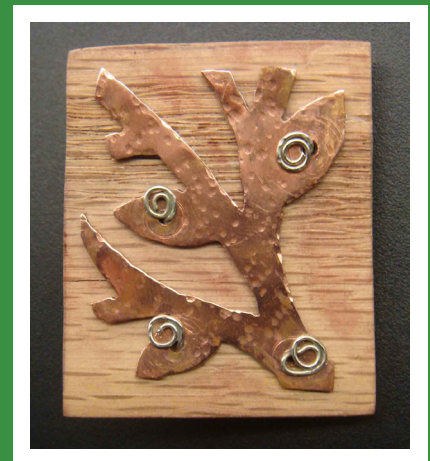
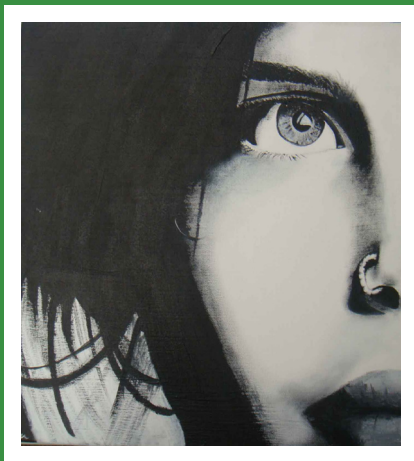
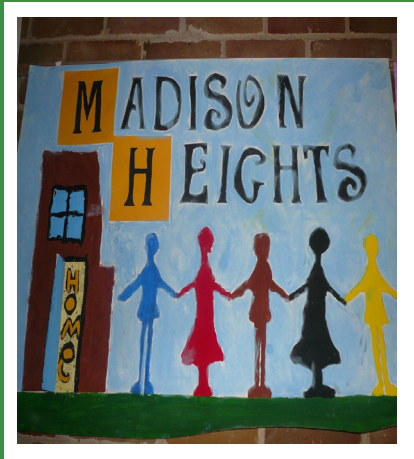




City of Madison Heights

Michigan



Downtown
Development Art
Competition Schools
Exhibits

Adopted Annual Budget Fiscal Year 2010-2011





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Madison Heights
Michigan**

For the Fiscal Year Beginning

July 1, 2009

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Madison Heights, Michigan for its annual budget for the fiscal year beginning July 1, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



Edward C. Swanson
Mayor

Mayor and Council



Brian C. Hartwell
Mayor Pro Tem



Margene A. Scott
Councilwoman



Richard L. Clark
Councilman



Robert J. Corbett
Councilman



Kyle W. Gerald
Councilman



Robert B. Gettings
Councilman

City of Madison Heights Adopted Annual Budget Fiscal Year 2010-11

Mayor

Edward C. Swanson

City Council

Brian C. Hartwell
Margene Ann Scott
Richard L. Clark
Robert J. Corbett
Kyle W. Gerald
Robert B. Gettings

City Manager

Jon R. Austin

Director of Administrative Services

Melissa R. Marsh

City of Madison Heights Organizational Chart

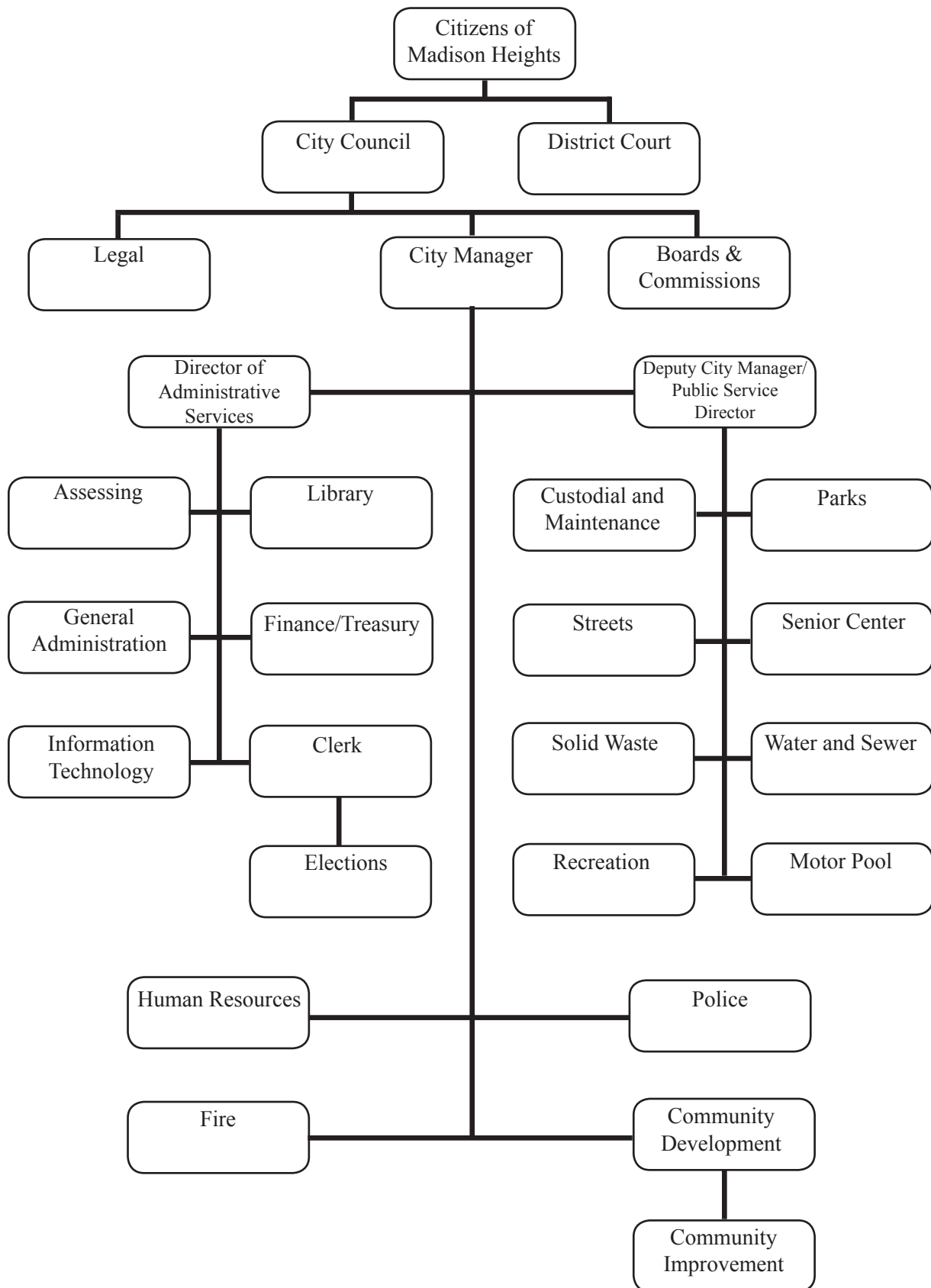


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City of Madison Heights

City Hall Municipal Offices	Department of Public Services	Fire Department	Police Department
300 W. Thirteen Mile Road Madison Heights, MI 48071	801 Ajax Drive Madison Heights, MI 48071	31313 Brush Street Madison Heights, MI 48071	280 W. Thirteen Mile Road Madison Heights, MI 48071

May 17, 2010
Budget Message
Fiscal Year 2010-11 Budget

Honorable Mayor and Council:

Pursuant to Section 8.2 of the Madison Heights City Council Charter and the Michigan Uniform Budget Act, P.A. 621, transmitted herein are the consolidated Budget for the Fiscal Year (FY) beginning July 1, 2010 and the Five Year Capital Improvement Plan for FY 2010-15. The Budget provides the annual financial plan for management of the City's affairs. The document compiles the financial data needed to support the City of Madison Heights' comprehensive decision-making and policy development process. This Budget is based on the Five Year Capital Improvement Plan, the City's financial policies, City Council gap reduction priorities, and City Manager and departmental review of operations.

The total budget equates to \$47.3 million and represents a decrease of \$4.6 million or 8.9% under the prior year. The process was very difficult this year given current and future financial challenges.

Introduction

First, I'd like to commend the work of the Department Heads, and especially our Director of Administrative Services, for an excellent effort in creating proposals to address our financial challenge. I would also like to thank the City Council for their feedback in prioritizing the Gap Reduction Proposals. Certainly, we are in for more difficult times ahead, but I believe that our team has the skills, experience and dedication to continue to work together to develop the best plan for our City going forward.

Secondly, I would like to acknowledge that neither staff nor the City Council wants to see programs and services reduced or fees increased. As the City Council is aware, the City has the responsibility to determine the prioritized needs of the community and work to balance those needs against available resources, building a balanced consensus-based Budget.

Financial Challenges

Three external forces have come together to create our current financial challenges. First, the global economic collapse that began in late 2008 has significantly increased the severity of our problems. Second, Madison Heights' financial outlook has been made considerably more difficult by falling property values with the full impact on revenues yet to be realized. Finally, the State of Michigan has also dropped the ball by first turning their backs on local government, and second by refusing to adopt reforms to allow locals to help themselves.

In looking at the National economy, this is the worst recession since the 1930's Depression with unemployment around 10 percent nationally and over 15 million persons unemployed. Unemployment has almost doubled since the start of the national recession in December of 2007. Many individuals have been unemployed for 27 weeks or longer, and for those still employed, many businesses have cut wages and/or benefits.

The State of Michigan's economic outlook is even worse. In July 2009, Michigan became the first state in 25 years to suffer an unemployment rate exceeding 15%. The state's unemployment rate is the highest it has been since March 1984.

Michigan, which has been battered by the collapse of the auto industry and the housing crisis, has had the highest unemployment rate in the nation for the last four years.

Whether it's measured by job creation, home foreclosures or people on food stamps, Michigan's economy is one of the worst in the United States. Unfortunately, the economic condition is not expected to improve anytime soon.

Michigan's rank in per capita income has dropped in comparison with other states. In 2000, Michigan was ranked number seventeen. In 2008, Michigan dropped to thirty-four.

As for Oakland County's economy, the Chapter 11 bankruptcy reorganizations of Chrysler and General Motors have created extreme uncertainty. General Motors is the County's number one employer, employing over 15,000 people in 2008. Chrysler is the County's number three employer, employing over 9,000 people in 2008, with its world headquarters located in the center of the County.

Oakland County's economy is uncertain at best. Many of the businesses located in the County are expected to further downsize, and some will not survive. The County's unemployment stands at 80,000 people, or over 15 percent, and job losses are expected to continue this year. The sustained economic decline is expected to have a further negative impact on foreclosures and property values.

Beginning in 2006 and 2007, Michigan has seen a general decline in the values of properties sold in the real estate market. When a property's value declines, so does its assessed value. It is important to remember that taxable value of individual properties can continue to increase by the lower of inflation, or five percent, but can be no higher than the assessed value. It was common for communities to have significant differences between total taxable value and total assessed value prior to 2007.

Because the taxable value is calculated individually for each property, a general decline in the real estate market will eventually decrease a community's taxable value. In effect, the gap between assessed value and taxable value has decreased and has disappeared in most cases. Property tax revenues are projected to fall over the next two years. Due to the State mandated assessment process that sets values based on sales data that are 9 to 21 months old, property revenue recovery will trail the housing market recovery by over a year.

Foreclosure rates increased substantially from 2005 to 2008 across the state as more and more homes were placed for sale as jobs were lost. Given the magnitude of the job losses, fewer and fewer people are able to buy homes.

This housing market has had a direct impact on Madison Heights. Foreclosures tend to drop the values of other homes as depressed price points from lender liquidations compete with the prices obtainable in regular transactions.

In 2009, overall residential property values in Madison Heights decreased by 12%. It is estimated that in 2010, assessed residential values will actually decrease by more than 21%, and for at least the next year, the assessed values will continue to decrease. This decline in values will impact the amount of tax revenue available to support City services.

It is important to note that property values are less sensitive to short-term fluctuations in the economy, and once an economic recovery begins, it will also take longer for property values to rebound. Since the property



tax revenue collected by the City is derived from property values, this projected prolonged downward trend presents a substantial long-term budget challenge, given that property tax revenues account for 70% of the City's General Fund revenues.

The State's funding model for local government is broken in that due to statutory changes, it no longer generates enough resources to maintain high quality local government services across the State. The State's inability to make the necessary budget changes has resulted in a structural deficit. Federal Stimulus monies that will not be available in the future are being used to fund recurring state program costs.

The State continues to have instability in its budget. Their unfunded pension obligation is in excess of \$13 billion. The unfunded retiree health care obligations are over \$40 billion. The State's bond rating is declining. The State failed to factor the impact of rising foreclosures and declining taxable values on school funding, and they have exhausted reserves, which has resulted in cash flow problems.

In order to balance the budget, State Revenue Sharing has once again become the target for decreases. Revenue Sharing is funded by sales tax collection that has been hit with a bad economy. The Revenue Sharing formula includes a population element that, as the result of the new Census, will favor green field communities with room for new construction.

The City's largest resources include property tax, state shared revenues, court revenues, interest income and others that are declining due to their direct relationship to the economy and housing market. Significant reductions in staffing have already been implemented in Madison Heights. Retiree related legacy costs have risen due to market investment declines and increasing medical costs. New accounting standards require valuation of retirement and other post employment benefits (OPEB). In summary, getting by on less is the new budget reality.

General Fund Overview

Faced with a projected \$3.2 million revenue-expenditure gap and based on staff and City Council input, staff has programmed \$230,500 in additional revenue and \$2.3 million in expenditure reductions, reducing the gap to \$737,500. As part of the Budget approval, the City Council directed staff to use fund balance to close this remaining gap.

Although the City would prefer to not use reserves to fund ongoing expenditures in this way, the use of fund balance will allow the City to avoid additional layoffs of full-time employees, further service reductions and preserve basic services. The City's plan is that based on the pattern established by the recent Court Clerks' Association labor settlement, the City will be able to generate savings to make up for some of the use of this fund balance in the following budget years.

Compared to the FY 2009-10 Amended Budget, spending is down \$2.8 million or 8.8%. This reduction is being driven by declines in the property tax revenues of \$2.0 million (8.7%), projected cuts in State Shared Revenues of \$275,000 (10.5%) and lower interest earnings on investments (\$205,000).

In regard to the impact on Madison Heights residences, the average home market value in Madison Heights has dropped from \$115,260 to \$88,900 over the last year. Although the drop in home values in our community is discouraging, this does provide a benefit to the homeowners, as the average taxable value has dropped from \$52,190 to \$44,035 or 15.6%. The homeowner benefits as the City portion of their property tax will drop \$111 per year or 11.8%. The \$111 per year savings is equal to a 2.5 mill rollback, a huge break for taxpayers.

General Fund Gap Reduction Measures

The basis for the selection of the Gap Reduction Measures included the original Department Head proposals, Council rankings, a goal to avoid service reductions and additional layoffs of full-time employees and a detailed analysis of the departmental revenue and expenditure estimates.

The projected \$3.2 million gap projection was resolved by:

Increasing Revenues	\$ 230,500	7%
Decreasing Expenditures	2,285,000	70%
Use of Fund Balance	<u>737,500</u>	<u>23%</u>
	\$3,253,000	100%

The most significant savings from the Gap Reduction Measures were those that involved the downsizing of the City workforce by 24 full-time and 24 part-time positions. The Personnel Chapter of the Budget outlines these changes.

The Revenue, Appropriations and General Fund Departmental Summary Chapters outline the details of the remaining Gap Reduction Measures.

Labor Negotiations

As reported in the February 27, 2010 Detroit Free Press, labor union membership continues to sink across the country and in Michigan. Nationally, labor union members account for 12% of the workforce in 2009. In Michigan, 19% of the workforce belongs to a union, ranking Michigan 6th of the 50 states. In the government sector, labor unions are much more popular.

In Madison Heights today, 95% belong to one of eight bargaining units. Of course, with this high percentage of unionized workforce it is very time consuming, costly and difficult to initiate the type of rapid change that is necessary now to meet the financial challenges that lie ahead.

Of the City’s eight bargaining units, five have current contracts in place that run through June 30, 2011. Three unions, including: the Police Officers Labor Council - Police Officers and Police Service Aides, Police Officers Labor Council - Police Command Officers, and the International Association of Firefighters, are working under expired contracts. Both the Police Officers and Firefighters have forced the City into statutory Public Act 312 binding arbitration. The binding arbitration process typically takes a year or more to complete. Given the need to obtain both wage and benefit concessions from our labor unions, the process to put together this year’s Budget and implement gap reduction measures has been very difficult.

The five bargaining units that have current agreements include: the Madison Heights Court Clerks’ Association; the Department Heads AFSCME Unit; the Supervisors and Assistants AFSCME Unit; the Department of Public Services TPOAM Unit; and the Municipal Employees TPOAM Unit. These groups have been asked to reopen their contracts to accept both wage and benefit concessions including unpaid holidays and furlough days. On February 22nd, City Council approved the first of these concessionary agreements with the Madison Heights Court Clerks’ Association. In addition, the City’s eight non-union employees have agreed to accept the same 6% rollback approved by the Council for the Court employees. The management negotiation team will continue to work toward implementation of these concessions based on Council direction.

Other Funds

The Major Street Fund Budget is basically flat in FY 2010-11. A \$147,000 reduction in State gas and weight tax revenues is offset by a payment from Royal Oak (\$90,000) for the Campbell Road project and an increased use of fund balance (\$74,000). A total of \$412,000 is allotted for repairs to our major roads in an attempt to extend their life until additional funding is available for full rehabilitation.



The Local Street Budget drops \$2.2 million, or 49.1%, in FY 2010-11. On the revenue side, three areas of concern include the declining gas and weight tax of \$54,000 (12.1%), the drop in property tax revenue of \$299,000 (12.7%) and reduced interest earnings of \$68,000 compared to last year. The budget does include a Proposal “R-2” road millage drawdown of reserve funds at \$1.6 million. Of concern is the non-R portion of the Fund, which is planned to be sustained through a \$200,000 transfer from Major to Local Street Fund. In recent years, the City had attempted to reduce or eliminate this amount in an effort to provide funding for needed major street rehab and reconstruction.

The last highlighted Non-General Fund activity is the Water and Sewer Fund. On February 8, 2010, the City Council adopted a new strategy to address the Fund’s revenue shortfall that resulted in the need for a \$500,000 General Fund loan on June 30, 2009. The Council approved a split fee increase of 5.7% on March 1, 2010 and 5.7% on October 1, 2010. The General Fund loan is projected to be repaid before June 30, 2010.

On the expenditure side, the Council decided to greatly reduce watermain replacements including those associated with the Proposal “R-2” Neighborhood Road Improvement programs. To lower future operation costs, the Council approved the staff developing a bond issue that would include a new fixed network water meter reading system, related water meter register head replacements and installation of the R-2 intersection watermain “cross-over” connection pipes at a cost of \$1.5 million. The new system will be financed through a bond issue scheduled for this summer. The Budget also includes the elimination of two water meter reader positions and one sewer operator.

Future Funding Strategies

Almost all economists say they expect the nationwide recession to linger through most of this year. Even when the economy rebounds, the unemployment rate normally remains stubbornly high well into a recovery as employers delay hiring until they’re sure good times are back. Until the local economy recovers, the value of real estate will continue to suffer. Based on the State’s prescribed process of setting taxable values, it takes up to two years after a recovery to see value increases positively impact property tax revenue. To prepare the City to meet the continuing challenge of constrained resources and unfinanced needs in future budgets, the City will strive for:

1. Diversification of Revenue Sources - The City should attempt to become less reliant on property taxes and state shared revenues.
2. Wage and Benefit Concessions - The majority of the City's General Fund resources are used to support employee wages and benefits. The City should search for methods to lower benefit costs. The hiring review and freeze is planned to continue in an effort to create vacant positions that could be eliminated in future budgets, avoiding the hardship of additional layoffs; however, future unfilled vacancies will lead to service reductions.

3. Alternative Service Delivery - The City should continue to review programs to determine options regarding productivity improvements, cost effective alternatives, consolidation, contracting, reduction, or elimination.
4. Benchmarking - As a founding member of the Michigan Local Government Benchmarking Consortium (see related chapter), the staff will make use of these measures as a basis for identifying services in need of re-engineering to improve efficiency.

City Council's Changes to Proposed Budget



On March 6 and April 19, 2010, City Council held their budget workshops to review the City Manager's FY 2010-11 Proposed Budget. The Proposed Budget included \$1.1 million use of General Fund fund balance. As part of the discussion, both Councilmember Corbett and Councilmember Gerald voiced concern regarding the large use of fund balance and the projection of a \$2.4 million fund balance at the close of the fiscal year. In response to the Council request, the following additional proposals were developed to address this concern:

1. Incorporate in the Budget the savings from Council's April 12, 2010 approval of a change in provider for life, short-term disability, long-term disability and accidental death and dismemberment insurance \$ 30,628
2. Incorporate in the Budget the savings associated with retirement incentives accepted by two District Court employees 41,331
3. Incorporate in the Budget the recently announced reduction in Michigan Municipal League dues 882
4. Adopt a layoff equity plan, where all position reductions scheduled in the Budget and not achieved by the end of the current fiscal year would result in layoffs, instead of the former attrition only plans (Police - 5 positions and Fire - 2 positions) 135,690
5. Close City Hall, Department of Public Service and Police and Fire Administrative Offices from 11:30 am to 12:30 pm to facilitate reduction in manpower and the elimination of a part-time clerical position in Community Development Department 12,064
6. Close City Hall, Library, Senior Center, Department of Public Service and Police and Fire Administration two weeks and three days during the fiscal year, laying off all the employees 106,224
7. Increase revenues to reflect average donation of 5% of gross salary of Mayor and Council to the General Fund 2,420

Additional General Fund Savings \$329,240

In addition to the proposal outlined above, staff has re-estimated revenues and expenditures for the FY 2009-10 Budget and identified additional General Fund gap reductions of \$283,061. The two-year savings would increase the projected FY 2010-11 General Fund fund balance by \$612,301.

In addition to the General Fund savings, the proposal to close City Hall, Library, Senior Center, Department of Public Service and Police and Fire Administrations two weeks and three days during the fiscal year will result in the following savings to the other funds:

Major Street	\$ 6,697
Local Street	\$ 8,219
Housing	\$ 4,224
Community Development Block Grant	\$ 2,243
Water and Sewer	\$26,600
Motor Pool	\$ 8,366

In addition, as pointed out in the discussion at the April 19th budget workshop, the overtime budget for the Water and Sewer Fund Supervisor will be reduced by \$6,000.

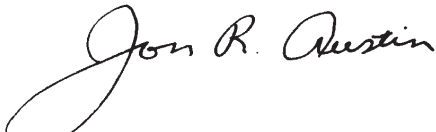
The Council adopted these changes to the FY 2010-11 Proposed Budget on May 10th.

Conclusion

In closing, I'd like to acknowledge the outstanding efforts of the Director of Administrative Services, Melissa Marsh and Executive Assistant Kathy Vesprini, as well as the Finance and City Manager's Office staff for their hard work and efforts during this year's Budget process. The City's Department Heads and staff are also to be commended for their difficult yet creative gap reduction proposals, their team effort in support of this process and their continued commitment to service excellence.

I'd also like to thank the Mayor and City Council for their leadership and support in planning the financial operations of the City in a responsible and progressive manner during this difficult financial time. I look forward to next year and our efforts to bring even greater success to our community.

Respectfully submitted,



Jon R. Austin

EXECUTIVE SUMMARY
FY 2010-11 ADOPTED BUDGET

General Fund - Revenues

Total revenues are projected to be down \$2.6 million in the Budget as compared to FY 2009-10. Most of the change in General Fund revenues can be highlighted by looking at three areas, one of which decreased and two that remained the same.

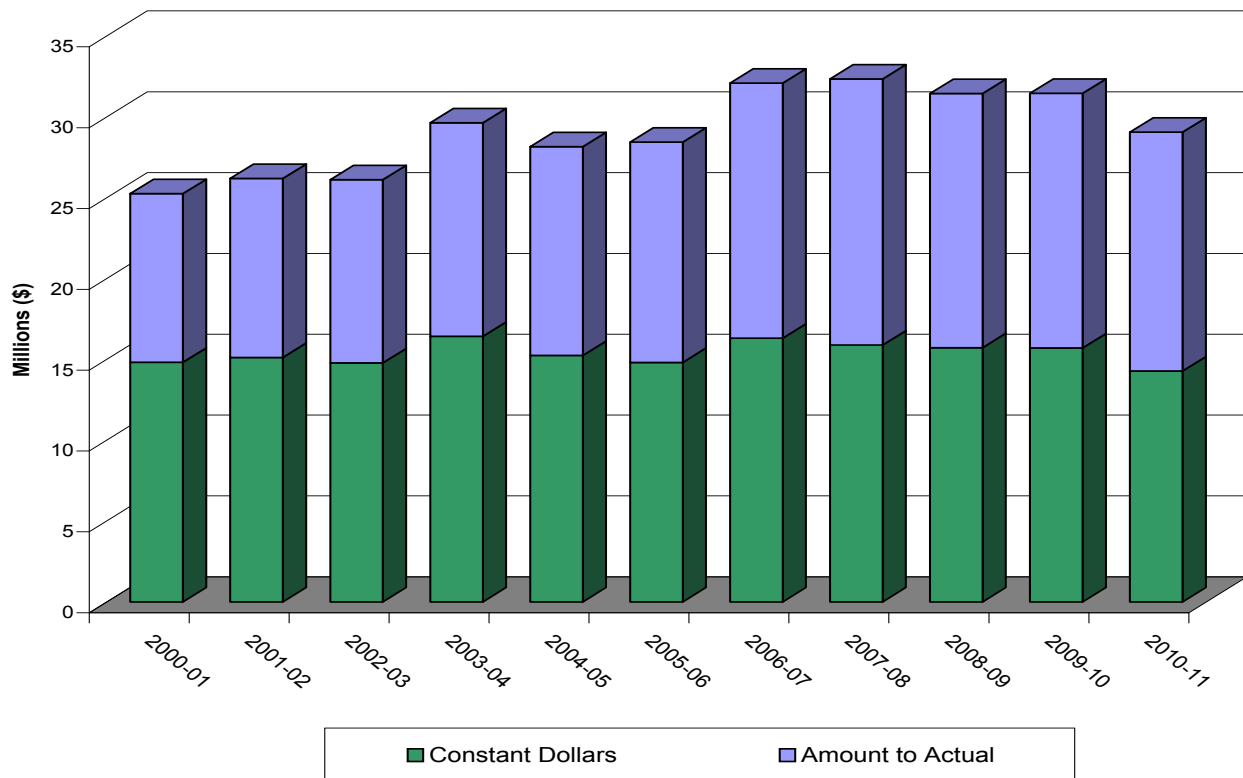
A decrease in property tax related revenues of \$2.0 million, or 8.7%, was the most significant change in the Budget. Tax on real property are projected to decrease by 9.9%, while personal property tax (commercial and industrial machinery, fixtures and equipment) were flat.

State Shared Revenues are composed of two components: Sales Tax Constitutional, which is protected from the whims of the State leaders; and Sales Tax Statutory, which is subject to their discretion. In October 2009, more than five months after City Council approved the FY 2009-10 Budget, the Governor and the legislature reduced Madison Heights' Statutory Revenue Sharing payment by 32%, resulting in a \$470,000 cut. This mid-year surprise forced the City to cut our workforce by six positions (three Police, two Fire and one Department of Public Service). Unfortunately, the City had relied on the Governor's Proposed Budget when setting our projections.

Given the continued economic problems in Michigan, and the State government's unwillingness to support local priority services, we have taken a more cautious approach for FY 2010-11. This Budget assumes a five percent reduction in Constitutional economy-driven payments and a twenty-five percent cut in the Statutory payment, resulting in \$276,000 loss in General Fund revenues. Court fines and fees are projected to decline by \$81,000, or five percent. The actual reduction would have been over \$230,000 if District Court Judge Turner had not agreed to adjust the fine schedule.

In an effort to forestall deeper cuts in programs, services and special events, the City took a comprehensive look at existing user fees and charges to improve cost recovery. As a result, \$230,500 in revenue adjustments have been programmed, some of the most significant including:

- \$149,000 Court Fees: Bench Warrant Fees, Court Appointed Attorney Costs, No Operators Fines
- \$42,500 Cost Recovery Fee for Processing Delinquent Water and Sewer Bills
- \$12,000 Neighborhood Stabilization Program Administrative Cost
- \$10,000 Sell Advertising in the City Newsletter



General Fund - Expenditures

Factoring in the effects of inflation (change in the Detroit Area CPI-W), the FY 2010-11 Budget decreased 9.1 percent in constant dollar terms when compared to the FY 2009-10 Budget.

Constant dollar expenditures are calculated by adjusting actual expenditures for the Detroit Area Consumer Price Index - Workers (CPI-W) using the Bureau of Labor Statistics' 1982-84 base year. The increases from FY 2002-03 to FY 2003-04 are due to the restoration of the fire-damaged Department of Public Service building. The substantial drop from FY 2003-04 to FY 2004-05 relates to the State's cuts in shared revenues, resulting in a five percent reduction in the City workforce and implementation of the Council's Goal Plan related budget measures. The large reduction in FY 2010-11 is caused by service, program and special events reductions caused by the large drop in property tax revenues and further cuts to State Revenue Sharing. Note the constant General Fund Budget is lower now than it was ten years ago.

Total expenditures for the FY 2010-11 Budget are down \$2.8 million, or 8.8%. Details of the expenditure reductions are outlined in the Appropriation Chapter. Although it was very difficult again this year, the City did succeed in maintaining the highest priority basic services.

Given the financial constraints and the fact that 68% of the General Fund is comprised of personal services expenses, the City was forced to focus on personnel related costs to keep expenditures down.

A total savings of \$1.6 million will be realized in the General Fund during Fiscal Year 2010-11 through the reduction in workforce of 24 full-time positions and 24 part-time positions. Full-time positions eliminated include: five as a result of the Assessing, City Clerk and Finance Department consolidation; one (out of the four positions) in the City Manager/Human Resources Office; one in Community Development; one in Library; seven in the Department of Public Service (including one in Custodial & Maintenance, one in Nature Center, one in Parks, two in Water, one in Sewer and one in Motor Pool); one in the 43rd District Court; three (one already vacant) in Fire and five in Police.

In regard to part-time workforce, the workforce reductions include: one as a result of the Assessing, City Clerk and Finance consolidation; one seasonal laborer in Streets Division; one seasonal laborer in Solid Waste Division; one clerical position from Community Development; 16 recreation positions; one naturalist in the Nature Center; and three seasonal laborers in Parks. In addition, the hours of the Library part-time employees will be reduced as a result of the decrease in the hours of operation of the Library to 50 hours per week.

Savings also resulted from a decrease in the actuarial calculated contribution for retiree health care for Police and Fire, and lower workers compensation for all employee groups, as well as a move to Medicare Advantage for eligible retirees. After factoring in the position reductions, total General Fund fringe benefits decrease by 2.2% or \$204,000 over Fiscal Year 2009-10, while General Fund wages decrease by 0.4%, or \$48,000.

As a point of reference, the City has eliminated 63 full-time and 138 part-time positions over the last seven years, more than 27% of the workforce. The departments have worked hard to maintain the programs by stretching staff's resources to provide all existing services at or near the same levels that have been provided in prior years.

In terms of capital outlay, the Budget restricts spending to three basic areas: \$12,000 computer equipment for the Police and Information Technology Departments; \$406,000 in vehicle replacement funded through the dedicated Proposal "V" Millage; and the remaining \$29,000, which funds the District Court's law library and basic Library Department materials.

General Fund - Fund Balance

The Budget includes the use of \$737,500 in Designated Fund Balance. Over the last five years, the Adopted Budget has included \$100,000, \$100,000, \$200,000, \$601,000 and \$871,000 respectively from Fund Balance to help maintain programs and service deliveries.

Although we would prefer to not use reserves to fund ongoing expenditures, in this way, the use of fund balance will allow the City to avoid additional layoffs of full-time employees, further service reductions and preserve basic services. Our plan is that based on the pattern established by the recent Court Clerks Association labor settlement, the City will be able to generate savings to make up for some of the use of this fund balance in the following budget years. Based on projection for FY 2009-10 revenues and spending and the FY 2010-11 Budget, an unreserved General Fund fund balance of \$3.0 million, or 10.6% of expenditures, is anticipated on June 30, 2011.

All Funds Overview

The combined FY 2010-11 Budget for the City's 11 appropriated funds decreased \$4.6 million or 8.9% to \$47.3 million as compared to the FY 2009-10 Amended Budget.

TOTAL APPROPRIATIONS SCHEDULE

ALL FUNDS

FISCAL YEAR 2010-11

Fund Name	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
General Fund	\$ 31,450,989	\$ 31,464,758	\$ 28,687,170	\$ (2,777,588)	(8.8)
Major Street	2,059,463	1,592,339	1,602,037	9,698	0.6
Local Street	5,099,354	4,436,297	2,259,768	(2,176,529)	(49.1)
Parks Maintenance and Improvement	13,075	29,440	11,523	(17,917)	0.0
Downtown Development Authority	305,115	674,760	183,032	(491,728)	(72.9)
Police Drug Forfeiture	160,006	155,500	94,000	(61,500)	(39.5)
Community Improvement	1,825,331	1,923,258	1,947,666	24,408	1.3
Special Assessment Revolving	1,147,402	819,225	422,698	(396,527)	(48.4)
Fire Station Bond Fund	399,718	408,933	413,153	4,220	1.0
Water & Sewer Fund	8,543,011	9,421,865	10,670,032	1,248,167	13.2
Motor & Equipment Pool	985,936	1,045,008	1,041,334	(3,674)	(0.4)
Total Appropriations	\$ 51,989,400	\$ 51,971,383	\$ 47,332,413	* \$ (4,638,970)	(8.9)

* Net Budget is \$43.8 million excluding duplicate interfund transfers and charges.

Major Street Fund

The Major Street Fund's purpose is to account for expenditures associated with the maintenance needs of the 21.5 miles of the major street road system. The Budget includes three construction projects: 13 Mile sectional concrete replacement (\$312,000); major road asphalt crack seal (\$50,000); commercial and industrial road sectional concrete replacement (\$50,000); and the final payment for 2009 construction on Campbell from Thirteen Mile to Fourteen Mile (\$163,000).

Local Street Fund

The Local Street Fund's purpose is to account for expenditures associated with the maintenance needs of the 73.37 miles of the local street road system. On August 6, 1996, the voters in Madison Heights approved the ten year Millage Proposal "R-1" by an overwhelming margin. The "R-1" Road Millage Program has provided the necessary funding to carry on a ten-year comprehensive residential street repair and reconstruction program. On August 8, 2006, voters approved Millage Proposal "R-2" for an additional ten years. The "R-2" millage will fund ten years of road

improvement projects include new concrete streets, approaches, and necessary sidewalk repair and storm sewer installation. This year's neighborhood projects are funded at the \$1.6 million level and includes "R-2" funded projects for sectional concrete replacement and crack and joint sealing (\$100,000); reconstruction of Brockton, Dorchester, Englewood, Yorkshire and Westmore (\$1.5 million) and a contribution for ramps and corner squares for Year 8 of the Sidewalk Replacement Program (\$20,000).

Parks Maintenance and Improvement Fund

The Parks Maintenance and Improvement Fund was established with a November 2007 one-time payment of \$850,000 from the George W. Drainage District in exchange for the City's agreement to assume responsibility for the operation and upkeep of the new 10-acre Red Oaks Soccer Complex. On January 5, 2009, the Governor signed Public Act 404 of 2008. This legislation allows the City to invest the one-time George W. Kuhn Drainage District payment in a long-term strategy to maximize investment returns generating additional income over the term of the 25-year agreement. The revenue generated from these investments will support the maintenance and improvement of not only the Red Oaks Youth Soccer Complex, but also the City's 12 park system.

The projected revenues for the budget year include \$8,000 in interest income from the investment of the original payment. Fund expenditures will be used to support fertilizer, grass mowing, trash removal and utilities.

Downtown Development Authority Fund

The Downtown Development Authority (DDA) was established to correct and prevent stagnation and deterioration within the south-end commercial business district. The Authority has established boundaries that include properties abutting John R Road from Gardenia to Ten Mile Road and Eleven Mile Road from I-75 to Lorenz. This property is primarily zoned and used for commercial and industrial purposes. The Authority's goal is to eliminate blight influences and undertake projects that will encourage new businesses to locate and existing businesses to remain in the area.

The Authority intends to develop programs to solicit commitment and investment from business owners to make improvements on private property that will serve the public purpose of enhancing the district. Financing of public improvements will be provided through the capture of incremental property tax revenues on properties within the District.

The FY 2010-11 Budget highlights include funding for: \$15,000 to retain a contractor for maintenance of the greenbelt along John R and Eleven Mile Road; \$54,000 (50%) contribution to the City's Economic Development Program; \$18,000 for a part-time Code Enforcement Officer; \$13,000 for a business sign grant program; \$15,000 trash receptacle program; \$6,000 façade improvement grants; and \$58,000 John R road rehabilitation.

Drug Forfeiture Fund

The Drug Forfeiture Fund is used to account for revenues generated by drug forfeiture expenditures related to enforcement of drug laws pursuant to Public Act 251 of 1982. The Budget includes \$94,000 for the upgrade of 15 patrol car video systems upgrades, with an additional \$11,000 grant, for a total project cost of \$105,000.

Community Improvement Fund

The Community Development Improvement Program is a federally funded division of the Community Development Department. This division is charged with the administration of the City's Community Development Block Grant and Housing Commission funds. Block Grant funds are used for such things as the home chore program, code enforcement, minor home repair and other similar projects that benefit low and moderate-income residents. The Home Chore Program will provide grass mowing and snow shoveling for needy seniors.

The City's Housing Commission funds are used to subsidize the rent for 275 low-income tenants. In addition, these funds provide assistance to low-income families in securing low interest and/or deferred home improvement loans.

Special Assessment Revolving Fund

The Special Assessment Revolving Fund is used for the financing of construction of commercial, industrial and residential roads, sidewalks and other City projects. Revenues are received from special assessment payments and interest income. On March 12, 2001, the City Council adopted a new sidewalk special assessment program that establishes a twelve year program to address needed repairs and complete the sidewalk network. A total of \$420,000 has been budgeted to support year eight of the program for an area bounded by Thirteen Mile, I-75, Twelve Mile and Campbell Road.

Water and Sewer Fund

The Water and Sewer Divisions of the Department of Public Service supports the activities of this Fund. The Divisions are responsible for providing water distribution and sewage collection for the City's residents and businesses.

On February 8, 2010, the City Council adopted a new strategy to address the Fund's revenue shortfall that resulted in the need for a \$500,000 General Fund loan on June 30, 2009. The Council approved a split fee increase of 5.7% on March 1, 2010 and 5.7% on October 1, 2010. The General Fund loan is projected to be repaid before June 30, 2011. The FY 2010-11 Budget includes a \$151,000 contribution to fund balance.

The Budget includes \$1.4 million to purchase and install a new fixed network water meter reading system and register head replacement. After the Budget adoption on May 10, 2010, the City Council approved a “Notice of Intent to Issue Bonds” resolution for \$1,525,000 including the addition of three years of R-2 project related “crossover” watermain replacement.

Installation of this new system will allow workforce reductions of two water meter reader positions. The Budget also includes the elimination of one Sewer Division equipment operator position.

The average quarterly residential water and sewage bill will rise to \$137.20, or \$45.73 per month, based on average 2,200 cubic feet of consumption.

Motor Pool and Equipment Fund

This Fund’s operation is administered through the Motor Pool Division of the Department of Public Service. The Division is responsible for maintaining all City vehicles and related equipment, and coordinating operator training for the Department of Public Service. The Motor Pool also orders gasoline and diesel fuel and oversees work done on all emergency backup generators. The Budget includes the elimination of one mechanics position.

MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Beginning with FY 2007-08, the City joined as one of the founding members of the Michigan Local Government Benchmarking Consortium (MLGBC). This Consortium was created to produce meaningful and relevant measures for the purpose of benchmarking performance. Performance measures analyzed by the Consortium cover a variety of services provided by local governments. The goal is for the Department Heads to use these measures to identify areas of need to focus on with their employees.

The MLGBC's first service area groups met in August and September 2008, and the first benchmarking report was distributed in September 2009. As of August 2009, forty local governments participate in the MLGBC. Below is a listing of the latest FY 2007-08 results showing how Madison Heights compares to other local governments across the state in various performance measurements categories.

Category	Madison Heights	Consortium Average	Rank *
<i>Emergency Dispatch</i>			
Cost per resident	\$20.90	\$27.73	3/5
Cost per call answered	\$14.44	\$18.84	3/5
Total Calls Answered per 1,000 Population	1,447	2,019	3/6
Calls received per FTE/telecommunicator	5,000	6,009	2/5
Average Speed of answer for 911	2.00	5.20	1/5
Average Speed of Dispatch	10.00	21.17	2/6
FTE = full-time equivalent employee			
<i>Fire and Emergency Medical Services</i>			
Cost per resident for combined Fire and EMS service	\$192.61	\$146.45	12/15
Total Fires per 1,000 population	3.44	4.28	9/15
EMS Calls per 1,000 population	83.60	85.16	10/15
Percent of building fire call response times equal to or less then 5 minutes	100%	66%	3/14
Percent of EMS call response times where an ALS unit is on scene in less than 9 minutes	99.96%	81.55%	2/10
Percent of EMS call response times where a Transport unit is on scene in less than 9 minutes	99.96%	88.71%	3/10
Total Dispatch calls per 1,000 population	109.93	107.78	11/16
Cost per fire prevention inspection	\$511.95	\$428.07	5/7
Percent of commercial buildings inspected	30.52%	40.82%	6/10

* The City's ranking from those governments reporting on these measures. The scale runs from 1 - best performing down to the lowest performing

MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Category	Madison Heights	Consortium Average	City Rank *
<i>Fleet Maintenance</i>			
Average cost per gallon of gasoline	\$2.70	\$2.69	9/16
Average cost per gallon of diesel	\$3.00	\$3.00	7/13
Fleet size maintained per FTE	62.25	49.70	5/14
Average percent fleet is down	16%	5%	13/13
Average time in which work orders are open (days)	1.0	5.4	2/13
Total Expenditures per number of vehicles:			
Maintenance Exp. per Small Engine	\$419.21	\$532.16	6/11
Maintenance Exp. Heavy Equip.	\$4,668.80	\$5,286.71	8/11
Maintenance Exp. Light./Medium Vehicle	\$1,689.65	\$1,406.69	8/10
Maintenance Exp. Police Patrol Vehicle	\$6,748.00	\$4,028.16	8/9
<i>Information Technology (IT) Service</i>			
Platforms supported per IT FTE	2.50	1.98	4/12
Applications supported per IT FTE	10.50	28.49	8/13
Survey Results:			
Overall satisfaction with the quality	88.33%	80.43%	2/10
Satisfaction with timeliness for assistance	83.33%	72.02%	2/10
Satisfaction with IT provider's ability to solve problems	93.33%	81.81%	1/10
<i>Parks Maintenance</i>			
Cost per resident for park maintenance	\$21.23	\$47.63	5/16
Total operating budget per park acre	\$4,783.64	\$3,337.54	14/17
Operating budget per active park acre	\$6,536.06	\$3,672.16	12/13
Total Park acres per 1,000 population	4.44	15.19	16/17
Passive Park acres per 1,000 population	1.22	4.89	11/16
Active Park acres per 1,000 population	3.25	10.00	16/17
User fee as a percent of operational budget	0.00%	20.81%	1/15
Number of park maintenance FTE per 1,000 population	0.19	0.53	13/16
Number of park maintenance FTE per 100 acres	4.35	3.43	4/16
Number of full-time employees per 100 acres	2.90	2.89	7/16
Number of seasonal employees per 100 acres	5.07	7.00	7/16
Average full-time employee cost per hour	\$36.00	\$33.00	11/14
Average seasonal employee cost per hour	\$11.00	\$9.84	12/15

* The City's ranking from those governments reporting on these measures. The scale runs from 1 - best performing down to the lowest performing

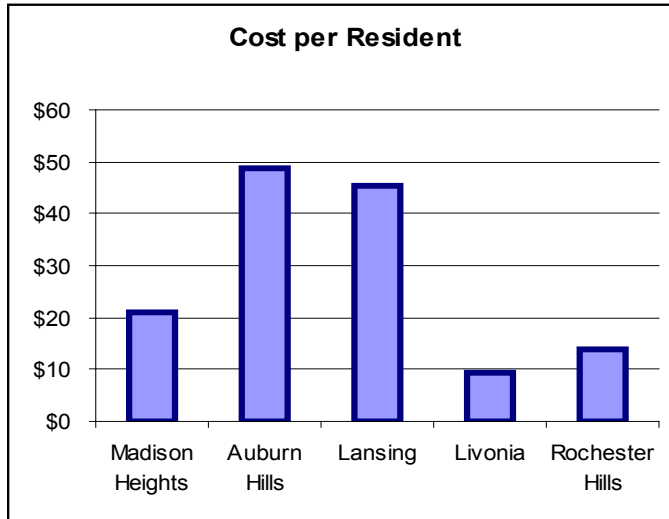
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Category	Madison Heights	Consortium Average	City Rank *
<i>Police</i>			
Cost per resident for police or sheriff service	\$340.01	\$232.26	12/13
Cost per officer	\$179,231.98	\$141,367.82	9/11
Officer per 1,000 residents	1.90	1.71	9/12
Training costs per officer	\$400.00	\$593.69	7/13
Total number of calls for service per 1,000 population	730.14	601.80	5/16
Total arrests per 1,000 residents	46.56	78.78	13/16
Total arrest per 1,000 of DSP	33.98	64.15	9/12
Traffic citations per 1,000 residents	332.37	213.30	2/15
Traffic citations per 1,000 of DSP	242.56	180.77	3/11
Total crashes per 1,000 resident	58.97	38.16	3/16
Total crashes per 1,000 of DSP	43.03	26.43	2/11
Traffic fatalities per 1,000 residents	0.000	0.027	1/17
Traffic fatalities per 1,000 of DSP	0.000	0.009	1/17
Percent of unsustained citizen complaints of total complaints	100.0%	88.86%	1/17
Percent of sustained citizen complaints of total complaints	0.0%	10.26%	1/17
DSP = Daily Service Population			
<i>Road Maintenance</i>			
Cost per resident for routine maintenance	\$74.95	\$56.02	13/17
Cost per resident for road construction	\$118.56	\$54.18	2/13
Average PASER rating	5.00	5.20	6/11
Road FTE per lane mile	0.08	0.06	10/14
Annual average cost to repair a pothole	\$31.37	\$64.75	3/4
Total man hours in pothole repair per lane mile	16.00	9.09	11/12
Tons of cold patch per lane mile	3.02	1.59	14/15
Percent of structurally sound bridges	100%	93.6%	1/13
Total man hours of snow removal per lane mile	29.63	23.11	11/14
<i>Water and Sewer</i>			
Cost per resident for water	\$116.55	\$153.19	4/12
Cost per resident for sewer	\$162.12	\$180.35	9/15
Miles of water mains per FTE	10.00	6.78	2/12
Miles of sewer mains per FTE	12.00	6.79	2/14
Distribution Water Loss	14.60%	10.77%	8/10

* The City's ranking from those governments reporting on these measures. The scale runs from 1 - best performing down to the lowest performing

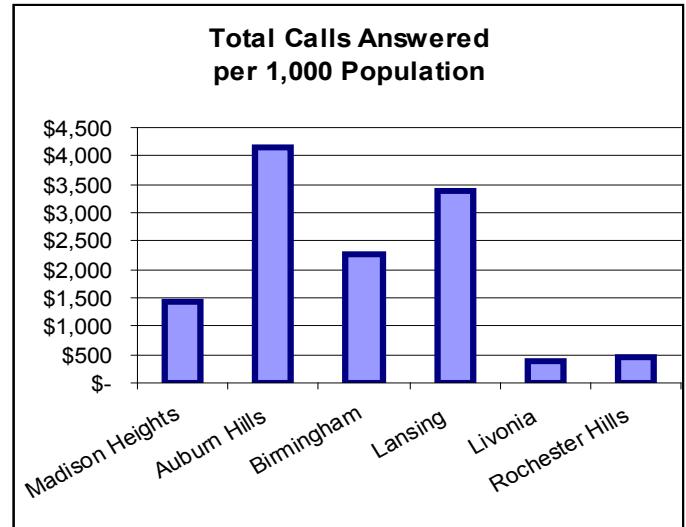
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Emergency Dispatch



FY 2008 Rank 3rd out of 5 cities.

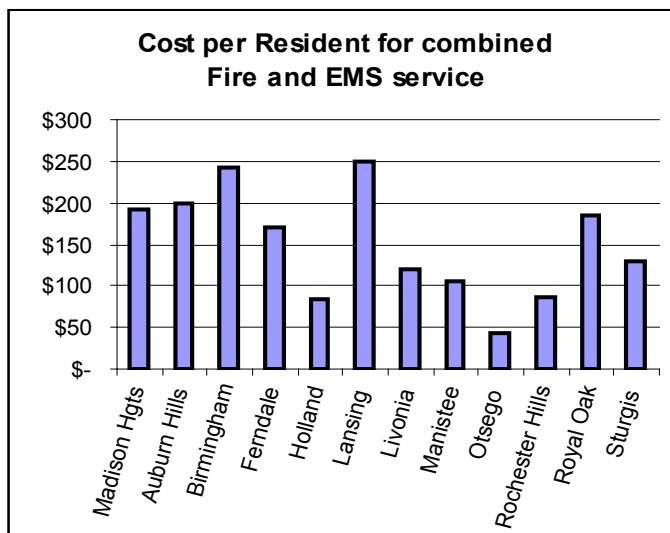
In FY 2008 Madison Heights staffed dispatch with civilian employees. Two of the five reporting cities staff with a mix of civilian and sworn employees.



FY 2008 Rank 3rd out of 6 cities.

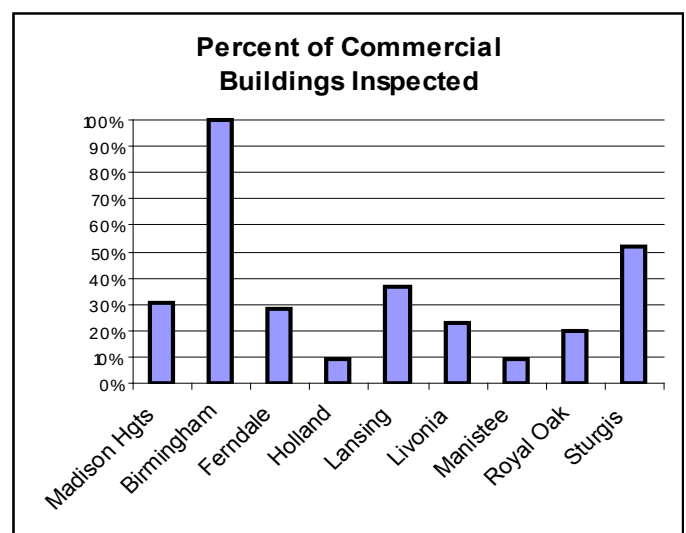
Madison Heights continues to have an average number of call volume when compared with other cities in the survey. The City of Lansing was not considered in calculating this average due to their size and composition of population (home of Michigan State University).

Fire and Emergency Medical Services



FY 2008 Rank 9th out of 12 cities.

In FY 2008 Madison Heights cost per resident for combined Fire and EMS services is \$193. This is the 3rd highest out of 16 reporting municipalities (12 cities and 3 townships). The lowest cost per resident is \$43 the highest is \$249.

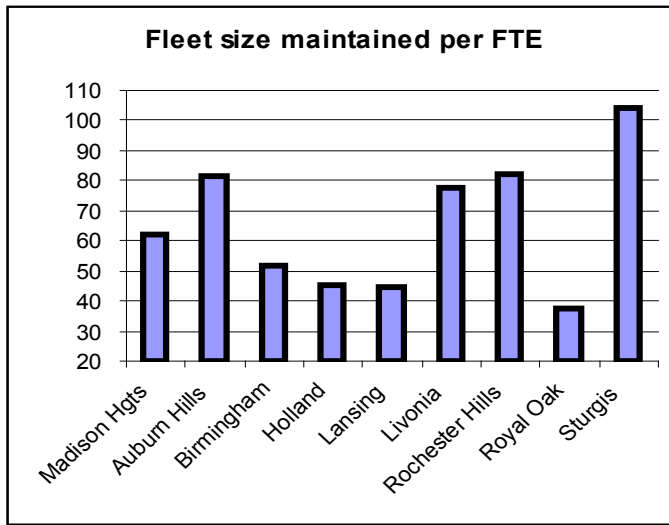


FY 2008 Rank 6th out of 10 cities.

In FY 2008 Madison Heights inspected 30.52% of commercial buildings. This is average for the 10 reporting municipalities (9 cities and 1 township). With the lowest percentage inspected at 9.1 and the highest at 100.

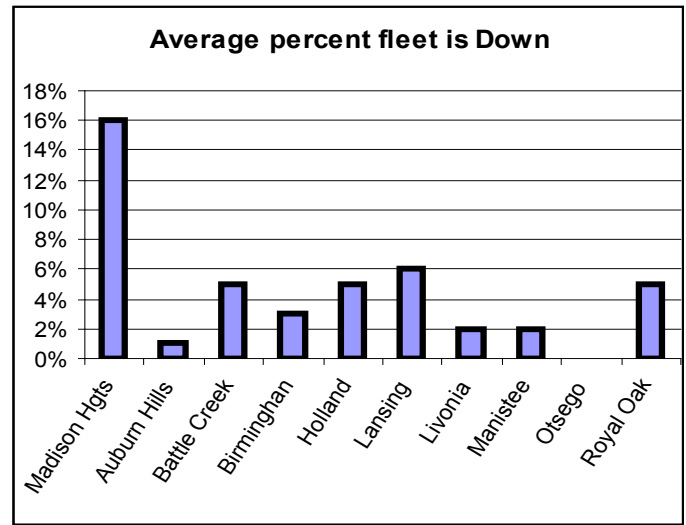
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Fleet Maintenance



FY 2008 Rank 5th out of 8 cities.

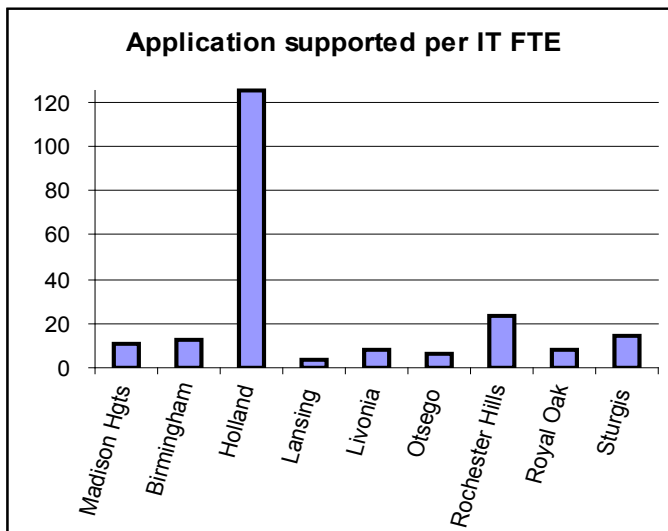
In FY 2008 Madison Heights maintained an average of 62.25 fleet vehicles per FTE. Total FTE in Motor Pool during this time was 4. This was the 5th highest out of 14 reporting municipalities (9 cities, 4 counties and 1 village).



FY 2008 Rank 10th out of 10 cities.

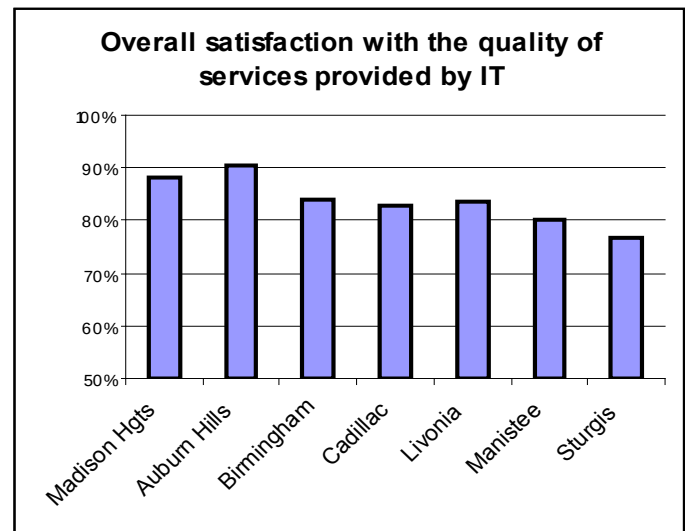
Madison Heights reported that the fleet was down an average of 16% of the time during FY 2008. This was the highest reported percentage for the 13 municipalities reporting (10 cities, 3 counties). The lowest percentage was 0% and the highest was 16%.

Information Technology Service



FY 2008 Rank 5th out of 9 cities.

In FY 2008 Madison Heights IT Department supported 10.5 applications per IT FTE of 2. This is 8th highest out of 13 reporting municipalities (9 cities, 3 counties, and 1 township).

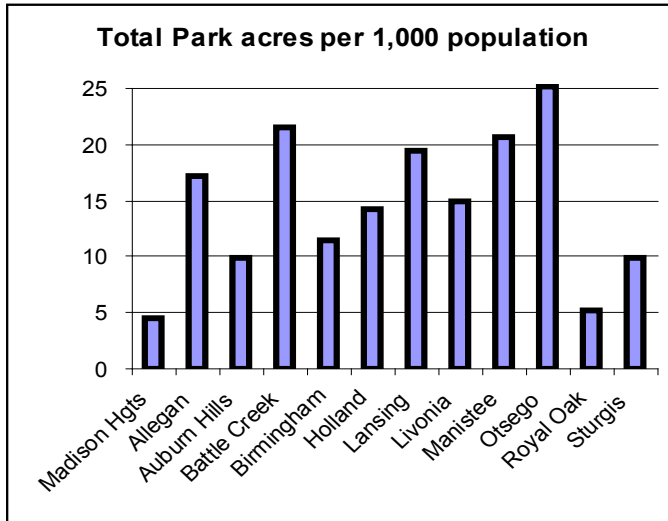


FY 2008 Rank 2nd out of 7 cities.

In FY 2008 Madison Heights IT department had a satisfaction rate of 88.33%. This was above average for the reporting municipalities (7 cities and 2 counties and 1 township). With the lowest percent satisfaction at 70.6% and the highest at 90.4%.

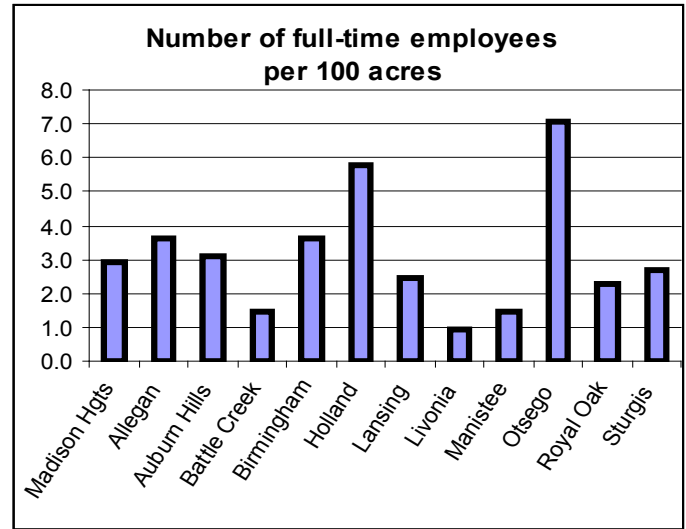
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Park Maintenance



FY 2008 Rank 11th out of 11 cities.

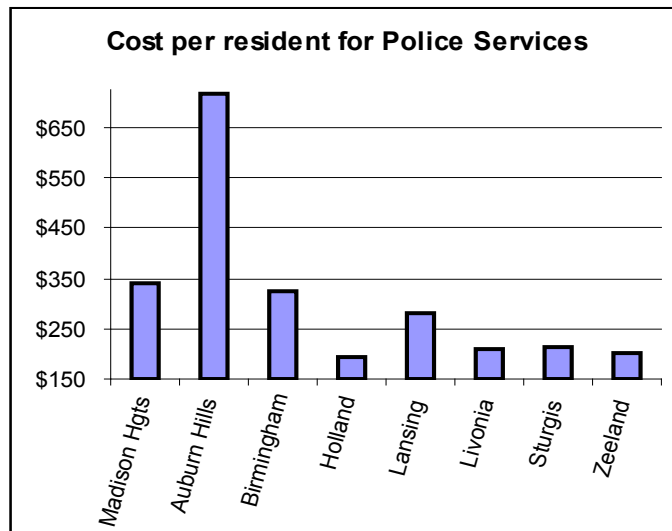
In FY 2008 Madison Heights had 4.44 park acres per 1,000 population. This is the lowest out of the 16 reporting municipalities (11 cities, 1 county, 1 village and 3 townships). The lowest acreage reportage was 3.84 and the highest was 30.63.



FY 2008 Rank 7th out of 12 cities.

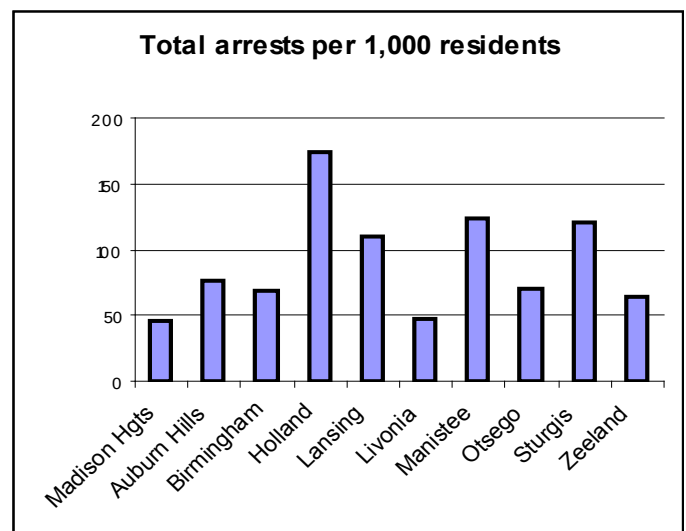
During FY 2008 Madison Heights had 4 full-time Park Maintenance which is an average of 2.9 full-time employees for 100 acres. This is the 7th lowest out of 16 reporting municipalities (12 cities, 3 townships and 1 village) with 0.47 being the lowest average and 7.07 being the highest.

Police



FY 2008 Rank 7th out of 8 cities.

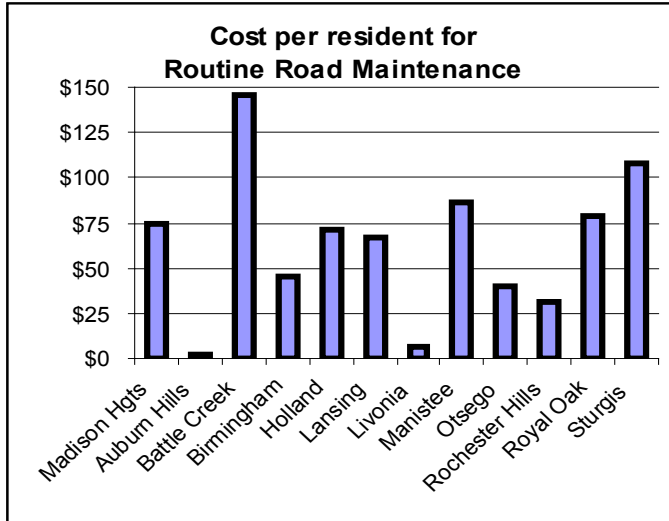
In FY 2008 Madison Heights reported to have 91 FTE (officers and civilians) and a total operating budget of \$10,574,687 for a total cost per resident of \$340. This placed the city 12th out of the 13 reporting municipalities (8 cities, 1 county, 4 townships). The lowest was \$77.28 and the highest was \$715.90.



FY 2008 Rank 10th out of 10 cities.

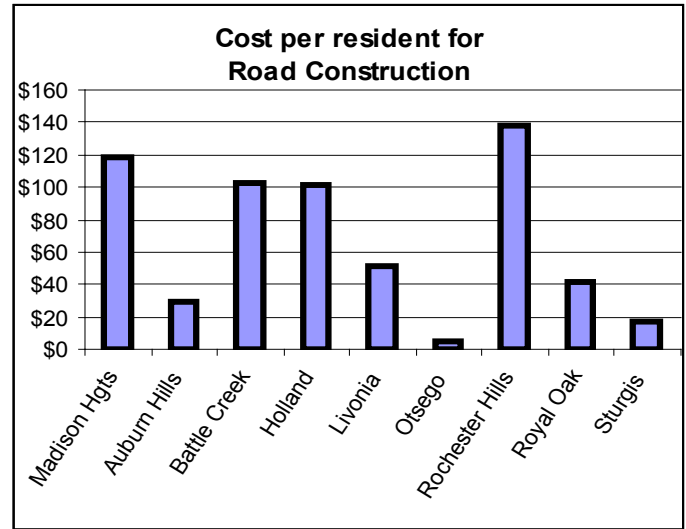
In FY 2008 Madison Heights reported 46.56 arrests per 1,000 residents. This is the 13th lowest arrests per 1,000 residents of the 16 reporting communities (10 cities, 1 village, 1 county and 4 townships). The lowest average was 31.20 and the highest was 174.79.

Road Maintenance



FY 2008 Rank 7th out of 12 cities.

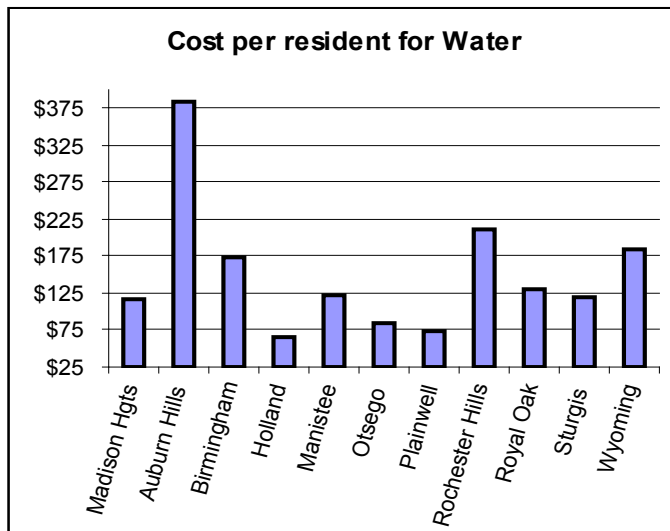
In FY 2008 Madison Heights had road maintenance cost per resident of \$74.95. This was the 12th lowest out of 17 reporting municipalities (12 cities, 4 counties and 1 village). The lowest average was \$1.88 and the highest \$146.17.



FY 2008 Rank 8th out of 9 cities.

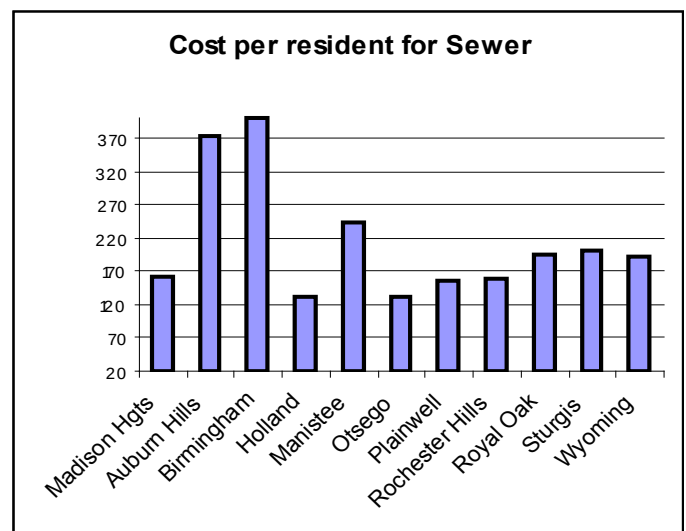
Madison Heights is the 12th highest out of 13 reporting municipality for road construction (9 cities, 4 counties). This is due to the City's aggressive road construction program with Proposal R. The City spends an average of \$118.56 per resident for road construction.

Water and Sewer



FY 2008 Rank 4th out of 11 cities.

In FY 2008 Madison Heights cost per resident for water was \$116.55. This is the 4th lowest out of 12 reporting municipalities (11 cities and 1 townships) The lowest cost per resident is \$66.10 and the highest if \$385.12.



FY 2008 Rank 5th out of 12 cities.

In FY 2008 Madison Heights cost per resident for sewer was \$162.12. This is the 9th lowest out of 15 reporting municipalities (12 cities and 3 townships) The lowest cost per resident is \$23.50 and the highest if \$399.15.

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
All Fund Types
Three Year Comparison
Fiscal Year 2010-11**

	GENERAL FUND			SPECIAL REVENUE/DEBT SERVICE FUNDS *		
	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Actual 2008-09	Estimate 2009-10	Budget 2010-11
REVENUES						
Property Taxes	\$ 22,743,468	\$ 22,381,857	\$ 20,431,558	\$ 243,079	\$ 234,384	\$ 182,757
Licenses and permits	475,226	584,065	595,858	-	-	-
Intergovernmental	3,227,134	2,897,780	2,595,054	3,713,239	3,712,099	3,586,415
Court fines and fees	1,441,526	1,495,050	1,414,000	-	-	-
Charges for services	188,710	231,486	179,440	-	-	-
Parks and Recreation	229,714	247,477	238,900	-	-	-
Interest and Misc. Revenue	1,689,379	1,642,430	1,384,984	288,236	257,858	154,455
Special assessments	0	0	0	904,574	454,086	367,613
Departmental Charges	1,006,480	988,480	988,480	-	-	-
Transfers from other funds	60,408	124,940	121,354	3,369,890	3,117,226	2,679,055
TOTAL REVENUES	\$ 31,062,045	\$ 30,593,565	\$ 27,949,628	\$ 8,519,018	\$ 7,775,653	\$ 6,970,295
EXPENDITURES						
General Government	\$ 5,868,842	\$ 6,079,531	\$ 5,350,562	\$ 0	\$ 0	\$ 0
Public Safety	15,921,029	15,973,886	14,827,587	160,006	155,500	94,000
Community Service	3,429,635	3,445,837	3,467,629	0	0	0
Culture and Recreation	2,338,964	2,005,124	1,592,648	0	0	0
Community Development	1,076,616	1,083,749	989,689	8,070,422	6,858,761	4,259,058
Community Improvement	0	0	0	1,825,331	1,923,258	1,947,666
Water Division	0	0	0	0	0	0
Sewer Division	0	0	0	0	0	0
W/S Support and Capital Outlay	0	0	0	0	0	0
Transfers out	2,815,903	2,876,631	2,459,055	553,987	693,300	220,000
Debt Service	0	0	0	399,718	408,933	413,153
TOTAL EXPENDITURES	\$ 31,450,989	\$ 31,464,758	\$ 28,687,170	\$ 11,009,464	\$ 10,039,752	\$ 6,933,877
REVENUES OVER (UNDER) EXPENDITURES	\$ (388,944)	\$ (871,193)	\$ (737,542)	\$ (2,490,446)	\$ (2,264,099)	\$ 36,418
FUND BALANCES, BEGINNING OF YEAR	\$ 5,927,967	\$ 5,539,023	\$ 4,667,830	\$ 10,426,881	\$ 7,936,435	\$ 5,672,336
FUND BALANCES, END OF YEAR	\$ 5,539,023	\$ 4,667,830	\$ 3,930,288	\$ 7,936,435	\$ 5,672,336	\$ 5,708,754

* Special Revenue Funds account for proceeds from revenue sources that are legally restricted for a specific purpose. These include:
Major Street, Local Street, Downtown Development, Police Drug Forfeiture, Housing Commission, Community Development Block Grant,
and Special Assessment Revolving Funds.

Debt Service includes the Fire Stations Bond Fund.

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
All Fund Types
Three Year Comparison
Fiscal Year 2010-11**

	WATER AND SEWER FUND			TOTALS Memorandum Only		
	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Actual 2008-09	Estimate 2009-10	Budget 2010-11
REVENUES						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 22,986,547	\$ 22,616,241	\$ 20,614,315
Licenses and permits	0	0	0	475,226	584,065	595,858
Intergovernmental	0	0	0	6,940,373	6,609,879	6,181,469
Court fines and fees	0	0	0	1,441,526	1,495,050	1,414,000
Charges for services	8,419,547	9,509,745	9,379,565	8,608,257	9,741,231	9,559,005
Parks and Recreation	0	0	0	229,714	247,477	238,900
Interest and Misc. Revenue	159,448	37,650	1,412,355	2,137,063	1,937,938	2,951,794
Special assessments	0	0	0	904,574	454,086	367,613
Departmental Charges	29,550	29,550	29,550	1,036,030	1,018,030	1,018,030
Transfers from other funds	0	116,100	0	3,430,298	3,358,266	2,800,409
TOTAL REVENUES	\$ 8,608,545	\$ 9,693,045	\$ 10,821,470	\$ 48,189,608	\$ 48,062,263	\$ 45,741,393
EXPENDITURES						
General Government	\$ 0	\$ 0	\$ 0	\$ 5,868,842	\$ 6,079,531	\$ 5,350,562
Public Safety	0	0	0	16,081,035	16,129,386	14,921,587
Community Service	0	0	0	3,429,635	3,445,837	3,467,629
Culture and Recreation	0	0	0	2,338,964	2,005,124	1,592,648
Community Development	0	0	0	9,147,038	7,942,510	5,248,747
Community Improvement	0	0	0	1,825,331	1,923,258	1,947,666
Water Division	2,901,495	2,756,458	2,907,225	2,901,495	2,756,458	2,907,225
Sewer Division	3,859,445	3,663,010	3,863,432	3,859,445	3,663,010	3,863,432
W/S Support & Capital Outlay	1,493,034	2,161,368	2,833,462	1,493,034	2,161,368	2,833,462
Transfers Out	0	0	0	3,369,890	3,569,931	2,679,055
Debt Service	289,037	841,029	1,065,913	688,755	1,249,962	1,479,066
TOTAL EXPENDITURES	\$ 8,543,011	\$ 9,421,865	\$ 10,670,032	\$ 51,003,464	\$ 50,926,375	\$ 46,291,079
REVENUES OVER (UNDER) EXPENDITURES	\$ 65,534	\$ 271,180	\$ 151,438	\$ (2,813,856)	\$ (2,864,112)	\$ (549,686)
FUND BALANCES, ** BEGINNING OF YEAR	\$ 1,793,140	\$ 1,858,674	\$ 2,129,854	\$ 18,147,858	\$ 15,334,132	\$ 12,470,020
FUND BALANCES, END OF YEAR	\$ 1,858,674	\$ 2,129,854	\$ 2,281,292	\$ 15,334,002	\$ 12,470,020	\$ 11,920,334

** The Water and Sewer Fund Fund Balance (Net Assets) is affected by investment in capital assets and capital contributions which are not shown as part of revenue and expenditures.



REVENUE CHAPTER

Revenue Overview

General Fund Revenues are budgeted at \$28.7 million for the FY 2010-11. This represents a decrease of \$2.8 million, or 8.8 % over FY 2009-10 Amended Budget Revenues.

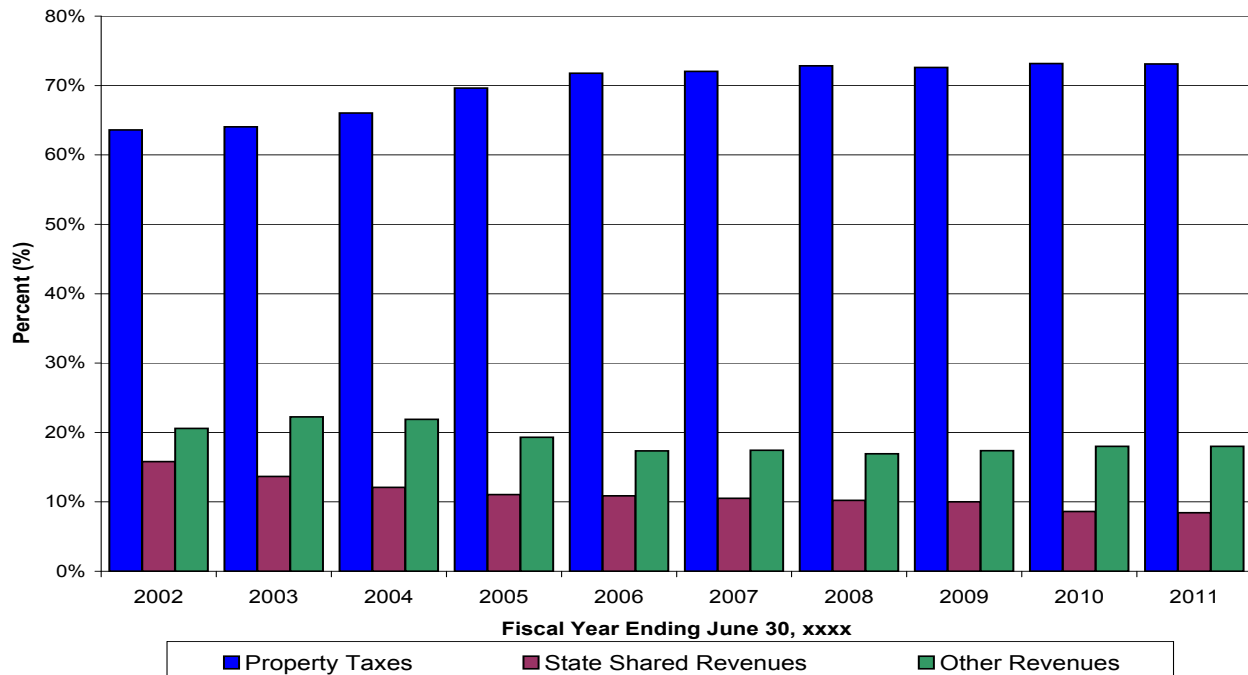
Factoring in the impact of the current inflation rate of 0.3%, General Fund Revenues are down 8.5%. Designated Fund Balance in the amount of \$737,500 is used as a revenue source to support this year's expenditure budget. A full discussion of fund balance is included later in this Chapter.

Base Budget Revenue Changes

The composition of General Fund Revenues has shifted away from Property Taxes and toward a greater reliance on other revenue sources in comparison to prior years. The principal sources of General Fund Revenue include: Property Taxes, \$20.4 million (71% of total General Fund Revenues); State Shared Revenues, \$2.4 million (9%); Court related revenues, \$1.4 million (5%); Charges to Other Funds, \$1.0 million (3%); Interest Income, \$150,000 (1%), Construction Permits, \$350,000 (1%); Ambulance Rescue Insurance Reimbursement, \$466,000 (2%); Cable Television Fees, \$335,000 (1%), other governmental revenues \$1.5 million (6%) and use of fund balance \$737,500 (2%).

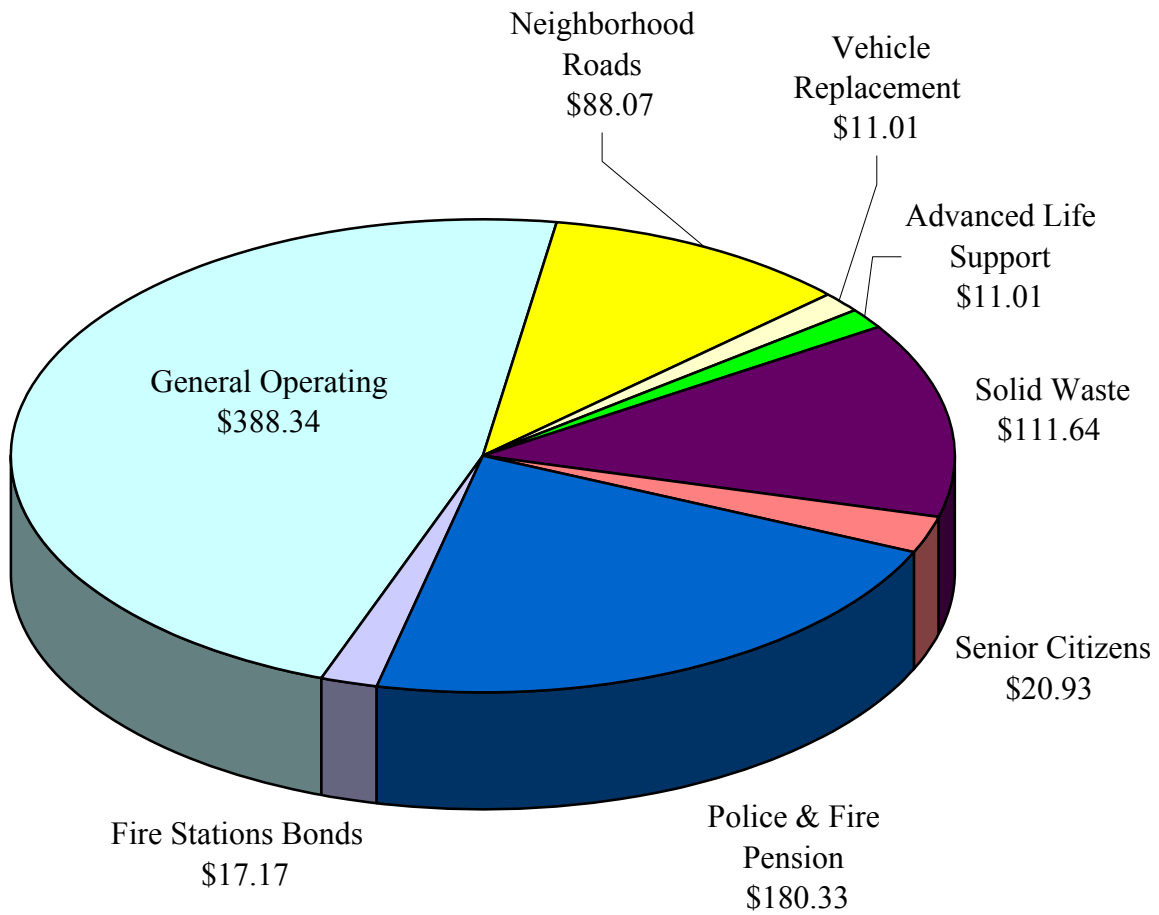
Property tax revenues can be divided into three categories: Real Property Tax (\$16.8 million); Personal Property Tax, (\$2.5 million); and Tax Abatements, Penalties, Interest, Delinquent Taxes and Administration Fees (\$1.1 million).

Percentage of General Fund Revenues



Average City Taxes Paid - FY 2010-11
Based on Average Home Market Value of \$88,900
(Taxable Value of \$44,035)

Total of \$828.51



Approximately 53% of the City's taxes are restricted for specific purposes.

Property Tax Revenues

The rates displayed below are within the Charter limitations and the Headlee rollback limits. The FY 2010-11 combined City tax rate of 18.8146 mills per thousand dollars of State taxable valuation is broken down as follows:

	<u>DOLLARS PER \$1,000 OF TAXABLE VALUE *</u>			
	<u>Tax Rate</u> <u>2010-11</u>	<u>Tax Rate</u> <u>2009-10</u>	<u>Tax Rate</u> <u>Limits **</u>	<u>Headlee Tax</u> <u>Limits **</u>
<u>Operating Millages:</u>				
General Operating	8.8190	8.8160	10.0000	8.8190
Neighborhood Road Improvements	2.0000	2.0000	2.0000	2.0000
Vehicle Replacement	0.2500	0.2500	0.2500	0.2500
Advanced Life Support	0.2500	0.2400	0.2500	0.2500
Solid Waste	2.5353	2.1281	3.0000	2.6457
Senior Citizens	0.4751	0.4740	0.5000	0.4751
Police & Fire Pension	4.0952	3.7510	as needed	as needed
Fire Stations Bond	<u>0.3900</u>	<u>0.3430</u>	as needed	as needed
Total Millage	18.8146	18.0021		

*Michigan taxable value begins at 50 percent of the property's fair market value in the year following the date of transfer as adjusted for inflation in accordance with Proposal A of 1994, which limits future assessment increases to 5 percent or the rate of inflation, whichever is lower, for each individual property.

**Tax rate limits as established by the City Charter and various State laws. These limits are further subject to potential reduction as a result of the Headlee State Constitutional Amendment, which limits property tax increases related to the rate of inflation and Proposal "A" approved by State voters on March 15, 1994.

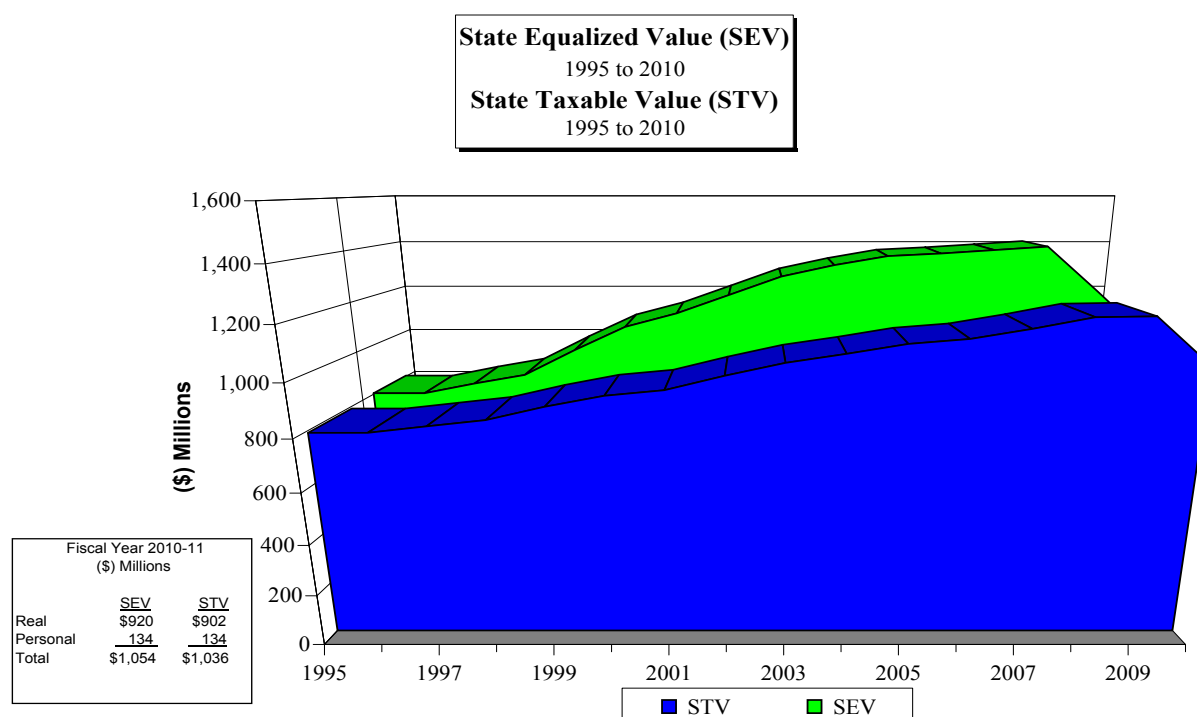
In Michigan, property is assessed at one-half of the market value and taxed at a taxable value, which is the prior year's taxable value plus five percent or the cost of living increase, whichever is less. There are 10,073 single-family homes and condominiums in Madison Heights. The average home market value is \$88,900 (State Equalized Value is \$44,450) with a taxable value of \$44,035 and an average tax bill of \$829 for City services for Fiscal Year 2010-11.

The average home market value in Madison Heights has dropped from \$115,260 to \$88,900 as of December 31, 2009. Although the dropping of the values of homes in our communities is discouraging, this does provide a benefit to the homeowners, as the average taxable value has dropped from \$52,190 to \$44,035, or 15.6%. The homeowner benefits as their City portion of their property tax drops \$111 per year, or 11.8%. The \$111 per year savings is equal to a 2.5 mill rollback, a huge break for taxpayers.

Property Tax Base

The table below illustrates the growth in the State equalized value over the last fifteen years based on the type of property. The property tax base for the General Fund is quite diversified. The major components of the General Fund Property Tax Revenue are single unit residential/condominiums (43%), commercial (30%), industrial (14%) and personal property (13%).

This chart also illustrates the gap between equalized and taxable value. In FY 2010-11 the overall taxable value decreased 13% with equalized value decreasing 17.5%. It is anticipated that at least for the next few years the equalized value will continue to decrease. As the overall gap between taxable values and equalized values closes and more individual properties' equalized values match taxable values, this will negatively impact the amount of tax revenue available to support City services.



Taxable property consists of 87% real (land and building) and 13% personal (equipment and fixtures).

The State Tax Commission implemented revised Personal Property Tax valuation tables effective with the FY 2000-01 Budget. Assessors and Equalization Directors concluded that although the tables did produce revenue losses, they were not an unreasonable reflection of market value conditions (with the exception of gas and electric transmission and distribution property). In Madison Heights, the new tables resulted in a 6% reduction or a \$170,000 annual decrease in Personal Property Tax revenues in 2001. The new valuation multipliers continue to reduce personal property valuations on an accelerated basis when contrasted with pre-2001 tables.

A revision in the personal property accounting methods, which correctly and more accurately tabulate "Headlee" Additions and Losses, continues to have a positive revenue effect on millage rates. The millage calculation process now recognizes the diminution of value of personal property as it ages as a form of depreciation and provides an offset to real property appreciation (including uncapped value increments after property transfers), thus minimizing or eliminating future millage reductions.

State Shared Revenues

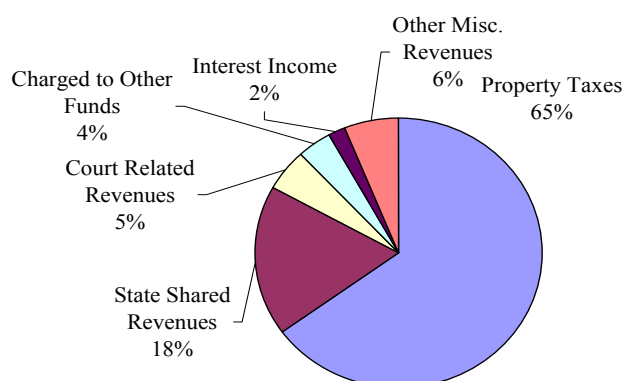
The City's second largest source of General Fund Revenue is State Shared Revenues, which amount to \$2.4 million or 8.5% of the Budget. Budgeted State Shared Revenues are projected to decline 10.4%. The major components of State Shared Revenues are the Constitutional Sales Tax (\$1.8 million - a 5% reduction) and Statutory Sales Tax (\$508,000 - a 25% reduction).

State Shared Revenues are taxes collected by State government and then transferred back to local municipalities based on the State Constitution and State statutes. Public Act 532 of 1998, approved by a lame duck legislature in December of 1998, established a new revenue sharing formula. The formula was being phased in at an additional 10% per year over a ten-year period starting in FY 1998-99. The new formula contained three equally weighted components: one based on taxable value per capita, one based on population weighted according to size and type of government, and one based on a guaranteed yield per locally levied mill, up to 20 mills.

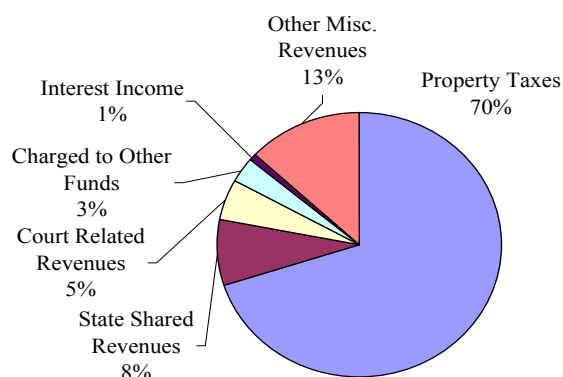
Public Act 532 eliminated inventory reimbursements. Increases in total payments are capped at no more than 8% per year; any amount above the growth cap is redistributed to the no-growth or low-growth communities. The new Revenue Sharing formula is impacted by a community's population in all three of its components. Therefore, the drop in Madison Heights' population as shown in 2000 Census has had a negative impact on revenues.

Based on projections of the impact of the new formula, any community that grew at less than the average for the State of Michigan or under four percent received a reduction in revenue sharing payments for the State's fiscal year. Given that the City's fiscal year does not coincide with the State's fiscal year, the initial negative impact of the new formula was spread over two years (FY 2000-01 and FY 2001-02). For the last nine years, the State has systematically frozen or cut Statutory Shared Revenues each year.

Major Revenues in FY 2000-01



Major Revenues in FY 2010-11



As you can see from the pie charts shown above, in FY 2000-01 State Shared Revenues made up 18% of the General Fund Revenues, in FY 2010-11 they are only 8% of the total.

Technically this revenue sharing formula expired on September 30, 2007 however in October 2007 the State budget appropriated revenue sharing at fiscal year 2006-07 levels. While no formal action has been taken yet to extend the Revenue Sharing Act, it is the generally understood intent of the Legislature to do so.

The Governor's Proposed FY 2010-11 Budget recommends no increase in overall Revenue Sharing payments from the FY 2009-10 level. Since July 2000, Madison Heights' Statutory State Shared Revenues have been cut \$1.4 million from \$2,098,100 to \$667,705 or 68%.

The City is also reimbursed for a portion of the District Court Judge's salary, liquor license enforcement, Police training activities, penal fines dedicated to library services and miscellaneous court costs.

Other Revenues

The third largest source of General Fund Revenue is composed of Court fines, forfeits, and charges (\$1.4 million), which are used to offset the cost of operating our State-mandated District Court. The Budget forecasts a \$81,000 decrease (5.4%) in Court related revenues as compared to the Amended FY 2009-10 Budget.

A fourth significant revenue is departmental charges, which is budgeted at \$988,000. These revenues are based on charges to the Major Street (\$124,000); Local Street (\$198,000); and Water and Sewer (\$666,000) Funds, based on equipment, facilities and manpower costs incurred by the General Fund to support their operations.

A fifth major source of revenue is interest income, which is budgeted at \$150,000 for FY 2010-11. The significant 61% decrease in interest income is due to continued low interest rates as established by the Federal Reserve and reduced cash available for investing.

A sixth group of revenue sources, other governmental revenues, provides between \$100,000 and \$600,000 in annual funding. This category is not as important to the overall budget as those already mentioned earlier, but represents a significant source of revenue. These revenues include business and non-business licenses, permits and fees, charges for service, recreation and senior center user fees, cable television franchise fees, telecommunication right-of-way fees and ambulance charges.

Revenue categories amounting to less than \$100,000 annually include payments in lieu of taxes, penal fines from the County, State transportation credits, sales of goods, non-recreation user charges, auto pound, police service fees and fixed asset sales.

Revenue Adjustments

The City continues to monitor and review its charges and fees to determine the relationship of the City's cost of providing these services and rates set by neighboring communities.

In an effort to more fully recover the cost of provided services, avoid increasing property taxes and reductions of existing programs and services, adjustments are scheduled in the following areas, generating these projected additional revenues.

