

City of Northville
CITY COUNCIL SPECIAL MEETING MINUTES
April 15, 2010

Mayor Johnson called the meeting to order at 7:00 p.m. in the Northville City Hall Council Chambers, 215 West Main Street, Northville, Michigan.

CALL TO ORDER

Present: Mayor Christopher Johnson, Mayor Pro Tem James Allen, Councilmembers Douglas Bingham, Nancy Darga (7:05 p.m.), Michele Fecht

Absent: None

Also Present: City Manager Patrick Sullivan, Assistant City Manager/Finance Director Nicolette Bateson, City Clerk Dianne Massa, DPW Director James Gallogly, Police Chief Gary Goss, Fire Chief James Allen, Assistant Finance Director Sandi Wiktorowski, reporter from the Northville Record, and two citizens.

PRESENTATIONS

A. Citizen Comments

Beth Beeson, resident, spoke of the City's fall leaf collection program. She voiced her belief that the City does not have a cost effective, quality program that meets the objective of keeping the streets clean. From her visual observation, leaves are deliberately swept into the street by 90% of the residents with only 10% following the current leaf program as directed by the City. Beeson challenged the City Council to create a quality leaf collection that meets the objective to keep the streets clean.

Councilmember Darga arrived at the meeting.

APPROVAL OF AGENDA

Motion Allen, seconded by Fecht to approve the agenda as presented. **Motion carried unanimously.**

FY 2010-2011 BUDGET REVIEW

Budget Message and Overview

Like most other public entities in Michigan, the City of Northville is facing a second year of unprecedented financial challenges. The center of the challenges stems from a poor national economy, with Michigan lagging even farther behind. Every significant category of revenue has declined while every significant category of expenditure has increased.

<u>Category</u>	<u>Challenge</u>
Property Tax Revenue	Declining values
State Shared Revenue	Cuts to revenue sharing by State to balance its budget
Investment Income	No investment options available to improve return
Permit Revenue	Slowed building activity
Personnel costs	Increased pension contributions Increased medical insurance premiums Increased funding requirement for retiree healthcare Increased unemployment costs
Utilities	Increased electric service costs
Unfunded Mandates	Costly State and Federal compliance and/or reporting

- With the recent completion of the pre-March Board of Review, City staff identified that the General Fund budget shortfall for FY2011 will be approximately \$1,100,250. Counted with the budget shortfall addressed for FY 2010 of \$639,000, the City is facing a cumulative \$1,739,000 budget shortfall within two years, representing 26% of total FY2008 General Fund revenue of \$6,606,000. With this level of budget shortfall, the City's leadership will continue to face even tougher decisions, the continued cooperation and creativity of employee groups will be essential, and having an informed constituency is critical.
- In FY2010, the City implemented most of the recommendations in the Rehmann Robson report, which included a 15% overall staffing reduction.
- The Inflation Rate Multiplier (IRM) applied by each community is the most key determinate of the financial outlook for the City's main source of revenue (property tax). The 2010 IRM was a decrease of 0.3%. The prior year IRM was an increase of 4.4%.
- In January 2010, the City was notified of additional cuts to State Shared Revenue for the remainder of the fiscal year.
- Since 2000, the annual breakage revenue (received from Northville Downs racetrack) has decreased.
- Additional budgeting and operational adjustments made during the course of the current fiscal year include:
 - Elimination of in-house contracted services for document imaging implementation.
 - Wage adjustment of 2% not provided to non-union personnel. All employees that belong to one of the four bargaining unit groups did receive a 2% wage adjustment as of July 1, 2009, that was consistent with the previously settled labor agreements.
 - Change in funding strategy for aerial truck from pre-funding to considering a bond proposal.
 - Elimination of one full-time parks maintenance position (Shared Services).
 - Reduction of hours for Senior Services Clerk from full-time to part-time (30 hours/week – Shared Services)

