

City of Madison Heights

Michigan



Come to play, choose to stay . . . experience Madison Heights

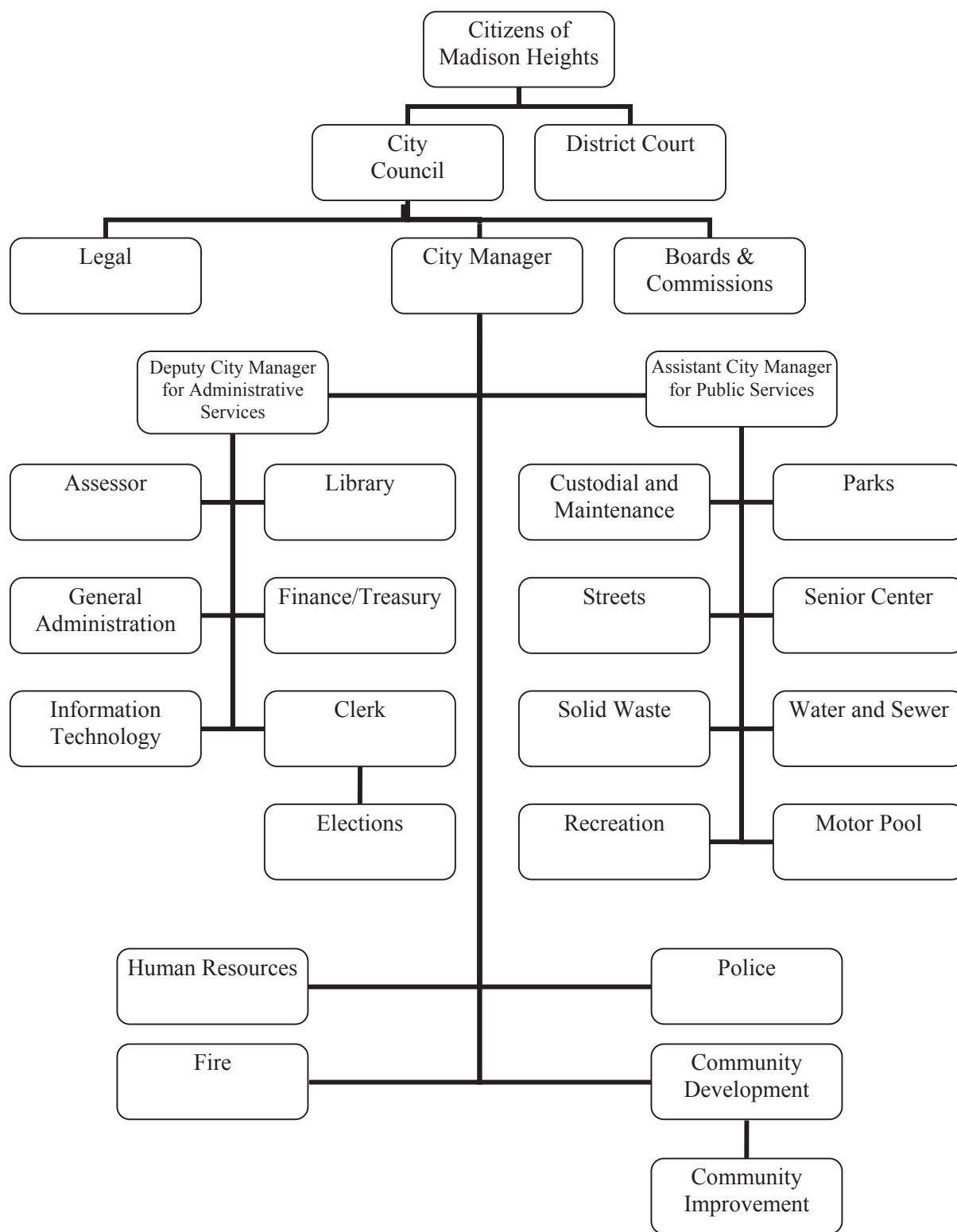
Adopted Annual Budget Fiscal Year 2013-2014



The cover photos showcase the wide assortment of outstanding outdoor Oakland County Parks and City Recreation facilities that make Madison Heights a great place to live, work and play.

Left to right - Top row: Trail in the Red Oaks Nature Center at George W. Suarez Friendship Woods, Red Oaks Dog Park; Center: Red Oaks Waterpark; Bottom row: Red Oaks Youth Soccer Complex, Red Oaks Golf Course

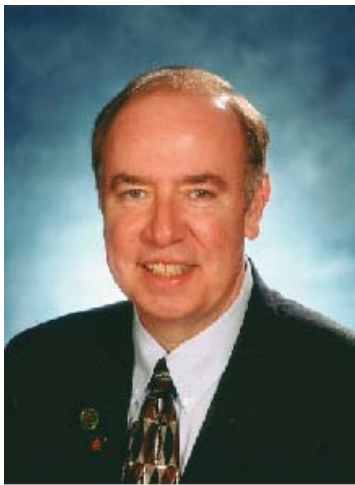
City of Madison Heights Organizational Chart





Edward C. Swanson
Mayor

Mayor and Council



Robert J. Corbett
Mayor Pro Tem



Margene A. Scott
Councilwoman



Richard L. Clark
Councilman



Brian C. Hartwell
Councilman



Kyle W. Gerald
Councilman



Robert B. Gettings
Councilman

City of Madison Heights Adopted Annual Budget Fiscal Year 2013-14

Mayor

Edward C. Swanson

City Council

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

City Manager

Benjamin I. Myers

Deputy City Manager for Administrative Services

Melissa R. Marsh



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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 13, 2013

Budget Message

Fiscal Year 2013-14 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, 2013 and the Five Year Capital Improvement Plan for FY 2014-18. 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's 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 input, and City Manager and departmental review of operations.

The schedule below was followed for this year's Budget review process:

| | |
|--------------------------|---|
| Thursday, April 4, 2013 | Budget delivered to Council <ul style="list-style-type: none">• Policy & Summary Budget• Detailed Line Item Budget |
| Saturday, April 20, 2013 | Budget Workshop |
| Monday, May 13, 2013 | Public Hearing on Budget and Adoption of Budget (required by City Charter Code, Section 8.3 and State of Michigan Public Act 621 of 1978), financial policies and Capital Improvement Plan. |

The general public was invited to attend all Council discussion and deliberation on the Budget. The public was also encouraged to contact the City Manager with any questions or comments on the Budget. Additionally, the Budget will be placed on the City's website at www.madison-heights.org.

The total budget equates to \$43.5 million and represents a decrease of \$6.9 million or 13.7% over the prior year. The principal causes of the overall budget reduction include: a continued decline of property values leading to decreases in real and personal property tax revenues of \$1.1 million; a transfer of retiree health care premium payments from the General Fund to the Retiree Health Care Trust Funds, reducing the Budget by \$2.0 million; dissolution of the Housing Commission and Section 8 Rental Assistance Program, decreasing the Budget by \$1.9 million; a scheduled reduction in Major Street and Local Street funded road construction of \$1.5 million and \$376,000, respectively; and other General Fund expenditure gap reduction measures.

Introduction

First, I'd like to commend the work of the Department Heads, and especially our Deputy City Manager for Administrative Services, for an excellent effort in maintaining existing services within limited revenues. I would also like to thank the City Council for their feedback and direction as part of upcoming labor negotiations, the financial outlook, and the Capital Improvement Plan. Certainly, the difficult times are not over, 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.

Second, I would like to acknowledge that both the staff and the City Council would like to see programs and services that were reduced in recent years restored, but we all understand that this isn't possible at this time. As the City Council is aware, the City has the responsibility to determine and prioritize the needs of the community and work to balance those needs against available resources, building a balanced consensus-based Budget.

Financial Challenges

The reality facing Michigan is that although our State has shown positive signs related to the turnaround of the auto industry, unemployment remains unacceptably high and employment levels have a long way to go to reach pre-recession levels. Further compounding Michigan's situation is that State government continues its attacks on property taxes and revenue sharing, our principal sources of revenue.

Despite conservative and sound financial management, the City of Madison Heights faces a funding challenge that is affecting many Michigan municipalities. Following a four-year decrease in City property tax revenue, staff now forecasts an additional reduction of \$1.1 million in City property tax revenues. Over the last four years, the City has implemented \$5.5 million in gap measures and cut back some City programs while trying to maintain core services.

With the near collapse of the American automotive companies, State and national recession and resulting high unemployment and home foreclosures, the City has seen a deep decline in property values. Property taxes make up 64% of the City's General Fund revenues that support the basic core services of the community.

Over the last seven years, the market value of the average single-family home in Madison Heights has dropped from \$138,480 to \$68,429, or 51%. Staff forecast that this decline will continue this year, with the average market value dropping to \$62,934, a total 55% decline.

The City's second largest source of General Fund Revenue is State Shared Revenues, which amount to \$2.8 million or 12.0% of the Budget. The major components of State Shared Revenues are the Constitutional Sales Tax (\$2.3 million) and the Statutory Revenue Sharing, renamed the Economic Vitality Incentive Program (\$447,000).

State Shared Revenues are taxes collected by the State and transferred back to municipalities based on the State Constitution and laws. In the last 11 years, the State has frozen or cut Statutory Revenue Sharing, costing the City \$4.0 million in lost revenue.

Also, in December 2012, the State Legislature passed, and the Governor signed, a package of bills that reform the personal property tax (PPT). Under these bills, there will be a small parcel exemption (personal property \$40,000 and under) that goes into effect on December 31, 2013, and the remainder of the eliminations will go into effect in 2016 with a total ten-year phase-in period. This will not affect the Budget until FY 2015, and presumes that the related State-wide use tax proposal is approved by the voters in August 2014.

Once this happens, the City would lose \$2.9 million in PPT over 10 years, assuming the replacement. This will cause an additional reduction of 11% in General Fund staffing and services while also reducing the Proposal "R-2" road construction millage and increasing the Fire Station Bond millage, the legislation allows local units to levy an essential services assessment (ESA) on real property of exempted eligible manufacturing PPT payers to replace up to 100% of the lost PPT revenue that supported police, fire, and ambulance service. Beginning in 2016, eligible local taxing units could also receive a partial reimbursement of up to 80% of their non-essential services PPT loss through a newly created State-wide Metropolitan

Authority. It remains unclear whether tax increment financing districts such as the City's Downtown Development Authority will be reimbursed at the full level. Currently, the legislation calls for 80% reimbursement, but we understand the State will be reexamining this issue. Without a replacement, the City stands to lose \$13.9 million.

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 increase (when values are rising) 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 for 99.5% of property owners in Madison Heights. Property tax revenues are projected to continue to fall over the next one to 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. Foreclosures were high but slightly down in 2009 due to federal home buyer incentives, but increased again to record levels in 2010, before falling in 2011 and 2012.

The weak 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 2012, overall residential property values in Madison Heights decreased by 10.9%. It is estimated that in 2013, assessed residential values will actually decrease by more than 7.26%, and for at least the next year, the assessed values will continue to fall. 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 the full 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 impact on property tax revenues.

The State's funding model for local government is broken, and it no longer generates enough resources to maintain high quality local government services across the State.

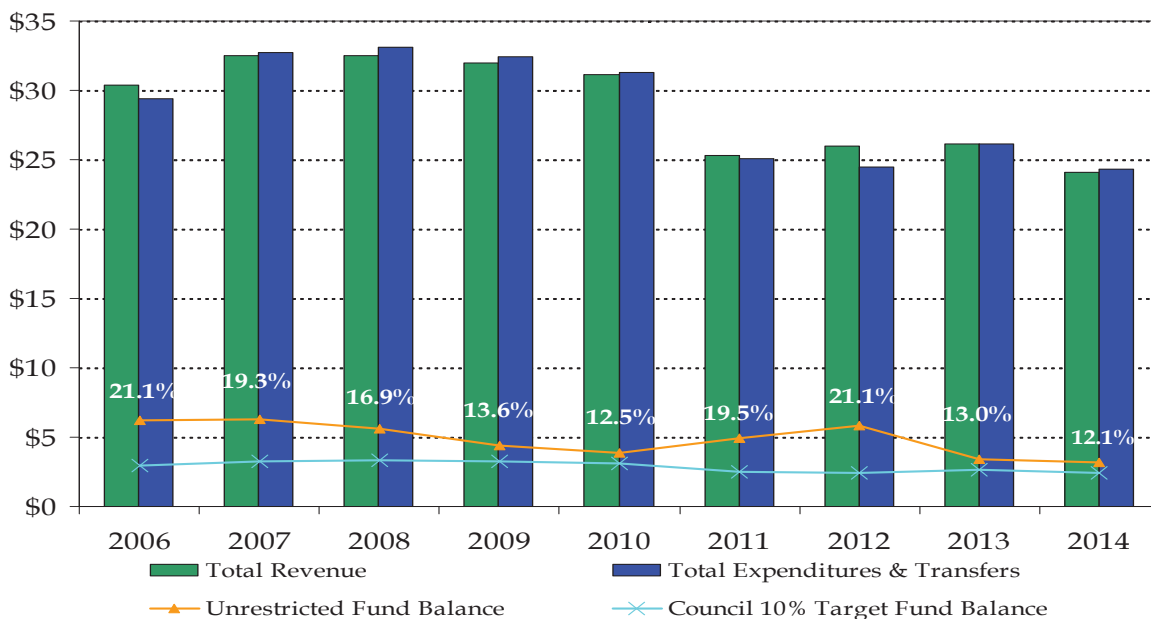
The State continues to face budget challenges. Their unfunded pension obligation is in excess of \$28 billion. The unfunded retiree health care obligations are over \$41 billion. The State's bond rating is still hurting. Although Governor Snyder has implemented an aggressive plan to cut business tax and fund the lost revenues by taxing retirees and cutting higher education and local government, these additional funding issues will need to be addressed.

General Fund Overview

Compared to the FY 2012-13 Amended Budget, spending is down \$3.2 million, or 11.6%. Much of the reduction (\$2.0 million) is related to moving pay-as-you-go retiree health care premiums from the General Fund to the Retiree Health Care Trust Funds. Projected property taxes are still down by \$1.1 million, or 6.3%, with declines in real property partially offset by additional personal property investments by local businesses.

An increase in constitutionally protected sales tax revenues and the City's success in meeting the Governor's Economic Vitality Improvement Program requirement for all three components will generate a \$180,000 increase in funding. The Budget also forecasts an \$82,000 decrease (4.3%) in Court-related revenues based on current ticket volume and collection rates. Below is a chart that illustrates the relationship between revenue, expenditure and fund balance from FY 2006 to FY 2014.

General Fund - Fund Balance Compared to Total Revenues and Expenditures
Years Ended June 30
(in millions)



In regard to the impact on Madison Heights residents, the average home market value in Madison Heights has dropped from \$68,429 to \$62,934 as of December 31, 2012. 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 7.6%. The homeowner benefits as their City portion of their property tax drops \$42 per year. The \$42 per year savings is equal to a 1.3 mill rollback, a large break for taxpayers.

General Fund Gap Reduction Measures

In preparing this year's Budget, staff focused on continuing to meet two major goals: first, avoiding asking the Madison Heights residents and businesses for significant new taxes or fees. Although the local economy is coming back, it is not fully recovered, and taxpayers have done their part. Second, staff focused on maintaining current service levels while decreasing overall expenditures and using only reserved fund balance for library improvements. This allows fund balance to remain as a safeguard against further reductions in property tax including the future elimination of personal property tax.

The year's Gap Reduction Measures can be grouped into four categories:

1. Maintain current staffing levels:
 - a. Senior management restructuring including promotion of a new City Manager and hiring of an Assistant City Manager for Public Services for a minimum total savings of \$45,000 depending on benefit levels (\$32,400 General Fund and \$12,600 Water and Sewer Fund);
 - b. Closing the Housing Commission and transferring those employees to other openings throughout the organization. This would include the upgrade of the position in the Clerk's office from Office Assistant II to an Elections and Communication Coordinator position. This will increase the budget by a total of \$48,250 as a consequence of reallocating the position from Housing to the General Fund; and
 - c. Funding shift of Part-Time staff shared between the Clerk's office and the Department of Public services at a cost of \$8,463.
2. Transfer premium payments for Police and Fire retirees from the General Fund to the Police and Fire Retiree Health Care Trust. This will save over \$2,039,000 in expenditures which is offset by an equal reduction in tax revenues. Without this transfer, the Police and Fire millage would have been 8.4944 instead of the approved 5.8155 mills.
3. Negotiate concessions in all eight union group contracts which expire on June 30, 2013.
4. Convert one sergeant currently on the Midnight shift to a Patrol Officer position. This will increase the police officers' numbers, and will result in savings of \$15,700.

The budget also includes reversal of several gap measures that were implemented in past years: discontinue the rental agreement with the Women Infant and Children Program (WIC), that expires on June 30, 2013, for basement rental space for a reduction in revenues of \$2,100; submittal of the annual Budget for the Government Finance Officers Distinguished Budget Presentation Review and increase expenditures by \$350; and reinstate employee assistance services as part of the City's overall wellness plan for an increase of expenditures in \$4,900.

The total FY 2013-14 General Fund Budget savings on these gap measures equal \$652,000.

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

Personnel and Labor Negotiations

In the City of Madison Heights today, 139 of 146 employees, or 95% of the full-time workforce, 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 change that is necessary to meet our long-range financial constraints. Personal services comprise approximately \$17.8 million or 73.5% of the General Fund Budget.

During Fiscal Year 2013-14, the General Fund is being reduced by attrition of 3 full-time positions, and retiree health care premiums for Police and Fire retirees are being moved to the Retiree Health Care Trust from the General Fund. Despite these budget balancing measures and anticipated labor concessions, all funds personnel services accounts are up \$260,000 compared to the FY 2012-13 Amended Budget. This increase is due to significant increases in retiree health care funding.

All eight bargaining units have contracts that expire June 30, 2013. The City is in the process of negotiations or preparing to begin negotiations with each group. The Right-to-Work Legislation, which prohibits mandatory dues deductions for non-sworn bargaining units, went into effect March 27, 2013. Although the

employees have given significant wage and benefit concessions, it will be necessary for the City to continue to reform these labor agreements to meet our future financial challenges, such as complying with the State-mandated 20% employee health insurance premium co-pay provision of Public Act 152.

Other Funds



The Major Street Fund is projected to be down \$1.5 million, or 44.8%, in FY 2013-14. A total of \$1.8 million is allotted for much needed sectional repairs to John R, the northbound I-75 Service Drive, Whitcomb, Stephenson, and Edward and Townley in the industrial area, all in an effort to extend the useful service life of these roads until additional funding is available for full rehabilitation. The Budget also includes an \$80,000 transfer to the Local Street Fund for Act 51 road maintenance.

The Local Street Budget decreases by \$376,000 in FY 2013-14. The Budget includes a drawdown of reserve funds of \$769,000 for scheduled Proposal “R-2” projects. To address a funding shortfall with the non-R portion of the Fund, an \$80,000 transfer from Major to Local Street Fund has been made. On the revenue side, an area of concern is the drop in property tax revenue of \$95,000 (6.2%).

The Water and Sewer Fund Budget has increased by \$276,000, or 2.4%, over the last year and includes a pass-through rate increase of 4.47% on both the water and sewer commodity charges, recommended to keep the fund financially sound. The City is doing an excellent job of reducing our internal cost and rebuilding cash reserves. The Budget includes \$893,000 for the replacement of “R-2” related watermain, \$269,000 for vehicle replacements including a tandem axle dump truck and pickup truck, \$43,000 for a pipe inspection camera system, and a \$50,000 local match for a multi-year sanitary sewer rehabilitation program.

As explained in the Executive Summary and in the Other Funds Chapter, the Community Improvement Fund decreases by \$1.9 million or 94% in FY 2013-14 as the City dissolves the Housing Commission and transfers Section 8 Rental Assistance Program to another agency, due to insufficient Federal funding.

Conclusion

In closing, I’d like to acknowledge the outstanding efforts of the Deputy City Manager for 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 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,

A handwritten signature in black ink, appearing to read "Benjamin I. Myers". The signature is stylized with a large "B" and "M".

Benjamin I. Myers
City Manager

EXECUTIVE SUMMARY
FY 2013-14 ADOPTED BUDGET

General Fund - Revenues

Total revenues are projected to be down \$3.5 million as compared to the FY 2012-13 amended budget. Most of the change in General Fund revenues can be highlighted by looking at the major sources, where two of the top five categories are down compared to last year's budget.

- Property Tax

Property tax related revenues will decrease \$1.1 million, or 6.3% when compared to the FY 2013 budget. Tax on real property is projected to drop by \$642,000 (4.7%), while personal property tax (commercial and industrial machinery, fixtures and equipment) is projected to fall by \$256,000 or 9.0%.

Overall, property taxes are \$1.9 million dollars less than projected in the financial forecast. This difference is directly related to a gap measure to move the Police and Fire pay-as-you-go retiree health care premiums from the General Fund to the Retiree Health Care Trust, to avoid an otherwise larger increase in the related millage and related tax revenue.

The most significant issue regarding property tax revenues this year continues to involve the taxable values, not the millage rate. With the near collapse of the American automotive companies, State and national recession and resulting increase in unemployment and home foreclosures, the City has seen a deep decline in property values. Property taxes make up 64% of the City's General Fund revenues that support the basic core services of the community.

Over the last eight years, the market value of the average single-family home in Madison Heights has dropped from \$138,480 to \$62,934, or 55%. As we start to see positive indicators in the real estate market, staff is hopeful that the slide in property value will hold steady and start to increase in the next year or two.

As noted above, personal property tax for business is down, and the commercial and industrial real properties (building and properties) declined in 2013, down 10.3% and 9.0% respectively. The majority of this decline is related to the high vacancy rates in southeast Michigan and the large value reductions being granted by the Michigan Tax Tribunal. All properties combined will see a 9.4% drop in State Equalized Values and an 8.7% drop in Taxable Values.

In December 2012, the State Legislature passed a package of bills that reform the personal property tax. Under these bills there will be a small parcel exemption (personal property \$40,000 and under) that goes into effect on December 31, 2013 and the remainder of the eliminations will go into effect in 2016 with a total ten-year phase-in period. This will not affect the budget until FY 2015, and presumes that the related state-wide use tax proposal is approved by the voters in August 2014.

The City has nine separate millages: general operating, roads, vehicles, solid waste, advanced life support (ALS), senior citizens, police and fire pension, fire station bond and library. Seven of the individual millages (general operating, roads, vehicles, advanced life support, solid waste, senior citizens and library) are capped due to the limits of Proposal “A” and Headlee. Overall, millage rates are up 2.2% to 22.9 mills, with increases in police and fire retiree pension/medical costs and seniors partially offset by a reduction in the fire stations bond millages.

- State Shared Revenues

State Shared Revenues can be difficult to project. This year’s budget includes an overall increase of 8% to State Shared Revenues. A 1% increase is recommended for Sales Tax Constitutional (\$2.3 million) and EVIP is being projected assuming the City qualifies for all of three of the program requirements. Meeting the three requirements instead of two, as projected last year, results in increased revenues of \$180,000 up to the allotted maximum of \$477,000.

- Court Revenues

The third largest source of General Fund Revenue is composed of Court fines, forfeits and charges (\$1.8 million), which are used to offset the cost of operating our State-mandated District Court. This is \$82,000 lower than last year based on current ticket volume and collection rates. The recent filling of five vacant patrol officer positions, and the pending reinstitution of the traffic enforcement unit, should assist in this area.

- Department Charges

A fourth significant revenue is departmental charges, which are budgeted at \$985,000. These revenues are charges to the Major Street (\$124,000); Local Street (\$195,000); and Water and Sewer (\$666,000) Funds, based on equipment, facilities and staffing costs incurred by the General Fund to support their operations.

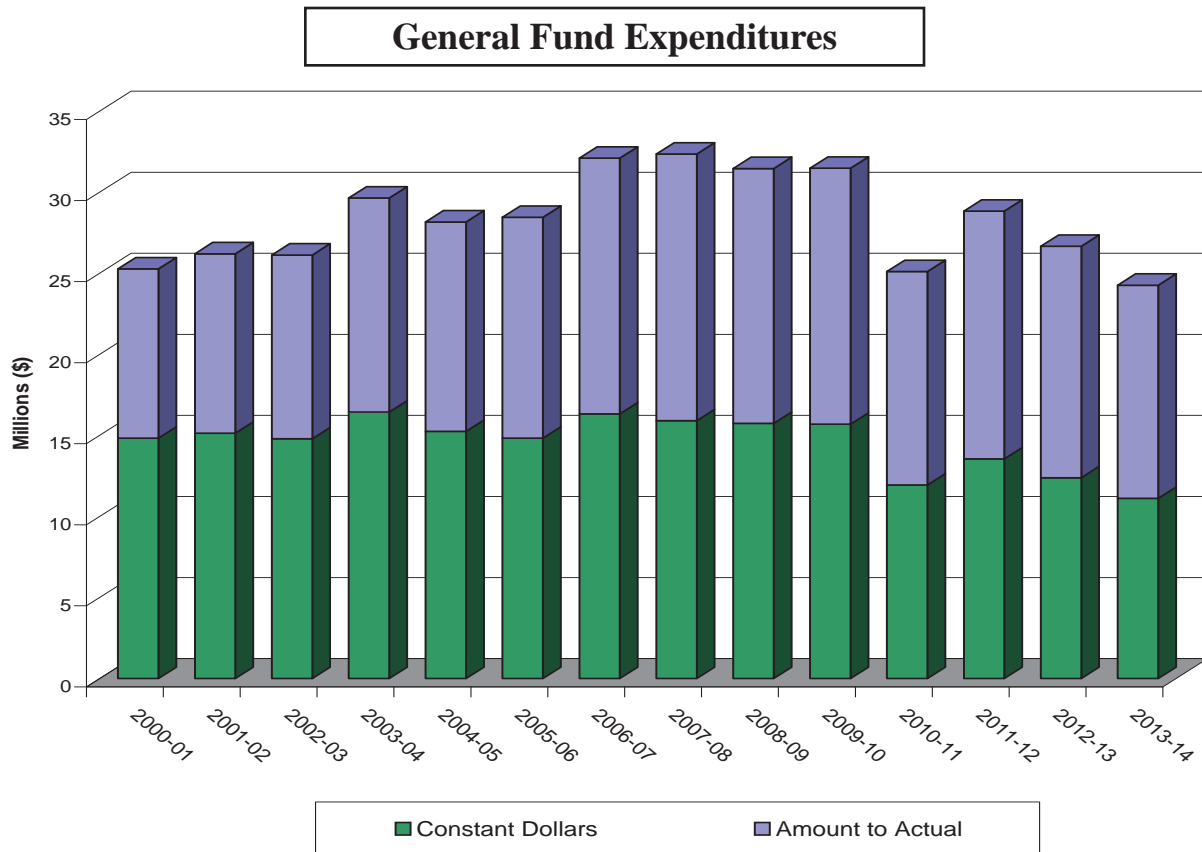
- Ambulance Insurance Reimbursement

A fifth major source of revenue is ambulance insurance reimbursement that is set to recover allowable Medicare and private insurance, but no greater than amounts charged by other local public providers. The projected revenues are expected to be slightly up by \$9,600 to \$489,600 based on current collection rates.

General Fund - Expenditures

Factoring in the effects of inflation (change in the Detroit Area CPI-W), the FY 2013-14 budget decreased in constant dollar terms when compared to the FY 2012-13 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 Services building. The substantial drop from FY 2003-04 to FY 2004-05 related



to the State's cuts in shared revenues, resulting in a five percent reduction in the City workforce and implementation of Council's Goal Plan related budget measures. The large reduction in FY 2010-11 was a result of 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 dollar General Fund Budget is lower now than it was thirteen years ago.

When compared to the FY 2012-13 Amended Budget, General Fund expenditures are down \$3.2 million, or 11.6% as detailed below. Although it was very difficult this year, we again succeeded in maintaining the high priority basic services that we currently offer while balancing the budget utilizing only \$179,500 of fund balance, with \$152,900 reserved for Proposal "L" in order to fund Library capital expense, \$16,600 for the 10% match requirement for the Federal Assistance to Firefighters Grant for self-contained breathing apparatus (SCBA), and an additional \$10,000 for rapid intervention packs and masks.

- Personal Services

Given the financial constraints and the fact that all eight of the City's bargaining unit contracts expire at the end of FY 2012-13, staff has included gap measures in the budget for labor negotiations for General Fund personnel concessions. If the actual concessions do not meet this anticipated dollar amount, the difference will come from fund balance. In the FY 2014 budget, 72.8% of the General Fund is related to personal services.

This year's Budget programs a small reduction in the overall workforce of one vacant full time Water and Sewer operator position. This position was split into two part-time Water and Sewer employees for a savings of (\$45,010) in the Water and Sewer Fund. Other personnel moves do

not result in a reduction of two full-time employees but include the elimination of the Federal Housing Program for an overall increase in the General Fund budget of \$48,250 and the reorganization of the senior management team currently budgeted to save \$30,706 in the General Fund and \$12,650 in the Water and Sewer Fund. The Senior Management Team reorganization is currently budgeted at senior employee benefit levels; however, if new hire benefits are given with this position, this should result in a total annual savings of \$92,500.

As a point of reference, in addition to this position reduction and reorganization of positions, the City has reduced the workforce by 105 positions, or 42%, since 1994. The departments have worked hard to maintain the programs by stretching staff's resources to provide existing services at or near the same levels that have been provided in prior years.

Overall, Personal Services accounts are down \$415,600, or 2.3%, in the Budget due to planned negotiated concessions and position savings discussed above.

- Supplies

In the non-personal services areas, most departments have continued to hold back on their supply accounts with the exception of two departments: Information Technology and Police. The Information Technology budget includes an additional \$27,100 in funding to replace 43 outdated computers city-wide pursuant to the City's computer replacement schedule; and Police are budgeted for an additional \$33,000 for the purchase of fifteen (15) radar unit replacements and ten (10) tasers. We have received receive a \$4,000 Risk Avoidance Prevention (RAP) Grant from the Michigan Municipal Risk Management Authority to partially offset the taser purchase.

- Other Services and Charges

In the area of Other Services and Charges, budget increases were minimal (up only 1.1% or \$64,000). The most significant changes in this category of expenditures included a \$23,500 increase in legal services directly related to labor legal fees, \$8,000 in Human Resources due to consultant oral interviews needed in anticipated Police and Fire interview process, and a \$19,000 increase in the Senior budget due to increases in gas and custodial services, and a \$13,000 increase in Library due to water usage and custodial services. The City Council approved an increase in custodial service hours last summer.

- Capital Outlay

The General Fund Capital Outlay purchases total \$758,200. The majority of the purchases are funded through the two dedicated millages. Proposal "V" millage purchases are budgeted to be \$179,800 and Proposal "L" purchases total \$202,600. Of the latter amount, \$153,000 is allotted to Phase I funding for major library HVAC improvements that have a total project cost of \$235,000; and \$49,700 for books. The City also received a Federal Assistance to Firefighters Grant to fund \$166,600 of \$192,600 in self-contained breathing apparatus, rapid intervention packs and masks. The remaining items include \$10,000 for annual law book purchases for the District Court, \$10,500 for two new computer servers and Microsoft Server operating system licenses, \$87,700 for two EKG/Defibrillator Replacements and a hose roller for the Fire Department, \$25,000 to upgrade the software for the Building Department, and \$50,000 for an asphalt overlay of the Huffman Park east parking lot.

- Expenditure Gap Reduction Measures

Over the last four years, the City has been forced to implement over \$5.5 million in gap reduction measures. The Madison Heights voters have also helped the City with the financial crisis by approving up to 2.2 mills for Ballot Proposals “L” and “MR”. Since the approval of the FY 2012-13 Budget in May 2012, the City staff has continued to seek out additional means to reduce recurring costs going forward.

In preparing the Budget, staff focused on continuing to meet two major goals: first, avoiding asking the Madison Heights residents and businesses for significant new taxes or fees. Although the local economy is coming back, it is not fully recovered, and taxpayers have done their part. Second, staff focused on maintaining current service levels while decreasing overall expenditures and using only reserved fund balance for library improvements. This allows fund balance to remain as a safeguard against further reductions in property tax including the future elimination of personal property tax.

The year’s Gap Reduction Measures can be grouped into four categories:

1. Maintain current staffing levels:
 - a. Senior management restructuring including promotion of a new City Manager and hiring of an Assistant City Manager for Public Services for a minimum total savings of \$45,000 depending on benefit levels (\$32,400 General Fund and \$12,600 Water and Sewer Fund);
 - b. Closing the Housing Commission and transferring those employees to other openings throughout the organization. This would include the upgrade of the position in the Clerk’s office from Office Assistant II to an Election and Communication Coordinator position. This will increase the budget by a total of \$48,250 as a consequence of reallocating the position from Housing to the General Fund; and
 - c. Funding shift of Part-Time staff shared between the Clerk’s office and the Department of Public Services at a cost of \$8,463.
2. Transfer premium payments for Police and Fire retirees from the General Fund to the Police and Fire Retiree Health Care Trust. This will save over \$2,039,000 in expenditures which is offset by an equal reduction in tax revenues. Without this transfer, the Police and Fire millage would have needed to be 8.4944 instead of the approved 5.8155 mills.
3. Negotiate concessions in all eight union group contracts which expire on June 30, 2013.
4. Convert one sergeant currently on the Midnight shift to a Patrol Officer position. This will increase the police officers’ numbers, and will result in savings of \$15,700.

The Budget includes the reversal of several gap measures that were implemented in past years: discontinue the rental agreement with the Women Infant and Children Program (WIC) that expires on June 30, 2013, for basement rental space for a reduction in revenues of \$2,100; submittal of the annual budget for the Government Finance Officers Distinguished Budget Presentation Review and increase expenditures by \$350; and reinstate employee assistance services as part of the City’s overall wellness plan for an increase of expenditures in \$4,900.

The total FY 2013-14 General Fund Budget savings from these gap measures equal \$652,000. Total FY 2013-14 Major Street, Local Street, Community Development Block Grant, Water and Sewer and Motor Pool Fund savings equal \$178,000.

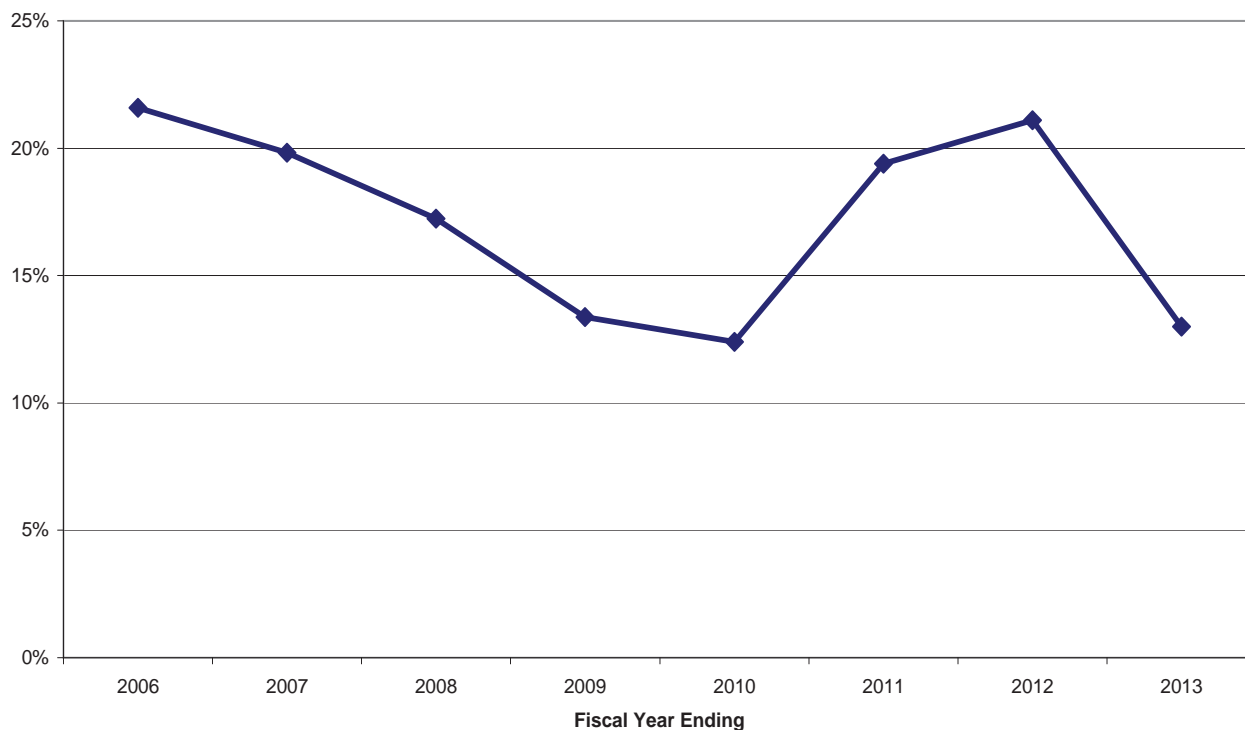
General Fund - Fund Balance

Now that the staff has completed our annual audit, the long-range financial outlook presentation and Five-Year Capital Improvement Plan, it is important that the City continue to look forward by developing a long-term financial strategy that would not only address the projected General Fund revenue/expenditure gap, but set the stage for the future budgets (ensuring another round of positive financial labor negotiation results). Please keep in mind that the next round of labor negotiations will be starting soon for the eight labor agreements that will expire on June 30, 2013.

The City's successful management of our financial constraints has presented us with both new challenges and opportunities. Below is a graph of the General Fund unrestricted fund balance from 2006 to 2014 (projected). On June 30, 2012, the City built the General Fund unreserved fund balance to \$5.8 million, or 21.1% of General Fund Fiscal Year 2013 expenditures. In addition, the City has budgeted for the Fund Balance to be \$3.1 million, or 12.6% of FY 2014 expenditures by June 30, 2013. The opportunity the City faces is the ability to make wise use of some of the fund balance to address critical needs of the City while actually reducing long-term costs in future years.

General Fund Ending Fund Balance

100% of Unrestricted Fund Balance is assigned



All Funds Overview

The combined FY 2013-14 Budget for the City's 11 appropriated funds decreased \$6.9 million, or 13.7%, to \$43.5 million as compared to the FY 2012-13 Amended Budget.

TOTAL APPROPRIATIONS SCHEDULE

ALL FUNDS

FISCAL YEAR 2013-14

| Fund Name | Actual 2011-12 | Estimate 2012-13 | Adopted Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------------|----------------------|----------------------|------------------------------|---|-------------------|
| General Fund | \$ 23,932,034 | \$ 27,661,554 | \$ 24,450,504 | \$ (3,211,050) | (11.6) |
| Major Street | 1,084,063 | 3,360,027 | 1,854,227 | (1,505,800) | (44.8) |
| Local Street | 4,003,340 | 3,304,243 | 2,928,350 | (375,893) | (11.4) |
| Parks Maintenance and Improvement | 53,720 | 64,645 | 31,344 | (33,301) | (51.5) |
| Downtown Development Authority | 110,250 | 77,169 | 45,080 | (32,089) | (41.6) |
| Police Drug Forfeiture | 98,925 | 59,900 | 86,325 | 26,425 | 44.1 |
| Community Improvement | 1,830,226 | 1,982,606 | 119,837 | (1,862,769) | (94.0) |
| Fire Manning Grant (SAFER) | 234,355 | 119,506 | 0 | (119,506) | (100.0) |
| Special Assessment Revolving | 364,669 | 605,915 | 609,817 | 3,902 | 0.6 |
| Fire Station Bond Fund | 415,334 | 460,458 | 373,135 | (87,323) | (19.0) |
| Fire Station Construction Fund | 30,646 | 1,000 | 0 | (1,000) | (100.0) |
| Water & Sewer Fund | 9,242,010 | 11,599,152 | 11,875,343 | 276,191 | 2.4 |
| Motor & Equipment Pool | 724,489 | 1,044,521 | 1,086,112 | 41,591 | 4.0 |
| Total Appropriations | \$ 42,124,061 | \$ 50,340,696 | \$ 43,460,075 | \$ (6,880,621) | (13.7) |

* Net Budget is \$42.3 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. Projects include a sectional concrete replacement on John R from 10 to 11 Mile (\$360,000); a reconstruction of the northbound I-75 Service Drive from Dallas to Lincoln (\$275,000); and sectional concrete replacement on Whitcomb from Dequindre to Barrington (\$200,000), on Edward and Townley in the Industrial area (\$52,000) and on Stephenson Highway from Girard to 12 Mile (\$50,000). The Budget also includes an \$80,000 transfer to the Local Street Fund for Act 51 road maintenance.

Local Street Fund

The Local Street Fund's purpose is to account for expenditures associated with the maintenance needs of the 74.01 miles of 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 including

new concrete roads, approaches, and necessary sidewalk repair and storm sewer installation. This year's "R-2" neighborhood projects are funded at the \$2 million level and include the reconstruction of Kalama, West Barrett, Harwood, Barrington, Dartmouth and East Hudson, and sectional concrete replacement (\$100,000). This year's "R-2" program also includes reconstruction of Couzens with a partial special assessment and a contribution for ramps and corner squares for Year 11 of the Sidewalk Replacement Program (\$20,000).

In addition, the Local Street Fund uses Act 51 monies for projects include sectional concrete replacement on Whitcomb east of Stephenson (\$25,000) and in the Mandoline/Brush/Alger area (\$50,000).

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 Drain District in exchange for the City's agreement to assume responsibility for the operation and upkeep of the new ten-acre Red Oaks Youth Soccer Complex. The projected revenues for the budget year include \$12,500 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. A total of \$31,000 is programmed for the Soccer Complex, including contractual mowing, snow removal, solid waste collection, building utilities and water usage.

Given the availability of community group sponsorships of youth memberships at the local indoor skateboard park, no funding has been programmed for repair of the City's skateboard park. Based on the recommendation of the Parks & Recreation Advisory Board and the community organizations sponsoring the private facility skate park memberships that expire June 30, 2013, staff will be moving forward with the dismantling and sale of the City's skate park equipment, and the conversion of the skate park area back to general park use.

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 originally intended 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.

Revenues for FY 2013-14 are 47.6% lower than the FY 2012-13 Amended Budget. This drastic decrease in revenues is directly related to the reduction in taxable value, on which DDA revenues are captured above a baseline value. Because DDA revenues are generated from this captured amount, decreases in taxable value have a more direct impact on the DDA. In FY 2013-14, DDA revenue is budgeted for maintenance to the berm areas (\$4,000), right-of-way trash collection (\$3,000) and a \$36,300 contribution to the City's Economic Development Program.

Drug Forfeiture Fund

The Drug Forfeiture Fund is used to account for revenues generated by drug forfeiture and expenditures related to enforcement of drug laws pursuant to Public Act 251 of 1982. The budget includes \$56,000 for fourteen (14) in-car computer replacements and \$25,825 for the replacement of one Detective Bureau vehicle.

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 Community Development Block Grant. Until FY 2013-14, these funds also included Housing Commission Funds; however, in the upcoming budget year, administration fees allocated as a portion of HUD funds for the administration of the Housing Program have been reduced to the point the City would need to supplement the Housing Program with General Fund monies. Based on this supplement, detailed below, the budget reflects turning this program over to the State for administration.

The Madison Heights Housing Commission is allocated a portion of HUD funds for the administration of the Housing Program. These fees cover the cost of personnel wages and benefits, office equipment and supplies, home inspections, financial audit services and miscellaneous expenses such as space rental and electricity. In FY 2011-12, the Housing Program ended the fiscal year with a negative fund balance for administrative expenses of \$11,000. These expenses were recovered in FY 2012-13 through the Housing Program by allocating a portion of the Community Housing and Grants Supervisor's time to remaining Neighborhood Stabilization Program (NSP) and Community Development Block Grant (CDBG) funds.

Those funds have now been exhausted and 90% of the personnel cost for this position have been reallocated to Housing as originally proposed in the FY 2013 budget. This move for a partial year will result in a projected negative fiscal year 2013 administrative reserve of \$2,693 and a projected negative \$53,000 for fiscal year 2014. In addition, HUD's recent payments have been less than 80% of monies due the City, and HUD has advised the City that the Federal sequestration will result in the City only receiving 68.5% of monies due the City, exacerbating the problem going forward. There are no longer any additional federal revenues to supplement this account, causing this fund to require a contribution from the General Fund.

In addition, yearly Housing Commission administration fee reductions from HUD for the past ten years have resulted in all financial auditing expenses directly related to housing being paid from the General Fund (approximately \$5,000 per year). The City cannot charge rent or indirect administrative expenses to the program to cover our cost for basic utilities or expenses for other staffs' time directly related to the Housing Program. This costs the City's General Fund an additional \$15,000 per year.

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 \$450,000 has been budgeted to support year eleven of the program for an area bounded by Whitcomb east of I-75, 14 Mile, North Avis, Mandoline and Milton.

Water and Sewer Fund

Highlights for this year's Budget include: \$893,000 programmed to replace water mains located in "R-2" project areas, \$43,000 for a portable pipe inspection camera, a \$50,000 local contribution for a multi-year sewer inspection and rehabilitation program through the state revolving fund program, and \$269,000 for vehicles including a new tandem axle dump truck and a pickup truck.

Based on the staff analysis of the Water and Sewer Fund Retained Earnings and Projected Revenues and Expenditures, the City will pass through the Detroit Water and Sewer commodity increase of 4.47% calculated on both water and sewer rates with no increase to the City meter charge. The average quarterly residential water and sewage bill will rise to \$167.34 or \$55.78 per month (based on an 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 and safety programs for the Department of Public Services. The Motor Pool also orders gasoline and diesel fuel and oversees work done on all emergency backup generators.

GOVERNOR'S ECONOMIC VITALITY INCENTIVE PROGRAM

As part of the FY 2012 State Budget, Governor Snyder proposed, and the Legislature supported, the implementation of the new Economic Vitality Incentive Program (EVIP). The State has now eliminated the Statutory Revenue Sharing Program that was created in 1971, which was put in place to reimburse local governments for tax revenue formerly collected at the local level, which had been captured by the State and replaced with the EVIP.

Up until this change, there had been two forms of shared revenues, the first of which is Constitutionally guaranteed and provides communities a small portion of the sales tax collected by the State based on each community's population. The second type is the aforementioned Statutory Revenue Sharing. The Constitutionally guaranteed portion is not subject to reduction by the State, but in recent years the State reduced City of Madison Heights's Statutory Revenue Sharing from \$2.1 million to \$654,000 for the City's FY 2010-11 Budget Year. Based on the FY 2013 State Budget, the City appropriated EVIP Program funding of \$477,000 in FY 2014. In order to qualify for this amount, the City was required to meet three compliance components of the new program.


- 1. Accountability and Transparency Requirement.** By the October 1, 2012 deadline, to meet the requirement, the City generated both a performance "dashboard" and a citizen's guide to City's finances that are currently available to the public including being posted on the City's website.
- 2. Service Sharing and Consolidation Requirement.** By the February 1, 2013 deadline, the City developed a plan to document existing and proposed new consolidated services that will result in taxpayer savings. The plan estimates potential savings and costs associated with an employer-sponsored health and wellness center with three other local communities.
- 3. Employee Compensation Requirements.** By the June 1, 2013 deadline, the City agreed to strive, for any new, modified or extended contract, for employee compensation to be subject to the following criteria:
 - a. Placing all new hires on a defined contribution plan or a hybrid retirement plan that caps annual employer contributions at 10% of base salary.
 - b. For defined benefit pension plans, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where postemployment health care is not provided, the maximum multiplier shall be 2.25% for all employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, where postemployment health care is not provided, the maximum multiplier shall be 3.0%.
 - c. Implementing controls to avoid pension spiking by using a three-year salary average that does not include more than a total of 240 hours of paid leave and overtime to determine benefit levels.
 - d. If health care is offered, all new employees must be on an 80/20 employer to employee health care premium split. Alternatively, a dollar amount would be assigned to local health care plans and compared to the State health care plan if it is an HMO or includes other cost saving measures, such as co-pays or deductibles.

On April 26, 2012, the Michigan Legislature approved a last minute change to the Employee Compensation Requirement allowing communities to qualify by certifying compliance with Public Act 152 regarding employee contributions to health care costs.

Municipalities were awarded one-third of their funding for each of the three requirements they met. Local units were required to meet every criteria described in this specific compliance component by the defined timeline in order to receive the payment. Municipalities that did not meet the criteria saw reduced funding in their scheduled EVIP payments.

ACCOUNTABILITY AND TRANSPARENCY REQUIREMENT

Presented below is the City of Madison Heights's Dashboard. After the Dashboard, the following five pages make up the FY 2012 Citizen's Financial Report.

| | | | | |
|---|--|---|----------------|-----------------|
|  | | City of Madison Heights Performance Dashboard | | |
| Prior Year = FY 2011 | | Current Year = FY 2012 | | |
| Fiscal Stability | | Prior | Current | Progress |
| Annual General Fund Expenditures Per Capita | | \$ 850 | \$ 931 | ↓ |
| Unrestricted Fund Balance as a % of Expenditures | | 19.5% | 21.1% | ↑ |
| Other Post-Employment Benefits Liability Funding Percentage | | 25.7% | 16.7% | ↓ |
| Debt Burden Per Capita | | \$ 520 | \$ 488 | ↑ |
| Full-time Employees | | 157 | 152 | ↑ |
| Total Taxable Property Value (in millions) | | \$ 841 | \$ 785 | ↓ |
| Public Safety | | Prior | Current | Progress |
| Number of Total Calls Answered by Public Safety Dispatch | | 60,045 | 62,387 | ↓ |
| Number of Emergency Medical Service (EMS) and Rescue Calls | | 2,482 | 2,865 | ↓ |
| Number of People Transported by EMS | | 1,655 | 1,691 | ↓ |
| Number of Building Inspections | | 1,327 | 1,368 | ↑ |
| Number of Building Structure Fire Calls | | 68 | 72 | ↓ |
| Total Vehicle Crashes | | 1,549 | 1,520 | ↑ |
| Total Traffic Fatalities | | 0 | 2 | ↓ |
| Total Arrests | | 1,060 | 1,001 | ↑ |
| Traffic Police Citations Issued | | 12,217 | 9,954 | ↑ |
| Economic Strength | | Prior | Current | Progress |
| % of Community with Access to High Speed Internet | | 100% | 100% | ↔ |
| Number of New Businesses | | 112 | 113 | ↑ |
| Investment in Streets, Water and Wastewater Infrastructure Per Capita | | \$ 149 | \$ 218 | ↑ |
| Building Inspection - Dollar Value of Permits (in thousands) | | \$ 10,452 | \$ 9,553 | ↓ |
| Unemployment Rate | | 11.1% | 10.6% | ↑ |
| Commercial Vacancy Rate | | 8.5% | 8.2% | ↑ |
| Industrial Vacancy Rate | | 12.7% | 12.9% | ↓ |
| Quality of Life | | Prior | Current | Progress |
| % of General Fund Budget Committed to Arts, Culture and Recreation | | 6.1% | 7.1% | ↑ |
| Senior Meals Served Daily | | 100 | 102 | ↑ |
| Senior Two-Way Bus Trips Provided | | 8,650 | 8,054 | ↓ |
| Operating Budget Per Park Acre | | \$ 2,751 | \$ 2,020 | ↓ |
| Library Visits Per Year | | 109,074 | 109,395 | ↑ |
| % of Drinking Water Standards Met | | 100 | 100 | ↔ |
| Persons Enrolled in Recreation Programs | | 2,156 | 1,853 | ↓ |

Performance Improving ↑ Performance Staying About the Same ↔ Performance Declining ↓



City of Madison Heights

Michigan



Citizens Financial Report

Fiscal Year 2011-2012



City of Madison Heights

City Hall Municipal Offices
300 W. Thirteen Mile Road
Madison Heights, MI 48071

Department of Public Services
801 Ajax Drive
Madison Heights, MI 48071

Fire Department
31313 Brush Street
Madison Heights, MI 48071

Police Department
280 W. Thirteen Mile Road
Madison Heights, MI 48071

www.madison-heights.org

March 4, 2013

To the Citizens of the City of Madison Heights:

The City is pleased to present the fifth Citizens Financial Guide to the residents of Madison Heights for fiscal year ended June 30, 2012. The purpose of this Citizens Financial Report is to provide an overview of the City's financial performance and progress the City has made during the prior fiscal year.

The report format is in compliance with the revised Economic Vitality Incentive Program (EVIP) requirements approved as Public Act 200 of 2012. This program sets specific requirements for municipalities to meet in order to continue to receive statutory revenue sharing. Successful completion of these requirements will result in the City retaining \$477,000 formerly pledged to the City under the State's Revenue Sharing Program. One of the key components of this program is for municipalities to summarize the financial activities of the City in an easy to read format and present this document to the citizens.

Thank you for taking the time to review the Citizen's Financial Guide. If you have any questions or comments, please email the City Manager, Benjamin I. Myers at benmyers@madison-heights.org or the Deputy City Manager for Administrative Services, Melissa R. Marsh at melissamarsh@madison-heights.org.

Thank you.

City of Madison Heights

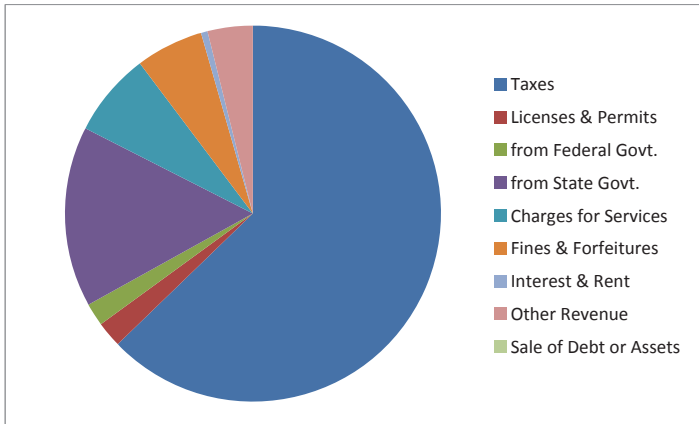
Area Code (248)

Assessing858-0776
City Clerk583-0826
City Manager.....583-0829
Community Development.....583-0831
Department of Public Services589-2294
Finance.....583-0846

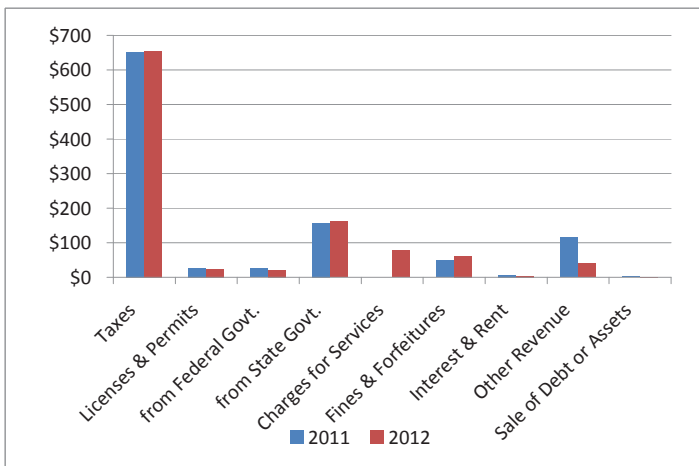
Fire Department583-3605
43rd District Court583-1800
Housing Commission583-0843
Human Resources583-0828
Library.....588-7763
Mayor & City Council.....583-0829

Nature Center585-0100
Police Department585-2100
Purchasing837-2602
Recreation589-2294
Senior Citizen Center.....545-3464
Water & Treasurer.....583-0845

1. Where our money comes from (all governmental funds)



3. Revenue sources per capita - compared to the prior year

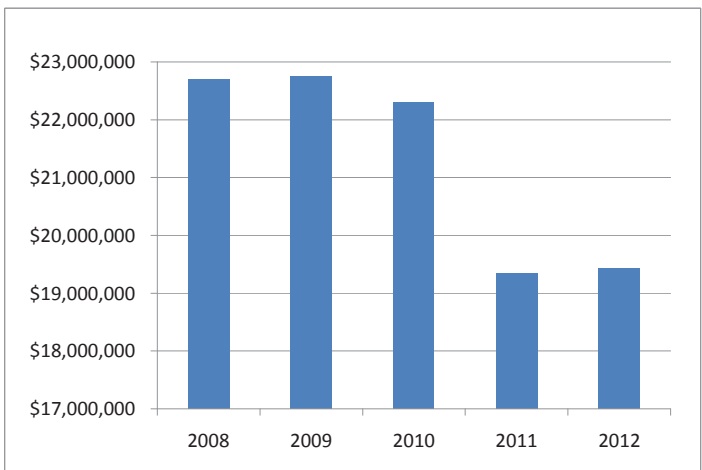


2. Compared to the prior year

| | FY 2011 | FY 2012 | % change |
|------------------------|----------------------|----------------------|----------|
| Taxes | \$ 19,353,890 | \$ 19,426,303 | 0% |
| Licenses & Permits | 821,766 | 727,030 | -12% |
| from Federal Govt. | 781,349 | 603,616 | -23% |
| from State Govt. | 4,653,715 | 4,772,927 | 3% |
| Fines & Forfeitures | 1,420,334 | 1,820,998 | 28% |
| Interest & Rent | 208,271 | 121,446 | -42% |
| Other Revenue | 3,421,164 | 1,186,432 | -65% |
| Sale of Debt or Assets | 43,103 | 39,110 | -9% |
| | <u>\$ 30,703,592</u> | <u>\$ 28,697,862</u> | -7% |

4. Historical trends of individual sources

Taxes

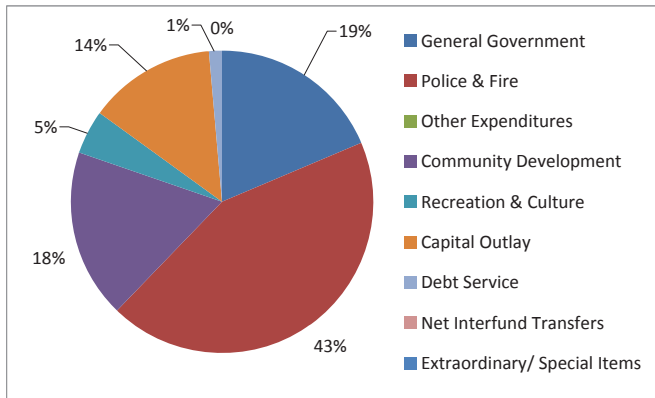


Governmental funds include the General Fund, Major and Local Street Funds, Special Assessment Revolving Fund and other Non-Major Funds. Governmental Fund's revenues were up 2% when compared to FY 2011. This increase is due to two new millages for millage rollback replacement and library services. Without these two additional millages revenues would have decreased 4.2%. During the Fiscal Year, the City's overall taxable value decreased over 8.4%. The City's second largest source of Governmental Fund revenue is State Shared Revenues, which amount to 8.2 % of Governmental Fund Revenues.

CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

EXPENDITURES

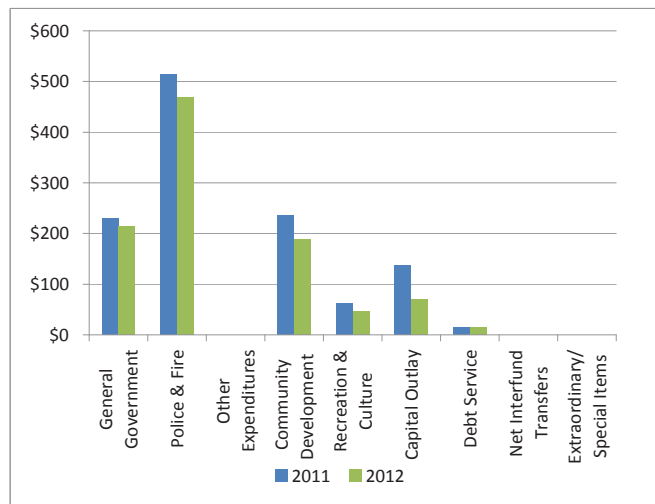
1. Where we spend our money (all governmental funds)



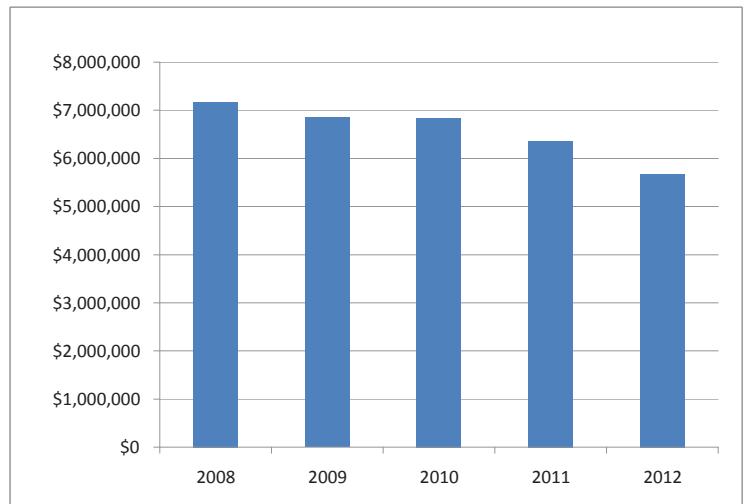
2. Compared to the prior year

| | FY 2011 | FY 2012 | % change |
|---------------------------|---------------|---------------|----------|
| General Government | \$ 6,365,256 | \$ 5,677,278 | -11% |
| Police & Fire | 13,903,190 | 13,371,517 | -4% |
| Health & Welfare | - | - | n/a |
| Community & Economic Dev. | 5,618,731 | 5,575,719 | -1% |
| Recreation & Culture | 1,365,594 | 1,399,046 | 2% |
| Capital Outlay | 2,087,584 | 4,203,400 | 101% |
| Debt Service | 413,307 | 415,334 | 0% |
| Total Expenditures | \$ 29,753,662 | \$ 30,642,294 | 3% |

3. Spending per capita - compared to the prior year



4. Historical trends of General Government Department Groups:



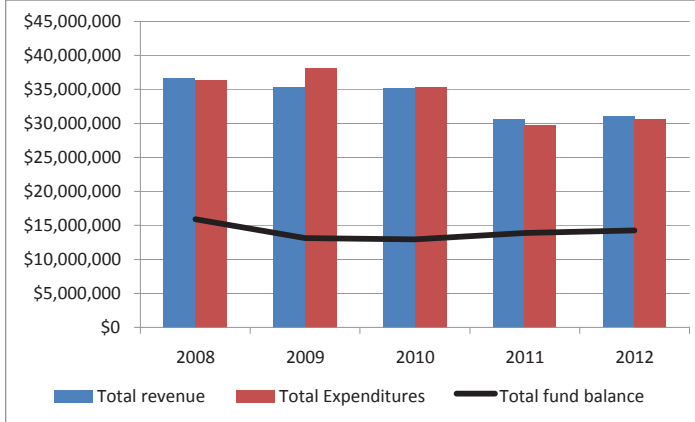
Total expenditures for Governmental Activities were up 20.9% when compared to FY 2011. This is due to the City's increased contribution into the Retiree Health Care Trust for retiree benefits. The City strives to fund the Other Post-Employment Benefits (OPEB) and Pension accounts to the actuarial required contributions. This financial goal has been accomplished through financial forecasting and expenditure gap reductions allowing the City to maintain the contributions.

For more information regarding the City's Finances please visit www.madison-heights.org or contact the City Manager's Office or Finance Department.

CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

FINANCIAL POSITION

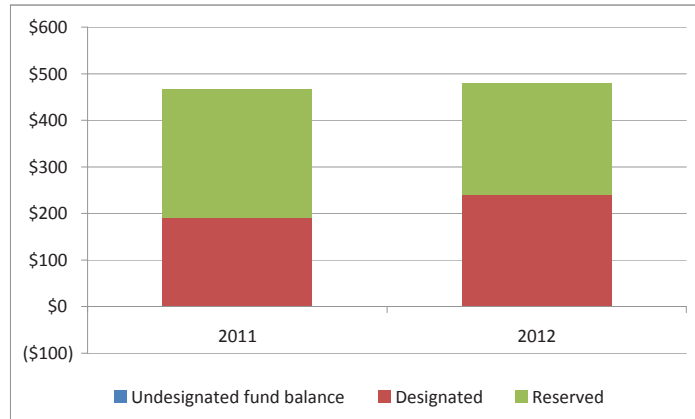
1. How have we managed our governmental fund resources (fund balance)



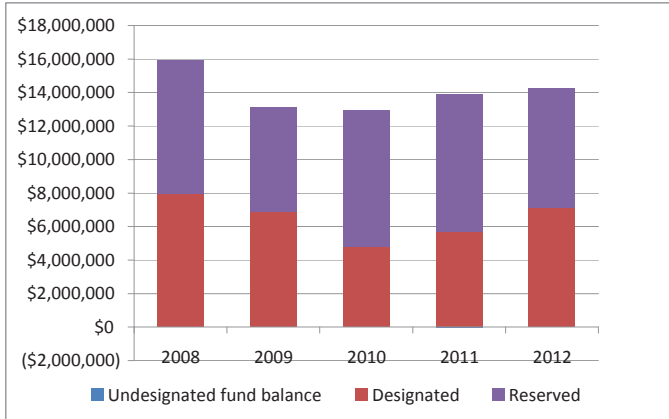
2. Compared to the prior year

| | FY 2011 | FY 2012 | % change |
|-----------------------------|---------------|---------------|----------|
| Revenue | \$ 30,703,592 | \$ 30,996,964 | 1.0% |
| Expenditures | 29,753,662 | 30,642,294 | 3.0% |
| Surplus (Shortfall) | \$ 949,930 | \$ 354,670 | -62.7% |
| Fund Balance, by Component: | | | |
| Reserved | \$ 8,229,185 | \$ 7,103,934 | -13.7% |
| Designated | 5,678,603 | 7,147,337 | 25.9% |
| Undesignated | (11,285) | (98) | 0% |
| Total Fund Balance | \$ 13,896,503 | \$ 14,251,173 | 2.6% |

3. Fund balance per capita - compared to the prior year



4. Historical trends of Fund Balance Components



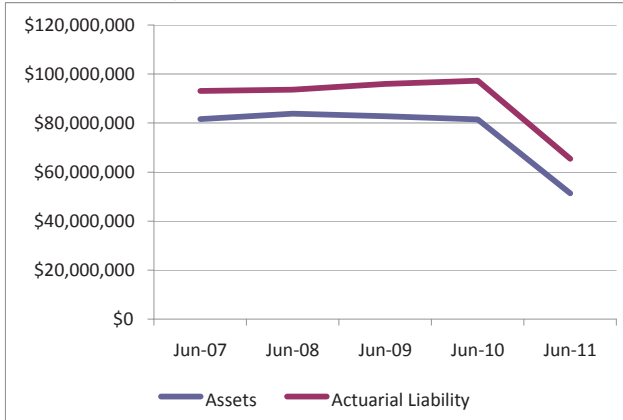
At June 30, 2012 the Governmental Funds had fund balances of \$14.259 million of which \$7.4 million was unreserved. This is 23% of the FY 2012 expenditures. The General Fund was budgeted to use \$261,000 in fund balance; however, at year end \$1.2 million was added to fund balance. This significant savings was due to the Michigan Municipal Risk Management Authority distribution of \$830,000, changing the method of paying retiree health insurance premiums, equating to \$275,000, and the timing of replacing vacant staff positions at \$401,600.

For more information regarding the City finance please visit www.madison-heights.org or contact the City Manager's Office or Finance Department.

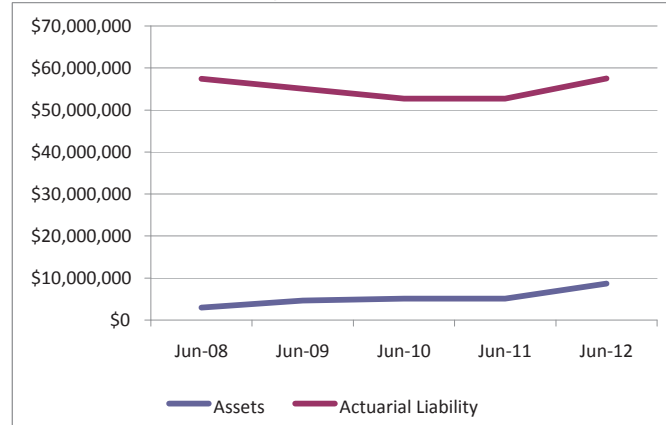
CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

OTHER LONG TERM OBLIGATIONS

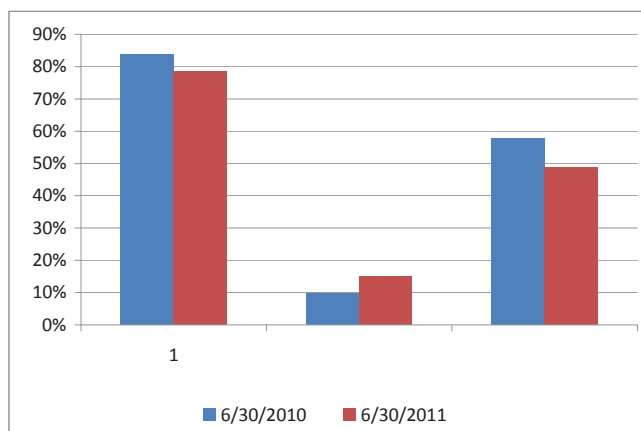
1. Pension funding status



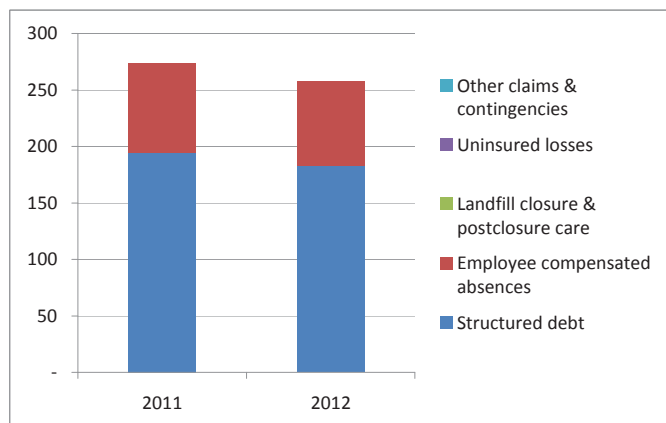
2. Retiree Health care funding status



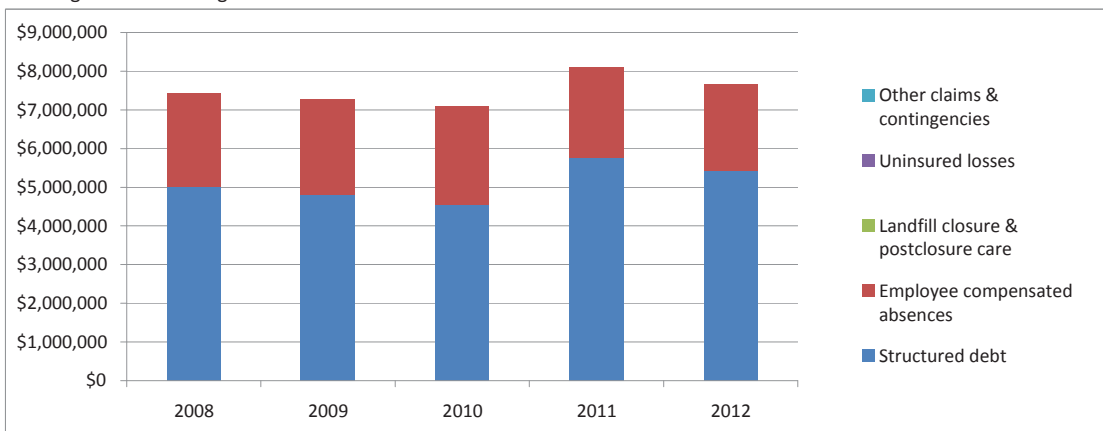
3. Percent funded - compared to the prior year



4. Debt & other long term obligations per capita - compared to the prior year



5. Long Term Debt obligations:



For the fiscal year ended June 30, 2012 the City's annual pension cost was \$3.0 million excluding contributions for other post employment retirement benefits (OPEB) and administrative expenses. The City annually contributes the required annual contribution to the pension plans. In 2006 the City also established two healthcare savings trusts in order to save for future retiree health insurance. Although the City is not required to continue these contributions to the Trust, the City has made the recommended contribution for the past six years.