1. Court Fees: Bench Warrant Fees, Court Appointed Attorney, No Operators Fine	\$149,000
2. Cost Recovery Fee for Processing Delinquent Water and Sewer Bill	42,500
3. Neighborhood Stabilization Program Administrative Cost	12,000
4. Sell Advertising in the City Newsletter	10,000
5. Reallocate Code Enforcement Charge to Downtown Development Authority	7,477
6. Councilmember Donation of 5% of Gross Salary	2,420
7. Library Annual and General Solicitation	2,000
8. Fees for Notary Service	2,000
9. Business Licenses for Temporary and Seasonal Operations	1,250
10. Building Rental From WIC Office Space	1,200
11. Library Lost Card Replacement Fee	350
12. Library Market Key Ring Library Cards	200
13. Library Youth Program Fee Adjustment	<u>170</u>
	\$230,567

Revenue Assumptions

- State Shared Revenues - Tax preliminary figures estimated based on prior five year trend from the State of Michigan Department of Treasury.
- Licenses and Permits – Fees set by City Council; based on activity projected by the Community Development Director for occupational and non-business licenses; and City Clerk for business licenses and permits.
- Charges From Other Departments – Consultant's cost allocation plan.
- Interest Income - A conservative 1.25% return was assumed on reduced cash reserves.
- Gas & Weight Tax - Office of Revenue and Tax Analysis, Department of Treasury, a 12.4% reduction was assumed.

- Section 8 Housing Grant - Department of Housing and Urban Development (HUD), total allowable rental units per contracts with HUD calculated at fair market rents.
- Water Sales and Sewage Disposal - Prior 12 months water usage assuming 10.5% increase in the unit cost and a 3% reduction in utilization.
- Special Assessment Collections – Revenues are estimated based on the projected July 1st billings.

OTHER MAJOR FUNDS

Major Street Fund

The largest source of Major Street revenues at \$1.0 million is derived from Gas and Weight taxes collected by the State of Michigan. These taxes are distributed to local municipalities based on miles of roads. Gas and Weight tax revenues comprise 65% of Major Street revenues. Other revenues include reimbursements from the Road Commission of Oakland and Macomb Counties for winter and summer maintenance by the City on County roads and berm areas (5%) and reimbursement from the City of Royal Oak for the Campbell Road Project (6%). The projected use of fund balance for FY 2010-11 is \$396,000.

Local Street Fund

Prior to 1996, the primary source of revenue for the Local Street Fund had been from State distributions of Gas and Weight tax. These State distributions, estimated to be \$390,000 only provided enough funding to perform minor road repairs and maintenance. In an effort to raise revenues for more extensive and much needed repairs and rehabilitation, the voters approved a ten year dedicated road millage of two mills in August 2006. This millage will provide \$2.1 million in FY 2010-11 and an estimated \$21.1 million over the ten-year period, which will be used exclusively for the repair and reconstruction of residential streets and rights-of-way. Other revenues include interest income, \$130,000; and a transfer of \$200,000 from Major Street Fund to sustain the non-millage maintenance operations. The projected contribution to fund balance for FY 2010-11 is \$518,000.

Parks Maintenance and Improvement Fund

The Parks Maintenance and Improvement Fund was established with a November 2007 one-time payment of \$850,000 from the George W. Kuhn Drainage District, in exchange for the City's agreement to assume responsibility for the operation and upkeep of the new 10 acre Red Oaks Soccer Complex. The projected revenues for the budget year include \$8,000 in interest income from the investment of the original payment. The revenues and accumulated funds can be used for any Madison Heights park system improvement. The projected contribution to the fund balance for FY 2010-11 is \$4,000.

Downtown Development Authority Fund

Funding for the Downtown Development Authority is derived exclusively from the growth (increment) in real and personal property tax above the 1997 base year for those properties located in the District and interest income (\$2,000). Tax revenues have decreased 22% over last year to \$183,000.

Drug Forfeiture Fund

The Fund is used to account for revenues (FY 2010-11, \$55,500) generated by the Madison Heights Police Department through drug forfeitures related to enforcement of drug laws pursuant to Public Act 251 of 1982.

Community Improvement Fund

All Community Improvement revenues are provided by the Federal Housing and Urban Development (HUD) Department. There are two types of funding provided by HUD. The first is through the Community Development Block Grant (CDBG) program (\$129,000 for FY 2010-11). This program, administered by Oakland County, provides for 100 percent reimbursement for expenditures that aid low-moderate income areas. This reimbursement is limited to the amount of available Federal funding which has declined substantially in recent years. The second classification of revenue is provided through the Section 8 Housing Grant Program (\$1.8 million for FY 2010-11). This program provides funding for rental housing assistance to low-moderate income families.

Special Assessment Revolving Fund

Revenues to this Fund include principal and interest payments from prior years' road and sidewalk projects (\$368,000). Other revenues include interest earned on fund balance (\$8,500). These assessments will be repaid as the 3 to 15 year special assessment payments are made by the property owners.

Fire Stations Bond/Debt Service Funds

These funds account for the construction activities related to the \$5.9 million 2003 Fire Stations Bond project and the repayment of the debt associated with this project. The dedicated millage will generate \$401,000 this year to make principal and interest payments.

Water and Sewer Fund

Water and Sewer Fund revenues are generated through user charges to residential and commercial customers based on water usage. Revenues from water and sewer user charges comprise 36% and 48% respectively of the revenues of this fund. On February 8, 2010, the City Council adopted a new strategy to address the Fund's revenue shortfall that resulted in the need for a \$500,000 General Fund loan on June 30, 2009. The Council approved a split fee increase of 5.7% on March 1, 2010 and 5.7% on October 1, 2010. The General Fund loan is projected to be repaid before June 30, 2011. The FY 2010-11 Budget includes \$151,000 contribution to fund balance. The other revenues are derived from meter charges, service charges, tap fees, interest on investments and building rental charges.

Motor Pool and Equipment Fund

Revenues of the Motor Pool and Equipment Fund are provided exclusively through contributions from departments of the General Fund (\$928,000) and Water and Sewer Fund (\$122,000). The amount contributed by each department is based on the cost incurred by the Motor Pool in maintaining the department's vehicles.

FUND BALANCE

In Madison Heights, the General Fund Fund Balance consists of designations of unreserved fund balance for various purposes amounting in total to \$4.4 million. The following table reflects the audited Fund Balance for the years ended June 30, 2008 and 2009:

FUND BALANCE	ACTUAL FY 2007-08	ACTUAL FY 2008-09	CHANGE FY 07-08 vs 08-09
Unreserved:			
Designated:			
Vested Employee Benefits	\$2,496,270	\$2,587,014	\$ 90,744
Retained Insurance Risks	250,000	250,000	0
Vehicle Replacement	1,136,030	1,136,030	0
Capital Improvements	590,000	32,589	(557,411)
Park Improvements	450,000	0	(450,000)
Technology Improvements	88,967	0	(88,967)
Subsequent Year's Expenditures	<u>543,200</u>	<u>393,372</u>	<u>(149,838)</u>
Total Designated	\$5,554,467	\$4,399,005	\$ (1,155,462)
Undesignated	<u>0</u>	<u>0</u>	<u>0</u>
Total Unreserved Fund Balance	\$5,554,467	\$4,399,005	\$ (1,155,462)

Designated Funds

Designated Fund Balance falls into eight categories: funds designated for vested employee benefits; retirees' health benefits; retained insurance risks; vehicle replacement; capital improvements, park improvements, technology improvements and subsequent year's expenditures.

The designation for employee benefits was established to provide a reserve for unused sick leave and vacation benefit liabilities not funded elsewhere. These funds would be required to meet the commitments, which change over time based on employee retirements, leave accrual and utilization rates. This designation was set based on audited records at \$2.6 million last year and makes up 59% of the Designated Fund Balance.

In 1987, the City started setting aside a portion of its Fund Balance for possible contingencies related to self-insurance losses. Starting on June 30, 2008, this designation was set to match the \$250,000 self retention limit with the City's liability insurance pool provider.

With the decreases in revenue sharing and property tax, and increasing prices, the general maintenance and upkeep of City facilities has become a heavy burden to support and in some situations has been deferred for many years. On June 30, 2009, \$33,000 was designated for future capital improvements.

To achieve a long-range goal of the City's financial policies and to ensure the timely replacement of vehicles as scheduled in the Fifteen Year Vehicle Replacement Plan, a dedicated source of funding was established through the motor pool charge in FY 1998-99. The monies added to the "Sinking Fund" account through an annual appropriation were the amount needed to replace that vehicle when scheduled for replacement. As of June 30, 2004, the designation for vehicle replacement stood at \$1.1 million. In light of the funding constraints, the annual addition to appropriation was discontinued in FY 2003-04.

The City has also followed the sound practice of designating funds for budgeted purchases and projects that cannot be accomplished by the end of any given fiscal year. This method of carrying forward monies could be used to retain appropriations on large equipment purchases or construction projects budgeted, but not bid or completed prior to the end of a fiscal year. This financial tool is used to pull together all those significant items outstanding, but not acted upon by the end of a budget year. On June 30, 2009, those carry-forward purchase designated funds (\$393,400) made up 9% of the Designated Fund Balance.

Undesignated Funds

Undesignated Fund Balance is that portion of the fund balance not specifically designated for a specific purpose. Due to the current financial constraints, all of the Fund Balance is designated for specific purposes.

Changes in Fund Balance

A total of \$871,000 in FY 2009-10 and \$737,500 in FY 2010-11 of the Designated Fund Balance has been programmed to support the budget. It is preferable to not only fund current operations and related expenditures with current revenues, but also add to (increase) fund balance over time.

**ALL FUNDS SUMMARY
CHANGES IN PROJECTED
FUND BALANCE/RETAINED EARNINGS
FISCAL YEAR 2010-11**

Fund	Beginning Balance	Revenues	Expenditures	Ending Balance	Percent Change In Fund Balance
General Fund ⁽¹⁾	\$ 4,667,830	\$ 27,949,628	\$ 28,687,170	\$ 3,930,288	(15.8)
Major Street ⁽²⁾	410,637	1,205,974	1,602,037	14,574	(96.5)
Local Street - Non Proposal R ⁽³⁾	(32,521)	720,297	643,768	44,008	(235.3)
Local Street - Proposal R ⁽⁴⁾	4,237,534	2,057,787	1,616,000	4,679,321	10.4
Parks Maintenance and Improvements	859,018	8,000	11,523	855,495	(0.4)
Downtown Development Authority	0	184,757	183,032	1,725	100.0
Police Drug Forfeiture	93,234	56,500	94,000	55,734	(40.2)
Community Improvement Program	42,212	1,946,849	1,947,666	41,395	0
Special Assessment Revolving	176,915	387,613	422,698	141,830	(19.8)
Fire Stations Bond Fund	55,383	402,518	413,153	44,748	0
Water and Sewer Fund ⁽⁵⁾	2,129,854	10,821,470	10,670,032	2,281,292	7.1
Motor Pool and Equipment Fund	0	1,041,334	1,041,334	0	0
Total	\$ 12,640,096	\$ 46,782,727	\$ 47,332,413	\$ 12,090,410	(4.3)

- (1) The General Fund is budgeted to use \$737,500 in fund balance for operating expenditures during Fiscal Year 2011. This fund balance amount includes the \$500,000 that is not available to spend in the General Fund because it was loaned to the Water and Sewer Fund on June 30, 2009.
- (2) The Major Street Fund is budgeted to transfer \$200,000 to the non-R Local Street Fund. This transfer reduces the amount of funding for projects that can be completed in the Major Street Fund.
- (3) The Local Street Fund has two components of fund balance the first is non-Proposal R expenditures which are projected to exceed non-Proposal R revenues by \$32,521 on July 1, 2010. A transfer from Major Street Fund is budgeted to cover this deficit and will lead to a projected positive ending fund balance of \$44,008 at June 30, 2011.
- (4) The Local Street Fund Proposal R portion is budgeted to use fund balance for planned construction projects for which Proposal R millage is levied.
- (5) The Water and Sewer's retained earnings is not representative of cash in this business-type fund and includes accounts receivable and inventory. The illustrated balances do not reflect the \$500,000 loaned from the General Fund and scheduled to be repaid during Fiscal Year 2011.



MAJOR INITIATIVES

The City has set as a budget goal a high level of basic services that will be maintained with sufficient staff and appropriate equipment and facilities for fire suppression, emergency medical services, police and public services programs. The budget contains the following key program enhancements that will be provided within our current capabilities.

General Fund

Public Health related program improvements including:

\$	53,000	Emerald Ash Borer Removal of dead and diseased trees from City parks and rights-of-way

Public Safety related program improvements including:

\$	11,000	15 Patrol Car Video System Upgrade (grant match for \$105,000 project)

Leisure Service Program improvements including:

\$	14,000	Library purchases including books, videos and audio visuals

Proposal “V-2” Millage vehicle replacements including:

\$	405,530	• 1 ambulance rescue (phase III funding) • 2 sets of patient transfer equipment for rescues • 1 ambulance rescue (phase I funding) • 1 code enforcement pickup truck • 1 parks riding mower • 1 parks pickup truck

Major Street Fund

\$	312,000	13 Mile Sections / Concrete Replacement - Campbell to Stephenson Highway
\$	50,000	Asphalt Crack Seal
\$	50,000	Commercial & Industrial Sectional Concrete Replacement
\$	163,000	Campbell Reconstruction - 14 Mile to 13 Mile Final Payment

Local Street Fund

\$ 1,469,000	Proposal “R-2” Millage road reconstruction scheduled as part of Year Three of the Neighborhood Road Improvement Program including: • Brockton- Battelle to Tawas • Dorchester - Englewood to 31272 Dorchester • Englewood - Campbell to Edgeworth • Yorkshire - Westmore to Tanglewood • Westmore - Winthrop to west of Yorkshire at 30459 Westmore
\$ 100,000	Sectional concrete replacement
\$ 20,000	Proposal “R-2” contribution to fund key sidewalk squares and ramps in an area bounded by Thirteen Mile, I-75, Twelve Mile and Campbell

Downtown Development Authority Fund

\$ 54,000	Downtown Development Authority (DDA) funding match of 50% for Economic Development Program
\$ 18,000	DDA funding for part-time Code Enforcement Officer
\$ 13,000	Sign grant project
\$ 6,000	Facade improvement grant project
\$ 15,000	Public right-of-way mowing
\$ 15,000	Public right-of-way trash receptacle program
\$ 58,000	John R road rehabilitation (total project cost \$158,000)

Drug Forfeiture Fund

\$ 94,000	15 Patrol Car Video System Upgrade (plus \$11,000 grant for \$105,000 project)

Community Improvement Fund

\$ 23,000	Senior citizen home chore program lawn mowing and snow shoveling

Special Assessment Revolving Fund

\$ 420,000 Year 8 of Sidewalk Gap and Replacement Program for an area bounded by Campbell, Thirteen Mile, I-75, Twelve Mile and Campbell

Water and Sewer Fund

\$ 1,379,000 Fixed Network Water Meter Reading System and Register Head Replacement

BUDGET POLICIES AND PROCEDURES CHAPTER

Role of the Budget

The Budget provides the annual financial plan for the management of the City's affairs. The document compiles the financial data needed to support the City of Madison Heights' comprehensive decision-making and policy development process. This Budget is based on the City Goal Plan, the Five Year Capital Improvement Plan, the City's financial policies, past City Council direction, and City Manager and Departmental review of operations.

Budget Strategy

The current financial plan is based upon Council direction and current revenue constraints. These factors govern the stewardship of public funds and reflect the following principles:

Strive to maintain basic services at current levels with adequate funding;

Program costs will reflect a true picture of the cost of operations. Depreciation will not be included in program costs (except in the enterprise fund) and some Citywide expenses will be separated from program expenditures for ease of administration;

Program services will be provided in the most efficient method while meeting the needs of the public;

Necessary infrastructure improvements, improvements to stationary capital assets such as roads, sewer lines and water systems, will be undertaken, when financially feasible, to meet needs;

Revenues will be estimated at realistic levels;

Reserves will be programmed at appropriate levels (8% to 10% of annual expenditures) to protect the City from future uncertainties; and

The Budget will comply with provisions of the State Constitution, City Charter, Municipal Code and sound fiscal policy.

FINANCIAL POLICIES

The Council first reviewed and adopted financial policies with the FY 1992-93 Budget. In December of 1998, Madison Heights adopted Michigan's Investment Act for Local Units of Government (Public Act 20 of 1943), which was amended by Public Act 196 of 1997. In February 2003, Madison Heights adopted Michigan's Credit Card Transactions Act known as Public Act 266 of 1995. In August 2004, Madison Heights adopted Electronic Transactions of Public Funds Public Act 738 of 2002. In April of 2004, the Governmental Accounting Standards Board issued new regulations for the purpose of improving disclosure for liabilities associated with future retiree health care cost. Based on these guidelines, the City was required to implement in FY 2007-08 statistics to disclose liabilities and what contributions are to fund these liabilities over the following 30 years.

Under Public Act 149 of 1999, the City is able to invest in a trust fund that offers pension type investments and will increase investment returns. To establish the necessary trust investment vehicles, on May 23, 2005 and February 27, 2006, the City established two Retiree Health Care Trust Funds (one each for Police and Fire Act 345 employees and Michigan Employees Retirement System general employees). Starting with the FY 2006-07 Budget, the City is making the actuarial based contribution to pre-fund this liability.

Effective November 1, 2008 in accordance with the Fair and Accurate Credit Transaction Act of 2003, the City implemented an identity theft program policy.

These policies serve the staff in the preparation of the budget and management of the City's financial affairs. Policies have been established in the following areas: Operating Budget, Revenue, Reserves, Capital Improvements, Debt, Investments, Electronic Transactions of Public Funds, Auditing and Financial Reporting, Credit Cards, Accounting and Identity Theft Prevention.

The City of Madison Heights' financial policies, as compiled below, set forth the basic framework for the overall fiscal management of the City. Operating independently of changing economic circumstances and conditions, these policies assist the decision making process of the City Council and staff. These policies provide guidelines for evaluating both current activities and proposals for future programs.

Most of the policies represent long-standing principles, traditions, and practices, which have guided the City in the past and have helped maintain financial stability.

Operating Budget Policies

1. The City must adopt a balanced budget annually. A balanced budget is when operating budget revenues are equal to operating expenditures. All expenditures or revenues that increase or decrease the budget causing it to be out of balance must be amended by City Council through formal action.

2. The City will attempt to maintain its present service level for all priority and essential services within the existing property tax millage limits. No new services will be added without appropriate trade-offs.
3. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues and expenditures to budgeted amounts.
4. The City will emphasize efforts to reduce expenditures in major cost centers (i.e. energy, medical insurance premiums, self-insurance liability premiums, communications, information technology, pension cost, worker's compensation premiums and other fringe benefits).
5. The Water and Sewer Fund operations will be self-supporting.

Revenue Policies

1. The City will seek to maintain a diversified and stable revenue system to shelter itself from short-run fluctuations in any one revenue source.
2. The City will attempt to obtain additional revenue sources as a way of ensuring a balanced budget.
3. The City will follow an aggressive policy of collecting revenues.
4. The City will establish all user charges and fees at a level related to the full cost (operating, direct, indirect and capital) of providing the service.
5. The City will review fees and charges annually, and will design or modify revenue systems to include provisions that automatically allow charges to grow at a rate that keeps pace with the cost of providing the service.
6. The City will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and charges.
7. The City will, to the extent possible, use one-time revenues to fund one-time expenditures instead of financing ongoing programs.
8. The City will evaluate revenue sources to identify those sources that are unpredictable and use conservative estimates in preparing revenue projections.

Reserve Policies

1. The City will establish a revenue reserve (designated and/or undesignated fund balance in each major fund) to pay for expenses caused by unforeseen emergencies or shortfalls caused by revenue declines. For the General Fund, the long-range goal is that the available reserve will be increased and then maintained at an amount that represents at least eight percent of annual expenditures.
2. The City will strive to establish a contingency expenditure reserve (designated and/or undesignated fund balance) to provide for unanticipated expenditures of a nonrecurring

nature, or to meet unexpected small increases in service delivery costs. A target amount for this reserve will be one percent of operating funds.

3. The City will meet all current expenditures with current revenue.
4. The City will strive to maintain a Vehicle and Equipment Replacement Account to provide for timely replacement of vehicles and equipment. The amount added to this account by annual appropriation would be the amount required to cover an established vehicle replacement schedule after credit for the sale of surplus equipment and interest earned by the account.
5. The City will establish reserves to comply with the terms and conditions of the debt instruments used to finance capital improvement projects. Capital Improvement projects are large purchases and construction projects costing more than \$30,000.
6. The City shall set aside specific amounts of retained earnings in reserves for future development of capital improvement projects that it has determined to be in the best long-term interests of the City.

As of June 30, 2009, the City has established a designated General Fund Fund Balance for vested employee benefits (\$2,587,014), retained insurance risk (\$250,000), vehicle replacement (\$1,136,030), capital improvements (\$32,589) and subsequent year's expenditures (\$393,372) for a total of \$4,399,005 unreserved funds.

Capital Improvement Policies

1. The City will develop an inventory of capital needs annually. The capital needs are reviewed to determine what projects and/or assets should be funded. In the past, the cost for some capital improvements has been large enough to warrant a separate millage or bond proposal.
2. The City will develop a multi-year plan for capital improvements, update it annually and make all capital improvements in accordance with the plan.
3. The City's plan will include large capital purchases and construction projects costing more than \$30,000.
4. The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of the capital infrastructure and equipment from current revenues where possible.
5. The City will try to ensure that prime commercial and industrial acreage is provided with the necessary infrastructure to meet the market demand for this property.
6. The City will use the following criteria to evaluate the relative merit of each capital project:

- a. Projects that implement a component of the approved Goal Plan will be a priority when establishing funding.
- b. Projects specifically included in an approved replacement schedule will receive priority consideration.
- c. Projects that reduce the cost of operations or energy consumption will receive priority consideration.
- d. Projects that duplicate other public and/or private services will not be considered.
- e. Priority will be given to those projects that directly support development efforts in areas with a majority of low to moderate-income households.

Debt Policies

- 1. The City will consider use of debt financing only for one-time capital improvement projects such that revenue is of a sufficient amount, and the projects' term of financing will not exceed the useful life of the projects.
- 2. The net bonded indebtedness incurred for all public purposes shall not at any time exceed ten (10) percent of the assessed value of all real and personal property in the City.
- 3. The amount of emergency loans that the Council makes under provisions of Section 10.1 subsection (3) of the Charter may not exceed three-eighths of one percent of the assessed value of the real and personal property in the City.
- 4. The total amount of special assessment bonds pledging the full faith and credit of the City shall not at any time exceed twelve percent of the assessed value of all real and personal property in the City.
- 5. The City will not consider the use of debt financing to support current operations.
- 6. The City will maintain a sound relationship with all bond rating agencies and will keep them informed about our current capital projects.
- 7. The City will publish and distribute an Official Statement for each bond issue.

As of June 30, 2010, the legal debt limit (10 percent of total assessed valuation) will be \$101 million. The City will have \$4.6 million debt for the Fire Station Bonds applicable to the limit in 2010.

Investment Policy

- 1. The City will invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all State statutes and local ordinances governing the investment of public funds.

2. This investment policy applies to all financial assets held by the City other than Police and Fire Retirement Fund and the Parks Maintenance and Improvements which are governed by Public Act 314 of 1965 as amended.
3. The City's investments shall be reasonably diversified by specific maturity dates, and/or individual financial institutions or a specific class of securities.
4. In managing its investment portfolio, the Finance Director/Treasurer or their designee should avoid transactions that might impair public confidence. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of these affairs, not for speculation, but for investment, considering the probable safety of this capital as well as the probable income to be derived.
5. The City's officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair or create the appearance of an impairment on their ability to make impartial investment decisions.
6. The City is empowered by State statute (1943 P.A. 20 as amended by 1988 P.A. 285, and Section 1 as amended by 1997 P.A. 44) to invest in the following types of securities:
 - a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
 - b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
 - c. Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after date of purchase.
 - d. Repurchase agreements consisting of instruments in subdivision (a).
 - e. Bankers' acceptances of United States banks.
 - f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
 - g. Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S. C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - (i) the purchase of securities on a when-issued or delayed delivery basis;
 - (ii) the ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned; and

- (iii) the limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
 - h. Obligations described in subdivision (a) through (g) if purchased through an inter-local agreement under the Urban Cooperation Act of 1967, 1967 (Extra Session) PA 7, MCL 124.501 to 124.51.
 - i. Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
 - j. The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.
7. The Finance Director/Treasurer is restricted to investments in any one single issue or obligation of \$3,000,000 or less, which meet the statutory restrictions above.
 8. Except for cash in certain restricted and special accounts, the investment officer may pool cash of various funds to maximize investment earnings. Investment income shall be allocated to the various funds based upon their respective participation.
 9. The City maintains its records on the basis of funds and account groups, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the City in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. Accounting treatment will include carry investments at cost or amortized cost which approximates market and amortizes the premium or discount over the life of the investment.
 10. The Finance Director/Treasurer will submit an annual investment report that provides the principal and type of investment by fund, annualized yield, ratio of cash to investments, earnings for the current reporting period and year-to-date, and a summary report of cash and investments maintained in each financial institution. Performance of the portfolio will be reported periodically and submitted to the City Manager. Reports will be submitted at a minimum on an annual basis. Material deviations from projected investment strategies will be reported immediately to the City Manager.
 11. The Finance Director/Treasurer shall establish a system of internal controls, which are designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Finance/Treasurer Department. Required elements of the system of internal controls shall include 1) the timely reconciliation of all bank accounts (i.e., monthly reconciliation within 30 days of the end of the monthly cycle), and 2) details of delivery versus payment procedures and trust receipt documentation.

Electronic Transactions of Public Funds Policy

1. Authority to enter into Automated Clearing House (ACH) agreements and electronic transfer for public funds.

The Treasurer may enter into an ACH agreement as provided by Public Act 738 of 2002, hereinafter “the Act”, effective December 30, 2002. The City Council has adopted a resolution to authorize electronic transactions of public funds and have received a copy of the policy. Applicable definitions in the Act shall apply.

2. Responsibility for ACH.

The Treasurer shall be responsible for all ACH agreements, including payment approval, accounting, reporting, and generally overseeing compliance with the ACH Policy. The Treasurer shall submit to the local unit documentation detailing the goods or services purchased, the cost of goods or services, the date of the payment, and the department(s) serviced by the payment. This report can be contained in the electronic general ledger software system or in a separate report to the governing body of the local unit.

3. The following system of internal accounting controls shall be used to monitor the use of ACH transactions.

The Treasurer shall be responsible for the establishment of ACH agreements. The Treasurer shall make arrangements for those accounts to be paid by ACH or electronic transfers.

Upon receipt of an invoice for payment for accounts paid by ACH, the Department Head shall approve payment and notify the Treasurer to arrange for the appropriate debit to the City’s accounts. These payments shall be included on the report of payments to the City Manager.

For payment of state and federal payroll taxes, the Treasurer shall initiate payment to the proper authority upon receipt of the information from the payroll department using the established Electronic Federal Tax Payment System (EFTPS) and state programs.

For deposits from state, county, and/or federal authorities, and from third-party payment processors (e.g. banks, vendors), the Treasurer shall obtain the amount of the deposit and send a notice to the person responsible for accounting records.

All invoices shall be held by the Finance Department along with copies of payment notices.

The Treasurer reserves the right to amend this policy relating to any other matters the Treasurer considers necessary.

Auditing and Financial Reporting Policies

1. An independent audit will be performed annually.
2. The City will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board.
3. The City will maintain a strong internal audit capability.

Credit Card Policy

1. The City's Finance Director is responsible for the City of Madison Heights credit card accounting, monitoring, and generally for overseeing compliance with this credit card policy. The Purchasing and Personnel Coordinator is responsible for credit card issuance and retrieval.
2. A credit card may be used only by an officer or employee of the City of Madison Heights for the purchase of goods or services for the official business of the City of Madison Heights. In addition, any administrative policy that may be implemented by the City Manager may limit the specific official business for which credit cards may be used.
3. An officer or employee using credit cards issued by the City of Madison Heights shall submit to the Finance Department documentation detailing the goods or services purchased, the cost of the goods or services, the date of the purchase, and the official business for which purchased.
4. An officer or employee issued a credit card is responsible for its protection and custody and shall immediately notify the Finance Director if the credit card is lost or stolen.
5. An officer or employee issued a credit card shall return the credit card upon the termination of his or her employment or service in office with the City of Madison Heights.
6. The Finance Director shall establish a system of internal accounting controls to monitor the use of credit cards issued by the City of Madison Heights.
7. The approval of credit card invoices by the utilizing department shall be completed before payment.
8. The balance including interest due on an extension of credit under the credit card arrangement shall be paid for within 60 days of the initial statement date. The City of Madison Heights shall comply with this provision.
9. Disciplinary measures shall be consistent with law for the unauthorized use of a credit card by an officer or employee of the City of Madison Heights.

Accounting Policies

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies:

1. Basis of Accounting

Modified Accrual is a “basis of accounting” that determines when a transaction or event is recognized in the fund’s operating statements. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

The Water and Sewer Fund and Police and Fire Retirement Fund use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are both measurable and earned, regardless of when the cash is received. Expenses are recorded when incurred. All governmental funds and other funds utilize the modified-accrual basis of accounting. The City is legally subject to the budgetary control requirements of the State of Michigan Public Act 621 of 1978, as amended (the Uniform Budgeting Act). Budgets must be adopted for the General Fund, Special Revenues Funds and Debt Service Funds. The City adopts its budget by activity, which is in accordance with the State’s legal requirements. The budget follows the type of accounting that the State of Michigan directs. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations of the City are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed as of December 31 and the related property taxes become a lien on the following July 1. These taxes are due on August 31 with the final collection date of February 28 before they are added to the County’s delinquent tax rolls.

- b. Non-current receivables, such as special assessments, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year-end.
- c. Interest income on special assessment receivable is not accrued until its due date.
- d. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- e. Payments for inventory types of supplies are recorded as expenditures at the time of purchase.

- f. The non-current portion of vested employee benefits is reflected in the General Long-Term Debt Group of Accounts.

2. Budgeting

All appropriated funds are budgeted for on a modified accrual basis. In particular, employee wages are budgeted to account for the number of days scheduled for each fiscal year.

3. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, recorded cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of performing specific activities or attaining certain objectives. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

A. Governmental Funds

General Fund: The General Fund contains the records of the ordinary activities of the City that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue and other sources.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of earmarked revenue from financing activities requiring separate accounting because of legal or regulatory provisions.

Debt Service Funds: Debt Service Funds are used to account for the annual payment of principal, interest and expenses in connection with certain long-term debt other than debt payable from the operations of an enterprise fund.

B. Proprietary Funds

Enterprise Fund: The Enterprise Fund is used to account for the results of operations that provide a service to citizens that is financed primarily by a user charge for the provision of that service. The Water and Sewer Fund is the City’s only Enterprise Fund.

Internal Services Funds: Internal Services Funds are used to account for activities that provide services to other funds or departments within the local government. The Motor Pool Fund is the only Internal Service Fund in the City, which provides services on a cost reimbursement basis.

The Propriety Funds are unique to government accounting. Unlike most other funds, these funds are treated similar to private businesses; in other words, the cost associated with these funds must be recovered through revenue generated from their services. Capital related charges in these funds are budgeted based upon actual cost, however

for accounting purposes these capital purchases are recorded as assets and depreciated over their useful life.

C. Fiduciary Funds

Trust Funds are used to account for assets held by the City in a trustee capacity or as an agent for individual, organizations, other governments or other funds. These include both the Police and Fire Retirement Fund and Retiree Health Care Fund, as well as the General Retiree Health Care Fund, and Tax Collection and Escrow Funds. The Police and Fire Retirement Funds and both Retiree Health Care Funds are accounted for in the same manner as proprietary funds. Tax Collection and Escrow Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

D. Fixed Assets and Long-term Liabilities

Fixed Assets and Long-term Liabilities: Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group of Accounts, rather than in the governmental funds. Such assets, which are recorded as expenditures at the time of purchase, do not include certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and lighting systems. No depreciation is recorded for general fixed assets.

All fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Group of Accounts, not in the governmental funds.

Identity Theft Policy

The risk to the City, its employees and customers from data loss and identity theft is of significant concern to the City and can be reduced only through the combined efforts of every employee and contractor.

The City adopts this sensitive information policy to help protect employees, customers, contractors and the City from damages related to the loss or misuse of sensitive information.

This policy will:

1. Define sensitive information;
2. Describe the physical security of data when it is printed on paper;

3. Describe the electronic security of data when stored and distributed; and
4. Place the City in compliance with state and federal law regarding identity theft protection.

This policy enables the City to protect existing customers, reducing risk from identity fraud, and minimize potential damage to the City from fraudulent new accounts. The program will help the City:

1. Identify risks that signify potentially fraudulent activity within new or existing covered accounts;
2. Detect risks when they occur in covered accounts;
3. Respond to risks to determine if fraudulent activity has occurred and act if fraud has been attempted or committed; and
4. Update the program periodically, including reviewing the accounts that are covered and the identified risks that are part of the program.

This policy and protection program applies to employees, contractors, consultants, temporary workers, and other workers at the City, including all personnel affiliated with third parties. The detailed policy can be found on the City's website at www.madison-heights.org.

BUDGET REQUIREMENTS

Uniform Budgeting Act Requirements

The City is legally subject to the budgetary control requirements of State of Michigan Public Act 621 of 1978 as amended (the Uniform Budgeting Act). The following is a summary of the requirements of this Act, as amended according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1982 as amended by Public Act 493 of 2000:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. Budgeted expenditures cannot exceed budgeted revenues and fund balance.
3. The budgets must be amended when necessary. Process for amendments is detailed in Budget Process Overview.
4. A public hearing must be held before budget adoption.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget before being incurred.

The City adopts its budget by activity, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

City Charter Requirements

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the third Monday in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. On or before the third Monday in May, the budget is legally enacted through passage of a resolution.
4. The City Manager is authorized to transfer budgeted amounts between line items within an activity category; however, any revisions that alter the total expenditures of any activity must be approved by the City Council.

BUDGETING CONTROLS

Internal Controls

The annual budget provides a basis of control over financial operations. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the approved budget. Activities of the General Fund, Special Revenue Funds, Debt Service Funds and Enterprise Fund are included in the annual appropriated budget. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within each individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Independent Audit

State statutes and the City Charter require an annual audit of all accounts of the City by certified public accountants selected by the City Council. This requirement has been fulfilled by Plante & Moran, Certified Public Accountants, in recent years. The auditor's report on the general purpose financial statements is included in the financial section of the Comprehensive Annual Financial Report. The auditor's report that relates specifically to the federal funds' single audit is reported under separate report.

BUDGET PROCESS OVERVIEW

The Annual Budget covers a twelve month period beginning July 1st and ending June 30th.

There are several goals associated with the preparation and development of the City's annual budget document. First, the budget is a financial plan and management tool. The document should assist staff in monitoring revenues and expenditures and in evaluating the effectiveness of City program and services. Second, the budget serves as an important reference document. It should provide staff, City Council and the general public with extensive information on the nature and scope of municipal operations and services.

Departmental Budget Requests

The budget preparation process includes the development of a five year capital improvement plan. Particular attention is given to providing sufficient justification for these budget requests.

Building the Proposed Budget

Under the direction of the City Manager, and with the assistance of the City Assessor and other Department Heads, the Finance Director prepares an initial projection of revenues for the next fiscal year. This projection is based on reasonable assumptions of revenue generated by estimated property values and current user fees, and the most current information from the State.

Next, the City Manager establishes budget allocations for existing funding priorities and the strategy of proportioned allocations (including reduction if necessary) for each department based on available revenue. Spending priorities are based on the City's financial policies and mandated requirements, and focus on maintaining services, covering insurance and bond requirements, and the balancing of manpower, supplies and equipment.

Budget Review and Analysis

All funding requests are sent to the City Manager and Finance Director for review and evaluation. The objectives of this phase are to:

- a. Ensure that the intent of all budget requests are understood and complete.
- b. Gain greater understanding of departmental goals, objectives and operations for the coming fiscal year.
- c. Determine how proposed budgetary programs and associated changes are related to department goals and objectives, and the City Goal Plan.
- d. Develop comprehensive information and/or request further justification on budgeted items.

Various analytical techniques are utilized in evaluating departmental budget requests. Some of these include: analysis of workload and levels of services, evaluation of historical expenditure patterns, projection of inflationary price increases, as well as review of departmental operations.

City Manager Review

Review sessions are scheduled with the City Manager. After these discussions, the City Manager makes his final adjustments and works with the Finance Director and staff to prepare the draft of the Proposed Budget.

City Council Adoption

After receiving the Proposed Budget, work session(s) are conducted with the City Council to familiarize members of the Council with its contents. A public hearing is conducted to assure that all persons and organizations are provided an opportunity to comment. The City Council then makes its revisions and adopts the budget for the next fiscal year.

Budget Amendments

The City Manager is authorized to make Budgetary transfers as needed within the appropriation centers established throughout the Budget, any other transfers between appropriations may be made only by further action of the Council, pursuant to the provisions of the Michigan Uniform Accounting and Budget Act.

Budget Calendar

Goal Setting Plan

September to October	Department Heads and City Manager develop and rank goal proposals
October to mid-November	City Council submits additional proposals, reviews and ranks comprehensive list of goal proposals
October to mid-November	Staff financial team develops three year financial forecast and future funding presentation
Third Saturday in November	Staff and Council review forecast results and presentation, and Council provides direction on goal plan at workshop
Mid-December	Council considers and adopts formal goal plan including financial estimates
December	Staff develops strategic work plans outlining steps to implement goal proposals
Early April, July and October	Staff generates quarterly goal progress reports

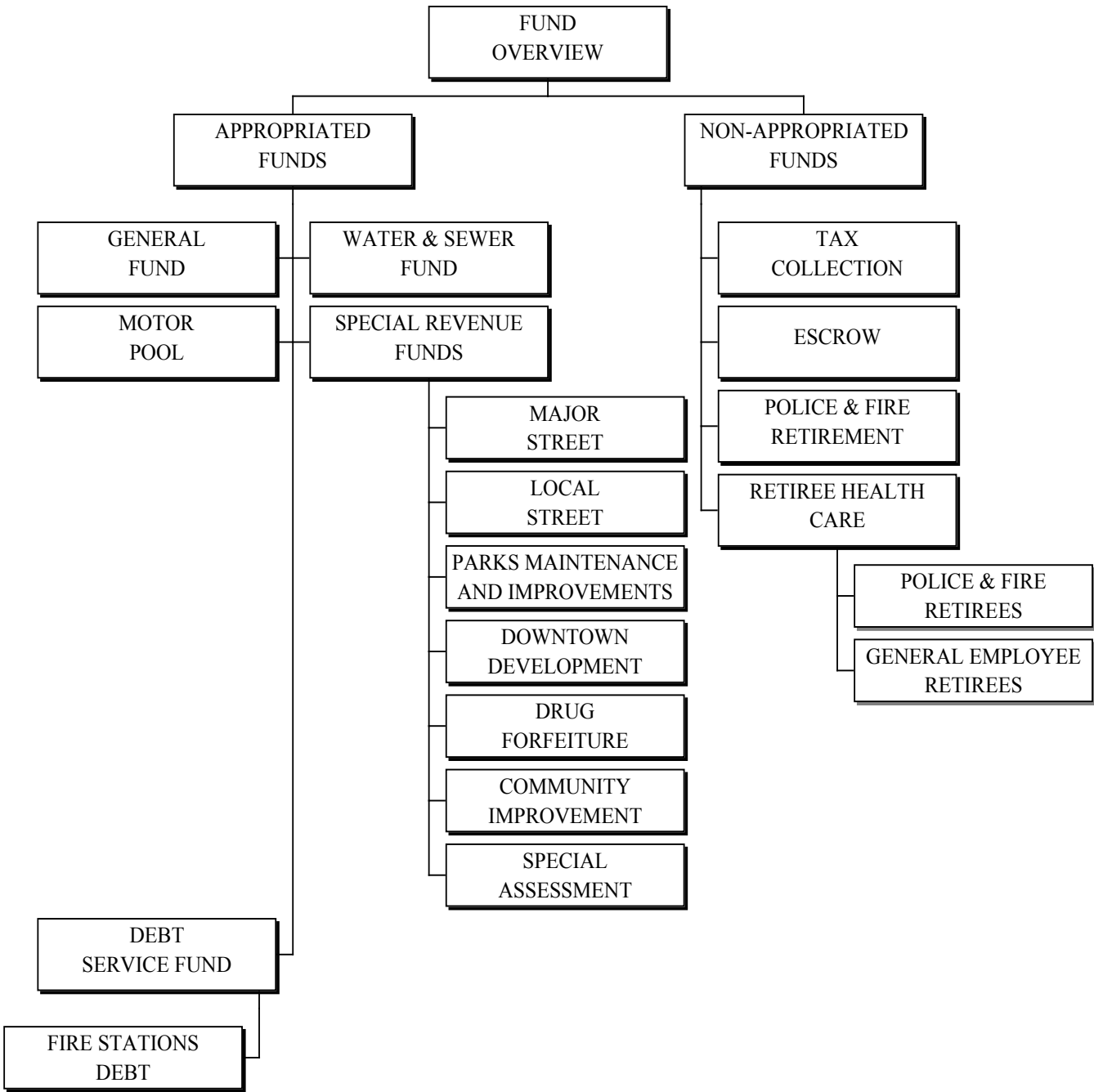
Capital Improvement Plan

Late October	City Manager requests that departments submit Capital requests for Five-Year Capital Improvement Plan (CIP) (over \$30,000)
Mid November	Department of Public Service and Community Development Department complete the road evaluation and sign inventory survey
Late November	Final deadline for CIP requests to City Manager
Early December	Preparation of CIP worksheets, maps, graphs and tables for presentation
Mid December to Early January	Staff compiles requests and prepares the Five-Year CIP document
Late January	Presentation of Five-Year CIP to City Council

Operating Budget

Early January to Late March	Preparation of Personnel Schedules by Finance Department; Solid Waste and Motor Pool budgets submitted
Mid January to Mid February	Department Heads submit changes in user fees to Finance
Early February	Operating Budget Department Training Session
Late February	Deadline for submission of department budgets
Late February to Early March	City Manager's review of budget request with Department Heads
March	Staff compiles draft budget and City Manager prepares Budget message and narrative chapters
Early April	City Manager and staff resolve remaining budget concerns and other questions
Mid April	Staff produces Proposed Budget for submission to City Council
Mid April	Finance Director publishes notice of public hearing on millage rates and budget adoption
Third Monday in April	City Manager presents budget to Council
Late April/Early May	Council Budget Workshop Session(s)
Second Monday in May	Public Hearing on the Budget. City Council adopts Annual Operating Budget and Tax Levy
May/June	Staff produces Adopted Budget document and distributes to City Council, Department Heads and Public
Late January/Early February	Staff proposes and Council reviews and approves amendments, if needed (no special notices or public hearing required)
Late June	Staff proposes and Council reviews and approves year-end budget amendments, if needed (no special notices or public hearing required)

BUDGET FUND STRUCTURE



BUDGET FUND STRUCTURE

The budget is organized by funds, and funds are organized by departments, divisions, or functions. A description of each of the funds is listed below. The comprehensive budget document is comprised of both appropriated and planned operating funds (non-appropriated) as shown on the facing page.

Fund Descriptions

The City maintains accounts for 16 separate funds. The Budget includes the 11 funds that are appropriated by the City Council. The appropriated funds can be divided into five groups of funds based on the type of financial activities. The groups include the General Fund, Special Revenue Funds, Debt Service Funds, Internal Service (Motor Pool) Fund and Enterprise (Water and Sewer) Fund.

The General Fund, Major Street Fund, Local Street Fund, Special Assessment Revolving Fund, and Water and Sewer Fund are considered to be major funds. Major funds are funds whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) that are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds.

Appropriated Funds

1. General Fund

The General Fund contains the records of the ordinary activities of the City that are not accounted for in another fund. These activities are funded by revenues from general property taxes, state-shared revenues, court fines and fees, charges to other funds for services, permits, user fees and other sources. The Budget establishes revenues and expenditures for the activity budgets (the level on which expenditures should not exceed appropriations).

2. Enterprise Fund - Water and Sewer Fund

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City financed primarily by user charges. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, construction, billing and collection.

3. Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted for expenditures for specific purposes. The City has seven Special Revenue Funds that are accounted for separately. A description of the Special Revenue Funds maintained by the City are as follows:

Major Street Fund

The Major Street Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the portion of the City's street network designated as major streets by the Michigan Department of Transportation (MDOT). Financing is provided by the City's share of state gas and weight taxes, grants, interest on investments, special assessments and maintenance agreements with the Road Commissions of Oakland and Macomb Counties.

Local Street Fund

The Local Streets Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the portion of the City's street network designated as local streets by MDOT. Financing is provided by the City's share of state gas and weight taxes, transfers from other funds (Major Street Fund and General Fund - Proposal "R-2" Road Millage), special assessments and interest on investments.

Parks Maintenance and Improvement Fund

On May 14, 2007, the City entered into a license, use and maintenance agreement with the George W. Kuhn Drainage District and the Oakland County Parks and Recreation Commission regarding the 10 acre Red Oaks Soccer Complex. As consideration for the City's agreement to maintain the Complex for the next 25 years, the City received \$850,000 without restrictions of its use. This Fund was established to support maintenance and improvements for both the Red Oaks Soccer Complex and other City parks. Public Act 404 of 2008 allows the City to use a long-term investment strategy for idle funds.

Downtown Development Authority Fund

The Madison Heights Downtown Development Authority (DDA) was created in June 1997, pursuant to Act 197 of Public Acts of 1975 of the State of Michigan. The primary objective of the DDA is to establish the legal basis and procedure for the capture and expenditure of tax increment revenues in accordance with P.A. 197 of 1975 as amended, for the purpose of stimulating and encouraging private investment in the south commercial district through the provision of services and public improvements.

Drug Forfeiture Fund

The Drug Forfeiture Fund is used to account for revenues generated by drug forfeiture and expenditures related to the enforcement of drug laws per Public Act 251 of 1982.

Community Improvement Fund

The Community Improvement Fund accounts for the City's Community Development Block Grant and Housing Commission funds received from the United States Department of Housing and Development (HUD). These funds are utilized for the Senior Citizen Home Chore Program, minor home repair, barrier-free improvements and other projects that benefit low and moderate-income residents. This Division also provides assistance to low-income families with low interest and/or deferred home

improvement loans. Under the City's Housing Commission program, federal funds are used to subsidize rent payments for over 250 low-income tenants.

Special Assessment Revolving Fund

The Special Assessment Fund is used to record revenues and related project expenditures for special assessment districts, and City Council is able to authorize advancement of funds that are not supported by bond issues.

4. Internal Services Fund – Motor Pool Vehicle and Equipment Fund

The Motor Pool Vehicle and Equipment Fund is used to account for the cost of operating and maintaining all City vehicles, and rolling and motorized equipment. The Motor Pool Division is also responsible for keeping adequate vehicle and equipment parts in stock; ordering gasoline and diesel fuel; and overseeing the work done on all emergency backup generators.

5. Debt Service Fund – Fire Stations Debt Service Fund

The Fire Stations Debt Service Fund accounts for principal and interest payments made on general obligation bonds issued to construct the Fire Station Headquarters, demolish and redevelop the old building site and to complete renovations to Fire Station #2.

Non-Appropriated/Fiduciary Funds

The Non-Appropriated Funds maintained by the City include the following:

1. Tax Collection Fund

The Tax Collection Fund is used to account for the collection of property taxes and repayment of property taxes collected by the City on behalf of other taxing jurisdictions.

2. Escrow Fund

The Escrow Fund is used to record deposits by outside individuals or organizations. The City acts as a trustee for these funds.

3. Trust Funds

Police and Fire Retirement Fund

The Police and Fire Retirement Fund is used to account for the accumulation of resources to be used for retiree medical costs, retirement pension and annuity payments. The fund accounts for management fees, auditing and actuarial fees related to the system, some administrative costs, and pension and retiree health benefits. Resources are provided by contributions from employees at rates fixed by labor agreement and contributions from the City at amounts determined by an annual actuarial valuation. The City's contributions are funded through a special millage authorized by Public Act 345 of 1937.

Retiree Medical Health Care Funds

The Police and Fire Retiree Health Care Trust, as authorized by Public Act 149, was established in 2006 for the exclusive purpose of accumulation of resources required for retiree health care benefits for eligible Police and Fire sworn employees. Retiree health care benefits may include health care, dental, and life insurance benefits or other such benefits. Resources for this fund are provided by contributions from the City at amounts determined by a biannual actuarial valuation. The City's contributions are funded through a special millage authorized by Public Act 345 of 1937.

The General Employees Health Care Trust was established in 2005 for the exclusive purpose of accumulation of resources required for retiree health care benefits. Retiree health care benefits may include health care, dental, and life insurance benefits or such other benefits. Resources for this fund are provided by contributions from the City at amounts determined by a biannual actuarial valuation. This Trust has been established through the Michigan Employees Retirement System (MERS) as authorized by Public Act 149.

APPROPRIATIONS CHAPTER

The Appropriations Chapter provides the backup and support materials for concepts and programs introduced in the Budget Overview. This chapter presents changes to the base budget that outlines modifications that are necessary for the City to meet its existing obligations in the new budget year.

Changes to the Base Budget

Personal Services

Wages

The personal services account group includes funding of \$21.6 million or over 45.6 percent of all funds appropriation totals. In the General Fund, personal services make up over \$19.4 million or 67.6 percent of the budget. With the exception of eight executive and administrative employees, the City's full-time workforce belongs to one of eight bargaining units. The Budget includes wages; scheduled step adjustments based on years of service; full funding of appropriate cost-of-living adjustments, longevity, police and fire holiday, education, uniform, food and fire fighter paramedic premium pays; and related impact on salary driven fringe benefits.

Status of Labor Negotiations

As reported by the Detroit Free Press on February 28, 2010, labor union membership continues to sink across the country and in Michigan. Nationally, labor union members account for 12% of the workforce in 2009. In Michigan, 19% of the workforce belongs to a union, ranking Michigan 6th of the 50 states. In the government sector, labor unions are much more popular.

As of July 1, 2010, 152 of 160 full-time City employees or 95%, belong to one of eight bargaining units. Of course, with this high percentage of unionized workforce it is very time consuming, costly and difficult to initiate the type of rapid change that is necessary now to meet the financial challenges that lie ahead.

The current bargaining units include:

1. Madison Heights Court Clerks Association
2. Department Heads Union - American Federation of State, County and Municipal Employees (AFSCME) Council 25
3. Supervisors and Assistants Union - AFSCME Local 1917
4. Municipal Employees Union - Technical, Professional and Officeworkers Association of Michigan (TPOAM)
5. Department of Public Service - TPOAM
6. Madison Heights Police Officers Association/Police Officers Labor Council (POLC) (Public Act 312 coverage)
7. Madison Heights Fire Fighters Association (Public Act 312 coverage)
8. Madison Heights Police Command Officers Association/POLC (Public Act 312 coverage)

Of the City's eight bargaining units, five have current contracts in place that run through June 30, 2011. Three unions, including: the Police Officers Labor Council (Police Officers and Police Service Aides), Police Officers Labor Council (Police Command Officers) and the International Association of Firefighters are working under expired contracts. Both the Police Officers and Firefighters have forced the City into statutory Public Act 312 binding arbitration. The binding arbitration process typically takes a year or more to complete. Given the need to obtain both wage and benefit concessions from our labor unions, the process to put together this year's Budget and implement gap reduction measures has been very difficult.

The five bargaining units that have current agreements include: the Madison Heights Court Clerk's Association; the Department Heads AFSCME Unit; the Supervisors and Assistants AFSCME Unit; the Department of Public Services TPOAM; and the Municipal Employees TPOAM Unit. These groups have been asked to consider opening their contracts up to accept both wage and benefit concessions including unpaid holidays and furlough days. On February 22, 2010, City Council approved the first of these concessionary agreements with the Madison Heights Court Clerk's Association. In addition, the City's eight non-union employees have agreed to accept the same 6% rollback approved by the Council for the Court employees. The management negotiation team will continue to work toward implementation of these concessions based on Council direction.

In January 2006, the City and its labor groups began a new era, with the Council's approval of the new three year agreement with the Department of Public Services Field Workers TPOAM unit. As a result of the new funding reality, the parties crafted a contract that should help the City in the long run contain benefit costs and allow the City to continue to provide vital basic services.

Under the terms of the labor contract, the group agreed to the following concessions:

1. All active employees were moved to the HMO medical insurance;
2. The former employee medical incentive to select the HMO was eliminated;
3. All employees hired after July 1, 2005:
 - a. Will no longer be eligible for a defined benefit pension plan, but instead will be provided a defined contribution pension where the City makes contributions during the employees' work career and employees will also make mandatory contributions;
 - b. Will no longer be eligible for unlimited retiree and spouse medical coverage, but instead will be provided a defined contribution health care savings account where the City makes contributions during the employees' work career and employees make mandatory contributions; and,
 - c. Employees are now responsible for paying their Medicare Part B premium.

As part of the December 2008 settlement of the July 1, 2008 to June 30, 2011 labor contract, the group agreed to raise the prescription co-pay to \$10 generic and \$40 non-generic. All non-Act 312 groups have accepted the same provisions plus a high deductible health insurance plan partially funded with individual Healthcare Savings Accounts (HSAs).

Medical Costs

- Health Care Coverage - Current Employees

The largest fringe benefit cost is \$4.5 million for health care coverage. For the purpose of negotiated benefits, employees are divided into two groups: active (currently employed) and retired. Through the last two rounds of negotiations, the City has moved employees from the standard Blue Cross - Blue Shield coverage (traditional plan) to a more economical managed care Community Blue (preferred provider) coverage plan (PPO).

As part of the last round of negotiations, the non-Act 312 groups (except for DPS-TPOAM) agreed to move to Blue Cross/Blue Shield Flexible Blue Plan 2 with \$10/\$40 closed formulary after deductible supplemented by a Health Savings Account or the Blue Care Network health maintenance organization (HMO). The non-Act 312 groups include: Court Clerks, Department Heads AFSCME, DPS TPOAM, Municipal Employees TPOAM, and the Supervisors and Assistants Union AFSCME. Blue Care Network, the City's health maintenance organization (HMO), premiums range from \$6,104 to \$14,649 per employee per year, depending on household size. All current and retired employees do have the option of the Blue Care Network (or the Flex Blue HSA plan), which results in savings on deductibles, co-payments, and the filing of insurance forms. The Flex Blue HSA premiums range from \$5,767 to \$15,573. The City is providing funding for HSA of \$1,250 single to \$2,500 family at the rate of 100% year one; 80% year two; and 50% year three.

In 1994, the City instituted a health care cost measure that provided the employees financial incentives to move to the HMO, or switch to coverage by their former employers or spouse's employer health provider insurance. Under the new labor agreements for the non-Act 312 groups, this HMO incentive was eliminated. As of January 1, 2010, the City's active employees maintain the following coverage: PPO, 56; HMO, 97; and 19 employees that have dropped City insurance due to coverage being provided otherwise. The City's retirees maintain the following coverage: PPO, 116; and HMO, 10.

At the conclusion of the last round of negotiations for non-Act 312 groups, the City has in place a new cost containment measure moving all active employees to a \$10 generic and \$40 non-generic prescription co-pay program.

To partially offset the cost to employees for the higher prescription drug card deductible, the City has extended the allowable employee medical reimbursement of \$125 per year for co-pays of physicals and prescription out-of-pocket expenses to include dependent family members.

- Health Care Coverage - Retirees

The overall medical, dental and life insurance costs for retirees dropped by \$249,000 to \$1,994,000. This large savings is the result of adopting Medicare Advantage, with all eligible retirees joining Medicare Part B. In regard to retired employee coverage, the City, at this time, allows eligible retirees to retain their level of coverage that they maintained at the time of retirement. This means that most retirees have retained the Community Blue PPO plan. The cost for the Community Blue PPO retirees for next year ranges from \$9,988 to \$22,473 per retiree per year, for either employee or employee plus spouse household coverage.

- Pensions

The second largest fringe benefit cost component is the employer's contribution to the employee retiree pension plans. The City's full-time workforce is divided into two pension groups. All Police and Fire sworn employees are members of the Police and Fire Pension Fund established pursuant to Michigan Public Act 345. The remainder of the full-time employee workforce is covered by the Municipal Employees' Retirement System (MERS).

The budget for the employer contribution to the Police and Fire Pension Fund is 19.4% of total wages based on the City's actuary 2009 recommended contribution rate. In regard to the MERS plan, the pension contribution is budgeted by union group ranging from 9.5% for Police Service Aides to 22.9% for non-Union Court Employees and Department Heads. For comparison purposes, the average MERS contribution rate increased from 12.9% in FY 2009-10 to 14.7% for FY 2010-11.

The City agreed to reduce the pension contribution formerly required for various labor groups. In general, the City set a pattern of awarding the employees a reduction on their pension contributions by 2.53% from the former contribution levels. The standard reduction is budgeted for the Firefighters, Police Officers Association and the Police Command Officers Association. In the case of the Departments Heads Union, in place of pension contribution reductions, the City introduced a 2.53% deferred compensation contribution for these employees. For the Municipal Employees Union, they negotiated a phase out of their current 1.8% pension contribution, and additional benefits like a raised tuition refund to \$600 per year and increased the HMO opt-out incentive to \$2,400 annually. The Supervisors and Assistants Union negotiated an elimination of their 1.63% pension contribution and an employee-supported upgrade of their pension plan to the MERS B-3 Plan (2.25% per year multiplier) and a new employee contribution rate of 2.44%. In regard to the Court Clerks, as negotiated by District Court Judge Turner, they have maintained a 3.04% contribution rate, which allows them to retire at age 50 with 25 years of service as opposed to the other non-Act 312 groups, which are required to attain the age of 55 with 15 years of service.

- Pre-funding Retiree Health Care

In April 2004, the Governmental Accounting Standards Board (GASB) issued new regulations for the purpose of improving disclosure for liabilities associated with future retiree health care cost, similar to the existing pension obligation disclosure requirements. Based on these new GASB guidelines, the City is now required to disclose our liabilities and contributions to fund these liabilities over the next 30 year time frame.

As of June 30, 2009, the liability has been calculated to be \$50.0 million over the next 30 years. Based on two studies of these projected liabilities, the actuary has set contribution rates of 11.5% and 15.7% of total wages for Police and Fire Pension and MERS Pension employees respectively. The total budget for this expense will exceed \$1.5 million.

- Dental Coverage

Based on the settlement of the last round of agreements, all employees have been moved to the Delta Premier PPO, which will increase their annual benefit to \$1,500 per year, for specified dental procedures. In addition, the City has expanded coverage to provide a maximum \$1,000 lifetime benefit for orthodontics. Dental and orthodontic coverage increased an average of \$87 (7.5%) per employee per year to an average of \$1,250.

- Life Insurance Coverage

The Madison Heights Fire Fighters Association, Police Command Officers Association, Police Officers Association of Michigan and the Department Heads' bargaining groups were recently awarded upgraded \$50,000 life insurance policies. The Municipal Employees Union; DPS Employee - Field Workers (TPOAM); the Supervisors and Assistants Union; and the Court Clerks have a \$35,000 policy. Many retirees receive \$10,000 in coverage. The annual premiums for these coverages for active employees has held constant and are budgeted at current levels of \$117 to \$234 per employee.

- Worker's Compensation

Annually, the City makes significant contributions to the Worker's Compensation Insurance Fund to compensate employees for lost wages resulting from on-the-job injuries. Despite workplace safety programs, and improved equipment and supervision used by the City to protect workers, the workforce has experienced several serious long-term injuries in Public Service, Police and Fire.

Currently the City is fully insured for workers compensation through the MML municipal pool utilizing Meadowbrook as a third party administrator. As part of the Budget, the City will move to a self insurance plan where the City would contract with a third party administrator and convert to pay-as-you-go claims. During FY 2009 the City spent \$382,101 on workers compensation premiums. The fixed cost to self insure would be \$33,704 for excess insurance (to provide protection for the City against a high number of workers compensation claims) and \$19,801 for a Third Party Administration fee including loss prevention, counseling and a required \$1,500 state assessment. The variable cost would be the pay-as-you-go claims which would fluctuate from year to year. However over the last five years our total losses have averaged \$165,460 with \$38,400 being the lowest and \$299,700 being the highest. Based on the City's historical claims data the average savings would be \$161,636 annually, or 42.3%. In addition the City would have control over administration and more loss prevention support and education to prevent injuries from happening. Savings will be across all funds and are estimated at 42.3% of actual workers compensation premium paid during FY 2009. Actual cost will be determined by workers compensation claims paid.

- Other Benefits

Optical insurance rates have increased 9.5% from \$95 to \$104 per employee per year for family coverage.

Short-term and long-term disability premium rates have remained constant.

The employer's contribution rates for Social Security (6.2% of eligible wages), Medicare (1.45% of eligible wages), sick leave buy back rates, all uniform allowances and firefighter food allowance remained the same. The only other change in the budget allocated to these items is a result of changes in staffing costs to which these rates are being applied and the Federal government increasing the maximum wage to charge Social Security payroll tax.

- Employee Wellness Program

Funding for the Employee Wellness Program bonuses has been frozen at current levels. As part of the budget reduction, wellness coaching from our medical provider has been eliminated.

- Longevity Pay

Historically, the City has provided employees with longevity pay based on achieving their anniversary dates at 5, 10, 15 and 20 years, with awards of longevity pay based on their salary of 2%, 4%, 6% and 8% of wages respectively. Starting in 1994, the City has been attempting to eliminate longevity pay for employees hired after this date. With the exception of the Police Officers, Police Command Officers and Fire Fighters Unions, all other groups have agreed to eliminate longevity pay for new employees. In regard to the Police Officers Union, new hires after 1994 receive 1%, 3%, 5% and 6% as they hit the four anniversary dates. Police Command Officers have the same adjusted longevity pay as the Police Officers Union for employees hired after 1997.

Supplies/Other Services and Charges

The budget for the Supplies Account decreased 3.9 percent (\$45,00), with most accounts held constant or reduced. The area of Other Services and Charges decreased by 1.8 percent (\$367,000).

General Fund Gap Reduction Measures

The basis for the selection of the Gap Reduction Measures in the Budget included the original Department Head proposals, Council rankings process, a goal to avoid service reductions, and additional layoff of full-time employees.

The projected \$3.2 million gap projection was resolved by:

Increasing Revenues	\$ 230,500	7%
Decreasing Expenditures	2,285,000	70%
Use of Fund Balance	<u>737,500</u>	<u>23%</u>
	\$3,253,000	100%

Expenditure reductions can be classified into three categories: those impacting multiple departments or divisions; those impacting individual department services and programs; and those having no significant impacts on services or programs.

The budget reduction measures will have an impact on how the City operates and/or the services delivered across every City department. Approximately 46%, or \$1,051,000, of these General Fund reductions are cost cutting measures impacting multiple departments/divisions including:

1. Contract Assessing and Consolidation of Finance/Treasury, Assessing Office and Clerk's Office	\$275,606
2. Self-Fund Worker's Compensation	136,864
3. Close City Hall, Library, Senior Center, Department of Public Service, Police and Fire Administrative offices for 3 weeks	106,224
4. Eliminate One Full-Time General Mechanic Position	98,069
5. Reduce Geographic Information System (GIS) to Maintenance Only Status	86,790
6. Reduce Retiree Health Care Funding for Three Years	85,748
7. Restructure of Personnel/Purchasing Coordinator Position	65,847
8. Legal Expense Reduction	52,000
9. Non-Union Wage and Benefit Concessions	45,347
10. Reduce Contractual Custodial Services	32,847
11. Change Vendors for Life, Short- and Long-Term Disability Insurance	30,628
12. Close City Hall, Department of Public Service, Police and Fire Administrative Offices at Lunch	12,064
13. Convert Limited Radio Transmission to Work on Fiber Optic Network	6,376
14. Eliminate Employee Assistance Program	5,936
15. Reduction in the Personnel Advertising Line-Item	3,500
16. Reduction in Wellness Program	3,000
17. Provide Financial Documents almost exclusively electronically	1,907
18. Discontinue the Use of Pre-Printed Letterhead	1,000
19. Reduce Annual Membership Dues to Michigan Municipal League	685
20. Discontinue Use of Colored Ink for City Pre-Printed Materials (Letterhead, Envelopes, Business Cards)	500
21. Eliminate Pop purchased by the City	<u>156</u>
Total	\$1,051,094

Individual department service and program reductions make up 54% of the General Fund total and include:

1. Eliminate Three Fire Positions	\$304,987
2. Eliminate Five Police Positions	272,645
3. Close the Nature Center	130,000
4. Library Millage Alternative Position Reduction	81,210
5. Eliminate Building Maintenance Position	80,936
6. Eliminate One Parks Full-Time Equipment Operator	63,313
7. Court Clerk's Union Wage and Benefit Concessions	45,240
8. Revised Court Security	33,500
9. Eliminate Court Officer Position	33,461
10. Reduced Funding for Outside Agencies	25,462
11. Eliminate 3 Parks Seasonal Laborers	17,295
12. Reduce Part-Time Senior Staff Hours (CDLs, Chauffeurs, Clerical Employees)	16,319
13. Reduction in Library Hours of Operation	15,263
14. Eliminate Calendar Production and Distribution	14,000
15. Eliminate Part-Time Court Administrative Support Contract	11,000
16. Use Phone System to Replace Radio Circuits for Internal Dispatch Calls	11,000
17. Use Escrow Funds for Library Books	10,043
18. Reduce Part-Time Recreation Positions	9,159
19. Eliminate General Fund Streets Seasonal Laborer	7,922
20. Eliminate Solid Waste Seasonal Laborer Position	7,922
21. Savings from Court Administrator Vacancy	7,870
22. Eliminate Spring Clean Up Day	6,400
23. Reduce Park Ranger Hours	4,819
24. Reduce Part-Time Recreation Coordinator Hours	3,653
25. Eliminate Fire Tactical Medic Program	3,474
26. Library Magazine Subscription Reduction	2,125
27. Change Court Mobile Telecommunication Vendor	1,900
28. Alternative Funding for Coffee Concerts	1,400
29. Transfer TGIF Concerts to Escrow Account Funding	1,100
30. Eliminate Tree Lighting Ceremony	883
31. Reduction of Michigan Municipal League Dues	882
32. Eliminate Council Requested Flowers and Memorials	750
33. Eliminate Legal Notices	500
34. Eliminate Summer Beautification and Holiday Light Awards	434
35. Library Recycle Ink and Toner Cartridges	280
36. Eliminate Laser Plaques	139
Total	<u>\$1,227,286</u>

The remainder of the gap proposals required increased expenditures including the Library Annual Solicitation (\$1,000); new fire equipment to reduce duty-related injuries (\$35,360); and additional cost to add advertising to the newsletter (\$3,950).

RESOURCE SHARING

The City of Madison Heights has worked hard to develop a wide-range of meaningful long-term partnerships. These include agreements with neighboring communities such as the Cities of Royal Oak, Ferndale, Hazel Park, Clawson and Troy; Oakland County, the Road Commissions for Oakland and Macomb Counties, Southeast Michigan Council of Governments (SEMCOG), Oakland County Water Resource Commissioner (OCWRC), George W. Kuhn Drain District and Oakland County Parks and Recreation and many other groups. The City currently participates in over 70 partnerships.

Mayor and Council

The City is a member of the Michigan Municipal League (MML) and benefits from many of their programs. The MML provides valuable training to the City's elected officials and employees. Seminars provide up-to-date information on major issues and concerns relating to local government. The City Council and staff also attend the MML Legislative Conference and Annual Convention, which provides a forum where attendees learn from experts in the field and network with other municipalities. General sessions, workshops, a trade show and social activities offer information and learning experiences for elected and appointed officials.

Elections

The City Clerk's Department has election coordinating agreements with Oakland County and Lamphere, Madison and Royal Oak school districts to support and conduct the annual school district elections. These agreements are renewable every two years.

In the fall of 2007, the City entered into an inter-local agreement with Oakland County to provide the canvassing of local elections, ballot layout printing and ballot coding services.

City Assessor

The Assessing Department often shares resources with other units of government in the Michigan Tax Tribunal appeal where business properties are owned in multiple municipalities. Recent examples include the public utility cases (DTE/Consumers Power) and Wide Open West Cable Television, thereby minimizing legal expenses by spreading them over a larger group of municipal entities. In addition, the City Assessor's office makes use of County-wide data information including: Register of Deeds ownership records, homestead property owner status and equalization factors.

In an effort to meet the considerable financial challenge faced by the City to resolve a \$3.2 million projected revenue/expenditure gap, we have developed a proposal provided to the Council in November to contract assessing services and consolidate the Finance/Treasury Department, Assessing Office and Clerk's Office. Under this agreement, Oakland County would perform

most of our current assessing services, with the City retaining the Assessing Clerk who would be transferred to the Finance Department and work with the other department members to provide a continuing local presence to answer basic assessing questions and process assessing and tax related documents. The Departments' staff and physical location of the Finance/Treasury Department, Assessor's Office and Clerk's Office will be combined to provide improved coverage and service to visitors to City Hall and allow opportunities for increased staff cross-training. This consolidation would result in the elimination through retirement incentives or layoffs of five full-time positions and one part-time position (Assessor and Property Appraiser from Assessing, Fiscal Assistant II and Fiscal Assistant I from Finance, and Office Assistant II from City Clerk's Office).

The City Attorney's Office would continue to provide legal support for all Michigan Tax Tribunal cases.

The Madison Heights local Tax Board of Review would continue to be conducted in City Hall with no reduction in available appointments to property owners wishing to appeal their valuations. The existing members of the Tax Board of Review would continue to be appointed by the City Council and serve at their pleasure.

Currently, Oakland County Equalization Division services 35 cities and townships with assessing services. The County has quoted a price of \$14.90 per real property account and \$12.40 per personal property account for an estimated total cost of \$193,477. As requested by the City, the County has also provided a three-year term on this agreement.

The implementation of this three department consolidation is projected to save the City \$275,606 in FY 2010-11 and more than \$1.0 million over the next four years. Included as part of this proposal is \$10,000 to support the physical consolidations of the departments including any work to alter the counter space; reorganize desks/furniture; telephone moves; new signage; and computer system alterations.

General Administration/Purchasing

Madison Heights has collaborated with the Michigan Intergovernmental Trade Network (MITN), which is a group of agencies, mostly local governments, that joined forces to create a regional bid cooperative to notify companies of new bid opportunities. This system reduces the cost for both the City and its vendors by lowering the cost of advertising and bring more competition to the process. All bid information is offered to vendors at no cost. The City also participates in the State Of Michigan, Oakland County and Macomb County Cooperative bid programs.

Human Resources

The City has coordinated efforts with many different governmental pools in order to save money on insurance premiums. The City was one of the first members to participate in the liability insurance pool offered through the Michigan Municipal Risk Management Authority (MMRMA).

The City also works with Municipal Employee Retirement System (MERS) for pooling of insurance benefits. In September of 2005, the City utilized these resources to change vendors for short-term disability, long-term disability and life insurance. The savings to the City has been in excess of \$90,000 per year in premiums.

MERS is always looking for ways it can assist municipalities in consolidating administrative activities and providing services that are more efficient. In June 2006, MERS presented the option to municipalities with 345 Police and Fire Pension systems to have MERS invest in their portfolio as independent money managers. This service is offered at reduced administration fees and generates improved returns to the plan and its members. In March 2007, the Police and Fire Pension Board and the City Council approved the transfer of one-half of assets or \$27.5 million to the MERS Investment Services Program (ISP) program. In May 2009, the Police and Fire Retirement Board decided to move away from this City recommended program.

Finance

The Treasury Office of the Finance Department collects taxes for other entities including the Lamphere, Madison, and Royal Oak School Districts, Oakland County, Oakland County Intermediate School District, Oakland Community College, Huron-Clinton Metro Park Authority, State of Michigan (K-12 Education Supplement) and Zoo Authority. The City's Assessing Department set both Taxable and State Equalized Values for all real and personal property that these governments use to levy property tax revenues. The City is reimbursed one percent of the taxes (maximum allowed under State Law) for this service.

The Treasury Office also utilized the County Treasury Department for collection of delinquent personal property taxes.

In 2008, the Finance Department teamed with Information Technology to utilize the Oakland County printing office to print and mail water and sewer bills and tax bills. The Assessing Department's "Notice of Assessment" notices are also processed through the Oakland County print shop. This sharing of services is saving the City approximately \$2,000 per year, plus countless hours of Information Technology staff time.

Police

The Police Department participates in a number of cooperative efforts with other law enforcement agencies. The Police Department has an officer assigned to the multi-jurisdictional Crime Suppression Task Force (CSTF) and provides office space in the basement of the police building for the CSTF office. CSTF focuses its operations on the identification and arrest of individuals involved in criminal activity through a combination of directed patrol, surveillance, undercover operations and intelligence gathering.

Another officer is assigned to the Oakland County Narcotics Enforcement Team (NET) whose primary responsibility is to eliminate or reduce controlled substance trafficking in Oakland County. NET conducts investigations leading to identification, apprehension and prosecution of controlled substance law violators primarily through undercover investigations.

While not currently providing an officer to the Auto Theft Unit due to personnel staffing issues, the Police does provide office space in the police building basement for the offices for the Oakland Curtail Auto Theft (OCAT) Unit.

The Police Department's Special Investigations Unit has, in the past, conducted surveillance, undercover operations, fugitive apprehensions and all types of criminal investigations both locally initiated and in conjunction with other law enforcement agencies including the Federal Bureau of Investigation (FBI), Drug Enforcement Agency (DEA), Oakland County Sheriff's Office, Detroit Police Department, NET, CSTF, OCAT and many local police departments.

Madison Heights Police Department has two officers assigned to the three city (Ferndale, Royal Oak and Madison Heights) cooperative Special Weapons and Tactics Team or Southeast Oakland SWAT. By combining the resources of multiple agencies, a quality unit capable of addressing critical incidents can exist without draining the resources of the jurisdiction involved.

The Police Department's Canine (K-9) team cooperatively trains with other area K-9 units on a weekly basis. The Department of Public Service built a K-9 training area on city property to be used by the area K-9 teams during their weekly training sessions. In addition, the Police Department K-9 team assists area schools and other police jurisdictions with K-9 Drug Sweeps at local schools, when requested.

The Police Department annually assists the Oakland County Probation Department with their Operation Nighthawk. This annual inspection involves home visits to area probationers to check on their behavior and monitoring their probationary requirements.

The Police Department entered a local agreement with the City of Royal Oak and the Royal Oak Police Department to share and coordinate police radio antennas and repeater functions to improve the radio reception and area coverage for both police agencies.

The Police Department is involved in a major data and information sharing cooperative effort with Oakland County CLEMIS (Courts & Law Enforcement Management Information System) to include Records Management, Mugshot Imaging, Fingerprint recording also known as LiveScan or AFIS, Field Based Reporting, Crime View or crime mapping and Video Arraignment.

On October 22, 2007, the City renewed a three-year agreement with Oakland County Animal Control for disposal of dead animals.

On May 20, 2008, an interlocal agreement with the Cities of Southfield and Warren was approved which allows Madison Heights to make use of the Sergeant 4 X 4 General Purpose Vehicle (GPV) to support a Special Weapons and Tactics (SWAT) team response in our City. The GPV vehicle costing \$600,000 was acquired through an Urban Area Security Initiative grant from the Office of Homeland Security. When the vehicle is used by the City, we would be responsible for fuel, repairs, and insurance; and after five years a share of the overall maintenance.

Fire Services

The Fire Department participates in the hazardous materials response through Oakway Mutual Aid Pact with the Cities of Birmingham, Ferndale, Pontiac, Royal Oak, Southfield, West Bloomfield and Townships of Bloomfield and Waterford.

On January 28, 2008, the City joined the new Oakland County Mutual Aid Association. The Association has adopted a Mutual Aid Box Alarm System (MABAS) for activating and coordinating mutual aid responses. The MABAS system identifies on a prearranged process what outside agencies will be called-in to respond if the need arises for a second, third, fourth or fifth alarm incident. The City will also have access to highly specialized hazardous materials, technical rescue and communication equipment to augment our existing resources when needed.

On June 6, 2008, the City entered into an interlocal agreement with Oakland County for a Severe Weather System Siren. The County paid for 25 percent of the cost of a new outdoor warning siren that will serve the middle third of the community. Oakland County will assume responsibility for all future operation and maintenance.

Madison Heights runs an American Heart Association Community Training in conjunction with Hazel Park. The Department's training tower and draft pit has been utilized by other communities, reducing their training cost.

For the past six years, the Fire Department and City Administration has been diligently working with the Cities of Ferndale, Hazel Park, Royal Oak, Pleasant Ridge and Royal Oak Township to provide consolidated fire protection and emergency medical services. This effort has resulted in the communities (minus Royal Oak) implementing an automatic mutual aid for structure fire suppression.

Community Development

- Planning

The Community Development Department has many cooperative agreements, which are very beneficial.

The City collaborates with Oakland County for Geographic Information System (GIS) data collection and maintenance; this is estimated to save the city approximately \$50,000 per year.

Staff also shares road transportation data creation and maintenance with Southeast Michigan Council of Governments (SEMCOG) and utility data creation and maintenance with the Oakland County Water Resource Commissioner's Office which is estimated at \$13,000 per year savings.

The Michigan Department of Transportation, SEMCOG and Road Commission for Oakland County (RCOC) partner with the City for an annual Pavement Surface Evaluation and Rating (PASER) road condition assessment. RCOC has in the past allowed the City to utilize their contractor and contracted rate for road ratings, which saves the City \$4,500 per year.

The Cities of Royal Oak, Troy, Warren, Hazel Park and Madison Heights work together to jointly administer road construction projects.

- Rodent Abatement

In the fall of 2006, the Cities of Berkley, Ferndale, Hazel Park, Huntington Woods, Madison Heights, Oak Park, Pleasant Ridge and Royal Oak held several meetings to discuss options for addressing the rodent problem in Southeastern Oakland County. The City of Madison Heights took the lead in preparing a Request for Proposal so that a quality vendor could be selected who would be the vendor the Cities would refer residents to that were undergoing rodent control problems, thereby providing a timely remedy and reducing the property owners' cost. The cooperative pilot program has run successfully for three years with communities renewing on a year to year basis.

- Inspections

On December 15, 2008, the City entered into an interlocal agreement with the City of Troy to provide Plumbing and Mechanical Inspection Services.

Key elements of the proposed Agreement are:

- Plumbing & Mechanical inspection services will be provided by Troy's existing state-registered plumbing and mechanical inspectors, with the Cities of Troy and Madison Heights operating in an independent contractor relationship.
- Services will be provided on a retainer basis, initially including 4 hours per day, five days per week, for plan review, office time and inspections.
- Troy's inspectors will carry Madison Heights identification cards, but will be driving Troy vehicles and will remain City of Troy employees.
- Madison Heights will provide all required forms etc. while Troy will provide inspection vehicles and gas.
- The inspectors will report to the City of Madison Heights Building Official for all Madison Heights related code issues, interpretations and the like.
- The monthly retainer for the services provided under this proposed agreement is a flat \$2,200.
- The Agreement includes a provision for annual review.

Library

The City's library coordinates efforts with a beneficial consortium, known as the Library Network (TLN).

TLN benefits the community in various ways, from the reciprocity that allows a resident of one participating community library to borrow a book at another or to have a book sent to the local library through interlibrary loans, the ability to search the holdings of participating libraries, use of shared technology and discounted pricing on book purchases. The cooperative efforts take many forms, and while each community does have to support its own library to participate, it addresses the fact that not every library can supply everything, and avoids some duplication of effort.

Department of Public Services

On June 26, 1987, the City entered into an agreement to join the Southeastern Oakland County Public Works Mutual Aid Authority. The Authority is made up of Royal Oak, Birmingham, Clawson, Berkley, Huntington Woods, Pleasant Ridge and Madison Heights. Under the agreement, communities can request assistance in the case of emergency for personnel, materials and equipment.

The City has partnered with Macomb County Department of Public Works, and communities in the Red Run Subwatershed of the Clinton River Watershed toward a joint effort for ongoing compliance with the approved National Pollution Discharge Elimination System Storm Water Permit requirements.

The City also benefits from collaborating with Road Commission for Oakland County (RCOC) and Macomb County Road Commission for winter and summer maintenance agreements where the City is paid to maintain their roads in Madison Heights; and the creation and maintenance of road transportation data and traffic signal maintenance.

For water distribution and sewage collection, the City is a suburban customer within the Detroit Water and Sewerage Department (DWSD) system. In May 2009 the City, working with the DWSD and its Technical Advisory Committee, entered into a new model contract to address concerns about rate volatility, complexity, and fairness.

For the past eight years, the City has applied for and received Oakland County grants and training to assist with mosquito larviciding of catch basins and areas of standing water to prevent the spread of West Nile Virus.

The City has also completed year six of a City-wide effort to remove dead or dying ash trees, as part of a statewide program to eradicate the Emerald Ash Borer. The program has included grants from the Michigan Department of Natural Resources (MDNR) and working collaboratively with the MDNR to develop the contract specifications for approved tree removal contractors.

The Recreation Division works with many organizations to provide a variety of services.

Private Sector – local businesses provide funding to sponsor the youth sports leagues, as well as financially supporting the annual fireworks display.

Friends of Madison Heights Youth – continues to offer funding for summer camp.

Clawson Recreation Department – does joint programming for adult recreation programs, water aerobics, yoga, ballroom dance, etc.

Michigan Recreation and Parks Association – provides a partnership where the City sells discount amusement park tickets.

Oakland County Parks and Recreation Commission – provides six free special event mobile recreation units, such as show mobiles, puppet shows and climbing walls. The City also works closely with the Commission in supporting a junior golf league.

Public School Districts – provide gyms and ball fields for our recreation sport programs.

George W. Kuhn Drainage District – has constructed a soccer complex on their property which will be operated and maintained by the City as part of a twenty-five year agreement.

The Senior Citizens Division works together with several organizations. The following is a list of organizations and what services are provided:

Suburban Mobility Authority for Regional Transportation – provides transportation funding for the senior bus program as well as reduced cost handicapped accessible bus.

American Association of Retired Persons – for the past several years has provided a drivers education refresher course as well as income tax preparation for 150 seniors at the Senior Center.

Wayne State Student Nurses – provide a student nurse at the Center three days a week for counseling, blood pressure, health fairs and programs.

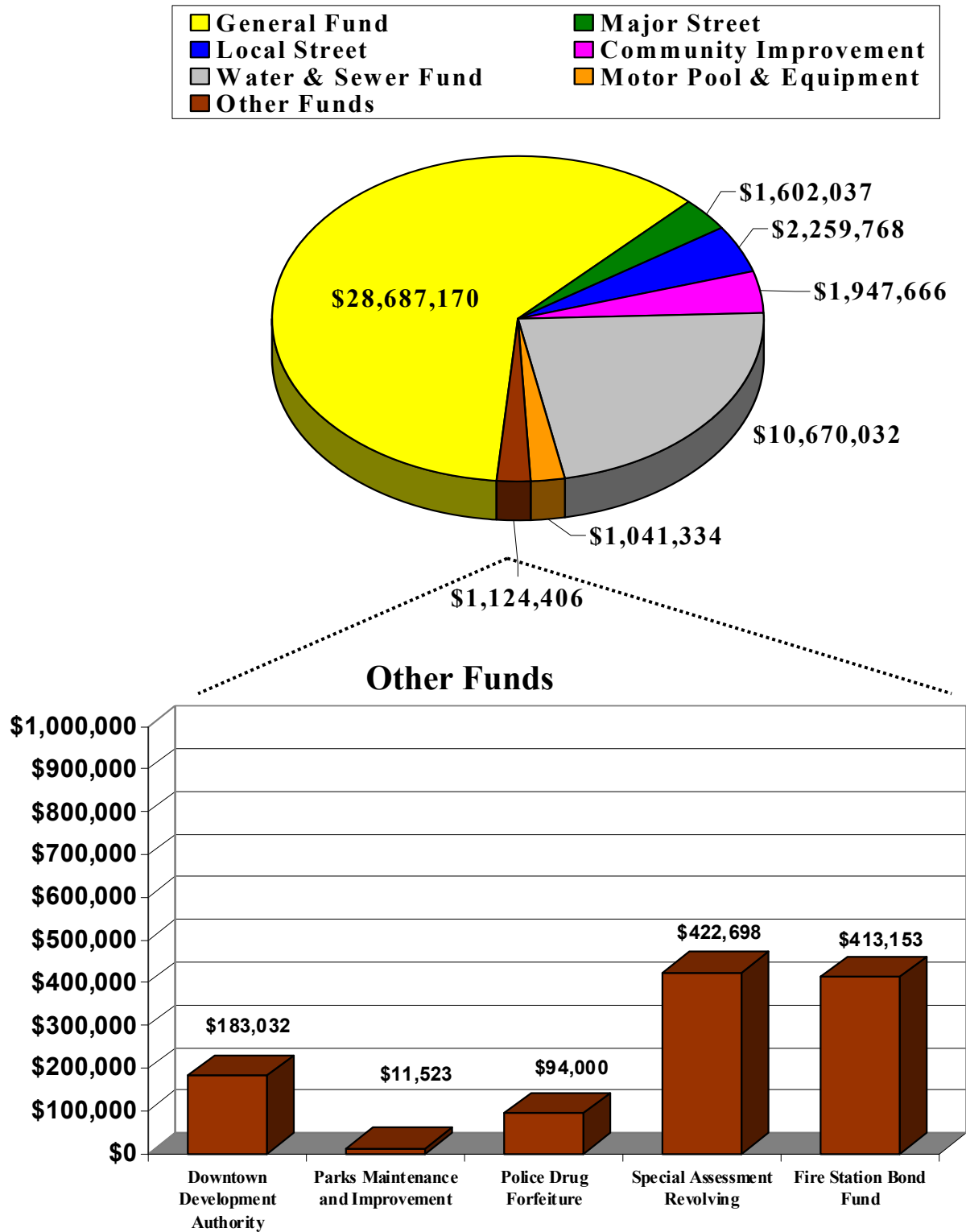
Oakland County Mobile Meals – provides a State funded nutrition site at the Senior Center, as well as home bound meal delivery.

University of Detroit Law School – provides law students and professionals an opportunity to meet with senior citizens on a monthly basis to assist in legal matters.

Senior Home Assistance Repair Program (SHARP) - provides minor home repairs for Senior Citizens and physically challenged in Madison Heights. Operated through a partnership with the North Woodward Community Foundation.

ALL FUNDS APPROPRIATIONS

FISCAL YEAR 2010-11



Over three-quarters of the City's operations are supported through the General Fund (60.6%) and the Water and Sewer Fund (22.5%).

TOTAL APPROPRIATIONS SCHEDULE

ALL FUNDS

FISCAL YEAR 2010-11

Fund Name	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
General Fund	\$ 31,450,989	\$ 31,464,758	\$ 28,687,170	\$ (2,777,588)	(8.8)
Major Street	2,059,463	1,592,339	1,602,037	9,698	0.6
Local Street	5,099,354	4,436,297	2,259,768	(2,176,529)	(49.1)
Parks Maintenance and Improvement	13,075	29,440	11,523	(17,917)	0.0
Downtown Development Authority	305,115	674,760	183,032	(491,728)	(72.9)
Police Drug Forfeiture	160,006	155,500	94,000	(61,500)	(39.5)
Community Improvement	1,825,331	1,923,258	1,947,666	24,408	1.3
Special Assessment Revolving	1,147,402	819,225	422,698	(396,527)	(48.4)
Fire Station Bond Fund	399,718	408,933	413,153	4,220	1.0
Water & Sewer Fund	8,543,011	9,421,865	10,670,032	1,248,167	13.2
Motor & Equipment Pool	985,936	1,045,008	1,041,334	(3,674)	(0.4)
Total Appropriations	\$ 51,989,400	\$ 51,971,383	\$ 47,332,413	* \$ (4,638,970)	(8.9)

* Net Budget is \$43.8 million excluding duplicate interfund transfers and charges.

ALL FUNDS APPROPRIATIONS
PER STATE OF MICHIGAN DETAILED CATEGORY CLASSES
FISCAL YEAR 2010-11

Activity	Personal Services	Supplies	Other Services & Charges	Capital Outlay	Total
City Council	\$ 49,514	\$ 0	\$ 5,849	\$ 0	\$ 55,363
District Court	1,021,106	27,800	290,478	15,000	1,354,384
City Manager	302,011	150	9,588	0	311,749
Elections	27,832	8,650	11,404	0	47,886
City Assessor	75,139	11,500	208,477	0	295,116
Legal	0	5,300	250,650	0	255,950
City Clerk	203,084	6,094	10,175	0	219,353
Human Resources	124,222	0	23,992	0	148,214
Board of Review	2,374	0	1,000	0	3,374
General Administration	816,095	52,719	105,023	1,000	974,837
Finance	661,689	4,468	69,240	5,000	740,397
Information Technology	240,841	8,368	0	2,000	251,209
Municipal Building	0	0	98,436	0	98,436
Custodial & Maintenance	31,590	18,500	106,728	0	156,818
Police	8,598,893	47,500	665,812	105,000	9,417,205
Fire	4,535,754	51,929	560,369	356,330	5,504,382
Community Development	1,078,604	6,500	1,825,751	550,876	3,461,731
Streets	815,580	364,738	1,301,891	2,171,000	4,653,209
Solid Waste	595,075	4,300	1,856,841	0	2,456,216
Recreation	97,610	19,216	60,004	0	176,830
Youth Center	0	0	3,858	0	3,858
Nature Center	0	0	2,000	0	2,000
Parks	278,020	31,950	111,245	33,200	454,415
Senior Citizens	215,173	109,442	86,926	0	411,541
Outside Agencies	0	0	25,462	0	25,462
Library	406,443	3,395	104,820	15,407	530,065
Insurance, Bonds and Transfers	0	0	3,197,894	0	3,197,894
Debt Service	0	0	1,479,066	0	1,479,066
Water and Sewer	760,961	94,491	7,369,312	1,379,355	9,604,119
Motorpool	344,665	268,750	427,919	0	1,041,334
Total Appropriations	\$ 21,282,275	\$ 1,145,760	\$ 20,270,210	\$ 4,634,168	\$ 47,332,413

ALL FUNDS SUMMARY

FISCAL YEAR 2010-11

Activity	General Fund	Major Street	Local Street	Parks Maintenance & Improvement	Downtown Development Authority	Police Drug Forfeiture
City Council	\$ 55,363	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District Court	1,354,384	0	0	0	0	0
City Manager	311,749	0	0	0	0	0
Elections	47,886	0	0	0	0	0
City Assessor	295,116	0	0	0	0	0
Legal	255,950	0	0	0	0	0
City Clerk	219,353	0	0	0	0	0
Personnel	148,214	0	0	0	0	0
Board of Review	3,374	0	0	0	0	0
General Administration	974,837	0	0	0	0	0
Finance	740,397	0	0	0	0	0
Information Technology	251,209	0	0	0	0	0
Municipal Building	98,436	0	0	0	0	0
Custodial & Maintenance	156,818	0	0	0	0	0
Police	9,323,205	0	0	0	0	94,000
Fire	5,504,382	0	0	0	0	0
Community Development	989,689	0	0	0	110,678	0
Streets	1,011,404	1,402,037	2,239,768	0	0	0
Solid Waste	2,456,216	0	0	0	0	0
Recreation	176,830	0	0	0	0	0
Youth Center	3,858	0	0	0	0	0
Nature Center	2,000	0	0	0	0	0
Parks	442,892	0	0	11,523	0	0
Senior Citizens	411,541	0	0	0	0	0
Outside Agencies	25,462	0	0	0	0	0
Library	530,065	0	0	0	0	0
Water and Sewer	0	0	0	0	0	0
Insurance/Bonds/Transfers	2,896,540	200,000	20,000	0	72,354	0
Motor Pool	0	0	0	0	0	0
Total Appropriations	<u>\$ 28,687,170</u>	<u>\$ 1,602,037</u>	<u>\$ 2,259,768</u>	<u>\$ 11,523</u>	<u>\$ 183,032</u>	<u>\$ 94,000</u>

ALL FUNDS SUMMARY

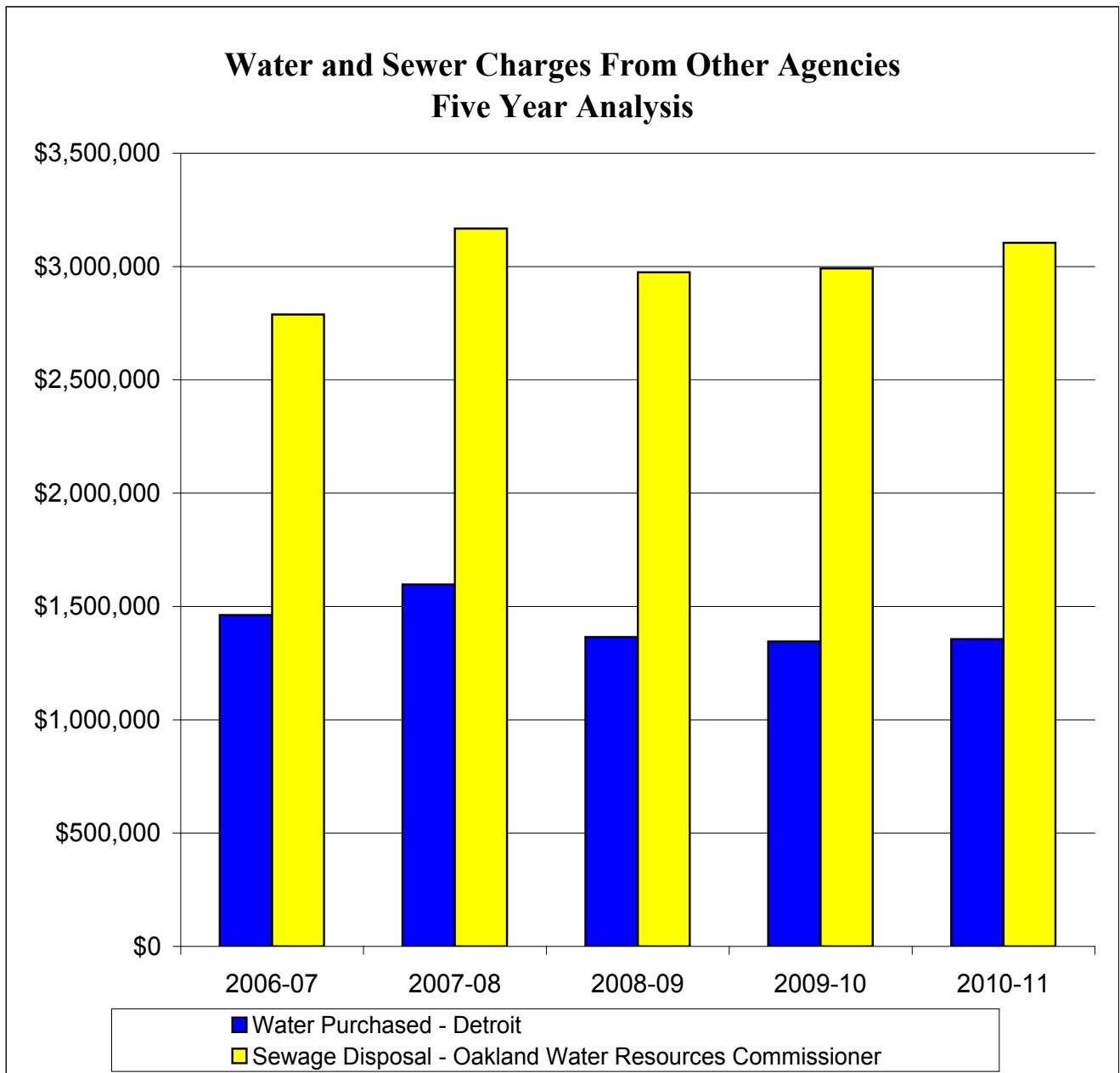
FISCAL YEAR 2010-11

Community Improvement	Special Assessment Revolving	Fire Station Debt Fund	Water and Sewer Fund	Motor Pool and Equipment Fund	Total	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,363	City Council
0	0	0	0	0	1,354,384	District Court
0	0	0	0	0	311,749	City Manager
0	0	0	0	0	47,886	Elections
0	0	0	0	0	295,116	City Assessor
0	0	0	0	0	255,950	City Attorney
0	0	0	0	0	219,353	City Clerk
0	0	0	0	0	148,214	Personnel
0	0	0	0	0	3,374	Board of Review
0	0	0	0	0	974,837	General Administration
0	0	0	0	0	740,397	Finance
0	0	0	0	0	251,209	Information Technology
0	0	0	0	0	98,436	Municipal Building
0	0	0	0	0	156,818	Custodial & Maintenance
0	0	0	0	0	9,417,205	Police Department
0	0	413,153	0	0	5,917,535	Fire
1,938,666	422,698	0	0	0	3,461,731	Community Development
0	0	0	0	0	4,653,209	Streets
0	0	0	0	0	2,456,216	Solid Waste
0	0	0	0	0	176,830	Recreation
0	0	0	0	0	3,858	Youth Center
0	0	0	0	0	2,000	Nature Center
0	0	0	0	0	454,415	Parks
0	0	0	0	0	411,541	Senior Citizen
0	0	0	0	0	25,462	Outside Agencies
0	0	0	0	0	530,065	Library
0	0	0	10,670,032	0	10,670,032	Water and Sewer
9,000	0	0	0	0	3,197,894	Insurance/Bonds/Transfers
0	0	0	0	1,041,334	1,041,334	Motor Pool
<u>\$ 1,947,666</u>	<u>\$ 422,698</u>	<u>\$ 413,153</u>	<u>\$ 10,670,032</u>	<u>\$ 1,041,334</u>	<u>\$ 47,332,413</u>	Total Appropriations

CITY OF MADISON HEIGHTS

FISCAL YEAR 2010-11

Water and Sewer Charges	Actual 2006-07	Actual 2007-08	Actual 2008-09	Estimate 2009-10	Budget 2010-11
Water Purchased - Detroit	\$1,462,438	\$1,596,696	\$1,364,939	\$1,345,640	\$1,356,066
Sewage Disposal - Oakland Water Resources Commissioner	\$2,788,683	\$3,167,945	\$2,974,941	\$2,991,520	\$3,105,090



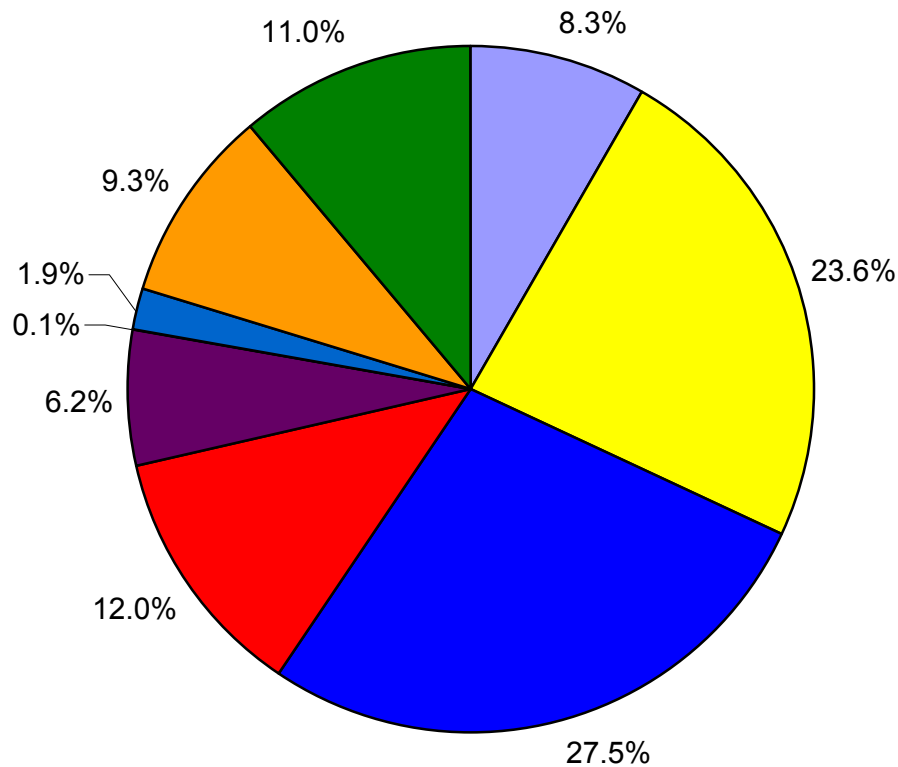
Sewage Disposal charges are more than two times higher than Water Purchased.