The FY2011 budget shortfall is due to these key budget areas listed below:

<u>Category</u>	<u>\$ Impact</u>
Revenue Losses	
Property tax, the City’s single largest source of revenue for funding governmental operations, after completion of 2010 March Board of Review, is estimated to decrease by	\$ 414,000
Decreased Property Tax Administrative Fee by	12,000
Decreased State Shared Revenue (effective January 2010) of	99,000
Decreased revenue in almost every category of fees and other sources, primarily related to the economy, by	6,000
Subtotal – revenue losses	\$ 531,000
Expenditure Increases	
Increased mandatory pension contribution – phased in impact of market decline, resulted in a city-wide increase of \$81,456 with allocation to General Fund, primarily for police services, of	58,000
Other increases in expenditures	
a) 2% wage adjustment in labor contracts for FY 2011, total cost of \$71,000, with an amount allocable to General Fund of	29,000
b) Unemployment Compensation, total cost of \$66,000, with General Fund allocable portion at	23,000
c) Improved support and service for Planning Commission, Zoning Board and Historic District Commission at	10,000
d) Other fluctuations in cost categories and provision of contingency at	81,250
Funding Post Employment Benefits - Increased post-employment benefits contribution based upon the revised analysis as of June 30, 2009. According to the analysis, the City’s annual required contribution (ARC) should increase by \$594,793 with an amount attributable to General Fund of	368,000
Total – FY 2011 budget shortfall due to key items	\$1,100,250

In addition to the above challenges, the City also needs to address long-term funding issues in the following area.

Fire Department Equipment – Replacement of 1980 Aerial Truck

Since 2000, the City has been able to effectively provide for Fire Department equipment by prefunding the amortized cost of the equipment. In addition, the interest earnings in that fund were used to offset the equipment cost. After two years of historically low investment returns, increasing equipment costs estimates and decreased General Fund resources, the City is not able to adequately pre-fund the Aerial Truck with an estimated replacement cost of

\$700,000

Additional budget highlights noted included:

- Property Tax is the main source of General Fund revenue at 70.5%. Property tax revenue is impacted most significantly by the annual inflation rate used in determining Taxable Value. Each October, the Michigan Department of Treasury announces the Inflation Rate Multiplier (IRM) that is applied by each municipality. For 2010 the IRM was a decrease of 0.3%. For comparison, the IRM for 2009 was an increase of 4.4%, during a year in which the City had a significant budget shortfall.
- By reviewing the tax base analysis in Section X of the budget, it is clear that the property tax revenue decline will have a long term impact on the City's finances. As shown on page X-10, the Taxable Value of the City decreased 9.47%. The 2010 Taxable Value, confirmed by the March Board of Review, is \$297,366,979 (net of \$30,220,395 in DDA tax capture). At the end of the 2010 March Board of Review, the total State Equalized (Assessed) Value of all property exceeds Taxable Value by 7.47%. For 2010, the majority of property owners saw a reduction in both the State Equalized Value (SEV) and Taxable Value (TV).
- The FY2011 budget proposes the use of Fund Balance. Should the City continue to use Fund Balance at the rate proposed for FY2011, the City would deplete its Fund Balance by FY2014-2015. With this level of budget shortfall, the City's leadership will continue to face even tougher decisions.
- For FY 2011, it is proposed that the City modify its policy on utilizing Breakage Revenue. Up until the early 1990's the City received state shared revenue under the "Cities with Racetracks" program. Changes in the distribution of these funds in the early 1990's from the State level, however, caused this to become an unstable revenue source. Further changes in legislation eliminated the Cities with Racetracks program. In its place, as of January 1, 1996, the City receives breakage revenue from Northville Downs' activity from live and simulcast racing. Racetrack breakage revenue is recorded in the Public Improvement Fund when received to the extent that it exceeds the cost of providing police and fire service at the racetrack.
- As the City is a service-oriented organization, personnel costs are the largest category of expenditure. In FY 2010, budgeted positions decreased from 54.54 full time equivalent positions to 46.04, representing a reduction of 15.6%. Further declines in personnel will have additional services impacts. Where feasible, the City will continue to reduce the workforce through attrition. Another level of significant staff reductions, however, will impact service. Planning for next year's budget and beyond will need to begin almost immediately after adoption of the current budget to gather more in-depth feedback from the City's residents about trade-offs between service levels and funding.
- In May 2008, the City of Northville and City of Detroit negotiated a new 30 year contract regarding water rates. The rate increases approved by the Detroit Board of Water Commissioners for water service is a decrease of 2.32% effective July 1, 2010. Provided that the Detroit City Council supports that rate at its May 2010 meeting, the City of Northville will be able to hold off any usage rate increase for FY 2011. Due to careful planning of resources, the last time that the City of Northville increased the water rate was July 1, 2005. The City has also received preliminary news that Wayne County will not have a rate increase effective July 1, 2010. As a result, the City is also able to hold the line on any sewer rate adjustments. Sewer rates to the City's customers have not increased since July 1, 2003.

