

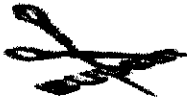


F.Y. 2006 – 2007 Municipal Budget



“ Well Planned – Balanced – Disciplined”

1

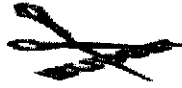


WELL PLANNED



- ✓ In compliance with the 5 year budget stabilization plan . (pg. 2)
- ✓ Incorporates and supports priorities and direction provided by Mayor and City Council.
 - Applies wage and benefit assumptions equally to all departments.
 - Uses less fund balance and one time funding than Council authorized.
 - Maintains priorities: On Street Services continue strong. Police Fire, Code Compliance, Public Works, Curb appeal, Life Support.
 - Significantly addresses facility and infrastructure capital needs.
 - Budget Constructed without forced reductions in personnel.

2



WELL PLANNED



- Provides funding for development of the "Vision for the Future." Compliance Master Plan.
- Identifies, prioritizes, and incorporates into the budget process, a Long range Capital Improvement Program.
- As a "Redevelopment Ready Certified Community" we aggressively pursue quality economic development projects.
 - ✓ Don't shy away from challenging projects such as Southfield Downs.
 - ✓ Taking advantage of State E.D. programs.
 - ✓ Using creative approaches to solving problems.
 - ✓ RESULT = 3.4% increase in Tax base.

3



BALANCED

- It addresses the needs of the organization to meet the operational requirements today; while also recognizing and identifying the future needs of tomorrow.
- Providing resources to maintain service levels with reduced staffing levels. (40 less)
- Investing in our employees providing the tools they need to work smarter and improve efficiency.
 - ✓ P&R On-Line Services.
 - ✓ SCADA System Lift Stations.
 - ✓ Remote water meter reading.
 - ✓ Equipment efficiencies.
 - ✓ WEB page reconstruction.
 - ✓ Intranet developed and being used.



4



BALANCED (Cont'd)



- ✓ Paramedic Training.
- ✓ Tazer Program.
- ✓ Codification of Ordinances – WEB based.
- ✓ 9-1-1 System upgrades.
- ✓ Large meter replacement program.
- ✓ EDEN System Implementation – Completion.
- ✓ Integrated Customer Service Request Tracking System.
- Funding Source established for the Southfield 50th Anniversary, Celebration. Kaleidoscope Fund = \$21,500.

5



DISCIPLINED



- On course with the Fund Balance Stabilization Plan.
- Decisions made by City Council in the past are now reaping benefits.
 - ✓ I-696 Franklin Road Interchange –Improved Safety – Emergency Response Improvement - Future Economic Development – Property Values.
 - ✓ Major Street Bond Issue.
 - ✓ EDEN System fully capitalized.
- Council has established reasonable fiscal policies and sticking to them.
 - ✓ Fund balance stabilization Plan.
 - ✓ New employee benefit plan.
 - ✓ Limited use of one-time money.
 - ✓ Labor Contract negotiations.
 - ✓ Full Cost Recovery – Where feasible.

6



DISCIPLINED (Cont'd)



- As an organization we are stretching our resources.
 - ✓ 1.5% General Fund Increase
 - ✓ 5.8% Municipal CPI Increase.
 - ✓ Maintaining Service Levels with less employees.
 - ✓ Extended Life cycle of rolling stock.
- Implementing Administrative Policies designed to improve efficiency of operation.
 - ✓ Expectation is to look for continuous improvement.
 - ✓ Implemented Internet and telephone use policy.
 - ✓ Cost allocation analysis.

7



06-07 Proposed Budget

Overview of Key Numbers and Essential Concepts

---A good plan, but significant concerns remain.

Jim Scharret
May 15, 2006

8



Concept: Customer Focused. Taxpayer Driven.

- Essential on-the-street services preserved within a flat City millage total of 16.3428 mills.

