
Municipal Building
Southfield, Michigan

Re: 2010-11 City Budget Adoption

Background: At a special meeting of City Council scheduled for June 21, 2010 at 6:30 p.m., the proposed City budget will be presented in its final form. This proceeding will be in a public hearing format.

The budget preparation process began on January 25, 2010 at a policy directions study session where the Mayor and City Council determined the major parameters and priorities that guided staff in the preparation of the proposed budget. On April 1, the budget was transmitted to the Mayor for review and comment, as required by City Charter. On May 3, the Mayor transmitted the budget to City Council for their consideration. The proposed plan was thoroughly reviewed at a Council study session on May 24.

As the concluding step in the process, the budget detail was subjected to a final review by staff in preparation for Council consideration of adoption this evening. This review included updating revenues for receipt of the final taxable values from state authorities, adjusting for any subsequent developments occurring after the budget study session of May 24, and the handling of any technical adjustments to line item detail. The net result of that final review is a further reduction in both the General Fund and overall budget totals, as well as a decrease in the fund balance draw from \$7.52 million to \$6.98 million. This level of fund balance use is not-sustainable over the longer-term, but it should be recalled that our initial projection on January 25 was a fund balance draw of up to \$10 million; reflecting the vast configuration of unprecedented economic challenges facing the region, state, and country.

The various elements affecting the total budget since the May 24 study session may be summarized as follows:

\$150,048,501: Total Proposed Budget at May 24 Study Session

(384,675): Reduction in the General Fund (from \$67,220,826 on May 24 to \$66,836,151 today), including a cut of \$300,000 in personnel costs for anticipated vacancy savings from resignations or retirements during the upcoming fiscal year; and a cut of \$84,675 in workers compensation costs reflecting favorable claims trends. A slightly less drastic reduction in the final taxable values, as approved by the state, available to support City operations (from -14.91% on May 24 to -14.49% today) yields an additional \$155,268 in property tax revenues. Both the savings on the expense side and the increased property tax revenue were applied to reduce the draw on fund balance by the total of \$539,943 (from \$7,518,449 to \$6,978,506).

P.H. 'A'

(45,947): Reduction in the Community Development Block Grant (from \$641,769 to \$595,822) to reflect the final allotment amount. The initial \$641,769 estimate was based on the 2009-10 award. Unfortunately, that award contained a stimulus portion that was not re-upped by the federal government for 2010-11.

\$149,617,879: Final Recommended Budget for 2010-11 (Reduction of \$3,511,182 from the 2009-10 adopted total of \$153, 129,061)

Goals Impacted: All City strategic goals are impacted by the proposed budget.



Financially Sound and Sustainable City Government



Top Quality City Services



Quality Development and Redevelopment



Preferred Place to Make Home



Southfield - One Community, One City



Alive City to Enjoy and Have Fun

Recommendation: This budget plan maintains essential service levels for 2010-11 without any layoffs actively pending at this time. A high priority for the fiscal year ahead will be the development of a longer-term strategy for addressing the structural imbalance between revenues and expenditures created by the faltering economy, which has hit our region the hardest. Our aim is to develop a plan that enables the City of Southfield to be a leading participant in the comeback of the region.

Respectfully submitted,

James G. Scharret
City Administrator

2010-11 BUDGET ADOPTION RESOLUTION

WHEREAS: City Council has reviewed the recommended 2010-11 budget and determined that the appropriation of funds and service levels provided properly meet the needs of the community and are aligned with the Mayor and City Council's goals, objectives, and stated priorities;

NOW, THEREFORE, BE IT RESOLVED: That the 2010-11 budget be adopted as provided in the budget resolution, totaling \$149,617,879.

2010 - 2011 Budget Resolution

Moved By: Myron Frasier
Supported By: Linnie Taylor

Date: June 21, 2010

BE IT RESOLVED: Consistent with the Uniform Budgeting and Accounting Act, expenditure authority is hereby appropriated to the following budgetary centers for the fiscal year commencing July 1, 2010 and ending June 30, 2011:

GENERAL FUND:

Administration	\$ 464,957
City Clerk.....	915,171
City Council.....	166,454
Community Relations.....	622,078
Court - State 46th District.....	3,589,694
Administrative Services Group.....	9,856,228
Human Services	244,857
Law	923,010
Mayor's Office.....	212,563
Public Safety Group.....	40,541,738
Community Development Administration.....	852,279
Building.....	2,051,398
Planning	607,196
Public Works Administration.....	579,118
Streets & Highways.....	117,444
Transportation.....	432,106
Engineering	651,592
Sanitation.....	3,261,843
Treasurer's Office.....	<u>746,425</u>
TOTAL GENERAL FUND.....	66,836,151
FACILITIES MAINTENANCE FUND.....	6,125,702
MOTOR POOL FUND	4,184,774
CABLE TELEVISION FUND.....	926,693
PARKS AND RECREATION FUND.....	7,338,725
LIBRARY FUND.....	8,579,306
D.P.S. HIGHWAY FUNDS:	
Major Street Fund.....	5,864,618
Local Street Fund.....	5,796,026
Municipal Street Fund.....	1,247,343
WATER AND SEWER FUND.....	44,251,656
DRUG LAW ENFORCEMENT FUND	531,291
SECTION 8 HOUSING GRANTS FUND.....	2,203,989
COMMUNITY DEVELOPMENT BLOCK GRANT FUND.....	595,822
ENERGY EFFICIENCY GRANT.....	875,700
NEIGHBORHOOD STABILIZATION PROGRAM FUND.....	3,191,456
MICHIGAN WORKS GRANTS FUND	4,676,000
AUTO THEFT GRANT.....	269,251

AND BE IT FURTHER RESOLVED: That the revenues for the 2010-11 fiscal year are estimated as follows:

GENERAL FUND:

General Operating Tax Levy - 6.6094 mills.....	\$19,914,219
Less: Allowance for Appeals.....	(500,000)
Police & Fire Levy - 2.8325 mills.....	8,534,364
Police & Fire Pension Levy- 1.8696 mills	5,633,132
Tax Administration Fees, Interest & Penalties.....	2,319,349
State Shared Revenues	6,242,421
Engineering and Building Department Revenues.....	1,401,592
Court Revenues.....	3,870,521
Reimbursements.....	3,225,479
Sanitation Fees.....	3,261,843
Other Fees, Permits, Licenses, and Charges.....	3,817,989
Investment Income.....	600,000
Interfund Reimbursements.....	1,536,736
Fund Balance Appropriated.....	<u>6,978,506</u>
TOTAL GENERAL FUND	66,836,151

FACILITIES MAINTENANCE FUND..... 6,125,702

MOTOR POOL FUND

	4,184,774
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CABLE TELEVISION FUND..... 926,693

PARKS AND RECREATION FUND:

Parks & Recreation Tax Levy - 1.6524 mills	4,978,705
Investment Income.....	50,625
Program Revenues (arena, pool, & other recreation programs).....	<u>2,309,395</u>
TOTAL PARKS AND RECREATION FUND	7,338,725

LIBRARY FUND:

Library Tax Levy -2.0934 mills	6,307,445
Investment Income.....	196,875
Fines, Fees, State Aid, Contributions and Other Revenue.....	1,926,666
Contractual Income.....	<u>148,320</u>
TOTAL LIBRARY FUND	8,579,306

D.P.S HIGHWAY FUNDS:

Gas & Weight Tax Returns.....	4,754,417
Residential Street Maintenance Levy - .9440 mills.....	2,844,286
Public Act 298 of 1917 - .1674 mills.....	504,379
Interest Income.....	25,312
Dust Control, Department Sales, & Other Income.....	113,387
Interfund Transfer.....	<u>4,666,206</u>
TOTAL HIGHWAY FUNDS	12,907,987

D.P.S. WATER AND SEWER FUND:

Water Sales.....	12,707,214
Sewer Charges - Evergreen & SEOC.....	20,127,964
Interest Income.....	84,375
Service & Meter Installations.....	82,500
Penalties, Debt Service, Interest & Other Revenue.....	<u>11,249,603</u>
TOTAL WATER & SEWER FUNDS	44,251,656

DRUG LAW ENFORCEMENT FUND	531,291
SECTION 8 HOUSING GRANTS FUND.....	2,203,989
COMMUNITY DEVELOPMENT BLOCK GRANT FUND.....	595,822
ENERGY EFFICIENCY GRANT.....	875,700
NEIGHBORHOOD STABILIZATION PROGRAM FUND.....	3,191,456
MICHIGAN WORKS GRANTS FUND	4,676,000
AUTO THEFT GRANT.....	269,251

AND BE IT FURTHER RESOLVED: That under Section 2.7 of Chapter 17 of Title II of the Ordinance Code of the City of Southfield, the Council does hereby determine that the annual service charge for the fiscal year commencing on July 1, 2010 and ending June 30, 2011 shall be \$185.84 per annum per residential unit for the collection and disposal of garbage and rubbish. Further, that the City Clerk certify to the City Assessor the service charge of \$185.84 per annum per residential unit, which charge shall be collected and returned in the same manner as other municipal taxes as certified, assessed, collected and returned; and

BE IT FURTHER RESOLVED: That under Sections 2.153 and 2.154 of Chapter 20 and Section 2.171 of Chapter 21 of Title II of the Ordinance Code of the City of Southfield, the Council does hereby determine that the combined water and sewer rate is herewith established at, and all bills rendered on or after July 1, 2010, shall be computed on \$73.64 per Mcf of consumption; such combined rate being comprised of \$22.53 per Mcf for water service, \$35.69 per Mcf for sewer service; and \$15.42 for water and sewer system capital improvements; in addition to revised meter and industrial waste control charges as outlined in the attached schedule; and that a 15% administrative fee shall be added to delinquent water and sewer charges that are entered upon the tax roll pursuant to Sections 2.155 and 2.177 of the City Code; and

BE IT FURTHER RESOLVED: That funding for capital projects placed under the superintending control of the Southfield Building Authority by City Council shall be approved in the aggregate, allowing for transfer of funding between projects by the Building Authority within the total allocation approved by Council; and

BE IT FURTHER RESOLVED: That the following property tax revenue and tax rates be authorized and that the City Treasurer is ordered to levy such funds and rates and collect and deposit to the various specific uses and funds as required by ordinance or resolution; and that the City Treasurer is hereby authorized to impose a 1% property tax administration fee for all property taxes due, and a late penalty charge when applicable, in conformance with Section 44 of Public Act 503 of 1982; and