CITY OF MADISON HEIGHTS

FISCAL YEAR 2010-11

Utility Charges - By Building	Actual 2006-07	Actual 2007-08	Actual 2008-09	Estimate 2009-10	Budget 2010-11
Court Building	\$ 39,097	\$ 49,597	\$ 44,664	\$ 51,608	\$ 43,432
City Hall	129,270	142,357	129,262	146,337	123,571
Police Station	131,588	152,695	144,187	153,707	144,110
Fire Stations	66,375	72,672	71,128	77,559	62,734
Senior Center	26,878	30,626	30,194	34,327	32,520
Recreation/Nature Center	3,368	4,728	1,411	2,374	745
Parks	14,171	13,401	14,565	13,345	10,159
Library	44,073	48,270	50,986	56,847	48,503
Department of Public Services	74,258	71,220	74,045	72,779	57,596
Total	\$529,078	\$585,566	\$560,442	\$608,883	\$523,370

**Utility Charges By Building
Fiscal Year 2010-11**

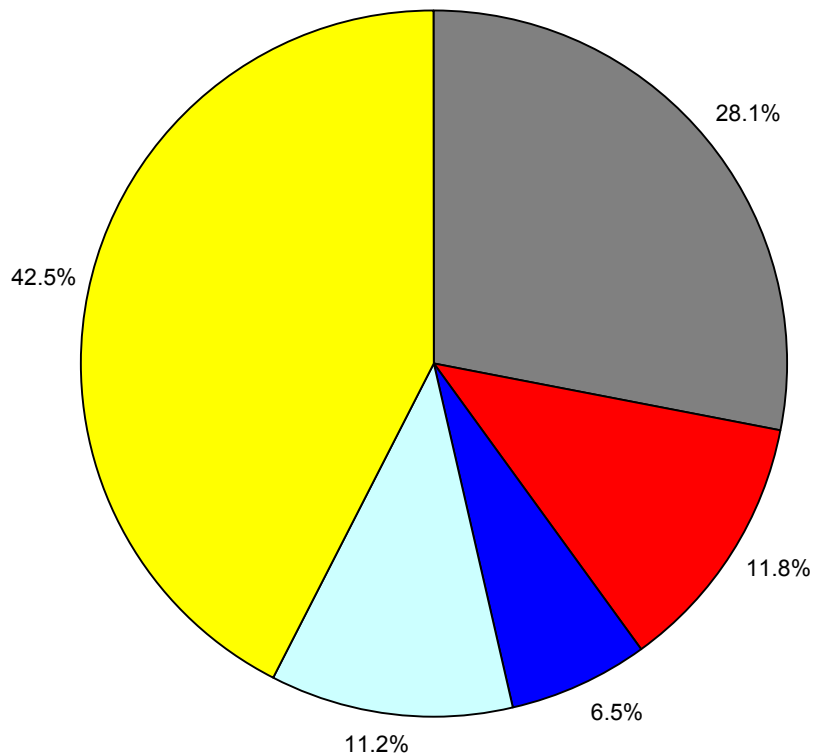


CITY OF MADISON HEIGHTS

FISCAL YEAR 2010-11

Utility Charges - City-Wide	Actual 2006-07	Actual 2007-08	Actual 2008-09	Estimate 2009-10	Budget 2010-11
Electricity	\$ 266,027	\$ 294,746	\$ 273,104	\$ 311,530	\$ 246,850
Heat - Gas	115,586	115,316	121,983	124,036	106,687
Water/Sewer Usage	33,471	45,383	39,294	58,599	57,339
Telephone	113,994	130,121	126,061	114,718	112,494
Street Lighting	436,025	435,143	435,143	436,000	440,537
Total	\$ 965,103	\$ 1,020,709	\$ 995,585	\$ 1,044,883	\$ 963,907

**Utility Charges by Type
Fiscal Year 2010-11**



Electricity
 Heat
 Water/Sewer Usage
 Telephone
 Street Lighting

SOLID WASTE MANAGEMENT COST
BUDGET 2010-11

SOCRRRA Refuse Disposal Cost Only:

FISCAL	INCINERATION		LANDFILL		COMPOSTING		RECYCLABLE		BULKY WASTE		TOTAL	
	TONNAGE	CHARGES	TONNAGE	CHARGES	TONNAGE	CHARGES	TONNAGE	CHARGES	TONNAGE	CHARGES	TONNAGE	CHARGES*
1984-85	19,702	390,249	1,741	34,810	N/A	N/A	N/A	N/A	N/A	N/A	21,443	425,059
1985-86	20,964	476,000	2,349	54,032	N/A	N/A	N/A	N/A	N/A	N/A	23,313	530,032
1986-87	20,506	482,987	2,615	61,368	N/A	N/A	N/A	N/A	N/A	N/A	23,121	544,355
1987-88	20,799	527,908	2,687	63,881	N/A	N/A	N/A	N/A	N/A	N/A	23,486	591,789
1988-89	18,216	546,493	1,701	61,216	2,419	36,280	N/A	N/A	N/A	N/A	22,336	643,989
1989-90	15,839	530,609	1,687	65,824	4,469	74,167	222	2,268	N/A	N/A	22,217	672,868
1990-91	-	-	13,981	572,093	4,107	69,819	911	18,165	1,109	53,237	20,108	713,314
1991-92	-	-	13,472	606,183	3,382	64,344	1,129	20,605	1,096	56,968	19,079	748,100
1992-93	-	-	14,994	749,682	4,062	81,233	1,516	23,685	290	15,066	20,862	869,666
1993-94	-	-	15,097	779,669	2,566	53,892	1,626	25,343	319	16,422	19,608	875,326
1994-95	-	-	14,924	726,939	2,737	13,685	373	17,904	1,021	5,718	19,055	764,246
1995-96	-	-	13,370	695,240	3,270	16,365	380	13,870	630	4,625	17,650	730,100
1996-97**	-	-	12,800	665,600	3,350	5,200	400	6,000	650	3,510	17,200	680,310

N/A= Not Available

*The 1984-85 figures include \$24,800 ready to serve charge.

Contractor Refuse Collection and Disposal Costs:

FISCAL	OTHER DISPOSAL		LANDFILL/ BULKY WASTE		COMPOSTING		RECYCLABLE					TOTAL
	STOPS	CHARGES	STOPS	CHARGES	STOPS	CHARGES	STOPS	CHARGES				CHARGES
1997-98	-	-	9,500	\$ 631,880	9,500	\$ 2,430	9,500	\$ 18,375				\$ 652,685
1998-99	-	-	9,500	\$ 598,428	9,500	\$ 103,399	9,500	\$ 168,787				\$ 870,614
1999-00	-	-	9,500	\$ 609,886	9,500	\$ 106,420	9,500	\$ 172,019				\$ 888,325
2000-01	N/A	\$ 58,001	9,500	\$ 717,534	9,500	\$ 80,454	9,500	\$ 179,617				\$ 1,035,606
2001-02	N/A	\$ 34,355	9,500	\$ 697,228	9,500	\$ 68,471	9,500	\$ 176,332				\$ 976,386
2002-03	N/A	\$ 38,705	9,940	\$ 785,499	9,940	\$ 77,140	9,940	\$ 198,656				\$ 1,100,000
2003-04	N/A	\$ 40,815	9,960	\$ 828,347	9,960	\$ 81,347	9,960	\$ 209,491				\$ 1,160,000
2004-05	N/A	\$ 40,886	9,980	\$ 829,775	9,980	\$ 81,487	9,600	\$ 209,852				\$ 1,162,000
2005-06	N/A	\$ 42,077	9,516	\$ 853,960	9,516	\$ 83,862	9,600	\$ 215,968				\$ 1,195,867
2006-07	N/A	\$ 43,924	9,516	\$ 891,440	9,516	\$ 87,543	9,600	\$ 225,453				\$ 1,248,360
2007-08	N/A	\$ 45,610	9,516	\$ 925,654	9,516	\$ 90,903	9,600	\$ 234,106				\$ 1,296,273
2008-09	N/A	\$ 46,760	9,516	\$ 949,001	9,516	\$ 93,196	9,600	\$ 240,011				\$ 1,328,967
2009-10	N/A	\$ 48,299	9,516	\$ 953,922	9,516	\$ 126,753	9,600	\$ 243,733				\$ 1,372,707
2010-11 ***	N/A	\$ 48,299	9,516	\$ 953,922	9,516	\$ 126,753	9,600	\$ 243,733				\$ 1,372,707

Notes:

**The City contracted out its refuse collection (January 1997) and refuse disposal (July 1997).

The City estimates current disposal costs at \$21 - \$23 per ton.

*** The City is rebidding the Solid Waste Management Cost for FY 2010-11. The budget assumptions were the same cost and service levels as FY 2009-10

RISK MANAGEMENT

Liability and Property Insurance

The City is a member of the Michigan Municipal Risk Management Authority, which is a self-insurance program for general and auto liability, auto physical damage and property loss claims. The program provides for reinsurance (which is partly underwritten by the Authority itself) in the following amounts:

	<u>RETENTION *</u>	<u>LIMITS OF REINSURANCE</u>
General and auto liability	\$250,000 per occurrence	\$15,000,000 per occurrence
Auto physical damage	\$1,000 deductible and \$15,000 each vehicle; \$30,000 per occurrence	\$1,500,000 per occurrence
Property	\$1,000 deductible plus 10% of first \$100,000 per occurrence	\$27,429,616

*The Retention amounts represent the amount that the City pays before reinsurance coverage begins.

In addition to the losses retained, the City may be responsible for certain defense costs. The City has elected to participate in the Authority's Stop Loss Program, which limits paid losses from the City to no more than \$355,000 per fiscal year.

The City's policy is to record premium payments to the Authority as expenditures of the participating funds. At June 30, 2009, the City had member reserves of \$197,460 with the Authority. It is estimated that \$107,360 will be used to pay claims reported to date; the amount to be paid for claims incurred, but not yet reported can not be estimated at this time. Upon termination of the program, any amounts remaining on deposit after the Authority has settled all claims incurred prior to termination will be returned to the City.

As of July 1, 2007, Council approved increasing the retention from \$150,000 to \$250,000, this resulted in a reduced in annual premium of \$206,236 or 25%.

Other Insurance Programs

As of July 1, 2010, the Worker's Compensation Program will move to become self-funded and administered through a third party Citizens Management Incorporated (CMI). This transition will allow the City to provide their own statutory workers compensation coverage while carrying excess insurance up to a \$350,000 specific retention for any occurrence. This program change is estimated to save the City an average of \$161,636 a year. The administrative costs are allocated to individual budget activities of the City, based on payroll exposure. The actual workers compensation payments of claims will be allocated to the department where the worker's compensation claims are generated.

Special Events Insurance Requirements

On December 14, 1992, the City Council approved Resolution #422 adopting a Council Policy establishing Uniform Insurance Requirements for Special Events. The policy covers clubs and organizations that request to hold special events on City property and/or in the City's right-of-way. The policy categorizes special events based on the potential risk involving the event activities into "hazard groups." Next, the requirements for: liability, property, fire damage, medical and vehicle insurances; indemnification, defend and hold harmless agreements; and participant liability release are outlined. The policy is periodically reviewed to determine the need for further modification.

DEBT ADMINISTRATION

The City's current General Fund outstanding long-term debt is \$7.5 million. This amount includes \$2.6 million of vested employee benefits and \$250,000 reserve for general liability insurance claims and \$4.6 million in general obligation bonds. The vested employee benefits will be paid on various future dates with General Fund general revenues.

The City's latest government rating occurred in June 2003 when Moody's Investors Service (Moody's) and Standard and Poor's Ratings Services (S & P) assigned their municipal bond ratings of "Aaa" and "AAA", respectively, to the issue of 2003 Fire Stations' Bonds with the understanding that upon delivery of the Bonds a policy insuring the payment when due of the principal and interest on the Bonds will be issued by MBIA Insurance Corporation and paid for by the City. Moody's and S & P have also assigned their underlying ratings of "A1" and "AA-", respectively, to the Bonds.

The assigned ratings reflect the independent judgment of the respective rating agencies. There is no assurance that said ratings will continue for any period of time or that they will not be revised or withdrawn by the respective rating agencies. A revision or withdrawal of said ratings may have an effect on the market price of the securities. Further information concerning the municipal bond ratings is available upon request from the rating agencies.

As of June 30, 2009, the City will be utilizing less than 4.6% of the City's debt limit of \$101 million. The City has general obligation bonds outstanding in the amount of \$4.6 million of an original \$5,925,000 of original issue. The City is also responsible for our share of five bonds related to the George W. Kuhn Drain project for a total of \$10.0 million. The City's legal limit is \$101 million or a per capita debt limit of \$3,242.

The City in the past has issued bonds to provide for the acquisition and construction of some major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. City contractual labor agreements are also general obligations of the government; however, these are not funded by the issuance of bonds. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. Outstanding long-term debt recorded in the General Long-Term Debt Account Group, exclusive of contractual labor agreements, will include the following at June 30, 2009:

I. George W. Kuhn Drain Bonds and State Revolving Loan Debt issued between October 2000 and August 2007. The total debt to be issued is estimated to be \$117.3 million with Madison Heights' share being \$12.6 million. The bond and interest payments are being paid from the Water and Sewer Fund, with \$10.0 million principal remaining.

II. Fire Stations' General Obligation Unlimited Tax Bonds in the amount of \$5.9 million issued on May 1, 2003, payable over 20 years, for the cost of acquiring, constructing, furnishing and equipping a new fire station and related training tower, park and site improvements, draft pit, demolition of the old Fire Station Headquarters, redevelopment of the Thirteen Mile frontage and rehabilitation of Station #2. \$4.6 million remains in principal payments.

LEGAL DEBT MARGIN
(amounts expressed in thousands)
June 30, 2010

Calculation of debt limit:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
State equalized valuation	\$ 1,132,140	\$ 1,169,836	\$ 1,330,673	\$ 1,271,777	\$ 1,053,898
10% of taxable value	<u>113,214</u>	<u>116,984</u>	<u>133,067</u>	<u>127,178</u>	<u>105,390</u>
 Calculation of debt subject to limit:					
Total debt	\$ 16,703	\$ 16,146	\$ 15,504	\$ 15,390	\$ 14,543
Less: debt not subject to limit:					
General obligation	11,283	10,921	10,489	10,595	9,983
Special revenue bonds	-	-	-	-	-
 Net debt subject to limit (2)	<u>5,420</u>	<u>5,225</u>	<u>5,015</u>	<u>4,795</u>	<u>4,560</u>
 Legal debt margin (1)	<u>107,794</u>	<u>111,759</u>	<u>128,052</u>	<u>122,383</u>	<u>100,830</u>
 Net debt subject to limit as % of debt limit	5.03%	4.68%	3.92%	3.92%	4.52%

(1) Debt limit set forth in Section 4A, Act 279 of 1909 (Home Rule City Act)

(2) Amount does not include water and sewer general obligations

**SUMMARY OF DEBT SERVICE REQUIREMENTS
TO MATURITY
ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2010**

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Fire Stations Bond</u> <u>Obligations</u>	<u>Water & Sewer</u> <u>Obligations</u>	<u>Total</u>
2011	\$ 412,098	\$ 899,090	\$ 1,311,188
2012	414,598	897,777	1,312,375
2013	421,798	899,189	1,320,987
2014	458,548	897,555	1,356,103
2015	434,588	900,451	1,335,039
2016	444,523	907,271	1,351,794
2017	458,473	903,349	1,361,822
2018	466,223	881,655	1,347,878
2019	467,903	878,690	1,346,593
2020	473,850	865,373	1,339,223
2021	483,663	863,754	1,347,417
2022	487,000	862,635	1,349,635
2023	494,000	685,746	1,179,746
2024	-	679,422	679,422
2025	-	26,663	26,663
2026	-	16,484	16,484
Totals	<u>\$ 5,917,265</u>	<u>\$ 12,065,104</u>	<u>\$ 17,982,369</u>

Fire Stations Bond

Date of issue - May 1, 2003

Payment Date:

Principal, May 1

Interest, May 1, November 1

Amount of issue - \$5,925,000

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2011	250,000	162,098	412,098
2012	260,000	154,598	414,598
2013	275,000	146,798	421,798
2014	280,000	178,548	458,548
2015	305,000	129,588	434,588
2016	325,000	119,523	444,523
2017	350,000	108,473	458,473
2018	370,000	96,223	466,223
2019	385,000	82,903	467,903
2020	405,000	68,850	473,850
2021	430,000	53,663	483,663
2022	450,000	37,000	487,000
2023	475,000	19,000	494,000
	<u>\$ 4,560,000</u>	<u>\$ 1,357,265</u>	<u>\$ 5,917,265</u>

Water & Sewer Obligations - Amount of Issue - \$117,338,000

Date of issue - Series A Oct. 1, 2000 (Total \$17,888,000 Madison Heights Share \$1,881,478)

Series C Sept. 29, 2001 (Total \$82,200,000 Madison Heights Share \$8,649,748)

Series D Dec. 20, 2001 (Total \$3,170,000 Madison Heights Share \$333,573)

Series 2005 September 22, 2005 (Total \$1,620,000 Madison Heights Share \$170,469)

Series 2007 Refinancing B & E Aug. 23 ,2007 (Total \$12,460,000 Madison Heights Share \$1,574,214)

Combined Issues Total \$117,338,000 Madison Heights Share \$12,609,482

Payment Date: Principal, April 1 and Interest, April 1, October 1

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2011	627,810	271,280	899,090
2012	643,603	254,174	897,777
2013	662,561	236,628	899,189
2014	678,879	218,676	897,555
2015	693,873	206,578	900,451
2016	709,814	197,457	907,271
2017	725,228	178,121	903,349
2018	745,172	136,483	881,655
2019	765,480	113,210	878,690
2020	771,585	93,788	865,373
2021	790,052	73,702	863,754
2022	809,572	53,063	862,635
2023	653,886	31,860	685,746
2024	663,937	15,485	679,422
2025	23,743	2,920	26,663
2026	17,742	(1,258)	16,484
	<u>\$ 9,982,937</u>	<u>\$ 2,082,167</u>	<u>\$ 12,065,104</u>

PERSONNEL AND POSITIONS

The City of Madison Heights employs 160 full-time positions yielding 5.1 full-time employees per 1,000 of City population based on the 2000 census count of 31,101. The City also employs 129 positions on a part-time or seasonal basis. Personnel services comprise approximately \$19.4 million or 67.6% of the General Fund Budget.

A total savings of \$1.6 million will be realized in the General Fund during Fiscal Year 2010-11 through the reduction by attrition of 20 full-time positions and elimination or reduction of 24 part-time positions or hours. Due in large part to these necessary budget-balancing measures, there is a 12.4% decrease in personnel services as compared to the prior fiscal year. After factoring in the position reductions, total General Fund fringe benefits decrease by 9.6% or \$886,000 over Fiscal Year 2009-10 while General Fund wages decrease by 11.3% or \$1.4 million. Without the personnel related measures outlined above, City benefits for employees would have decreased 4.5% or \$414,000 and wages for employees would have decreased by 3.2% or \$399,000.

With the exception of eight executive and administrative employees, the City's entire full-time workforce belongs to one of eight bargaining units (seven City unions and one 43rd District Court union). These units include its non-Act 312 arbitration eligible unions: Madison Heights Court Clerks Association; AFSCME Council 25 Department Heads Union; AFSCME Council 25 Supervisors & Assistants Union; TPOAM Department of Public Services Union; TPOAM Municipal Employees Union, which represents clerical and technical workers; and Act 312 arbitration eligible unions: Police Officer Labor Council (POLC) Command Officers; POLC Police Officers; and International Association of Fire Fighters.

During calendar year 2009, the City successfully negotiated new three year agreements for the period of July 1, 2008 through June 30, 2011 with all of its non-Act 312 bargaining units, whereby the parties agreed to a 0% wage increase (pay freeze) for the first year of the contract and a \$10/\$40 prescription drug card. Additionally, with the exception of the DPS Union, the City and the remaining non-Act 312 bargaining units agreed to a High Deductible (\$1,250/\$2,500) PPO Health Insurance Plan with a corresponding Health Savings Account for current employees. Regarding new hires, with the exception of the DPS Union and Court Clerks Association, a reduced vacation leave accrual schedule, Defined Contribution Retirement Plan in lieu of the existing Defined Benefit Plan, and a health care savings plan in lieu of a City provided retiree health insurance plan was agreed upon.

Notably, in addition to a reduced vacation leave schedule and Defined Contribution Retirement Plan, the DPS Union previously agreed to replace guaranteed retiree health care (i.e., Defined Benefit Retiree Health Plans) with a Defined Contribution Retiree Health Care Savings Plan for all new hires. Also, in addition to previously accepting the Defined Contribution Retirement Plan, members of the Court Clerks Association were offered the option to waive their right to any retiree health care benefits in the future in favor of a Retiree Health Care Savings Plan. To date, eight active employees have joined the Health Care Savings Plan. The significance of this prior contract change directly and positively affected the actuarially required contributions for the general employees group due to the fact that once a group is closed to new employees, the actuarial funding methodology changes from a percent of payroll to a fixed dollar amount.

Unfortunately, the severe economic collapse and its adverse impact upon the City has necessitated that the City approach the non-Act 312 bargaining units for the purpose of reopening the recently negotiated contracts to attain wage and benefit concessions. The Court Clerks Association has agreed to the elimination of the 2% wage increase scheduled for July 1, 2010, elimination of life insurance, and 10 unpaid furlough days. Negotiations with the other non-Act 312 units are ongoing.

As it concerns the contracts with the Act 312 eligible bargaining units (i.e., Police Command Officers; Police Officers; and Fire Fighters), final resolution of all outstanding contractual issues will depend on the outcome of the pending Act 312 arbitration hearings scheduled to begin in April 2010.

The City of Madison Heights is one of the few communities that have made sacrifices in order to provide funding for preservation of the retirees' benefits. While this funding has caused the City to make reductions that otherwise would not have been necessary, funding this liability is very important as it directly affects the City's ability to provide promised benefits in the future and preserves our high ranking from credit rating agencies.

Personnel Actions

The FY 2010-11 Budget reflects a total net reduction of 26.7 full-time equivalencies (FTEs). This reduction includes elimination of 24 full-time positions and 24 part-time positions. The City's current hiring freeze and review of all position vacancies continues in Fiscal Year 2010-11. The table on the following page reflects the City's personnel actions planned for Fiscal Year 2010-11.

Fiscal Year 2010-11 Personnel Actions

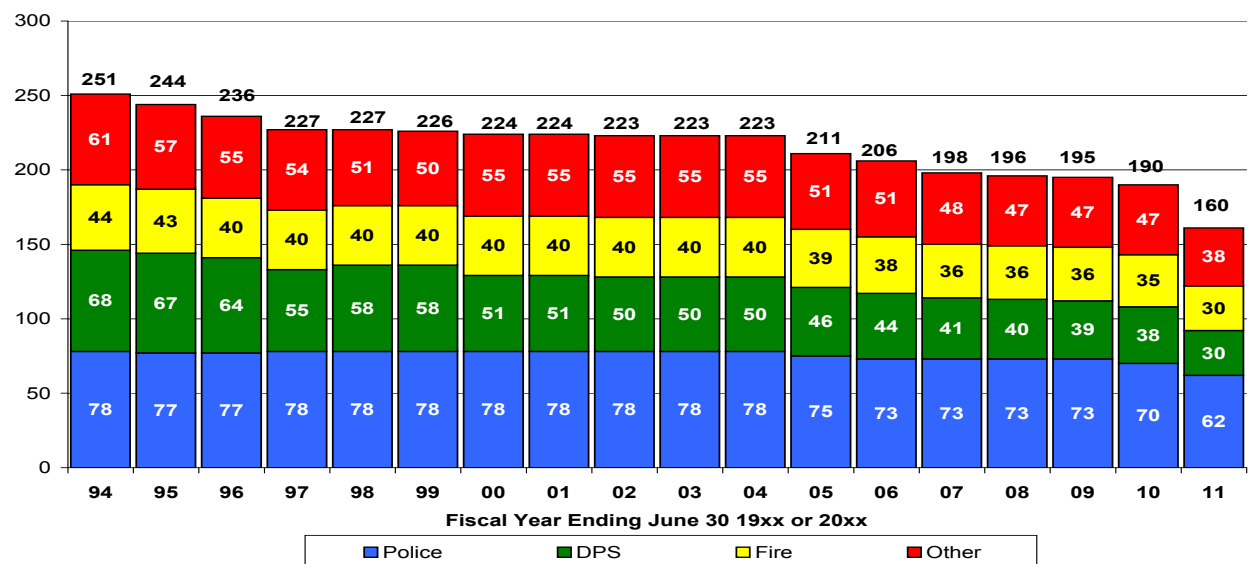
Department	Action	Change
Assessing	Eliminate City Assessor position	-1.0
Assessing	Eliminate Property Appraiser position	-1.0
Assessing	Eliminate part-time Personal Property Auditor position	-0.4
Court	Eliminate Court Officer position	-1.0
Community Development	Eliminate part-time Clerical position	-0.5
City Clerk	Eliminate Office Assistant II position	-1.0
Human Resources	Restructure Personnel & Purchasing Coordinator position. Full-time position split between Human Resources (0.5) and General Administration (0.5) moved to DPS - Streets. Transfer part-time Office Assistant (0.75) from DPS to Human Resources.	0.3
General Administration	Restructuring the Personnel & Purchasing Coordinator position reduced General Administration by (0.25) of a position.	-0.3
Finance	Eliminate Fiscal Assistant I position	-1.0
Finance	Eliminate Fiscal Assistant II position	-1.0
Police	Eliminate two Police Officer positions	-2.0
Police	Eliminate three Police Sergeant positions	-3.0
Fire	Eliminate three Firefighter positions	-3.0
Community Development	Eliminate GIS Supervisor position	-1.0
Library	Eliminate Librarian position	-1.0
Library	Reduce ten part-time Librarian Assistant positions	-0.7
DPS – Building Maintenance	Eliminate Equipment Operator II position. Full-time split between Elections (0.04) and Building Maintenance (0.96).	-1.0
DPS - Streets	Eliminate seasonal part-time Laborer position	-0.4
DPS - Solid Waste	Eliminate seasonal part-time Laborer position	-0.4
DPS - Recreation	Reduce part-time Recreation Coordinator hours	-0.1
DPS - Recreation	Eliminate sixteen part-time Recreation positions	-0.4
DPS - Nature Center	Eliminate Nature Center Coordinator position	-1.0
DPS - Nature Center	Eliminate part-time Naturalist position	-0.3
DPS - Parks	Eliminate Equipment Operator I position	-1.0
DPS - Parks	Eliminate three seasonal part-time Laborer positions	-0.8
DPS - Parks	Reduce three part-time Park Ranger hours	-0.2
DPS - Senior Center	Reduce part-time Bus Driver and Chauffer hours	-0.3
DPS - Senior Center	Reduce part-time Senior Center Assistant hours	-0.1
FY 2010-11 - General Fund - Sub Total - FTE Change		-23.4
DPS - Major Street Fund	Reallocation of Administrative Support	-0.2
DPS - Local Street Fund	Reallocation of Administrative Support position	-0.1
DPS - Water	Eliminate two Water Meter Reader positions	-1.0
DPS - Sewer	Eliminate Equipment Operator I position	-1.0
DPS - Motor Pool	Eliminate General Mechanic position	-1.0
FY 2010-11 - Other Funds - Sub Total - FTE Change		-3.3
Total FY 2010-11 FTE Change		-26.7

The Work Force at a Glance

Beginning in Fiscal Year 1993-94, the City has been able to reduce the workforce without significantly compromising services, resulting in a leaner, more efficient organization. Ninety-one (91) full-time positions, or thirty-six percent (36%) of the workforce, have been eliminated since Fiscal Year 1993-94.

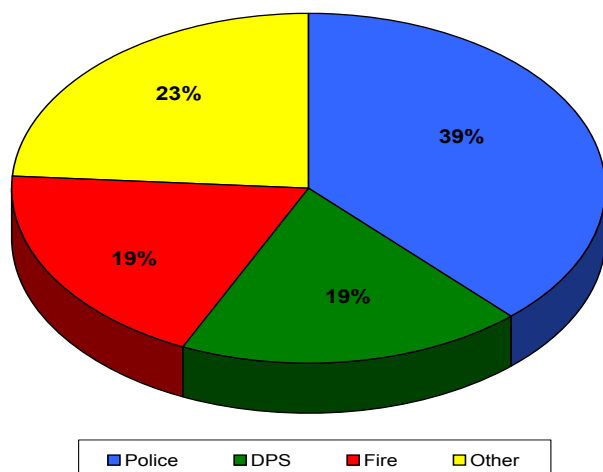
Presented below is a bar graph of budgeted full-time positions over the last eighteen years. The Appendix contains a table showing positions by fund and activity over a twenty-two year period.

Budgeted Full-time Positions - Eighteen Year Period

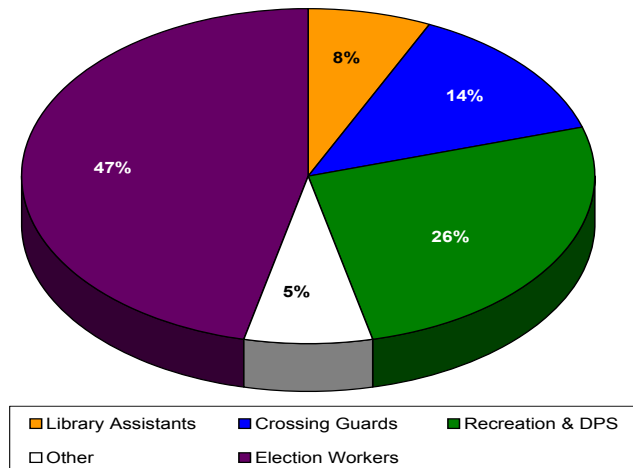


Continuing the analysis of the City's workforce, the following graphs illustrate the percentage breakdown of full and part-time employees for FY 2010-11. An Organizational Chart showing full-time employees by bargaining unit or non-union classification is presented in the Appendix.

Full-time Positions by Classification



Part-time Positions by Position Type



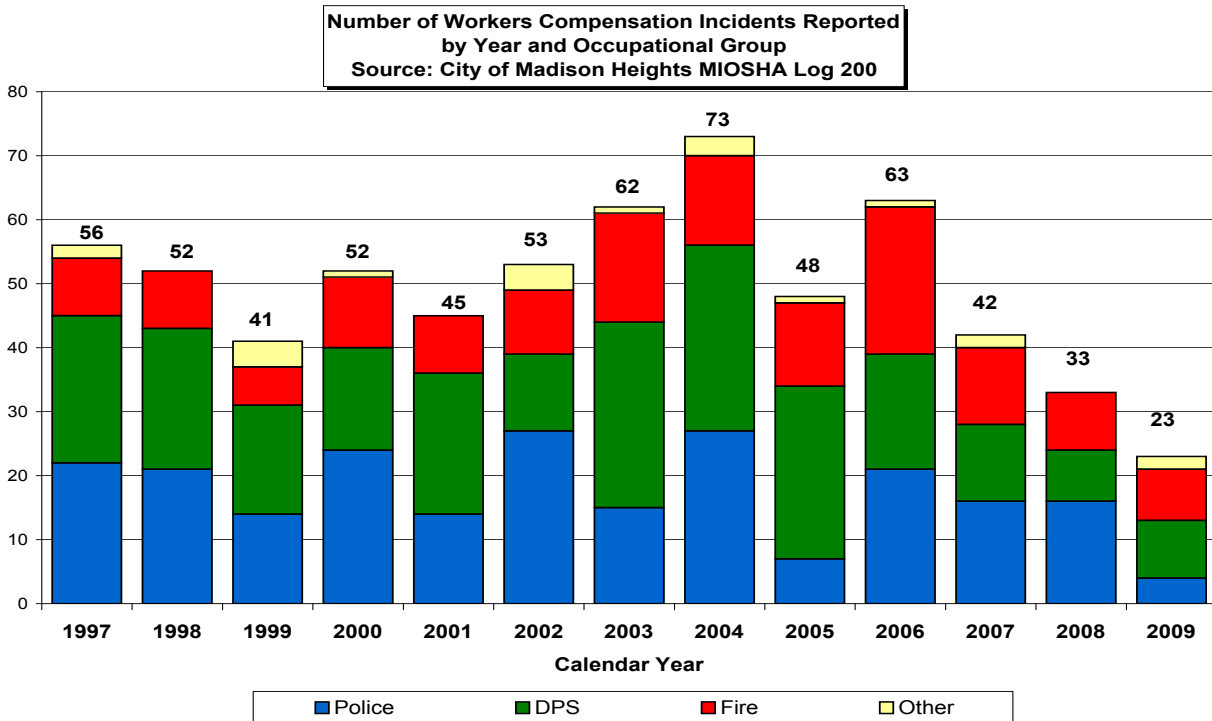
A breakdown of full-time and part-time positions in all funds is shown on the following page.

ALL FUNDS
FULL TIME AND PART TIME POSITIONS
INCLUDING FULL TIME EQUIVALENCY CALCULATION (F.T.E.)
FISCAL YEAR 2010-11

	<u>Actual 2008-09</u>			<u>BUDGET 2009-10</u>			<u>'09 TO '10</u>	<u>BUDGET 2010-11</u>			<u>'10 TO '11</u>
	FULL TIME	PART TIME	F.T.E.	FULL TIME	PART TIME	F.T.E.	F.T.E. CHANGE	FULL TIME	PART TIME	F.T.E.	F.T.E. CHANGE
General Fund											
District Court	9	4	12.4	9	4	12.37	0.0	8	4	11.37	(1.000)
City Manager	2	0	1.9	2	0	1.85	0.0	2	0	1.85	0.000
City Assessor	3	1	3.4	3	1	3.40	0.0	1	0	1.00	(2.400)
City Clerk	3	89	4.0	3	60	3.64	(0.4)	2	60	2.64	(1.000)
Human Resources	2	0	1.5	2	0	1.50	0.0	1	1	1.75	0.250
General Administration	1	0	0.8	1	0	0.84	0.0	1	0	0.59	(0.250)
Finance	9	0	8.5	9	0	9.00	0.5	7	0	7.00	(2.000)
Information Technology	2	0	2.0	2	0	2.00	0.0	2	0	2.00	0.000
Police	73	18	76.6	67	18	70.55	(6.1)	62	18	65.55	(5.000)
Fire	36	1	36.5	33	1	33.50	(3.0)	30	1	30.50	(3.000)
Community Development	9	3	11.1	9	2	10.57	(0.5)	8	1	9.05	(1.520)
Library	4	11	9.3	4	10	8.55	(0.8)	3	10	6.89	(1.660)
Department of Public Service											
Custodial & Maintenance	1	0	1.2	1	0	1.20	0.0	0	0	0.20	(1.000)
Streets	13	1	3.4	12	1	3.21	(0.2)	12	0	2.86	(0.350)
Solid Waste	1	1	5.8	1	1	5.48	(0.3)	1	0	5.13	(0.350)
Recreation	0	39	2.2	0	39	1.84	(0.4)	0	22	1.31	(0.535)
Youth Center	0	4	1.6	0	0	0.00	(1.6)	0	0	0.00	0.000
Nature Center	1	1	1.5	1	1	1.26	(0.2)	0	0	0.00	(1.260)
Parks	4	8	6.1	4	7	5.80	(0.3)	3	4	3.85	(1.950)
Senior Center	2	8	5.5	2	6	4.08	(1.4)	2	6	3.67	(0.410)
Sub Total	22	62	27.3	21	55	22.87	(4.4)	18	32	17.02	(5.855)
Total	175	189	195.1	165	151	180.64	(14.5)	145	127	157.21	(23.435)
Major Street Fund	1	1	3.4	1	1	2.70	(0.7)	1	1	2.55	(0.150)
Local Street Fund	0	1	3.7	0	1	3.45	(0.3)	0	1	3.35	(0.100)
Community Improvement Fund											
Housing	2	0	1.8	2	0	1.75	(0.1)	2	0	1.75	0.000
Comm. Dev. Block Grant	1	0	1.3	1	0	1.25	(0.3)	1	0	1.25	0.000
Total	3	0	3.1	3	0	3.00	(0.1)	3	0	3.00	0.000
Water & Sewer Fund											
Water Division	6	1	6.4	6	0	6.00	(0.4)	4	0	5.00	(1.000)
Sewer Division	5	1	5.4	4	0	4.00	(1.4)	3	0	3.00	(1.000)
Water & Sewer Admin.	1	0	1.5	1	0	1.48	(0.0)	1	0	1.48	0.000
Total	12	2	13.2	11	0	11.48	(1.7)	8	0	9.48	(2.000)
Motor Pool Fund	4	0	4.0	4	0	4.00	0.0	3	0	3.00	(1.000)
Total All Funds	195	193	222.5	184	153	205.27	(17.2)	160	129	178.59	(26.685)

On-The-Job Injury Experience

In August of 1998, the Human Resources Department implemented a return-to-work program wherein employees off on long-term periods of workers compensation leave are returned to work in temporary “bridge” assignments. These jobs vary according to medical restrictions and the type of work needed. As shown in the following bar graph, the program has had some early success, but several severe long-term injuries in Public Services, Police and Fire yielded an increase in the number of worker’s compensation incidents in 2003, 2004, and 2006. Nevertheless, the number of reported workers compensation incidents has steadily and significantly declined for each of the last three years.

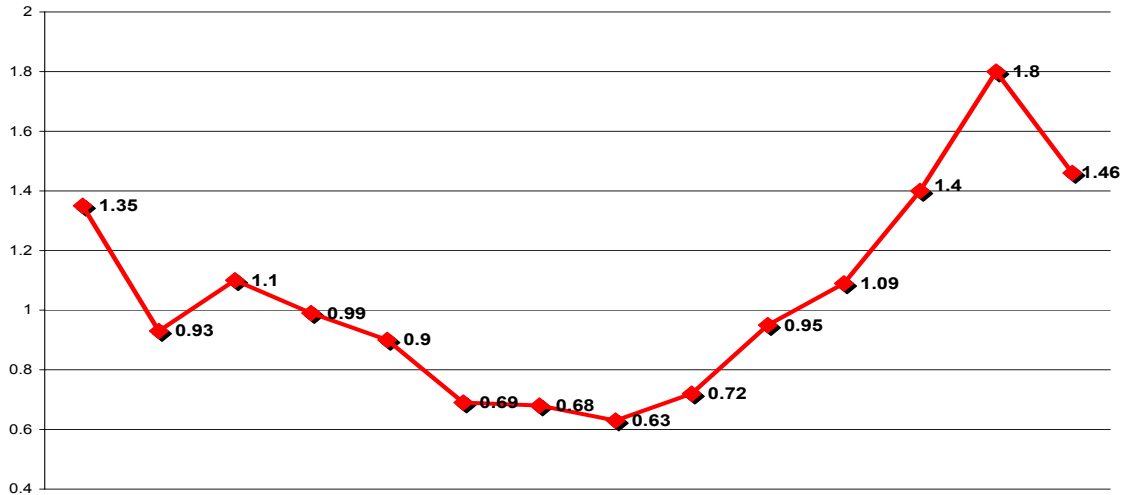


Another important measure of the City’s workers compensation costs is the annual experience modification factor provided by the Michigan Municipal League Worker’s Compensation Fund, which is the City’s insurance carrier for workers compensation. This number directly affects the City’s annual workers compensation premium savings. The lower the “mod factor”, which is multiplied by the standard premium to achieve the City’s actual premium, the lower the City’s actual annual premium. A mod factor of 1.0 represents average experience. Positive claim experience from 2000-2005 allowed the City to forestall premium increases and save over \$359,000 in premiums. In 2007 this mod factor was 1.09, but increased to 1.40 in 2008 due to several Police, DPS and Fire claims filed over the past three years. Although the mod factor increased to 1.8 in 2009, recently the mod factor has declined and now stands at 1.46.

Presented on the following page is the mod factor for the City excluding the 43rd District Court over the last fourteen years.

As part of the Budget, the City will move to a self insurance plan where the City would contract with a third party administrator and convert to pay-as-you-go claims. During FY 2009, the City spent \$382,101 on workers compensation premiums. The fixed cost to self insure would be \$33,704 for excess insurance (to provide protection for the City against a high number of workers compensation claims) and \$19,801 for a third Party Administration fee including loss prevention, counseling and a required \$1,500 state assessment.

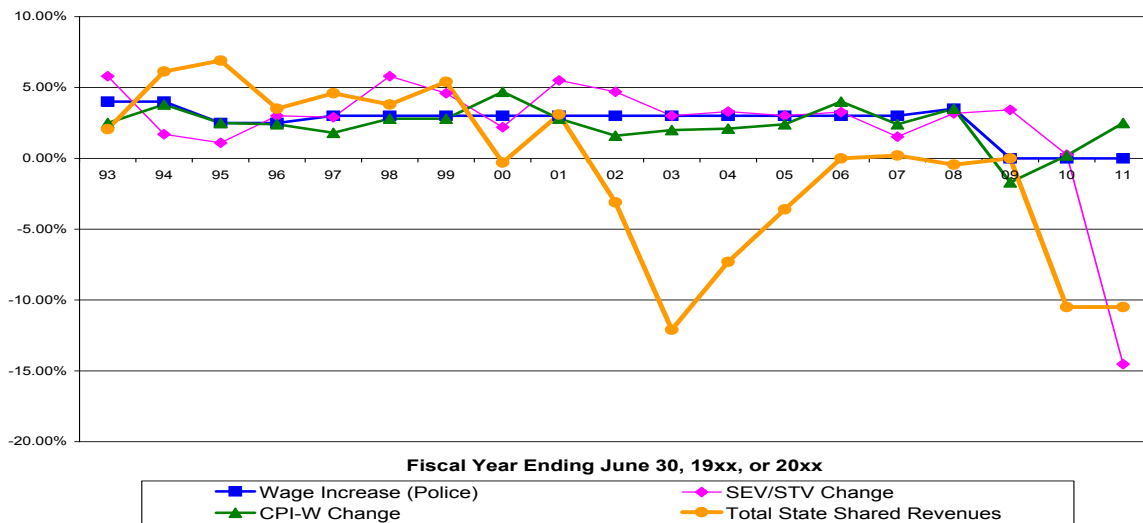
**Worker's Compensation Modification Factor
(excluding 43rd District Court)**



A Look at Wages and Fringe Benefits

Planning for labor negotiations and the future growth of wages requires an understanding of how the City's wages have measured up against the City's ability to pay (i.e. growth in tax base) and local inflationary pressures. The next line chart plots the City's overall wage increases for all bargaining units against changes in the City's State Taxable Value (STV), Detroit area Consumer Price Index (CPI-W), and Total State Shared Revenues.

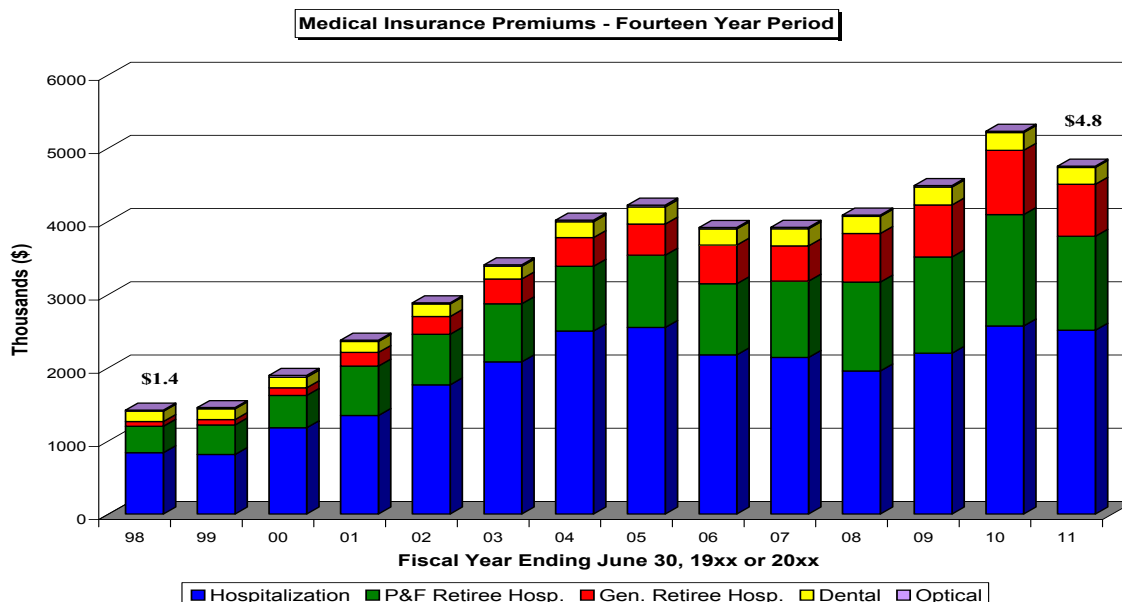
Analysis of City Wage Increases, City SEV/STV Growth, Detroit CPI-W & State Shared Revenues



The mild recession of the early nineties is reflected in the downward trend in STV for those years. Beginning in FY 1993-94, wages, inflation, and STV start to converge. Since FY 1994-95, wages and CPI-W have continued between 2½% and 4% while STV has fluctuated somewhat due to new construction and the State's changes in the property tax valuation rules. However, beginning in FY 2008-09 and continuing through FY 2010-11 this convergence has drastically changed as the City tries to cope with fewer revenues. This is the largest downturn in STV that the City has ever experienced. This downturn directly affects the taxes collected by the City and results in decreasing the City's ability to pay, based on the decline in the principal source of property tax revenue, being lower than CPI and wages. Over the last year, wages have averaged 0%, CIP-W change was 0.3%, State shared revenues have decreased 21% and STV has fallen 14.53%.

Medical Insurance

One of the most important fringe benefits to monitor with an eye toward cost control is medical insurance. Despite the downward employment trend since 1999-00, due to workforce reductions, medical cost increases remained in the double digits through FY 2003-04, the hardest impact of which is demonstrated in the chart shown on the following page, which compares the City's medical insurance premiums over the last fourteen years. Due to the elimination of full-time positions, the City experienced a decrease of 7.2% in FY 2005-06. The FY 2006-07 change is reflective of the elimination of two full-time positions and the moving of those covered by Blue Cross Blue Shield to MERS Premier Health on July 1, 2006, which provided over \$325,000 in savings to the City. Since that time our rates have increased an average of 15.7% per year.



Retiree Medical Insurance

Future labor agreements must control medical insurance premiums especially as the City attempts to fund retiree health care. In April of 2004, the Government Accounting Standards Board (GASB) issued regulations for the purpose of improving disclosure for liability associated with future retiree health care costs, similar to the existing pension obligation disclosure requirements. Based on these GASB guidelines, the City was required to begin reporting our liability and contributions to fund these liabilities over the next 30 year time frame.

The liability, calculated as of June 30, 2004, was \$58.8 million. At June 30, 2009, the unfunded portion is \$50.0 million. The City fully funds the annual required contribution (ARC) to the retiree health care trust. As of June 30, 2009, the Police and Fire retiree health care trust was 8.1% funded, and General Employee retiree health care trust was funded at 11.1%. The FY 2010-11 budget continues to fund the ARC for both trust at \$819,000 and \$707,000 respectively after current retiree premiums.

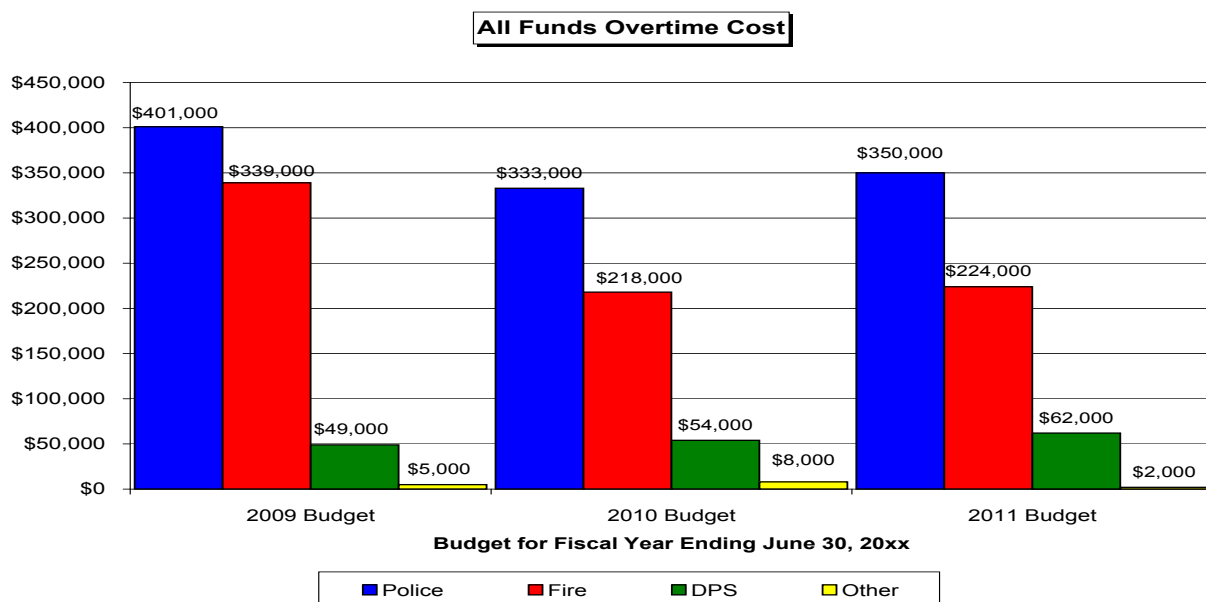
Pensions

The second largest fringe benefit cost component is the employer's contribution to the employee retiree pension plans. This expense is budgeted to be \$2.1 million in FY 2010-11. The City's full-time workforce is divided into two pension groups. All Police and Fire sworn employees are members of the Police and Fire Pension Fund established pursuant to Michigan Public Act 345. The remainder of the full-time employee workforce is covered by the Municipal Employees' Retirement System (MERS).

The budget for the employer contribution to the Police and Fire Pension Fund is 19.42% of total wages based on the City's actuary 2009 recommended contribution rates. In regard to the MERS plan, the pension contribution is budgeted by union group ranging from 9.45% for Police Service Aides to 22.90% for non-Union Court Employees and Department Heads. In 2006 both the Department of Public Service field employees and Court employees agreed to change pension benefits for new hires from a Defined Benefit (DB) plan to a Defined Contribution (DC) plan. These DC plans are funded at 7% by the City with various employee contributions. When a plan changes from DB to DC the plan becomes closed and the remaining unfunded liability is revised to be paid at a flat dollar amount for the number of employees. In FY 2009-10, the contribution for DPS field employees is \$8,141 with Court employees at \$5,045.

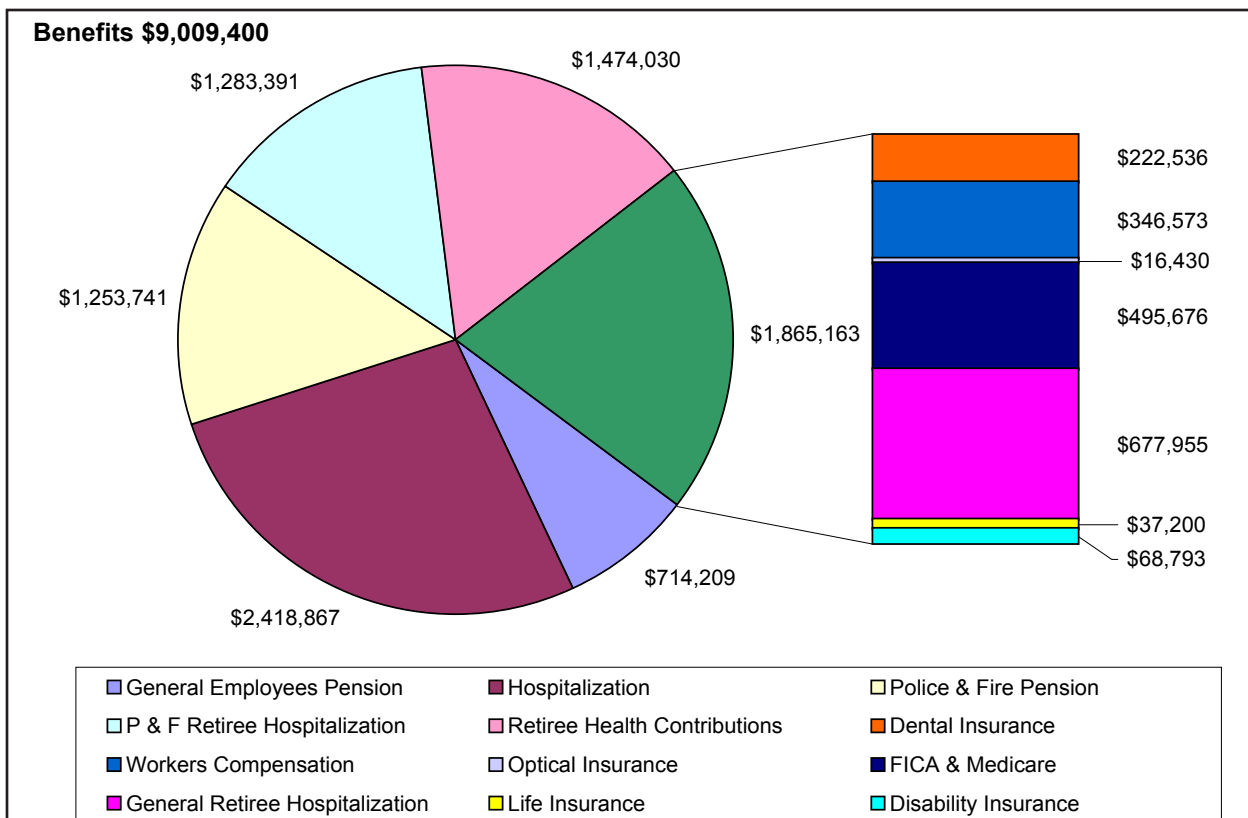
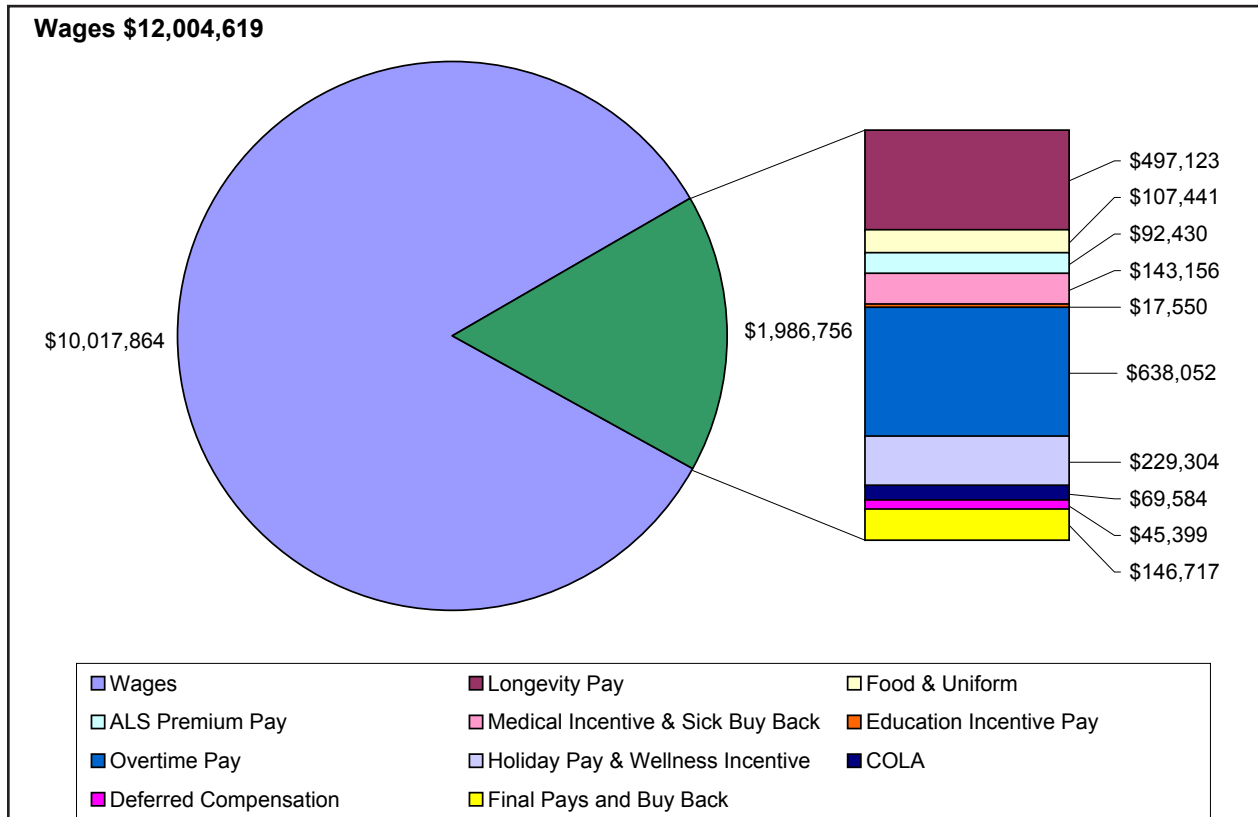
Overtime

Overtime cost for all Funds in FY 2010-11 is budgeted at \$638,000. This is an increase over the FY 2009-10 amended budget by 4% or \$24,000. Decreases in the Police and Fire Departments amount to \$98,700, and DPS overtime reductions equal \$15,700.



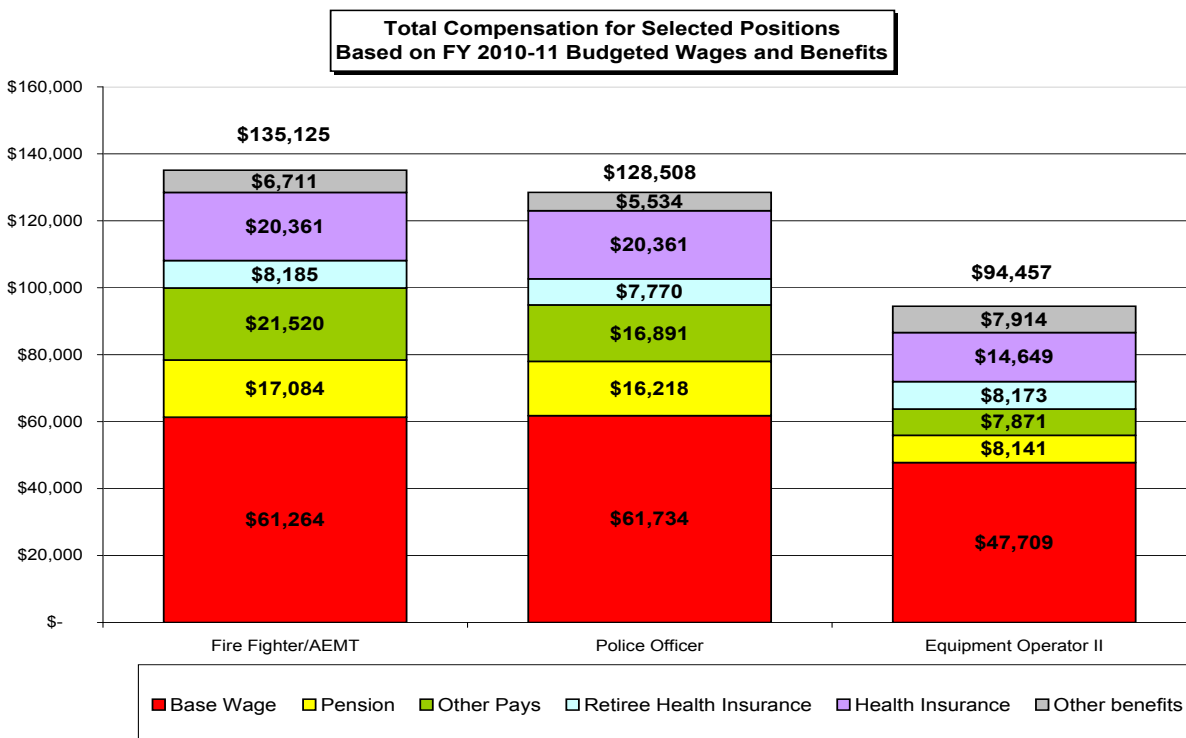
The charts on the next page depicts the City's wage and fringe benefit costs for FY 2010-11.

Wage and Fringe Benefit Costs (\$21,014,019)
Fiscal Year 2010-11 Budget
All Funds



Total Compensation Analysis

In planning for collective bargaining, it is necessary to look at total compensation. For comparative purposes, the next bar chart shows the total FY 2010-11 compensation amount and component percentages for the positions of Fire Fighter/AEMT, Police Officer, and Equipment Operator II, assumed at maximum wage and longevity, and an average overtime cost. With benefits, the Fire Fighter/AEMT and Police Officer receive very similar annual total compensation of \$138,072 and \$125,299 respectively. The equipment operator receives annual compensation in the amount of \$84,501. Fringe benefits range from 50% to over 55% of total compensation!



Of course, wages are comprised of pay for time worked and pay for time not worked. The value of leave time is an important wage component to track for purposes of productivity analysis and cost control. The following table shows the cost of leave time for a Police Officer in FY 2010-11. The position's compensation calculation assumes the maximum wage step and longevity.

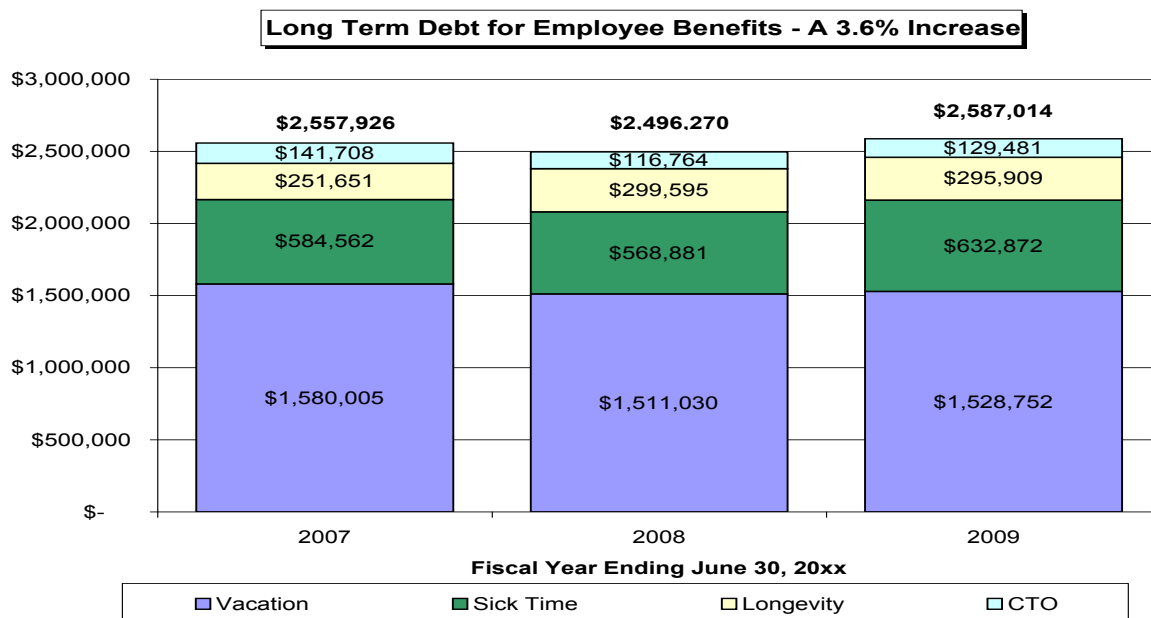
This chart shows the analysis of leave time cost for a Police Officer at maximum wage step and benefits based on FY 2010-11 wages.

Leave Benefit	Days Off Per Year	Value of Leave Benefit
Vacation	25	\$13,276
Holidays	13	6,904
Admin. Leave Days	6	3,186
Sick leave (Max. of 12)	5	2,655
Personal Leave Days	2	1,062
Total	51	\$27,083

As shown on the previous chart, this Police Officer could have approximately one day off per week!

Cash benefits include compensation and other fringe benefits apart from the compensation received for time worked and leave time. Specifically, cash benefits include cost-of-living payments (COLA), sick leave buy-back payments, longevity pay, holiday pay, medical insurance incentive (if applicable), education incentive, uniform allowance. Other fringe benefits include hospitalization insurance premiums, Medicare employer contributions, optical insurance premiums, dental insurance premiums, life insurance premiums, short-term and long-term disability insurance premiums, workers compensation premiums, and pension contributions.

In addition, the value of unused employee leave can represent a significant liability for the City. The following chart shows just how expensive these leave allotments can be by focusing on the key benefits of vacation, sick leave, longevity, and compensatory time off (CTO).



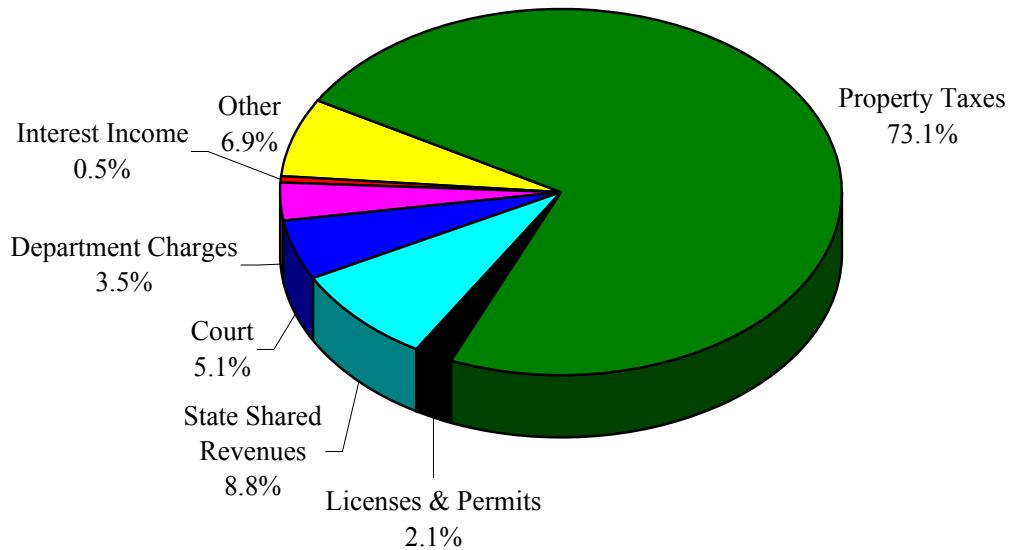
This chart is illustrative of the liability for these benefits as of the last audited fiscal year June 30, 2009. This 3.6% increase is attributable to increased time in CTO and sick leave banks.

GENERAL FUND

This chapter provides both a summary of General Fund revenues and expenditures and a review of the services provided, organizational structure, authorized positions, expenditures, revenues, performance measures, key issues, accomplishments and objectives for the General Fund Departments, Divisions and Cost Centers.

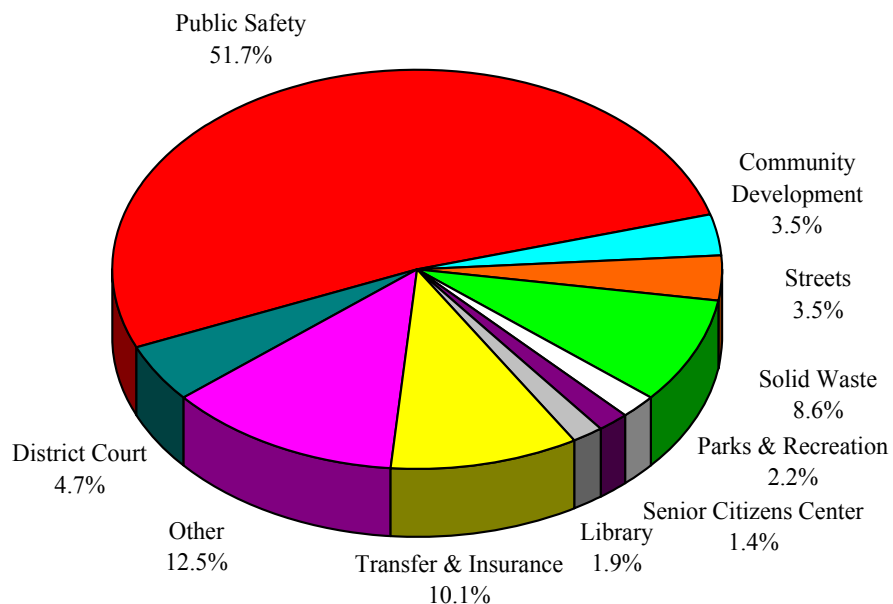
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General Fund Revenues



The principal sources of General Fund Revenues are the Property Tax and State Shared Revenue.

General Fund Expenditures



Police and Fire operations combined make up over half of all General Fund Expenditures.

GENERAL FUND REVENUES AND EXPENDITURES

FY 2010-11 BUDGET

Description	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Revenues by Source:					
Property Taxes	\$ 22,743,468	\$ 22,381,857	\$ 20,431,558	\$ (1,950,299)	(8.7)
Licenses & Permits	157,250	146,726	188,376	41,650	28.4
Non-Business Licenses & Permits	317,976	437,339	407,482	(29,857)	(6.8)
State Shared Revenues	3,056,971	2,748,651	2,448,925	(299,726)	(10.9)
Payment in Lieu of Taxes	39,914	33,800	33,800	-	0.0
County Shared Revenues	44,617	45,000	42,000	(3,000)	(6.7)
SMART Revenues	85,632	70,329	70,329	-	0.0
Court Fines and Fees	1,441,526	1,495,050	1,414,000	(81,050)	(5.4)
Charges for Services	188,710	231,486	179,440	(52,046)	(22.5)
Sales-Miscellaneous	31,524	17,225	15,975	(1,250)	(7.3)
Parks & Recreation	229,714	247,477	238,900	(8,577)	(3.5)
Miscellaneous Revenues	1,640,716	1,557,550	1,337,759	(219,791)	(14.1)
Sale of Fixed Assets	17,139	67,655	31,250	(36,405)	(53.8)
Department Charges	1,006,480	988,480	988,480	-	0.0
Transfers In	60,408	124,940	121,354	(3,586)	0.0
Prior Years Fund Balance	388,944	871,193	737,542	(133,651)	(15.3)
Total Revenues	\$ 31,450,989	\$ 31,464,758	\$ 28,687,171	\$ (2,777,588)	(8.8)

Description	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Expenditures by Activity:					
City Council	\$ 54,966	\$ 55,409	\$ 55,363	\$ (46)	(0.1)
District Court	1,431,805	1,501,944	1,354,384	(147,560)	(9.8)
City Manager	297,498	300,107	311,749	11,642	3.9
Elections	37,877	39,907	47,886	7,979	20.0
City Assessor	408,406	372,830	295,116	(77,714)	(20.8)
Legal	351,356	288,490	255,950	(32,540)	(11.3)
City Clerk	257,536	264,678	219,353	(45,325)	(17.1)
Human Resources	256,625	234,192	148,214	(85,978)	(36.7)
Board of Review	5,894	3,586	3,374	(212)	(5.9)
General Administration	1,029,101	1,020,269	974,837	(45,432)	(4.5)
Finance	735,776	850,566	740,397	(110,169)	(13.0)
Information Technology	248,759	257,907	251,209	(6,698)	(2.6)
Municipal Building	253,501	211,692	98,436	(113,256)	(53.5)
Custodial & Maintenance	255,819	254,232	156,818	(97,414)	(38.3)
Police	10,158,234	9,949,342	9,323,205	(626,137)	(6.3)
Fire	5,762,795	6,024,544	5,504,382	(520,162)	(8.6)
Community Development	1,076,616	1,083,749	989,689	(94,060)	(8.7)
Streets	978,332	948,846	1,011,404	62,558	6.6
Solid Waste	2,451,303	2,496,991	2,456,216	(40,775)	(1.6)
Recreation	164,682	174,722	176,830	2,108	1.2
Youth Center	36,124	26,061	3,858	(22,203)	(85.2)
Nature Center	159,540	150,465	2,000	(148,465)	(98.7)
Parks	805,738	506,877	442,892	(63,985)	(12.6)
Senior Citizens	425,687	463,210	411,541	(51,669)	(11.2)
Outside Agencies	53,604	50,924	25,463	(25,461)	(50.0)
Library	693,589	632,865	530,065	(102,800)	(16.2)
Insurance, Bonds and Transfers	3,059,826	3,300,353	2,896,540	(403,813)	(12.2)
Total Expenditures	\$ 31,450,989	\$ 31,464,758	\$ 28,687,171	\$ (2,777,587)	(8.8)

GENERAL FUND REVENUES

FY 2010-11 BUDGET

Description	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Property Taxes	\$ 22,743,468	\$ 22,381,857	\$ 20,431,558	\$ (1,950,299)	(8.7)
Licenses & Permits	475,226	584,065	595,858	11,793	2.0
State Shared	3,056,971	2,748,651	2,448,925	(299,726)	(10.9)
Other Government	170,172	149,129	146,129	(3,000)	(2.0)
Court Fines and Fees	1,441,526	1,495,050	1,414,000	(81,050)	(5.4)
Service Fees	418,415	478,963	418,340	(60,623)	(12.7)
Sales - Miscellaneous	48,663	84,880	47,225	(37,655)	(44.4)
Miscellaneous	1,640,716	1,557,550	1,337,759	(219,791)	(14.1)
Department Charges	1,006,480	988,480	988,480	0	0.0
Transfers In	60,408	124,940	121,354	(3,586)	(2.9)
Prior Year's Fund Balance	388,944	871,193	737,542	(133,651)	(15.3)
Total	\$ 31,450,989	\$ 31,464,758	\$ 28,687,170	\$ (2,777,588)	(8.8)

Description	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
General Government	\$ 8,684,745	\$ 8,956,162	\$ 7,809,626	\$ (1,146,536)	(12.8)
Public Safety	15,921,029	15,973,886	14,827,587	(1,146,299)	(7.2)
Community Service	3,429,635	3,445,837	3,467,620	21,783	0.6
Culture and Recreation	2,338,964	2,005,124	1,592,648	(412,476)	(20.6)
Community Development	1,076,616	1,083,749	989,689	(94,060)	(8.7)
Total	\$ 31,450,989	\$ 31,464,758	\$ 28,687,170	\$ (2,777,588)	(8.8)

Fund Balance - Unreserved	\$ 4,399,005	\$ 3,527,812	\$ 2,790,270	\$ (737,542)	(20.9)

GENERAL FUND EXPENDITURES

FY 2010-11 BUDGET

GENERAL GOVERNMENT					
Description	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Mayor and Council	\$ 54,966	\$ 55,409	\$ 55,363	\$ (46)	(0.1)
District Court	1,431,805	1,501,944	1,354,384	(147,560)	(9.8)
City Manager	297,498	300,107	311,749	11,642	3.9
Legal	351,356	288,490	255,950	(32,540)	(11.3)
Assessor/Board of Review	414,300	376,416	298,490	(77,926)	(20.7)
City Clerk/Elections	295,413	304,585	267,239	(37,346)	(12.3)
Human Resources	256,625	234,192	148,214	(85,978)	(36.7)
General Administration	1,029,101	1,020,269	974,837	(45,432)	(4.5)
Finance	735,776	850,566	740,397	(110,169)	(13.0)
Information Technology	248,759	257,907	251,209	(6,698)	(2.6)
Custodial/Maintenance	509,320	465,924	255,254	(210,670)	(45.2)
Insurance/Bonds & Transfers	3,059,826	3,300,353	2,896,540	(403,813)	(12.2)
Total	\$ 8,684,745	\$ 8,956,162	\$ 7,809,626	\$ (1,146,536)	(12.8)
PUBLIC SAFETY					
Police	10,158,234	9,949,342	9,323,205	\$ (626,137)	(6.3)
Fire	5,762,795	6,024,544	5,504,382	(520,162)	(8.6)
Total	\$ 15,921,029	\$ 15,973,886	\$ 14,827,587	\$ (1,146,299)	(7.2)
COMMUNITY SERVICE					
Streets	978,332	948,846	1,011,404	\$ 62,558	6.6
Solid Waste	2,451,303	2,496,991	2,456,216	(40,775)	(1.6)
Total	\$ 3,429,635	\$ 3,445,837	\$ 3,467,620	\$ 21,783	0.6
CULTURE AND RECREATION					
Recreation	164,682	174,722	176,830	\$ 2,108	1.2
Youth Center	36,124	26,061	3,858	(22,203)	(85.2)
Nature Center	159,540	150,465	2,000	(148,465)	(98.7)
Parks	805,738	506,877	442,892	(63,985)	(12.6)
Senior Citizens	425,687	463,210	411,541	(51,669)	(11.2)
Outside Agencies	53,604	50,924	25,463	(25,461)	(50.0)
Library	693,589	632,865	530,065	(102,800)	(16.2)
Total	\$ 2,338,964	\$ 2,005,124	\$ 1,592,649	\$ (412,475)	(20.6)
COMMUNITY DEVELOPMENT					
Total	1,076,616	1,083,749	989,689	\$ (94,060)	(8.7)
TOTAL					
General Fund Total	\$ 31,450,989	\$ 31,464,758	\$ 28,687,171	\$ (2,777,587)	(8.8)

Mayor & Council

The citizens of Madison Heights elect the Mayor and six members of the Council. The Mayor is elected for a two-year term and Council members are elected for staggered four-year terms. Key responsibilities include:

- Appointment of the City Manager, to exercise and perform all administrative functions of the City that are not assigned by the City Charter or ordinance to another official;
- Adoption of laws, ordinances and resolutions, as deemed proper to promote and protect the high level of service quality and financial stability in the City; and
- Promotion of community involvement by appointing members to the various Boards and Commissions within the City.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Mayor	1	1	1
Mayor Pro-Tem	1	1	1
Councilmembers	5	5	5
Total Elected Officials	7	7	7

The City also has over 240 volunteers who dedicate their time and talents to Madison Heights Boards, Commissions, Committees and support programs. The City Council appoints members to Boards and Commissions including:

- Downtown Development Authority and Brownfield Redevelopment Authority
- Charter Amendment & Ordinance Revision Committee
- Civil Service Commission
- Community Development Block Grant Review Committee
- Crime Commission
- Elected Officials Compensation Commission
- Environmental Citizens Committee
- Historical Commission
- Housing Commission
- Library Advisory Board
- Parks and Recreation Advisory Board
- Planning Commission
- Police and Fire Pension Board and Retiree Health Care Trust Board
- Senior Citizen Advisory Board
- Tax Review Board
- Zoning Board of Appeals

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Motions Passed	368	405	370	(35)	(8.6)
Ordinances Adopted	6	10	6	(4)	(40.0)
Presentations Made	40	38	30	(8)	(21.1)
Public Hearings Held	21	23	25	2	8.7
Regular/Special Meetings	26	26	25	(1)	(3.8)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$303,535	\$287,198	\$283,510	\$(3,688)	(1.3)
Supplies	3,922	3,400	3,300	(100)	(2.9)
Other Services and Charges	663,782	658,248	724,594	66,346	10.1
Capital Outlay	7,093	0	0	0	0.0
Total	\$978,332	\$948,846	\$1,011,404	\$62,558	6.6
Resources:					
Weed Mowing	\$32,486	\$45,000	\$35,000	\$(10,000)	(22.2)
Brush Chipping	5,160	10,000	10,000	0	0.0

Key Issues

- In light of financial difficulties created by falling property tax revenues and cuts to State Shared revenues, the City is implementing the following measures across the various departmental budgets:
 - To reduce worker's compensation cost, the City would move away from its current municipal pool arrangement to a self insurance plan that will be administered by a third party with claims being pay-as-you-go. Every budget activity with full and/or part time employees will see a reduction in cost including the General (\$137,000), Major Street (\$4,000), Local Street (\$5,000), Housing (\$400), Community Improvement (\$400) and Water and Sewer Funds (\$11,000) for a City-wide total of \$157,000;
 - At the end of FY 2008-09, the City's General and Police and Fire Health Care Trusts had accumulated a positive Other Post Employment Benefits (OPEB) balance of \$300,000. For every budget activity with full-time personnel, there will be a Gap Reduction Measure to reduce contributions to retiree health care. The plan is to take \$100,000 savings per year for the next three years;
 - As a cost cutting measure that will result in a reduction in the Motor Pool charge, for those budget activities that include funding support of City vehicles, one of the three full-time mechanics position will be eliminated. The savings City-wide of eliminating the one position is \$98,000; and
 - To reduce custodial service contract costs at all City buildings, the Budget includes a reduction of custodial services from five to three days a week, the exception being the Police Department, who will maintain the days of coverage but reduce the hours. This Gap Reduction Measure totals \$36,000 and impacts Budget activities for District Court, Custodial and Maintenance Division of DPS, Police, Senior Center Division of DPS and the Water and Sewer Divisions of DPS.
 - On April 26, 2010, City Council agreed, on a voluntary basis, to donate five percent of their gross wages (\$2,420) to the General Fund.

District Court

The 43rd District Court was established by the State of Michigan to render judicial decisions for the citizens of the City. The State is divided into judicial districts, each of which is an administrative unit subject to the control of the Supreme Court. Jurisdiction of the District Court includes all felonies, misdemeanors, civil infractions, and civil and small claim cases.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Court Administrator	1	1	1
Chief Deputy Court Clerk	2	2	2
Deputy Court Clerk	4	4	4
Court Officer	2	2	1
Total Full-time	9	9	8
Magistrate	1	1	1
Court Officer	2	2	2
Probation Officer	1	1	1
Total Part-time	4	4	4
Total Employees	13	13	12

The District Court Judge who is an employee of the State of Michigan and elected by local voters supervises nine full-time and four part-time District Court employees. The Judicial staff includes the District Court Judge and a full-time Court Administrator. Also, a part-time Magistrate hears small claims cases, signs warrants, sets bonds, etc. The Court is subdivided into five functional divisions including: Criminal Cases, Civil Cases, Small Claims, Probation and Traffic Bureau.

- The Criminal Division handles all felony and misdemeanor complaints filed by law enforcement.
- The Civil Cases Division handles the jurisdiction of all civil litigation up to \$25,000.
- The Small Claims Division hears civil cases filed below \$3,000 and requires no attorney.
- The Probation Division provides services to the Judge and probationary clients. The Probation Officer provides special reports and analysis to the Judge for assistance on sentencing decisions.
- The Traffic Bureau Division handles complaints filed by law enforcement agencies regarding traffic and City ordinances.

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$1,045,215	\$1,083,588	\$1,021,106	\$(62,482)	(5.8)
Supplies	24,555	33,790	27,800	(5,990)	(17.7)
Other Services and Charges	339,776	369,566	290,478	(79,088)	(21.4)
Capital Outlay	22,259	15,000	15,000	0	0.0
Total	\$1,431,805	\$1,501,944	\$1,354,384	\$(147,560)	(9.8)
Resources:					
Court Salary Standard	\$45,724	\$45,724	\$45,724	\$0	0.0
Court Fines	680,457	686,250	674,000	(12,250)	(1.8)
Forfeits	19,155	36,500	20,000	(16,500)	(45.2)
Reimbursed Court Costs	442,163	400,000	400,000	0	0.0
Bond Fees	43,744	45,000	35,000	(10,000)	(22.2)
Probation Oversight	243,752	313,000	275,000	(38,000)	(12.1)
Violation Clearance	12,255	14,300	10,000	(4,300)	(30.1)
General Fund	(55,445)	(38,830)	(105,340)	(66,510)	171.3
Total	\$1,431,805	\$1,501,944	\$1,354,384	\$(147,560)	(9.8)

Key Issues

- In an effort to more fully recover operation costs and to adjust schedules to be more in line with his peers, the Judge has indicated that he will be fully implementing the \$150 bench warrant fee, fully implementing the \$150 court appointed attorney fee and increasing the No Operator License on Person fine from \$250 to \$500 per case, resulting in a total of \$149,000 revenue increase.
- In light of financial difficulties created by falling property tax revenues and cuts to State Shared revenues, the City is implementing the following reductions:
 - Working with the City Manager and Director of Administrative Services, Judge Turner has successfully bargained concessions from the Madison Heights Court Clerk's Union at a savings of \$45,000. The concessions include: elimination of the 2% base wage increase scheduled for July 1, 2010; elimination of life insurance paid by the City; and up to 10 unpaid furlough days and holidays;
 - The Court currently uses Oakland County Sheriff's Department to screen visitors to the building and transfer prisoners from the Police Station to the courtroom during trial. Under this plan, the Judge would reassign his court officers to perform the screening function when not needed in the courtroom, which will result in a projected savings of \$33,500;
 - The Judge has agreed to eliminate a contract position that provides assistance to the Court Administrator, resulting in the savings of \$11,000; and
 - The Management Information Systems Administrator has arranged for a new vendor for the Court's mobile telecommunication services that will save \$2,000 per year.
 - The Judge has agreed to delay hiring a new Court Administrator and eliminate a full-time Court Officer position for a combined savings of \$41,000.

City Manager

The City Manager is appointed by the City Council and serves as the chief administrative officer.

The City Manager is responsible for:

- Implementation of policies and direction set by the City Council;
- Direction and supervision of all City Departments, oversight of all personnel functions and purchasing activities of the City;
- Administrative support at all Council meetings;
- Enforcement of municipal ordinances, Charter provisions, and other laws and regulations;
- Preparation of the annual operating budget;
- Reports to the Council on a continuing as well as ad hoc basis on the City's finances, operations and future needs; and,
- Other administrative duties such as assuring positive relationships with the public, working with outside governmental and non-governmental agencies, investigating and adopting new technologies and coordinating public information.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
City Manager	1	1	1
Executive Assistant	1	1	1
Total Full-time	2	2	2
Total Employees	2	2	2

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Agenda Items	200	190	180	(10)	(5.3)
Weddings Performed	40	42	44	2	4.8
<u>Efficiency/Effectiveness</u>					
# of Days From Adoption of Budget to GFOA Submittal	20	22	20	(2)	(9.1)
General Fund Budget Amendments as a % of Adopted Budget	1.2	1.6	1.0	(1)	(37.5)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$290,952	\$291,668	\$302,011	\$10,343	3.5
Supplies	560	200	150	(50)	(25.0)
Other Services and Charges	5,986	8,239	9,588	1,349	16.4
Capital Outlay	0	0	0	0	0.0
Total	\$297,498	\$300,107	\$311,749	\$11,642	3.9
Resources:					
General Fund	\$297,498	\$300,107	\$311,749	\$11,642	3.9
Total	\$297,498	\$300,107	\$311,749	\$11,642	3.9

Key Issues

- Ninety-five percent of the City's full-time work force belongs to one of eight bargaining units. The non-union positions include the City Manager, the Executive Assistant, the Human Resource Director, the Purchasing and Personnel Coordinator, the Director of Administrative Services, the Deputy Finance Director, the Deputy City Manager and the Court Administrator. In light of the financial difficulties faced by the City, this group has offered to eliminate the 2% base wage increase scheduled for July 1, 2010 and 10 unpaid furlough days and holidays. This action sets an example for the City's seven bargaining groups that have not, as of this date, accepted these concessions.
- Close City Hall, Department of Public Service and Police and Fire Administrative Offices from 11:30 am to 12:30 pm to facilitate reduction in manpower with a savings of \$12,000.
- Close City Hall, Library, Senior Center, Department of Public Service and Police and Fire Administration two weeks and three days during the fiscal year, laying off all the employees at a savings of \$106,000.

City Clerk & Elections

The Clerk's Office consists of the City Clerk who is appointed by the City Manager and one full-time Office Assistant. During elections, there are between 60-89 Election Workers who participate in running the election precincts. The number of elections and the anticipated voter turnout determine the number of election workers. The Clerk's Office is responsible for:

- Retaining all official records of the City;
- Attending all City Council Meetings and various board meetings to record official actions in the form of minutes, indices, adjustments of directories and updates to the Code of Ordinances;
- Preparing ceremonial certificates of commendation and testimonials;
- Issuing animal licenses; coordinating temporary, seasonal and initial and renewal of annual retail and service business licenses; right-of-way and door-to-door solicitation permits;
- Administering the Elections Division, which is responsible for voter registration and conducting Federal, State, County, City and School Elections in accordance with the Federal and State Election Laws while striving to protect the rights of voters; and,
- Maintaining a medical equipment loan closet to provide use of wheelchairs, crutches, canes and walkers for residents.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
City Clerk	1	1	1
Office Assistant II	2	2	1
Total Full-time	3	3	2
Election Workers-Chairpersons	16	21	21
Election Workers	73	39	39
Total Part-time	94	60	60
Total Employees	97	63	62

Accomplishments

Resource Management:

- Implemented Amendment to the Animal Ordinance and revised license fees to comply with State law.
- Updated business licensing process by streamlining the renewal procedure, removing unnecessary requirements and creating more equitable and consistent treatment among the different types of businesses.
- Implemented Amendment to the Massage Parlor Ordinance to comply with State law and updated office procedure.
- Eliminated manual receipting process for animal and business licensing processing.
- Coordinated rescheduling of the Madison School District Election to a State General Election cycle.
- Cross-trained election co-chairpersons to ensure adequate precinct coverage on election days.
- Created and trained election "receiving boards" to expedite and improve accuracy of precinct election data to Oakland County Board of Canvassers on election nights.

