

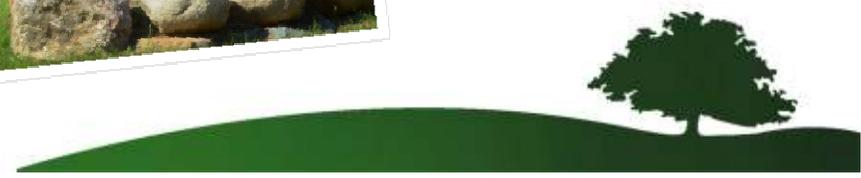
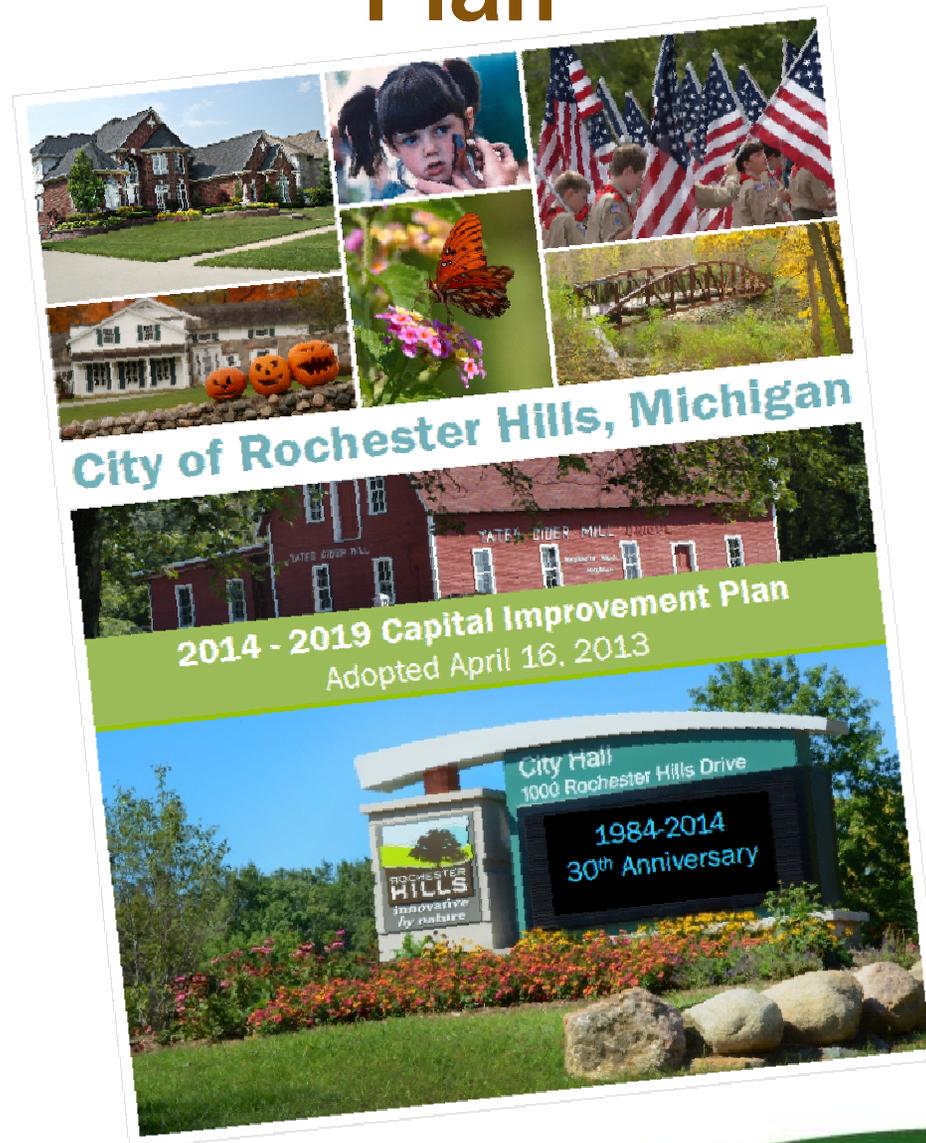
**City Council
Special Budget Meeting**

August 19, 2013

FY2014-16 Budget Presentations



The Budget Process - Capital Improvement Plan



The Budget Process - City's Strategic Plan



General Fund
210 – Legal Services



The City of Rochester Hills utilizes contractual legal services for routine issues, lawsuits, contract administration, labor relations, pension/benefit related administration, interpretation and preparation of ordinances, prosecution of ordinance violations, and review of City Charter issues.