2010-11 BUDGET
PROPERTY TAX REVENUES AND RATES

<u>OPERATING</u>	<u>Revenue</u>	<u>Rate*</u>
General Operations	19,914,219	6.6094
Police & Fire	8,534,364	2.8325
Police & Fire Pension	5,633,132	1.8696
Residential Street Maintenance	2,844,286	0.9440
Parks & Recreation	4,978,705	1.6524
Library	6,307,445	2.0934
Public Act 298 of 1917	<u>504,379</u>	<u>0.1674</u>
TOTAL OPERATING	48,716,530	16.1687
County Drains At Large	524,566	0.1741
Local Development Finance Authority I	523,182	**
Local Development Finance Authority III	330,717	**
DDA/Tax Increment Finance Authority	323,082	**
Smart Zone	125,835	**
Brownfield Redevelopment Authority	198,243	**
Renaissance Zone (Tool and Die)	<u>5,542</u>	<u>**</u>
GRAND TOTAL	<u>50,747,697</u>	<u>16.3428</u>
Taxable Valuation (TV)	3,013,014,645	
TV Captured by LDFA I	32,012,970	
TV Captured by LDFA III	20,236,235	
TV Captured by DDA/TIF	19,769,050	
TV Captured by Smart Zone	7,699,710	
TV Captured by Brownfield Redevelopment Authority	12,130,320	
TV Captured by Renaissance Zone (Tool & Die)	<u>339,100</u>	
TOTAL TV	<u>3,105,202,030</u>	

*Mills per \$1,000 of TV

**Total millage of 16.3428 applied to taxable value of LDFA and other special authorities.

BE IT FURTHER RESOLVED: That the City Administrator is hereby authorized to make budgetary transfers within the appropriations centers established through this budget, to take any and all steps necessary to allow for completion of the annual audit by December 31, to provide for continuity of the current risk management and insurance program, and to administratively adjust contracts for road and other capital projects up to a maximum of 20% when such adjustments result from circumstances unforeseen at the time of bidding, as long as such adjustments would not exceed the approved total for that particular capital account, and subject to the requirement that all such adjustments be reported to Council on a periodic basis. Further, that the City Administrator is hereby authorized to release bidding documents for those capital items, projects, and recurring commodities expressly authorized in this budget, for public review by the Council following receipt of bids; that authorization is hereby given for acquisition of Library books and subscription services of a continuing and sole vendor nature within the Library appropriation adopted in this budget; that approval and authorization are hereby given for the Mayor and City Clerk to execute contracts for entertainment events within the appropriations adopted in this budget; that approval is hereby given for the continued use of Dell brand computers as the City's standard computing platform as previously authorized by Council Resolution #2001.351 of November 26, 2001; and that approval is hereby given for the routine maintenance and software licensing necessary for the continuing functionality of the City's existing computerized business systems and for the use of various professional repair and maintenance services involving electrical, electromechanical and control equipment located in City facilities, in conjunction with Chapter 8, Section 1.279 (2) and (4) of the Southfield Code of Ordinances; and

BE IT FURTHER RESOLVED: That the 2010-11 budget shall be automatically amended (a) on July 1 to reappropriate encumbrances outstanding and capital project reserves at June 30, 2010, and (b) to transfer any approved salary adjustments during the fiscal year for which sufficient funds are provided in the Support Services appropriation.

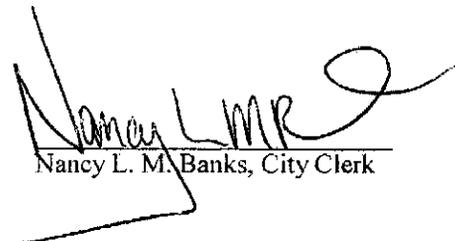
AYES: Fracassi, Frasier, Garrison, Lantz, Seymour, Siver, and Taylor.

NAYS: None.

ABSENT: None.

I, Nancy L. M. Banks, the duly elected and qualified City Clerk of the City of Southfield, Oakland County, Michigan, do hereby certify that the foregoing resolution was adopted by the Southfield City Council at a Special Meeting held June 21, 2010 pursuant to Section 8.4 of the City Charter.

Date: June 23, 2010


Nancy L. M. Banks, City Clerk

**2010-2011
Schedule of Meter Charges
And
Industrial Waste Control Surcharges**

1. Meter Charge (Per Month)

5/8".....	\$1.17	3".....	\$5.69
3/4".....	1.17	4".....	9.21
1".....	1.70	6".....	16.38
1 1/2".....	3.01	8".....	21.13
2".....	4.76	10".....	21.43

2. Industrial Waste Control Surcharge (Per Month)

5/8".....	\$ 6.93	3".....	\$100.49
3/4".....	10.40	4".....	138.60
1".....	17.33	6".....	207.90
1 1/2".....	38.12	8".....	346.50
2".....	55.44	10".....	485.10

2010-2011 Budget City of Southfield

	<u>Approved Revenues</u>		<u>Approved Expenditures</u>
GENERAL FUND:		GENERAL FUND:	
General Operating Levy	19,914,219	Administration	464,957
Less: Allowance for Appeals	(500,000)	Fiscal Services/OMB	411,087
Police & Fire Levy	8,534,364	Accounting	648,686
Police & Fire Pension Levy	5,633,132	Purchasing	235,165
Tax Administration Fees & Penalties	2,319,349	Technology Services	1,997,575
Sales Tax Returns - Constitutional	4,642,507	Assessing	886,140
Sales Tax Returns - Statutory	1,552,414	Central Services	1,780,257
Liquor Licenses	47,500	Support Services	2,714,265
Sanitation Charges	3,261,843	Human Resources	1,183,053
Building Revenues	750,000	Clerk	915,171
Engineering Revenues	651,592	Council	166,454
District Court Revenues	3,870,521	Community Relations	622,078
Reimbursements	3,225,479	Court - 46th District	3,589,694
Fees, Licenses & Permits	3,817,989	Human Services	244,857
Investment Income	600,000	Law	923,010
Interfund Reimbursements	1,536,736	Mayor's Office	212,563
Transfer from Undesignated Fund Balance	6,463,506	Public Safety	40,541,738
Transfer from Designated Fund Balance:		Community Dev. Administration	852,279
Equalization Reserve	500,000	Building	2,051,398
Residential Initiatives (entrance marker program)	15,000	Planning	607,196
		Public Works Administration	579,118
		Streets & Highways	117,444
		Transportation	432,106
		Engineering	651,592
		Sanitation	3,261,843
		Treasurer	746,425
			<u>66,836,151</u>
TOTAL GENERAL FUND	<u>66,836,151</u>	TOTAL GENERAL FUND	<u>66,836,151</u>
FACILITIES MAINTENANCE FUND	6,125,702	FACILITIES MAINTENANCE FUND	6,125,702
MOTOR POOL FUND	4,184,774	MOTOR POOL FUND	4,184,774
CABLE TV FUND	926,693	CABLE TV FUND	926,693
PARKS & REC FUND	7,338,725	PARKS & REC FUND	7,338,725
LIBRARY FUND	8,579,306	LIBRARY FUND	8,579,306
MAJOR STREET FUND	5,864,618	MAJOR STREET FUND	5,864,618
LOCAL STREET FUND	5,796,026	LOCAL STREET FUND	5,796,026
MUNICIPAL STREET FUND	1,247,343	MUNICIPAL STREET FUND	1,247,343
WATER & SEWER FUND	44,251,656	WATER & SEWER FUND	44,251,656
DRUG LAW ENFORCEMENT FUND	531,291	DRUG LAW ENFORCEMENT FUND	531,291
(DUPLICATING TRANSFERS)	(13,876,624)	(DUPLICATING TRANSFERS)	(13,876,624)
MUNICIPAL SUBTOTAL	<u>137,805,661</u>	MUNICIPAL SUBTOTAL	<u>137,805,661</u>
COMM. DEVELOPMENT BLOCK GRANT	595,822	COMM. DEVELOPMENT BLOCK GRANT	595,822
ENERGY EFFICIENCY BLOCK GRANT	875,700	ENERGY EFFICIENCY GRANT	875,700
N.S.P.*	3,191,456	N.S.P.*	3,191,456
SECTION 8 HOUSING GRANTS	2,203,989	SECTION 8 HOUSING GRANTS	2,203,989
MICHIGAN WORKS GRANTS	4,676,000	MICHIGAN WORKS GRANTS	4,676,000
AUTO THEFT GRANT	269,251	AUTO THEFT GRANT	269,251
TOTAL GRANT FUNDS	<u>11,812,218</u>	TOTAL GRANT FUNDS	<u>11,812,218</u>
TOTAL ALL OPERATING FUNDS	149,617,879	TOTAL ALL OPERATING FUNDS	149,617,879
DEBT SERVICE	-	DEBT SERVICE	-
TOTAL REVENUES	<u>149,617,879</u>	TOTAL EXPENDITURES	<u>149,617,879</u>

*Neighborhood Stabilization Program



**MUNICIPAL BUDGET
EXECUTIVE SUMMARY**

**JULY 2010 – JUNE 2011
SOUTHFIELD, MICHIGAN**

2010-11 Recommended Budget in a Nutshell

- General Fund is down \$1,419,138 or 2.1% (\$67,220,826 vs. \$68,639,964 in 2009-10).
- Total budget down \$3,080,560 or 2.0% (\$150,048,501 vs. \$153,129,501 in 2009-10).
- State Shared Revenues are down 11% (a loss of \$765,664 from 2009-10 levels). Worrisome state revenue picture.
- Flat millage levy of 16.3428 for the 8th consecutive year. 5% below the level of 20 years ago.
- State Act 51 road funds are flat (a nine-year period of no growth). We have no funds available for road reconstruction projects. Budget covers road maintenance and spot repairs only.
- \$6,732,000 of capital projects included in the budget:
 - \$ 797,000 Facilities Related
 - 60,000 Bridge Street Bridge Monitoring
 - -0- Major & Local Road Reconstruction
 - 5,875,000 Water & Sewer Projects

Enhanced descriptive detail is provided for each project.

- Proposed budget utilizes \$7.5 million in G.F. fund balance vs. initial estimates of \$10 million at the January 25th Mayor & Council budget study session.

- Holding the line on an increasing number of General Fund vacancies is a must. Continued personnel cost constraint is an absolute. No across-the-board wage increase is a major budget assumption. Additional concessions necessary.
- Keys to doing more with less: Continued investment in training/staff development, advancing the use of technology, sharing of resources, focus on efficiencies and process improvements.