At June 30, 2012 the City's long term debt consisted of vested benefits of employees and the repayment of the 2003 bond issue for the fire stations construction project.

| City of Madison Heights | | | |
|---|--|---------------------|---|
| Cooperation, Collaboration and Consolidation Plan Summary | | | |
| February 1, 2013 | | | |
| | | <u>Date Started</u> | <u>Savings Generated/Cost Recovered Revenue</u> |
| 1 | Election Coordination | 2005 | \$ 10,000 |
| 2 | Election Coordination for Madison Schools | 2005 | 100 |
| 3 | Election Ballot Layout & Programming Services | 2007 | 10,000 |
| 4 | Election Canvassing | 2007 | * |
| 5 | Qualified Voter File | 2009 | * |
| 6 | Group Purchasing | | 150,000 |
| | a Michigan Intergovernmental Trade Network | 1996 | |
| | b State Purchasing Cooperative - Mi Deal | 1995 | |
| | c Oakland County Purchasing Cooperative | 1994 | |
| | d Macomb County Purchasing Cooperative | 1998 | |
| 7 | Municipal Employee Retirement Authority (MERS) Pension | 1956 | 171,000 |
| 8 | Property Tax Collections | 1972 | 335,000 |
| 9 | Delinquent Property Tax Collection | 1988 | 26,000 |
| 10 | Michigan Municipal Risk Management Authority (MMRMA)) | 1986 | 238,000 |
| 11 | Assessing & Tax Application Software | 2009 | * |
| 12 | Property Assessing | 2010 | 254,000 |
| 13 | Shared Internet and Email Services | 2001 | 4,000 |
| 14 | Intra-City Fiber Optic Network | 1998 | 10,000 |
| 15 | Inter-City Fiber Optic Network | 2001 | * |
| 16 | Wireless Oakland | 2006 | * |
| 17 | Oakland County Narcotics Enforcement Team (NET) | 1971 | 106,000 |
| 18 | Southeast Michigan Police Canine Training Group | 1976 | 1,000 |
| 19 | Oakland County Auto Theft (OCAT) | 1987 | 106,000 |
| 20 | City School Liaison Officer | 1987 | * |
| 21 | School Crossing Guards | 1988 | * |
| 22 | Court & Law Enforcement Management Information System (CLEMIS) | 1982 | 16,000 |
| 23 | OakVideo Arraignments | 2004 | 7,000 |
| 24 | Live Scan Fingerprint Imaging | 1995 | 5,000 |
| 25 | Live Animal Disposal | 1996 | 200 |
| 26 | Operation Nighthawk | 1999 | * |
| 27 | Southeast Oakland Special Weapons and Tactics Team (SWAT) | 2003 | 106,000 |
| 28 | Gun Range Hosting | 2006 | 1,000 |
| 29 | Armored SWAT Vehicle | 2008 | 600,000 |
| 30 | Justice Assistance Grant Program | 2009 | 41,000 |
| 31 | OakWin 800 Megahertz (MHz) Radio System | 2009 | * |
| 32 | Animal Control Spay & Neutering Grant | 2012 | 7,000 |
| 33 | Joint Fire Investigation Team | 1987 | * |
| 34 | American Heart Association Training Center | 2000 | * |
| 35 | Southeast Oakland Automatic Mutual Aid | 2007 | 41,000 |
| 36 | OAKWAY Mutual Aid Association | 2012 | 41,000 |
| 37 | Michigan Emergency Management Assistance Compact (MEMAC) | 2011 | * |
| 38 | Oakland County Medical Control Authority | 2008 | 2,000 |
| 39 | Severe Weather Warning System | 2008 | 6,000 |
| 40 | Regional Alliance for Firefighter Training (RAFT) | 2008 | * |
| 41 | Oakland County Emergency Operation Plan | 2001 | * |

* Collaboration results in enhanced efficiency, services, capabilities, training or programming

Cooperation, Collaboration and Consolidation Plan Summary

| | | <u>Date Started</u> | <u>Savings Generated/Cost Recovered Revenue</u> |
|----|---|---------------------|---|
| 42 | Community Development Block Grant (CDBG) Program | 1983 | 108,000 |
| 43 | Joint Geographic Information System Data Collection | 2000 | 50,000 |
| 44 | Joint Utility Data Creation and Maintenance | 2000 | * |
| 45 | Rodent Abatement Group | 2007 | * |
| 46 | Damage Assessment Mutual Aid | 2009 | * |
| 47 | Better Buildings for Michigan | 2012 | * |
| 48 | Tri-Party Road Construction | 1980 | 130,000 |
| 49 | The Library Network (TLN) | 1977 | * |
| 50 | Midwest Collaborative for Library Services | 2003 | 100 |
| 51 | Southeast Michigan Regional Energy Office (SEMREO) | 2009 | 300,000 |
| 52 | Traffic Signal Maintenance - Oakland County | 1972 | 65,000 |
| 53 | Traffic Signal Maintenance - Macomb County | 1979 | 8,000 |
| 54 | Shared Salt Utilization | 1975 | 9,000 |
| 55 | Winter Road Maintenance - Oakland County Roads | 1980 | 33,000 |
| 56 | Summer Road Maintenance - Oakland County Roads | 1988 | 8,400 |
| 57 | Winter Road Maintenance - Macomb County Road | 1980 | 22,000 |
| 58 | Joint Road Evaluation | 2004 | 200 |
| 59 | Southeastern Oakland County Public Works Mutual Aid Authority | 1987 | * |
| 60 | Southeastern Oakland County Resource Recovery Authority (SOCRRA) Host Community Services | 2002 | 10,000 |
| 61 | Meeting Rooms in City Buildings Available to Groups | 1970 | * |
| 62 | Shared Recreation Facilities | 1975 | \$41,000 |
| 63 | Special Events Mobile Units | 1982 | \$1,000 |
| 64 | Youth Sports Team Sponsors | 1985 | \$3,700 |
| 65 | Adult Recreation Programming | 2002 | * |
| 66 | Youth Soccer Complex Operation | 2007 | \$43,000 |
| 67 | Youth Soccer Complex Maintenance | 2011 | \$17,000 |
| 68 | Senior Transportation | 1982 | \$74,000 |
| 69 | Senior Nutrition Program | 2008 | * |
| 70 | Senior Home Assistance Repair Program (SHARP) | 2009 | \$2,000 |
| 71 | George W. Kuhn Drain District Storm Water Management | 1955 | \$177,000 |
| 72 | Detroit Water and Sewage Department Water Supply | 1956 | \$67,000 |
| 73 | North-Arm Drain Flood Relief | 1998 | * |
| 74 | George W. Kuhn Drain District Host Community Services | 2002 | \$12,000 |
| 75 | West Nile Virus Abatement | 2006 | \$11,000 |
| 76 | Clinton River Watershed Public Information | 2012 | * |
| 77 | Oakland County Water Testing | 2006 | * |
| 78 | Vehicle Repair | 2011 | \$3,000 |
| | Total Savings or Cost Recovery | | \$ 3,489,700 |
| | FY 2012 EVIP Proposed Consolidation - Completed | | |
| 79 | Red Oaks Nature Center at George W. Suarez Friendship Woods | 2012 | \$225,000 |
| | FY 2013 EVIP Proposed Consolidation | | |
| 80 | Employer-Sponsored Health Center | 2013 | \$567,400 |

* Collaboration results in enhanced efficiency, services, capabilities, training or programming

Service Sharing and Consolidation Requirements

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; Royal Oak, Lamphere and Madison School Districts; 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 75 partnerships.

Existing Partnerships

Elections

1. Election Coordination

Annual Savings \$10,000

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

2. Election Coordination for Madison Schools

Annual Savings \$100

In January of 2011, the City entered into an agreement with Madison District Public Schools to provide election coordination services for the school elections. Under this agreement, the City Clerk will serve as the "Election Coordinator" for the Madison District Public Schools and will be responsible for the following key duties:

1. Receiving all filing fees for nominating positions.
2. Receiving all ballot language.
3. Certifying candidates.
4. Receiving notices of withdrawals of candidates.
5. Ballot setup, layout, proofing, printing and ordering of ballots.
6. Providing election day support activities.
7. Presenting election results to the Oakland County Board of Canvassers.

3. Ballot Layout and Programming Services

Annual Savings \$10,000

On December 13, 2010, the City entered into an agreement with the County to provide ballot layout and programming services to the City for a three-year period.

4. Canvassing

Efficiency Improvement

In the fall of 2007, the City entered into an interlocal agreement with Oakland County to provide the canvassing of local elections.

5. Qualified Voter File

Enhanced Efficiency

The Qualified Voter File (QVF) was set up by the State of Michigan for the use of local governments in supporting the election process. The QVF provides: voter registration file management functions; support for the administration of the absentee voter ballots; support for petitions and candidate tracking; support for the appointment, training, assignment and compensation of election inspectors; and election planning and management tasks. The current QVF user agreement went into effect on May 8, 2009.

General Administration/Purchasing

6. Group Purchasing

Annual Savings \$150,000

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 bringing 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.

Finance/Assessing

7. Municipal Employee Retirement System (MERS) Pension

Annual Savings \$171,000

The City of Madison Heights joined MERS in 1956. The City benefits from pooling of investments to achieve lower investment costs, a professionally trained board of directors and the ability to invest in vehicles that would not be open to smaller city stand-alone plans.

More directly, if the City administered its own plan, it would need to add an additional one to two employees just to address pension and retirement benefit issues. The staff would also need to support monthly pension board meetings which take substantial staff time to support.

8. Property Tax Collection

Annual Savings \$335,000

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 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.

On September 4, 2012, the new Oakland County Art Institute Authority levied its first property tax millage, thus expanding this property tax collection by one additional taxing jurisdiction.

9. Delinquent Property Tax Collection

Annual Savings \$26,000

The Treasury Office also utilizes the County Treasury Department for collection of delinquent personal property taxes and their treasury-related computer software system.

10. Michigan Municipal Risk Management Authority

Annual Savings \$238,000

The City has coordinated efforts with a governmental pool in order to save money on insurance premiums. In the 1980s, the City was one of the first members to participate in the liability insurance pool offered through the Michigan Municipal Risk Management Authority (MMRMA).

11. Assessing and Tax Application Software

Enhanced Efficiency

Oakland County makes its mainframe assessing and tax system applications available to local governments in their County. The application integrated with additional on-line services such as geographic information systems, payment of local taxes, sketching, online personal property tax statements and others. Oakland County funded the initial capital to implement the applications, and ongoing software support maintenance costs are allocated to participating agencies on an annual basis.

The County-hosted solution is a cost effective opportunity. The County was able to reduce the license cost for local government by two cents per parcel annually with a master purchase agreement it had negotiated. Further, all system administration duties are performed by the County, thereby saving each local government staff time and related costs. The County also hosts a website for users. A less tangible but important benefit is that the cumulative database provides the participating local governments with a larger pool of assessing data to review, compare with and report on.

12. Property Assessing

Annual Savings \$254,000

In an effort to meet the considerable financial challenge of declining property tax revenues, the City staff developed a proposal for City Council in November of 2009 to contract assessing services and consolidate the Finance/Treasury Department and Assessing Office. Under this agreement, Oakland County performs most of our assessing services, with the City retaining an Assessing Clerk who was transferred to the Finance Department and works 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 and Assessor's Office were combined to provide improved coverage and service to visitors to City Hall and allow opportunities for increased staff cross-training. This consolidation resulted 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 Deputy Finance Director from Finance, and Office Assistant II from City Clerk's Office).

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

The Madison Heights local Tax Board of Review continues to be conducted at 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 continue to be appointed by the City Council.

Currently, Oakland County Equalization Division provides assessing services to 35 cities and townships. The County charges \$14.90 per real property account and \$12.40 per personal property account for an estimated total cost of \$193,477. The County's first three-year agreement expires on June 30, 2013.

The implementation of this consolidation saved the City \$275,606 in FY 2010-11 and more than \$1.0 million over the next four years.

Information Technology

13. Shared Internet and Email Services

Annual Savings \$4,000

In 2001, the City entered into an arrangement with Oakland County to provide Internet and email services. The system is designed to lessen the burden of mail administrative tasks and ease concerns about uptime and virus protection. The mail server is a proprietary Unix system, which means it is inherently very difficult to "hack" and extremely resistant to cyber attacks. The system has an on-line redundant hard drive in case of an individual hard drive failure, and the entire system is backed up nightly just in case there is a catastrophic failure. Each night the system checks for new virus detection patches and applies them automatically if one is found. This ensures the latest level of virus protection is installed each day. When a virus is detected, the system will first try to clean it. If it is uncleanable, the file will be deleted and a message will be sent to notify the sender and the intended receiver.

14. Intra-City Fiber Optic Network**Annual Savings \$10,000**

The City of Madison Heights and the Lamphere School District built a joint fiber optic network in the mid-90s.

15. Inter-City Fiber Optic Network**Efficiency Improvement**

Participation in the County-installed fiber optic network allows for total connectivity between all 62 Oakland County municipalities (cities, villages & townships).

16. Wireless Oakland**Enhanced Efficiencies**

On January 23, 2006, the City approved a Wireless Oakland agreement between Oakland County and the City of Madison Heights. The Wireless Oakland Initiative has the following three goals: (1) Blanket the County with wireless services; (2) Address the County's "digital-divide" by providing low-cost or no-cost personal computers and logical training to underserved population groups; and (3) Develop a Telecommunication and Technology Planning Toolkit to support continued high-tech investments in local government and promote integration of those investments with local community character and quality of life. Citizens, business entities, and governmental entities will all benefit from this wireless Internet service. The citizens of the County will be more prepared to fill high-tech jobs; business entities will be better prepared to compete in a global market; and governmental entities, including Oakland County and the City, will realize increased efficiencies when providing services to their citizens. Although this agreement is still in place, the project is on hold due to the private sector partner issues.

Police**17. Oakland County Narcotics Enforcement Team (NET)****Annual Savings \$106,000**

The Police Department participates in a number of cooperative efforts with other law enforcement agencies. An officer is assigned to the Oakland County Narcotics Enforcement Team (NET) whose primary responsibility is to 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.

18. Southeast Michigan Police Canine Training Group**Annual Savings \$1,000**

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.

19. Oakland County Curtail Auto Theft**Annual Savings \$106,000**

While not currently assigning an officer to the Auto Theft Unit due to personnel staffing issues, the Police Department does provide office space in the police station basement for the offices for the Oakland Curtail Auto Theft (OCAT) Unit and an officer from Oakland County Sheriff who coordinates with OCAT.

20. City School Liaison Officer**Enhanced Services**

The Police Department's Youth Officer position was created in 1987. This position has been used to provide drug prevention education, school presentations and support of community events. Over time, this position has evolved to handle juvenile cases, meetings with school representatives and coordinating with the City's three high schools to both prevent and address crime-related issues.

21. School Crossing Guards**Enhanced Services**

The City's Youth Officer coordinates the Crossing Guard program which was initiated in 1988. The City employs 17 part-time Crossing Guards to safely provide supervised crossing at major roads for students' trips to and from school.

22. Court & Law Enforcement Management Information System**Annual Savings \$16,000**

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

23. OakVideo Arraignments**Annual Savings \$7,000**

The Oakland County video arraignment project, called OakVideo, is a unique system compared to anything currently in use today. A project of Courts and Law Enforcement Management Information Systems, it uses video conferencing equipment to connect district and circuit courts, the prosecutor's office, jail booking facilities, law enforcement agencies and community corrections. The OakVideo system also provides access to documents critical to each case.

Video communication allows for a substantial reduction in time and money associated with transporting prisoners to and from court for arraignments. The effect, among other benefits, is to minimize offender transport, thereby improving court security and mitigating law enforcement costs.

24. Live Scan Fingerprint Imaging**Annual Savings \$5,000**

The Live Scan program is a partnership between Oakland County and the City of Madison Heights which started in 1997. The County provided the Live Scan equipment, specifically the hand scanner system, for use by the City. In an effort to reduce costs, the County has negotiated and executed a single software license agreement. A contractor provides maintenance services for the Live Scan equipment. The City submits fingerprint information from individuals arrested into Live Scan, which is in turn submitted to the State of Michigan and stored for the purpose of investigation of criminal activity.

25. Live Animal Disposal**Annual Savings \$200**

On September 12, 2011, the Madison Heights City Council approved an extension to an existing agreement between the City and Oakland County for animal care services from their Oakland Pet Adoption Center located in Auburn Hills. The renewal agreement is for a period from July 1, 2011 through September 30, 2013.

The updated Interlocal Agreement provides for a number of issues for animal care services, including providing humane care, food, water and shelter for stray domestic and wildlife animals that are captured in Madison Heights and subsequently transported to the Oakland County Center. Madison Heights only uses the live animal disposal portion of this agreement. In 2012, Madison Heights disposed of 28 animals at \$34 each, resulting in a fee of \$952.

26. Operation Nighthawk**Crime Prevention**

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. This effort is currently on hold due to overtime budget constraints.

27. Southeast Oakland Special Weapons and Tactics Team **Annual Savings \$106,000**
The Madison Heights Police Department has two officers assigned to the four-city (Berkley, Ferndale, Royal Oak and Madison Heights) cooperative Special Weapons and Tactics Team or Southeast Oakland SWAT. By combining the resources of multiple agencies, a high-quality unit capable of addressing critical incidents can exist without draining the resources of any single jurisdiction involved.

28. Gun Range Hosting **Annual Revenue \$1,000**
The City of Clawson, the U.S. Marshals and the U.S. Marshals Court Service use the Police Station gun range (several times a year) to meet officer qualification standards and in some cases to recertify.

29. Armored SWAT Vehicle **One-time Savings \$600,000**
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.

30. Justice Assistance Grant Program **One-time Savings \$41,000**
The American Recovery Reinvestment Act of 2009 provided funding to the U.S. Department of Justice to support and assist State, local and tribal law enforcement through grant funding called the Justice Assistance Grant (JAG) Program. In Michigan, 60% of the Federal funding goes to the State of Michigan and local criminal justice agencies by a competitive grant process. The remaining 40% of the funding is specifically designated for local units of government. In Oakland County, this amounted to \$2.0 million, and the allocation for Madison Heights was \$41,000. Oakland County acts as the grant applicant administrator and fiscal agent and takes a 3% administrative fee for the duty and responsibility. The JAG program requires no local funding match and only requires reporting requirements for the Federal grant funding, and each agency retains ownership of equipment purchased during the duration of the grant period which ends in June of 2013. The majority of the grant in Madison Heights was applied to the Police Department's E-911 call taking equipment replacement that took place in March of 2010.

31. OakWin 800 Megahertz (MHz) Radio System **Enhanced Efficiency**
The City's public safety communication system consists of a base station located in the Police Department, a secondary base station located at the Department of Public Services, 42 mobile units and 50 portable units. In November 1999, the Oakland County Board of Commissioners approved a charge of 57 cents per month per telephone line to financially support the creation of a new 800 Megahertz (MHz) County-wide system.

As part of the City's 2001-02 Goal Plan, staff was directed to coordinate with Oakland County and support their implementation of the new 800 MHz system, including the installation of a new monopole and purchase of local equipment to eliminate radio transmission and reception problems. The system was installed and the City entered into a radio system talk group agreement on January 12, 2009.

32. Animal Control Spay & Neutering Grant **Annual Savings \$7,000**
In 2012, Madison Heights applied for a Michigan Department of Agriculture Companion Animal Welfare Fund Competitive Grant. This grant was a reimbursement grant given to animal shelters/humane societies for the purchase of supplies, services, and materials for the spaying and neutering of dogs and cats. Madison Heights Animal Control did receive funding of \$10,000 (reimbursement) effective April 15, 2012, going through December 31, 2012. This funding was to be utilized for both the Madison Heights shelter and the Hazel Park shelter.

The utilization of the grant was successful. Summarizing, in 2012, 99 cats and 42 dogs were spayed/neutered prior to adoption, which resulted in costs of \$7,320. The City did again apply for and received the Michigan Department of Agriculture Companion Animal Welfare Fund Competitive Grant (2013) for the spaying and neutering of dogs and cats.

Fire Services

33. Joint Fire Investigation Team

Enhanced Efficiency

In partnership with the City's Fire Marshal, the Oakland County Sheriff Fire Investigation Team is called in to investigate suspicious fires. The City is not charged for this service, but benefits from their greater expertise and success in investigation and prosecution of these crimes. The City saves by not having to utilize the time of the Police Department's Detective Bureau.

34. American Heart Association Training Center

Enhanced Service

Madison Heights runs an American Heart Association Community Training Center in conjunction with Hazel Park.

35. Southeast Oakland Automatic Mutual Aid

Annual Savings \$41,000

For the past nine 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.

36. OAKWAY Mutual Aid Association

Annual Savings \$41,000

In 2008, the Oakland County Fire Chiefs Association developed the Oakland County Fire Mutual Aid Association (OCMAA) through the adoption of an Interlocal Agreement, by each individual member community, which included the City of Madison Heights. This effort was the result of:

- Federal, State and County encouragement to assume a more regional approach to emergency response,
- The burden of obtaining and maintaining highly specialized hazardous materials, technical rescue and communications equipment,
- The need for an organized, pre-defined, resource-rich response system for disasters and large-scale events as well as our every day responses.

In the aftermath of September 11 and Hurricane Katrina, and with the acquisition of specialized response equipment by the Oakland County Homeland Security Division, Oakland County fire departments were divided into four individual "consortiums" for the deployment of the new purchased specialized equipment. These consortiums were: Oakway, the West Team (those communities west of Oakway and south of M-59), the North Team (those communities north of M-59) and the East Team (Troy and several other eastern communities not in Oakway). In time it became apparent that a more formal approach was required to ensure that fire departments would be able to obtain and coordinate these emergency response resources necessary to manage large-scale, complex or long term incidents. To this end, the Oakland County Fire Chiefs Association produced an Interlocal Agreement which created OCMAA as a separate non-profit legal entity.

It soon became apparent that there were significant differences in matters of policy within this new organization while trying to find common operational ground between full-time all career fire departments that were operating in densely populated areas with high response volumes and unique demands vs. those utilizing paid on-call firefighters, volunteers, or combination police/fire public safety officers. After care-

ful consideration the Oakway Fire Chiefs determined that in order to facilitate improved operations and cooperation on all levels, withdrawing from OCMAA and creating an independent Oakway Mutual Aid Association would be the best solution for all concerned. While separate, these two organizations would still freely share mutual aid, and would be better enabled to adopt policies and practices that are most beneficial for each group's particular needs and demands.

37. Michigan Emergency Management Assistance Compact (MEMAC) Enhanced Capabilities

The Madison Heights Fire Department is a participant in the Mutual Aid Box Alarm System (MABAS), a system for organizing comprehensive and consistent fire department mutual aid across many jurisdictions. In Michigan, MABAS was first introduced in Oakland County and is growing into a statewide program. Continued membership in MABAS now requires participation in MEMAC. MEMAC is a statewide mutual aid program that not only coordinates the sharing of resources amongst all of the participating fire departments in the State, it also includes other disciplines such as police, public works and emergency medical services. Resource sharing on an interstate basis can be facilitated through this agreement as well. MEMAC is coordinated by the Michigan State Police Emergency Management and Homeland Security Division.

38. Oakland County Medical Control Authority Annual Savings \$2,000

Additionally, the Madison Heights Fire Department participates in a group purchasing plan that was established by members of the Oakland County Medical Control Authority. Consortium members purchase discounted emergency medical service supplies.

39. Severe Weather Warning System One-time Savings \$6,000

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 serves the middle third of the community. Oakland County has assumed responsibility for all future operation and maintenance for this siren and the two additional sirens in the City.

40. Regional Alliance for Firefighter Training Enhanced Training

In August of 2010, the Madison Heights Fire Department joined the Regional Alliance for Firefighter Training (RAFT), a consortium consisting of 32 fire departments and 2 community colleges. This organization provides firefighter and fire officer training, facilitates the sharing of inter-departmental training via video conferencing and hosts several seminars each year with fire service speakers of national prominence. The Department's training tower and draft pit have been utilized by other communities, reducing their training cost.

41. Oakland County Emergency Operation Plan Enhanced Services

On February 13, 2012, the Madison Heights City Council passed a motion formalizing support for the Oakland County Emergency Operation Plan. The Plan provides a framework for the City to use in coordinating with Oakland County and performing functions before, during and after a national disaster, technological incident or a hostile attack.

Community Development

42. Community Development Block Grant (CDBG) Program Annual Savings \$108,000

The County of Oakland and the City of Madison Heights have entered into an agreement regarding CDBG. Under Federal regulations, Oakland County is designated as an Urban County entitlement community

which allows them to serve as a grantee to subrecipients like the City of Madison Heights. The City's current agreement runs through April 30, 2013. In Madison Heights, block grant funds have been used for Senior Citizen yard service programs (lawn mowing and snow removal), code enforcement, minor home repairs, barrier-free improvements and other similar projects that benefit low- and moderate-income residents.

43. Joint Geographic Information System Data Collection

Annual Savings \$50,000

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.

44. Joint Utility Data Creation and Maintenance

Efficiency Improvement

Staff also shares utility data creation and maintenance with the Oakland County Water Resource Commissioner's Office.

45. Rodent Abatement Group

Enhanced Services

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 six years with communities renewing on a year to year basis.

46. Damage Assessment Mutual Aid

Enhanced Capabilities

Damage assessment is the evaluation of buildings and structures to determine the nature and extent of damage and the cost of repairs that are the result of a disaster or emergency. It is a key component of the information required to be provided to Oakland County, the State of Michigan, and the Federal Government in order to receive State or Federal aid. This information must be provided quickly, usually within 48 hours.

The Oakland County Building Officials Association Damage Assessment Mutual Aid Agreement is an agreement between communities in Oakland County. This agreement will allow a community to give or receive help for Damage Assessment Services from other communities during a disaster emergency. The help would come from inspectors who would evaluate the nature and extent of damage to buildings and structures resulting from a disaster or emergency. Depending on the size of the disaster, a community could either be in need of help, or be providing help to another community. Madison Heights entered into the agreement on May 9, 2009.

47. Better Buildings for Michigan

Energy Savings

On June 26, 2012, the Southeast Michigan Regional Energy Office (SEMREO) partnered with the City to provide a new home energy audit and follow up repair / upgrade program. There are no income limits to participate - any single family homeowner, landlord, or tenant (with landlord authorization) can participate. The program is administered completely by the SEMREO, with the City providing information and outreach to advertise the program's availability to our residents. Program information is available on the City's website, cable channel and at City offices.

48. Tri-Party Road Construction**Annual Savings \$130,000**

The Road Commission for Oakland County and Oakland County offered to cities with County road rights-of-way an opportunity to partner in funding road construction on Road Commission road projects. The Oakland County Board of Commissioners has approved a Tri-Party budget of \$1.0 million, which if matched by the Road Commission and the communities, grossed \$3.0 million.

These funds have been used to address deteriorating roads in Madison Heights including 14 Mile, 12 Mile, 10 Mile and John R from 14 Mile to the Red Run Drain.

Library**49. The Library Network (TLN)****Enhanced Services**

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 loan; the ability to search the holdings of participating libraries; and use of shared technology, book and discounted pricing on other items. The cooperative effort takes 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.

50. Midwest Collaborative for Library Services**Annual Savings \$100**

The City participates in joint purchasing programs through the Midwest Collaborative for Library Services, Michigan Library Association and American Library Associations.

Department of Public Service - Municipal Buildings**51. Southeast Michigan Regional Energy Office (SEMREO)****Energy Savings \$300,000**

The Michigan Municipal League, Michigan Suburbs Alliance, Southeast Michigan Council of Governments (SEMCOG) and WARM Training Center have partnered to create the SEMREO, which is a collaborative coalition focused on educating, enabling and promoting energy efficiency and conservation among local governments in the region. The SEMREO service area is the same geographic footprint as the SEMCOG's service area. The primary services offered by the SEMREO include benchmarking, auditing, sustainability planning, evaluating & reporting, advocacy, education & training, marketing, grant research & writing, technical assistance, joint purchasing and loans for energy projects. Working with the support of SEMREO, the City has received three energy grants for building improvements totaling in excess of \$350,000.

Department of Public Services - Road Maintenance and Construction**52. Traffic Signal Maintenance - Oakland County****Annual Savings \$65,000**

Madison Heights receives traffic signal maintenance services from the City of Royal Oak for the Campbell Road signals, and from the Road Commission of Oakland County for other major road signals.

53. Traffic Signal Maintenance - Macomb County**Annual Savings \$8,000**

Madison Heights receives traffic signal maintenance services from the Road Commission of Macomb County for Dequindre Road.

54. Shared Salt Utilization**Annual Savings \$9,000**

For decades, the Lamphere and Madison School Districts have purchased bulk salt from the City for snow and ice control on school parking lots and sidewalks. City crews assist by loading the salt into the school

district vehicles and the City bills the respective districts at the end of each season based on the tons purchased and the City's contract bulk rate for salt.

The district may pick up salt only during regular business hours or during a City snow event so that no City overtime expense is incurred for loading salt for the schools. This agreement has been beneficial for both parties, as the school districts have been able to avoid the expense of salt storage and the City has been saved from potential environmental liability associated with multiple salt storage facilities affecting the storm water system, which is regulated by the State. Over the 2010-11 Winter Season, the Lamphere and Madison School Districts purchased 152 and 27 tons of salt respectively. In 2011-12 and 2012-13, the respective purchases were 53 and 43 tons; and 30 and 25 tons.

55. Winter Road Maintenance - Oakland County Roads **Annual Savings \$33,000**

The City benefits from collaborating with Road Commission for Oakland County (RCOC) on a winter maintenance agreement where the City is paid to maintain RCOC roads in Madison Heights.

56. Summer Road Maintenance - Oakland County Roads **Annual Savings \$8,400**

The City also benefits from collaborating with Road Commission for Oakland County (RCOC) on a summer maintenance agreement where the City is paid to maintain RCOC roads in Madison Heights.

57. Winter Road Maintenance - Macomb County Roads **Annual Savings \$22,000**

The City benefits from collaborating with the Macomb County Road Commission on a winter maintenance agreement where the City is paid to maintain Commission's road in Madison Heights.

58. Joint Road Evaluation **Annual Savings \$200**

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.

Department of Public Service - Solid Waste Division

59. Southeastern Oakland County Public Works Mutual Aid Authority and Association **Enhanced Capabilities**

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. Authority/Association members also meet monthly to discuss public works topics of mutual interest.

60. Southeastern Oakland County Resource Recovery Authority (SOCRRA)
Host Community Services **Annual Revenue \$10,000**

On February 13, 2002, SOCRRA and the City of Madison Heights entered into a Host Community Fee Agreement. For a 25 year period from 1976 through 2000, SOCRRA paid the City \$10,000 per year to provide Police, Fire and other municipal services in lieu of property tax payments. Under the 2002 agreement, SOCRRA compensates the City a base amount of \$5,000 per year increased by an inflationary index for the first 10 years and then \$10,000 per year starting on September 1, 2011, also increased by an inflationary index. Two key provisions of the Agreement include: (1) In the event that SOCRRA proposes any improvements, expansions or changes in the use of their facility in the City, SOCRRA agrees to submit to

and abide by the City's standard review/approval procedures and requirements; and (2) This Agreement was contingent upon SOCRRA selling approximately 15 acres of property to the George W. Kuhn Drainage District, which had been leased to Oakland County Parks and Recreation Commission and developed as part of the Red Oaks Golf Course for the prior twenty-five years.

Department of Public Service - Recreation Division

61. Meeting Rooms in City Buildings Available to Groups **Enhanced Programming**
To service the needs of local civic and service groups, the City allows these organizations to use rooms in the Library, City Hall, Headquarters Fire Station and Civic Center Park Shelter Building for their meetings free of charge.

62. Shared Recreation Facilities **Annual Savings \$41,000**
Lamphere and Madison Public School Districts provide gyms and ball fields for City recreation sports programs.

63. Special Events Mobile Units **Annual Savings \$1,000**
Oakland County Parks and Recreation Commission provides the use of six free special event mobile recreation units per year, such as show mobiles, inflatables, puppet shows and climbing walls. The City also works closely with the Commission in supporting a junior golf league and provides newsletter advertising to the County in exchange for additional mobile recreation unit visits.

64. Youth Sports Team Sponsors **Annual Savings \$3,700**
Local businesses provide funding to sponsor youth sports leagues, as well as financially supporting the annual fireworks display.

65. Adult Recreation Programming **Enhanced Programming**
Royal Oak and Clawson Recreation Departments do joint programming for adult recreation programs including water aerobics, yoga, ballroom dance, etc. with Madison Heights.

Department of Public Service - Parks Maintenance

66. Youth Soccer Complex Operation **Annual Savings \$43,000**
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.

67. Youth Soccer Complex Maintenance **Annual Savings \$17,000**
On January 24, 2011, the City entered into a Grounds Maintenance Agreement with the Oakland County Parks and Recreation Commission. Under this agreement, the City and County Parks and Recreation shared responsibilities for providing lawn, sod, fertilization and weed control services, as well as snow and ice control on the parking lot and sidewalks.

Department of Public Services - Senior Citizens

68. Senior Transportation **Annual Revenue \$74,000**
Suburban Mobility Authority for Regional Transportation provides transportation funding for the senior bus program as well as a reduced cost handicapped accessible bus.

69. Senior Nutrition Program

Enhanced Services

On June 11, 2012, the City received formal notice that our former senior citizen meal provider, Oakland County Mobile Meals (OCMM), would be terminating the both the congregate (Senior Center) and home-bound programs with their last day of service occurring on September 28, 2012.

As background information, prior to 2006, OCMM had served as the senior center meal provider for thirty-six years under the Area Agency on Aging 1-B (Area Agency), which is the recipient and administrator of Federal funding for the meal program. In 2006, the Area Agency re-bid the meal service and awarded the new contract to Southeast Oakland Meals on Wheels / Paragon, which operated our program from October 2006 through September 2007, at which time they relinquished their contract. Although the Area Agency re-bid the service again, OCMM offered to run the program without federal assistance, and on September 17, 2007, City Council approved an Interim Site Agreement with OCMM, effective October 1, 2007. On December 17, 2007, Council approved a twenty-one month Site Agreement with OCMM, covering the period from January 1, 2008 through September 30, 2009. The Agreement contained a three-year extension through September 30, 2012. OCMM had operated the program without acceptance of Federal funding for the five-year time period.

Shortly after receiving the termination notice from OCMM, the City met with Area Agency representatives who advised us that Emerald Food Service (Emerald) is the contracted Area Agency vendor to serve south central and southeast Oakland county, including: Berkley, Beverly Hills, Birmingham, Clawson, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Madison Heights, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Troy. (Emerald is also the Area Agency's meal provider to the Chinese Community Center on Concord.) No other vendor would be able to service our seniors and receive the Federal funding assistance.

On September 24, 2012, City Council awarded the Service Contract for the Senior Center Congregate and Home-Delivered Meal Program to Emerald Food Service, as selected by the Area Agency on Aging 1-B, for a one year term from October 1, 2012 through September 30, 2013. The Area Agency will rebid the program in 2013.

70. Senior Home Assistance Repair Program (SHARP)

Annual Savings \$2,000

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

Department of Public Service - Water and Sewer Operation

71. George W. Kuhn Drain District Storm Water Management

Annual Savings \$177,000

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. The Authority provides sewage treatment service for Madison Heights.

In 1972, the Twelve Towns Drain District completed construction in Madison Heights 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 make up 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 Sewerage 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.

In March 1999, the Oakland County Water Resource Commissioner accepted a construction petition from the Twelve Towns Communities and established a new drain district named the George W. Kuhn Drain District (GWKDD). The three major components of this construction project included 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 and south of the City's Department of Public Service Building. The project was constructed on property owned by the GWKDD and the City.

72. Detroit Water and Sewerage Department Water Supply

Annual Savings \$67,000

For water distribution, 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. The contract was amended in October of 2010.

73. North-Arm Drain Flood Relief

Enhanced Efficiencies

On June 29, 1999, the Cities of Birmingham, Clawson, Madison Heights, Royal Oak, Southfield, Troy and the Village of Beverly Hills created a drain district for the purpose of making capital improvements to address flooding problems that were occurring in Royal Oak and Birmingham. The construction project to build these drains cost \$17.9 million but has resulted in reduced flooding in the affected areas.

74. George W. Kuhn Drain District (GWKDD) Host Community Services Annual Savings \$12,000

On May 21, 2002, the GWKDD and the City of Madison Heights entered into a host community fee agreement. For a period of 25 years, from 1976 through 2000, SOCRRA leased 15 acres of property to the Oakland County Parks and Recreation Commission for an annual sum of \$7,000 for property that was part of the Red Run Golf Course.

The GWKDD was established to construct a new stormwater retention facility located in the Red Run Drain right-of-way in Madison Heights resulting in the closure of the golf course. Oakland County Parks invested \$3.0 million to restore and upgrade the Red Run Golf Course following the completion of the Drain District project. As part of the Agreement, SOCRRA sold the GWKDD the property used for the Drain District for a total of \$375,000. In addition, the GWKDD agreed to enter into a host community agreement with the City of Madison Heights to provide \$10,000 a year in lieu of property tax payment to compensate the City for delivery of City services to this property. The payment is indexed for inflation and as of 2012 stands at approximately \$12,000 per year.

75. West Nile Virus Abatement**Annual Savings \$11,000**

For the past eleven 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.

76. Clinton River Watershed Public Information**Enhanced Services**

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.

77. Oakland County Water Sample Collection**Enhanced Services**

Since at least 2006, the Department of Public Services office has served as a collection point for the Oakland County Health Division's (OCHD) bacteriological and chemical testing service for drinking, pool and surface water. Under the program, Oakland County residents (and others for an additional cost) can pick up sample bottles at either the Pontiac or Southfield OCHD office, where they pre-pay for the service. The DPS office is one of ten facilities where individuals may drop off their samples, which are collected by OCHD once a week. All administration of the program is handled by OCHD. By serving as a collection point, the City has been able to make this service convenient to residents in southeast Oakland County.

Department of Public Service - Motor Pool**78. Vehicle Repair****Annual Savings \$3,000**

Beginning in April 2011, the City engaged the City of Troy to perform repair work on Madison Heights municipal vehicles during periods of high demand and as a slightly less expensive alternative to the current private companies used for outside labor. Work will include transmission/drive train repair, vehicle refurbishing, alignment and suspension repair, and miscellaneous jobs such as pump and cylinder rebuilds and alternators. The City of Troy Motor Pool is nationally recognized and performs repair work for a number of area municipalities.

FY 2012 EVIP Proposed Consolidation - Completed**79. Red Oaks Nature Center at George W. Suarez Friendship Woods****Annual Savings \$225,000**

- The Challenge

Based on the Fall 2009 Financial Forecast, and on the heels of the City's first round of Gap Reduction Measures, in December of 2009 the City initiated a dialog with the Oakland County Parks and Recreation Commission (OCPRC) regarding a potential partnership arrangement at Friendship Woods.

Faced with a dramatic decline in State Shared Revenues and Property Tax Revenues, the City on July 1, 2010 was forced to lay off all paid staff, eliminate all but the utilities portion of the Nature Center budget and reduce hours at the Nature Center.

- Annual Programming

In FY 2009-10, the last full year of programming, the Nature Center operated with a budget of \$152,500 and was staffed by one full-time and one part-time naturalist position. Revenues included \$13,000 in merchandise sales, \$8,200 in program revenues (group tours, parties and camps), \$4,800 in donations and \$1,400 in Hot Dog Lunch proceeds. During that one-year period, the Nature Center drew 416 program participants to 76 different programs and attracted over 32,000 visitors, or 108 visitors/patrons per day.

The City's 40 adult volunteers logged 4,900 hours, with our teen volunteers adding 550 hours. The City also provided 103 paid tours, 37 free school tours and 45 Nature Center birthday parties. Special event programming included the Fall Open House, the 5K Run/Walk, and various other smaller events.

As of September 2012, only the Fall Open House and the 5K Run/Walk continued as financial self-supporting special events. The volunteers staffed the building, allowing it to be open five days a week for 24 hours, welcoming visitors to view the animals and exhibits.

- Lease Agreement

On September 10, 2012, after over 2-1/2 years of discussion and negotiations, the City approved a long-term lease.

- A. Key Terms

1. The lease includes both the Nature Center and the entire George W. Suarez Friendship Woods.
 2. The lease spans a 25-year period starting on October 1, 2012. The OCPRC felt strongly that they needed a long-term agreement to spread their investments in capital improvements over an extended period of time. In addition, the agreement was timed to coincide with the start of the County's October 1st budget year. Finally, the early approval by the Park's Commission of this agreement has provided both organizations time to plan an efficient transition period.
 3. In exchange for the use of our property for the next 25 years, the City will receive consideration including: \$1 annual rent, plus; year-round programming services including personnel, contractors and supplies; majority of maintenance expense; majority of capital improvement expenditures; and annual utility costs above the current City budget, plus a small inflation factor.
- B. Signage - A new sign was constructed at OCPRC's cost on 13 Mile to match their current standard for park signs. The sign will read Red Oaks Nature Center at Suarez Friendship Woods.
 - C. City approval and permits (fees waived) will be required for all improvements and alterations, third-party utilization of the property, and maintenance management plan.
 - D. Property access for vehicles will require a permit, while pedestrian and non-motorized traffic will continue to have free access from the Hales Street, Westwood gate and Simonds Elementary School gate entrances. The County will have the option to seal off 56 individual residential gates surrounding the property.
 - E. This agreement can be terminated by the City with a 60-day notice for breach, or by the OCPRC with one-year notice.

- Financial Impact

The City will be obligated to contribute approximately \$8,000 per year toward utilities (with small inflation factor), plus 50 percent of the agreed upon major maintenance and capital improvement project costs.

The OCPRC is obligated, and is currently planning, for an annual operation, maintenance and programming service budget of \$225,000 per year. OCPRC will also be responsible for 100 percent of the cost of new signage, fence modifications, a structured volunteer program and the first \$5,000 of all capital and maintenance project expenses plus 50 percent of the amounts above the first \$5,000 in expenses.

FY 2013 EVIP Proposed Consolidation

80. Employer-Sponsored Health & Wellness Center 2013

Annual Savings \$567,400

In August of 2012, the City of Madison Heights attended presentations hosted by Cornerstone Municipal Advisory Group, LLC on Employer-Sponsored Health & Wellness Centers. These presentations introduced the concept of an on-site clinic or near-site clinic, operated under the patient-centered medical care concept, as a method of saving both employers and employees health care money.

The basic premise for an Employer-Sponsored Health & Wellness Center is that self-insured entities can save money on health insurance costs by providing employees with a “one-stop” shopping experience for non-emergency office visits, including wellness programs and prescription benefits at no cost to the employee. These clinics can be on-site or at a location near the entity for the employees’ convenience. The employer provides financial backing while a third party provides operational support and coordination. The clinic is staffed by physicians who are paid by the employer and not the insurance companies, which saves the employer money because there are no insurance minimum charges for office visits or procedures. Prescription drugs are generally generic and are bought by the host clinic company in bulk without insurance mark-ups.

Employers also retain a greater ability to control care, including worker’s compensation case management, and there is a greater emphasis on chronic disease prevention and management which will save health care dollars in the future. Employees benefit because there are no co-pays, deductibles or long waits at the clinic; further, in-stock prescription medications are also free of charge. Employees also benefit from the fact that physicians aren’t pressured by the insurance company parameters to cycle through a certain number of patients or procedures a day, so the care employees receive is personalized and in-depth, and entirely according to their needs as a patient, not according to an insurance company’s guidelines.

The concept of an Employer-Sponsored Health & Wellness Center appears to make financial sense for the employer and employee alike, provided that there are enough financial backers for the project, and the clinic itself is in a convenient location for all participants.

Accordingly, the City has agreed to enter into an initial collaborative agreement with the cities of Hazel Park, Royal Oak and Ferndale to authorize Cornerstone Municipal to conduct a feasibility study or “Impact Study” to assess how the startup of an Employer-sponsored Health & Wellness Clinic would financially affect the cities involved. The initial investment by Madison Heights for this study was \$1,875. The “IMPACT” study will include:

- Information on how the Health & Wellness Center model can benefit each municipality’s member population and reduce costs
- Meetings arranged and conducted by Cornerstone Municipal to gather data and facilitate discussion
- Participant data analysis to establish health and wellness benchmarks and measure outcomes
- Address possible objections or conflicts and assess opportunities for collaboration
- Cost/Benefit analysis and preliminary return on investment estimates
- Take Action - recommendations for the next steps

Cornerstone will gather historical utilization data from each municipality, analyze population profiles, historical cost trends, worker's compensation data, and each entity's needs for medical services. Their preliminary report which will outline their initial findings overall, as well as required investment from each entity, and potential savings, is expected the week of March 10, 2013. A final report is projected for the week of March 31, 2013.

The City of Madison Heights anticipates that if all four entities proceed with the project and enter into a collaborative agreement to build and support an Employer-Sponsored Health & Wellness Center, the center will be running no later than January 2014. This timeline will allow for the development and issuance of a Request for Proposal for a vendor to establish and run the clinic, as well as provide enough time for any construction requirements that may be necessary based upon the agreed upon location.

The City of Madison Heights is projecting a 10% (\$567,400) savings in health care costs within one year of the clinic's opening.

Employee Compensation Plan Requirement

Listed below is the City of Madison Heights Employee Compensation Plan prepared in accordance with the State's Economic Vitality Incentive Program (EVIP) Public Act 63 of 2011, section 951 (3)(c)(i) to (iv) and submitted to the Michigan Department of Treasury.

As of July 1, 2012, 142 of 149 full-time City employees, or 95%, belong to one of eight bargaining units. The remaining seven positions are considered non-union. The unions can be divided into two groups, sworn and non-sworn, based on their treatment under state labor law. Public safety (Police and Fire) sworn employees have been granted the rights to binding arbitration by the State under Public Act 312 of 1969.

The current bargaining units include:

Sworn Employee Unions

1. Madison Heights Police Officers Union
2. Madison Heights Police Command Officers - Police Officers Labor Council
3. Madison Heights Fire Fighters Association

Non-Sworn Unions

4. Supervisors and Assistants Union – American Federation of State, County and Municipal Employees (AFSCME) Council 25 Local 1917.33
5. Departments Heads Union – AFSCME Council 25 Local 1917.34
6. Municipal Employees Unions – Technical, Professional and Officeworkers Association of Michigan (TPOAM)
7. Department of Public Service Field Workers – TPOAM
8. Madison Heights Court Clerks Association

All the above listed bargaining units have labor agreements in place through June 30, 2013. Many of these contracts have provisions that meet or exceed the State's EVIP requirements. In areas where the requirements are not met, the City plans to achieve compliance as noted below.

(i) Employer Retirement Plan Contribution Requirement:

New hires who are eligible for retirement plans are placed on retirement plans that cap annual employer contributions at 10% of base salary for employees who are eligible for social security benefits. For employees who are not eligible for social security benefits, the annual employer contribution is capped at 16.2% of base salary.

- **Status:** All new hires are eligible for social security benefits. Beginning with employees hired after July 1, 2005 for the Department of Public Services and Court and July 1, 2008 for all other non-sworn groups, all new hires are covered under a defined contribution pension program as defined under IRS regulations. The City contributes 7.0% of the employee's base wage into these retirements accounts.
- **Plan:** The City's current benefits for non-sworn new hires comply with the state requirements. Sworn employees remain covered by defined benefit pensions which are discussed in the requirement section below.

(ii) Defined Benefit Pension Multiplier Requirement:

For defined benefit pension plans, a maximum multiplier of 1.5% for all employees who are eligible for social security benefits, except, where postemployment health care is not provided, the maximum multiplier shall be 2.25%. For all employees who are not eligible for social security benefits, a maximum multiplier of 2.25%, except, where postemployment health care is not provided, the maximum multiplier shall be 3.0%.

- **Status:**

- Sworn Employees

Effective with sworn Fire employees hired after July 1, 2009 and with sworn Police employees hired after July 1, 2008, all new hires will have a reduced multiplier of 2.5% and a final average compensation (FAC) calculated on base wages only. In addition, these employees will have a minimum retirement eligibility age of 55 with 25 years of service.

Effective with sworn employees hired after July 1, 2009, no retiree health insurance will be provided. In lieu of health insurance, sworn employees hired after this date shall receive a health care savings plan.

- Non-Sworn Employees

All non-sworn full-time employees are members of the Municipal Employer's Retirement System (MERS). Currently, the labor agreements that cover those in a defined benefit pension plan include a multiplier between 2.0% to 2.5%. The normal age retirement for these employees is 15 years of service and age 55, or 10 years of service and age 60, with the exception of the Madison Heights Court Clerks Association that has a normal age retirement of 25 years of service and age 50.

The City of Madison Heights's non-sworn employees hired after the dates indicated below do not qualify for retiree health insurance and shall only be provided with a health care savings plan:

Department Heads - September 28, 2009
Municipal Employees - May 27, 2009
Supervisors and Assistants - August 24, 2009
Department of Public Services - July 1, 2005
Police Service Assistants - July 1, 2009
Court - May 23, 1999

- **Plan:**

- Sworn Employees

The City of Madison Heights sworn employees are covered under Public Act 345. This Public Act allows the City to levy a millage to support the Police and Fire Pension plan; however, this public act does not allow funding of defined contribution plans. The City plans to request the State to remove this prohibition of defined contribution plans which will allow the City to attempt to negotiate a plan that meets EVIP requirements. The City would intend to attempt negotiating into the new labor agreements starting July 1, 2013 pension multipliers that meet the EVIP requirement, differentiating between those with retiree health insurance and those without retiree health insurance.

- Non-Sworn Employees

When the current labor agreements covering non-sworn employees expire on June 30, 2013, the City intends to attempt to negotiate into their agreements multipliers that meet the EVIP requirement, differentiating between those with retiree health insurance and those without retiree health insurance.

(iii) Defined Benefit Pension Final Average Compensation (FAC) Requirement:

For defined benefit pension plans, final average compensation for all employees is calculated using a minimum of 3 years of compensation and shall not include more than a total of 240 hours of paid leave. Overtime hours shall not be used in computing the final average compensation for an employee.

- **Status:**

- Sworn Employees

Effective with sworn Fire employees hired after July 1, 2009 and with sworn Police employees hired after July 1, 2008, all new hires will have a reduced multiplier of 2.5% and a FAC on base wages only. The FAC is calculated on the highest three years out of the most recent ten years.

For employees hired before the dates indicated above (7/1/2009 for Fire) and (7/1/2008 for Police) FAC includes the following:

Police Employees (Patrol and Command)

- a. Personal Leave - Unused time is not paid (Not included in FAC). Employees earn personal leave at the rate of 1.33 hours for every month actually worked.
- b. Administrative Leave Days - Employees receive 6 administrative leave days per year, at the rate of 15 minutes (.25 hours) for each day worked, or 4 hours for each month. (Not included in FAC)
- c. Vacation Leave - Banked vacation time must be reduced to 200 hours by the last day before their anniversary. Accrued vacation is also paid at time of retirement. (maximum 200 hours included in FAC)
- d. Sick leave - Bank time is paid at employees regular rate of pay but at ½ the hours at retirement. (Annual sick buy back above 384 hours per year is included in FAC, but the hours 384 and under are not included in FAC)
- e. Compensatory Time Off –Banked time shall be paid at retirement (maximum 64 hours included in FAC)

Fire Employees

- a. Personal leave - Unused time is paid on final pay up to amount earned per contract. Employees earn personal leave at the rate of 12 hours for every 3 months actually worked. The 24 hours, allowed as a carryover from the previous fiscal year (if applicable) shall not be bought back, the leave is to be used or lost. (Not included in FAC)
- b. Vacation leave bank must be reduced to 216 hours (24 hour personnel) or 280 hours (8 hour personnel) by the last day before their anniversary. (maximum paid vacation bank to be applied to FAC is the same as above).
- c. Sick leave - Bank time is paid at employees regular rate of pay but at ½ the hours at time of retirement. (Annual sick buy back above 528 hours per year is included in FAC. Banked 528 is not included in FAC)

Non-Sworn Employees

- a. Personal leave - Unused time is paid on final pay up to amount earned per contract. Employees earn personal leave at the rate of 12 hours for every 3 months actually worked. The 24 hours, allowed as a carryover from the previous fiscal year (if applicable) shall not be bought back, it is to be used or lost. (Not included in FAC)
- b. Vacation leave bank must be reduced to 200 hours for 8-hour employees and 187.5 for 7.5 hour employees. Accrued vacation is also paid at the time of retirement up to maximum 5 weeks banked and 5 weeks earned. (Maximum 375 hours for FAC)
- c. Sick leave bank time is paid at employees regular rate of pay but at ½ the hours at time of retirement. No paid sick leave shall be included in FAC either annually or at the time of retirement.
- d. Compensatory Time – varied by Union
 1. Department Heads Union can earn up to 200 hours (maximum 160 included in FAC).
 2. Municipal Employees Union can earn up to 37.5 hours

3. Supervisors Union can earn up to 40 hours for 8-hour employees and 37.5 for 7.5 hour employees
4. Department of Public Services Union can bank up to 40 hours with a maximum of 24 hours earned in one year.
5. Police Service Assistants (Police Officers' Union) can earn up to 64 hours
6. Court Employee Union can earn up to 67.5 hours
(FAC included amounts earned above unless noted)

- **Plan:**

- Sworn Employees

The City of Madison Heights's sworn Police and Fire employees hired after July 1, 2009 the multiplier is reduced to 2.5% and FAC calculation is on base wages only. The City plans to move to a Defined Contribution plan for new hires, as soon as possible, within the constraints of Public Act 345 as discussed above.

The City intends to attempt to negotiate an FAC requirement for employees covered under a defined benefit plan that meets the State's EVIP requirement.

- Non-Sworn Employees

The City of Madison Heights's non-sworn employees hired after the dates indicated below already comply with the State's requirement by moving to the defined contribution plan.

Department Heads - September 28, 2009

Municipal Employees - May 27, 2009

Supervisors and Assistants - August 24, 2009

Department of Public Services - July 1, 2005

Police Services Assistant - July 1, 2009

Court – August 1, 2005

The City intends to attempt to negotiate an FAC requirement for employees covered by a defined benefit plan that meets the State's EVIP requirement.

(iv) Employee Health Care Contribution Requirement:

Health care premium costs for new hires shall include a minimum employee share of 20%; or, an employer's share of the local health care plan costs shall be cost competitive with the new state preferred provider organization health plan on a per employee basis.

- **Status:** Effective with new hires after May 1, 2012, new hires in all the City sworn and non-sworn unions must pay 20% of the health insurance premium.
- **Plan:** The City of Madison Heights non-sworn and sworn employees already comply with the state's requirements.

For more details regarding employee compensation and complete union labor agreements, please visit the city's website at the website below:

http://www.madison-heights.org/departments/human_resources/labor_contracts.jsp

The City of Madison Heights certifies to the Michigan Department of Treasury it has developed an employee compensation plan that the local unit is implementing with any new, modified, or extended contract or employment agreements for employees not covered under contract or employment agreement. This plan is being made available for public viewing on a publicly accessible Internet site.

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
All Fund Types
Three Year Comparison
Fiscal Year 2013-14**

| | GENERAL FUND | | | SPECIAL REVENUE/DEBT SERVICE FUNDS * | | |
|---|----------------------|-----------------------|----------------------|--------------------------------------|-----------------------|-----------------------|
| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 |
| REVENUES | | | | | | |
| Property Taxes | \$ 17,300,256 | \$ 16,653,593 | \$ 15,612,327 | \$ 2,222,130 | \$ 2,043,344 | \$ 1,857,709 |
| Licenses and permits | 707,139 | 660,075 | 760,350 | 0 | 0 | 0 |
| Intergovernmental | 3,193,243 | 2,807,067 | 3,165,041 | 3,363,018 | 3,200,580 | 1,876,688 |
| Court fines and fees | 1,820,998 | 1,903,000 | 1,820,998 | 0 | 0 | 0 |
| Charges for services | 237,223 | 237,051 | 247,900 | 0 | 0 | 0 |
| Parks and Recreation | 194,996 | 249,546 | 205,343 | 16,716 | 64,645 | 12,522 |
| Interest and Misc. Revenue | 1,209,324 | 1,390,030 | 1,412,310 | 114,580 | 112,468 | 105,972 |
| Special assessments | 0 | 0 | 0 | 523,794 | 324,480 | 597,623 |
| Departmental Charges | 1,006,233 | 985,435 | 985,435 | 0 | 0 | 0 |
| Transfers from other funds | 425,048 | 105,742 | 61,300 | 381,423 | 2,407,931 | 231,499 |
| TOTAL REVENUES | \$ 26,094,460 | \$ 24,991,539 | \$ 24,271,004 | \$ 6,621,661 | \$ 8,153,448 | \$ 4,682,013 |
| EXPENDITURES | | | | | | |
| General Government | \$ 5,677,278 | \$ 6,041,974 | \$ 5,118,511 | \$ 0 | \$ 0 | \$ 0 |
| Public Safety | 12,667,791 | 13,596,663 | 13,441,613 | 334,280 | 179,406 | 86,325 |
| Community Service | 3,010,466 | 3,183,590 | 3,061,598 | 0 | 0 | 0 |
| Culture and Recreation | 1,345,238 | 1,727,435 | 1,714,662 | 53,720 | 64,645 | 31,344 |
| Community Development | 917,448 | 942,892 | 1,114,120 | 6,537,322 | 7,253,239 | 5,280,974 |
| Community Improvement | 0 | 0 | 0 | 1,830,226 | 1,982,606 | 119,837 |
| 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 | 313,813 | 2,169,000 | 0 | 25,000 | 94,115 | 156,499 |
| Debt Service | 0 | 0 | 0 | 415,334 | 460,458 | 373,135 |
| TOTAL EXPENDITURES | \$ 23,932,034 | \$ 27,661,554 | \$ 24,450,504 | \$ 9,195,882 | \$ 10,034,469 | \$ 6,048,114 |
| REVENUES OVER (UNDER) EXPENDITURES | \$ 2,162,426 | \$ (2,670,015) | \$ (179,500) | \$ (2,574,221) | \$ (1,881,021) | \$ (1,366,101) |
| FUND BALANCES, BEGINNING OF YEAR | \$ 5,674,648 | \$ 7,837,074 | \$ 5,167,059 | \$ 8,221,855 | \$ 5,647,634 | \$ 3,766,613 |
| FUND BALANCES, END OF YEAR | \$ 7,837,074 | \$ 5,167,059 | \$ 4,987,559 | \$ 5,647,634 | \$ 3,766,613 | \$ 2,400,512 |

* 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 2013-14**

| | WATER AND SEWER FUND | | | TOTALS Memorandum Only | | |
|--|----------------------|----------------------|----------------------|------------------------|-----------------------|-----------------------|
| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 |
| REVENUES | | | | | | |
| Property Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 19,522,386 | \$ 18,696,937 | \$ 17,470,036 |
| Licenses and permits | 0 | 0 | 0 | 707,139 | 660,075 | 760,350 |
| Intergovernmental | 0 | 0 | 0 | 6,556,261 | 6,007,647 | 5,041,729 |
| Court fines and fees | 0 | 0 | 0 | 1,820,998 | 1,903,000 | 1,820,998 |
| Charges for services | 11,231,357 | 10,912,602 | 11,487,793 | 11,468,580 | 11,149,653 | 11,735,693 |
| Parks and Recreation | 0 | 0 | 0 | 211,712 | 314,191 | 217,865 |
| Interest and Misc. Revenue | 53,510 | 39,000 | 55,000 | 1,377,414 | 1,541,498 | 1,573,282 |
| Special assessments | 0 | 0 | 0 | 523,794 | 324,480 | 597,623 |
| Departmental Charges | 29,550 | 29,550 | 29,550 | 1,035,783 | 1,014,985 | 1,014,985 |
| Transfers from other funds | 0 | 0 | 0 | 806,471 | 2,513,673 | 292,799 |
| TOTAL REVENUES | \$ 11,314,417 | \$ 10,981,152 | \$ 11,572,343 | \$ 44,030,538 | \$ 44,126,139 | \$ 40,525,360 |
| EXPENDITURES | | | | | | |
| General Government | \$ 0 | \$ 0 | \$ 0 | \$ 5,677,278 | \$ 6,041,974 | \$ 5,118,511 |
| Public Safety | 0 | 0 | 0 | 13,002,071 | 13,776,069 | 13,527,938 |
| Community Service | 0 | 0 | 0 | 3,010,466 | 3,183,590 | 3,061,598 |
| Culture and Recreation | 0 | 0 | 0 | 1,398,958 | 1,792,080 | 1,746,006 |
| Community Development | 0 | 0 | 0 | 7,454,770 | 8,196,131 | 6,395,094 |
| Community Improvement | 0 | 0 | 0 | 1,830,226 | 1,982,606 | 119,837 |
| Water Division | 3,077,025 | 3,072,731 | 3,350,566 | 3,077,025 | 3,072,731 | 3,350,566 |
| Sewer Division | 4,667,360 | 4,948,043 | 5,093,174 | 4,667,360 | 4,948,043 | 5,093,174 |
| W/S Support & Capital Outlay | 1,185,531 | 2,554,489 | 2,404,481 | 1,185,531 | 2,554,489 | 2,404,481 |
| Transfers Out | 0 | 0 | 0 | 338,813 | 2,263,115 | 156,499 |
| Debt Service | 312,094 | 1,023,889 | 1,027,122 | 727,428 | 1,484,347 | 1,400,257 |
| TOTAL EXPENDITURES | \$ 9,242,010 | \$ 11,599,152 | \$ 11,875,343 | \$ 42,369,926 | \$ 49,295,175 | \$ 42,373,961 |
| REVENUES OVER (UNDER) EXPENDITURES | \$ 2,072,407 | \$ (618,000) | \$ (303,000) | \$ 1,660,612 | \$ (5,169,036) | \$ (1,848,601) |
| FUND BALANCES, ** BEGINNING OF YEAR | \$ 1,773,118 | \$ 3,845,525 | \$ 3,227,525 | \$ 18,127,836 | \$ 16,736,631 | \$ 14,336,954 |
| FUND BALANCES, END OF YEAR | \$ 3,845,525 | \$ 3,227,525 | \$ 2,924,525 | \$ 19,788,448 | \$ 11,567,595 | \$ 12,488,353 |

** 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.

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 March 2013, 44 local governments participate in the MLGBC. Below is a listing of the latest FY 2010-11 results showing how Madison Heights compares to other local governments across the state in various performance measurements categories.

FY 2010-11

| Category | Madison Heights | Consortium Average | Rank * |
|--|-----------------|--------------------|--------|
| <i>Emergency Dispatch</i> | | | |
| Cost per resident | \$15 | \$28 | 2/9 |
| Cost per call answered | \$7 | \$16 | 1/8 |
| Total Calls Answered per 1,000 Population | 2,022 | 1,538 | 2/8 |
| Calls received per FTE/telecommunicator | 10,008 | 6,625 | 2/6 |
| FTE = full-time equivalent employee | | | |
| <i>Fire and Emergency Medical Services</i> | | | |
| Cost per resident for combined Fire and EMS service | \$171 | \$104 | 9/9 |
| Total Fires per 1,000 population | 4.75 | 6.6 | 14/15 |
| EMS Calls per 1,000 population | 94.63 | 59.25 | 12/13 |
| Percent of building fire call response times equal to or less then 5 minutes | 89.7% | 51.4% | 2/9 |
| Total Dispatch calls per 1,000 population | 120.6 | 80.4 | 1/12 |
| Cost per fire prevention inspection | \$682 | \$341 | 5/5 |
| Percent of commercial buildings inspected | 22.0% | 42.7% | 6/7 |

* 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

FY 2010-11

| Category | Madison Heights | Consortium Average | City Rank * |
|---|-----------------|--------------------|-------------|
| <i>Fleet Maintenance</i> | | | |
| Average cost per gallon of gasoline | \$2.80 | \$3.09 | 2/12 |
| Average cost per gallon of diesel | \$2.98 | \$3.35 | 3/12 |
| Average employee cost per hour w/ benefits | \$51 | \$36 | 16/17 |
| Total Expenditures per number of vehicles: | | | |
| Maintenance Exp. Small Engine | \$86 | \$390 | 3/9 |
| Maintenance Exp. Heavy Equip. | \$1,768 | \$3,100 | 5/10 |
| Maintenance Exp. Light/Medium Vehicle | \$254 | \$1,370 | 2/10 |
| Maintenance Exp. Police Patrol Vehicle | \$3,427 | \$3,529 | 7/9 |
| | | | |
| <i>Information Technology (IT) Service</i> | | | |
| Platforms supported per IT FTE | 4.0 | 7.8 | 8/17 |
| Applications supported per IT FTE | 26.5 | 53.4 | 12/16 |
| Operating expenditures per workstation | \$3,098 | \$2,660 | 10/16 |
| | | | |
| <i>Parks Maintenance</i> | | | |
| Cost per resident for park maintenance | \$13 | \$31 | 3/12 |
| Total operating budget per park acre | \$2,751 | \$1,624 | 8/12 |
| Operating budget per active park acre | \$9,235 | \$2,732 | 12/12 |
| Total Park acres per 1,000 population | 4.7 | 27.7 | 6/19 |
| Passive Park acres per 1,000 population | 1.3 | 19.7 | 14/16 |
| Active Park acres per 1,000 population | 3.4 | 10.4 | 6/18 |
| User fee as a percent of operational budget | 0.0% | 19.9% | 1/9 |
| Number of park maintenance FTE per 1,000 population | 1.95 | 3.65 | 6/16 |
| Number of park maintenance FTE per 100 acres | 4.14 | 2.5 | 4/16 |
| Average full-time employee cost per hour | \$45 | \$36 | 12/14 |
| | | | |
| <i>Clerk and Elections</i> | | | |
| Clerk Operating Costs per capita | \$7.25 | \$11.82 | 5/16 |
| Election operating costs per capita | \$1.92 | \$1.27 | 9/12 |
| Percentage registered voters voting in November | 13.39% | 17.47% | 6/15 |
| Percent absentee votes voting in November | 46.86% | 46.42% | 8/13 |

* 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

FY 2010-11

| Category | Madison Heights | Consortium Average | City Rank * |
|---|-----------------|--------------------|-------------|
| <i>Police</i> | | | |
| Cost per resident for police or sheriff service | \$307 | \$198 | 17/19 |
| Cost per officer | \$184,035 | \$131,374 | 15/16 |
| Officer per 1,000 residents | 1.7 | 1.6 | 8/16 |
| Training costs per officer | \$320 | \$2,369 | 4/12 |
| Total number of calls for service per 1,000 population | 730 | 769 | 12/19 |
| Total arrests per 1,000 residents | 33 | 44 | 8/19 |
| Traffic citations per 1,000 residents | 411 | 148 | 18/19 |
| Percent of unsustained citizen complaints of total complaints | 53.0% | 88.8% | 1/14 |
| Percent of sustained citizen complaints of total complaints | 47.0% | 11.2% | 14/14 |
| | | | |
| <i>Road Maintenance</i> | | | |
| Cost per resident for routine maintenance | \$40 | \$41 | 7/12 |
| Cost per resident for structural improvement | \$126 | \$61 | 9/10 |
| Road FTE per 100 lane miles | 2.52 | 4.45 | 9/13 |
| Total staff hours in pothole repair per lane mile | 12.0 | 7.9 | 8/9 |
| Tons of cold patch per lane mile | 0.45 | 0.56 | 6/12 |
| Total staff hours of snow removal per lane mile | 2.1 | 17.3 | 1/12 |
| | | | |
| <i>Water and Sewer</i> | | | |
| Cost per resident for water | \$137 | \$135 | 8/13 |
| Cost per resident for sewer | \$194 | \$161 | 5/15 |
| Miles of water mains per FTE | 23.72 | 19.2 | 3/13 |
| Miles of sewer mains per FTE | 39 | 15.2 | 1/13 |
| Number of water main breaks per 100 miles of water main | 43.9 | 12.6 | 14/14 |

* 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

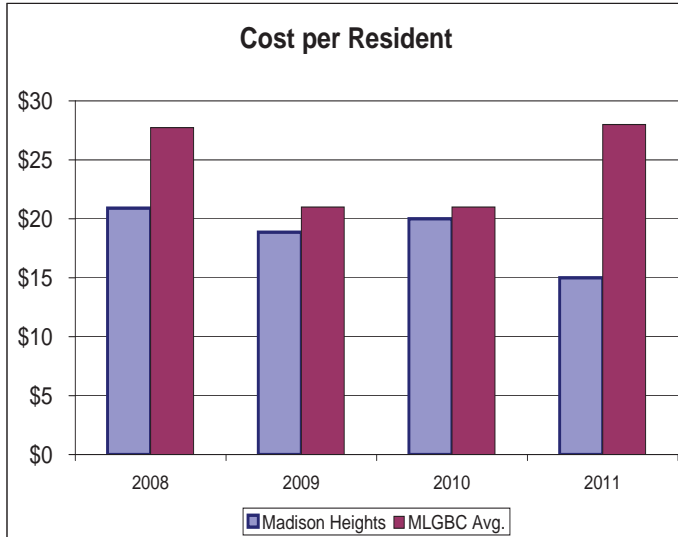
FY 2010-11

| Category | Madison Heights | Consortium Average | City Rank * |
|---|-----------------|--------------------|-------------|
| <i>Assessment and Equalization</i> | | | |
| Assessment cost per capita | \$9 | \$13 | 5/15 |
| Assessment cost per parcel | \$19 | \$27 | 5/15 |
| Taxable Value (TV) as percent of State Equalized Value (SEV): Total | 99.1% | 94.3% | 20/20 |
| | | | |
| <i>Building Inspection and Code Enforcement</i> | | | |
| Revenues as a percent of expenditures | 69.2% | 73.2% | 7/14 |
| Complaints as a percent of total cases | 7.3% | 54.1% | 1/15 |
| Average annual cost per inspection | \$117 | \$92 | 6/9 |
| Average number of days to complete commercial building construction plan review | 3.0 | 6.6 | 1/13 |
| | | | |
| <i>Library Services</i> | | | |
| Total resident circulation per capita | 3.3 | 6.8 | 4/6 |
| Cost per registered borrower | \$45 | \$51 | 3/6 |
| Cost per annual library operation hour | \$213 | \$465 | 2/5 |
| Percent circulation for non-residents | 15.6% | 26.9% | 4/6 |
| Percent of residents registered with library | 37.9% | 36.9% | 4/7 |
| Average attendance per program | 31.4 | 22.9 | 2/7 |
| | | | |
| <i>Refuse, Recycling and Yard Waste</i> | | | |
| Yard waste collection cost per service population | \$5.84 | \$7.45 | 5/10 |
| Refuse collection cost per service population | \$24 | \$26 | 5/9 |
| Recycling collection cost per service population | \$6.90 | \$10.13 | 3/8 |
| Tons of Recycling per 1,000 service population | 32.0 | 39.18 | 5/9 |
| Tons of Refuse per 1,000 service population | 312 | 299 | 3/7 |
| Tons of Yard Waste per 1,000 service population | 49.8 | 83.7 | 3/10 |
| Cost per ton for refuse, recycling and yard waste | \$94 | \$115 | 2/6 |
| Cost per ton for solid waste collected | \$77 | \$105 | 2/7 |
| | | | |

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

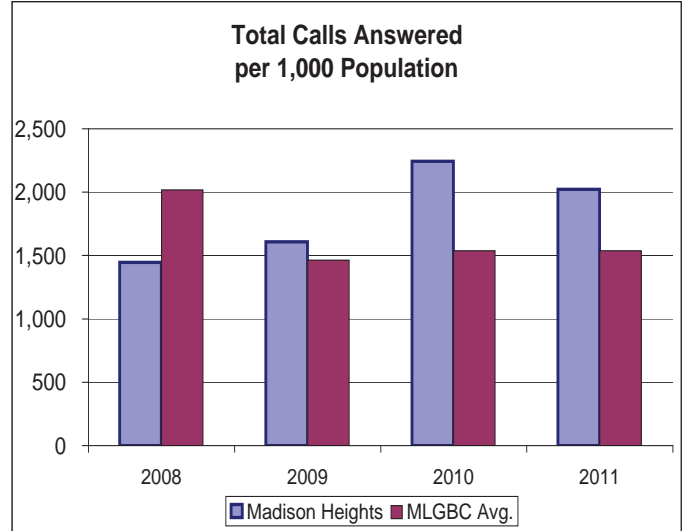
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Emergency Dispatch



FY 2011 Rank 2nd out of 9

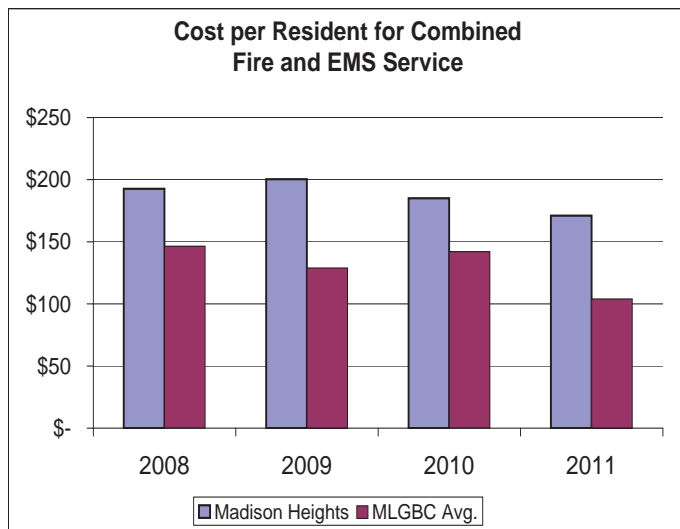
In FY 2011 Madison Heights staffed dispatch with civilian employees. Other reporting communities use a mix of sworn and civilian dispatchers. Madison Heights has the 2nd to the lowest cost per resident of all the reporting communities.