Objectives

Resource Management:

- Conduct three elections, the State Primary on August 3, 2010, the General Election on November 4, 2010 and the Lamphere School District Election on May 4, 2011.
- Procure and implement the use of electronic poll books in all precincts.
- Coordinate the consolidation of duties and functions in the City Clerk's Office with the Assessing and Finance Departments.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Animal Licenses Issued	829	782	787	5	0.6
Birth/Death Cert. Processed	433	388	400	12	3.1
Business Licenses Issued	601	650	625	(25)	(3.8)
Voters Registered	20,704	20,692	20,000	(692)	(3.3)
<u>Efficiency/Effectiveness</u>					
% Registered Voted	67	16	50	34	212.5
% Voted Absentee	22	41	20	(21)	(51.2)
# of Machines that required repair on Election Day	1	1	1	0	0.0

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$245,880	\$249,948	\$203,084	\$(46,864)	(18.7)
Supplies	3,908	6,275	6,094	(181)	(2.9)
Other Services and Charges	7,748	8,455	10,175	1,720	20.3
Subtotal-Elections	37,877	39,907	47,886	7,979	20.0
Total	\$295,413	\$304,585	\$267,239	\$(37,346)	(12.3)
Resources:					
Business Licenses	\$58,113	\$84,600	\$76,250	\$(8,350)	(9.9)
Animal Licenses	5,507	4,250	7,482	3,232	76.0
Bicycle Licenses	72	100	0	(100)	(100.0)
Vital Health Statistics	20,455	27,000	25,000	(2,000)	(7.4)
Maps	115	125	125	0	0.0
Election Reimbursement	10,999	6,726	11,000	4,274	63.5
General Fund	200,152	181,784	147,382	(34,402)	(18.9)
Total	\$295,413	\$304,585	\$267,239	\$(37,346)	(12.3)

Key Issues

- In light of financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the Budget includes consolidation of the Finance/Treasury Department (\$132,000), Assessing Office (\$88,000) and Clerks' Office (\$55,000), an overall savings of \$276,000. This consolidation will result in the elimination through retirement incentives or layoffs of five full-time positions and one part-time position (Assessor, Property Appraiser, Fiscal Assistant II, Fiscal Assistant I, Office Assistant II and the part-time Personal Property Tax Auditor). The City would also enter into a contract with Oakland County for Assessing Services. Implementation of the plan will provide greater counter coverage and cross-training of employees.
- Due to increased demand for time to notarize documents, a fee of \$10 per document for non-residents, while residents or property owners may obtain their first notary act at no charge and subsequent notary acts at \$10 each. Based on approximately 350 documents notarized per year, this fee should generate \$2,000.

Assessing Office

The Assessing Office is now part of the Finance Department, with contractual services provided by Oakland County Equalization Department. The Assessing Office is responsible for:

- Operating under the provisions of the General Property Tax Act of 1893, as amended, and applicable local charter provisions;
- Monitoring and maintaining the “principal residence” status of all property throughout the City as well as tracking property transfers;
- Developing special assessment district rolls used to fund infrastructure improvements;
- Defending all assessments before the Michigan Tax Tribunal and supporting economic development efforts; and
- Handling the appraisal of all real estate and personal property for property tax purposes on an annual basis. There are over 11,500 real property descriptions and 1,750 personal property accounts in the City.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
City Assessor	1	1	0
Property Appraiser	1	1	0
Assessing Assistant	1	1	1
Total Full-time	3	3	1
Personal Property Appraiser	1	1	0
Total Part-time	1	1	0
Total Employees	4	4	1

Accomplishments

Resource Management:

- Conducted audits of personal property accounts discovering an additional \$1.6 million in taxable value, thereby generating an additional \$29,000 in revenue for the City.
- Produced quarterly vacancy reports on commercial and industrial property for the City’s economic development program.
- Discovered undisclosed real property transfers resulting in an additional \$463,000 in taxable value, thereby generating approximately \$8,000 in additional revenue plus proportionate penalties and interest.
- Processed \$17,250 in property transfer affidavit fines.

Objectives

Resource Management:

- Establish new market and taxable property values for 2010.
- Conduct 36 audits of personal property accounts.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Board of Review Appeals	537	380	375	(5)	(1.3)
Building Permit Inspections	276	307	325	18	5.9
Mich. Tax Tribunal Cases	91	80	75	(5)	(6.3)
Personal Property Audits	36	35	36	1	2.9
Property Revaluation	13,248	13,261	13,300	39	0.3
<u>Efficiency/Effectiveness</u>					
% Assessment Changes Processed by Deadline	100	100	100	0	0.0
% Parcels Added/Deleted by Deadline	100	100	100	0	0.0
Minutes to Process Assessment Change	5	5	4	(1)	(20.0)
Minutes to Process Homestead Exemption Filing	5	5	4	(1)	(20.0)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$350,714	\$344,764	\$75,139	\$(269,625)	(78.2)
Supplies	2,262	2,945	11,500	8,555	290.5
Other Services and Charges	55,430	25,121	208,477	183,356	729.9
Capital Outlay	0	0	0	0	0.0
Subtotal-Board of Review	5,894	3,586	3,374	(212)	(5.9)
Total	\$414,300	\$376,416	\$298,490	\$(77,926)	(20.7)
Resources:					
Assessing Fees	\$17,680	\$20,000	\$0	\$(20,000)	(100.0)
General Fund	396,620	356,416	298,490	(57,926)	(16.3)
Total	\$414,300	\$376,416	\$298,490	\$(77,926)	(20.7)

Key Issues

- In light of financial difficulties created by falling property tax revenues, and reductions in State Shared revenues, the Budget includes consolidation of the Finance/Treasury Department (\$132,000), Assessing Office (\$88,000) and Clerks' Office (\$55,000). This consolidation will result in the elimination through retirement incentives or layoffs of five full-time positions and one part-time position (Assessor, Property Appraiser, Fiscal Assistant II, Fiscal Assistant I, Office Assistant II and the part-time Personal Property Tax Auditor). The City would also enter into a contract with Oakland County for Assessing Services. Implementation of the plan will provide greater counter coverage and cross-training of employees, and result in an overall savings of \$276,000 or more per year.

Legal Department

The City's legal services are contracted to a number of external legal firms. The City Attorney, as called for in the City Charter, is appointed by the City Council. The City also retains services of a legal specialist in the areas of telecommunications, labor relations, liability claims and environmental protection. The Legal Department's responsibilities include:

- Providing legal representation and advising the City Council and City Administration;
- Representing the City in civil and criminal matters;
- Preparing and/or reviewing ordinances, resolutions and contracts to ensure compliance;
- Presenting legal updates to City Administration; and
- Attending City Council meetings.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Legal Counsel (Hours)					
Tax Tribunal	435	215	191	(24)	(11.2)
Labor	1,190	1,295	1,149	(146)	(11.3)
General	2,294	1,668	1,480	(188)	(11.3)
Telecommunications	1	12	11	(1)	(8.3)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	5,647	5,300	5,300	0	0.0
Other Services and Charges	345,709	283,190	250,650	(32,540)	(11.5)
Capital Outlay	0	0	0	0	0.0
Total	\$351,356	\$288,490	\$255,950	\$(32,540)	(11.3)
Resources:					
General Fund	\$351,356	\$288,490	\$255,950	\$(32,540)	(11.3)
Total	\$351,356	\$288,490	\$255,950	\$(32,540)	(11.3)

Key Issues

- As directed by the City Council, the City Attorney and other attorney contractors will be responsible for developing strategies to reduce the hours worked on projects and assignments. The targeted savings of \$52,000 is based on an average reduction in the City's departmental operations. No reduction in hourly rates or retainers are proposed.
- The balance of the budget for this Department is supported at the current service level.

Human Resources Department

The Human Resources Department consists of the Human Resources Director who is appointed by the City Manager, and the Purchasing and Personnel Coordinator whose costs, based on workload, is split between Human Resources and General Administration Departments. The Budget includes the transfer of the Purchasing and Personnel Coordinator and the purchasing function to the Department of Public Services; and the transfer back of a part-time position to provide office and personnel assistance. The Human Resources Department is responsible for:

- Researching and formulating policy as directed by the City Manager or initiated by the Department; and
- The following additional functions: coordination of employee recruitment and selection, training, counseling, medical evaluation, discipline, grievance administration, staffing analysis and planning, labor relations, labor contract negotiations, employee health and safety, return-to-work program, compensation administration, positions control, pay and classification review, employee wellness and other matters.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Human Resources Director	1	1	1
Purchasing and Personnel Coordinator	1	1	0
Total Full-time	2	2	1
Personnel Assistant	0	0	1
Total Part-time	0	0	1
Total Employees	2	2	2

Accomplishments

Resource Management:

- Transitioned eligible retirees to the new Medicare Advantage health insurance program.
- Made available to several employee bargaining units (excluding Police, Fire and DPS) a new high deductible health insurance plan with a corresponding Health Savings Account.
- Adjusted the City's Wellness Program by adding Beaumont Hospital's WebMD Personal Health Manager.

Objectives

Resource Management:

- Complete the Act 312 Arbitration process for the collective bargaining agreements with the Firefighter and Police (Non-Supervisory and Supervisory) bargaining units.
- Successfully reopen and negotiate previously resolved collective bargaining agreements (with duration of 07/01/08 to 06/30/11).
- Assist and support operating departments with the implementation of Budget Reduction Measures for FY 2010-11.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators:</u>					
Entry-level Recruit/ Selections	1	1	0	(1)	(100.0)
Grievances Resolved	3	8	10	2	25.0
Promotions Processed	1	0	3	3	100.0
<u>Efficiency/Effectiveness</u>					
# of Lost or Restricted Days Due to Workers Comp.	476	500	475	(25)	(5.0)
% of Full-Time Positions Filled Within 90 Days of Vacancy	100	100	50	(50)	(50.0)
% of Salary/Wage Changes Processed On or Before Effective Date	100	100	100	0	0.0

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$212,499	\$193,149	\$124,222	\$(68,927)	(35.7)
Supplies	0	0	0	0	0.0
Other Services and Charges	44,126	41,043	23,992	(17,051)	(41.5)
Capital Outlay	0	0	0	0	0.0
Total	\$256,625	\$234,192	\$148,214	\$(85,978)	(36.7)
Resources:					
General Fund	\$256,625	\$234,192	\$148,214	\$(85,978)	(36.7)
Total	\$256,625	\$234,192	\$148,214	\$(85,978)	(36.7)

Key Issues

- In March, the Administrative Secretary at the Department of Public Services retired. Currently, the Purchasing and Personnel Coordinator's responsibilities and funding is split between the Human Resources and General Administration Departments. Under this plan, this position with the purchasing function, and some specific labor relations duties would be transferred to the Department of Public Service, with the new funding allocation of 25% to the General Fund General Administration, 45% to Major Street Fund and 30% to Local Street Fund. The General Fund savings as a result of this transfer of position is \$66,000.
- Based on extremely low utilization, the Budget includes elimination of the contract for employee assistance at a savings of \$6,000.
- Based on the continued hiring freeze and the prospective layoff of City employees, the Budget for advertising for open positions has been reduced by 50%, at a savings of \$3,500.

General Administration

General Administration is responsible for conducting many of the City's centralized administrative functions such as purchasing, communication administration, cable television production and regulation, and special projects as assigned. A portion of the Deputy City Manager/Public Service Director and 25% of the Purchasing Coordinator's compensation is funded through this budget.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Deputy City Manager	1	1	1
Total Full-time	1	1	1
Total Employees	1	1	1

Accomplishments

Resource Management:

- Enrolled City in Constellation Energy and Consumers Choice program for natural gas, resulting in annual savings of approximately \$22,000.
- Consolidated desktop printers, outdated copy and fax machines at Department of Public Services with lease of a multifunction office machine, resulting in a projected savings of approximately \$2,000 per year.

Objectives

Resource Management:

- Implement appropriate amendments to purchasing policy and ordinance to allow for online competitive sealed bid process.
- Implement plan to lease multifunctional office machines in Community Development, Police Department and Mail Room to achieve additional savings of approximately \$3,000 per year.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Cable Messages Posted	940	940	945	5	0.5
Number of Formal Bids	22	20	24	4	20.0
Purchase Orders	1,270	1,280	1,150	(130)	(10.2)
<u>Efficiency/Effectiveness</u>					
% Cable Television Bulletin Board Up Time	98	99	99	0	0.0
% of Formal Bids Within Budgeted Amount	99	99	100	1	1.0
Web Site Traffic	141,768	175,420	200,000	24,580	14.0

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$747,419	\$813,085	\$816,095	\$3,010	0.4
Supplies	69,051	74,087	52,719	(21,368)	(28.8)
Other Services and Charges	208,570	132,847	105,023	(27,824)	(20.9)
Capital Outlay	4,061	250	1,000	750	0.0
Total	\$1,029,101	\$1,020,269	\$974,837	\$(45,432)	(4.5)
Resources:					
Cell Tower	\$24,519	\$24,000	\$38,473	\$14,473	60.3
General Fund	1,004,582	996,269	936,364	(59,905)	(6.0)
Total	\$1,029,101	\$1,020,269	\$974,837	\$(45,432)	(4.5)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City is implementing the following program reductions:
 - The City's production and distribution of a calendar and annual report will be dropped at a savings of \$14,000 per year. The information contained within the calendar will still be available from different sources such as the Mayor's State of the City Address, website events calendar and municipal access channel. A one page summary showing holidays, schedule of regular meetings and trash collection day changes will be made available at City buildings;
 - In an effort to trim costs in every program, the Wellness coaching sessions provided by Beaumont Hospital will be dropped at a savings of \$3,000;
 - To help contribute to the task of meeting our financial challenges, City Council has directed a number of smaller reductions including elimination of laser plaques for special recognition, elimination of flowers and memorials, elimination of soda pop beverages available, elimination of newspaper legal notices (replaced by postings online and at City Hall), dropping the City's participation in the Michigan Municipal League's (MML) Legal Defense Fund, and programmed a reduction in MML dues, with these measures resulting in annual savings of \$3,000; and
 - The City will no longer purchase letterhead and will eliminate the use of colored ink on all envelopes and business cards, resulting in a savings of \$1,500 per year.

Finance Department

The Finance Department consists of a Director of Administrative Services, Deputy Finance Director, two accountants, and three full-time Fiscal Assistants. The Finance Department is responsible for:

- Preparing and maintaining the City's financial statements in compliance with the requirements of the Governmental Accounting Standards Board;
- Accounting, pension administration, risk management and treasury functions;
- Improving the online data processing of financial reporting, accounting, accounts payable, budgeting, cash receipts, payroll, pension management, purchasing and encumbrance system, tax and utility billing and collections;
- Assisting in budget development, implementation, maintenance and control; and
- Additionally, the Finance Department provides support services to other departments; including being part of the management team in labor negotiations with all employee bargaining units.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Finance Director/Treasurer - Director of Administrative Services	1	1	1
Deputy Finance Director/Treasurer	1	1	1
Accountant	2	2	2
Fiscal Assistant II	4	4	3
Fiscal Assistant I	1	1	0
Total Full-time	9	9	7
Total Employees	9	9	7

Accomplishments

Resource Management:

- Received the Government Finance Officers Association's (GFOA) Distinguished Budget Award.
- Coordinated the move to self-funding for worker's compensation insurance.

Objectives

Resource Management:

- Complete annual audit and have Annual Financial Report finalized within three months of fiscal year end.
- Receive the Government Finance Officers Association's (GFOA) Distinguished Budget Award.
- Have property tax, special assessment, water/sewer and other unpaid bills settlement balanced and to Oakland County for reimbursement by the end of March.
- Complete consolidation of Finance/Treasury, Clerk and Assessing offices.
- Implement financial software system update.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
# of Investment Transactions	27	36	36	0	0.0
# of Payroll Checks Issued	7,514	7,400	7,200	(200)	(2.7)
# of Payroll Checks Voided	18	15	10	(5)	(33.3)
Accts. Payable Checks Issued	8,563	8,600	8,500	(100)	(1.2)
# of Water Customers Utilizing ACH Payment	758	815	900	85	10.4
<u>Efficiency/Effectiveness</u>					
Average Man Hours Lost Per Workers Compensation Claim	638	600	550	(50)	(8.3)
Cost Per Payroll Check (dollars)	10	11	11	0	0.0

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	641,375	772,090	661,689	\$(110,401)	(14.3)
Supplies	9,060	9,097	4,468	(4,629)	(50.9)
Other Services and Charges	85,341	69,379	69,240	(139)	(0.2)
Capital Outlay	0	0	5,000	5,000	0.0
Total	\$735,776	\$850,566	\$740,397	\$(110,169)	(13.0)
Resources:					
Mobile Home Tax	\$2,038	\$2,126	\$2,126	\$0	0.0
Property Tax Admin. Fees	617,401	618,655	539,657	(78,998)	(12.8)
Garbage Bag Sales	9,948	11,500	10,000	(1,500)	(13.0)
Interest Income on Deposits	354,754	385,000	150,000	(235,000)	(61.0)
General Fund	(248,365)	(166,715)	38,614	205,329	123.2
Total	\$735,776	\$850,566	\$740,397	\$(110,169)	(13.0)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reduction in State Shared revenues, the City is implementing the following measures:
 - Consolidation of the Finance/Treasury Department (\$132,000), Assessing Office (\$88,000) and Clerks' Office (\$55,000). This consolidation will result in the elimination through retirement incentives or layoffs of five full-time positions and one part-time position (Assessor, Property Appraiser, Fiscal Assistant II, Fiscal Assistant I, Office Assistant II and the part-time Personal Property Tax Auditor). The City would also enter into a contract with Oakland County for Assessing Services. Implementation of the plan will provide greater counter coverage and cross-training of employees, and result in an overall savings of \$276,000 or more per year;
 - The City has established a cost recovery fee of 10% to recoup expenses incurred when processing delinquent water and sewer bills with delinquent property tax. This charge is projected to generate \$42,500 per year; and
 - At a savings of nearly \$2,000, the current financial documents including the Capital Improvement Plan, the Proposed Budgets and the Adopted Budget documents will be switched to being provided electronically. The only hard copies will be available in the City Manager's Office, Finance Department, Library and City Clerk's Office.

Information Technology

The Information Technology Department consists of the Management Information Systems Administrator and an Information Systems Specialist. The Information Technology Office is responsible for supporting the City's Wide Area Network (WAN) and computer related functions. Examples of key services provided include: installation and support of microcomputers, technical support liaison for all hardware and software, water and tax bill coordination and assistance in setting the technological direction for the City.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
MIS Administrator	1	1	1
Information Systems Specialist	1	1	1
Total Full-time	2	2	2
Total Employees	2	2	2

Accomplishments

Resource Management:

- Elimination of three radio circuits (by routing through the phone system) to partially fund wireless connectivity at Fire Station #2.
- Converted cell phone plans to State of Michigan pricing, saving \$6,000 a year.
- Developed an in-house work order system for the Department of Public Services.
- Reduced contractual computer services by \$20,000 by absorbing this work.

Objectives

Resource Management:

- Meet budget reduction measures by implementing new technological improvements.
- Convert website to new software, thereby reducing annual maintenance cost.
- Replace computer room air conditioning unit with more efficient unit (1 year pay back on costs).
- Bid out local and long distance phone service.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Platforms Supported	6	7	7	0	0.0
Applications Supported	36	36	36	0	0.0
<u>Efficiency/Effectiveness</u>					
Number of computer workstations per IT FTE	85	91	85	(6)	(6.6)
Operating expenditures per workstation	3,509	3,159	3,100	(59)	(1.9)
Satisfaction with timeliness for IT assistance request	84%	85%	87%	2	2.3

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$240,631	\$245,650	\$240,841	\$(4,809)	(2.0)
Supplies	8,128	12,257	8,368	(3,889)	(31.7)
Other Services and Charges	0	0	0	0	0.0
Capital Outlay	0	0	2,000	2,000	0.0
Total	\$248,759	\$257,907	\$251,209	\$(6,698)	(2.6)
Resources:					
General Fund	\$248,759	\$257,907	\$251,209	\$(6,698)	(2.6)
Total	\$248,759	\$257,907	\$251,209	\$(6,698)	(2.6)

Key Issues

- The budget includes the replacement of one critical print server computer at a cost of \$2,000.
- This budget is supported at current service level.

Custodial & Maintenance Division

The services of the Custodial and Maintenance Division of the Department of Public Service are provided on an assignment basis by Department of Public Service employees and contractors. The Division is responsible for:

- Maintaining City buildings, which includes preventative maintenance and repairs; and
- Custodial services through outside contractors at the Library, District Court, Police Station, Senior Citizens Center, City Hall and the Department of Public Service buildings.

Organizational Services

Personnel Summary	2008-09	2009-10	2010-11
Assistant Building Maintenance	1	1	0
Total Full-time	1	1	0
Total Employees	1	1	0

Accomplishments

Resource Management:

- Completed portable generator hookup capability to Senior Center and City Hall.
- Completed City Hall re-roof to eliminate leaks and improve efficiency.
- Reduced pest control to “in house” process by departmental personnel.
- Reduced contractor document shredding to “in house” process by departmental personnel.
- Re-sealed Nature Center log siding.
- Waterproofed City Hall elevator pit.
- Rebid custodial contract and selected new custodial contractor.
- Completed reassignment of building maintenance tasks to Streets/Facilities Division personnel.

Objectives

Resource Management:

- Install new entry doors to the west end of City Hall with grant funds.
- Replace decorative stone panels at City Hall with grant funds.
- Re-lamp Police Station, Senior Center and Department of Public Service with energy efficient bulbs and install motion switches/occupancy sensors in the Senior Center, Police Department, Department of Public Service and City Hall with grant funds.
- Continue to monitor new custodial contractor to improve efficiency.
- Replace inefficient air conditioning unit in City Hall Information Technologies area with grant funds.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Boiler Inspections	6	6	6	0	0.0
Boiler Water Treatment	12	12	12	0	0.0
Elevator Inspections	28	39	50	11	28.2
Filter Replacements	1,060	1,065	1,065	0	0.0
<u>Efficiency/Effectiveness</u>					
Cost per square foot City Hall Utilities	1.91	2.03	2.06	0.03	1.5

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$87,496	\$113,300	\$31,590	\$(81,710)	(72.1)
Supplies	16,463	20,500	18,500	(2,000)	(9.8)
Other Services and Charges	151,860	120,432	106,728	(13,704)	(11.4)
Capital Outlay	0	0	0	0	0.0
Subtotal-Municipal Bldg.	253,501	211,692	98,436	(113,256)	(53.5)
Total	\$509,320	\$465,924	\$255,254	\$(210,670)	(45.2)
Resources:					
General Fund	\$509,320	\$465,924	\$255,254	\$(210,670)	(45.2)
Total	\$509,320	\$465,924	\$255,254	\$(210,670)	(45.2)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City plans the following measures:
 - The State Department of Human Resources has become a tenant in the lower level of City Hall and will be asked to pay monthly rental fees of \$100 to partially offset their share of electric, heat, water, custodial, phone and copy expenses;
 - Historically, this division has assigned an individual to work on building upkeep, maintenance tasks, repairs and non-emergency special projects at City Hall and other City facilities. Under this plan, the position would be eliminated at a savings of \$81,000 per year, and any necessary assignments will be given to a worker from the Streets and Facilities Division; and
 - Eliminate radio circuits between City Hall and the Department of Public Service building, and between the Senior Center and the Department of Public Service building, by routing and converting the signals to work over fiber optic network at a savings of \$6,000.

Police Department

The Police Department is the largest department with 62 full-time positions, including 1 Animal Control Officer, 17 part-time Crossing Guards and 1 part-time Animal Control Support Worker. The Department is responsible for:

- Establishing a safe environment for residents and businesses through community policing, crime suppression, maintaining order and responding to emergencies and calls for assistance;
- Investigating crimes by researching, solving and successful prosecution of crimes; and
- Helping citizens who wish to become more involved and aware of methods of crime prevention in their community. Current volunteer groups include Police Reserves, Crisis Response Team and Police Explorers, who are young people interested in law enforcement careers.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Police Chief	1	1	1
Deputy Police Chief	1	1	1
Lieutenants	4	4	4
Sergeants	13	13	10
Police Officers	40	35	33
Administrative Secretary	1	1	1
Information Systems Specialist	1	1	1
Office Assistant II	2	2	2
Police Service Assistants	9	8	8
Animal Control Officer	1	1	1
Total Full-time	73	67	62
Crossing Guards	17	17	17
Animal Control Support	1	1	1
Total Part-time	18	18	18
Total Employees	91	85	80

Accomplishments

Public Safety:

- Implemented the new 800 megahertz radio system.
- Revised the City's False Alarm Ordinance to encourage organizations to correct operational and mechanical deficiencies to reduce City resources' unwarranted responses to false alarms.

Objectives

Public Safety:

- Develop long-term strategic plans for Departmental changes due to pending retirements and personnel reductions.
- Research, plan and purchase new E-911 call taking equipment for Police and Fire Dispatch Center.
- Research, plan and purchase new patrol car in-car digital video recorders.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Total Arrests	1,381	1,202	1,300	98	8.2
Employee Training Hours	3,921	3,596	3,200	(396)	(11.0)
*Part A Crimes	3,258	2,670	2,800	130	4.9
Total Accidents Investigated	1,750	1,866	1,800	(66)	(3.5)
Total Calls for Service	22,870	20,770	21,000	230	1.1
Total Cases Investigated	2,794	2,285	2,500	215	9.4
Traffic Citations Issued	8,231	9,473	9,500	27	0.3

*"Part A" Crimes include: Homicide, Criminal Sexual Conduct, Kidnapping, Robbery, Assaults, Stalking, Arson, Burglaries, Forgery, Larcenies, Motor Vehicle Theft, Embezzlement, Retail Fraud, Drug/Narcotic Violations, Prostitution, Weapons Offenses & Gambling.

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$9,414,800	\$9,101,783	\$8,598,893	\$(502,890)	(5.5)
Supplies	45,954	50,500	47,500	(3,000)	(5.9)
Other Services and Charges	691,516	716,559	665,812	(50,747)	(7.1)
Capital Outlay	5,964	80,500	11,000	(69,500)	(86.3)
Total	\$10,158,234	\$9,949,342	\$9,323,205	\$(626,137)	(6.3)
Resources:					
Liquor License Inspections	22,901	22,000	22,000	0	0.0
Police Records Filing Fees	75,631	65,000	88,932	23,932	36.8
Police & Fire Pension Millage	2,808,386	2,599,575	2,375,435	(224,140)	(8.6)
General Fund	7,251,316	7,262,767	6,836,838	(425,929)	(5.9)
Total	\$10,158,234	\$9,949,342	\$9,323,205	\$(626,137)	(6.3)

Key Issues

- In light of the financial difficulties created by revenue reductions:
 - On May 10th, Council adopted a layoff equity plan, where all position reductions scheduled in the Budget and not achieved by the end of the current fiscal year would result in layoff, instead of the former attrition only plan (Police - 5 positions and Fire - 2 positions). The elimination of five positions (3 Sergeants and 2 Police Officers) generates a first year savings of \$273,000. The actual savings are net of any final pays for these positions, savings are greatly reduced in the first year, but in the second year the City should expect to save in excess of \$500,000. The Chief's plan is to close down the Special Investigation Unit, reformulate the Detective Bureau by converting command positions, consolidate responsibilities for training, property room and auxiliary services, and returning an officer currently assigned to a Special Federal Task Force to road patrol. There will be no reduction in patrol operation as a result of this attrition plan; and
 - Replacement of radio circuits between the Police Department and the Fire Department by using fiber optic network in phone system for dispatching calls between the two departments, saving \$11,000 per year.
- The Capital Outlay Budget includes the replacement of fifteen in-car digital recorders at a cost of \$105,000. This project will be funded through a combination of \$11,000 from a Michigan Municipal Risk Management Authority risk avoidance grant matched by \$94,000 from the Drug Forfeiture Fund.

Fire Department

The Fire Department consists of twenty-one licensed paramedics, 18 are Firefighters and 3 are Sergeants. In addition, staff includes 7 positions in fire suppression and 3 employees in the fire prevention/administration. The Department is responsible for:

- Enforcing State laws and City ordinances that relate to fire protection and prevention including inspections of commercial and industrial buildings, and multiple unit dwellings for fire code violations;
- Protecting the lives and property from the ravages of fire by responding to residential, commercial and industrial fires with specialized equipment;
- Responding to hazardous material incidents, confined space rescue and trench rescue; and
- Providing advanced life support emergency medical services.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Fire Chief	1	1	1
Fire Marshal	1	1	1
Lieutenants	3	3	3
Sergeants	6	6	6
Firefighters	25	22	19
Total Full-time	36	33	30
Office Assistant II	1	1	1
Total Part-time	1	1	1
Total Employees	37	36	31

Accomplishments

Public Health:

- Placed a new Rescue Ambulance into service.
- Evaluated Advanced Life Support operations, expenditures and revenues, and with Council approval, developed ballot proposal language and provided public information for the continuation of the ALS Millage, which was approved.

Public Safety:

- Transitioned to the Oakland County Open Sky 800 Mhz radio system.
- Implemented a fire prevention re-inspection fee to encourage fire code compliance and reduce unnecessary repeat inspections.
- Implemented a false alarm cost recovery fee to encourage proper maintenance on fire alarm systems.

Objectives

Public Safety:

- Place into service a new fire station alerting system in the dispatch center.
- Continue with the implementation of the Mutual Aid Box Alarm System (MABAS) for effective and efficient command, control and emergency resource sharing between cities for long term, large scale or complex incidents.

Resource Management

- Implement a comprehensive work related injury reduction program that includes annual training with regards to proper lifting and patient handling techniques; core strengthening and body flexibility; and procurement of patient handling equipment to reduce firefighter injuries.

Performance Measures

Performance Measures:	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
<u>Workload Indicators</u>					
EMS Incident Response	2,628	2,625	2,635	10	0.4
Structure Fire Reponse	32	37	33	(4)	(10.8)
Hazmat Call Response	73	67	65	(2)	(3.0)
Commerical Bldgs Inspected	276	288	280	(8)	(2.8)
<u>Efficiency/Effectiveness</u>					
% Bldg Fire Call Response Times less than 5 minutes	100	100	100	0	0.0
% EMS Call Response Times less than 5 minutes	99	99	98	(1)	(0.5)
% Commerical Bldgs Inspected	29	29	30	1	3.4

Financial Summary

Requirements:	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Personal Services	\$5,190,363	\$5,070,835	\$4,535,754	\$(535,081)	(10.6)
Supplies	47,359	55,519	51,929	(3,590)	(6.5)
Other Services and Charges	512,320	593,432	560,369	(33,063)	(5.6)
Capital Outlay	12,753	304,758	356,330	51,572	16.9
Total	\$5,762,795	\$6,024,544	\$5,504,382	\$(520,162)	(8.6)
Resources:					
Ambulance & CPR	\$456,003	\$456,515	\$456,265	\$(250)	(0.1)
Police & Fire Pension Millage	1,553,849	1,414,011	1,273,184	(140,827)	(10.0)
Vehicle Proposal Millage	0	304,758	356,330	51,572	16.9
Advanced Life Support Millage	290,162	288,866	288,656	(210)	(0.1)
General Fund	3,462,781	3,560,394	3,129,947	(430,447)	(12.1)
Total	\$5,762,795	\$6,024,544	\$5,504,382	\$(520,162)	(8.6)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State revenues:
 - On May 10th, Council adopted a layoff equity plan, where the three Fire Department positions proposed for reduction in the Budget, if not achieved by the end of the current fiscal year, would result in layoffs. Currently one of the three positions is vacant. The City will maintain a minimum of six firefighters on shift, including the capability to respond to fire and rescue calls from both fire stations; and
 - Eliminate Tactical Medic Program which will reduce training and overtime costs by \$3,000.
- The Capital Outlay Budget includes the Proposal “V-2” funding for:
 - Phase III funding for replacement of ambulance rescue #710 at \$131,000;
 - Phase I funding for ambulance rescue #713 at \$190,000; and
 - Patient transfer equipment for rescue units at \$35,000.

Community Development

The Community Development Department consists of these functions: Building, Planning, Engineering, Economic Development, Code Enforcement, Geographic Mapping, Housing and Block Grants. The Department is responsible for:

- Handling all inspections of new buildings, inspections of commercial buildings for business licenses and inspections for landlord licenses, as well as providing recommendations on matters coming before the Planning Commission and Zoning Board of Appeals;
- Handling all code inspection and enforcement services;
- Providing support to the Planning Commission, Downtown Development and Brownfield Redevelopment Authorities, and working with the development, business and real estate communities to promote economic development; and
- Designing, bidding, inspecting and planning road reconstruction projects.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Community Development Director	1	1	1
Deputy Community Development Director	1	1	1
Economic Development Coordinator	1	1	1
Geographic Information System Supervisor	1	1	0
Administrative Secretary	1	1	1
GIS/CDD Technician	1	1	1
Inspector	2	2	2
Office Assistant II	1	1	1
Total Full-time	9	9	8
Community Development Assistant I	1	1	1
Geographic Information System Assistant	1	0	0
Code Enforcement Officer	1	1	1
Total Part-time	3	2	2
Total Employees	12	11	10

Accomplishments

Public Safety:

- Completed the following projects: Residential Reconstruction - LaSalle; Tawas; Tawas Court; E. Barrett; Lorenz; Hales; Northeastern; Katherine; Residential Joint & Crack Seal Program; Year 7 Sidewalk Program; 12 Mile Sidewalk (south side) Under I-75; DDA 11 Mile - Six Alleys; 13 Mile Sectional Concrete Repair - John R to Stephenson Hwy; John R Northbound curb lane from 11 Mile to Gardenia; Sectional Concrete Repair; Campbell Road - 13 Mile to 14 Mile; Progress Drive (I-696 WB Service Drive) Resurfacing - Couzens to Dequindre (Coordinated with Michigan Department of Transportation); Kuhn Drain District Flushing System Rehabilitation - Stephenson Highway to Dequindre (Coordinated with Oakland Water Resource Commission).
- Fifteen blighted structures demolished and five nonconforming signs removed.

Public Health:

- Conducted over 21,750 contacts on code enforcement issues, including periodic Saturday and Sunday enforcement.
- Over 4,000 inspections of building, electrical, mechanical, plumbing, sign and flatwork concrete permits conducted to ensure safe construction.

Resource Management:

- Business retention, ombudsman and new business welcome programs included more than 290 visits to local businesses.
- Continued successful implementation of Interlocal Agreement with Troy to provide mechanical/plumbing inspections at substantial savings.
- Reduced Departmental vehicle fleet by one (12.5% reduction).

Objectives

Public Safety:

- Complete the following projects: Brockton - Battelle to Tawas; Dorchester - Englewood to 31272 Dorchester; Yorkshire - Westmore to Tanglewood; Westmore - Winthrop to west of Yorkshire; Englewood - Campbell to Edgeworth; Residential Sectional Concrete Repair Program; Annual Sidewalk Repair and Gap Program; Barrett/Dallas Sectional Repair Program; Major Road Sectional Repair Program; and Asphalt Crack Seal Program.

Resource Management:

- Complete implementation of Neighborhood Stabilization Program.
- Successfully implement Gap Reduction measures approved by City Council.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Building Permits Issued	637	700	675	(25)	(3.6)
Ordinance Violations	65	60	70	10	16.7
Rental Unit Inspections	2,695	2,700	2,700	0	0.0
Site Plans Approved	10	6	8	2	33.3
New Business and Retention Visits	275	290	300	10	3.4
<u>Efficiency/Effectiveness</u>					
% of Code Enforcement Actions Resolved Without Court	99	99	99	0	0.0
% of ZBA Cases Resolved After 1st Hearing	100	95	95	0	0.0

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$902,186	\$903,941	\$830,222	\$(73,719)	(8.2)
Supplies	7,935	8,600	6,000	(2,600)	(30.2)
Other Services and Charges	166,495	153,708	135,967	(17,741)	(11.5)
Capital Outlay	0	17,500	17,500	0	0.0
Total	\$1,076,616	\$1,083,749	\$989,689	\$(94,060)	(8.7)
Resources:					
Occupational Licenses	\$97,099	\$60,000	\$110,000	\$50,000	83.3
Other Permits	60,820	77,050	50,000	(27,050)	(35.1)
Building Permits	251,577	355,939	350,000	(5,939)	(1.7)
Engineering Fees	18,104	25,000	15,000	(10,000)	(40.0)
Planning Fees	5,250	5,000	4,000	(1,000)	(20.0)
GIS Services	1,650	400	300	(100)	(25.0)
Proposal V	0	15,500	16,000	500	3.2
General Fund	642,116	544,860	444,389	(100,471)	(18.4)
Total	\$1,076,616	\$1,083,749	\$989,689	\$(94,060)	(8.7)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City has adopted the following:
 - The City, through the Department and the City Manager's Office, continues to administer the Neighborhood Stabilization Program (NSP). To eliminate the General Fund from subsidizing the NSP Program for time spent by staff to administer this program, the grant will be charged for actual time spent by staff to support these projects; and
 - Under this plan, the City would lay off the Geographic Information System (GIS) Supervisor position at a first year savings of \$87,000 and a part-time Clerical position for a savings of \$12,000. The GIS database is almost fully developed and is now transitioning from data development and gathering to dissemination and utilization of program data via the Inter- and Intranet.
- The Capital Outlay Budget includes the Proposal "V-2" funding for the replacement of a pickup truck at the cost of \$16,000.

Streets Division

The Streets Division of the Department of Public Service consists of 16 employees whose time is allocated between the General Fund Divisions for Streets and Solid Waste, as well as the Major Street Fund and Local Street Fund. The Streets Division is responsible for:

- Maintaining the 106 miles of streets;
- Street cleaning, snow and ice removal, tree trimming, street signs, and open drain repair;
- Replacing worn street signs with a high density facing for safer, more visible signs.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Deputy Director	1	1	1
Equipment Operator III	3	3	3
Equipment Operator II	5	4	4
Equipment Operator I	3	3	3
Office Assistant II	1	1	1
Administrative Secretary (Major/Local Street Funded)	1	1	1
Total Full-time	14	13	13
Seasonal Laborer	1	1	0
Seasonal Laborer (Major Road Funded)	1	1	1
Seasonal Laborer (Local Road Funded)	1	1	1
Total Part-time	3	3	2
Total Employees	17	16	15

Accomplishments

Public Safety:

- Assisted in the 2009 neighborhood and major road repair and reconstruction programs by creating and providing signs, barricades, storage facilities, debris removal, etc.
- Worked to improve snow removal with institution of new “Snow Emergency Ordinance”, and reduction of salt usage with continued use of brine.
- Repainted crosswalks, stopbars, and legends through entire City.
- Continued use of improved cold patch project adding longevity to repairs.
- Completed stop and yield sign reflective strip project.
- Completed Manual on Uniform Traffic Control Devices (MUTCD) upgrades to all street name signs on major roads and their intersections.
- Reduced costs and improved the efficiency of our winter maintenance program by adding brine and geo-melt (beet juice) to our snow fighting arsenal.

Objectives

Public Safety:

- Maintain, replace and repaint crosswalks, stop bars, legends and lane markings.
- Continue upgrading signage to meet new MUTCD standards.
- Support 2010 neighborhood and major road repair and reconstruction projects by providing assistance as required or requested.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
% of functional sound bridges	100	100	100	0	0.0
Total hours snow removal per lane	30	30	30	0	0.0
Joint Crack Seal (Feet)	200,000	200,000	250,000	50,000	25.0
Tree and Stump Removal	300	300	200	(100)	(33.3)
<u>Efficiency/Effectiveness</u>					
Cost per resident for routine road maintenance	\$74.95	\$77.55	\$83.30	6	7.4
Cost per resident for road construction	\$118.56	\$122.67	\$131.79	9	7.4

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$303,535	\$287,198	\$283,510	\$(3,688)	(1.3)
Supplies	3,922	3,400	3,300	(100)	(2.9)
Other Services and Charges	663,782	658,248	724,594	66,346	10.1
Capital Outlay	7,093	0	0	0	0.0
Total	\$978,332	\$948,846	\$1,011,404	\$62,558	6.6
Resources:					
Weed Mowing	\$32,486	\$45,000	\$35,000	\$(10,000)	(22.2)
Brush Chipping	5,160	10,000	10,000	0	0.0
Proposal V	0	0	0	0	0.0
General Fund	940,686	893,846	966,404	72,558	8.1
Total	\$978,332	\$948,846	\$1,011,404	\$62,558	6.6

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City is eliminating one seasonal laborer position at a savings of \$8,000.
- The balance of the budget for this Division is supported at the current service level.

Solid Waste Division

The Solid Waste Division of the Department of Public Service consists of 12 employees whose time is allocated between the General Fund Divisions for Streets and Solid Waste, as well as the Major Street Fund and Local Street Fund. The Division is responsible for:

- Collection of refuse and recycling, brush chipping, street sweeping, leaf pickup, litter disposal, park clean-up and catch basin clean out;
- A newsletter and website informs citizens of refuse and recycling rules and schedules that instruct residents on the City's mandatory recycling program; and
- Educational seminars are also conducted for schools and businesses on recycling and composting.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Supervisor	1	1	1
Total Full-time	1	1	1
Seasonal Laborer	1	1	0
Total Part-time	1	1	0
Total Employees	2	2	1

Accomplishments

Public Health:

- Successfully held the third "Spring Clean-Up" Day at the Department of Public Service for residents.
- Completed removal of 265 right-of-way dead or diseased trees.

Public Safety:

- Converted from quarterly to semi-annual billing for mobile home park refuse collection and disposal.

Objectives

Public Health:

- Continue to monitor the health of City trees and remove as necessary.

Public Safety:

- Continue weekly sweeping of residential areas.
- Complete process for new solid waste collection and disposal contract.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Commercial Waste Stops	87	87	88	1	1.1
Compost (Tons)	2,135	1,887	2,000	113	6.0
Refuse (Tons)	9,562	9,326	9,400	74	0.8
Leaf Pickup-Cubic Yards	17,250	10,000	11,000	1,000	10.0
Paid Brush Chipping (stops)	258	250	260	10	4.0
Residential Recycling Stops	9,516	9,516	9,516	0	0.0
Street Sweeping (Miles)	1,000	1,100	1,200	100	9.1
<u>Efficiency/Effectiveness</u>					
Ave. Cost Per Weekly Stop- Regular Refuse Collection	\$7.98	\$8.22	\$7.40	(\$0.82)	(10.0)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$553,034	\$611,913	\$595,075	\$(16,838)	(2.8)
Supplies	2,606	12,375	4,300	(8,075)	(65.3)
Other Services and Charges	1,858,580	1,872,703	1,856,841	(15,862)	(0.8)
Capital Outlay	37,083	0	0	0	0.0
Total	\$2,451,303	\$2,496,991	\$2,456,216	\$(40,775)	(1.6)
Resources:					
Solid Waste Millage	\$2,471,576	\$2,507,334	\$2,608,553	\$101,219	4.0
General Fund	(20,273)	(10,343)	(152,337)	(141,994)	1,372.9
Total	\$2,451,303	\$2,496,991	\$2,456,216	\$(40,775)	(1.6)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City plans to:
 - Eliminate one part-time seasonal laborer position at a savings of \$8,000; and
 - Eliminate the Spring Clean Up Day at a savings of \$6,400. The Clean Up Day was introduced several years ago to assist residents in removing clutter, concrete, tires and household debris and junk left at their homes, yards and garages.
- The balance of the budget for this division is supported at the current service level.

Recreation Division

The Recreation Division of the Department of Public Service consists of split allocations of a full-time position: the Recreation Supervisor and 22 part-time positions. The Recreation Division is responsible for:

- Conducting the City's leisure and recreational programs including instructional programs such as dance, tennis, swimming, photography, skate boarding, water aerobics and team sports such as basketball, softball, and volleyball;
- Processing all registrations, preparation and distribution of flyers, evaluation and selection of programs and instructional personnel, and coordination of volunteer coaches; and
- Hosting the annual "Festivals in the Park", the July TGIF Concerts and the February Coffee Concerts.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Recreation Coordinator	1	1	1
Basketball Staff	25	24	14
Camp Staff	4	4	4
Dance Building Attendant	1	1	0
Lifeguard	1	1	1
Sled Hill Staff	5	5	0
Softball/T-Ball Staff	1	1	1
Volleyball Staff	1	1	1
Total Part-time	39	38	22
Total Employees	39	38	22

Accomplishments

Quality of Life:

- Obtained additional sponsorships for recreation programs:
 - Peoples State Bank continued to donate \$2,000 to the February Concerts and increased admission to \$5 per person, which covered the entire cost of the entertainment.
 - Obtained Biggby Coffee donation of 500 cups of hot chocolate for the scaled down tree lighting ceremony.
 - All youth sports teams (basketball, t-ball, softball) had a team sponsor, which helped to offset the cost of the participants. Sponsorship fees were \$175.
 - Fireworks Festival continued to be totally supported by donations with over \$7,000 generated in 2009.
 - Obtained Camp co-sponsorship from the Friends of Madison Heights Youth of \$4,100 for the 2010 Summer.
- E-Newsletter for the February Coffee Concerts was created with 63 subscribers.
- The Recreation Brochure/City Newsletter has been downsized to two per year - Spring/Summer and Fall/Winter - in order to save costs.
- The Pavilion Rental Policy and Special Event Policy was revised with the assistance of the Clerk's Office, City Manager, Attorneys and our Risk Manager. Updated insurance requirement for local sports groups and implemented after review with the Risk Manager and group leaders.
- The 2nd Annual City-wide Garage Sale conducted with 99 spaces rented.
- Programs such as Zumba, Tai Chi, Karate, Drama, Ballroom Dance, as well as our youth softball and t-ball programs continue to be very popular

Objectives

Quality of Life:

- To continue to develop an E-Newsletter to encourage participation and keep our participants informed.
- To offer a wide variety of programs for the residents.
- To work closely with other communities in joint programming including Clawson, Royal Oak and Troy recreation departments.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Water Aerobics Attendees	68	70	75	5	7.1
Dance Attendance - Fall	144	145	150	5	3.4
Youth Softball - Summer	123	125	140	15	12.0
Youth Basketball - Winter	105	109	115	6	5.5

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$76,244	\$85,939	\$97,610	\$11,671	13.6
Supplies	24,516	28,690	19,216	(9,474)	(33.0)
Other Services and Charges	61,185	60,093	60,004	(89)	(0.1)
Capital Outlay	2,737	0	0	0	0.0
Total	\$164,682	\$174,722	\$176,830	\$2,108	1.2
Resources:					
Recreation Fees	\$103,530	\$98,557	\$108,740	\$10,183	10.3
Recreation-Miscellaneous	7,234	0	0	0	0.0
General Fund	53,918	76,165	68,090	(8,075)	(10.6)
Total	\$164,682	\$174,722	\$176,830	\$2,108	1.2

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City plans the following:
 - Reduction in the part-time Recreation Coordinator's hours (\$4,000) and elimination of 16 part-time recreation positions and hours for additional savings (\$9,000);
 - The City recreational brochure and newsletter produced semi-annually will be converted to allow the selling of advertisements. This project targets earning an additional \$10,000 in new advertisement income with a net savings of \$6,000 after additional postage and printing costs;
 - Elimination of the annual Tree Lighting Ceremony at a savings of \$883; and
 - Converting the annual February Coffee Concerts and the July TGIF Concerts to a self-supporting basis supported by sponsors and admission fees.

Youth Center Division

The Youth Center Division of the Department of Public Service was closed in December 2009 as a result of the reduction in State Revenue Sharing payments. The Division was responsible for:

- Providing children a place to meet after school hours where they could participate in planned activities and tutoring assistance; and
- Open to middle school students from 3:00 p.m. to 5:30 p.m. during the school year.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Youth Coordinator	1	0	0
Youth Leader	3	0	0
Total Part-time	4	0	0
Total Employees	4	0	0

Accomplishments

Quality of Life:

- The Little House on Hales was open from September to December 2009, registering 73 students and averaging 35 per day (closed during the Summer of 2009 as a budget savings measure).
- Adequately publicized closing of the Youth Center, referring participants to the South Oakland Boys and Girls Club.
- Worked with Family Coalition students, who provided role models and discussion of core values.

Objectives

Quality of Life

- Evaluate the demolition of Little House on Hales and sell off large items such as furniture, billards table, etc.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Fall Enrollment (6th to 8th graders)	109	66	0	(66)	(100.0)
School Year Transportation	3,195	1,500	0	(1,500)	(100.0)
Summer Daily Average	16	0	0	0	0.0
Summer Registrations	35	0	0	0	0.0
Daily Attendance (school year)	23	35	0	(35)	(100.0)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$19,595	\$14,859	\$ 0	\$(14,859)	(100.0)
Supplies	7,625	3,325	0	(3,325)	(100.0)
Other Services and Charges	8,904	7,877	3,858	(4,019)	(51.0)
Capital Outlay	0	0	0	0	0.0
Total	\$36,124	\$26,061	\$3,858	\$(22,203)	(85.2)
Resources:					
General Fund	\$36,124	\$26,061	\$3,858	\$(22,203)	(85.2)
Total	\$36,124	\$26,061	\$3,858	\$(22,203)	(85.2)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City in December of 2009 eliminated the school year Youth Center programs at a budget savings of \$32,000 per year.

Nature Center Division

The Nature Center Division of the Department of Public Service is scheduled to close in June of 2010 due to dropping property tax revenues and State shared revenues. Discussions are underway regarding Oakland County Parks and Recreation assuming operation in October 2010. The Division was responsible for:

- Providing visitors a better appreciation of nature by fostering a safe home for live animals, taxidermy mounts, artwork and special events;
- Maintaining the building and 36 acres of natural preservation for visitors to enjoy as an oasis in the middle of a developed community; and
- Maintaining a 40 hour week, which offered a variety of seasonal displays, programs, walking tours and a small gift store.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Naturalist	1	1	0
Total Full-time	1	1	0
Naturalist	1	1	0
Total Part-time	1	1	0
Total Employees	2	2	0

Accomplishments

Quality of Life:

- Repaved portions of the Habitat Trail and constructed a new path to Simonds Elementary neighborhood.
- Recruited four new adult volunteers to assist in greeting patrons.
- Hosted 28 free Madison Heights school group tours, and 83 non-Madison Heights paid groups and 22 birthday parties.
- Restained outside logs of building and installed new glass energy efficient fireplace doors with escrow funds.
- Eliminated Sunday hours in January, February and March when participation is low and saved on part-time wages.
- Developed alternate non-cost programs to replace guest speaker programs.
- Adequately publicized closing of Nature Center on Sundays in the winter.
- The gift shop at the Nature Center store has been selling off store inventory.
- The Nature Center continues to offer a wide variety of programs to attract families, scouts, homeschoolers and public schools, averaging 107 visitors per day.
- Purchased the property adjacent to Cherkuri Garden to expand our grass land area and provide additional parking for special events.

Objectives

Quality of Life:

- Work with Oakland County Parks and Recreation to ensure a smooth transition to the new operation arrangement.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Adult Volunteers Hours	5,180	4,907	0	(4,907)	(100.0)
Birthday Parties	25	23	0	(23)	(100.0)
Free Public School & Group Tours	37	39	0	(39)	(100.0)
Paid Tours	66	74	0	(74)	(100.0)
Teen Volunteer Hours	613	555	0	(555)	(100.0)
<u>Efficiency/Effectiveness</u>					
Average Patrons Per Day	106	100	0	(100)	(100.0)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$121,796	\$120,880	\$0	\$(120,880)	(100.0)
Supplies	17,200	7,325	0	(7,325)	(100.0)
Other Services and Charges	20,544	22,260	2,000	(20,260)	(91.0)
Capital Outlay	0	0	0	0	0.0
Total	\$159,540	\$150,465	\$2,000	\$(148,465)	(98.7)
Resources:					
Nature Center Sales	\$15,933	\$0	\$0	\$0	0.0
Nature Center Contributions	7,227	7,200	0	(7,200)	(100.0)
General Fund	136,380	143,265	2,000	(141,265)	(98.6)
Total	\$159,540	\$150,465	\$2,000	\$(148,465)	(98.7)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City has been forced to close down the Nature Center in George Suarez Friendship Woods (\$130,000). Discussions are currently underway with the Oakland County Parks and Recreation Office regarding their interest in assuming operations of the Nature Center on a long-term basis.

Parks Division

The Parks Division of the Department of Public Service consists of the allocation of a full-time Maintenance and Facilities Supervisor, 3 full-time Equipment Operators, 2 part-time Park Rangers and 2 part-time Park Laborers. The Division is responsible for:

- Maintaining all City parks including all landscaping duties;
- Preparing the athletic fields, as well as sidewalk and parking lot maintenance for all City buildings; and
- Mowing, responding to tree service calls, removal of unsafe or dead trees, coordination of the new tree planting program, and overseeing of the mowing contractor.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Parks Maintenance III	1	1	1
Parks Maintenance II	1	1	1
Parks Maintenance I	2	2	1
Total Full-time	4	4	3
Park Rangers	3	2	2
Seasonal Laborers	5	5	2
Total Part-time	8	7	4
Total Employees	12	11	7

Accomplishments

Quality of Life:

- Completed tree trimming at Department of Public Service; Fire Station 2, Whitcomb berms, Rosie's and Wildwood parks.
- Continued West Nile Virus prevention measures.
- Planted trees at various parks to replace trees removed due to Emerald Ash Borer.
- Light towers inspected at Silverleaf, Huffman and Rosie's parks, and defective poles removed.
- Assisted with planning of new playscape at Soccer Complex.
- Assisted with planning of new Monroe Park and oversaw installation of playscape and pavilion.
- Applied for energy grant to relight Huffman and Rosie's ballfields.

Objectives

Quality of Life:

- Complete tree trimming at Civic Park and Civic complex.
- Continue West Nile Virus prevention measures, as funding allows.
- Continue planting trees at various parks to replace trees removed from Emerald Ash Borer.
- As funding allows, add or replace enhancements at various parks (benches, bar-b-q's, etc.).
- Oversee Rosie's Park and Huffman Park relighting project with energy grant funding.

Performance Measures

Performance Measures:	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
<u>Workload Indicators</u>					
Ballfield Maintenance (hrs)	500	500	475	(25)	(5.0)
Flowers-Flats Planted	40	40	38	(2)	(5.0)
Meeting Room Set-ups	4	5	4	(1)	(20.0)
Tons of Salt Used	150	100	105	5	5.0
Trees Planted	35	30	32	2	6.7
Turf Maintenance (hrs per wk)	300	304	300	(4)	(1.3)
<u>Efficiency/Effectiveness</u>					
Number of Park Acres Maintained Per Employee	35	36	48	12	33.3
Number of Trees Trimmed Per Employee	30	30	40	10	33.3

Financial Summary

Requirements:	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Personal Services	\$329,933	\$349,900	\$278,020	\$(71,880)	(20.5)
Supplies	33,786	34,400	31,950	(2,450)	(7.1)
Other Services and Charges	89,263	106,877	99,722	(7,155)	(6.7)
Capital Outlay	352,756	15,700	33,200	17,500	0.0
Total	\$805,738	\$506,877	\$442,892	\$(63,985)	(12.6)
Resources:					
General Fund	\$776,172	\$495,877	\$442,892	\$(52,985)	(10.7)
Vehicle Millage	29,566	11,000	0	\$(11,000)	100.0
Total	\$805,738	\$506,877	\$442,892	\$(52,985)	(10.5)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City has adopted the following:
 - Elimination of one full-time equipment operator position (\$63,000);
 - Elimination of three part-time seasonal laborer positions (\$17,000); and
 - Reduction of 390 hours of park ranger coverage (\$5,000).
- The Capital Outlay Budget includes the Proposal “V-2” replacement of a riding lawnmower (\$13,000) and pickup with plow (\$20,000).

Senior Citizens Division

The Senior Citizens Division of the Department of Public Service is staffed with one full-time Senior Coordinator and an allocation of a Recreation Supervisor, as well as part-time staff consisting of 2 Bus Drivers, 3 Chauffeur Drivers and 1 Assistant. The Division is responsible for:

- Hosting a wide range of programs at the Center where seniors can enjoy their leisure time participating in educational and recreational programs; and
- Providing transportation for recreation, personal business appointments and other activities as well as a daily lunch program, a home chore (grass cutting and snow removal) program, and human services information and referrals.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Supervisor	1	1	1
Coordinator	1	1	1
Total Full-time	2	2	2
Bus Driver/Chauffeur	6	5	5
Senior Aide	1	1	0
Senior Assistant	1	1	1
Total Part-time	8	7	6
Total Employees	10	9	8

Accomplishments

Quality of Life:

- Planned, implemented and recruited volunteers for the new Senior Home Repair program (SHARP).
- Purchased three new pieces of exercise equipment with escrow funds. This equipment has attracted several new visitors.
- Implemented a monthly fee for the use of the billards and exercise equipment.
- New 15 passenger van was purchased with Proposal "V" funding.
- Increased Senior Wellness programs to attract younger Seniors.
- Purchased 200 new chairs and five computers with escrow funding.
- The Senior Center was rented 11 times in the first year, grossing \$1,650 in revenue.

Objectives

Quality of Life:

- Continue to recruit volunteers for SHARP program and provide minor home repairs when requested.
- Continue to rent out the Center and offer recreation programs there during off hours.
- Continue to provide the best possible services within financial constraints.
- Offer new programs which will interest the 55-65 populations, such as wellness, speakers and volunteer opportunities.
- Continue to host fundraising events, which will pay for the extra items or programs that cannot be covered in the Budget.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
# of Two-Way Trips	8,468	8,500	8,600	100	1.2
Bus Miles Traveled	34,923	35,000	35,500	500	1.4
Day Trips	55	50	52	2	4.0
Lawns Mowed	1,461	1,470	1,400	(70)	(4.8)
Newsletter Subscriptions	521	550	555	5	0.9
Snow Removal	175	170	160	(10)	(5.9)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$241,710	\$229,252	\$215,173	\$(14,079)	(6.1)
Supplies	91,348	109,800	109,442	(358)	(0.3)
Other Services and Charges	88,499	97,658	86,926	(10,732)	(11.0)
Capital Outlay	4,100	26,500	0	(26,500)	(100.0)
Total	\$425,657	\$463,210	\$411,541	\$(51,669)	(11.2)
Resources:					
Senior Bus Fee	\$7,796	\$13,510	\$6,500	\$(7,010)	0.0
Senior Citizens Activities	100,502	125,210	120,360	\$(4,850)	0.0
Senior Center Millage	573,070	558,328	488,827	(69,501)	(12.4)
Proposal V	0	26,500	0	(26,500)	0.0
General Fund	(255,711)	(260,338)	(204,146)	56,192	(21.6)
Total	\$425,657	\$463,210	\$411,541	\$(51,669)	(11.2)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City is planning to reduce part-time Senior Center staff hours. The reduction will impact the Senior Center van and bus drivers, and clerical staff and will save \$16,000.
- The balance of the budget for this Division is supported at the current service level.

Outside Agencies

Historically, the City has financially supported select Outside Agencies. These include: Madison Heights Little Baseball, Madison Heights Community Family Coalition, Friends of Madison Heights Youth, HAVEN (safe home for abused spouses and children), Oakland County Youth Assistance and Gateway Counseling.

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Gateway Counseling	17,695	16,810	8,405	(8,405)	(50.0)
Oakland County Youth Assistance	14,345	13,628	6,814	(6,814)	(50.0)
HAVEN	1,914	1,818	909	(909)	(50.0)
Friends of Madison Hgts. Youth	6,885	6,541	3,271	(3,271)	(50.0)
MH Community Family Coalition	6,885	6,541	3,271	(3,271)	(50.0)
MH Little Baseball	5,880	5,586	2,793	(2,793)	(50.0)
Total	\$53,604	\$50,924	\$25,463	\$(25,462)	(50.0)
Resources:					
General Fund	\$53,604	\$50,924	\$25,463	\$(25,462)	(50.0)
Total	\$53,604	\$50,924	\$25,463	\$(25,462)	(50.0)

Key Issues

- In light of the financial difficulties created by falling property tax and reduction in State Shared revenues, the City plans to reduce contributions by 50% for a savings of \$25,462. The services provided by the City would not change, however the services provided by each Outside Agency may need to be adjusted. These outside agencies may need to increase fundraising efforts, solicit other donations and/or re-evaluate the services provided. The in-kind contributions by the City, such as use of office space, accounting services, support for fundraisers, and staff and Council assistance in volunteerism would continue.

Insurance, Bonds and Transfers

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	243,923	423,722	437,485	13,763	3.2
Capital Outlay	0	0	0	0	0.0
Transfers	2,815,903	2,760,530	2,459,055	(301,475)	(10.9)
Total	\$3,059,826	\$3,184,252	\$2,896,540	\$(287,712)	(9.0)
Resources:					
Road Proposal Millage	\$2,418,017	\$2,356,406	\$2,057,787	\$(298,619)	(12.7)
Fire Stations Bond Millage	397,984	404,124	401,268	(2,856)	0.0
General Fund	243,825	423,722	437,485	13,763	3.2
Total	\$3,059,826	\$3,184,252	\$2,896,540	\$(287,712)	(9.0)

Key Issues

- For the last 24 years, the City of Madison Heights has been a member of the Michigan Municipal Risk Management Authority's (MMRMA) Liability and Casualty Insurance Pool. Given the absence of the need to generate a profit and efforts of members to reduce risk, the Authority provides the City with coverage at reduced rates over the private sector and coverage in some areas that are not available through private insurance. MMRMA buys re-insurance from international firms for higher claims and self-insures for lower ones. The City's solid history and recent decision to increase the deductible to \$250,000 in conjunction with the Pool's desire to keep rates down have benefited the City in comparison with other entities seeking coverage. Although rates have not been finalized for the next fiscal year, our Risk Manager is projecting an increase of \$13,763 or 3.2% in this budget.
- The revenues associated with the Proposal "R" Neighborhood Road Improvement Program is brought in with other property tax revenue through the General Fund and then transferred to the Local Street Fund.
- Revenue associated with the 2003 Fire Stations' Bond Issue is brought in through the General Fund and then transferred to the Fire Stations' Debt Service Fund. Both the millage and the amount of the transfer are low as a result of the attractive interest rate that the City was able to obtain based on its strong credit rating.

Library

The Library is staffed by three full-time positions, a Library Director, a Librarian and a Library Technician. The operation is also supported by 14 part-time positions including: an Adult Reference Librarian, a Community Service Librarian; a Youth Service Assistant, a Circulation Assistant, 6 Library Assistants and 4 Substitute Librarians. The Department is responsible for:

- Meeting the community's needs for information in a variety of formats, including educational, recreational and cultural materials;
- Providing information enhanced by membership in The Library Network (TLN), which allows for the electronic inter-loan of items from other TLN members;
- Offering home delivery of books to home bound patrons and a myriad of additional services to serve the City's significant and varied immigrant population;
- Public access to the Internet and personal computers for word processing; and
- Supporting the operations of the Heritage Rooms.

Organizational Structure and Staff

Personnel Summary	2008-09	2009-10	2010-11
Library Director	1	1	1
Librarians	2	2	1
Library Technician	1	1	1
Total Full-time	4	4	3
Adult Reference Librarian	1	1	1
Community Service Librarian	1	1	1
Youth Service Assistant	1	1	1
Circulation Assistant	1	1	1
Library Assistants	7	6	6
Substitute Librarians	4	4	4
Total Part-time	15	14	14
Total Employees	19	18	17

Accomplishments

Quality of Life:

- Implemented numerous budget gap measures with the start of the fiscal year, including a 5.5 hour reduction in the Library's weekly hours of operation, an increase in the per day fine for overdue materials, and a \$1.00 charge for guest passes for those outside of The Library Network (TLN) cooperative area to use the Internet.
- Renewed the lease between the City and the Madison School District to maintain the operation of the Madison Heights Heritage Rooms for an additional two years.
- Continued to observe positive results in implemented cost recovery measures such as the use of Library Collection Agency software with the first full year of use, which has seen the recovery of \$5,300 in materials costs, and \$1,600 in fines.
- Maintained various revenue generators in the youth room, including the sale of craft kits, charging for resident and non-resident attendance at storytimes and creating a coloring book for marketing. Additionally, implemented foreign language and American Sign Language storytimes and implemented an organized display format for handouts for both parents and children.

Objectives

Quality of Life:

- Continue implementing cost recovery and revenue enhancement measures and evaluate others.
- Continue streamlining Department procedures and services to best meet the needs of users under existing financial constraints.
- Publicize the change in Library hours, reducing hours of operation from 56 per week to 50 per week.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Building Usage	106,776	109,188	108,000	(1,188)	(1.1)
Interloans to Madison Heights	8,579	11,184	10,000	(1,184)	(10.6)
Materials Circulated	109,536	114,918	112,000	(2,918)	(2.5)
Outreach Visits	85	44	60	16	36.4
Patron Registrations	2,197	2,198	2,200	2	0.1
Public Internet Access Use	31,008	37,700	35,000	(2,700)	(7.2)
Reference Questions	7,154	6,172	6,500	328	5.3
<u>Efficiency/Effectiveness</u>					
Average number of Check Outs per week	2,106	2,210	2,100	(110)	(5.0)
Average Days to Shelve Returned Items	1	1	1	0	0.0

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$504,757	\$489,845	\$406,443	\$(83,402)	(17.0)
Supplies	3,724	3,888	3,395	(493)	(12.7)
Other Services and Charges	110,360	113,682	104,820	(8,862)	(7.8)
Capital Outlay	74,748	25,450	15,407	(10,043)	(39.5)
Total	\$693,589	\$632,865	\$530,065	\$(102,800)	(16.2)
Resources:					
State Library Aid	\$29,747	\$29,000	\$11,723	\$(17,277)	(59.6)
County Penal Fines	44,617	45,000	42,000	(3,000)	(6.7)
Book Fines	12,638	19,136	17,720	(1,416)	(7.4)
Video Revenues	1,861	2,500	2,750	250	10.0
General Fund	604,726	537,229	455,872	(81,357)	(15.1)
Total	\$693,589	\$632,865	\$530,065	\$(102,800)	(16.2)

Key Issues

- In light of the financial difficulties created by falling property tax revenues and reductions in State Shared revenues, the City has implemented the following measures:
 - Library hours will be reduced from 56 to 50 hours per week (\$15,000);
 - One full-time librarian position will be eliminated (\$81,000); and
 - New revenue measures will be initiated including an annual solicitation, a lost library card replacement fee and card reminder, and adjustment of youth program fees (\$2,000).
- The Capital Outlay Budget includes funding for Digital Versatile/Video Disc (\$850), books (General Fund \$13,707 and Escrow \$10,043) and audio visual items (\$850).



OTHER FUNDS

These funds are categorized to distinguish the specific reason for the expenditure of funds. Included in this segment are the following funds:

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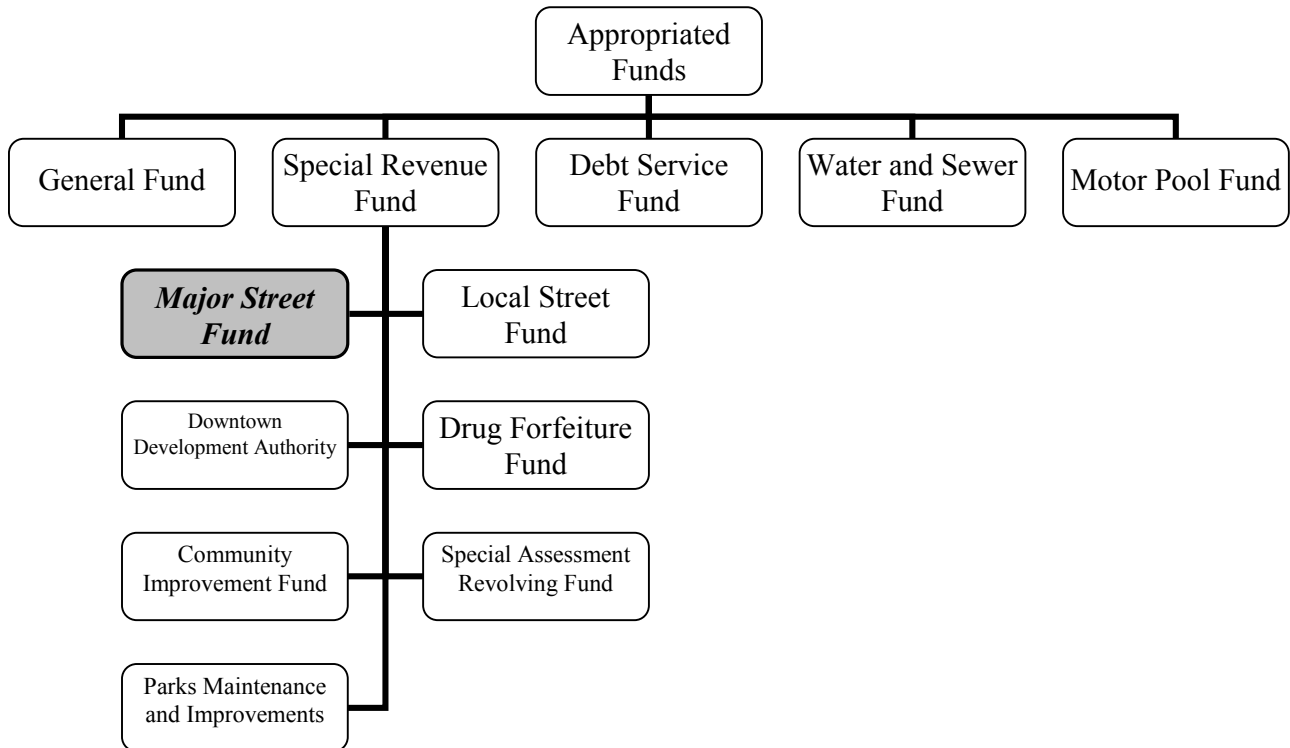
Major Street Fund

Statement of Services

The Major Street Fund maintenance is supported by the Department of Public Service and staffed with an allocation of 12 Equipment Operators, 1 part-time Seasonal Laborer and part of a full-time administrative support position.

The Major Street Fund accounts for expenditures associated with the maintenance needs of the major street portion of the City's street network. This Fund is financed directly from the State gas and weight taxes, interest on investment and maintenance reimbursements from Oakland and Macomb Counties Road Commissions.

Organizational Fund Structure



Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Construction	\$1,250,890	\$484,500	\$575,000	\$90,500	18.7
Maintenance	206,120	210,959	204,928	(6,031)	0.3
Traffic Services	220,294	251,576	179,006	(72,570)	(28.8)
Winter Maintenance	193,184	202,020	230,586	28,566	14.1
Administration	53,498	56,587	64,525	7,938	14.0
County Roads	136,477	136,697	147,992	11,295	8.3
Transfers	0	250,000	200,000	(50,000)	(20.0)
Total	\$2,059,463	\$1,592,339	\$1,602,037	\$9,698	1.0
Resources:					
State	\$1,211,679	\$1,187,910	\$1,041,340	\$(146,570)	(12.3)
County	118,584	72,484	162,134	89,650	123.7
Interest	5,870	10,025	2,500	(7,525)	(75.1)
Transfers	270,254	0	0	0	0.0
Fund Balance	453,076	321,920	396,063	74,143	23.0
Total	\$2,059,463	\$1,592,339	\$1,602,037	\$9,698	1.0

Key Issues

- State shared revenues from gas and weight tax are projected to drop 12 percent, or \$147,000, as a result of the continued decrease in gas consumption by Michigan drivers.
- The Capital Outlay Budget includes 13 Mile Road sectional concrete replacement from Campbell to Stephenson Highway (\$312,000), asphalt crack sealing (\$50,000), commercial and industrial sectional concrete repair (\$50,000) and final payment for Campbell Road reconstruction from 14 Mile to 13 Mile (\$163,000).

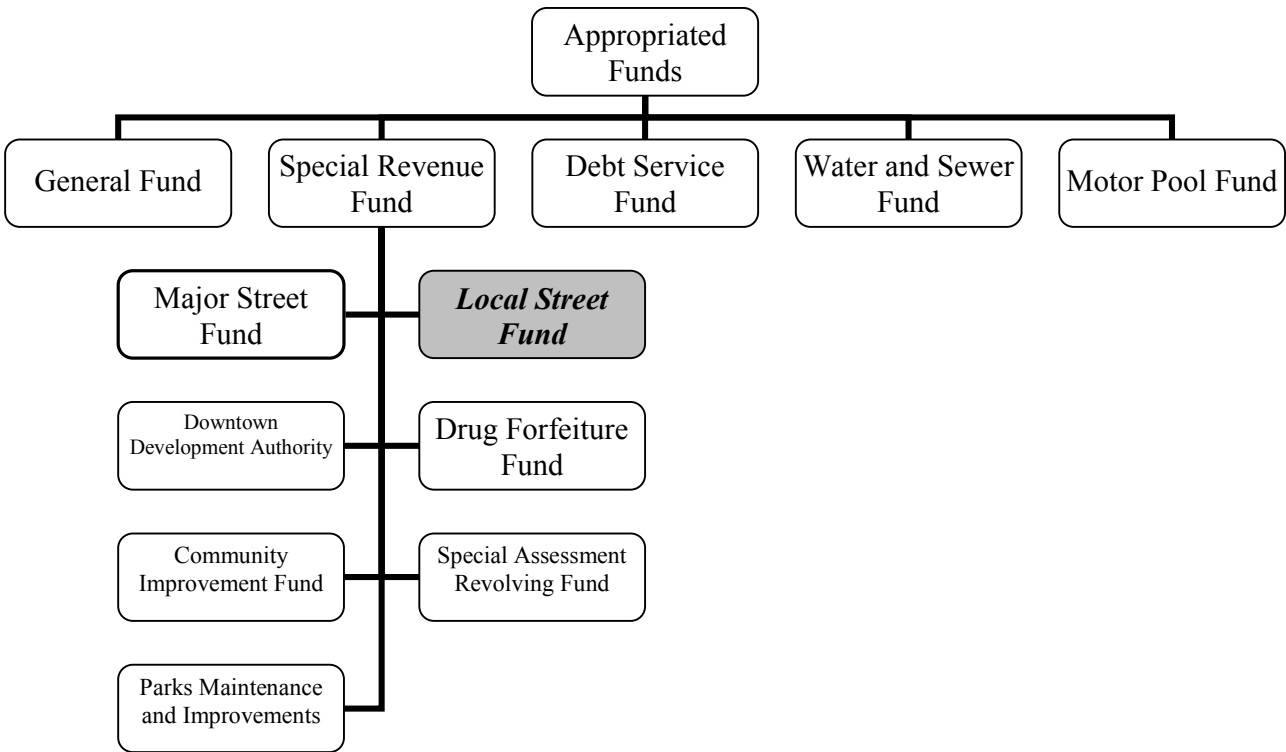
Local Street Fund

Statement of Services

The Local Street Fund maintenance is supported by the Department of Public Service and staffed with an allocation of 12 Equipment Operators, 1 part-time Seasonal Laborer and part of a full-time administrative support position.

The Local Street Fund accounts for expenditures associated with construction and maintenance needs of the local street portion of the City’s street network. This Fund is financed directly from the City’s share of State gas and weight taxes, transfers from the Major Street Fund and interest income.

Organizational Fund Structure



Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Construction	\$4,460,712	\$3,738,890	\$1,596,000	\$(2,142,890)	(57.3)
Maintenance	374,374	477,237	410,893	(66,344)	(13.9)
Traffic Services	128,193	114,435	115,229	794	0.7
Winter Maintenance	78,173	78,279	78,886	607	0.8
Administration	3,902	27,456	38,760	11,304	41.2
Transfers	20,000	0	20,000	20,000	0.0
Total	\$5,065,354	\$4,436,297	\$2,259,768	\$(2,176,529)	(49.1)
Resources:					
State	\$454,007	\$444,276	\$390,297	\$(53,979)	(12.1)
Interest	134,252	198,400	130,000	(68,400)	(34.5)
Transfers	2,681,751	2,713,102	2,257,787	(455,315)	(16.8)
Fund Balance	1,795,344	1,080,519	(518,316)	(1,598,835)	(147.9)
Total	\$5,065,354	\$4,436,297	\$2,259,768	\$(2,176,529)	(49.1)

Unreserved Fund Balance	\$(227,790)	\$(32,521)	\$44,008	\$76,529	123.5
Reserved Fund Balance	\$5,513,322	\$4,237,534	\$4,679,321	\$441,787	10.4

Key Issues

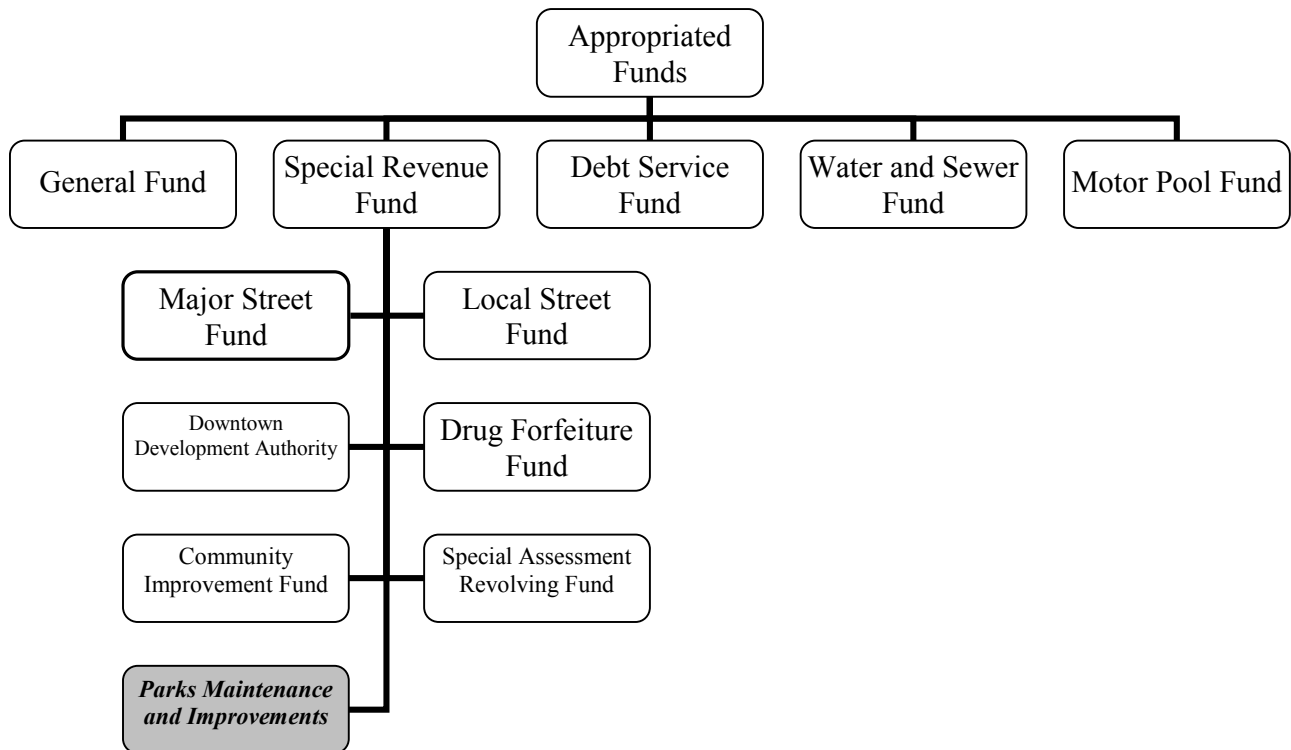
- The Proposal “R-2” road construction projects scheduled for this year include Brockton from Battelle to Tawas (\$326,000), Dorchester from Englewood to 31272 Dorchester (\$176,000), Englewood from Campbell to Edgeworth (\$417,000), Yorkshire from Westmore to Tanglewood (\$274,000), and Westwood from Winthrop to west of Yorkshire at 30459 Westmore (\$276,000).
- Also, as called for in the “R-2” plan, the Budget includes \$100,000 in concrete repair and \$20,000 contribution to the annual sidewalk repair program for key flag squares and ramps.

Parks Maintenance and Improvement

Statement of Services

The Parks Maintenance and Improvements Fund was created as a result of a negotiated agreement between the George W. Kuhn (GWK) Drainage District and the Madison Heights City Manager. Under the agreement, the City in November 2007 received a one time payment of \$850,000 in exchange for the commitment to operate and maintain a 10-acre soccer complex for a 25 year period. The “Red Oaks Soccer Complex” includes nine youth soccer fields, a concession/meeting building, picnic pavilion, 245 space parking lot and playground. The \$2.1 million soccer complex was built by the GWK Drainage District with contributions of \$150,000 from the adjoining Lowe’s and \$200,000 from the Oakland County Parks and Recreation Commission. The principal and interest on the original payment is not restricted to just the Red Oaks Soccer Complex, but may be used to fund any Madison Heights park system improvement.

Organizational Fund Structure



Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Maintenance	\$13,075	\$13,835	\$11,523	\$(2,312)	0.0
Transfers	0	15,605	0	(15,605)	0.0
Total	\$13,075	\$29,440	\$11,523	\$(17,917)	0.0
Resources:					
Interest/Miscellaneous	\$13,314	\$21,000	\$8,000	\$(13,000)	(61.9)
County Shared Revenues	0	0	0	0	0.0
Fund Balance	(239)	8,440	3,523	(4,917)	(58.3)
Total	\$13,075	29,440	\$11,523	\$(17,917)	(60.9)

Fund Balance	\$867,458	\$859,018	\$855,495	\$(3,523)	(0.0)

Key Issues

- The Red Oaks Youth Soccer Complex was first opened in the fall of 2008, but closed for drain construction in 2009. The 10 acre site includes nine soccer fields, a concession/re-stroom/meeting building and attached picnic pavilion. In 2009, new playscape equipment funded by the Oakland County Parks and Recreation Commission was installed. The complex is scheduled to open for the Fall 2010 soccer season.
- On January 5, 2009, the Governor signed Public Act 404 of 2008. This legislation allows the City to invest the one-time George W. Kuhn Drainage District payment of \$850,000 in a long-term portfolio to maximize investment returns generating additional income over the term of the 25-year agreement. The revenue generated from these investments will support the maintenance and improvement of not only the Red Oaks Youth Soccer Complex, but also the City's entire 12 park system. During the fall of 2009, the City used \$121,000 from this fund to expand the George W. Suarez Friendship Woods by purchasing two former homesites on the southwest corner of Hales and Winthrop.

Downtown Development Authority

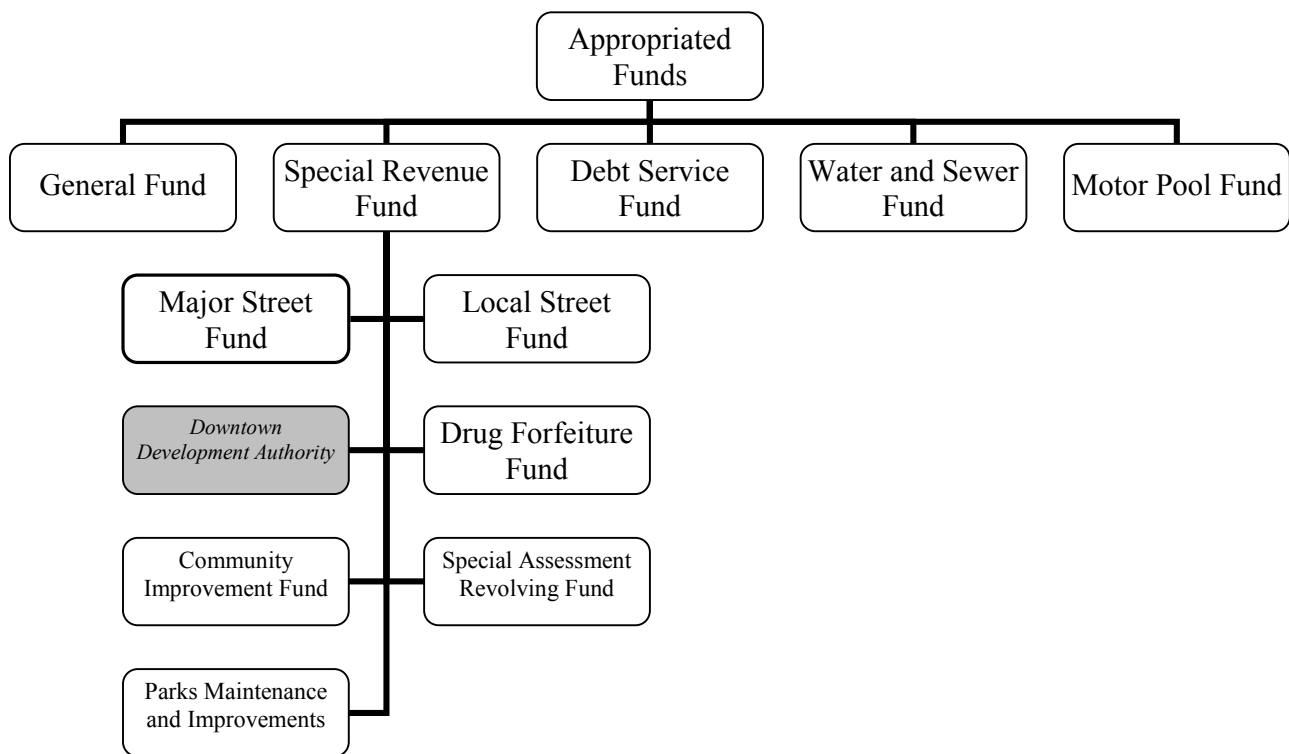
Statement of Services

The Downtown Development Authority (DDA) is supported by the Community Development Department and was established to correct and prevent stagnation and deterioration within the south end commercial business district.

The boundaries of the District include properties abutting John R Road from Gardenia to Ten Mile Road and Eleven Mile Road from I-75 to Lorenz. These properties are primarily zoned and used for commercial and industrial purposes.

This Fund is financed from the capture of incremental property taxes on properties within the District.

Organizational Fund Structure



Accomplishments

Resource Management:

- Business retention, ombudsmen and new business welcome programs included more than 290 visits to local businesses.
- Reconstructed public alleys on 11 Mile Road and road rehabilitation on John R northbound from 11 Mile to Gardenia.
- Implemented Hanging Basket Pilot Program to enhance core areas within DDA.
- Two DDA business events held in 2009 for DDA business and property owners - Art Challenge and Around the Globe Taste Fest.
- Five businesses received sign grant for new signage in 2009.
- Four businesses received façade grants in 2009.

Objectives

Resource Management:

- Continue highly successful Art Challenge and Around the Globe Taste Fest events.
- Continue sectional concrete repair program on northbound John R from 11 Mile to Gardenia.

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Other Services and Charges	\$244,707	\$603,435	\$110,678	\$(492,747)	(81.7)
Transfers	60,408	71,335	72,354	1,019	1.4
Total	\$305,115	\$674,760	\$183,032	\$(491,728)	(72.9)
Resources:					
Property Taxes	\$243,079	\$234,384	\$182,757	\$(51,627)	(22.0)
Interest	16,104	13,577	2,000	(11,577)	0.0
Fund Balance	45,932	426,799	(1,725)	(428,524)	(100.4)
Total	\$305,115	\$674,760	\$183,032	\$(491,728)	(72.9)
Fund Balance	\$426,799	\$0	\$1,725	\$1,725	0.0

Key Issues

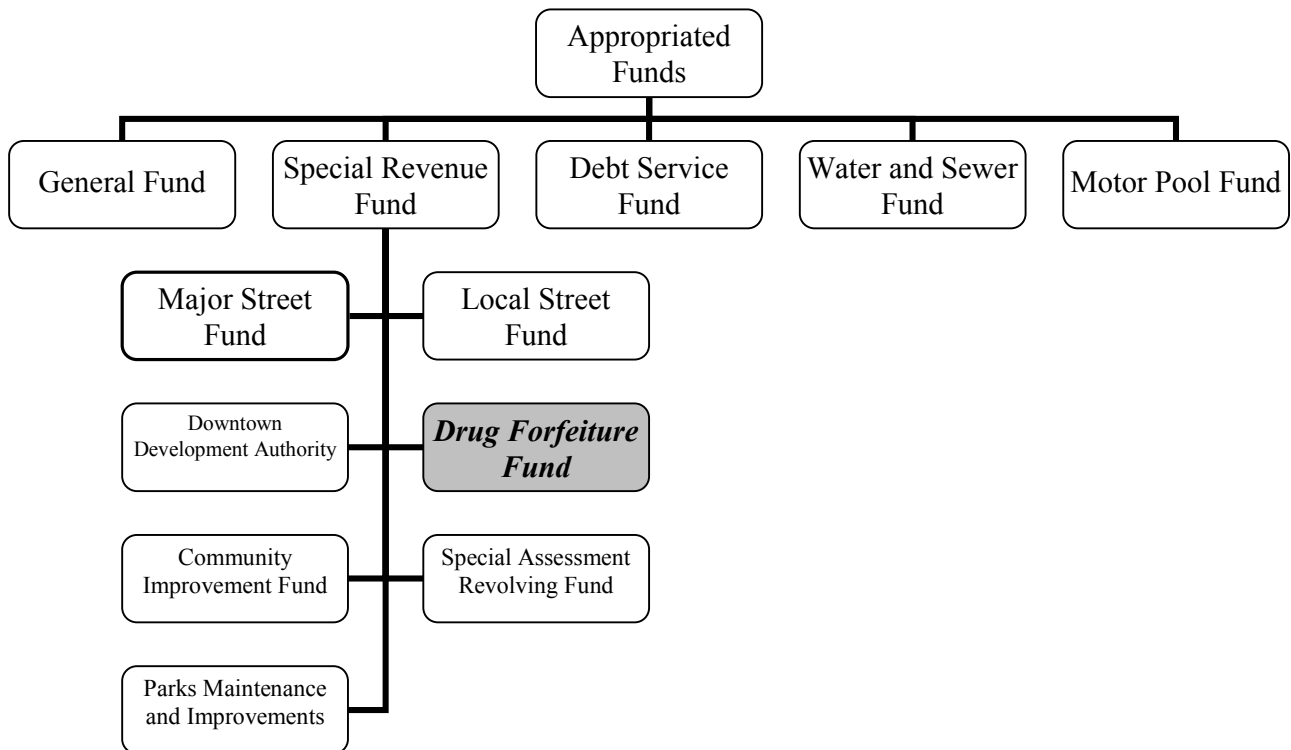
- The FY 2010-11 Budget includes the following major expenditures:
 - \$ 72,000 - DDA funding match of 50% for the Economic Development Program and part-time Code Enforcement Officer
 - \$ 12,500 - Private property sign upgrade grant program
 - \$ 6,000 - Private building facade improvement program
 - \$ 15,000 - Right-of-way mowing
 - \$ 15,000 - Public right-of-way trash receptacle program
 - \$ 58,000 - John R north of 11 Mile Road rehabilitation

Drug Forfeiture Fund

Statement of Services

The Drug Forfeiture Fund is used to account for revenues generated by drug forfeitures and expenditures related to the enforcement of drug laws per Public Act 251 of 1982.

Organizational Fund Structure



Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Other Services and Charges	\$9,767	\$0	\$0	0	0.0
Transfers	150,239	155,500	94,000	(61,500)	(39.5)
Total	\$160,006	\$155,500	\$94,000	\$(61,500)	(39.5)
Resources:					
Property Taxes	\$85,400	\$94,218	\$55,500	\$(38,718)	(41.1)
Interest	3,954	0	1,000	1,000	0.0
Fund Balance	70,652	61,282	37,500	(23,782)	(38.8)
Total	\$160,006	\$155,500	\$94,000	\$(61,500)	(39.5)
Fund Balance	\$154,516	\$93,234	\$55,734	\$(37,500)	(40.2)

Key Issues

- The Capital Outlay Budget includes the replacement of fifteen in-car digital recorders at a cost of \$105,000. This project will be funded through a combination of \$11,000 from a Michigan Municipal Risk Management Authority risk avoidance grant matched by \$94,000 from the Drug Forfeiture Fund.

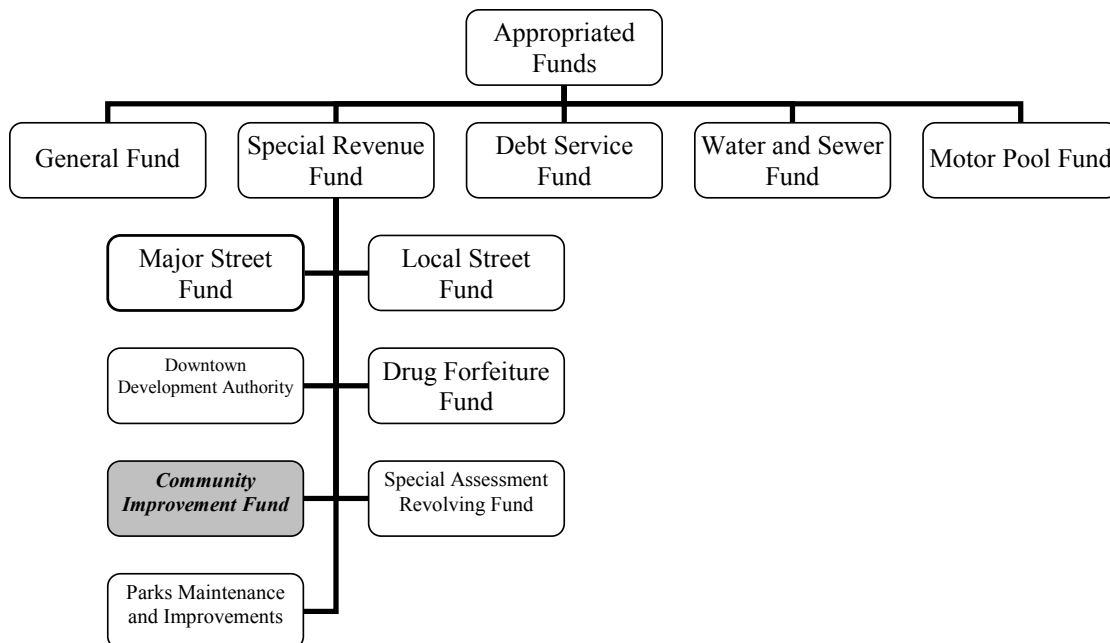
Community Improvement Fund

Statement of Services

The Community Improvement Program is a federally funded Division of the Community Development Department that administers the City's Housing and Urban Development (HUD) Community Development Block Grant (CDBG), Housing Commission and the Neighborhood Stabilization Program Funds. The Community Improvement Division includes one full-time Community Housing and Grants Supervisor, one full-time Housing Program Assistant and one full-time Code Enforcement Officer.

Block Grant funds have been used for the yard services program (lawn mowing and snow removal), code enforcement, minor home repair, barrier free improvements and other similar projects that benefit low and moderate-income residents. These funds also provide assistance to low-income families in securing low-interest and/or deferred home improvement loans. The Housing Commission uses federal grant funds to subsidize the rent for over 250 low-income tenants.