5-YEAR FUND BALANCE STABILIZATION PLAN

\$17.2 million:	Projected G.F. Balance at 7-1-04
-4.0 million:	Maximum Recommended Use of Fund Balance in 04-05
13.2 million:	Fund Balance at 6-30-05
-2.4 million:	Use of Fund Balance in 05-06 (40% reduction)
10.8 million:	Fund Balance at 6-30-06
-1.4 million:	Use of Fund Balance in 06-07 (40% reduction)
9.4 million:	Fund Balance at 6-30-07
-.9 million:	Use of Fund Balance in 07-08 (40% reduction)
8.5 million:	Fund Balance at 6-30-08
-.5 million:	Use of Fund Balance in 08-09 (40% reduction)
8.0 million:	Fund Balance at 6-30-09 Year Five of Plan

**FISCAL YEAR 2009-2010 AND BEYOND: NO USE OF FUND BALANCE.
FUND BALANCE LEVEL STABILIZED AT 12% OR MORE.**

2010-11 PROPOSED INFRASTRUCTURE CAPITAL PROJECTS

FACILITIES MAINTENANCE

John Grace Boiler Replacement*	\$ 100,000
Police Building Controls for HVAC*	\$ 30,000
Room 115 Parks & Recreation Building Switching & Lights	\$ 40,000
Pebblecreek Shelter Roof Replacement – Risk Management*	\$ 17,000
Tech Services Fire Suppression System – Risk Management*	\$ 70,000

MAJOR STREETS

Bridge Street Bridge Monitoring	\$ 60,000
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WATER & SEWER

Infiltration & Inflow Program to Remove Excess Storm Water	\$ 250,000
Water Meters and Automated Reading Devices for Commercial Change Out Program	\$ 700,000
New and Replacement Meters	\$ 45,000
Infrastructure Maintenance Initiatives and Funding for Emergencies	\$ 1,200,000
Water System Upgrades – Low Pressure Areas	\$ 300,000
Sanitary Pumping Station Upgrades	\$ 30,000
Removal of Storm Water Pumping Stations	\$ 300,000
Sec. 13 Water Main Rehab and Replacement	\$ 1,800,000
Replacement of Water Main and Sanitary Sewer under Southfield Freeway	\$ 1,250,000
Reconstruction of the Water & Sewer offices and Locker Room facilities at the DPS Facility*	\$ 140,000
Cold Storage Building at the DPS Location*	\$ 400,000
<u>CAPITAL PROGRAM GRAND TOTAL</u>	\$ 6,732,000

*Projects under the superintending control of the Southfield Building Authority.

Water & Sewer Proposed Projects 2010-2011

The Water & Sewer Department has made every effort to keep rate increases to a minimum and still maintain the integrity and reliability of the system. The rate increases from outside authorities were in excess of 12.5%. Our structured multi-year rating strategy, along with operating efficiencies and a carefully managed capital projects budget, results in a somewhat lower rate increase of 9.5% to our customers. The proposed rate increase will generate sufficient revenues to pay for operations, debt retirement and capital expenditures incurred during the coming fiscal year.

Infiltration & Inflow Program to Remove Excess Storm Water

This is a joint project with Oakland County Water Resources to remove excess storm water from the sanitary sewer system. The county is moving to meter based billing for sewage disposal and removing the storm water from the system will reduce the billable charges to the City for sewage treatment.

Water Meters and Automated Reading Devices for Commercial Change-Out Program

This is the second year of a multi-year program to replace the large commercial meters throughout the City. As meters age they lose accuracy and measure less than the actual water consumption. In addition, the automated meter reading devices enable the Water & Sewer Department to efficiently read meters with less staff and increases productivity.

New and Replacement Meters

These meters are for new construction and replacement of damaged or defective meters throughout the system.

Infrastructure Maintenance Initiatives and Funding for Emergencies

This is a proactive on-going program that includes sewer cleaning, video inspection and condition assessment of the sanitary sewer system of the City. Based on these inspections, the appropriate cost effective rehabilitation method will be recommended by the DPW with an appropriate budget request to City Council. This is a critical preventative maintenance program which will help to minimize sewer backups, property damage, and protect public health. In addition, having such a proactive approach will help minimize very costly catastrophic failures of the sanitary sewer system.

Water System Upgrades in Low Pressure Areas

Low pressure areas throughout the City have been identified and a program is being developed to address these areas. Again, this is an on-going program to improve water flows and pressures in areas identified in the City's water master plan.

Sanitary Pumping Station Upgrades

This is an on-going multi-year program to insure dependable operation of the sanitary pumping stations to prevent back-ups into basements. These upgrades will also reduce the amount of after hour alarms thus reducing overtime and improving productivity.

Removal of Guy Street and Magnolia Pkwy Storm Pumping Stations

Both of these pump stations are in excess of 30 years old and are in need of repair. Rather than spending large sums to repair and maintain the stations, it is recommended that they be removed and a gravity storm sewer be constructed. By providing a gravity outlet, future operation and maintenance will be greatly reduced as will the risk of basement flooding for our residents.

Section 13 Water Main Rehab and Replacement

The water mains in Section 13 (12 Mile and Greenfield area) are some of the oldest in the City, are in poor condition, and should be replaced. Project plans and specifications for this project are complete and were deferred from 2009.

Replacement/Rehabilitation of Water Main and Sanitary Sewer under Southfield Freeway

MDOT has currently scheduled the reconstruction of a portion of the Southfield Freeway in Section 36 of the City for 2011. Our water main crosses the freeway in four locations and our sanitary sewer runs the entire length of the freeway portion. The condition of these utilities is currently unknown. In addition, it is currently unclear if either will be disrupted as part of the construction. However, in order to be prepared for the project, we are recommending budgeting the requested amount. The engineering expenses will be required during the 2010-2011 Budget Year.

Reconstruction of the Water & Sewer Offices and Locker Room at the DPS Facility

The reconstruction of this office will provide enhanced efficiencies, work flow and service to the customers. The Locker Room renovation is necessary for handicap accessibility and to address drainage problems. The fixtures and drains are original equipment (circa 1970). This will be under the superintending control of the Building Authority.

Cold Storage Building at the DPS Location

This project has been approved by the Site Plan Committee and has been deferred until the City's revenue picture begins to improve. This will remain under the superintending control of the Building Authority.

MAYOR'S BUDGET MESSAGE

MAYOR'S OFFICE

May 3, 2010

Honorable City Council
Municipal Building
Southfield, Michigan

Re: Presentation of Fiscal Year 2010-2011 Budget to Council

Dear Sirs and Mesdames:

Transmitted herewith is the City Administrator's recommended 2010-11 fiscal year budget program, pursuant to Chapter VIII, Subsection 8.2 of the Charter of the City of Southfield.

After careful review and thoughtful consideration, I am presenting a budget that has been produced with administration's hardest fought efforts to meet the challenges of reduced revenues and unprecedented declines in property values. The 2010-11 budget is balanced through the reduction of expenditures and personnel utilizing managed attrition in lieu of layoffs.

In accordance with the direction of the Mayor and City Council in January of 2010—the beginning of the budget preparation cycle—the total City tax levy has been held flat at 16.3428 mills for the eighth consecutive year. This City tax levy is 5% below the levels of twenty-years ago. In other words, the budget plan is people-centered, which is my first requirement for any proposed budget. It preserves the savings to Southfield homeowners from the taxable value reductions by holding the second part of the equation (the millage rate) flat. This is a major

accomplishment, while still maintaining essential service levels to the public. In particular, the preservation of the appearance program to ensure a positive “curb appeal” look to the City’s major thoroughfares was accomplished in this budget. Achieving the funding of this program was a major priority of the Mayor’s Office hammered out during the exhaustive preparation of this tightly limited budget.

I am presenting this budget with a number of considerations. This year we will be utilizing \$7.5 million out of the fund balance account to balance the 2010-11 budget. With this withdrawal, our fund balance will be at 12% of the total General Fund budget, which adheres to the planned goal of the Council to maintain a position of fiscal stabilization. To maintain our fiscal strength for bond rating and stability we must maintain and protect our fund balance.

The projected decline in revenue from residential and commercial property and state revenue sharing will require our City to again find resources and develop a plan to balance our 2011-12 budget. I strongly recommend that we begin immediately and aggressively planning to identify how we will balance our budget for 2011-12 without the utilization of fund balance. Also, the City must establish a five-year budget stabilization plan. This plan would allow us, as the city government, to analyze data and options and the fiscal impact of budget reductions. This budget has no funding for road replacement or major building infrastructure improvements. We cannot continue to forego these inherent budget needs. This year’s budget has incorporated all the projected budget shortfalls that we will be facing. For fiscal year 2011-12, the state shared revenues and state road funding (Act 51) are not projected to increase, rather to continue to decline. In the 2011-12 budget, we will have less resources and continual challenges in achieving a balanced budget.

As we prepare to be active and committed leaders in the comeback of this region, we must reach out to Lansing to develop strategies for the long-term viability of municipal government. Simply continuing to do more of the same will not suffice; bold and innovative approaches are absolutely essential. I stand ready to work with City Council and our lobbyist to engage in the necessary strategic initiatives to achieve a healthier and sustainable fiscal environment for the City of Southfield, and other municipalities statewide, and to ensure a robust comeback for this region.

Respectfully submitted,

A handwritten signature in black ink that reads "Brenda L. Lawrence". The signature is written in a cursive, flowing style.

Brenda L. Lawrence, Mayor
City of Southfield

CITY ADMINISTRATOR'S BUDGET MESSAGE

ADMINISTRATION

April 1, 2010

Honorable Mayor Brenda L. Lawrence
Municipal Building
Southfield, Michigan

Re: Recommended Budget for 2010-11 Fiscal Year

Dear Mayor Lawrence:

Presented herewith, pursuant to Section 8.2 of the Southfield City Charter, is the City Administrator's recommended municipal budget for the fiscal year beginning July 1, 2010.

The budget is balanced utilizing \$7.5 million of fund balance. This fund balance draw serves solely to offset the revenue loss attributable to the unprecedented 14.91% drop in the total taxable value for fiscal year 2010-11. In the City's 52-year history, this is the greatest drop in taxable value. This is on top of the 3.03% tax base decrease in fiscal year 2009-10, the previous record decrease. Also included within the recommended budget is an 11% cut in state shared revenues - the second largest source of General Fund revenues after property taxes. This amounts to a reduction of \$765,664 from the 2009-10 total of \$7,008,085. From the high point in 2001-02 of \$9,820,260, these revenues have decreased 36% in total. Further, state road funding (Act 51) is based on gas and weight taxes and continues its multi-year pattern of stagnation. Projected Act 51 revenues for 2010-11 are essentially flat to the levels of 2001-02, that's a nine-year period of no growth. This revenue stagnation makes it extremely difficult to maintain and improve the City's roadways. Essential materials such as asphalt and patching

emulsion are petroleum based. During this same 9-year period, the price of a barrel of oil has risen from an average of \$23 in 2001 to \$82.17 at March 20, 2010; yet state Act 51 road funding has remained flat. If the economy was not so treacherous and we were merely weathering a traditional recessionary no-growth period, we would be enjoying a balanced budget that is right on target to the 5-Year Fund Balance Stabilization Plan for fiscal year 2009-10, and beyond, with zero use of fund balance for operations.