- **City Millage History: 20 Year Look**
06-07 Request = 16.3428 mills
(flat to current levels)
20 yr. Average = 16.5592 mills

Millage Rate
20 yrs. Ago = 17.1492 mills

9

HOMEOWNER CITY PROPERTY TAX

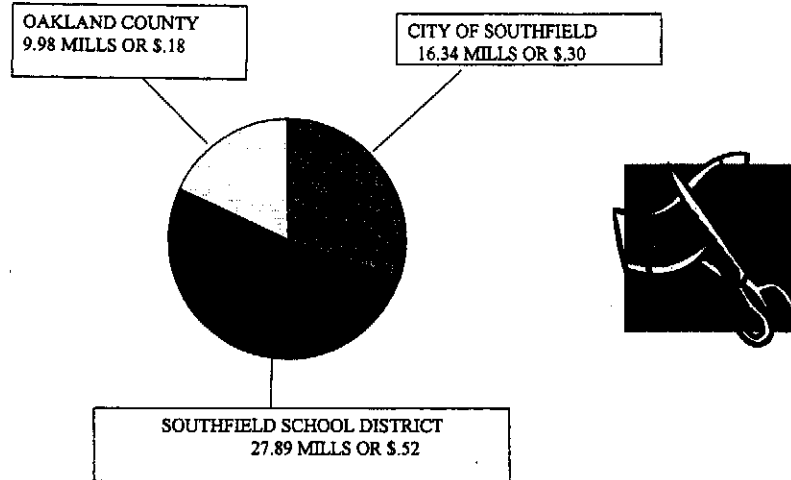
\$150,000 HOME

TAV	X	MILLAGE	X	.001	=	CITY TAX BILL
75,000	X	16.3428	X	.001	=	\$1,226



10

Property Tax Dollar Distribution



11

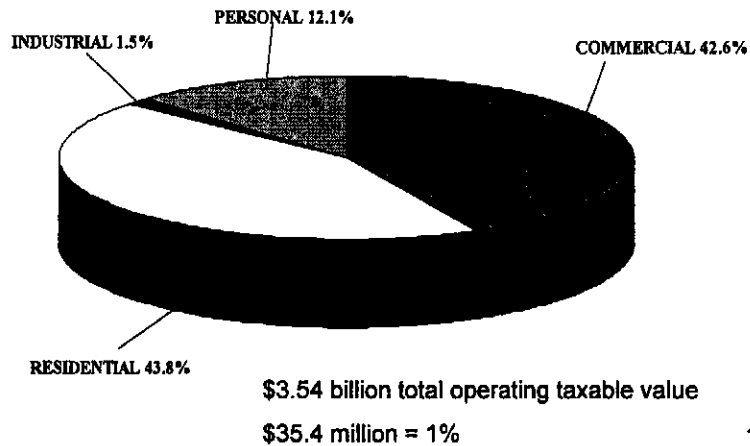
Concept: Bucking the Trend on Tax Base.

- Tax Base Growth Above Anticipated Levels.
- 3.4% vs. 2.8% Anticipated. New Construction and Reinvestment.
- \$215,000 More in G.F. Operating Revenues.



12

COMPOSITION OF TAXABLE ASSESSED VALUE



13

- However, All Other G.F. Revenues Net to Zero Growth, Primarily Because State Shared Revenues Are Flat.
- Result: A General Fund Budget Up Only 1.5%. Municipal Cost Index Increase (Municipal "CPI") Approaching 6%.



14



	<u>05-06</u>	<u>06-07</u>	<u>\$Incr.(Decr.) / % Incr.(Decr.)</u>	
General Fund:	\$67,308,436	\$68,338,732	\$1,030,296	1.5%
Water & Sewer:	\$32,686,472	\$35,071,877	\$2,385,405	7.3%
Emp.Grants:	\$1,661,397	\$2,118,689	\$457,292	27.5%
All Other:	\$28,062,044	\$28,551,694	\$489,650	1.7%
Totals:	\$129,718,349	\$134,080,992	\$4,362,643	3.4%

15

Concept: Five Key Elements In Achieving 1.5% Budget.

