City of Birmingham
A Walkable Community

MEMORANDUM

Finance Department

DATE: May 7, 2015

TO: Joseph A. Valentine, City Manager

FROM: Mark Gerber, Finance Director

SUBJECT: Changes to 2015-2016 Proposed Budget and 2015-2016 Budget Appropriations Resolution

The City held a public hearing on April 18, 2015, to review the 2015-2016 recommended budget and to receive comments and revisions from the City Commission and the general public. Below are the revisions to the proposed budget based on direction received.

Changes to Millage Rate

At the budget hearing, staff presented to the Commission an update of property values based on the March Board of Review. Those values indicated that property values rose 5.6% rather than the 2.3% used in the proposed budget. As a result, the City could realize approximately $770,000 in additional property tax revenue for the operating levy based on the proposed millage rate.

After some discussion, the consensus of the Commission was for staff to make a recommendation to use $380,000 of additional property tax revenue and use the remaining increase in property values to lower the operating millage levy. Based on this information, the proposed millage rate would change as follows:

	Proposed Millage	Revised Millage	Difference
Operating Levy	11.6883	11.4943	(0.1940)
Library Levy	1.1000	1.1000	(0.0000)
Refuse Levy	0.9484	0.9170	(0.0314)
Debt Levy	1.3609	1.3156	(0.0453)
Total Levy	15.0976	14.8269	(0.2707)

A residential taxpayer who had a taxable value of $200,000 in 2014-2015 and did not buy or make improvements to their residence would be affected as follows:

	FY 2014-2015 Actual	FY 2015-2016 Revised	Difference
Taxable Value	$200,000	$203,200	$3,200
Total Millage Rate	15.0862	14.8269	(0.2707)
Total City Taxes	$3,017	$3,013	($4)

Change in Proposed Budget Due to Increase in Property Values

As was shown in the presentation on April 18th, there is a need for additional funding in the Major Street Fund and Water Fund based on infrastructure improvements projected for these funds. Therefore, staff recommends using the additional $380,000 in property taxes as follows: 1) transfer an additional $130,000 to the Major Street Fund and 2) increase the property taxes allocated to the Water Fund by $250,000. This would affect the proposed budget as follows:

	Proposed Budget	Revised Budget
General Fund		
Revenues		
Property Taxes	$20,151,450	$20,281,450
Expenditures		
Transfers Out	$5,228,210	$5,358,210
Major Street Fund		
Revenues		
Transfers In	$1,450,000	$1,580,000
Water Fund		
Revenues		
Property Taxes	$250,000	$500,000

Change in Sewer Rate

Subsequent to the budget hearing, the Oakland County Water Resources Commissioner approved sewage disposal charges for 2015-2016. These charges were less than what was projected in the proposed budget. As a result, staff recalculated the sewage disposal rate. The proposed sewage disposal rate would change as follows:

	2014-2015 Current	2015-2016 Proposed	2015-2016 Revised
Sewage Disposal Rate	$9.02	$9.04	$8.88
Avg. Sewer Bill	$811.80	$813.60	$799.20

The 2015-2016 revised sewage disposal rate would be 1.5% less than the 2014-2015 current rate. The average residential annual water and sewer bill would increase $12.60, or 1.1% as shown below:

	2014-2015 Current	2015-2016 Proposed	2015-2016 Revised
Sewage Disposal Rate	$9.02	$9.04	$8.88
Water Rate	$3.93	$4.21	$4.21
Total Rate	$12.95	$13.25	$13.09
Avg. Residential Bill	$1,165.50	$1,192.50	$1,178.10

Change in Proposed Budget Due to Change in Sewer Rate

The change in the sewage disposal rate would change the proposed budget as follows:

	Proposed Budget	Revised Budget
Sewage Disposal Fund		
Revenues		
Charges for Services	$7,817,910	$7,685,100
Expenses	$10,634,660	$10,501,850

Change in Proposed Planning Budget

Included in the Planning Department proposed budget was $10,000 for a Bates Street Extension survey. The timing for the survey has been moved up and will be done using the current fiscal year budget. Therefore, the General Fund proposed budget would be adjusted as follows:

	Proposed Budget	Revised Budget
General Fund		
Expenditures		
Community Development	$2,387,900	$2,377,900

The budget resolution with the changes noted above is attached to this report.

Suggested Action: To approve the budget appropriations resolution adopting the City of Birmingham's budget and establishing the total number of mills for ad valorem property taxes to be levied for the fiscal year commencing July 1, 2015 and ending June 30, 2016.