Instead, State and local governments throughout the country are suffering fallout from the worst economic decline since the great depression. Michigan municipalities and especially the Detroit metro area have been hardest hit. Consider the following:

- Michigan's 14.1% unemployment rate continues to top the nation; far exceeding the nationwide rate of 9.7%.
- Based on a report from the Brookings Institute, referenced in a Business Insider article (March 18, 2010) entitled "The 20 Cities That Have Completely Missed The Recovery" the City of Detroit topped the list. The state's second largest city, Grand Rapids, was also included on the list.
- United Van Lines, the nation's largest household goods mover, has compiled an annual "migration" study for 33 years. The historical data shows an ongoing outbound trend for the Great Lakes region. Unfortunately, Michigan once again captured the No. 1 spot for out-migration in 2009, a title held since 2006.
- The 2009 annual review of the best and worst cities for job growth, conducted by Pepperdine University, includes the following text: "Eleven of the bottom 16 regions on

our list are in two states, Ohio and Michigan. In fact, the Wolverine State alone accounts for the bottom four cities: Jackson, Detroit, Saginaw, and Flint.”

What are our intentions in facing these unprecedented challenges? Our continuing focus must center on three essential elements to maintain long term financial stability and service excellence: cost containment; maintaining service levels through efficiencies; and the future development of alternative revenue strategies.

Cost Containment Achievements and Strategies

- Flat to decreasing General Fund (i.e. operating cost) totals achieved: The 2009-10 General Fund budget was essentially flat to 2008-09 levels. The proposed 2010-11 budget is down \$1.42 million or 2.1% from 2009-10 levels (\$68,639,964 in 2009-10 vs. \$67,220,826 in 2010-11).
- Managed attrition program success continues: There are 34 vacant General Fund positions, accounting for \$2.8 million in cost savings, within the proposed budget. Corresponding figures for the 2009-10 budget were 26 positions totaling \$2.1 million in cost savings.
- Budget monitoring continues to be aggressive and effective: The 2009-10 actuals-to-budget, at the three-quarters mark, continue to be on target to the budget plan; with vacancy savings intact and budget transfers strictly controlled by Finance and Administration. These monitoring and budgetary controls are set to continue in 2010-11.
- Costs to our residents and businesses will be controlled by holding the tax levy flat at 16.3428 mills for the eighth consecutive year. This total is 5% below the figure for 20-years ago. Maintaining this level will ensure that Southfield residents and businesses

receive the full measure of City tax savings in these toughest of economic times. The taxable value of Southfield homes has declined approximately 28% this year. This astounding figure reflects the cumulative effects of an unprecedented sustained period of national and international economic crisis, which has had a huge negative impact on real estate markets. Recently, we have been increasingly feeling these same pressures in the commercial sector which is anticipated to be down 8% this year. The combination of taxable value decrease and a flat tax levy can produce substantial City tax savings. For example, the owner of a home with a taxable value of \$100,000 (former approximate market value of \$200,000) receiving a 28% reduction in taxable value to \$72,000 would save \$458 in City taxes alone for the upcoming tax year. This figure does not include property tax savings on the 70% of the typical tax bill that covers other jurisdictions and purposes (e.g. County and educational services) which are also affected by the steep drop in taxable values.

Maintaining Service Levels Through Efficiencies

- Doing more with less (the secret to maintaining service levels in a cutback mode) can only be accomplished by increasing the efficiency and effectiveness of the municipal government.
- Strategies incorporated into the 2010-11 budget plan include: a) reallocation of resources (e.g. moving personnel partially or full-time to new functions); b) crosstraining and increasing efficiency through better use of technology; c) restructuring work processes and the deployment of personnel; and d) providing training in order to incorporate new duties and skills into job descriptions (i.e. investing in our people).

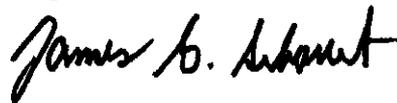
The Future Development of Alternative Revenue Strategies

- Every family knows one cannot dip into reserves indefinitely. The 2010-11 proposed budget utilizes \$7.5 million of reserves to balance revenues to expenditures; thus “making up” for the unprecedented loss in property tax revenues in the toughest of economic times facing this City. A fund balance draw of this magnitude is not sustainable longer-term.
- Future alternative revenue strategies must be developed as early as possible in the next fiscal year. This will be the top job for the City’s executive staff in 2010-11, working with the Mayor and City Council, and will likely involve the enactment of enabling legislation in Lansing. The central concept of underlying the effort is: you can’t cut your way to prosperity. Absent new, acceptable and practical revenue sources for municipalities, the cuts necessary to balance future budgets would be so severe that both service levels and the quality of life in the community would be severely impacted.

We look forward to the Mayor’s review, insights, and commentary over the next month in preparation for the Mayor and City Council budget study session scheduled for May 3, 2010.

Though the challenges are great, I do not believe for a moment that they are insurmountable. In fact, they provide a unique leadership opportunity for the City of Southfield to play a vital role in the comeback of this region in the State of Michigan.

Respectfully submitted,



James G. Scharret
City Administrator

BUDGET AND MILLAGE SUMMARY

2010-11 Recommended Budget

City of Southfield

	<u>Recommended Revenues</u>		<u>Recommended Expenditures</u>
GENERAL FUND:		GENERAL FUND:	
General Operating Levy	19,816,332	Administration	464,957
Less: Allowance for Appeals	(500,000)	Fiscal Services/OMB	411,087
Police & Fire Levy	8,492,414	Accounting	648,686
Police & Fire Pension Levy	5,633,026	Purchasing	235,165
Tax Administration Fees & Penalties	2,304,024	Technology Services	1,997,575
Sales Tax Returns - Constitutional	4,642,507	Assessing	886,140
Sales Tax Returns - Statutory	1,552,414	Central Services	1,780,257
Liquor Licenses	47,500	Support Services	3,098,940
Sanitation Charges	3,261,843	Human Resources	1,183,053
Building Revenues	750,000	Clerk	915,171
Engineering Revenues	651,592	Council	166,454
District Court Revenues	3,870,521	Community Relations	622,078
Reimbursements	3,225,479	Court - 46th District	3,589,694
Fees, Licenses & Permits	3,817,989	Human Services	244,857
Investment Income	600,000	Law	923,010
Interfund Reimbursements	1,536,736	Mayor's Office	212,563
Transfer from Undesignated Fund Balance	7,003,449	Public Safety	40,541,738
Transfer from Designated Fund Balance:		Community Dev. Administration	852,279
Equalization Reserve	500,000	Building	2,051,398
Residential Initiatives (entrance marker program)	15,000	Planning	607,196
		Public Works Administration	579,118
		Streets & Highways	117,444
		Transportation	432,106
		Engineering	651,592
		Sanitation	3,261,843
		Treasurer	746,425
		TOTAL GENERAL FUND	67,220,826
TOTAL GENERAL FUND	67,220,826	TOTAL GENERAL FUND	67,220,826
FACILITIES MAINTENANCE FUND	6,125,702	FACILITIES MAINTENANCE FUND	6,125,702
MOTOR POOL FUND	4,184,774	MOTOR POOL FUND	4,184,774
CABLE TV FUND	926,693	CABLE TV FUND	926,693
PARKS & REC FUND	7,338,725	PARKS & REC FUND	7,338,725
LIBRARY FUND	8,579,306	LIBRARY FUND	8,579,306
MAJOR STREET FUND	5,864,618	MAJOR STREET FUND	5,864,618
LOCAL STREET FUND	5,796,026	LOCAL STREET FUND	5,796,026
MUNICIPAL STREET FUND	1,247,343	MUNICIPAL STREET FUND	1,247,343
WATER & SEWER FUND	44,251,656	WATER & SEWER FUND	44,251,656
DRUG LAW ENFORCEMENT FUND	531,291	DRUG LAW ENFORCEMENT FUND	531,291
(DUPLICATING TRANSFERS)	(13,876,624)	(DUPLICATING TRANSFERS)	(13,876,624)
MUNICIPAL SUBTOTAL	138,190,336	MUNICIPAL SUBTOTAL	138,190,336
COMM. DEVELOPMENT BLOCK GRANT	641,769	COMM. DEVELOPMENT BLOCK GRANT	641,769
ENERGY EFFICIENCY BLOCK GRANT	875,700	ENERGY EFFICIENCY GRANT	875,700
N.S.P.*	3,191,456	N.S.P.*	3,191,456
SECTION 8 HOUSING GRANTS	2,203,989	SECTION 8 HOUSING GRANTS	2,203,989
MICHIGAN WORKS GRANTS	4,676,000	MICHIGAN WORKS GRANTS	4,676,000
AUTO THEFT GRANT	269,251	AUTO THEFT GRANT	269,251
TOTAL GRANT FUNDS	11,858,165	TOTAL GRANT FUNDS	11,858,165
TOTAL ALL OPERATING FUNDS	150,048,501	TOTAL ALL OPERATING FUNDS	150,048,501
TOTAL REVENUES	150,048,501	TOTAL EXPENDITURES	150,048,501