FY 2011 Rank 1st out of 8

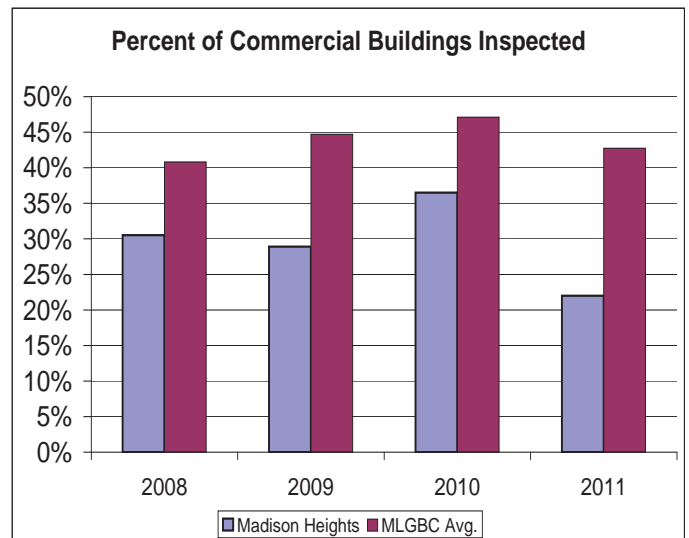
Madison Heights continues to have a higher than average number of call volume when compared with other communities in the survey. In FY 2011 Madison Heights had 2,022 calls per 1,000 population with an average of 1,538 of reporting communities.

Fire and Emergency Medical Services



FY 2011 Rank 9th out of 9

In FY 2011 Madison Heights cost per resident for combined Fire and EMS services was down to \$171 from \$185 in FY 2010. Madison Heights is the 9th highest community.

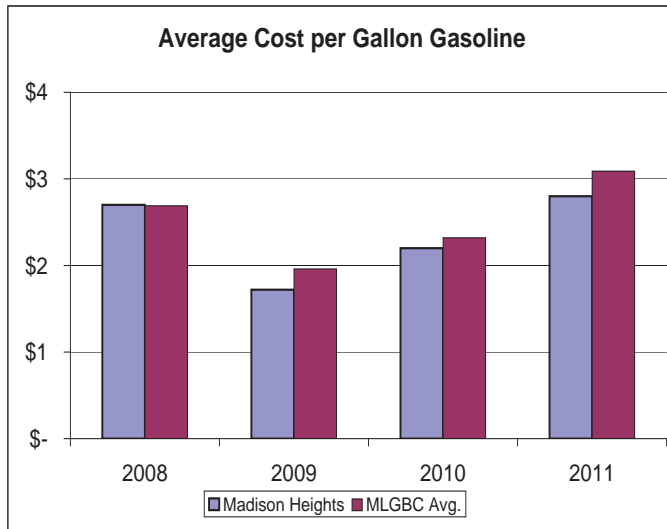


FY 2011 Rank 6th out of 7

In FY 2011 Madison Heights inspected 22% of commercial buildings. This is below average for the 7 reporting communities.

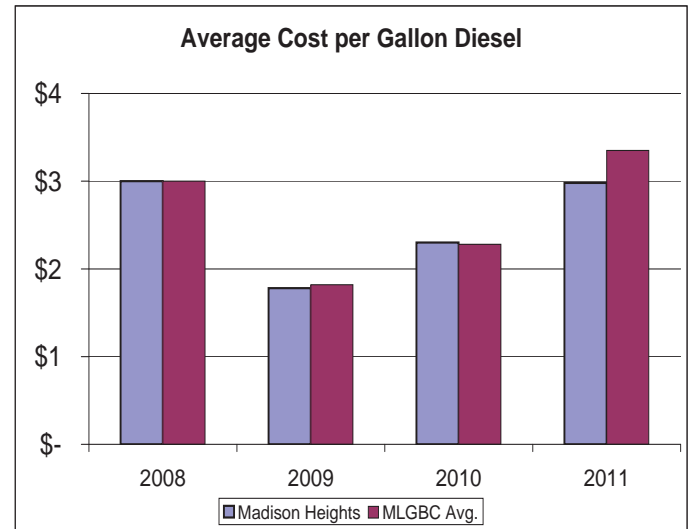
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Fleet Maintenance



FY 2011 Rank 2nd out of 12

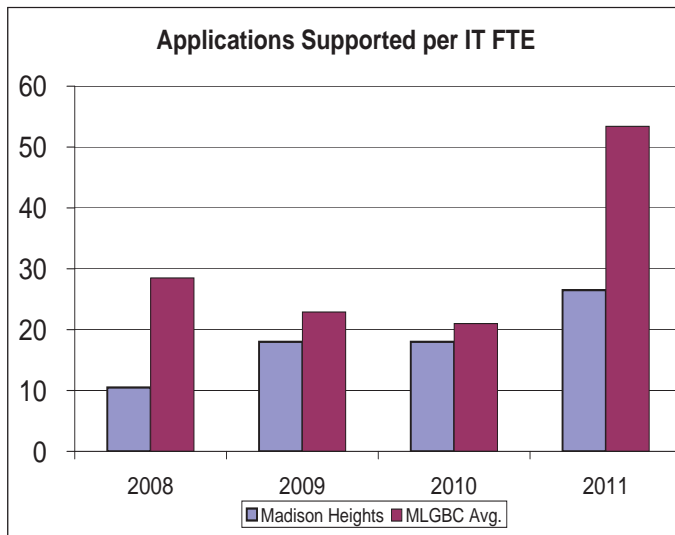
In FY 2011 Madison Heights paid an average of \$2.80 per gallon of gasoline as compared to the average \$3.09. This is up from the \$2.20 per gallon that the City paid in FY 2010.



FY 2011 Rank 3rd out of 12

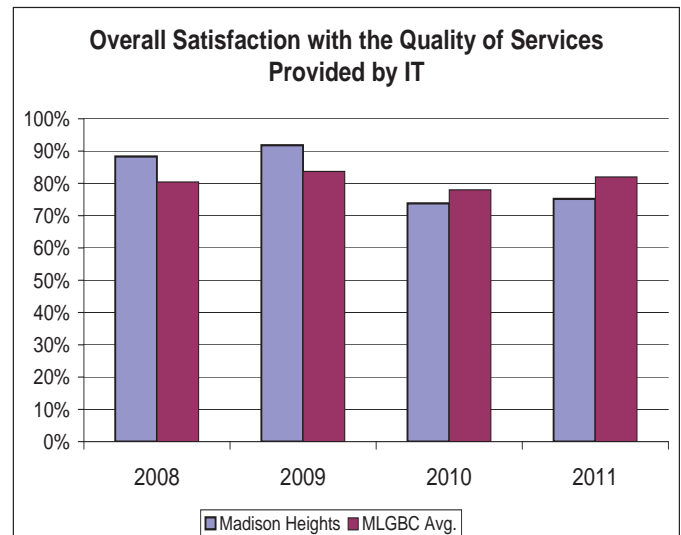
Madison Heights reported an average cost per gallon of diesel in FY 2011 of \$2.98. This is up from \$2.30 reported in FY 2010, but lower than the average of \$3.35.

Information Technology (IT) Service



FY 2011 Rank 12th out of 16

In FY 2011 Madison Heights IT Department supported 26.5 applications per IT FTE of 2.

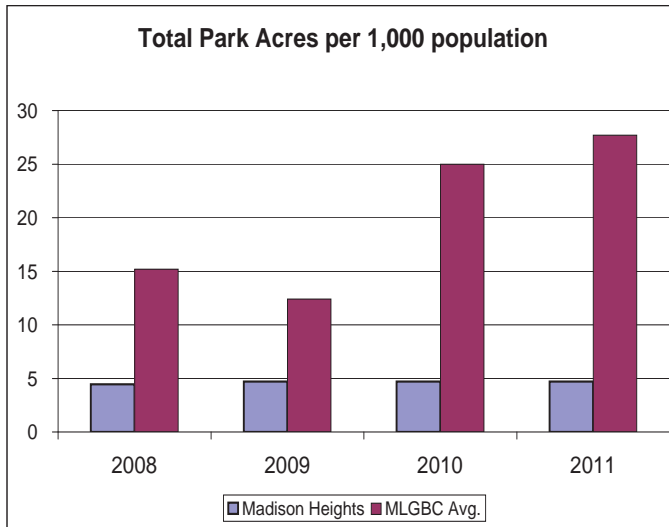


FY 2011 Rank 4th out of 5

In FY 2011 Madison Heights IT department had a satisfaction rate of 75%, up from 73.8% in FY 2010. This was below average for the 5 reporting communities.

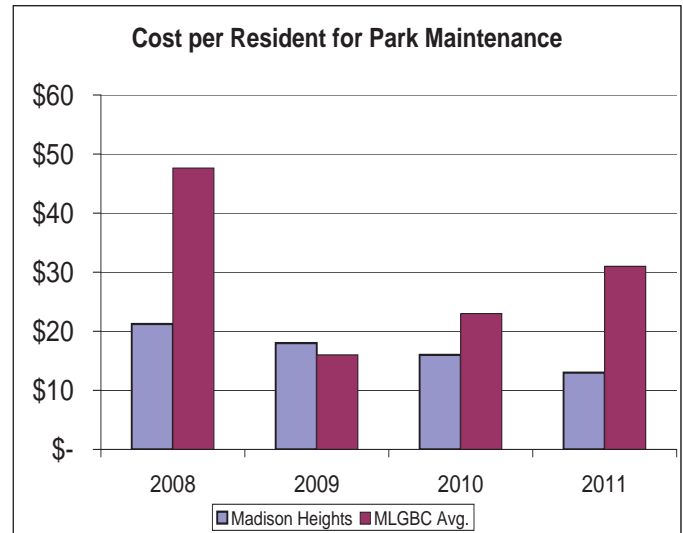
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Park Maintenance



FY 2011 Rank 6th out of 19

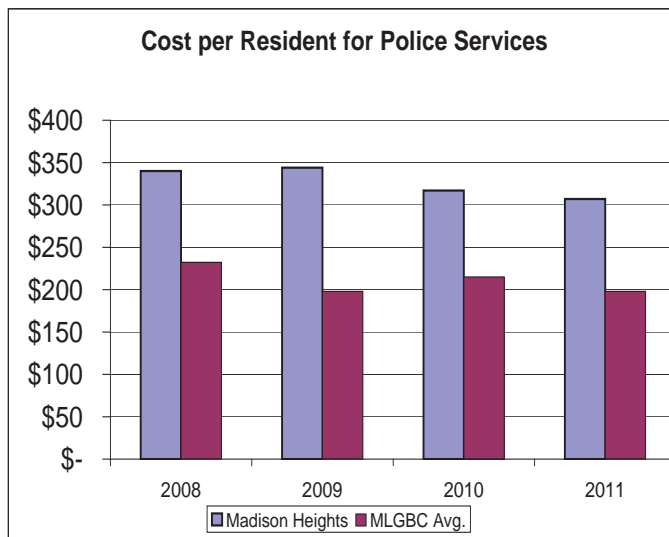
In FY 2011 Madison Heights had 4.7 park acres per 1,000 population. This is the 6th lowest out of the 19 reporting communities.



FY 2011 Rank 3rd out of 12

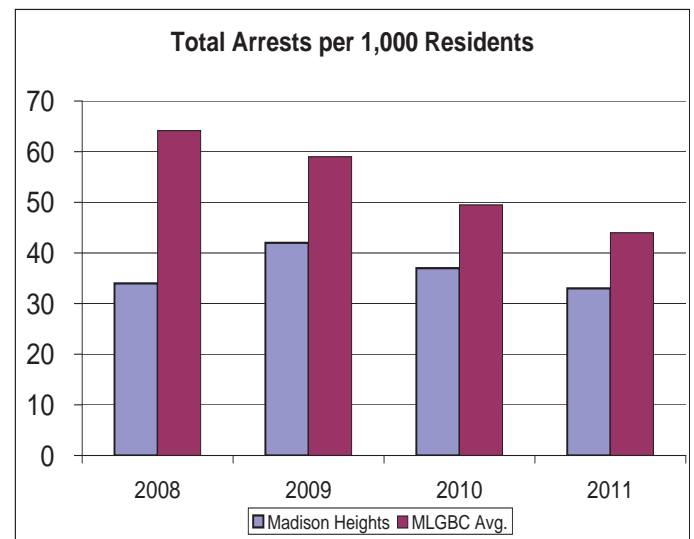
During FY 2011 Madison Heights averaged a cost of \$13 per resident for park maintenance as compared to the group average of \$31. This is the 3rd best out of 12 reporting communities.

Police



FY 2011 Rank 17th out of 19

In FY 2011 Madison Heights reported a total cost per resident of \$307, compared to the group average of \$198. This placed the City 17th out of the 19 reporting communities.

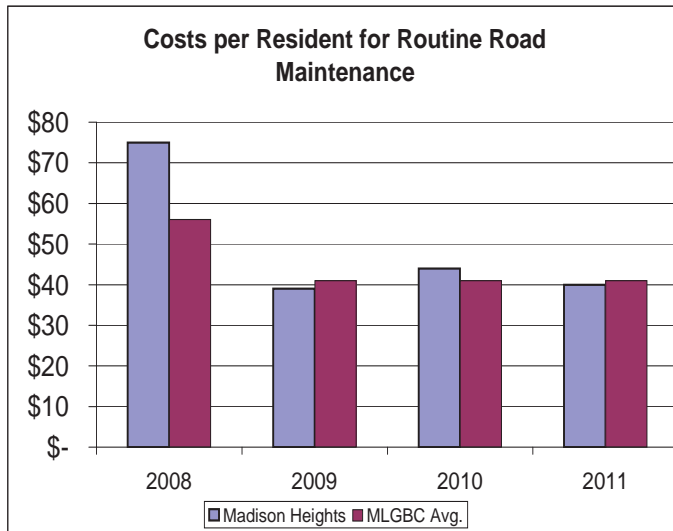


FY 2011 Rank 8th out of 19

In FY 2011 Madison Heights reported 33 arrests per 1,000 residents. This is the 8th highest arrests per 1,000 residents of the 19 reporting communities.

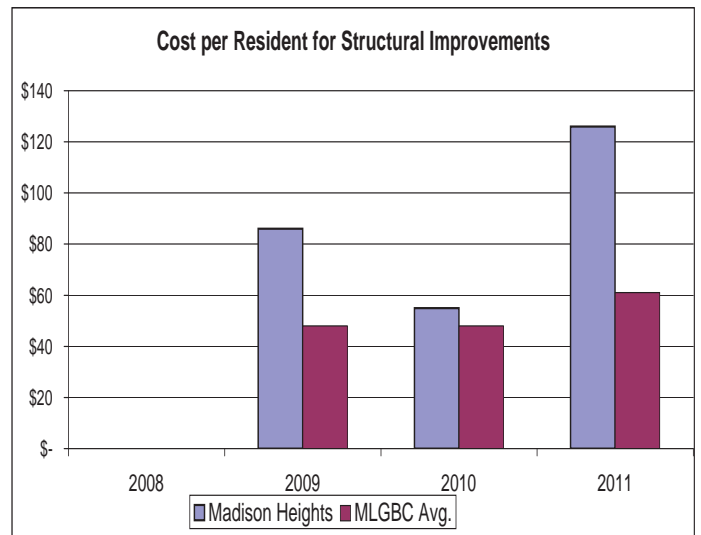
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Road Maintenance



FY 2011 Rank 7th out of 12

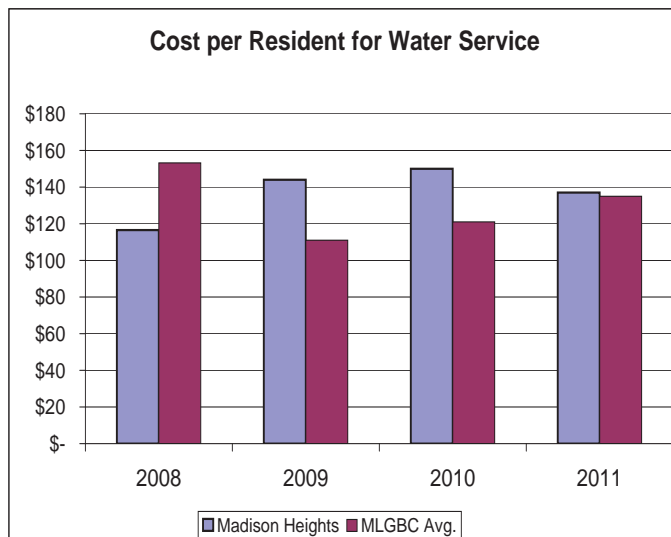
In FY 2011 Madison Heights had a road maintenance cost per resident of \$40. This was the 7th lowest out of 12 reporting communities.



FY 2011 Rank 9th out of 10

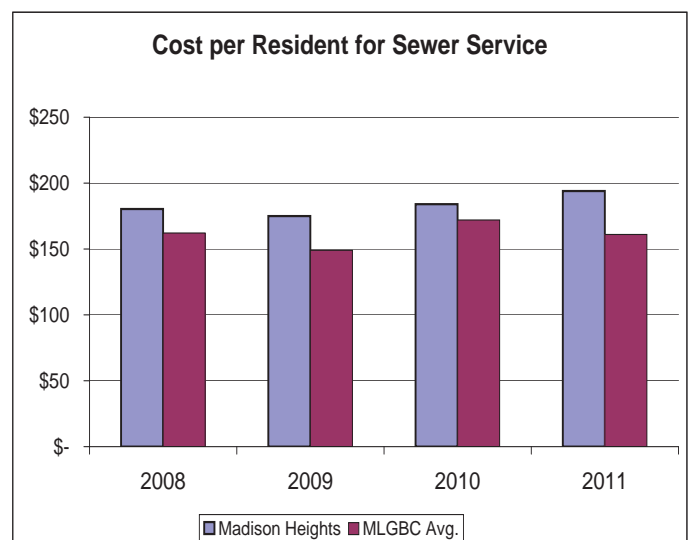
Madison Heights is the 9th highest out of 10 reporting communities for structural improvements, with a cost of \$126 per resident compared to the group average of \$61. This was a new benchmark for FY 2009.

Water and Sewer



FY 2011 Rank 8th out of 13

In FY 2011 Madison Heights's cost per resident for water was \$137. This is the 8th highest out of 13 reporting communities.

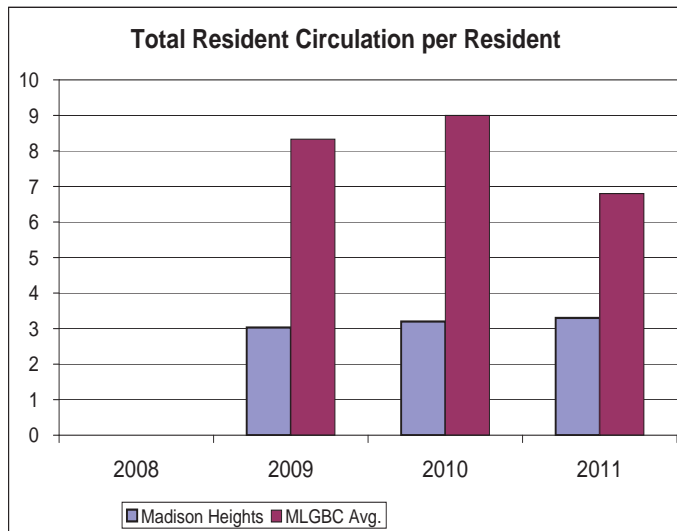


FY 2011 Rank 5th out of 15

In FY 2011 Madison Heights's cost per resident for sewer was \$194. This is the 5th highest out of 15 reporting communities.

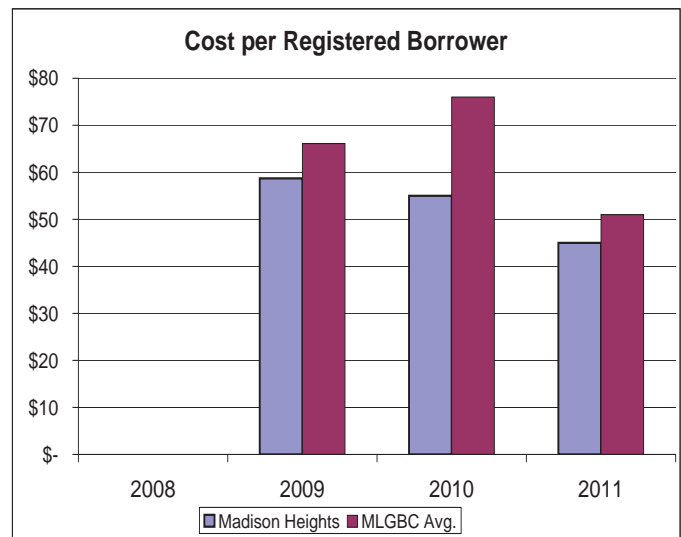
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Library



FY 2011 Rank 4th out of 6

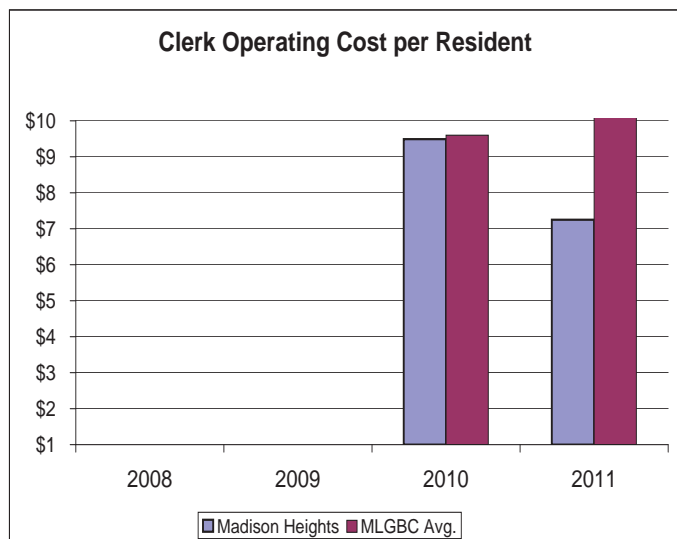
In FY 2011 Madison Heights had a circulation per resident of 3.3 which was the 4th lowest out of the 6 communities reporting. The benchmarks for library services were added in FY 2009.



FY 2011 Rank 3rd out of 6

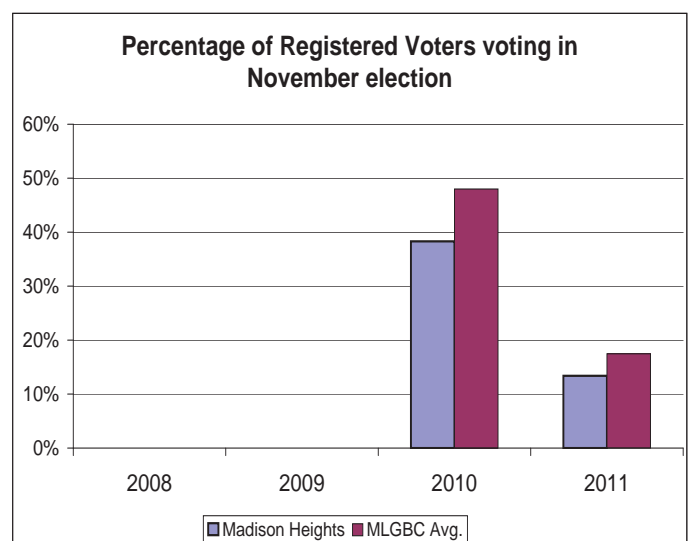
Madison Heights has the 3rd lowest cost per registered borrower of the 6 reporting communities. The benchmarks for library services were added in FY 2009.

Clerk and Elections



FY 2011 Rank 5th out of 16

In FY 2011 Madison Heights City Clerk's operating cost per capita was the 5th lowest of the 16 reporting communities. Benchmarks for Clerk and Elections was added in FY 2010.



FY 2011 Rank 6th out of 15

In FY 2011 Madison Heights ranked 6th lowest in percentage of registered voters voting in the November election compared to the 15 communities reporting. Benchmarks for Clerks and Elections was added in FY 2010.



REVENUE CHAPTER

Revenue Overview

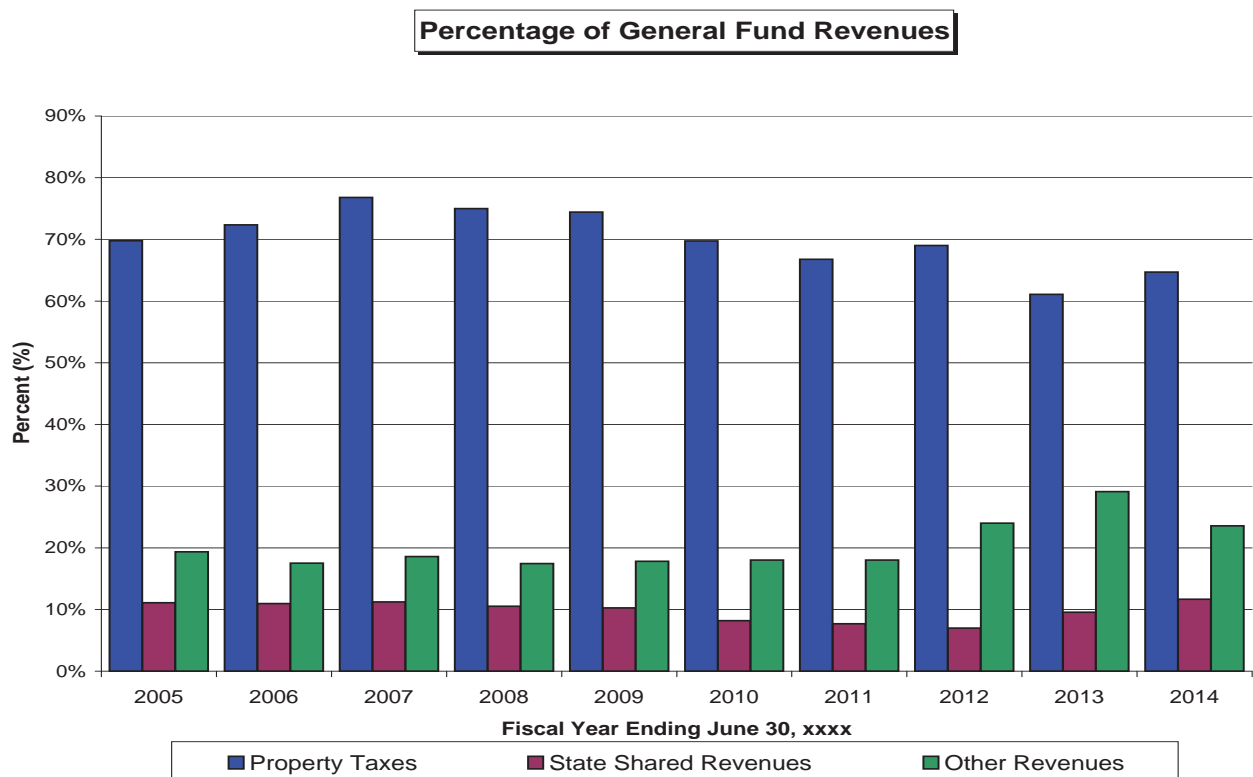
General Fund Revenues are budgeted at \$24.3 million for the FY 2013-14. This represents a decrease of \$3.2 million, or 11.6% over FY 2012-13 Amended Budget Revenues. The majority of this decrease (\$2,490,515 or 78%) is attributable to the planned use of fund balance in FY 2012-13.

Factoring in the impact of the current inflation rate of 2.4%, General Fund Revenues are still down 3.0%. The Fiscal Year 2013-14 budget includes a use of designated fund balance from Proposal “L” of \$152,900 and \$26,600 for a 10% match requirement for the Federal Assistance Firefighters Grant and rapid intervention team packs and masks that were not covered by the grant.

Base Budget Revenue Changes

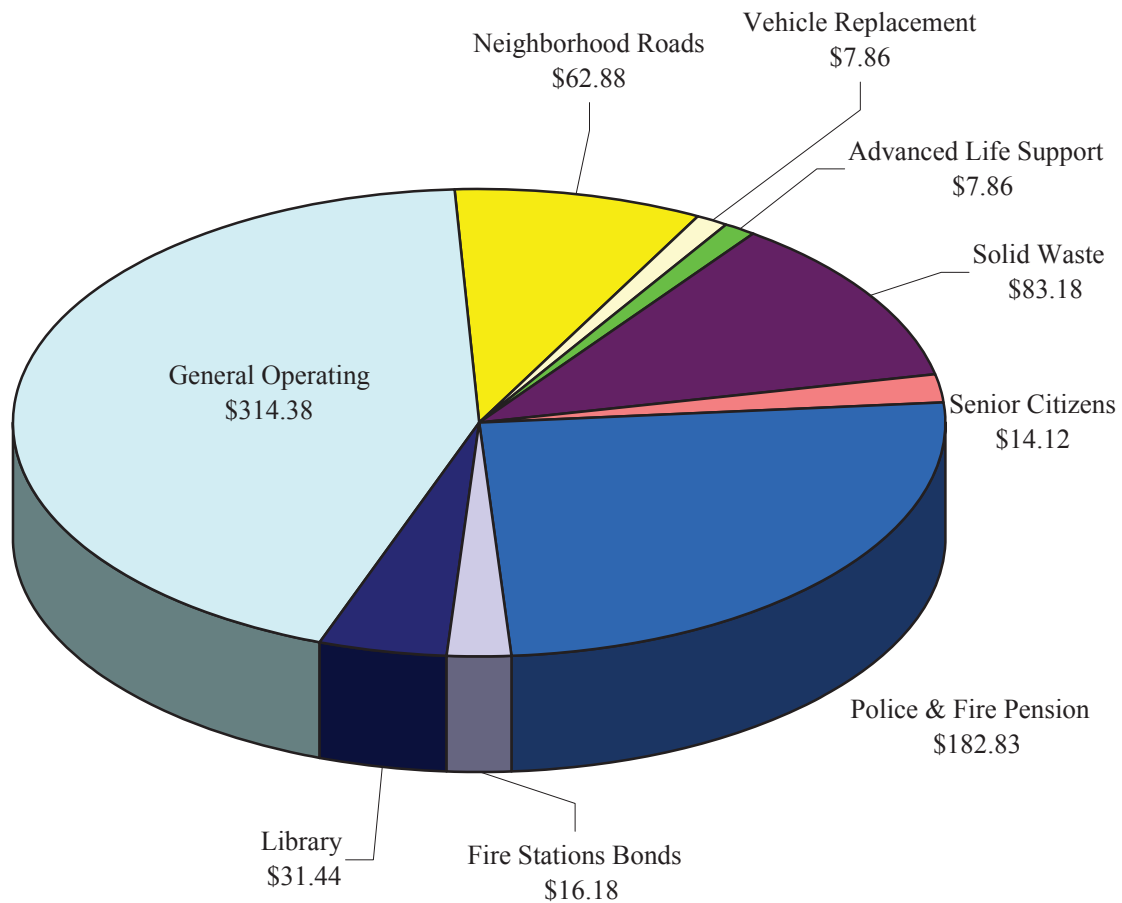
The composition of General Fund Revenues has shifted away from Property Taxes and toward a greater reliance on other revenue sources in comparison to prior years. The principal sources of General Fund Revenue include: Property Taxes, \$15.6 million (64% of total General Fund Revenues); State Shared Revenues, \$2.8 million (12%); Court Related Revenues, \$1.8 million (7%); Charges to Other Funds, \$1.0 million (4%); Construction Permits, \$425,000 (2%); Ambulance Rescue Insurance Reimbursement, \$490,000 (2%); Cable Television Fees, \$467,000 (2%); Charges for Service, \$248,000 (1%), Other Governmental Revenues \$1.3 million (5%) and Use of Fund Balance \$179,500 (1%).

Property tax revenues can be divided into four categories: Real Property Tax (\$12.9 million); Personal Property Tax (\$2.6 million); Michigan Tax Tribunal Tax Refunds (-\$541,000); and Penalties, Interest, Delinquent Taxes and Administration Fees (\$700,000).



Average City Taxes Paid - FY 2013-14
Based on Average Home Market Value of \$62,934
(Taxable Value of \$31,438)

Total of \$720.73



Approximately 56 % 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 2013-14 combined City tax rate of 22.9250 mills per thousand dollars of State taxable valuation is broken down as follows:

DOLLARS PER \$1,000 OF TAXABLE VALUE *

| | <u>Tax Rate</u> <u>2012-13</u> | <u>Tax Rate</u> <u>2013-14</u> | <u>Tax Rate</u> <u>Change</u> | <u>Tax Rate</u> <u>Limits **</u> | <u>Headlee Tax</u> <u>Limits **</u> |
|--------------------------------|-----------------------------------|-----------------------------------|----------------------------------|-------------------------------------|--|
| <u>Operating Millages:</u> | | | | | |
| General Operating | 10.0000 | 10.0000 | 0.0000 | 10.0000 | 10.0000 |
| Neighborhood Road Improvements | 2.0000 | 2.0000 | 0.0000 | 2.0000 | 2.0000 |
| Vehicle Replacement | 0.2500 | 0.2500 | 0.0000 | 0.2500 | 0.2500 |
| Advanced Life Support | 0.2500 | 0.2500 | 0.0000 | 0.2500 | 0.2500 |
| Solid Waste | 2.6457 | 2.6457 | 0.0000 | 3.0000 | 2.6457 |
| Senior Citizens | 0.4372 | 0.4490 | 0.0118 | 0.5000 | 0.4751 |
| Police & Fire Pension | 5.2954 | 5.8155 | 0.5201 | as needed | as needed |
| Fire Stations Bond | 0.5467 | 0.5148 | (0.0319) | as needed | as needed |
| Library | <u>1.0000</u> | <u>1.0000</u> | <u>0.0000</u> | 1.0000 | 1.0000 |
| Total Millage | 22.4250 | 22.9250 | 0.5000 | | |

*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 10,056 single-family homes and condominiums in Madison Heights. The average home market value is \$62,934 (State Equalized Value is \$31,467) with a taxable value of \$31,438 and an average tax bill of \$721 for City services for Fiscal Year 2013-14.

Although the decrease of home values in our community is discouraging, it does provide a benefit to the homeowners, as the average taxable value has dropped from \$34,026 to \$31,438, or 7.6%. The homeowner benefits as the City portion of their property tax dropped \$42 for the prior year. The \$42 annual savings is equal to a 1.3 mill rollback, a large break for taxpayers.

Please note that although the average property tax bill should decline, the combined property tax rate will increase by 0.5 mills to 22.925, or 2.2%, due to the increase on two millages and the reduction of one other individual millage rate (as outlined below). Keep in mind that for a millage to generate the same amount of tax revenue in FY 2013-14, the rate would have to offset the 7.7% decline in values.

The Police and Fire Retirement Act 345 Property Tax Levy approved by vote in the original City Charter is not subject to the Headlee Amendment and Proposal A. This millage funds the City contributions to the pension system and the prefunding of post retirement medical benefits for sworn personnel. The charges to the millage are based on the State statute; negotiated terms of the Police, Police Command and Firefighter union's labor agreements; and financial actuaries' recommended contribution rates based on projected medical inflation and investment returns. To fund these costs and offset the decline in property values, the millage is increasing by 0.5201 mills, or 9.8%, an increase that would have been higher were it not for the change in Police and Fire pay-as-you-go retiree health care premiums from the General Fund to the Retiree Health Care Trust.

In November of 2012 Council approved refinancing the Fire Station Bonds. This refinancing process allowed the City the ability to reduce the coupon interest rate which increased from 3.0% to 4.0% over the next ten years to a fixed 1.9%. This refinancing will save the taxpayers over \$321,000. The Fire Station Bond millage, like all voted debt issues, is not subject to the Headlee Amendment and Proposal A. The scheduled costs of the principal interest payments are decreasing from FY 2012-13 from \$422,760 to \$373,140. This decrease allows staff to reduce the millage rate by 0.0319 to 0.5148 of a mill for FY 2013-14.

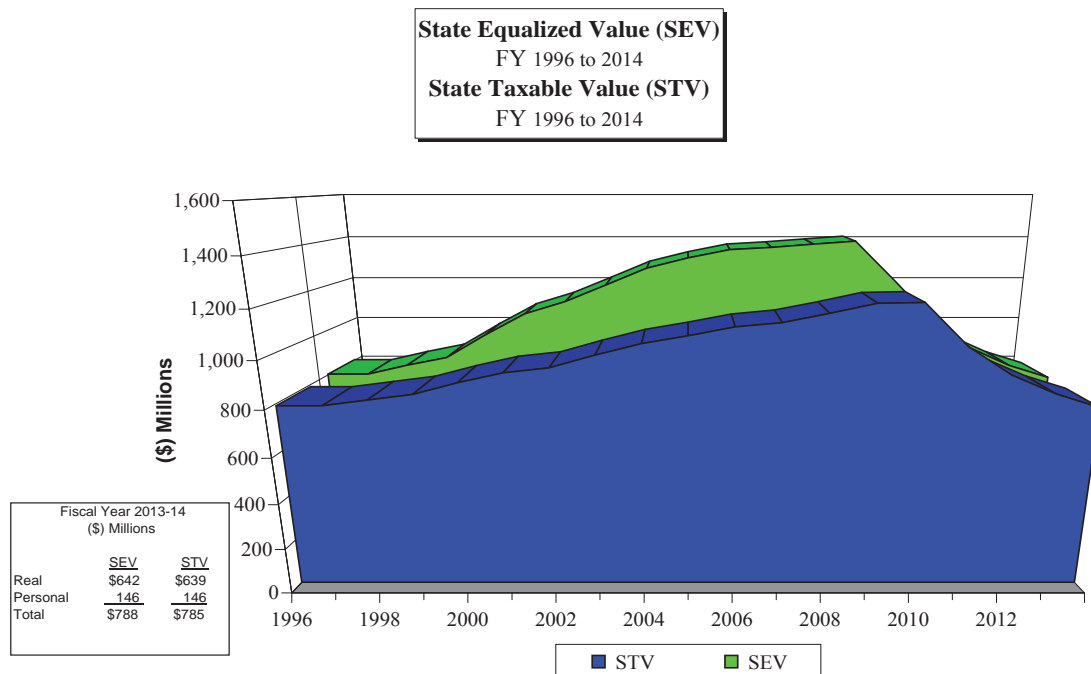
The Senior Citizen millage has, in recent years, been levied at the Headlee Amendment and Proposal A millage rate limits. Reflective of the decrease in taxable value, the millage rate will increase by 0.0118, or 2.7%, in FY 2014.

The Library millage is being levied for year three of ten authorized years. In FY 2014, the millage is being levied at the Headlee Amendment and Proposal A millage maximum of 1.0 mill. This year's budget details a department budget increase of \$216,000. This higher budget amount is attributable to increased personal expenses due to retiree health care contributions, increased cost for custodial services to continue daily coverage, and Phase I Funding for major HVAC improvements and upgrades. These planned upgrades will cost a total of \$235,000. Funding is being provided from the Proposal L reserved fund balance which is anticipated to be \$247,000 at the end of FY 2014.

Property Tax Base

The chart on the following page illustrates the change in the State equalized value over the last sixteen 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 (40%), commercial (33%), industrial (9%) and personal property (18%).

This chart also illustrates the gap between equalized and taxable value. In FY 2013-14, the overall taxable value decreased 7.25% with equalized value decreasing 7.19%. It is anticipated that at least for the next one to two 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 (currently 99.5% of value), this will negatively impact the amount of tax revenue available to support City services.



Taxable property consists of 81.4% real (land and building) and 18.6% personal (equipment and fixtures).

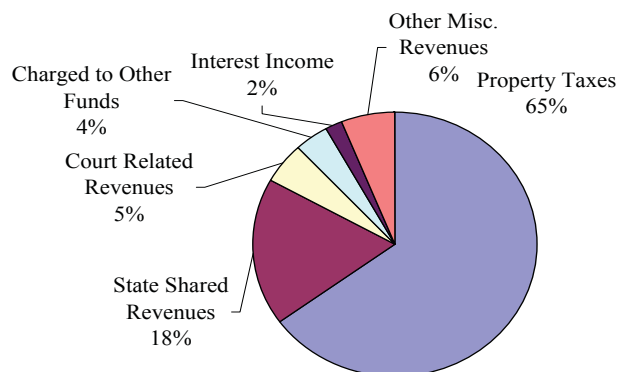
Oakland County is responsible for collection of all property tax that goes unpaid as of March each year. In the past, the delinquent tax account was estimated based on projected collections from Oakland County of past delinquent taxes that were paid throughout the year. Beginning in Fiscal Year 2011 and continuing into 2014, the City refunded more past taxes than were received in delinquent tax collections. This loss of revenue was due to decreased taxable values and an increased number of Michigan Tax Tribunal (MTT) cases.

From July 2010 to January 2013, the City has refunded a total of \$1,915,000 for settled or completed MTT cases, and it is expected that the number will grow to \$2.1 million by June 2013. For Fiscal Year 2014, this refund amount is budgeted to be \$541,000. This assumes that 40% of the cases will either be settled or completed with the remainder being dismissed or rejected in full. The active tribunal cases of current properties under appeal in both the Entire (Full) and Small Claims Divisions equal a contested taxable value of \$43.8 million.

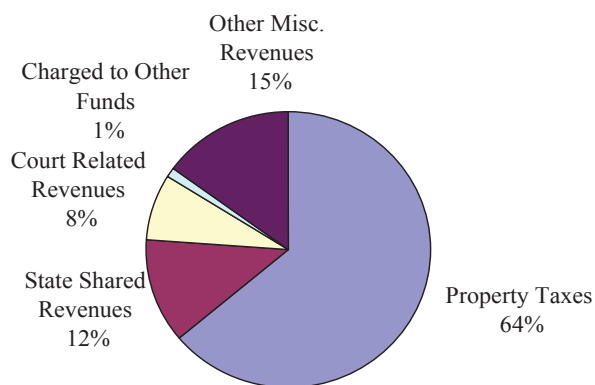
State Shared Revenues

The City's second largest source of General Fund Revenue is State Shared Revenues, which amount to \$2.8 million or 11.5% of the Budget. State Shared Revenues are taxes collected by State government and then transferred back to local municipalities based on the State Constitution and State statutes. Budgeted State Shared Revenues are projected to increase 7.3% when compared to the amended FY 2013 Budget. This increase is due to changes in the Economic Vitality Incentive Program (EVIP), formerly known as Statutory Revenue Sharing, and an anticipated increase in constitutional sales tax. The major components of State Shared Revenues are the Constitutional Sales Tax budgeted at \$2.3 million and EVIP. The EVIP sets annual standards that a local municipality must comply with in order to earn each of the three allotments of money. The three components of EVIP are: Accountability and Transparency, Consolidated Services, and Employee Compensation. We are budgeting compliance with all three parts of the EVIP program in order to receive our allotted maximum allocation of \$477,000.

Major Revenues in FY 2000-01



Major Revenues in FY 2013-14



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 2013-14 they are only 11.6% of the total.

On March 21, 2011, Governor Snyder presented a special message on his plans for Community Development and Local Government Reform. As part of this presentation he outlined his plans for State Revenue Sharing. He indicated that Michigan currently has two forms of revenue sharing - payments from State funds to local units of government. The first is constitutional. Article IX, Section 10, of the Michigan Constitution requires that “Fifteen percent of all taxes imposed on retailers on taxable sales at retail of tangible personal property at a rate of not more than 4% shall be used exclusively for assistance to townships, cities and villages, on a population basis as provided by law.” The State’s FY 2013-14 budget projects a total distribution under that constitutional provision of \$742.6 million, a \$29.4 million increase (4.1 percent) state-wide over the prior fiscal year based on estimated sales tax collections.

The second program, known as Economic Vitality Incentive Program, provides funding for qualified cities, villages, and townships that adopt best practices with regard to criteria related to accountability and transparency, consolidation of services, and employee compensation.

First, municipalities are required to establish what the State called “accountability and transparency” measures. Local governments are required to produce a citizens guide to their finances and a performance “dashboard” that is readily available to the public.

Second, municipalities are to develop plans to consolidate services that will result in taxpayer savings. The plans are to make a good-faith effort to estimate potential savings and costs associated with sharing critical services at the local level.

Finally, communities must certify they intend to implement the following employee compensation criteria for any new, modified or extended contract or employment agreements for employees not covered under contract or employment contract:

- a. New hires eligible for retirement plans will be placed on retirement plans that cap annual employer contributions to:
 1. 10% of base salary if employees are eligible for social security.
 2. 16.2% of base salary if employees are not eligible for social security.
- b. For defined benefit plans, all employees must have:
 1. A maximum 1.5% pension multiplier if employee is eligible for social security. If there is no retiree health care, a maximum 2.25% pension multiplier.
 2. A maximum 2.25% pension multiplier if employee is not eligible for social security. If there is no retiree health care, a maximum 3.0% pension multiplier.

- c. For defined benefit plans, the final average compensation shall be computed using, at a minimum, three years compensation and cannot include more than 240 hours of paid leave. It also cannot include overtime. This applies to all employees.
- d. Health care premium costs for new hires shall include a minimum employee share of 20%, or the employer's share shall be cost competitive with the new State preferred provider organization health plan on a per-employee basis.

Municipalities are receiving one-third of their funding for each category of best practices they meet. Local units must meet every criteria described in a specific category by the defined timeline to fully benefit from the program. Municipalities that do not meet the criteria will see reduced funding in their scheduled payments. Until the specified dates and new contracts begin, communities will continue to receive six payments as previously scheduled at the new funding level.

The Governor's executive budget continues to fund the EVIP program at the same level as last fiscal year with a total of \$225 million.

Based on the Governor's EVIP, the City would be eligible for a maximum of \$477,000 by meeting the requirements for: (1) accountability and transparency; (2) service sharing and consolidation; and (3) employee compensation best practices. The budget assumes the City will achieve all three requirements and receive \$477,000 in EVIP payments.

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 (\$1.8 million), which are used to partially offset the cost of operating our State-mandated District Court and Police Department. The Budget forecasts an \$82,000 decrease (4.3%) in Court related revenues as compared to the Amended FY 2012-13 Budget.

The fourth significant revenue is departmental charges, which is budgeted at \$985,000. These revenues are based on charges to the Major Street (\$124,000); Local Street (\$195,000); and Water and Sewer (\$666,000) Funds, for equipment, facilities and manpower costs incurred by the General Fund to support their operations.

A fifth group of revenue sources, other governmental revenues, provides between \$100,000 and \$500,000 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 insurance reimbursement charges. Interest income is budgeted at \$95,000 for FY 2013-14. Interest income continues to be down due to continued low interest rates as established by the Federal Reserve and reduced cash available for investment.

Revenue categories amounting to less than \$100,000 annually include Medicare Part D prescription reimbursement, 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, cell phone dispatch revenues and fixed asset sales.

Revenue Assumptions

- State Shared Revenues - On February 9, 2013, Governor Snyder released his FY 2013-14 Proposed Budget. This executive budget included level funding for the EVIP program and a 4.1 percent growth in constitutional revenues sharing payments based on estimated sales tax collections.

For Budget purposes, the City has assumed it will meet all three requirements for EVIP. For Constitutional Revenue Sharing, the City adopts the State's estimated growth projection of 4.1% above the current year's estimated year-end actual.

- 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 - Michigan Department of Transportation estimated Act 51 Revenue as a 0.6% increase.
- Water Sales and Sewage Disposal - Prior 12 months assuming a 4.47 percent rate increase.
- 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 \$1.2 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 and city population. Gas and Weight tax revenues comprise 66% 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 and interest income (4%) and planned use of fund balance (30%) for needed repairs.

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 \$480,000, 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 \$1.4 million in FY 2013-14 and an estimated \$18.9 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 budgeted at \$28,450. The projected draw down of fund balance to complete scheduled neighborhood road reconstruction projects for FY 2013-14 is projected at \$770,000 in addition to a transfer of \$80,000 from the Major Street Fund and \$131,500 from the Special Assessment Fund.

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 \$12,500 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 use of fund balance for FY 2013-14 is \$19,000.

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. Tax revenues have decreased 81% over the last four years from \$243,100 in FY 2009-10 to \$45,100 for FY 2013-14.

Drug Forfeiture Fund

The Fund is used to account for revenues (FY 2013-14, \$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

Community Improvement revenues are provided by the Federal Housing and Urban Development (HUD) Department. Beginning in FY 2013-14 the City will only receive HUD monies for the Community Development Block Grant (CDBG) program (\$120,000 for FY 2013-14). 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. In past years the City also received revenue through the Section 8 Housing Grant Program (\$1.2 million for FY 2012-13). For FY 2013-14 this program has been discontinued at the City due to the inadequate reimbursement by HUD for administration fees to provide this program. Participants receiving benefits from this program will be transferred to another public housing agency.

Special Assessment Revolving Fund

Revenues to this Fund include property owner principal and interest payments from prior years' road and sidewalk projects (\$598,000). Other revenues include interest earned on fund balance (\$5,000), transfers from Local Streets (\$20,000) for key flags sidewalks/ramps at intersections while making a contribution of \$12,800 to fund balance. These assessments will be repaid as the 3 to 15 year special assessment payments are made by the property owners.

Fire Stations Construction and Bond 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 \$373,000 this year to make principal and interest payments. This is a decrease of 11.7% over the FY 2012-13 amended budget. This decrease is related to the refinancing of the Fire Station Bonds. This refinancing process allowed the City the ability to reduce the coupon interest rate which increased from 3.0% to 4.0% over the next ten years to a fixed 1.9%, saving the taxpayers over \$321,000!

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 34% and 53% respectively of the revenues of this fund. Rates are budgeted to increase 4.47% for FY 2013-14. 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 (\$988,000) and Water and Sewer Fund (\$98,000). The amount contributed by each department is based on the cost incurred by the Motor Pool in maintaining each department's vehicles.

FUND BALANCE

In Madison Heights, the General Fund fund balance consists of designations of assigned fund balance for various purposes amounting in total to \$5.8 million. The following table reflects the audited Fund Balance for the years ended June 30, 2011 and 2012:

| FUND BALANCE | ACTUAL FY 2010-11 | ACTUAL FY 2011-12 | CHANGE FY 10-11 vs 11-12 |
|--------------------------------|----------------------|----------------------|-----------------------------|
| Unreserved: | | | |
| Assigned: | | | |
| Vested Employee Benefits | \$2,352,931 | \$2,022,872 | \$ (330,059) |
| Retained Insurance Risks | 336,000 | 445,900 | 109,900 |
| Capital Improvements | 1,218,389 | 1,560,505 | 342,116 |
| Postemployment Benefits | 0 | 1,336,900 | 1,336,900 |
| Technology Improvements | 75,000 | 75,000 | 0 |
| Subsequent Year's Expenditures | <u>915,005</u> | <u>391,515</u> | <u>(523,490)</u> |
| Total Assigned | \$4,897,325 | \$5,832,692 | (\$935,367) |
| Unassigned | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Unreserved Fund Balance | \$4,897,325 | \$5,832,692 | (\$935,367) |

Assigned Funds

Assigned Fund Balance falls into six categories: funds designated for vested employee benefits; retained insurance risks; capital improvements; postemployment benefits, technology improvements, and subsequent year's expenditures.

The designation for vested 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 million last year and makes up 35% of the Assigned Fund Balance.

In 1987, the City started setting aside a portion of its Fund Balance for possible contingencies related to self-insurance losses. This designation was set to match the \$446,000 limit for paid losses per year under the Stop Loss Program 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 and technology has become a heavy burden to support and in some situations has been deferred for many years. On June 30, 2012, \$1,560,505 was assigned for future capital improvements and \$75,000 for technology improvements.

An assignment of fund balance was made for post-employment benefits which include retiree health care. At June 30, 2012, the City's liability for post-employment benefits was \$67.2 million and \$1,336,900 was assigned.

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, 2012, those carry-forward purchase designated funds of \$391,515 made up 6.7% of the Assigned Fund Balance.

Unassigned Funds

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

Restricted Funds

Restricted fund balance is the portion of fund balance that is constrained to specific purposes by an external characteristic. In the City's case, these monies are restricted for dedicated millages. At June 30, 2012, the City had restricted funds in the amount of \$613,867. Of this amount \$521,675 is restricted for future vehicles purchased through Proposal "V", and \$92,192 is restricted for Proposal "L" (Library) expenses.

Changes in Fund Balance

A total of \$179,500 of Fund Balance has been programmed in FY 2014. Of this amount, \$152,900 is to support Library capital outlay which is available with the combined FY 2012 restricted amount of \$92,192 and an estimated \$87,000 from FY 2013. The remaining \$26,600 is being used to meet a 10% matching requirement for the Federal Assistance to Firefighters Grant and purchase of rapid intervention team packs and masks not covered by the grant.

**ALL FUNDS SUMMARY
CHANGES IN PROJECTED
FUND BALANCE/RETAINED EARNINGS
FISCAL YEAR 2013-14**

| Fund | Beginning Balance | Revenues | Expenditures | Ending Balance | Percent Change In Fund Balance |
|--|----------------------|---------------|---------------|-------------------|--------------------------------------|
| General Fund ⁽¹⁾ | \$ 3,776,544 | \$ 24,271,004 | \$ 24,450,504 | \$ 3,597,044 | (4.8) |
| Major Street ⁽²⁾ | 508,397 | 1,289,497 | 1,854,227 | (56,333) | (111.1) |
| Local Street - Non Proposal R ⁽³⁾ | 79,407 | 588,282 | 661,350 | 6,339 | (92.0) |
| Local Street - Proposal R ⁽³⁾ | 1,755,124 | 1,570,993 | 2,267,000 | 1,059,117 | (39.7) |
| Parks Maintenance and Improvements | 604,237 | 12,522 | 31,344 | 585,415 | (3.1) |
| Downtown Development Authority | 53,333 | 45,080 | 45,080 | 53,333 | 0 |
| Police Drug Forfeiture | 113,247 | 55,500 | 86,325 | 82,422 | (27.2) |
| Community Improvement Program | 7,978 | 111,859 | 119,837 | 0 | (100.0) |
| Fire Manning Grant (SAFER) | 0 | 0 | 0 | 0 | 0 |
| Special Assessment Revolving | 718,255 | 622,623 | 609,817 | 731,061 | 1.8 |
| Fire Stations Construction and Bond Funds | 0 | 373,135 | 373,135 | 0 | 0 |
| Water and Sewer Fund ⁽⁴⁾ | 5,097,773 | 11,572,343 | 11,875,343 | 4,794,773 | (5.9) |
| Motor Pool and Equipment Fund | 0 | 1,086,112 | 1,086,112 | 0 | 0 |
| Total | \$ 12,714,295 | \$ 41,598,950 | \$ 43,460,075 | \$ 10,853,171 | (14.6) |

- (1) The General Fund is budgeted to use \$179,500 in fund balance for Library Capital Outlay expenditures during Fiscal Year 2014, and Federal Assistance to Firefighter grant match.
- (2) The Major Street Fund is budgeted to transfer \$80,000 to the non-R Local Street Fund. During Fiscal Year 2013, construction projects are expected to come in under budget, leading to an anticipated \$26,000 positive ending fund balance.
- (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 \$73,500 on June 30, 2014. The second is the Proposal R portion which is budgeted to use fund balance for planned construction projects for which the Proposal R millage is levied.
- (4) The Water and Sewer Fund's retained earnings is not representative of cash in this business-type fund and includes accounts receivable, depreciation and inventory. At June 30, 2012, the cash balance was \$4,188,074 with a June 30, 2013 projection of \$4,880,000.



MAJOR INITIATIVES

The City has set as a budget goal an adequate 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

Information Technology - funded by General Operating Millage:

| | | |
|----|--------|--|
| \$ | 27,950 | Computer Replacements (43) |
| \$ | 6,750 | Two computer network servers |
| \$ | 3,750 | Microsoft Server operating system licenses |
| \$ | 25,000 | Building Department Software Update to Microsoft's .NET Development Platform |

Leisure Service-related Program Improvements - funded by General Operating Millage:

| | | |
|----|--------|---|
| \$ | 50,000 | Huffman Park - East Parking Lot Overlay |
|----|--------|---|

- funded by Library millage:

| | | |
|----|---------|---|
| \$ | 50,000 | Library purchase of books, videos and audio visuals |
| \$ | 6,200 | E-book download library |
| \$ | 152,900 | HVAC Improvements and Repairs (Phase I funding) |

Public Safety-related program improvements - funded by General Operating millage:

| | | |
|----|--------|---|
| \$ | 78,700 | EKG/Defibrillator Replacements (2) |
| \$ | 19,000 | Replacement of Police Radar Units (15) |
| \$ | 14,000 | Replacement Tasers (10) |
| \$ | 9,000 | Hose Roller |
| \$ | 26,600 | Self-contained breathing apparatus (SCBA) - (total project cost \$192,600 - \$166,000 FEMA grant) |

- funded by Proposal "V-2" millage:

| | | |
|----|---------|---|
| \$ | 128,300 | Three police patrol cars and one detective vehicle, plus four car equipment transfers |
|----|---------|---|

| | | |
|----|--------|--------------------------------|
| \$ | 22,500 | Community Development van |
| \$ | 29,000 | Chevy 3/4 Ton Pickup with plow |

Major Street Fund

| | | |
|----|---------|--|
| \$ | 50,000 | Commercial & Industrial Sectional Concrete Replacement on Edward and Townley |
| \$ | 885,000 | Sectional concrete repair on John R from 10 to 11 Mile, Whitcomb from Dequindre to Barrington, Stephenson Highway from Girard to 12 Mile, and Northbound I-75 Service Drive from Dallas to Lincoln |

Local Street Fund

| | | |
|----|-----------|---|
| \$ | 2,072,000 | Proposal “R-2” Millage road reconstruction scheduled as part of Year Six of the Neighborhood Road Improvement Program including: <ul style="list-style-type: none"> • Couzens - South of 11 Mile Road (SAD) • Kalama - Stephenson Highway to Alger • West Barrett - Alger to John R • Harwood - Dartmouth to 368 Harwood • Barrington - Cowan to Andover • Dartmouth - 26333 Dartmouth to 26113 Dartmouth • East Hudson - John R to 71 E. Hudson |
| \$ | 100,000 | Proposal “R-2” Sectional concrete replacement |
| \$ | 20,000 | Proposal “R-2” contribution to fund sidewalk repair program for key flag squares and ramps |
| \$ | 75,000 | Industrial roads sectional concrete repair: <ul style="list-style-type: none"> • Whitcomb - East of Stephenson • Mandoline/Brush/Alger |

Downtown Development Authority Fund

| | | |
|----|--------|--|
| \$ | 36,300 | Downtown Development Authority (DDA) funding match of 33% for Economic Development Program |
| \$ | 4,000 | Public right-of-way mowing |
| \$ | 3,000 | Public right-of-way trash receptacle program |

Drug Forfeiture Fund

- \$ 56,000 Fourteen (14) Patrol Car Laptop Replacements (seven (7) funded through State Justice Assistance Grant)
- \$ 25,825 Detective Bureau vehicle

Special Assessment Revolving Fund

- \$ 450,000 Year 11 of Sidewalk Gap and Replacement Program for an area bounded by Fourteen Mile, North Avis, Mandoline, Milton, Whitcomb and I-75

Water and Sewer Fund

- \$ 893,000 Watermain replacement “R-2” Related Projects:
- Barrington - South to Horace Brown to 13 Mile northbound
 - Whittier - Longfellow to Chaucer
 - Barrington - South of Horace Brown to 13 Mile southbound (SAD)
 - Blairmoor - Manchester to 13 Mile
 - Chaucer - Whittier to Longfellow
 - Manchester and Woodmont Intersection
- \$ 50,000 State Revolving Fund Sanitary Sewer Inspection/Rehabilitation Multi-Year Program (10% Local Match)
- \$ 269,000 One pickup and one tandem axle dump truck
- \$ 43,000 Portable pipe inspection camera with software

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 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 (10% to 12% 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 costs. Based on these guidelines, the City was required to implement in FY 2007-08 statistics to disclose liabilities and identify contributions 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). From the FY 2006-07 Budget to the FY 2012-13 Budget, the City made the actuarial based contribution to pre-fund this liability. The FY 2013-14 Budget provides for funding of this liability, but not at the actuarial recommended amount. Due to the OPEB Trust being closed to new hires, the contributions in FY 2013-14 drastically increased to 77.12% for Police and Fire and a combined 74.84% for General Fund employees. The FY 2013-14 Budget cannot support these increased rates, so therefore the City has budgeted 39.25% for Police and Fire and from 6.13% to 54.31% for General Fund employees, depending on the union group.

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's 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, which includes, but is not limited to, pass-through charges from other jurisdictions and wholesale providers of service to the City.
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 (assigned and/or unassigned 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 ten percent of annual expenditures.
2. The City will strive to establish a contingency expenditure reserve (assigned and/or unassigned 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, 2012, the City has assigned General Fund Fund Balance for vested employee benefits (\$2,022,872), retained insurance risk (\$445,900), capital improvements (\$1,560,505), technology improvements (\$75,000) subsequent year's expenditures (\$391,515), and postemployment benefits (\$1,336,900) for a total of \$5,832,692.

In March 2009, the Government Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved have been replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. Amounts that are intended by the City to be used for specific purposes, but are neither restricted nor committed, can be assigned by the City Manager or Assistant City Manager for Administrative Services. The City implemented Statement No. 54 for Fiscal Year ending June 30, 2011.

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 an 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, 2013, the legal debt limit (10 percent of total assessed valuation) will be \$83 million. The City will have \$5.1 million debt for the Fire Station Bonds and Fixed Network Water Meter Reading System General Obligation Limited Tax Bonds applicable to the limit in 2013.

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 Deputy City Manager for Administrative Services serving as the Investment Officer 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 Investment Officer 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 carrying investments at cost or amortized cost which approximates market and amortizes the premium or discount over the life of the investment.
 10. The Investment Officer will submit a quarterly investment report that provides the principal and type of investment by fund, annualized yield, ratio of cash to investments, earnings 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 a quarterly basis. Material deviations from projected investment strategies will be reported immediately to the City Manager.
 11. The Investment Officer 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 Deputy City Manager for Administrative Services serving as 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 City Manager 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 City Manager.

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.

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 and segregation of duties to the best of its ability given reduced staffing levels.

Credit Card Policy

1. The City's Deputy City Manager for Administrative Services serving as the 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 Human Resources Director 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. Otherwise, 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 with penalties.

- 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 activities that are substantially funded by a specific external revenue source that is restricted or committed to a specific purpose.

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 Proprietary Funds are unique to governmental 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, for many 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 Oakland County Equalization, Department Heads, the Deputy City Manager for Administrative Services (serving as 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 priority services, covering insurance and bond requirements, and the balancing of staff, supplies and equipment.

Budget Review and Analysis

All funding requests are sent to the City Manager and Deputy City Manager for Administrative Services (serving as 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.
- 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 Deputy City Manager for Administrative Services (serving as 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 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

Economic Outlook and Gap Resolution Process

| | |
|---------------------------|---|
| September to mid-November | Staff financial team develops three year financial forecast and future funding presentation |
| December | Staff and Council review forecast results and presentation, and Council provides direction |

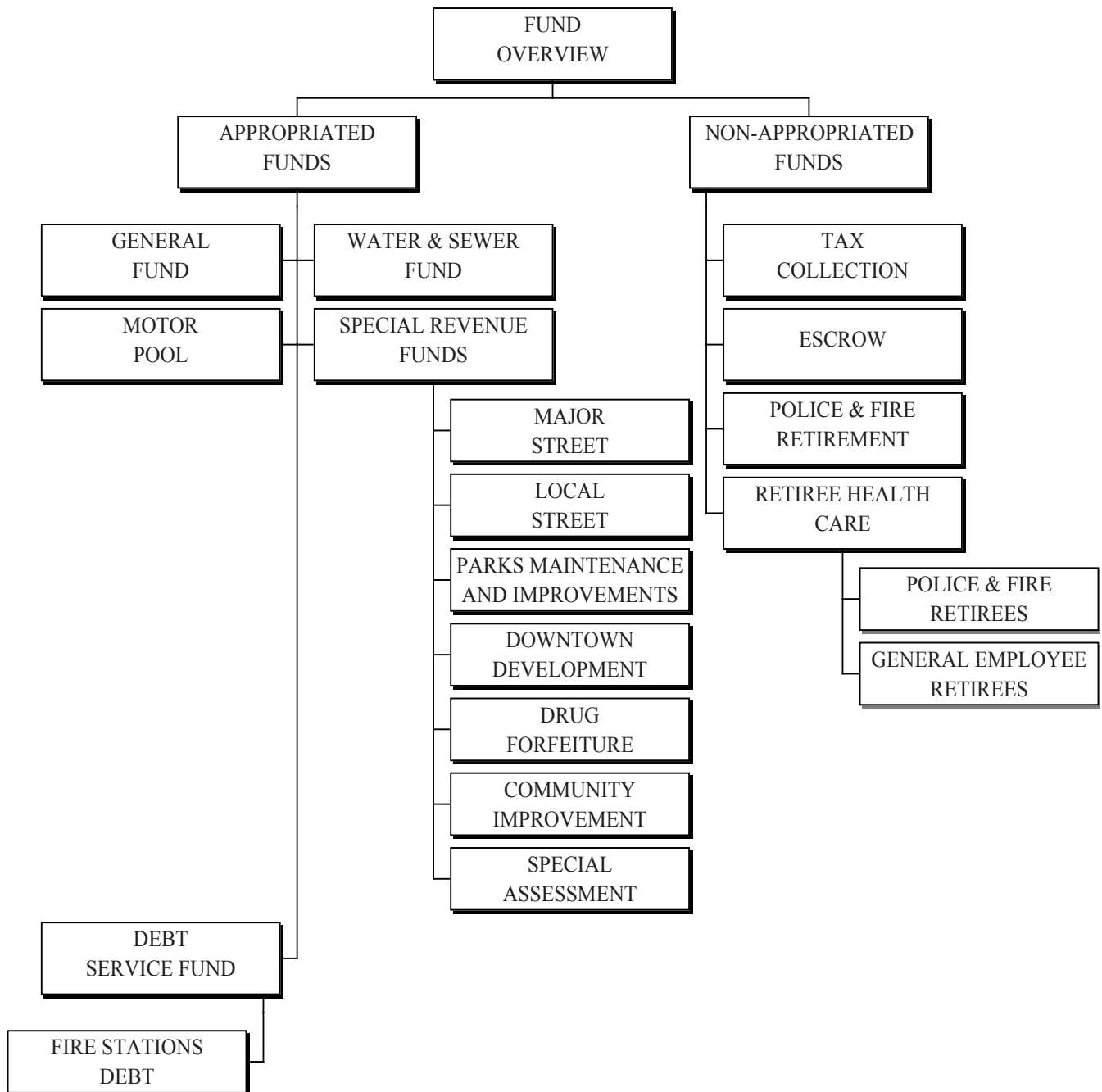
Capital Improvement Plan

| | |
|-------------------------------|---|
| 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 road evaluation |
| 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 February | 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 |
| Mid 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 March to Early May | Council Budget Workshop Session(s) |
| 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 | Deputy City Manager for Administrative Services and City Clerk publish notice of public hearing on millage rates and budget adoption |
| Third Monday in April | City Manager presents budget to Council |
| 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 eight 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 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 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), 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 with limited 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 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 (NSP) 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. Due to continued funding uncertainty at the Federal level, the Madison Heights Housing Commission (MHHC) will be disbanded and units will be transferred to another Public Housing Agency (PHA) in conformance with HUD guidelines. Existing staff will be transferred to other City departments.