BUDGET APPROPRIATIONS RESOLUTION

WHEREAS, the City Manager has submitted the proposed 2015-2016 Budget, and:

WHEREAS, the City Commission has reviewed the 2015-2016 Budget, and;

WHEREAS, the City Commission has held a Public Hearing on the 2015-2016 Budget;

WHEREAS, Chapter VII, Section 14 of the Birmingham City Charter requires that the City Commission pass an annual appropriations resolution, and;

NOW THEREFORE, BE IT RESOLVED, that the City Commission does hereby adopt the following estimated revenues for the City of Birmingham for the fiscal year commencing July 1, 2015, and ending June 30, 2016:

GENERAL FUND:	
Taxes	$ 20,281,450
Licenses & Permits	3,240,750
Intergovernmental Revenue	1,931,160
Charges for Services	2,848,820
Fines & Forfeitures	1,697,650
Interest & Rent	204,480
Other Revenue	81,600
Total General Fund	$ 30,285,910
MAJOR STREETS FUND:	
Intergovernmental Revenue	$ 1,978,610
Interest & Rent	25,500
Other Revenue	2,940
Contributions from Other Funds	1,580,000
Draw from Fund Balance	65,560
Total Major Streets Fund	$ 3,652,610
LOCAL STREETS FUND:	
Intergovernmental Revenue	$ 376,480
Interest & Rent	35,500
Other Revenue	113,770
Contributions from Other Funds	2,250,000
Draw from Fund Balance	281,040
Total Local Streets Fund	$ 3,056,790
COMMUNITY DEVELOPMENT BLOCK GRANT FUND:	
Intergovernmental Revenue	$ 32,950
Total Community Development Block Grant Fund	$ 32,950

SOLID WASTE DISPOSAL FUND:	
Taxes	$ 1,825,000
Charges for Services	22,900
Interest	8,500
Total Solid Waste Disposal Fund	$ 1,856,400
LAW AND DRUG ENFORCEMENT FUND:	
Fines & Forfeitures	$ 37,500
Interest	750
Total Law and Drug Enforcement Fund	$ 38,250
DEBT SERVICE FUND:	
Taxes	$ 1,575,090
Interest	1,400
Total Debt Service Fund	$ 1,576,490
GREENWOOD CEMETERY PERPETUAL CARE FUND:	
Charges for Services	$ 30,000
Interest	450
Total Greenwood Cemetery Perpetual Care Fund	$ 30,450
PRINCIPAL SHOPPING DISTRICT FUND:	
Special Assessments	$ 884,710
Interest	5,400
Other Revenue	175,000
Draw from Fund Balance	55,590
Total Principal Shopping District Fund	$ 1,120,700
BALDWIN LIBRARY FUND:	
Taxes	$ 2,174,180
Intergovernmental Revenue	930,508
Charges for Services	99,740
Interest	16,500
Total Baldwin Library Fund	$ 3,220,928
BROWNFIELD REDEVELOPMENT AUTHORITY FUND:	
Taxes	$ 226,750
Interest	1,500
Other Revenue	20,000
Transfers In	13,900
Total Brownfield Redevelopment Authority Fund	$ 262,150
TRIANGLE DISTRICT CORRIDOR IMPROVEMENT AUTHORITY FUND:	
Taxes	$ 115,000
Interest	1,000
Total Corridor Improvement Authority Fund	$ 116,000

CAPITAL PROJECTS FUND:	
Intergovernmental	$ 18,000
Interest	29,900
Other Revenue	19,120
Contribution from Other Funds	586,500
Draw from Fund Balance	61,480
Total Capital Projects Fund	$ 715,000
AUTOMOBILE PARKING SYSTEM FUND:	
Charges for Services	$ 4,616,120
Interest	38,000
Total Automobile Parking System Fund	$ 4,654,120
WATER-SUPPLY SYSTEM RECEIVING FUND:	
Taxes	$ 500,000
Charges for Services	4,406,360
Interest	5,000
Transfers In	500,000
Total Water-Supply System Fund	$ 5,411,360
SEWAGE DISPOSAL FUND:	
Taxes	$ 3,207,260
Charges for Services	7,685,100
Interest	52,000
Total Sewage Disposal Fund	$ 10,944,360
LINCOLN HILLS GOLF COURSE:	
Charges for Services	$ 623,900
Interest	18,000
Total Lincoln Hills Golf Course Fund	$ 641,900
SPRINGDALE GOLF COURSE:	
Charges for Services	$ 474,150
Interest & Rent	9,000
Total Springdale Golf Course Fund	$ 483,150
COMPUTER EQUIPMENT FUND:	
Charges for Services	$ 555,040
Interest	7,000
Other Revenue	22,200
Draw from Net Position	253,980
Total Computer Equipment Fund	$ 838,220