Organizational Fund Structure



Accomplishments

Quality of Life:

- Achieved a utilization rate for Federal Housing Section 8 Rental Assistance Program of 94%.
- Maintained a spending ratio of less than 1.5% of the Community Development Block Grant (CDBG) allocations, as requested by Oakland County Community and Home Improvement.
- Utilized \$1.2 million in Neighborhood Stabilization Program (NSP) funds to demolish 11 blighted vacant single-family structures, rehabilitated five single-family homes for low and moderate families, demolished a blighted school building, purchased land and constructed a neighborhood park in the NSP target area.

Objectives

Quality of Life:

- Maintain 95% or higher utilization rate for Federal Housing Section 8.
- Maintain adequate Section 8 Management Assessment Program score.
- Maintain a spending ratio of less than 1.5 of the CDBG allocations.
- Complete implementation of Neighborhood Stabilization Program.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Home Chore Assignments	1,788	1,950	1,950	0	0.0
Home Rehabilitations	20	16	16	0	0.0
Minor Home Repair	6	4	4	0	0.0
Self Sufficiency Contracts	4	14	14	0	0.0
Units Under Contract	269	275	275	0	0.0

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$239,547	\$243,823	\$248,382	\$4,559	1.9
Supplies	988	500	500	0	0.0
Other Services and Charges	1,584,796	1,678,935	1,689,784	10,849	0.6
Capital Outlay	0	0	0	0	0.0
Transfers	0	0	9,000	9,000	0.0
Total	\$1,825,331	\$1,923,258	\$1,947,666	\$24,408	1.3
Resources:					
Federal Assistance	\$1,813,491	\$1,791,798	\$1,807,750	\$15,952	0.9
Community Develop. Grant	115,478	121,413	129,394	7,981	0.0
Interest & Miscellaneous	23,891	10,047	9,705	(342)	0.0
Fund Balance	(127,529)	0	817	817	0.0
Total	\$1,825,331	\$1,923,258	\$1,947,666	\$24,408	1.3
Fund Balance	\$42,212	\$42,212	\$41,395	\$(817)	1.9

Key Issues

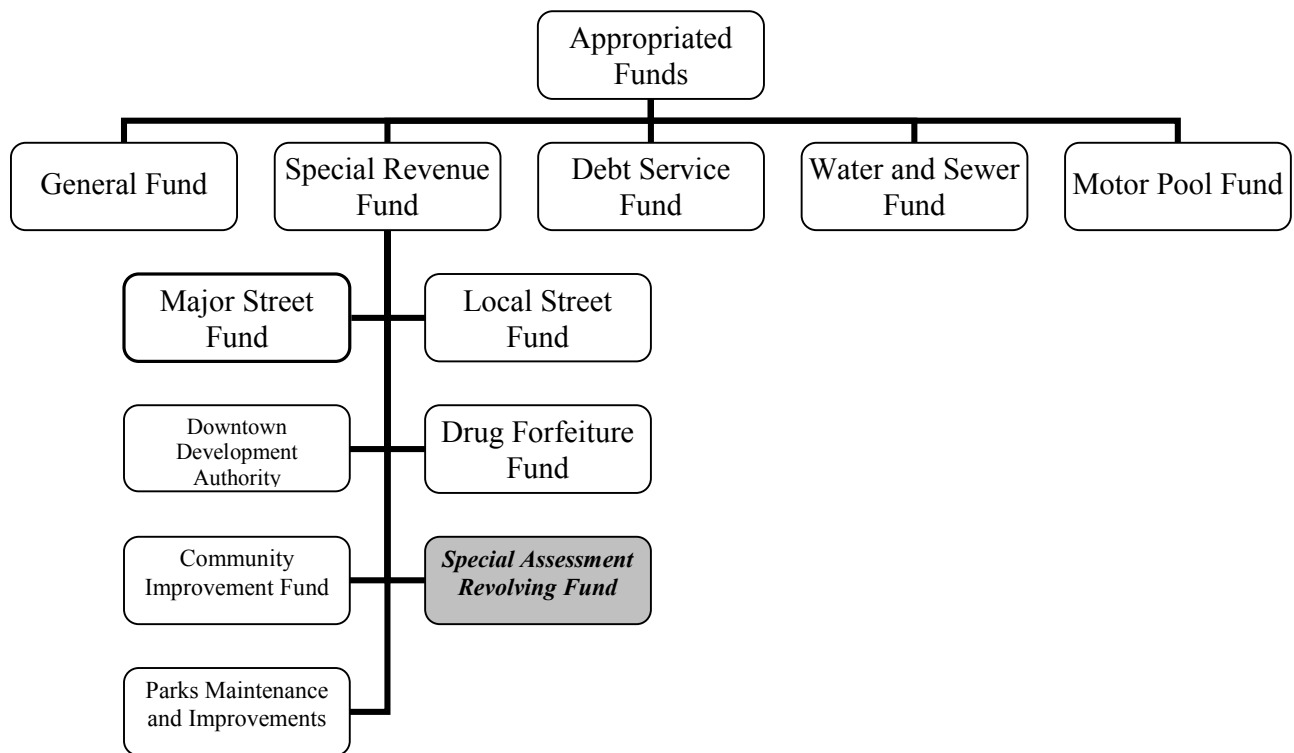
- The CDBG operation includes the following major expenditures: funding for one Code Enforcement Officer and 25% of the Community Improvement Supervisor (the remaining 75% funded through the Housing Fund); a Home Chore Program, including mowing and snow shoveling for seniors; and minor home repair for emergency repairs for qualifying households.
- The Housing Assistance Program supports: funding for one Housing Assistant and 75% of the Community Improvement Supervisor; and funding at the 275 family level (regular 225 and disability 50). The Federal government is programmed to provide \$56.35 per unit per month to offset the City's local administration costs.
- In March of 2009, the City received funding for the Neighborhood Stabilization Program through a Federal grant to provide assistance for acquisition, redevelopment and/or demolition of foreclosed and abandoned properties in an effort to stabilize neighborhoods with declining housing values. Under this program, the City will receive \$1.2 million to spend toward: the purchase and demolition of vacant and foreclosed homes; the purchase, renovation and sale of vacant and foreclosed homes; and in a special cooperative effort with the Madison Public Schools that resulted in the demolition of the old blighted Monroe School Building, the purchase of one acre for a City park and the installation of park improvements at that location. In March of 2010, the City Council approved a contract with Habitat for Humanity of Oakland County to use additional NSP funding to construct three new homes on properties obtained through this program.

Special Assessment Revolving Fund

Statement of Services

The Special Assessment Revolving Fund is supported by the Community Development Department and is used to account for the payment of construction of sidewalks, roads and other City projects. Revenues are realized from property owners' special assessment payments and interest income.

Organizational Fund Structure



Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Other Services and Charges	\$4,025	\$1,530	\$2,698	\$(2,536)	(62)
Capital Outlay	609,370	410,000	420,000	(261,118)	0
Transfers	533,987	407,695	0	(185,000)	(31)
Total	\$1,147,402	\$819,225	\$422,698	\$(448,654)	(35)
Resources:					
Interest Income	\$33,423	\$40,000	\$8,500	\$0	0
Special Assessment Revenue	904,574	454,086	367,613	63,123	16
Transfers	20,000	0	20,000	(211,000)	0
Fund Balance	189,405	325,139	26,585	(300,777)	(48)
Total	\$1,147,402	\$819,225	\$422,698	\$(448,654)	(35)
Fund Balance	\$502,054	\$176,915	\$150,330	\$(325,139)	(496)

Key Issues

- A total of \$420,000 has been budgeted to support year eight of the Sidewalk Repair and Gap Program. The year eight repair program includes an area bounded by 13 Mile, I-75, 12 Mile and Campbell Road.

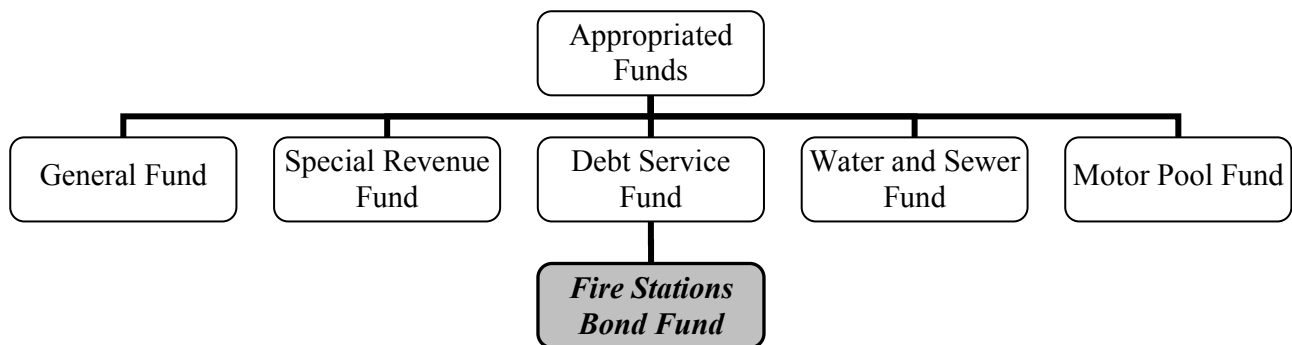
Under the program, the City inspects the sidewalks and identifies those squares in need of replacement. After the assessment district is established, a contractor is hired and work is completed. The property owners have up to three years to reimburse the City through an annual special assessment billing for the cost of the sidewalk replacement.

Fire Stations Bond Fund

Statement of Services

The Fire Stations Bond Fund accounts for principal and interest payments on General Obligation Bonds issued in May 2003, to construct the new Fire Station Headquarters, demolish and redevelopment of the old building site and make renovations to Fire Station #2. Revenues are generated by an ad valorem property tax. The City also maintains a Fire Station Construction Fund to account for all expenditures associated with this project and related equipment purchases. Once the existing fund balance is exhausted, this fund will be eliminated.

Organizational Fund Structure



Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Debt Service	\$399,718	\$408,933	\$413,153	\$4,220	1.0
Capital Outlay	0	0	0	0	0.0
Miscellaneous	0	0	0	0	0.0
Transfers	0	0	0	0	0.0
Total	\$399,718	\$408,933	\$413,153	\$4,220	1.0
Resources:					
Property Taxes	\$397,885	\$404,124	\$401,268	\$(2,856)	(0.7)
Interest	7,951	4,809	1,250	(3,559)	0.0
Fund Balance	(6,118)	0	10,635	10,635	0.0
Total	\$399,718	\$408,933	\$413,153	\$4,220	(1.6)
Fund Balance	\$55,383	\$55,383	\$44,748	\$0	0.0

Key Issues

- On August 6, 2002, Madison Heights' voters approved a proposal for the City to borrow \$5,926,000 and issue General Obligation Unlimited Tax Bonds, payable over the next 20 years for the cost of acquiring, constructing, furnishing and equipping a new fire station and related training tower, construction of a draft pit, demolition of the old Fire Station Headquarters, redevelopment of the Thirteen Mile frontage and rehabilitation of Station #2. A separate Construction and Debt Service Funds have been set up to record the actual project costs and the servicing of the bonds. The new Headquarters Fire Station opened in June 2004. The demolition of the old Fire Station and redevelopment of the Thirteen Mile Road frontage was completed in the fall of 2004.
- The Bond property tax millage is brought in through the General Fund and transferred to the Fire Stations Bond Fund. The Bond Fund is scheduled to make two payments totaling \$412,000 for principal and interest.

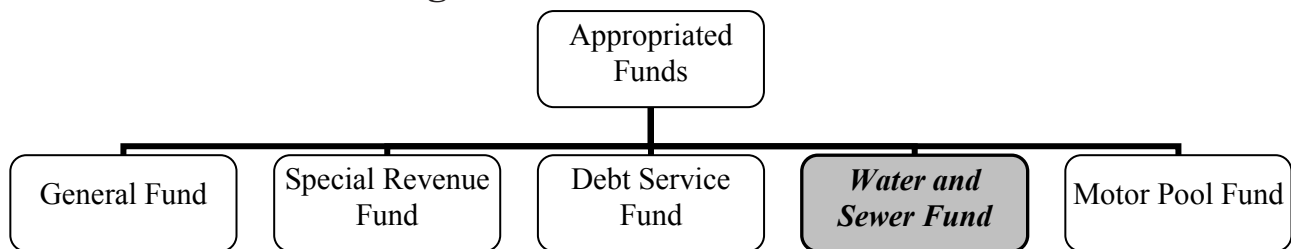
Water and Sewer Division

Statement of Services

The Water and Sewer Division of the Department of Public Service consists of 1 Utilities Supervisor, 2 Water Maintenance Workers, 2 Water Meter Repair Workers and 3 Equipment Operators. The Division is responsible for:

- Providing water distribution and sewage collection to the City's citizens and businesses. This process begins with the purchase of water from the Detroit Water and Sewerage Department and ends with the City paying the Geroge W. Kuhn Drain District for the treatment of sewage that enters its facilities; and
- Handling all installation, repair and reading of all water meters; all repair work on water and sewer mains; gatewells; maintenance hole and catch basin structures; all cleaning of sewer mains, catch basins, gatewells and culverts; and repair work including pavement and landscape repairs arising from watermain breaks and/or sewer trench settlement.

Organizational Fund Structure



Accomplishments

Public Health:

- Replaced over 5,600 feet of watermain; and repaired 12 catch basins, 3 gatewells and 7 manholes.
- Cleaned sanitary sewers and catch basins in District #1 between 10 Mile to 11 Mile.
- Cleaned the catch basins on City major roads.
- Repaired or replaced 62 curb boxes that were damaged.
- Larvicided over 3,600 catch basins to fight the West Nile Virus.
- Began using City Works program for daily work orders including geocoding.
- Submitted Public Education Plan, Illicit Discharge Elimination Plan, and Storm Water Pollution Prevention and Initiative reports in compliance with storm water permit requirements.
- Stenciled around all catch basins on new pavement "Flows to River".
- Monitored progress on protest of new NPDES Permit Regulations

Objectives

Public Health:

- Clean catch basins and sanitary sewers in District #2 between 11 Mile to 12 Mile.
- Larvicide all City owned catch basins.
- Successfully complete procurement, easement acquisition, installation and transition to new Fixed Network Automated Water Meter Reading System.
- Submit Storm Water Pollution Prevention Initiative, Public Education Plan and Illicit Discharge Elimination Plan reports in compliance with Michigan Department of Natural Resources & Environment requirements.
- Successfully complete annual cross-connection control inspection and enforcement program.
- Successfully complete procurement and inventory of five-year supply of replacement water meter register heads under bond financing program.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Avg Daily Water Flow (Units*)	n.a.	4,460	4,200	(260)	(5.8)
Curb Boxes Replaced	50	60	60	0	0.0
Main Break Repairs	60	45	50	5	11.1
New Watermain Installed (Feet)	5,600	3,310	0	(3,310)	(100.0)
Water and Sewer Customers	54,891	55,414	55,500	86	0.2
Sewer Backups Resolved	1	1	2	1	100.0
Register Head Replacements	99	100	150	50	50.0
<u>Efficiency/Effectiveness</u>					
Distribution Water Loss	15%	1%	1%	0	0.0
Combine Cost per unit for water and sewer*	\$4.80	\$5.77	\$6.10	\$0.33	5.7
Meters Read Per Reader (Residential)	540	600	630	30	5.0
Meter Reading Cost Per Residential Customers	\$2.16	\$2.31	\$2.46	\$0.15	6.5

* One unit equals 748 gallons

Key Issues

- On February 8, 2010, the City Council adopted a new strategy to address the Fund's revenue shortfall that resulted in the need for a \$500,000 General Fund loan on June 30, 2009. The Council approved a split fee increase of 5.7% on March 1, 2010 and 5.7% on October 1, 2010. The General Fund loan is projected to be repaid before June 30, 2011.
- In an attempt to modernize our system, staff has identified a fixed network water meter reading system as the latest state-of-the-art technology. Under this system, each water meter reading device is equipped with a transmitter, which transmits information on a daily basis to a set of 12 antennas, that will be installed throughout Madison Heights, and will be linked to a central computer system. This system will allow daily water meter reads and would eliminate the need for the door-to-door monthly reading of commercial accounts and quarterly reading of residential accounts. To install this system is projected to cost \$1.4 million. After this system is installed, the City would be able to eliminate two water meter reading positions.
- The average quarterly residential water and sewage bill is projected to rise by \$14.71 per quarter to \$137.20 (based on 2,200 cubic feet of consumption) or \$45.73 per month.
- As a cost cutting measure, the City plans to drop it's membership in the Clinton River Watershed Council at a savings of \$2,700.

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements					
Water Charges	\$1,775,694	\$1,733,990	\$1,747,378	\$13,388	0.8
Water System Maintenance	694,501	736,168	711,537	(24,631)	(3.3)
Water Tapping & Installation	1,016	20,300	18,000	(2,300)	(11.3)
Water Depreciation	430,284	266,000	430,310	164,310	61.8
Sewage Disposal Charges	2,974,941	2,991,520	3,105,090	113,570	3.8
Sewer System Maintenance	472,420	442,960	349,642	(93,318)	(15.1)
Sewer Depreciation	412,084	228,530	408,700	180,170	78.8
General Service Building	237,719	254,688	267,015	12,327	4.8
General Administration	1,252,735	1,207,580	1,187,092	(20,488)	(1.2)
Capital Outlay	2,580	699,100	1,379,355	680,255	97.3
Debt Service	289,037	841,029	1,065,913	224,884	26.7
Total	\$8,543,011	\$9,421,865	\$10,670,032	\$1,248,167	13.3
Resources:					
Sales: Water	\$3,765,286	\$4,247,422	\$4,204,210	\$(43,212)	(1.0)
Sales: Sewer	4,654,261	5,262,323	5,175,355	(86,968)	(1.7)
Interest/Miscellaneous	159,448	37,650	33,000	4,650	12.4
Bond Proceeds	0	0	1,379,355	1,379,355	100.0
Departmental Charges	29,550	29,550	29,550	0	0.0
Transfers	0	116,100	0	(116,100)	(100.0)
Retained Earnings	(65,534)	(271,180)	(118,838)	152,342	(56.2)
Total	\$8,608,545	\$9,421,865	\$10,670,032	\$1,248,167	13.3
Unrestricted Retained Earnings	\$881,961	\$1,153,141	\$1,304,579	\$151,438	13.1

Key Issues

- In February of 2010, the City Council decided to reduce the installation of watermain programs as part of the Neighborhood Road Improvement Program for construction years 2010, 2011 and 2012.
- In addition, City Council also directed, in light of concerns over rates, to put on hold all watermain replacements outside of the Proposal “R-2” program.
- Funding to support the fixed network water meter reading system will come through the issuance of bonds to be repaid through future debt payments. The bond sale is tentatively scheduled for Summer 2010.

Debt Summary

The City in the past has issued bonds to provide for the acquisition and construction of some major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. Revenue Bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

- I. George W. Kuhn Drain Bonds and State Revolving Loan Debt was issued between October 2000 and August 2007. The total debt to be issued is estimated to be \$117,338,000 with Madison Heights' share being \$12,596,000. The bond and interest payments are being paid from the Water and Sewer Fund, with \$9,982,937 principal remaining as of July 1, 2009.
- II. Fire Stations' General Obligation Unlimited Tax Bonds in the amount of \$5,926,000 was issued on May 1, 2003, payable over 20 years, for the cost of acquiring, constructing, furnishing and equipping a new fire station and related training tower, park and site improvements, construction of an underground storm water retention structure and draft pit, demolition of the old Fire Station Headquarters, redevelopment of the Thirteen Mile frontage and rehabilitation of Station #2. As of July 1, 2009, \$4,560,000 remains in principal payments.

FY 2010-11 Budget

General Obligations			
	Principal	Interest	Total
Fire Stations Bond	\$250,000	\$162,098	\$412,098

Water & Sewer Obligations			
	Principal	Interest	Total
Water & Sewer	\$627,810	\$271,280	\$899,090
Total Debt Service	\$877,810	\$433,378	\$1,311,188

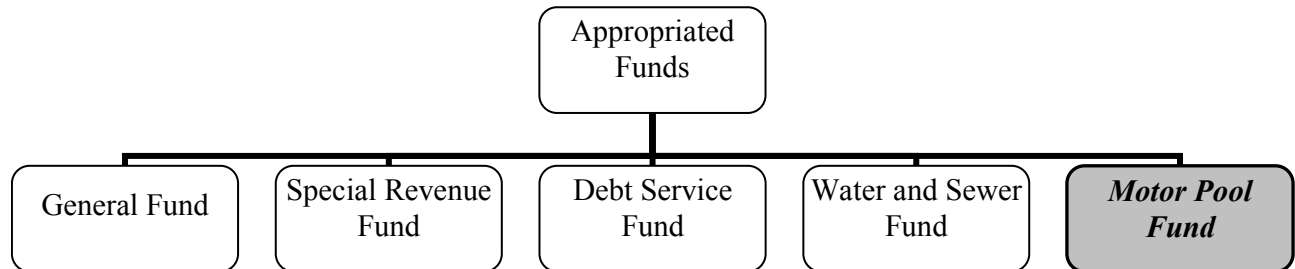
Motor Pool Division

Statement of Services

The Motor Pool Division of the Department of Public Service consists of 1 Motor Pool Supervisor and 2 Mechanics. The Division is responsible for:

- Maintaining all City vehicles and related equipment, including keeping records on each vehicle and piece of equipment to help determine whether the cost of repair is justified;
- Inspecting for safety problems, protecting the employees and the general public, as well as keeping adequate vehicle and equipment parts in stock and updated; and
- Ordering gasoline and diesel fuel, and overseeing the work done on all emergency backup generators.

Organizational Fund Structure



Accomplishments

Resource Management:

- Worked with other departments to draft and implement a No Idle policy. This will lower operating costs and reduce our environmental impact.
- Investigated, purchased and implemented the replacement of our gas cards with new gas keys. The keys increase our accountability and security of our fuel dispensing system.

Objectives

Resource Management:

- Continue vehicle replacement under the planned "V-2" millage with greater emphasis on fuel economy and, if funding is available, a Hybrid vehicle.
- Continue to equip our salt trucks with pre-wetting tanks to allow all our trucks to benefit from the use of brine.
- As the City is not able to replace some of our older equipment, implement an in-house refurbishment program.

Performance Measures

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Fleet Size	249	247	245	(2)	(0.8)
Total gallons gasoline purchased	67,330	65,689	65,984	295	0.4
Total gallons diesel purchased	35,415	35,443	35,659	1	0.4
<u>Efficiency/Effectiveness</u>					
Avg. cost - gallon of gasoline	\$2.70	\$1.72	\$2.44	\$0.72	41.9
Avg. cost - gallon of diesel	\$3.00	\$1.79	\$2.58	\$0.79	44.1
Avg. Maintenance expenditures per light/medium vehicle	\$1,689.65	\$671.20	\$675	\$3.80	0.6
Work Orders	1,050	1,100	1,050	(50)	(4.5)

Financial Summary

	Actual 2008-09	Estimate 2009-10	Budget 2010-11	Increase (Decrease) FY 2009-10 to FY 2010-11	Percent Change
Requirements:					
Personal Services	\$405,764	\$403,831	\$344,665	\$(59,166)	(14.7)
Supplies	234,108	216,900	268,750	51,850	23.9
Other Services and Charges	346,064	424,277	427,919	3,642	0.8
Capital Outlay	0	0	0	0	0.0
Total	\$985,936	\$1,045,008	\$1,041,334	\$3,674	0.4
Resources:					
Transfers-General Fund	\$878,689	\$930,850	\$919,294	\$(11,556)	(1.2)
Transfers-Water and Sewer	114,880	114,158	122,040	7,882	6.9
Fund Balance	(7,633)	0	0	0	0.0
Total	\$985,936	\$1,045,008	\$1,041,334	\$3,674	0.4

Key Issues

- As a cost cutting measure that will result in a reduction in the Motor Pool charge for those budget activities that include funding of City vehicles, eliminate one of the three full-time mechanics positions. The savings City-wide of eliminating the one position is \$98,000.



FY 2010-15 CAPITAL IMPROVEMENT PLAN

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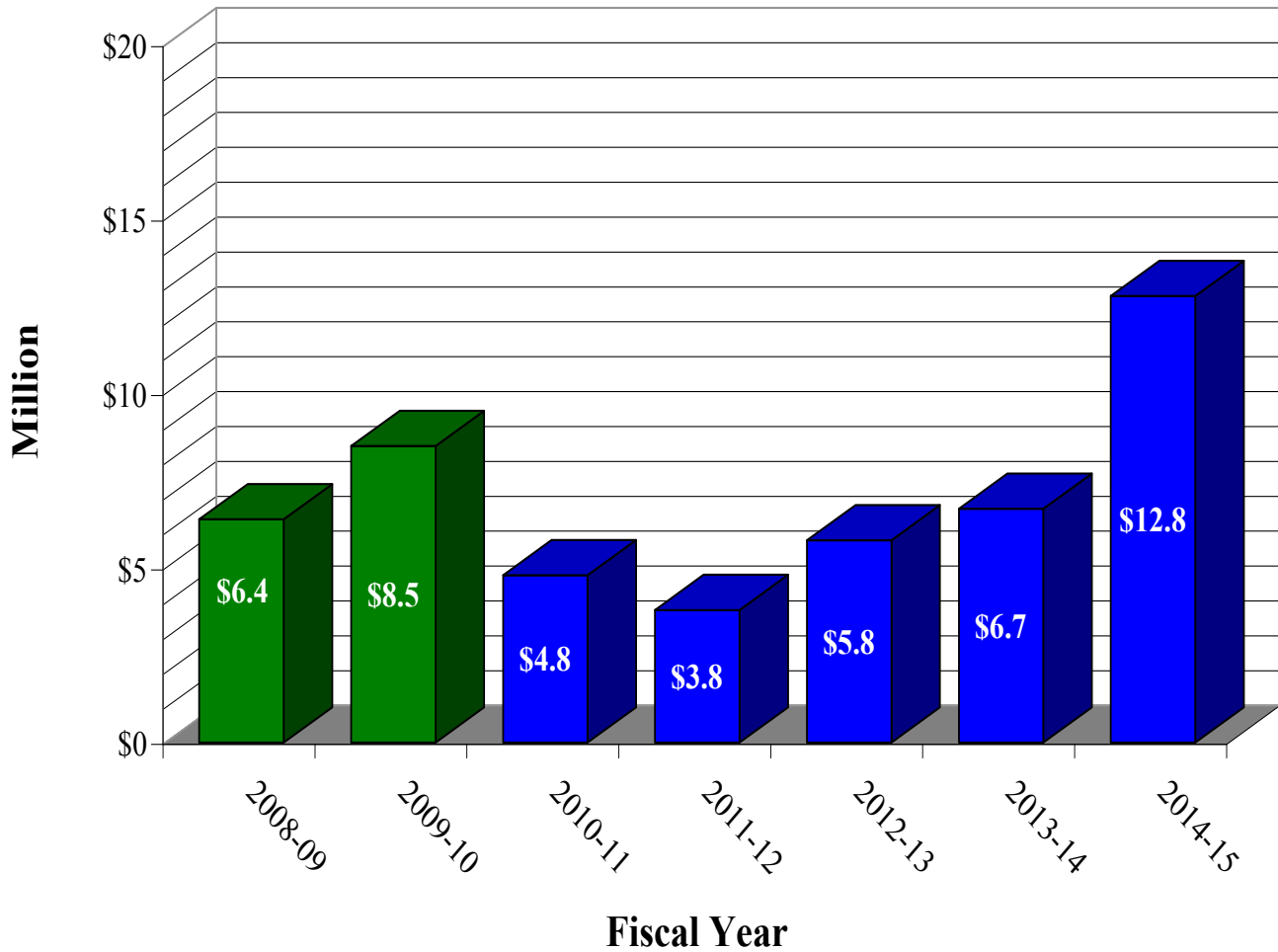
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FIVE YEAR CAPITAL IMPROVEMENT PLAN FY 2010-11

FY 2008-09 ACTUAL AND
FY 2009-10 ESTIMATED



The largest projects programmed during the Capital Improvement Plan include the Proposal “R-2” Neighborhood Road Improvements which range in size from \$1.5 to \$3.1 million over the five year period. The Capital Improvement Plan spikes in FY 2014-15 due to \$12.8 million programmed for Eleven Mile and John R reconstruction. The last three years of the plan include \$1.5 million to support the new industrial road mill and asphalt overlay program.

PLAN OVERVIEW

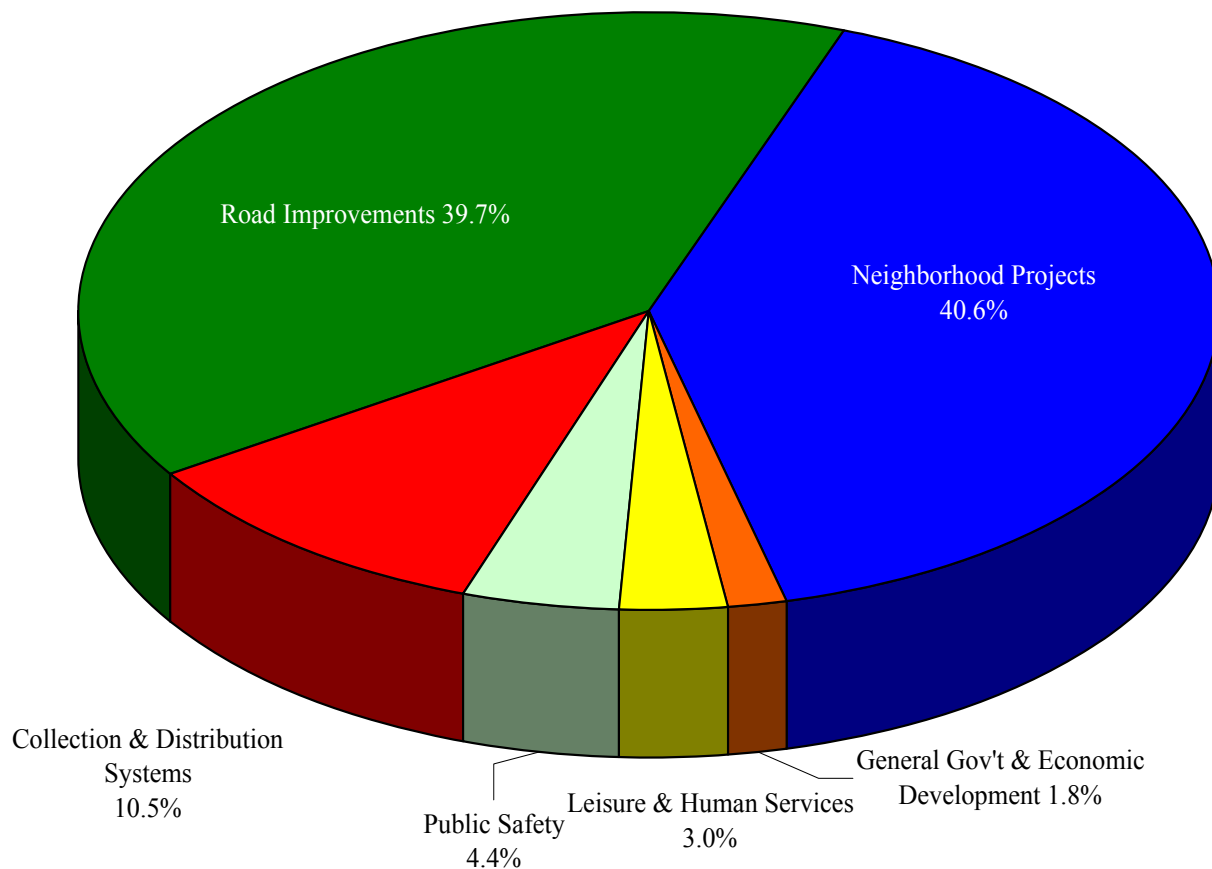
The FY 2010-15 Five Year Capital Improvement Plan totals \$33.9 million. The bar graph presented on the facing page shows the scheduled appropriations by year. The five year program, which is a consolidation of ongoing projects and projects planned over the next five years, represents future capital improvement commitments consistent with past City Council direction. (See Table I - Financial Overview.

The Capital Improvement Plan (CIP) is being generated in response to the financial policies first adopted with the FY 1992-93 Budget. The plan is amended as needed and readopted each year. The proposed capital improvement policies include:

1. The City will develop a multi-year plan for capital improvements, update it annually and make all capital improvements in accordance with the plan.
2. The City's plan will include large capital purchases and construction projects costing more than \$30,000.
3. When financially feasible, the City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of the capital infrastructure and equipment from current revenues where possible.
4. The City will try to ensure that prime commercial/industrial acreage is provided with the necessary infrastructure to meet the market demand for this property.
5. The City will use the following criteria to evaluate the relative merit of each capital project:
 - a. Projects that implement a component of the approved goal plan will be a priority when establishing funding.
 - b. Projects specifically included in an approved replacement schedule will receive priority consideration.
 - c. Projects that reduce the cost of operations or energy consumption will receive priority consideration.
 - d. Projects that duplicate other public and/or private services will not be considered.
 - e. Priority will be given to those projects that directly support development efforts in areas with a majority of low to moderate-income households.

USE OF FUNDS

FY 2010-15



More than eighty percent of the Capital Improvement Plan is programmed for Road Improvements and Neighborhood Projects.

TABLE I
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FINANCIAL OVERVIEW
USE OF FUNDS
(IN THOUSANDS)

APPROPRIATIONS:

PROJECT DESCRIPTION	TABLE	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL APPROP.
Neighborhood Projects	III	\$4,119	\$3,950	\$1,589	\$2,585	\$3,042	\$3,102	\$ 3,462	\$ 13,780
Road Improvements	V	1,347	3,151	995	953	1,130	2,109	8,281	13,468
Collection & Distribution Sys.	VII	0	0	1,379	39	952	605	594	3,569
Public Safety	IX	233	140	558	142	458	192	135	1,485
General Govt & Economic Dev.	XI	191	527	258	50	110	50	125	593
Leisure & Human Services	XIII	546	706	0	44	75	653	245	1,017
TOTAL		\$6,436	\$8,474	\$4,779	\$3,813	\$5,767	\$6,711	\$12,842	\$ 33,912

Summary of Appropriations by Program

In calculating the projected cost of future capital improvement projects and major equipment purchases, assumptions need to be made regarding what inflationary increases should apply to these items. This year's estimates have been adjusted to include assumed inflationary rates of 4 to 10 percent per year for vehicles and 5 percent for construction projects (unless set by predetermined financial targets).

In estimating the cost of future local improvement projects, construction costs have been increased to reflect an additional 20 percent above actual construction estimates. The 20 percent has been added to these projects to cover construction design, contract administration, construction staking, engineering, as-built drawings preparation, material testing, field inspections, right-of-way acquisition and contingency expenses. These types of expenses vary considerably from project to project but do not normally exceed 20 percent.

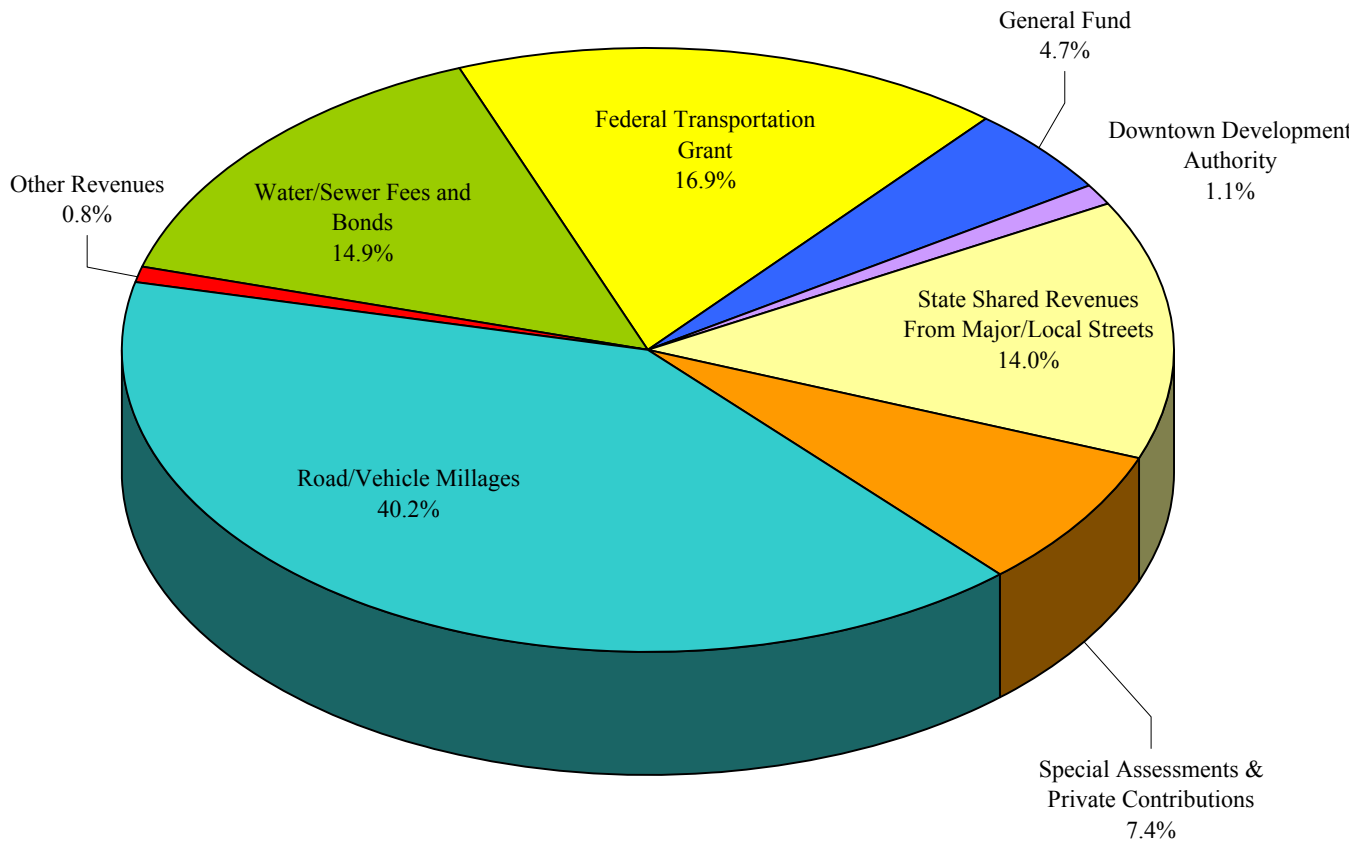
The format for the Capital Improvement Plan has been established to emphasize major functional areas. All capital improvement proposals have been classified into one of six functional areas: Neighborhood Projects, Road Improvements, Collection & Distribution Systems, Public Safety, General Government & Economic Development, and Leisure & Human Services. A separate chapter has been included in this plan for each functional area outlining the justification and funding for each proposal.

The five year planned Capital Improvement Plan expenditures for the six functional areas are expressed as a share of the total planned expenditures below:

<u>Expenditure Program</u>	<u>Percent of Plan</u>
Neighborhood Projects	40.6
Road Improvements	39.7
Collection & Distribution Systems	10.5
Public Safety	4.4
Leisure & Human Services	3.0
General Government & Economic Development	<u>1.8</u>
	100.0

The following pages illustrate the plan and those proposed projects included within it. It is an ambitious program focusing on major infrastructure needs throughout Madison Heights.

SOURCE OF FUNDS FY 2010-15



The Road and Vehicle Millage provides over forty percent of the funding for the Capital Improvement Plan.

**TABLE II
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FINANCIAL OVERVIEW
SOURCE OF FUNDS
(IN THOUSANDS)**

REVENUES:

	TABLE III NEIGHBOR. PROJECTS	TABLE V ROAD IMPROV.	TABLE VII COLLECTION & DIST. SYSTEMS	TABLE IX PUBLIC SAFETY	TABLE XI GENERAL GOV'T & ECON. DEV.	TABLE XIII LEISURE & HUMAN SERVICES	TOTAL
General Fund	\$ 0	\$ 0	\$ 0	\$ 780	\$ 135	\$ 662	\$ 1,577
State Shared Revenues from Major/Local Streets	0	4,734	0	0	0	0	4,734
Special Assessments & Private Contributions	423	1,780	0	0	0	311	2,514
Road/Vehicle Millage	11,889	1,139	0	570	0	44	13,642
Royal Oak/Troy/Hazel Pk./Warren Local Rd. Match	0	89	0	0	0	0	89
Water/Sewer Fees and Bonds	1,468	0	3,569	0	0	0	5,037
Federal Transportation Grant	0	5,726	0	0	0	0	5,726
Oakland County Parks	0	0	0	0	0	0	0
Drug Forfeiture	0	0	0	94	0	0	94
Downtown Development Authority	0	0	0	0	358	0	358
Fire Bond Issue	0	0	0	0	0	0	0
Other Revenues - Grants	0	0	0	41	100	0	141
TOTAL	\$ 13,780	\$ 13,468	\$ 3,569	\$ 1,485	\$ 593	\$ 1,017	\$33,912

Summary of Revenues by Source

The Capital Improvement Program is financed through a combination of tax and fee supported funds, State and Federal grants, pay-as-you-go projects and long-term borrowing. The program's largest revenue local sources are Road and Vehicle Property Tax Millages and Water and Sewer Fund revenues totaling \$18.7 million or 55.1 percent of the plan. The majority of these funds will be needed for scheduled neighborhood road improvement projects and replacement of watermain. A breakdown of revenues programmed in the FY 2010-15 Capital Improvement Plan is as follows:

<u>Revenue Source</u>	<u>Percent of Plan</u>
Road and Vehicle Millages	40.2
Federal Transportation Grants	16.9
Water and Sewer Fees and Bonds	14.9
State Shared Revenues from Major/Local Streets	14.0
Special Assessment and Private Contributions	7.4
General Fund	4.7
Downtown Development Authority	1.1
Other Revenues	0.8
Oakland County Parks	<u>0.6</u>
	100.0

Revenue estimates are realistic and assume low growth and full Federal and State participation. Grants and other revenues from Federal, State and County governments now account for 31.8 percent of the Capital Improvement Plan. Major and Local Streets State Shared Revenues serve as the source for the City's contribution to road projects and support road maintenance projects (e.g. John R rehabilitation, Industrial/Commercial road overlays, annual joint/crack sealing and sectional concrete replacement projects). Federal transportation grants are projected to provide over 72 percent of the funding for the Eleven Mile and John R reconstruction projects.

The Five Year Capital Improvement Program calls for the construction of 84 projects and the purchase of 22 major pieces of equipment.

The FY 2010-11 Capital Improvement Plan totals \$4.8 million (Table I) and calls for the construction of 11 projects and the purchase of four major pieces of equipment.

TABLE III
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

APPROPRIATIONS:

NEIGHBORHOOD PROJECTS	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL APPROP.
Proposal "R-1" Joint & Crack Maintenance	\$80	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proposal "R-1" Concrete Repair	50	925	0	0	0	0	0	0
Proposal "R-2" Sidewalks	20	20	20	20	20	20	20	100
Proposal "R-2" Concrete Repair	0	75	100	100	100	100	100	500
YEAR 1 ROADS								
Spoon - Huntington North to Campbell (R-2)	802	0	0	0	0	0	0	0
Parkdale - Campbell to Mark (R-2)	400	0	0	0	0	0	0	0
Millard - Campbell to Edgeworth South to 31601 Millard (R-2)	624	0	0	0	0	0	0	0
Barrington/Northeastern - Woodside to Girard (R-2)	575	0	0	0	0	0	0	0
Girard - I-75 to Palmer (R-2)	480	0	0	0	0	0	0	0
Spoon Sectional (R-1)	250	0	0	0	0	0	0	0
Sherry Sectional (R-1)	300	0	0	0	0	0	0	0
YEAR 2 ROADS (R-2)								
Palmer - 13 Mile to LaSalle	83	367	0	0	0	0	0	0
Tawas - 12 Mile Road to Mapleknoll and Tawas Court	98	454	0	0	0	0	0	0
E. Barrett - Tawas to Couzens	99	572	0	0	0	0	0	0
Lorenz - 11 Mile to Greig	77	308	0	0	0	0	0	0
Hales - 11 Mile to Northeastern	58	258	0	0	0	0	0	0
Northeastern - 11 Mile to South End	123	523	0	0	0	0	0	0
Katherine - Lorenz to Edward	0	160	0	0	0	0	0	0
YEAR 3 ROADS (R-2)								
Brockton - Battelle to Tawas	0	0	326	0	0	0	0	326
Dorchester - Englewood to 31224 Dorchester	0	0	176	0	0	0	0	176
Englewood - Campbell to Edgeworth	0	0	417	0	0	0	0	417
Yorkshire - Westmore to Tanglewood	0	0	274	0	0	0	0	274
Westmore - Winthrop to W. of Yorkshire Inc. 30459 Westmore	0	0	276	0	0	0	0	276
YEAR 4 ROADS (R-2)								
Gardenia - John R to Lorenz	0	0	0	609	0	0	0	609
Rialto - 11 Mile to South end	0	0	0	505	0	0	0	505
Park Court - 11 Mile to South end	0	0	0	563	0	0	0	563
Alger - Parker South to Gardenia	0	0	0	477	0	0	0	477
Townley - 11 Mile to University	0	0	0	311	0	0	0	311
YEAR 5 ROADS (R-2)								
Shacket - Huntington to Spoon	0	0	0	0	782	0	0	782
Spoon - S. of Huntington Ave	0	0	0	0	73	0	0	73
Huntington - Campbell to Mark	0	0	0	0	451	0	0	451
Sherry - Girard to S. of Parkdale	0	0	0	0	458	0	0	458
Longfellow - Garry to 30290 Longfellow	0	0	0	0	268	0	0	268
Groveland and University Intersection - (Watermain to 11 Mile) and 21700 Groveland to Farnum	0	0	0	0	601	0	0	601
YEAR 6 ROADS (R-2)								
Lenox - Baxter to Sprague	0	0	0	0	0	248	0	248
Hampden - Farnum Intersection	0	0	0	0	9	150	0	159
University - Lenox to Hampden	0	0	0	0	9	135	0	144
Brettonwoods - Gardenia to Farnum	0	0	0	0	150	620	0	770
Forest - Hampden to Brettonwoods & Hampden Intersection	0	0	0	0	15	311	0	326
Gardenia - Hampden to Dartmouth	0	0	0	0	63	304	0	367
Parker - E of Sealcoat to John R - (Watermain Cross-Over)	0	0	0	0	43	756	0	799

TABLE III
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

APPROPRIATIONS:

NEIGHBORHOOD PROJECTS	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL APPROP.
YEAR 7 ROADS (R-2)								
Dartmouth - 26333 Dartmouth to 26113 Dartmouth	0	0	0	0	0	0	232	232
Barrington - Cowan to Andover	0	0	0	0	0	56	233	289
W. Barrett - Alger to John R	0	0	0	0	0	63	289	352
E. Hudson - John R to 71 E. Hudson	0	0	0	0	0	63	192	255
Kalama - Stephenson Hwy. to Alger	0	0	0	0	0	46	770	816
Couzens - South of 11 Mile Road	0	0	0	0	0	130	623	753
Harwood - Dartmouth to 368 Harwood	0	0	0	0	0	100	282	382
YEAR 8 ROADS (R-2)								
Whittier - Longfellow to Chaucer	0	0	0	0	0	0	150	150
Palmer - 13 Mile N. to end	0	0	0	0	0	0	95	95
Chaucer - Whittier to Longfellow	0	0	0	0	0	0	53	53
Barrington - S. of Horace Brown to 13 Mile NB	0	0	0	0	0	0	155	155
Barrington - S. of Horace Brown to 13 Mile SB	0	0	0	0	0	0	128	128
Blairmoor - Manchester to Thirteen Mile Road	0	0	0	0	0	0	128	128
Manchester & Woodmont Intersection	0	0	0	0	0	0	12	12
TOTALS	\$ 4,119	\$ 3,662	\$ 1,589	\$ 2,585	\$ 3,042	\$ 3,102	\$ 3,462	\$ 13,780

TABLE III
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

REVENUES:

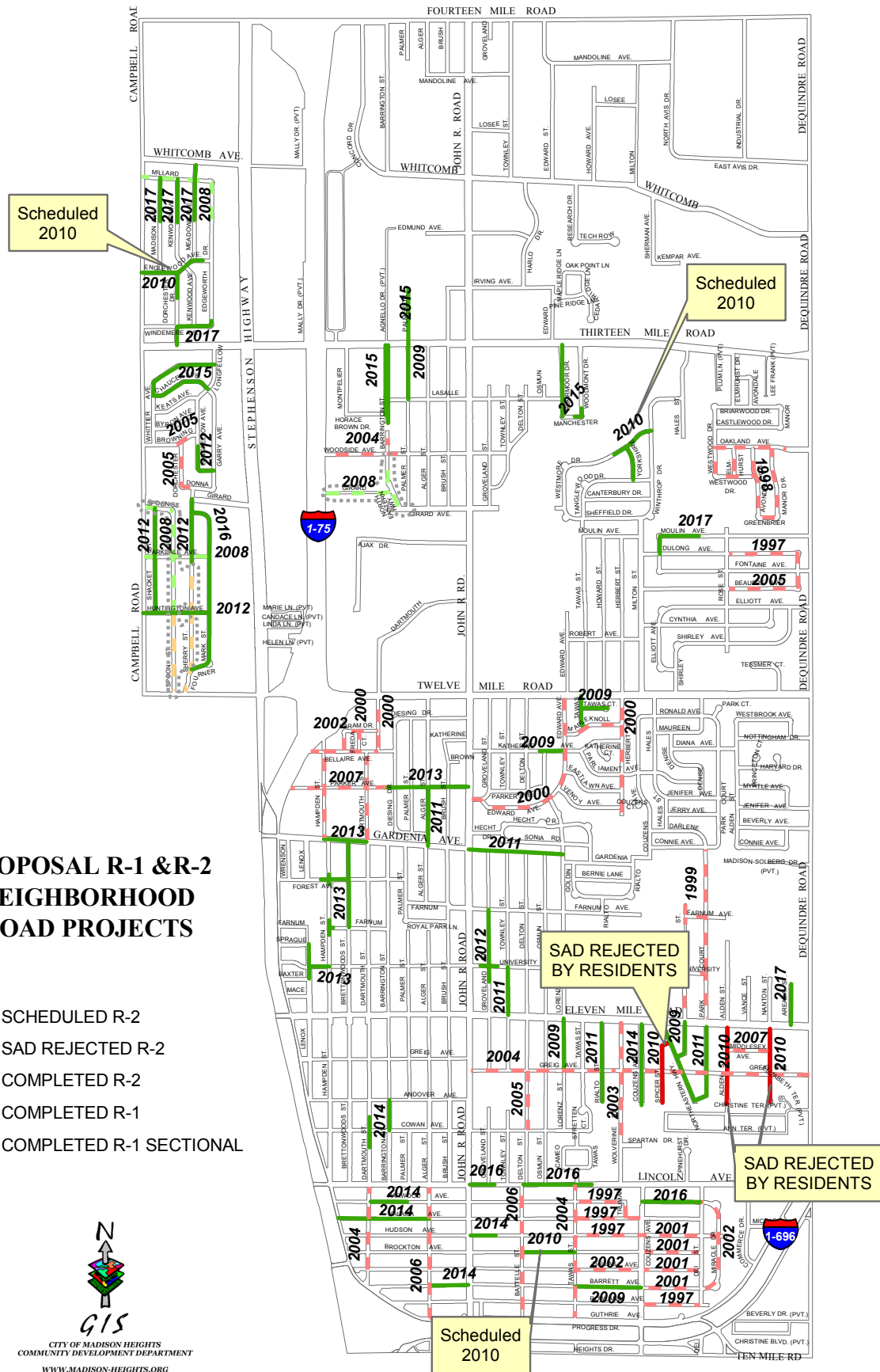
NEIGHBORHOOD PROJECTS	GENERAL FUND	CDBG	SPECIAL ASSESS.	ROAD MILLAGE	WATER & SEWER FUND	OTHER REVENUES	OTHER REVENUES	TOTAL REVENUE
Proposal "R-2" Sidewalks	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 100
Proposal "R-2" Concrete Repair	0	0	0	500	0	0	0	500
YEAR 3 ROADS (R-2)								
Brookton - Battelle to Tawas	0	0	0	326	0	0	0	326
Dorchester - Englewood to 31224 Dorchester	0	0	0	176	0	0	0	176
Englewood - Campbell to Edgeworth	0	0	0	417	0	0	0	417
Yorkshire - Westmore to Tanglewood	0	0	0	274	0	0	0	274
Westmore - Winthrop to W. of Yorkshire Inc. 30459 Westmore	0	0	0	276	0	0	0	276
YEAR 4 ROADS (R-2)								
Gardenia - John R to Lorenz	0	0	0	609	0	0	0	609
Rialto - 11 Mile to South end	0	0	126	379	0	0	0	505
Park Court - 11 Mile to South end	0	0	141	422	0	0	0	563
Alger - Parker South to Gardenia	0	0	0	477	0	0	0	477
Townley - 11 Mile to University	0	0	0	311	0	0	0	311
YEAR 5 ROADS (R-2)								
Shacket - Huntington to Spoon	0	0	0	782	0	0	0	782
Spoon - S. of Huntington Ave	0	0	0	73	0	0	0	73
Huntington - Campbell to Mark	0	0	0	451	0	0	0	451
Sherry - Girard to S. of Parkdale	0	0	0	458	0	0	0	458
Longfellow - Garry to 30290 Longfellow	0	0	0	268	0	0	0	268
Groveland and University Intersection - (WM to 11 Mile) and 21700 Groveland to Farnum	0	0	0	601	0	0	0	601
YEAR 6 ROADS (R-2)								
Lenox - Baxter to Sprague	0	0	0	248	0	0	0	248
Hampden - Farnum Intersection	0	0	0	150	9	0	0	159
University - Lenox to Hampden	0	0	0	135	9	0	0	144
Brettonwoods - Gardenia to Farnum	0	0	0	620	150	0	0	770
Forest - Hampden to Brettonwoods & Hampden Intersection	0	0	0	311	15	0	0	326
Gardenia - Hampden to Dartmouth	0	0	0	304	63	0	0	367
Parker - E of Sealcoat to John R - (WM Cross-Over)	0	0	0	756	43	0	0	799
YEAR 7 ROADS (R-2)								
Dartmouth - 26333 Dartmouth to 26113 Dartmouth	0	0	0	232	0	0	0	232
Barrington - Cowan to Andover	0	0	0	233	56	0	0	289
W. Barrett - Alger to John R	0	0	0	289	63	0	0	352
E. Hudson - John R to 71 E. Hudson	0	0	0	192	63	0	0	255
Kalama - Stephenson Hwy. To Alger	0	0	0	770	46	0	0	816
Couzens - South of 11 Mile Road	0	0	156	467	130	0	0	753
Harwood - Dartmouth to 368 Harwood	0	0	0	282	100	0	0	382
YEAR 8 ROADS (R-2)								
Whittier - Longfellow to Chaucer	0	0	0	0	150	0	0	150
Palmer - 13 Mile N. to end	0	0	0	0	95	0	0	95
Chaucer - Whittier to Longfellow	0	0	0	0	53	0	0	53
Barrington - S. of Horace Brown to 13 Mile NB	0	0	0	0	155	0	0	155
Barrington - S. of Horace Brown to 13 Mile SB	0	0	0	0	128	0	0	128
Blairmoor - Manchester to Thirteen Mile Road	0	0	0	0	128	0	0	128
Manchester & Woodmont Intersection	0	0	0	0	12	0	0	12
Totals	\$ 0	\$ 0	\$ 423	\$ 11,889	\$ 1,468	\$ 0	\$ 0	\$ 13,780

PROPOSAL R-1 & R-2 NEIGHBORHOOD ROAD PROJECTS

- SCHEDULED R-2
- SAD REJECTED R-2
- COMPLETED R-2
- COMPLETED R-1
- COMPLETED R-1 SECTIONAL



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COMMUNITY DEVELOPMENT DEPARTMENT
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NEIGHBORHOOD PROJECTS

The staff annually reviews the current road conditions and updates projections regarding proposed neighborhood roadway improvements. To coordinate this process, the staff has developed a multi-year neighborhood road improvement plan that is primarily funded by the Proposal “R” two-mill property tax levy and water and sewer fees.

In developing these plans, pavement conditions and other infrastructure components such as storm water drains, watermain lines and sanitary sewers have also been evaluated. The table on the following page outlines each of these neighborhood projects and the scope of work that needs to be completed for each project. When the City is financially able to replace deteriorating watermain lines at the same time as the neighborhood road improvements, the City avoids future costs to repair broken watermains and road surfaces, and related disruption in water service to residents.

Neighborhood Road Millage Programs

- **First Roads Millage Program**

On August 6, 1996, the voters in Madison Heights approved ballot proposals “R-1” and “V-1.” Proposal “R-1” provided the City with a two-mill ten-year property tax levy (rolled back by State imposed millage limits) to support an extensive neighborhood road improvement plan.

The Proposal “R-1” millage generated \$19.6 million in revenue from 1997 to 2006 to support this program. The Neighborhood Road Plan mirrored the information provided to the residents as part of the public information campaign during the summer of 1996 plus the City Council approved amendments.

Funding for the multi-year Neighborhood Road Improvement Program came from different sources including:

1. Neighborhood Road Improvement Millage (\$19.6 million);
2. Water and Sewer Fund Revenues (\$3.7 million) - Generated from system user fees and financed through user rates;
3. Property Owner Special Assessments (\$2.2 million) - In accordance with the City Council Special Assessment District Policy for road improvements as amended;
4. Community Development Block Grant Funds (\$655,000) - Used to support four road projects. In FY 1997-98, Harwood from Tawas to Truman; FY 2001-02, Brockton from Couzens to Dei; FY 2002-03, Miracle from Harwood to Barrett; and FY 2003-04, Greig from Dequindre to Delton; and,
5. Chapter 20 Drain Refund (\$136,000) - Historically, the Oakland County Water Resources Commissioner had retained funds previously assessed to residents of the City of Madison Heights to address future storm water needs. These funds were used in year one of the plan to support the storm drain portions of the road improvements. In addition, retained funds from the completed Henry Graham Drain were used to support payment for the George W. Kuhn Drain construction project.

TABLE IV-A
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
R-1 NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

STATUS	DATE	NEIGHBORHOOD PROJECTS	STORM DRAIN	SANITARY SEWER	STREET PAVING	WATER MAIN	ESTIMATED COST
		YEAR 1 ROADS	\$ 136	\$ 76	\$ 958	\$ 227	\$ 1,397
DONE	1997	Harwood -Tawas to Truman					
DONE	1997	Truman - Harwood to Kalama					
DONE	1997	Kalama -Tawas to Couzens					
DONE	1997	Hudson -Tawas to Couzens					
DONE	1997	Rowland from Couzens to Dei					
DONE	1997	Dulong from Rose east to Fontaine					
		EASTWOOD MANOR	24	0	1,002	72	1,098
DONE	1998	Oakland, Greenbrier & Westwood					
DONE	1998	Elmhurst - Oakland to Westwood					
DONE	1998	Avondale & Manor - Oakland to Greenbrier					
		STREETS N OF 11 MILE	52	17	1,275	206	1,550
DONE	1999	Park Court - 11 Mile to Connie SAD 255					
DONE	1999	Hales - 11 Mile to Rosies Park SAD 255					
DONE	1999	Farnum & University from Hales to Park Court SAD 255					
		STREETS S OF 12 MILE	935	83	1,430	489	2,937
DONE	2000	Dartmouth - Bellaire to 12 Mile					
DONE	2000	Herbert - 12 Mile to Venoy					
DONE	2000	Edward - 12 Mile to Parker					
DONE	2000	Mapleknoll - Edward to Herbert					
DONE	2000	Parker - John R to Groveland					
		STREETS S OF 11 MILE	105	0	895	264	1,264
DONE	2001	Hudson - Couzens to Miracle					
DONE	2001	Brockton - Couzens to Dei					
DONE	2001	Dallas - Couzens to Dei					
DONE	2001	Barrett - Couzens to Dei					
		YEAR 6	209	0	857	325	1,391
DONE	2002	Karam - Dartmouth to Bellaire					
DONE	2002	Freda Ct.- Karam to Bellaire					
DONE	2002	Full length of Miracle Drive					
		Harwood to Barrett					
DONE	2002	Dallas - Tawas to Couzens					
		YEAR 7					
DONE	2003	Wolverine - Spartan to 11 MILE SAD 263	172	5	523	171	871
		YEAR 8					
DONE	2004	Greig - John R to Dequindre SAD 265 /SAD 266	40	0	1,331	210	1,581
DONE	2004	Dartmouth - Lincoln to Dallas	200	12	266	25	503
DONE	2004	Tawas - Lincoln to Guthrie	57	12	318	40	427
DONE	2004	Woodside - I-75 to Barrington SAD 267	70	0	342	110	522
DONE	2004	Barrington - Gravel Park to Woodside	0	0	90	21	111
		YEAR 9					
DONE	2005	Dorchester - Donna to Browning SAD 268	0	0	323	253	576
DONE	2005	Delton - Greig to Cowan SAD 269	0	0	223	76	299
DONE	2005	Beaupre - Rose to Fontaine	0	258	216	0	474
DONE	2005	Proposal "R" Maintenance & Repair - Park Court/Hales	0	0	213	0	213
		YEAR 10					
DONE	2006	Battelle - Lincoln to Guthrie	65	5	560	100	730
DONE	2006	Alger - Lincoln to Guthrie	240	5	739	130	1,114
DONE	2006	Guthrie (north half) - Alger to Cul De Sac	20	5	132	36	193
		YEAR 11					
DONE	2007	Parker District SAD 272	575	15	2,104	495	3,189
DONE	2007	Loan to SAD Fund (272)	0	0	487	0	487
DONE	2007	Watermain Restoration -Middlesex-Alden to Nanton	0	0	219	87	306
		YEAR 12					
DONE	2008	Spoon Sectional	0	0	250	130	380
DONE	2008	Sherry Sectional	0	0	300	210	510
		YEAR 13					
DONE	2009	Proposal "R" Concrete Repair	0	0	945	0	945
		FUTURE YEARS					
PLANNED	2010-17	Proposal "R-2" Project Supplement	0	0	674	0	674
PLANNED	2018-22	Proposal "R-2" Project Supplement	0	0	316	0	316
		TOTALS	\$ 2,900	\$ 493	\$ 16,988	\$ 3,677	\$ 24,058

In allocating funds, the Neighborhood Road Improvement Millage has been dedicated to the street improvement and integrated storm sewer portion of the neighborhood projects. Water and Sewer Fund Revenues are used for the watermain portion of the projects. Special Assessment Funds and Community Development Block Grant Funds were used both for roadway and storm water drain improvements. Finally, Chapter 20 Drain Refund Revenues were used exclusively for the storm water drain improvement portions of the neighborhood projects.

In January 1997, the staff proposed and the City Council adopted a Residential Road Improvement Policy to provide guidelines on how the Neighborhood Road Program would be administered. This Policy specifies the order in which road projects would be undertaken, the percent of Proposal “R-1” contributions that would be made to each project, specifics on how the project would address a special assessment district project, what would happen if a proposed special assessment project should be turned down, and the process to be followed if all the scheduled projects were completed and additional funds became available.

The Policy indicates that approximately one year in advance of the year that the Proposal “R-1” funds are to be made available for a special assessment designated road project, an advisory survey shall be taken by the City of the benefiting property owners as to their willingness to be specially assessed for the private benefit portion of the total cost of a road improvement. The City will conduct this survey through the mail utilizing a postcard return system. Results of this advisory survey shall be presented to Council for use in their deliberations as to whether or not to proceed with the establishment of the special assessment district.

On December 15, 2003, the Council adopted as part of the 2004-05 Goal Plan, a proposal to modify the existing Ten Year Residential Road Improvement Program to utilize program savings to expedite critical road reconstruction projects.

Given program savings, the City’s Proposal “R-1” program was able to program additional roadwork as part of the ten year plan. According to the Council Policy, if there are still monies available to fund additional projects, citizens who own property abutting a road could petition Council to have their street added to the Proposal “R-1” listing.

Streets were considered on a first-come first-served basis, based on need, and projects were also considered only to the extent that funds remain to offset construction costs. Per the Policy, no additional projects were undertaken until all scheduled Proposal “R-1” projects were programmed.

As part of the November 2003 and January 2004 SAD Road Policy Amendments, Greig Street from John R to Dequindre, Dartmouth from Lincoln to Dallas, and Tawas from Lincoln to Guthrie were moved up to 2004, completing the originally scheduled Proposal “R-1” projects. In response to citizens’ petitions for road improvements, Woodside from I-75 to Barrington (completed in 2004), Dorchester from Donna to Browning (completed in 2005) and Delton from Greig to Cowan (completed in 2005) were added to the Proposal “R-1” project list.

On February 14, 2005, the SAD Road Policy was amended to extend the Proposal “R-1” Program to include the 2006 reconstruction of Battelle from Lincoln to Guthrie, Alger from Lincoln to Guthrie and Guthrie from Alger to John R (all completed in 2006).

As part of the FY 2006-11 Capital Improvement Plan, staff proposed the City again approach the property owners in the Parker District regarding a 2007 neighborhood improvement project. As discussed with the City Council at the November 19, 2005 Goals Meeting, in the spring of 2006 the staff surveyed the residents regarding their willingness to support a 25 percent special assessment contribution for a new road improvement project. The “R-1” Proposal Millage was used to fund the 75 percent City match plus all of the storm sewer improvements. The Water and Sewer Fund was used to support the replacement of watermains in this area.

The Joint and Crack Seal Program has been a very successful method by which to extend the useful life of the City’s concrete roads. The process includes the removal of old tar, dirt and weeds, the blowing clean of these areas and a refilling of all cracks and seams with tar. Projects were scheduled for FY 2007-08 and FY 2008-09 at \$80,000 per year.

The Parker District project was completed in the fall of 2007. FY 2008-09 projects funded from “R-1” funds included sectional concrete replacement on Spoon from Huntington to Twelve Mile and Sherry from Parkdale to Fournier.

The final “R-1” project completed in FY 2009-10 included the concrete repair (\$850,000) of any “R-1” programmed street exhibiting signs of deterioration.

- Second Roads Millage Program

On December 12, 2005 as part of the 2006-07 Goal Plan, the City Council adopted a goal to “Evaluate, identify, prioritize and create a new long-range millage-based comprehensive infrastructure replacement plan including roads, sewers and sidewalks to take before voters in 2006.”

On August 8, 2006, the voters in Madison Heights approved, by an overwhelming margin, millage Proposals “R-2” and “V-2.” The “R-2” program will continue to provide funding at an initial annual level of two mills for ten years to carry out the City’s second comprehensive residential street repair and reconstruction program. The road improvement projects will include new concrete streets, approaches, necessary sidewalk repairs and installations, and connections to the storm water drainage system.

The Assessor’s Office has estimated that Proposal “R-2” will generate \$21.1 million in revenue to support the ten year program presented in the Capital Improvement Plan. Due to the economic recession causing declining property values, this program’s funding is down \$6.3 million 23% from the original April 2006 estimate. To close this funding gap, \$990,000 savings from the “R-1” will be used to supplement the “R-2” program and \$800,000 in sidewalk and sectional concrete replacements were dropped. The elements of this millage program as outlined to the residents as part of the public information campaign through the City newsletter in June 2006 are still scheduled, but \$4.4 million in program reductions will be needed.

Of the 73.3 miles of local roads in Madison Heights, the original Proposal “R-1” millage funded repair of 11.6 miles or 15.8% of the worst roads in the City. Proposal “R-2” will allow the City to repair over 11.1 miles (65 roads) of additional roadway. In August of 2005, an independent professional transportation planning engineering firm completed a comprehensive analysis of all streets in Madison Heights. This study identified over 20 miles of poor residential roads that needed to be addressed. Even after the Proposal “R-2” program, the City is estimated, at that point in time, to have 9 miles of poorly-rated streets still needing attention.

All road reconstruction work will be totally funded through millage except for the 13 sealcoat roads, which require the residents with frontage on these streets to contribute a 25 percent special assessment. The rationale behind this proposal is that those property owners living on an existing concrete road with curb and gutter (i.e. not a sealcoat road) have already paid for their road once in the price of the home or in the form of a prior special assessment district project.

Property owners on a sealcoat road have not paid an assessment in the past, and prior to the “R-1” program, they were responsible for 100 percent of the project cost. Under the original “R-1” program, they were only responsible for 50 percent of the project cost. The City reduced the special assessment by one-half to make the projects more affordable for the average property owner. Under the new “R-2” program, residents living on sealcoat roads scheduled for reconstruction will pay no more than 25 percent of the cost of the project. The affected property owners will be surveyed in advance of the project to confirm their support for the proposed special assessment.

FY 2007-08 was a transition point between the two programs. The Parker District and Middlesex were completed under the original Proposal “R-1” program. The “R-2” program, for which the first millage was collected in the summer of 2007, started with the construction in the spring of 2008. The first year project included Spoon from Huntington to Campbell; Parkdale from Campbell to Mark; Millard from Campbell to Edgeworth (south to 31601 Millard); Barrington/Northeastern from Woodside to Palmer; and Girard from the dead end at I-75 to Palmer.

In November of 2009, the staff surveyed the property owners for the scheduled 2010 special assessment related projects on: Alden from 11 Mile south to its end; Spicer from Northeastern south to its end; and Nanton from 11 Mile south to its end. The majority of property owners indicated opposition, resulting in these projects being dropped from the ten year plan.

Funding for the second million multi-year Neighborhood Road Improvement Program includes:

1. Neighborhood Road Improvement Millage (\$21.1 million);
2. Water and Sewer Fund Revenues (\$4.1 million); and
3. Property Owner Special Assessment (\$1.3 million).

TABLE IV-B
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
R-2 NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

YR	NEIGHBORHOOD PROJECTS	STORM DRAIN	SANITARY SEWER	STREET PAVING	WATER MAIN	ESTIMATED COST
	YEAR 1 ROADS					
2008	Spoon - Huntington North to Campbell	\$ 55	\$ 15	\$ 732	\$ 177	\$ 979
2008	Parkdale - Campbell to Mark	15	10	375	81	481
2008	Millard - Campbell to Edgeworth South to 31601 Millard	11	0	613	149	773
2008	Barrington/Northeastern - Woodside to Girard	27	5	543	88	663
2008	Girard - I-75 to Palmer	85	0	395	94	574
2008	Sidewalk Replacement	0	0	20	0	20
	YEAR 2 ROADS					
2009	Palmer - 13 Mile to Lasalle	42	0	325	83	450
2009	Tawas - 12 Mile Road to Mapleknoll and Tawas Court	95	10	349	98	552
2009	E. Barrett - Tawas to Couzens	40	15	385	99	539
2009	Lorenz - 11 Mile to Greig	0	0	308	77	385
2009	Hales - 11 Mile to Northeastern	25	0	233	58	316
2009	Northeastern - 11 Mile to South End	40	5	478	123	646
2009	Katherine - Lorenz to Edward	30	0	130	0	160
2009	Sidewalk Replacement	0	0	20	0	20
	YEAR 3 ROADS					
2010	Brockton - Battelle to Tawas	0	0	326	0	326
2010	Dorchester - Englewood to 31224 Dorchester	19	0	157	0	176
2010	Yorkshire - Westmore to Tanglewood	55	5	214	0	274
2010	Westmore - Winthrop to W. of Yorkshire Inc. 30459 Westmore	0	0	276	0	276
2010	Englewood - Campbell to Edgeworth	5	0	412	0	417
2010	Sidewalk Replacement	0	0	20	0	20
2010	Sectional Concrete Repair	0	0	100	0	100
	YEAR 4 ROADS					
2011	Gardenia - John R to Lorenz	2	0	607	0	609
2011	Rialto - 11 Mile to South end	0	0	505	0	505
2011	Park Court - 11 Mile to South end	30	5	528	0	563
2011	Alger - Parker South to Gardenia	82	16	379	0	477
2011	Townley - 11 Mile to University	0	0	311	0	311
2011	Concrete Replacement	0	0	100	0	100
2011	Sidewalk Replacement	0	0	20	0	20
	YEAR 5 ROADS					
2012	Shacket - Huntington to Spoon	60	15	707	0	782
2012	Spoon - S. of Huntington Ave	11	7	55	0	73
2012	Huntington - Campbell to Mark	5	0	446	0	451
2012	Sherry - Girard to S. of Parkdale	28	5	425	0	458
2012	Longfellow - Garry to 30290 Longfellow	2	0	266	0	268
2012	Groveland and University Intersection - (Watermain to 11 Mile)	0	0	601	0	601
	and 21700 Groveland to Farnum					
2012	Concrete Replacement	0	0	100	0	100
2012	Sidewalk Replacement	0	0	20	0	20
	YEAR 6 ROADS					
2013	Lenox - Baxter to Sprague	2	0	246	0	248
2013	Hampden - Farnum Intersection	10	5	135	9	159
2013	University - Lenox to Hampden	0	0	135	9	144
2013	Brettonwoods - Gardenia to Farnum	0	0	620	150	770
2013	Forest - Hampden to Brettonwoods & Hampden Intersection	25	0	286	15	326
2013	Gardenia - Hampden to Dartmouth	0	0	304	63	367
2013	Parker - E of Sealcoat to John R - (Watermain Cross-Over)	150	0	606	43	799
2013	Concrete Replacement	0	0	100	0	100
2013	Sidewalk Replacement	0	0	20	0	20

TABLE IV-B
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
R-2 NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

YR	NEIGHBORHOOD PROJECTS	STORM DRAIN	SANITARY SEWER	STREET PAVING	WATER MAIN	ESTIMATED COST
	YEAR 7 ROADS					
2014	Dartmouth - N. of Cowan (26333) S. to 26113 Dartmouth	0	0	232	0	232
2014	Barrington - Cowan to Andover	0	0	233	56	289
2014	W. Barrett - Alger to John R	0	0	289	63	352
2014	E. Hudson - John R to 71 E. Hudson	0	0	192	63	255
2014	Kalama - Stephenson Highway to Alger	60	17	693	46	816
2014	Couzens - S. of 11 Mile Road	5	0	617	130	752
2014	Harwood - Dartmouth to 368 Harwood -(Watermain to Alger)	0	0	282	100	382
2014	Concrete Replacement	0	0	100	0	100
2014	Sidewalk Replacement	0	0	20	0	20
	YEAR 8 ROADS					
2015	Whittier - Longfellow to Chaucer	45	0	634	150	829
2015	Palmer - 13 Mile N. to end	0	0	440	95	535
2015	Chaucer - Whittier to Longfellow	45	0	492	53	590
2015	Barrington - S. of Horace Brown to 13 Mile NB	0	0	662	155	817
2015	Barrington - S. of Horace Brown to 13 Mile SB	0	0	558	128	686
2015	Blairmoor - Manchester to Thirteen Mile Road	50	15	580	128	773
2015	Manchester & Woodmont Intersection	0	0	124	12	136
2015	Concrete Replacement	0	0	100	0	100
2015	Sidewalk Replacement	0	0	20	0	20
	YEAR 9 ROADS					
2016	Fournier - Sherry to Mark and Mark - Fournier to Sherry	140	30	1,500	340	2,010
2016	E. Harwood - Couzens to Dei	46	15	500	120	681
2016	Lincoln - John R to 104 E. Lincoln - (Watermain to Osmun)	0	0	210	143	353
2016	Lincoln - 504 E. Lincoln to 583 E. Lincoln	0	0	580	0	580
2016	Concrete Replacement	0	0	100	0	100
2016	Sidewalk Replacement	0	0	20	0	20
	YEAR 10 ROADS					
2017	Madison - Millard to 31605 Madison - (Watermain Whole Street)	0	0	400	180	580
2017	Areada - N. OF 11 Mile Road	0	0	370	74	444
2017	Meadows - Whitcomb to 31608 Meadows - (full Watermain)	24	5	500	192	721
2017	Dorchester - 13 Mile to Windemere	0	0	168	38	206
2017	Windemere - Dorchester to Edgeworth	0	0	341	64	405
2017	Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood)	0	0	400	170	570
2017	Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	34	14	502	174	724
2017	Concrete Replacement	0	0	100	0	100
2017	Sidewalk Replacement	0	0	20	0	20
2011-12	"R-2" Value Related Millage Loss	0	0	(4,380)	0	(4,380)
TOTALS		\$ 1,400	\$ 214	\$ 21,532	\$ 4,090	\$ 27,236

TABLE V
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
ROAD IMPROVEMENTS
(IN THOUSANDS)

APPROPRIATIONS:

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL APPROP.
ROAD IMPROVEMENTS								
A. STATE HIGHWAY PROJECTS								
B. MAJOR ROAD IMPROVEMENTS								
Sidewalk 12 Mile (Under I-75) Tri-Party	\$55	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 Mile - I-75 to John R	0	0	0	0	0	100	1,057	1,157
11 Mile - John R to Dequindre	0	0	0	0	0	170	1,700	1,870
John R - 11 Mile to 12 Mile	0	0	0	0	0	250	2,500	2,750
John R - 10 Mile to 11 Mile	0	0	0	0	0	190	1,900	2,090
C. LOCAL ROAD IMPROVEMENTS (EXCLUDING PROP "R-1 & R-2")								
Barrett & Dallas Concrete Sectional Replacement	0	110	0	0	0	0	0	0
D. TRAFFIC SIGNAL UPGRADES								
Traffic Signal Improvements	30	0	0	30	30	30	30	120
Dequindre Corridor Signal Improvement	900	0	0	0	0	0	0	0
E. REHABILITATION PROGRAMS (EXCLUDING PROP "R-1 & R-2")								
Joint & Crack Sealing - City Wide Major	78	0	0	75	75	75	75	300
10 Mile and 12 Mile Sectional Concrete Replacement	0	10	0	0	0	0	0	0
13 Mile Sectional - John R to Stephenson Highway	0	366	0	0	0	0	0	0
13 Mile Sectional - Campbell to Stephenson Highway	0	0	312	0	0	0	0	312
Asphalt Crack Seal	0	0	50	0	0	0	0	50
Campbell 13 to 14 Mile Rd.	0	1,037	163	0	0	0	0	163
Sidewalk Replacement & Gap Installation	284	410	420	350	310	350	350	1,780
F. COMMERCIAL AND INDUSTRIAL ROAD PROJECTS								
North Avis Drive - Fourteen Mile to East Avis	0	464	0	0	0	0	0	0
East Avis Drive - North Avis to Dequindre	0	344	0	0	0	0	0	0
Edward Street - Fourteen Mile to Mandoline	0	116	0	0	0	0	0	0
Mandoline Avenue - Edward to North Avis	0	294	0	0	0	0	0	0
Whitcomb - W/B John R to end of Islands (east of Sherman)	0	0	0	0	504	0	0	504
Whitcomb - E/B John R to end of Islands (east of Sherman)	0	0	0	0	0	504	0	504
Industrial - Fourteen to East Avis	0	0	0	0	0	0	379	379
Commercial & Industrial Sectional Concrete Replacement	0	0	50	50	50	50	50	250
G. EQUIPMENT REPLACEMENT								
2003 Street Sweeper #402	0	0	0	200	0	0	0	200
2003 Street Sweeper #408	0	0	0	193	0	0	0	193
2004 One Ton Dump Truck #431	0	0	0	55	0	0	0	55
2003 Building Maintenance Van #435	0	0	0	0	61	0	0	61
2003 Tandem Dump Trucks V-Box Inserts #418 & #422	0	0	0	0	100	0	0	100
2003 Platform Truck #429	0	0	0	0	0	150	0	150
2003 Tandem Dump Truck #417	0	0	0	0	0	240	0	240
2003 Tandem Dump Truck #418	0	0	0	0	0	0	240	240
TOTALS	\$ 1,347	\$ 3,151	\$ 995	\$ 953	\$ 1,130	\$ 2,109	\$ 8,281	\$ 13,468

TABLE V
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
ROAD IMPROVEMENTS
(IN THOUSANDS)

REVENUES:

ROAD IMPROVEMENTS	GENERAL FUND	LOCAL/ MAJOR STREETS	SPECIAL ASSESS.	VEHICLE/ SOLID WASTE MILLAGE	TROY/ H.P./R.O. CONTRIB.	WATER & SEWER FUND	FEDERAL TRANSPORT GRANT	OAKLAND CO. ROAD/ DRAIN	TOTAL REVENUES
A. STATE HIGHWAY PROJECTS									
B. MAJOR ROAD IMPROVEMENTS									
11 Mile - I-75 to John R	\$ 0	\$ 311	\$ 0	\$ 0	\$ 0	\$ 0	\$ 846	\$ 0	\$ 1,157
11 Mile-John R to Dequindre	0	510	0	0	0	0	1,360	0	1,870
John R-11 Mile to 12 Mile	0	750	0	0	0	0	2,000	0	2,750
John R-10 Mile to 11 Mile	0	570	0	0	0	0	1,520	0	2,090
C. LOCAL ROAD IMPROVEMENTS (EXCL. PROP. "R")									
D. TRAFFIC SIGNAL UPGRADES									
Traffic Signal Improvements	\$ 0	\$ 120	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 120
E. REHABILITATION PROGRAMS									
Joint & Crack Sealing - City Wide Major	0	300	0	0	0	0	0	0	300
13 Mile Sectional-Campbell to Stephenson Highway	0	312	0	0	0	0	0	0	312
Asphalt Crack Seal	0	50	0	0	0	0	0	0	50
Campbell 13 to 14 Mile Road	0	74	0	0	89	0	0	0	163
Sidewalk Replacement & Gap Installation	0	0	1,780	0	0	0	0	0	1,780
F. COMMERCIAL AND INDUSTRIAL ROAD PROJECTS									
Whitcomb - W/B John R to end of Islands (east of Sherman)	0	504	0	0	0	0	0	0	504
Whitcomb - E/B John R to end of Islands (east of Sherman)	0	504	0	0	0	0	0	0	504
Industrial - Fourteen to East Avis	0	379	0	0	0	0	0	0	379
Commercial and Industrial Sectional Concrete Replacement	0	250	0	0	0	0	0	0	250
G. EQUIPMENT REPLACEMENT									
2003 Street Sweeper #402	0	0	0	200	0	0	0	0	200
2003 Street Sweeper #408	0	0	0	193	0	0	0	0	193
2004 One Ton Dump Truck #431	0	0	0	55	0	0	0	0	55
2003 Building Maintenance Vehicle #435	0	0	0	61	0	0	0	0	61
2003 Tandem Dump Trucks V-Box Inserts #418 & #422	0	100	0	0	0	0	0	0	100
2003 Platform Truck #429	0	0	0	150	0	0	0	0	150
2003 Tandem Dump Truck #418	0	0	0	240	0	0	0	0	240
2003 Tandem Dump Truck #417	0	0	0	240	0	0	0	0	240
TOTALS	\$ 0	\$ 4,734	\$ 1,780	\$ 1,139	\$ 89	\$ 0	\$ 5,726	\$ 0	\$ 13,468

ROAD IMPROVEMENTS

Road Improvement Funding

- Historical State Funding Model

Act 51 of the Michigan Public Acts of 1951, as amended, outlines the tri-level responsibility for road jurisdiction in our State. It provides a continuous classification of all roads and streets into three separate categories/systems – state, county and municipal, and into sub-classifications within each system. In each municipality's jurisdiction, the State has assigned roads to either Major or Local Street categories. As a result, in Madison Heights we have 21.5 miles of City Major Streets and 73.4 miles of City Local Streets. In FY 2009-10 Budget, the City will receive \$55,252 per mile for City Major Streets and \$6,053 per mile for City Local Streets. The Act also established the Michigan Transportation Fund (MTF).

In FY 2010-11, the amount projected to be received by the City under Act 51 is 12.5% or \$200,500 less than the previous fiscal year. The MDOT projects the distribution rates and actual collections often vary.

The MTF is supported through collection of the nineteen cents-a-gallon gas tax, fifteen cents-a-gallon diesel tax, vehicle registration fees, and other taxes and license fees. The MTF statute outlines how funds are distributed to owners of these road systems. First, funds are set aside by the State for administration, recreation, the critical bridge fund, railroad crossings, economic development, mass transit, State bridges and State debt service. The remaining funds are split between the Michigan Department of Transportation (MDOT), 39.1 percent; 83 County Road Commissions, 39.1 percent; and cities and villages statewide, 21.8 percent. Separate Federal highway funds are split with 75 percent of those funds going to the State and 25 percent being divided between counties, and cities and villages.

- Governor Granholm's Appointed Transportation Funding Task Force

On November 10, 2008 after 10 months of discussion, public meetings and review of preliminary findings, the Transportation Funding Task Force (TF2) released its formal report on Michigan's transportation needs to the Michigan Legislature, Governor Jennifer Granholm and the State Transportation Commission.

The report says Michigan needs to at least double its current investment in transportation to prevent a loss of up to \$1 billion in federal funds each year and to adequately maintain Michigan's highways, roads, bridges, passenger transportation, freight transportation and aviation systems. The report also says that investing in transportation will create jobs and economic activity, attract business, increase revenue, and provide better transportation services to Michigan taxpayers.

While the Task Force was charged with identifying and recommending alternatives to fund transportation in Michigan, as members learned more about the issues, several important truths became clear to the group.

1. Michigan's transportation investment needs are of such importance that doing nothing to address them is clearly not an option.

Michigan's transportation needs are huge, and growing each day that action is not taken to address them. Without additional transportation investment, Michigan can expect a substantial decline in the state's transportation system, particularly in the condition of the infrastructure, but also in the frequency and safety of service across all modes and all jurisdictions. *Without additional state and local investment, Michigan stands to lose up to \$1 billion in federal funds across the modes and more than 17,000 jobs.*

2. Michigan needs a multi-year approach to transportation investment that enables the state to achieve a "good" investment level (increase of \$3.6 billion per year) in the short-term, while continuing to strive for a "better" investment level in the future as the economy improves.
3. Recognize that fuel taxes are no longer generating sufficient revenue to meet transportation needs.

Many forces are currently eroding the revenue from motor fuel taxes. The increase in the price of gasoline, increasing numbers of fuel efficient vehicles, concern about global climate change, and changing demographics are all working together to reduce the amount of automobile travel and the amount of fuel consumed. As a result, transportation revenues are falling at a time when demand for additional and alternative transportation service is at an all time high. Alternatives to the gas tax may then be necessary if Michigan hopes to maintain and improve its infrastructure.

4. Recognize that transportation provides economic benefit that merits investment beyond the revenue generated by user fees.
5. As a partner in a federal-state-local effort to ensure adequate transportation and service, Michigan must increase state transportation investment in order to encourage and access more federal investment.
6. All state transportation funds should be ensured the same protection as the constitutional guarantee provided for the Michigan Transportation Fund (MTF).
7. Increased revenue should carry with it an expectation of increased efficiency.
8. Create incentives that encourage consolidation, coordination, or regionalization of transportation providers.
9. Change public policy that prohibits progress.

Revenue to the MTF currently comes from user fees such as motor fuel taxes and vehicle registration fees. The Task Force considered alternative involving both user fees and non-user fees. A combination of alternatives would be required to achieve a "good" level of investment.

1. Increase vehicle registration fees.
2. Eliminate registration discounts.
3. Adjust motor fuel taxes.

Michigan's per gallon motor fuel taxes (19 cents per gallon for gasoline and 15 cents per gallon for diesel fuel) currently provide about half the revenue to the MTF. Michigan's per gallon motor fuel taxes have not increased in ten years, and were not increased for ten years prior. However, the cost of providing transportation infrastructure and service increases every year. This helps explain why underinvestment in transportation is an ongoing problem in Michigan. Transportation systems are too important to the economy and the general quality of life to allow this trend to continue.

While the motor fuels tax has become a less reliable source of revenue in recent years, and is not expected to be viable as a source of revenue over the long term, it is currently the most efficient means of raising much needed revenue for transportation. The Task Force considered several options for increasing motor fuel taxes over time.

- a. Convert the cents per gallon motor fuel tax to a percent of sales price.
 - b. Enact a flat cents per gallon increase.
 - c. Take phased-in approach to increases.
4. Equalize diesel and propane tax rates with gasoline.
5. Abolish 1.5 percent cost of collection allowance on gasoline.
6. Enact measures to control costs that are paid for with transportation funding through Inter-Departmental Grants.
7. Increase sales and use tax one percent and dedicate that additional revenue to transportation.
8. Direct all or a portion of the sales tax on fuel to the MTF.
9. Redirect all or a portion of the Natural Resources Trust Fund to transportation.
10. Encourage local investment in transportation by enabling a broad spectrum of local revenue options statewide.
11. Enable Public-Private Partnerships for toll-financed reconstruction, expansion or new construction of freeways or other transportation systems.
12. Enable toll-financed reconstruction, expansion, or new construction of freeways.

The road improvement expenditures in this Chapter are described in seven categories:

- A. State Highway Projects
- B. Major Road Improvements
- C. Local Road Improvements
- D. Traffic Signal Upgrades
- E. Rehabilitation Programs
- F. Commercial and Industrial Roads
- G. Street Maintenance and Solid Waste Vehicle Replacement

A. State Highway Projects

- Oakland County I-75 Corridor Study

In 1999, MDOT, the Southeast Michigan Council of Governments (SEMCOG), Road Commission for Oakland County and the Traffic Improvement Association of Oakland County hired a consultant, the Corradino Group, to study the Oakland County I-75 Corridor to review the highway's traffic problems and recommend solutions.

In the fall of 1999 and summer of 2000, the City provided input to the consultant and at two public meetings held in Madison Heights.

The final report from the consultant recommended:

1. Non-I-75 Roadway Improvements
 - a. Widen Arterial Roadways
 - b. New Roadway in West Oakland County
2. Intelligent Transportation System (ITS) and Widen Arterial Roadways plus Sydney Coordinated Adaptive Traffic System (SCATS) plus Incident Management and Ramp Metering (where appropriate)
3. Improvements to I-75
 - a. Lane Additions (one lane per direction)
 - b. Mainline Improvements plus Interchange Improvements (including both Twelve and Fourteen Mile interchanges in Madison Heights)
 - c. Collector/Distributor (CD) Roadways at appropriate locations

In the ITS improvement area, the consultant has suggested an expansion of the SCATS system south of the City of Troy (for those areas not currently served by SCATS) in Oakland County.

In the non I-75 Roadway Improvement area, the study projected that Dequindre (north of I-696), Twelve Mile and Fourteen Mile Roads will all have volumes exceeding existing capacity by the year 2020.

Interchange reconstruction recommendations include a "single point" design. This design brings all ramp ends together at a single point and provides a three-phase (three green phases, one for each of three movements) intersection operation. The three phases would be left turns from the ramp ends, left turns to the entrance ramp and the through movement on the cross street. This

design increases vehicle through-put (improving vehicle flow) with minimal property taking and results in surplus property that could be sold to help finance the project.

The study had identified Twelve Mile, Fourteen Mile and Rochester Roads as the top candidates for the “single point” design. Earlier review has indicated that the underpasses in Madison Heights would need to be widened and the highway raised to implement this design.

- Environmental Study Update

In late December 2003, MDOT issued a DEIS (Draft Environmental Impact Statement) for the I-75 reconstruction project from M-102 (8 Mile Road) to M-59.

Description of the Proposed Project

The I-75 Corridor Study in Oakland County (Feasibility Study), completed in November 2000, recommended providing four through travel lanes in each direction throughout Oakland County. It also recommended the improvement of several interchanges and arterial streets near I-75. The project proposed by MDOT and covered by the DEIS addresses the reconstruction of I-75 and its widening of I-75 from three to four through travel lanes in each direction between M-102 (8 Mile Road - exit 59) and M-59 (exit 77), a distance of 18 miles. The next six miles, north to Joslyn Road (exit 83) has already been widened to four through travel lanes. The Feasibility Study recommended that MDOT widen I-75 north of Joslyn Road. The proposed improvements between M-102 and M-59 have independent utility, i.e., they can stand alone and provide transportation benefits without relying upon the development of other projects. The proposed project will connect with the four-lane section north of Square Lake Road and south of M-102.

The DEIS is a product of the I-75 Oakland County Planning/Environmental Study, which was listed in the SEMCOG 2025 Regional Transportation Plan, in SEMCOG’s Transportation Improvement Program (TIP), and in the MDOT’s Five-Year Road & Bridge Program (Volume V - 2003 to 2007) for the Metro Region.

In June 2005, the City received a copy of the Final Environmental Impact Statement (FEIS). The document had been approved by the Federal Highway Administration (FHWA) on May 31, 2005 and forwarded to the Environmental Protection Agency. The impact of the project was summarized as follows:

<u>Impact Category</u>	<u>Expected Impact</u>
Traffic and Safety	Mainline I-75 Level of Service D or better (except 11 Mile Road to 14 Mile Road), compared to Level of Service F with No Build. Safety will improve.
Relocations	Twenty-six single family residences, one church, and two businesses.
Community Cohesion	Improved access across I-75 for pedestrians and bicyclists.
Environmental Justice	No disproportionately high and adverse human health or environmental effects on minority or low-income populations.
Land Use	Consistent with local and regional planning documents.

<u>Impact Category</u>	<u>Expected Impact</u>
Farmland/Act 451, Part 361 Land	No prime or unique farmlands. No Act 451, Part 361 lands.
Economics	Added capacity responds to growth and supports the focal point of Michigan's economic growth. Tax base losses insignificant.
Air Quality	Lower emissions from improved traffic flow. No violations of the National Ambient Air Quality Standard for carbon monoxide. Project is included on air quality conforming 2030 Regional Transportation Plan.
Noise	430 dwelling units, 1 school, and 5 churches would be exposed to noise levels exceeding the 66 dBA criterion under future no build conditions compared to 466 dwelling units, 1 school, and 5 churches with the project. Mitigation would substantially reduce impacts under build conditions.
Surface Water Impacts	Two crossings of River Rouge and 10 of county drains. Storm water quantity will increase, flow rate will not. Storm water in depressed section will be separated from current combined sewer system, a positive effect.
Wetlands	Preferred Alternative affects 0.41 acres of Palustrine Emergent, and Palustrine Shrub-Scrub. Potential 0.61 acres of mitigation at an identified site.
Threat/Endangered Species	None.
Cultural Resources	No potential National Register eligible sites or districts affected.
Parks/Recreation	No effect on any park. No Section 4(f) involvement.
Visual Conditions	Reduction of grassy banks and landscape plantings from 8 Mile to 12 Mile (depressed section) and grass median north to Square Lake Road (at-grade and elevated section).
Contaminated Sites	One site recommended for Phase II testing.
Soils	Cutting into banks of depressed section could undermine some existing noise walls, requiring stabilization or reconstruction. Poor soils in north project area, potentially affecting noise wall cost, but no anticipated problems with roadway construction.
Utility Systems	Utility relocation on I-75 bridges. No effect on high-tension electric line at 12 Mile Road or any cell towers. Relocation of MDOT traffic surveillance equipment necessary.