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 other such 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 outlines changes to the base budget 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 \$20.2 million or over 45.6 percent of all funds appropriation totals. The budget for the personal services accounts are up a combined \$260,000, or 1.3%, principally due to the past labor agreements and changes to the funding of retiree health care. In the General Fund, personal services make up over \$17.8 million or 73.5 percent of the budget. The Budget includes frozen base wages for FY 2013-14 and combined needed labor concessions in order to provide the same service level as FY 2012-13.

Status of Labor Negotiations

As of July 1, 2012, 142 of 149 full-time City employees, or 95%, belong to one of eight bargaining units. Of course, with this high percentage of unionized workforce, it has been very time consuming, costly and difficult to initiate the type of change that has been necessary to meet our financial challenges.

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 Local 1917.34
3. Supervisors and Assistants Union - AFSCME Council 25 Local 1917.33
4. Municipal Employees Union - Technical, Professional and Officeworkers Association of Michigan (TPOAM)
5. Department of Public Service - TPOAM
6. Madison Heights Police Officers Union (Public Act 312 coverage)
7. Madison Heights Police Command Officers Association/Police Officers Labor Council (POLC) (Public Act 312 coverage)
8. Madison Heights Fire Fighters Association (Public Act 312 coverage)

All eight bargaining units have contracts that expire on June 30, 2013.

Medical Costs

- Health Care Coverage - Current Employees

The largest fringe benefit cost is \$2.4 million for health care coverage. For the purpose of negotiated benefits, employees are divided into two groups: active (currently employed) and retired. On January 1, 2012, all active employees were moved to Blue Cross - Blue Shield Community Blue 4 Plan. The plan has a deductible of \$500 for single, \$1,000 for couple/family and 20% co-pay for expenses over

the deductible up to a maximum of \$1,500 for single and \$3,000 for couple/family per year. This plan also requires per visit fees of \$30 for doctor office visits, \$30 for urgent care clinic and \$150 for emergency room.

The City's projected medical insurance premiums for active employees are budgeted at \$6,533 single, \$15,680 couple and \$19,600 family per year effective January 1, 2013.

In December 2012, City Council passed a resolution authorizing the City to impose a 20% health insurance premium sharing on all employees who receive City-paid health insurance starting after the June 2013 expiration of the Collective Bargaining Agreements. This is projected to save the City \$404,000 and is included as part of the FY 2014 budgeted labor concession gaps.

At the conclusion of the last round of negotiations, the City has in place a new cost containment measure moving all active employees to a \$5 generic, and \$40 preferred brand and \$80 non-preferred brand 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 budget for these line items is being offset by a shift in expenses from the General Fund to the two Retiree Health Care Trusts. This shift in expenses actually causes the General Fund Budget for retiree health coverage to decrease from last year. The total monthly premiums for General employee retirees have been shifted from pay as you go General Fund expenditures to monthly expenses of the General Employees Retiree Health Care Trust effective 2013. In Fiscal Year 2014, the City is also shifting the retiree health care premiums from the sworn Police and Firefighters Retirement Fund to the Police and Fire Healthcare Trust.

- 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 \$1.6 million, or 27.82%, of total wages based on the City Actuary's 2012 recommended contribution rate. In regard to the MERS plan, the pension contribution is budgeted by union group, ranging from \$1,288 for Police Service Aides to \$32,549 for non-Union Court Employees and Department Heads. The average MERS contribution rate for FY 2013-14 is \$13,400.

All non-sworn union groups and non-union employees have agreed to change pension benefits for new hires from a defined benefit to a defined contribution plan. The City will fund employee accounts at 7.0% of salary, with the employee contribution varying by union.

- 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 costs, 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, 2012, the unfunded liability has been calculated to be \$67.2 million over the next 28 years. Based on two studies of these projected liabilities, the actuary has set contribution rates of 77.12% of Police and Fire payroll and from 6.14% to 136.31% for General employees. Due to budget constraints, the City is unable to fund the complete annual required contribution, and instead the Budget includes funding of 39.25% of payroll for Police and Fire and between 6.14% and 54.31% of payroll for General employees.

- Dental Coverage

Based on the settlement of the recent labor agreements, all employees have been moved to the Delta Premier PPO, with an annual benefit to \$1,500 per year, for specified dental procedures. In addition, the City provides a maximum \$1,000 lifetime benefit for orthodontics. Dental and orthodontic coverage rate remained constant at \$982 per employee per year.

- Life Insurance Coverage

The Fire Fighters, Police Command Officers, Police Officers and the Department Heads' bargaining groups receive \$50,000 life insurance policies for active employees. 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 are \$207 for the \$50,000 policy and \$145 for the \$35,000 policy. Also, as part of the new labor agreements, life insurance is no longer provided for new hires.

- Worker's Compensation

Until 2010, the City made 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.

In the past, the City was fully insured for workers compensation through the MML municipal pool utilizing Meadowbrook as a third party administrator. As part of the FY 2010-11 Budget, the City moved to a self insurance plan where the City contracts with a third party administrator (Citizens Management/CMI) and converted to pay-as-you-go claims. The fixed cost to self insure would be \$33,700 for excess insurance (to provide protection for the City against a high number of workers compensation claims) and \$19,800 for a Third Party Administration fee including loss prevention, counseling and a required \$1,500 state assessment. The variable costs are now the pay-as-you-go claims which will fluctuate from year to year. However, over the prior five years our total losses have averaged \$165,500 with \$38,400 being the lowest and \$299,700 being the highest. Based on the City's historical claims data the average savings should be \$161,600 annually. In addition, the City now has 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. The actual cost for the first year of the program was \$163,000. The City's cost for the second year of the program was \$103,927.

- Other Benefits

Optical insurance rates were held constant at \$95 per employee per year for family coverage.

Short-term and long-term disability premiums have remained constant at \$48,000.

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 annual increase in the maximum wage to charge Social Security payroll tax.

- Employee Wellness Program

Funding for the Employee Wellness Program bonuses has been frozen for another year at current levels.

- 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. 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. Starting in 1994, the City has been attempting to eliminate longevity pay for employees hired after this date. All non-sworn groups agreed to eliminate longevity pay for new hires with effective dates from July 1, 1997 to August 1, 1999. Effective July 1, 2009, longevity pay has been eliminated for all for new Police and Fire employees.

Supplies

In the non-personal service areas of supplies, the departments have held spending constant with a small decrease overall of \$2,640. The most significant changes from FY 2012-13 are the budgeted purchases for 43 computers throughout the City, fifteen (15) Police Radar Units for \$19,000, and \$14,000 for 10 tasers (partially offset by \$4,000 Grant from the Michigan Municipal Risk Management Authority).

Other Services and Charges

In the area of Other Services and Charges, the budget decreased \$3,743,000. While most departments held their budgeted constant, this decrease is a result of two major changes that are included in the FY 2013-14 Budget. The first is the elimination of the Housing and Urban Development (HUD) Section 8 and Disabled Voucher Program administered through the City. On March 13, 2013, the Housing Commission voted to disband this program and return the vouchers and program to HUD for redistribution to another authority for administration. This is anticipated to happen June 30, 2013, therefore for the FY 2013-14 Budget the City has not budgeted for this program, reducing Other Services and Charges by \$1,662,547. This decrease in expenditures is offset by a direct reduction in Federal revenues. The second significant change is found in transfers. During FY 2012-13, the City had total transfers of \$2,169,000. These transfers were planned use of fund balance for road repairs on John R, 11 Mile, Campbell, 13 Mile, Whitcomb and Industrial. In FY 2013-14, there are no transfers planned to Other Funds.

Capital Outlay

The Capital Outlay purchases total \$5.8 million for all funds and \$758,000 for the General Fund. The majority of purchases are funded through dedicated millages (Proposal “V”, “R-2” and “L”). The General Fund purchases that are not being funded through a dedicated millage are two new computer servers and 150 Microsoft server operating system licenses; two EKG/Defibrillator replacements and a hose roller; an upgrade of the computer software for building permits; and resurfacing of the east parking lot at Huffman Park. In addition to these General Fund purchases, the Budget also includes purchases from the Vehicle millage (“V”) of three patrol vehicles and one detective vehicle with changeovers; a van for inspection activities; and a three-quarter ton pick-up with plow for Streets. The Library dedicated millage (“L”) will fund book purchases and the first phase of HVAC improvements and repairs.

Other Funds include a capital outlay of \$5.0 million. The majority of this amount (\$3.7) is budgeted for road rehabilitation and reconstruction projects (including “R-2” dedicated millage projects and major roads sectional work), and the sidewalk program. The remaining planned purchases are 14 patrol car laptops and one detective bureau vehicle through drug forfeiture funds, a tandem axle dump truck and pickup truck in Water & Sewer (\$269,000), the first phase of a multi-year sanitary sewer inspection and rehabilitation project (\$50,000), and pipe inspection camera equipment (\$43,000). In January of 2013, the City Council also supported reinstituting the policy of replacing watermain under the roads being reconstructed in order to minimize the need to tear up newer streets to fix old broken mains. A shortfall of cash in recent years had put this practice on hold.

More details on these purchases can be found in the Departmental Chapters, Capital Improvements Plan and the Capital Outlay section of the policy document.

Expenditure Gap Reduction Measures

Over the last four years, the City has been forced to implement over \$5.5 million in gap reduction measures. The Madison Heights voters have also helped the City with the financial crisis by approving up to 2.2 mills for Ballot Proposals “L” and “MR”. Since the approval of the FY 2012-13 Budget in May 2012, the City staff has continued to seek out additional means to reduce recurring costs going forward.

In preparing the FY 2014 Budget, staff focused on continuing to meet two major goals: first, avoiding asking the Madison Heights residents and businesses for significant new taxes or fees. Although the local economy is coming back, it is not fully recovered, and taxpayers have done their part. Second, staff focused on maintaining current service levels while decreasing overall expenditures and using only reserved fund balance for library improvements. This allows fund balance to remain as a safeguard against further reductions in property tax including the future elimination of personal property tax.

The year’s Gap Reduction Measures can be grouped into four categories:

1. Maintain current staffing levels:
 - a. Senior management restructuring including promotion of a new City Manager and hiring of an Assistant City Manager for Public Services for a minimum total savings of \$45,000 depending on benefit levels (\$32,400 General Fund and \$12,600 Water and Sewer Fund);
 - b. Closing the Housing Commission and transferring those employees to other openings throughout the organization. This would include the upgrade of the position in the Clerk’s office from Office Assistant II to an Election and Communication Coordinator position. This will increase the budget by a total of \$48,250 as a consequence of reallocating the position from Housing to the General Fund.
 - c. Funding shift of Part-Time staff shared between the Clerk’s office and the Department of Public Services at a cost of \$8,463.
2. Transfer premium payments for Police and Fire retirees from the General Fund to the Police and Fire Retiree Health Care Trust. This will save over \$2,039,000 in expenditures which is offset by an equal reduction in tax revenues. Without this transfer, the Police and Fire millage would have been 8.4944 instead of the approved 5.8155 mills.
3. Negotiate concessions in all eight union group contracts which expire on June 30, 2013 with savings to be determined.
4. Convert one Sergeant currently on the Midnight shift to a Patrol Officer position. This will increase the Police Officers’ numbers, and will result in savings of \$15,700.
5. Reverse the following gaps that were implemented in past years: discontinue the rental agreement with the Women, Infant and Children Program (WIC), that expires on June 30, 2013, for basement rental space for a reduction in revenues of \$2,100, submittal of the annual budget to the Government Finance Officers Distinguished Budget Presentation Review and increase expenditures by \$350, and reinstate employee assistance services as part of the City’s overall wellness plan for an increase of expenditures in \$4,900.

The total FY 2013-14 General Fund Budget savings on these gap measures equal \$652,000. Total FY 2013-14 Major Street, Local Street, Community Development Block Grant, Water and Sewer, and Motor Pool Fund savings equal \$178,000.

TOTAL APPROPRIATIONS SCHEDULE

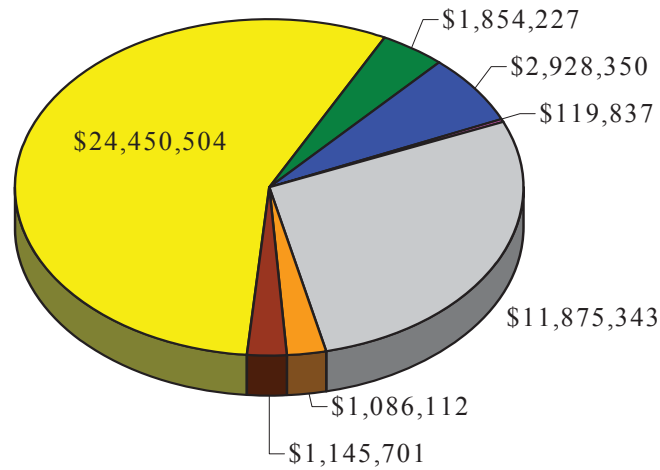
ALL FUNDS

FISCAL YEAR 2013-14

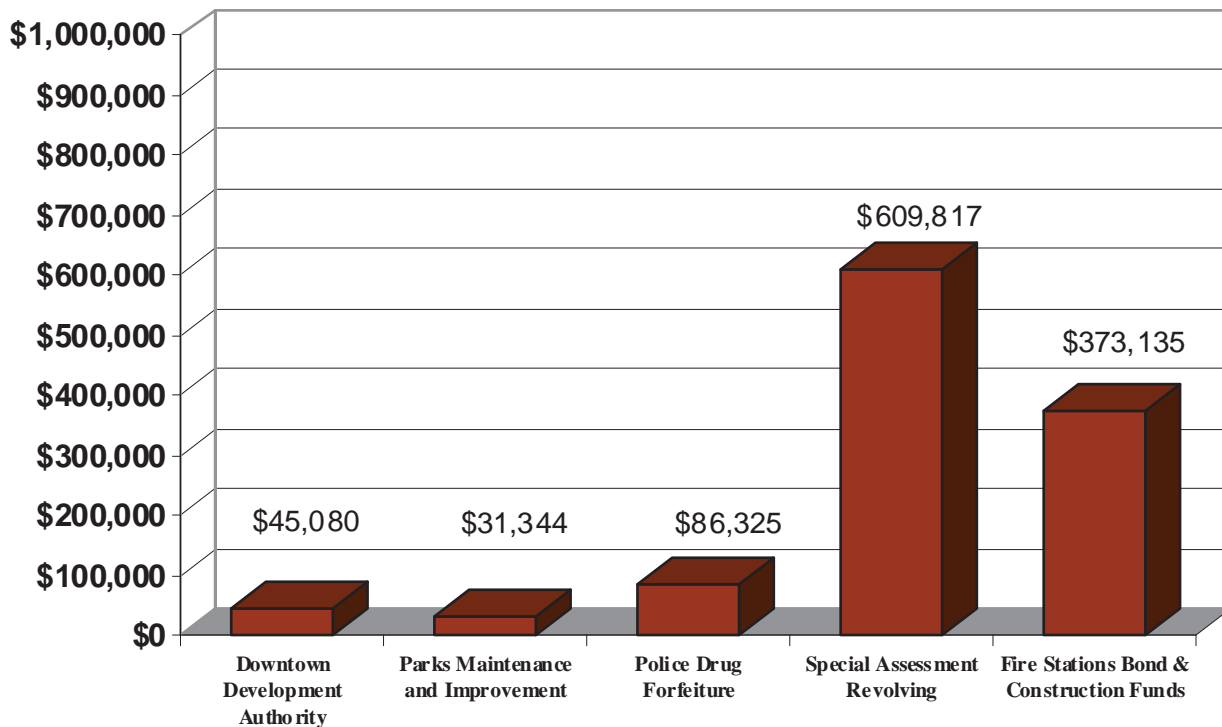
| Fund Name | Actual 2011-12 | Estimate 2012-13 | Adopted Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------------|----------------------|----------------------|------------------------------|---|-------------------|
| General Fund | \$ 23,932,034 | \$ 27,661,554 | \$ 24,450,504 | \$ (3,211,050) | (11.6) |
| Major Street | 1,084,063 | 3,360,027 | 1,854,227 | (1,505,800) | (44.8) |
| Local Street | 4,003,340 | 3,304,243 | 2,928,350 | (375,893) | (11.4) |
| Parks Maintenance and Improvement | 53,720 | 64,645 | 31,344 | (33,301) | (51.5) |
| Downtown Development Authority | 110,250 | 77,169 | 45,080 | (32,089) | (41.6) |
| Police Drug Forfeiture | 98,925 | 59,900 | 86,325 | 26,425 | 44.1 |
| Community Improvement | 1,830,226 | 1,982,606 | 119,837 | (1,862,769) | (94.0) |
| Fire Manning Grant (SAFER) | 234,355 | 119,506 | 0 | (119,506) | (100.0) |
| Special Assessment Revolving | 364,669 | 605,915 | 609,817 | 3,902 | 0.6 |
| Fire Station Bond Fund | 415,334 | 460,458 | 373,135 | (87,323) | (19.0) |
| Fire Station Construction Fund | 30,646 | 1,000 | 0 | (1,000) | (100.0) |
| Water & Sewer Fund | 9,242,010 | 11,599,152 | 11,875,343 | 276,191 | 2.4 |
| Motor & Equipment Pool | 724,489 | 1,044,521 | 1,086,112 | 41,591 | 4.0 |
| Total Appropriations | \$ 42,124,061 | \$ 50,340,696 | \$ 43,460,075 | \$ (6,880,621) | (13.7) |

* Net Budget is \$42.3 million excluding duplicate interfund transfers and charges.

ALL FUNDS APPROPRIATIONS FISCAL YEAR 2013-14



Other Funds



Over three-quarters of the City's operations are supported through the General Fund (56.3%) and the Water and Sewer Fund (27.3%).

ALL FUNDS APPROPRIATIONS
PER STATE OF MICHIGAN DETAILED CATEGORY CLASSES
FISCAL YEAR 2013-14

| Activity | Personal Services | Supplies | Other Services & Charges | Capital Outlay | Total |
|--------------------------------|----------------------|---------------------|--------------------------------|---------------------|----------------------|
| City Council | \$ 49,518 | \$ 0 | \$ 3,904 | \$ 0 | \$ 53,422 |
| District Court | 1,079,956 | 34,300 | 343,840 | 10,000 | 1,468,096 |
| City Manager | 316,434 | 150 | 9,471 | 0 | 326,055 |
| Elections | 30,015 | 6,920 | 2,862 | 0 | 39,797 |
| City Assessor | 0 | 0 | 245,173 | 0 | 245,173 |
| Legal | 0 | 5,300 | 285,695 | 0 | 290,995 |
| City Clerk | 299,509 | 3,680 | 13,424 | 0 | 316,613 |
| Human Resources | 193,955 | 0 | 61,045 | 0 | 255,000 |
| Board of Review | 2,373 | 0 | 1,000 | 0 | 3,373 |
| General Administration | 103,845 | 59,126 | 100,793 | 0 | 263,764 |
| Finance | 864,532 | 5,000 | 76,311 | 0 | 945,843 |
| Information Technology | 238,254 | 36,250 | 600 | 10,500 | 285,604 |
| Municipal Building | 0 | 0 | 60,943 | 0 | 60,943 |
| Custodial & Maintenance | 33,829 | 17,250 | 146,961 | 0 | 198,040 |
| Police | 7,543,397 | 89,000 | 663,627 | 214,665 | 8,510,689 |
| Fire | 4,136,118 | 50,564 | 550,300 | 280,267 | 5,017,249 |
| Community Development | 1,040,150 | 5,900 | 149,190 | 47,500 | 1,242,740 |
| Streets | 838,648 | 198,465 | 1,383,848 | 3,681,000 | 6,101,961 |
| Solid Waste | 546,215 | 17,595 | 1,551,722 | 0 | 2,115,532 |
| Recreation | 56,263 | 25,032 | 29,279 | 0 | 110,574 |
| Nature Center | 0 | 0 | 8,175 | 0 | 8,175 |
| Parks | 273,111 | 31,450 | 141,901 | 50,000 | 496,462 |
| Senior Citizens | 144,505 | 88,894 | 90,386 | 0 | 323,785 |
| Library | 476,001 | 4,600 | 123,802 | 202,607 | 807,010 |
| Insurance, Bonds and Transfers | 0 | 0 | 638,590 | 0 | 638,590 |
| Debt Service | 0 | 0 | 1,400,257 | 0 | 1,400,257 |
| Water and Sewer | 1,087,669 | 95,599 | 8,403,953 | 1,261,000 | 10,848,221 |
| Motorpool | 423,903 | 273,750 | 388,459 | 0 | 1,086,112 |
| Total Appropriations | \$ 19,778,200 | \$ 1,048,825 | \$ 16,875,511 | \$ 5,757,539 | \$ 43,460,075 |

ALL FUNDS SUMMARY

FISCAL YEAR 2013-14

| Activity | General Fund | Major Street | Local Street | Parks Maintenance & Improvement | Downtown Development Authority | Police Drug Forfeiture |
|---------------------------|----------------------|---------------------|---------------------|---------------------------------|--------------------------------|------------------------|
| City Council | \$ 53,422 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| District Court | 1,468,096 | 0 | 0 | 0 | 0 | 0 |
| City Manager | 326,055 | 0 | 0 | 0 | 0 | 0 |
| Elections | 39,797 | 0 | 0 | 0 | 0 | 0 |
| City Assessor | 245,173 | 0 | 0 | 0 | 0 | 0 |
| Legal | 290,995 | 0 | 0 | 0 | 0 | 0 |
| City Clerk | 316,613 | 0 | 0 | 0 | 0 | 0 |
| Personnel | 255,000 | 0 | 0 | 0 | 0 | 0 |
| Board of Review | 3,373 | 0 | 0 | 0 | 0 | 0 |
| General Administration | 263,764 | 0 | 0 | 0 | 0 | 0 |
| Finance | 945,843 | 0 | 0 | 0 | 0 | 0 |
| Information Technology | 285,604 | 0 | 0 | 0 | 0 | 0 |
| Municipal Building | 60,943 | 0 | 0 | 0 | 0 | 0 |
| Custodial & Maintenance | 198,040 | 0 | 0 | 0 | 0 | 0 |
| Police | 8,424,364 | 0 | 0 | 0 | 0 | 86,325 |
| Fire | 5,017,249 | 0 | 0 | 0 | 0 | 0 |
| Community Development | 1,114,120 | 0 | 0 | 0 | 8,780 | 0 |
| Streets | 946,066 | 1,774,227 | 2,928,350 | 0 | 0 | 0 |
| Solid Waste | 2,115,532 | 0 | 0 | 0 | 0 | 0 |
| Recreation | 110,574 | 0 | 0 | 0 | 0 | 0 |
| Nature Center | 8,175 | 0 | 0 | 0 | 0 | 0 |
| Parks | 465,118 | 0 | 0 | 31,344 | 0 | 0 |
| Senior Citizens | 323,785 | 0 | 0 | 0 | 0 | 0 |
| Library | 807,010 | 0 | 0 | 0 | 0 | 0 |
| Water and Sewer | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance/Bonds/Transfers | 365,791 | 80,000 | 0 | 0 | 36,300 | 0 |
| Motor Pool | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Appropriations | <u>\$ 24,450,504</u> | <u>\$ 1,854,227</u> | <u>\$ 2,928,350</u> | <u>\$ 31,344</u> | <u>\$ 45,080</u> | <u>\$ 86,325</u> |

ALL FUNDS SUMMARY

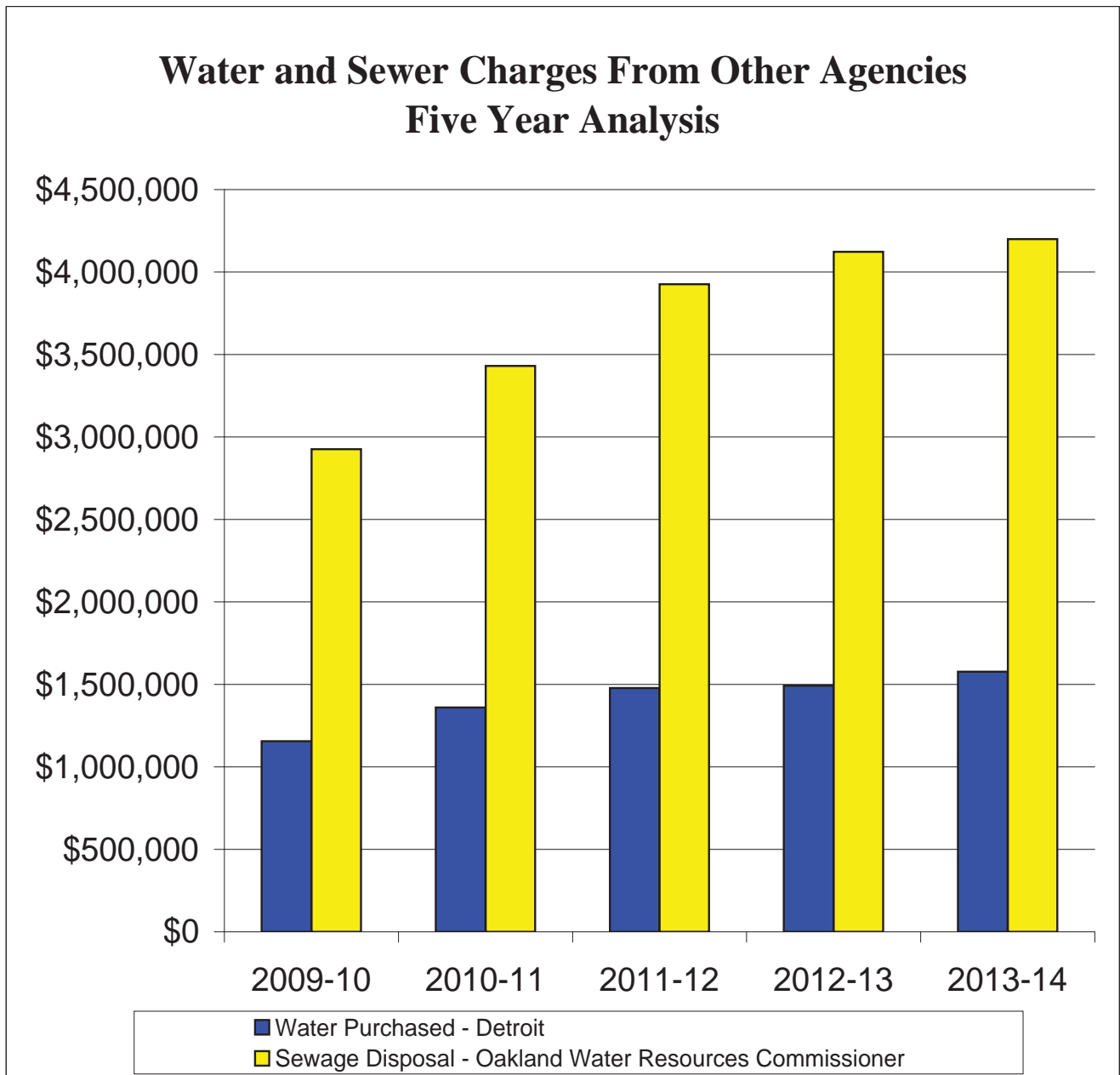
FISCAL YEAR 2013-14

| Community Improvement | Fire Manning Grant | Special Assessment Revolving | Fire Station Debt Fund | Water and Sewer Fund | Motor Pool and Equipment Fund | Total | |
|--------------------------|--------------------------|------------------------------------|------------------------------|----------------------------|-------------------------------------|----------------------|---------------------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 53,422 | City Council |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,468,096 | District Court |
| 0 | 0 | 0 | 0 | 0 | 0 | 326,055 | City Manager |
| 0 | 0 | 0 | 0 | 0 | 0 | 39,797 | Elections |
| 0 | 0 | 0 | 0 | 0 | 0 | 245,173 | City Assessor |
| 0 | 0 | 0 | 0 | 0 | 0 | 290,995 | City Attorney |
| 0 | 0 | 0 | 0 | 0 | 0 | 316,613 | City Clerk |
| 0 | 0 | 0 | 0 | 0 | 0 | 255,000 | Personnel |
| 0 | 0 | 0 | 0 | 0 | 0 | 3,373 | Board of Review |
| 0 | 0 | 0 | 0 | 0 | 0 | 263,764 | General Administration |
| 0 | 0 | 0 | 0 | 0 | 0 | 945,843 | Finance |
| 0 | 0 | 0 | 0 | 0 | 0 | 285,604 | Information Technology |
| 0 | 0 | 0 | 0 | 0 | 0 | 60,943 | Municipal Building |
| 0 | 0 | 0 | 0 | 0 | 0 | 198,040 | Custodial & Maintenance |
| 0 | 0 | 0 | 0 | 0 | 0 | 8,510,689 | Police Department |
| 0 | 0 | 0 | 0 | 0 | 0 | 5,017,249 | Fire |
| 119,837 | 0 | 0 | 0 | 0 | 0 | 1,242,737 | Community Development |
| 0 | 0 | 453,318 | 0 | 0 | 0 | 6,101,961 | Streets |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,115,532 | Solid Waste |
| 0 | 0 | 0 | 0 | 0 | 0 | 110,574 | Recreation |
| 0 | 0 | 0 | 0 | 0 | 0 | 8,175 | Nature Center |
| 0 | 0 | 0 | 0 | 0 | 0 | 496,462 | Parks |
| 0 | 0 | 0 | 0 | 0 | 0 | 323,785 | Senior Citizen |
| 0 | 0 | 0 | 0 | 0 | 0 | 807,010 | Library |
| 0 | 0 | 0 | 0 | 10,848,221 | 0 | 10,848,221 | Water and Sewer |
| 0 | 0 | 156,499 | 373,135 | 1,027,122 | 0 | 2,038,848 | Insurance/Bonds/Transfers |
| 0 | 0 | 0 | 0 | 0 | 1,086,112 | 1,086,112 | Motor Pool |
| <u>\$ 119,837</u> | <u>\$ -</u> | <u>\$ 609,817</u> | <u>\$ 373,135</u> | <u>\$ 11,875,343</u> | <u>\$ 1,086,112</u> | <u>\$ 43,460,075</u> | Total Appropriations |

CITY OF MADISON HEIGHTS

FISCAL YEAR 2013-14

| Water and Sewer Charges | Actual 2009-10 | Actual 2010-11 | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|
| Water Purchased - Detroit | \$1,155,347 | \$1,360,359 | \$1,477,206 | \$1,491,922 | \$1,577,383 |
| Sewage Disposal - Oakland Water Resources Commissioner | \$2,925,955 | \$3,430,258 | \$3,926,289 | \$4,122,979 | \$4,200,447 |



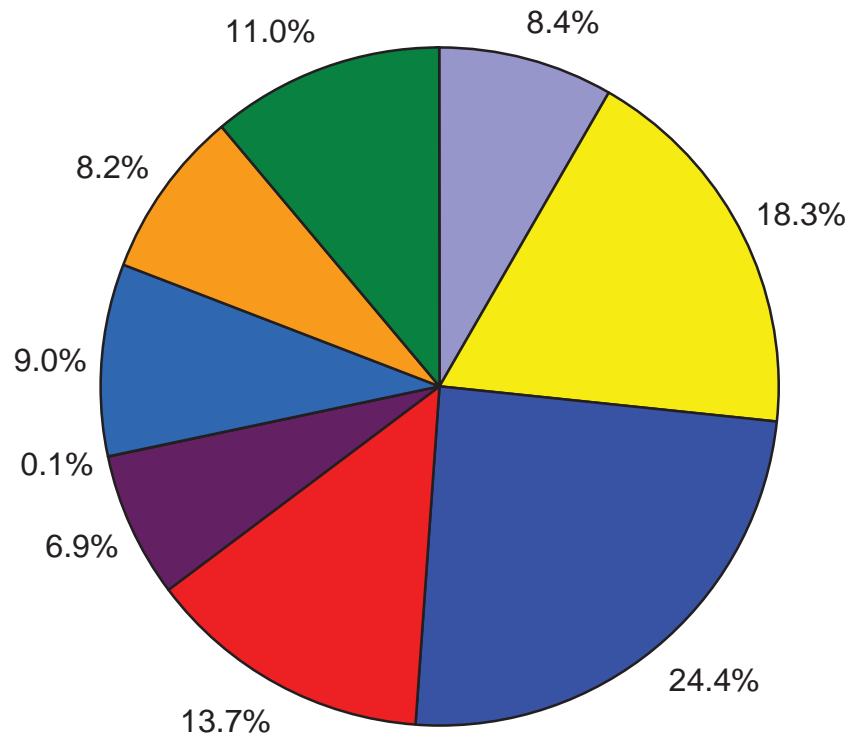
Sewage Disposal charges are more than 2.6 times higher than Water Purchased.

CITY OF MADISON HEIGHTS

FISCAL YEAR 2013-14

| Utility Charges - By Building | Actual 2009-10 | Actual 2010-11 | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 |
|-------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| Court Building | \$ 38,668 | \$ 35,474 | 27,117 | 28,150 | 28,096 |
| City Hall | 113,370 | 59,838 | 61,400 | 70,658 | 61,299 |
| Police Station | 137,791 | 123,624 | 88,669 | 93,594 | 81,547 |
| Fire Stations | 52,881 | 57,198 | 51,070 | 42,609 | 45,844 |
| Senior Center | 28,862 | 24,380 | 19,733 | 11,868 | 22,958 |
| Recreation/Nature Center | 713 | 773 | 9,272 | 790 | 224 |
| Parks | 11,791 | 12,733 | 37,260 | 18,975 | 29,994 |
| Library | 43,148 | 42,213 | 27,835 | 28,976 | 27,572 |
| Department of Public Services | 54,800 | 52,561 | 40,845 | 24,915 | 36,878 |
| Total | \$482,024 | \$408,794 | \$363,201 | \$320,535 | \$334,412 |

Utility Charges By Building Fiscal Year 2013-14

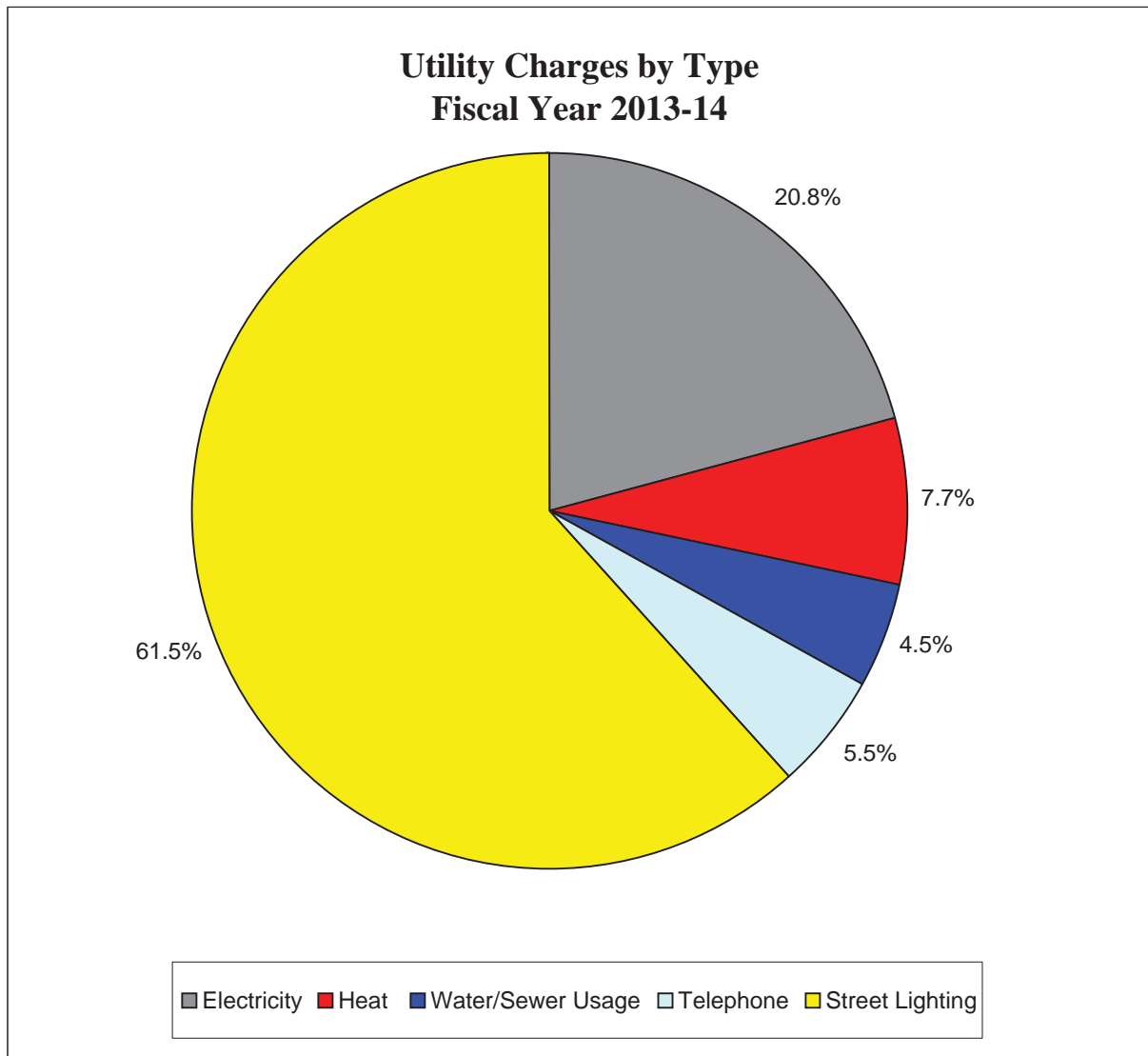


| | |
|--|---|
| ■ Court Building | ■ City Hall |
| ■ Police Station | ■ Fire Stations |
| ■ Senior Center | ■ Recreation/Nature Center |
| ■ Parks | ■ Library |
| ■ Department of Public Services | |

CITY OF MADISON HEIGHTS

FISCAL YEAR 2013-14

| Utility Charges - City-Wide | Actual 2009-10 | Actual 2010-11 | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 |
|-----------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
| Electricity | \$ 272,548 | \$ 238,582 | \$ 208,372 | \$ 165,470 | \$ 180,869 |
| Heat - Gas | 78,269 | 86,478 | 67,667 | 65,805 | 66,591 |
| Water/Sewer Usage | 26,272 | 21,557 | 43,925 | 29,237 | 39,373 |
| Telephone | 104,935 | 62,177 | 43,237 | 60,023 | 47,579 |
| Street Lighting | 435,143 | 496,395 | 526,579 | 531,687 | 534,909 |
| Total | \$ 917,167 | \$ 905,189 | \$ 889,780 | \$ 852,222 | \$ 869,321 |



SOLID WASTE MANAGEMENT COST

BUDGET FY 2013-14

SOCRRA 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 | \$ - | 9,460 | \$ 714,653 | 9,460 | \$ 172,352 | 9,460 | \$ 204,996 | | | | \$ 1,092,001 |
| 2011-12 | N/A | \$ - | 9,460 | \$ 714,653 | 9,460 | \$ 172,352 | 9,460 | \$ 204,996 | | | | \$ 1,092,001 |
| 2012-13 | N/A | \$ - | 9,460 | \$ 714,653 | 9,460 | \$ 172,352 | 9,460 | \$ 204,996 | | | | \$ 1,092,001 |
| 2013-14 | N/A | \$ - | 9,460 | \$ 714,653 | 9,460 | \$ 172,352 | 9,460 | \$ 204,996 | | | | \$ 1,092,001 |

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 rebid collection and disposal; budget assumptions reflect the new 10-year agreement.

RISK MANAGEMENT

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased insurance for health, dental, optical, and life insurance claims, is insured for workers' compensation claims, and participates in the Michigan Municipal Risk Management Authority risk pool for general liability claims. Settled claims relating to the insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. As of July 1, 2012, the City has moved to self-insurance for health, dental and worker's compensation.

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 | \$39,007,255 |

*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 \$366,000 per fiscal year.

The City's policy is to record premium payments to the Authority as expenditures of the participating funds. At June 30, 2012, the City had member reserves of \$467,175 with the Authority. It is estimated that \$536,251 is needed 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.

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

Other Insurance Programs

As of July 1, 2010, the Worker's Compensation Program moved to self-funded and administered through a third party Citizens Management Incorporated (CMI). This transition has allowed the City to provide its 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 cost the City an average of \$163,180 in the first year and \$103,928 in the second 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.

Please refer to the Personnel and Positions Chapter for a discussion of overall savings since switching to self-insurance for workers' compensation.

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 \$6.0 million. This amount includes \$1.7 million of vested employee benefits; \$234,000 reserve for worker's compensation insurance claim funds, \$303,000 for general liability insurance; and \$3.8 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 bond rating occurred in July 2010 when Moody's Investors Service (Moody's) and Standard and Poor's Ratings Services (S&P) both assigned their municipal bond ratings to the issue of 2010 General Obligation Limited Tax bonds for the purpose of improvements to the water supply system in the City and related sites, equipment, structures, attachments and appurtenances.

The City's bond ratings were reevaluated in January 2013 when S&P upgraded the City's rating from A+/Negative to A+/Stable due to strong financial management.

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, 2013, the City will be at 6.9% of the City's debt limit of \$74 million, which is based on 10% of assessed valuation. The City has general obligation bonds outstanding in the amount of \$3.8 million of an original \$5,925,000 Fire Station Bond issue and \$1.3 million of the original \$1.5 million water and sewer bonds. The City is also responsible for our share of eight bonds (not counted toward the debt limit) related to the George W. Kuhn Drain project for a total of \$8.3 million.

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, 2013:

I. 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. This bond was refinanced, allowing the City to reduce the coupon interest rate which increased from 3.0% to 4.0% over the next ten years to a fixed 1.9%, saving taxpayers over \$321,000. A total of \$3.8 million remains in principal payments.

II. George W. Kuhn Drain Bonds and State Revolving Loan Debt issued between October 2000 through September 2008. The total debt to be issued is \$125.8 million with Madison Heights's share being \$13.5 million. The bond and interest payments are being paid from the Water and Sewer Fund, with \$8.3 million principal remaining.

III. Fixed Network Water Meter Reading System General Obligation Limited Tax Bonds in the amount of \$1.5 million issued on August 23, 2010, payable over 15 years, for the purchase and installation of a transmitter on every water meter and 12 antennas to allow daily non-manned readings. The bond and interest payments are being paid from the Water and Sewer Fund with \$1.3 million principal remaining.

LEGAL DEBT MARGIN
(amounts expressed in thousands)
June 30, 2013

| Calculation of debt limit: | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|-------------------|-------------------|------------------|------------------|------------------|
| State equalized valuation | \$ 1,270,336 | \$ 1,053,898 | \$ 909,099 | \$ 865,669 | \$ 787,912 |
| 10% of assessed value | <u>127,034</u> | <u>105,390</u> | <u>90,910</u> | <u>86,567</u> | <u>78,791</u> |
| Calculation of debt subject to limit: | | | | | |
| Total debt | \$ 15,390 | \$ 14,543 | \$ 15,466 | \$ 14,493 | \$ 13,437 |
| Less: debt not subject to limit: | | | | | |
| General obligation | 10,595 | 9,983 | 9,701 | 9,063 | 8,322 |
| Special revenue bonds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net debt subject to limit (2) | <u>\$ 4,795</u> | <u>\$ 4,560</u> | <u>\$ 5,765</u> | <u>\$ 5,430</u> | <u>\$ 5,115</u> |
| Legal debt margin (1) | <u>\$ 122,239</u> | <u>\$ 100,830</u> | <u>\$ 85,145</u> | <u>\$ 81,137</u> | <u>\$ 73,676</u> |
| Net debt subject to limit as % of debt limit | 3.92% | 4.52% | 6.77% | 6.69% | 6.94% |

(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, 2013**

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Fire Stations Bond</u> <u>Obligations</u> | <u>Fixed Meter Network</u> <u>General Obligations</u> | <u>Kuhn Drain</u> <u>Obligations</u> | <u>Total</u> |
|---|---|--|---|---------------|
| 2014 | \$ 372,390 | 126,413 | \$ 900,569 | \$ 1,399,372 |
| 2015 | 391,690 | 129,813 | 816,166 | 1,337,669 |
| 2016 | 400,515 | 132,688 | 900,453 | 1,433,656 |
| 2017 | 419,055 | 134,988 | 900,631 | 1,454,674 |
| 2018 | 427,120 | 136,900 | 899,178 | 1,463,198 |
| 2019 | 429,900 | 138,400 | 896,682 | 1,464,982 |
| 2020 | 437,490 | 139,725 | 895,811 | 1,473,026 |
| 2021 | 449,795 | 140,600 | 894,771 | 1,485,166 |
| 2022 | 446,720 | 141,000 | 894,729 | 1,482,449 |
| 2023 | 458,550 | 146,200 | 718,326 | 1,323,076 |
| 2024 | - | 146,000 | 711,676 | 857,676 |
| 2025 | - | 145,600 | 73,393 | 218,993 |
| 2026 | - | - | 73,421 | 73,421 |
| 2027 | - | - | 63,978 | 63,978 |
| 2028 | - | - | 63,643 | 63,643 |
| 2029 | - | - | 52,593 | 52,593 |
| 2030 | - | - | - | - |
| Totals | \$ 4,233,225 | \$ 1,658,326 | \$ 9,756,020 | \$ 15,647,571 |

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

Refinanced - May 1, 2013

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> <u>Requirements</u> |
|---|---------------------|-------------------|-------------------------------------|
| 2014 | \$ 300,000 | \$ 72,390 | \$ 372,390 |
| 2015 | 325,000 | 66,690 | 391,690 |
| 2016 | 340,000 | 60,515 | 400,515 |
| 2017 | 365,000 | 54,055 | 419,055 |
| 2018 | 380,000 | 47,120 | 427,120 |
| 2019 | 390,000 | 39,900 | 429,900 |
| 2020 | 405,000 | 32,490 | 437,490 |
| 2021 | 425,000 | 24,795 | 449,795 |
| 2022 | 430,000 | 16,720 | 446,720 |
| 2023 | 450,000 | 8,550 | 458,550 |
| | <u>\$ 3,810,000</u> | <u>\$ 423,225</u> | <u>\$ 4,233,225</u> |

Fixed Network Water Meter Reading System Water and Sewer General Obligation Bond

Date of issue - August 23, 2010

Payment Date:

Principal, May 1

Interest, May 1, November 1

Amount of issue - \$1,525,000

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> <u>Requirements</u> |
|---|---------------------|-------------------|-------------------------------------|
| 2014 | \$ 80,000 | \$ 46,413 | \$ 126,413 |
| 2015 | 85,000 | 44,813 | 129,813 |
| 2016 | 90,000 | 42,688 | 132,688 |
| 2017 | 95,000 | 39,988 | 134,988 |
| 2018 | 100,000 | 36,900 | 136,900 |
| 2019 | 105,000 | 33,400 | 138,400 |
| 2020 | 110,000 | 29,725 | 139,725 |
| 2021 | 115,000 | 25,600 | 140,600 |
| 2022 | 120,000 | 21,000 | 141,000 |
| 2023 | 130,000 | 16,200 | 146,200 |
| 2024 | 135,000 | 11,000 | 146,000 |
| 2025 | 140,000 | 5,600 | 145,600 |
| | <u>\$ 1,305,000</u> | <u>\$ 353,326</u> | <u>\$ 1,658,326</u> |

George W. Kuhn Drain Water & Sewer Obligations - Amount of Issue - \$125,794,822

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 \$2,277,676 Madison Heights Share \$239,675)

Series 2005F September 22, 2005 (Total \$1,519,146 Madison Heights Share \$162,391)

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

Series 2007G Sept. 20, 2007 (Total \$1,765,000 Madison Hgts. Share \$188,672)

Series 2008H Sept. 22, 2008 (total \$7,685,000 Madison Heights Share \$821,499)

Combined Issues Total \$125,794,822 Madison Heights Share \$13,517,677

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

| <u>Fiscal Year</u> | | | | <u>Total</u> |
|-----------------------|---------------------|---------------------|-----------|---------------------|
| <u>Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | | <u>Requirements</u> |
| 2014 | \$ 673,208 | \$ 227,361 | \$ | 900,569 |
| 2015 | 607,078 | 209,088 | | 816,166 |
| 2016 | 710,088 | 190,365 | | 900,453 |
| 2017 | 729,572 | 171,059 | | 900,631 |
| 2018 | 747,995 | 151,183 | | 899,178 |
| 2019 | 765,909 | 130,773 | | 896,682 |
| 2020 | 785,919 | 109,892 | | 895,811 |
| 2021 | 806,464 | 88,307 | | 894,771 |
| 2022 | 828,595 | 66,134 | | 894,729 |
| 2023 | 674,978 | 43,348 | | 718,326 |
| 2024 | 686,326 | 25,350 | | 711,676 |
| 2025 | 66,276 | 7,117 | | 73,393 |
| 2026 | 67,788 | 5,633 | | 73,421 |
| 2027 | 59,862 | 4,116 | | 63,978 |
| 2028 | 60,931 | 2,712 | | 63,643 |
| 2029 | 51,310 | 1,283 | | 52,593 |
| | <u>\$ 8,322,299</u> | <u>\$ 1,433,721</u> | <u>\$</u> | <u>9,756,020</u> |

PERSONNEL AND POSITIONS

The City of Madison Heights employs 146 full-time positions yielding 4.9 full-time employees per 1,000 of City population based on the 2010 census count of 29,694. The City also employs 140 positions on a part-time or seasonal basis. Personnel services comprise approximately \$17.8 million or 73.5% of the General Fund Budget.

During the Fiscal Year 2013-14, the General Fund is being reduced by attrition of 3 full-time positions, and retiree health care premiums for Police and Fire retirees are being moved to the Retiree Health Care Trust from the General Fund. Despite these budget balancing measures and anticipated labor concessions, all funds personnel services accounts are up \$260,000 compared to the FY 2012-13 Amended Budget. This increase is due to significant increases in retiree health care funding.

With the exception of seven 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). The unions can be divided into two groups, based on binding arbitration rights that are provided to public safety sworn employees by the State under Public Act 312. The sworn unions include: Police Officer Labor Council (POLC) Command Officers; Police Officers Union; and International Association of Fire Fighters. The non-sworn unions include: Madison Heights Court Clerks Association; American Federation of State, County, and Municipal Employees (AFSCME) Council 25 Department Heads Union; AFSCME Council 25 Supervisors & Assistants Union; Technical, Professional and Officeworkers Association of Michigan (TPOAM) Department of Public Services Union; and TPOAM Municipal Employees Union, which represents clerical and technical workers.

All Union contracts expire June 30, 2013. Due in part to Public Act 54 of 2011, which freezes employee wages and benefits when a Collective Bargaining Agreement expires, and Public Act 152 of 2011, which limits the amount a Public Employer may pay toward health insurance premiums unless the governing body opts out, the City's bargaining team was able to negotiate significant concessions with all eight bargaining units during the previous round of negotiations. These concessions included a wage freeze for the duration of the contracts until June 30, 2013, five unpaid holidays per year for non Police and Fire employees, a reduced number of paid holidays per year for Police and Fire employees, increased employee contributions to pensions, elimination of retiree health care for new hires (providing a health care savings program only), and a new Community Blue 4 medical plan with higher deductibles and co-insurance for all active employees. The City was also able to negotiate language into the contracts which will enable the City to comply with the Governor's Economic Vitality Incentive Program requiring a 20% employee health insurance premium contribution for new personnel hired after May 1, 2012.

Given that the labor agreements with all eight bargaining units expire June 30, 2013, the City is in the process of negotiations or preparing to begin negotiations with each group. The Right-to-Work Legislation which prohibits mandatory dues deductions for non-sworn bargaining units went into effect March 27, 2013. As a result of this legislation, non-sworn Union Business Agents have been eager to attempt to ratify contracts or negotiate separate Letters of Understanding before the effective date of Right-to-Work to retain their ability to collect Union dues; however, these agreements are not in the City's best financial interest.

City Council also passed a Resolution in December 2012 under Public Act 152 which provides for 20% employee health care premium sharing once the current contracts expire. The City expects to negotiate the 20% premium sharing into each Union contract in the upcoming negotiations.

Given the escalating costs of funding retiree health care, it is important to note that 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 rating from credit rating agencies.

Personnel Actions

The FY 2013-14 Budget reflects a total net reduction of 1.29 full-time equivalencies (FTEs). This reduction includes elimination of 3 full-time positions through attrition and the reallocation of part-time positions. Two of the full-time position reductions are from the dissolution of our Housing Department, which has become unsustainable due to lack of Federal Funding. The City was pleased to be able to reassign the two full time employees in the Housing Department (Community Housing & Grants Supervisor - Supervisors & Assistants Union, and the Housing Program Assistant - TPOAM/MEU Union) into alternate full-time positions within the City instead of serving layoff notices. The Community Housing & Grants Supervisor was transferred into the City Clerk's Office into a reformulated Election & Communication Coordinator position which remains in the Supervisors & Assistants Union. (The position replaces the previous MEU position of Office Assistant II which was vacated due to a voluntary transfer of the incumbent to the Police Department as an Office Assistant II.) The Housing Program Assistant will be transferred into the vacant budgeted full-time Non-Union position of Human Resources Assistant in the City Manager's Office. The third position is a reduction of a vacant Water and Sewer operator position. This position was split into two part-time Water and Sewer employees.

The City's current hiring review of all position vacancies continues in Fiscal Year 2013-14. The table below reflects the City's personnel actions planned for Fiscal Year 2013-14 which result in the net reduction of 1.29 FTEs.

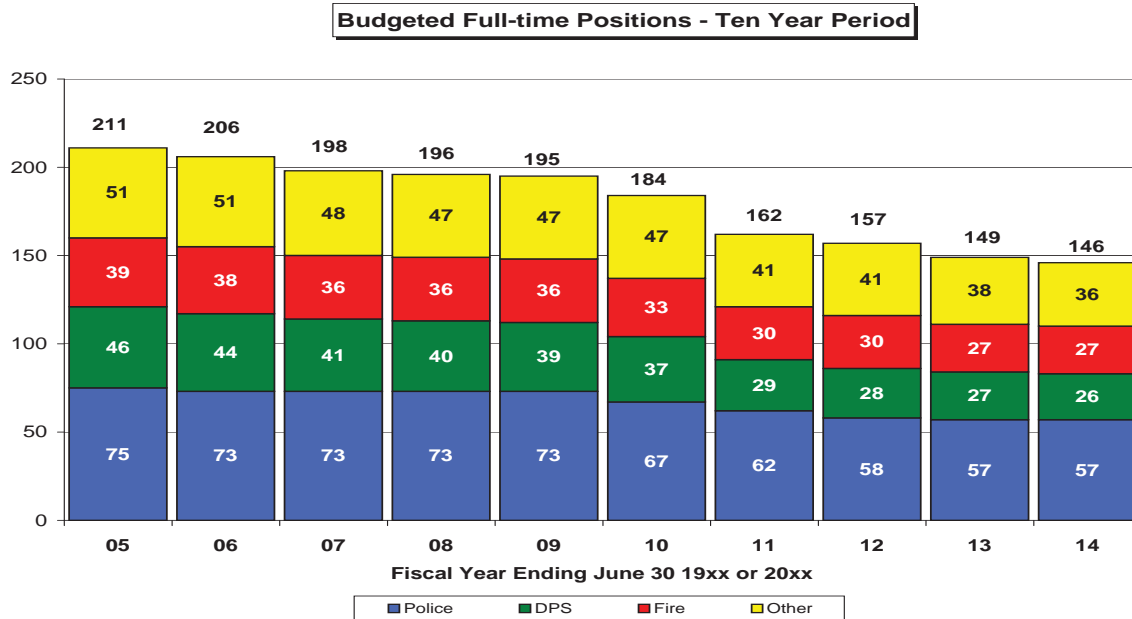
Fiscal Year 2013-14 Personnel Actions

| Department | Action | Change |
|---|--|---------------|
| Clerk/DPS | Reallocate funding for one PT Support Staff Position (Clerk +0.36 FTE and Senior Ctr +0.045 FTE) | 0.405 |
| Recreation | Decrease PT Recreation Coordinator FTE to comply with PPACA | -0.045 |
| FY 2013-14 - General Fund - Sub Total - FTE Change | | 0.360 |
| Community Improvement - Housing | Eliminate one Community Housing & Grants Supervisor, and eliminate one Housing Program Assistant | -1.900 |
| Community Improvement - CDBG | Eliminate same Community Housing & Grants Supervisor (listed above) | -0.100 |
| DPS - Water | Eliminate one vacant Equipment Operator I position | -1.000 |
| DPS - Sewer | Add Two Year Round Part-Time Laborers | 1.350 |
| FY 2013-14 - Other Funds - Sub Total - FTE Change | | -1.650 |
| Total FY 2013-14 FTE Change | | -1.290 |

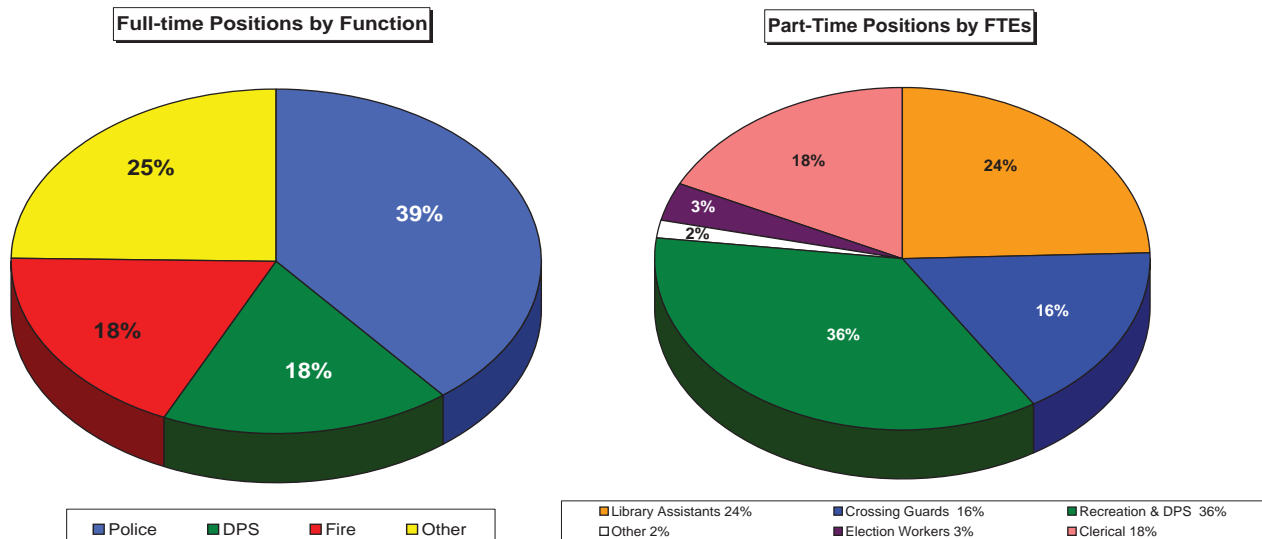
The Work Force at a Glance

Beginning in Fiscal Year 1993-94, the City has been able to reduce the workforce without significantly compromising core services, resulting in a leaner, more efficient organization. One hundred five full-time positions, or forty-two percent of the workforce, have been eliminated since Fiscal Year 1993-94 yet the City has still maintained essential services.

Presented below is a bar graph of budgeted full-time positions over the last ten years. The Appendix contains a table showing positions by fund and activity over a twenty 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 2013-14. An Organizational Chart showing full-time employees by bargaining unit or non-union classification is presented in the Appendix.



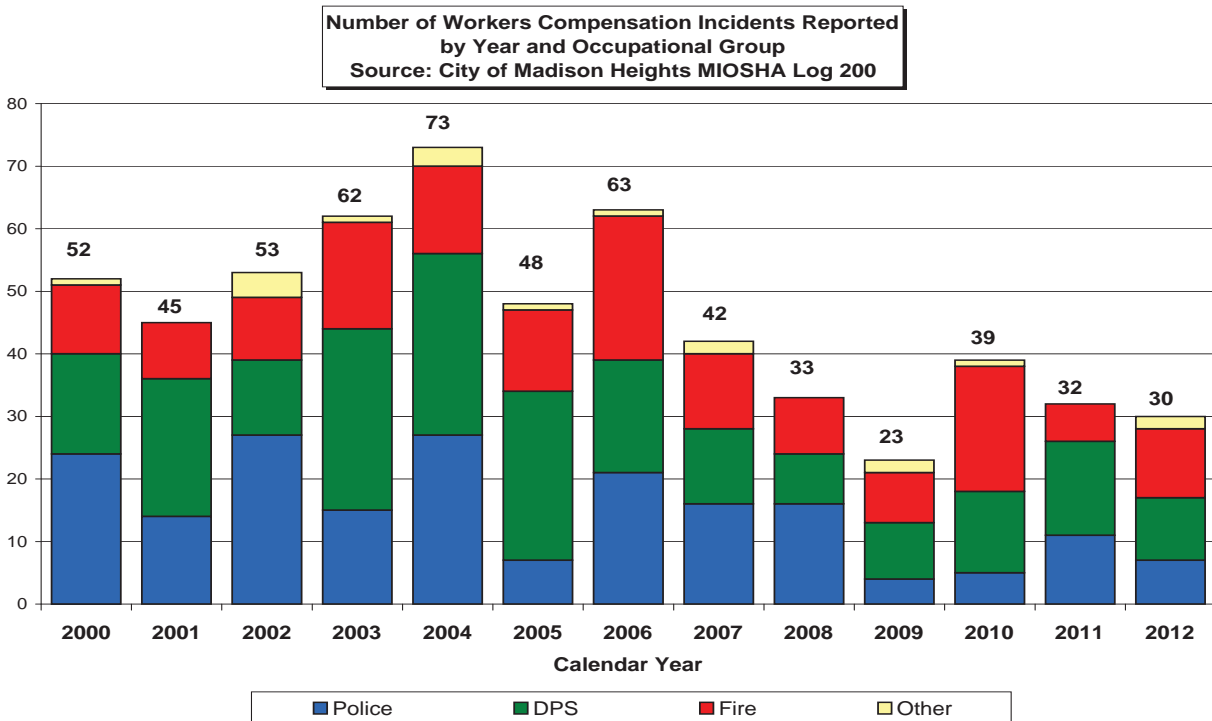
A breakdown of full-time and part-time positions in all funds is shown on the following page.

ALL FUNDS
FULL TIME AND PART TIME POSITIONS
INCLUDING FULL TIME EQUIVALENCY CALCULATION (F.T.E.)
FISCAL YEAR 2013-14

| | Budget 2011-12 | | | 11 to '12 | Budget 2012-13 | | | 12 to '13 | Budget 2013-14 | | | 13 to '14 |
|------------------------------|----------------|-----------|--------|---------------|----------------|-----------|--------|---------------|----------------|-----------|--------|---------------|
| | Full Time | Part Time | F.T.E. | F.T.E. Change | 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 | 8 | 3 | 10.4 | (1.0) | 8 | 4 | 10.4 | 0.0 | 8 | 4 | 10.4 | 0.00 |
| City Manager | 2 | 0 | 1.8 | 0.0 | 2 | 0 | 1.8 | 0.0 | 2 | 0 | 1.8 | 0.00 |
| City Assessor | 0 | 0 | 0.0 | 0.0 | 0 | 0 | 0.0 | 0.0 | 0 | 0 | 0.0 | 0.00 |
| City Clerk | 2 | 72 | 2.8 | 0.1 | 2 | 72 | 2.8 | 0.0 | 2 | 72 | 3.1 | 0.36 |
| Human Resources | 2 | 0 | 1.5 | 0.0 | 2 | 0 | 1.5 | 0.0 | 2 | 0 | 1.5 | 0.00 |
| General Administration | 0 | 0 | 0.7 | 0.0 | 0 | 0 | 0.7 | 0.0 | 0 | 0 | 0.7 | 0.00 |
| Finance | 8 | 0 | 8.0 | 0.0 | 8 | 0 | 8.0 | 0.0 | 8 | 0 | 8.0 | 0.00 |
| Information Technology | 2 | 0 | 2.0 | 0.0 | 2 | 0 | 2.0 | 0.0 | 2 | 0 | 2.0 | 0.00 |
| Police | 58 | 18 | 61.8 | (4.0) | 57 | 19 | 61.1 | (0.7) | 57 | 19 | 61.1 | 0.00 |
| Fire | 30 | 1 | 30.5 | 0.0 | 27 | 1 | 27.5 | (3.0) | 27 | 1 | 27.5 | 0.00 |
| Community Development | 8 | 0 | 8.0 | (0.8) | 8 | 0 | 8.3 | 0.3 | 8 | 0 | 8.3 | 0.00 |
| Library | 3 | 10 | 8.2 | 1.3 | 3 | 10 | 8.2 | 0.0 | 3 | 10 | 8.2 | 0.00 |
| Department of Public Service | | | | | | | | | | | | |
| Custodial & Maintenance | 0 | 0 | 0.2 | 0.0 | 0 | 0 | 0.2 | 0.0 | 0 | 0 | 0.2 | 0.00 |
| Streets | 10 | 0 | 1.8 | (0.5) | 9 | 0 | 1.8 | 0.0 | 9 | 0 | 1.8 | 0.00 |
| Solid Waste | 2 | 0 | 4.6 | (0.5) | 2 | 0 | 4.5 | (0.1) | 2 | 0 | 4.5 | 0.00 |
| Recreation | 0 | 23 | 2.3 | 0.0 | 0 | 23 | 2.0 | (0.4) | 0 | 23 | 1.9 | (0.04) |
| Youth Center | 0 | 0 | 0.0 | 0.0 | 0 | 0 | 0.0 | 0.0 | 0 | 0 | 0.0 | 0.00 |
| Nature Center | 0 | 0 | 0.0 | 0.0 | 0 | 0 | 0.0 | 0.0 | 0 | 0 | 0.0 | 0.00 |
| Parks | 2 | 2 | 2.6 | (0.3) | 2 | 2 | 2.6 | 0.0 | 2 | 2 | 2.6 | 0.00 |
| Senior Center | 2 | 6 | 3.9 | 0.1 | 1 | 6 | 3.3 | (0.5) | 1 | 6 | 3.4 | 0.04 |
| Sub Total | 16 | 31 | 15.4 | (1.1) | 14 | 31 | 14.4 | (1.0) | 14 | 31 | 14.4 | 0.00 |
| Total | 139 | 135 | 151.0 | (5.5) | 133 | 137 | 146.5 | (4.5) | 133 | 137 | 146.8 | 0.36 |
| Major Street Fund | 1 | 0 | 3.0 | 0.0 | 1 | 0 | 3.0 | 0.0 | 1 | 0 | 3.0 | 0.00 |
| Local Street Fund | 0 | 1 | 3.5 | 0.0 | 0 | 1 | 3.5 | 0.0 | 0 | 1 | 3.5 | 0.00 |
| Community Improvement Fund | | | | | | | | | | | | |
| Housing | 2 | 0 | 1.8 | 0.0 | 2 | 0 | 1.9 | 0.2 | 0 | 0 | 0.0 | (1.90) |
| Comm. Dev. Block Grant | 1 | 0 | 1.3 | 0.0 | 1 | 0 | 1.1 | (0.2) | 1 | 0 | 1.0 | (0.10) |
| Total | 3 | 0 | 3.0 | 0.0 | 3 | 0 | 3.0 | 0.0 | 1 | 0 | 1.0 | (2.00) |
| Fire Manning Grant Fund | 2 | 0 | 2.0 | 1.0 | 0 | 0 | 0.0 | (2.0) | 0 | 0 | 0.0 | 0.00 |
| Water & Sewer Fund | | | | | | | | | | | | |
| Water Division | 4 | 0 | 4.0 | 0.0 | 4 | 0 | 4.0 | 0.0 | 3 | 2 | 3.0 | (1.00) |
| Sewer Division | 4 | 0 | 4.0 | 0.0 | 4 | 0 | 4.0 | 0.0 | 4 | 0 | 5.4 | 1.35 |
| Water & Sewer Admin. | 1 | 0 | 1.5 | 0.0 | 1 | 0 | 1.6 | 0.1 | 1 | 0 | 1.6 | 0.00 |
| Total | 9 | 0 | 9.5 | 0.0 | 9 | 0 | 9.6 | 0.1 | 8 | 2 | 10.0 | 0.35 |
| Motor Pool Fund | 3 | 0 | 3.0 | 0.0 | 3 | 0 | 3.0 | 0.0 | 3 | 0 | 3.0 | 0.00 |
| Total All Funds | 157 | 136 | 175.0 | (4.5) | 149 | 138 | 168.6 | (6.4) | 146 | 140 | 167.3 | (1.29) |

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 workers' compensation incidents in 2003, 2004, and 2006. Nevertheless, the number of reported workers' compensation incidents has declined overall since 2006.

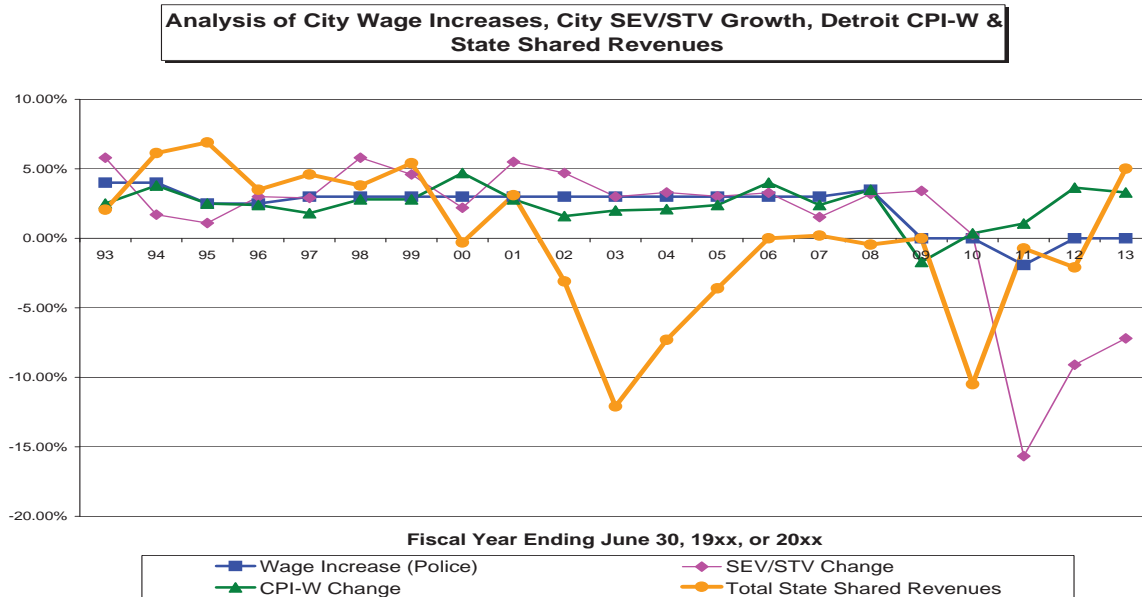


As part of the FY 2010-11 Budget, effective July 1, 2010, the City moved to a self insurance plan where the City is contracting with a third party administrator (Citizens Management - CMI) and converted to pay-as-you-go claims. During FY 2009, the City spent \$382,100 on workers' compensation premiums.

