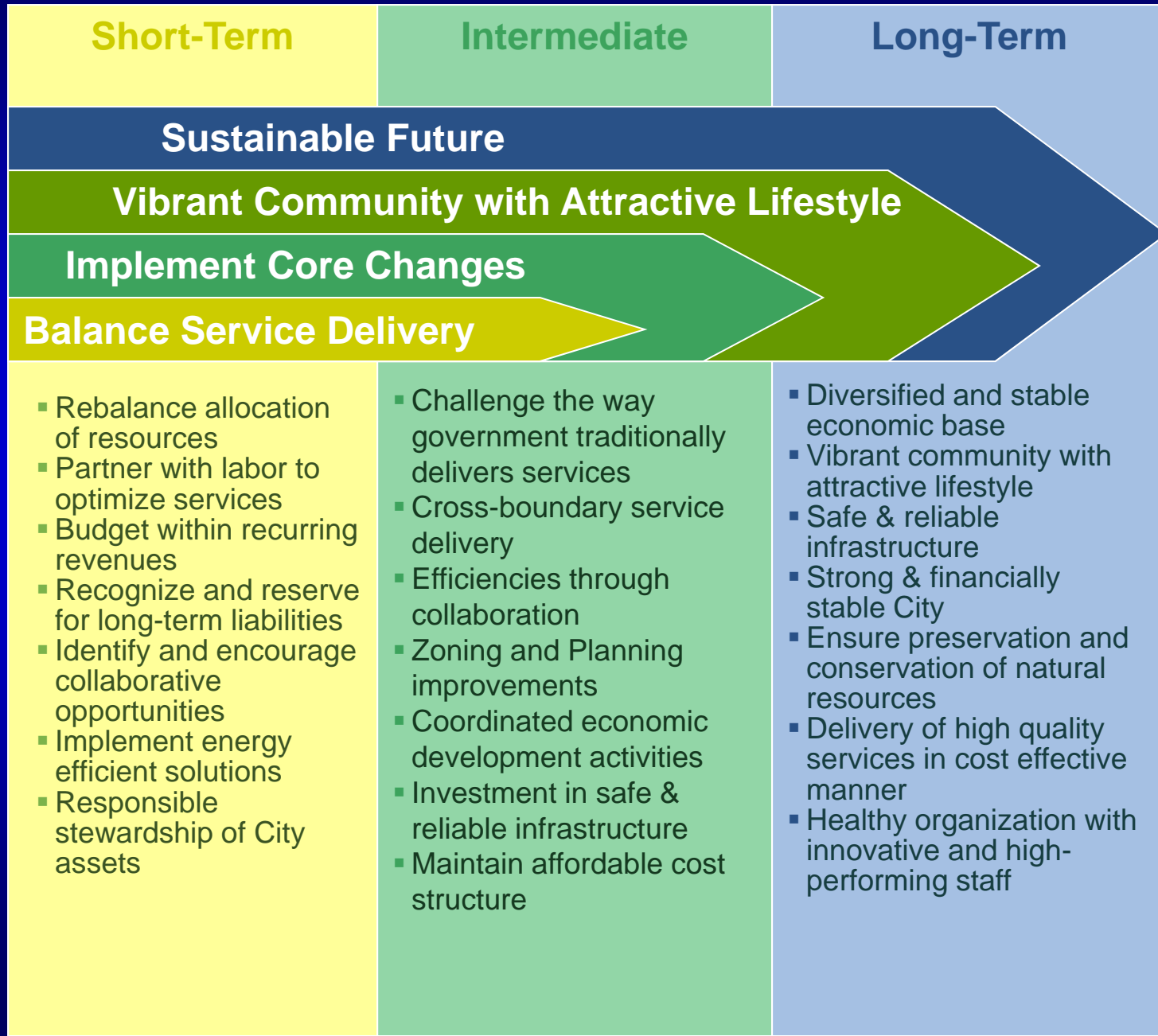




“Sustaining Our Future”