*Neighborhood Stabilization Program

**(Current Year Budget
Figures for Reference)**

2009-10 Budget City of Southfield

	<u>Approved Revenues</u>		<u>Approved Expenditures</u>
GENERAL FUND:		GENERAL FUND:	
General Operating Levy	23,288,674	Administration	436,335
Less: Allowance for Appeals	(255,000)	Fiscal Services/OMB	399,135
Police & Fire Levy	9,980,508	Accounting	632,621
Police & Fire Pension Levy	5,930,166	Purchasing	229,856
Tax Administration Fees & Penalties	2,719,705	Technology Services	2,142,764
Sales Tax Returns - Constitutional	5,216,300	Assessing	888,894
Sales Tax Returns - Statutory	1,744,285	Central Services	1,882,167
Liquor Licenses	47,500	Support Services	2,813,202
Sanitation Charges	3,041,550	Human Resources	1,162,869
Building Revenues	825,000	Clerk	1,056,884
Engineering Revenues	1,167,013	Council	166,454
District Court Revenues	4,129,858	Community Relations	629,626
Reimbursements	1,763,719	Court - 46th District	3,579,422
Fees, Licenses & Permits	4,089,842	Human Services	505,352
Investment Income	1,325,000	Law	894,533
Interfund Reimbursements	1,685,402	Mayor's Office	211,018
Proceeds from Sale of Property (Stouffers)	498,175	Public Safety	41,359,782
Transfer from Undesignated Fund Balance	1,172,267	Community Dev. Administration	1,011,869
Transfer from Designated Fund Balance:		Building	1,925,009
Equalization Reserve	255,000	Planning	638,303
Residential Initiatives (entrance marker program)	15,000	Public Works Administration	593,715
		Streets & Highways	121,730
		Transportation	445,320
		Engineering	1,065,629
		Sanitation	3,125,450
		Treasurer	722,025
TOTAL GENERAL FUND	68,639,964	TOTAL GENERAL FUND	68,639,964
FACILITIES MAINTENANCE FUND	6,285,771	FACILITIES MAINTENANCE FUND	6,285,771
MOTOR POOL FUND	4,197,740	MOTOR POOL FUND	4,197,740
CABLE TV FUND	925,922	CABLE TV FUND	925,922
PARKS & REC FUND	8,225,109	PARKS & REC FUND	8,225,109
LIBRARY FUND	8,580,383	LIBRARY FUND	8,580,383
MAJOR STREET FUND	8,493,636	MAJOR STREET FUND	8,493,636
LOCAL STREET FUND	6,989,670	LOCAL STREET FUND	6,989,670
MUNICIPAL STREET FUND	1,247,343	MUNICIPAL STREET FUND	1,247,343
WATER & SEWER FUND	40,381,177	WATER & SEWER FUND	40,381,177
DRUG LAW ENFORCEMENT FUND	550,416	DRUG LAW ENFORCEMENT FUND	550,416
(DUPLICATING TRANSFERS)	(13,447,631)	(DUPLICATING TRANSFERS)	(13,447,631)
MUNICIPAL SUBTOTAL	141,069,500	MUNICIPAL SUBTOTAL	141,069,500
SECTION 8 HOUSING GRANTS	1,774,796	SECTION 8 HOUSING GRANTS	1,774,796
COMM. DEVELOPMENT BLOCK GRANT	641,769	COMM. DEVELOPMENT BLOCK GRANT	641,769
N.S.P.*	3,191,456	N.S.P.*	3,191,456
MICHIGAN WORKS GRANTS	6,189,000	MICHIGAN WORKS GRANTS	6,189,000
AUTO THEFT GRANT	262,540	AUTO THEFT GRANT	262,540
TOTAL GRANT FUNDS	12,059,561	TOTAL GRANT FUNDS	12,059,561
TOTAL ALL OPERATING FUNDS	153,129,061	TOTAL ALL OPERATING FUNDS	153,129,061
DEBT SERVICE	-	DEBT SERVICE	-
TOTAL REVENUES	153,129,061	TOTAL EXPENDITURES	153,129,061

*Neighborhood Stabilization Program

2010-2011 RECOMMENDED BUDGET
PROPERTY TAX RATES

OPERATING

General Operations	6.6094
Police & Fire	2.8325
Police & Fire Pension	1.8788
Residential Street Maintenance	0.9440
Parks & Recreation	1.6524
Library	2.0934
Public Act 298 of 1917	<u>0.1582</u>
TOTAL OPERATING	16.1687
County Drains At Large (Winter Levy)	<u>0.1741</u>
TOTAL MILLAGE	16.3428

TAXABLE VALUATION

Taxable Valuation (TV estimated)*	2,998,204,427
TV Captured by LDFA I	28,288,587
TV Captured by LDFA II	3,403,157
TV Captured by LDFA III	19,921,683
TV Captured by DDA/TIFA	45,394,501
TV Captured by Smart Zone	6,661,551
TV Captured by Brownfield Redevelopment Authority	<u>9,548,519</u>
TOTAL ESTIMATED TAXABLE VALUATION	3,111,422,425

*Reflects 14.91% decrease from 2009-2010 levels per Oakland County Equalization.

2009-10 Tax Rate Compared To 2010-11

	<u>2009-10</u>	<u>2010-11</u>	<u>Increase (Decrease) Compared To 2009-10</u>
Operating:			
General Operations	6.6094	6.6094	-
Public Safety	2.8325	2.8325	-
Police & Fire Pension	1.7000	1.8788	0.1788
Residential Street Maintenance	0.9440	0.9440	-
Parks & Recreation	1.6524	1.6524	-
Library	2.0934	2.0934	-
Public Act 298 of 1917	<u>0.3370</u>	<u>0.1582</u>	<u>(0.1788)</u>
Total Operating	16.1687	16.1687	-
Debt Service:			
County Drains At Large	0.1741	0.1741	-
Total Levy	16.3428	16.3428	-

OPERATING	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
General Operations	6.9447	7.0000	7.0000	7.0000	6.9566	6.9566	6.9566	6.9566	6.9566	6.9006	6.8284
Public Safety	2.9763	3.0000	3.0000	3.0000	2.9814	2.9814	2.9814	2.9814	2.9814	2.9574	2.9264
Police / Fire Pension	1.1523	1.2678	1.3992	1.5242	1.5900	1.7001	1.6991	1.8109	1.8223	1.7256	1.3820
Res. Street Maint.	.9921	1.0000	1.0000	1.0000	.9938	.9938	.9938	.9938	.9938	.9858	.9754
R-O-W Appearance	.3779	.6324	.5282	.4625	.4663	.4604	.4644	.4761	.4761	.4548	.4551
Parks & Recreation	1.7362	1.7500	1.7500	1.7500	1.6870	1.7392	1.7392	1.7392	1.7392	1.7252	1.7072
Library	.9921	1.0000	1.0000	1.0000	.9453	.9498	.9498	.9938	.9938	.9858	1.3054
Total Operating	15.1716	15.6502	15.6774	15.7367	15.6204	15.7813	15.7843	15.9518	15.9632	15.7352	15.5799
Debt Service	1.2843	.9122	.8810	.9050	.6969	.6368	.6338	.5103	.4989	.4921	.4679
Drains-at-Large	.6933	.5868	.4408	.3575	-	-	-	-	-	-	-
TOTAL	17.1492	17.1492	16.9992	16.9992	16.3173	16.4181	16.4181	16.4621	16.4621	16.2273	16.0478
OPERATING	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
General Operations	6.6453	6.6094	6.6094	6.6094	6.6094	6.6094	6.6094	6.6094	6.6094	6.6094	6.6094
Public Safety	2.8479	2.8325	2.8325	2.8325	2.8325	2.8325	2.8325	2.8325	2.8325	2.8325	2.8325
Police / Fire Pension	1.3495	1.2910	1.3063	1.4583	1.6017	1.7096	1.6772	1.7672	1.6889	1.7000	1.8788
Res. Street Maint.	.9492	.9440	.9440	.9440	.9440	.9440	.9440	.9440	.9440	.9440	.9440
R-O-W Appearance	.5083	.5348	.4401	.4913	.4227	.4227	.3361	.2539	.3322	.3370	.1582
Parks & Recreation	1.6614	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524	1.6524
Library	2.1048	2.0934	2.0934	2.0934	2.0934	2.0934	2.0934	2.0934	2.0934	2.0934	2.0934
Total Operating	16.0664	15.9575	15.8781	16.0813	16.1561	16.2640	16.1450	16.1528	16.1528	16.1687	16.1687
Debt Service	.3804	.3065	.2748	.2615	.0277	-	-	-	-	-	-
Drains-at-Large	-	-	-	-	.1590	.0788	.1978	.1900	.1900	.1741	.1741
TOTAL	16.4468	16.2640	16.1529	16.3428	16.3428	16.3428	16.3428	16.3428	16.3428	16.3428	16.3428

MILLAGE HISTORY

A. PROPERTY TAX REVENUES - SERVICES PROVIDED

TAX REVENUE FACTORS

10-11 <u>EST.</u> REVENUE PRODUCING TAX BASE	\$ 2,998,204,427
09-10 REVENUE PRODUCING TAX BASE	<u>3,523,568,489</u>
FOR CITY OPERATIONS	\$ (525,364,062) or (14.91%)

2010-11 TAX REVENUE DECLINE FOR CITY OPERATIONS

GENERAL FUND	\$ (5,621,117)
APPEARANCE	(773,027)
LOCAL STREETS	(495,944)
PARKS AND RECREATION	(868,112)
LIBRARY	<u>(1,099,797)</u>
TOTAL	\$(8,857,997)

HOMEOWNER CITY PROPERTY TAX

\$150,000 HOME

2010-11

TV X MILLAGE X .001 = CITY TAX BILL

\$75,000 X 16.3428 X .001 = \$1,226

What the City Tax Bill was last year for this typical home:

2009-10

TV X MILLAGE X .001 = CITY TAX BILL

\$104,167 X 16.3428 X .001 = \$1,702

Revenue reduction of \$476 or 28% from 2009-2010 level.

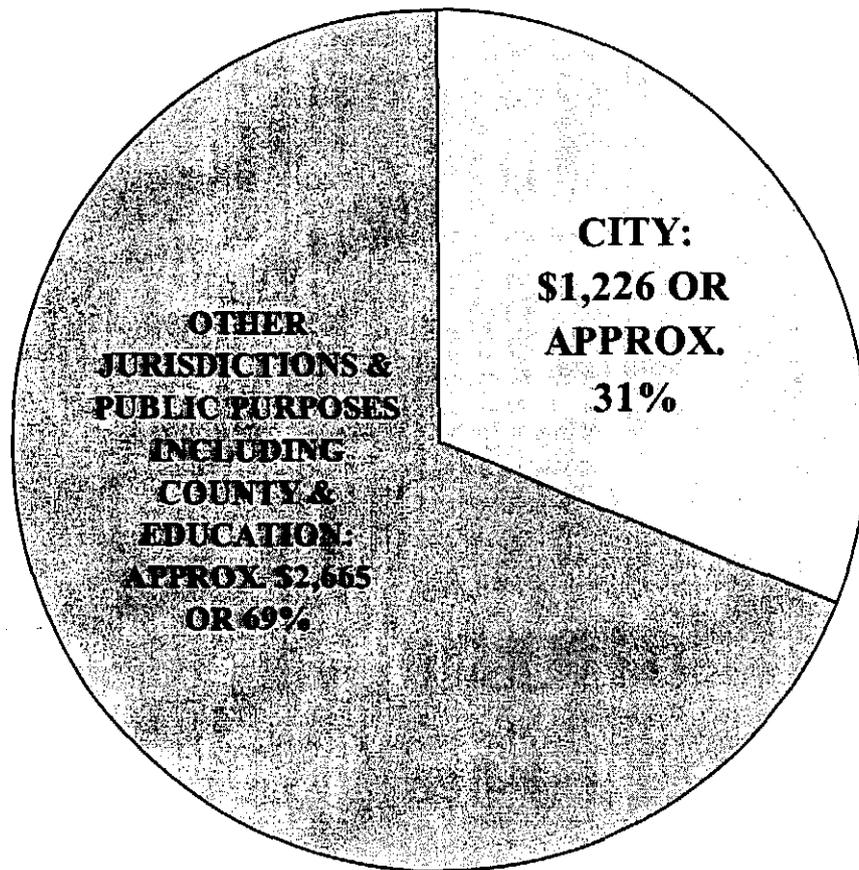
SERVICES PROVIDED
FOR CITY PROPERTY TAX DOLLARS

<u>MAJOR SERVICES</u>	<u>CITY TAXES/YEAR*</u>
PUBLIC SAFETY	\$ 849
PARKS & RECREATION	124
ROADS, APPEARANCE & DRAINS	96
LIBRARY	<u>157</u> **
TOTAL CITY PROPERTY TAX	\$ 1,226

* For ease of calculation, figures are based on a Southfield home with a market value of \$150,000 and a taxable value of \$75,000.