- In order to comply with the 2007 Administrative Consent Order with the Michigan Department of Environmental Quality (MDEQ), the City has a time table in which to bring its sanitary sewer flow within contract limits. These efforts are part of a combined effort with surrounding communities under Wayne County’s leadership. The City’s sanitary sewer system has been evaluated under wet weather flows and for design issues. This multi-year sanitary sewer rehabilitation project is proposed over multiple years. The proposed FY2011 program has an estimated cost of \$360,000.
- The capital improvement program for FY 2011 provides for \$2.9 million in physical improvements of which \$6,500 is supported by the General Fund. Funding for \$1.2 million of these improvements is from special revenue sources. In addition, \$2 million of Build America Bonds were issued for downtown streetscape enhancements which will be allocated over three fiscal years. A list of key capital improvements and further detail is found in Appendix A of the proposed Budget Document.

A summary of the budget scenarios discussed by City Staff in preparation of the FY 2011 budget is noted below. Present circumstances have caused these to be among the remaining options that should now be considered.

Proposed FY2011 Budget Actions

<u>Department</u>	<u>Category</u>	<u>\$ Impact</u>
DPW	Move leaf pick-up and composting program to the Refuse & Recycling Fund	37,250
DPW	Reduce equipment rental rates 10% (General Fund direct charges of \$7,600 and General Fund transfer to Local Street Fund of \$7,400)	15,000
PD	Police Department - reduce one patrol officer through attrition	120,000
PD	Police Department Racetrack Staffing - required by labor contract	41,000
PD	Breakage Revenue Allocation to Police Department Equipment and Fire Department Equipment Funds (\$30,000 each) rather than 100% from General Fund to provide for replacement reserve	60,000
Shared Services	Shared Service Funding – reduced by 10%	28,000
All	Non-union wage freeze – Cumulative Year 2 (FY 2011 in addition to FY 2010), total of \$84,575 including fringe benefits of	45,775
All	Request labor unions to hold on 2% wage adjustment for one year as of July 1, 2010. Total for all funds, including fringe benefits is \$39,000 with amount allocable to General Fund of	28,000
All	Hold on increase in annual required contribution for Post Retirement Healthcare commitment, total of \$594,793, with General Fund at	357,000
Other	Fund Balance – Use 15.6% of fund balance, in conjunction with above efforts to hold off on further staff reductions, service reductions and/or tax rate adjustment	368,225
Total – FY 2011 Budget Adjustments		<u>\$1,100,250</u>

An overview of the various sections of the budget document pertaining to expenditures, revenues, and millage rates noted the following:

- The General Fund accounts for 34.5% of all Expenditures. Further explanation was given pertaining to the summary of the various City Funds found on Page I-15, including the Street,

Drainage & Sidewalk Improvement fund and the various Downtown Development Authority funds. Entity wide, expenditures increased 1.8%. This is primarily related to the timing of some capital improvements and purchases.