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

	2012	Estimate			
	Budget	2013	2014	2015	2016
RECURRING					
Revenues	\$ 78,321,015	\$ 79,193,112	\$ 79,935,068	\$ 80,591,642	\$ 81,113,727
Expenditures	78,321,015	77,820,749	79,417,073	81,057,343	82,862,968
Net Recurring	\$ -	\$ 1,372,363	\$ 517,995	\$ (465,701)	\$ (1,749,241)
NON-RECURRING					
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures	1,118,088	1,049,001	439,803	359,462	380,461
Net Non-Recurring	\$ (1,118,088)	\$ (1,049,001)	\$ (439,803)	\$ (359,462)	\$ (380,461)
Net Surplus/(Use) of Fund Balance	\$ (1,118,088)	\$ 323,362	\$ 78,192	(825,163)	\$ (2,129,702)

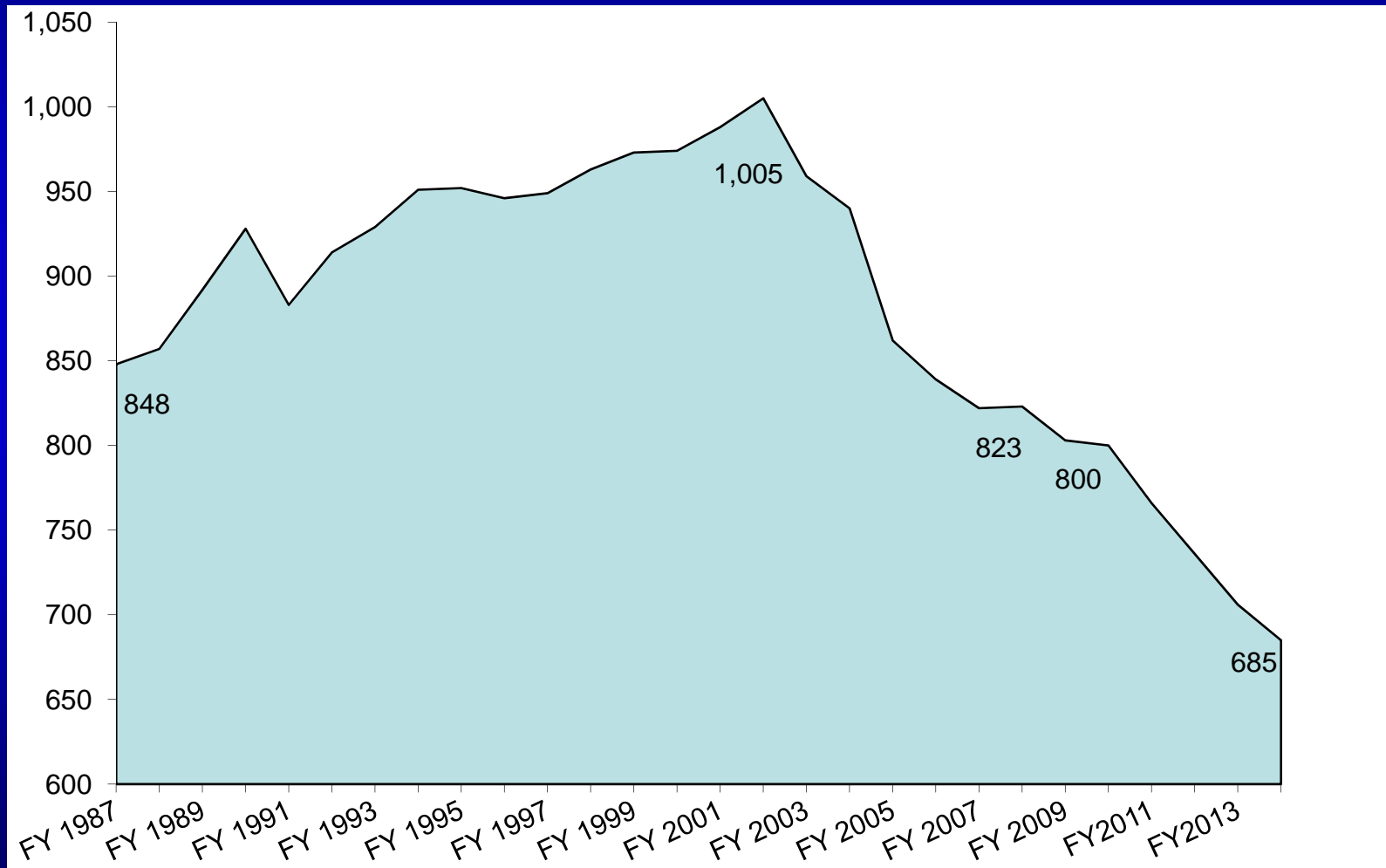
Memo:

(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

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- 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