** 2010-11 is the eleventh year of full levy of the additional 1.2 mills approved by the voters on March 9, 1999 for construction and operation of a new library. The grand opening of the Library facility occurred on June 15, 2003.

**TYPICAL PROPERTY TAX DOLLAR DISTRIBUTION
(HOME WITH A TAXABLE VALUE OF \$75,000)**



B. OVERVIEW - REVENUES AND EXPENDITURES

KEY ASSUMPTIONS

- STATE SHARED REVENUE PER STATE OMB PROJECTIONS
- TREASURER'S PROJECTION FOR INVESTMENT INCOME
- USE OF FUND BALANCE IN GENERAL FUND: \$7.5 MILLION VS. \$10 MILLION ASSUMPTION ON 01/25/10
- 0% ACROSS-THE-BOARD WAGE ADJUSTMENT – ALL EMPLOYEE GROUPS
- MANAGED ATTRITION PROGRAM CONTINUES
- CONTINUOUS MONITORING OF ECONOMIC CONDITIONS
- MULTI-YEAR FINANCIAL PLANNING FOCUS

SEVEN YEAR PERSONNEL SUMMARY
2003-04 THROUGH 2010-11

Beginning Personnel Count (FTE's*)	851.78
2010-11 Personnel Count	<u>691.36</u>
Total Personnel Count Reduction	160.42 FTE'S or 18.8% reduction

BUDGET COMPARISONS
GENERAL FUND REVENUES

	09-10 ADOPTED BUDGET	10-11 RECOMM. BUDGET	%	
General Operating Levy	\$23,288,674	19,816,332	(14.9)	1
Less: Allowance for Appeals	(255,000)	(500,000)	(96.0)	1a
Police & Fire Levy	9,880,508	8,492,414	(14.0)	2
Police & Fire Pension Levy	5,930,166	5,633,026	(5.0)	3
Tax Administration Fees & Penalties	2,719,705	2,304,024	(15.3)	4
Sales Tax Returns - Constitutional	5,216,300	4,642,507	(11.0)	5
Sales Tax Returns - Statutory	1,744,285	1,552,414	(11.0)	6
Liquor Licenses	47,500	47,500	-	
Sanitation Charges	3,041,550	3,261,843	7.3	7
Building Department Revenues	825,000	750,000	(9.1)	8
Engineering Revenues	1,167,013	651,592	(44.2)	9
District Court Revenues	4,129,858	3,870,521	(6.3)	10
Reimbursements	1,763,719	3,225,479	82.9	11
Fees, Licenses & Permits	4,089,842	3,817,989	(6.6)	12
Investment Income	1,325,000	600,000	(54.7)	13
Interfund Reimbursements	1,685,402	1,536,736	(8.8)	14
Proceeds from Sale of Property (Stouffers)	498,175	-	(100.0)	15
Total Revenues Exclusive of Fund Balance	67,197,697	59,702,377	(11.1)	
Transfer From Fund Balance	1,442,267	7,518,449	421.3	16
Total From General Fund	<u>\$68,639,964</u>	<u>67,220,826</u>	<u>(2.1)</u>	

GENERAL FUND REVENUES FOOTNOTES

- 1, 1a, 2) Per Oakland County Equalization Director's projections, and reflective of deteriorating economic conditions. Increase in allowance for appeals reflects increase in commercial appeals activity.
- 3) Per actuarial requirements.
- 4) Reflects deteriorating economic conditions. Increase in late payments.
- 5, 6) State shared revenue reductions are per City finance staff and lobbyist estimates, which include consideration of all state legislative actions to date.
- 7) Technical issue: \$84,000 in revenues for sale of trash bags and bins, plus revenues from recyclables, were classified in another revenue category but more properly belong in Sanitation to match all the expenditures shown in Sanitation. Cost increase issue: \$136,293 due to scheduled increase in existing sanitation contract totally recovered in sanitation fees.
- 8) Reflects deteriorating economic conditions and an overall reduction in Building Department revenue activity.
- 9) Technical issue: Reflects recognition of a more permanent reduction in staffing levels of this function.
- 10) Decrease in caseload.
- 11) Technical issue: Drawdown on money set aside for post-retirement health. Per review of audit and accounting rules, this item is to be shown as a reduction in Support Services expenditures in the final adopted budget to be presented to Council 06/25/10.
- 12) The 2009-10 budget included one time auction revenues for the sale of replaced equipment. Further, the 2010-11 budget reflects a slight decline in life support fees and inspection/flow test fees.
- 13) Record low interest rate environment and reduced tax revenues.
- 14) Reflects cost reduction and restructuring of work. A vacant Housing Inspector position eliminated at total savings of \$93,313. In addition, a technical issue: The Housing Analyst position (total cost \$85,294) was transferred to the Building Department to assist in vacant home registration programs.
- 15) Reflects the one time sale of an asset in 2009-10.
- 16) Reflects the overall net effect of deteriorating economic conditions including a 14.91% decrease in taxable values, an 11% reduction in state shared revenues, and a 55% in investment income.

BUDGET COMPARISONS
GENERAL FUND EXPENDITURES

	09-10 ADOPTED <u>BUDGET</u>	10-11 RECOMM. <u>BUDGET</u>	%
Administration	\$436,335	464,957	6.6 ¹
Financial Services / OMB	399,135	411,087	3.0
Accounting	632,621	648,686	2.5
Purchasing	229,856	235,165	2.3
Technology Services	2,142,764	1,997,575	(6.8) ²
Assessing	888,894	886,140	(0.3)
Central Services	1,882,167	1,780,257	(5.4) ³
Support Services	2,813,202	3,098,940	10.2 ⁴
Human Resources	1,162,869	1,183,053	1.7
Clerk	1,056,884	915,171	(13.4) ⁵
Council	166,454	166,454	-
Community Relations	629,626	622,078	(1.2)
46th District Court	3,579,422	3,589,694	0.3
Human Services	505,352	244,857	(51.5) ⁶
Law	894,533	923,010	3.2
Mayor	211,018	212,563	0.7
Emergency Management	186,400	101,037	(45.8) ⁷
Police	26,112,612	25,741,493	(1.4)
Fire	15,060,770	14,699,208	(2.4)
Community Development Administration	1,011,869	852,279	(15.8) ⁸
Building	1,925,009	2,051,398	6.6 ⁹
Planning	638,303	607,196	(4.9) ¹⁰
Public Works Administration	593,715	579,118	(2.5)
Streets and Highways	121,730	117,444	(3.5)
Transportation	445,320	432,106	(3.0)
Engineering	1,065,629	651,592	(3.9)
Sanitation	3,125,450	3,261,843	4.4 ¹¹
Treasurer	722,025	746,425	3.4
Total General Fund	<u>\$68,639,964</u>	<u>67,220,826</u>	<u>(2.1)</u>

GENERAL FUND EXPENDITURES FOOTNOTES

- 1) Scheduled step increases for two employees. This departmental total will decrease in the final budget, reflecting cost allocations currently underway to charge expenses to Neighborhood Stabilization Program (NSP) and other grant programs, per regulations.
- 2) Reflects reduced outside services costs due to internal operating efficiencies.
- 3) Reallocation of insurance costs to outside funds and continued cost containment and positive claims experience.
- 4) \$305,000 increase in contingency account (from \$170,000 to \$475,000) due to extremely tight departmental budgets. Expenditures from this account may only be initiated by Council directive. Any unexpended funds in this account will be returned to fund balance at 06/30/11.
- 5) Reflects unfunding of one Government Services Aide and one Records Coordinator.
- 6) Reflects unfunding of one vacant Counseling Coordinator position and reallocation of 25% of the Outreach Social Worker and Office Coordinator positions to assist in the grant funded SHIP program. Reduced total also reflects the Senior Social Worker budgeted on a 10% net basis to more accurately reflect that 90% of this position is reimbursed by the Southfield Non-Profit Housing Corporation.
- 7) Handicapped parking enforcement has been transferred to Code Enforcement in order for Emergency Management to focus purely on their core function of emergency preparedness.
- 8) Reflects a reduction and restructuring of work. A Housing Inspector position, recently vacated due to a retirement, was eliminated at a total savings of \$93,313. In addition, a technical issue: the Housing Analyst position (total cost \$85,294) was transferred to the Building Department to assist in vacant home registration programs.
- 9) The Housing Analyst position referenced in the technical issue footnote 8 above was added to the Building Department budget.
- 10) The vacant position of Director of Planning & Economic Development has been budgeted at entry level.
- 11) \$136,293 increase per schedule in existing sanitation contract totally recovered in sanitation fees.

BUDGET COMPARISONS
ALL FUNDS

<u>FUND</u>	<u>09-10 ADOPTED BUDGET</u>	<u>10-11 RECOMM. BUDGET</u>	<u>%</u>
General Fund	\$68,639,964	\$67,220,826	(2.1)
Facilities Maintenance Fund	6,285,771	6,125,702	(2.5)
Motor Pool Fund	4,197,740	4,184,774	(0.3)
Cable TV Fund	925,922	926,693	0.1
Parks and Recreation Fund	8,225,109	7,338,725	(10.8) ¹
Library Fund	8,580,383	8,579,306	-0.1 ²
Major Street Fund	8,493,636	5,689,618	(33.0) ³
Local Street Fund	6,989,670	5,971,026	(14.6) ⁴
Municipal Street Fund	1,247,343	1,247,343	-
Water and Sewer Fund	40,381,177	44,251,656	9.6 ⁵
Drug Law Enforcement Fund (Less Duplicating Transfers)	550,416 (13,447,631)	531,291 (13,876,624)	(3.5)
Municipal Subtotal	141,069,500	138,190,336	(2.1)
Community Development Block Grant	641,769	641,769	-
Energy Efficiency Block Grant	-	875,700	n/a
Neighborhood Stabilization Program	3,191,456	3,191,456	-
Section 8 Housing Grants	1,774,796	2,203,989	24.2 ⁶
Michigan Works Grants	6,189,000	4,676,000	(24.4) ⁷
Auto Theft Grant	262,540	269,251	2.6
Total Budget	<u>\$153,129,061</u>	<u>\$150,048,501</u>	(2.0)