AND, BE IT FURTHER RESOLVED, that the City Commission does hereby adopt on a budgetary center basis the following expenditures for 2015-2016:

GENERAL FUND:	
General Government	$ 5,332,290
Public Safety	12,247,920
Community Development	2,377,900
Engineering & Public Services	4,138,420
Transfers Out	5,358,210
Contribution to Fund Balance	831,170
Total General Fund	$ 30,285,910
MAJOR STREETS FUND:	
Maintenance of Streets and Bridges	$ 353,030
Street Cleaning	184,920
Street Trees	227,710
Traffic Controls & Engineering	222,490
Snow and Ice Removal	365,320
Administrative	17,920
Capital Outlay-Engineering and Construction of Roads and Bridges	2,281,220
Total Major Streets Fund	$ 3,652,610
LOCAL STREETS FUND:	
Maintenance of Streets and Bridges	$ 373,040
Street Cleaning	206,740
Street Trees	523,980
Traffic Controls & Engineering	59,990
Snow and Ice Removal	224,020
Administrative	25,230
Capital Outlay-Engineering and Construction of Roads and Bridges	1,643,790
Total Local Streets Fund	$ 3,056,790
COMMUNITY DEVELOPMENT BLOCK GRANT FUND:	$ 32,950
SOLID WASTE DISPOSAL FUND:	
Refuse Pickup	$ 1,520,620
Equipment Rental	100,000
Salaries	194,740
Miscellaneous	12,440
Capital Outlay	20,000
Contribution to Fund Balance	8,600
Total Solid Waste Disposal Fund	$ 1,856,400
LAW AND DRUG ENFORCEMENT FUND:	
Capital Outlay	$ 8,800
Contribution to Fund Balance	29,450
Total Law and Drug Enforcement Fund	$ 38,250

DEBT SERVICE FUND:	
Debt Service	$ 1,571,490
Contribution to Fund Balance	5,000
Total Debt Service Fund	$ 1,576,490
GREENWOOD CEMETERY PERPETUAL CARE FUND:	
Contribution to Fund Balance	$ 30,450
Total Greenwood Cemetery Perpetual Care Fund	$ 30,450
PRINCIPAL SHOPPING DISTRICT FUND:	$ 1,120,700
BALDWIN LIBRARY FUND:	
Expenditures	$ 3,148,292
Contribution to Fund Balance	72,636
Total Baldwin Library Fund	$ 3,220,928
BROWNFIELD REDEVELOPMENT AUTHORITY FUND:	
Expenditures	$ 260,560
Contribution to Fund Balance	1,590
Total Brownfield Redevelopment Authority Fund	$ 262,150
TRIANGLE DISTRICT CORRIDOR IMPROVEMENT AUTHORITY FUND:	
Expenditures	$ 20,000
Contribution to Fund Balance	96,000
Total Triangle District Corridor Improvement Authority Fund	$ 116,000
CAPITAL PROJECTS FUND:	$ 715,000
AUTOMOBILE PARKING SYSTEM FUND:	
Expenses	$ 4,406,860
Contribution to Net Position	247,260
Total Automobile Parking System Fund	$ 4,654,120
WATER-SUPPLY SYSTEM RECEIVING FUND:	
Expenses	$ 4,976,360
Contributions to Net Position	435,000
Total Water-Supply Receiving Fund	$ 5,411,360
SEWAGE DISPOSAL SYSTEM FUND:	
Expenses	$ 10,501,850
Contribution to Net Position	442,510
Total Sewage Disposal System Fund	$ 10,944,360
LINCOLN HILLS GOLF COURSE:	
Expenses	$ 557,730
Contribution to Net Position	84,170
Total Lincoln Hills Golf Course	$ 641,900

SPRINGDALE GOLF COURSE:	
Expenses	$ 480,220
Contribution to Net Position	2,930
Total Springdale Golf Course	$ 483,150
COMPUTER EQUIPMENT FUND:	$ 838,220

BE IT FURTHER RESOLVED that the budget summary above be approved as the 2015-2016 City Budget and that this resolution shall be known as the City of Birmingham 2015-2016 General Appropriations Act.

BE IT FURTHER RESOLVED that the City Commission does hereby designate $22,875,410 to be raised by 11.4943 mills levied for General Purposes on the taxable valuation of all real and personal property subject to taxation in the City.