<u>Impact Category</u>	<u>Expected Impact</u>
Indirect and Cumulative	Project responds to growth, consistent with local planning. Together with other regional projects, there will be future impacts to resources from development, subject to local, state, and federal laws and regulations.
Energy	Energy used during construction. Fuel savings upon opening.
Project Costs (2005 dollars)	Right-of-way \$ 16,000,000 Design 93,000,000 Construction <u>463,000,000</u> \$572,000,000

On July 25, 2005, the City took the following position on the FEIS:

General

- The City of Madison Heights supports the proposed I-75 improvements as a component of the measures needed to address the congestion issues within the I-75 Corridor.
- The City continues to support consideration of mass transit alternatives, in addition to the proposed I-75 improvements, as appropriate and supplemental methods of addressing current and future congestion within the I-75 corridor.
- **The City is not committing to enforcement of any High Occupancy Vehicle (HOV) lane alternative.** Should the proposed project ultimately include HOV lanes, enforcement should be the responsibility of the State Police. The response to the City's DEIS comment in this regard referenced "...*additional funding sources will be explored...*" Madison Heights welcomes the opportunity to receive additional information on these sources and their level of compensation for any eventual local enforcement resources.

Project Design/Improvements

- The City supports MDOT's efforts to provide separated storm water management through this project.
- There is a concern, however, with the method of conveyance for the separated storm flow from I-75 to the Red Run Drain East of Dequindre. The FEIS does not specifically address this issue; however, the consultant involved in the drainage study indicates that the intent is to construct a new storm system along the existing George W. Kuhn (GWK) Drain right of way. **This concept must be reevaluated and discussed in detail with the Oakland County Water Resources Commissioner's office and all communities that are part of the GWK Drainage District.** The exact location of the proposed storm pipe, to be established during the design phase, must take into account the surface and subsurface facilities that occupy the intended route. There is approximately 1 mile of I-75 right of way, north and south of 12 Mile Road including the interchange

which has its run-off already accounted for within the GWK separated system being conveyed directly to Red Run east of Dequindre.

- The City recommends including extension of a westbound right turn lane on 12 Mile Road, immediately west of existing Home Depot driveway, within the project scope. The response to our DEIS comment indicates potential conflicts with FHWA policy. The widening project will have substantial impact on this area and should be within the scope of the project. In light of the intersection design modifications called for later in the FEIS, the City continues to recommend that a dedicated I-75 access lane be accommodated in this location, designed in accordance with applicable federal and state design criteria.
- The City plans to install a sidewalk (completed summer 2006) on the south side of 14 Mile from Concord to Stephenson Highway. The City requests that this expense, within the I-75 project area, be credited toward any local contribution that may be required relative to the I-75 project.
- The City plans to provide maintenance overlays (completed summer 2006) for portions of the service drive at the I-75/I-696 intersection. The City requests this expense, within the I-75 project area, be credited toward any local contribution that may be required relative to the I-75 project.

Non-Motorized Access

- The City continues to recommend providing designated pedestrian and bicycle access across all proposed bridges and underpasses, as well as at the Red Run Drain crossing, within the scope of this project.
- The Project includes new sidewalk adjacent to service drive on the east side. The City supports this concept and recommends continuing this non-motorized path throughout the project area (north to 14 Mile) with a design to accommodate bicycle traffic. This recommendation is not predicated on the referenced countywide non-motorized plan.
- The project includes removal of the I-75/Red Run Bridge. This will eliminate or minimize the potential for any future GWK and pedestrian/bicycle access across I-75 under the existing bridge system. Alternatives must be provided to ensure future access in this regard. This recommendation is not predicated on the referenced countywide non-motorized plan.

Local Road Impacts

- The FEIS generally references the extensive impact the proposed improvements will have on the adjacent road network (56 miles +), but does not address specific adjacent street improvement costs and impacts within Madison Heights or the funding mechanisms necessary to mitigate those impacts. This project will have extensive and long-term impacts on our local roads, both during construction as well as operationally after construction. These must be identified along with an

identified cost sharing structure. The FEIS response that these costs will be "... determined through the long-range planning process by the responsible agency" is not responsive and does not address the true costs of these impacts.

- The FEIS generally references the extensive impact on adjacent streets and communities during actual construction, but does not address costs attributable to local units to mitigate those impacts.

Neighborhood Impacts

- The FEIS identifies the possible taking of twenty-three single-family homes (three additional single-family properties are impacted), one church and portions of other parcels in Madison Heights. These are identified as "preliminary estimates" that are "subject to change during the design phase". The City supports efforts to reduce these impacts further during the design phase.
- The City recommends additional evaluation of the existing and proposed sound walls in the area from I-696 to 11 Mile. **The City continues to oppose transferring responsibility for maintenance and reconstruction of the sound walls from MDOT to the City.**
- Local access and diverted through-traffic during construction will be maintained via service drives. The FEIS references a future "...maintenance of traffic program..." during the design phase to address safeguards to protect adjacent neighborhoods from this impact. This process must include analysis of closing/restricting access to side streets during construction as well as on a permanent basis.

Interchange Impacts

- The City continues to support use of land area freed up by new interchanges for private economic development, where appropriate based on adjacent land uses and parcel configurations. The proceeds from the sale of property should be credited toward any local contribution that may be required relative to the I-75 project and as partial compensation for lost local revenues due to possible takings elsewhere in the project area.

On October 28, 2005, the City received a copy of the I-75 at Lincoln Avenue Local Road Scenario Report. It was prepared in response to a resolution passed by the Royal Oak Commission on August 1, 2005.

The analysis shows the necessity to preserve the Lincoln Avenue Bridge based on many reasons including traffic operations, safety, emergency access issues, non-motorized concerns and others. The recommendation of the report is to retain the Lincoln Avenue Bridge as a part of the Preferred Alternative for I-75 improvements, as recommended in the FEIS, April 2005. The FHWA also concurred with the analysis and its findings, including retaining the Lincoln Avenue Bridge as a part of the Preferred Alternative for the I-75 improvements.

This project is listed as a study in MDOT's approved *2004-2009 Five-Year Transportation Program*, which outlines roadway expenditures over the next five years. It is on SEMCOG's *2030 Regional Transportation Plan (RTP)*, with construction scheduled for the 2011-2015 time period. With its inclusion on the plan, it is shown to be in conformity with the Clean Air Act.

Due to modifications that are recommended at the I-696 interchange and 12 Mile Road, an Interstate Break-in-Access Justification Report (IAJR) is being prepared to document the effect of the proposed access changes on the interstate system and affected local roads. Analysis performed for that report has been incorporated into this FEIS.

The FEIS has been distributed to federal, state and local agencies, private organizations, and all members of the public making substantive comments on the DEIS. Following the comment period on the FEIS, it was forwarded to the FHWA with a recommendation that a Record of Decision (ROD) be issued. The ROD will act as the Location/Design Approval document, allowing the project to move forward to the design stage, when funding is identified. After design is completed the right-of-way acquisition and construction phases will occur. However, due to the Governor's "Preserve First" program and the Michigan Transportation Fund shortfalls, the design phase for this project has been deferred. It is expected that when funding is provided, the project can move into design. Construction funding has not yet been identified.

B. Major Road Improvements

- Twelve Mile Road/I-75 Sidewalk

To improve pedestrian safety in this area, in 2009 the City installed a sidewalk on the south side of Twelve Mile from Marinelli's Restaurant (located east of I-75) west under I-75 to Mac's Party Store. The project was funded through the Tri-Party Program with equal contributions from the City (\$18,333), the Road Commission for Oakland County (RCOC) (\$18,333) and Oakland County (\$18,333) for a total cost of \$55,000.

- Federal Transportation Funding Projects

In October of 2009, a six-year federal transportation funding bill known as SAFETEA-LU expires. SAFETEA-LU stands for Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. The bill has been extended for 18 months to allow Congress to work out the details of the new bill.

At Congressman Levin's request, the City submitted four major road reconstruction projects; 11 Mile from I-75 to John R (\$1.2 million); 11 Mile from John R to Dequindre (\$1.9 million); John R from 10 Mile to 11 Mile (\$2.1 million); and John R from 11 Mile to 12 Mile (\$2.8 million). The typical match requirements are 80% federal for 20% local match. In October of 2009, we were notified that Congressman Levin had requested a local "earmark" of \$2.2 million for the two 11 Mile projects.

In addition, Congressman Gary Peters has requested an earmark of \$90 million to plan, design, acquire right-of-way, construct and rehabilitate the I-75 corridor between 8 Mile and M-59 through MDOT.

C. Local Road Improvements

In addition to the Proposal “R-1 and R-2” Ten Year Residential Road Improvement Programs outlined in the Neighborhood Roads Chapter, historically there have been additional local road improvements scheduled in the Capital Improvement Plan. In light of the decreasing gas tax revenues from the Michigan Transportation Fund, there is only enough Local Street Fund revenue to support operation and maintenance costs.

- Neighborhood Stabilization Program (NSP) Monroe Park Road Improvements

In March of 2009, the City received a federal NSP grant of \$1.2 million to provide redevelopment of areas negatively impacted by abandoned and foreclosed homes. In December 2009, the City was notified that we would receive an additional \$190,799, bringing the total grant to \$1.4 million. One of the four major projects under this grant was the redevelopment of the old 3.6 acre abandoned Monroe School site in the southwest corner of the City.

This project included four components: demolition of the old school building; purchase of one acre for a park site; installation of the park improvements; and rehabilitation of the roads that abut the site. The City selected a contractor in November of 2009 for sectional concrete replacement work on Barrett and Dallas Streets. The project cost is estimated at \$110,000 and will be completely funded through NSP. Work is scheduled for Spring 2010.

D. Traffic Signal Upgrades

Over the last fifteen years, the City has undertaken a considerable effort to upgrade the existing traffic signals on major City thoroughfares to improve traffic safety and reduce congestion during peak travel times. To this end, left-hand turn signals have been added at John R and Whitcomb, John R and Eleven Mile, Dequindre and Whitcomb, Dequindre and Thirteen Mile, Dequindre and Twelve Mile, and Dequindre and Eleven Mile.

Over the last few years, at the request of the Road Commission for Oakland County (RCOC) and with considerable financial incentive to the City, the City Council has authorized the installation of the SCATS system at a number of locations. This system is part of the RCOC’s FAST-TRAC Intelligent Transportation System, which was first introduced in Oakland County in 1992.

SCATS stands for the Sydney Coordinated Adaptive Traffic System and was first deployed in Sydney, Australia. SCATS is an area-wide traffic controlled strategy designed to reduce overall system delay. Some drivers might experience slightly more delay, but most drivers will benefit. SCATS maximizes the use of available road capacity, thereby improving the efficiency of the overall system.

SCATS uses telephone lines to communicate between a regional computer and the traffic signal controller at each SCATS intersection. Each intersection has vehicle detector cameras that let SCATS know when vehicles are present. The detectors allow SCATS to count vehicles and SCATS uses this information to decide how much green-time each approach to a signalized intersection should have. This is recomputed every cycle to determine what timing changes need to be made in order to move traffic most effectively. SCATS also coordinate timing at adjacent intersections to provide for the best possible traffic flow.

The SCATS system is but one tool to be used to optimize traffic flow on existing roads. SCATS is not intended to replace road widening where extra capacity is required, but it has certainly proven to be the next best thing.

Since 1998, SCATS projects have been completed at John R and I-696, Twelve Mile from Stephenson to Milton, Eleven Mile and John R, Fourteen Mile from Stephenson to Industrial, John R and Dartmouth, Thirteen Mile from Stephenson to Hales, John R and Ajax, John R and Irving, Eleven Mile from I-75 to Hales and John R from Brockton to Madison Place.

An allocation of \$30,000 per year has been included in the Capital Improvement Plan starting in FY 2011-12 to provide funding for unanticipated signal upgrades.

- **Dequindre Road Corridor Signals**

In an effort to improve traffic flow on Dequindre, the Macomb County Road Commission (MCRC) developed a plan to fully activate the signals in this corridor. An amount of \$10,000 has been budgeted to upgrade the Madison Senior Campus signal and add pedestrian activated signals. The Senior Campus has pledged \$1,500 to the project. The Road Commission has obtained a Federal Congestion Mitigation Air Quality (CMAQ) Grant to replace the local funding. The \$900,100 project cost will be funded between CMAQ (\$750,000), MCRC (\$73,000), Warren (\$36,500) and Madison Heights (\$40,600).

E. Road and Sidewalk Rehabilitation Programs

The Capital Improvement Plan also includes the continuation of two very successful City-wide programs. Within the capital budget, \$50,000 to \$420,000 per year for each of the next five years has been programmed for each of the following: sidewalk repair and installation program; and joint and crack sealing and/or over-band crack sealing of major roads.

- **Sidewalk Repair & Gaps Program**

On December 13, 1999, the City Council adopted a goal to “identify gaps in the sidewalk network, develop financing and implement multi-year programs to improve pedestrian access and safety.”

The City has had a very successful sidewalk repair program. After 2001 (final year of the original fourteen year program), the entire City sidewalk system had been inspected and repaired to a ½” trip standard. However, over time the sidewalk system will continue to need ongoing repair. In addition, several areas of the City have “gaps” within the sidewalk system that results in poor or incomplete pedestrian circulation.

As part of the Sidewalk Special Assessment Program, the City’s contractor replaces key flags and installs handicap ramps at intersections, and does general sidewalk repairs and replacement. Funding is provided by property owners’ assessments each year on a district-by-district basis. The district schedule for 2010 is Year 8, which includes sidewalks south of Thirteen Mile Road, west of I-75, north of Twelve Mile Road, and east of Campbell.

SIDEWALK PROGRAM AND GAP MAP CITY OF MADISON HEIGHTS

- SIDEWALK GAPS TO REMAIN
- SIDEWALK TO BE INSTALLED - GAP PROGRAM
- SIDEWALK TO BE INSTALLED - R-2 PROGRAM
- COMPLETED - R-2 PROGRAM
- SAD REJECTED BY RESIDENTS - R-2 PROGRAM

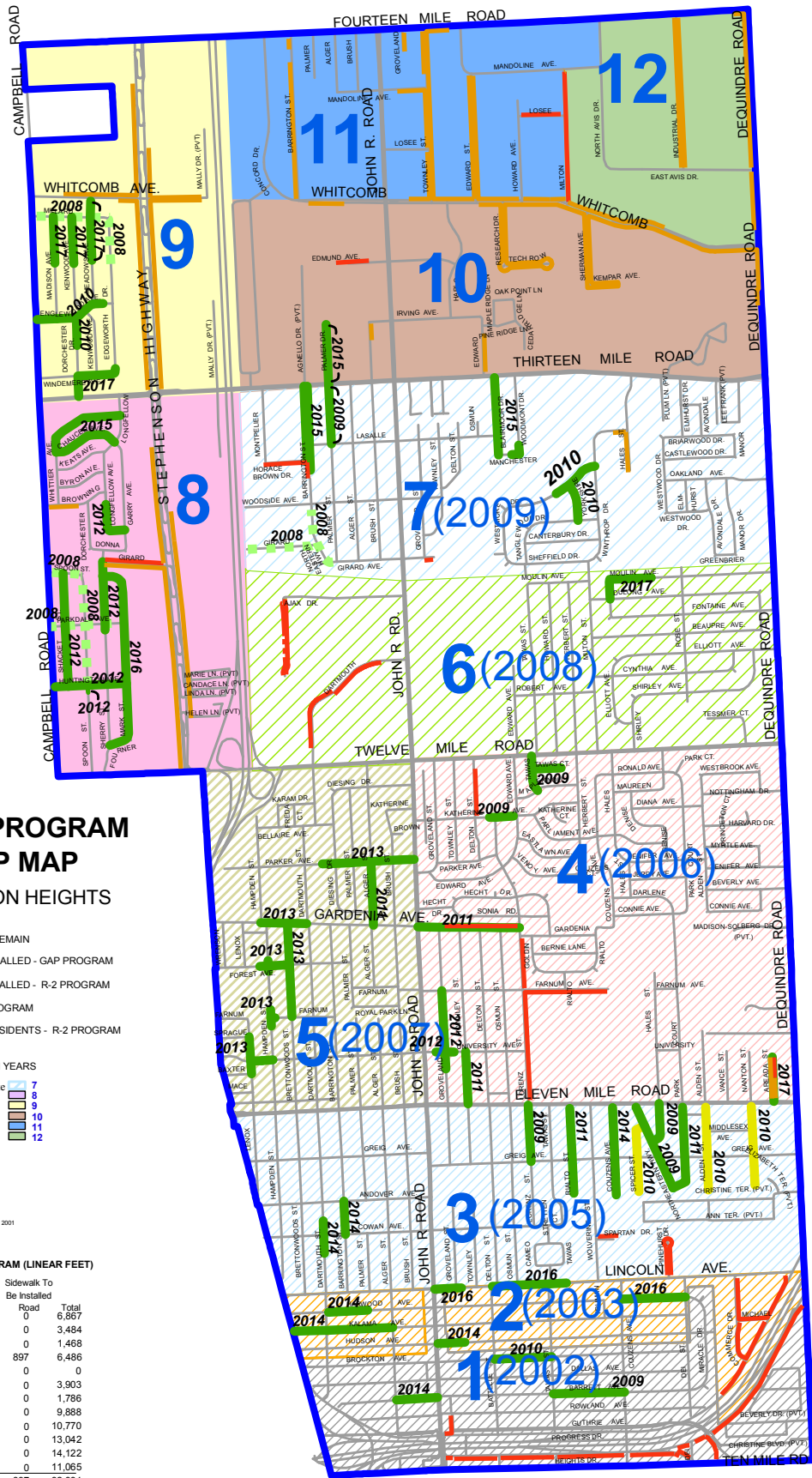
SIDEWALK PROGRAM YEARS

Complete 1	Complete 7
Complete 2	Complete 8
Complete 3	Complete 9
Complete 4	Complete 10
Complete 5	Complete 11
Complete 6	Complete 12



SIDEWALK GAP PROGRAM (LINEAR FEET)

		Gaps To Remain	Sidewalk To Be Installed	Sidewalk To Be Installed	Total
Complete 1	To Remain	6,867	0	0	6,867
Complete 2	Gap	3,484	0	0	3,484
Complete 3	Road	1,468	0	0	1,468
Complete 4		5,589	897	897	6,486
Complete 5		0	0	0	0
Complete 6		3,903	0	0	3,903
Complete 7		1,005	781	0	1,786
Complete 8		864	9,024	0	9,888
Complete 9		0	10,770	0	10,770
Complete 10		485	12,557	0	13,042
Complete 11		580	13,542	0	14,122
Complete 12		1,915	9,150	0	11,065
TOTAL		26,160	56,721	897	82,881



On March 12, 2001, the City Council adopted the Sidewalk “Gap” and Replacement Policy. The following criteria were developed as the basis for determining sidewalk gap construction and funding contributions:

1. Pedestrian Safety
2. Current/Projected Use/Demand
3. Physical/Right of way constraints (“Constructibility”)
4. Proximity/Links to Schools, Parks, Employment Centers
5. Coordination with other public/private projects
6. Funding Resources
7. Maintenance – Public/Private
8. Property Ownership – Public, Schools, Private
9. Provision of sidewalks on both sides of Major Roads

The policy indicates that all sidewalks shall comply with the Code of Ordinances, except as specified below.

There is established as a part of this policy a “Sidewalk Program and Gap Map”. The preceding map establishes sidewalk gap locations throughout the City and denotes those gaps that are “to remain” and those that are “to be installed” with new sidewalk.

All new developments occurring within the City that are located on a parcel or parcels that have a sidewalk gap shown as “to be installed” on the Gap Map shall install said sidewalk. Provisions for such sidewalk construction shall be included as a part of site plan review, subdivision approval, or building permit application. Cost of sidewalk gap construction shall be the entire responsibility of the property owner or developer.

All public road and utility projects occurring within the City that are located on or adjacent to a parcel or parcels that have a sidewalk gap shown as “to be installed” on the Gap Map shall include installation of said sidewalk as a part of the scope of project.

For commercial and industrial mill and overlay projects the property owners will pay the full cost of the sidewalks. Cost of sidewalk gap construction shall be allocated between the City and the property owners in accordance with the percentage allocations in the City’s Special Assessment District Policy for Road Improvements (July 12, 1999, as amended) and through a special assessment district.

All other streets that have a sidewalk gap shown as “to be installed” on the Gap Map shall be installed during the City’s scheduled annual sidewalk program in accordance with the “Sidewalk Program” years on the Gap Map. Cost of sidewalk gap construction shall be the entire responsibility of the property owner either directly or through a special assessment district in conjunction with the City’s annual sidewalk program.

Construction of sidewalks shown on the “Gap Map” as “Sidewalk Gaps to Remain” shall not be required. However, nothing in the policy should be construed as preventing installation of said sidewalks where the property owner and/or City voluntarily seek such installation.

To address concerns voiced regarding homeowners’ ability to pay, the City Council amended the Sidewalk Program Policy in 2003 to provide for financial assistance for those who qualify.

Starting in FY 2007-08, Proposal “R-2” funding of \$20,000 per year is used to support the sidewalk handicap ramps and key flags.

- Campbell Road Rehabilitation Thirteen Mile to Fourteen Mile

A mill and asphalt overlay project was completed in 2009. Originally scheduled for FY 2010-11, the City received American Recovery and Reinvestment Act (ARRA) funding for 100% of the construction costs, saving both Madison Heights and Royal Oak approximately \$500,000 each. Total project cost was approximately \$1,200,000.

- John R Northbound -11 Mile to Gardenia

In 2009, the Downtown Development Authority funded a sectional concrete repair on the northbound curb line of John R from 11 Mile to Gardenia. Future sectional concrete repairs on this stretch of John R are planned subject to funding. The 2009 funding was \$150,000, with \$150,000 planned for 2010. The two Cities are reviewing options with the State regarding the funding of the remaining \$163,000 (Royal Oak \$89,000 and Madison Heights \$74,000) in project cost.

- Thirteen Mile Rehabilitation

As a result of the City’s success in being awarded an ARRA grant for the Campbell Road reconstruction, funding was freed up to address other pressing needs. To preserve the integrity of this important thoroughfare, phase one of sectional concrete replacement was completed in November of 2009. The John R to Stephenson Highway segment was funded through the Major Streets Fund at a cost of \$366,000. The next phase for Stephenson Highway to Campbell is planned for FY 2010-11 at a cost of \$312,000.

- Progress Drive Overlay

Over the last few years, the City has been successful in addressing the majority of the I-75 and I-696 service drives in Madison Heights. The only remaining sections were the service drives east of Couzens, which are under the jurisdiction of MDOT. In fall of 2008, the State did repair and overlay Heights Drive (eastbound I-696 service drive) from Couzens to Dequindre. In August of 2009, MDOT announced plans to asphalt overlay on Progress Drive (westbound I-696 service drive) from Dequindre to Couzens, the Ten Mile Crossover and the westbound I-696 entrance ramp. This project was completed at a cost of \$500,000.

- Oakland County Tri-Party Program

The Tri-Party Program was a program to assist the County to maintain their roads by seeking match funding. Under the program, the City, County and Road Commission contributes one-third of the cost of road improvements on roads located in Madison Heights, but under the jurisdiction of the Road Commission for Oakland County. In Madison Heights, these roads include Ten Mile, Twelve Mile, Fourteen Mile and John R from the Red Run Drain to Fourteen Mile. In October, Oakland County announced that they were suspending new funding of this program.

To address road needs and to capture funding on account with the Road Commission, the City has scheduled sectional concrete replacement projects on Ten Mile and Twelve Mile Roads for FY 2010-11. The project cost estimated at \$325,000 would have been split \$108,333 each between Oakland County, the Road Commission and the City. Based on dropping Gas and Weight Tax revenues from the State, this project has been put on hold.

- Concrete Joint and Crack Seal Program

The Joint and Crack Sealing Program has been a very successful method by which to extend the useful life of the City's concrete roads. The process includes the removal of old tar, dirt and weeds, the blowing clean of these areas and a refilling of all cracks and seams with tar. Starting in FY 2011-12, the major roads portion will be funded through the Major Street Fund at \$75,000 per year.

F. Commercial and Industrial Roads

Industrial area road surfaces and commercial connector roads are taking an increasing amount of patching to maintain drivability. In addition, many roads in these areas are not wide enough to accommodate today's truck traffic and turning radii. The surface conditions of roads in the Madison Industrial Research District (north of Whitcomb) and other industrial/commercial areas have declined significantly in recent years.

On July 12, 1999, the City Council adopted a Special Assessment District Policy to expedite the reconstruction of these industrial subdivision and commercial roads.

- Prior Projects

Based on the past Council Policy, the staff was selecting one road (based on the annual road survey) every two to three years to be reconstructed, subject to available funding. Roads in this area were widened and resurfaced as necessary. The first project, Ajax Drive from John R to the Department of Public Services, was programmed and completed in 1999 at a cost of \$750,000.

The second industrial road project, Losee Avenue from Howard to Milton, was originally budgeted for FY 1999-2000 and was later rescheduled to FY 2001-02. The Losee project was combined with FY 2001-02 (original plan) reconstruction of Milton Avenue from Mandoline to Whitcomb and Howard Avenue from North Cul-de-sac to Whitcomb.

Starting in August 2001, two attempts were made to establish funding for this project (\$1.7 million) through a special assessment district. In March 2002, the City Council delayed consideration of the related Special Assessment Roll until December 2002. On December 16, 2002, the City Council approved the Special Assessment and construction was completed in the summer of 2003.

Scheduled for 2006 was the rehabilitation of Progress Drive from John R to Dallas and the I-696 northbound underpass. This I-696 service drive had developed road surface problems. Funds were allocated to mill and overlay the worst concrete sections. The project was completed in 2006 for \$185,000.

In FY 2006-07, the City completed the \$1.1 million (including \$293,000 in special assessment contributions and \$50,000 in Water and Sewer Fund contributions) reconstruction of Concord between Fourteen Mile Road and Barrington.

COMPLETED PROJECTS



CITY OF MADISON HEIGHTS
COMMUNITY DEVELOPMENT DEPARTMENT
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TABLE VI

FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PRIORITY COMMERCIAL AND INDUSTRIAL ROAD PROJECTS
(BASED ON CURRENT COSTS)

	<u>Project Location/Limits</u>	<u>Length (Feet)</u>	<u>Estimated Cost (in 2010)</u>
Done 1999	Ajax Drive - DPS Building to John R	1,700	\$620,000
Done 2003	Losee Avenue - Howard to Milton (660 feet)		
	Milton Avenue - Mandoline to Whitcomb (1,950 feet)		
	Howard Avenue - North of Whitcomb (1,475 feet)	4,085	1,105,000
Done 2006	I-696 WB Service Drive (Progress Drive to Stephenson Highway - Dallas to John R including I-696 NB Underpass	3,500	250,000
Done 2006	Concord Drive - Fourteen Mile to Barrington	2,700	1,174,000
Done 2007	Stephenson Highway - NB Thirteen Mile to Fourteen Mile	5,149	353,000
Done 2007	I-696 EB Service Drive (Heights Drive) - John R to Couzens	2,636	205,000
Done 2007	I-696 WB Service Drive (Progress Drive) - John R to Couzens	2,668	205,000
Done 2008	Stephenson Highway - NB Twelve Mile to Thirteen Mile	5,531	431,000
Done 2008	Stephenson Highway - SB Fourteen Mile to Girard	7,281	781,000
Done 2008	North Avis Drive - Fourteen Mile to East Avis (Includes sidewalk SAD \$107,000)	2,978	464,360
Done 2008	East Avis Drive - North Avis to Dequindre (includes sidewalk SAD \$86,000)	2,150	344,000
Done 2008	Edward Street - Fourteen Mile to Mandoline (includes sidewalk SAD \$29,000)	722	115,640
Done 2008	Mandoline Avenue - Edward to North Avis (includes sidewalk SAD \$66,000)	1,900	294,000
Done 2009	Campbell - Thirteen to Fourteen Mile	5,280	\$1,200,000
	Work Completed	48,280	\$7,542,000
<u>Planned</u>			
1.	Whitcomb Avenue - John R to end of Islands (east of Sherman) and Widening at Intersections	3,500	1,008,000
2.	Industrial Drive - Fourteen Mile to East Avis	2,256	379,000
3.	Edward Street - Mandoline to Whitcomb	1,866	313,500
4.	Whitcomb - Barrington to John R	1,200	345,600
5.	East Lincoln Avenue - John R to Dequindre	5,346	900,000
6.	W Thirteen Mile Road - John R to Stephenson	3,548	1,022,000
7.	Montpelier/Horace Brown Drive - Thirteen Mile to East End	1,750	294,000
8.	Whitcomb Avenue - Mally to Stephenson	958	161,000
9.	Townley - Fourteen Mile to Mandoline	2,492	419,000
10.	Edmund - John R to Harlo, Harlo - entire length, and Irving east of John R	3,956	665,000
11.	Stephenson Highway - SB Girard to Twelve Mile Road	3,393	570,000
	Work Planned	30,265	\$6,077,100

As part of the FY 2007-08 Community Development Block Grant (CDBG) application, the City requested \$288,000 (plus \$122,000 from the Major Street Fund) for the reconstruction of Progress and Heights Drives from John R to Couzens. The 2007 construction consisted of approximately 5,304 linear feet for both the eastbound and westbound drives of deteriorated concrete pavement being reconstructed with cold milling of the concrete pavement and asphalt overlay. The CDBG funding was derived from the net proceeds from the sale of the former Branch Library.

As part of the 2008-09 Goal Plan, the City Council approved a proposal: “In an effort to balance funding limitations and the backlog of commercial and industrial roads in need of repair, modify the existing program to allow for development, design, procurement and construction of a mill and asphalt overlay with appropriate joint and base repairs for these high priority road needs.”

For FY 2008-09, the following overlay projects were completed: North Avis from Fourteen Mile to East Avis (\$464,000); East Avis from North Avis to Dequindre (\$344,000); Edward from Fourteen Mile to Mandoline (\$116,000); and Mandoline from Edward to North Avis (\$294,000). In addition to the overlay portion, each project included a sidewalk special assessment to fill in missing parts of the sidewalk network.

- Concrete/Joint Repairs - Sectional

Budgetary constraints limit the City’s ability to completely repair designated commercial and industrial roads with asphalt overlays. A limited sectional repair program is planned to fund safety repairs on the City’s commercial and industrial roads (\$50,000 per year).

- Asphalt Crack Seal Program

Since the City’s commercial and industrial program utilizes asphalt overlays for Progress Drive, Heights Drive, Stephenson Highway northbound from 12 Mile to 14 Mile, Stephenson Highway southbound 14 Mile to Girard, Edward, Mandoline, North Avis, East Avis and Campbell Road 13 Mile to 14 Mile, these road surfaces must be maintained with a routine crack seal program. The 2010-11 program includes \$50,000 for a comprehensive crack sealing of all City asphalt overlays.

As presented in Table VI, 11 priority industrial/commercial road improvement projects have been identified.

G. Street Maintenance and Solid Waste Vehicle Replacements

Various Street Maintenance and Solid Waste vehicles are programmed for purchase to correspond with the Five Year Equipment Replacement Plan. Also, as detailed in the Public Safety Chapter, Street Maintenance vehicles totaling \$1.6 million will be funded through the “V-2” millage program.

TABLE VII
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COLLECTION & DISTRIBUTION SYSTEMS
(IN THOUSANDS)

APPROPRIATIONS:

COLLECTION & DISTRIBUTION SYSTEMS	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL APPROP.
WATERMAINS/METERS								
Fixed Network Water Meter Reading System	\$ 0	\$ 0	\$ 1,379	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,379
Palmer - North Dead End to 11 Mile	0	0	0	0	210	0	0	210
Brush - 11 Mile to Royal Park Lane	0	0	0	0	252	0	0	252
Barrington -11 Mile to Andover	0	0	0	0	0	235	0	235
Hampden - 11 Mile to Andover	0	0	0	0	0	225	0	225
Harwood - John R to Progress	0	0	0	0	0	0	378	378
Fourteen Mile - Palmer to John R	0	0	0	0	0	0	166	166
Longfellow - Garry to Brown	0	0	0	0	0	0	0	0
Dartmouth - 11 Mile to Andover	0	0	0	0	0	0	0	0
SEWER PROJECTS								
Sewer Rehabilitation/Replacement	0	0	0	0	50	50	50	150
DPS Brine Containment Structure	0	0	0	0	0	40	0	40
REPLACEMENTS								
1975 Emergency Generator-Portable #554	0	0	0	39	0	0	0	39
1998 Ford Vactor #468	0	0	0	0	345	0	0	345
1997 One Ton Dump Truck #462	0	0	0	0	60	0	0	60
2000 GMC W 4500 Van #458	0	0	0	0	0	55	0	55
REPAIRS								
Salt Dome Concrete Repair & Resurface	0	0	0	0	35	0	0	35
TOTALS	\$ 0	\$ 0	\$ 1,379	\$ 39	\$ 952	\$ 605	\$ 594	\$ 3,569

REVENUES:

COLLECTION & DISTRIBUTION SYSTEMS	GENERAL FUND	LOCAL/ MAJOR STREETS	C.D.B.G.	SPECIAL ASSESS.	ROAD IMPROV. ACCOUNT	WATER & SEWER	OTHER REVENUES	TOTAL REVENUES
WATERMAINS/METERS								
Fixed Network Water Meter Reading System	\$ 0	\$ 0	\$ -	\$ 0	\$ 0	\$ 1,379	\$ 0	\$ 1,379
Palmer-North Dead End to 11 Mile	0	0	0	0	0	210	0	210
Brush - 11 Mile to Royal Park Lane	0	0	0	0	0	252	0	252
Barrington - 11 Mile to Andover	0	0	0	0	0	235	0	235
Hampden - 11 Mile to Andover	0	0	0	0	0	225	0	225
Harwood - John R to Progress	0	0	0	0	0	378	0	378
Fourteen Mile - Palmer to John R	0	0	0	0	0	166	0	166
Longfellow - Garry to Brown	0	0	0	0	0	0	0	0
Dartmouth - 11 Mile to Andover	0	0	0	0	0	0	0	0
SEWER PROJECTS								
Sewer Rehabilitation/Replacement	0	0	0	0	0	150	0	150
DPS Brine Containment Structure	0	0	0	0	0	40	0	40
REPLACEMENTS								
1975 Emergency Generator-Portable #554	0	0	0	0	0	39	0	39
1998 Ford Vactor #468	0	0	0	0	0	345	0	345
1997 One Ton Dump truck #462	0	0	0	0	0	60	0	60
2000 GMC W 4500 Van #458	0	0	0	0	0	55	0	55
REPAIRS								
Salt Dome Concrete Repair & Resurface	0	0	0	0	0	35	0	35
TOTALS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,569	\$ 0	\$ 3,569

COLLECTION & DISTRIBUTION SYSTEMS

Local Water Improvements

- Watermain Replacement Program

As part of the 2001-02 Goal Plan, the City Council approved the following goal:

Develop plans, schedule funding and implement a multi-year systematic watermain replacement program aimed at reducing maintenance costs and water loss due to main breaks.

In the area of watermain replacement, the Department of Public Service (DPS) annually reviews and identifies those areas needing extensive watermain replacement and those requiring additional watermains to improve both water volume and pressure to customers. As a general strategy, the City is replacing six-inch cast iron watermains installed starting in the early 1940's with new eight-inch pipe. Through the extension of existing watermain lines, the City loops existing service areas by connecting parallel lines, improving supply and distribution in various neighborhoods. By implementing the watermain replacement program, our future operating budget for expensive emergency repairs will be reduced by decreasing the occurrence of watermain breaks.

As recommended by the Utilities Supervisor, Deputy City Manager, Community Development Director and City Engineer starting in 1997, the watermains in the Proposal "R-1" Neighborhood Road Improvement Program - Year Two were replaced with plastic pipe. Due to reduced cost and the success of the program, the City now uses plastic pipe for all watermain projects.

As presented in Table VIII, fourteen high-priority watermain projects have been identified.

On February 8, 2010, the City Council decided to suspend all scheduled watermain replacements for at least 30 months, based on their decision to minimize increases in water and sewer rates.

- Equipment Replacement

Concerning rolling equipment and tools, the DPS is also projecting a need to replace a water service van, a sewer vactor, a one-ton dump truck, an emergency generator and related equipment.

- Facilities Needs

The Water and Sewer Fund owns the DPS property and facilities at the end of Ajax Drive. During the winter of 2008, the Department installed a new brine manufacturing unit to improve road de-icing operations. To protect the environment from accidental spills, and in compliance with MDEQ requirements, \$40,000 is programmed for a secondary brine containment system. Also, in light of the age and condition of the concrete salt dome, a project is scheduled to repair and apply sealant (\$35,000) to the structure to improve longevity.

- Neighborhood Road Plan

The Neighborhood Projects Chapter outlines the watermain and sewer line replacement projects scheduled as part of those two ten year plans.

COLLECTION & DISTRIBUTION SYSTEMS BY PRIORITY



TABLE VIII

FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PRIORITY WATERMAIN PROJECTS
(BASED ON CURRENT COSTS)

<u>Location Number</u>	<u>Projected Fiscal Year</u>	<u>Watermain Location</u>	<u>Length (Feet)</u>	<u>Estimated Cost (in 2010)</u>
1.	2010-11	Palmer - North Dead End to Eleven Mile	1,270	\$ 210,000
2.	2010-11	Brush - Eleven Mile to Royal Park Lane	1,900	252,000
3.	2011-12	Barrington - Eleven Mile to Andover	1,420	235,000
4.	2011-12	Hampden - Eleven Mile to Andover	1,360	225,000
5.	2012-13	Fourteen Mile - John R to Palmer	1,000	166,000
6.	2012-13	Harwood - John R to Progress	2,100	378,000
7.	2013-14	Longfellow - Garry to Browning	850	153,000
8.	2014-15	Dartmouth - Eleven Mile to Andover	1,420	256,000
9.	2015-16	Garry - Longfellow to Sherry	1,920	346,000
10.	2016-17	Palmer - LaSalle to Girard	1,750	315,000
11.	2017-18	Kalama - John R to Alger	550	99,000
12.	2017-18	John R - Whitcomb to Fourteen Mile	2,450	441,000
13.	2018-19	Ten Mile - Dequindre to John R	2,900	522,000
14.	2018-19	Alger - Mandoline to Fourteen Mile	800	144,000
Totals			21,690	\$ 3,742,000

These costs assume \$110 per linear foot for watermain installation including pipe, hydrants, valves, taps, hauling, sand, contractual labor cost, City labor costs, and other costs related to the project.

Also, costs assume \$40 linear foot for landscape, sidewalk and drive approach restoration relating to the watermain installation.

In addition, 20% has been added for preliminary engineering, construction inspection and contingency.

- **Fixed Network Water Meter Reading System**

The Deputy City Manager and his staff have been researching and evaluating options to bring down the cost of operating our water and sewer operations. Currently, the Water and Sewer Division of the Department of Public Services consists of one Utility Supervisor, six water operations positions (two water maintenance workers, two water repair workers and two meter readers) and four sewer operations employees (equipment operators).

In an attempt to look forward, staff has identified a fixed network water meter reading system as the latest state-of-the-art technology. Under this system, each water meter reading device (i.e. meter and registration head) is equipped with a transmitter, which transmits information on a daily basis to a set of 12 antennas that would be installed throughout Madison Heights that would be linked to a central computer system. This system would allow daily water meter reads and would eliminate the need for the door-to-door monthly reading of the commercial accounts and quarterly reading of all residential accounts. To install this system is projected to cost \$1.4 million. The goal would be to phase out at least two positions, hopefully as a result of attrition based on retirements. The adoption of the new fixed read water meter system will greatly improve the efficiency and allow the City to reduce our staffing and long-term costs of this operation. Some key benefits of this system:

- Improves Customer Service capabilities - address customer complaints with detailed consumption data
- Performs detailed usage analysis (i.e., usage/consumption profiling)
- Provides the tools to reduce non-revenue water
- Provides information to optimize distribution network - leak detection
- Collects data features available to facilitate leak, tamper and reverse flow detection at the end customer
- Reduces meter reading costs
- Improves cash flow by reducing read-to-bill cycle

Local Sewer Improvements

Many of our sewer lines in the City are over 40 years old and many will need repairs, lining or replacing in the future.

Funding for local sewer rehabilitation is programmed for line replacement, and chemically treating roots that infiltrate our sanitary sewers. Creation of a long-range sanitary sewer rehabilitation and replacement program and the annual allocation of up to \$50,000 per year starts in FY 2012-13.

Regional Sewer System

Brief History

The Southeastern Oakland County Sewage Disposal Authority (also referred to as the Twelve Towns Drain District) was established in 1942 to address flooding problems in this region. The Twelve Towns Drain District includes the cities of Berkley, Birmingham, Clawson, Ferndale, Hazel Park, Huntington Woods, Madison Heights, Oak Park, Pleasant Ridge, Royal Oak, Southfield, Troy, Royal Oak Township and the Village of Beverly Hills.

In 1972, the Twelve Towns Drain District completed construction of a Retention Treatment Facility (RTF), a 20 foot high by 65 foot wide structure in the bed of the former Red Run Drain. This RTF runs 2.2 miles from Twelve Mile and Stephenson Highway in a northeastern direction to Dequindre Road south of Whitcomb where it empties into the Red Run Drain.

During rain events, the RTF receives a combination of storm and sanitary flows from the 14 communities that makeup the District. The RTF captures this storm water and sanitary sewage and drains gradually into the Dequindre Sewer Interceptor where flows travel south to the Detroit Water and Sewage Board Treatment Plant. In heavy storms, after retaining 35 million gallons of combined sewage, the basin overflows into the Red Run Drain, in Warren, after receiving primary treatment including skimming and chlorination.

As part of an Agreement with the Michigan Department of Environmental Quality (MDEQ), the Twelve Towns Communities were required to plan and construct \$144 million (original estimate) in improvements to the RTF aimed at reducing the volume and the frequency of the overflows, and providing adequate treatment of these overflows when they do occur.

Twelve Towns Contested Case Settlement

On October 22, 1998, the Director of MDEQ issued the new National Pollutant Discharge Elimination System (NPDES) Operating Permit that allows the South Oakland County Sewerage Disposal System (SOCSDS) to discharge Combined Sewer Overflow (CSO) into the Red Run Drain until October 1, 2003. This Permit was renewed for an additional five years to October 1, 2008 with its same terms and conditions.

In March 2005, the MDEQ notified the Oakland County Water Resources Commissioner that they would be changing the NPDES Permit expiration date from 2008 to 2010 in an attempt to stagger permits for the different watersheds across the State. In June 2005, the communities agreed to the change and renaming the permit to “George W. Kuhn Drainage Board on behalf of the George W. Kuhn Drainage District”.

- **Permit Key Features**

The NPDES Permit includes the following key features:

1. New limits and reporting standards for the treated combined sewer overflow to the Red Run Drain including procedures for monitoring this overflow;
2. In-stream testing for escherichia coli (e-coli) per State statute;
3. Requirements for the development of new procedures and assessment of the operation of the RTF;
4. Discharge notification requirements;
5. The Combined Sewer Overflow control program including:
 - a. North Arm Relief project with 4.8 million-gallon increase in storage;
 - b. RTF storage capacity increase of 30 million gallons to a total of 64 million gallons;
 - c. Construction of a new inlet weir and related headworks including improved treatment features;

- d. Elimination of the Madison Heights separated storm sewer inputs from the RTF by the construction of two new parallel storm sewers;
 - e. Elimination of the two Madison Heights combined sewer overflow interceptors to the RTF by rerouting of them upstream of the new inlet weir structure;
 - f. Elimination of the Hazel Park sanitary sewer discharge to the RTF by the construction of a new Ten Mile Road interceptor;
 - g. Construction of a new de-watering pump station to facilitate the removal of flows in the early stages of a storm event by increasing discharge to the Twelve Mile Road interceptor;
 - h. Downspout Disconnection Program; and
 - i. Storm Water Input Restriction Program.
6. A December 31, 2005 deadline for the construction (started in October 2000) of the proposed improvements;
 7. Commitment by the MDEQ that the proposed CSO improvements would constitute “adequate treatment” capable of meeting water quality standards which means no additional improvements of the system will be required unless a problem is uncovered and can be traced solely to the RTF or unless evidence is found as a result of the Total Maximum Daily Load (TMDL) review of the Red Run Drain and the Lower Clinton River Watershed; and
 8. A provision that would allow this permit to be reopened by the MDEQ or the Twelve Towns communities based on technical and/or financial problems that may arise in the future.

- George W. Kuhn Drain

In March 1999, the Drain Board accepted petitions from the Twelve Towns Communities and established a new drain district for this construction project named the George W. Kuhn Drain District (GWKDD). The three major components of this construction project include Contract #1, construction of the 10-foot parallel storm sewers north and south of the existing RTF including the disconnect of the existing Madison Heights storm sewers and rerouting of two combined sewer interceptor; Contract #2, construction of a new Ten Mile Road interceptor in Hazel Park; and Contract #4, construction of a new inlet weir just east of Interstate Freeway 75 (I-75) and south of the City’s Department of Public Service Building. The project was constructed on property owned by the GWKDD and the City. The GWKDD holds a permanent easement over the City property. Contracts #1 and #2 were initiated in the fall of 2000 and were completed in 2002.

The GWKDD approved Contract #4 on August 14, 2001 at a cost of \$79.5 million or \$6.1 million under engineering estimates. Contract #4 includes the following additions:

1. Lowering and extending the existing inlet weir to eliminate the RTF bypass gates west of I-75.
2. Adding 30 million gallons of storage.
3. A new 2,000 foot intermediate weir to the existing RTF.

4. A new 100 cubic foot per second dewatering pump station and inlet to the combined sewer interceptor connection.
5. New disinfecting system utilizing diffusers and high-energy mixers.
6. Sodium hydrochloride feed and storage.
7. Self-cleaning fine screens with sluice conveyance to the outlet sewer.
8. Automatic full-coverage nozzle flushing system to convey screened solids to the proposed dewatering pumping station.
9. Extending a rerouted combined sewer outlet line to the proposed dewatering pump station and storage facility.
10. Electrical and instrumentation rehabilitation of the existing dewatering pump station.
11. A chemical odor control system.

Operations and Maintenance Agreement

In February 2005, the City had a major breakthrough in efforts to secure a favorable modification to the Operation and Maintenance (O & M) Apportionment for the GWK Drain. The settlement is providing the City \$3.4 million over the next five years in reduced charges and cash and an additional \$449,000 in savings annually from that point forward. The City Manager headed up the effort to have the GWK Drain Board revise the existing O & M Apportionments to reflect the implementation of the new parallel storm sewers and the rerouting of the City's storm water directly to the Red Run Drain. Key provisions of the agreement include:

1. A new O & M Apportionment adopted by the Drain District Board, which will save the City \$449,000 per year effective July 1, 2005.
2. The Drain District will credit the communities as a whole \$1 million a year for the next five years and the credits will be spread in relationship to the current apportionments (calculating the credits based on the old apportionment which benefits Madison Heights since the old rate will be dropped from 10.286% to 6.5409% with the adoption of the new apportionment). In addition, the Water Resources Commissioner reserves the right to charge the communities up to \$500,000 per year for five years based on the new O & M Apportionments to fund a capital replacement and repair reserve. Water Resources Commissioner McCulloch indicated that it may not be necessary to impose this new charge if he determines the \$18 million reserve is adequate. The net impact of the new credit and the new charge will result in a net credit on Madison Heights' bill of an additional \$70,000 over five years or \$350,000.

3. The Drain District by agreement would agree to pay Madison Heights \$850,000 to maintain the new green open space being created west from John R to the new screen building. The new facility consolidates many of the Madison Heights' soccer fields in one complex at this location including 9 soccer fields, a 230 space parking lot, a support building (including concessions, restrooms, storage and a small meeting room/office), a playground and a picnic shelter. The Drain District has agreed to fund all improvements except the playground (funded by Oakland County Parks and Recreation).
4. The City would be responsible for any future treatment of storm water that it contributes to the new parallel storm sewers to the extent of what is currently required under federal and state law. Madison Heights would also be apportioned 94.5% of the estimated \$20,000 annual cost for the O & M Apportionment for the parallel storm sewers.

In regard to the O & M Apportionment restriction (\$449,000 per year) and the net credit (\$70,000 per year), these monies will benefit the Water and Sewer Fund. Some portion of the funds from the Soccer Field Agreement (\$850,000) will need to be used to maintain the new park over the term of the Agreement. As you add up the numbers, this is the largest financial settlement in the City's history and even though the funds generated will have some restrictions, the benefits to Madison Heights are considerable.

TABLE IX
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PUBLIC SAFETY
(IN THOUSANDS)

APPROPRIATIONS:

PUBLIC SAFETY	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL APPROP.
POLICE								
Public Safety Dispatch System Technology Upgrade	\$0	\$112	\$0	\$0	\$0	\$0	\$0	\$0
Patrol Car Video System Upgrade	0	0	105	0	0	0	0	105
2002 Animal Control Van #119	0	0	0	40	0	0	0	40
Replace Police Station Roof	0	0	0	0	312	0	0	312
FIRE								
2009 Ambulance Rescue #711	208	0	0	0	0	0	0	0
Fire Dispatch Station Alerting System	0	28	0	0	0	0	0	0
Rescue Patient Transfer Equipment	0	0	35	0	0	0	0	35
2002 Ambulance Rescue #710	0	0	228	0	0	0	0	228
City Bldgs. Fire Detection & Suppression Systems	0	0	0	0	146	115	75	336
2002 Ambulance Rescue #713	0	0	190	0	0	77	0	267
Emergency Operations Center Improvements	0	0	0	0	0	0	60	60
DISTRICT COURT								
District Court Loading Ramp Renovations	25	0	0	0	0	0	0	0
Replace North Section of Roof	0	0	0	102	0	0	0	102
TOTALS	\$ 233	\$ 140	\$ 558	\$ 142	\$ 458	\$ 192	\$ 135	\$ 1,485

REVENUES:

PUBLIC SAFETY	GENERAL FUND	LOCAL/ MAJOR STREETS	OAKLAND COUNTY GRANTS	SPECIAL ASSESS	ALS/ VEHICLE MILLAGE	WATER & SEWER	DRUG FORFEITURE	OTHER	TOTAL REVENUES
POLICE									
Patrol Car Video System Upgrade	\$0	\$0	\$0	\$0	\$0	\$0	\$94	\$11	\$105
2002 Animal Control Van #119	0	0	0	0	40	0	0	0	40
Replace Police Station Roof	312	0	0	0	0	0	0	0	312
FIRE									
Rescue Patient Transfer Equipment	0	0	0	0	35	0	0	0	35
2002 Ambulance Rescue #710	0	0	0	0	228	0	0	0	228
City Bldgs. Fire Detection & Suppression Systems	336	0	0	0	0	0	0	0	336
2002 Ambulance Rescue #713	0	0	0	0	267	0	0	0	267
Emergency Operations Center Improvements	30	0	0	0	0	0	0	30	60
DISTRICT COURT									
Replace North Section of Roof	102	0	0	0	0	0	0	0	102
TOTALS	\$ 780	\$ 0	\$ 0	\$ 0	\$ 570	\$ 0	\$ 94	\$ 41	\$ 1,485

PUBLIC SAFETY

Communication System

The old public safety communication system consists of a base station located in the Police Department (operating at 155 MHz), a secondary base station located at the Department of Public Services (used by the Auxiliary Services Section), 42 mobile units and 50 portable units. Installed in 1989 with the building of the new police facility, the base station was modified in 1995 to accommodate combined Police and Fire Dispatch. In addition, in 1995, the Federal Communications Commission (FCC) adopted new rules that reduce the frequency separation on Land Mobile UHF and UHF Radio Systems from 25 Megahertz (MHz) to 12.5 MHz. The FCC will further reduce frequency separation to 6.25 MHz sometime in the future.

In November 1999, the Oakland County Board of Commissioners approved a charge of 57 cents per month per telephone line to financially support the new 800 MHz County-wide system.

In October 2000, the City approved a service agreement to provide for the use of 28 two-way mobile cellular phones. The cost of these telephones is offset by land lease revenue from the monopole installed north of the Police Station. The monopole has helped address historical intermittent “dead spot” problems.

As part of the 2001–02 Goal Plan, the staff was directed to coordinate with Oakland County and support their implementation of the new 800 MHz system, including the installation of the new monopole and purchase of local radio equipment to eliminate radio transmission and reception problems.

As of December 2000, the City Council approved the \$10,000 purchase of replacement radios as an interim measure to upgrade reception. In May 2001, the Police Department entered into a working agreement with Royal Oak Police Department and added two antennas to Royal Oak’s repeater system. Subsequent testing of the system showed 100 percent portable radio coverage throughout the City. Since that time, the Police and Fire Departments have been working with Oakland County in an effort to make Madison Heights part of a new County-wide 800 MHz Radio System. This system was implemented in December 2009, eliminating any remaining reception problems, allowing seamless communication with other system participants and providing sufficient frequencies to prevent “bleed over” resulting from the FCC reframing existing VHF and UHF frequencies.

In early 2006, Oakland County informed the Police Department that additional necessary items including encryption technology, shoulder microphones and extra batteries at a cost of \$38,000 would not be provided by Oakland County. The cost of those items would be the sole responsibility of each agency. An analysis of the Madison Heights Police Department’s equipment revealed the need for encryption on all mobile, portable and base stations, shoulder microphones for portable radios and extra batteries to allow transition between the three shifts. Three existing radio-phone lines with monthly costs of \$425 were eliminated after switching to the 800 MHz system. This telephone line removal would result in an annual savings of \$5,100.

The County has been pursuing radio tower sites and has now completed construction of other radio towers. The County-wide 800 MHz system has been scheduled to become operational in early 2010.

TABLE X
FY 2010-14 FIVE YEAR CAPITAL IMPROVEMENT PLAN
TEN YEAR V-2 VEHICLE MILLAGE PURCHASES PLUS FUTURE PURCHASES UNDER \$40,000
(IN THOUSANDS)

YEAR	VEHICLE	VEHICLE NUMBER	LAST SCHEDULED REPLACE.	REPLACEMENT COST			MILLAGE FUNDS
				POLICE/FIRE	DPS	OTHER	
2007-08	Fire Chief Vehicle	700	2008	\$ 31	\$ 0	0	\$ 31
	Riding Mower	373	2008	0	6	0	6
	3/4 Ton Pick-up	475	2008	0	29	0	29
	Streets Pick Up V Box	--	--	0	6	0	6
	Code Enforcement Vehicle	492	2008	0	0	16	16
2008-09	Ambulance Rescue Truck	711	2009	208	0	0	208
	Code Enforcement Vehicle	496	2009	0	0	16	16
	Parks Pick-up W/Plow	484	2009	0	23	0	23
2009-10	Police Patrol Vehicle	105	2010	27	0	0	27
	Police Patrol Vehicle	109	2010	27	0	0	27
	Police Patrol Vehicle	110	2010	27	0	0	27
	Park Riding Mower	325	2010	0	11	0	11
	Senior Van	469	2009	0	27	0	27
	Water and Sewer Pickup Truck	460	2009	0	29	0	29
2010-11	Rescue Patient Transfer Equipment	--	--	35	0	0	35
	Ambulance Rescue Truck (\$72,000 and \$25,000 prefunded in FY 2008-09 and FY 2009-10)	710	2002	228	0	0	228
	Ambulance Rescue Truck - Phase I Funding	713	2005	190	0	0	190
	Code Enforcement Pickup Truck	483	2001	0	0	16	16
	Parks Pickup Truck	417	1999	0	0	20	20
	Parks Riding Mower	367	1999	0	0	13	13
2011-12	One Ton Dump Truck	431	2004	0	55	0	55
	Animal Control Van	119	2002	40	0	0	40
	To Be Determined	--	--	0	0	0	0
2012-13	Building Maint. Van	435	2003	0	61	0	61
	To Be Determined	--	--	0	0	0	0
2013-14	Platform Truck	429	2003	0	150	0	150
	Tandem Dump Truck	417	2003	0	240	0	240
	Ambulance Rescue Truck - Phase II Funding	713	2005	77	0	0	77
	To Be Determined	--	--	0	0	0	0
2014-15	Tandem Dump Truck	418	2003	0	240	0	240
	To Be Determined	--	--	0	0	0	0
2015-16	Stake Truck	415	2003	0	150	0	150
	Tandem Dump Truck	419	2003	0	157	0	157
	To Be Determined	--	--	0	0	0	0
2016-17	Backhoe	407	2003	0	108	0	108
	Tandem Dump Truck	422	2003	0	164	0	164
	Single Axle Dump	425	2003	0	133	0	133
2017-18	To Be Determined			0	0	0	0
2018-19	Ambulance Rescue Truck	711	2009	302	0	0	302
	To Be Determined	--	--	0	0	0	171
	TOTALS			\$ 1,192	\$ 1,589	\$ 81	\$ 3,033

Vehicle Replacement Millage

On August 8, 2006, the voters in Madison Heights approved ballot Proposals “R-2” and “V-2”. Proposal “V-2” will provide the City with a one-quarter mill property tax levy for a ten year duration to support the replacement of City vehicles. A list of scheduled vehicle replacements has been outlined in the Table on the facing page. Due to the difficulty in forecasting millages on cars and small trucks a variable amount for these purchases has been programmed.

The Assessor’s Office has estimated that Proposal “V-2” will generate \$2.6 million in revenue to support the ten-year program presented in the Capital Improvement Plan. Due to the economic recession causing declining property values, the program’s funding is down \$800,000 from the original April 2006 estimate. To close the funding gap, the amounts scheduled for new vehicle replacement were reduced. The elements of this millage program were outlined to the residents as part of the public information campaign through the City newsletter in June 2006.

As part of the original Proposal “V-1” program, the City replaced \$4.1 million worth of costly, outdated and expensive fire rescues, pumpers and ladder trucks and other critical vehicles. This program allowed funding for 119 vehicle replacements over a 10 year period. In light of the stagnating economy and in an effort to provide tax relief, the City Council cut the initial Proposal “V-1” millage in half. The one-quarter mill “V-2” proposal will fund a reduced number (under 50) vehicles, as compared to 203 scheduled replacements of City vehicles planned over the 10 year period. As part of the millage funded program, the City will replace three ambulances/rescue vehicles and a number of the snow plow dump trucks.

Law Enforcement

- Patrol Car Video System

As part of the 2008-09 Goal Plan, the City Council adopted a proposal to: “Investigate, determine specifications, bid procure and install upgraded in-car police digital recorders aimed at improving quality of recorded images, storage, retrieval and duplications capabilities.”

The existing patrol car video system is a VHS tape system that has reached the end of its functional life span. Purchased in 2001, the existing VHS tape system is prone to mechanical breakdowns forcing supervisors to shuffle cars that have working systems. The new systems work wireless and improve the quality of recorded images and systems for storage, retrieval and copying. Plans include outfitting 15 patrol vehicles with in-car digital recorders at a projected cost of \$105,000.

The Michigan Municipal Risk Management Authority has provided Risk Avoidance Program (RAP) grants for these types of equipment purchases in the past. The department has been awarded a grant of \$11,000 to reduce the costs for this purchase.

- Public Safety Dispatch System Technology Upgrade

The existing Positron E-911 telephone system is over ten years old and is at the end of its projected longevity. Parts and support are becoming an issue and AT&T has indicated that departments should be making plans for replacement of outdated equipment. Oakland County CLEMIS has

begun research into the replacement costs for E-911 equipment for the Public Safety Answering Points (PSAP) in Oakland County. Unfortunately for these PSAPs, CLEMIS has maintained that all PSAP equipment costs are the responsibility of each individual PSAP. CLEMIS is working on a proposal for a new Internet Protocol (IP) based E-911 system with a central server at CLEMIS maintaining each PSAPs equipment through the County's fiber network (OAKNET) to reduce some costs associated with maintenance and upgrades. CLEMIS expects to begin their portion of this project in the next few years.

The City continues to coordinate with Oakland County on the scheduled technology upgrade to the E-911 Positron replacement for the public safety dispatch currently estimated to cost \$111,960. Grant funds are available to cover 80% of the cost including \$76,179 from the Oakland County E-911 telephone surcharge, \$28,325 from the Federal American Recovery and Reinvestment Act Byrne Justice Assistance grant and \$7,456 from the Federal Urban Area Security Initiative Homeland Security grant.

Fire Protection and Emergency Response

- Fire Dispatch Alerting System

As part of the 2008-09 Goal Plan, the City Council adopted a proposal to: "To support current efforts for fire service resource sharing with other communities in Southeast Oakland County, analyze, design, bid, procure and implement an upgraded internet based dispatch alerting system to facilitate structure fires automatic mutual aid runs and other response efforts."

The Fire Department is currently alerted to an incoming incident by a "plectron" system that operates via radio. The current system has become dated and during a recent breakdown it was discovered that parts are becoming harder to obtain. It can require nearly a week to repair the system to full function.

There are now "alerting" systems available that are computer internet protocol based and that will allow great flexibility in set up and application. Alerts may be transmitted from dispatch to the fire stations through fiber optic cables that are already in place. Under the new system, there would be redundant wireless backup to the fiber optic cables. The dispatch component could be configured to operate from an alternate location, for instance, the police reserve station.

With the onset of Automatic Aid for structure fires and the discussion of regionalization of the fire service continuing, such a system becomes more important. A computer internet protocol based alerting system (\$28,000) could allow any of our prospective mutual aid partners to be dispatched through the same system. The system could also allow for apparatus tracking as to who was in quarters and who was deployed. The Fire Chiefs of Ferndale, Hazel Park and Royal Oak have indicated their willingness to consider a collective approach to this system. In fact, the Royal Oak Fire Chief has stated that the lack of a "common alerting system" is major impediment for their participation in Automatic Aid or regionalization.

- Outdoor Warning Siren Replacement

As part of the 2008-09 Goal Plan, the City Council adopted a proposal: "Working with Oakland County Emergency Response and Preparedness, replace and relocate the current outdoor warning siren serving the middle one-third of our community with a new unit with appropriate backup power supply and long-term maintenance provided by the County."

The City of Madison Heights owned an outdoor warning siren that was located on the roof of the South Oakland County Resource Recovery Authority (SOCRRA) building. This siren was the only one in Oakland County that was not County owned. The siren was one of three in the City that was used to warn residents of tornados. In the summer of 2007, a failure of the siren during the monthly test was reported to Oakland County Emergency Response and Preparedness (ERP) and to the Madison Heights Fire Department. A maintenance technician inspected the siren and reported that the most likely cause of the failure was that the power to the unit was shutoff from the SOCRRA building. Oakland County no longer uses this model, which has been replaced with an updated unit that has a backup battery power supply and a two-way radio that transmits a signal to the County showing the operating status of the unit. Our siren had been out of production since about 1990 and replacement parts were very difficult to locate. Additionally, with the closing of the SOCRRA site, access for maintenance had become problematic.

Oakland County has a program whereby Madison Heights was able to purchase the updated siren and the County would install it. The cost of a new siren was \$21,000 and the County paid 25% of that cost. The County retains ownership of the siren and assumes the responsibility for the maintenance of the unit. In the summer of 2008, the siren was located on the east side of the Senior Citizen Center property near John R.

- City Building Fire Detector and Suppression Systems

After a devastating fire at the Department of Public Services building in the spring of 2003, it became apparent that the City should consider upgrading the fire alarm systems in the City's principal buildings. At that time, all City principal buildings, with the exception of the two fire stations, had fire alarm systems; however, the systems at City Hall, Police Department and District Court were out of service. New systems were installed and upgraded in all City buildings during the summer of 2005.

In addition to a functioning alarm system, it would be wise to consider fire sprinkler systems. A sprinkler system can hold in check or extinguish a fire in its early stages, avoiding a loss as experienced at the Department of Public Services. Currently, the Police Department, the Department of Public Service, Headquarters Fire Station and the Library are the buildings with a fire sprinkler system. The buildings without sprinklers are Fire Station Two, the Senior Citizen Center, City Hall and District Court.

The Capital Improvement Plan includes funding for the necessary watermain extension and sprinkler system for the Senior Citizen Center (\$146,000), City Hall (\$115,000) and District Court (\$75,000).

- Rescue Patient Transfer Equipment

The Fire Department experienced 172 lost work days to on-the-job injuries in 2008. In addition to the cost for Workers Compensation, the City must backfill positions, when below minimum staffing standard, for fire fighters that are off-duty as a result of work related injuries. Not only does this create a significant annual expense in overtime costs, those fire fighters that are working overtime if not in top physical shape may become more fatigued and injury prone. The average cost of overtime required to cover lost workdays due to work related injuries over the last three years was \$65,000.

Further complicating our work related injury profile is a Fire Department workforce with an average age of 46 years and 18-1/2 years of service. This scenario will only worsen due to budgetary constraints and staffing reductions. If daily minimum staffing is reduced, workload will increase. The possibility of repetitive work injuries due to frequent exertion and failure is possible.

The proposed solution includes training, equipment purchases and job conditioning through an occupational therapist when returning to work after an injury. The focus will be primarily on Emergency Medical Service functions because this is 76% of the Fire Department workload. Training programs would focus on safe patient handling, and body core stabilization through strengthening, flexibility, and stretching.

Planned equipment purchases would include: two Power Pro Ambulance cots (\$24,000); two Stair Pro Stair Chairs with tread climber (\$5,200); one Mangar CAMEL (\$3,000); one Slide Mat Transfer Assist (\$220); and two Multi-Handled Transfer Belts (\$240). Since all this equipment becomes part of the rescue, it would be funded through the Proposal "V" vehicle millage at a total cost of \$32,660.

Police and Fire Operations

- Explore Dispatch Consolidation options

A study is underway to explore the outsourcing the police fire dispatch operation to another jurisdiction. The Police Department has examined and been involved in three studies of consolidating dispatch operations with other jurisdictions. The major hurdle in all three studies was the issue of prisoner monitoring within our current police station. The Police Service Aides are currently actively involved with prisoner monitoring.

The Troy Police Department has initiated a new study funded through Oakland County (using Plante-Moran) of the consolidation issue and both Madison Heights and Royal Oak are participants in that study.

The potential to save money on employee costs is one factor in this study. In addition there are programmed long term capital costs such as an updated E-911 system (proposed at between \$130,000 and \$140,000), yearly E-911 maintenance costs (\$10,000) of the new 800 Mghz radio system equipment and maintenance costs, required new Computer Aided Dispatch (CAD) computers (\$10,000) and equipment maintenance and other related equipment and employee training costs that are not listed above.

The Department is awaiting a proposal from Troy Police Department. Estimated savings include the elimination of three of the remaining eight Police Service Assistant positions. This estimate assumes that the department would retain five positions to monitor prisoners. In addition, the department has budgeted the purchase of new E-911 phone system this fiscal year, the 800 Mghz radio system became operational in December 2009 and the department must replace the existing Computer Aided Dispatch (CAD) computers before the end of this fiscal year.

Cities such as Clawson, Pleasant Ridge, Huntington Woods, and Wixom have other jurisdictions handle their Police/Fire call taking and dispatching duties. The current Court Law Enforcement Management Information System (CLEMIS) CAD computers have mapping technology built in, the new 800 Mghz radio system would allow for another jurisdiction to assume dispatch

responsibilities without major equipment changes. There would be an adjustment period to a system change of this significance but it is not new territory for this region. Again, the major hurdle will be developing a plan to address prisoner monitoring in the Madison Heights Police station.

- Emergency Operations Center Improvements

The Emergency Operations Plan for the City of Madison Heights calls for a communication center/municipal command center located at the Police Department auditorium to coordinate activities during a community crisis. The Mayor, City Manager and various department heads would report to this location to gather information, allocate and coordinate resources, prepare public information releases, communicate with Oakland County Emergency Management personnel and prepare for a “Declaration of a Local State of Emergency.”

During a recent emergency preparedness drill, several shortfalls were discovered within this command and communication center, which will seriously impair the ability of the City to manage emergency responders and communication during a community emergency. One goal is to provide computers with internet access available; several telephones and telephone lines; GIS mapping capabilities; radio communication capabilities to police, fire and DPS staff; sufficient power outlets for the necessary computers, printers, etc.; and, cable television to monitor outside events. In addition, the Police Reserve Station located within the DPS building on Ajax Drive is designated as the backup communication/command center, and it too should have similar capabilities. The projected cost of these improvements is \$60,000.

Also, staff will obtain additional training for key personnel in Emergency Management and Incident Command. Many of the classes are available for free from the State of Michigan. As an additional benefit, this facility could also be used for a command and control center for local events such as the Memorial Day Parade, the fireworks and concerts in the park.

District Court

- City Hall, District Court and Police Station Roof Replacement

In December 2007, the City’s consultant completed the annual review of building roof systems. The consultant recommended that City Hall (\$158,000 completed in 2009), District Court north section (\$120,000) and Police Station (\$110,000) roofs be replaced.

The FY 2008-09 Budget included \$25,000 to repair and renovate the Court building’s loading dock.

TABLE XI
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
GENERAL GOVERNMENT & ECONOMIC DEVELOPMENT
(IN THOUSANDS)

APPROPRIATIONS:

GENERAL GOVERNMENT & ECONOMIC DEV.	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL APPROP.
CIVIC CENTER / CITY WIDE								
City Hall Roof Replacement	\$ 158	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
City - Wide Federal Energy Projects	0	138	0	0	0	0	0	0
City Hall North Entrance Canopy	0	0	0	0	0	0	75	75
INFORMATION TECHNOLOGY								
City Hall Computer Cabling	0	0	0	0	60	0	0	60
ECONOMIC DEVELOPMENT								
John R Improvements	0	153	158	0	0	0	0	158
Alley Improvements	33	236	0	0	0	0	0	0
Oakland County Brownfield Consortium	0	0	100	0	0	0	0	100
Property Acquisition	0	0	0	50	50	50	50	200
TOTALS	\$ 191	\$ 527	\$ 258	\$ 50	\$ 110	\$ 50	\$ 125	\$ 593

REVENUES:

GENERAL GOVERNMENT & ECONOMIC DEV.	GENERAL FUND	LOCAL/ MAJOR STREETS	CDBG	SPECIAL ASSESS.	ROAD IMPROVE ACCOUNT	WATER & SEWER	DOWNTOWN DEVELOP. AUTHORITY	OTHER REVENUES	TOTAL REVENUES
CIVIC CENTER / CITY WIDE									
City Hall North Entrance Canopy	75	0	0	0	0	0	0	0	75
INFORMATION TECHNOLOGY									
City Hall Computer Cabling	60	0	0	0	0	0	0	0	60
ECONOMIC DEVELOPMENT									
John R Improvements	0	0	0	0	0	0	158	0	158
Oakland County Brownfield Consortium	0	0	0	0	0	0	0	100	100
Property Acquisition	0	0	0	0	0	0	200	0	200
TOTALS	\$ 135	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 358	\$ 100	\$ 593

GENERAL GOVERNMENT AND ECONOMIC DEVELOPMENT

Projects planned under this chapter are broken down into three categories: Civic Center/City-wide, Information Technology and Economic Development.

Civic Center/Citywide Projects

- City Hall

In December 2007, the City's consultant completed the annual review of City buildings' roof systems. The consultant has recommended that City Hall (\$158,000), District Court north section (\$102,000) and Police Station (\$321,000) roofs be replaced. The City Hall roof project was completed in the fall of 2009.

- Upgrade North City Hall Entrance

Mayor Swanson indicates that he feels a canopy at the north entrance of City Hall should be constructed to protect City Hall patrons from the elements as they climb the stairs and enter the building. The Mayor has suggested that some type of canvas enclosure could be mounted on the westerly end so this canopy could provide further protection during winter months. Additionally, given the lack of on-site maintenance personnel, the canopy would help prevent the accumulation of snow and ice on the steps when City Hall is open, and minimizing any liability. The DPS has estimated a project budget of \$75,000.

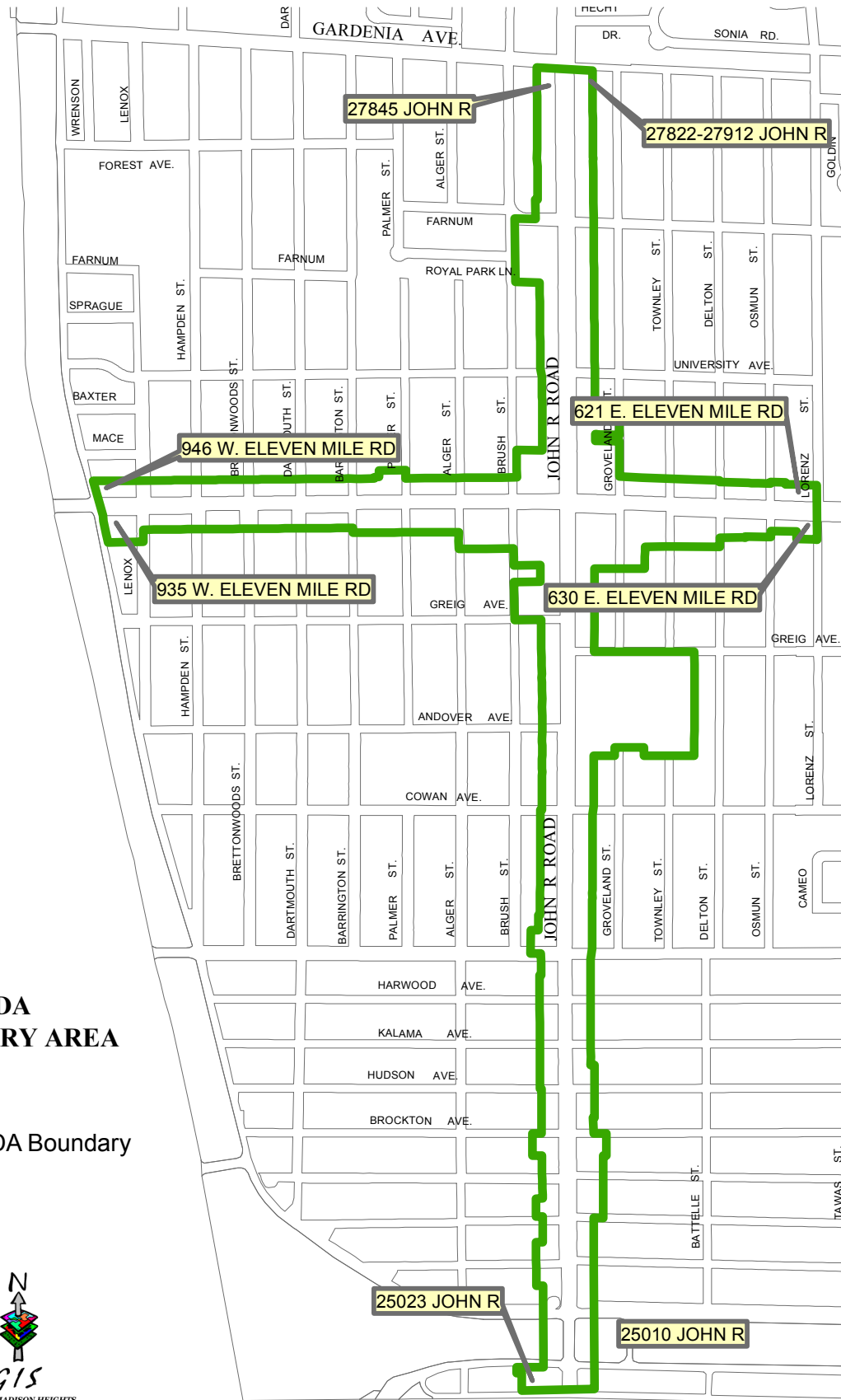
- Southeast Michigan Regional Energy Office

The Michigan Municipal League, Michigan Suburbs Alliance, Southeast Michigan Council of Governments and WARM Training Center have partnered to create the Southeast Michigan Regional Energy Office, which is a collaborative coalition focused on educating, enabling and promoting energy efficiency and conservation among local governments in the region. The Energy Office's service area is the same geographic footprint as the SEMCOG's service area. The primary services offered by the Energy Office include benchmarking, auditing, sustainability planning, evaluating & reporting, advocacy, education & training, marketing, grant researching & writing, technical assistance, joint purchasing, and loans for energy projects.

As stated in their Business Plan, the most important function of the Energy Office is to assist local governments in evaluating their energy use, auditing their facilities and taking action on recommended projects. The Energy Office recognizes the opportunity presented by the \$3.2 billion allocated to the Federal Energy Efficiency and Conservation Block Grant program through stimulus funding in the American Recovery and Reinvestment Act of 2009. Currently, non-entitlement communities such as Madison Heights, which are designated as communities with less than 35,000 in population and counties with less than 200,000 in population, are not eligible to receive funding directly from the federal government, but rather have to compete nationally for up to \$900 million in grants from the states and smaller competitive Department of Energy grants to fund energy efficiency and renewable energy efforts. The Energy Office assists the City with securing funds for energy efficiency and renewable energy projects by ensuring the timely and complete filing of grant applications for energy projects on behalf of the City and providing direct technical assistance to the City in identifying and designing competitive proposals. Thereafter, the Energy Office will ensure that the reporting, accountability and transparency requirements are met for the grant, so that City staff are not overburdened.

DDA BOUNDARY AREA

 DDA Boundary



As a non-profit corporation operating under the Michigan Suburbs Alliance, the Energy Office is governed by a Board of Directors comprised of representatives of the member governmental units, an Executive Committee of governmental and non-profit representatives, and Technical Advisory Committees made up of professionals and experts from the energy industry. To join the consortium, larger, direct-entitlement communities are required to contribute the lesser of 10% of the block grant allocation or \$250,000. Non-entitlement communities such as Madison Heights are asked to refund the value of any grants secured for them through the Energy Office to the support of the Office, as realized through energy and maintenance cost savings predicted for the project on a “simple payback” basis. After the grant amount is repaid, ongoing energy and maintenance savings associated during the life of the project would be realized solely by the City.

In October 2009, the City submitted the following Energy Grant projects:

City Hall Soffit / Fascia Resurfacing	\$30,000
Building Lighting	56,132
Computer Room Air Conditioning Unit	15,000
Ballfield Replacement Lights	10,000
City Hall West Entry Doors	<u>12,000</u>
	\$123,132

The grant also includes: \$14,000 for partnering organizations (Energy Office); and \$929 for indirect cost for a total of \$138,061. The grant was approved in January 2010. Work will begin no later than Spring 2010.

Information Technology

- City Hall Computer Cabling

A budget of \$60,000 is projected to rewire the computer cable within City Hall. The Information Technology Department is proposing installing new standard for data cable Gigabit-speed Ethernet. The cost for this project includes removal of the old cable and installation of new cable. Operating in conjunction with our other upgraded network infrastructure, this cable project will support transmitting data at ten times the current speed (fast Ethernet).

Economic Development

- Downtown Development Authority

In June 1997, the Madison Heights City Council adopted Ordinance 948 that created the Madison Heights Downtown Development Authority (DDA), pursuant to Act 197 of Public Acts of 1975 of the State of Michigan. A thirteen member DDA Board was appointed to represent the City’s south commercial district business interests. The City Council also designated the boundaries (see previous map) of the downtown district within which the Authority may legally operate. This DDA District boundary was amended in the spring of 1998 to include seven additional lots at the northwest and southeast corners of John R and Eleven Mile Roads.

Since its formation, the DDA has scheduled and conducted regular public meetings to establish the procedures under which it operates, to discuss Business District issues, priorities and objectives to be addressed, to consider initial program strategies and approaches to downtown development, and to review ongoing and planned public and private development projects within the Business District.

TABLE XII
FY 1998-2018 TWENTY YEAR EXPENDITURE PLAN
DOWNTOWN DEVELOPMENT AUTHORITY

	FY 1998-99	FY 1999-2000	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04
Intersection Design & Improvements	\$ 37,388	\$ 119,576	\$ 0	\$ 0	\$ 0	\$ 0
Right of Way Maintenance	17,483	13,980	10,300	16,000	16,000	16,000
Clock Tower Maintenance	0	0	0	0	0	0
Supplies/Audit/Legal Fees	45	1,963	1,000	2,000	2,700	3,950
Intersection Loan Repayment	0	10,000	12,500	22,000	20,000	20,000
Clock Tower - Electric	0	0	0	5,000	500	750
Blight Clearance Programs	0	0	0	20,000	5,792	11,536
Economic Development Coordinator	0	0	0	0	36,877	28,082
Code Enforcement Officer	0	0	0	0	0	0
Streetscape Improvements	0	0	0	0	0	23,004
Facade Improvement Program	0	0	0	0	0	0
Property Acquisitions	0	0	0	0	0	0
Address Signs	0	0	0	0	0	0
Market / Land Use Analysis	0	0	0	0	0	0
Infrastructure/ Environmental Improvement	0	0	0	0	0	0
Parking Analysis/ Improvements	0	0	0	0	0	0
Business Recruitment, Marketing and Special Events	0	0	0	0	0	1,500
Downtown Plan	0	0	0	0	0	0
Other Projects Consistent With Objective of Plan	0	0	0	0	0	0
TOTAL	\$ 54,916	\$ 145,519	\$ 23,800	\$ 65,000	\$ 81,869	\$ 104,822

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Intersection Design & Improvements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Right of Way Maintenance	18,000	20,000	41,100	27,000	27,000	30,000
Clock Tower Maintenance	2,741	3,000	3,100	3,100	10,000	3,400
Supplies/Audit/Legal Fees	4,280	4,580	7,125	5,300	5,000	4,750
Intersection Loan Repayment	66,196	0	0	0	0	0
Clock Tower - Electric	1,000	3,600	3,600	3,000	1,500	1,500
Blight Clearance/Sign Grant Programs	0	50,000	33,005	20,000	20,000	20,000
Economic Development Coordinator	32,000	31,780	39,006	37,300	40,000	39,000
Code Enforcement Officer	0	0	18,668	19,300	20,000	21,000
Streetscape Improvements/Permanent Signs	11,000	0	20,000	95,000	0	20,000
Facade Improvement Program	0	0	0	0	20,000	28,000
Property Acquisitions	0	0	0	0	50,000	50,000
Address Signs	0	0	0	20,000	10,000	0
Market / Land Use Analysis	0	0	0	0	0	0
Infrastructure/ Environmental Improvement	0	50,400	0	0	100,000	94,050
Parking Analysis/ Improvements	0	0	0	0	0	0
Business Recruitment, Marketing and Special Events	2,000	2,000	2,000	2,000	2,000	2,000
Downtown Plan	0	0	0	0	0	0
Other Projects Consistent With Objective of Plan	0	0	20,000	0	1,000	0
TOTAL	\$ 137,217	\$ 165,360	\$ 187,604	\$ 232,000	\$ 306,500	\$ 313,700

TABLE XII
FY 1998-2018 TWENTY YEAR EXPENDITURE PLAN
DOWNTOWN DEVELOPMENT AUTHORITY

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Intersection Design & Improvements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Right of Way Maintenance	25,000	30,000	31,000	31,000	32,000	33,000
Clock Tower Maintenance	1,000	0	3,700	3,800	3,900	4,000
Supplies/Audit/Legal Fees	4,750	1,433	5,250	5,250	5,250	5,250
Intersection Loan Repayment	0	0	0	0	0	0
Clock Tower - Electric	1,500	541	3,700	3,700	3,700	3,700
Blight Clearance Sign Grants Programs	0	12,500	20,000	20,000	20,000	20,000
Economic Development Coordinator	46,000	54,354	51,900	54,500	57,300	60,200
Code Enforcement Officer	18,000	18,000	22,300	23,000	23,700	24,400
Streetscape Improvements (Permanent Signs)	0	0	0	0	10,000	8,000
Facade Improvement Program	0	6,228	9,000	9,000	9,000	10,000
Property Acquisitions	0	0	50,000	50,000	50,000	50,000
Address Signs	0	0	0	0	0	0
Market / Land Use Analysis	0	0	0	0	0	0
Infrastructure/Environmental Improvements (Alley / Roads)	100,000	58,476	28,200	25,100	22,150	20,400
Parking Analysis/ Improvements	0	0	0	0	0	0
Business Recruitment, Marketing and Special Events	1,500	1,500	2,000	2,000	2,000	2,000
Downtown Plan	0	0	0	0	0	0
Other Projects Consistent With Objective of Plan	9,000	0	2,950	6,650	0	3,050
TOTAL	\$ 206,750	\$ 183,032	\$ 230,000	\$ 234,000	\$ 239,000	\$ 244,000

	FY 2016-17	FY 2017-18				TOTAL
Intersection Design & Improvements	\$ 0	\$ 0				\$ 156,964
Right of Way Maintenance	34,000	35,000				503,863
Clock Tower Maintenance	4,100	4,200				50,041
Supplies/Audit/Legal Fees	5,750	5,750				81,376
Intersection Loan Repayment	0	0				150,696
Clock Tower - Electric	3,800	3,800				44,891
Blight Clearance Programs	20,000	20,000				312,833
Economic Development Coordinator	63,300	66,500				738,099
Code Enforcement Officer	25,000	25,900				259,268
Streetscape Improvements	0	0				187,004
Facade Improvement Program	10,000	10,000				111,228
Property Acquisitions	50,000	50,000				400,000
Address Signs	0	0				30,000
Market / Land Use Analysis	0	0				0
Infrastructure/Environmental Improvement:	17,800	12,900				529,476
Parking Analysis/ Improvements	0	0				0
Business Recruitment, Marketing and Special Events	3,000	3,000				30,500
Downtown Plan	0	0				0
Other Projects Consistent With Objective of Plan	12,250	16,950				71,850
TOTAL	\$ 249,000	\$ 254,000				\$ 3,658,089

The DDA concentrates its efforts to correct and prevent stagnation and/or deterioration within the existing business district, to eliminate blighting influences, and to undertake projects which will encourage businesses to remain or locate, and people to shop in the District. The DDA focuses on the identification and implementation of public improvements to enhance the areas that are needed to strengthen the quality of the District. Attention to maintenance, property upkeep, code enforcement and regular reinvestment in public features is essential. In addition, the DDA develops programs to solicit commitment and investment from business owners to make improvements on private property that serve the public purpose of enhancing the District.

In March 1998, the Tax Increment Financing and Development Plan was adopted by City Council to establish the legal basis and procedure for the capture and expenditure of tax increment revenues in accordance with Public Act 197 of 1975 as amended, for the purpose of stimulating and encouraging private investment in the south commercial district through the provision of public improvements

In the fall of 1998, the DDA retained the services of a professional planning consultant to design the proposed intersection improvements at the center of the DDA District (John R and Eleven Mile Roads). The DDA selected a clock tower and related brick planters and walls to serve as the initial project and focal point for the District.

In February 1999, the City Council authorized an advance of funds not to exceed \$156,000 to support the clock tower and related intersection improvements. The DDA agreed to re-transfer the funds on an annual basis starting in March 2000 from funds generated through tax increment revenues to repay this advance. The clock tower project was completed in spring 2000. The clock tower loan was repaid to the City in full in 2005.

Table XII outlines the 20 Year project plan. Details on these expenditures can be found in the Tax Increment Financing and Development Plan.

- Brownfield Redevelopment Authority

As part of the 2001-02 Goal Plan, the City Council approved a project to “Investigate and establish, if justified, a Brownfield Redevelopment Authority in an effort to provide economic development incentives for environmental encumbered properties.” In November 2001, the City Council adopted the Ordinance to establish the Authority and appointed the Downtown Development Authority to serve as the governing Board.

- Oakland County Brownfield Consortium

On November 9, 2009, the City Council approved participation in the Oakland County Brownfield Consortium Agreement between Oakland County and members of the Brownfield Consortium. Oakland County asked the cities of Madison Heights, Ferndale, Hazel Park, Farmington Hills, and Pontiac (collectively known as the Oakland County Brownfield Consortium) to form a coalition and were successfully awarded \$1 Million Dollar United States Environmental Protection Agency (USEPA) Coalition Assessment Grant. An agreement delineates the relationship and responsibility between the County and the municipality as it relates to the coalition assessment grant.

Through this cooperative agreement, the City of Madison Heights and other members of the Oakland County Brownfield Coalition will each receive \$100,000, with the remaining \$500,000 to be used in other Oakland County communities. Assessment grant dollars provide funding to conduct initial environmental assessment activities (Phase I, Phase II and Baseline Environmental Assessment).

The key objective is to encourage the redevelopment or reuse of sites, which may be complicated by the presence of a potentially hazardous substance, pollutant, or contaminant. The other important objective is to trigger additional investments in our community as developers are encouraged by the improvements. Other benefits include:

- Increased property values if sites are redeveloped
- Encourage cleanup of contaminated sites
- Aids marketing of our community to developers looking for redevelopment opportunities
- Promotes new business investment and reuse of abandoned or neglected sites
- Facilitates job growth when sites are developed

The Grant Application Process is summarized as follows:

- Oakland County and coalition communities will market/announce available grant
- Interested owners/developers contact the Economic Development Coordinator and/or Oakland County
- Oakland County and City will meet with the interested developer to discuss projects
- Grant Money may be available for Phase I and Phase II Site Assessment, and Baseline Environmental Assessment (The average cost for Phase I = \$3-5,000, Phase II = \$10,000+)
- An RFP will be drafted by Oakland County to select qualified Environmental Consultants
- Approximately 4-6 environmental consultant firms will be selected by Oakland County and forwarded to EPA for final approval
- The interested developer will select one of the consultant firms selected by Oakland County to conduct their Phase I and Phase II or Baseline Environmental Assessment (BEA)
- The same environmental consultant, on behalf of the interested developer, will submit a pre-approval application to Oakland County and eventually to EPA for final approval
- The consultant will then submit an invoice to Oakland County for reimbursement
- If there's interest from developers that exceeds the allotted \$100,000/coalition community, that developer may request additional funding from Oakland County (Local coalition member would need to support)

Oakland County will serve as the lead member of the coalition and be responsible for administering the grant, including expenditure of funds.

This grant provides an excellent opportunity for the City to encourage and facilitate redevelopment of properties throughout the City. There will be no cost to the City, other than staff time associated with developer meetings and coordination with Oakland County.

- Economic Development Program

As part of the FY 2002-03 Budget, an Economic Development and Redevelopment Program was established within the Community Development Department. This program supports the Downtown Development Authority and the Brownfield Redevelopment Authority and provides assistance to the Planning Commission and the City Council regarding economic development projects. The program is also responsible for developing strategies and initiating projects, assembling plans and directing programs to improve the economic base of the community to help create employment opportunities, reducing commercial and industrial vacancies and improving/maintaining a viable mix of businesses. A network of communications, outreach in cooperation with area real estate brokers and development firms, property owners, business owners, civic, community and business groups to coordinate and enhance business relationships, recruitment and retention efforts have been developed.

The Economic Development Coordinator position and related expenses are funded 50% by the General Fund (\$48,500) and 50% by the Downtown Development Authority (\$48,500).

- Economic Development - Business Retention Program

The Department's Economic Development Division fulfilled a City Council Goal to establish a comprehensive economic development program. One of the most important responsibilities of the Economic Development Division is retaining the current businesses in our community. To better serve the needs of the office, commercial and industrial businesses in the City, a Business Retention Program was developed and is fully operational. Site visits and follow-up activities are conducted in cooperation with the Madison Heights/Hazel Park Chamber of Commerce, Oakland County Planning and Economic Development, and the Michigan Economic Development Corporation (MEDC). In addition, Ombudsman Services are provided to those businesses with questions, concerns and issues on the local, county, or state level to further promote communication and cooperation within the City.

2009 Accomplishments

- 290 business retention site visits.
- 180 current businesses provided assistance through the "Business Ombudsman Program".
- 107 New Business Welcome visits (In cooperation with the Madison Heights/Hazel Park Chamber of Commerce)

- Economic Development - Business Attraction and Marketing Program

In order to increase and improve the City's development readiness capabilities, a Business Attraction and Marketing Program was established and implemented. These efforts include distribution of the City's "Available Commercial and Industrial Property Report" to encourage development of underutilized sites; marketing and networking at conferences, meetings and special events; distribution of the "Business Brochure" and "Food and Fun Guide" to further market the City; development of a potential and targeted business list; and increased communication efforts to market and promote the City and increase awareness of development opportunities.

2009 Accomplishments

- City marketing brochure (“Business Brochure”) distributed to potential businesses, developers, and real estate agents at numerous retail, office and industrial marketing events.
 - Marketing letters/information sent to potential businesses / developers / agents encouraging them to consider development projects in the City of Madison Heights.
 - Quarterly Available Commercial and Industrial Property Report distributed via e-mail, the Internet and paper copy to approximately 200 individuals, real estate, business and development interests each quarter.
 - “City of Madison Heights Food and Fun Guide” continues to be an excellent City marketing tool. This comprehensive listing of restaurants, bars, entertainment venues, parks, hotels, and banks in the City was designed to help businesses, employees, customers and residents find great places to eat, shop, stay and have fun in our community. More than 250 guides were distributed in 2009.
 - Hosted the first annual Spirit of Madison Heights Art Challenge & Exhibit, featuring student artwork.
 - Hosted the second annual “Around the Globe in Madison Heights” featuring and promoting the diversity of Madison Heights businesses.
 - One of the founding and active committee members of the Chamber of Commerce’s Connect to Connect Committee, “C2C”.
- Economic Development - Coordination with Other Economic Development Programs

Increased coordination with economic development colleagues throughout the state is crucial to the success of the City’s economic development efforts. Coordination has been significantly increased with the MH/HP Chamber of Commerce, Oakland County Planning and Economic Development, neighboring communities, Michigan Economic Development Corporation (MEDC), Michigan Economic Developers Association (MEDA) and Michigan Downtown Association (MDA).

2009 Accomplishments

- Continue to serve as City Liaison to MH/HP Chamber of Commerce.
- Participated in 60 MH/HP Chamber of Commerce special events.
- Attended 40 Oakland County economic development meetings and events.
- Coordinated 16 Business Retention/Expansion visits with MEDC and 17 with Oakland County
- Attended 15 economic development meetings and workshops throughout the state to increase City’s presence in the development field.
- Attended 2 Automation Alley networking events and workshops.
- Attended 2 International Council for Shopping Centers (ICSC) Idea Exchange & Alliance Programs

- **DDA Identification and Marketing Program**

The DDA's goals include enhancing the streetscape areas as well as developing an image that will encourage additional retail and commercial activity. In 2003, staff created and began distributing a quarterly newsletter "Heights Herald" to increase communication with DDA businesses and property owners, and to market the district to potential developers and businesses. The DDA also continues to host business events for business owners, property owners, and other interested parties in order to facilitate communication, provide information regarding recent and future developments in the City, and explore topics of interest and need for our business owners.

2009 Accomplishments

- DDA newsletter "Heights Herald" distributed to 300 businesses and property owners quarterly.
- Two DDA business events held in 2009 for DDA business and property owners.
- Implemented Hanging Basket Pilot Program to enhance core areas within DDA.

- **DDA Blight Clearance Program**

This ongoing program seeks to encourage property and business owners to remove dilapidated and nonconforming signs, improve building and property signage, upgrade or demolish blighted buildings, and make capital improvements to properties.

2009 Accomplishments

- Five properties improved in 2009.
- Three properties currently under renovation.