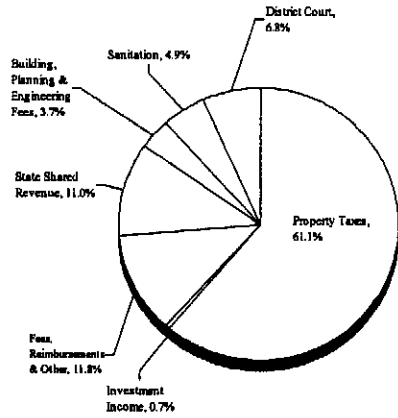
- Personnel Reductions: 40 positions since 04-05; 20.5 FTE's in 06-07. 10% reduction in internal support positions by attrition.
- Fixed Cost Reduction & Stabilization.
- Flat Retirement Funding Requirement for Police & Fire.
- More Systematic Budget Monitoring & Improved Management Information.
- "5-year Fund Balance Stabilization Plan" Focus.
 - Discipline of \$1.4 million 06-07 maximum allowable use of General Fund reserves.
 - 06-07 budget is on target.
\$1,372,718 utilized.



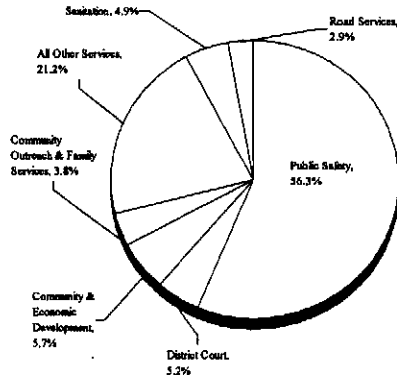
16

GENERAL FUND

REVENUES



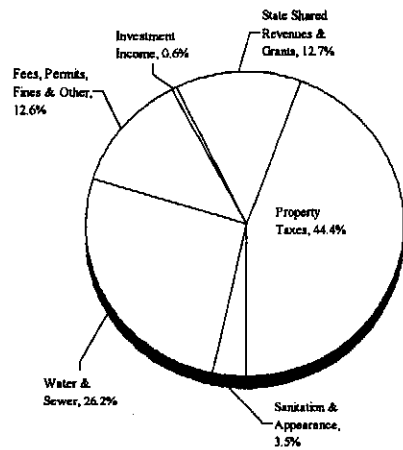
EXPENDITURES



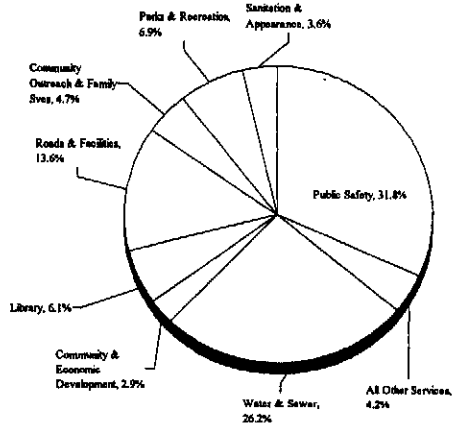
17

ALL FUNDS

REVENUES



EXPENDITURES



18



PROCESS

- **5/22 CITY RECEIVES FINAL TAXABLE VALUES FROM STATE.**
- **BUDGET FINE-TUNED ACCORDINGLY.**
- **6/19 BUDGET ADOPTION (SPECIAL MEETING) BUDGET VIDEO.**
- **7/01 NEW FISCAL YEAR BEGINS**

19



MAJOR CONCERNS

- Declining State Funding
- Use of Fund Balance for Operations
- Cost Pressures
- Getting the Job Done with Fewer and Fewer People
- Capital Improvement Challenges

20

Summary

- Flat Millage = 16.3428 mills – unchanged.
 - Conforms with 5 year Fund Balance Stabilization Plan.
 - Less use of one-time funding than authorized.
 - On Street Services preserved.
 - Vibrant Level of Economic Development Resulting in relatively strong growth in Tax base.
 - Balanced and Managed approach with significant Capital Improvements.
 - Strong numbers – Consistent with plan
- 1.5% General Fund increase – How?
- Personnel reductions – thru attrition.
 - Fix Cost reductions.
 - Improve budget monitoring and management.
 - Improve efficiencies and technology enhancements.

In closing, I'm upbeat about this proposed budget and the future of this fine City.

If we continue to Plan our Course of action, balance the needs of today with the challenges of tomorrow, and hold true to the disciplined policies established by the Mayor and City Council...

If as an organization we embrace these concepts: Then Southfield will not only survive, this period of economic turmoil... We Will Thrive!