- Section II Statistical provides general information about the City of Northville, including economic information, data on the largest taxpayers and employers in the City, community demographic information, the City organizational chart, a list of the City's partnerships, and an inventory of contracted services.
- Pages III-I through III-8 shows the revenue sources and expenditures by area for all City funds. The City's largest fund is the General Fund, with approximately \$5.9 million in expenditures. The next largest fund category is the Special Revenue Funds at \$4.1 million, then the Enterprise Funds at \$3.2 million.
- The largest source of revenue overall is property taxes, which is 31.9% of total revenue. Although State Shared revenue is the second largest source of revenue in the General Fund, it represents only 2.9% of total revenue sources. Other revenues account for 3.5% of the total revenues. This category includes investment earnings, which provides an alternative revenue source to taxes and fees.
- Debt service city-wide is at 2.1% of expenditures, which is considered low. It is the City's policy to minimize debt issuance by utilizing a pay-as-you-go system.
- General Operations and Maintenance is the single largest category of expenditures at \$3.3 million. This includes the Water and Sewer Fund operations. The Police Department is the second largest category of expenditures at \$2.3 million. This is followed by Other Expenditures at \$2.1 million.
- For many years the City has made a concentrated effort to build fund balance to pay for capital expenditures rather than issue debt. Overall fund balance entity-wide is proposed to decrease by 11% for FY 2011. This is partly due to the City's significant investment in capital improvements of \$2.9 million that will be paid with funds accumulated for that purpose. In addition, due to the financial challenges facing the City, many funds will be utilizing some portion of their fund balance.
- Pages III-12 through III-15 provides a trend analysis of General Fund revenues and expenditures, including General Fund revenues and non-property tax revenues. Page III-22 provides a ten year trend of the history of millage rates and tax base. The general operating millage rate proposed for FY2010-2011 is 13.30 mills.
- State revenue sharing was reviewed, noting that since 2000, the City's constitutional portion has increased an average of 1.1% per year, while the statutory portion has decreased, on average, at more than 9% per year.
- Employee fringe benefits have averaged 45% of wages over the ten-year period while wages have increased an average of 4% per year. Fringes continue to increase considerably due to rising health care costs, funding post retirement benefits, and the condensed amortization period of the defined benefit pension.
- Pages III-25 through III-36 provide the computation of the various State and Federal revenues, including State Shared Revenue, Act 51 Program Revenue, Breakage Revenue, community Development Block Grants, and Federal and State Transportation Grants.

Discussion ensued pertaining to the need for the State to make changes to stabilize the gasoline tax revenues in order to save the State from losing significant funding.

Tax Base Analysis (Section X)

- For the 2010 Assessment Roll, the assessed value for the community decreased 10.59% from \$418,680,425 to \$374,329,040.
- The March Board of Review received a total of 162 appeals. Of these appeals, 132 were Residential Real Property, 19 were Commercial Real Property and/or Industrial Real Property, and 11 were Personal Property. Based on the number of March Board of Review appeals in neighboring communities, the number of appeals seems typical given the City's size and current economic times.
- Home sales were noted at 91 sales in total for Wayne County and 84 in total for Oakland County. Out of the combined total of 175 transfers of ownership, 44 were related to a foreclosure. Based on arms length residential home sales, the average sale price of a home in Wayne County was \$195,504 with the median at \$178,500. In Oakland County, the average sale price of home was \$177,380 with the median at \$151,000.
- With the Headlee Roll Back Formula, the City Charter authorized maximum millage rate of 20 mills has been rolled back to 14.1824 mills for the 2010 tax year.
- Page X-8 explains the process for determining Taxable Value. It was noted that in a solid real estate market, the Taxable Value would increase relative to the inflation rate and the addition of new construction minus any loss. In a declining real estate market, as the Taxable Value moves away from the Capped Value to the Assessed Value, the City will no longer be able to count on an inflation rate increase to Taxable Value.
- The taxable value for the community decreased from \$361,240,677 to \$327,587,374. The assessed value decreased from \$418,680,425 to \$374,329,040. The variance between the SEV and Taxable Value for total properties in the City is 7.47%.
- Of the \$327,587,374 in taxable value, net of the DDA capture, 58% or \$191,162,830 is Wayne County and 42% or \$136,424,544 is Oakland County.
- Personal Property accounts for 11.52% of the DDA's taxable value. If the Legislature were to remove personal property tax, the DDA would potentially lose 11.52% of its current tax base.
- A review was made of the 2010 millage reduction fraction calculations, unlevied operating millage history and projected Headlee maximum, the calculation of City Charter 9.1 – Tax Limitation, and the ten year trend of direct and overlapping residential property tax rates.