- **DDA Right of Way Maintenance Program**

This seasonal lawn care and maintenance program, begun in 1998, assists property and business owners in maintaining the rights of way (ROW) in front of their properties. A lawn care company performs regular lawn maintenance and weed removal in the right-of-ways (between the sidewalk and the street) throughout the district. In 2009 the DDA continued a trash pick up and trash receptacle program, providing for weekly trash pick up and the maintenance of trash cans at various locations in the DDA.

2009 Accomplishments

- Approximately 185 business properties received ROW lawn care and maintenance services through the DDA ROW Maintenance Program.
- Continued Trash Receptacle and Trash Pick up Program.
- Replaced 9 trash receptacles in various locations in the DDA District.

- **DDA Sign Grant Program**

In 2001, the DDA established a Sign Grant Program to encourage businesses to replace non-conforming signage and upgrade existing signs. This program provides 50% of the cost to design, construct and install a new sign, or 100% of the cost to remove a non-conforming or dilapidated sign, up to \$10,000.00. Only current DDA businesses that meet the criteria are eligible for this program.

2009 Accomplishments

- Five business received sign grant for new signage in 2009.
- Over \$140,000 in total private investment from the property owners.

- DDA Façade/Property Grant Program

In 2008, the DDA established a Façade/Property Grant Program to assist commercial and industrial property owners to fund physical redevelopment improvements to their existing properties. This program will encourage private investment, reduce blight, and provide incentives to current businesses and property owners, and improve the overall image of the DDA District. Property owners in the DDA are eligible to receive up to \$5,000 per parcel on a one-to-one (public to private fund) matching basis.

2009 Accomplishments

- Four business received Façade grants in 2009, leveraging over \$50,500 in total private investment.

- DDA Road and Alley Improvements

In 2009 the DDA funded reconstruction of 6 alleys adjacent to 11 Mile Road properties. In addition, the DDA funded sectional concrete repairs to Northbound John R from 11 Mile to Gardenia.

TABLE XIII
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
LEISURE & HUMAN SERVICES
(IN THOUSANDS)

APPROPRIATIONS:

LEISURE & HUMAN SERVICES	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL APPROP.
SINGLE PARK PROJECTS								
Red Oaks Youth Soccer Complex	\$ 200	\$ 250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Rosie's Park-Resurface & Expand Farnum Parking Lo	108	0	0	0	0	0	0	0
Greenleaf Park-Resurface, Restripe Drainage Parking Lo	95	0	0	0	0	0	0	0
Monroe Park	0	296	0	0	0	0	0	0
Suarez Woods Park Expansion	0	120	0	0	0	0	0	0
Red Oaks - Develop Dog Park	0	40	0	0	0	0	0	0
Rosie's Park - New Pavilion	0	0	0	0	0	45	0	45
Twelve Sherry Park - Replace 12 Mile Road Fence	0	0	0	0	0	10	0	10
Huffman Park - Add Pavilior	0	0	0	0	0	0	45	45
MULTIPLE PARK PROJECTS								
New Toolcat Truck #364	0	0	0	44	0	0	0	44
Bike Path Construction	35	0	0	0	0	583	0	583
Landscape Enhancements	0	0	0	0	0	15	0	15
SENIORS/SENIOR CENTER								
City Hall and Senior Center Front Handicap Accessible Door	71	0	0	0	0	0	0	0
Senior Center SOCERRA Drive	37	0	0	0	0	0	0	0
2003 25 Passenger Bus #486	0	0	0	0	75	0	0	75
2002 Blue Bird Bus #471	0	0	0	0	0	0	200	200
TOTALS	\$ 546	\$ 706	\$ 0	\$ 44	\$ 75	\$ 653	\$ 245	\$ 1,017

REVENUES:

LEISURE & HUMAN SERVICES	GENERAL FUND	LOCAL/ MAJOR STREETS	VEHICLE MILLAGE	GRANT/ SPECIAL ASSESS.	WATER & SEWER	OAKLAND COUNTY PARKS	OTHER REVENUES	TOTAL REVENUES
SINGLE PARK PROJECTS								
Rosie's Park - New Pavilion	\$ 30	\$ 0	\$ 0	\$ 15	\$ 0	\$ 0	0	45
Twelve Sherry Park - Replace 12 Mile Road Fence	5	0	0	5	0	0	0	10
Huffman Park - Add Pavilior	45	0	0	0	0	0	0	45
MULTIPLE PARK PROJECTS								
New Toolcat Truck	0	0	44	0	0	0	0	44
Bike Path Construction	292	0	0	291	0	0	0	583
Landscape Enhancements	15	0	0	0	0	0	0	15
SENIORS/SENIOR CENTER								
2003 25 Passenger Bus #486	75	0	0	0	0	0	0	75
2002 Blue Bird Bus #471	200	0	0	0	0	0	0	200
TOTALS	\$ 662	\$ 0	\$ 44	\$ 311	\$ 0	\$ 0	\$ 0	\$ 1,017

LEISURE AND HUMAN SERVICES

The improvements programmed in this Chapter can be divided into three categories: Recreation, Senior Center and Library Service Improvements.

Recreation Improvements

- Parks and Recreation Master Plan

In order to be eligible for recreation grants from the Michigan Department of Natural Resources (DNR), the City needs to have on file with the DNR an approved Parks and Recreation Master Plan. In the past, the City has been successful in securing hundreds of thousands of dollars in grant funding because of the justification provided by this type of plan.

In 2003, the City retained the services of a recreation planner to work with the Parks and Recreation Commission to create the Master Plan. In November 2005, the Commission completed their work and approved a Master Plan. The City Council held a public hearing and approved the Master Plan in January 2006.

- Suarez Woods Park Expansion

In April of 2009, the City was contacted by a Madison Heights resident, who lives at the entrance of George W. Suarez Friendship Woods, inquiring as to whether the City would be interested in purchasing her property.

Since the 1990's, the City of Madison Heights has adopted a strategy of pursuing enhancement of parks through property acquisition. The City has concentrated on evaluating and purchasing properties that are adjacent to existing City parks. Since the mid 1990's, the City purchased the Cherukuri property at the Nature Center (parking area on the west side of the drive as you enter the site), four separate parcels adjacent to Rosie's Park and one parcel at the rear of the Senior Center property on Edward Street (later resold). The 2006-2010 Parks and Recreation Master Plan includes three goals related to this strategy:

Goal B – Acquire appropriate land to expand existing park facilities and services

Goal C – Continue to develop and expand the Nature Center

Goal F – Continue to provide recreational facilities and programs that address the needs of all residents

These Goals support the Master Plan's action plan which calls for the continued land acquisition near Rosie's Park and Suarez Friendship Woods.

The Master Plan indicates:

“In addition to the development of bike trails, acquisition of additional park land adjacent to existing parks, is a high priority and long-term project for the City. Given there is less than 2% vacant land within the City, Madison Heights wants to acquire additional park land when feasible. Two high-priority parks for future expansion of park land are Friendship Woods and Rosie's Park. The high-priority parcels for Friendship Woods are the southern-most home on Hales and the vacant parcel behind the home on Winthrop. High-priority parcels for Rosie's Park are located along and adjacent to 11 Mile Road. If other lands become available to the City prior to the parcels adjacent to either Friendship

Woods or Rosie's, Madison Heights may seek to acquire those parcels. The City may choose to acquire additional park land, as it becomes available, whether or not it is adjacent to the above-referenced parks, throughout the lifespan of this plan."

The Parks Maintenance and Improvement Fund was created as a result of the negotiated agreement between the George W. Kuhn Drainage District (GWKDD) and the City. Under the Agreement, the City in November 2007 received a one-time payment of \$850,000 in exchange for the commitment to operate and maintain a 10-acre soccer complex for a 25 year period. The principal and interest on the original payment is not restricted to just the Red Oaks Soccer Complex, but may be used to fund any Madison Heights park system improvement. On January 5, 2009, the Governor signed Public Act 404 of 2008. This legislation allows the City to invest the one-time GWKDD payment in a long-term portfolio to maximize investment returns, generating investment income over the term of the agreement. The revenues generated from these investments will support maintenance and improvement of not only the Red Oaks Youth Soccer Complex, but also the City's entire 12-park system.

The City retained the services of an independent appraiser who reported estimated values of \$80,000 for 30553 Hales and \$40,000 for 30545 Hales. The City Manager extended offers for these properties in the amount of the appraisals on June 26, 2009. As part of the negotiation, the City agreed to waive the sidewalk special assessments.

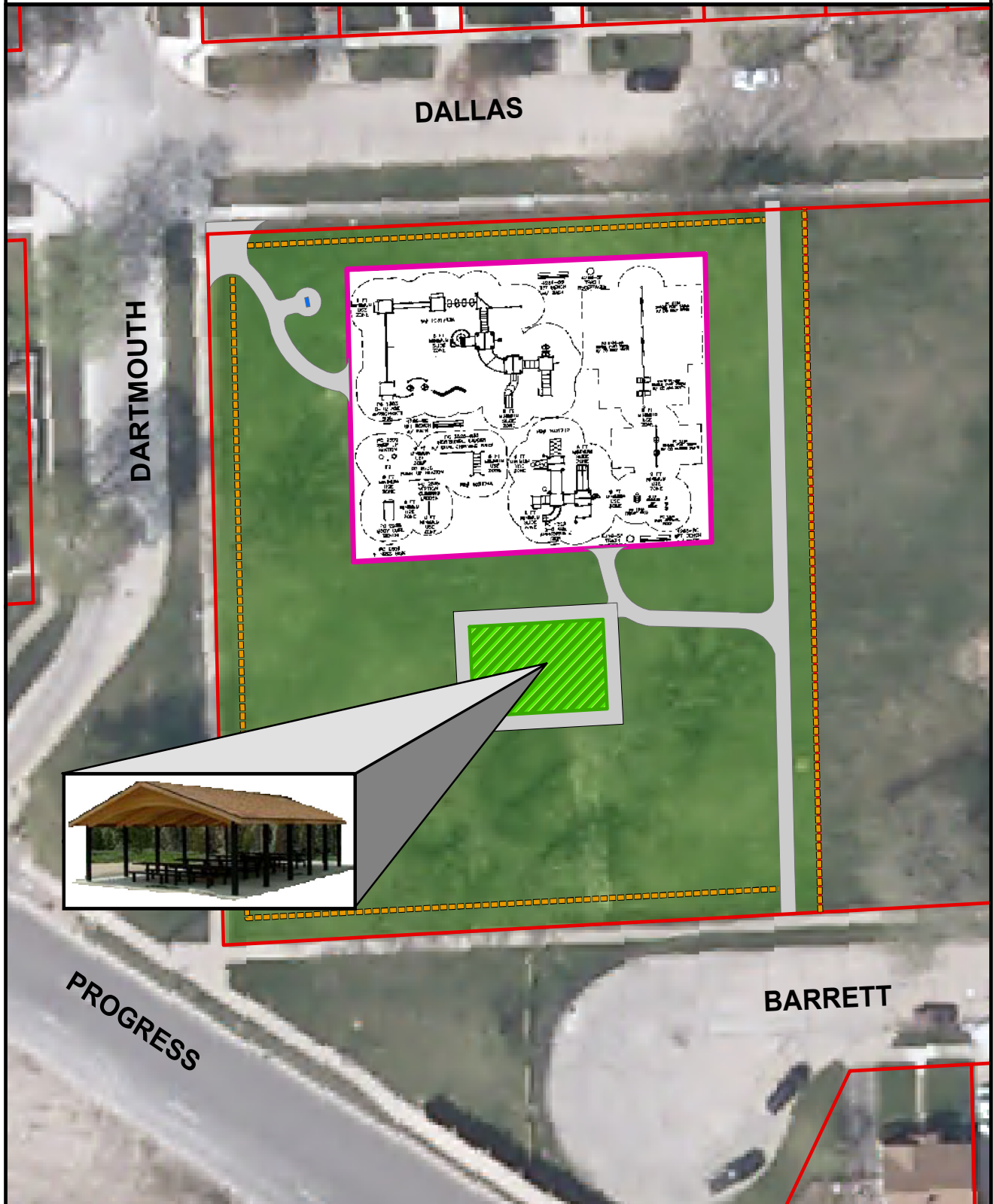
The City Council approved the purchase of the Hardesty properties in August of 2009. In keeping with the City's long-term plans, the home was demolished to avoid any future maintenance costs associated with the structure. Next, staff will work with the input from the Parks and Recreation Commission and the public to develop future plans for the property that would enhance Suarez Friendship Woods.

- Monroe Park Development

On July 30, 2008, President Bush signed the Housing Economic Recovery Act of 2008. A total of \$3.9 billion was appropriated through the Community Development Block Grant (CDBG) Program under the new Neighborhood Stabilization Program (NSP). The purpose of the NSP is to provide local community assistance for the redevelopment of neighborhoods with abandoned and foreclosed homes and properties. In calendar year 2008, the City of Madison Heights saw a record 588 foreclosures.

In late October 2008, the City received official notification from Oakland County's Department of Economic Development and Community Affairs - Community and Home Improvement Division that Madison Heights, as a sub-recipient of the County's CDBG program, was being considered for a \$1.2 million NSP grant. To be eligible, the City signed a general letter of commitment and completed a detailed application, which was prepared to include a proposal to redevelop the former Monroe School site.

MONROE PARK



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The City's NSP program as approved includes three major elements:

1. Acquisition/Demolition (Budget \$300,000)

The City will identify and demolish a minimum of five blighted single-family homes in the targeted area. The lots will then be sold to those who meet the low income standards or, in the alternative, may be donated or sold to a non-profit organization for redevelopment as an affordable single-family home. The City has been able to purchase 11 properties (11 houses demolished). Due to favorable property prices and demo bids, the Budget has reduced to \$230,000 and reprogrammed to house building.

2. Acquisition/Renovation/Sale Budget (\$313,078)

The City will purchase, renovate and sell a minimum of four foreclosed single-family homes in the NSP target area. The homes will be sold to homeowners who meet the federal low income standards. In the alternative, the City may donate or sell the homes to a not-for-profit organization for redevelopment as an affordable single-family home to homeowners who meet the low income standards. All homes will be repaired to a level necessary to achieve compliance with applicable Michigan Building Code. The City has been able to purchase five houses instead of four. To date, rehab work is complete on one and underway on four.

3. Blight Demolition/Park Development

The Monroe School property, located at 25421 Alger, is bounded by Dallas on the north, Alger on the east, Barrett on the south and Dartmouth on the west. The subject site is 4.63 acres, or 932 feet by 216 feet, and contained a single story former school building of approximately 27,700 square feet. The major elements of the project include:

- a. City use of NSP funds to demolish the former school building and parking lot (\$119,450).
- b. The City purchase (\$121,746) one acre of property on the west side of the site to be redeveloped as a City park.
- c. The School District agrees that the remaining 3.6 acre property would be sold for single family residential development, with lots being no larger than 60 feet in width. The City estimates that the property could yield 24 homes once redeveloped.

Only items a. and b. would need to be completed as part of this grant program, but within the 18 month time period.

Park development includes removal of existing dilapidated non-accessible play structures, damaged fencing and sidewalk, construction of a new accessible play structure, park pavilion, safety fencing, benches, walking path and repair/replace sidewalk where necessary (\$175,182). In addition, adjacent street repairs (\$63,026) will be made to eliminate deteriorating road surface where the streets provide direct access to the new park site.

The original budget for this project includes:

Demolition of the school building and parking lot	\$125,000
Purchase of one acre of property	150,000
Install park play structure and improvements	175,000
Sidewalk and street work	<u>100,000</u>
	\$550,000

On March 8, 2010, City Council approved three contracts with Habitat for Humanity of Oakland County to construct three single-family homes (27380 Hampden, 1624 E. Greig and 26354 Wolverine) on sites purchased by the City with NSP funds and cleared with NSP funds. The City will provide \$95,000 per home or \$285,000 total. Habitat will select the new homeowner and setup the mortgage for three low income families. Construction of the homes will start summer of 2010.

Based on the City's success with this grant, we have been awarded an additional \$190,799 in NSP funds, which when combined with project savings, will fund the construction of up to three new homes on the vacant properties resulting from the demolition project.

- Parks Improvement Priorities

Given the large number of projects, the associated costs and limited amount of funding, the staff has developed a short list of priority park projects:

FY 2007-08 to FY 2009-10

1. Red Oaks Youth Soccer Facility Park Proposal Soccer complex (9 fields) and playscape with park shelter (concessions; restrooms; storage; meeting room) and parking.

Estimated Cost: \$2,090,000 GWK Drain District (over three years)

Basis for Action: Additional soccer facilities were needed in Madison Heights and the area around the GWK Drain could accommodate a soccer complex that was developed through a joint effort of the GWK Drainage District, Oakland County Parks and Recreation Commission and the City.

FY 2008-09

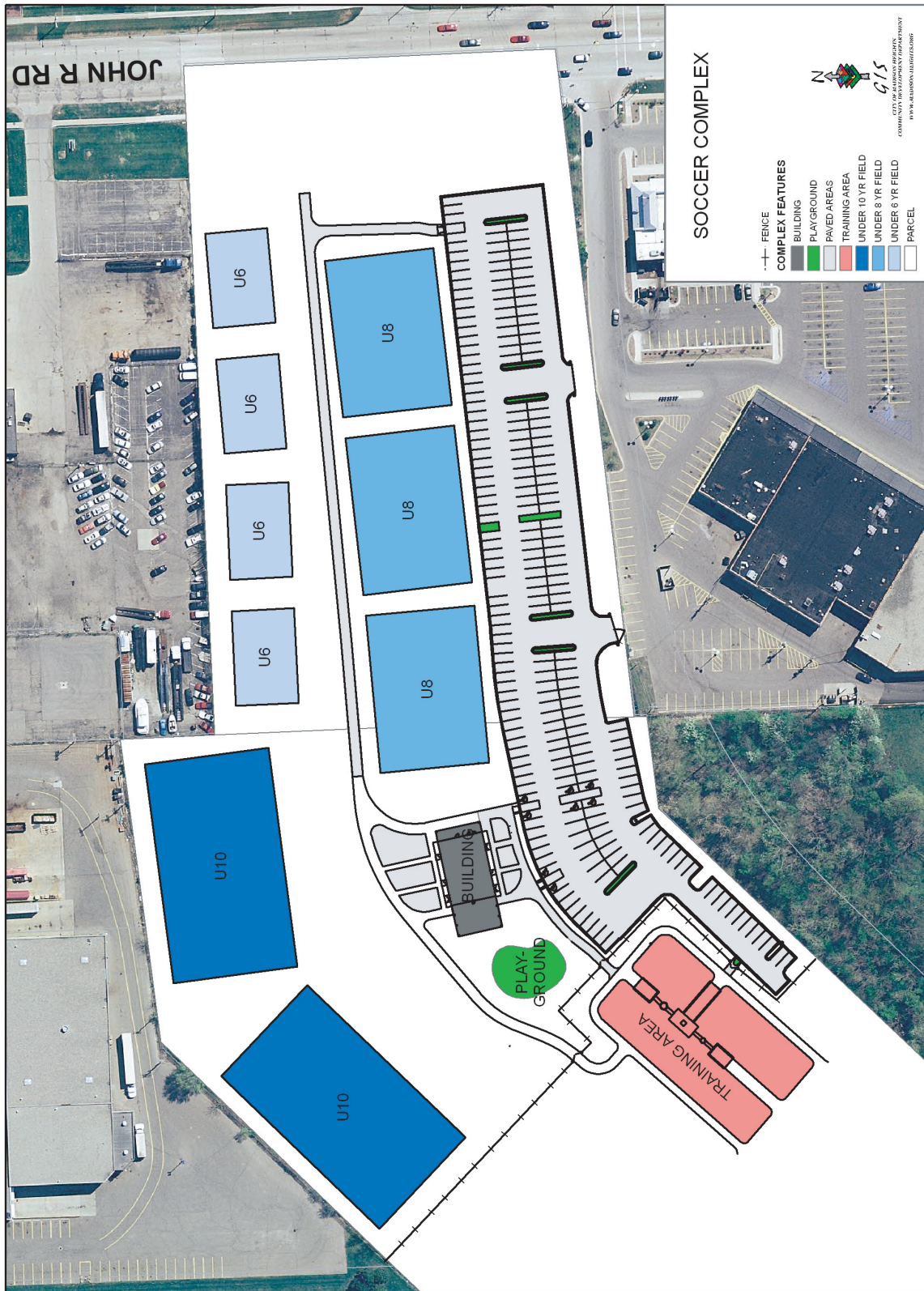
2. Rosie's Park Resurface and expand the Farnum parking lot

Estimated Cost: \$108,000

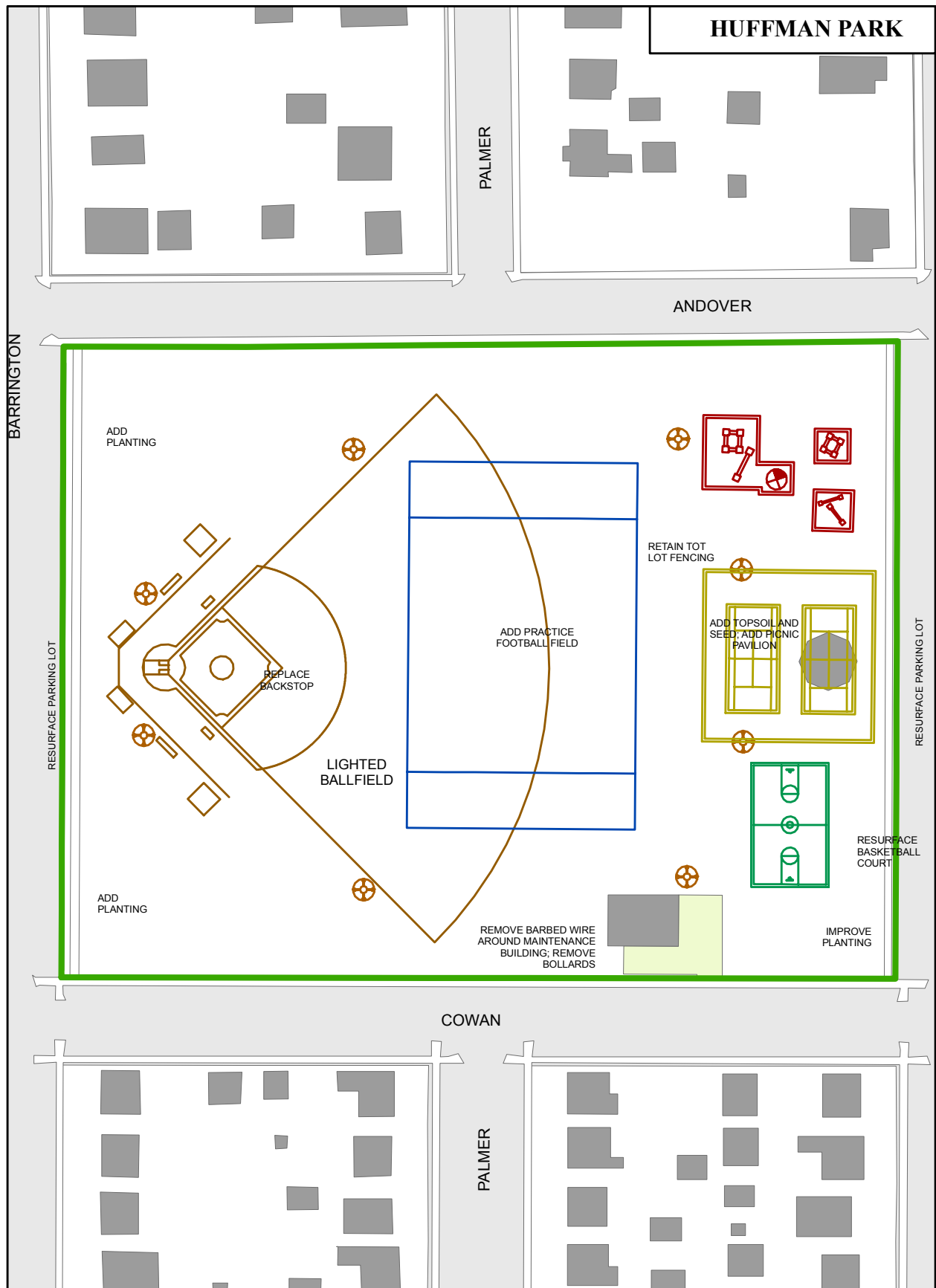
Basis for Action: On December 17, 2007, City Council approved this project. The Rosie's Park parking lot was deteriorating badly and was in immediate need of repaving. The scheduled enlargement of the existing parking lot will help address peak summer demand.

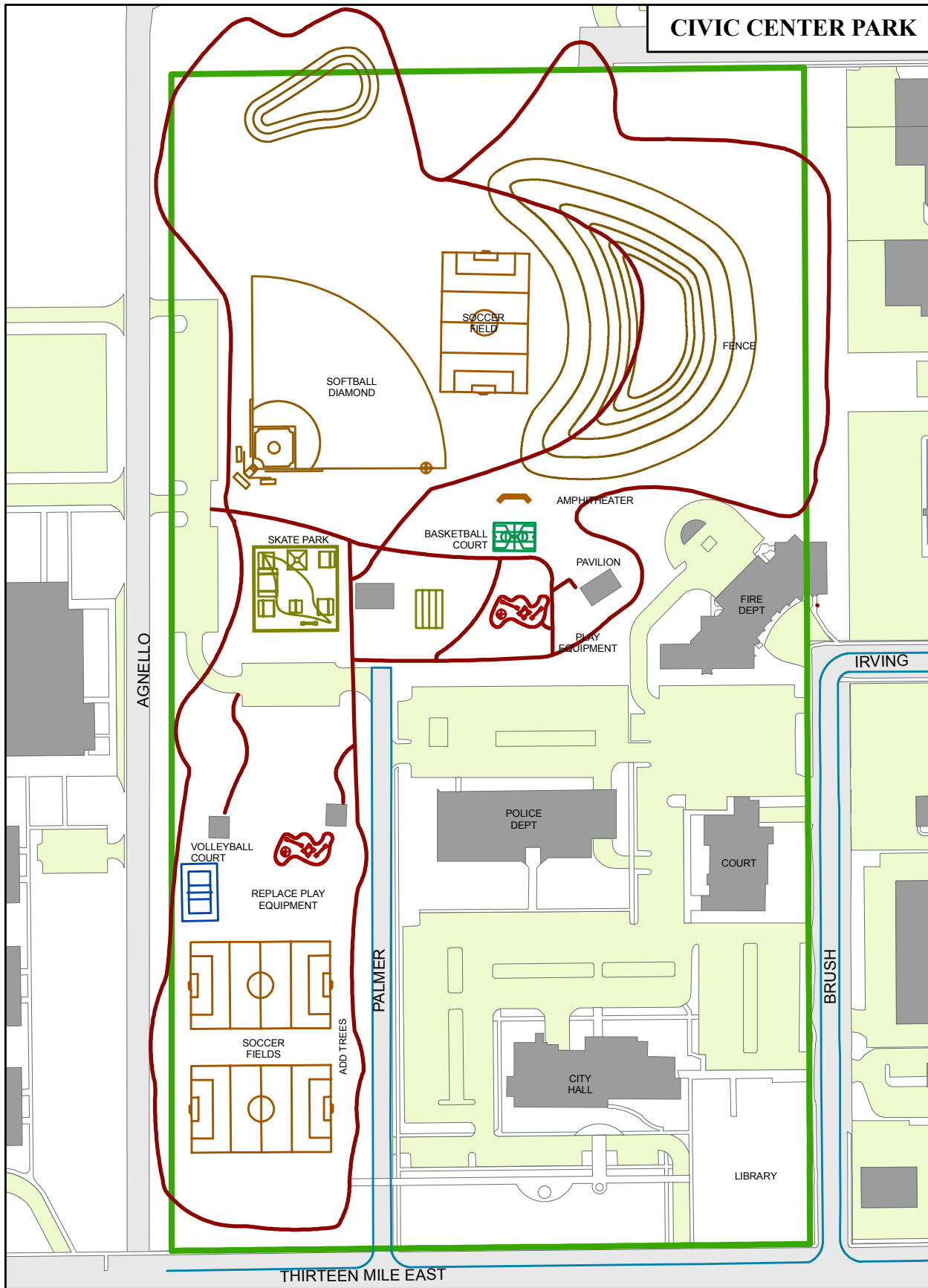
3. Greenleaf Park Resurface, restripe drainage parking lot

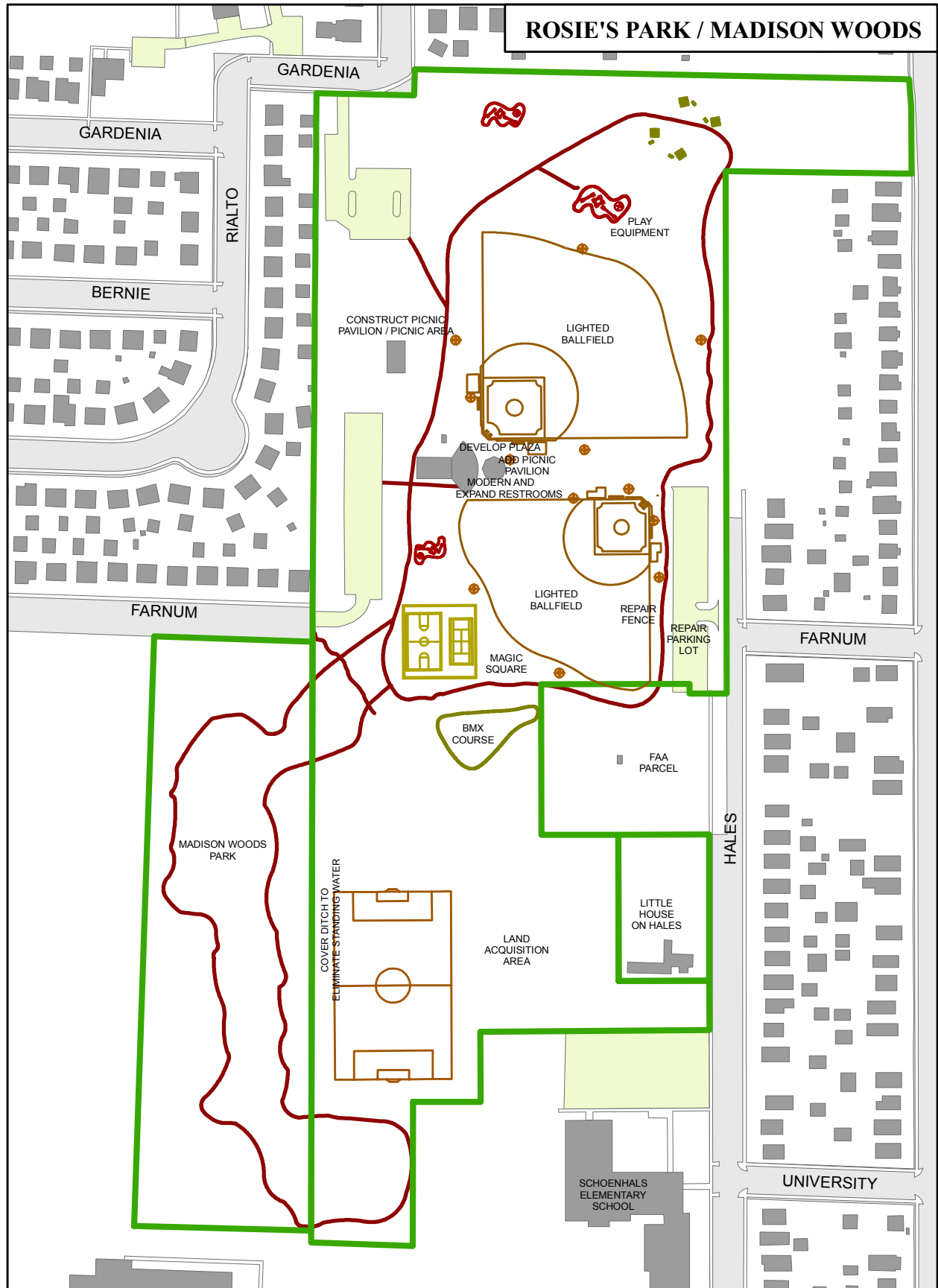
Estimated Cost: \$95,000 Lamphere Public Schools Funded



	Basis for Action:	Lamphere Public Schools has completed a project to rehabilitate this aging lot that is shared with Edmonson Elementary School.
	<u>FY 2009-10</u>	
4.	Red Oaks Dog Park	Dog park and bike trail developed by Oakland County Parks and Recreation Commission and George W. Kuhn Drainage District with projected opening of June 1, 2010.
	Estimated Cost:	\$40,000 Oakland County Parks and Recreation Commission
	Basis for Action:	Some City residents have expressed an interest in a dog park and the area around the George W. Kuhn Drain, developed by the Oakland County Parks and Recreation Commission, might be the best location. A portion of the bike trail will be installed from Dequindre to 13 Mile. In the future, this segment will link up to the planned Red Oaks trail.
	<u>FY 2013-14</u>	
5.	Rosie's Park	Plan, design, and construct 1,800 square foot park pavilion
	Estimated Cost:	\$30,000 Local 10,000 Civic Group Contribution <u>5,000</u> Escrow \$45,000







	Basis for Action:	There is a high demand for shelters in the City's largest park. Providing a large shelter would enhance the types of programs and events that the City could accommodate, and provide an additional facility for rent. The pavilion would be located on the west side of the park, between the two parking lots.
6.	Twelve Mile/Sherry Park	Remove Sherry Street fence, replace Twelve Mile Road fence
	Estimated Cost:	\$ 5,000 Local <u>5,000</u> Civic Group Contribution \$10,000
	Basis for Action:	Removing the fence at Sherry Street will open up the park and make it much more inviting to park users. The replacement of the Twelve Mile Road fence will update the site and improve the aesthetics of the area while maintaining a barrier for safety between the road and the playground. The City must negotiate a long-term agreement with a local civic organization to allow for continued funding of ongoing maintenance and improvement items.
7.	Walking and Bike Trails	Pursue development of a walking and bike trail system
	Estimated Cost:	\$291,500 Local <u>291,500</u> MDNR Grant or Act 51
	Total	\$583,000 (13 Mile to John R segment)

	Basis for Action:	A high-priority recreational item in Madison Heights is the development of an 8 foot wide bike trail system. In the future, the proposed trails will connect with trails developed by Oakland County and Macomb County. The bike path is proposed to run along the George W. Kuhn Drain and the east side of I-75, as part of the I-75 widening project. A sidewalk section in the road right-of-way between Woodside and Hiller Elementary on Delton was constructed in 2008 at a cost of \$35,000 as part of the City's Sidewalk Program and Gap Repair Plan.
8.	Landscape Enhancements Phases I and II	Replace trees, plant additional trees and install benches
	Estimated Cost:	\$30,000 Local
	Basis for Action:	Plant trees between the baseball fields in Rosie's Park to replace the poor quality cottonwood trees. Trees should be planted in Friendship Woods, between the driveways and parking lot, to replace those that were necessary to remove. Open areas in Huffman and Ambassador Parks should be enhanced with tree plantings. Benches should be installed along the pathway in Civic Center Park to provide areas for park users to rest. Phase I is programmed for FY 2013-14 and Phase II beyond the five year plan.
	<u>FY 2014-15</u>	
9.	Huffman Park	Add pavilion
	Estimated Cost:	\$45,000 Local
	Basis for Action:	A pavilion will enhance the park by providing an area for people to gather while using the other park facilities such as the play equipment or the baseball field.

Senior Center Improvements

The most recent Capital Improvement Plan project completed was the creation of the new access from the rear parking lot of the Senior Center through the SOCRRA drive to a safe signalized intersection on John R.

Library Service Improvements

In February 2000, City Council directed staff to prepare an ordinance to create a Citizen Task Force to review both short and long-term upgrades and improvements to the Library system. City Council had identified the following issues that needed to be addressed: resource availability; perception that the book collection is aged and not comprehensive and that basic research volumes are limited; the concern that the separation between the Adult Reading Room and Youth areas is not adequate; the number of computer stations for Internet access; limitations of the physical plant; long-term maintenance; and review of personnel needs and compensation.

The Library Advisory Board worked with City and Library staff in conjunction with a Library Architect and Interior Designer to complete a conceptual building design. Incorporated into the mission of the Library Advisory Board was the directive to identify and determine the scope of a project to address needs and provide efficient library service to City residents.

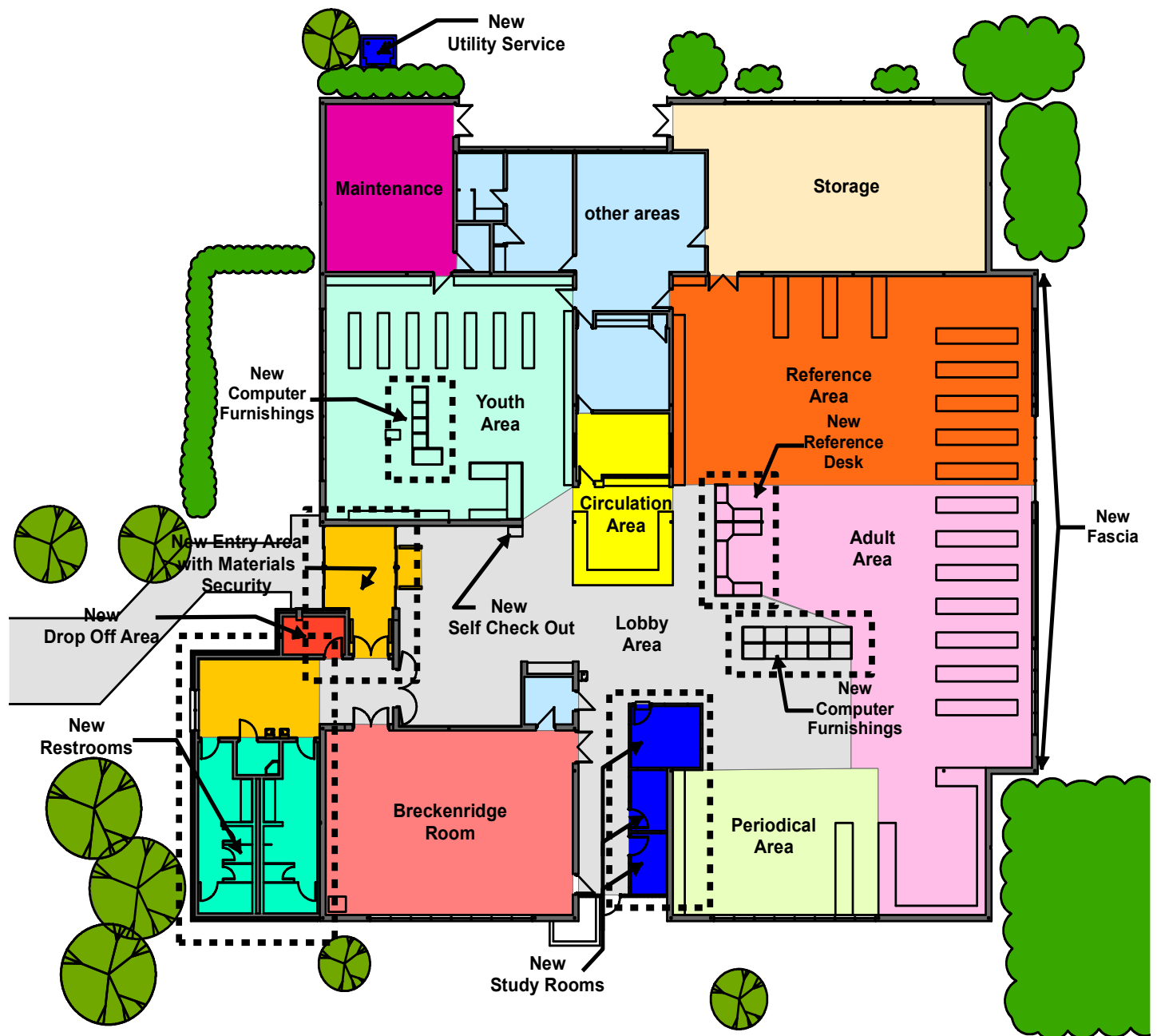
Furniture replacement was a critical need, and public seating and tables, along with lounge furniture were ordered and installed during FY 2001-02.

In the FY 2002-03 Budget, a total of an additional \$20,000 was programmed for furnishing replacements and an additional \$50,500 for building fascia repairs (\$49,500 already available in FY 2001-02 Budget) and \$35,000 to slurry seal the parking lots north and west of the Library. The additional Library furnishings, building fascia repairs and reference desk projects were placed on hold pending City Council's direction regarding the Library Advisory Board's recommendation to renovate and expand the Main Library.

In May 2002, the Library Advisory Board adopted a motion to recommend Council consideration of Ehresman Associates Library Renovation Option #4. This Option includes improvements to comply with barrier-free accessibility, building codes, and the Federal Americans with Disabilities Act. In addition, Option #4 includes a 15,700 square foot renovation and an 8,950 square foot addition to extend the building approximately 65 feet north of the existing main entrance. The total addition includes a youth library component of 5,100 square feet at \$820,000, a basic addition of 1,200 square feet at \$250,000 and a new Breckenridge Meeting Center at 2,650 square feet for \$425,000. As calculated by the project's architect, the total cost of Option #4 was \$3,475,000, inclusive of other project costs totaling 42 percent. By completing the project at one time, it is anticipated that the City would save between \$150,000 to \$250,000.

Option #4 was recommended following an exhaustive review of all alternatives including shared school usage and that the City pursue financing and that continued outreach efforts be conducted to obtain additional input from the community.

2007 Library Improvement Project



10. Gravel Park	Begin process towards redeveloping park to a residential use and to earmark revenue to go towards park development. The Planning Commission and City Council have approved a Master Plan Amendment to allow for the project. This project is on hold pending improvement in the real estate market.
Estimated Revenue:	To be Determined
Basis for Action:	Loss of Ash trees in Gravel Park greatly impacts its use, but further redevelopment of the City's park facilities is possible with revenues from its sale.

A goal within the 2003-04 Goal Plan calls for supporting the results of the Library Advisory Board's Needs Assessment by evaluating funding alternatives and receiving additional input on planned Library expansion/renovation.

In February 2003, the Library Advisory Board reviewed updated financial projections regarding project funding. A decision was made to defer any further recommendations to City Council regarding the project and any public presentation until project funding has been approved.

The Library's technology plans include the introduction of the Library's Public Access Web Page, the introduction of public Internet access, and the expansion of computers by ten, all of which have been completed.

As part of the 2005-06 Goal Plan, the City Council approved the following goal: Structure for City Council's consideration a plan to implement a State of Michigan Public Act 164 Library governed by an appointed Library Board and supported through an independent millage levy, State aid, penal fines, book fines and user fees; where the millage is offset by a reduction in the City's operating millage and the transition is "revenue neutral" to the General Fund.

In spring 2005, staff brought before the Council a recommendation to create a Public Act 164 Library that would be supported by up to a one mill levy. The dedicated millage would have assumed the operation and maintenance cost from the General Fund and allowed for funding for the proposed improvements. A decision was made by the City Council not to pursue the Act 164 Library, instead the Council suggested that the staff research making use of the money that was set aside in prior years for improvements and any additional funding to support a scaled down renovation project.

As part of the 2006-07 Goal Plan, a goal was approved on December 12, 2005: "Working within the context of the Library Advisory Board's long-range Library improvement plan, develop a scaled down project that best utilizes existing funding."

On August 14, 2006, Council approved the bidding of the Library project. The original estimated project included: an Americans with Disabilities Act (ADA)-accessible restroom addition; a realignment of the north entry door, vestibule, and outside walkway; replacement doors and windows; asbestos abatement; reference and public computer furnishings; three group study rooms; electrical system separation (Library/City Hall); signage; Breckenridge Room blinds; a new roof and the optional self-checkout and materials security.

On November 29, 2006, the City received and opened 12 bids for Library renovations. The project architect and staff reviewed the bids and checked references for the four lowest bidders. The lowest bid for construction project Cedroni Associates, Inc., who completed the project in July 2007. The Library closed from mid-December to early July 2007. This schedule allowed construction to be completed in the most safe and efficient manner, especially given asbestos abatement affecting over 11,000 square feet of the building.

The costs for this project with alternatives are listed below:

Base Construction plus Alternatives	\$641,095
Engineering/Construction Management	58,348
Testing, Surveys and Computer Networking	19,250
Furniture	25,408
Asbestos Removal	18,000
Asbestos Consultant	<u>5,500</u>
Total Base Construction, Alternatives Asbestos with Furniture	\$767,601

The furniture was separately bid. The asbestos removal was also bid separate from the other building improvements. Five bids were received on December 6, 2006 with the lowest responsible bidder being Environmental Maintenance Engineers, Inc. (EME) for \$18,000.

In addition to the general construction costs, asbestos removal and furniture, Council requested prices for the self-check out and security. The Library received prices of \$19,200 and \$15,800 respectively for these items.

Also, included in the Capital Improvement Plan document were plans to place sprinkler systems in the remaining buildings without fire suppression systems. With the renovations, this was the best time to consider adding this equipment. The addition of a sprinkler system was estimated to cost approximately \$100,000 for specifications and contracted installation.

The estimated costs for the project with optional items are listed below:

	<u>Cost</u>
Self-Checkout	\$ 19,200
Security System	15,800
Sprinkler System	<u>100,000</u>
Optional Items	\$135,000
Optional Construction Contingency	<u>64,100</u>
Total Extra Items	\$199,100

The optional items were funded by the General Fund Designation for Capital Improvements, which stood at \$600,000. The construction, alternatives, asbestos and furniture (\$767,601) plus optional items (\$199,100) totaled \$966,701.

Impact of Capital Improvement Plan on the Operating Budget

The Capital Improvement Plan impacts the operating budget of the City in many different ways depending on the nature of the capital improvement item. A capital improvement can be a new asset to the City that would increase the need for such things as maintenance, utilities and insurance. A capital improvement can also be expanding or replacing a current asset.

The City of Madison Heights reviews the impact capital improvements will have on the operating budget each year when the Capital Improvement Plan is approved. This plan details the estimated annual operating costs including debt replacement each year for the next five years. These charts are provided in the next few pages.

In order to estimate the impact on the operating budget, staff first considers if the capital improvement is a replacement, new or expanded asset. If the item increases expenditures in the operating budget, staff will identify other sources of funds for maintenance, such as new cost recovery fees, increases in existing rates, private contributions or grants for maintenance.

Much of the capital maintenance program is coordinated by the Department of Public Services (DPS), which oversees or provides routine maintenance for streets, buildings, equipment and public property. The City uses a combination of contract and City workforces to perform basic routine maintenance such as motor pool, mowing and weed control. Staff uses historical costs of similar items to estimate labor and service contract costs to determine the estimated operating expenditures for the next five years.

TABLE XIV
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

PROJECT DESCRIPTION	CAPITAL OUTLAY		Estimated Annual Operating Costs (Including Debt Repayment)					
	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2010-11	PROPOSED METHOD OF FUNDING					
				FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Neighborhood Projects								
Proposal "R-2" Sidewalks	100,000 RM	20,000	LSF	500	500	500	500	500
Proposal "R-2" Concrete Repair	500,000 RM	100,000	LSF	0	500	500	500	500
Year 3 Roads (R-2)								
Brockton - Battelle to Tawas	326,000 RM/WS	326,000	LSF	500	500	500	500	500
Dorchester - Englewood to 31272 Dorchester	176,000 RM/WS	176,000	LSF	500	500	500	500	500
Englewood - Campbell to Edgeworth	417,000 RM/WS	417,000	LSF	500	500	500	500	500
Yorkshire - Westmore to Tanglewood	274,000 RM	274,000	LSF	500	500	500	500	500
Westmore - Winthrop to W. of Yorkshire Inc. 30459 Westmore	276,000 RM	276,000	LSF	500	500	500	500	500
Year 4 Roads (R-2)								
Gardenia - John R to Lorenz	756,000 RM/WS	147,000	LSF	500	500	500	500	500
Rialto - 11 Mile to South end	640,000 RM/WS/SAD	135,000	LSF	500	500	500	500	500
Park Court - 11 Mile to South end	710,000 RM/WS/SAD	147,000	LSF	500	500	500	500	500
Alger - Parker South to Gardenia	557,000 RM/WS	80,000	LSF	500	500	500	500	500
Townley - 11 Mile to University	311,000 RM	0	LSF	0	0	500	500	500
Year 5 Roads (R-2)								
Shacket - Huntington to Spoon	1,086,000 RM/WS	0	LSF	0	0	500	500	500
Spoon - S. of Huntington Ave	85,000 RM/WS	0	LSF	0	0	500	500	500
Huntington - Campbell to Mark	502,000 RM/WS	0	LSF	0	0	500	500	500
Sherry - Girard to S. of Parkdale	576,000 RM/WS	0	LSF	0	0	500	500	500
Longfellow - Garry to 30290 Longfellow	352,000 RM/WS	0	LSF	0	0	500	500	500
Groveland and University Intersection - (Watermain to 11 Mile) and 21700 Groveland to Farnum	785,000 RM/WS	0	LSF	0	0	500	500	500

Legend:

General Fund
Solid Waste Millage
Road Millage
Vehicle Millage
Advanced Life Support Millage
Community Development Block Grant
Water and Sewer Fund
Special Assessment District
Major Street Fund
Local Street Fund
Grant Funding
Oakland County Road Commission
Oakland County Water Resources Commissioner
Royal Oak Contribution
Fire Bond Issue
Downtown Development Authority
Drug Forfeiture

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				FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	
Year 6 Roads (R-2)									
Lenox - Baxter to Sprague	248,000 RM	0	LSF	0	0	0	500	500	
Hampden - Farnum Intersection	159,000 WS	0	LSF	0	0	0	500	500	
University - Lenox to Hampden	144,000 WS	0	LSF	0	0	0	500	500	
Brettenwoods - Gardenia to Farnum	770,000 WS	0	LSF	0	0	0	500	500	
Forest - Hampden to Brettonwoods & Hampden Intersection	326,000 WS	0	LSF	0	0	0	500	500	
Gardenia - Hampden to Dartmouth	367,000 WS	0	LSF	0	0	0	500	500	
Parker - E of Sealcoat to John R - (Watermain Cross-Over)	799,000 WS	0	LSF	0	0	0	500	500	
Year 7 Roads (R-2)									
Barrington - Cowan to Andover	56,000 WS	0	WS	0	0	0	500	500	
W. Barrett - Alger to John R	63,000 WS	0	WS	0	0	0	500	500	
E. Hudson - John R. to 71 E. Hudson	63,000 WS	0	WS	0	0	0	500	500	
Kalama - Stephenson Hwy. To Alger	46,000 WS	0	WS	0	0	0	500	500	
Couzens - South of 11 Mile Road	130,000 WS	0	WS	0	0	0	500	500	
Harwood - Dartmouth to 368 Harwood	100,000 WS	0	WS	0	0	0	500	500	
Year 8 Roads (R-2)									
Whittier - Longfellow to Chaucer	829,000 WS	0	WS	0	0	0	0	500	
Palmer - 13 Mile N. to end	535,000 WS	0	WS	0	0	0	0	500	
Chaucer - Whittier to Longfellow	590,000 WS	0	WS	0	0	0	0	500	
Barrington - S. of Horace Brown to 13 Mile NB	817,000 WS	0	WS	0	0	0	0	500	
Barrington - S. of Horace Brown to 13 Mile SB	686,000 WS	0	WS	0	0	0	0	500	
Blairmoor - Manchester to Thirteen Mile Road	773,000 WS	0	WS	0	0	0	0	500	
Manchester & Woodmont Intersection	136,000 WS	0	WS	0	0	0	0	500	
Concrete Replacement	100,000 WS	0	WS	0	0	0	0	500	
Sidewalk Replacement	20,000 WS	0	WS	0	0	0	0	500	
Total Neighborhood Projects	\$ 16,186,000	\$ 2,098,000		\$ 5,000	\$ 5,500	\$ 9,000	\$ 15,500	\$ 18,500	

Legend:

General Fund
Solid Waste Millage
Road Millage
Vehicle Millage
Advanced Life Support Millage
Community Development Block Grant
Water and Sewer Fund
Special Assessment District
Major Street Fund
Local Street Fund
Grant Funding
Oakland County Road Commission
Oakland County Water Resources Commissioner
Royal Oak Contribution
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	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2010-11	PROPOSED METHOD OF FUNDING						
				FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	
Road Improvements									
<i>Major Road Improvements</i>									
11 Mile - I-75 to John R	\$ 1,157,000 MSF/Grant	\$ 0	MSF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
11 Mile - John R to Dequindre	\$ 1,870,000 MSF/Grant	\$ 0	MSF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Joh R - 11 Mile to 12 Mile	\$ 2,750,000 MSF/Grant	\$ 0	MSF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
John R - 10 Mile to 11 Mile	\$ 2,090,000 MSF/Grant	\$ 0	MSF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
<i>Traffic Signal Upgrades</i>									
Traffic Signal Improvements	\$ 120,000 MSF	\$ 0	MSF	\$ 0	\$ 50	\$ 50	\$ 50	\$ 50	
<i>Rehabilitation Programs</i>									
Joint & Crack Sealing - City Wide Major	300,000 MSF	0	MSF	0	100	100	100	100	
13 Mile Sectional - Campbell to Stephenson Highway	312,000 LSF	312,000	LSF	100	100	100	100	100	
Asphalt Crack Seal	50,000 LSF	50,000	LSF	100	100	100	100	100	
Sidewalk Replacement & Gap Installation	1,780,000 SAD	420,000	SAD	100	100	100	100	100	
<i>Commercial and Industrial Road Projects</i>									
Whitcomb - W/B John R to end of Islands (east of Sherman)	504,000 MSF	0	MSF	0	0	100	100	100	
Whitcomb - E/B John R to end of Island (east of Sherman)	504,000 MSF	0	MSF	0	0	0	100	100	
Industrial - Fourteen to East Avis	379,000 LSF	0	LSF	0	0	0	0	100	
Commercial & Industrial Sectional Concrete Replacement	250,000 MSF	50,000	MSF	0	100	100	100	100	
<i>Equipment Replacement</i>									
1989 Concrete Drop Hammer #280	69,000 VM	69,000	GF	100	100	100	100	100	
2004 One Ton Dump Truck #431	55,000 VM	0	GF	0	100	100	100	100	
2003 Building Maintenance Van #435	61,000 VM	0	GF	0	0	100	100	100	
2003 Street Sweeper #402	200,000 VM	0	GF	0	100	100	100	100	
2003 Street Sweeper #408	193,000 VM	0	GF	0	100	100	100	100	
2003 Tandem Dump Trucks V-Box Inserts #418 & #422	100,000 LS	0	GF	0	0	100	100	100	
2003 Platform Truck #429	150,000 VM	0	GF	0	0	0	0	100	
2003 Tandem Dump Truck #417	240,000 VM	0	GF	0	0	0	0	100	
2003 Tandem Dump Truck #418	240,000 VM	0	GF	0	0	0	0	0	
Total Road Improvements	\$ 13,374,000	\$ 901,000	\$ 0	\$ 400	\$ 950	\$ 1,250	\$ 1,350	\$ 1,450	

Legend:

General Fund
Solid Waste Millage
Road Millage
Vehicle Millage
Advanced Life Support Millage
Community Development Block Grant
Water and Sewer Fund
Special Assessment District
Major Street Fund
Local Street Fund
Grant Funding
Oakland County Road Commission
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	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2010-11	PROPOSED METHOD OF FUNDING						
				FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	
Collection & Distribution System									
<i>Watermains/Meters</i>									
Fixed Network Water Meter Reading System	\$ 1,327,000 WS	\$ 1,327,000	WS	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	
Palmer - North Dead End to 11 Mile	\$ 210,000 WS	\$ 0	WS	\$ 0	\$ 0	\$ 100	\$ 100	\$ 100	
Brush - 11 Mile to Royal Park Lane	252,000 WS	0	WS	0	0	100	100	100	
Barrington - 11 Mile to Andover	235,000 WS	0	WS	0	100	100	100	100	
Hampden - 11 Mile to Andover	225,000 WS	0	WS	0	100	100	100	100	
Harwood - John R to Progress	378,000 WS	0	WS	0	0	100	100	100	
Fourteen Mile - Palmer to John R	166,000 WS	0	WS	0	0	100	100	100	
Langfellow - Garry to Brown	153,000 WS	0	WS	0	0	0	100	100	
Dartmouth - 11 Mile to Andover	256,000 WS	0	WS	0	0	0	0	100	
<i>Sewer Projects</i>									
Sewer Rehabilitation/Replacement	150,000 WS	0	WS	0	0	50	50	50	
DPS Brine Containment Structure	40,000 WS	0	WS	0	0	0	50	50	
<i>Replacements</i>									
1975 Emergency Generator -Portable #554	39,000 WS	0	WS	0	300	300	300	300	
1998 Ford Vactor #468	345,000 WS	0	WS	0	0	300	300	300	
1997 One Ton Dump Truck #462	60,000 WS	0	WS	0	0	300	300	300	
2000 GMC W 4500 Van #452	55,000 WS	0	WS	0	0	0	300	300	
<i>Repairs</i>									
Salt Dome Concrete Repair & Resurface	35,000 WS	0	WS	0	0	300	300	300	
Total Collection & Distribution System	\$ 3,926,000	\$ 1,327,000		\$ 0	\$ 500	\$ 1,850	\$ 2,300	\$ 2,400	

Legend:

General Fund	GF
Solid Waste Millage	SM
Road Millage	RM
Vehicle Millage	VM
Advanced Life Support Millage	ALSM
Community Development Block Grant	CDBG
Water and Sewer Fund	WS
Special Assessment District	SAD
Major Street Fund	MSF
Local Street Fund	LSF
Grant Funding	Grant
Oakland County Road Commission	OCRC
Oakland County Water Resources Commissioner	OCWRC
Royal Oak Contribution	ROC
Fire Bond Issue	FB
Downtown Development Authority	DDA
Drug Forfeiture	DF

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	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2010-11	PROPOSED METHOD OF FUNDING						
				FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	
Public Safety									
Police									
Patrol Car Video System Upgrade	105,000 Grant	105,000	GF/DF	0	300	300	300	300	
2002 Animal Control Van #119	\$ 40,000 GF	\$ 0	GF	\$ 0	\$ 0	\$ 300	\$ 300	\$ 300	
Replace Police Station Roof	312,000 GF	0	GF	0	0	300	300	300	
Fire									
2002 Ambulance Rescue #710	228,000 VM	228,000	ALSM	300	300	300	300	300	
City Bldgs. Fire Detection & Suppression Systems	336,000 GF	0	GF	0	0	0	300	300	
2002 Ambulance Rescue #713	267,000 VM	0	ALSM	0	0	0	300	300	
Rescue Patient Transfer Equipment	35,000 GF	35,000	GF	50	50	50	50	50	
Emergency Operations Center Improvements	60,000 GF	0	GF	0	0	0	500	500	
District Court									
Replace North Section of Roof	102,000 GF	0	GF	0	50	50	50	50	
Total Public Safety	\$ 1,485,000	\$ 368,000		\$ 350	\$ 400	\$ 1,000	\$ 2,100	\$ 2,100	

Legend:

General Fund
Solid Waste Millage
Road Millage
Vehicle Millage
Advanced Life Support Millage
Community Development Block Grant
Water and Sewer Fund
Special Assessment District
Major Street Fund
Local Street Fund
Grant Funding
Oakland County Road Commission
Oakland County Water Resources Commissioner
Royal Oak Contribution
Fire Bond Issue
Downtown Development Authority
Drug Forfeiture

GF
SM
RM
VM
ALSM
CDBG
WS
SAD
MSF
LSF
Grant
OCRC
OCWRC
ROC
FB
DDA
DF

TABLE XIV
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

PROJECT DESCRIPTION	CAPITAL OUTLAY		Estimated Annual Operating Costs (Including Debt Repayment)						
	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2010-11	PROPOSED METHOD OF FUNDING						
				FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	
<u>General Gov't & Economic Dev.</u>									
<i>Civic Center/City Wide</i>									
City Hall North Entrance Canopy	\$ 75,000 Grant	\$ 0	GF	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	
<i>Information Technology</i>									
City Hall Computer Cabling	60,000 GF	0	GF	0	0	0	50	50	
<i>Economic Development</i>									
John R Improvements	311,000 DDA	158,000	DDA	50	50	50	50	50	
Oakland County Brownfield Consortium	100,000 DDA	100,000	DDA	50	50	50	50	50	
Property Acquisition	200,000 DDA	0	DDA	0	50	50	50	50	
Total Gen. Gov't & Econ. Dev.	\$ 746,000	\$ 258,000		\$ 100	\$ 150	\$ 150	\$ 200	\$ 250	

Legend:

General Fund	GF
Solid Waste Millage	SM
Road Millage	RM
Vehicle Millage	VM
Advanced Life Support Millage	ALSM
Community Development Block Grant	CDBG
Water and Sewer Fund	WS
Special Assessment District	SAD
Major Street Fund	MSF
Local Street Fund	LSF
Grant Funding	Grant
Oakland County Road Commission	OCRC
Oakland County Water Resources Commissioner	OCWRC
Royal Oak Contribution	ROC
Fire Bond Issue	FB
Downtown Development Authority	DDA

TABLE XIV
FY 2010-15 FIVE YEAR CAPITAL IMPROVEMENT PLAN
CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

PROJECT DESCRIPTION	CAPITAL OUTLAY		Estimated Annual Operating Costs (Including Debt Repayment)						
	TOTAL COST/ FUNDING SOURCE	PROPOSED BUDGET FY 2010-11	PROPOSED METHOD OF FUNDING						
				FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	
Leisure & Human Services									
Single Park Projects									
Rosie's Park - New Pavilion	45,000 GF/SAD	0	GF	0	0	0	50	50	
Twelve Sherry Park-Replace 12 Mile Road Fence	10,000 GF/SAD	0	GF	0	0	0	500	500	
Huffman Park-Add Pavilion	45,000 GF	0	GF	0	0	0	0	50	
Multiple Park Projects									
Toolcat Utility Truck #364	44,000 GF	44,000	GF	0	500	500	500	500	
Bike Path Construction	618,000 GF/SAD	0	GF/SAD	0	0	0	500	500	
Landscape Enhancements	15,000 GF	0	GF	0	0	0	500	500	
Seniors/Senior Center									
2003 25 Passenger Bus #486	75,000 GF	0	GF	0	0	50	50	50	
2002 Blue Bird Bus #471	200,000 GF	0	GF	0	0	0	0	50	
Total Leisure & Human Services	\$ 1,052,000	\$ 44,000		\$ 0	\$ 500	\$ 500	\$ 2,050	\$ 2,100	

TOTAL ALL FUNDS

\$ 36,769,000	\$ 4,996,000		\$ 5,850	\$ 8,000	\$ 13,750	\$ 23,500	\$ 26,800

Legend:

General Fund	GF
Solid Waste Millage	SM
Road Millage	RM
Vehicle Millage	VM
Advanced Life Support Millage	ALSM
Community Development Block Grant	CDBG
Water and Sewer Fund	WS
Special Assessment District	SAD
Major Street Fund	MSF
Local Street Fund	LSF
Grant Funding	Grant
Oakland County Road Commission	OCRC
Oakland County Water Resources Commissioner	OCWRC
Royal Oak Contribution	ROC
Fire Bond Issue	FB
Downtown Development Authority	DDA

TABLE XV
FY 2010-15 FIVE YEAR FINANCIAL FORECAST
PROJECTED CAPITAL OUTLAY PURCHASES
GENERAL FUND PROJECT FUNDING
(IN THOUSANDS)

ITEM	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	TOTAL
POLICE						
Replace Police Station Roof	\$ 0	\$ 0	\$ 312	\$ 0	\$ 0	\$ 312
FIRE						
City Bldgs. Fire Detection & Supression Systems	0	0	146	100	75	321
Emergency Operations Center Improvements	0	0	0	0	30	30
DISTRICT COURT						
Replace North Section of Roof	0	102	0	0	0	102
CIVIC CENTER / CITY WIDE						
City Hall North Entrance Canopy	0	0	0	0	75	75
INFORMATION TECHNOLOGY						
City Hall Computer Cabling	0	0	60	0	0	60
SINGLE PARK PROJECTS						
Rosie's Park - New Pavilion	0	0	30	0	0	30
Twelve Sherry Park - Replace 12 Mile Road Fence	0	0	5	0	0	5
Huffman Park - Add Pavilion	0	0	0	45	0	45
MULTIPLE PARK PROJECTS						
Bike Path Construction	0	0	292	0	0	292
Landscape Enhancements	0	0	15	0	0	15
SENIORS/SENIOR CENTER						
2003 25 Passenger Bus #486	0	0	75	0	0	75
2002 Blue Bird Bus #471	0	0	0	200	0	200
TOTALS	\$ 0	\$ 102	\$ 935	\$ 345	\$ 180	\$ 1,562

Note: Excludes Solid Waste, Proposal "ALS" and Proposal "V" funded Vehicle purchases. See Tables III and XI.

TABLE XVI
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
City Council	Council		Pentium	866	2000		R			
City Council	Home-Laptop	C	Pentium	1800	2007				N	
City Council	Home-Laptop	C	Pentium	1600	2007				N	
City Council	Home-Laptop	C	Pentium	1600	2007				N	
City Council	Home-Laptop	C	Pentium	1600	2006				N	
City Council	Home-Laptop	C	Pentium	1900	2008				N	
City Council	Home-Laptop	C	Pentium	1800	2007				N	
City Council	Home-Laptop	C	Pentium	1000	2001		N			
City Manager	Laptop-Council Meeting	C	Pentium	2200	2003					
City Manager	Exec Assistant	C	Pentium	2200	2008				N	
City Manager	City Manager	C	Pentium	2300	2008				N	
Assessing	Counter-2		Pentium	866	2000	R				
Assessing	Counter-1		Pentium	866	2000	R				
Assessing	Laptop	C	Pentium	700	1998				R	
Assessing	Photo Scanning		Pentium	550	1999					
Assessing	Assessing Ass't	C	Pentium	1000	2008					N
Assessing	Appraiser	C	Pentium	1000	2008					N
Assessing	Deputy Assessor		Pentium	1600	2002	R				
Assessing	Assessor	C	Pentium	2000	2008					N
City Clerk	Office Ass't II-Voting		Pentium	2400	2005		N			
City Clerk	Counter	C	Pentium	1000	2001		N			
City Clerk	Office Ass't II	C	Pentium	1000	2001		N			
City Clerk	City Clerk-Laptop	C	Pentium	1000	2008				N	
City Clerk	Imaging	C	Pentium	1000	2001					
Personnel	Personnel Coordinator	C	Pentium	2200	2008				N	
Personnel	Director of Administrative Service	C	Pentium	3000	2006		N			
Purchasing	Purchasing Office	C	Pentium	866	2000					R
Purchasing	Cable	C	Pentium	2800	2006		R			
Finance	Deposit		Pentium	866	2000					R
Finance	Counter		Pentium	866	2000		R			R
Finance	Fiscal Ass't I	C	Pentium	1600	2002	N				N
Finance	Fiscal Ass't II	C	Pentium	1600	2002	N				N
Finance	Accountant	C	Pentium	2000	2002	N				N
Finance	Accountant	C	Pentium	2000	2002	N				N
Finance	Fiscal Ass't II	C	Pentium	2000	2002	N				N
Finance	Fiscal Ass't II	C	Pentium	2000	2002	N				N
Finance	Deputy	C	Pentium	2000	2002	N				N
Finance	Director	C	Pentium	3000	2005	N				N
Finance	Fiscal Ass't II	C	Pentium	2000	2002	N				N
Finance	Register	C	Pentium	1600	2001		R			R
Information Tech	Laptop - Spare - ELECTION		Pentium	900	2001		R			
Information Tech	Laptop - Spare - ELECTION		Pentium	900	1999		R			
Information Tech	Disaster Recovery Server	C	Pentium	1000	2001					
Information Tech	File Server - Active Directory	C	Pentium	2800	2006				N	
Information Tech	MIS Administrator	C	Pentium	3000	2006		N			
Information Tech	Info. Systems Specialist	C	Pentium	3000	2006		N			
Information Tech	Print Server	C	Pentium	2000	2002	N				N
Information Tech	Imaging File Server	C	Pentium	3000	2006				N	

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XVI
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Information Tech	File Server - Active Directory	C	Pentium	2800	2006				N	
Information Tech	Public Record Display		Pentium	1000	2001		R			R
Information Tech	Video Server		Pentium	2400	2003	R				
DPS-Bldg. Maint.	Supervisor	C	Pentium	2800	2005		N			
Police	Gas Boy		866	2000	2007	R				
Police	Training Officer	C	Pentium	3000	2005		N			
Police	Imaging	C	Pentium	3000	2006		N			
Police	Special Investigations	C	Pentium	3000	2005		N			
Police	Special Investigations	C	Pentium	3000	2006		N			
Police	Station Officer	C	Pentium	3000	2006		N			
Police	DB Office Ass't II	C	Pentium	3000	2005		N			
Police	Crime Prevention Office		Pentium	1000	2001	R				
Police	DB Lieutenant	C	Pentium	3000	2006		N			
Police	K9	C	Pentium	1000	2001		N			
Police	DB Sergeant	C	Pentium	3000	2005		N			
Police	DB Sergeant	C	Pentium	3000	2005		N			
Police	DB Sergeant	C	Pentium	3000	2005		N			
Police	DB Sergeant	C	Pentium	3000	2005		N			
Police	Info. System Specialist	C	Pentium	3000	2005		N			
Police	DB Sergeant	C	Pentium	3000	2005		N			
Police	Records Office Ass't II	C	Pentium	3000	2006		N			
Police	1ST Shift Lieutenant	C	Pentium	3000	2006		N			
Police	2ND Shift Lieutenant	C	Pentium	3000	2006		N			
Police	3RD Shift Lieutenant	C	Pentium	3000	2006		N			
Police	Laptop/Training	C	Pentium	1667	2006		N			
Police	Dispatch Front Desk	C	Pentium	3000	2006		N			
Police	Deputy Chief	C	Pentium	3000	2006		N			
Police	Youth Bureau	C	Pentium	3000	2005		N			
Police	Records	C	Pentium	3000	2005		N			
Police	Conference Room		Pentium	3000	2005	R				
Police	Admin. Secretary	C	Pentium	3000	2005		N			
Police	Chief	C	Pentium	3000	2006		N			
Police	Gun Registration	C	Pentium	3000	2006		N			
Police	Dispatch NWS	C	Pentium	1000	2000					
Police	Reserves		Pentium	600	1999		R		R	
Police	Reserves		Pentium	600	1999		R		R	
Police	Reserves		Pentium	300	1997		R		R	
Fire	Station #2 Report Desk	C	Pentium	1000	2001		N			N

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XVI
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Fire	Scan Station	C	Pentium	1000	2001		N			N
Fire	Communication		Pentium	866	2000		N			N
Fire	Inspector	C	Pentium	1000	2001		R			
Fire	Inspector - Tablet	C	Celeron	1000	2006			N		
Fire	Report Desk	C	Pentium	1000	2001		N			N
Fire	Office Ass't II	C	Pentium	1000	2001		N			N
Fire	Station #2 Officer	C	Pentium	1000	2001		N			N
Fire	Officer Room #1	C	Pentium	1000	2001		N			N
Fire	Chief	C	Pentium	1000	2001		N			N
Fire	Training		Pentium	1800	2007				N	
Fire	Hazmat-Laptop		Pentium	1800	2002	R				
Fire	Fire Dispatch Laptop	C	Pentium	1830	2006				N	
Fire	Fire Dispatch Laptop	C	Pentium	1830	2006				N	
Fire	Fire Dispatch Laptop	C	Pentium	1830	2006				N	
Fire	Fire Dispatch Laptop	C	Pentium	1830	2006				N	
CDD	Laptop Elec. Insp.	C	Pentium	2800	2009					N
CDD	Laptop Bldg. Insp.	C	Pentium	2800	2005				N	
CDD	Contract Inspector		Pentium	866	2000		R			R
CDD	Counter		Pentium	866	2000		R			R
CDD	Counter		Pentium	866	2000		R			R
CDD	Director	C	Pentium	2300	2008				N	
CDD	Imaging	C	Pentium	2300	2008				N	
CDD	GIS Supervisor	C	Pentium	2000	2002					N
CDD	GIS Technician	C	Pentium	2000	2002		N			N
CDD	Contract Inspector	C	Pentium	866	2000	R				R
CDD	Office Part Time	C	Pentium	866	2000	R				R
CDD	Office Ass't II	C	Pentium	866	2002	R	N			R
CDD	Deputy Director	C	Pentium	2000	2007			N		
CDD	Admin. Secretary	C	Pentium	2000	2002					
CDD	Laptop Code Enforce	C	Pentium	2800	2005	N				
CDD	Laptop Code Enforce	C	Pentium	2800	2005					
CDD	Econ. Dev. Position	C	Pentium	2660	2003					
CDD	ARC IMS Server	C	Pentium	2800	2007				N	
CDD	Laptop - GIS Offsite	C	Pentium	2800	2002	R				R
CDD	Crime Scene Investigation	C	Pentium	1883	2006		N			
CDD	911 Mapping GIS	C	Pentium	1883	2006		N			
CDD	Laptop - PT Code Enforcement	C	Pentium	1600	2004		N			N
DPS-Streets	Recreation Registration		Pentium	1600	2002					
DPS-Streets	Deputy City Manager	C	Pentium	2000	2002		N			N
DPS-Streets	Office Ass't II	C	Pentium	2800	2005		N			
DPS-Streets	Admin. Secretary	C	Pentium	2800	2005		N			
DPS-Streets	Deputy Super.	C	Pentium	2800	2005		N			
DPS-Streets	Laptop	C	Pentium		2009					N
DPS-Streets	Equip. Operator 3	C	Pentium	2400	2004		N			
DPS-Recreation	Counter		Pentium	1000	2001		R			R
DPS-Recreation	Recreation Coord.		Pentium	2000	2004			N		
DPS-Recreation	Supervisor	C	Pentium	2800	2005			N		
DPS-Recreation	Office Ass't II	C	Pentium	2800	2005			N		
DPS-Youth	Internet		Pentium	2800	2005	R				
DPS-Youth	Internet		Pentium	2800	2005	R				
DPS-Nature Center	Floor		Pentium	233	1997		R		R	
DPS-Nature Center	Audio-Visual		Pentium	350	1998				R	

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TABLE XVI
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
DPS-Nature Center	Supervisor		Pentium	2000	2002	R				
DPS-Parks	Supervisor		Pentium	2800	2005		R			
Seniors	Part Time		Pentium	866	2000		R			
Seniors	Office Ass't I	C	Pentium	1600	2001					
Seniors	Coordinator	C	Pentium	866	2000					
Main Library	Adult Room Internet		Pentium	2800	2006				N	
Main Library	Adult Room Internet		Pentium	2800	2006				N	
Main Library	Child Room Internet		Pentium	233	1997					
Main Library	Circulation Ass't	C	Pentium	866	2001			N		
Main Library	Child East Catalog		Pentium	400	1998					R
Main Library	Child West Catalog		Pentium	866	2000					R
Main Library	Backroom West		Pentium	300	1998					R
Main Library	Backroom East		Pentium	400	1998					R
Main Library	Child Magazine	C	Pentium	866	2000			N		
Main Library	Children Internet	C	Pentium	500	1999			N		
Main Library	Children Public	C	Pentium	500	1999			N		
Main Library	Adult Internet	C	Pentium	2800	2006			N		
Main Library	Adult Internet	C	Pentium	2800	2006			N		
Main Library	Adult Internet	C	Pentium	866	2000			N		
Main Library	Adult Internet	C	Pentium	2800	2006			N		
Main Library	Library Staff	C	Pentium	866	2000		N			
Main Library	Counter Side	C	Pentium	866	2000		N			
Main Library	Counter Side	C	Pentium	866	2000		N			
Main Library	Library Technician	C	Pentium	2800	2006			N		
Main Library	Children Lib.	C	Pentium	2800	2006			N		
Main Library	Adult Reference	C	Pentium	866	2000			N		
Main Library	Adult Reference	C	Pentium	866	2000			N		
Main Library	Librarian	C	Pentium	2800	2006			N		
Main Library	Adult Librarian	C	Pentium	2800	2006			N		
Main Library	Counter North	C	Pentium	2800	2006			N		
Main Library	Counter South	C	Pentium	2800	2006			N		
Main Library	Youth Staff	C	Pentium	866	2000	N				
Main Library	Adult Public Cat.	C	Pentium	866	2000			N		
Main Library	Adult Public Cat.	C	Pentium	866	2000			N		
Main Library	Adult Public Express	C	Pentium	866	2000			N		
Main Library	Adult Public Express	C	Pentium	866	2000			N		
CIP Housing	Supervisor	C	Pentium	2300	2008				N	
CIP Housing	Housing Aide	C	Pentium	2300	2008				N	
W/S Administration	Water Room	C	Pentium	1000	2001					R
W/S Administration	Water Supervisor	C	Pentium	3000	2005		N			
Motor Pool	Laptop		Pentium	500	2000					R
Motor Pool	Supervisor	C	Pentium	2000	2002		N			
Motor Pool	Parts	C	Pentium	2000	2002		N			
TOTAL					NEW	12	57	25	26	27
					ROTATE	15	16	0	6	19

GIS/A.M. TECHNOLOGICAL PERIPEHRALS

ITEM	COMPANY	MODEL	YEAR PURCH	DEPT	REPLACE CYCLE LENGTH
Plotter	HP	1055CM	2000-01	CDD	8
Plotter	HP	1055CM	2000-01	DPS	8
Printer	OKI	9600	2005-06	CDD	5
GPS	TRIMBLE	5700	2000-01	CDD	10

YEAR TO REPLACE
2012-2013
2013-14
2011-12
2012-13

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XVII
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

		VEH	LAST	REPLACE						NEXT
DEPARTMENT	VEHICLE	#	YEAR	CYCLE	10-	11-	12-	13-	14-	REPLACED
			PURCH	LENGTH	11	12	13	14	15	
PD-Detective	Ford Taurus	100	2002	7		X				18-19
PD-Detective	Dodge Stratus	101	2005	7		X				18-19
PD-Radar	Chevy Impala	102	2006	N.F.						N.F.
PD-Radar	Dodge Charger	103	2008	N.F.						N.F.
PD-Patrol	Chevy Impala	104	2006	N.F.						N.F.
PD-Patrol	Ford Crown Vic	105	2010	N.F.						N.F.
PD-Patrol	Dodge Charger	106	2008	N.F.						N.F.
PD-Patrol	Ford Crown Vic	107	2006	N.F.						N.F.
PD-Patrol	Ford Crown Vic	108	2007	N.F.						N.F.
PD-Patrol	Ford Crown Vic	109	2010	N.F.						N.F.
PD-Patrol	Ford Crown Vic	110	2010	N.F.						N.F.
PD-Patrol	Ford Explorer	111	2007	N.F.						N.F.
PD-A.I.T.	Dodge Charger	112	2007	N.F.						N.F.
PD-A.I.T.	Ford Crown Vic	113	2008	N.F.						N.F.
PD-Patrol Sup.	Ford Explorer	114	2003	5		X				16-17
PD-SIU	Undercover	115	2009	5				X		18-19
PD-Canine Unit	Ford Crown Vic	116	2006	4		X				15-16
PD-Mtr. Carrier	Chevy Astro Van	117	2000	10			X			22-23
PD-Animal CTL	Chevy G20 Van	119	2002	9		X				20-21
PD-Crime Prev.	Chevy Tahoe	120	1998	N/A						N/A
PD-Admin	Chevy Impala	121	2002	7		X				18-19
PD-Detective	Ford Crown Vic	122	1999	Rotation						Rotation
PD-Detective	Pontiac Grand AM	123	2002	7		X				18-19
PD-Admin	Chrysler Sebring	124	2002	7		X				18-19
PD-Detective	Chevrolet Malibu	125	2007	7				X		20-21
PD-Detective	Dodge Stratus	126	2004	7			X			19-20
PD-Detective	Chevy Lumina	132	1999	N/A			X			N/A
PD-CSTF (SIU)	Undercover	133	2007	5			X			17-18
PD-SIU (CSTF)	Undercover	134	2004	5		X				16-17
PD-Pool	Ford Crown Vic	137	2001	Rotation						Rotation
PD-SIU	Undercover	138	2002	7			X			19-20
PD-Reserves	Ford Crown Vic	140	2000	Rotation						Rotation
PD-Reserves	Ford Crown Vic	141	2001	Rotation						Rotation
PD-Reserves	Ford Crown Vic	142	2002	Rotation						Rotation
PD-Reserves	Ford Crown Vic	143	2003	Rotation						Rotation
PD-Reserves	Ford Crown Vic	144	1999	Rotation						Rotation
PD-Reserves	Ford Crown Vic	145	2000	Rotation						Rotation
PD-Reserves	Dodge Diplomat (Historical)	146	1989	N/A						N/A
PD-Reserves	Ford Crown Vic	147	1999	Rotation						Rotation
PD-Patrol	Harley Davidson	160	2008	7						15-16
PD-Patrol	Harley Davidson	161	2008	7						15-16
PD-Patrol	Peace Keeper A.P.C.	170	1983	N/A						N/A
Streets	Wanco Solar Arrow	257	1998	15				X		28-29
Streets	Concrete Drop Hammer	261	1999	20						18-19
Streets	Concrete Drop Hammer	280	1989	N/A						N/A
Parks	Utility Maint. Cart	281	1993	13		X				24-25
Parks	Senior/Handicap Transportation Cart	282	1993	13		X				24-25
Sewer	Trailer Air Compressor	300	1996	15			X			27-28
Parks	Toro Snowblower	314	2002	20						22-23
Streets	Wanco Solar Arrow	318	2000	15						15-16
Motorpool	Clark Fork Lift	320	1997	30						27-28
Parks	EX-Mar Mower	325	2009	7						16-17
Water	Trailer Welder Miller	329	1983	N/A						N/A
Streets	175 CFM Compressor	330	2004	15						19-20
Sewer	4 Inch Trash Pump	336	2003	10				X		23-24
Streets	Cement Saw Target	338	1997	15			X			27-28

TABLE XVII
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

		VEH	LAST	REPLACE						NEXT
DEPARTMENT	VEHICLE	#	YEAR	CYCLE	10-	11-	12-	13-	14-	REPLACED
			PURCH	LENGTH	11	12	13	14	15	
Streets	Cement Saw Dimas	339	2006	15						21-22
Solid Waste	Leaf Loader Trailer	351	2007	20						27-28
Solid Waste	Leaf Loader Trailer	352	1999	20						19-20
Solid Waste	Leaf Loader Sweepster	353	1996	N/A						N/A
Solid Waste	Leaf Loader Trailer	354	2001	20						21-22
Solid Waste	Leaf Loader Trailer	355	2001	20						21-22
Solid Waste	Leaf Loader Sweepster	356	1996	N/A						N/A
Solid Waste	Leaf Loader Trailer	357	2007	20						27-28
Water	Case 60 Trencher	362	1997	N/A						N/A
Parks	EX-Mark Mower	363	2002	7		X				18-19
Parks	Tool Cat Utility Truck	364	2011	15		X				26-27
Parks	Toro Rider Mower	367	1999	10	X					20-21
Parks	EX-Mark Mower	368	2009	7						16-17
Streets	Asphalt Roller Vibrator	369	1999	15					X	28-29
Streets	Asphalt Paver Layton	371	1999	20						20-21
Parks	Toro 580D 16Ft Mower	372	2002	15						17-18
Parks	EX-Mark Mower	373	2008	7						15-16
Water	Solar Arrow	374	2008	30						38-39
Senior Citizn..	Special Events Trailer	375	1985	15				X		28-29
Parks	Trailer	381	1986	N/A						N/A
Parks	Trailer	382	2002	15						17-18
Solid Waste	Street Sweeper Cross Wind	402	2003	8		X				18-19
Streets	4 YD. Loader CAT	404	2003	17						20-21
Water	3 YD. Loader CAT	405	2003	16						19-20
Solid Waste	Brush Bandit Chipper	406	2006	15						21-22
Streets	CAT Backhoe	407	2003	13						16-17
Solid Waste	Street Sweeper Cross Wind	408	2003	8		X				19-20
Streets	CAT Loader 3 Yrd	409	2003	15						18-19
Solid Waste	Brush Bandit Chipper	410	2002	15						17-18
Solid Waste	Morbark Chipper	411	1997	15			X			22-23
Solid Waste	Pontiac Bonneville	413	2004	8		X				19-20
Solid Waste	Chevrolet Trail Blazer	414	2006	7			X			19-20
Streets	Stake Truck Ford	415	2002	12					X	26-27
Motor Pool	Crown Victoria	416	2004	Rotation						Rotation
Streets	Tandem Dump Truck	417	2003	10				X		23-24
Streets	Tandem Dump Truck	418	2003	11					X	25-26
Streets	Tandem Dump Truck	419	2003	12						15-16
Streets	Chevy 3/4 Ton Pickup	420	2004	11						15-16
Streets	Tandem Dump Truck	422	2003	13						16-17
Water	Chevy 3/4 Ton Pickup	423	2004	11						15-16
Solid Waste	Single Axle Dump	424	2003	12						15-16
Streets	Single Axle Dump	425	2003	13						16-17
Streets	Single Axle Dump	426	2003	14						17-18
Streets	Platform Truck	429	2003	10				X		23-24
Motorpool	3/4 Ton Pickup	430	2000	20			X			32.33
Streets	One Ton Dump Truck	431	2004	10		X				21-22
Streets	Chevy 3/4 Ton Pickup	432	2002	9			X			21-22
Streets	Tandem Dump Truck	433	2003	14						17-18
Motorpool	Chevy Pickup	434	2007	10						17-18
Streets	Van Building Mnt.	435	2003	10			X			22-23
Streets	Chevy 3/4 Ton Pickup W/Plow	436	2004	9			X			21-22
Streets	Chevy 3/4 Ton Pickup	440	2004	10				X		23-24
Senior Citizn.	25 Passenger Bus Ford	443	2003	N/A						N/A
Recreation	Chevy Astro Van	444	2003	10				X		23-24
City Mgr.	Ford Explorer	447	2003	7		X				17-18
Library	Ford Crown Vic	448	2001	N/A		X				N/A
Parks	Ford 2000 Tractor	449	1969	N/A						N/A

TABLE XVII
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

		VEH	LAST	REPLACE						NEXT
DEPARTMENT	VEHICLE	#	YEAR	CYCLE	10-	11-	12-	13-	14-	REPLACED
			PURCH	LENGTH	11	12	13	14	15	
Parks	Ford 2000 Tractor	450	1969	N/A						N/A
Water	3/4 Ton Pickup	451	1998	N/A						N/A
Water	GMC W 4500 Van	452	2000	N/A						N/A
Water	Chevy Pickup	453	2000	10					X	23-24
Water	3/4 Ton Pickup	454	1999	N/A						N/A
Water	John Deere Backhoe	455	2006	13						19-20
Water	Backhoe Ford	456	1996	N/A						N/A
Water	Chevy Pickup	457	2007	10						18-19
Water	GMC W 4500 Van	458	2002	10				X		23-24
Sewer	3/4 Ton Pickup	460	2006	10						17-18
Sewer	Chevy 2500 Pickup	461	2000	10				X		23-24
Sewer	One Ton Dump Truck	462	1997	13			X			25-26
Sewer	GMC Pickup	463	2002	10			X			22-23
Water	Tandem Axle Dump	464	2001	13						17-18
Sewer	Ford Vactor	465	2003	12						17-18
Sewer	Sewer T.V. Trailer	466	2009	N/A						N/A
Sewer	Ford Vactor	468	1998	N/A						22-23
Senior Citizn.	Chevy Van	469	2009	10						19-20
Senior Citizn.	Blue Bird Bus	471	2002	12					X	26-27
Parks	GMC Pickup	473	2003	10				X		23-24
Parks	GMC 4X4 Pickup	474	2002	10				X		23-24
Parks	Chevy 4X4 3/4 Ton Pickup	475	2008	10						18-19
Parks	Chevy S-10 Pickup	477	1999	10	X					20-21
Solid Waste	Single Axle Dump Ford	479	1999	7			X			19-20
Senior Citizn.	GMC Rally Van	480	1996	10		X				21-22
Streets	Super Duty Dump Truck	481	2006	10						16-17
Senior Citizn.	Chevy Van	482	2002	10			X			22-23
Code Enforce	Chevy S-10 Pickup	483	2001	7	X					17-18
Parks	Chevy S-10 Pickup	484	2009	10						19-20
Parks	Chevy Pickup	485	2000	10		X				21-22
Senior Citizn.	25 Passenger Bus	486	2003	9				X		22-23
Parks	Tractor Low Boy	487	1969	N/A						N/A
Parks	Volvo Loader	488	2003	17						20-21
Parks	Tractor Mower	489	1969	N/A						N/A
CDD Inspec.	S-10 Pickup	492	2008	7				X		20-21
CDD Supervis.	Jimmy	493	1999	7		X				18-19
CDD Inspec.	GMC Express Van 3500	494	2001	7			X			19-20
Assessing	Chevy Lumina	495	1999	10		X				21-22
Code Enforce	S-10 Pickup	496	1999	7						16-17
CDD Inspec.	S-10 Pickup	498	2000	7				X		20-21
Assessing	Chevy Lumina	499	1999	10			X			22-23
CDD ED./Sup.	Pontiac Grand AM	500	2003	10					X	24-25
Solid Waste	Chevy Pickup	513	1997	Rotation						Rotation
Solid Waste	Brush Chipper Truck	525	2004	13						17-18
Senior Citizn.	Smart Bus	530	2006	N/A						N/A
Motor Pool	Em. Gen. Fire STA. 1	550	2004	15						19-20
Motor Pool	Em. Gen. Police	551	2004	15						19-20
Motor Pool	Em.Gen. DPS	552	2006	15						21-22
Motor Pool	Em. Gen. Fire Sta. 2	553	2004	15						19-20
Motor Pool	Em. Gen. Portable-1	554	1975	35		X				46-47
Motor Pool	Em. Gen. Portable-2	555	2004	15						19-20

TABLE XVII
FY 2010-2015 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

		VEH	LAST	REPLACE						NEXT
DEPARTMENT	VEHICLE	#	YEAR	CYCLE	10-	11-	12-	13-	14-	REPLACED
			PURCH	LENGTH	11	12	13	14	15	
Fire	Chevy S-10 Blazer	700	2008	7						15-16
Fire	Chevy Blazer	701	2003	7			X			19-20
Fire	GMC Sierra Pickup	702	2007	9						16-17
Fire	Chevrolet Lumina	703	1997	N/A						N/A
Fire	Chevy Pickup 3500	704	2001	9			X			21-22
Fire	Ambulance Rescue Truck	710	2002	9	X					19-20
Fire	Ambulance Rescue Truck	711	2009	9						18-19
Fire	Ambulance Rescue Truck	713	2005	9				X		22-23
Fire	Pumper Pierce	721	2003	20						23-24
Fire	Pumper Pierce	722	2002	20						22-23
Fire	Pumper Quality	723	2007	20						N/A
Fire	Aerial Ladder E-One	730	1998	25						23-24
Fire	Hazmat Trailer	740	2006	15						21-22
Fire	Technical Rescue Trailer	741	2001	15						16-17
GRAND TOTAL					4	24	21	17	6	

APPENDICES

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FY 2010-11 Budget Resolution

A RESOLUTION TO ADOPT A BUDGET FOR MUNICIPAL PURPOSES FOR THE CITY OF MADISON HEIGHTS FOR THE FISCAL YEAR 2010-11 TO APPROPRIATE FUNDS FOR SAID PURPOSES AND TO PROVIDE FOR A LEVY OF TAXES FOR SAID BUDGET APPROPRIATIONS

WHEREAS, in accordance with Section 8.4 of the Charter of the City of Madison Heights, it is provided that the City Council shall adopt a budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said Budget appropriations; and

WHEREAS, on May 10, 2010, a public hearing was held in accordance with Section 8.3 of the Charter of the City of Madison Heights, and the statutes of the State of Michigan for the fiscal year.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. That the Budget hereto as Exhibit "A" is hereby adopted.
2. That the amounts set forth in said Budget are hereby appropriated for the purposes stated therein.
3. That 18.8146 mills per \$1,000 State Taxable Valuation on the real and personal property in the City of Madison Heights be levied to provide funds for said Budget for municipal purposes:

General Operating	8.8190
Neighborhood Road Improvements	2.0000
Major Vehicle Replacement	0.2500
Advanced Life Support	0.2500
Solid Waste	2.5353
Senior Citizens	0.4751
Police & Fire Pension	4.0952
Fire Station Debt Obligation	0.3900
Total	<u>18.8146</u>

4. That the City of Madison Heights approves the imposition, by the City Treasurer, of a one percent (1%) property tax administration fee for all property taxes levied in Fiscal Year 2010-11 and for the imposition of a late penalty charged, when applicable, in accordance with Public Act 1982, specifically Michigan Compiled Laws, Section 211.44(7).
5. That the City of Madison Heights approves the levying of taxes to cover the necessary expenses for the operation of the Police and Fire Pension System.
6. That the City of Madison Heights approves and establishes the City Clerk Fees set forth in Exhibit "B".
7. That the City of Madison Heights approves and establishes the Finance/Treasury Department Fees set forth in Exhibit "C".

BE IT FURTHER RESOLVED, that the City Manager is hereby authorized to make budgetary transfers within the appropriation centers established throughout the Budget, and all transfers between appropriations may be made only by further action of the Council, pursuant to the provisions of the Michigan Uniform Accounting and Budget Act.

