



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2009-0473

TO: Mayor and City Council Members
FROM: Keith Sawdon, Director of Finance, Ext 2535
DATE: October 15, 2009
SUBJECT: FY 2009 3rd Quarter Budget Amendments / Appropriation

REQUEST:

City Council is being asked to approve the Mayor's proposed 2009 budgeted fund totals and/or line-item changes for the following funds: General, Major Road, Local Road, Fire, Special Police, Pathway Maintenance, Drain Maintenance, Drain Debt, Fire Capital, Capital Improvement, Water & Sewer Operating, Water and Sewer Capital, Facilities, MIS, Fleet, and the Retiree Health Care Trust Fund.

BACKGROUND:

The State's Uniform Budgeting and Accounting Act (Public Act 2 of 1968) Section 19 along with the City's Charter (Section 3.7), require that from time to time we adjust (amend) our budget. The City has chosen to amend its budgets on a quarterly basis. On the advice of the Mayor, Fiscal Services has prepared the attached suggested budget amendments to amend the adopted 2009 budget. These 3rd quarter budget amendments reflect current updates regarding operating revenue and expenditures, adjustments to capital projects and changes needed related to transfers between funds.

The combined Budget Amendment being requested has a net *decrease* of \$264,910. The net result of the full budget amendment is: a *reduction in operating budgets* of \$487,530, *capital budgets are being decreased by \$489,790*; *transfers to other funds are increased* by \$57,390 and as a result of the budget amendments *Fund Balances are increasing* by \$655,020. The following is an overview of amendments by fund:

- **General Fund expenditures going down by \$288,660.** Revenues are being adjusted in total by \$288,660 reflecting the 2008 Administration Fee look back (estimated vs. actual) and some actual revenues larger than originally budgeted. In addition to revenue adjustments, we are also adjusting expenditure accounts (both up and down) to reflect the 2008 look back fee (estimated vs. actual) reductions for MIS and Facilities charges. We have also reduced the expenditure budget in the Building Department to reflect the deletion of two full time positions and a partial position in Ordinance Enforcement. The largest increased in the expenditure budget, \$34,000, is to reflect a policy change related to the processing of Supplement Benefit payments in General Fund vs. the Retiree Health Care Benefit Trust has originally planned.
- **Major Road Fund in total is going down by \$183,280.** Fund Balance to balance the budget is being reduced by \$183,280 (less fund balance to balance will be needed). Several capital projects are being amended to reflect either the loss of Tri-party funding, the addition of new projects related to stimulus funding, project budgets being adjusted for previously approved by City Council or a project that's completed and the budget is being adjusted to actual. The biggest items

being adjusted is \$500,000 being added for the M-59 project, a reduction of \$650,000 in ROW needs for Hamlin Road and \$25,000 is being added for a Traffic study.

- **Local Road Fund in total is going down by \$98,200.** Fund Balance to balance the budget is being reduced by \$98,200 (less fund balance to balance will be needed). There are both increases and decreases in expenditures reflecting the 2008 look back of Administration, MIS and Facilities charges and a \$75,000 expenditure reduction reflecting the completion of the 2008 Asphalt Paving Program which was under budget.
- **Fire Fund in total is going down by \$63,450.** Fund Balance to balance the budget is being reduced by \$63,450 (less fund balance to balance will be needed). Majority of expenditure reductions are related to the previously discussed Administration, MIS and Facilities 2008 look back. We are also increasing expenditures by \$20,000 for Consultant Costs related to the development of the Dispatch RFP.
- **Special Police Fund in total is going up by \$3,490** all related to the look back of Administration, MIS and Facilities charges.
- **Pathway Maintenance in total is going down by \$23,750** all related to the look back of Administration charges.
- **Drain Maintenance Fund is decreasing by \$52,120.** The decrease is related to both increases related to work done by the Water Resource Commissioner (Oakland County Drain) office on our Chapter 20 drains and to adjustments to drain projects where the bid came in lower than expected. We have seen an increase of activity being preformed by the WRC as they shift from drain construction to drain maintenance. This fund is also seeing benefits of the 2008 look back of Administration, MIS and Facilities charges.
- **Drain Debt Millage Fund in total is being adjusted by \$686,520.** This influx of available funds is related to construction funds left over from bond offerings which will now be available to make payments towards the related debt.
- **Fire Capital Fund in total is increasing by \$1,000.** This net amount is the combination of more revenue being generated than expected on a sale of an asset vs. larger than expected cost of capital equipment being purchased.
- **Capital Improvement Fund is being reduced by \$5,100.** The reduction is a net amount based on a purchase that is being deferred and a small increase in a budgeted purchase.
- In both the **Water and Sewer Operating Funds**, the amendments being requested are related to both increases and decreases in expenditures reflecting the 2008 look back of Administration, MIS and Facilities charges.
- **Water & Sewer Capital Fund in total is being reduced by \$81,200.** The amendment reflects the loss of Tri-party funding on the Washington Road paving project thus there is no current need to put water and sewer in and therefore the Right of Way purchase is not required. In addition, the purchase of the Asset Management project is now complete and is being adjusted to actual.
- **Adjustments in Facilities, MIS and Fleet Fund**, all show the effects of the 2008 look back in charges. In addition, the Facilities Fund is adding additional funding for capital improvements related to a park building roof and for HVAC at Fire station #1.
- **Retiree Health Care Trust Fund** is in total is being adjusted by \$54,000 to reflect the change in the policy regarding the processing of Supplement Benefits from this fund to General Fund.

We have attached detail reports that explain all of the budget amendments that are being requesting.

Note: On the attached budget amendment schedule an “R” represents a revenue account and an “E” represents an expenditure/expense account.

RECOMMENDATION:

We recommend that City Council approve the Mayor's proposed 2009 3rd quarter budget amendments and resulting adjustments to fund totals for the various funds as discussed above.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		

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