The City has provided training for Department Heads and Supervisors by Citizens Management to provide education regarding workers compensation and how the City can manage costs better now that we are self-funded. The City has seen some initial success with self-funding our workers' compensation program, as the number of incidents has dropped to 32, and the savings to the City for the first year of the program was \$184,246. The City's savings for the second year of the program was \$243,498.

A Look at Wages and Fringe Benefits

Planning for labor negotiations and future 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.

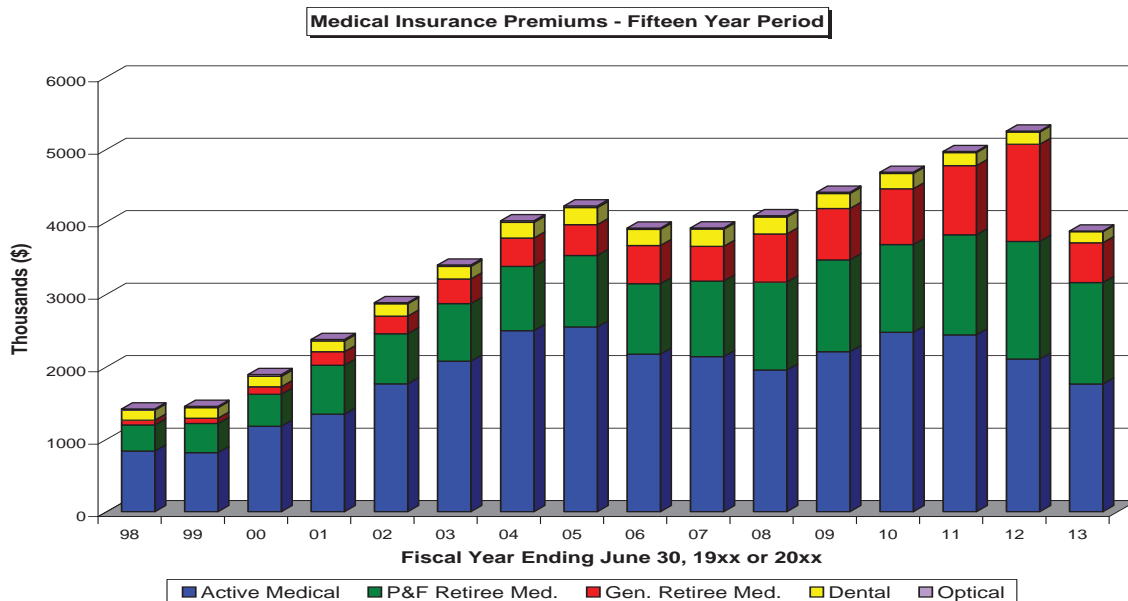


The mild recession of the early nineties is reflected in the downward trend in STV for those years. Beginning in FY 1993-94, wages, inflation, and STV start to converge. Since FY 1994-95, wages and CPI-W have continued between 0% and 4% while STV has fluctuated more due to new construction and the State's changes in the property tax valuation rules. However, beginning in FY 2008-09 and continuing through FY 2012-13 this convergence has drastically changed as the City tries to cope with fewer revenues. This change 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 were frozen, CPI-W change was 3.3%, State shared revenues have increased 5.0% and STV has fallen an additional 7.2%.

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 in 2009, 10 and 11, the impact of which is demonstrated in the chart on the following page, which compares the City's medical insurance premiums over the last ten years. In 2012, the General Retiree Medical was moved into the trust and therefore does not show as an operating budget expense. Police and Fire Retiree Hospitalization is being moved into the trust for FY 2013-14. The slight decrease shown in 2012 for medical is due to the City's move to Community Blue PPO 4, which for the first time included deductibles and co-insurance for all active employees. In addition the City moved to a self-insured medical insurance program in July 2012. The premiums shown for 2013 are estimated.

As mentioned earlier, City Council passed a Resolution in December 2012 authorizing the City to impose a 20% health insurance premium sharing on all employees who receive City paid health insurance starting after the June 2013 expiration of the Collective Bargaining Agreements. This is projected to save \$404,000 and is included in the FY 2014 Budget as part of the labor concession gaps. This measure will not only help reduce the City's expenses for medical premiums, but will also raise employee awareness of the exorbitant price of health care, which should in turn cause employees to take a more realistic look at the health care plans and realize that the no deductible, no co-insurance days no longer exist.



The Patient Protection and Affordable Care Act (PPACA), which was signed into law on March 23, 2010 by President Barack Obama, has had and continues to have a profound impact on the City regarding health care cost and selection of health care plans. Many, if not most, PPACA provisions will lead to increased costs due to expanded coverage provisions, reporting requirements and modified rating rules. Many of the costs that are ostensibly the burden of the health insurance companies (e.g. expanded coverage provisions) will be passed along to the plan sponsor (the City) in the form of higher costs and higher illustrative premium rates.

PPACA regulations call for a Health Insurance Exchange where people may buy group health insurance and possibly qualify for a premium tax credit. At the time of the printing of this Budget Policy Document, Michigan is one of four states that have been conditionally approved to establish a Health Insurance Exchange in collaboration with the Federal Government. The Exchanges are supposed to be operational effective January 2014, with open enrollment beginning October 2013. Once the Michigan Exchange is operational, if the City does not provide its full-time employees with the option to enroll in a City-sponsored, affordable (premiums must cost the employee less than 9.5% of their income), qualified health plan meeting minimum requirements, and the employee enrolls in the Exchange and receives a premium tax credit, the City faces a penalty of \$3,000 per employee. Conversely, starting in 2018, if a health care plan exceeds an annual premium of \$10,200 for individuals and \$27,500 for families, a 40% excise tax ("Cadillac Tax") will be imposed. With projected increases to health insurance premiums, the City's current CB4 plan will fall into the "Cadillac Tax" category. Clearly, PPACA regulations will force health insurance nationwide to fall into a smaller spectrum of health care plan options given the requirements to provide minimum coverage, and the discouragement from providing high end, more expensive coverage.

Retiree Medical Insurance

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.

In FY 2006, the City developed and implemented a plan to prefund this liability. Implementation of this plan began when Council approved the establishment of two Trust plans, one for Police and Fire (sworn) Retiree Health Care and a second for General Employee (non-police and fire) Retiree Health Care. The next step was to appropriate the money in the budget. The City has also negotiated labor concessions, in the form of new healthcare savings accounts, from all the unions, which will reduce this liability in the future. All General employee groups have agreed to eliminate retiree health care in lieu of a health savings plan for all new hires, and the Court employees agreed to change to this plan for all new hires and the majority of current employees. While in the long run this labor negotiation strategy is fiscally sound, the actuaries require the Trust to be funded over a shorter amortization period, which increases the City's contribution rate over the next few years before declining in the future.

As of June 30, 2012, the City has accumulated an actuarial value of \$13.5 million in these trust funds, and the unfunded portion has increased to \$67.2 million. In FY 2014, the City is unable to fund the complete annual required contribution, which is 77.12% of Police and Fire payroll and ranges between 6.14% and 136.31% of payroll for General employees. Instead the budget includes funding of 39.25% of payroll for Police and Fire and between 6.14% and 54.31% of payroll for general employees.

Another significant change occurred in FY 2012 when the City began to fund retiree health care benefits from the General Employee Retiree Health Care Trust moving away from the traditional pay-as-you-go premium payments. This change is being implemented in the FY 2014 budget for Police and Fire retirees, and will shift the retiree health care premiums from the current General Fund resources to the Trust, allowing the Trust to assume this obligation, but slowing the growth of Trust assets.

In 2010 the Department of Health and Human Services (HHS) issued an interim final rule implementing the Early Retiree Reinsurance Program, which was created by the Patient Protection and Affordable Care Act. Under the reinsurance program, employers may be reimbursed for a portion of the costs incurred in providing group health benefits to early retirees (those under 65) and their spouses, surviving spouses and dependents. This health care reform law allocated \$5 billion to the reinsurance program to be awarded on a first come first serve basis. Employers accepted into this program receive reinsurance reimbursement for medical claims for retirees age 55 and older who are not eligible for Medicare, and their spouses, surviving spouses, and dependents. The amount of this reimbursement to the employer plan is up to 80% of claims costs for health benefits between \$15,000 and \$90,000. Claims incurred between the start of the plan year July 1, 2009 and June 1, 2010 are credited towards toward the \$15,000 threshold for reimbursement. However, only medical expenses incurred after June 1, 2010 are eligible for reimbursement under this program.

At the Regular Council Meeting of July 26, 2010, Council approved an agreement with RDS Services to verify and administer the City's application and submittal for the Early Retiree Reinsurance Program Subsidy. To date the City has been reimbursed \$390,000 through this program. However, the Center for Medicaid Services (CMS) has determined that due to the appropriated program funding that remains available and the rate at which it is being disbursed, they will no longer accept applications for the program after May 5, 2011.

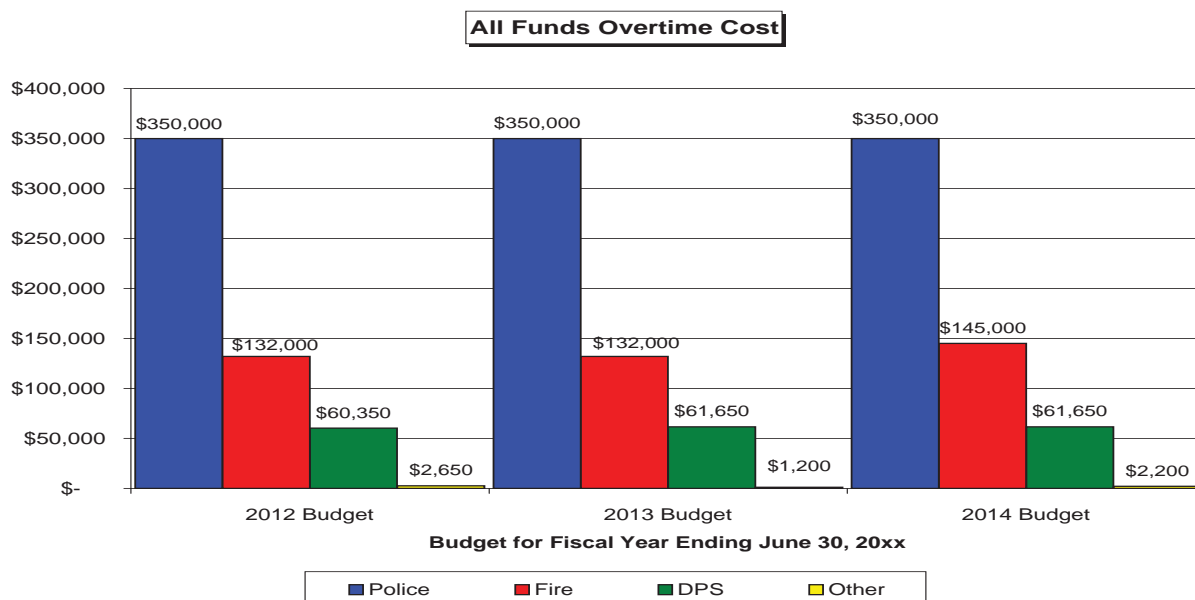
Pensions

The second largest fringe benefit cost component is the employer's contribution to the employee pension plans. This expense is budgeted to be \$2.6 million in FY 2013-14. 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 27.82% of total wages based on the City actuary's 2012 recommended contribution rates. In regard to the MERS plan, the pension contribution is budgeted by union group. All general employee groups including non-union have 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 7.0% by the City with variable employee contributions by union. 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.

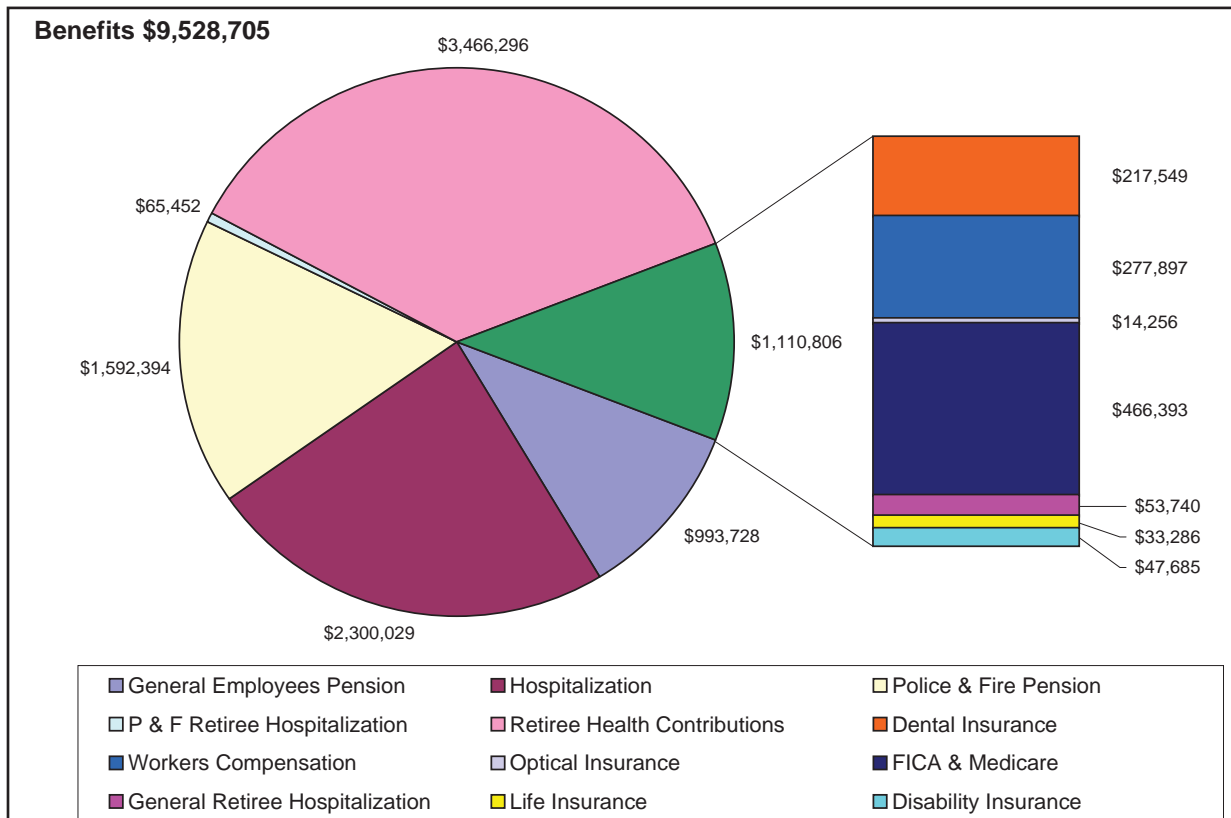
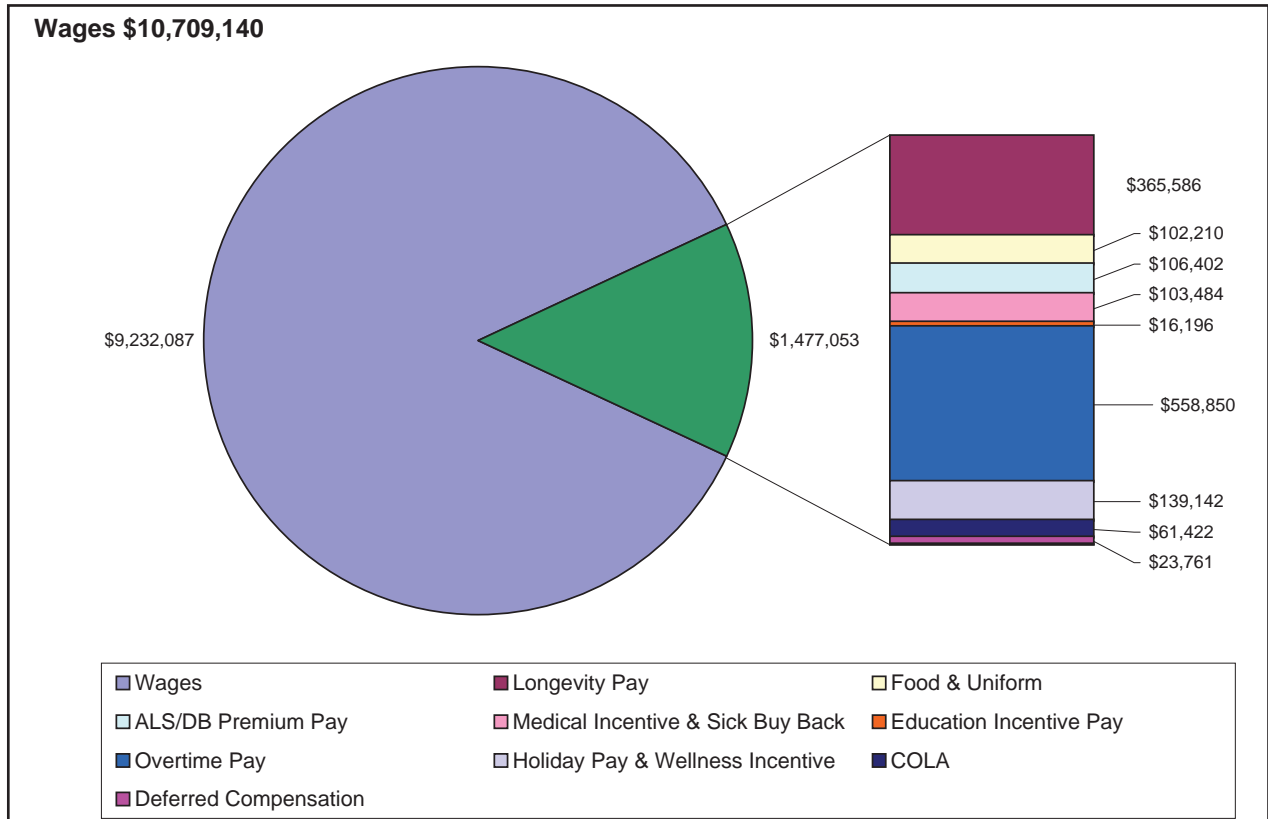
Overtime

Overtime cost for all Funds in FY 2013-14 is budgeted at \$558,850. This amount is slightly more than the FY 2012-13 amended budget of \$554,850. Overtime budgeted in the Police and Fire Departments amount to \$495,000, and DPS overtime equals \$61,150.



The charts on the next page depicts the City's wage and fringe benefit costs for FY 2013-14.

Wage and Fringe Benefit Costs (\$20,237,845)
Fiscal Year 2013-14 Budget
All Funds



Total Compensation Analysis

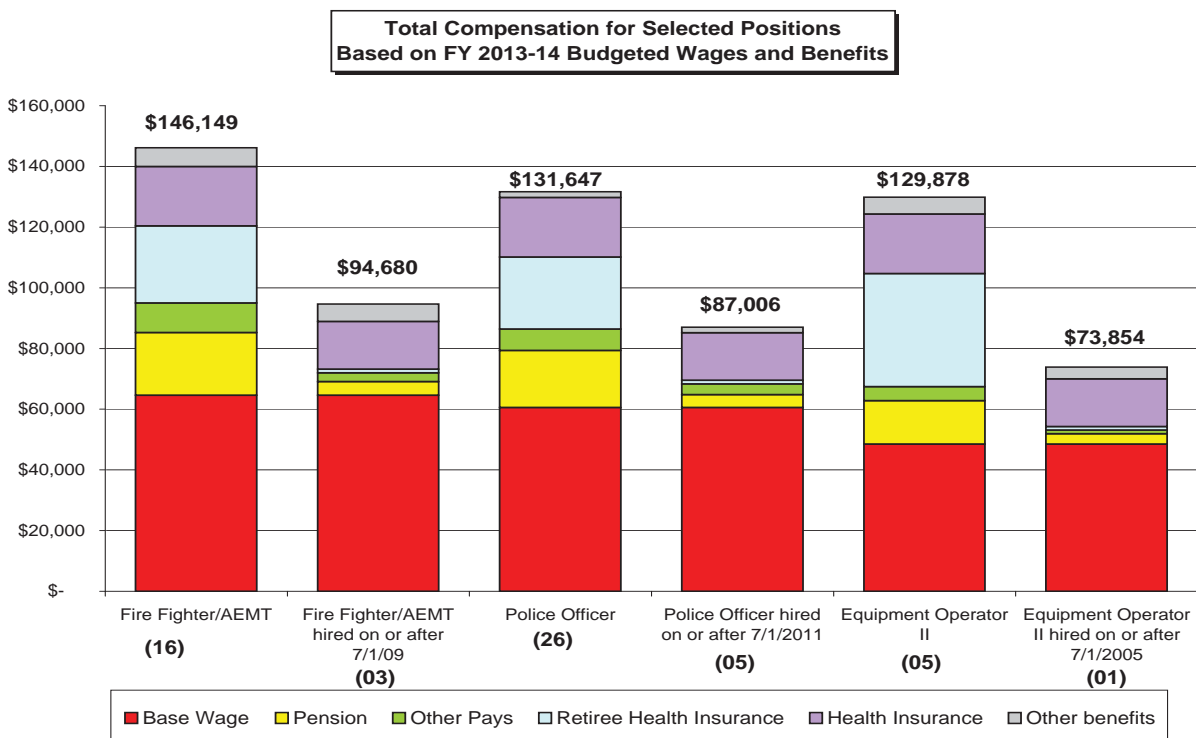
In order to determine what should be negotiated to control the City's expenses, we must look at the wages and benefits calculated together for total compensation currently provided the employees. The City has already made great strides in controlling costs for new hires including elimination of retiree health care and providing new employees with a Health Care Savings Program only; in addition, the non-Police and Fire new hires are provided with a Defined Contribution as opposed to a Defined Benefit retirement program. New hires for Police and Fire have a reduced pension multiplier of 2.5%, down from 2.8%.

For comparative purposes, this bar chart shows the total FY 2013-14 compensation amount and benefit components for the positions of Police Officer, Fire Fighter/AEMT, and Equipment Operator II, assumed at senior employee wages and longevity, and an average overtime cost. For comparative purposes, we have also included the wages and benefits for new hires in each category.

With benefits, the incumbent senior Fire Fighter/AEMT and Police Officer receive annual total compensation of \$146,000 and \$132,000 respectively. The incumbent equipment operator receives annual total compensation in the amount of \$130,000. Fringe benefits average 1.7 times base wages for senior employees.

In contrast, a newly hired Fire Fighter's total compensation is \$94,700 which is a savings of \$51,500 in comparison to an incumbent long-term Fire Fighter.

A newly hired Police Officer's total compensation is \$87,000, a savings of \$44,600, and a newly hired Equipment Operator will save the City \$56,000 in overall compensation. These savings are significant; however at this time we only have 3 Firefighters, 5 Police Officers, 1 Equipment Operator, and 5 other employees with the new hire benefits package.



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 2013-14. The position's compensation calculation assumes the maximum wage step and longevity.

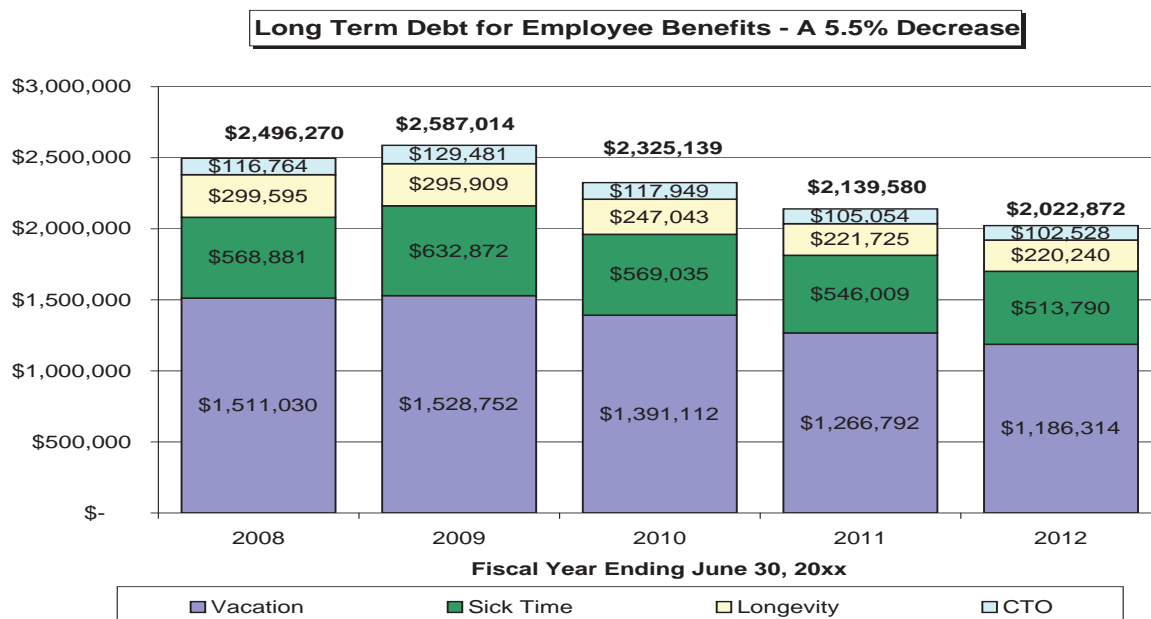
This chart shows the analysis of leave time cost for a Police Officer at maximum wage step and benefits based on FY 2013-14 wages.

| Leave Benefit | Days Off Per Year | Value of Leave Benefit |
|-------------------------|-------------------|------------------------|
| Vacation | 25 | \$12,658 |
| Holidays | 7 | 3,544 |
| Admin. Leave Days | 6 | 3,038 |
| Sick leave (Max. of 12) | 5 | 2,532 |
| Personal Leave Days | 2 | 1,013 |
| Total | 45 | \$22,785 |

As shown on the previous chart, this Police Officer could have almost 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, and uniform allowance. Other fringe benefits include medical insurance premiums, Medicare employer contributions, optical insurance premiums, dental payments, life insurance premiums, short-term and long-term disability insurance premiums, workers compensation payments, and pension contributions.

In addition, the value of unused employee leave can represent a significant liability for the City at the time of retirement. 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).



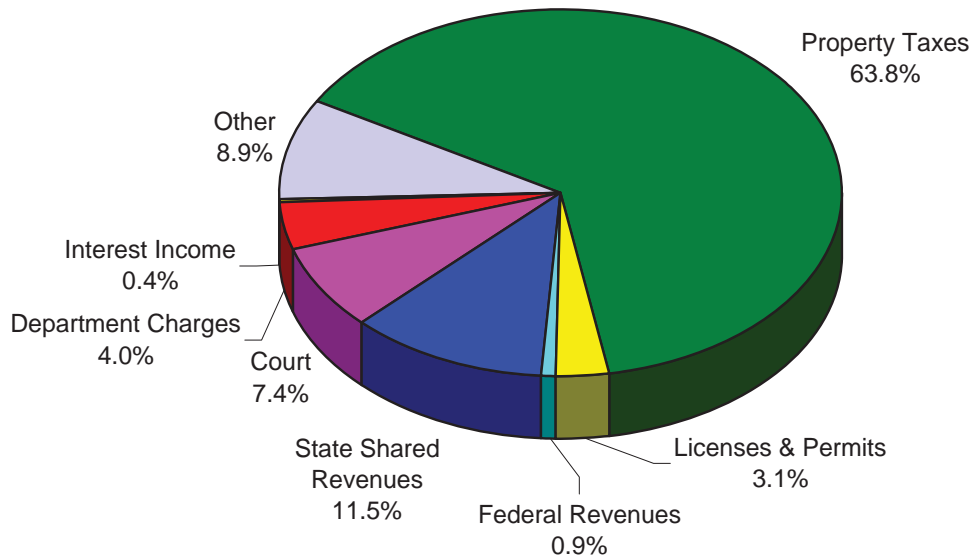
This chart is illustrative of the liability for these benefits as of the last audited fiscal year June 30, 2012.

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.

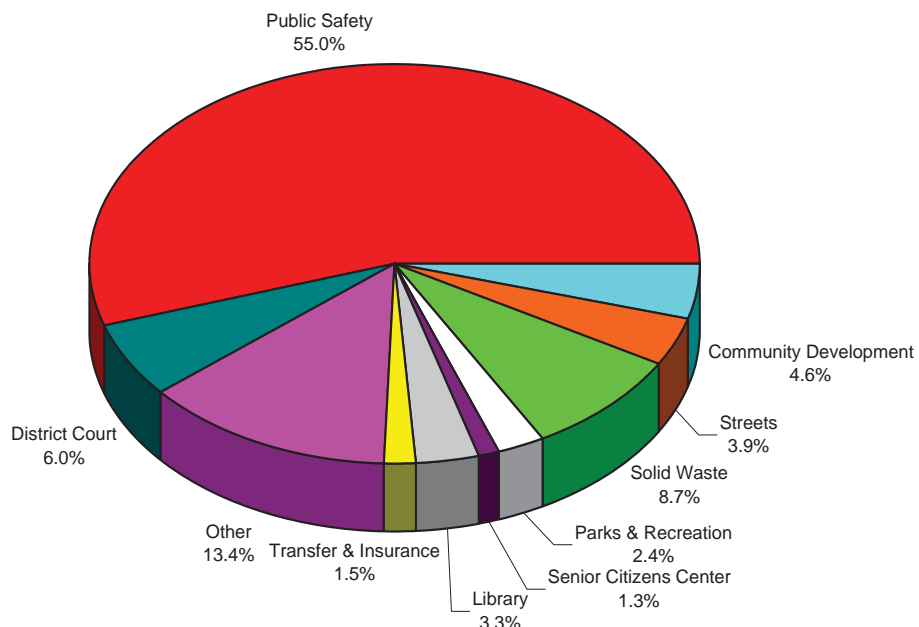
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General Fund Revenues



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

General Fund Expenditures



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

GENERAL FUND REVENUES AND EXPENDITURES

FY 2013-14 BUDGET

| Description | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---------------------------------|----------------------|----------------------|----------------------|---|-------------------|
| Revenues by Source: | | | | | |
| Property Taxes | \$ 17,300,256 | \$ 16,653,593 | \$ 15,612,327 | \$ (1,041,266) | (6.3) |
| Licenses & Permits | 272,232 | 264,050 | 264,050 | 0 | 0.0 |
| Non-Business Licenses & Permits | 434,907 | 396,025 | 496,300 | 100,275 | 25.3 |
| Federal Shared Revenues | 212,829 | 50,000 | 216,000 | 166,000 | 332.0 |
| State Shared Revenues | 2,793,873 | 2,620,047 | 2,810,521 | 190,474 | 7.3 |
| Payment in Lieu of Taxes | 35,849 | 33,800 | 33,800 | 0 | 0.0 |
| County Shared Revenues | 39,972 | 38,500 | 40,000 | 1,500 | 3.9 |
| SMART Revenues | 110,720 | 64,720 | 64,720 | 0 | 0.0 |
| Court Fines and Fees | 1,820,998 | 1,903,000 | 1,820,998 | (82,002) | (4.3) |
| Charges for Services | 237,223 | 237,051 | 247,900 | 10,849 | 4.6 |
| Sales-Miscellaneous | 11,679 | 14,600 | 13,500 | (1,100) | (7.5) |
| Parks & Recreation | 194,996 | 249,546 | 205,343 | (44,203) | (17.7) |
| Miscellaneous Revenues | 1,170,176 | 1,345,430 | 1,371,310 | 25,880 | 1.9 |
| Sale of Fixed Assets | 27,469 | 30,000 | 27,500 | (2,500) | (8.3) |
| Department Charges | 1,006,233 | 985,435 | 985,435 | 0 | 0.0 |
| Transfers In | 425,048 | 105,742 | 61,300 | (44,442) | 0.0 |
| Prior Years Fund Balance | (2,162,426) | 2,670,015 | 179,500 | (2,490,515) | (93.3) |
| Total Revenues | \$ 23,932,034 | \$ 27,661,554 | \$ 24,450,504 | \$ (3,211,050) | (11.6) |

| Description | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------------|----------------------|----------------------|----------------------|---|-------------------|
| Expenditures by Activity: | | | | | |
| City Council | \$ 50,994 | \$ 53,456 | \$ 53,422 | \$ (34) | (0.1) |
| District Court | 1,292,352 | 1,330,523 | 1,468,096 | 137,573 | 10.3 |
| City Manager | 308,169 | 298,106 | 326,055 | 27,949 | 9.4 |
| Elections | 41,921 | 44,665 | 39,797 | (4,868) | (10.9) |
| City Assessor | 241,960 | 245,101 | 245,173 | 72 | 0.0 |
| Legal | 307,695 | 267,410 | 290,995 | 23,585 | 8.8 |
| City Clerk | 226,533 | 202,778 | 316,613 | 113,835 | 56.1 |
| Human Resources | 245,395 | 228,827 | 255,000 | 26,173 | 11.4 |
| Board of Review | 2,740 | 3,373 | 3,373 | 0 | 0.0 |
| General Administration | 1,448,869 | 1,555,338 | 263,764 | (1,291,574) | (83.0) |
| Finance | 821,666 | 811,050 | 945,843 | 134,793 | 16.6 |
| Information Technology | 243,897 | 261,403 | 285,604 | 24,201 | 9.3 |
| Municipal Building | 259,759 | 78,910 | 60,943 | (17,967) | (22.8) |
| Custodial & Maintenance | 191,268 | 221,839 | 198,040 | (23,799) | (10.7) |
| Police | 8,519,441 | 8,751,213 | 8,424,364 | (326,849) | (3.7) |
| Fire | 4,148,350 | 4,845,450 | 5,017,249 | 171,799 | 3.5 |
| Community Development | 917,448 | 942,892 | 1,114,120 | 171,228 | 18.2 |
| Streets | 854,595 | 1,255,604 | 946,066 | (309,538) | (24.7) |
| Solid Waste | 2,155,871 | 1,927,986 | 2,115,532 | 187,546 | 9.7 |
| Recreation | 115,949 | 150,380 | 110,574 | (39,806) | (26.5) |
| Nature Center | 10,393 | 8,175 | 8,175 | 0 | (8.3) |
| Parks | 337,277 | 507,181 | 465,119 | (42,062) | (31.3) |
| Senior Citizens | 297,387 | 471,136 | 323,785 | (147,351) | 36.7 |
| Library | 584,232 | 590,563 | 807,010 | 216,447 | (86.0) |
| Insurance, Bonds and Transfers | 307,873 | 2,608,193 | 365,791 | (2,242,402) | (86.0) |
| Total Expenditures | \$ 23,932,034 | \$ 27,661,552 | \$ 24,450,504 | \$ (3,211,048) | (11.6) |

GENERAL FUND REVENUES

FY 2013-14 BUDGET

| Description | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---------------------------|----------------------|----------------------|----------------------|---|-------------------|
| Property Taxes | \$ 17,300,256 | \$ 16,653,593 | \$ 15,612,327 | \$ (1,041,266) | (6.3) |
| Licenses & Permits | 707,139 | 660,075 | 760,350 | 100,275 | 15.2 |
| Federal Revenues | 212,829 | 50,000 | 216,000 | 166,000 | 332.0 |
| State Shared Revenues | 2,793,873 | 2,620,047 | 2,810,521 | 190,474 | 7.3 |
| Other Government | 35,849 | 33,800 | 33,800 | 0 | 0.0 |
| Court Fines and Fees | 1,820,998 | 1,903,000 | 1,820,998 | (82,002) | (4.3) |
| Service Fees | 432,219 | 486,597 | 453,243 | (33,354) | (6.9) |
| Sales - Miscellaneous | 39,148 | 44,600 | 41,000 | (3,600) | (8.1) |
| Miscellaneous | 1,320,868 | 1,448,650 | 1,476,030 | 27,380 | 1.9 |
| Department Charges | 1,006,233 | 985,435 | 985,435 | 0 | 0.0 |
| Transfers In | 425,048 | 105,742 | 61,300 | (44,442) | (42.0) |
| Prior Year's Fund Balance | (2,162,426) | 2,670,015 | 179,500 | (2,490,515) | (93.3) |
| Total | \$ 23,932,034 | \$ 27,661,554 | \$ 24,450,504 | \$ (3,211,050) | (11.6) |

| Description | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|------------------------|----------------------|----------------------|----------------------|---|-------------------|
| General Government | \$ 5,991,091 | \$ 8,210,974 | \$ 5,118,511 | \$ (3,092,463) | (37.7) |
| Public Safety | 12,667,791 | 13,596,663 | 13,441,613 | (155,050) | (1.1) |
| Community Service | 3,010,466 | 3,183,590 | 3,061,598 | (121,992) | (3.8) |
| Culture and Recreation | 1,345,238 | 1,727,435 | 1,714,662 | (12,773) | (0.7) |
| Community Development | 917,448 | 942,892 | 1,114,120 | 171,228 | 18.2 |
| Total | \$ 23,932,034 | \$ 27,661,554 | \$ 24,450,504 | \$ (3,211,050) | (11.6) |

| | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------|
| Fund Balance - Unrestricted | \$ 5,832,692 | \$ 3,162,677 | \$ 2,983,177 | \$ (179,500) | (5.7) |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|--------------|

GENERAL FUND EXPENDITURES

FY 2013-14 BUDGET

| GENERAL GOVERNMENT | | | | | |
|-----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Description | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
| Mayor and Council | \$ 50,994 | \$ 53,456 | \$ 53,422 | \$ (34) | (0.1) |
| District Court | 1,292,352 | 1,330,523 | 1,468,096 | 137,573 | 10.3 |
| City Manager | 308,169 | 298,106 | 326,055 | 27,949 | 9.4 |
| Legal | 307,695 | 267,410 | 290,995 | 23,585 | 8.8 |
| Assessor/Board of Review | 244,700 | 248,476 | 248,546 | 70 | 0.0 |
| City Clerk/Elections | 268,454 | 247,443 | 356,410 | 108,967 | 44.0 |
| Human Resources | 245,395 | 228,827 | 255,000 | 26,173 | 11.4 |
| General Administration | 1,448,869 | 1,555,338 | 263,764 | (1,291,574) | (83.0) |
| Finance | 821,666 | 811,050 | 945,843 | 134,793 | 16.6 |
| Information Technology | 243,897 | 261,403 | 285,604 | 24,201 | 9.3 |
| Custodial/Maintenance | 451,027 | 300,749 | 258,985 | (41,764) | (13.9) |
| Insurance/Bonds & Transfers | 307,873 | 2,608,193 | 365,791 | (2,242,402) | (86.0) |
| Total | \$ 5,991,091 | \$ 8,210,974 | \$ 5,118,511 | \$ (3,092,463) | (37.7) |
| PUBLIC SAFETY | | | | | |
| Police | \$ 8,519,441 | \$ 8,751,213 | \$ 8,424,364 | \$ (326,849) | (3.7) |
| Fire | 4,148,350 | 4,845,450 | 5,017,249 | 171,799 | 3.5 |
| Total | \$ 12,667,791 | \$ 13,596,663 | \$ 13,441,613 | \$ (155,050) | (1.1) |
| COMMUNITY SERVICE | | | | | |
| Streets | \$ 854,595 | \$ 1,255,604 | \$ 946,066 | \$ (309,538) | (24.7) |
| Solid Waste | 2,155,871 | 1,927,986 | 2,115,532 | 187,546 | 9.7 |
| Total | \$ 3,010,466 | \$ 3,183,590 | \$ 3,061,598 | \$ (121,992) | (3.8) |
| CULTURE AND RECREATION | | | | | |
| Recreation | \$ 115,949 | \$ 150,380 | \$ 110,574 | \$ (39,806) | (26.5) |
| Youth Center | 0 | 0 | 0 | 0 | 0.0 |
| Nature Center | 10,393 | 8,175 | 8,175 | 0 | 0.0 |
| Parks | 337,277 | 507,181 | 465,118 | (42,063) | (8.3) |
| Senior Citizens | 297,387 | 471,136 | 323,785 | (147,351) | (31.3) |
| Outside Agencies | 0 | 0 | 0 | 0 | 0.0 |
| Library | 584,232 | 590,563 | 807,010 | 216,447 | 36.7 |
| Total | \$ 1,345,238 | \$ 1,727,435 | \$ 1,714,662 | \$ (12,773) | (0.7) |
| COMMUNITY DEVELOPMENT | | | | | |
| Total | \$ 917,448 | \$ 942,892 | \$ 1,114,120 | \$ 171,228 | 18.2 |
| TOTAL | | | | | |
| General Fund Total | \$ 23,932,034 | \$ 27,661,554 | \$ 24,450,504 | \$ (3,211,050) | (11.6) |

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 | 2011-12 | 2012-13 | 2013-14 |
|-------------------------|---------|---------|---------|
| 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 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Motions Passed | 213 | 210 | 200 | (10) | (4.8) |
| Ordinances Adopted | 6 | 8 | 8 | 0 | 0.0 |
| Presentations Made | 24 | 16 | 15 | (1) | (6.3) |
| Public Hearings Held | 9 | 16 | 12 | (4) | (25.0) |
| Regular/Special Meetings | 31 | 30 | 28 | (2) | (6.7) |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$49,716 | \$49,472 | \$49,518 | \$46 | 0.1 |
| Supplies | 0 | 0 | 0 | \$0 | 0.0 |
| Other Services and Charges | 1,278 | 3,984 | 3,904 | \$(80) | (2.0) |
| Capital Outlay | 0 | 0 | 0 | \$0 | 0.0 |
| Total | \$50,994 | \$53,456 | \$53,422 | \$(34) | (0.1) |
| Resources: | | | | | |
| General Fund | \$50,994 | \$53,456 | \$53,422 | \$(34) | (0.1) |
| Total | \$50,994 | \$53,456 | \$53,422 | \$(34) | (0.1) |

Key Issues

- In light of continued financial difficulties created by the falling property tax revenues in FY 2013, the City is implementing the following measures across the various departmental budgets:
 - Beginning in 2007, the City started funding the Retiree Health Care Trust for Police and Fire Employee's retiree health care benefits. At December 30, 2012 this fund had a balance of \$7.9 million. The FY 2014 budget moves the pay-as-you-go retiree health care premiums from the General Fund budget to the Trust. This will reduce the upward pressure on the Police and Fire millage and allow the Council to levy 5.8155 mills to cover the applicable expenses instead of 8.4944.
 - Labor contract concessions are needed in all eight labor agreements which all expire June 30, 2013, in order to balance the FY 2014 budget.

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 | 2011-12 | 2012-13 | 2013-14 |
|--------------------------|---------|---------|---------|
| Court Administrator | 1 | 1 | 1 |
| Chief Deputy Court Clerk | 2 | 2 | 2 |
| Deputy Court Clerk | 4 | 4 | 4 |
| Court Officer | 1 | 1 | 1 |
| Total Full-time | 8 | 8 | 8 |
| Magistrate | 1 | 1 | 1 |
| Court Officer | 1 | 2 | 2 |
| Probation Officer | 1 | 1 | 1 |
| Total Part-time | 3 | 4 | 4 |
| Total Employees | 11 | 12 | 12 |

The District Court Judge who is an employee of the State of Michigan and elected by local voters supervises eight 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 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$957,773 | \$943,097 | \$1,079,956 | \$136,859 | 14.5 |
| Supplies | 29,848 | 38,300 | 34,300 | (4,000) | (10.4) |
| Other Services and Charges | 261,425 | 339,126 | 343,840 | 4,714 | 1.4 |
| Capital Outlay | 43,306 | 10,000 | 10,000 | 0 | 0.0 |
| Total | \$1,292,352 | \$1,330,523 | \$1,468,096 | \$137,573 | 10.3 |
| Resources: | | | | | |
| Court Salary Standard | \$46,562 | \$45,725 | \$45,725 | \$0 | 0.0 |
| Court Fines | 1,080,929 | 1,158,500 | 1,080,929 | (77,571) | (6.7) |
| Forfeits | 18,995 | 21,500 | 18,995 | (2,505) | (11.7) |
| Reimbursed Court Costs | 481,905 | 425,000 | 481,905 | 56,905 | 13.4 |
| Bond Fees | 53,484 | 50,000 | 53,484 | 3,484 | 7.0 |
| Probation Oversight | 173,160 | 238,000 | 173,160 | (64,840) | (27.2) |
| Violation Clearance | 12,525 | 10,000 | 12,525 | 2,525 | 25.3 |
| General Fund | (575,208) | (618,202) | (398,627) | 219,575 | (35.5) |
| Total | \$1,292,352 | \$1,330,523 | \$1,468,096 | \$137,573 | 10.3 |

Key Issues

- The third largest source of General Fund Revenue is composed of Court Fines, forfeits and charges (\$1.8 million), which are used to partially offset the cost of the operating our State-mandated District Court, Police Department and legal prosecution costs. The Budget forecasts an \$82,000 decrease (4.3%) in Court-related revenues based on current ticket volume and collection rates. According to Judge Hunt, Court revenue collection rates are down due to the economic downturn's impact on the offender's ability to pay.
- With the budget labor concessions, the FY 2014 budget maintains the same service level as in FY 2013.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

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 | 2011-12 | 2012-13 | 2013-14 |
|---------------------|---------|---------|---------|
| City Manager | 1 | 1 | 1 |
| Executive Assistant | 1 | 1 | 1 |
| Total Full-time | 2 | 2 | 2 |
| Total Employees | 2 | 2 | 2 |

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Agenda Items | 161 | 160 | 160 | 0 | 0.0 |
| Weddings Performed/ Coordinated | 34 | 36 | 41 | 5 | 13.9 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| # of Days From Adoption of Budget to GFOA Submittal | 13 | 0 | 15 | 15 | 0.0 |
| General Fund Budget Amendments as a % of Adopted Budget | (29.5) | (5.0) | 2.5 | 7.5 | (150.0) |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$300,826 | \$289,801 | \$316,434 | \$26,633 | 9.2 |
| Supplies | 55 | 150 | 150 | 0 | 0.0 |
| Other Services and Charges | 7,288 | 8,155 | 9,471 | 1,316 | 16.1 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$308,169 | \$298,106 | \$326,055 | \$27,949 | 9.4 |
| Resources: | | | | | |
| General Fund | \$308,169 | \$298,106 | \$326,055 | \$27,949 | 9.4 |
| Total | \$308,169 | \$298,106 | \$326,055 | \$27,949 | 9.4 |

Key Issues

- The budget for this office includes the new non-union labor concessions and will maintain the current level of service.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

City Clerk & Elections

The Clerk's Office consists of the City Clerk who is appointed by the City Manager and one full-time Election & Communication Coordinator. During elections, there are 72 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;
- Serving as City Freedom of Information Act (FOIA) Coordinator; and,
- Maintaining a medical equipment loan closet to provide use of wheelchairs, crutches, canes and walkers for residents.

Organizational Structure and Staff

| Personnel Summary | 2011-12 | 2012-13 | 2013-14 |
|--------------------------------------|---------|---------|---------|
| City Clerk | 1 | 1 | 1 |
| Election & Communication Coordinator | 1 | 1 | 1 |
| Total Full-time | 2 | 2 | 2 |
| Election Workers-Chairpersons | 24 | 24 | 24 |
| Election Workers | 48 | 48 | 48 |
| Total Part-time | 72 | 72 | 72 |

Accomplishments

Resource Management:

- Conducted three elections: the State Primary on August 7, 2012, the Presidential Election on November 6, 2012, and a Special Madison District School Election on May 7, 2013.
- In October of 2012, solicited, coordinated and trained high school students to work as election inspectors for the Presidential Election.
- In November of 2012, trained election inspectors to submit General election results to Oakland County Bureau of Elections via modems from precinct locations.
- In April of 2013, trained and transitioned election inspectors for 6 of the 11 precincts from manual to electronic poll books (EPBs).

Objectives

Resource Management:

- Complete the training of election inspectors on the transition from manual to electronic poll books.
- Conduct the City's General Election on November 5, 2013.
- Scan historical documents (death and birth records, Council minutes and agendas) into an electronic format to increase efficiency and accessibility.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Animal Licenses Issued | 873 | 691 | 700 | 9 | 1.3 |
| Birth/Death Cert. Processed | 394 | 400 | 390 | (10) | (2.5) |
| Business Licenses Issued | 606 | 616 | 625 | 9 | 1.5 |
| Voters Registered | 20,542 | 20,581 | 20,500 | (81) | (0.4) |
| <u>Efficiency/Effectiveness</u> | | | | | |
| % Registered Voted | 13% | 60% | 15% | (0) | (75.0) |
| % Voted Absentee | 46% | 23% | 45% | 0 | 95.7 |
| # of Machines that required repair on Election Day | 1 | 3 | 0 | (3) | (100.0) |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$211,667 | \$186,601 | \$299,509 | \$112,908 | 60.5 |
| Supplies | 3,128 | 3,235 | 3,680 | 445 | 13.8 |
| Other Services and Charges | 11,738 | 12,942 | 13,424 | 482 | 3.7 |
| Subtotal-Elections | 41,921 | 44,665 | 39,797 | (4,868) | (10.9) |
| Total | \$268,454 | \$247,443 | \$356,410 | \$108,967 | 44.0 |
| Resources: | | | | | |
| Business Licenses | \$105,166 | \$112,000 | \$112,000 | \$0 | 0.0 |
| Animal Licenses | 6,817 | 6,000 | 6,200 | 200 | 3.3 |
| Bicycle Licenses | 100 | 25 | 100 | 75 | 0.0 |
| Vital Health Statistics | 19,891 | 24,000 | 24,000 | 0 | 0.0 |
| Maps | 3 | 0 | 0 | 0 | 0.0 |
| Election Reimbursement | 9,943 | 13,000 | 0 | (13,000) | (100.0) |
| General Fund | 126,534 | 92,418 | 214,110 | 121,692 | 131.7 |
| Total | \$268,454 | \$247,443 | \$356,410 | \$108,967 | 44.0 |

Key Issues

- The budget includes staff funding for the November 5, 2013 City Election.
- The FY 2014 budget includes a reorganization of the Clerk's Office staff. The Office Assistant II position is being replaced with an Election and Communication Coordinator and part-time position FTEs are added to the budget.
- With the budgeted labor concessions, the FY 2014 budget maintains the same service level as in FY 2013.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

Assessing

The Assessing function has been moved to the Finance Department, with contractual services provided by Oakland County Equalization Department. Assessing responsibilities include:

- 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 1,758 personal property accounts in the City.

Accomplishments

Resource Management:

- Contracting assessing to Oakland County Equalization has saved approximately \$306,000 per year in General Fund operating expense.
- Renewed contract with Oakland County Equalization for three additional years until June 30, 2016.

Objectives

Resource Management:

- Establish new market and taxable property values for tax year 2013.
- Conduct audits of personal property accounts for 3.2% of all personal property accounts.
- Evaluate and plan for impact of State Personal Property Tax (PPT) reform legislation and follow-up interpretation.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Board of Review Appeals | 222 | 220 | 220 | 0 | 0.0 |
| Mich. Tax Tribunal Cases | 65 | 48 | 80 | 32 | 66.7 |
| Personal Property Audits | 56 | 56 | 50 | (6) | (10.7) |
| Property Revaluation | 12,874 | 13,300 | 13,300 | 0 | 0.0 |
| <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 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Supplies | 0 | 0 | 0 | 0 | 0.0 |
| Other Services and Charges | 241,960 | 245,101 | 245,173 | 72 | 0.0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Subtotal-Board of Review | 2,740 | 3,375 | 3,373 | (2) | (0.1) |
| Total | \$244,700 | \$248,476 | \$248,546 | \$70 | 0.0 |
| Resources: | | | | | |
| Assessing Fees | \$17,020 | \$21,600 | \$25,622 | \$4,022 | 100.0 |
| General Fund | 227,680 | 226,876 | 222,924 | (3,952) | (1.7) |
| Total | \$244,700 | \$248,476 | \$248,546 | \$70 | 0.0 |

Key Issues

- In spring of 2010, the City replaced its in-house Assessing Office with a contract with Oakland County Equalization Department at a saving of \$306,000 per year.
- In January 2013, City Council approved a three-year continuation of the agreement with Oakland County Equalization with no increase to the price per parcel.

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 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Legal Counsel (Hours) | | | | | |
| Tax Tribunal | 487 | 325 | 300 | (25) | (7.7) |
| Labor | 1,153 | 1,190 | 1,425 | 235 | 19.7 |
| General | 1,650 | 1,537 | 1,450 | (87) | (5.7) |
| Telecommunications | 3 | 3 | 3 | 0 | 0.0 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Supplies | 5,450 | 5,300 | 5,300 | 0 | 0.0 |
| Other Services and Charges | 302,245 | 262,110 | 285,695 | 23,585 | 9.0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$307,695 | \$267,410 | \$290,995 | \$23,585 | 8.8 |
| Resources: | | | | | |
| General Fund | \$307,695 | \$267,410 | \$290,995 | \$23,585 | 8.8 |
| Total | \$307,695 | \$267,410 | \$290,995 | \$23,585 | 8.8 |

Key Issues

- All eight labor agreements expire on June 30, 2013, and while it is the City's goal to complete negotiations with all groups by June 30, 2013, the budget includes the needed funds to continue this process during the upcoming fiscal year.

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 Assistant whose costs, based on workload, is split between Human Resources and General Administration Departments. 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 | 2011-12 | 2012-13 | 2013-14 |
|--|---------|---------|---------|
| Human Resources Director | 1 | 1 | 1 |
| Purchasing and Personnel Coordinator/Assistant | 1 | 1 | 1 |
| Total Full-time | 2 | 2 | 2 |
| Total Employees | 2 | 2 | 2 |

Accomplishments

Resource Management:

- Continued to assist retirees with Medicare Advantage health insurance billing questions and/or problems, and coordinate updates to Medicare Part B Premium payments for retirees.
- Assisted with administration of the Community Blue 4 health insurance and Flexible Spending Account programs, arranging for open enrollment and coordination with Payroll to ensure accurate processing of any changes.
- Conducted entry level recruitment and promotional processes for the Police Department, resulting in eligibility lists for Police Officer, Police Sergeant, and Police Lieutenant.
- Coordinated selection process and interviews for Deputy Police Chief.
- Created and implemented emergency evacuation plan for City buildings and conducted periodic training on same.
- In conjunction with Michigan Department of Transportation, created and implemented the City's first Title VI Policy Document and Limited English Proficiency (LEP) Plan, to ensure that the City continues to provide adequate and unbiased assistance to all residents, business owners, and City program participants without regard to race, color, religion, national origin, sex, socio-economic status, or geographical location.

Objectives

Resource Management:

- Successfully negotiate Collective Bargaining Agreements with all City bargaining units, implementing the City Council's Public Act 152 Resolution to approve 80% employer/20% employee health care premium sharing. All contracts to be negotiated using bargaining authority provided by Council, with emphasis on cost savings in order to conform with the City's budgetary constraints and the challenges posed by the loss of revenue from Personal Property Tax.
- Assist and support operating departments with the implementation of Budget Reduction Measures for FY 2013-14.
- Continue to monitor Title VI Program and LEP Plan to ensure compliance, with periodic training for supervisors and staff.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators:</u> | | | | | |
| Entry-level Recruit/ Selections | 7 | 9 | 3 | (6) | (66.7) |
| Grievances Resolved | 9 | 9 | 15 | 6 | 66.7 |
| Promotions Processed | 9 | 5 | 2 | (3) | (60.0) |
| <u>Efficiency/Effectiveness</u> | | | | | |
| # of Lost or Restricted Days Due to Workers Comp. | 363 | 300 | 375 | 75 | 25.0 |
| % of Full-Time Positions Filled Within 90 Days of Vacancy | 10 | 10 | 30 | 20 | 200.0 |
| % of Salary/Wage Changes Processed On or Before Effective Date | 100 | 100 | 100 | 0 | 0.0 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$167,642 | \$172,038 | \$193,955 | \$21,917 | 12.7 |
| Supplies | 0 | 0 | 0 | 0 | 0.0 |
| Other Services and Charges | 77,753 | 56,789 | 61,045 | 4,256 | 7.5 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$245,395 | \$228,827 | \$255,000 | \$26,173 | 11.4 |
| Resources: | | | | | |
| General Fund | \$245,395 | \$228,827 | \$255,000 | \$26,173 | 11.4 |
| Total | \$245,395 | \$228,827 | \$255,000 | \$26,173 | 11.4 |

Key Issues

- As a result of Police Department retirements, the City is scheduled to hire several additional police officers. The budget has been increased for the interview process by \$8,000.
- With budgeted labor concessions, the FY 2014 budget maintains the same service level as in FY 2013.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

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 special projects as assigned. A portion of the Purchasing and Personnel Assistant's compensation is funded through this budget.

Accomplishments

Resource Management:

- Continued to participate in Constellation Energy and Consumers Choice program for natural gas, resulting in annual savings of approximately \$12,000.
- Successfully bid custodial services and implemented transition at all City buildings, resulting in noticeably cleaner and more professional-looking City facilities.
- Successfully auctioned surplus vehicles and other City surplus items on the City's co-op website, netting nearly \$30,000 in revenue.

Objectives

Resource Management:

- Continue to utilize the cooperative purchasing website to attain optimal revenue when selling surplus items.
- Research document management options due to aging multifunction machines and eliminate additional desktop printers and faxes as appropriate.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Cable Messages Posted | 128 | 130 | 135 | 5 | 3.8 |
| Number of Formal Bids | 8 | 10 | 12 | 2 | 20.0 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| % Cable Television Bulletin Board Up Time | 98 | 99 | 99 | 0 | 0.0 |
| % of Formal Bids Within Budgeted Amount | 100 | 100 | 100 | 0 | 0.0 |
| Web Site Traffic | 129,173 | 140,458 | 152,677 | 12,219 | 8.7 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$1,291,240 | \$1,354,852 | \$103,845 | \$(1,251,007) | (92.3) |
| Supplies | 4,579 | 55,880 | 59,126 | 3,246 | 5.8 |
| Other Services and Charges | 104,894 | 104,606 | 100,793 | (3,813) | (3.6) |
| Capital Outlay | 6,938 | 40,000 | 0 | (40,000) | 0.0 |
| Total | \$1,407,651 | \$1,555,338 | \$263,764 | \$(1,291,574) | (83.0) |
| Resources: | | | | | |
| Cell Tower | \$25,271 | \$28,600 | \$29,780 | \$1,180 | 4.1 |
| General Fund | 1,382,380 | 1,526,738 | 233,984 | (1,292,754) | (84.7) |
| Total | \$1,407,651 | \$1,555,338 | \$263,764 | \$(1,291,574) | (83.0) |

Key Issues

- In the past two years, the General Administration Activity has budgeted the increase in the Retiree Health Care contributions for the general (non-sworn) employees. In FY 2013, this increase was moved into the employees' departments. This results in a large decrease in General Administration and a large increase in each department's personnel services.
- The General Administration Budget funds some general retiree costs not chargeable to specific operating departments.

Finance Department

The Finance Department consists of a Deputy City Manager for Administrative Services, Accounting Supervisor, one Accountant, and five 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, treasury and oversight of assessing functions;
- Processing of financial reporting, accounting, accounts payable, budgeting, cash receipts, payroll, pension management, miscellaneous receivables, tax assessment documents, tax and utility billing and collections;
- Assisting in budget development, implementation, maintenance and control;
- 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; and
- Monitoring and evaluating the fiscal impact of Federal and State legislation regarding employee benefits.

Organizational Structure and Staff

| Personnel Summary | 2011-12 | 2012-13 | 2013-14 |
|---|---------|---------|---------|
| Deputy City Manager for Administrative Services | 1 | 1 | 1 |
| Accounting Supervisor | 1 | 1 | 1 |
| Accountant | 1 | 1 | 1 |
| Fiscal Assistant II | 4 | 4 | 4 |
| Fiscal Assistant I | 1 | 1 | 1 |
| Total Full-time | 8 | 8 | 8 |
| Total Employees | 8 | 8 | 8 |

Accomplishments

Resource Management:

- Refinanced Fire Stations Bonds saving taxpayers the present value of \$321,000 over the next 10 years.
- Implemented automatic payments for miscellaneous receivables.
- Implemented emailing of utility bills to residents who are enrolled in automatic payments, reducing bills to be mailed.
- Reinstated online credit card payments for taxes and utility bills.
- Achieved an upgrade in the City's bond rating from A+ negative to A+ stable outlook.

Objectives

Resource Management:

- Complete annual audit and have Annual Financial Report finalized within three months of fiscal year end.
- Have property tax, special assessment, water/sewer and other unpaid bills settlement balanced and to Oakland County for reimbursement by the end of March.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| # of Investment Transactions | 32 | 20 | 26 | 6 | 30.0 |
| # of Payroll Checks Issued | 1,263 | 325 | 325 | 0 | 0.0 |
| # of Payroll Direct Deposits | 4,927 | 7,175 | 5,900 | (1,275) | (17.8) |
| # of Payroll Checks Voided | 12 | 5 | 5 | 0 | 0.0 |
| Accts. Payable Checks Issued | 6,495 | 6,500 | 5,300 | (1,200) | (18.5) |
| # of Automatic Clearing House (ACH) Direct Deposits | 643 | 1,200 | 1,200 | 0 | 0.0 |
| # of Water Customers Utilizing ACH Payment | 1,087 | 1,036 | 1,100 | 64 | 6.2 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Average Man Hours Lost Per Workers Compensation Claim | 914 | 500 | 500 | 0 | 0.0 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | 736,807 | 733,163 | 864,532 | \$131,369 | 17.9 |
| Supplies | 5,910 | 6,468 | 5,000 | (1,468) | (22.7) |
| Other Services and Charges | 78,949 | 71,419 | 76,311 | 4,892 | 6.8 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$821,666 | \$811,050 | \$945,843 | \$134,793 | 16.6 |
| Resources: | | | | | |
| Mobile Home Tax | \$2,113 | \$2,050 | \$2,050 | \$0 | 0.0 |
| Property Tax Admin. Fees | 509,326 | 456,939 | 475,000 | 18,061 | 4.0 |
| Garbage Bag Sales | 1,936 | 2,000 | 2,700 | 700 | 35.0 |
| Interest Income on Deposits | 67,920 | 125,000 | 95,000 | (30,000) | (24.0) |
| General Fund | 240,371 | 225,061 | 371,093 | 146,032 | (64.9) |
| Total | \$821,666 | \$811,050 | \$945,843 | \$134,793 | 16.6 |

Key Issues

- With budgeted labor concessions, the FY 2014 Budget maintains the same service level as in FY 2013.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

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, web and social media applications, and assistance in setting the technological direction for the City.

Organizational Structure and Staff

| Personnel Summary | 2011-12 | 2012-13 | 2013-14 |
|--------------------------------|---------|---------|---------|
| 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:

- Working with contractor, revised and upgraded City website.
- Implemented wireless access at City Hall for staff and public.
- Consolidated file servers to lower replacement and maintenance costs.
- Replaced 25 computers based on computer replacement plan.
- Upgraded Microsoft Office and Adobe software products.

Objectives

Resource Management:

- Continue to investigate emerging technologies to improve efficiency.
- Improve disaster recoverability with incremental changes in hardware and software.
- Improve security for BYOD (bring your own device) to work environment.
- Replace 33 computers based on 5-year plan.
- Upgrade Microsoft Office on 50 more computers.
- Complete long-term technology plan for the City.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Platforms Supported | 8 | 8 | 8 | 0 | 0.0 |
| Applications Supported | 53 | 57 | 57 | 0 | 0.0 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Number of computer workstations per IT FTE | 91 | 97 | 97 | 0 | 0.0 |
| Operating expenditures per workstation | 3,098 | 3,050 | 3,000 | (50) | (1.6) |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$217,778 | \$213,153 | \$238,254 | \$25,101 | 11.8 |
| Supplies | 26,084 | 25,150 | 36,250 | 11,100 | 44.1 |
| Other Services and Charges | 35 | 600 | 600 | 0 | 0.0 |
| Capital Outlay | 0 | 22,500 | 10,500 | (12,000) | 0.0 |
| Total | \$243,897 | \$261,403 | \$285,604 | \$24,201 | 9.3 |
| Resources: | | | | | |
| General Fund | \$243,897 | \$261,403 | \$285,604 | \$24,201 | 9.3 |
| Total | \$243,897 | \$261,403 | \$285,604 | \$24,201 | 9.3 |

Key Issues

- The Supplies Account includes \$27,100 for the purchase of 43 new computers scheduled in the five-year replacement plan. The new computers will help the City catch up on deferred purchases and save time spent repairing failing computers at a fraction of the cost of the original equipment.
- The budget also includes the capital purchases of two new servers and the second phase of the upgrade for Microsoft server operating system licenses.
- With budgeted labor concessions, the FY 2014 budget maintains the same service level as in FY 2013.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

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; planned improvements; 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.

Accomplishments

Resource Management:

- Needed repairs to roofs at the Department of Public Service and Police Station were performed to increase longevity (Phase II).
- Full replacement of DPS Water/Sewer garage roof (25 year warranty).
- Heating and air conditioning roof top units (three of four) were replaced at the Senior Center and all units are now equipped with Direct Digital Control (DDC) allowing remote web access. Project funded through Energy Grant funds.
- High humidity problem was completely resolved at Headquarters Fire Station and winter humidification controls have been added by contractor.
- Replaced two exterior doors at Fire Station #2, two at Senior Citizen Center, and one at DPS facility.
- Initiated new custodial contracts with Giant Janitorial and Road Runr Maintenance.
- Needed brick paver and electrical repairs were made to the monument and flagpole area at Civic Center Plaza.
- Installed door interlock system at DPS facility with grant funding.
- Upgraded exterior lighting at Fire Station #2.

Objectives

Resource Management:

- Continue needed replacement of exterior doors at City buildings.
- Research into grant funding and additional energy loan for heating and air conditioning upgrades at City Hall and Library.
- Complete phased fire suppression system installation at Senior Center (Phase II).
- Perform analysis of all existing heating and air conditioning units per building.
- Add network cards to Fire Station #1 heating and air conditioning to add to our DDC capabilities.
- Perform carpet and blind inventories for interior work at City buildings.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | 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 | 51 | 51 | 51 | 0 | 0.0 |
| Filter Replacements | 1,065 | 1,065 | 1,065 | 0 | 0.0 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Cost per square foot City Hall Utilities (\$) | 0.94 | 0.96 | 1.17 | 0.21 | 21.9 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$33,924 | \$25,961 | \$33,829 | \$7,868 | 30.3 |
| Supplies | 18,686 | 17,250 | 17,250 | 0 | 0.0 |
| Other Services and Charges | 138,658 | 140,628 | 146,961 | 6,333 | 4.5 |
| Capital Outlay | 0 | 38,000 | 0 | (38,000) | 0.0 |
| Subtotal-Municipal Bldg. | 259,759 | 78,910 | 60,943 | (17,967) | (22.8) |
| Total | \$451,027 | \$300,749 | \$258,983 | \$(41,766) | (13.9) |
| Resources: | | | | | |
| General Fund | \$451,027 | \$300,749 | \$258,983 | \$(41,766) | (13.9) |
| Total | \$451,027 | \$300,749 | \$258,983 | \$(41,766) | (13.9) |

Key Issues

- With budgeted labor concessions, the FY 2014 budget maintains the same service level as in FY 2013.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

Police Department

The Police Department is the largest department with 57 full-time positions, including one Animal Control Officer, 17 part-time Crossing Guards, one part-time Animal Control Support Worker and one part-time Records Clerk. 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;
- Solving crimes by successful investigation and prosecution; 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 | 2011-12 | 2012-13 | 2013-14 |
|--------------------------------|----------------|----------------|----------------|
| Police Chief | 1 | 1 | 1 |
| Deputy Police Chief | 1 | 1 | 1 |
| Lieutenants | 4 | 4 | 4 |
| Sergeants | 8 | 7 | 6 |
| Police Officers | 31 | 32 | 33 |
| Administrative Secretary | 1 | 1 | 1 |
| Information Systems Specialist | 1 | 1 | 1 |
| Office Assistant II | 2 | 1 | 1 |
| Police Service Assistants | 8 | 8 | 8 |
| Animal Control Officer | 1 | 1 | 1 |
| Total Full-time | 58 | 57 | 57 |
| Crossing Guards | 17 | 17 | 17 |
| Animal Control Support | 1 | 1 | 1 |
| Records Clerk | 0 | 1 | 1 |
| Total Part-time | 18 | 19 | 19 |
| Total Employees | 76 | 76 | 76 |

Accomplishments

Public Safety:

- Promoted one Deputy Chief, two Lieutenants and two Sergeants.
- Hired and began training five Police Officers and two Police Service Assistants.
- Selected and trained one new Evidence Technician, two new Background Investigators, one new Detective, six new Field Training Officers and one new officer for the Youth Bureau.
- Replaced two (2) police vehicles with Drug Forfeiture funds.
- Received grant funding from the Traffic Improvement Association of Michigan for Operating While Impaired patrols and Seatbelt Enforcement.
- Received a Law Enforcement grant from Sam's Club which was utilized for office furniture, printers, etc.
- Received a Risk Avoidance Program (RAP) grant from the Michigan Municipal Risk Management Authority (MMRMA) for push bumper wraps.
- Animal Control received a Michigan Department of Agriculture Companion Animal Welfare grant for spaying and neutering dogs and cats.
- Received funds from board members of a local business and a local police foundation for the purchase and training of a new police canine.
- Assisted Madison Heights Youth Assistance and a local high school with the implementation of Project Safe Campus.