General Fund Summary and Revenues (pages IV-1 - IV-12)

The General Fund accounts for all police, fire, public works, planning and zoning, and administrative functions of City government. The overall proposed General Fund budget reflects a decrease of 8.71% from last year. The FY2011 budget reflects the second year of a significant decline in revenues and related implementation of equally significant cost control measures. Major programs remain in place while some service levels are reduced rather than eliminated.

In light of an uncertain state and national economy, limited development opportunities, taxable value constraints imposed by the combined effect of Proposal A, and the decline of property values, planning for the future will continue to be an even greater challenge. The cost containment initiative will continue

to focus on long term cost savings. The next steps will either involve a significant decline in the level of service and/or an increase in millage. During the course of the upcoming fiscal year, the City will seek in-depth input from its residents on budget priorities to further develop the next phase of the long-term plan.

The breakdown of the proposed expenditures and revenues were reviewed. The primary sources of General Fund revenue is property tax at 70.5% of total revenue. The overall decrease to this revenue category is 9.1%. This has had significant impact on the FY2011 budget. Combined with a negative inflation factor of minus 0.03%, little new construction and decreasing taxable property values, the overall final taxable value revenue per mill was a decrease of 9.5%.

Other revenue sources reviewed included licenses, fees, and permits; grants, racetrack breakage/police service, sales and services, financing proceeds, fines and forfeits, miscellaneous revenues, interfund, and other. It was noted that for the past year, the yield on the City's investment portfolio has remained at approximately 2%, down from a high of approximately 5% in 2007.

A separate comment from Council expressed a level of discomfort in utilizing any Fund Balance and Breakage Funds to fund any budget shortfalls. This prompted discussion on the proposal to use these funds to help fund the FY2011 budget shortfall. The history of the 1991 Governor line-item veto that eliminated \$1M of the City's General Fund budget was explained. Explanation was also given pertaining to the "lost" rollup of Headlee due to conflict with Proposal A. It was noted that like most Michigan communities, the City is facing serious revenue and expenditure challenges. During the course of the upcoming fiscal year, the City will seek in-depth input from its residents on budget priorities to further develop the next phase of the long-term plan. The next steps will either involve a significant decline in the level of service and/or an increase in millage.

The City does not have the ability to significantly raise taxes to cover the budget shortfalls. Using a portion of the Fund Balance allows the City to buy time to actively reach out to the constituency and have serious discussions pertaining to which services the citizens believe are absolutely essential and are willing to fund, and if so, would they support a Headlee Override which would allow the City to continue to provide those services.

Further discussion pertained to the proposal to hold on the increase in annual required contribution for Post Retirement Healthcare commitment and other positive changes to post-retirement healthcare and other healthcare costs that the City has achieved during collective bargaining.

General Fund Expenditures (Section IV)

City staff presented a brief overview of changes and responded to questions from City Council on the proposed FY2010-2011 and five year projected budget and performance measures. Key items, questions, and discussion included:

City Council (page IV-13): The proposed budget remains consistent with the prior year and includes some funding for the biennial advisory boards and commission recognition event.