In order to obtain high-quality legal services at the best price possible, the City contracts with outside law firms for all legal services, as the City employs no in-house attorneys.

Goal:
Provide timely and logical responses to all questions and issues assigned to the law firms.
<i>(City Council Goal 04)</i>
On-Going: Issue clear and defensible legal opinions on all issues referred to the law firms.
Objective:

Goal:
Represent the City vigorously and effectively in lawsuits filed on behalf of, or against, the City of Rochester Hills.
<i>(City Council Goal 04)</i>
On-Going: remain knowledgeable and informed about legal issues that may affect City government, and provide proactive advice to City Council and Administration regarding such issues.
Objective:

Goal:
Assist with the review of City ordinances; provide advice related modifications on the repeal of existing ordinances and/or the need for new ordinances.
<i>(City Council Goal 04)</i>
On-Going: Provide legal assistance on issues being reviewed by City Council, the Mayor, or staff.
Objective:

IMPORTANT EMPLOYING, STAFFING & PROGRAM NOTES:

- Professional Services increased (2.7% or \$4,000) due to all non-Fire Union labor attorney fee citywide reallocated to this cost center to enable more accurate internal cross-charging for labor attorney expenditures.

210 Legal Services Expenditures	Budget Summary Report					
	2021 Audited Actual	2022 Audited Actual	2023 Approved Budget	2024 Proposed Budget	2025 Proposed Budget	2026 Proposed Budget
Personnel Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Professional Services	288,000	315,000	290,000	300,000	290,000	290,000
Other Services	-	-	-	-	-	-
TOTAL	\$ 288,000	\$ 315,000	\$ 290,000	\$ 300,000	\$ 290,000	\$ 290,000
Per Capita	2	8.25	2	8.25	2	8.25


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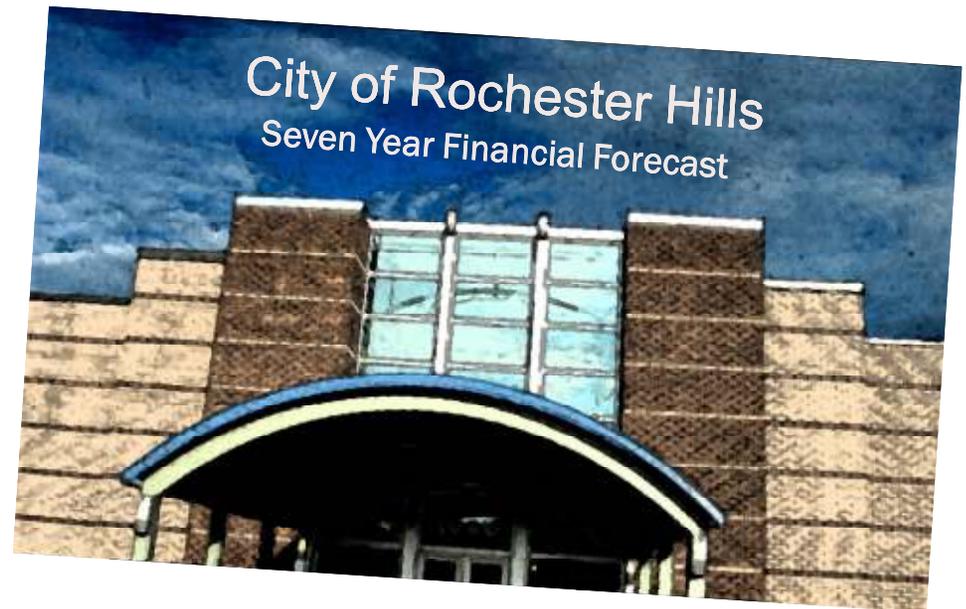


Financial Forecast

Why do we do this:

- Helped us be proactive not reactive
- Allowed us to adjust our expenditures to match our available revenue sources
- Prevented surprises. Allows us to adjust BEFORE it happens

“It is what makes Rochester Hills Different”, Joe Heffernan Plante & Moran



WHAT WE LEARNED FROM THE FORECAST

General Fund transfers a large amount to other funds.