Objectives

Public Safety:

- Promote two Sergeants.
- Hire and train two (2) Police Officers.
- Implement a pawn transaction database.
- Replace patrol vehicle in-car computers.
- Replace Tasers.
- Replace patrol vehicle radar units.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Total Arrests | 975 | 1,001 | 1,000 | (1) | (0.1) |
| Employee Training Hours | 1,414 | 1,955 | 2,150 | 195 | 10.0 |
| *Part A Crimes | 2,487 | 1,914 | 2,200 | 286 | 14.9 |
| Total Accidents Investigated | 1,549 | 1,520 | 1,550 | 30 | 2.0 |
| Total Calls for Service | 17,890 | 18,593 | 18,750 | 157 | 0.8 |
| Total Cases Investigated | 2,128 | 3,146 | 3,150 | 4 | 0.1 |
| Traffic Citations Issued | 12,217 | 9,954 | 9,000 | (954) | (9.6) |

*"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 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-------------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$8,034,113 | \$7,899,856 | \$7,543,397 | \$(356,459) | (4.5) |
| Supplies | 39,908 | 47,000 | 89,000 | 42,000 | 89.4 |
| Other Services and Charges | 386,208 | 704,957 | 663,627 | (41,330) | (5.9) |
| Capital Outlay | 59,212 | 99,400 | 128,340 | 28,940 | 29.1 |
| Total | \$8,519,441 | \$8,751,213 | \$8,424,364 | \$(326,849) | (3.7) |
| Resources: | | | | | |
| Animal Control and Pound | 16,372 | 13,750 | 16,250 | \$2,500 | 18.2 |
| Liquor License Inspections | 24,446 | 24,350 | 24,350 | 0 | 0.0 |
| Police Fees and Grants | 56,339 | 63,600 | 67,250 | 3,650 | 5.7 |
| Police & Fire Pension Millage | 2,221,870 | 2,503,342 | 2,493,163 | (10,179) | (0.4) |
| Vehicle Proposal Millage | 59,212 | 99,400 | 128,340 | 28,940 | 100.0 |
| General Fund | 6,141,202 | 6,046,771 | 5,695,011 | (351,760) | (5.8) |
| Total | \$8,519,441 | \$8,751,213 | \$8,424,364 | \$(326,849) | (3.7) |

Key Issues

- The Personnel Services Account includes two Gap measures. The first is projected to save \$15,700 to convert one sergeant to a patrol position and the hiring of two patrol officers. The second is to move the pay-as-you-go retiree health care premiums from the Police Budget to the OPEB Trust, which will reduce the upward pressure on the Police and Fire Millage from 8.4944 to 5.8155.
- The Supplies Account is budgeted to increase \$42,000 due to the purchase of fifteen (15) replacement Radar Units and ten (10) tasers. The City has also received a \$4,000 Risk Avoidance Program grant to partially fund the taser purchase.
- Capital outlay purchases include the purchase of three (3) patrol vehicles and one detective bureau vehicle.
- Labor concessions are budgeted in order to maintain the same service level as FY 2013.

Fire Department

The Fire Department consists of twenty-one licensed paramedics of which 16 are Firefighters and 3 are Sergeants. In addition, staff includes 6 positions in fire suppression and 2 employees in the fire prevention/administration. Two firefighters were funded through a federal grant that expires in January of 2013. 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 | 2011-12 | 2012-13 | 2013-14 |
|------------------------------------|---------|---------|---------|
| Fire Chief | 1 | 1 | 1 |
| Fire Marshal | 1 | 1 | 1 |
| Lieutenants | 3 | 3 | 3 |
| Sergeants | 6 | 3 | 3 |
| Firefighters (General Fund) | 19 | 19 | 19 |
| Total Full-time | 30 | 27 | 27 |
| Part-Time Office Support Staff | 1 | 1 | 1 |
| Total Part-time | 1 | 1 | 1 |
| Total Employees | 31 | 28 | 28 |
| Firefighters (Federal SAFER Grant) | 2 | 0 | 0 |

Accomplishments

Public Safety:

- Upgrading the alerting systems at Fire Station 1 & 2 and implemented new procedures for personnel receiving emergency calls which improves response times.
- Placed into service two state of the art thermal imaging cameras.
- Development of the Oakway Mutual Aid Box Alarm System (MABAS), 3202 Division.

Resource Management

- Fire Chief completed Eastern Michigan University, Fire Staff and Command.
- Three new hired firefighters completed their first year probation.
- Trained two new Sergeant to Company Officer I level.
- Fire Marshal completed the National Fire Prevention Association Inspector II certification.

Objectives

Public Safety:

- Implementing a paperless inspection reporting system for the Fire Marshal division.
- Continue with the implementation of the 3202 MABAS Division.
- Explore resource sharing opportunities with neighboring communities.

Resource Management:

- Develop new procedure for Emergency notification of off duty firefighters.
- Training all command staff in the Blue Card Command training course.
- Lieutenant and Fire Marshal attending Eastern Michigan University, Fire Staff and Command.
- Train two Sergeants to Company Officer II level.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| EMS Incident Response | 2,568 | 2,600 | 2,652 | 52 | 2.0 |
| Structure Fire Response | 72 | 70 | 60 | (10) | (14.3) |
| Hazmat Call Response | 178 | 150 | 155 | 5 | 3.3 |
| Commerical Bldgs Inspected | 553 | 740 | 700 | (40) | (5.4) |
| <u>Efficiency/Effectiveness</u> | | | | | |
| % Bldg Fire Call Response Times less than 5 minutes | 100 | 99 | 100 | 1 | 1.0 |
| % EMS Call Response Times less than 5 minutes | 96 | 96 | 96 | 0 | 0.0 |
| % Commerical Bldgs Inspected | 35 | 32 | 33 | 1 | 3.1 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$3,750,466 | \$3,796,462 | \$4,136,118 | \$339,656 | 8.9 |
| Supplies | 69,443 | 49,429 | 50,564 | 1,135 | 2.3 |
| Other Services and Charges | 317,151 | 600,133 | 550,300 | (49,833) | (8.3) |
| Capital Outlay | 11,290 | 399,426 | 280,267 | (119,159) | (29.8) |
| Total | \$4,148,350 | \$4,845,450 | \$5,017,249 | \$171,799 | 3.5 |
| Resources: | | | | | |
| Ambulance & CPR Revenues | \$425,581 | \$480,000 | \$489,600 | \$9,600 | 2.0 |
| Police & Fire Pension Millage | 1,124,758 | 1,187,205 | 1,451,561 | 264,356 | 22.3 |
| Federal Assistance to Firefighters Grant | 0 | 0 | 166,000 | 166,000 | 100.0 |
| Vehicle Proposal Millage | 5,041 | 342,515 | 0 | (342,515) | (100.0) |
| Advanced Life Support Millage | 215,030 | 167,759 | 180,027 | 12,268 | 7.3 |
| General Fund | 2,377,940 | 2,667,971 | 2,730,061 | 62,090 | 2.3 |
| Total | \$4,148,350 | \$4,845,450 | \$5,017,249 | \$171,799 | 3.5 |

Key Issues

- The Personnel Services Account includes a Gap measure to move the pay-as-you-go retiree health care premiums from the Fire Budget to the OPEB Trust, which will reduce the upward pressure on the Police and Fire Millage from 8.4944 to 5.8155.
- Capital Outlay purchases include a new hose roller and two EKG/Defibrillators and replacement of the self-contained breathing apparatus (SCBA) and rapid intervention team packs and masks.
- Labor concessions are budgeted in order to maintain the same service level as FY 2013.

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 | 2011-12 | 2012-13 | 2013-14 |
|---------------------------------------|---------|---------|---------|
| Community Development Director | 1 | 1 | 1 |
| Deputy Community Development Director | 1 | 1 | 1 |
| Economic Development Coordinator | 1 | 1 | 1 |
| Administrative Secretary | 1 | 1 | 1 |
| GIS/CDD Technician | 1 | 1 | 1 |
| Inspector | 2 | 2 | 2 |
| Office Assistant II | 1 | 1 | 1 |
| Total Full-time | 8 | 8 | 8 |
| Total Employees | 8 | 8 | 8 |

Accomplishments

Public Safety:

- Completed the following projects: Lenox from Baxter to Sprague; Hampden/Farnum Intersection; University from Lenox to Hampden; Brettonwoods from Gardenia to Farnum; Forest from Hampden to Brettonwoods & Hampden Intersection; Gardenia from Hampden to Dartmouth; Parker from east of Dartmouth to John R; Sectional Concrete Repairs - Gardenia from John R to Service Drive, Forest at Wrenson, Dartmouth north of Forest, Farnum from John R to Groveland, Campbell from 12 Mile to 13 Mile (curb replacement), 11 Mile from I-75 to Dequindre, John R from 10 Mile to 12-1/2 Mile, Whitcomb from John R to East of Sherman, Industrial from 14 Mile to East Avis, 13 Mile from Stephenson Highway to Dequindre, Research from Whitcomb to Tech Row, Tech Row, Sherman from Whitcomb to Kempar, Kempar, and Whitcomb east of Stephenson Hwy; and NSP Sectional Concrete Repair - Connie from Couzens to Darlene.
- Continued implementation of complimentary special needs and Wright & Filippis wheel chair loaner programs for residents in construction project areas.
- Eight blighted structures and five blighted/nonconforming signs demolished.
- Five driveway approaches were removed from the City's road network as part of the City's ongoing driveway reduction/consolidation program.

Public Health:

- Conducted over 20,000 contacts on code enforcement issues, including periodic weekend enforcement.
- Completed over 3,400 inspections of building, electrical, mechanical, plumbing, sign and concrete permits conducted to ensure safe construction.

Resource Management:

- Business retention, ombudsman and business welcome programs including 575 visits to local businesses.
- Continued successful implementation of multi-year contracts with road and sidewalk contractors realizing substantial ongoing savings.

Objectives

Public Safety:

- Complete construction of the following planned projects in 2013: "R-2" Residential Roads - Dartmouth from 26333 to 26113 Dartmouth; Barrington from Cowan to Andover, W. Barrett from Alger to John R; E. Hudson from John R to 71 E. Hudson; Kalama from Stephenson Highway to Alger; Couzens south of 11 Mile (SAD); Harwood from Dartmouth to 368 Harwood; John R Overlay 11 Mile to 12-1/2 Mile; northbound I-75 Service Drive from Dallas to Lincoln; Sidewalk Replacement & Gap Installation - various locations; Sectional Concrete Repair - John R from 10 Mile to 11 Mile; and Commercial and Industrial Sectional Concrete repairs - Whitcomb from Dequindre to Barrington, Whitcomb east of Stephenson, Stephenson Highway from Girard to 12 Mile, Edward, Townley, Mandoline, Brush, Alger and Barrington.
- Complete Annual Sidewalk Repair and Gap Program.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Building Permits Issued | 637 | 640 | 650 | 10 | 1.6 |
| Ordinance Violations | 56 | 60 | 55 | (5) | (8.3) |
| Rental Unit Inspections | 2,463 | 2,500 | 2,800 | 300 | 12.0 |
| Site Plans Approved | 7 | 15 | 20 | 5 | 33.3 |
| New Business and Retention Visits | 240 | 270 | 275 | 5 | 1.9 |
| <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 | 100 | 100 | 0 | 0.0 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$799,712 | \$794,651 | \$940,563 | \$145,912 | 18.4 |
| Supplies | 3,717 | 4,900 | 5,900 | 1,000 | 20.4 |
| Other Services and Charges | 114,019 | 117,341 | 120,157 | 2,816 | 2.4 |
| Capital Outlay | 0 | 26,000 | 47,500 | 21,500 | 82.7 |
| Total | \$917,448 | \$942,892 | \$1,114,120 | \$171,228 | 18.2 |
| Resources: | | | | | |
| Occupational Licenses | \$164,953 | \$150,000 | \$150,000 | \$0 | 0.0 |
| Other Permits | 59,956 | 65,000 | 65,000 | 0 | 0.0 |
| Building Permits | 368,034 | 325,000 | 425,000 | 100,000 | 30.8 |
| Engineering Fees | 15,316 | 13,750 | 16,250 | 2,500 | 18.2 |
| Planning Fees | 3,950 | 4,000 | 10,000 | 6,000 | 150.0 |
| GIS Services | 2,100 | 1,000 | 1,500 | 500 | 50.0 |
| Proposal V-2 | 0 | 26,000 | 22,500 | (3,500) | (13.5) |
| General Fund | 303,139 | 358,142 | 423,870 | 65,728 | 18.4 |
| Total | \$917,448 | \$942,892 | \$1,114,120 | \$171,228 | 18.2 |

Key Issues

- Capital Outlay purchases include the purchase of a new van from Proposal “V-2”.
- Labor concessions are budgeted in order to maintain the same service level as FY 2013.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

Streets Division

The Streets Division of the Department of Public Service consists of 11 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 | 2011-12 | 2012-13 | 2013-14 |
|--|---------|---------|---------|
| Deputy Director | 1 | 0 | 0 |
| Coordinator | 1 | 1 | 1 |
| Equipment Operator III | 2 | 3 | 3 |
| Equipment Operator II | 3 | 2 | 2 |
| Equipment Operator I | 3 | 3 | 3 |
| Office Assistant II | 1 | 1 | 0 |
| Administrative Secretary (Major/Local Street Fund) | 0 | 0 | 1 |
| Total Full-time | 11 | 10 | 10 |
| Seasonal Laborer (Major Road Funded) | 0 | 0 | 0 |
| Seasonal Laborer (Local Road Funded) | 1 | 1 | 1 |
| Total Part-time | 1 | 1 | 1 |
| Total Employees | 12 | 11 | 11 |

Accomplishments

Public Safety:

- Assisted in the 2012 neighborhood and major road repair and reconstruction programs by creating and providing signs, barricades, storage facilities, debris removal, etc.
- Continued snow removal under the “Snow Emergency Ordinance”, and continued to reduce costs and improve the efficiency of our winter maintenance program by using brine as part of our snow fighting arsenal.
- Repainted crosswalks, stopbars, and legends through entire City.
- Continued with Manual on Uniform Traffic Control Devices (MUTCD) upgrades to all street name signs on local roads and their intersections (50-60% complete) City-wide.
- Spray patched Sherman, Kempar, Tech Row, Research and Industrial roads in conjunction with 2012’s sectional concrete replacement program.
- Spray patched commercial and industrial section of Lincoln and apron at Lincoln and John R.

Objectives

Public Safety:

- Maintain, replace and repaint crosswalks, stop bars, legends and lane markings.
- Continue upgrading signage to meet new MUTCD standards.
- Support 2013 neighborhood and major road repair and reconstruction projects by providing assistance as required.
- Spray patch roads showing signs of minor joint deterioration: Ajax, E. Greig and Losee.
- Complete DPS Policy and Procedures binder compilation.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| % of functional sound bridges | 100 | 100 | 100 | 0 | 0.0 |
| Total hours snow removal per lane | 20 | 30 | 40 | 10 | 33.3 |
| Joint/Crack Seal (Feet) | 200,000 | 250,000 | 150,000 | (100,000) | (40.0) |
| Tree and Stump Removal | 91 | 100 | 90 | (10) | (10.0) |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Cost per resident for routine road maintenance | \$32.69 | \$31.19 | \$33.31 | \$2.12 | 6.8 |
| Cost per resident for road construction | \$134.60 | \$127.94 | \$107.83 | (\$20.11) | (15.7) |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$177,559 | \$175,258 | \$206,330 | \$31,072 | 17.7 |
| Supplies | 3,518 | 3,550 | 3,100 | (450) | (12.7) |
| Other Services and Charges | 673,518 | 704,796 | 707,636 | 2,840 | 0.4 |
| Capital Outlay | 0 | 372,000 | 29,000 | (343,000) | 0.0 |
| Total | \$854,595 | \$1,255,604 | \$946,066 | \$(309,538) | (24.7) |
| Resources: | | | | | |
| Weed Mowing | \$85,180 | \$55,000 | \$75,000 | \$20,000 | 36.4 |
| Brush Chipping | 6,050 | 6,000 | 4,000 | (2,000) | (33.3) |
| Proposal V | 0 | 372,000 | 29,000 | (343,000) | 0.0 |
| General Fund | 763,365 | 822,604 | 838,066 | 15,462 | 1.9 |
| Total | \$854,595 | \$1,255,604 | \$946,066 | \$(309,538) | (24.7) |

Key Issues

- Labor concessions are budgeted in order to maintain the same service levels as FY 2013.
- The Capital Outlay account includes the replacement of one three-quarter-ton pickup with plow for \$29,000 from the Proposal “V” Millage.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

Solid Waste Division

The Solid Waste Division of the Department of Public Services consists of 11 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 and charges from two supervisory positions. 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 inform 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 | 2011-12 | 2012-13 | 2013-14 |
|------------------------------|---------|---------|---------|
| Assistant City Manager - DPS | 1 | 1 | 1 |
| Supervisor | 1 | 1 | 1 |
| Total Full-time | 2 | 2 | 2 |
| Total Employees | 2 | 2 | 2 |

Accomplishments

Public Health:

- Completed removal of 91 right-of-way dead or diseased trees.
- Construction of DPS spillpad was completed per new Michigan Department of Environmental Quality standards for vector and street sweeping spoils.
- Trimming of all right-of-way trees west of John R and south of Lincoln.

Objectives

Public Health:

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

Public Safety:

- Bi-weekly sweeping of residential areas.
- Monitor solid waste collection and disposal contractor (Rizzo).

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Commercial Waste (Stops) | 87 | 87 | 87 | 0 | 0.0 |
| Compost (Tons) | 1,483 | 1,355 | 1,400 | 45 | 3.3 |
| Refuse (Tons) | 9,122 | 9,235 | 9,300 | 65 | 0.7 |
| Leaf Pickup-Cubic Yards | 5,205 | 5,180 | 6,000 | 820 | 15.8 |
| Paid Brush Chipping (Stops) | 208 | 208 | 220 | 12 | 5.8 |
| Residential Recycling (Stops) | 9,460 | 9,460 | 9,460 | 0 | 0.0 |
| Street Sweeping (Miles) | 1,200 | 1,200 | 1,200 | 0 | 0.0 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Ave. Cost Per Weekly Stop- Regular Refuse Collection | \$5.90 | \$5.90 | \$6.08 | \$0.18 | 3.1 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$505,039 | \$438,356 | \$546,215 | \$107,859 | 24.6 |
| Supplies | 13,082 | 15,087 | 17,595 | 2,508 | 16.6 |
| Other Services and Charges | 1,428,750 | 1,474,543 | 1,551,722 | 77,179 | 5.2 |
| Capital Outlay | 209,000 | 0 | 0 | 0 | 0.0 |
| Total | \$2,155,871 | \$1,927,986 | \$2,115,532 | 187,546 | 0.0 |
| Indirect Costs | 150,372 | 139,436 | 164,723 | 25,287 | 0.0 |
| Resources: | | | | | |
| Solid Waste Millage | \$2,279,591 | \$2,091,881 | \$1,909,418 | \$(182,463) | (8.7) |
| General Fund | 26,652 | (24,459) | 370,837 | 395,296 | (1,616.2) |
| Total | \$2,306,243 | \$2,067,422 | \$2,280,255 | \$212,833 | 10.3 |

Key Issues

- Labor concessions are budgeted in order to maintain the same service level as FY 2013.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

Recreation Division

The Recreation Division of the Department of Public Service consists of a part-time coordinator, 22 seasonal part-time positions and many contracted recreation specialists. The Recreation Division is responsible for:

- Conducting the City's leisure and recreational programs including instructional programs such as dance, tennis, golf, photography, martial arts, tai chi, yoga, painting, skateboarding, bowling and team sports such as basketball, softball, T-Ball and volleyball;
- Processing all registrations, preparation and distribution of flyers, evaluation and selection of programs and instructional personnel and contractors, and coordination of volunteer coaches; and
- Hosting the annual "Festival in the Park", City-wide Garage Sale, 5K Run/Walk, City Golf Outing, Holiday Tree Lighting and the February Coffee Concerts.

Organizational Structure and Staff

| Personnel Summary | 2011-12 | 2012-13 | 2013-14 |
|------------------------|---------|---------|---------|
| Recreation Coordinator | 1 | 1 | 1 |
| Basketball Staff | 15 | 15 | 15 |
| Camp Staff | 4 | 4 | 4 |
| Lifeguard | 1 | 1 | 1 |
| Softball/T-Ball Staff | 1 | 1 | 1 |
| Volleyball Staff | 1 | 1 | 1 |
| Total Part-time | 23 | 23 | 23 |
| Total Employees | 23 | 23 | 23 |

Accomplishments

Quality of Life:

- The division continues to work with surrounding communities to develop/share in recreation programs. Those partner communities include Royal Oak, Troy, Hazel Park, Oak Park, Clawson and Ferndale.
- The development of an e-newsletter has kept those who have registered (51 for recreation programs and 100+ for coffee concerts) well informed on upcoming programs.
- Combined City-wide Garage Sale with Festival in the Park on the same day.
- Expanded use of Active Net System to provide automated league schedules and to make schedules available online for coaches and participants.

Objectives

Quality of Life:

- Promote programs for the young adult population (20-40 year old programs).
- Develop a Facebook page for the Recreation Department to promote events and post reminders of deadlines. The younger population uses Facebook as a major source of information. The information can easily be shared with the click of a mouse to hundreds of people. The Recreation Department could easily reach more people with less cost and time.
- Investigate use of comprehensive sponsorship packet to increase revenues for events and programs and reduce staff time spent on solicitation.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Water Aerobics Attendees | 14 | 0 | 0 | 0 | 0.0 |
| Dance Attendance - Fall | 207 | 200 | 190 | (10) | (5.0) |
| Youth Softball - Summer | 77 | 90 | 90 | 0 | 0.0 |
| Youth Basketball - Winter | 69 | 62 | 80 | 18 | 29.0 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$58,360 | \$57,735 | \$56,263 | \$(1,472) | (2.5) |
| Supplies | 20,996 | 27,401 | 25,032 | (2,369) | (8.6) |
| Other Services and Charges | 36,593 | 65,244 | 29,279 | (35,965) | (55.1) |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$115,949 | \$150,380 | \$110,574 | \$(39,806) | (26.5) |
| Resources: | | | | | |
| Recreation Fees | \$108,601 | \$149,078 | \$102,878 | \$(46,200) | (31.0) |
| Recreation-Miscellaneous | 3,315 | 3,550 | 3,550 | 0 | 0.0 |
| General Fund | 4,033 | (2,248) | 4,146 | 6,394 | (284.4) |
| Total | \$115,949 | \$150,380 | \$110,574 | \$(39,806) | (26.5) |

Key Issues

- The FY 2013-14 Recreation Budget reflects a decrease in contractual services attributable to:
 - Restructuring of the Tai Chi Program (from Term-Based to Monthly Registrations handled by the contractor);
 - Elimination of the Ballroom Dance, County Day Camps, Belly Dancing and Kids Acting Programs due to lack of interest; and
 - Elimination of water aerobics programming due to unavailability of a pool.

Nature Center Division

The Nature Center Division of the Department of Public Service paid staff were laid off in June of 2010 due to dropping property tax revenues and State shared revenues. Oakland County Parks and Recreation assumed operation in 2012. 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.

Accomplishments

Quality of Life:

- After two-plus years operating with a volunteer staff and reduced building hours, the City and County were able to reach an agreement regarding operations at the Nature Center. As of October 1, 2012, Oakland County Parks began operation of the Nature Center and its programs through a 25-year lease, which should provide more opportunities to residents.

Objectives

Quality of Life:

- Work with Oakland County to promote programming and activities at the Nature Center.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget * 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|---------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Adult Volunteer Hours | 3,014 | 3,118 | 0 | (3,118) | (100.0) |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Average Patrons Per Day | 57 | 51 | 0 | (51) | (100.0) |

* Operated by Oakland County Parks and Recreation

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Supplies | 0 | 0 | 0 | 0 | 0.0 |
| Other Services and Charges | 10,393 | 8,175 | 8,175 | 0 | 0.0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$10,393 | \$8,175 | \$8,175 | \$0 | 0.0 |
| Resources: | | | | | |
| Nature Center Sales | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Nature Center Contributions | 0 | 0 | 0 | 0 | 0.0 |
| General Fund | 10,393 | 8,175 | 8,175 | 0 | 0.0 |
| Total | \$10,393 | \$8,175 | \$8,175 | \$0 | 0.0 |

Key Issues

- In light of the financial difficulties created by falling property tax revenues, the City was forced to lay off paid staff at the Nature Center on June 30, 2010. During FY 2013, a 25-year lease agreement was achieved with Oakland County Parks and Recreation Office, which began in October 2012, allowing them to assume operations of the Nature Center.

Parks Division

The Parks Division of the Department of Public Services consists of the allocation of a portion of a full-time Public Works Supervisor, two full-time Equipment Operators, and two part-time Park Rangers. 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 tree planting program, and overseeing of the mowing contractor.

Organizational Structure and Staff

| Personnel Summary | 2011-12 | 2012-13 | 2013-14 |
|----------------------|---------|---------|---------|
| Parks Maintenance II | 1 | 1 | 1 |
| Parks Maintenance I | 1 | 1 | 1 |
| Total Full-time | 2 | 2 | 2 |
| Park Rangers | 2 | 2 | 2 |
| Total Part-time | 2 | 2 | 2 |
| Total Employees | 4 | 4 | 4 |

Accomplishments

Quality of Life:

- Continued West Nile Virus prevention measures.
- Planted trees at various parks to replace trees removed due to Emerald Ash Borer.
- Continued to keep our park system and Rights-of-Way aesthetically pleasing while mowing on a bi-weekly schedule.
- Successfully assisted in the set-up and teardown of the following events: City-wide Garage Sale, 5K Run/Walk, Memorial Day Parade, Festival in the Park and Holiday Tree Lighting.
- Asphalt restoration of Rosie's Park Hales parking lot.
- Sanding and repainting of all corporation signs throughout the City.
- Replacement of hardball field backstop net at Rosie's Park.
- Bi-annual full inspection and repairs of City playgrounds.
- Addition of new bench seating at Ambassador Park through an Eagle Scout project.
- Removal of aged, non-compliant play structures at Gravel Park.
- Continued maintenance partnership with Oakland County Parks and Recreation at Red Oaks Youth Soccer Complex.

Objectives

Quality of Life:

- Complete tree trimming at Department of Public Service K-9 course and parks.
- 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, barbecues, etc.).
- Continue to assist with ballfield/soccer maintenance through various seasons.
- Continue replacement of aged play structures and swing sets as funding allows, including Wildwood Park.
- Monitor park shelters and pavilions for needed maintenance items.
- Continue parking lot improvements and trail repairs, as funding allows.
- Complete parking lot overlays of Huffman Park.

Performance Measures

| Performance Measures: | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---|-------------------|---------------------|-------------------|---|-------------------|
| <u>Workload Indicators</u> | | | | | |
| Ballfield Maintenance (hrs) | 475 | 450 | 425 | (25) | (5.6) |
| Flowers-Flats Planted | 36 | 34 | 34 | 0 | 0.0 |
| Meeting Room Set-ups | 4 | 4 | 4 | 0 | 0.0 |
| Tons of Salt Used | 80 | 100 | 110 | 10 | 10.0 |
| Trees Planted | 19 | 24 | 25 | 1 | 4.2 |
| Turf Maintenance (hrs per wk) | 300 | 300 | 300 | 0 | 0.0 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Number of Park Acres Maintained Per Employee | 35 | 48 | 48 | 0 | 0.0 |
| Number of Trees Trimmed Per Employee | 30 | 40 | 40 | 0 | 0.0 |

Financial Summary

| Requirements: | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Personal Services | \$195,396 | \$203,755 | \$273,111 | \$69,356 | 34.0 |
| Supplies | 30,117 | 31,450 | 31,450 | 0 | 0.0 |
| Other Services and Charges | 100,928 | 108,976 | 110,557 | 1,581 | 1.5 |
| Capital Outlay | 10,836 | 163,000 | 50,000 | (113,000) | 0.0 |
| Total | \$337,277 | \$507,181 | \$465,118 | \$(42,063) | (8.3) |
| Resources: | | | | | |
| General Fund | \$337,277 | \$464,181 | \$465,118 | \$937 | 0.2 |
| Vehicle Millage | 0 | 43,000 | 0 | \$(43,000) | 100.0 |
| Total | \$337,277 | \$507,181 | \$465,118 | \$937 | 0.2 |

Key Issues

- Labor concessions are budgeted in order to maintain the same service level as FY 2013.
- The Capital Outlay budget includes an asphalt overlay to the east parking lot at Huffman Park for \$50,000.
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

Senior Citizens Division

The Senior Citizens Division of the Department of Public Service is staffed with one full-time Senior Coordinator, as well as part-time staff consisting of two Bus Drivers, three Chauffeur Drivers and one Office 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 | 2011-12 | 2012-13 | 2013-14 |
|--------------------------|---------|---------|---------|
| Supervisor | 1 | 0 | 0 |
| Coordinator | 1 | 1 | 1 |
| Total Full-time | 2 | 1 | 1 |
| Bus Driver/Chauffeur | 5 | 5 | 5 |
| Senior Program Assistant | 1 | 1 | 1 |
| Total Part-time | 6 | 6 | 6 |
| Total Employees | 8 | 7 | 7 |

Accomplishments

Quality of Life:

- Raised \$7,800 through fundraising events throughout the year that will help pay for extra equipment and programs that are not covered in the budget.
- Rented the Senior Center 20 times, grossing \$4,800 in revenue to help offset building costs.
- Provided over 400 seniors and low-income clients electronic filing of income tax returns through American Association for Retired Persons (AARP) volunteers.
- Furnished assistance to 50 seniors, providing aid with home repairs through the Senior Home Assistance Repair Program (SHARP).
- Provided 32 seniors with free legal aid through monthly appointments with University of Detroit Mercy Law School.
- Developed a seniors wish list, saving hundreds of dollars in office and cleaning supplies, decorations and event prizes.
- Established sponsorships from Kim's Creations, American House Hazel Park, Hopcroft Funeral Home and SMART for event prizes and supplies.
- Began utilizing Lamphere High School National Honor Society students as helpers at the Center, to fulfill their community service hours as well.
- Transitioned the Center through a new senior coordinator and new meal provider.
- Amended By-Laws to lower minimum participation age from 55 to 50.

Objectives

Quality of Life:

- Move ahead with further development of sustainable revenue streams such as fundraising events, including new partnership with Bob Evans Restaurant.
- Carry forward with the seniors wish list for office supplies and other items.
- Provide additional opportunities for social engagement by developing a drama reading group by collaborating with local university theater groups.
- Strengthen communication to educate the community and our own membership about all that the Center offers to ensure that we are maximizing our assets.
- Expand the vegetarian cooking class to offer more nutritional information for healthy living in an effort to ward off disease.
- Offer caregiving workshops and classes to provide information and assistance to caregivers, beginning with a Long Term Care Options class.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| # of Two-Way Trips | 8,858 | 8,200 | 8,400 | 200 | 2.4 |
| Bus Miles Traveled | 25,645 | 22,500 | 23,000 | 500 | 2.2 |
| Day Trips | 54 | 57 | 54 | (3) | (5.3) |
| Lawns Mowed | 1,651 | 1,410 | 1,500 | 90 | 6.4 |
| Newsletter Subscriptions | 325 | 425 | 400 | (25) | (5.9) |
| Snow Removal | 28 | 168 | 160 | (8) | (4.8) |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$154,505 | \$147,453 | \$144,505 | \$(2,948) | (2.0) |
| Supplies | 79,618 | 85,935 | 88,894 | 2,959 | 3.4 |
| Other Services and Charges | 63,264 | 71,748 | 90,386 | 18,638 | 26.0 |
| Capital Outlay | 0 | 166,000 | 0 | (166,000) | 0.0 |
| Total | \$297,387 | \$471,136 | \$323,785 | (147,351) | 0.0 |
| Indirect Costs | 157,844 | 162,445 | 138,732 | (23,713) | 0.0 |
| Resources: | | | | | |
| Senior Non-Program | \$8,463 | \$7,848 | \$7,728 | \$(120) | (1.5) |
| Senior Citizens Activities | 71,483 | 86,670 | 88,187 | \$1,517 | 1.8 |
| Senior Center Millage | 407,603 | 422,085 | 343,931 | (78,154) | (18.5) |
| SMART | 110,720 | 64,720 | 64,720 | 0 | 0.0 |
| General Fund | (143,038) | 52,258 | (42,049) | (94,307) | (180.5) |
| Total | \$455,231 | \$633,581 | \$462,517 | \$(171,064) | (27.0) |

Key Issues

- Labor concessions are budgeted in order to maintain the same service level as FY 2013.

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 | 2011-12 | 2012-13 | 2013-14 |
|-----------------------------|---------|---------|---------|
| Library Director | 1 | 1 | 1 |
| Librarian | 1 | 1 | 1 |
| Library Technician | 1 | 1 | 1 |
| Total Full-time | 3 | 3 | 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 | 6 | 6 | 6 |
| Substitute Librarians | 4 | 4 | 4 |
| Total Part-time | 14 | 14 | 14 |
| Total Employees | 17 | 17 | 17 |

Accomplishments

Quality of Life:

- Implemented Overdrive Downloadable Audio Books through a Download Destination Group made up of participating TLN member libraries, recognizing a 20 – 25% increase in circulation.
- Implemented a monthly movie program series for adults through a discounted group license with TLN that would have cost the library considerably more if purchased individually.
- Made significant additions to the English as a Second Language (ESL) collection, especially in the areas of CDs and DVDs. Foreign language books in a variety of languages have been added to both the adult and youth collections, and significant additions have been made to the overall foreign language area of the library in the same variety of languages, including pronunciation guides, dictionaries, grammar books, and CDs.
- Completed the computer upgrade from a T-1 telephone connection to a 10 megabyte fiber connection.
- Using Ghost software, the library has completed imaging a copy of every public micro computer in the building. This will allow quick and complete restoration of a workstation if a problem occurs.
- With the passage of Proposal "L" in May 2010, funds were made available to purchase five computers for the library. With the discounts made available with the bulk purchase agreements with TLN, the funds enabled us to purchase two additional workstations. These workstations replaced several broken and obsolete machines and allowed the library to add Internet workstations for adults and youth.

Objectives

Quality of Life:

- Identify funds to allow computer replacement as needed as the result of eight current workstations more than six years old. The library currently has 33 computers in the building. 12 are for staff use only and 21 are for public access. Seven were purchased in 2012, ten in 2011, eight in 2008. There are three workstations still in use that were purchased in 2007, three from 2006, and two workstations purchased in 2000.
- Upgrade staff word processing and spreadsheet software from Microsoft (MS) Office 2003 to MS Office 2010 Professional. MS Office 2010 is the software on all of the public microcomputers and upgrading staff will allow them to more effectively help patrons. Most staff do not have any experience with this software version, limiting their ability to assist patrons. With existing licenses, eight additional licenses would be needed. MS Office 2010 Pro is sold by Microsoft for \$350. With the library's purchasing agreements with TLN, the cost per license would be an estimated \$53, the amount paid for the public microcomputer office licenses.
- Complete a comprehensive review and removal of non-circulating materials of the adult nonfiction collection.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Building Usage | 109,395 | 110,000 | 111,000 | 1,000 | 0.9 |
| Interloans to Madison Heights | 10,453 | 10,348 | 10,500 | 152 | 1.5 |
| Materials Circulated | 109,092 | 109,414 | 111,000 | 1,586 | 1.4 |
| Outreach Visits | 6 | 6 | 6 | 0 | 0.0 |
| Patron Registrations | 1,460 | 1,510 | 1,600 | 90 | 6.0 |
| Public Internet Access Use | 33,856 | 38,814 | 40,000 | 1,186 | 3.1 |
| Reference Questions | 7,350 | 7,666 | 8,000 | 334 | 4.4 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Average Number of Check Outs per Week | 2,098 | 2,104 | 2,134 | 30 | 1.4 |
| Average Days to Shelve Returned Items | 1 | 1 | 1 | 0 | 0.0 |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$429,365 | \$429,246 | \$476,001 | \$46,755 | 10.9 |
| Supplies | 6,588 | 4,800 | 4,600 | (200) | (4.2) |
| Other Services and Charges | 105,609 | 101,810 | 114,602 | 12,792 | 12.6 |
| Capital Outlay | 42,670 | 54,707 | 211,807 | 157,100 | 287.2 |
| Total | 584,232 | \$590,563 | \$807,010 | \$216,447 | 36.7 |
| Indirect Costs | 221,326 | \$220,633 | \$226,958 | | |
| Resources: | | | | | |
| State Library Aid | \$19,165 | \$11,723 | \$11,723 | \$0 | 0.0 |
| County Penal Fines | 39,972 | 38,500 | 40,000 | 1,500 | 3.9 |
| Book Fines | 15,926 | 18,250 | 18,810 | 560 | 3.1 |
| Video Revenues | 2,081 | 2,500 | 2,000 | (500) | (20.0) |
| Proposal L Millage | 882,623 | 798,996 | 738,778 | 876,602 | 100.0 |
| General Fund | (154,209) | (58,773) | 222,657 | 281,430 | (478.8) |
| Total | \$805,558 | \$811,196 | \$1,033,968 | \$1,159,592 | 142.9 |

Key Issues

- On May 3, 2011, the voters of Madison Heights approved Ballot Proposal “L” to establish up to 1 mill of dedicated property tax levy to ensure the continued operation of the Library, restore past program reductions and capital improvement needs.
- Labor concessions are budgeted in order to maintain the same service level as FY 2013.
- The Capital Outlay budget includes major improvements to the HVAC system at the Library for \$152,900 (Phase I).
- The increase in Personal Services is primarily due to the reallocation of retiree health care contributions from General Administration to the respective individual departments.

Insurance, Bonds and Transfers

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$0 | \$0 | \$0 | \$0 | 0.0 |
| Supplies | 0 | 0 | 0 | 0 | 0.0 |
| Other Services and Charges | (5,940) | 439,193 | 365,791 | (73,402) | (16.7) |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Transfers | 313,813 | 2,169,000 | 0 | (2,169,000) | 0.0 |
| Total | \$307,873 | \$2,608,193 | \$365,791 | \$(2,242,402) | (86.0) |
| Resources: | | | | | |
| General Fund | 307,873 | 2,608,193 | 365,791 | (2,242,402) | (86.0) |
| Total | \$307,873 | \$2,608,193 | \$365,791 | \$(2,242,402) | (86.0) |

Key Issues

- For the last 26 years, the City 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-insurance for lower ones. The City's solid history and decision to increase the deductible to \$250,000 in conjunction with the Pool's desire to keep rates down have benefited the City. Insurance rates have not been finalized for FY 2014; however, our Risk Manager projects a small increase of 3% over actual premiums from FY 2013. In FY 2012, the City received an earnings disbursement from the MMRMA that completely offset the fiscal year premiums.

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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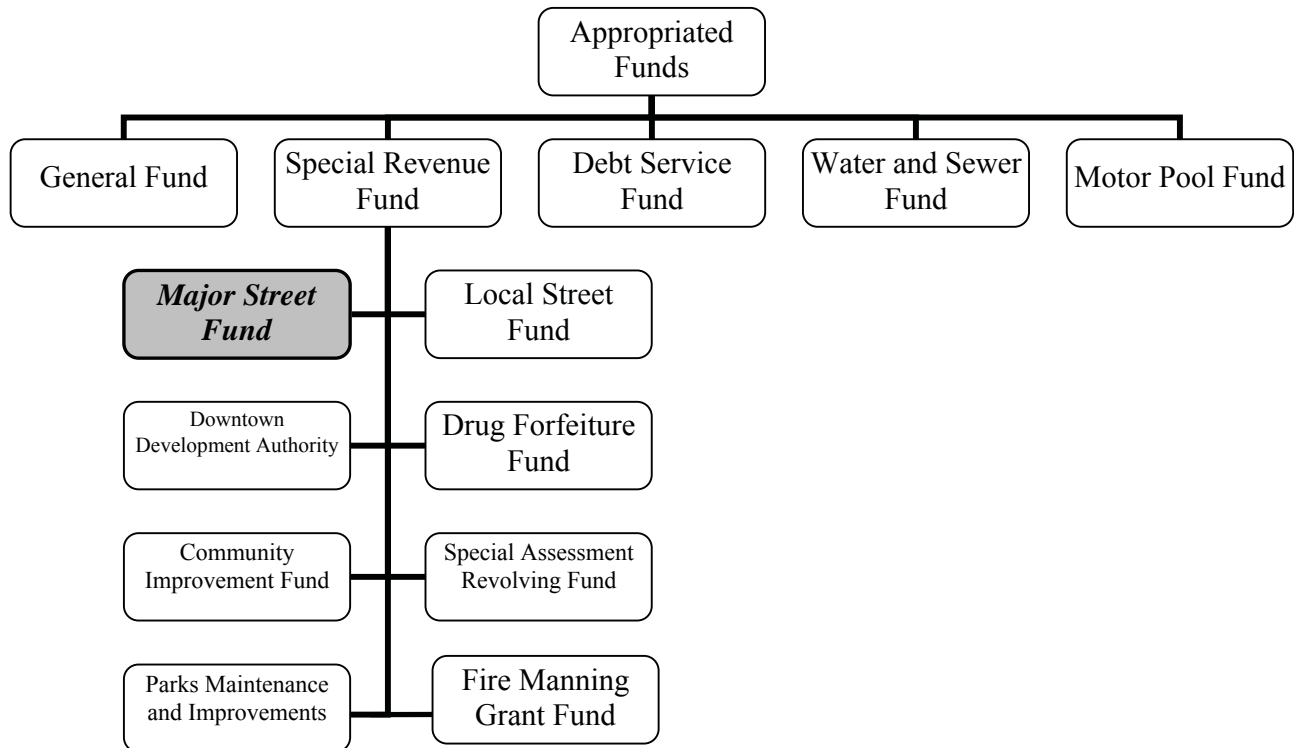
Major Street Fund

Statement of Services

The Major Street Fund maintenance is supported by the Department of Public Service and staffed with an allocation of 1 Coordinator, 9 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 the Oakland and Macomb County Road Commissions.

Organizational Fund Structure



Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Construction | \$393,942 | \$2,374,000 | \$935,000 | \$(1,439,000) | (60.6) |
| Maintenance | 189,596 | 208,914 | 225,468 | 16,554 | 7.9 |
| Traffic Services | 161,005 | 203,618 | 191,721 | (11,897) | (5.8) |
| Winter Maintenance | 213,413 | 220,566 | 230,706 | 10,140 | 4.6 |
| Administration | 40,054 | 37,187 | 40,222 | 3,035 | 8.2 |
| County Roads | 86,053 | 140,742 | 151,109 | 10,367 | 7.4 |
| Transfers | 0 | 175,000 | 80,000 | (95,000) | 0.0 |
| Total | \$1,084,063 | \$3,360,027 | \$1,854,226 | \$(1,505,802) | (44.8) |
| Resources: | | | | | |
| State | \$1,221,734 | \$1,166,080 | \$1,221,734 | \$55,654 | 4.8 |
| County | 63,419 | 73,473 | 63,263 | (10,210) | (13.9) |
| Interest | 395 | 250 | 4,500 | 4,250 | 1,700.0 |
| Transfers | 140,012 | 2,069,000 | 0 | (2,069,000) | 0.0 |
| Fund Balance | 0 | 51,224 | 564,730 | 513,506 | 1,002.5 |
| Total | \$1,425,560 | \$3,360,027 | \$1,854,227 | (1,505,800) | (44.8) |
| Fund Balance | \$559,621 | \$508,397 | \$(56,333) | \$(564,730) | (111.1) |

Key Issues

- The budget for State Shared revenues for gas and weight tax are projected to increase slightly from FY 2012-13.
- In an effort to address the failing commercial and industrial roads, sectional concrete repair projects have been programmed for Whitcomb from Dequindre to Barrington (\$200,000) and John R from 10 Mile to 11 Mile (360,000). Finally, a transfer of \$80,000 to Local Street Fund will be made to support repairs on industrial roads classified by the State as local roads.
- An additional \$275,000 is being budgeted for reconstruction of the northbound I-75 Service Drive from Dallas to Lincoln and \$50,000 each for Edward/Townley, and Stephenson southbound from Girard to 12 Mile.

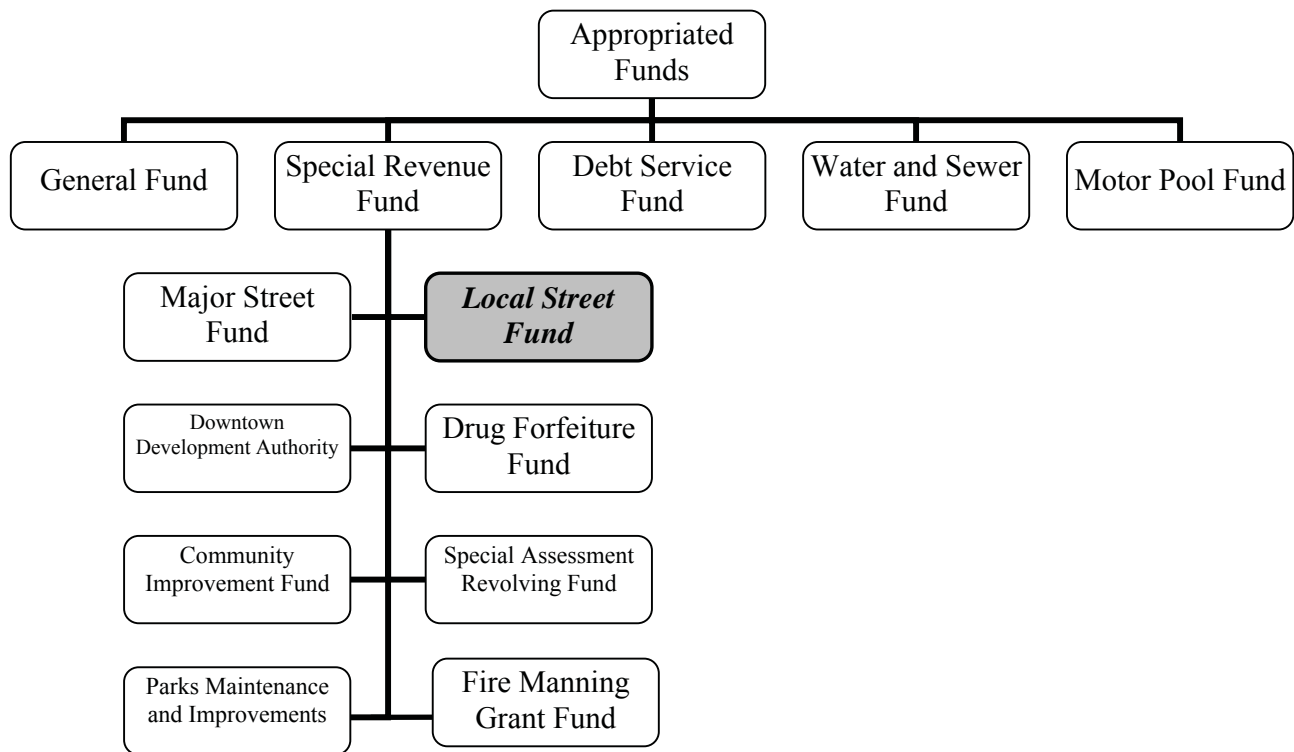
Local Street Fund

Statement of Services

The Local Street Fund maintenance is supported by the Department of Public Service and staffed with an allocation of 1 Coordinator, 9 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 General Fund and interest income.

Organizational Fund Structure



Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Construction | \$3,382,299 | \$2,636,110 | \$2,267,000 | \$(369,110) | (14.0) |
| Maintenance | 416,683 | 401,983 | 397,269 | (4,714) | (1.2) |
| Traffic Services | 105,758 | 126,303 | 135,621 | 9,318 | 7.4 |
| Winter Maintenance | 41,414 | 84,009 | 90,560 | 6,551 | 7.8 |
| Administration | 37,186 | 35,838 | 37,900 | 2,062 | 5.8 |
| Transfers | 20,000 | 20,000 | 0 | (20,000) | 0.0 |
| Total | \$4,003,340 | \$3,304,243 | \$2,928,350 | \$(375,893) | (11.4) |
| Resources: | | | | | |
| Property Taxes | \$1,727,653 | \$1,534,417 | \$1,439,494 | \$(94,923) | (6.2) |
| State | 463,950 | 441,562 | 479,832 | 38,270 | 8.7 |
| Interest | 29,581 | 33,218 | 28,450 | (4,768) | (14.4) |
| Transfers | 200,000 | 344,115 | 211,499 | (132,616) | (38.5) |
| Fund Balance | 0 | 950,931 | 769,075 | (276,779) | (29.1) |
| Total | \$2,421,184 | \$3,304,243 | \$2,928,350 | \$(375,893) | (11.4) |
| Local Road Fund Balance | \$604,320 | \$775,082 | \$622,014 | \$(153,068) | (19.7) |
| Proposal "R" Fund Balance | \$4,059,677 | \$2,937,984 | \$2,321,977 | \$(616,007) | (21.0) |

Key Issues

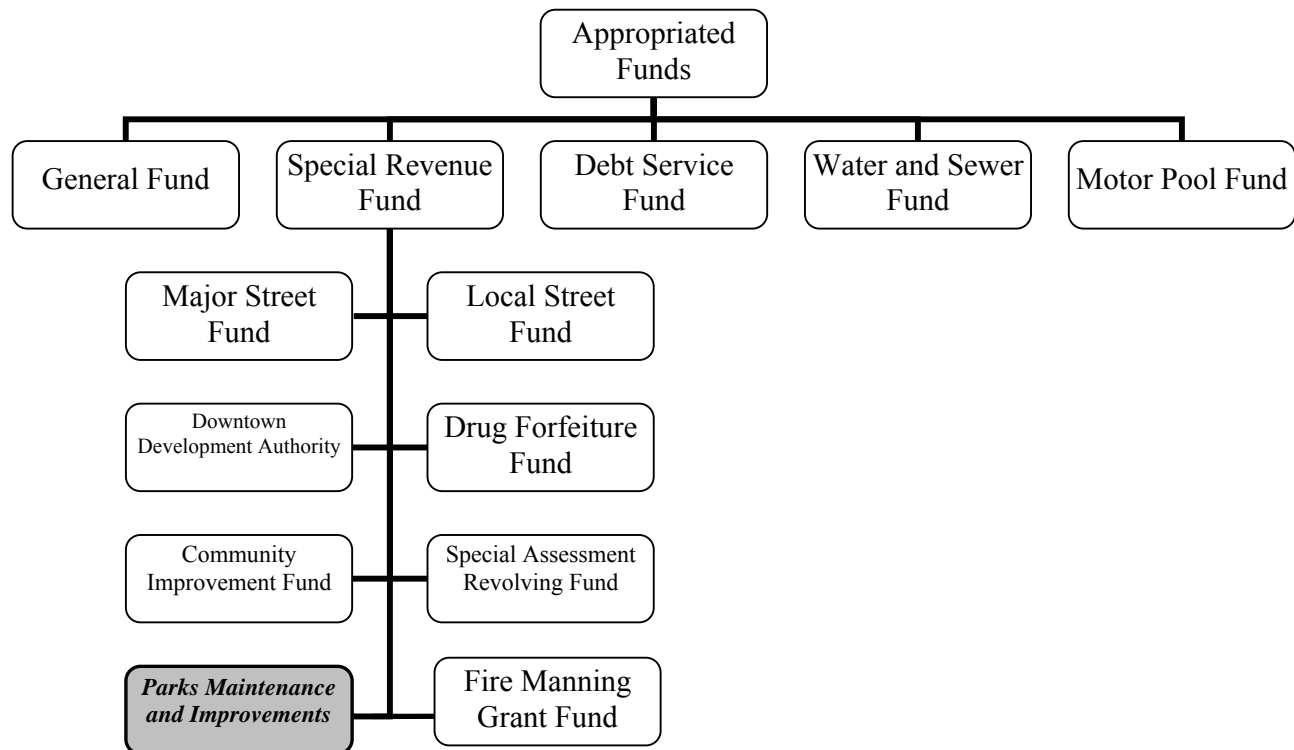
- The Local Street Fund accounts for expenditures associated with the construction and maintenance needs of our local street network and can be divided into the Proposal “R-2” road construction and the non-“R-2” related expenditures. Although the “R-2” portion of the Fund is in sound shape, the remainder of the Fund’s activities have struggled through a continual decline of the State gas and weight tax as a result of decreased gas consumption by Michigan drivers.
- The Proposal “R-2” road construction projects scheduled for this year include Couzens south of 11 Mile (\$526,000 funded with a 25% Special Assessment District), Kalama from Stephenson Highway to Alger (\$460,000), West Barrett from Alger to John R (\$217,000), Harwood from Dartmouth to 368 Harwood (\$268,000), Barrington from Cowan to Andover (\$212,000), Dartmouth from 26333 to 26113 (\$231,000), and East Hudson from John R to 71 East Hudson (\$158,000).
- Also, as called for in the “R-2” plan, the Budget includes \$100,000 in concrete road repair and \$20,000 contribution to the annual sidewalk repair program for key flag squares and ramps.
- In an effort to address the failing commercial and industrial roads, sectional repair projects have been programmed for Whitcomb east of Stephenson (\$25,000), and Mandoline, Brush, and Alger (\$50,000).

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 original payment and investment interest will be used for the Red Oaks Soccer Complex and other Madison Heights park system improvements.

Organizational Fund Structure



Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Maintenance | \$53,720 | \$64,645 | \$31,344 | \$(33,301) | (51.5) |
| Transfers | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$53,720 | \$64,645 | \$31,344 | \$(33,301) | (51.5) |
| Resources: | | | | | |
| Interest/Miscellaneous | \$16,716 | \$16,000 | \$12,522 | \$(3,478) | (21.7) |
| County Shared Revenues | 0 | 0 | 0 | 0 | 0.0 |
| Fund Balance | 37,004 | 48,645 | 18,822 | (29,823) | (61.3) |
| Total | \$53,720 | \$64,645 | \$31,344 | \$(33,301) | (51.5) |

| | | | | | |
|--------------|-----------|-----------|-----------|------------|-------|
| Fund Balance | \$652,587 | \$603,942 | \$585,120 | \$(18,822) | (3.1) |
|--------------|-----------|-----------|-----------|------------|-------|

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/restroom/meeting building and attached picnic pavilion. In 2009, new playscape equipment funded by the Oakland County Parks and Recreation Commission was installed. The complex re-opened 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.
- On January 24, 2011, the City entered into an agreement with the Oakland County Parks and Recreation Commission (OCP&RC), who will provide soccer complex grounds maintenance including lawn, sod, fertilization and weed control services, as well as snow and ice control, on the parking lots and sidewalks.
- The City and OCP&RC have entered into a 25-year lease, effective October 1, 2012, for the OCP&RC to operate the Nature Center at Friendship Woods. The lease provides that the City will pay for one-half of the cost over \$5,000 for any capital improvements. A list of long-term capital improvements and deferred maintenance projects has been identified for Suarez Woods.

Downtown Development Authority

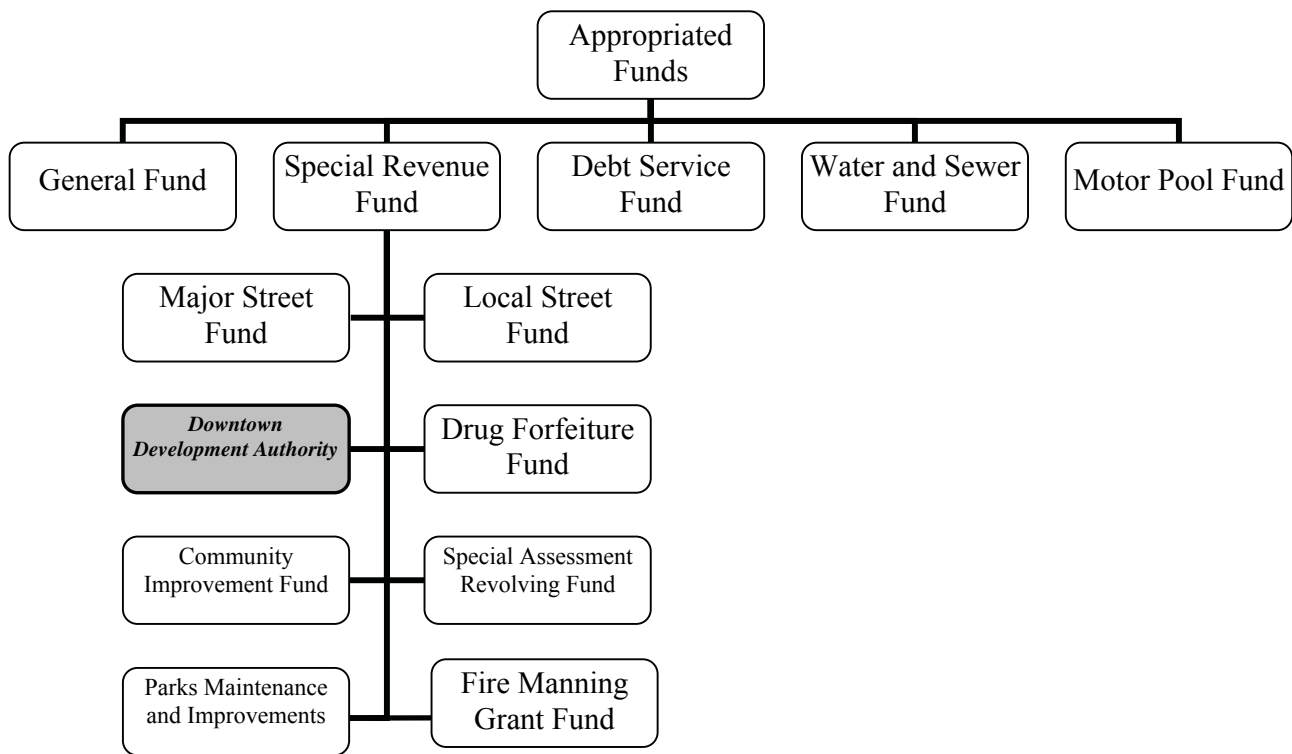
Statement of Services

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 575 visits to local businesses.
- Two DDA business events held in 2012 for DDA business and property owners - Art Challenge and Around the Globe Taste Fest.
- One business received a sign grant for new signage in 2012.
- Sectional concrete repair of southbound John R - 11 Mile to Gardenia.

Objectives

Resource Management:

- Continue highly successful Art Challenge and Around the Globe Taste Fest events.
- Subject to funding, continue the ROW maintenance program (lawn care and trash pickup).

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Other Services and Charges | \$16,671 | \$21,581 | \$8,780 | (12,801) | (59.3) |
| Construction | 0 | 0 | 0 | 0 | 0.0 |
| Transfers | 93,364 | 55,588 | 36,300 | (19,288) | (34.7) |
| Total | \$110,035 | \$77,169 | \$45,080 | \$(32,089) | (41.6) |
| Resources: | | | | | |
| Property Taxes | \$106,129 | \$86,169 | \$45,080 | \$(41,089) | (47.7) |
| Interest/Miscellaneous | 0 | 0 | 0 | 0 | 0.0 |
| Fund Balance | 3,906 | (9,000) | 0 | 9,000 | (100.0) |
| Total | \$110,035 | \$77,169 | \$45,080 | \$(32,089) | (41.6) |
| Fund Balance | \$44,333 | \$53,333 | \$53,333 | \$0 | 0.0 |

Key Issues

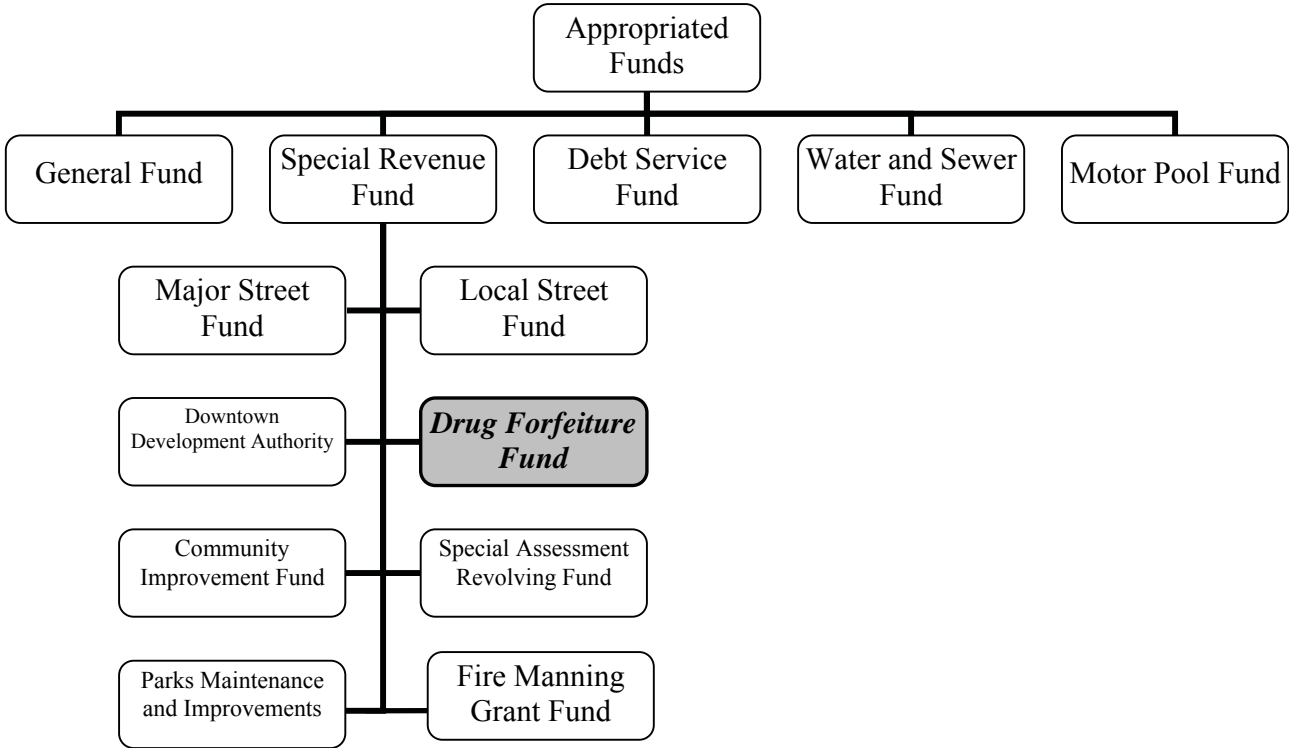
- Given the decline in property values and that DDA funding is derived exclusively from incremental growth in real and personal property tax above the 1997 base year, tax revenues have declined 81% over the last four years from \$243,100 in FY 2009-10 to \$45,080 for FY 2013-14.
- The FY 2013-14 Budget includes the following major expenditures:
 - \$ 36,300 - DDA funding match of 33% for the Economic Development Program and code enforcement support
 - \$ 4,000 - Right-of-way mowing
 - \$ 3,000 - Public right-of-way trash receptacle program
- The impact on DDA revenues of the recent State legislative repeal of the personal property tax remains unclear.

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 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Supplies | \$0 | \$0 | \$0 | 0 | 0.0 |
| Other Charges and Services | 6,718 | 4,500 | 4,500 | 0 | 0.0 |
| Capital Outlay | 92,207 | 55,400 | 81,825 | 26,425 | 47.7 |
| Total | \$98,925 | \$59,900 | \$86,325 | \$26,425 | 44.1 |
| Resources: | | | | | |
| Drug Forfeiture | \$53,060 | \$55,500 | \$55,500 | \$0 | 0.0 |
| Interest and Misc. Income | 0 | 0 | 0 | \$0 | 0.0 |
| Fund Balance | 45,865 | 4,400 | 30,825 | \$26,425 | 600.6 |
| Total | \$98,925 | \$59,900 | \$86,325 | \$26,425 | 44.1 |
| | | | | | |
| Fund Balance | \$117,647 | \$113,247 | \$82,422 | \$(30,825) | (27.2) |

Key Issues

- The Capital Outlay Budget includes funding for the replacement of fourteen (14) patrol car laptops (\$56,000) and one Detective Bureau vehicle (\$25,825). Seven of the fourteen laptops are funded through a State Justice Assistance Grant.

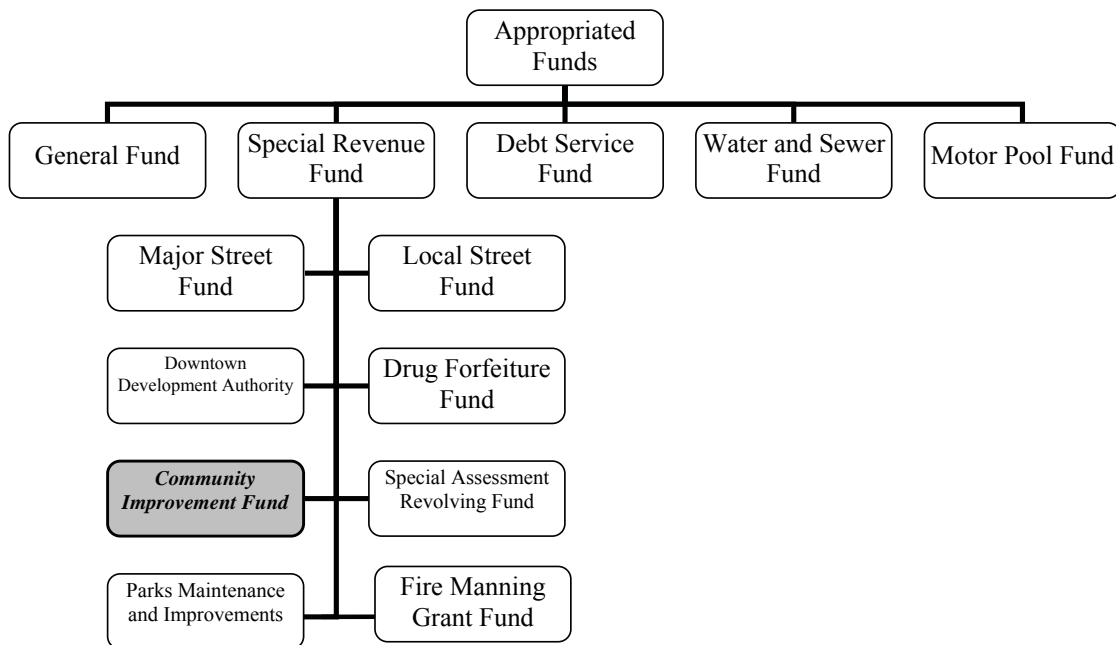
Community Improvement Fund

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 (NSP) 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. Due to continued funding uncertainty at the Federal level, the Madison Heights Housing Commission (MHHC) will be disbanded and units will be transferred to another Public Housing Agency (PHA) in conformance with HUD guidelines. Existing staff will be transferred to other City departments.

Organizational Fund Structure



Accomplishments

Quality of Life:

- Achieved a Section 8 management assessment score of 100%.
- 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.
- Finalized utilization of \$175,000 in Neighborhood Stabilization Program (NSP) income to pave Connie from Park Court to Couzens in the NSP target area.

Objectives

Quality of Life:

- Implement orderly transfer of units to another PHA and disband the MHHC.
- Maintain a spending ratio of less than 1.5% of the CDBG allocations.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-----------------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Home Chore Assignments | 1,799 | 1,520 | 1,550 | 30 | 2.0 |
| Home Rehabilitations | 13 | 13 | 13 | 0 | 0.0 |
| Minor Home Repair | 3 | 4 | 4 | 0 | 0.0 |
| Self Sufficiency Contracts | 6 | 6 | 0 | (6) | (100.0) |
| Units Under Contract | 265 | 275 | 0 | (275) | (100.0) |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|-------------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$236,787 | \$433,304 | \$99,587 | \$(333,717) | (77.0) |
| Supplies | 363 | 500 | 0 | (500) | 0.0 |
| Other Services and Charges | 1,555,318 | 1,718,499 | 20,250 | (1,698,249) | (98.8) |
| Capital Outlay | 0 | 0 | 0 | 0 | 100.0 |
| Transfers | 0 | 25,184 | 0 | (25,184) | (100.0) |
| Total | \$1,792,468 | \$2,177,487 | \$119,837 | \$(2,057,650) | (94.5) |
| Resources: | | | | | |
| Federal Assistance | \$1,280,964 | \$1,481,405 | \$0 | \$(1,481,405) | (100.0) |
| Community Develop. Grant | 98,925 | 112,859 | 111,859 | (1,000) | (0.9) |
| Interest & Miscellaneous Rev. | 17,253 | 18,000 | 0 | (18,000) | (100.0) |
| Fund Balance | 395,326 | 565,223 | 7,978 | (557,245) | (98.6) |
| Total | \$1,792,468 | \$2,177,487 | \$119,837 | \$(2,057,650) | (94.5) |
| Fund Balance | \$573,201 | \$7,978 | \$0 | \$(7,978) | (100.0) |

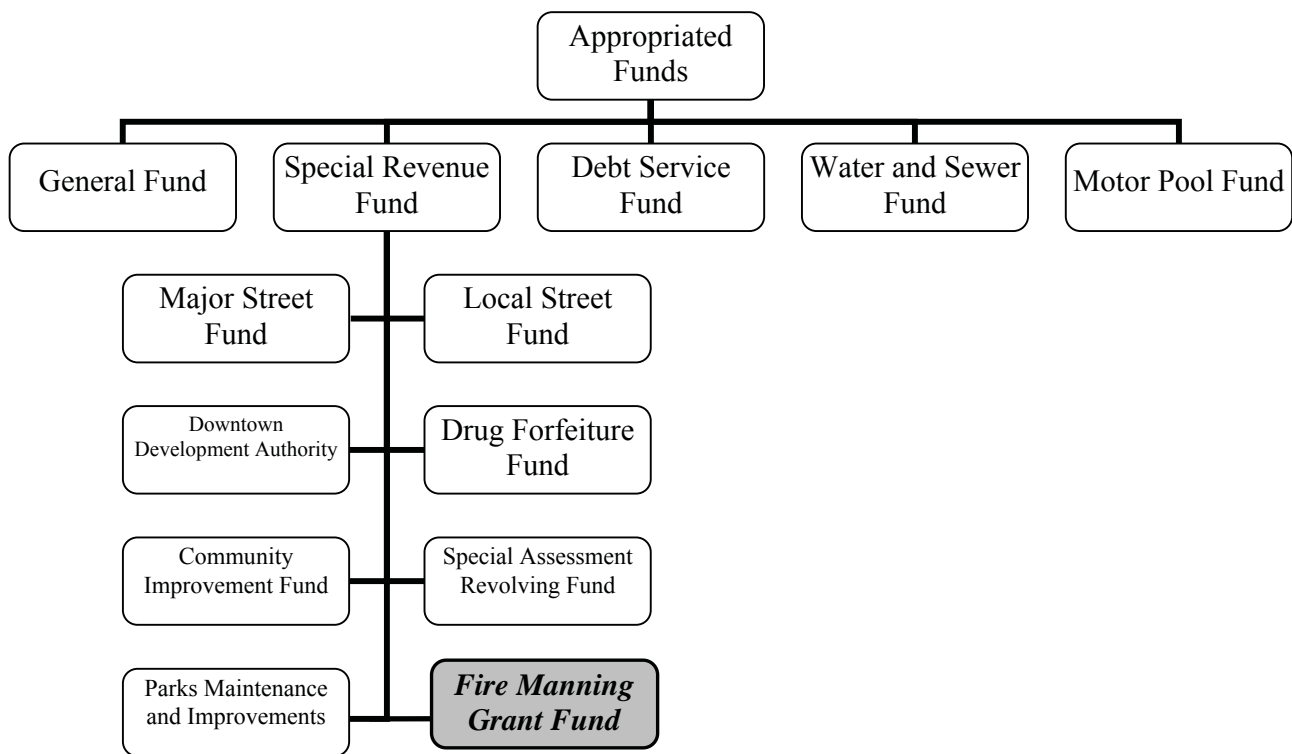
Key Issues

- The CDBG operation includes the following major expenditures: funding for one Code Enforcement Officer and 10% of the Community Improvement Supervisor (the remaining 90% 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.
- Due to insufficient federal funding, the City is dissolving the Section 8 Housing Commission and Program, and transferring the vouchers to another Public Housing Agency. The exact timetable will be determined by the U.S. Department of Housing and Urban Development and could occur as soon as July 1, 2013. The two current full-time employees have been transferred to other budgeted vacant positions (City Clerk's Office and Human Resources) and the Community Housing and Grants Supervisor and Housing Program Assistant position have been eliminated in the FY 2013-14 Budget.

