“Sustaining Our Future”

**Short-Term**
- Rebalance allocation of resources
- Partner with labor to optimize services
- Budget within recurring revenues
- Recognize and reserve for long-term liabilities
- Identify and encourage collaborative opportunities
- Implement energy efficient solutions
- Responsible stewardship of City assets

**Intermediate**
- Challenge the way government traditionally delivers services
- Cross-boundary service delivery
- Efficiencies through collaboration
- Zoning and Planning improvements
- Coordinated economic development activities
- Investment in safe & reliable infrastructure
- Maintain affordable cost structure

**Long-Term**
- Diversified and stable economic base
- Vibrant community with attractive lifestyle
- Safe & reliable infrastructure
- Strong & financially stable City
- Ensure preservation and conservation of natural resources
- Delivery of high quality services in cost effective manner
- Healthy organization with innovative and high-performing staff
FY 2013 Budget Assumptions

- Local economy has stabilized but future uncertain
- Property tax collections – up 0.8%
- No new major source of revenue (e.g. income tax or property tax)
- Fees – selected increases in public services
- EVIP – assume city receives all state incentive payments
- Active healthcare – all employees will be on same plan
- Pension – all employees now contributing 6% - plan to fund full actuarial requirement now and into future
- Retiree healthcare – continue funding at historical levels and implement new allocation methodology focusing on where the liability is generated from
- Street repair – utilize federal funding for Stadium bridges enabling substantial increase in street resurfacing program
Budget Strategies

• Create Financial Projections – Forecast recurring revenues and expenditures for future years.

• Compare Projections versus Plan – Modify the second year of the two-year fiscal plan as required to reflect revised projections.

• Establish Recommended Budget – Based on council priorities, community concerns, and organizational needs.

• Consider Long-term Financial Implications – Made recommendations in the context of:
  – How decision affects city’s ability to balance future recurring operations.
  – Can long-term liabilities be reduced to avoid future costs.
  – Consider implications of an economic slowdown on services and the organization.

• Plan for Non-Recurring Initiatives.

• Policy Updates – Establish a funding policy for retirement benefits and modify fund balance policy to reflect present economic conditions.
### Financial Summary – General Fund

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RECURRING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$78,321,015</td>
<td>$79,193,112</td>
<td>$79,935,068</td>
<td>$80,591,642</td>
<td>$81,113,727</td>
</tr>
<tr>
<td>Expenditures</td>
<td>78,321,015</td>
<td>77,820,749</td>
<td>79,417,073</td>
<td>81,057,343</td>
<td>82,862,968</td>
</tr>
<tr>
<td>Net Recurring</td>
<td>$ -</td>
<td>$1,372,363</td>
<td>$517,995</td>
<td>$(465,701)</td>
<td>$(1,749,241)</td>
</tr>
<tr>
<td><strong>NON-RECURRING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Expenditures</td>
<td>1,118,088</td>
<td>1,049,001</td>
<td>439,803</td>
<td>359,462</td>
<td>380,461</td>
</tr>
<tr>
<td>Net Non-Recurring</td>
<td>$(1,118,088)</td>
<td>$(1,049,001)</td>
<td>$(439,803)</td>
<td>$(359,462)</td>
<td>$(380,461)</td>
</tr>
<tr>
<td><strong>Net Surplus/(Use) of Fund Balance</strong></td>
<td>$(1,118,088)</td>
<td>$323,362</td>
<td>$78,192</td>
<td>$(825,163)</td>
<td>$(2,129,702)</td>
</tr>
</tbody>
</table>

**Memo:**

(Risks)/Opportunities to the Projections

- Decide to continue Police Recruit Program: $ - $ (175,000)
- EVIP (1/3) due to either reduced size or qualification: $ (465,000) $ (465,000)
- Personal property tax elimination (less than $40k): $ (220,000) $ (220,000)
- Pension investment returns (less than 7% needed return): $ (150,000) $ -
- Property Tax Changes (+/- 1%): $ - $ 380,000
History of FTEs

The City has reduced staffing 32% since 2001 with minor impact to services…
Recommended FY2013 Budget Highlights

- Police Patrol – Restore proposed 9 lay-offs and add 1 FTE position plus up to 5 part-time positions (-$1.2 mil.)
- Police Dispatch – Contract for services with the County (+$624k)
- Police Labor Contracts – Reflect AAPOA/COAM settled contracts (+$447k)
- Fire Revenues – Increase primarily from inspections ($+657k)
- Fire Staffing – Maintain staffing levels by avoiding lay-offs (-$584k)
- Fire Labor Contract – Reflect IAFF settled contract (-$229k)
- Parks – Restore mowing to 14 days, increase seasonal maintenance staffing, and establish 3 seasonal park ranger positions
- Street lighting – Reflect higher costs and DTE audit implications (-$335k)
- Human Services – Increase support over previous year (-$10k)
- Rental Housing Inspections – increased revenues from efficiencies (+$50k)
- Water/Sanitary Sewer/Storm sewer - revenue increases of 3.25% - 4.25%
Closing Comments

• Council’s financial discipline has resulted in the city’s sound financial position
• A talented and dedicated workforce has enabled the city to navigate a challenging economy
• Budget responds to community concerns and Council priorities
• Budget addresses the city’s retiree healthcare liability
• Due to uncertain future, now is the time for spending restraint and prudent financial policies

• May 7 – Budget and Fee Public Hearing
• May 21 – City Council Budget Consideration – Prior to meeting, please work with staff to draft Council amendments and send budget questions directly to City Administrator