Local Streets needs additional funding sources for operations and reconstruction

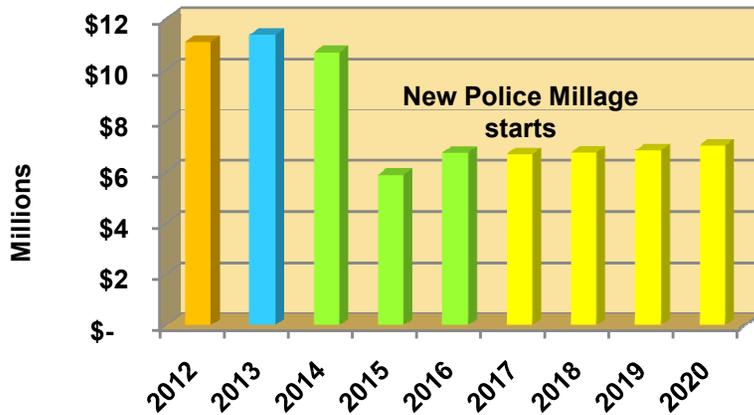
Water Resource Fund needs a funding source by FY 2019

Opportunity to repurpose Green Space Millage without increasing the overall City Millage Rate

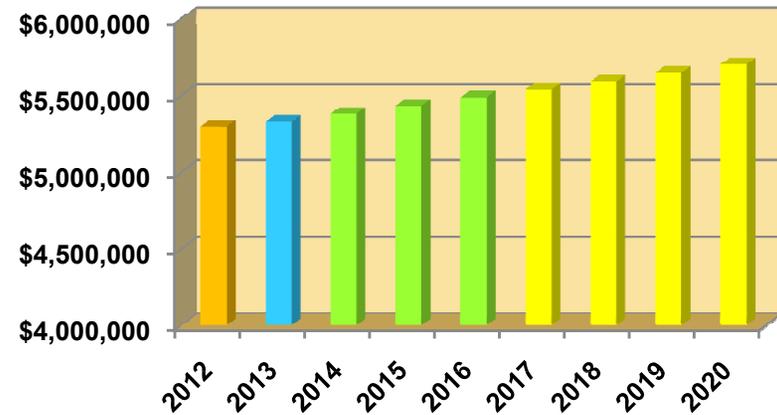


WHAT WE LEARNED FROM THE FORECAST IMPROVING REVENUES

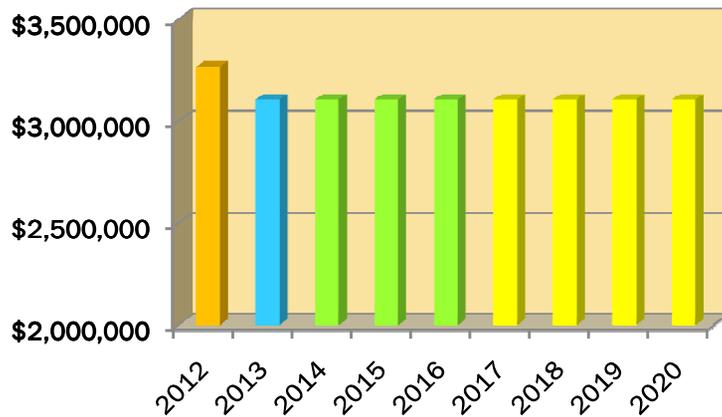
General Fund Property Tax Revenue



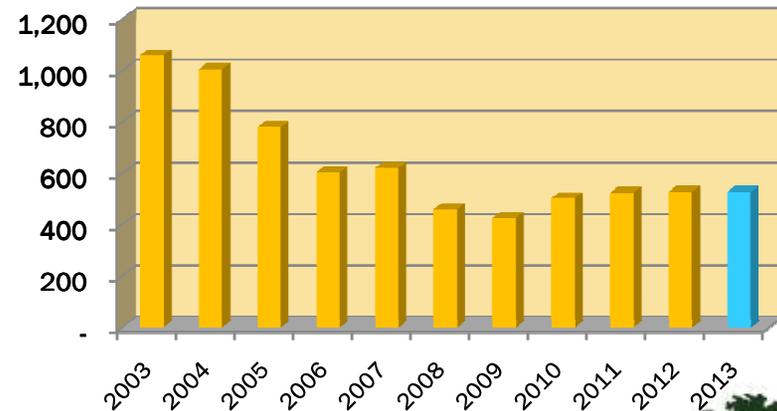
State Shared Revenue



Gas and Weight Tax



Building Permits



WHAT WE LEARNED FROM THE FORECAST

Overall

Revenues

Taxable Values have turned positive for FY2014

- First time we have seen positive values since FY2009

Building activity improving with building permits up

- First saw this change in 2013

Increasing state shared revenue

- Driven by increased sales tax revenue

Gas Tax not improving and staying flat

Expenditures

Bringing past expenses inline with available revenue sources has positioned us well for the future