Fire Manning Grant Fund

Statement of Services

The Fire Manning Grant Fund was created to account for the United States Department of Homeland Security Federal Emergency Management Agency's Staffing for Fire and Emergency Response (SAFER) Grant awarded to the City on December 31, 2010. The grant provided the funding to bring back two fire fighters that were laid off on June 30, 2010 due to the General Fund's financial constraints. The Fire Manning Grant Fund will account for the reimbursement of the majority of expenses (excluded overtime and uniform allowance) associated with the two firefighter positions for a two-year period ending March 2013.



Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$234,355 | \$119,506 | \$0 | \$(119,506) | 0.0 |
| Supplies | 0 | 0 | 0 | 0 | 0.0 |
| Other Services and Charges | 0 | 0 | 0 | 0 | 0.0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$234,355 | \$119,506 | \$0 | \$(119,506) | 0.0 |
| Resources: | | | | | |
| Federal | \$234,355 | \$119,506 | \$0 | \$(119,506) | 0.0 |
| General Fund | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$234,355 | \$119,506 | \$0 | \$(119,506) | 0.0 |

Key Issues

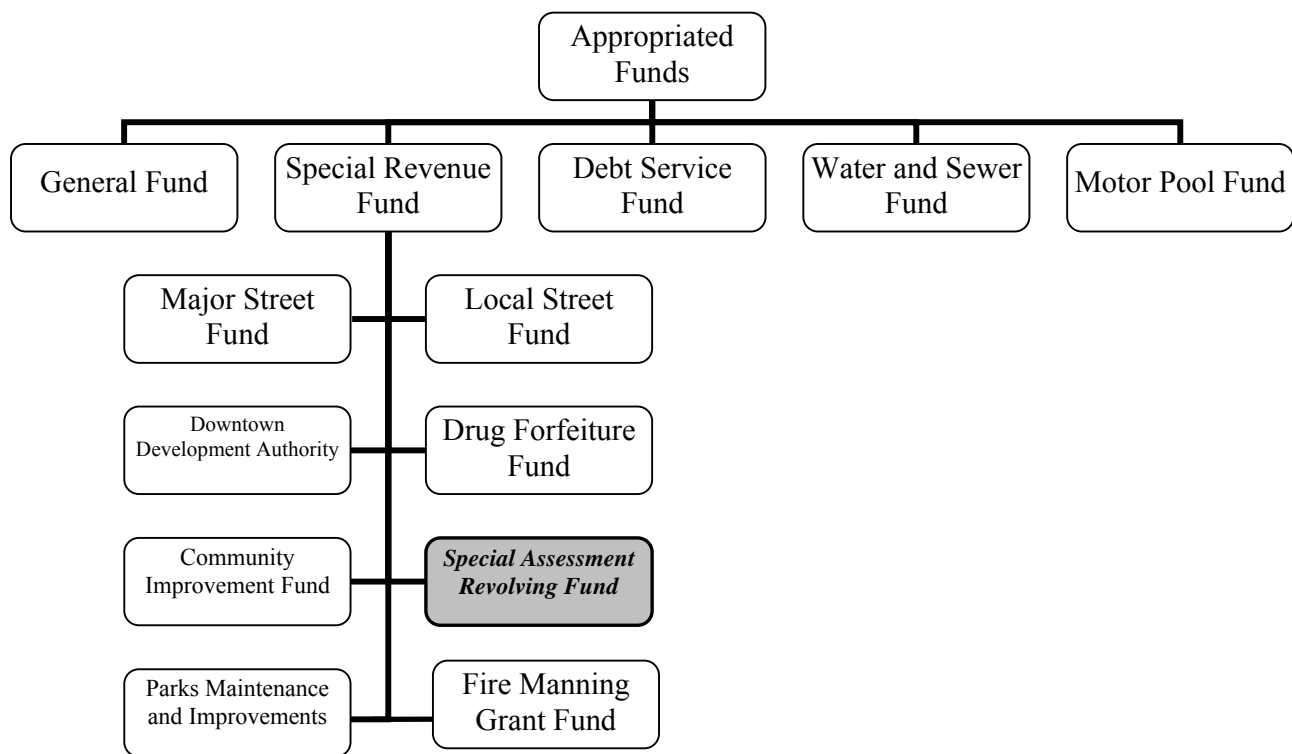
- The grant will provide majority funding for two firefighter positions through March 21, 2013.

Special Assessment Revolving Fund

Statement of Services

The Special Assessment Revolving Fund related projects are supported by the Community Development Department, with the fund 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 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Other Services and Charges | \$3,252 | \$2,800 | \$3,318 | \$518 | 18.5 |
| Capital Outlay | 336,417 | 509,000 | 450,000 | (59,000) | 0.0 |
| Transfers | 25,000 | 94,115 | 156,499 | 62,384 | 100.0 |
| Total | \$364,669 | \$605,915 | \$609,817 | \$3,902 | 0.6 |
| Resources: | | | | | |
| Interest and Misc. Income | \$14,291 | \$5,000 | \$5,000 | \$0 | 0.0 |
| Special Assessment Revenue | 523,794 | 324,480 | 597,623 | 273,143 | 84.2 |
| Transfers | 20,000 | 20,000 | 20,000 | 0 | 0.0 |
| Fund Balance | (193,416) | 256,435 | (12,806) | (269,241) | (105.0) |
| Total | \$364,669 | \$605,915 | \$609,817 | \$3,902 | 0.6 |
| Fund Balance | \$974,690 | \$718,255 | \$731,061 | \$12,806 | 1.8 |

Key Issues

- A total of \$450,000 has been budgeted to support Year Ten of the Sidewalk Repair and Gap Program. The Year Ten Repair Program includes an area bounded by 14 Mile, North Avis, Mandoline, Milton, Whitcomb and I-75.

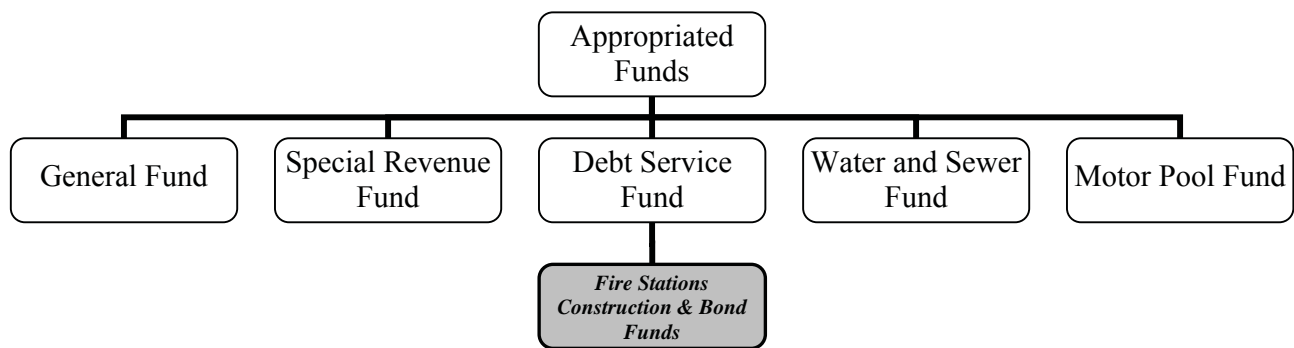
Under the Program, the City inspects the sidewalks and identifies those squares in need of replacement. After the assessment district is established, a contractor is hired and work is completed. The property owners have up to three years to reimburse the City through an annual special assessment billing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

Fire Stations Construction and Bond Funds

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 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Other Services and Charges | \$12,476 | \$19,940 | \$0 | \$(19,940) | (100.0) |
| Debt Service | 415,334 | 421,798 | 373,135 | (48,663) | (11.5) |
| Capital Outlay | 0 | 0 | 0 | 0 | 100.0 |
| Transfers | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$427,810 | \$441,738 | \$373,135 | \$(68,603) | (15.5) |
| Resources: | | | | | |
| Property Taxes | \$388,348 | \$422,758 | \$373,135 | \$(49,623) | (11.7) |
| Fund Balance | 0 | 18,980 | 0 | (18,980) | (100.0) |
| Total | \$388,348 | \$441,738 | \$373,135 | \$(68,603) | (15.5) |
| Fund Balance | \$21,692 | \$2,712 | \$2,712 | \$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. 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.
- In November of 2012, Council approved refinancing the Fire Station Bonds. This refinancing process allowed the City the ability to reduce the coupon interest rate, which was scheduled to increase from 3.0% to 4.0% over the next ten years, to a fixed 1.9%. This refinancing will save the taxpayers over \$321,000.
- The Fire Station Bond millage, like all voted debt issues, is not subject to the Headlee Amendment and Proposal A. The scheduled costs of the principal interest payments are decreasing in FY 2012-13 from \$422,760 to \$373,140. This decrease allows staff to reduce the millage rate by 0.0319 to 0.5148 for FY 2013-14.

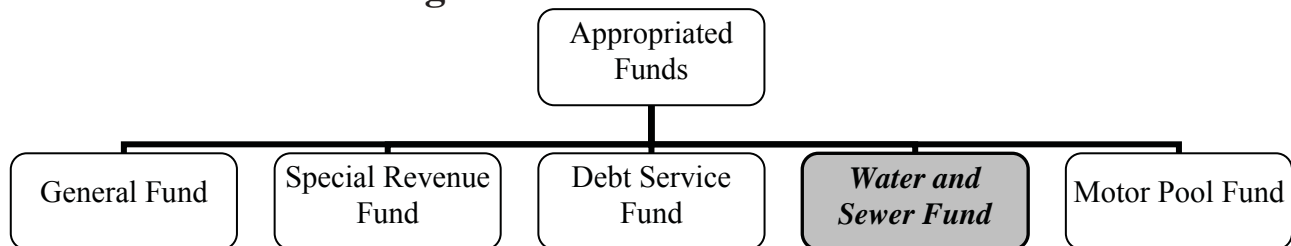
Water and Sewer Division

Statement of Services

The Water and Sewer Division of the Department of Public Services consists of one Water/Sewer Coordinator, four Sewer Maintenance Workers, one Water Meter Repair Worker and three 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 George 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 of catch basin structures; all cleaning of sewer mains, catch basins, gatewells and culverts; repair work including pavement and landscape repairs arising from watermain breaks and/or sewer trench settlement; maintenance of municipal sprinklers; and providing and reporting on storm water management under Federal permits.

Organizational Fund Structure



Accomplishments

Public Health:

- Replaced 2,675 feet of watermain on Palmer north from 11 Mile to dead end and Hampden from 11 Mile to Andover.
- Cleaned sanitary sewers in District #2 between 11 Mile and 12 Mile east of John R and the northeast industrial subdivision.
- Cleaned the catch basins in District #1 between 10 Mile and 11 Mile and the northeast industrial subdivision.
- Repaired or replaced 50 curb boxes that were damaged.
- Continued cross assignment of employees outside of the Water and Sewer Division.
- Repaired and/or assisted on over 40 watermain breaks and completed all related landscape repairs.
- Repeated City-wide leak detection study on all watermains to help eliminate water loss.
- Larvicided over 3,000 catch basins to help fight West Nile Virus.
- Replaced three fire hydrants
- Added one fire hydrant at 839 E. Katherine to conform to Department of Environmental Quality Water Study requirements.
- Completion of federally-mandated Disinfectant and Disinfection By-Product testing.
- Completion of Priority Two Dry Weather Illicit Discharge Elimination Plan stormwater outfall screening.

Objectives

Public Health:

- Complete cleaning of sanitary sewers in District #3 between 12 Mile and 13 Mile.
- Clean catch basins in District #2 between 11 Mile and 12 Mile.
- Continue to cross train employees on all job-related issues.
- Continue annual water line cross-connection inspection and enforcement program.
- Larvicide all City owned catch basins (3,000).
- Submit storm water permit related reports to State of Michigan by the deadline.
- Repeat City-wide leak detection study on all watermains to help eliminate water loss.
- Undertake S2 Grant and State Revolving Fund supported Sanitary Sewer Inspection and Repair Program, Phase I.
- Replace 3,780 feet of watermain on 2013 Residential "R-2" road projects.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|---|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Avg Daily Water Flow (Units*) | 4,500 | 4,500 | 4,600 | 100 | 2.2 |
| Curb Boxes Replaced | 100 | 54 | 60 | 6 | 11.1 |
| Main Break Repairs | 55 | 40 | 40 | 0 | 0.0 |
| New Watermain Installed (Feet) | 0 | 2,630 | 4,780 | 2,150 | 0.0 |
| Water and Sewer Accounts | 11,176 | 11,172 | 11,175 | 3 | 0.0 |
| Sewer Backups Resolved | 12 | 10 | 10 | 0 | 0.0 |
| Register Head Replacements | 149 | 160 | 150 | (10) | 0.0 |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Distribution Water Loss | 6.2% | 7.6% | 6.0% | (0.2%) | (2.6) |
| Combine Cost per unit for water and sewer* | \$6.10 | \$6.69 | \$7.00 | \$0.31 | 4.6 |

* One unit equals 748 gallons

Key Issues

- The average quarterly residential water and sewage bill is projected to rise by 4.47%, or \$7.04, per quarter to \$167.34 (based on 2,200 cubic feet of consumption) or \$55.78 per month.

Financial Summary

| Requirements | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|------------------------------|--------------------|---------------------|---------------------|---|-------------------|
| Water Charges | \$1,953,680 | \$1,983,795 | \$2,069,256 | \$85,461 | 4.3 |
| Water System Maintenance | 624,678 | 605,178 | 645,210 | 40,032 | 6.6 |
| Water Tapping & Installation | 2,467 | 9,000 | 9,000 | 0 | 0.0 |
| Water Depreciation | 454,923 | 257,323 | 377,646 | 120,323 | 46.8 |
| Sewage Disposal Charges | 3,926,289 | 4,122,979 | 4,200,447 | 77,468 | 1.9 |
| Sewer System Maintenance | 384,902 | 434,373 | 526,670 | 92,297 | 21.2 |
| Sewer Depreciation | 356,169 | 390,691 | 366,057 | (24,634) | (6.3) |
| General Service Building | 41,277 | 217,435 | 249,454 | 32,019 | 14.7 |
| General Administration | 1,186,333 | 1,146,489 | 1,143,481 | (3,008) | (0.3) |
| Capital Outlay | (802) | 1,408,000 | 1,261,000 | (147,000) | 0.0 |
| Debt Service | 312,094 | 1,023,889 | 1,027,122 | 3,233 | 0.3 |
| Total | \$9,242,010 | \$11,599,152 | \$11,875,343 | \$276,191 | 2.4 |
| Resources: | | | | | |
| Sales: Water | \$4,988,039 | \$4,862,438 | \$5,084,026 | \$221,588 | 4.6 |
| Sales: Sewer | 6,243,318 | 6,050,164 | 6,403,767 | 353,603 | 5.8 |
| Interest/Miscellaneous | 53,510 | 39,000 | 55,000 | 16,000 | 41.0 |
| Departmental Charges | 29,550 | 29,550 | 29,550 | 0 | 0.0 |
| Transfers | 0 | 0 | 0 | 0 | 0.0 |
| Retained Earnings | (2,072,407) | 618,000 | 303,000 | (315,000) | (51.0) |
| Total | \$9,242,010 | \$11,599,152 | \$11,875,343 | \$276,191 | 2.4 |

| | | | | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------|
| Unrestricted Retained Earnings | \$5,715,773 | \$5,097,773 | \$4,794,773 | \$(303,000) | (5.9) |
|--------------------------------|-------------|-------------|-------------|-------------|-------|

* The Water and Sewer's retained earnings is not representative of cash in this business-type fund and includes accounts receivable, depreciation and inventory. At June 30, 2012, retained earnings were \$5,715,773 and the cash balance was \$4.2 million.

Key Issues

- The FY 2013-14 Budget includes a continuation of watermain replacement for R-2 projects at \$893,000. Other capital purchases that are included in the Budget include \$43,000 for a portable pipe inspection camera, a \$50,000 local contribution for a multi-year sewer inspection and rehabilitation program through the State Revolving Fund Program, and \$269,000 for vehicles, including a new tandem axle dump truck and a pickup truck.

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. 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, 2013, \$3,775,000 remains in principal payments. This bond was refinanced in November 2012 for a reduced interest rate, saving residents \$321,000.
- II. George W. Kuhn Drain Bonds and State Revolving Loan Debt was issued between October 2000 and September 2008. The total debt to be issued is estimated to be \$125,794,822 with Madison Heights' share being \$13,517,677. The bond and interest payments are being paid from the Water and Sewer Fund, with \$8,330,767 principal remaining as of July 1, 2013.
- III. Fixed Network Water Meter Reading System General Obligation Bonds in the amount of \$1,525,000 was issued on August 23, 2010. This bond is payable over 15 years for the purpose of paying cost of improvements to the City's water supply system and related sites, equipment, structures, attachments and appurtenances. As of July 1, 2013, \$1,305,000 principal is remaining.

FY 2013-14 Budget

| General Obligations | | | |
|---------------------|-----------|----------|-----------|
| | Principal | Interest | Total |
| Fire Stations Bond | \$300,000 | \$72,390 | \$372,390 |

| Water & Sewer Obligations | | | |
|----------------------------------|-----------|-----------|-------------|
| | Principal | Interest | Total |
| George Kuhn Drain | \$673,208 | \$227,361 | \$900,569 |
| Fixed Network Water Meter System | 80,000 | 46,413 | 126,413 |
| Water & Sewer Total | \$731,890 | \$273,774 | \$1,026,982 |

| | | | |
|--------------------|-------------|-----------|-------------|
| Total Debt Service | \$1,031,890 | \$346,164 | \$1,399,372 |
|--------------------|-------------|-----------|-------------|

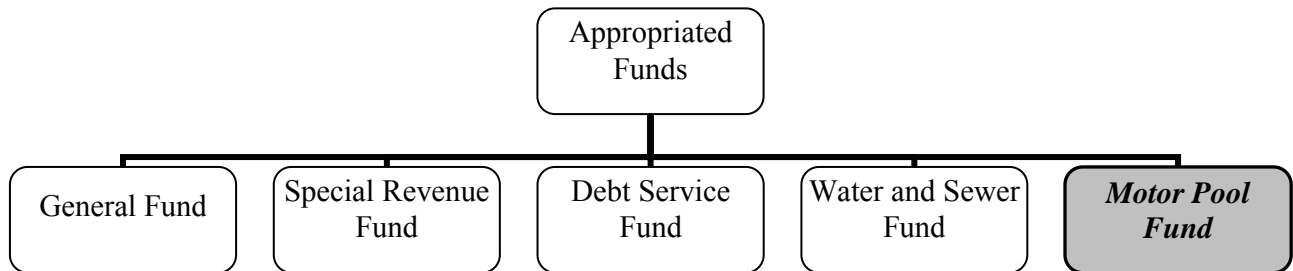
Motor Pool Division

Statement of Services

The Motor Pool Division of the Department of Public Services consists of one Motor Pool Supervisor and two Mechanics. All are State Certified Master 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.
- Overseeing State compliance programs for the DPS underground storage tanks and liquid industrial waste generation.
- Providing support information to assist with internal motor pool cost allocation and vehicle replacement scheduling.

Organizational Fund Structure



Accomplishments

Resource Management:

- Completed narrow banding of the DPS radio system to comply with Federal Communication Commission regulations and improve communication quality.
- The Building Maintenance van and Fire Inspector van have been replaced with vehicles that both match their current requirements and provide better fuel efficiency.
- Implemented Pollution Incident Prevention Plan (PIPP) for liquid industrial waste.
- Instituted compliance program for new State Underground Storage Tank operator certification requirements.

Objectives

Resource Management:

- Continue vehicle replacement under the planned “V-2” millage with greater emphasis on fuel economy.
- As the City is not able to replace some of our older equipment, implement an outsource refurbishment program.
- Continue to right-size the fleet to better match vehicles with our changing needs and to sell under-utilized equipment to generate revenue to partially offset the operations costs.

Performance Measures

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|--|-------------------|---------------------|-------------------|---|-------------------|
| Performance Measures: | | | | | |
| <u>Workload Indicators</u> | | | | | |
| Fleet Size | 247 | 245 | 245 | (2) | (0.8) |
| Total gallons gasoline purchased | 54,109 | 52,000 | 52,000 | (2,109) | (3.9) |
| Total gallons diesel purchased | 31,000 | 28,300 | 29,000 | (2,000) | (6.5) |
| <u>Efficiency/Effectiveness</u> | | | | | |
| Avg. cost - gallon of gasoline | \$2.89 | \$3.02 | \$3.15 | \$0.26 | 9.0 |
| Avg. cost - gallon of diesel | \$2.98 | \$3.14 | \$3.25 | \$0.27 | 9.1 |
| Avg. Maintenance expenditures per light/medium vehicle | \$570.84 | \$600.00 | \$600.00 | \$29.16 | 5.1 |
| Work Orders | 800 | 797 | 605 | (195) | (24.4) |

Financial Summary

| | Actual 2011-12 | Estimate 2012-13 | Budget 2013-14 | Increase (Decrease) FY 2012-13 to FY 2013-14 | Percent Change |
|----------------------------|-------------------|---------------------|-------------------|---|-------------------|
| Requirements: | | | | | |
| Personal Services | \$316,309 | \$316,803 | \$423,903 | \$107,100 | 33.8 |
| Supplies | 248,676 | 290,250 | 273,750 | (16,500) | (5.7) |
| Other Services and Charges | 159,504 | 437,568 | 388,459 | (49,109) | (11.2) |
| Capital Outlay | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$724,489 | \$1,044,621 | \$1,086,112 | \$41,491 | 4.0 |
| Resources: | | | | | |
| Transfers-General Fund | \$639,298 | \$942,729 | \$988,362 | \$45,633 | 4.8 |
| Transfers-Water and Sewer | 84,873 | 101,792 | 97,750 | (4,042) | (4.0) |
| Fund Balance | 0 | 0 | 0 | 0 | 0.0 |
| Total | \$724,171 | \$1,044,521 | \$1,086,112 | \$41,591 | 4.0 |

| | | | | | |
|--------------|-----|-----|-----|-----|-----|
| Fund Balance | \$0 | \$0 | \$0 | \$0 | 0.0 |
|--------------|-----|-----|-----|-----|-----|

Key Issues

- Labor concessions are budgeted in order to maintain the same service level as FY 2013.



FY 2014-18 CAPITAL IMPROVEMENT PLAN

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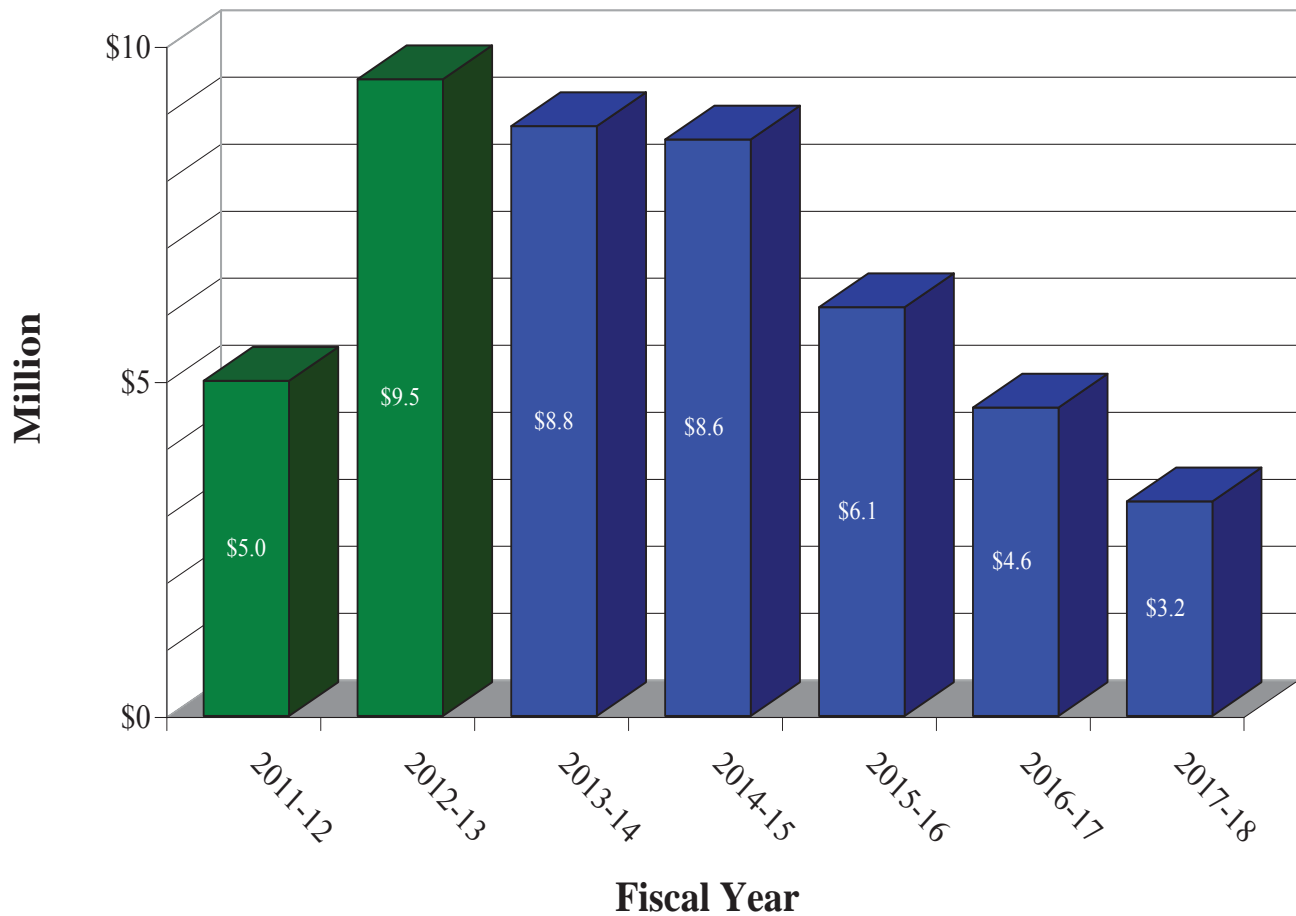
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FIVE YEAR CAPITAL IMPROVEMENT PLAN FY 2014-18

FY 2011-12 ACTUAL AND
FY 2012-13 ESTIMATED



The largest projects programmed during the Capital Improvement Plan include the Proposal “R-2” Neighborhood Road Improvements which range in size from \$2.1 to \$3.9 million over the five year period, as well as the scheduled Road Commission overlay project on Twelve Mile from Stephenson to Dequindre, programmed at \$2.8 million. The plan also includes \$1.2 million to complete the sidewalk program, and \$3.7 million for vehicle replacements over the five-year period.

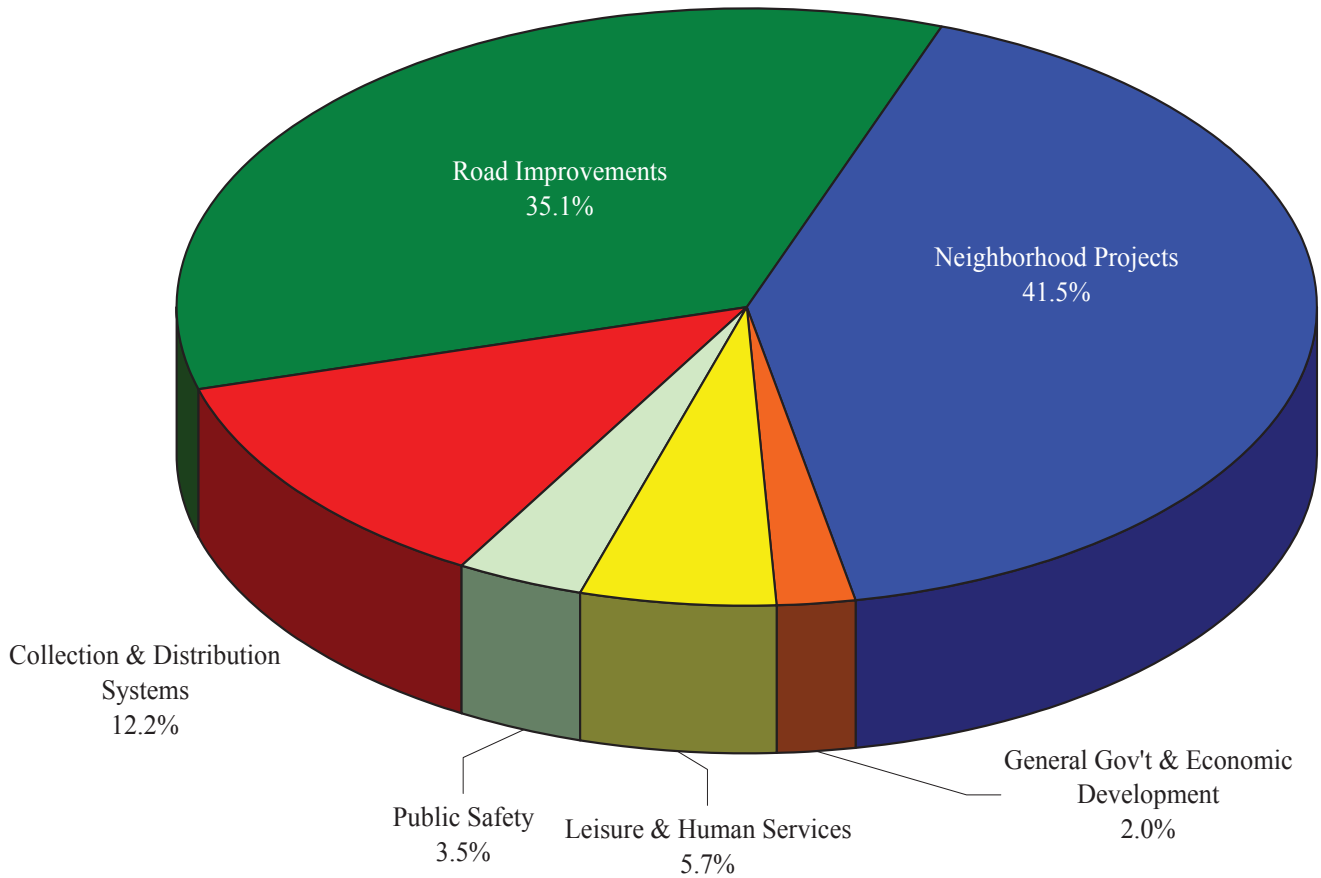
PLAN OVERVIEW

The FY 2014-18 Five Year Capital Improvement Plan totals \$31.3 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 the City's capital improvement policies. (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 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 2014-18



Over seventy-five percent of the Capital Improvement Plan is programmed for Road Improvements and Neighborhood Projects.

**TABLE I
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FINANCIAL OVERVIEW
USE OF FUNDS
(IN THOUSANDS)**

APPROPRIATIONS:

| PROJECT DESCRIPTION | TABLE | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | TOTAL APPROP. |
|--------------------------------|-------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Neighborhood Projects | III | \$ 3,177 | \$ 2,855 | \$ 3,085 | \$ 3,520 | \$ 3,830 | \$ 2,511 | \$ 0 | \$ 12,946 |
| Road Improvements | V | 1,097 | 5,534 | 4,335 | 2,393 | 1,394 | 1,126 | 1,710 | 10,958 |
| Collection & Distribution Sys. | VII | 390 | 694 | 740 | 1,478 | 517 | 522 | 563 | 3,820 |
| Public Safety | IX | 169 | 161 | 328 | 487 | 175 | 75 | 35 | 1,100 |
| General Gov't & Economic Dev. | XI | 128 | 86 | 240 | 204 | 37 | 139 | 21 | 641 |
| Leisure & Human Services | XII | 0 | 197 | 55 | 509 | 137 | 205 | 868 | 1,774 |
| TOTAL | | \$ 4,961 | \$ 9,527 | \$ 8,783 | \$ 8,591 | \$ 6,090 | \$ 4,578 | \$ 3,197 | \$ 31,239 |

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 up to 5 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.

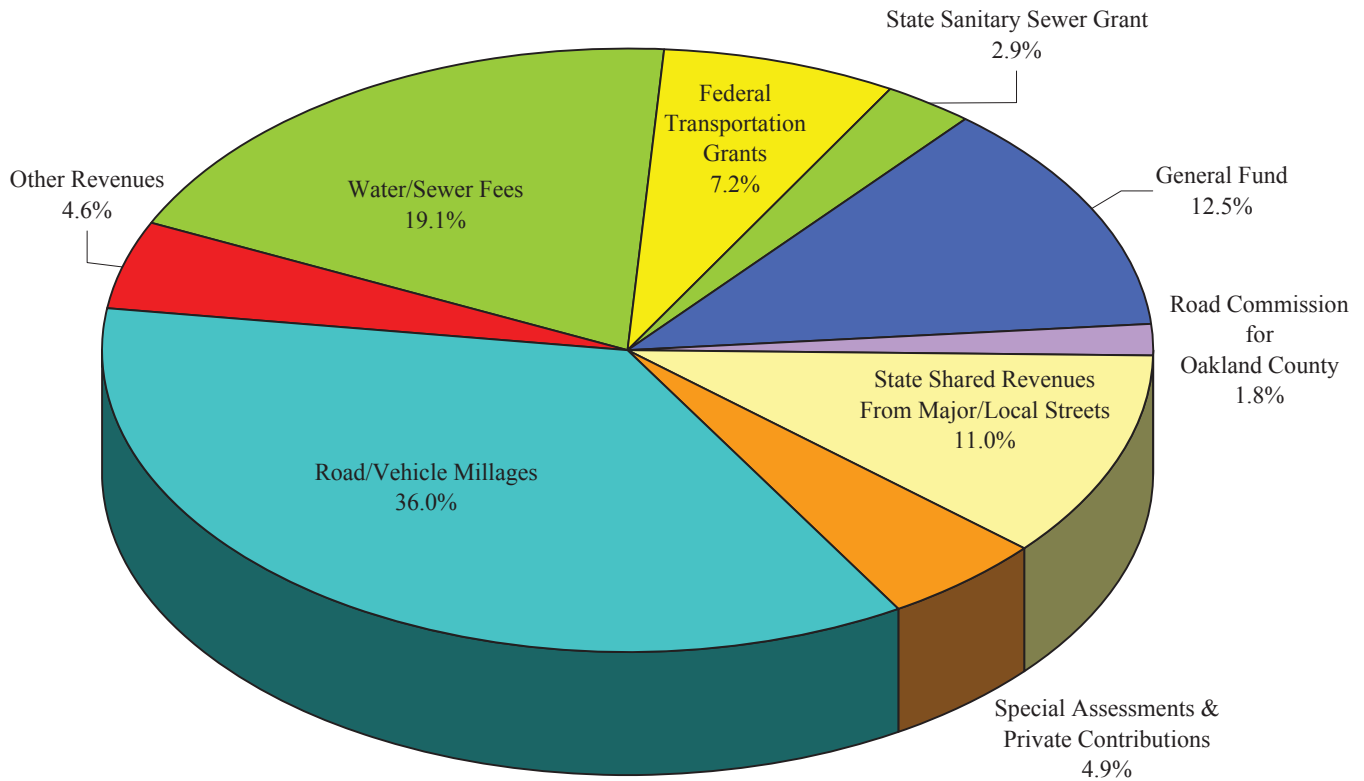
The format for the Capital Improvement Plan has been established to emphasize major functional areas. All capital improvement proposals have been classified into one of six functional areas: Neighborhood Projects, Road Improvements, Collection & Distribution Systems, Public Safety, General Government & 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 | 41.5 |
| Road Improvements | 35.1 |
| Collection & Distribution Systems | 12.2 |
| Leisure & Human Services | 5.7 |
| Public Safety | 3.5 |
| General Government & Economic Development | <u>2.0</u> |
| | 100.0 |

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

SOURCE OF FUNDS FY 2014-18



The Road and Vehicle Millage and Water and Sewer Fees provide over fifty-five percent of the funding for the Capital Improvement Plan.

**TABLE II
FY 2014-2018 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 XII LEISURE & HUMAN SERVICES | TOTAL |
|--|---------------------------------------|-------------------------------|--|---------------------------------|---|--|------------------|
| Road/Vehicle Millage | \$ 9,512 | \$ 1,455 | \$ 0 | \$ 302 | \$ 0 | \$ 0 | \$ 11,269 |
| Water/Sewer Fees | 3,045 | 0 | 2,920 | 0 | 0 | 0 | 5,965 |
| General Fund | 0 | 2,118 | 0 | 563 | 346 | 874 | 3,901 |
| State Shared Revenues from Major/Local Streets | 0 | 3,435 | 0 | 0 | 0 | 0 | 3,435 |
| Federal Transportation Grant | 0 | 2,240 | 0 | 0 | 0 | 0 | 2,240 |
| Special Assessments & Private Contributions | 389 | 1,150 | 0 | 0 | 0 | 0 | 1,539 |
| State of Michigan Sanitary Sewer Grant | 0 | 0 | 900 | 0 | 0 | 0 | 900 |
| Road Commission for Oakland County | 0 | 560 | 0 | 0 | 0 | 0 | 560 |
| Other Revenues | | | | | | | |
| State of Michigan Natural Resources Grants | 0 | 0 | 0 | 0 | 0 | 391 | 391 |
| Park Maintenance & Improvement Fund | 0 | 0 | 0 | 0 | 0 | 269 | 269 |
| Oakland County Parks & Recreation | 0 | 0 | 0 | 0 | 0 | 240 | 240 |
| Library Millage | 0 | 0 | 0 | 0 | 235 | 0 | 235 |
| Federal Assistance to Firefighters Grant | 0 | 0 | 0 | 149 | 0 | 0 | 149 |
| Oakland County (Other) | 0 | 0 | 0 | 30 | 60 | 0 | 90 |
| Drug Forfeiture Fund | 0 | 0 | 0 | 56 | 0 | 0 | 56 |
| TOTAL | \$ 12,946 | \$ 10,958 | \$ 3,820 | \$ 1,100 | \$ 641 | \$ 1,774 | \$ 31,239 |

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, Water and Sewer Fees, General Fund and State Shared Revenues from Major and Local Streets totaling \$25 million or almost 80 percent of the plan. The majority of these funds will be needed for scheduled neighborhood road improvement projects and major road work. A breakdown of revenues programmed in the FY 2014-18 Capital Improvement Plan is as follows:

| <u>Revenue Source</u> | <u>Percent of Plan</u> |
|--|----------------------------|
| Road and Vehicle Millages | 36.0 |
| Water and Sewer Fees | 19.1 |
| General Fund | 12.5 |
| State Shared Revenues from Major/Local Streets | 11.0 |
| Federal Transportation Grants | 7.2 |
| Special Assessment and Private Contributions | 4.9 |
| State of Michigan Sanitary Sewer Grant | 2.9 |
| Road Commission for Oakland County | 1.8 |
| State of Michigan Natural Resources Grants | 1.3 |
| Park Maintenance & Improvement Fund | 0.9 |
| Library Millage | 0.8 |
| Oakland County Parks & Recreation | 0.8 |
| Federal Assistance to Firefighters Grant | 0.5 |
| Drug Forfeiture Fund | 0.2 |
| Other Revenues | <u>0.1</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 25.3 percent of the Capital Improvement Plan. Major and Local Streets State Shared Revenues serve as the source for the City's contribution to road construction 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 80 percent of the funding for the Twelve Mile overlay project.

The Five Year Capital Improvement Program calls for the completion/construction of 123 projects and the purchase of 24 major pieces of equipment.

The FY 2013-14 Capital Improvement Plan totals \$8.8 million (Table I) and calls for the construction of 28 projects and the purchase of one major piece of equipment.

TABLE III
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

APPROPRIATIONS:

| NEIGHBORHOOD PROJECTS | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | TOTAL APPROP. |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| Proposal "R-2" Sidewalks | \$ 20 | \$ 20 | \$ 20 | \$ 20 | \$ 20 | \$ 20 | \$ 0 | \$ 80 |
| Proposal "R-2" Concrete Repair | 0 | 100 | 100 | 100 | 100 | 100 | 0 | 400 |
| YEAR 4 ROADS (R-2) 2011 | | | | | | | | |
| Gardenia - John R to Lorenz | 550 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Alger - Parker South to Gardenia | 423 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Townley - 11 Mile to University | 280 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Winthrop Sectional Concrete Repair Phase III | 203 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| YEAR 5 ROADS (R-2) 2011 (Original 2012) | | | | | | | | |
| Shacket - Huntington to Spoon | 437 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Huntington - Campbell to Mark | 255 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sherry - Girard to Parkdale | 348 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Longfellow - Garry to 30290 Longfellow | 262 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Groveland and University Intersection - (Watermain to 11 Mile) and 21700 Groveland to Farnum | 399 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| YEAR 6 ROADS (R-2) 2012 (Original 2013) | | | | | | | | |
| Lenox - Baxter to Sprague | 0 | 230 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hampden - Farnum Intersection | 0 | 127 | 0 | 0 | 0 | 0 | 0 | 0 |
| University - Lenox to Hampden | 0 | 127 | 0 | 0 | 0 | 0 | 0 | 0 |
| Brettonwoods - Gardenia to Farnum | 0 | 565 | 0 | 0 | 0 | 0 | 0 | 0 |
| Forest - Hampden to Brettonwoods & Hampden Intersection | 0 | 252 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gardenia - Hampden to Dartmouth | 0 | 207 | 0 | 0 | 0 | 0 | 0 | 0 |
| Parker - E of Sealcoat to John R - (Watermain Cross-Over) | 0 | 609 | 0 | 0 | 0 | 0 | 0 | 0 |
| YEAR 7 ROADS (R-2) 2013 (Original 2014) | | | | | | | | |
| Dartmouth - 26333 Dartmouth to 26113 Dartmouth | 0 | 82 | 231 | 0 | 0 | 0 | 0 | 231 |
| Barrington - Cowan to Andover | 0 | 93 | 212 | 0 | 0 | 0 | 0 | 212 |
| W. Barrett - Alger to John R | 0 | 0 | 217 | 0 | 0 | 0 | 0 | 217 |
| E. Hudson - John R to 71 E. Hudson | 0 | 90 | 158 | 0 | 0 | 0 | 0 | 158 |
| Kalama - Stephenson Hwy. to Alger | 0 | 0 | 460 | 0 | 0 | 0 | 0 | 460 |
| Couzens - South of 11 Mile Road (SAD) | 0 | 213 | 526 | 0 | 0 | 0 | 0 | 526 |
| Harwood - Dartmouth to 368 Harwood | 0 | 140 | 268 | 0 | 0 | 0 | 0 | 268 |
| YEAR 8 ROADS (R-2) 2014 (Original 2015) | | | | | | | | |
| Whittier - Longfellow to Chaucer | 0 | 0 | 215 | 529 | 0 | 0 | 0 | 744 |
| Chaucer - Whittier to Longfellow | 0 | 0 | 74 | 410 | 0 | 0 | 0 | 484 |
| Barrington - S. of Horace Brown to 13 Mile NB | 0 | 0 | 223 | 518 | 0 | 0 | 0 | 741 |
| Barrington - S. of Horace Brown to 13 Mile SB (SAD) | 0 | 0 | 182 | 465 | 0 | 0 | 0 | 647 |
| Blairmoor - Manchester to Thirteen Mile Road | 0 | 0 | 182 | 543 | 0 | 0 | 0 | 725 |
| Manchester & Woodmont Intersection | 0 | 0 | 17 | 102 | 0 | 0 | 0 | 119 |
| YEAR 9 ROADS (R-2) 2015 (Original 2016) | | | | | | | | |
| Fournier - Sherry to Mark and Mark - Fournier to Sherry | 0 | 0 | 0 | 470 | 1,355 | 0 | 0 | 1,825 |
| E. Harwood - Couzens to Dei | 0 | 0 | 0 | 165 | 414 | 0 | 0 | 579 |
| Lincoln - John R to 104 E. Lincoln | 0 | 0 | 0 | 198 | 165 | 0 | 0 | 363 |
| Lincoln - 504 E. Lincoln to 583 E. Lincoln | 0 | 0 | 0 | 0 | 457 | 0 | 0 | 457 |
| YEAR 10 ROADS (R-2) 2016 (Original 2017) | | | | | | | | |
| Madison - Millard to 31605 Madison | 0 | 0 | 0 | 0 | 239 | 289 | 0 | 528 |
| Areada - N. of 11 Mile Road | 0 | 0 | 0 | 0 | 99 | 275 | 0 | 374 |
| Meadows - Whitcomb to 31608 Meadows | 0 | 0 | 0 | 0 | 256 | 416 | 0 | 672 |
| Dorchester - 13 Mile to Windemere | 0 | 0 | 0 | 0 | 50 | 126 | 0 | 176 |
| Windemere - Dorchester to Edgeworth | 0 | 0 | 0 | 0 | 83 | 255 | 0 | 338 |
| Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood) | 0 | 0 | 0 | 0 | 226 | 288 | 0 | 514 |
| Palmer - 13 Mile N. to end | 0 | 0 | 0 | 0 | 135 | 366 | 0 | 501 |
| Moulin - Dulong to 1353 Moulin - (Watermain to Rose) | 0 | 0 | 0 | 0 | 231 | 376 | 0 | 607 |
| TOTALS | \$ 3,177 | \$ 2,855 | \$ 3,085 | \$ 3,520 | \$ 3,830 | \$ 2,511 | \$ 0 | \$ 12,946 |

TABLE III
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

REVENUES:

| NEIGHBORHOOD PROJECTS | GENERAL FUND | CDBG | SPECIAL ASSESS. | ROAD MILLAGE | WATER & SEWER FUND | OTHER REVENUES | TOTAL REVENUE |
|---|-----------------|------|--------------------|-----------------|--------------------------|-------------------|------------------|
| Proposal "R-2" Sidewalks | \$ 0 | \$ 0 | \$ 0 | \$ 80 | \$ 0 | \$ 0 | \$ 80 |
| Proposal "R-2" Concrete Repair | 0 | 0 | 0 | 400 | 0 | 0 | 400 |
| | | | | | | | |
| YEAR 7 ROADS (R-2) 2013 | | | | | | | |
| Dartmouth - 26333 Dartmouth to 26113 Dartmouth | 0 | 0 | 0 | 231 | 0 | 0 | 231 |
| Barrington - Cowan to Andover | 0 | 0 | 0 | 212 | 0 | 0 | 212 |
| W. Barrett - Alger to John R | 0 | 0 | 0 | 217 | 0 | 0 | 217 |
| E. Hudson - John R to 71 E. Hudson | 0 | 0 | 0 | 158 | 0 | 0 | 158 |
| Kalama - Stephenson Hwy. To Alger | 0 | 0 | 0 | 460 | 0 | 0 | 460 |
| Couzens - South of 11 Mile Road (SAD) | 0 | 0 | 156 | 370 | 0 | 0 | 526 |
| Harwood - Dartmouth to 368 Harwood | 0 | 0 | 0 | 268 | 0 | 0 | 268 |
| | | | | | | | |
| YEAR 8 ROADS (R-2) 2014 | | | | | | | |
| Whittier - Longfellow to Chaucer | 0 | 0 | 0 | 529 | 215 | 0 | 744 |
| Chaucer - Whittier to Longfellow | 0 | 0 | 0 | 410 | 74 | 0 | 484 |
| Barrington - S. of Horace Brown to 13 Mile NB | 0 | 0 | 0 | 518 | 223 | 0 | 741 |
| Barrington - S. of Horace Brown to 13 Mile SB (SAD) | 0 | 0 | 233 | 232 | 182 | 0 | 647 |
| Blairmoor - Manchester to Thirteen Mile Road | 0 | 0 | 0 | 543 | 182 | 0 | 725 |
| Manchester & Woodmont Intersection | 0 | 0 | 0 | 102 | 17 | 0 | 119 |
| | | | | | | | |
| YEAR 9 ROADS (R-2) 2015 (Original 2016) | | | | | | | |
| Fournier - Sherry to Mark and Mark - Fournier to Sherry | 0 | 0 | 0 | 1,355 | 470 | 0 | 1,825 |
| E. Harwood - Couzens to Dei | 0 | 0 | 0 | 414 | 165 | 0 | 579 |
| Lincoln - John R to 104 E. Lincoln | 0 | 0 | 0 | 165 | 198 | 0 | 363 |
| Lincoln - 504 E. Lincoln to 583 E. Lincoln | 0 | 0 | 0 | 457 | 0 | 0 | 457 |
| | | | | | | | |
| YEAR 10 ROADS (R-2) 2016 (Original 2017) | | | | | | | |
| Madison - Millard to 31605 Madison - (Watermain Whole Street) | 0 | 0 | 0 | 289 | 239 | 0 | 528 |
| Areada - N. of 11 Mile Road | 0 | 0 | 0 | 275 | 99 | 0 | 374 |
| Meadows - Whitcomb to 31608 Meadows - (full Watermain) | 0 | 0 | 0 | 416 | 256 | 0 | 672 |
| Dorchester - 13 Mile to Windemere | 0 | 0 | 0 | 126 | 50 | 0 | 176 |
| Windemere - Dorchester to Edgeworth | 0 | 0 | 0 | 255 | 83 | 0 | 338 |
| Kenwood - Millard to 31601 Kenwood (Watermain to Englewood) | 0 | 0 | 0 | 288 | 226 | 0 | 514 |
| Palmer - 13 Mile N. to end | 0 | 0 | 0 | 366 | 135 | 0 | 501 |
| Moulin - Dulong to 1353 Moulin - (Watermain to Rose) | 0 | 0 | 0 | 376 | 231 | 0 | 607 |
| | | | | | | | |
| TOTALS | \$ 0 | \$ 0 | \$ 389 | \$ 9,512 | \$ 3,045 | \$ 0 | \$ 12,946 |

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.

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 is planned 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.

Due to the financial condition of the Water and Sewer Fund, in February of 2010 the City Council voted to suspend all watermain replacements with the exception of a few watermains that crossed under road projects at intersections. As part of the Capital Improvement Program, the City will return to replacing watermains under the R-2 roads as part of the road reconstruction program. These projects are needed to minimize the risk and exposure associated with having to excavate newly reconstructed concrete roadway, sidewalk, and driveway approaches, as well as the restoration of landscaping, in order to repair old, broken ductile iron watermain. Unfortunately, such a break occurred in 2012 under the newly poured intersection of Hampden and Forest.

A total of \$3.0 million has been programmed in the Water & Sewer Fund to complete R-2 related watermains over the next four years.

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 (\$4.0 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 2014-18 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 | \$ 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 | | | | | |
| | | YEAR 2 | 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 | | | | | |
| | | YEAR 3 | 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 | | | | | |
| | | YEAR 4 | 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 | | | | | |
| | | YEAR 5 | 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 | 172 | 5 * | 523 | 171 * | 871 |
| DONE | 2003 | Wolverine - Spartan to 11 MILE SAD 263 | | | | | |
| | | YEAR 8 | | | | | |
| DONE | 2004 | Greig - John R to Dequindre SAD 265 /SAD 266 | 40 | 0 | 1,384 | 210 * | 1,634 |
| 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 | 305 | 253 * | 558 |
| DONE | 2005 | Delton - Greig to Cowan SAD 269 | 0 | 0 | 210 | 76 * | 286 |
| DONE | 2005 | Beaupre - Rose to Fontaine | 0 | 258 * | 234 | 0 | 492 |
| DONE | 2005 | Proposal "R" Maintenance & Repair - Park Court/Hales | 0 | 0 | 213 | 0 | 213 |
| DONE | 2005 | Withrop Sectional Concrete Repair Phase 1 | 0 | 0 | 139 | 0 | 139 |
| | | YEAR 10 | | | | | |
| DONE | 2006 | Battelle - Lincoln to Guthrie | 65 | 5 | 557 | 100 * | 727 |
| DONE | 2006 | Alger - Lincoln to Guthrie | 240 | 5 | 734 | 130 * | 1,109 |
| DONE | 2006 | Guthrie (north half) - Alger to Cul De Sac | 20 | 5 | 131 | 36 * | 192 |
| | | YEAR 11 | | | | | |
| DONE | 2007 | Parker District SAD 272 | 375 | 15 | 1,993 | 495 * | 2,878 |
| DONE | 2007 | Watermain Restoration -Middlesex-Alden to Nanton | 0 | 0 | 190 | 87 * | 277 |
| | | YEAR 12 | | | | | |
| DONE | 2008 | Spoon Sectional | 0 | 0 | 200 | 130 * | 330 |
| DONE | 2008 | Sherry Sectional | 0 | 0 | 323 | 210 * | 533 |
| | | YEAR 13 | | | | | |
| DONE | 2009 | Proposal "R" Concrete Repair | 0 | 0 | 957 | 0 | 957 |
| | | FUTURE YEARS | | | | | |
| PLANNED | 2010-17 | Proposal "R-2" Project Supplement | 0 | 0 | 4,260 | 0 | 4,260 |
| | | TOTALS | \$ 2,700 | \$ 493 | \$ 19,786 | \$ 3,677 | \$ 26,656 |

* \$4,023,000 Funded by the Water Sewer Fund

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, and the project only proceeds with the establishment of the special assessment district when the project is supported by a majority of property owners.

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 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 (\$945,000) of any “R-1” programmed street exhibiting signs of deterioration.

At the conclusion of the “R-1” program, the remaining funds of \$4.3 million were reprogrammed to supplement the “R-2” program which started in 2008.

- 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 has continued 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 include new concrete streets, approaches, necessary sidewalk repairs and installations, and connections to the storm water drainage system.

The Finance Department has estimated that Proposal “R-2” will generate \$18.0 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 \$9.6 million, 34.7% from the original April 2006 estimate. To close this funding gap, \$4.3 million 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.

Of the 74.01 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 scheduled sealcoat roads, which will 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 “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.

In November of 2010, the staff surveyed the property owners for the scheduled 2011 special assessment related projects. Park Court and Rialto, from 11 Mile south to the end, did not reach a majority and were dropped from the program.

Funding for the second multi-year Neighborhood Road Improvement Program includes:

1. Neighborhood Road Improvement Millage (\$23.1 million);
2. Water and Sewer Fund Revenues (\$1.2 million); and
3. Property Owner Special Assessment (\$1.1 million).

For the 2011 construction season, staff proposed advance constructing the Year 5 (2012) “R-2” roads along with the scheduled Year 4 (2011) “R-2” roads. This opportunity is possible due to available “R-2” fund balance and the availability of engineering/inspection resources due to a lack of major road projects. On January 24, 2011, City Council approved a long-term agreement with the City’s road contractor that locks pricing for the next six years and moves up the scheduled reconstruction projects from 2012 to 2017 by one year.

As of December 2012, staff forecasts \$682,000 remaining for additional R-2 eligible projects following the completion of the scheduled program in Year 10 (FY 2016-17). As part of the analysis of potential projects, the City will need to re-evaluate those sealcoat roads which were previously surveyed and rejected by a majority of the affected property owners, including:

Estimated Project Costs (in Thousands)

| | <u>Street Paving & Sewer</u> | <u>Watermain</u> | <u>Total Estimated</u> |
|---|--------------------------------------|------------------|------------------------|
| Alden - 11 Mile South to end (2009) | \$ 473 | \$131 | \$ 604 |
| Spicer - Northeastern South to end (2009) | 413 | 103 | 516 |
| Nanton - 11 Mile South to end (2009) | 452 | 129 | 581 |
| Park Court - 11 Mile South to end (2010) | 481 | 147 | 628 |
| Rialto - 11 Mile South to end (2010) | <u>479</u> | <u>135</u> | <u>614</u> |
| Totals | \$2,298 | \$645 | \$2,943 |

In FY 2013-14, the R-2 project schedule includes the reconstruction of Couzens south of 11 Mile, a sealcoat street. This project was approved through the special assessment district process.

As Council is aware, the R-2 road millage is scheduled to expire in FY 2017. City staff will be analyzing future potential neighborhood road construction, maintenance and repair needs, and will provide City Council with a recommendation no later than January of 2016.

TABLE IV-B
FY 2014-18 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 | \$ 712 | \$ 177 | \$ 959 |
| 2008 | Parkdale - Campbell to Mark | 15 | 10 | 353 | 81 | 459 |
| 2008 | Millard - Campbell to Edgeworth South to 31601 Millard | 11 | 0 | 612 | 149 | 772 |
| 2008 | Barrington/Northeastern - Woodside to Girard | 27 | 5 | 540 | 88 | 660 |
| 2008 | Girard - I-75 to Palmer | 85 | 0 | 429 | 94 | 608 |
| 2008 | Sidewalk Replacement | 0 | 0 | 20 | 0 | 20 |
| | YEAR 2 ROADS | | | | | |
| 2009 | Palmer - 13 Mile to LaSalle | 42 | 0 | 342 | 83 | 467 |
| 2009 | Tawas - 12 Mile Road to Mapleknoll and Tawas Court | 95 | 10 | 333 | 98 | 536 |
| 2009 | E. Barrett - Tawas to Couzens | 40 | 15 | 534 | 99 | 688 |
| 2009 | Lorenz - 11 Mile to Greig | 0 | 0 | 291 | 77 | 368 |
| 2009 | Hales - 11 Mile to Northeastern | 25 | 0 | 211 | 58 | 294 |
| 2009 | Northeastern - 11 Mile to South End | 40 | 5 | 451 | 123 | 619 |
| 2009 | Katherine - Lorenz to Edward | 30 | 0 | 128 | 0 | 158 |
| | YEAR 3 ROADS | | | | | |
| 2010 | Brockton - Battelle to Tawas | 0 | 0 | 272 | 0 | 272 |
| 2010 | Dorchester - Englewood to 31272 Dorchester | 19 | 0 | 137 | 0 | 156 |
| 2010 | Yorkshire - Westmore to Tanglewood | 55 | 5 | 92 | 0 | 152 |
| 2010 | Westmore - Winthrop to W. of Yorkshire Inc. 30459 Westmore | 0 | 0 | 263 | 0 | 263 |
| 2010 | Englewood - Campbell to Edgeworth | 5 | 0 | 389 | 0 | 394 |
| 2010 | Sidewalk Replacement | 0 | 0 | 20 | 0 | 20 |
| 2010 | Winthrop Sectional Concrete Repair Phase II | 0 | 0 | 101 | 0 | 101 |
| | YEAR 4 ROADS | | | | | |
| 2011 | Gardenia - John R to Lorenz | 2 | 0 | 523 | 25 | 550 |
| 2011 | Alger - Parker South to Gardenia | 82 | 16 | 325 | 0 | 423 |
| 2011 | Townley - 11 Mile to University | 0 | 0 | 280 | 0 | 280 |
| 2011 | Winthrop Sectional Concrete Repair Phase III | 0 | 0 | 203 | 0 | 203 |
| 2011 | Sidewalk Replacement | 0 | 0 | 20 | 0 | 20 |
| | YEAR 5 ROADS | | | | | |
| 2011 | Shacket - Huntington to Spoon | 60 | 15 | 354 | 8 | 437 |
| 2011 | Huntington - Campbell to Mark | 5 | 0 | 250 | 0 | 255 |
| 2011 | Sherry - Girard to S. of Parkdale | 28 | 5 | 307 | 8 | 348 |
| 2011 | Longfellow - Garry to 30290 Longfellow | 2 | 0 | 260 | 0 | 262 |
| 2011 | Groveland and University Intersection - (Watermain to 11 Mile) and 21700 Groveland to Farnum | 0 | 0 | 391 | 8 | 399 |
| | YEAR 6 ROADS | | | | | |
| 2012 | Lenox - Baxter to Sprague | 2 | 0 | 228 | 0 | 230 |
| 2012 | Hampden - Farnum Intersection | 10 | 5 | 112 | 0 | 127 |
| 2012 | University - Lenox to Hampden | 0 | 0 | 127 | 0 | 127 |
| 2012 | Brettonwoods - Gardenia to Farnum | 0 | 0 | 565 | 0 | 565 |
| 2012 | Forest - Hampden to Brettonwoods & Hampden Intersection | 25 | 0 | 227 | 0 | 252 |
| 2012 | Gardenia - Hampden to Dartmouth | 0 | 0 | 207 | 0 | 207 |
| 2012 | Parker - E of Sealcoat to John R - (Watermain Cross-Over) | 150 | 0 | 459 | 0 | 609 |
| 2012 | Concrete Replacement | 0 | 0 | 100 | 0 | 100 |
| 2012 | Sidewalk Replacement | 0 | 0 | 20 | 0 | 20 |

TABLE IV-B
FY 2014-18 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 | | | | | | |
| 2013 | Dartmouth - N. of Cowan (26333) S. to 26113 Dartmouth | 0 | 0 | 231 | 82 | 313 |
| 2013 | Barrington - Cowan to Andover | 0 | 0 | 212 | 93 | 305 |
| 2013 | W. Barrett - Alger to John R | 0 | 0 | 217 | 0 | 217 |
| 2013 | E. Hudson - John R to 71 E. Hudson | 0 | 0 | 158 | 90 | 248 |
| 2013 | Kalama - Stephenson Highway to Alger | 60 | 17 | 460 | 0 | 537 |
| 2013 | Couzens - S. of 11 Mile Road (SAD) | 5 | 0 | 526 | 213 | 744 |
| 2013 | Harwood - Dartmouth to 368 Harwood - (Watermain to Alger) | 0 | 0 | 268 | 140 | 408 |
| 2013 | Concrete Replacement | 0 | 0 | 100 | 0 | 100 |
| 2013 | Sidewalk Replacement | 0 | 0 | 20 | 0 | 20 |
| YEAR 8 ROADS | | | | | | |
| 2014 | Whittier - Longfellow to Chaucer | 45 | 0 | 484 | 215 | 744 |
| 2014 | Chaucer - Whittier to Longfellow | 45 | 0 | 365 | 74 | 484 |
| 2014 | Barrington - S. of Horace Brown to 13 Mile NB | 0 | 0 | 518 | 223 | 741 |
| 2014 | Barrington - S. of Horace Brown to 13 Mile SB (SAD) | 0 | 0 | 465 | 182 | 647 |
| 2014 | Blairmoor - Manchester to Thirteen Mile Road | 50 | 15 | 478 | 182 | 725 |
| 2014 | Manchester & Woodmont Intersection | 0 | 0 | 102 | 17 | 119 |
| 2014 | Concrete Replacement | 0 | 0 | 100 | 0 | 100 |
| 2014 | Sidewalk Replacement | 0 | 0 | 20 | 0 | 20 |
| YEAR 9 ROADS | | | | | | |
| 2015 | Fourmer - Sherry to Mark and Mark - Fournier to Sherry | 140 | 30 | 1,185 | 470 | 1,825 |
| 2015 | E. Harwood - Couzens to Dei | 46 | 15 | 353 | 165 | 579 |
| 2015 | Lincoln - John R to 104 E. Lincoln - (Watermain to Osmun) | 0 | 0 | 165 | 198 | 363 |
| 2015 | Lincoln - 504 E. Lincoln to 583 E. Lincoln | 0 | 0 | 457 | 0 | 457 |
| 2015 | Concrete Replacement | 0 | 0 | 100 | 0 | 100 |
| 2015 | Sidewalk Replacement | 0 | 0 | 20 | 0 | 20 |
| YEAR 10 ROADS | | | | | | |
| 2016 | Madison - Millard to 31605 Madison - (Watermain Whole Street) | 0 | 0 | 289 | 239 | 528 |
| 2016 | Areeda - N. of 11 Mile Road | 0 | 0 | 275 | 99 | 374 |
| 2016 | Meadows - Whitcomb to 31608 Meadows - (full Watermain) | 24 | 5 | 387 | 256 | 672 |
| 2016 | Dorchester - 13 Mile to Windemere | 0 | 0 | 126 | 50 | 176 |
| 2016 | Windemere - Dorchester to Edgeworth | 0 | 0 | 255 | 83 | 338 |
| 2016 | Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood) | 0 | 0 | 288 | 226 | 514 |
| 2016 | Moulin - Dulong to 1353 Moulin - (Watermain to Rose) | 34 | 14 | 328 | 231 | 607 |
| 2016 | Palmer - 13 Mile N. to end | 0 | 0 | 366 | 135 | 501 |
| 2016 | Concrete Replacement | 0 | 0 | 100 | 0 | 100 |
| 2016 | Sidewalk Replacement | 0 | 0 | 20 | 0 | 20 |
| YEAR 11 ROADS | | | | | | |
| 2017 | Additional Proposal R- 2 Eligible Projects | 0 | 0 | 682 | 0 | 682 |
| TOTALS | | \$ 1,359 | \$ 202 | \$ 21,308 | \$ 4,839 | \$ 27,708 |

TABLE V
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
ROAD IMPROVEMENTS
(IN THOUSANDS)

APPROPRIATIONS:

| ROAD IMPROVEMENTS | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | TOTAL APPROP. |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| A. STATE HIGHWAY PROJECTS | | | | | | | | |
| B. MAJOR ROAD IMPROVEMENTS | | | | | | | | |
| Campbell - 12 Mile Intersection North | \$0 | \$22 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 14 Mile - Asphalt Overlay-Campbell to Stephenson | 0 | 1,510 | 0 | 0 | 0 | 0 | 0 | 0 |
| John R - Overlay 11 Mile to Dartmouth | 0 | 1,895 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Mile - Asphalt Overlay-Stephenson to Dequindre | 0 | 0 | 2,800 | 0 | 0 | 0 | 0 | 2,800 |
| C. LOCAL ROAD IMPROVEMENTS (EXCLUDING PROP "R-1 & R-2") | | | | | | | | |
| NSP Sectional Concrete Repair (Connie) | 175 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| D. TRAFFIC SIGNAL UPGRADES | | | | | | | | |
| Traffic Signal Improvements | 10 | 10 | 0 | 30 | 30 | 30 | 30 | 120 |
| E. REHABILITATION PROGRAMS (EXCLUDING PROP "R-1 & R-2") | | | | | | | | |
| Joint & Crack Sealing - City Wide Major | 0 | 75 | 75 | 75 | 75 | 75 | 75 | 375 |
| Sidewalk Replacement & Gap Installation | 425 | 420 | 450 | 400 | 100 | 100 | 100 | 1,150 |
| John R Sectional - 11 Mile to 12 1/2 | 221 | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| Campbell 12-13 Mile Curb Repairs | 0 | 150 | 0 | 0 | 0 | 0 | 0 | 0 |
| NB I-75 Service Drive - Dallas to Lincoln | 0 | 0 | 275 | 0 | 0 | 0 | 0 | 275 |
| John R Sectional - 10 Mile to 11 Mile | 0 | 350 | 360 | 0 | 0 | 0 | 0 | 360 |
| 13 Mile Sectional - Campbell to Dequindre | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 200 |
| 11 Mile Sectional- I-75 to John R | 0 | 250 | 0 | 275 | 0 | 0 | 0 | 275 |
| 11 Mile Sectional- John R to Dequindre | 0 | 0 | 0 | 0 | 450 | 0 | 0 | 450 |
| F. COMMERCIAL AND INDUSTRIAL ROAD PROJECTS | | | | | | | | |
| Whitcomb Sectional - Dequindre to Barrington | 50 | 225 | 200 | 200 | 0 | 0 | 0 | 400 |
| Industrial Sectional - Fourteen to East Avis | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 0 |
| Whitcomb Sectional - East of Stephenson | 0 | 25 | 25 | 0 | 0 | 0 | 0 | 25 |
| Stephenson Hwy Sectional - Girard to 12 Mile | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 50 |
| Sectional - Edward, Townley | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 50 |
| Sectional - Mandoline, Brush, Alger | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 50 |
| Sectional Concrete to be Determined | 0 | 0 | 0 | 150 | 150 | 150 | 150 | 600 |
| Montpelier/Horace Brown | 0 | 0 | 0 | 0 | 0 | 0 | 300 | 300 |
| Edmund/Harlo | 0 | 0 | 0 | 0 | 0 | 0 | 665 | 665 |
| G. EQUIPMENT REPLACEMENT | | | | | | | | |
| 2003 Street Sweeper #408 | 216 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2003 Tandem Dump Trucks V-Box Inserts #418 & #422 | 0 | 150 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2004 One Ton Dump Truck #431 | 0 | 52 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2003 Street Sweeper #402 | 0 | 0 | 0 | 275 | 0 | 0 | 0 | 275 |
| 2003 Tandem Dump Truck #417 | 0 | 0 | 0 | 240 | 0 | 0 | 0 | 240 |
| 2003 Tandem Dump Truck #418 (Phased Funding) | 0 | 0 | 0 | 221 | 19 | 0 | 0 | 240 |
| 1999 Ford Single Axle Dump Truck #479 | 0 | 0 | 0 | 180 | 0 | 0 | 0 | 180 |
| 2003 Platform Truck #429 | 0 | 0 | 0 | 150 | 0 | 0 | 0 | 150 |
| 2003 Single Axle Dump # 425 (Phased Funding) | 0 | 0 | 0 | 97 | 0 | 53 | 0 | 150 |
| 2003 Tandem Dump Truck #419 | 0 | 0 | 0 | 0 | 240 | 0 | 0 | 240 |
| 2003 Single Axle Dump #424 | 0 | 0 | 0 | 0 | 180 | 0 | 0 | 180 |
| 2002 Stake Truck #415 | 0 | 0 | 0 | 0 | 150 | 0 | 0 | 150 |
| 2003 Backhoe #407 | 0 | 0 | 0 | 0 | 0 | 98 | 0 | 98 |
| 2002 Brush Bandit Chipper #410 | 0 | 0 | 0 | 0 | 0 | 80 | 0 | 80 |
| 2003 Tandem Dump Truck #422 | 0 | 0 | 0 | 0 | 0 | 240 | 0 | 240 |
| 2006 Super Duty Dump Truck #481 | 0 | 0 | 0 | 0 | 0 | 75 | 0 | 75 |
| 2004 Brush Chipper Truck #525 | 0 | 0 | 0 | 0 | 0 | 125 | 0 | 125 |
| 2003 Single Axle Dump Truck #426 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 150 |
| 2003 Tandem Dump Truck #433 | 0 | 0 | 0 | 0 | 0 | 0 | 240 | 240 |
| TOTALS | \$ 1,097 | \$ 5,534 | \$ 4,335 | \$ 2,393 | \$ 1,394 | \$ 1,126 | \$ 1,710 | \$ 10,958 |

TABLE V
FY 2014-18 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. | OTHER REVENUES | FEDERAL TRANSPORT GRANT | OAKLAND CO. ROAD/ DRAIN | TOTAL REVENUES |
|--|--------------|----------------------|-----------------|------------------------------|--------------------------|----------------|-------------------------|-------------------------|----------------|
| A. STATE HIGHWAY PROJECTS | | | | | | | | | |
| B. MAJOR ROAD IMPROVEMENTS | | | | | | | | | |
| 12 Mile-Asphalt Overlay-Stephenson to Dequindre | 0 | 0 | 0 | 0 | 0 | 0 | 2,240 | 560 | 2,800 |
| 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 | 375 | 0 | 0 | 0 | 0 | 0 | 0 | 375 |
| Sidewalk Replacement & Gap Installation | 0 | 0 | 1,150 | 0 | 0 | 0 | 0 | 0 | 1,150 |
| NB I-75 Service Dr - Dallas to Lincoln | 0 | 275 | 0 | 0 | 0 | 0 | 0 | 0 | 275 |
| John R Sectional - 10 Mile to 11 Mile | 360 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 360 |
| 13 Mile Sectional - Campbell to Dequindre | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 200 |
| 11 Mile Sectional - I-75 to John R | 0 | 275 | 0 | 0 | 0 | 0 | 0 | 0 | 275 |
| 11 Mile Sectional - John R to Dequindre | 0 | 450 | 0 | 0 | 0 | 0 | 0 | 0 | 450 |
| F. COMMERCIAL AND INDUSTRIAL ROAD PROJECTS | | | | | | | | | |
| Whitcomb Sectional - Dequindre to Barrington | 400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 400 |
| Whitcomb Sectional - East of Stephenson | 0 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 25 |
| Stephenson Hwy Sectional - Girard to 12 Mile | 0 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 50 |
| Sectional - Edward, Townley, Mandoline, Brush, Alger, Barrington | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| Sectional Concrete to be determined | 0 | 600 | 0 | 0 | 0 | 0 | 0 | 0 | 600 |
| Montpelier/Horace Brown | 0 | 300 | 0 | 0 | 0 | 0 | 0 | 0 | 300 |
| Edmund/Harlo | 0 | 665 | 0 | 0 | 0 | 0 | 0 | 0 | 665 |
| G. EQUIPMENT REPLACEMENT | | | | | | | | | |
| 2003 Street Sweeper #402 | 0 | 0 | 0 | 275 | 0 | 0 | 0 | 0 | 275 |
| 2003 Tandem Dump Truck #417 | 240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 240 |
| 2003 Tandem Dump Truck #418 | 0 | 0 | 0 | 240 | 0 | 0 | 0 | 0 | 240 |
| 1999 Ford Single Axle Dump Truck #479 | 0 | 0 | 0 | 180 | 0 | 0 | 0 | 0 | 180 |
| 2003 Platform Truck #429 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 |
| 2003 Single Axle Dump # 425 | 0 | 0 | 0 | 150 | 0 | 0 | 0 | 0 | 150 |
| 2003 Tandem Dump Truck #419 | 240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 240 |
| 2003 Single Axle Dump #424 | 0 | 0 | 0 | 180 | 0 | 0 | 0 | 0 | 180 |
| 2002 Stake Truck #415 | 0 | 0 | 0 | 150 | 0 | 0 | 0 | 0 | 150 |
| 2003 Backhoe #407 | 98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 98 |
| 2002 Brush Bandit Chipper #410 | 0 | 0 | 0 | 80 | 0 | 0 | 0 | 0 | 80 |
| 2003 Tandem Dump Truck #422 | 240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 240 |
| 2006 Super Duty Dump Truck #481 | 0 | 0 | 0 | 75 | 0 | 0 | 0 | 0 | 75 |
| 2004 Brush Chipper Truck #525 | 0 | 0 | 0 | 125 | 0 | 0 | 0 | 0 | 125 |
| 2003 Single Axle Dump Truck #426 | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 |
| 2003 Tandem Dump Truck #433 | 240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 240 |
| TOTALS | \$ 2,118 | \$ 3,435 | \$ 1,150 | \$ 1,455 | \$ 0 | \$ 0 | \$ 2,240 | \$ 560 | \$ 10,958 |

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 74.0 miles of City Local Streets. In FY 2012-13 Budget, the City will receive \$54,200 per mile for City Major Streets and \$6,000 per mile for City Local Streets. The Act also established the Michigan Transportation Fund (MTF).