EXHIBIT "A"
CITY OF MADISON HEIGHTS
ADOPTED BUDGET RESOLUTION
FISCAL YEAR 2010-11

<u>EXPENDITURES</u>		<u>REVENUES</u>	
GENERAL FUND			
General Government	\$ 7,809,626	Property Taxes and Fees	\$ 20,431,558
Public Safety	14,827,587	Intergovernmental Revenues	2,897,780
Community Services	3,467,620	Other	4,620,290
Culture and Recreation	1,592,648	Use of Fund Balance	737,542
Community Development	989,689		
TOTAL	<u>\$ 28,687,170</u>	TOTAL	<u>\$ 28,687,170</u>
MAJOR STREET FUND			
Program Expenditures	<u>\$ 1,602,037</u>	Intergovernmental Revenues	\$ 1,203,474
		Other	2,500
		Use of Fund Balance	396,063
TOTAL	<u>\$ 1,602,037</u>	TOTAL	<u>\$ 1,602,037</u>
LOCAL STREET FUND			
Program Expenditures	<u>\$ 2,259,768</u>	Intergovernmental Revenues	\$ 390,297
		Other	2,387,787
		Use of Fund Balance	(518,316)
TOTAL	<u>\$ 2,259,768</u>	TOTAL	<u>\$ 2,259,768</u>
PARKS MAINTENANCE & IMPROVEMENT FUND			
Program Expenditures	<u>\$ 11,523</u>	Other	\$ 8,000
		Use of Fund Balance	3,523
TOTAL	<u>\$ 11,523</u>	TOTAL	<u>\$ 11,523</u>
DOWNTOWN DEVELOPMENT AUTHORITY			
Program Expenditures	<u>\$ 183,032</u>	Property Taxes	\$ 182,757
		Other	2,000
		Use of Fund Balance	(1,725)
TOTAL	<u>\$ 183,032</u>	TOTAL	<u>\$ 183,032</u>
DRUG FORFEITURE FUND			
Program Expenditures	<u>\$ 94,000</u>	Intergovernmental Revenues	\$ 55,500
		Other	1,000
		Use of Fund Balance	37,500
TOTAL	<u>\$ 94,000</u>	TOTAL	<u>\$ 94,000</u>

C O M M U N I T Y I M P R O V E M E N T F U N D

Program Expenditures	<u>\$ 1,947,666</u>	Intergovernmental Revenues	\$ 1,937,144
		Other	<u>10,522</u>
TOTAL	<u>\$ 1,947,666</u>	TOTAL	<u>\$ 1,947,666</u>

S P E C I A L A S S E S S M E N T R E V O L V I N G

Program Expenditures	<u>\$ 422,698</u>	Other	\$ 396,113
		Use of Fund Balance	<u>26,585</u>
TOTAL	<u>\$ 422,698</u>	TOTAL	<u>\$ 422,698</u>

F I R E S T A T I O N B O N D

Program Expenditures	<u>\$ 413,153</u>	Property Taxes	\$ 401,268
		Other	<u>11,885</u>
TOTAL	<u>\$ 413,153</u>	TOTAL	<u>\$ 413,153</u>

W A T E R A N D S E W E R F U N D

Program Expenditures	<u>\$ 10,670,032</u>	Sales to Customers	\$ 9,379,565
		Other	<u>1,441,905</u>
		Use of Retained Earnings	<u>(151,438)</u>
TOTAL	<u>\$ 10,670,032</u>	TOTAL	<u>\$ 10,670,032</u>

M O T O R A N D E Q U I P M E N T P O O L

Program Expenditures	<u>\$ 1,041,334</u>	Other	<u>\$ 1,041,334</u>
TOTAL	<u>\$ 1,041,334</u>	TOTAL	<u>\$ 1,041,334</u>

**EXHIBIT B
RESOLUTION
AMENDMENT TO CITY CLERK FEE SCHEDULE**

WHEREAS, the City of Madison Heights has adopted a City Code containing a building code, housing code, and other provisions to protect the public health safety and welfare: and

WHEREAS, it is provided in said Code that the City Council, by resolution, shall establish reasonable fees to be charged by the City for acts and services performed there under; and

WHEREAS, in accordance with Section 8.4 of the Charter of the Madison Heights, it is provided that the City Council shall adopt a Budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said Budget appropriations; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established as follows:

Description	Old Rate	New Rate
Business Licenses:		
Temporary/Seasonal Licenses	\$50	\$100
Notary Services:		
Notary Services – resident	\$0	\$10 each after the first (first one free)
Notary Services – non-resident	\$0	\$10 each

EXHIBIT C
RESOLUTUION
AMENDMENT TO FINANCE/TREASURY DEPARTMENT

WHEREAS, the City of Madison Heights has adopted a City Code containing a building code, housing code, and other provisions to protect the public health safety and welfare: and

WHEREAS, it is provided in said Code that the City Council, by resolution, shall establish reasonable fees to be charged by the City for acts and services performed there under; and

WHEREAS, in accordance with Section 8.4 of the Charter of the Madison Heights, it is provided that the City Council shall adopt a Budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said Budget appropriations; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established as follows:

Description	Old Rate	New Rate
Delinquent Water and Sewer Fee	0% of amount sent delinquent	10% of amount sent delinquent

OPERATING INDICATORS

Last Five Fiscal Years

Function/ program	2004	2005	2006	2007	2008	2009
Election data:						
Voters Registered	20,128	20,030	19,823	19,811	20,704	20,692
Voters (at the polls or absentee)	13,650	2,729	10,084	2,545	13,519	3,288
Percent voting	68	14	51	13	65	16
District Court:						
Number of court cases	13,966	14,210	15,234	15,234	15,263	15,756
Police:						
Physical arrests	1,473	1,265	1,755	1,548	1,381	1,202
Traffic violations	9,194	9,850	9,332	9,983	8,231	9,473
Investigations	2,985	2,822	2,770	2,510	2,794	2,285
Fire:						
Ladder Operation	2	8	4	3	4	3
Structure Fire (all types)	19	36	39	39	31	57
Emergency Medical runs	2,506	2,609	2,631	2,518	2,600	2,628
Inspections	738	691	794	350	295	276
Parks and Recreation:						
Recreation Program attendance	2,679	2,798	2,639	2,697	2,694	2,534
Library:						
Circulation (books borrowed)	99,164	97,708	96,460	50,673	92,699	109,536
Collection volume (sets of books)	75	75	75	75	75	75
Water:						
Number of customers billed	54,100	54,100	54,140	55,185	54,891	55,414
Total consumption (per unit) *	1,968,115	1,836,424	1,857,194	1,695,269	1,552,065	1,459,243
Average consumption per user	36	34	34	31	28	26

* Each consumption unit equals 724 gallons.

Source: City's Finance Department records

MISCELLANEOUS STATISTICAL DATA

The City of Madison Heights was incorporated January 17, 1955, under Home Rule Act 279 P.A. 1909, as amended, and is administrated by a City Manager, and governed by Mayor and Council. It is located in Southeast Oakland County and is approximately seven (7) square miles in area.

The estimated 31,101 residents of the City of Madison Heights are provided various services by the 184.5 full-time equivalent employees.

Statistical data related to City services at June 30, 2010 is as follows:

Street service:

Paved streets	106 miles
Sidewalks	199.5 miles
Street lighting	1,830 poles

Water and sewer operation:

Watermains	131 miles
Consumers:	
Residential	9,619
Commercial	1,315
Sanitary sewers	111 miles
Storm sewers	52 miles

Fire protection:

Stations	2
Employees	31
Hydrants	1,115

Police protection:

Employees	62
Crossing Guards	18
Patrol vehicles	15
Number of traffic violations issued	11,458
Police Reserve members	19

Culture, education and recreation:

Libraries	1
Schools by type:	
Elementary	6
Middle	2
Senior	3
Parks	13
Area of parks	135.8 acres

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

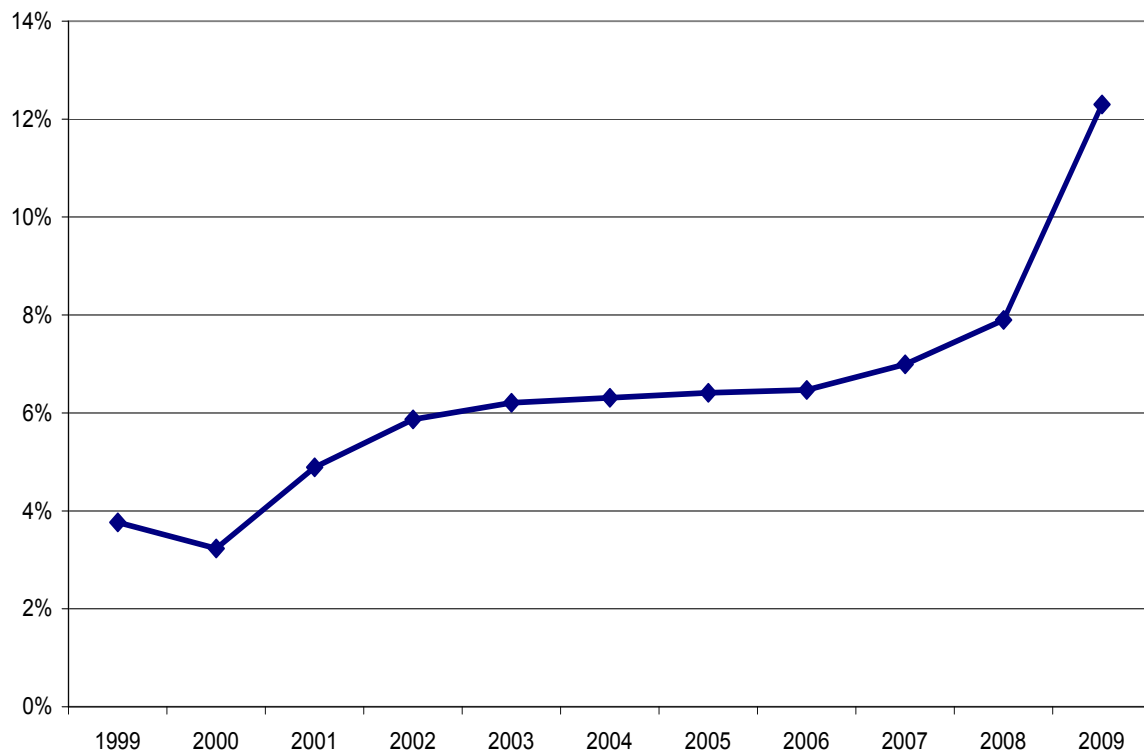
Fiscal Year Ended June 30	Estimated Population	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rates (2)
2000	32,196	\$ 456,925,632	\$ 14,192	3.2%
2001	31,101	\$ 666,463,329	\$ 21,429	4.9%
2002	31,101	\$ 666,463,329	\$ 21,429	5.9%
2003	31,101	\$ 666,463,329	\$ 21,429	6.2%
2004	31,101	\$ 666,463,329	\$ 21,429	6.3%
2005	31,101	\$ 666,463,329	\$ 21,429	6.4%
2006	31,101	\$ 666,463,329	\$ 21,429	6.5%
2007	31,101	\$ 666,463,329	\$ 21,429	7.0%
2008	31,101	\$ 666,463,329	\$ 21,429	7.9%
2009	31,101	\$ 666,463,329	\$ 21,429	12.3%

Sources:

(1) United States Census Bureau 2001

(2) Michigan Department of Labor Market Information

City of Madison Heights
Unemployment Rate



CHANGES IN FUND BALANCE

(amounts expressed in thousands)

General Fund

Fiscal Year ended June 30,	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Reserved	\$ 127	\$ -	\$ -	\$ 512	\$ 274	\$ 273	\$ 435	\$ 189	\$ 366	\$ 1,140
Designated										
Vested employee benefits	\$ 1,521	\$ 2,158	\$ 1,890	\$ 2,123	\$ 2,202	\$ 2,244	\$ 2,333	\$ 2,557	\$ 2,496	\$ 2,587
Subsequent years' expenditures	1,609	1,212	816	449	509	436	438	145	543	393
Retained insurance risk	237	246	978	733	330	478	663	500	250	250
Vehicle replacement	577	929	1,137	1,451	1,136	1,136	1,136	1,136	1,136	1,136
Capital improvements	500	500	500	100	-	300	600	500	590	32
Park improvements	-	-	-	-	-	-	300	500	450	-
Retirees' health benefits	372	696	497	39	-	825	578	778	-	-
Technology Improvements	-	-	-	-	-	-	200	200	89	-
Insurance Claims Receivable	-	-	-	448	-	-	-	-	-	-
Total Designated	\$ 4,816	\$ 5,741	\$ 5,818	\$ 5,343	\$ 4,177	\$ 5,419	\$ 6,248	\$ 6,316	\$ 5,554	\$ 4,398
Undesignated	-	-	-	-	-	-	-	-	-	-
Total Unreserved Fund Balance	\$ 4,816	\$ 5,741	\$ 5,818	\$ 5,343	\$ 4,177	\$ 5,419	\$ 6,248	\$ 6,316	\$ 5,554	\$ 4,398

Sources: City's Audited Annual Financial Statements

EXPENDITURE HISTORY BY ACTIVITY

General Fund

Activity Name	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Amended Budget	2010-11 Budget
Mayor and City Council	\$ 53,616	\$ 52,966	\$ 55,334	\$ 53,599	\$ 54,966	\$ 55,409	\$ 55,363
City Manager	245,140	247,696	297,889	315,035	297,496	300,107	311,749
Elections	47,884	31,187	43,720	39,847	37,877	39,907	47,886
City Assessor	410,118	390,314	460,314	461,192	408,406	372,830	295,116
Legal	308,161	301,416	308,099	337,519	351,356	288,490	255,950
City Clerk	203,011	219,831	251,625	329,213	257,536	264,678	219,353
Human Resources	203,487	230,705	237,267	260,899	256,625	234,192	148,214
Board of Review	2,849	3,155	3,597	3,584	5,894	3,586	3,374
General Administration	792,802	858,167	891,822	950,851	1,029,101	1,020,269	974,837
Finance	841,297	702,184	766,802	794,488	735,776	850,566	740,397
Information Technology	203,759	203,383	287,757	240,922	248,759	257,907	251,209
Total City Administration	\$ 3,312,124	\$ 3,241,004	\$ 3,604,226	\$ 3,787,148	\$ 3,683,792	\$ 3,687,941	\$ 3,303,448
Municipal Building	\$ 100,992	\$ 95,698	\$ 114,570	\$ 147,197	\$ 253,501	\$ 211,692	\$ 98,436
Custodial and Maintenance	256,185	281,320	339,061	331,261	255,819	254,232	156,818
Total General Municipal Maint.	\$ 357,177	\$ 377,018	\$ 453,631	\$ 478,459	\$ 509,320	\$ 465,924	\$ 255,254
Police	\$ 8,435,684	\$ 8,857,889	\$ 9,892,162	\$10,383,098	\$10,158,234	\$ 9,949,342	\$ 9,323,205
Fire	4,918,774	5,146,344	6,280,661	5,967,198	5,762,795	6,024,544	5,504,382
District Court	1,304,236	1,347,627	1,406,825	1,445,864	1,431,805	1,501,944	1,354,384
Total Public Safety	\$14,658,694	\$15,351,860	\$17,579,648	\$17,796,160	\$17,352,834	\$17,475,830	\$16,181,971
Community Development	\$ 968,552	\$ 918,114	\$ 1,036,067	\$ 1,065,702	\$ 1,076,616	\$ 1,083,749	\$ 989,689
Streets	914,935	945,902	936,172	987,491	978,332	948,846	1,011,404
Total Community Improvement	\$ 1,883,487	\$ 1,864,016	\$ 1,972,239	\$ 2,053,193	\$ 2,054,948	\$ 2,032,595	\$ 2,001,093
Solid Waste	\$ 1,991,973	\$ 2,374,586	\$ 2,477,298	\$ 2,498,832	\$ 2,451,303	\$ 2,496,991	\$ 2,456,216
Total Solid Waste	\$ 1,991,973	\$ 2,374,586	\$ 2,477,298	\$ 2,498,832	\$ 2,451,303	\$ 2,496,991	\$ 2,456,216
Recreation	\$ 257,616	\$ 234,169	\$ 195,526	\$ 222,297	\$ 164,682	\$ 174,722	\$ 176,830
Youth Center	70,521	34,450	31,735	51,999	36,124	26,061	3,858
Nature Center	147,339	143,498	163,117	149,032	159,540	150,465	2,000
Parks	634,730	535,239	502,123	586,147	805,738	506,877	442,892
Senior Citizen Center	425,884	466,894	497,824	510,233	425,687	463,210	411,541
Total Parks and Recreation	\$ 1,536,090	\$ 1,414,250	\$ 1,390,325	\$ 1,519,707	\$ 1,591,771	\$ 1,321,335	\$ 1,037,121
Library	\$ 556,820	\$ 563,027	\$ 1,410,300	\$ 706,053	\$ 693,589	\$ 632,865	\$ 530,065
Total Library	\$ 556,820	\$ 563,027	\$ 1,410,300	\$ 706,053	\$ 693,589	\$ 632,865	\$ 530,065
Outside Agencies	\$ 47,900	\$ 48,703	\$ 46,719	\$ 53,604	\$ 53,604	\$ 50,924	\$ 25,462
Insurance	497,819	538,137	494,858	304,492	243,923	423,722	437,485
General Expenditures	\$ 545,719	\$ 586,840	\$ 541,577	\$ 358,096	\$ 297,527	\$ 474,646	\$ 462,947
Transfers Out	\$ 2,600,678	\$ 2,644,266	\$ 2,341,162	\$ 2,816,306	\$ 2,815,903	\$ 2,876,631	\$ 2,459,055
General Fund Expenditures	\$27,442,762	\$28,416,867	\$31,770,407	\$32,013,955	\$31,450,987	\$31,464,758	\$28,687,170

Source: Finance Expenditure Records

ASSESSED AND ESTIMATED ACTUAL VALUATION OF TAXABLE PROPERTY**Last Ten Fiscal Years**

Tax Year	Real Property	Personal Property	Total Value	Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
2000	\$ 773,732,980	\$ 175,823,370	\$ 949,556,350	16.79	\$ 2,280,945,040	41.6%
2001	\$ 821,075,300	\$ 180,513,970	\$ 1,001,589,270	16.63	\$ 2,430,386,460	41.2%
2002	\$ 868,982,990	\$ 179,337,420	\$ 1,048,320,410	16.22	\$ 2,580,886,700	40.6%
2003	\$ 911,478,430	\$ 168,465,610	\$ 1,079,944,040	15.89	\$ 2,672,064,560	40.4%
2004	\$ 947,271,730	\$ 166,469,160	\$ 1,113,740,890	17.31	\$ 2,743,381,200	40.6%
2005	\$ 985,767,400	\$ 146,603,390	\$ 1,132,370,790	17.35	\$ 2,764,198,820	41.0%
2006	\$ 1,024,514,300	\$ 143,881,280	\$ 1,168,395,580	17.30	\$ 2,791,412,780	41.9%
2007	\$ 1,063,312,930	\$ 143,905,590	\$ 1,207,218,520	17.90	\$ 2,417,463,340	49.9%
2008	\$ 1,065,017,700	\$ 144,657,570	\$ 1,209,675,270	18.04	\$ 2,419,350,540	50.0%
2009	\$ 1,048,995,740	\$ 142,457,590	\$ 1,191,453,330	18.00	\$ 2,051,609,258	58.1%

PROPERTY TAX RATES

Direct and Overlapping Governments

(Per \$1,000 of Taxable Valuation)

Fiscal Year Ending June 30,	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>City of Madison Heights</u>											
General Operating	9.03	8.96	8.89	8.80	8.82	8.82	8.82	8.82	8.82	8.82	8.82
Neighborhood Road Improvements	1.98	1.93	1.95	1.93	1.93	1.93	1.93	1.93	2.00	2.00	2.00
Vehicle Replacement	0.49	0.48	0.48	0.48	0.48	0.47	0.47	0.23	0.25	0.25	0.25
Advanced Life Support	0.25	0.25	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Solid Waste	1.86	2.26	2.25	2.09	2.10	2.18	2.23	2.07	2.08	2.04	2.13
Senior Center	0.49	0.48	0.48	0.47	0.47	0.47	0.47	0.47	0.47	0.47	0.47
Police and Fire Pension	1.96	2.03	1.88	1.88	2.26	2.48	2.73	4.05	3.85	4.01	3.75
Fire Station Bond	n.a.	n.a.	n.a.	n.a.	0.41	0.41	0.41	0.09	0.33	0.33	0.34
Police Facility	0.43	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
County Drain	0.11	0.06	0.05	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Building Authority	0.19	0.18	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total Direct City Taxes	16.79	16.63	16.22	15.89	16.71	17.00	17.30	17.90	18.04	18.16	18.00
<u>Overlapping Taxes</u>											
County	5.23	3.61	4.98	5.28	5.24	5.24	5.25	5.24	5.24	5.09	5.24
Community College	1.61	1.60	1.61	1.60	1.60	1.59	1.58	1.58	1.58	1.58	1.58
Intermediate School District	2.08	3.45	3.42	3.40	3.40	3.38	3.37	3.37	3.37	3.37	3.37
School Homestead *	17.38	17.20	17.21	16.98	15.80	16.60	16.00	16.23	16.71	16.56	12.04
School Non-Homestead *	28.51	28.87	28.58	28.50	27.44	28.33	27.94	28.40	29.04	28.83	30.12
Zoological Authority	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.10	0.10
Total Homestead	43.09	42.49	43.44	43.15	42.75	43.81	43.50	44.32	44.94	44.76	40.23
Total Non-Homestead	54.22	54.16	54.81	54.67	54.39	55.54	55.44	56.49	57.27	57.03	58.41

* Madison District Public School Rates

Sources: City Assessor's Warrant

FY 2010-11 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
10-11	Assessing	Eliminate City Assessor position (-1.0)
10-11	Assessing	Eliminate Property Appraiser position (-1.0)
10-11	Assessing	Eliminate part-time Personal Property Auditor position (-0.4)
10-11	Court	Eliminate Court Officer position (-1.0)
10-11	Community Development	Eliminate part-time Clerical position (-0.52)
10-11	City Clerk	Eliminate vacant Office Assistant II position (-1.0)
10-11	Human Resources	Restructure Personnel & Purchasing Coordinator position. Full-time position split between Human Resources (0.5) and General Administration (0.5) moved to DPS - Streets. Transfer part-time Office Assistant (0.75) from DPS to Human Resources (+0.25).
10-11	General Administration	Restructuring the Personnel & Purchasing Coordinator position reduced General Administration by (-0.25) of a position.
10-11	Finance	Eliminate Fiscal Assistant I position (-1.0)
10-11	Finance	Eliminate vacant Fiscal Assistant II position (-1.0)
10-11	Police	Eliminate two vacant Police Officer positions (-2.0)
10-11	Police	Eliminate three vacant Police Sergeant positions (-3.0)
10-11	Fire	Eliminate three vacant Firefighter positions (-3.0)
10-11	Community Development	Eliminate GIS Supervisor position (-1.0)
10-11	Library	Eliminate Librarian position (-1.0)
10-11	Library	Reduce ten part-time Librarian Assistant positions (-0.66)
10-11	DPS – Building Maintenance	Eliminate vacant Equipment Operator II position (-1.0). Full-time split between Streets (0.04) and Building Maintenance (0.96).
10-11	DPS - Streets	Eliminate vacant seasonal part-time Laborer position (-0.35)
10-11	DPS - Solid Waste	Eliminate vacant seasonal part-time Laborer position (-0.35)
10-11	DPS - Recreation	Reduce part-time Recreation Coordinator hours (-0.11)
10-11	DPS - Recreation	Eliminate sixteen vacant seasonal part-time recreation positions (-0.425)
10-11	DPS - Nature Center	Eliminate Nature Center Coordinator position (-1.0)
10-11	DPS - Nature Center	Eliminate part-time Naturalist position (-0.26)
10-11	DPS - Parks	Eliminate Equipment Operator I position (-1.0)
10-11	DPS - Parks	Eliminate three seasonal part-time Laborer positions (-0.75)
10-11	DPS - Parks	Reduce three part-time Park Ranger hours (-0.2)
10-11	DPS - Senior Center	Reduce part-time Bus Driver and Chauffer hours (-0.31)
10-11	DPS - Senior Center	Reduce part-time Senior Center Assistant hours (-0.1)
10-11	DPS - Major Street Fund	Reallocation of Administrative Support (-0.15)
10-11	DPS - Local Street Fund	Reallocation of Administrative Support position (-0.1)
10-11	DPS - Water	Eliminate two vacant Water Meter Reader positions (-1.0)
10-11	DPS - Sewer	Eliminate Equipment Operator I position (-1.0)
10-11	DPS - Motor Pool	Eliminate General Mechanic position (-1.0)

FY 2010-11 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
BA = mid-year Budget Amendment adopted as of December 14, 2009		
BA 09-10	Police	Eliminate two vacant Police Officer positions (-2.0)
BA 09-10	Police	Eliminate one vacant Public Service Aide position (-1.0)
BA 09-10	Fire	Eliminate two vacant Firefighter positions (-2.0)
BA 09-10	Library	Eliminate vacant part-time Library Assistant position (-0.21)
BA 09-10	DPS - Senior Center	Eliminate vacant part-time Senior Center Assistant (-0.25)
BA 09-10	DPS - Water and Sewer	Eliminate one vacant Equipment Operator I position (-1.0)
09-10	Police	Eliminate vacant Patrol positions (-3.0)
09-10	Fire	Eliminate vacant Firefighter swing man position (-1.0)
09-10	DPS - Streets	Eliminate vacant DPS field employee split between divisions (-0.2)
09-10	DPS - Solid Waste	Eliminate vacant DPS field employee split between divisions (-0.3)
09-10	Major Streets Fund	Eliminate vacant DPS field employee split between divisions (-0.2)
09-10	Local Streets Fund	Eliminate vacant DPS field employee split between divisions (-0.3)
09-10	DPS - Youth Center	Reduce 6 part-time employees hours by closing the Youth Center during the summer. (-0.4)
09-10	DPS - Recreation	Move full-time position split between Fire, Senior Center and Recreation to Finance, replacing a part-time positions (-0.3)
09-10	DPS - Parks	Eliminate seasonal part-time employee due to reduction in mowing frequency.(-0.3)
09-10	DPS - Senior Center	Eliminate vacant part-time aide positions, reduce hours of six part-time employees by closing the Senior Center between Christmas and New Year's and move full-time positions currently split between Fire, Senior Center, Recreation and Finance, replacing a part-time position (-1.1)
09-10	Finance	Move full-time positions currently split between Fire, Senior Center and Recreation to Finance, replacing a part-time position. (0.5)
09-10	Library	Reduction of hours for ten part-time positions due to reducing the Library hours of operation from 61.5 to 56 hours per week. (-0.5)
09-10	Community Development	Eliminate the part-time GIS part-time position (-0.5)
09-10	Water and Sewer	Eliminate two seasonal laborers; one in the Water Division and one in the Sewer Division (-0.7)

FY 2010-11 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
07-08	Finance	Reallocation one vacant Fiscal I position to Fire (-0.5)
07-08	Fire	Eliminate part-time office position (-0.3) reallocation of Fiscal I/Office Assistant (0.5)
07-08	DPS - Streets	Eliminate vacant DPS Supervisor split between divisions. (-0.5)
07-08	DPS - Solid Waste	Eliminate vacant DPS Supervisor split between divisions. (-0.1)
07-08	DPS - Parks	Eliminate vacant DPS Supervisor split between divisions. (-0.5)
07-08	DPS-Youth Center	Reduction of hours for part-time Youth Leaders (-0.2)
07-08	Assessing	Reduction of full-time Deputy Assessor position. (-1.0)
07-08	Assessing	Addition of part-time Property Appraiser. (0.4)
07-08	Housing	Eliminate part-time Housing Assistant (-0.4)
06-07	Finance	Eliminate vacant Fiscal I position (-1.0)
06-07	Police	Eliminate vacant Crime Prevention Officer (-1.0)
06-07	Fire	Eliminate vacant Fire Inspector positions (-1.0) and Vacant Officer Assistant I position (-1.0) add a part time Office Positions (0.5).
06-07	Community Development	Eliminate vacant Information System position (-1.0), reduce GIS part-time position (-0.27), reallocate Code Enforcement from CDBG (0.80) and Housing (0.25)
06-07	DPS – Streets	Reduce two vacant Street Laborer positions (-2.0)
06-07	DPS – Sewer	Reduce vacant Laborer position (-1.0)
06-07	Library	Eliminate vacant part-time Library Assistant (-0.4); and reduce hours for Youth Service Assistant (-0.05)
06-07	DPS – Parks	Reduce vacant Park Laborer hours (-0.33)
06-07	DPS – Water	Eliminate vacant Water Clerical position (-0.8)
06-07	Housing	Reallocate Code Enforcement Officers house to CDD (-0.25), reduce Housing Assistant hours (-0.1)
06-07	CDBG	Reallocate Code Enforcement Officer hours to CDD (-0.8)

FY 2010-11 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
05-06	District Court	Eliminate vacant part-time Probation Clerk (-0.8)
05-06	City Clerk	Elections - due to consolidated elections and precincts reduce number of Chairpersons from 16 to 12 (-0.4) and Workers from 68 to 55 (-1.5), and reallocate maintenance hours (+0.04)
05-06	Police	Eliminate vacant full-time Animal Control Officer (-1.0) Office Assistant II (-1.0); add part-time animal control support (+0.3)
05-06	Fire	Eliminate vacant Fire Fighter position (-1.0) and eliminate vacant Fire Fighter position following Lieutenant retirement and promotional process (-0.2)
05-06	Community Development	Reduce hours of part-time Community Development Assistant (-0.3)
05-06	DPS – Custodial & Maintenance	Reallocate maintenance hours to Elections (-0.04) and supervisor hours to Solid Waste for Tree Replacement Program coordination (-0.06)
05-06	DPS – Solid Waste	Add supervisor hours for Tree Replacement Program coordination (+0.06)
05-06	DPS – Recreation	Reduce and reclassify seasonal recreation positions (-1.2)
05-06	DPS – Youth Center	Reduce hours of part-time Youth Leader (-0.22)
05-06	DPS – Nature Center	Reduce hours of part-time Naturalist (-0.04) and reallocate Recreation Supervisor hours (-0.05)
05-06	DPS – Parks	Eliminate vacant Parks Maintenance Laborer (-1.0) and add part-time laborer (+0.6)
05-06	DPS – Senior Citizens	Eliminate vacant Officer Assistant II (-1.0); add part-time assistant (+0.8); reallocate part-time receptionist hours (+0.5) and Recreation Supervisor hours (+0.05)
05-06	Community Improvement Fund	Reallocate Code enforcement Officer hours between Housing (-0.2) and Community Improvement (+0.2)
05-06	Motor Pool Fund	Eliminate vacant full-time Tool Crib Operator position (-0.6)

FY 2010-11 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
04-05	District Court	Add hours for part-time Deputy Court Clerk (+0.2)
04-05	Assessor	Eliminate vacant part-time Office Assistant (-0.4)
04-05	City Clerk	Eliminate vacant Deputy Clerk position (-1.0); add hours to part-time election workers for a third election (+0.9)
04-05	Human Resources	Reflect 50% funding of combined Purchasing & Personnel Coordinator position (-0.5)
04-05	General Administration	Eliminate vacant Purchasing Officer position (-1.0); reflect 50% funding of combined Purchasing & Personnel Coordinator position (+0.5)
04-05	Finance	Eliminate vacant Accounting Supervisor position (-1.0); add Accountant position (+1.0); eliminate vacant Fiscal Assistant I position (-1.0)
04-05	Information Technology	Eliminate vacant part-time Information Systems Support position (-0.7)
04-05	Police	Eliminate vacant positions: Police Officer (-1.0); Police Service Assistant
04-05		(-1.0); and Office Assistant II (-1.0); reflect Police Department transfer of Police Officer position from Auto Theft Prevention Fund to patrol (+1.0)
04-05	Fire	Eliminate vacant Fire Fighter position (-1.0)
04-05	Community Development	Eliminate vacant Office Assistant II position (-1.0); add hours to part-time CDD Aide position (+0.2)
04-05	Library	Eliminate hours for part-time Branch Library Circulation Chief (-0.4) and Branch Library Assistant (-0.4)
04-05	DPS – Streets	Eliminate vacant Equipment Operator III (-1.0) and Laborer (-1.0) positions; reallocate labor from other divisions (+0.3)
04-05	DPS – Solid Waste	Reallocate labor cost from other divisions to reflect more accurate time utilization (+2.6)
04-05	DPS – Recreation	Eliminate vacant full-time Recreation Coordinator (-0.67); add part-time coordinator (+0.75)
04-05	DPS – Youth Center	Eliminate vacant full-time Recreation Coordinator (-0.3); reallocate hours for part-time Youth Coordinator (+0.1); reallocate driver (+0.1)
04-05	DPS – Nature Center	Reduce hours of part-time Naturalist (-0.4)
04-05	DPS – Parks	Eliminate two vacant part-time Park Laborer positions (-0.5)
04-05	DPS – Senior Citizen	Reallocate labor cost to other divisions (-0.2); assign bus driver time to Youth Center (-0.1)
04-05	Major Streets Fund	Reallocate labor cost from other divisions to reflect more accurate time utilization (-1.1)
04-05	Local Streets Fund	Reallocate labor cost from other divisions to reflect more accurate time utilization (-1.6)
04-05	Community Improvement Fund	Reallocate full-time Code Enforcement Officer FTE between Housing (-0.3) & Community Improvement (0.3)
04-05	Auto Theft Prevention Fund	Transfer of Police Officer position back into road patrol (-1.0)
04-05	Motor Pool Fund (DPS)	Eliminate vacant Tool Crib Operator position after retirement of incumbent (-0.4)

FY 2010-11 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
03-04	District Court	Add additional part-time Deputy Court Clerk position (+0.6); increase hours for part-time Probation Officer (+0.7)
03-04	DPS – Youth Center	Split part-time supervisor position for summer and school year programs into two part-time positions (0.0)
03-04	Community Imp.	Downgrade Code Enforcement Supervisor to Code Enf. Officer (0.0)
03-04	CIP - Housing	Reduce hours of part-time CIP Assistant (-0.3)
02-03	City Clerk	Increase part-time hours for election workers due to one additional election (+0.8 FTE).
02-03	Community Development	Add full-time Economic Development Coordinator position (+1.0 FTE).
02-03	DPS – Parks Division	Add two part-time Park Ranger positions (+ 0.5 FTE).
01-02	DPS – Custodial & Maintenance	Eliminate three vacant positions (-3.0 FTE), with one of the positions added to the Parks Division.
01-02	Community Development	Increase hours (+0.3 FTE) for the part-time Geographic Information System (GIS) office assistant position.
01-02	DPS – Nature Center	Upgrade part-time Naturalist position to full-time status (+0.4 FTE).
01-02	DPS – Parks	Add one position transferred from DPS - Custodial & Maintenance Division (+1.0 FTE).
01-02	Library	Increase part-time hours (+1.7 FTE).
00-01	District Court	Elimination of Court Recorder position following retirement (-1.0 FTE).
00-01	Police	Due to elimination of Federal Crime Suppression Grant, transfer one officer position from Crime Suppression Fund (1.0 FTE) to the Police Department's General Fund Activity (+1.0 FTE).
00-01	Community Development	Addition of one Information Systems Specialist Position-GIS in the Community Development Department (+1.0 FTE).
00-01	DPS – Youth Center	Addition of four part-time positions to staff new Youth Drop-In Center (+2.1 FTE).
99-00	District Court	Consolidation of Court Administrator and Legal Secretary positions (-1.0 FTE); elimination of vacant part-time Security Officer position (-0.7 FTE); reduce hours of part-time Magistrate (-0.3 FTE); increase hours for part-time Probation Officer (+0.3 FTE).
99-00	General Administration	Elimination of vacant Reproduction and Stores Assistant position (-1.0 FTE).
99-00	Finance	Transfer of four administrative positions from Water and Sewer Fund (+4.0 FTE) and elimination of vacant part-time Office Assistant position (-0.8 FTE).
99-00	Data Processing (Gen. Fund)	Transfer of Activity (2 full-time; 1 part-time) from Water and Sewer Fund (+2.8 FTE).
99-00	Community Development	Addition of full-time GIS Supervisor position and a part-time GIS Assistant (+1.3 FTE).

FY 2010-11 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
99-00	Library	Additional part-time hours to increase coverage of the three existing part-time librarians by an additional 7 ½ hours per week (+0.6 FTE).
99-00	DPS- Custodial & Maintenance	Elimination of vacant Custodian position (-1.0 FTE).
99-00	Data Processing (Water & Sewer)	Transfer of Activity (2 full-time; 1 part-time) to General Fund (-2.8 FTE).
99-00	Water & Sewer Administration	Transfer of four administrative positions to General Fund (-4.0 FTE) and elimination of vacant part-time Office Assistant position (-0.8 FTE) (-4.8 FTE).
98-99	Nature Center	Increase from one to two part-time Naturalists (+0.8 FTE).
98-99	DPS – Motor Pool	Elimination of vacant Mechanics Helper position through attrition (-1.0 FTE).
97-98	District Court	Through collective bargaining the contractual Court Officer becomes full-time (+1.0 FTE).
97-98	DPS- Custodial & Maintenance	Elimination of vacant Laborer position through attrition due to outsourcing refuse collection (-1.0 FTE).
96-97	District Court	Move part-time position from Law Clerk to Probation Clerk; increase hours (+0.2 FTE).
96-97	Assessing	Addition of one part-time co-op student to assist with computer scanning and sketching project (+0.5 FTE).
96-97	Clerk	Eliminate vacant part-time clerical position (-0.8 FTE).
96-97	Police	Eliminate vacant Detective Sergeant position (-1.0 FTE).
96-97	DPS-Custodial & Maintenance	Reduction of full-time Supervisor position (-1.0 FTE) and transfer of four employees into full time laborer positions from Solid Waste Division outsourcing (+4.0 FTE).
96-97	Solid Waste	Outsource collection of household refuse and recycling; elimination of 12 F/T and 2 P/T laborer positions (-12.8 FTE).
96-97	DPS – Senior Citizen	Elimination of part-time building attendant position; adjustment of other part-time hours (no FTE change).
96-97	DPS – Parks	Elimination of two part-time seasonal laborer positions to reflect outsourcing of grass cutting (-0.8 FTE).
96-97	Police – Crime Suppression Fund	Add multi-jurisdictional unit officer with funding from “COPS” grant (+1.0 FTE).
96-97	Community Improvement Fund	Elimination of two part-time Home Chore Worker positions due to outsourcing of raking, lawn cutting, and snow shoveling services (-0.2 FTE).
96-97	Water & Sewer Fund – Data Processing	Replace vacant keypunch operator position (-1.0 FTE) with part-time PC Technical Support position (+0.8 FTE).

FY 2010-11 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
95-96	Library	Reduce part-time Circulation Chief, Technical Services Clerk, and Branch Library Aide (-0.2 FTE).
95-96	Fire	Eliminate three vacant full-time Fire Fighter positions as part of consolidated dispatch project (-3.0 FTE).
95-96	DPS – Custodial & Maintenance	Eliminate three full-time custodians as part of cost-savings move to contract out custodial services (-3.0 FTE).
95-96	DPS – Recreation	Reduce part-time hours as Oakland County will conduct summer swim lessons; add part-time Naturalist position (+0.5 FTE).
95-96	Community Dev. Block Grant Fund	Elimination of six vacant part-time home chore workers due to contracting out of raking, lawn cutting, and snow shoveling services (-0.8 FTE).
94-95	Assessing	Elimination of a vacant full-time Residential Appraiser position (+1.0 FTE).
94-95	Community Development	Elimination of a vacant full-time Construction Inspector position.
94-95	DPS – Parks	Eliminate a vacant Parks Maintenance position created by an employee who did not return from an extended Worker's Compensation leave.
94-95	Finance	Lay off the Deputy Treasurer and eliminate the position (+1.0 FTE).
94-95	General Administration	Elimination of a vacant full-time Switchboard Operator / Receptionist position (-1.0 FTE).
94-95	Fire	Eliminate a vacant full-time "Swing Man" Fire Fighter position (-1.0 FTE).
94-95	Library	Lay off one part-time position and reduce the hours for five more part-time positions.
94-95	Police	Eliminate a vacant full-time Special Investigations Unit Police Officer position (-1.0 FTE) and have the Chief transfer a position back into the Patrol Division from another section of the Dept.
93-94	General Administration	Change Purchasing Agent position from part-time to full-time (no FTE data available).
93-94	Community Development	Elimination of two part-time clerk typist positions and addition of one full-time clerk typist position (no FTE data available).

**CITY OF MADISON HEIGHTS
FY 2010-11 BUDGET
FULL TIME POSITIONS
ALL FUNDS**

	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	I 2002-03

GENERAL FUND

Court	13	13	13	11	11	12	12	11	10	10
Manager	2	2	2	2	2	2	2	2	2	2
Assessor	5	5	4	4	4	4	4	4	4	4
Clerk	4	4	4	4	4	4	4	4	4	4
Human Resources	2	2	2	2	2	2	2	2	2	2
General Administration	3	4	3	3	3	3	3	2	2	2
Finance	8	8	7	7	7	7	7	11	11	11
Information Technology	0	0	0	0	0	0	0	2	2	2
Police	76	76	76	76	76	76	76	76	77	77
Fire	44	44	43	40	40	40	40	40	40	40
Community Development	9	9	8	8	8	8	8	9	10	10
Library	4	4	4	4	4	4	4	4	4	4

Department of Public Services

Custodial & Maintenance	6	6	6	3	6	5	5	4	4	1
Streets	18	18	18	18	18	18	18	18	18	18
Solid Waste	12	12	12	12	0	0	0	0	0	0
Recreation	2	2	2	2	2	2	2	2	2	2
Youth Center	0	0	0	0	0	0	0	0	0	0
Nature Center	0	0	0	0	0	0	0	0	0	1
Parks	6	6	5	5	5	5	5	5	5	6
Senior Citizen	3	3	3	3	3	3	3	3	3	3

Sub total	47	47	46	43	34	33	33	32	32	31

Total	217	218	212	204	195	195	195	199	200	199

Major Street Fund	1	1	1	1	1	1	1	1	1	1

Community Improvement Fund	3	4	4	4	4	4	4	4	4	4

Juvenile Grant Fund	1	1	0	0	0	0	0	0	0	0

Auto Theft Prevention Grant Fund	1	1	1	1	1	1	1	1	1	1

Crime Suppression Grant Fund	0	0	0	0	1	1	1	1	0	0

Water & Sewer Fund

Water Division	6	6	6	6	6	6	6	6	6	6
Sewer Division	6	6	6	6	6	6	6	6	6	6
Information Technology	3	3	3	3	2	2	2	0	0	0
Water & Sewer Administration	5	5	5	5	5	5	5	1	1	1

Total	20	20	20	20	19	19	19	13	13	13

Motor Pool Fund	6	6	6	6	6	6	5	5	5	5

Total All Funds	249	251	244	236	227	227	226	224	224	223

FY	FY	FY	FY	FY	FY	FY	FY
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11

GENERAL FUND

9	9	9	9	9	9	9	8
2	2	2	2	2	2	2	2
4	4	4	4	3	3	3	1
4	3	3	3	3	3	3	2
2	2	2	2	2	2	2	1
2	1	1	1	1	1	1	1
11	10	10	9	9	9	9	7
2	2	2	2	2	2	2	2
77	75	73	73	73	73	67	62
40	39	38	36	36	36	33	30
11	10	10	9	9	9	9	8
4	4	4	4	4	4	4	3

Court
 Manager
 Assessor
 Clerk
 Human Resources
 General Administration
 Finance
 Information Technology
 Police
 Fire
 Community Development
 Library

Department of Public Services

1	1	1	1	1	1	1	0
18	16	15	13	13	13	12	12
0	0	1	1	1	1	1	1
2	1	1	1	1	0	0	0
0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	0
6	6	5	5	4	4	4	3
3	3	2	2	2	2	2	2

Custodial & Maintenance
 Streets
 Solid Waste
 Recreation
 Youth Center
 Nature Center
 Parks
 Senior Citizen

31	28	26	24	23	22	21	18

Sub total

199	189	184	178	176	175	165	145

Total

1	1	1	1	1	1	1	1

Major Street Fund

4	4	4	3	3	3	3	3

Community Improvement Fund

0	0	0	0	0	0	0	0

Juvenile Grant Fund

1	0	0	0	0	0	0	0

Auto Theft Prevention Grant Fund

0	0	0	0	0	0	0	0

Crime Suppression Grant Fund

Water & Sewer Fund

6	6	6	6	6	6	6	4
6	6	6	5	5	5	4	3
0	0	0	0	0	0	0	0
1	1	1	1	1	1	1	1

Water Division
 Sewer Division
 Information Technology
 Water & Sewer Administration

13	13	13	12	12	12	11	8

Total

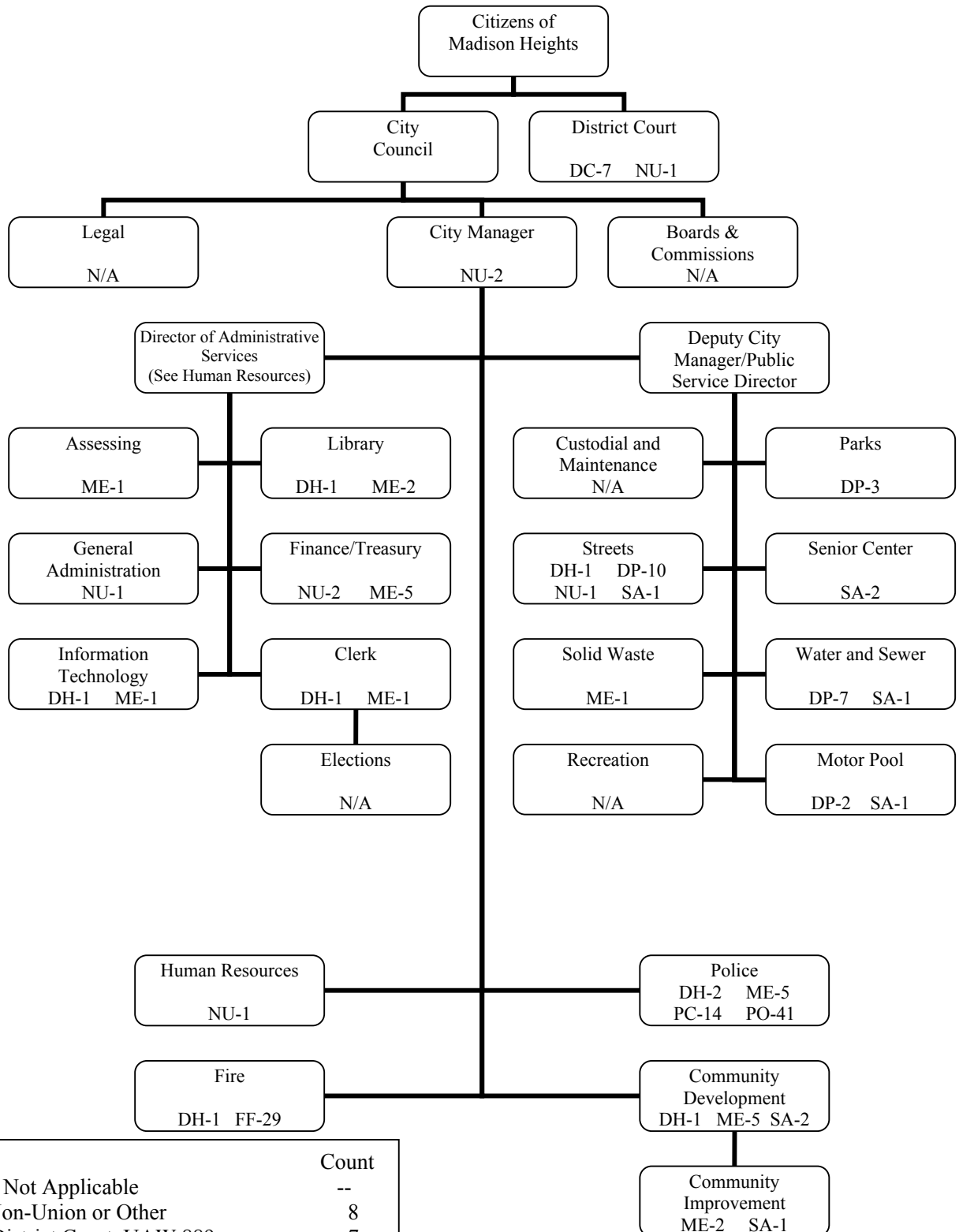
5	4	4	4	4	4	4	3

Motor Pool Fund

223	211	206	198	196	195	184	160

Total All Funds

City Of Madison Heights Organizational Chart



Key	Count
N/A = Not Applicable	--
NU=Non-Union or Other	8
DC= District Court, UAW 889	7
DH=Department Heads, AFSCME	8
DP=DPS, TPOAM	22
FF=Fire Fighters	29
ME=Municipal, TPOAM	23
PC=Police Command, POLC	14
PO=Police Officers, POLC	41
SA=Supvrs. & Assts., AFSCME	<u>8</u>
	160

COMMUNITY PROFILE

Regional Setting

The City of Madison Heights is located near the southeast corner of Oakland County, adjacent to the western boundary of Macomb County and approximately two miles north of the City of Detroit. Freeway access to the southeast Michigan region is provided by Interstate 75 (I-75) and Interstate 696 (I-696). In addition, regional access is available using the bus system of the Suburban Mobility Authority for Regional Rapid Transit (SMART) system.

Incorporated in 1955, Madison Heights has grown and prospered significantly over the past 55 years. According to the 2008 Land Use Survey, only 2 percent of the City's total acreage is vacant land.

Oakland County is no longer experiencing the tremendous growth that began in the late 1980's and continued through the mid-2000's. However, the proximity to the I-696 and I-75 Freeways continues to provide easy access to employment centers and residential communities throughout Oakland County and has made Madison Heights a strategic location for both employers and employees.

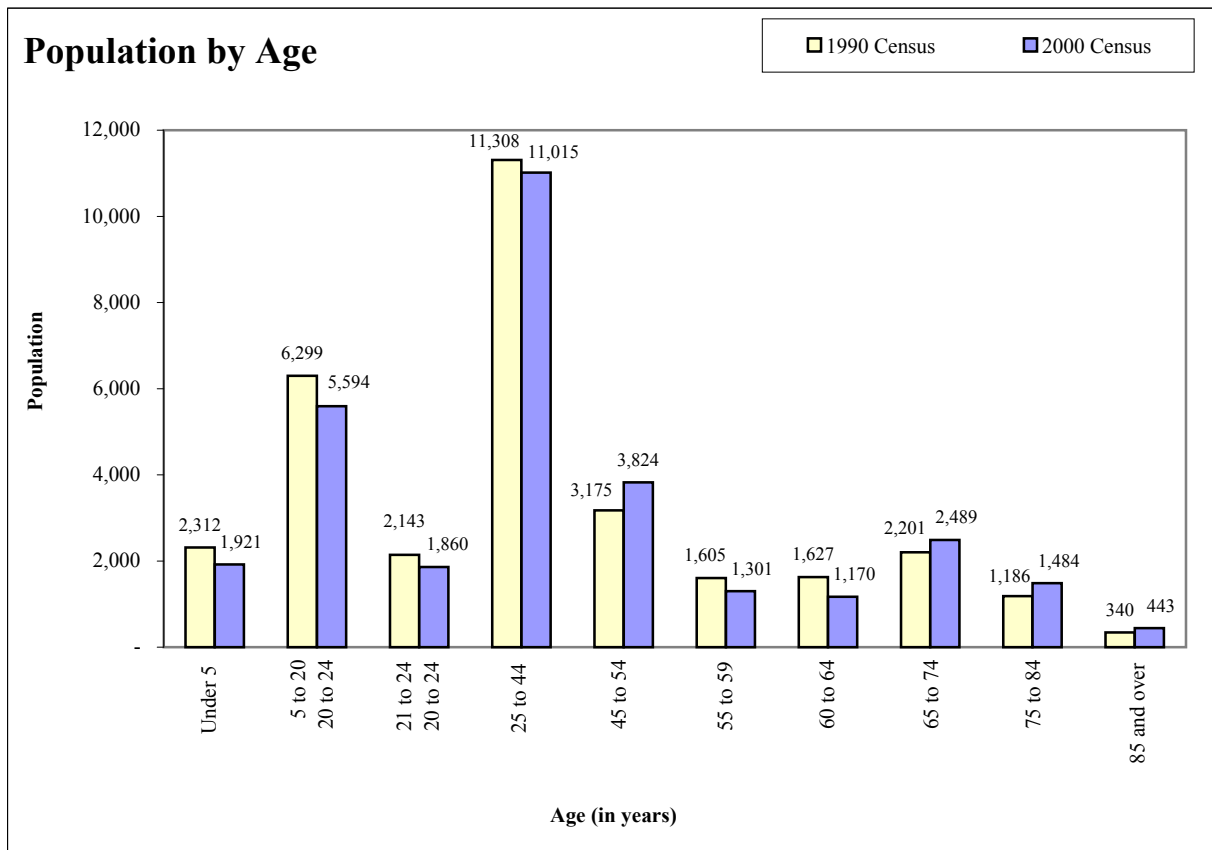
Population

The population of a community, its composition and characteristics, is a basic ingredient in planning for the future. Historical and current population trends can be used in various ways to illustrate problem areas of development and provide indication of probable future needs. Proper planning of future community facilities must take the existing allocations of population and particularly future projections into consideration.

This section will examine three primary aspects of the City's population: past historical trends, current composition, and future projects based on current trends, correlated with the effects of certain future variables.

Historical Trends

The following bar graph shows population change in Madison Heights from 1960 to 2000. Total population peaked in 1970. The City's 2000 population is actually less than its population in 1960, due to decreases in household family size and the addition of smaller units of residential housing including apartments and condominiums. This is clear when one looks at the decline in the number of person per occupied dwelling unit from the bar chart. On the other hand, the number of housing units has actually grown to 13,740 during a time of slight decline in total population. The end result is more housing units supporting a smaller population.



The Major Age Group Comparison shown above indicates some subtle changes occurring to the City's population. The City's residents continue to get older as a group, reflecting national demographic characteristics and increased life expectancy. The Retirement Age group of 65 and over continues to grow as a percent of total population while School-Age and Pre-School Age children continues to decline slightly. This is an indication that Madison Heights remains an attractive community for very young families as well as retirees, but continues to reflect the natural trend of increased life expectancy and smaller family sizes.

Current Composition

Also important to City planning are characteristics of the population, such as race, ethnic origin, and distribution, as well as age characteristics. The following Tables summarize these characteristics of the City's population.

Population and Housing Unit Change

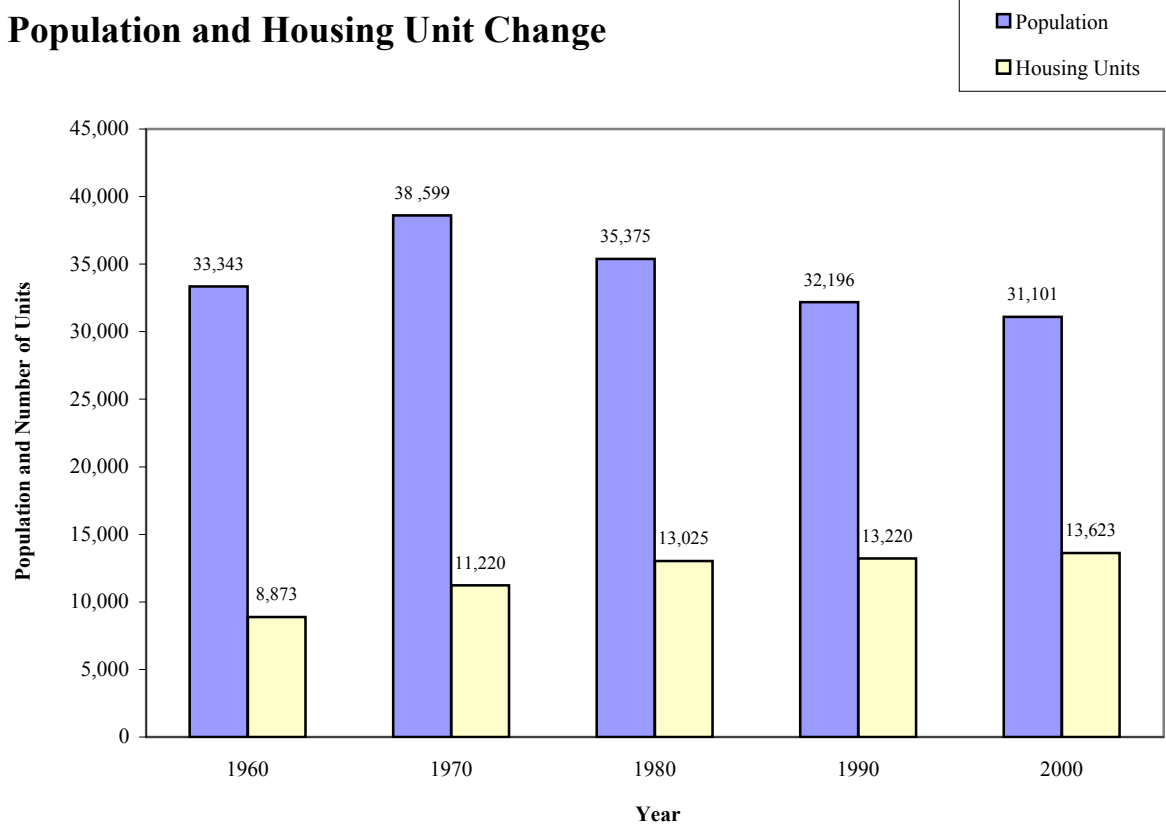


Table 1
Selected Population Characteristics: 2000
City of Madison Heights

Total Population	31,101
Male (48.9%)	15,216
Female (51.1%)	15,885
White (89.6%)	27,866
Black (1.8%)	567
American Indian, Eskimo & Aleut (0.4%)	138
Asian or Pacific Islander (5.0%)	1,563
Two or more Races (2.7%)	833
Other Race (0.5%)	142
Persons of Hispanic Origin (1.6%)	502

Source: U.S. Census of Population & Housing, 2000

Future Projections

Only 2.0 percent of the land in Madison Heights is vacant, and approximately one-fourth of this vacant land is zoned for residential development. In addition, the average household size continues

to decline as the population matures and children grow up and leave home. The 2000 Census reflected 2.3 persons per household, while 2009 estimates indicate 2.21 average household size.

Preparing population projections for a community such as Madison Heights is much different than the process one would follow in a rapidly growing community with ample vacant land. Traditional methods such as constant proportion method (linked to the county population), growth rate method (based on past percentage changes), and increasing proportion method (based on an increasing share of County growth) are not appropriate. More appropriately, new housing and family size are the two most important variables that need to be examined.

The national and local trends over the past 30 years indicate shrinking family sizes along with increases in the number of households. This trend is due, at least in part, to lower fertility rates and higher divorce rates. The Census of Population shows these trends are present in the City. The City will, at the same time, gradually approach maximum capacity development of its housing units.

Applying these trends and assumptions results in the following estimate:

Table 2
Population & Household Estimate, 1990-2009
City of Madison Heights

	<u>1990</u>	<u>2000</u>	<u>2009 Estimate</u>
Total Population	32,196	31,101	29,197
Total Households	12,850	13,299	13,164
Average Household Size	2.51	2.33	2.21

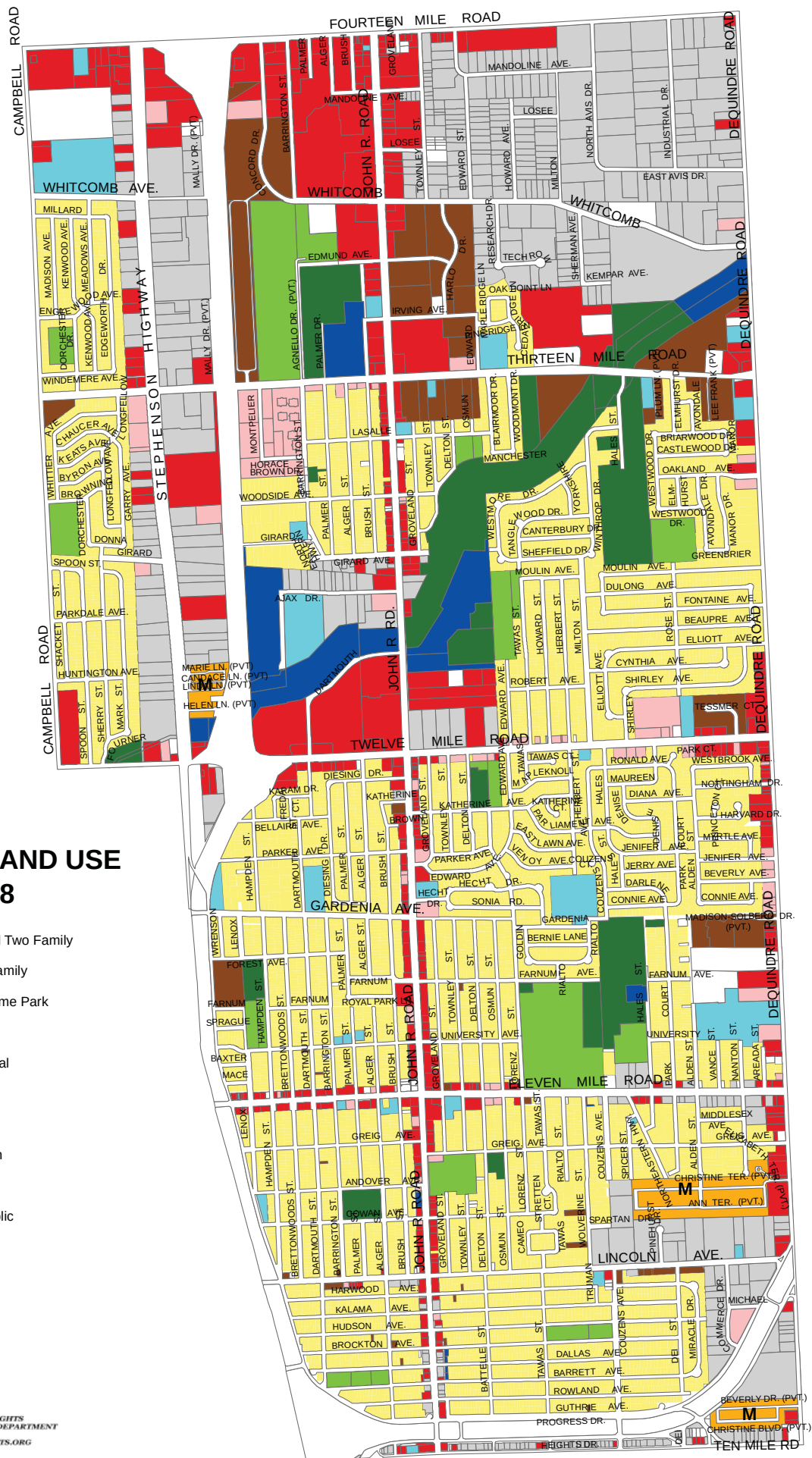
(1) 1990 and 2000 Census data based on Persons Living in Households, Occupied Housing Units, and SEMCOG July 2009 estimates.

EXISTING LAND USE 2008

-  Single and Two Family
-  Multiple Family
-  Mobile Home Park
-  Office
-  Commercial
-  Industrial
-  School
-  Recreation
-  Public
-  Quasi-Public
-  Vacant



CITY OF MADISON HEIGHTS
COMMUNITY DEVELOPMENT DEPARTMENT
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Existing Land Use

The pattern of development established in a community is influenced by a number of factors including the community's regional setting, citizen demands and needs, political conditions, changes in technology and environmental characteristics and systems. As outlined in the Regional Setting, the growth and development of the City of Madison Heights has been influenced by its position in the Detroit Metropolitan Area. In addition, the City has become fixed in its land area due to the incorporation of the surrounding communities: cities of Hazel Park, Royal Oak, Troy and Warren.

In 2008, the City conducted a survey of the City recording all of the existing uses of land. The resulting pattern of existing development has been documented on the land use map available in the Community Development Department.

The following is a description of the various land use classifications used in the survey.

Single and Two Family - This classification is for those areas containing single-family and two-family dwelling units and accessory structures.

Mobile Home Park - This category identified mobile homes in a planned community or mobile home park setting.

Multiple Family - Included in this group are all apartments and multiplex type of units where more than two separate residential units occupy a single building. Included are apartments, townhouses, condominiums and senior apartments.

Commercial - Retail sales establishments, personal and business services are placed in the commercial category. Included are shopping centers, restaurants, gas stations, party stores, beauty parlors, while-you-wait printers, and the like.

Office - Uses include general business offices; professional services such as banking, real estate, engineering and architectural services; medical and dental offices; and similar uses.

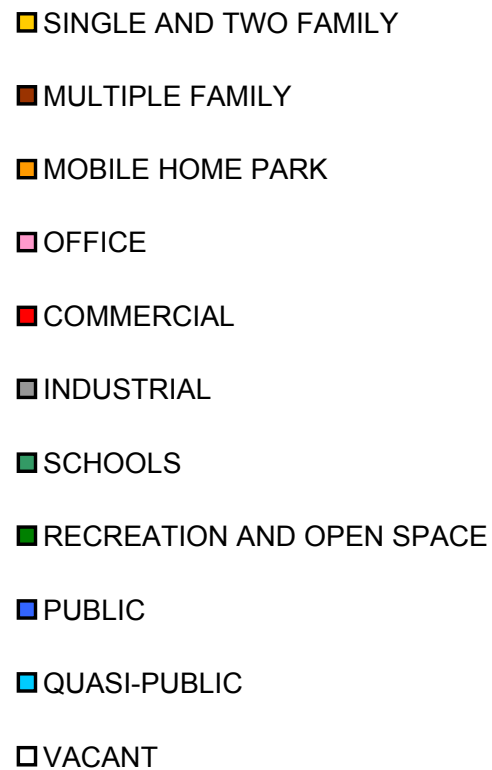
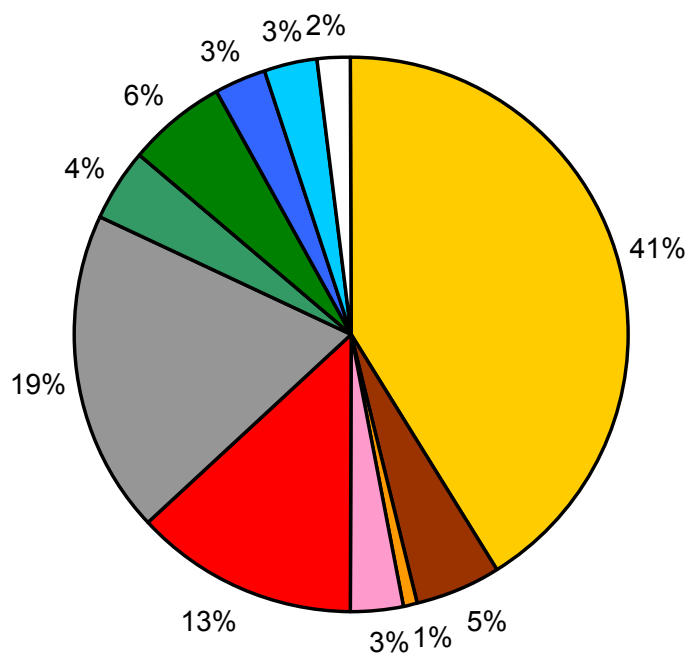
Industrial - This category includes uses with or without buildings where materials are processed, fabricated, assembled, or manufactured, or where equipment, materials or wastes are stored out-of-doors. It also includes warehousing, office/warehouse combinations, and wholesale operations.

Public - Land area and facilities such as libraries, public works buildings, and government buildings are considered public uses.

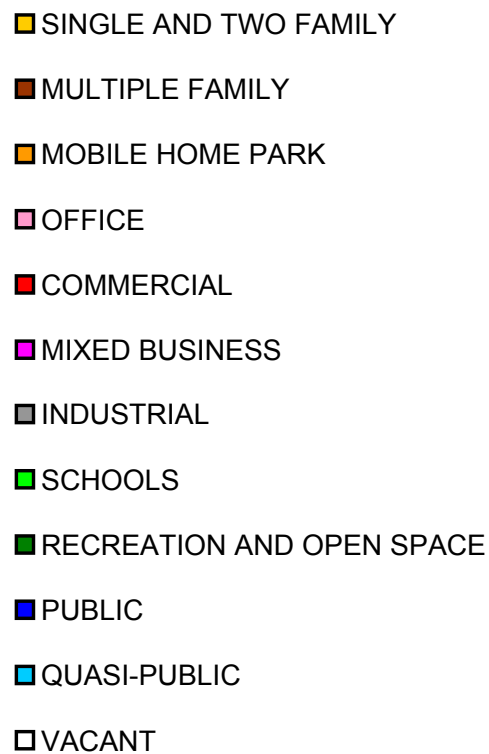
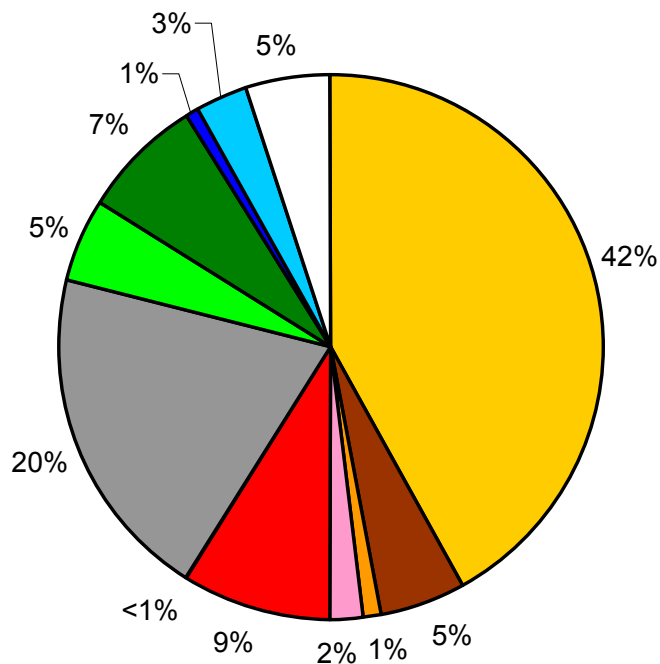
Quasi-Public - Included within this classification are such as churches, hospitals, private schools, lodge halls, private cemeteries, utility stations/sub-stations, etc.

Recreation and Open Space - This category has grown significantly since 1969, from 46 acres (1%) to 225 acres (6%). Major parks and recreation areas include the Red Oaks Golf Course; Red Oaks Water Park; Red Oaks Soccer Complex; Suarez Friendship Woods and Nature Center; Rosie's Park/Madison Woods; and the Civic Center Park. In 2000, the City added 0.7 acres northeast of Rosie's Park and 1.5 acres at Suarez Friendship Woods. In 2009, the City added 0.42 acres at the southwest corner of Hales and Winthrop as a second expansion of Suarez Friendship Woods. It should be noted that the entire Red Run right-of-way (137 acres) is included in this category.

EXISTING LAND USE 2008



EXISTING LAND USE 1989



* 1989 Land Use shows Mixed Business and Commercial use types.
In 2003, those use types were combined into Commercial.

School Sites - School sites in the City of Madison Heights now comprise 164 acres. Many of the City's school sites include significant recreation areas, provided by either the Madison or Lamphere School District.

Vacant - This category includes all remaining land that is presently vacant or unused. As of 2008, only 2 percent of the City remained as vacant land, although not all of the land is available for development.

In short, the City of Madison Heights welcomes residents, businesses and visitors alike to a vibrant and diverse Community! The City is ideally located in southeastern Michigan, within Oakland County's "Automation Alley". Madison Heights provides a full range of services to residents, visitors and the business community and is conveniently located for employers and employees alike at the intersection of I-75 and I-696. In spite of the economic downturn of 2007-2010, Oakland County continues to rank high in per capita income, employment opportunities and overall quality of life. The City of Madison Heights exemplifies the very best in Oakland County through its excellent city services, road maintenance and snow removal, and opportunities for residents and the business community. It is a fiscally sound and stable community with many advantages because of its diverse tax base, housing mix, business climate and convenient access to other business and residential areas in southeastern Michigan.

There are more than 1,300 commercial and industrial businesses and services within the City's 7.25 square miles and the City is proud to have a majority of small businesses, as well as more than 100 major companies within its borders, such as: Best Buy, Coca Cola, Costco, CVS Pharmacy, Henkel Technologies, Home Depot, Lowes, Starbucks, Kmart, Meijer, Microcenter, Netlink, Sam's Club, Target, and United Parcel Service. It is a "City of Progress" with 23 shopping centers, 11 hotels, more than 860,000 square feet of office space, and seven industrial parks that include 10 million square feet.

The City of Madison Heights is committed to working with present and future residents and businesses to continue our excellent tradition as The City of Progress!

Natural Features

By 2008, over 98-percent of the City's land area had been developed by urbanized uses and City parks. For this reason, very few properties remain in their original natural state. The two principal exceptions include properties that have been protected as Madison Heights City Parks. The two include: Suarez Friendship Woods and Madison Woods. In addition to these, several other City parks have maintained a sizeable number of mature hardwood trees.

Topography, Soils and Drainage

The surface geology of Southeast Michigan is characterized by two broad zones, a lowland zone and a hilly upland zone. Madison Heights is situated within the flat, lowland zone lying between

the Great Lakes shoreline and the hill zone. This lowland zone was formed by clay and sand deposits laid in the bottom of a large lake that existed about 10,000 years ago. The topography of Madison Heights is nearly flat due to this history as part of the glacial lake plain. The soils found throughout the City are poorly drained to moderately well drained in their natural state. The urbanization of the City has required the creation of an artificial storm drainage system to overcome the major limitation of the City's soil - wetness. The Red Run Drain, which cuts diagonally through Madison Heights, is the eventual outlet for most of the City's storm water. Over the years, many of the City's storm and sanitary sewer systems have been separated so that most of the storm water is now able to be discharged to the George W. Kuhn storm sewers and to the Red Run Drain without treatment. The City of Madison Heights is wholly located within the Clinton River Watershed Basin.

Woodlands and Wildlife

As mentioned earlier, Suarez Friendship Woods and Madison Woods are the only parcels of land that remain in their original, natural state. Suarez Woods includes areas maintained in mature hardwoods, brush, and grasslands. The site also includes a small vernal pond. This 36 acre nature preserve supports a surprising variety of wildlife for a mature urban city, including native birds, rodents and mammals. A Nature Center is located in Suarez Friendship Woods. The Center has a variety of exhibits and programs related to natural history and the environment.

Climate

The Southeast Michigan region, of which Madison Heights is part of and lies within the humid continental climatic zone of eastern North America. This zone is characterized by hot summers, cold winters, and a relatively constant year-round supply of moisture. Temperature characteristics of the immediate Southeast Michigan area include winter temperatures that average around freezing (32°F) with overnight lows between 15°F and 20°F. Summer temperatures average around 72°F with afternoon highs in July and August of 85°F. At the extremes, winter temperatures as low as 13°F below zero and summer temperatures over 100°F have been recorded.

The rhythm of the seasons in Southeast Michigan is regular, if somewhat syncopated. The winter and summer seasons tend to be long while fall and especially spring tend to be quite short. The area is characterized by prevailing westerly winds. Although the Great Lakes tend to moderate the weather somewhat due to their large capacity as a thermal reservoir, the region is located at the edge of an area that is affected by frequent incursions of cold arctic air.

Because Southeast Michigan lies on the dividing line of a much colder area to the north and a much warmer region to the south, its winters tend to be less cold and its summers less hot than the far extremes of the humid continental climatic zone. This particular characteristic has resulted in the dominance of broadleaf trees as opposed to the needleleaf forests found a little farther north.

Recreation Facilities Inventory

Recreation facilities available to Madison Heights residents range from small tot lots to neighborhood parks to large community-wide playfields to major regional recreation developments. The City currently operates a system of 15 City parks including the new Red Oaks Youth Soccer Complex. A Senior Citizens activities center provides special programs for seniors that include recreation, home chores such as yard maintenance, meals, transportation and many other outstanding programs. The City also operates indoor recreation programs for all ages in cooperation with Madison and Lamphere Public Schools and on a space-available basis at City Hall and the Main Library.

In addition to the City-owned parks, many of the public and parochial schools in Madison Heights include recreation opportunities. Specific facilities range from playground equipment and outdoor athletic fields to indoor gymnasiums and pools.

Beyond the City limits are a wide array of public, regional recreation areas and private recreation facilities. Oakland County operates a system of 11 county parks. One of these, the Red Oaks complex, is physically located within Madison Heights. There are at least 50 public golf courses in Oakland County alone. The Huron-Clinton Metropolitan Authority (HCMA) has developed a system of 13 regional parks, all of which are within a 60-minute drive of Madison Heights. Activities such as picnicking, swimming, fishing, boating, wildlife study and even horseback riding can be enjoyed at several of the HCMA parks. There are also 22 State parks or recreation areas within an approximate one-hour drive of Madison Heights. These State parks offer camping, hunting, cross-country skiing and even snowmobile trails among their many available activities.

GLOSSARY OF BUDGET AND FINANCE TERMS

The Annual Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

Accounting System: The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of an entity.

Activity: A special unit of work or service performed.

Accrual: Basis of accounting where revenues are recognized when they are measurable and earned. Expenses are recorded when incurred.

Advanced Life Support (ALS): Advanced Life Support is a part of the Fire Department operation that provides paramedic-level emergency medical treatment and transportation service. The department's licensed advanced emergency medical technicians provide pre-hospital emergency care.

Appropriation: An authorization made by the City Council that permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one year period.

Assessed Value: 50 percent of the estimated true cash value placed upon all taxable real and personal property by the local assessing jurisdiction's certified assessor.

Assets: Property owned by the City that has monetary value.

Audit: A systematic examination of resource utilization concluding in a written report. It is a test of management's internal accounting controls and is intended to:

- ascertain whether financial statements fairly present financial positions and results of operations
- test whether transactions have been legally performed
- identify areas for possible improvements in accounting practices and procedures
- ascertain whether transactions have been recorded accurately and consistently
- ascertain the stewardship of officials responsible for governmental resources

Balanced Budget: A budget in which estimated revenues are equal to or greater than estimated expenditures.

Balance Sheet: A statement purporting to present the financial position of an entity by disclosing the cost of its assets, liabilities, and equities as of a specified date.

Benchmarking: The process of comparing the business processes and performance metrics to industry bests.

Bond (Debt Instrument): A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital expenditures.

Brownfield Redevelopment Authority: Established by Public Act 145 of 2000 to encourage redevelopment of idle or under-utilized commercial and industrial properties, which may not otherwise be redeveloped due to real or perceived contamination of the property. The Authority works to assist developers with the options of reimbursing for cleanup costs and/or providing a single business tax credit (authorized through the State of Michigan).

Budget Calendar: The schedule of key dates or milestones that the City follows in the preparation and adoption of the budget.

Budget Message (City Manager's): A general discussion of the budget document presented in writing as an overview of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

Budget (Operating): A plan of financial operations embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). The term is also sometimes used to denote the officially approved expenditure ceiling under which the City and its departments operate.

Capital Improvements: Annual appropriations in the City's budget for capital purchases and construction projects costing more than \$30,000. This plan details funding sources and expenditure amounts for these large projects or purchases that will be required beyond the one year period of the annual budget.

Capital Outlays: Expenditures for the acquisition of capital assets over \$2,000. Includes the cost of land, buildings, permanent improvements, machinery, computers, large tools, rolling and stationary equipment.

Cash Management: The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.

Certificates of Deposit: A negotiable or non-negotiable receipt for monies deposited in banks or financial institutions for a specified period and rate of interest.

Consumer Price Index - Workers (CPI-W): An indicator of the consumer prices issued by the United States Department of Labor, Bureau of Labor Statistics, which is a widely used indicator

of inflation (or deflation) and indicates the changing purchasing power of money. It is obtained by calculating the cost of a fixed “basket” of commodities purchased by a typical consumer. The basket contains products from various categories including shelter, food, entertainment, fuel and transportation. Since the contents of the basket remain constant in terms of quantity and quality, the changes in the index reflect price changes.

Contractual Services: Items of expenditure for services that the City receives from an internal service fund or an outside company. Utilities, rent and custodial services are examples of contractual services.

Current Taxes: Taxes that are levied and due within one year.

Debt Service: The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

Delinquent Taxes: Taxes that remained unpaid on and after the date on which a penalty for non-payment is attached.

Department: A major organizational unit of the City that indicates overall management responsibility for an operation or a group of related operations within a functional area.

Department of Public Service (DPS): The Department of Public Service provides numerous round-the-clock services to residents and business owners. The Department's operational divisions include: Water and Sewer; Streets; Parks; Recreation; Building Maintenance; Motor Pool; Nature Center and Senior Center.

Depreciation: (1) Expiration of the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset that is charged as an expense during a particular period.

Downtown Development Authority (DDA): Created by the State of Michigan, under Public Act 197 of 1975, for the purpose of stimulating and encouraging private investment in the south commercial district through the provision of public improvements.

Encumbrances: Obligations in the form of purchase orders, contracts or salary commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when an actual liability is set up.

Enterprise Fund: A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to ensure that revenues are adequate to meet all necessary expenditures. Enterprise funds are established for services such as water and sewer, parking facilities, transit systems, airports, solid waste management (when financed through user fees) and golf courses.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year. The amount of revenue appropriated is the amount approved by Council.

Fiscal Year: The beginning and ending period for recording financial transactions. The City has specified July 1 to June 30 as its fiscal year.

Full Faith and Credit: A pledge of the City's taxing power of a government to repay debt obligations (typically used in reference to General Obligation Bonds or tax-supported debt).

Full Time Equivalent Position (FTE): A measure of full-time position equivalents. A part-time position converted to a decimal equivalent of a full-time position based on 1,950 hours per year for clerical, library and recreation staff and 2,080 hours per year for Department of Public Service staff.

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts, recorded cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance: The excess of an entity's assets over its liabilities. A negative fund balance is sometimes called a deficit.

General Fund: The largest fund within the City, the General Fund accounts for most of the financial resources of the government that may be used for any lawful purpose. General Fund revenues include property taxes, licenses and permits, user fees, service charges, and other types of revenue. This fund usually includes most of the basic operating services, such as police and fire protection, finance, parks and recreation, libraries, public works and general administration.

General Obligation Bonds: When the City pledges its full faith and credit to the repayment of the bonds it issues, those bonds are general obligation (G.O.) bonds. Sometimes the term is also used to refer to the bonds that are to be repaid from taxes and other general revenues.

Geographic Information System (GIS): A system of software and hardware used to capture, store, manage, analyze and map geographic information.

Government Finance Officers Association (GFOA): The GFOA is the professional association of state and local finance officers in the United States and Canada and has served the public finance profession since 1906. GFOA members are dedicated to the sound management of government financial resources.

Goal: A statement of broad direction, purpose or intent based on the needs of the community. The City Council adopts an annual Goal Plan for the City focusing on the City's top priorities.

Headlee Amendment: The Headlee Amendment, approved by the voters of the State of Michigan as a Constitutional Amendment, places an upper limit on the total amount of property taxes a city can collect in the fiscal year. In effect, the City cannot collect operating millage on the Taxable Value (TV)

increase derived from existing property, which is in excess of the Headlee inflation factor (4.4% for FY 2009-10) plus TV on new construction. This limit is accomplished by rolling back those operating millages, which are at their authorized maximum, by the same percentage as the TV is over the Headlee allowable maximum. The Headlee Amendment limitation may be waived only by a vote of the electorate.

Infrastructure: Capital assets that are stationary and normally have a useful life greater than most other capital assets. Examples include roads, sewer lines and water systems.

Interfund Transfers: Amounts transferred from one fund to another.

Intergovernmental Grant: A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the State and Federal governments. Grants are usually made for specified purposes.

Intergovernmental Revenue: Revenue received from another government.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government on a cost reimbursement basis. The City has one internal service fund for Motor Pool vehicle and equipment repair and maintenance.

Investment: Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals or base payment.

George W. Kuhn Drain District: Established under State statute to facilitate a construction project, started in March 1999, to improve the Retention Treatment Facility (RTF) that was constructed by the Twelve Towns Drain District. These improvements to the RTF were to reduce the volume and frequency of overflows and to provide adequate treatment of the overflows when they do occur.

Liabilities: Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date. The term does not include encumbrances.

Long Term Debt: Debt with a maturity of more than one year after the date of issuance.

Maturities: The date on which the principal or stated values of investments or debt obligation mature and may be reclaimed.

Michigan Public Act 345: Michigan Public Act 345 was created for the City's Police and Fire Departments to establish and maintain the retirement pension and medical benefits for sworn personnel that could be supported through a dedicated property tax millage.

Michigan Uniform Accounting and Budgeting Act: Provides for the formulation and establishment of uniform charts of accounts and reports for local units of government; to define local units of

government; to provide for the books and accounts of local units of government; to provide for annual financial reports from local units of government; to provide for the administration of this act; to prescribe the powers and duties of the State Treasurer and the Attorney General; to provide penalties for violation of certain requirements of this act; to provide for meeting the expenses authorized by this act; to provide a uniform budgeting system for local units; and to prohibit deficit spending by a local unit of government.

Millage Rate: One mill equals \$1.00 of taxes for each \$1,000 of taxable value. The millage rate is the total number of mills assessed against the taxable value.

Modified Accrual: A "basis of accounting" that determines when a transaction or event is recognized in the fund's operating statements. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Changes to the modified accrual basis from the accrual basis are as follows:

- a) Those revenues susceptible to accrual are property taxes, intergovernmental revenues, special assessments, licenses, interest revenues and charges for services. Fines and forfeits, permits and certain miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.
- b) Non-current receivables, such as special assessments, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year-end.
- c) Interest income on special assessments receivable is not accrued until its due date.
- d) Principal on general long-term debt is recorded as a fund liability when due. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- e) Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- f) Normally, expenditures are not divided between years by the recording of prepaid expenditures.
- g) The non-current portion of vested employee benefits is reflected in the General Long Term Debt Account Group.

Motor Pool: A Department of Public Service division that is responsible for the maintenance of all City vehicles and rolling or motorized equipment.

Motor Vehicle Highway Fund Act: The Motor Vehicle Highway Fund Act provides for the classification of all public roads, streets, and highways in this state, to provide for the deposits of specific State taxes on motor vehicles and motor vehicle fuels, and to provide for the allocation of funds for the use and administration of the funds for transportation purposes.

Municipal Employees Retirement System (MERS): The Municipal Employees Retirement System of Michigan is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits to the State's local government employees.

Objective: Something to be accomplished in specific, well defined, and measurable terms and that is achievable within a specific time frame.

Object of Expenditure: Expenditure classifications based upon the type or categories of goods and services purchased. Typical objects of expenditure include:

- personal services (salaries, wages and fringe benefits, etc.)
- commodities (motor fuel, office and custodial supplies, etc.)
- contractual services (utilities, maintenance contracts, etc.)
- capital outlays (equipment, computer, vehicles, etc.)

Operating Funds: Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital improvement projects.

Outside Agencies: Outside non-profit agencies, receiving City funding support, including the Boys & Girls Club of South Oakland County, Gateway Counseling Center (mental health), Oakland County Youth Assistance, HAVEN (shelter and programs for spousal and other abuse relationships), Friends of Madison Heights Youth and Madison Heights Community Family Coalition.

Personal Services: Items of expenditures in the operating budget for salaries and wages paid for services performed by City employees, as well as the fringe benefit costs associated with City employment.

Proposal R: Approved in 1996 and 2006, this Proposal generates two mills (reduced by the State's property tax limitations) of revenue for a ten year duration used to fund infrastructure construction such as roads, storm sewer separation, landscaping and sidewalks.

Proposal V: Approved in 1996 and 2006, this Proposal generates one-half to one-quarter mill (reduced by the State's property tax limitations) for a ten year duration to fund for police, fire, street maintenance and other vehicle purchases.

Rating: The credit worthiness of a city as evaluated by independent agencies.

Reconciliation: A detailed summary of increases and decreases in departmental expenditures from one budget year to another.

Reserve: An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

Resources: Total dollars available for appropriations including estimated revenues, fund transfers, and beginning fund balance.

Retained Earnings: Within an Enterprise Fund, the accumulation of assets over liabilities. The City's only Enterprise Fund is the Water and Sewer Fund.

Special Assessment District (SAD): Special Assessment District refers to one or more parcels of property that receive a capital improvement (paving, sewers, sidewalks) and then are assessed a debt (principal and interest) to be repaid over a specific number of years.

State Equalized Value (SEV): The assessed value of real and personal property multiplied by a factor as determined by the Michigan State Tax Commission to ensure an assessment level of 50 percent of market value.

Taxable Value: The value upon which the property tax is levied. It is determined by multiplying the prior years taxable value by the current year's cost-of-living index. When the property changes ownership, the SEV becomes the taxable value for that year. The taxable value can never exceed the SEV or assessed value

Tax Rate: The amount of tax levied for each \$1,000 of assessed valuation.

Tax Rate Limits: The maximum legal property tax rate at which a municipality may levy a tax. The limits may apply to taxes raised for a particular purpose or for general purposes.

Trust and Agency Funds: Known as Fiduciary Fund Types, these funds are used to account for assets held by the City in a trustee capacity or as an agent for private individuals, organizations, or other governmental agencies. These funds are not specifically budgeted. The trust funds used by the City are Police and Fire Retirement, and Police and Fire Other Post-employment Benefits. Agency funds are custodial in nature and do not measure the results of operations. The City has two Agency Funds, the Tax Collection Fund and the Escrow Fund.

Truth In Taxation: The Truth in Taxation Act provides a mechanism to ensure public notice and awareness of the increase in property taxes that occurs as a result of an increase in the Taxable Value base on existing property. This act mandates a "tax freeze" with regard to existing property and prohibits revenue growth by requiring a tax rate reduction (rollback) on operating millages unless a specific public hearing is conducted. At the public hearing, the Council discusses and adopts by resolution the millage or tax rates necessary to fund the city services and programs identified in the budget document. Because Madison Heights complies with the MICHIGAN UNIFORM BUDGET ACT (PA 621), the required public hearing for Truth in Taxation is combined with the public hearing for budget adoption as permitted by statute.

Unit Costs: The cost required to produce a specific product or unit of service.

User Charges (also known as User Fees): The payment of a fee for direct receipt of a public service by the party benefiting from the service.

Yield: The rate earned on an investment based on the price paid for the investment.

ACRONYMS

Acronym	Description
ACH	Automated Clearing House
ADA	American with Disabilities Act
AEMT	Advanced Emergency Medical Technician
ALS	Advanced Life Support
CAFR	Comprehensive Annual Financial Report
CDBG	Community Development Block Grant
CIP	Capital Improvement Plan
CPI-W	Consumer Price Index – Workers
CTO	Compensatory Time Off
DDA	Downtown Development Authority
DPS	Department of Public Service
EFTPS	Electronic Federal Tax Payment System
ESL	English as a Second Language
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principals
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GPS	Global Positioning Systems
GWK	George W. Kuhn Drain
HCMA	Huron-Clinton Metropolitan Authority
HMO	Health Maintenance Organization
HUD	Housing and Urban Development
IBNR	Incurred but not Reported
ISP	Investment Service Program
LHOH	Little House on Hales
MDNR	Michigan Department of Natural Resources
MDOT	Michigan Department of Transportation
MEDA	Michigan Economic Development Association
MEDC	Michigan Economic Developers Corporation
MERS	Municipal Employees Retirement System
MLGBC	Michigan Local Government Benchmarking Consortium
MNRTF	Michigan Natural Resource Trust Fund
PPO	Preferred Provider Organization
ROW	Right-of-Way
SAD	Special Assessment District
SEV	State Equalized Value
STV	State Taxable Value
TV	Taxable Value



**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
ITEMS \$2,000 AND OVER
FISCAL YEAR 2010-11**

	<u>Description</u>	<u>Vehicle</u>	<u>Account</u>	<u>Amount</u>
<u>General Fund</u>				
<u>District Court</u>				
101-136	<u>Books</u>		<u>9780000</u>	
	Books			\$ 15,000
			Total Department	<u>\$ 15,000</u>
<u>Information Technology</u>				
101-258	<u>Computer Equipment</u>		<u>9810000</u>	
	Printer Server			\$ 2,000
			Total Department	<u>\$ 2,000</u>
<u>Police</u>				
101-301	<u>Computer Equipment</u>		<u>9810000</u>	
	Patrol Car Video System Upgrade - Grant Portion	(Total Project Cost \$105,000)		\$ 11,000
			Total Department	<u>\$ 11,000</u>
<u>Fire</u>				
101-336	<u>Vehicles (Proposal "V" Funded)</u>		<u>9850000</u>	
	Ambulance Rescue Phase III Funding	#710		130,565
	Patient Transfer Equipment for Rescues			35,360
	Ambulance Rescue Phase I Funding	#713		<u>190,405</u>
				\$ 356,330
			Total Department	<u>\$ 356,330</u>
<u>CDD</u>				
101-400	<u>Vehicles (Proposal "V" Funded)</u>		<u>9850000</u>	
	Chevy S-10 Pick-Up	#483		\$ 16,000
			Total Department	<u>\$ 16,000</u>
<u>Parks</u>				
101-757	<u>Vehicles (Proposal "V" Funded)</u>		<u>9850000</u>	
	Toro Rider Mower	#367		13,000
	Chevy S-10 Pick-Up w/plow	#477		<u>20,200</u>
				\$ 33,200
			Total Division	<u>\$ 33,200</u>
<u>Library</u>				
101-790	<u>Books</u>		<u>9780000</u>	
	Books	(Total Allocation \$23,750)		13,707
			Total Department	<u>\$ 13,707</u>
			Total Fund	<u><u>\$ 447,237</u></u>

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
ITEMS \$2,000 AND OVER
FISCAL YEAR 2010-11**

	<u>Description</u>	<u>Account</u> <u>Vehicle</u>	<u>Amount</u>
<u>Major Street Fund</u>			
<u>Construction</u>	<u>Rehabilitation Programs</u>	<u>9880436</u>	
202-451	13 Mile Sectional - Campbell to Stephenson Highway		312,000
	Asphalt Crack Seal		50,000
	Commercial & Industrial Sectional concrete replacement		50,000
	Campbell - 14 Mile to 13 Mile Final Payment		163,000
			<u>\$ 575,000</u>
		Total Fund	<u>\$ 575,000</u>
<u>Local Street Fund</u>			
<u>Construction</u>	<u>Proposal "R-2" Concrete Repair</u>	<u>9890528</u>	
203-451	Section Concrete Replacement		\$ 100,000
	Section Sidewalk Replacement		20,000
			<u>\$ 120,000</u>
	<u>Proposal "R-2" Construction</u>	<u>9890XXX</u>	
	Brockton - Battelle to Tawas		\$ 326,000
	Dorchester - Englewood to 31272 Dorchester		176,000
	Englewood - Campbell to Edgeworth		417,000
	Yorkshire - Westmore to Tanglewood		274,000
	Westmore - Winthrop to West of Yorkshire at 30459 Westmore		276,000
			<u>\$ 1,469,000</u>
		Total Fund	<u>\$ 1,589,000</u>
<u>Downtown Development Authority</u>			
<u>248-863</u>	<u>Improvements</u>	<u>9870000</u>	
	John R Improvements	(Total Project Cost \$157,530)	\$ 58,476
		Total Fund	<u>\$ 58,476</u>
<u>Drug Forfeiture Fund - State</u>			
264-301	<u>Computer Equipment</u>	<u>9810039</u>	
	Patrol Car Video System Upgrade	(Total Project Cost \$105,000)	\$ 94,000
		Total Fund	<u>\$ 94,000</u>
<u>Special Assessment Revolving Fund</u>			
297-401	<u>Sidewalk Program</u>	<u>9897502</u>	
	Sidewalk Replacement & Gap Installation - Year 8		\$ 420,000
		Total Fund	<u>\$ 420,000</u>
<u>Water & Sewer Fund</u>			
<u>590-901</u>	<u>Machinery and Equipment</u>	<u>9820000</u>	
	Fixed Network Water Meter Reading System and Register Head Replacements		\$ 1,379,355
		Total Fund	<u>\$ 1,379,355</u>