ALL FUNDS FOOTNOTES

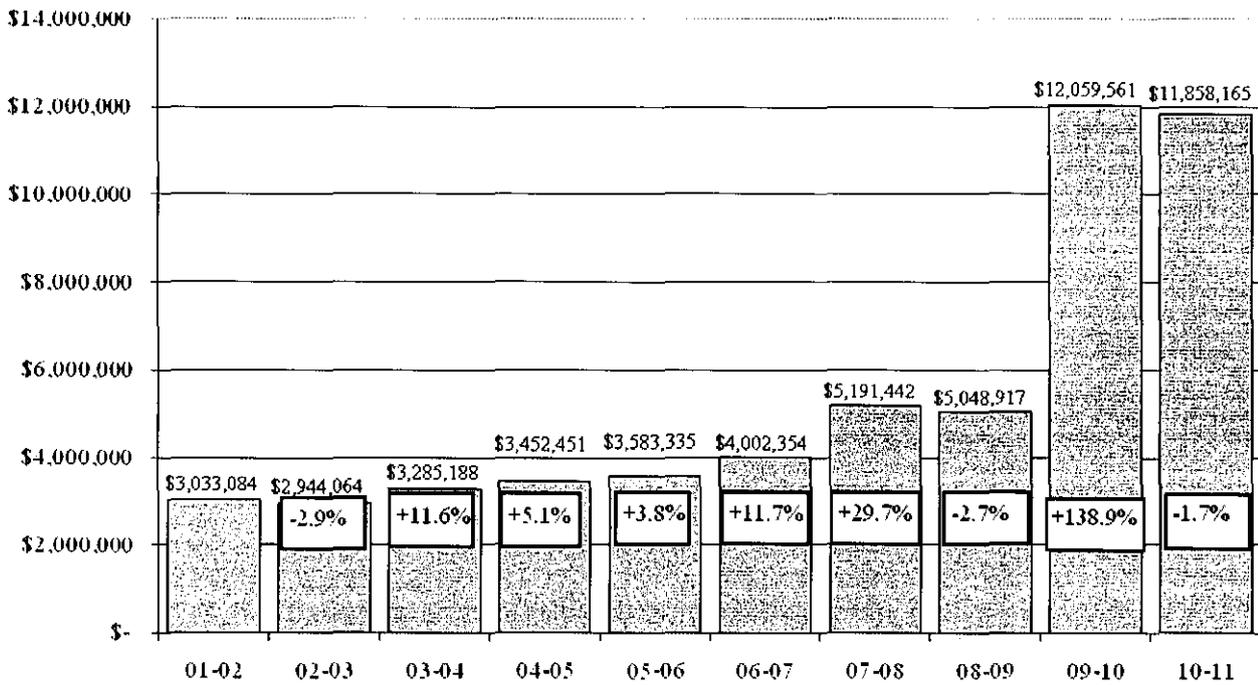
- 1) Reflects decrease in taxable value due to economic conditions, recognized reduction of six positions, and no use of fund balance.
- 2) Footnoted to indicate fund balance draw of \$1,556,275 and \$730,695 in vacancies funded within the Library budget. The net result is a slight budget increase. The actuals for the 2010-11 fiscal year will likely reflect expenditures well under budget due to vacancies remaining unfilled.
- 3) Decrease in gas and weight tax, and no funds available for road construction.
- 4) Decrease in taxable value due to economic conditions and flat ACT 51 revenues. No funds available for road construction.
- 5) Reflects the 12.5% increase in charges from outside Water and Sewer authorities. Other costs were held to a level that allows for a total budget increase of 9.6% and a rate increase to the customers of 9.5%.
- 6) Increase in Section 8 grant money.
- 7) Decrease in Michigan Works! grant money.

USE OF GENERAL FUND
FUND BALANCE

RESIDENTIAL PROGRAM INITIATIVES (Subdivision Entrance Marker Program)	15,000
EQUALIZATION RESERVE (Tax Tribunal Appeals)	500,000
UNDESIGNATED (General Operations)	7,003,449
	<hr/>
TOTAL USE OF FUND BALANCE	\$ 7,518,449

10 YEAR COMPARISON

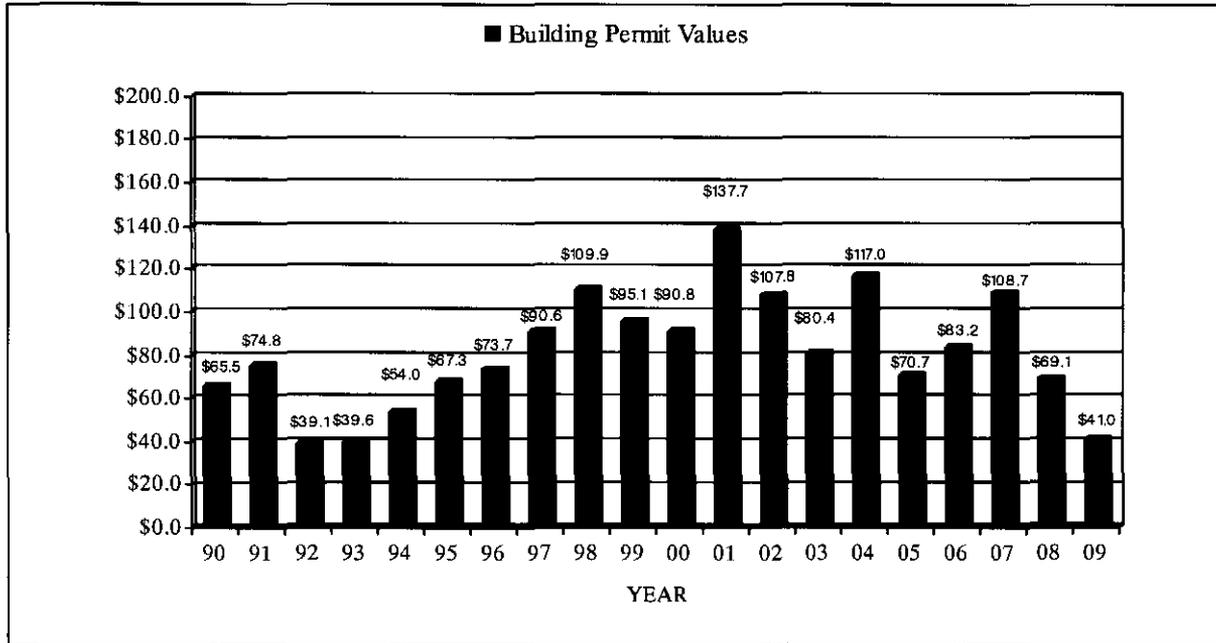
MAJOR GRANT REVENUES



2009-10 is the first year of the \$3.2 million Neighborhood Stabilization Program (NSP) Grant.

2010-11 reflects a decrease of \$1,513,000 in Michigan Works! Grants, and an increase of \$875,700 for a newly awarded Energy Efficiency Block Grant.

GROWTH AND PROPERTY VALUATION TRENDS

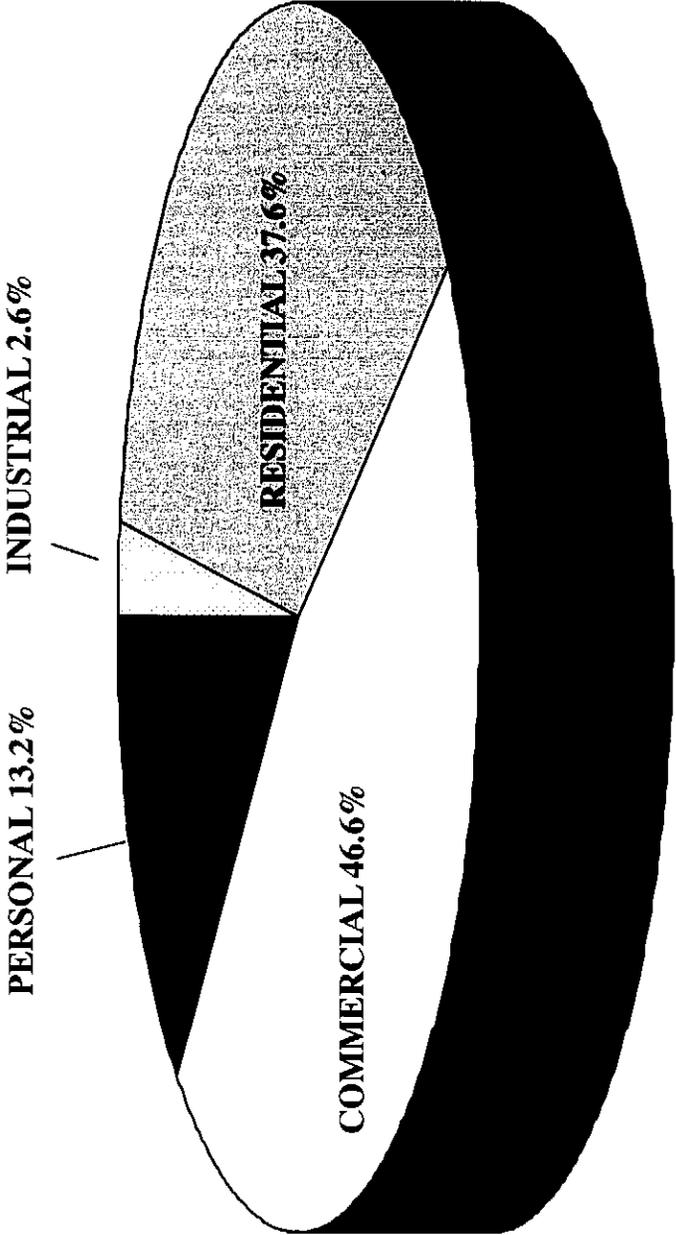


TAXABLE VALUE

<u>YEAR</u>	<u>RESIDENTIAL</u>	<u>ALL OTHER</u>	<u>TOTAL TAV MILLIONS</u>	<u>% GROWTH</u>	
1989-90	32.7	67.3	2,065	7.5	
1990-91	33.1	66.9	2,174	5.3	
1991-92	33.3	66.7	2,256	3.8	
1992-93	33.3	66.7	2,263	0.3	- Property Tax Freeze
1993-94	35.9	64.1	2,308	2.0	
1994-95	37.3	62.7	2,295	(0.6)	
1995-96	37.5	62.5	2,339	1.9	- Proposal A takes effect
1996-97	37.7	62.3	2,425	3.7	
1997-98	37.9	62.1	2,514	3.7	
1998-99	36.7	63.3	2,708	7.7	
1999-00	37.2	62.8	2,826	4.4	
2000-01	37.7	62.3	2,930	3.7	
2001-02	38.5	61.5	3,079	5.1	
2002-03	39.3	60.7	3,231	4.9	
2003-04	41.0	59.0	3,268	1.1	
2004-05	41.9	58.1	3,387	3.6	
2005-06	43.0	57.0	3,482	2.8	
2006-07	43.8	56.2	3,605	3.5	
2007-08	44.6	55.4	3,726	3.4	
2008-09	44.6	55.4	3,753	0.7	
2009-10	42.6	57.4	3,656	(2.6)	
2010-11	37.6	62.4	3,111	(14.9)	estimate*