BUDGET OVERVIEW

FISCAL YEARS 2014, 2015 AND 2016



GRAND TOTAL CITY
\$ 117,552,430

GENERAL FUND
\$ 24,548,060

Mayor's Departments
\$ 3,323,140

Building / Ordinance
\$ 2,892,460

Planning
\$ 757,760

Clerks
\$ 1,764,550

Human Resources
\$ 715,180

Parks / Forestry
\$ 3,323,580

Assessing / Treasury
\$ 1,720,510

Other Services
\$ 445,720

Transfer-Out
\$ 9,605,160

SPECIAL REVENUE
\$ 32,943,960

DEBT SERVICE
\$ 2,822,410

Major Road
\$ 5,154,360

Fire Department
\$ 7,462,770

RARA Millage
\$ 581,380

Streets - 2001 Series
\$ 284,280

Drain Debt
\$ 312,590

OPC Debt - 2010
\$ 759,010

Local Street
\$ 8,390,800

Special Police
\$ 9,197,870

Tree Fund
\$ 55,680

Streets - 2001 SAD
\$ 286,230

City Hall Debt -2010
\$ 719,080

Pathway Maint.
\$ 554,950

OPC Millage
\$ 982,090

Streets - 2011 Series
\$ 461,220

Water Resources
\$ 531,240

Open Space
\$ 32,820

CAPITAL FUNDS
\$ 2,237,490

ENTERPRISE
\$ 42,024,530

Fire Capital
\$ 848,270

Pathway Construction
\$ 392,700

Capital Improvement
\$ 996,520

W&S Operating
\$ 33,150,880

W&S Capital
\$ 7,688,830

W&S Debt
\$ 1,184,820

INTERNAL SERVICE
\$ 12,196,500

COMPONENT UNITS
\$ 638,300

Facilities
\$ 5,233,580

MIS
\$ 3,746,380

Fleet
\$ 2,807,540

Brownfield
\$ -

LDFA
\$ 537,580

SmartZone
\$ 100,000

Insurance
\$ 409,000

EDC
\$ 720

TRUST FUND
\$ 141,180

Retiree Health Trust
\$ 141,180

Perpetual Care Trust
\$ -

Budget Overview

Multi-year approach to budgeting and forecasting

Budgets are based on our Best Estimates and Projections for the future

Revenues drive services

- Conservatively estimate revenues to ensure services proposed in budget can be delivered

Budgets based on delivering quality services

Budget Overview

Citywide revenues of \$109,065,810, a 0.2% increase from the current 2013 Amended Budget

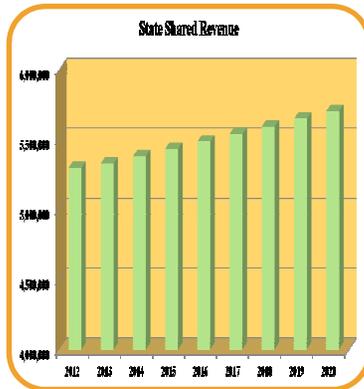
- \$8.5 million from fund balance to cover \$13.6 million in capital projects

Citywide expenditures \$117,552,430, an increase of 0.6% from the current 2013 Amended Budget

- Contains \$13.6 million in capital projects

No use of Fund Balances to support operations (only capital projects)

BUDGET OVERVIEW



Seeing signs of revenue growth

- Property tax revenues
- State shared revenue
- Charge of services
- Building permits

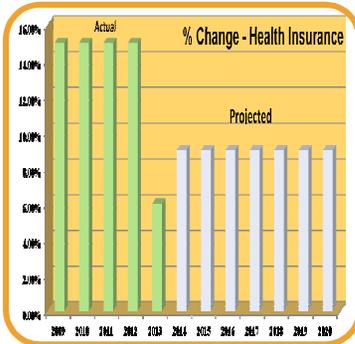


General Fund is able to provide additional funding, over FY2013, for capital improvements to Local Streets

Major Road Fund is phasing out of its transfer to the Local Street Fund for maintenance activities

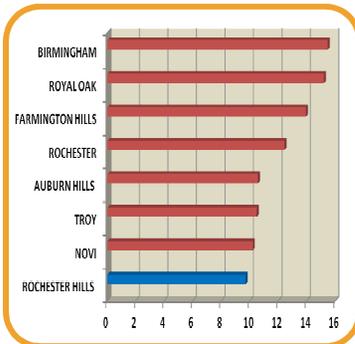


BUDGET OVERVIEW



New core health care plan continues to provide savings over prior core plan for FY2014

Annual projected premium increases lower than past core plan



The City's proposed tax rate for FY 2014 is 9.7060 the same rate as FY2013.

Lowest of cities in Oakland County.