City Manager (page IV-17): The proposed budget shows a 2.8% increase from the current year budget due to increases in fringe benefit and pension costs.

City Attorney (page IV-24): Overall general and prosecution legal services budgets are at levels consistent with prior years.

Elections (page IV-20): The budget provides for the administration of two known elections and no contingency is budgeted for additional elections. The State constitution mandates that the November 2010 ballot include a proposal asking voters to approve a Constitutional Convention. Should this proposal pass, delegates must be elected within six months after certification by the State Board of Canvassers. These elections would take place in February and May 2011 and were not included in the proposed budget and would require an estimated \$18,000 from contingency, should the Legislature decide against allocating State funds to cover the cost of these elections.

City Clerk (page IV-26): The proposed budget shows a 1.8% increase from the current year budget due to increases in fringe benefit and pension costs.

Finance and Administrative Services (page IV-29): The proposed budget shows a 3.9% increase from the current year budget due to 1) increases in fringe benefit and pension costs, and 2) the reallocation of wages from the Technology section of the budget due to significant staffing changes beginning in FY2010.

Tax and Assessing (page IV-34): Consistent with the 2009 organizational review, the Assessor/Deputy Treasurer position was eliminated effective June 30, 2009. During FY2010, the City began utilizing a contracted assessor. The Deputy Treasurer responsibilities were absorbed by the Tax/Assessing Clerk as well as other Finance Department staff, resulting in a savings of approximately \$50,000. The proposed budget shows a decrease primarily due to a reduction in legal services.

Technology (page IV-61): The current budget provides for the replacement of the document imaging server and City Hall computer work stations. These funds have been set aside as the existing equipment depreciates. The proposed budget shows a decrease due to the reallocation of wages to the Finance and Administrative Services section of the budget. .

Police (page IV-42): The proposed budget provides for an additional reduction in staff through attrition of one officer. This will bring the department to a minimum service level that will result in increased overtime costs and reduced services such as bike patrol, civic events, extra patrol, and youth programs. There should be no reduction in emergency response times. Unexpected occurrences such as extended illness or injury of an officer or resignation of an officer will require a budget amendment. The budget also eliminates overtime provided at the Racetrack. The proposed budget is designed to maintain current emergency service levels. The Department reviewed each line item carefully and reduced costs to meet the upcoming challenges. These reductions assume no extraordinary events.

Police Equipment and Replacement Fund (page VIII-7): Equipment proposed for replacement is two police vehicles. The budget also includes the final payment of an internal loan from the Public Improvement Fund for the FY2008 purchase of mobile data computers.

Fire (page IV-56): The proposed budget remains consistent with the current fiscal year.

Fire Equipment and Replacement Fund (page VIII-4): Due to budget constraints, the replacement of the 1980 aerial ladder truck scheduled for 2010 has been postponed until 2013. The estimated cost is \$700,000 and the Fire Department has applied for a grant for the replacement of this truck. Bonding may be the best option should the grant fail. The Fire Department is also applying for FEMA grant funds for the replacement of the Self-Contained Breathing Apparatus (SCBA).

The Fire Chief and Fire Department staff was commended for its efforts in taking excellent care of the fire vehicles, which has added to their longevity.

Buildings and Grounds (page IV-38): The proposed budget has an overall total decrease of 12% primarily due to 1) staff reduction of one position through attrition, and 2) contracting out mowing services for the cemetery, Mill Race Village, and other City properties.

In response to a question, it was explained that the benches have not yet been moved to Oakwood Cemetery. Additional benches will be placed at the cemetery during the spring/summer.

Department of Public Works (page IV-64): The proposed budget decreases approximately 6.5% due to reallocating the costs of the fall leaf collection program to the Refuse & Recycling Fund (Enterprise Fund) beginning with FY2011.