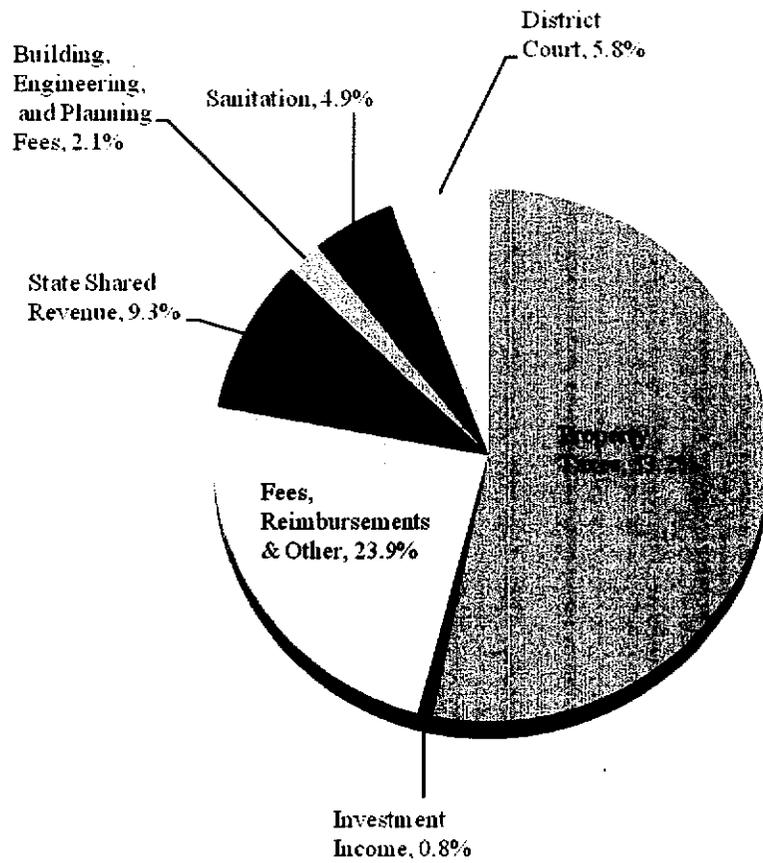
*Final state certified SEV to be issued 5/25/10.

**COMPOSITION OF
TAXABLE VALUE**

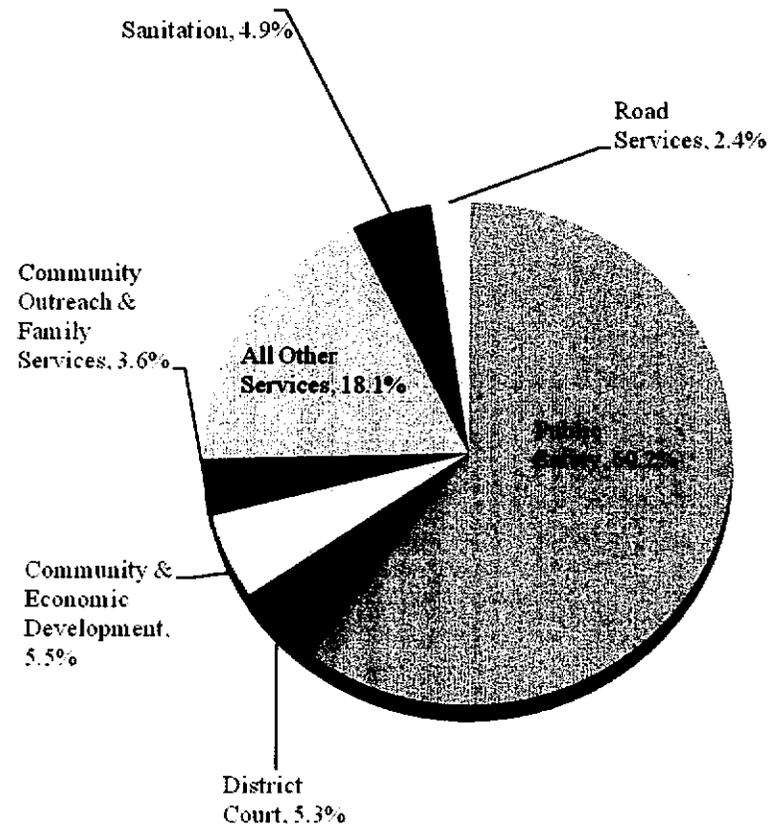


GENERAL FUND

REVENUES

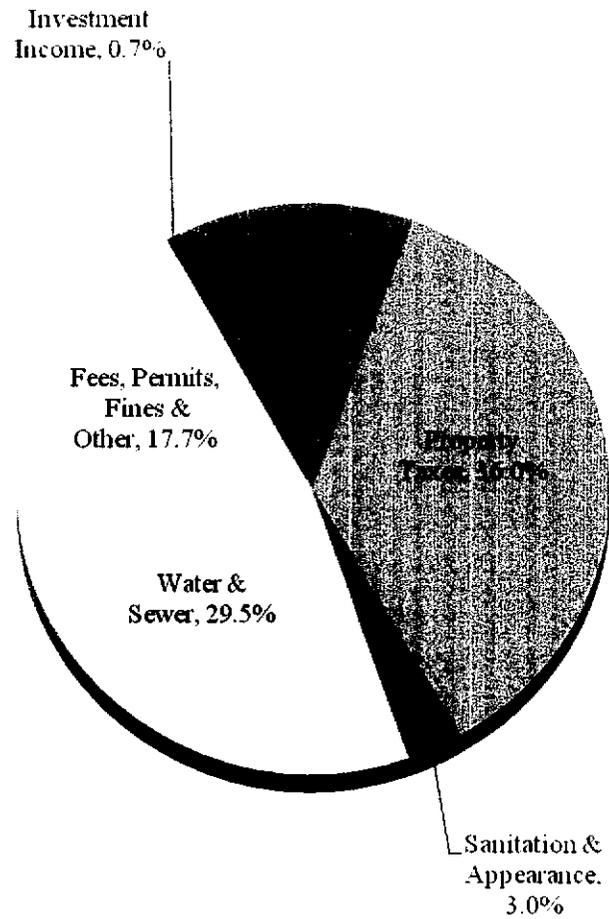


EXPENDITURES

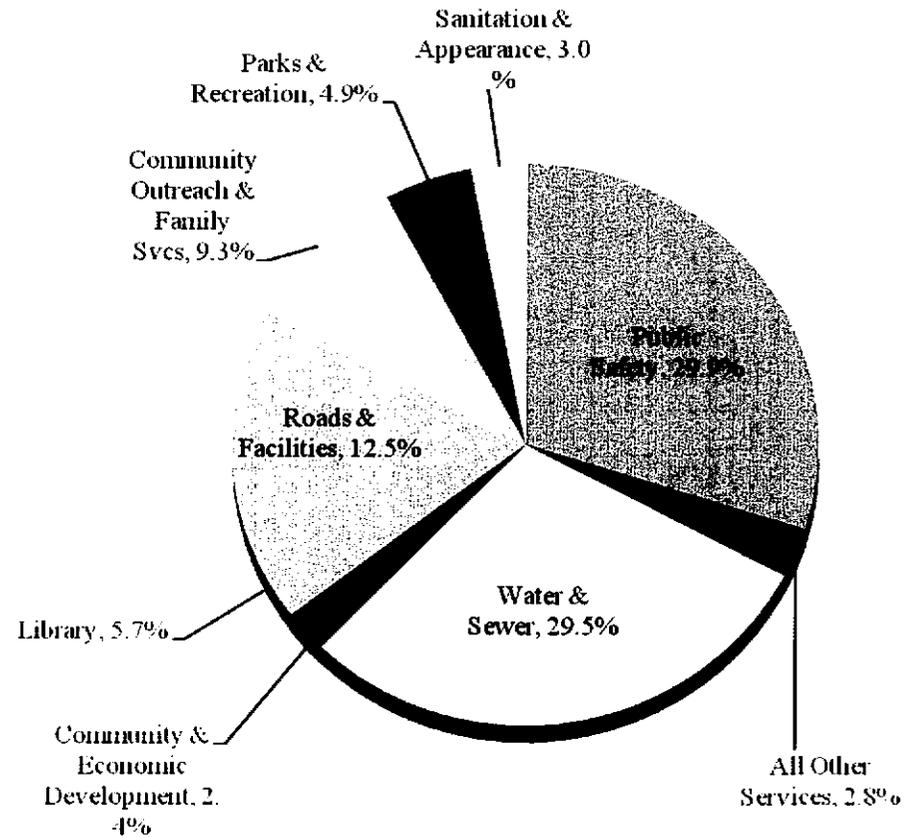


ALL FUNDS

REVENUES



EXPENDITURES



EMPLOYEE GROUP STATUS

EMPLOYEE GROUP	CONTRACT EXPIRATION DATE	NUMBER OF ACTIVE MEMBERS	STATUS
POLICE OFFICERS (SPOA)	06/30/09	116	IN NEGOTIATION
POLICE COMMAND (SPCOA)	06/30/09	32	IN NEGOTIATION
POLICE DEPUTY CHIEFS (SDCA)	06/30/10	2	IN NEGOTIATION
FIREFIGHTERS (SFFA)	06/30/09	95	IN NEGOTIATION
AFSCME 329 - FIELD	06/30/10	77	IN NEGOTIATION
PUBLIC SAFETY TECHNICIANS (POAM)	06/30/09	16	IN NEGOTIATION
PUBLIC SAFETY SUPERVISORS (POAM)	06/30/09	6	IN NEGOTIATION
AFSCME 3636 - SUPERVISORS	06/30/10	35	IN NEGOTIATION
PROFESSIONAL/TECHNICAL/CLERICAL (TPOAM)	06/30/10	151	IN NEGOTIATION
ADMINISTRATIVE CIVIL SERVICE (ACS)		21	SALARY INCREASES DETERMINED BY ACS
MANAGEMENT GROUP		19	SALARY INCREASES DETERMINED BY COUNCIL

C. BUDGET SCHEDULE

PROCESS

5/24 COUNCIL BUDGET STUDY SESSION (6:00 P.M.)

**5/25 CITY RECEIVES FINAL TAXABLE VALUE (TV)
FROM STATE. BUDGET FINE-TUNED
ACCORDINGLY.**

**6/21 BUDGET ADOPTION (SPECIAL MEETING)
BUDGET VIDEO (6:30 P.M.)**

7/01 NEW FISCAL YEAR BEGINS