BE IT FURTHER RESOLVED that the City Commission does hereby designate $2,189,180 to be raised by 1.1000 mills levied for Library Operations on the taxable valuation of all real and personal property subject to taxation in the City

BE IT FURTHER RESOLVED that the City Commission does hereby designate $2,632,560 to be raised by 1.3156 mills levied for Debt Service Requirements on the taxable valuation of all real and personal property subject to taxation in the City.

BE IT FURTHER RESOLVED that the City Commission does hereby designate $1,825,000 to be raised by 0.9170 mills levied on the taxable valuation of all real and personal property subject to taxation in the City for the purpose of the collection and removal of garbage and trash of the City as authorized by MCL 123.261, et. seq.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to make budgetary transfers within the budgetary centers established through the adoption of this budget, and that all transfers between budgetary centers may be made only by further action of the City Commission pursuant to the provisions of the Michigan Uniform Accounting and Budgeting Act.

BE IT FURTHER RESOLVED that the 2015-2016 budget shall be automatically amended on July 1, 2015, to re-appropriate encumbrances outstanding and reserved at June 30, 2015.

BE IT FINALLY RESOLVED that the City Treasurer be authorized to add to all taxes paid after August 31, 2015, three-fourths of one percent (3/4 of 1%) penalty each and every month, or fraction thereof, that remains unpaid. On all taxes paid after February 16, 2016, and through February 29, 2016, there shall be added a late penalty charge equal to three percent (3%) of such tax.

City of Birmingham
A Walkable Community

MEMORANDUM

Finance Department

DATE: **May 1, 2015**

TO: **Joseph A. Valentine, City Manager**

FROM: **Mark Gerber, Finance Director**

SUBJECT: **Questions from Budget Hearing**

During the budget hearing meeting, held on Saturday, April 18, 2015, the Commission asked various departments questions related to their budget and operations. This memo is a summary of responses to those questions.

How much does the DPS spend for ice/snow removal?

Actual 2013-2014	Budget 2014-2015	Projected 2014-2015	Requested 2015-2016	Recommended 2015-2016	Planned 2016-2017
$696,850	$559,810	$602,510	$589,340	$589,340	$591,170

What is the overall budget for DPS?

Actual 2013-2014	Budget 2014-2015	Projected 2014-2015	Requested 2015-2016	Recommended 2015-2016	Planned 2016-2017
$10,737,187	$13,258,974	$13,020,890	$12,093,160	$12,093,160	$12,393,090

Amounts above include expenditures in the Capital Projects Fund.

Both sets of numbers above will be added to the final 2015-2016 budget document.

Is the projected amount of $85,380 for Quarton Lake Maintenance correct since there was no treatment of the lily pads last year?

Year-to-date expenditures for 2014-2015 total $57,921 of which $50,423 was for dredging services and $7,498 was for consulting and management services. Upcoming expenses yet to be spent this fiscal year include treatment of the lily pads at a cost of approximately $5,600 and if necessary invasive species removal at the lake. When the budget was prepared for 2014-2015 we had estimated the cost of treatment of the lily pads was going to be approximately $15,000. Given the expenditures listed above, it does appear that the projected expenditures for this line item will be well below the $85,380 as stated in the proposed document.

Is there a current mechanism for tracking the loan to the golf courses?

Funds transferred from the General Fund to the golf courses totaled $1,316,046 ($500,000 2007-08; $250,000 2009-10; $166,000 2010-11; $308,446 2011-12; $91,600 2012-13). Of this amount, $968,207 was used for clubhouse and parking lot renovations at Lincoln Hills and the remaining amount of $347,839 was used to cover operating losses at both golf courses. Currently, there is no repayment plan in place, but since the golf courses are operating at a profit, staff will begin transferring funds to pay back the loans.

How much did it cost to set up Birmingham's dog park?
Approximately $28,000.

How many website hits has our new website received?
March 2014 was our first full month with the new website. Here are the first year-to-year comparisons for the website:

Month/Year	Users	Sessions	Pages/Views
March 2014	9,761	12,932	37,988
March 2015	12,935	17,010	45,378
April 2014	12,950	16,517	43,236
April 2015	15,070	19,486	50,411

Users are the number of individual users that accessed the system. Sessions is the number of times our website was actively used. Pages/Views are the number of pages that were accessed (includes duplicated pages) by the users.

How much are other municipal parking decks charging for monthly permits?
This information will be provided to the Commission when Paul O'Meara proposes rate increases for the parking decks.

Can the library have its own capital projects fund?
According to Plante & Moran, yes, the library can have its own capital projects fund. The fund balance would have to be assigned or committed by the Library board but it is certainly an option if the library wants to segregate the money to track the upgrades.