Discussion ensued pertaining to using more energy efficient street lighting (such as LED lighting) in other areas of the City in order to reduce energy costs.

Planning, Zoning, and Inspection Services (page IV-69): The proposed budget provides for contracting Building and Code Enforcement services with the City of Plymouth. In addition, the budget provides for contracted services to assist the Planning Commission, Historic District Commission, and the Board of Zoning Appeals. The overall budget increases approximately 3.7% due to increases in costs for contracted services and fringe benefit and pension costs.

Discussion ensued pertaining to the costs savings in contracting the City's Building and Code Enforcement services with the City of Plymouth and the use of contracted services to assist the various boards/commissions. The structural cost challenge in the Building Department was explained. Historically, revenue has always been less than expenditures and this trend will continue as a portion of the expenditures include citywide planning matters, which are not recoverable. The economic downturn of the last few years took its toll on revenue as building and renovation in the City decreased. As revenues fell 24%, expenditures for building and code enforcement increased 9%.

In FY2010 and FY2011, Building Department revenue is expected to level off although at a much lower level since that of 2007. Expenditures for planning and zoning are projected to increase in an effort to correct service and support deficiencies to the City's boards and commissions. This will minimize the number of times petitions appear before boards and commissions. It is expected that building and code enforcement expenditures will increase at a less dramatic 3%. The large gap in excess expenditures over revenue will continue and points to the need to address a fee structure that covers the costs of providing inspection services.

In response to a question from Council, it was stated that competitive bidding for planning and zoning services during the next fiscal year has not been discussed.

Shared Services (page IV-75): Transfers made to support the Shared Services are found in Appendix C of the proposed budget document. Shared Services will be further reviewed during the April 20th budget session. The overall contribution for Parks & Recreation and Senior Adult Services has been reduced by 10%.

A comment from Council voiced concern with the Township's plan to fund its contribution to the Shared Services through a restructuring of their Shared Services millage and how this change might impact the future of the Shared Services.

Contributions to Other Funds (page IV-77): Future contributions to the Arts Commission have been eliminated as that Commission has become more self-sustaining. Contributions to the Local Streets Fund have been reduced to a 10% reduction in equipment rental rates. Contributions to the Fire and Police

Equipment Replacement Funds will be decreased due to the proposed usage of breakage funds for equipment purchases and a proposed bond issuance to replace a 1980 aerial ladder truck in fiscal year 2013.

Debt Service (page IV-79): The proposed budget provides for annual debt service payment for the 2000 Public Safety Bonds. The 2000 Public Safety Bonds will be retired in 2012. The City attempts to purchase capital items on a pay-as-you go basis. However, it is proposed to issue bonds to replace a 1980 aerial ladder truck in FY2013.

Insurance, Central Supplies, and Unallocated Reserves (page IV-81): The proposed budget reflects the costs to participate in a risk management pool through the Michigan Municipal Risk Management Authority (MMRMA). In addition, a loss reserve has been established to cover deductibles and uninsured losses. The City's MMRMA contribution is estimated to increase by 2% which is due to external market factors in the insurance industry. Central Supplies is consistent with the prior year with only slight adjustments to reflect vendor contract savings or normal rate increases. Unallocated Reserve is budgeted at \$110,000 primarily for unforeseen expenditures and represents approximately 1.8% of the proposed General Fund expenditures.

COMMUNICATIONS

A. Mayor and Council Communications None

B. Staff Communications

The City Manager expressed appreciation to the Assistant City Manager/Finance Director as well as the Assistant Finance Director, Financial Analyst, and Finance Department Staff who were instrumental in the budget process.

There being no further business to come before Council, the meeting was adjourned.

Adjournment: 9:35 p.m.

Respectfully submitted,

Dianne Massa, CMC
City Clerk

Approved as submitted: 5/3/10

Christopher J. Johnson
Mayor