In FY 2012-13, the amount projected to be received by the City under Act 51 has decreased 4.6% or \$78,000 less than the previous fiscal year. 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 Snyder's Special Message on Infrastructure

On October 26, 2011 Governor Rick Snyder highlighted Michigan's critical needs in his Special Message to the Legislature on Infrastructure. The governor's message focuses on four primary needs:

1. A modern transportation system that moves people and goods efficiently, reliably and safely.
2. A multimodal system serving the movements of a new generation of Michiganders that is more active, urban-based and tech savvy.
3. Water and sewer systems that support and protect Michigan's rich environment.
4. Integrating the broadband telecommunications network, connecting every business and household to the Internet.

While noting the state's continued innovations in transportation infrastructure and new technology, Snyder called for further cost savings and efficiencies through additional reforms and best practices. Proposals include:

- Allowing counties to absorb their county road commissions to ensure greater accountability. Michigan is the only state with county road agencies.
- Giving the state the authority to audit county road agencies.
- Updating Public Act 51 of 1951 to remove cities and villages that receive less than \$50,000 in transportation funding from the distribution of P.A. 51 funds. Rather than go to jurisdictions, money will stay with the road so it can be distributed to whatever larger road agency maintains those roads and bridges.
- Ensuring that agencies covered under P.A. 51 conform to Michigan's new law requiring employees to contribute 20 percent of their health care premiums, and have new employees placed on defined contribution retirement plans.
- Allow agencies covered by P.A. 51 to open construction and maintenance contracts to competitive bidding from the public and private sectors.

Snyder also is urging dramatic reforms to Michigan's transportation user fees to ensure sustainable funding for roads and bridges. He pointed to the 2008 Transportation Funding Task Force and the 2010 House Transportation Committee work group, both of which cite the need for significant funding increases. Recommendations include:

- Allowing counties and regional authorities to levy a local vehicle registration fee to support transportation if approved by local voters.
- Eliminating the state's current 19-cents-per-gallon gas tax and 15-cents-per-gallon diesel tax in favor of a percentage wholesale tax on fuel, which is a more viable long-term funding approach. The wholesale tax would be revenue neutral upon enactment.
- Increasing investment in our infrastructure by \$1 billion to \$1.4 billion each year. For the sake of discussion, a state registration fee increase of \$10 per month on the average passenger vehicle would raise nearly \$1 billion.
- Distributing new transportation funding based on road use and traffic volumes, with a seven- to ten-year transition period for full effect. This would include any new revenues beyond what is collected and spent today.

The governor pointed out that Michigan's abundant water resources, which support many of our economic and quality of life benefits, must be protected as well. For example, failing sewer systems can have a direct impact on the number of beach closings across Michigan each year. The governor is endorsing recommendations of the State Revolving Fund Advisory Group to use \$1 billion approved by voters in 2002 to provide grants and low-interest loans to help communities upgrade sewer and water systems.

Broadband service is another critical link to Michigan's future, according to Snyder. To complement \$247 million in federal broadband funding, Snyder is calling for the interconnecting of local governments and school districts to avoid duplication. He is also urging the Michigan Public Safety Commission to open its communications system towers to Internet service providers, and is encouraging the streamlining of utility work permit clearances in state road rights of way.

As of early March 2013, there are two transportation funding proposals being discussed at the State level:

Governor's FY 2014-2015 Budget Proposal

Fuel Tax

- Eliminate cents per gallon and replace with % of wholesale fuel price.
- Increase gas tax by equivalent of 14 cents per gallon to 33 cents per gallon.
- Increase diesel tax by equivalent of 18 cents per gallon to 33 cents per gallon.
- Gas and diesel tax would now be the same.
- Beginning in 2016, fuel tax would be indexed to inflation with increases capped at 5% per year.
- Revenue raised: \$728 million

Registration Fees

- Raise by 60% for passenger and light-duty trucks.
- Raise by 25% for weight-based commercial trucks.
- Average car owner would pay an additional \$120 per year per vehicle.
- Revenue raised: \$508 million

Local Option

- Any county could seek voter approval to raise registration fees up to 0.18% of a vehicle's list price.

Alternatives Under Consideration

Voters would decide on a proposal to amend the constitution to increase the sales tax as follows:

Sales Tax

- Increase from 6% to 8% and dedicate the increase to transportation.
- If approved, fuel tax would be eliminated.
- Revenue raised: \$1.52 - \$1.78 billion.

Or

If the sales tax proposal fails the following fuel tax and registration fee increases would automatically go into effect:

Fuel Tax

- Eliminate cents per gallon and replace with % of wholesale fuel price.
- Increase gas tax by equivalent of 18 cents per gallon to 37 cents per gallon.
- Increase diesel tax by equivalent of 22 cents per gallon to 37 cents per gallon.
- Fuel tax would be allowed to increase annually by 1 cent per year.
- Revenue raised: \$950 million (estimate based on \$3.50/gal.)

Registration Fees

- Raise by 80% for passenger and light-duty trucks.
- Raise by 45% for weight-based commercial trucks.
- Revenue raised: \$650 million

In either case, under the alternative to the Governor's proposal, the following would also be included:

Capital Improvement Fund

- Rewrite vehicle code to require parity across vehicle types regarding certain fees.
- Reduce level of vehicle depreciation from 10% per year for three years to 15% after one year of vehicle ownership.
- Reduce cost of trailer plates from one-time permanent to 5 year registrations and make transferable.
- Revenue raised: \$150 - \$170 million to help pay debt incurred from bonding on large \$500 million to \$1 billion capacity projects.

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. |
| 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. |

| <u>Impact Category</u> | <u>Expected Impact</u> |
|---------------------------|--|
| 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. |
| 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. |

| <u>Impact Category</u> | <u>Expected Impact</u> |
|------------------------|---------------------------------|
| Project Costs | Right-of-way \$ 16,000,000 |
| (2005 dollars) | 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) was 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 Michigan Transportation Fund shortfalls, the project

has been deferred. It is expected that when funding is provided, the project can move into detail design. Construction funding has not yet been identified.

A new I-75 engineering report study was released in September 2010. The report represents the final engineering report for the I-75 widening project from 8 Mile Road to south of 12 Mile Road. Key components include a new proposed Park & Ride lot at the northeast corner of I-75 and I-696, accessed off the existing service drive. In addition, the number of parcels identified as probable to be purchased has been reduced from 62 to 44 parcels. Design, right-of-way acquisition and construction phases are deferred, and no funds have been identified.

B. Major Road Improvements

- 12 Mile/14 Mile Overlay

The Road Commission for Oakland County has road jurisdiction over 10 Mile, 12 Mile, 14 Mile and portions of John R roads. To extend the life of two of these roads, they have programmed overlay projects in FY 2012-13 on 14 Mile from Campbell to Stephenson (\$1.5 million) as a concrete overlay and in FY 2013-14 for 12 Mile from Stephenson to Dequindre (\$2.8 million) as an asphalt overlay (signalization will be updated west to Campbell). The Road Commission will provide a 20 percent match to the Federal funding for these projects.

- Major Corridor Rehabilitation Projects

In October of 2009, a six-year federal transportation funding bill known as SAFETEA-LU expired. SAFETEA-LU stands for Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. The bill has been extended over the last two years to allow Congress to work out the details of a 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.

Given the Federal government's move to eliminate earmarked projects, staff has developed an alternative project to address these southend commercial corridors. Based on the success of the recent Downtown Development Authority road rehab project, the plan is to perform a concrete sectional replacement for 11 Mile from I-75 to John R (\$250,000 in FY 2012-13), 11 Mile from John R to Dequindre (\$450,000 in FY 2015-16), John R from 11 Mile to 12-1/2 (\$100,000 in FY 2012-13), John R from 11 Mile to 10 Mile (\$350,000 in FY 2012-13 and \$360,000 in FY 2013-14) and 13 Mile from Campbell to Dequindre (\$100,000 in FY 2014-15 and FY 2016-17). In addition, the staff has planned a comprehensive curb repair project on Campbell from 12 Mile to 13 Mile (\$150,000 in FY 2012-13). Due to the significant funding shortfall in the State's gas and weight taxes, these projects will be funded through a one-time transfer of \$1 million from General Fund fund balance.

On February 22, 2011, the Oakland County Federal Aid Task Force Funding Committee gave approval for the City's request to rehabilitate and asphalt overlay John R from 11 Mile north to the Red Run Drain. The 2015 project expenditures of \$1,710,640 will be split equally between the federal grant and our local match at \$855,230 each. In addition, the City is required to fund 100% of the design engineering (\$105,000). In April 2012, the City's request to move this project to 2013 was approved. The City Council approved use of General Fund fund balance to have the City's entire match plus engineering (\$961,000) available by October 1, 2012 to allow construction in 2013.

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 was completely funded through NSP (\$63,000), with work completed in Spring 2010.

Staff identified use of Federal CDBG/NSP funds to address sectional concrete repairs on an NSP-eligible residential road (\$175,000), Connie from Couzens to Park Court was reconstructed in 2012.

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 fifteen 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 coordinates 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.

In 2012, the signal at the Progress/John R crossover was eliminated.

An allocation of \$10,000 to \$30,000 per year has been included in the Capital Improvement Plan starting in FY 2011-12 to provide funding for unanticipated signal upgrades; however, this allocation was eliminated in FY 2013-14 due to insufficient funds.

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, \$75,000 to \$450,000 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 2012 is Year 10, which includes sidewalks north of Thirteen Mile Road, east of I-75, south of Whitcomb, and east of Dequindre.

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 map on the following page 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.

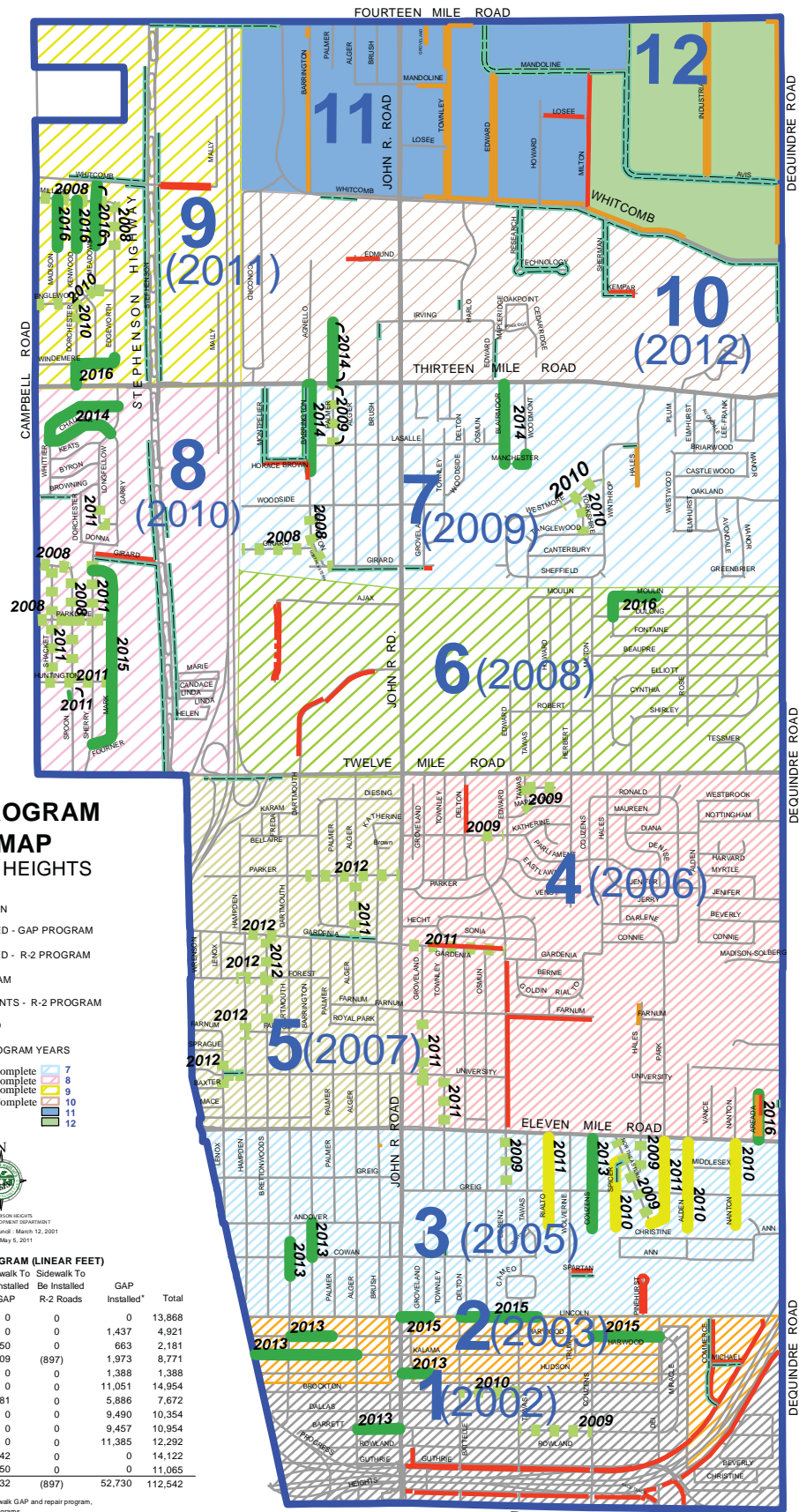
- John R -11 Mile to Gardenia

In 2009, the Downtown Development Authority funded a sectional concrete repair on the northbound curb line of John R from 11 Mile to Gardenia. The 2009 and 2010 funding was \$153,000 and \$158,000 respectively. The southbound lanes (\$221,000) were completed in 2011.

CITY OF MADISON HEIGHTS
COMMUNITY DEVELOPMENT DEPARTMENT
Adopted by City Council : March 12, 2007
Revised : May 5, 2011

| SIDEWALK GAP PROGRAM (LINEAR FEET) | | | | | | | |
|------------------------------------|---------|------|-----------|--------------|-------------|------------------------|---------|
| Status | Program | Year | GAP | | Sidewalk To | | Total |
| | | | To Remain | Be Installed | R-2 Roads | Sidewalk To Installed* | |
| Complete | 1 | 2002 | 13,868 | 0 | 0 | 0 | 13,868 |
| Complete | 2 | 2003 | 3,484 | 0 | 0 | 1,437 | 4,921 |
| Complete | 3 | 2005 | 1,468 | 50 | 0 | 663 | 2,181 |
| Complete | 4 | 2006 | 5,589 | 1,209 | (897) | 1,973 | 8,771 |
| Complete | 5 | 2007 | 0 | 0 | 0 | 1,388 | 1,388 |
| Complete | 6 | 2008 | 3,903 | 0 | 0 | 11,051 | 14,954 |
| Complete | 7 | 2009 | 1,005 | 781 | 0 | 5,886 | 7,672 |
| Complete | 8 | 2010 | 864 | 0 | 0 | 9,490 | 10,354 |
| Complete | 9 | 2011 | 1,497 | 0 | 0 | 9,457 | 10,954 |
| Complete | 10 | 2012 | 907 | 0 | 0 | 11,385 | 12,292 |
| Planned | 11 | 2013 | 580 | 13,542 | 0 | 0 | 14,122 |
| Planned | 12 | 2014 | 1,915 | 9,150 | 0 | 0 | 11,065 |
| | | | 35,080 | 24,732 | (897) | 52,730 | 112,542 |

* These totals include GAPS installed through annual sidewalk GAP and repair program, as well as GAPS installed through C&I and Tri-Party Programs.



- 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 was completed in the Fall of 2010 at a cost of \$312,000, and \$100,000 in sectional concrete repairs was completed in 2012 between Campbell Road and Dequindre. Additional rehabilitation work is programmed in FY 2014-15 and FY 2016-17 at \$100,000 per year.

- 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 each contribute 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.

The suspended program includes a Madison Heights project allocation of \$318,000 that would be split into three equal shares of \$106,000 between Oakland County, the Road Commission and the City. Although the City would like to support the Road Commission with a City contribution, given the lack of road funding, the money is not available.

- 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 2012-13, 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, some of the 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 or repaired, subject to available funding. 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.

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.

A continued lack of major road funding has severely limited major road improvements. In 2012-13, the City completed a minimum amount of \$250,000 in sectional concrete repairs on Whitcomb and \$200,000 on Industrial from 14 Mile to East Avis. Additional sectional repairs are programmed on Whitcomb in FY 2013-14 (\$225,000) and FY 2014-15 (\$200,000).

The FY 2013-14 Budget and Capital Improvement Plan also includes \$275,000 allocated from Major Streets to reconstruct the Northbound I-75 Service Drive from Dallas to Lincoln (where Royal Oak jurisdiction begins).

- Concrete/Joint Repairs - Sectional

Budgetary constraints limit the City's ability to completely repair designated commercial and industrial roads with asphalt overlays. In FY 2012-13, a limited sectional repair program funded safety repairs on the City's commercial and industrial roads (\$50,000 per year), and repairs totalling \$50,000 were completed on Sherman, Kempar, Tech Row, and Research. Sectional work in the Industrial Subdivision is programmed to continue on Edward, Townley, Mandoline, Brush, and Alger with \$100,000 in FY 2013-14, as well as a section of Stephenson Highway from Girard to 12 Mile (\$50,000).

- 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 included \$50,000 for a comprehensive crack sealing of all City asphalt overlays.

As presented in Table VI, 20 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 \$779,000 will be funded through the "V-2" millage program.

COMMERCIAL & INDUSTRIAL ROAD PROJECTS BY PRIORITY

— COMPLETED PROJECTS

NOTE: PLANNED PROJECTS ARE SHOWN
IN VARIOUS OTHER LINE COLORS



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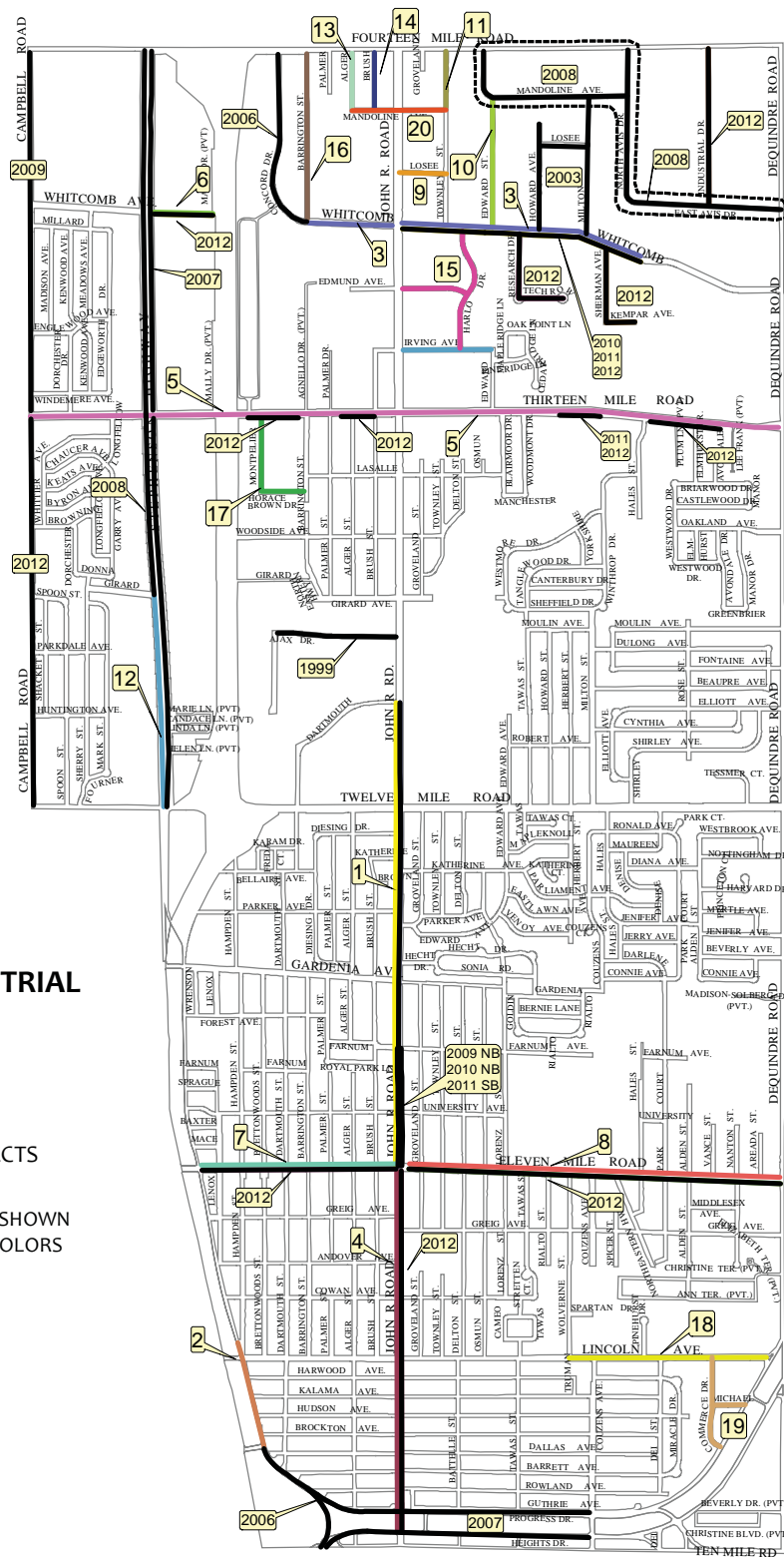


TABLE VI
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PRIORITY COMMERCIAL AND INDUSTRIAL ROAD PROJECTS
(BASED ON CURRENT COSTS)

| Completed | Project Location/Limits | Length (Feet) | Estimated Cost |
|----------------|--|---------------|----------------|
| 1999 | Ajax Drive - DPS Building to John R | 1,700 | \$ 620,000 |
| 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 |
| 2006 | I-696 WB Service Drive (Progress Drive to Stephenson Highway - Dallas to John R including I-696 NB Underpass | 3,500 | 250,000 |
| 2006 | Concord Drive - Fourteen Mile to Barrington | 2,700 | 1,174,000 |
| 2007 | Stephenson Highway - NB Thirteen Mile to Fourteen Mile | 5,149 | 353,000 |
| 2007 | I-696 EB Service Drive (Heights Drive) - John R to Couzens | 2,636 | 205,000 |
| 2007 | I-696 WB Service Drive (Progress Drive) - John R to Couzens | 2,668 | 205,000 |
| 2008 | Stephenson Highway - NB Twelve Mile to Thirteen Mile | 5,531 | 431,000 |
| 2008 | Stephenson Highway - SB Fourteen Mile to Girard | 7,281 | 781,000 |
| 2008 | North Avis Drive - Fourteen Mile to East Avis (includes sidewalk SAD \$107,000) | 2,256 | 464,360 |
| 2008 | East Avis Drive - North Avis to Dequindre (includes sidewalk SAD \$86,000) | 2,150 | 344,000 |
| 2008 | Edward Street - Fourteen Mile to Mandoline (includes sidewalk SAD \$29,000) | 722 | 115,640 |
| 2008 | Mandoline Avenue - Edward to North Avis (includes sidewalk SAD \$66,000) | 1,900 | 294,000 |
| 2009 | Campbell - Thirteen to Fourteen Mile | 5,280 | 1,200,000 |
| 2009 | John R NB - 11 Mile to Gardenia | 2,640 | 155,000 * |
| 2010 | John R NB - 11 Mile to Gardenia | 2,640 | 158,000 * |
| 2010 | Whitcomb at Edward (sectional) | repair | 50,000 * |
| 2011 | John R SB - 11 Mile to Gardenia | 2,640 | 150,000 * |
| 2011 | Whitcomb EB (sectional) | repair | 50,000 * |
| 2011 | 13 Mile EB (sectional) | repair | 16,000 * |
| 2012 | Whitcomb EB (sectional) | repair | 225,000 * |
| 2012 | Whitcomb East of Stephenson (sectional) | repair | 25,000 * |
| 2012 | Industrial (sectional) | repair | 200,000 * |
| 2012 | Sherman, Kempar, Tech Row & Research (sectional) | repair | 50,000 * |
| 2012 | John R - 10 Mile to 11 Mile (sectional) | repair | 350,000 * |
| 2012 | John R - 11 Mile to Dartmouth (sectional) | repair | 100,000 * |
| 2012 | 11 Mile - John R to I-75 (sectional) | repair | 250,000 * |
| 2012 | 11 Mile - John R to Dequindre (sectional) | repair | 250,000 * |
| 2012 | Campbell - 12 Mile to 13 Mile (curb repair) | repair | 150,000 * |
| 2012 | 13 Mile (sectional) | repair | 100,000 * |
| Work Completed | | 55,478 | \$9,821,000 |
| Planned | | | |
| 1. | John R - Dartmouth to 11 Mile | 6,500 | \$1,895,000 |
| 2. | NB I-75 Service Drive - Dallas to Lincoln | 1,283 | 275,000 * |
| 3. | Whitcomb Avenue Sectional - Barrington to Dequindre | repair | 400,000 * |
| 4. | John R - 10 Mile to 11 Mile | 5,280 | 360,000 * |
| 5. | 13 Mile - Campbell to Dequindre | repair | 200,000 * |
| 6. | Whitcomb - East of Stephenson | repair | 25,000 * |
| 7. | 11 Mile - John R to I-75 | repair | 275,000 * |
| 8. | 11 Mile - John R to Dequindre | repair | 450,000 * |
| 9. | Losee | repair | 200,000 * |
| 10. | Edward Street - Mandoline to Whitcomb | 1,866 | 313,500 * |
| 11. | Townley - Fourteen Mile to Mandoline | 2,492 | 419,000 * |
| 12. | Stephenson Highway - SB Girard to Twelve Mile Road | 3,393 | 570,000 * |
| 13. | Alger - 14 Mile to Mandoline | repair | 200,000 * |
| 14. | Brush - 14 Mile to Mandoline | repair | 200,000 * |
| 15. | Edmund - John R to Harlo, Harlo - entire length, and Irving east of John R | 3,956 | 665,000 |
| 16. | Barrington - 14 Mile to Whitcomb | repair | 500,000 * |
| 17. | Montpelier/Horace Brown Drive - Thirteen Mile to East End | 1,750 | 294,000 |
| 18. | East Lincoln Avenue - Wolverine to Dequindre | 2,675 | 450,000 |
| 19. | Commerce/Michael | 1,750 | 340,000 |
| 20. | Mandoline - Townley to Alger | repair | 200,000 * |
| Work Planned | | 30,945 | \$8,231,500 |

*Sectional Concrete Repairs

TABLE VII
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COLLECTION & DISTRIBUTION SYSTEMS
(IN THOUSANDS)

APPROPRIATIONS:

| COLLECTION & DISTRIBUTION SYSTEMS | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | TOTAL APPROP. |
|--|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|------------------|
| WATERMAINS/METERS | | | | | | | | |
| Fixed Network Water Meter Reading System | \$ 274 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Hampden - 11 Mile to Andover | 0 | 224 | 0 | 0 | 0 | 0 | 0 | 0 |
| Palmer - North Dead End to 11 Mile | 0 | 210 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dartmouth - 11 Mile to Andover | 0 | 0 | 0 | 234 | 0 | 0 | 0 | 234 |
| Barrington -11 Mile to Andover | 0 | 0 | 0 | 234 | 0 | 0 | 0 | 234 |
| Palmer - LaSalle to Girard | 0 | 0 | 0 | 289 | 0 | 0 | 0 | 289 |
| Kalama - John R to Alger | 0 | 0 | 0 | 91 | 0 | 0 | 0 | 91 |
| Brush - 11 Mile to Royal Park Lane | 0 | 0 | 0 | 0 | 314 | 0 | 0 | 314 |
| Brockton - Alger to Service Dr. | 0 | 0 | 0 | 0 | 0 | 198 | 0 | 198 |
| Dallas - Alger to Service Dr. | 0 | 0 | 0 | 0 | 0 | 182 | 0 | 182 |
| Fourteen Mile - Palmer to John R | 0 | 0 | 0 | 0 | 0 | 0 | 165 | 165 |
| Harwood - John R to Progress | 0 | 0 | 0 | 0 | 0 | 0 | 347 | 347 |
| SEWER PROJECTS | | | | | | | | |
| Sanitary Sewer Inspection/Rehabilitation Program | 0 | 0 | 500 | 500 | 53 | 52 | 51 | 1,156 |
| REPLACEMENTS | | | | | | | | |
| 1997 One Ton Dump Truck #462 | 60 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2004 Sterling Vactor #465-Reconditioning | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2001 Tandem Axle Dump #464 | 0 | 0 | 240 | 0 | 0 | 0 | 0 | 240 |
| 2000 GMC W 4500 Van #458 | 0 | 0 | 0 | 0 | 60 | 0 | 0 | 60 |
| FACILITIES | | | | | | | | |
| DPS Roof Section Repairs | 56 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| DPS Water & Sewer Roof Replacement | 0 | 225 | 0 | 0 | 0 | 0 | 0 | 0 |
| DPS Salt Dome Containment Structure | 0 | 0 | 0 | 90 | 90 | 90 | 0 | 270 |
| DPS Garage Air Curtain | 0 | 0 | 0 | 40 | 0 | 0 | 0 | 40 |
| TOTALS | \$ 390 | \$ 694 | \$ 740 | \$ 1,478 | \$ 517 | \$ 522 | \$ 563 | \$ 3,820 |

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 | | | | | | | | |
| Dartmouth - 11 Mile to Andover | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 234 | \$ 0 | \$ 234 |
| Barrington - 11 Mile to Andover | 0 | 0 | 0 | 0 | 0 | 234 | 0 | 234 |
| Palmer - LaSalle to Girard | 0 | 0 | 0 | 0 | 0 | 289 | 0 | 289 |
| Kalama- John R to Alger | 0 | 0 | 0 | 0 | 0 | 91 | 0 | 91 |
| Brush - 11 Mile to Royal Park Lane | 0 | 0 | 0 | 0 | 0 | 314 | 0 | 314 |
| Brockton - Alger to Service Dr. | 0 | 0 | 0 | 0 | 0 | 198 | 0 | 198 |
| Dallas - Alger to Service Dr. | 0 | 0 | 0 | 0 | 0 | 182 | 0 | 182 |
| Fourteen Mile - Palmer to John R | 0 | 0 | 0 | 0 | 0 | 165 | 0 | 165 |
| Harwood - John R to Progress | 0 | 0 | 0 | 0 | 0 | 347 | 0 | 347 |
| SEWER PROJECTS | | | | | | | | |
| Sanitary Sewer Inspection/Rehabilitation Program | 0 | 0 | 0 | 0 | 0 | 256 | 900 | 1,156 |
| REPLACEMENTS | | | | | | | | |
| 2001 Tandem Axle Dump #464 | 0 | 0 | 0 | 0 | 0 | 240 | 0 | 240 |
| 2000 GMC W 4500 Van #458 | 0 | 0 | 0 | 0 | 0 | 60 | 0 | 60 |
| FACILITIES | | | | | | | | |
| DPS Roof Section Repairs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DPS Water & Sewer Roof Replacement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DPS Salt Dome Containment Structure | 0 | 0 | 0 | 0 | 0 | 270 | 0 | 270 |
| DPS Garage Air Curtain | 0 | 0 | 0 | 0 | 0 | 40 | 0 | 40 |
| TOTALS | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 2,920 | \$ 900 | \$ 3,820 |

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 plastic 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 in order to avoid the future possibility of having to tear up newer roadway to repair broken mains. Beginning in FY 2010-11, City Council amended this program to fund replacement of "crossover" mains or those areas where the watermain typically runs under the roadway (e.g. intersections). Given the improved financial position of the Water and Sewer Fund, staff are recommending the reinstitution of R-2 related watermain replacements, as detailed in the Neighborhood Projects chapter. Due to reduced cost and the success of the program, the City uses plastic pipe for all watermain projects.

In regard to "non-R" replacement of old watermains, the City completed main replacement on Hampden from 11 Mile to Andover and on Palmer from the north dead end to 11 Mile in FY 2012-13. As presented in Table VIII, fifteen future high-priority "non-R" watermain projects have been identified.

- Equipment Replacement

Concerning rolling equipment and tools, the DPS is also projecting a need to replace a tandem axle dump truck in FY 2013-14. A service van replacement is programmed for FY 2015-16.

- Facilities Needs

The Water and Sewer Fund owns and is responsible for the operation of the 18.6 acre Department of Public Services site and the 54,000 square foot building located at 801 Ajax Drive.

In September 2011, the Garland Company completed a roof analysis project which recommended projects for the 43rd District Court building (\$136,000), the Police Station (\$22,500) and the Department of Public Services facility (\$286,000). Based on these recommendations, the City broke down the recommendation into a two-year plan. The areas most in need of work (replacement of the original section of the Court roof and DPS motor pool roof, emergency repairs to the DPS water/sewer garage roof, and preventative maintenance repairs to the DPS Main Garage/Administration and Police Department roofs) were slated for year one (fall 2011) while the remainder of the DPS roof and Police roof work maintenance were addressed in FY 2012-13.

COLLECTION & DISTRIBUTION SYSTEMS BY PRIORITY

STATUS

- COMPLETED
- IDENTIFIED



CITY OF MADISON HEIGHTS
COMMUNITY DEVELOPMENT DEPARTMENT

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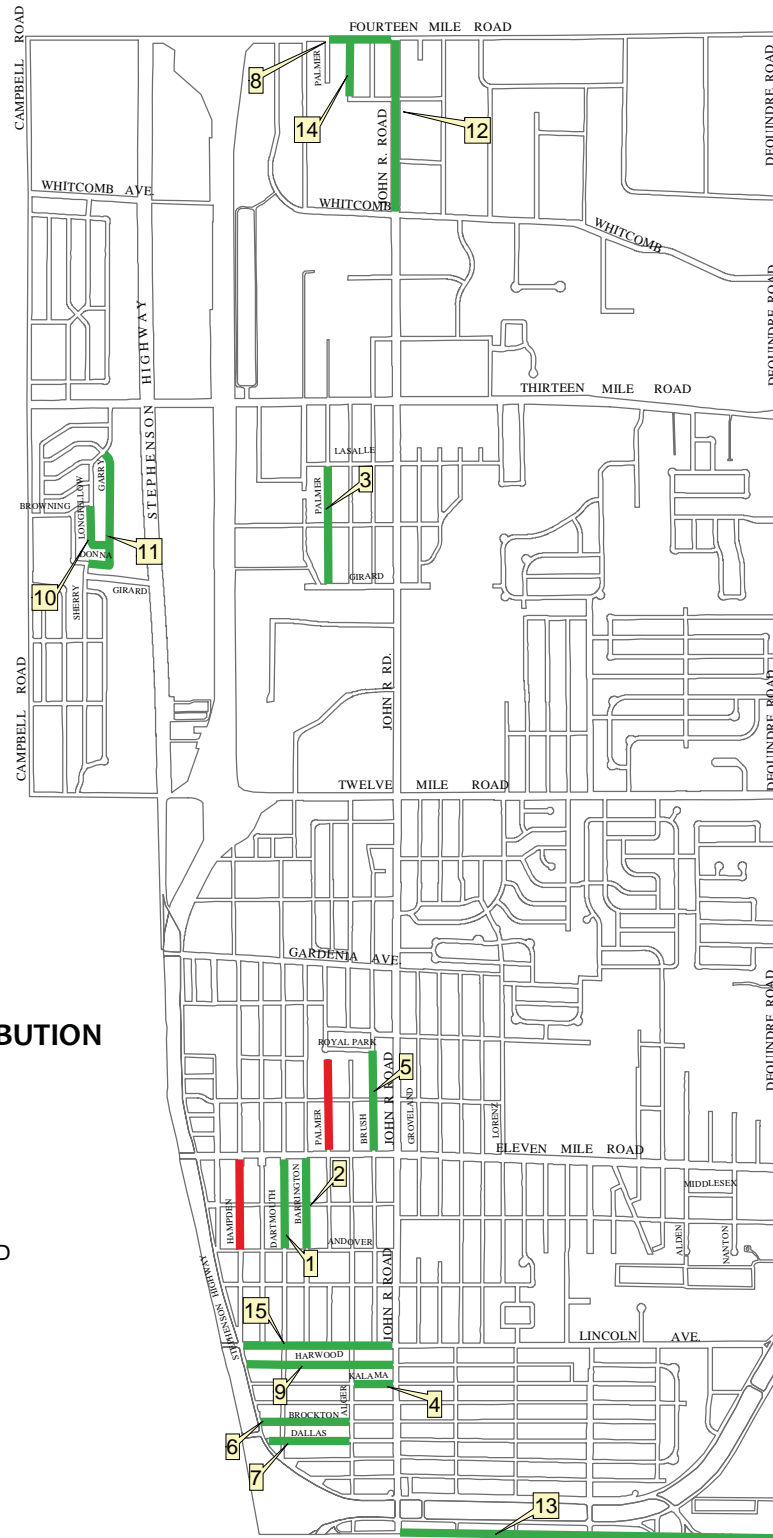


TABLE VIII

FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PRIORITY NON-R 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 2013)</u> |
|----------------------------|----------------------------------|---|--------------------------|-------------------------------------|
| Completed | 2012-13 | Hampden - Eleven Mile to Andover | 1,360 | \$ 224,000 |
| Completed | 2012-13 | Palmer - North Dead End to Eleven Mile | 1,270 | 210,000 |
| 1. | 2014-15 | Dartmouth - Eleven Mile to Andover | 1,420 | 234,000 |
| 2. | 2014-15 | Barrington - Eleven Mile to Andover | 1,420 | 234,000 |
| 3. | 2014-15 | Palmer - LaSalle to Girard | 1,750 | 289,000 |
| 4. | 2014-15 | Kalama - John R to Alger | 550 | 91,000 |
| 5. | 2015-16 | Brush - Eleven Mile to Royal Park Lane | 1,900 | 314,000 |
| 6. | 2016-17 | Brockton - Alger to Service Drive | 1,200 | 198,000 |
| 7. | 2016-17 | Dallas - Alger to Service Drive | 1,100 | 182,000 |
| 8. | 2017-18 | Fourteen Mile - John R to Palmer | 1,000 | 165,000 |
| 9. | 2017-18 | Harwood - John R to Progress | 2,100 | 347,000 |
| 10. | 2018-19 | Longfellow - Garry to Browning | 850 | 140,000 |
| 11. | 2018-19 | Garry - Longfellow to Sherry | 1,920 | 317,000 |
| 12. | 2019-20 | John R - Whitcomb to Fourteen Mile | 2,450 | 404,000 |
| 13. | 2020-21 | Ten Mile - Dequindre to John R | 2,900 | 479,000 |
| 14. | 2020-21 | Alger - Mandoline to Fourteen Mile | 800 | 132,000 |
| 15. | 2021-22 | Lincoln - John R to Service Drive (2 mains) | 4,600 | 759,000 |
| Totals | | | 28,590 | \$ 4,719,000 |

These costs assume \$165 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. This estimated rate also includes landscape, sidewalk and drive approach restoration relating to the watermain installation. In addition, 20% has been included for preliminary engineering, construction inspection and contingency.

During the process of analyzing the roof projects, the City unexpectedly was able to secure grant money through the Michigan Public Service Commission and Southeast Michigan Regional Energy Office to fund the repairs to the DPS motor pool roof, and this project was awarded to T.F. Beck Company on an emergency purchase basis to comply with the extremely strict grant application deadline. The second year roof plan (FY 2012-13) included an additional \$15,000 for the Police Station, \$5,000 for the DPS main roof and \$225,000 to replace the DPS Water Services Area roof.

Other DPS facility-related projects include \$90,000 in FY 2014-15 as the first phased payment toward a \$270,000 project in FY 2016-17 to replace the deteriorated salt storage dome and create a compliant runoff containment system. The salt dome was built in the fall of 1979 at a cost of \$92,000. Year Two (FY 2014-15) includes \$40,000 to install two air curtains for the east and west overhead doors of the DPS Main Garage. The air curtains will minimize the escape of heated air during the cold months when the garage doors are raised, in an effort to lower gas consumption and maximize energy savings.

- Neighborhood Road Plan

The Neighborhood Projects Chapter outlines the watermain and sewer line replacement projects scheduled as part of the ten year plan.

On February 8, 2010, the City Council decided to suspend all scheduled watermain replacements for the next two construction cycles, based on their decision to minimize increases in water and sewer rates. Unfortunately, in 2012 the City experienced its first watermain break under newly paved roadway at the intersection of Hampden and Forest. Construction of full watermain replacement under R-2 project areas resumed in FY 2013 in order to minimize the potential for further breaks under newer roads.

- Fixed Network Water Meter Reading System

In 2010, the Deputy City Manager and his staff were researching and evaluating options to bring down the cost of operating our water and sewer operations. At that time, the Water and Sewer Division of the Department of Public Services consisted of one water and sewer coordinator, four water operations positions (two water maintenance workers and two water repair workers) and three sewer operations employees (equipment operators).

In an attempt to look forward, staff 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) was equipped with a transmitter, which transmits information on a daily basis to a set of ten data collectors/antennas that were installed throughout Madison Heights and linked to a central computer system. This system allows daily water meter reads and has eliminated the need for the door-to-door monthly reading of the commercial accounts and quarterly reading of all residential accounts. System installation cost was \$1.4 million. The adoption of the new fixed read water meter system has greatly improved efficiency and allowed 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, complete final reads without the need for site visits by field personnel
- 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 50 years old and many will need repairs, lining or replacing in the future.

As a sewer system ages, the risk of deterioration, blockages and collapses become a major concern. Because sewers are not readily visible like roads and other public facilities, they are often not considered for repair or rehabilitation. As a result, sewer repairs are generally done in response to a major blockage or collapse that has caused basement backups or pavement failures. These are expensive repairs that may have been avoided by undertaking a routine cleaning and TV inspection program. The benefits of cleaning and TV inspecting public sewers include:

1. Identification of maintenance problems in the pipe such as roots, grease and deposits. These obstructions can reduce capacity in the pipe and lead to basement back ups.
2. Identification of structural defects in the pipe including cracks, holes and collapsed sections. These structural defects can cause serious problems such as basement backups, sink holes and pavement undermining. Furthermore, costly emergency repairs on overtime can be avoided.
3. Identification of sources of ground water infiltration. Ground water infiltration can create voids around the pipe and weaken the pipe's integrity. Infiltration also reduces the capacity of the pipe.
4. Identification of sources of storm water inflow/illicit connections to the sewer. Storm water inflow severely restricts the capacity of the sewer pipe.
5. Television inspection of sewers can be utilized in the preparation of the Capital Improvement Program that would identify and prioritize cost-effective projects for repair and rehabilitation. Repair projects generally include excavating and replacing damaged pipe, and rehabilitation projects may include cured-in-place pipe sewer lining to extend the service life of a badly cracked pipe.
6. Television inspection records can be integrated with the City's GIS system and integrated into an asset management system.
7. The program allows the City to stage sewer repairs in advance of street repaving.

By utilizing pro-active inspection to identify potential failures and for planning routine operations and maintenance and renovation programs, the City can make cost-effective repairs at its convenience before a major failure makes an expensive repair necessary.

The City Engineer and DPS staff, working with the representatives of the Michigan Department of Environmental Quality, have identified grant funding to allow the City to undertake a multi-year cleaning, televising, inventory and rehabilitation of approximately 300,000 existing lineal feet of sanitary sewer in the City. This program would include pipe from 6 to 24 inches in diameter.

The first phase would include planning, preliminary engineering, design, televising, cleaning and inventory. Funding would be provided through the MDEQ's S2 Grant Program. S2 stands for State Revolving Fund (SRF) / Strategic Water Quality Improvement Fund (SWQIF). The estimated \$1.0 million cost would be

funded on a 90%/10% split, and \$50,000 has been programmed in the Water & Sewer Fund in each of the first two years of the CIP to cover the local match for the inspection and inventory work.

As a condition of receiving the 90% S2 Grant share to cover the initial program tasks, the City would be obligated to fund needed sewer repairs through the State's Revolving Fund (SRF) loan program at an interest rate of 2% for a 20-year term. Staff estimates total repair and rehabilitation costs in the amount of \$750,000. Repairs are categorized in two areas: lining work estimated at \$540,000 for 15,000 lineal feet at \$36/foot; and point repairs estimated at \$210,000 for 30 points at \$7,000 per repair. The MDEQ prefers that repair work be completed within two years. No early payoff is allowed for the SRF loan.

Years three through five of the CIP include the first three annual principal and interest payments for the SRF-funded rehabilitation work. The total estimated project cost with interest is \$1,907,500, of which \$900,000 is provided through the S2 Grant. The project timeline calls for submittal of the S2 Grant Application by April 2013 with a decision in July 2013. Bidding and initial project administration would occur from July to October 2013, with work and grant reimbursement to begin thereafter. Staff projects that the S2 Grant work will be completed by FY 2014-15. Because both the S2 and SRF programs receive funding through the Federal Clean Water Assistance Act, Davis-Bacon requirements would apply.

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 make up 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 has been renewed several times since then.

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. 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 held 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 provided 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.

George W. Kuhn (GWK) Improvement Project

Listed below is the status report of each of the major project elements undertaken in the last five years.

- Contract No. 4 - RTF Improvements

The project was bid July 17, 2001 and awarded to Walbridge Aldinger. The project consisted of RTF Improvements including construction of a 30.7 million gallon concrete basin expansion, a 9,140 square foot Treatment Facility, modifications to existing concrete control structures, and various electrical and mechanical systems control modifications.

The project was substantially complete on December 31, 2005. Following substantial completion, issues arose over continued failures in the disinfection system. A settlement was recently negotiated among contractor, subcontractor and design engineer. The contract final payment was approved by the Drainage Board in February 2009 in the amount of \$83.9 million.

- Contract No. 5 - Regulator Reconstruction and Improvements

The project was bid in July of 2005 and awarded to Weiss Construction Company. The goal of this project was to remove and/or abandon several combined sewage flow regulators that had deteriorated beyond repair and were no longer functioning, and replace them with new stainless steel regulators and slide gates, as well as new level sensors and programmable logic controllers to monitor and control sewage flows.

The project was substantially complete on December 29, 2006 and final payment was made to Weiss on November 18, 2008. After all adjustments and change order, the final contract amount is \$1.2 million. The newly installed regulators and level sensors will be monitored and adjusted on a continual basis in order to optimize their effectiveness in controlling flood risks.

- Contract No. 6A - Structural Repairs and Access Gate Replacement

The project was bid in July of 2007 and awarded to Western Waterproofing. The GWK retention treatment basin was constructed in the early 1970's and was beginning to show signs of deterioration. The goal of this project was to restore the concrete inside of the GWK retention and treatment basin including resealing all of the construction and expansion joints and the replacement of the vehicle access roller gate at Dequindre Road.

The dates of substantial completion for the Structural Concrete Repairs and the Access Roller Gate were July 31, 2008 and September 30, 2008 respectively. The final contract amount is \$1.4 million.

- Contract No. 6B - Flushing System Rehabilitation

The project was bid in July of 2008 and awarded to Six-S for the amount of \$6.4 million. The contract consists of the construction of approximately 11,000 feet of 20 inch diameter ductile iron pipe, 3,000 flushing nozzle piping connections and Screening Building Water Services modifications at the Retention Treatment Facility. The date of substantial completion for the Flushing System Rehabilitation was October 15, 2009.

- Contract No. 7 - Confined Space Entry Training Facility

The project was bid in August of 2006 and awarded to Sorensen Gross Construction. This project consists of the construction of a confined space entry training facility, the grading and construction of nine youth soccer fields including the infrastructure and the construction of a building and pavilion to serve as a training/conference facility. The project was substantially complete on October 24, 2008. The final contract amount was \$1.9 million.

- Contract No. 8 - Chlorine System Rehabilitation Contract

The project was bid on February 26, 2008 and awarded to Process Piping and Equipment. The project consists of the replacement of approximately 66 inch valves and miscellaneous appurtenances in the disinfection system that were constructed in the Retention Treatment Facility by Walbridge Aldinger in Contract 4. The project was substantially completed on January 1, 2009. The final contract amount was \$508,000.

- U.S. Army Corps of Engineers Projects

- Project #1. Red Run Drain Improvements and Cross Connection Repair

This project consists of repairing the drain outfalls and selected slope stabilization along the banks of the Red Run Inter-county Drain, as well as the removal of a 48 inch storm and 60 inch combined sewer cross connection located within the GWK drainage system beneath John R Road near 12 Mile.

The project was awarded to Site Development on September 21, 2010 for an amount of \$2.2 million and completed in summer 2011.

- Project #2. Southfield No. 2 Drain CIPP Rehab and 66 inch SOCSDS Cleaning

This project consists of cleaning the Southeast Oakland County Sewage Disposal System 66 inch interceptor in order to increase the maximum flows to the DWSD system, as well as rehabilitate the 90 year old combined drains located in the Southfield No. 2 drainage system. This project was awarded to Blaze Contracting on October 15, 2010 for an amount of \$1.3 million and completed in 2011.

GWK Maintenance Fund

- The George W. Kuhn Drain Project Segments 1 - 4 and Contract 8 - Establish Maintenance Fund and Transfer Construction Surplus

On June 15, 2010, the GWK Drain Board, pursuant to Chapter 20, Act 40 of the Public Acts of 1956, determined the George W. Kuhn Drain Project was complete with net construction surplus of \$10.8 million. The Water Resources Commission's staff requested that \$7.0 million of the surplus reserve funds of the George W. Kuhn Drain Project be transferred to cover construction costs for other George W. Kuhn Drain Projects as listed below:

| <u>Project Name</u> | <u>Amount</u> |
|---|----------------|
| • GWK Segment 4 | \$ 386,000 |
| • GWK Contract 8 | 167,000 |
| • GWK Contract 6A | 218,000 |
| • GWK Contract 6B with Golf Access | 476,000 |
| • GWK Contract 7 with Soccer Facility | 2,800,000 |
| • SOCSDS Heavy Cleaning (ACOE Project) | 147,000 |
| <u>Future Projects</u> | |
| • Southfield No. 2 Drain Rehabilitation (ACOE Project) | 259,000 |
| • Red Run E-Coli Reduction within GWKDD (ACOE Project) | 307,000 |
| • GWK RTB Entrance Weir Baffle Wall | 500,000 |
| • Remove/Replace Roof - Dequindre Booster Station | 50,000 |
| • Install additional GWK Regulator - early flow to SOCSDS | 500,000 |
| • Replace Generator - Stephenson Control Building | 100,000 |
| • Remove/Replace Driveway - Stephenson Control Building | 25,000 |
| • Install Rollup Doors and Interior Repairs - Stephenson Garage | 150,000 |
| • Southfield No. 6 Drain Rehabilitation Project | <u>963,000</u> |
| Total | \$7,048,000 |

Further, the Board determined there is a need to have funds in a maintenance fund for the inspection, repair and maintenance of the drain; and the amount needed is \$1.2 million. Finally, the Board determined, having provided sufficient funds to maintain the drain and to cover other drain projects, the remaining surplus of \$3.1, plus any additional interest earnings, be credited to the contributors (municipalities and State). Madison Heights' share of this credit will be \$115,700.

Illicit Sewer Connection at 12 Mile and John R Road

As part of storm drain monitoring done in June/July 2009, the Oakland County Water Resources Commissioner's (OCWRC) office found a cross connection of a 48-inch storm drain and a 60-inch combined sewer in the vicinity of the 12 Mile and John R intersection. The illicit connection impacted the South GWK storm drain which ultimately discharges to the Red Run Drain and Clinton River. Correction of the illicit discharge was required pursuant to the Federal NPDES Phase II Storm Water Permit.

Following further investigation and the completion of a consultant's report in October 2009, the OCWRC was able to successfully include this sewer separation as part of a US Army Corps of Engineers \$2.2 million project which also included repairs to the Red Run Drain in Macomb County. In addition to eliminating the illicit cross connection, the contractor also constructed 415 feet of new line ranging from 48 to 60 inches in diameter. This project, which was funded by the Federal American Recovery and Reinvestment Act, did not require a City contribution. Work was completed in early 2011.

TABLE IX
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PUBLIC SAFETY
(IN THOUSANDS)

APPROPRIATIONS:

| PUBLIC SAFETY | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | TOTAL APPROP. |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| POLICE | | | | | | | | |
| 2002 Animal Control Van #119 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Replace Police Station Roof | 8 | 15 | 0 | 0 | 0 | 0 | 0 | 0 |
| Patrol Car Laptop Replacements (14) | 0 | 0 | 56 | 0 | 0 | 0 | 0 | 56 |
| | | | | | | | | |
| FIRE | | | | | | | | |
| Self-Contained Breathing Apparatus and Rapid Intervention Team Packs | 0 | 0 | 193 | 0 | 0 | 0 | 0 | 193 |
| City Bldgs. Fire Detection & Suppression Systems | 0 | 146 | 0 | 150 | 115 | 75 | 0 | 340 |
| EKG/Defibrillator Replacements (2) | 0 | 0 | 79 | 0 | 0 | 0 | 0 | 79 |
| Extrication/Jaws of Life Replacement | 0 | 0 | 0 | 35 | 0 | 0 | 0 | 35 |
| 2002 Chevy Pickup 3500 #704 | 0 | 0 | 0 | 35 | 0 | 0 | 0 | 35 |
| 2002 Ambulance Rescue #713 | 0 | 0 | 0 | 267 | 0 | 0 | 0 | 267 |
| 2007 Ford F350 Pickup #702 | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 35 |
| Emergency Operations Center Improvements | 0 | 0 | 0 | 0 | 60 | 0 | 0 | 60 |
| | | | | | | | | |
| DISTRICT COURT | | | | | | | | |
| Replace North Section of Roof | 136 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| TOTALS | \$ 169 | \$ 161 | \$ 328 | \$ 487 | \$ 175 | \$ 75 | \$ 35 | \$ 1,100 |

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 Laptop Replacements (14) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$56 | \$0 | \$56 |
| | | | | | | | | | |
| FIRE | | | | | | | | | |
| Self-Contained Breathing Apparatus & RIT Packs | 44 | 0 | 0 | 0 | 0 | 0 | 0 | 149 | 193 |
| City Bldgs. Fire Detection & Suppression Systems | 340 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 340 |
| EKG/Defibrillator Replacements (2) | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 79 |
| Extrication/Jaws of Life Replacement | 35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35 |
| 2002 Chevy Pickup 3500 #704 | 0 | 0 | 0 | 0 | 35 | 0 | 0 | 0 | 35 |
| 2002 Ambulance Rescue #713 | 0 | 0 | 0 | 0 | 267 | 0 | 0 | 0 | 267 |
| 2007 Ford F350 Pickup #702 | 35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35 |
| Emergency Operations Center Improvements | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 60 |
| | | | | | | | | | |
| TOTALS | \$ 563 | \$ 0 | \$ 0 | \$ 0 | \$ 302 | \$ 0 | \$ 56 | \$ 179 | \$ 1,100 |

PUBLIC SAFETY

Law Enforcement

- Patrol Car Laptop Replacements

The warranties on the fourteen current in-car computers, which have become slow and inefficient by today's standards, expire in June 2013. After that time, any broken units would need to be sent out to Illinois for repairs. Over the past two years, several of the computer monitors have been repaired or replaced, and the cost for each repair would have been \$2,400 per unit had they not been covered under warranty. Replacement of the fourteen laptops will allow the Department to stay current with technology and continue to afford officers the ability to complete reports in the field. A total of \$56,000 has been programmed in FY 2013-14 for this replacement.

Fire Protection and Emergency Response

- 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.

After completing the initial watermain extension for the Senior Center, the City included \$146,000 in FY 2012-13 to install the necessary control valves and sprinkler system. In the fall of 2012, a sole bid was submitted in the amount of \$288,000, significantly higher than the project estimate. Staff plans to phase and re-bid the Senior Center fire suppression system in 2013, and an additional \$150,000 has been programmed in FY 2014-15 to complete this project. Years Three and Four include programmed amounts for City Hall and the District Court, respectively. These amounts may require adjustments after review of the new Senior Center project bids.

- EKG/Defibrillator Replacements

The Fire Department currently utilizes Medtronic Live Pak 12 EKG Defibrillators, which have been in service for over ten years and are at the end of their expected service life. Two of the three monitors are no longer covered under a service contract, and repairs can range from \$500 to \$3,500. Replacement of the two units with the Life Pak 15 model will afford patients a high quality of care, enhance the safety of personnel at the scene and bring the equipment up to the current state of technology.

These upgrades are recommended by National Fire Protection Association Standard 1584, and the purchases are supported by the Oakland County Medical Central Authority and Chief of Emergency Medicine at St. John Macomb Oakland Hospital. FY 2013-14 includes \$79,000 in the General Fund for the upgrade of the two units.

- Self-Contained Breathing Apparatus (SCBA)

The Fire Department reports the current SCBA tanks are in their final year of their 15 year service life. The U.S. Department of Homeland Security, Federal Emergency Management Agency, has awarded a \$149,000 Assistance to Firefighter Grant to cover 90% of replacement cost for SCBA gear including backpacks, regulators, air bottles, face pieces and harnesses. Of the \$193,000 total project cost, the City will fund the 10% local match as well as items not covered by the grant, such as the \$10,000 Rapid Intervention Team (RIT) Packs, in a total amount of \$44,000.

- Extrication Tools (Jaws of Life)

The Fire Department has requested to replace and upgrade the current “Jaws of Life” purchased in the 1970s. The current equipment is unable to cut reinforced structures in newer vehicles. New extrication tools are also lighter and battery powered, allowing for quieter operation and increased mobility. FY 2014-15 includes \$35,000 for replacement upgrade of this equipment.

Police and Fire Operations

- 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 could 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, programmed in FY 2015-16.

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

- District Court, Police Station and Department of Public Services Building Roof Projects

In September 2011, the Garland Company completed a roof analysis project which recommended projects for the 43rd District Court building (\$136,000), the Police Station (\$22,500) and the Department of Public Services facility (\$286,000). Based on these recommendations, the City broke down the recommendation into a two-year plan. The areas most in need of work (replacement of the original section of the Court roof and DPS motor pool roof, emergency repairs to the DPS water/sewer garage roof, and preventative maintenance repairs to the DPS Main Garage/Administration and Police Department roofs) were slated for year one (fall 2010) while the remainder of the DPS roof and Police roof work maintenance were addressed in FY 2012-13.

During the process of analyzing the roof projects, the City unexpectedly was able to secure grant money through the Michigan Public Service Commission and Southeast Michigan Regional Energy Office to fund the repairs to the DPS motor pool roof, and this project was awarded to T.F. Beck Company on an emergency purchase basis to comply with the extremely strict grant application deadline. The second year roof plan (FY 2012-13) included an additional \$15,000 for the Police Station, \$5,000 for the DPS main roof and \$225,000 to replace the DPS Water Services roof.

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 following page.

The Finance Department has estimated that Proposal “V-2” will generate \$2.2 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 \$1.2 million from the original April 2006 estimate. To close the funding gap, the amounts scheduled for new vehicle replacement were reduced. The key 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. The earlier 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 30) vehicles, as compared to over 200 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 three large plow/dump trucks.

As the V-2 vehicle millage is scheduled to expire in 2017, staff will be analyzing future vehicle needs and will provide City Council with a recommendation no later than January 2016.

TABLE X
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
TEN YEAR V-2 VEHICLE MILLAGE PURCHASES
(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 |
| | 3/4 Ton Pick-up | 457 | 2008 | 0 | 29 | 0 | 29 |
| | Code Enforcement Vehicle | 492 | 2008 | 0 | 0 | 13 | 13 |
| 2008-09 | Riding Mower | 373 | 2008 | 0 | 11 | 0 | 11 |
| | Parks Pick-up W/Plow | 484 | 2009 | 0 | 19 | 0 | 19 |
| 2009-10 | Police Patrol Vehicle | 105 | 2010 | 21 | 0 | 0 | 21 |
| | Police Patrol Vehicle | 109 | 2010 | 21 | 0 | 0 | 21 |
| | Police Patrol Vehicle | 110 | 2010 | 21 | 0 | 0 | 21 |
| | Park Riding Mower | 325 | 2010 | 0 | 10 | 0 | 10 |
| | Senior Van | 469 | 2009 | 0 | 22 | 0 | 22 |
| | Water and Sewer Pickup Truck | 460 | 2009 | 0 | 24 | 0 | 24 |
| | Ambulance Rescue Truck | 711 | 2009 | 200 | 0 | 0 | 200 |
| | Spray Equipment-Dump Truck Brine Tank | -- | -- | 0 | 4 | 0 | 4 |
| 2010-11 | Rescue Patient Transfer Equipment | -- | -- | 26 | 0 | 0 | 26 |
| | Ambulance Rescue Truck (\$72,000 and \$25,000 prefunded in FY 2008-09 and FY 2009-10) | 710 | 2011 | 205 | 0 | 0 | 205 |
| | Code Enforcement Pickup Truck | 483 | 2011 | 0 | 0 | 14 | 14 |
| | Code Enforcement Vehicle | 496 | 2011 | 0 | 0 | 15 | 15 |
| | Parks Riding Mower | 367 | 2011 | 0 | 11 | 0 | 11 |
| | Streets Utility Maintenance Vehicle | 364 | 2011 | 0 | 6 | 0 | 6 |
| | Spray System-Dump Truck Brine Tank | -- | -- | 0 | 4 | 0 | 4 |
| 2011-12 | Animal Control Van | 119 | 2012 | 28 | 0 | 0 | 28 |
| | Parks Ex-Mark Mower | 363 | 2012 | 0 | 11 | 0 | 11 |
| 2012-13 | Police Patrol Vehicle | 103 | 2006 | 28 | 0 | 0 | 28 |
| | Police Patrol Vehicle | 104 | 2006 | 28 | 0 | 0 | 28 |
| | Parks Pickup | 477 | 1999 | 0 | 15 | 0 | 15 |
| | Streets Single Axle Dump Truck-Phase I Funding | 479 | 1999 | 0 | 162 | 0 | 162 |
| | Parks Pickup with Plow | 485 | 2000 | 0 | 28 | 0 | 28 |
| | Building Officials Sports Utility Truck | 493 | 1999 | 0 | 0 | 26 | 26 |
| | Police Patrol Vehicle Changeovers | -- | -- | 14 | 0 | 0 | 14 |
| 2013-14 | Police Patrol Vehicle | 110 | 2011 | 29 | 0 | 0 | 29 |
| | Police Patrol Vehicle | 113 | 2010 | 29 | 0 | 0 | 29 |
| | Police Patrol Vehicle | 114 | 2003 | 28 | 0 | 0 | 28 |
| | Police Detective Bureau Vehicle | 121 | 2002 | 26 | 0 | 0 | 26 |
| | CDD Inspection Vehicle | 494 | 2001 | 0 | 0 | 23 | 23 |
| | Streets Chevrolet 3/4 Ton Pick-up | 432 | 2002 | 0 | 29 | 0 | 29 |
| | Police Patrol Vehicle Changeovers | -- | -- | 17 | 0 | 0 | 17 |
| 2014-15 | Tandem Dump Truck Phase II funding (total \$240,000 - \$221,000 funded in FY 2014) | 418 | 2003 | 0 | 19 | 0 | 19 |
| | Single Axle Dump Truck (Phase I Funding Total \$150,000) | 425 | 2003 | 0 | 97 | 0 | 97 |
| | Chevy Blazer | 700 | 2007 | 28 | 0 | 0 | 28 |
| | Chevy Pickup 3500 | 704 | 2001 | 35 | 0 | 0 | 35 |
| | Ambulance Rescue Truck (\$190,000 and \$77,000 prefunded in FY 2010-11 and FY 2011-12) | 713 | 2005 | 267 | 0 | 0 | 267 |
| 2015-16 | Stake Truck Ford | 415 | 2003 | 0 | 150 | 0 | 150 |
| | Fire Pick-up | 701 | 2002 | 28 | 0 | 0 | 28 |
| 2016-17 | Super Duty Dump Truck | 481 | 2006 | 0 | 75 | 0 | 75 |
| | Single Axle Dump Truck (Phase II Funding Total \$150,000) | 425 | 2003 | 0 | 53 | 0 | 53 |
| | To Be Determined | - | - | 0 | 0 | 0 | 203 |
| TOTALS | | | | \$ 1,110 | \$ 779 | \$ 91 | \$ 2,183 |

TABLE XI
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
GENERAL GOVERNMENT & ECONOMIC DEVELOPMENT
(IN THOUSANDS)

APPROPRIATIONS:

| GENERAL GOVERNMENT & ECONOMIC DEV. | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | TOTAL APPROP. |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| CIVIC CENTER / CITY WIDE | | | | | | | | |
| City - Wide Federal Energy Projects | \$ 102 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| City Hall On-Site Generator | 0 | 0 | 0 | 110 | 0 | 0 | 0 | 110 |
| City Hall North Entrance Canopy | 0 | 0 | 0 | 0 | 0 | 75 | 0 | 75 |
| | | | | | | | | |
| INFORMATION TECHNOLOGY | | | | | | | | |
| City Wide Upgrade Microsoft Office | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 0 |
| City Hall Council Chamber Audio Upgrade | 0 | 40 | 0 | 0 | 0 | 0 | 0 | 0 |
| City Wide Microcomputer Replacements | 0 | 16 | 27 | 12 | 17 | 14 | 21 | 91 |
| Wireless Network Access For Field Workers | 0 | 0 | 0 | 0 | 20 | 0 | 0 | 20 |
| City Hall Computer Cabling Upgrade | 0 | 0 | 0 | 0 | 0 | 50 | 0 | 50 |
| | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | |
| John R Improvements | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oakland County Brownfield Consortium | 0 | 0 | 60 | 0 | 0 | 0 | 0 | 60 |
| | | | | | | | | |
| LIBRARY | | | | | | | | |
| HVAC Improvements | 0 | 0 | 153 | 82 | 0 | 0 | 0 | 235 |
| | | | | | | | | |
| TOTALS | \$ 128 | \$ 86 | \$ 240 | \$ 204 | \$ 37 | \$ 139 | \$ 21 | \$ 641 |

REVENUES:

| GENERAL GOVERNMENT & ECONOMIC DEV. | GENERAL FUND | LOCAL/ MAJOR STREETS | CDBG | SPECIAL ASSESS. | LIBRARY | WATER & SEWER | DOWNTOWN DEVELOP. AUTHORITY | OTHER REVENUES | TOTAL REVENUES |
|---|-----------------|----------------------------|-------------|--------------------|---------------|------------------|-----------------------------------|-------------------|-------------------|
| CIVIC CENTER / CITY WIDE | | | | | | | | | |
| City Hall On-Site Generator | \$ 110 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 110 |
| City Hall North Entrance Canopy | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 75 |
| | | | | | | | | | |
| INFORMATION TECHNOLOGY | | | | | | | | | |
| City Wide Microcomputer Replacements | 91 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 91 |
| Wireless Network Access For Field Workers | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 |
| City Hall Computer Cabling Upgrade | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50 |
| | | | | | | | | | |
| ECONOMIC DEVELOPMENT | | | | | | | | | |
| Oakland County Brownfield Consortium | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 60 |
| | | | | | | | | | |
| LIBRARY | | | | | | | | | |
| HVAC Improvements | 0 | 0 | 0 | 0 | 235 | 0 | 0 | 0 | 235 |
| | | | | | | | | | |
| TOTALS | \$ 346 | \$ 0 | \$ 0 | \$ 0 | \$ 235 | \$ 0 | \$ 0 | \$ 60 | \$ 641 |

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

Energy Efficiency Community Block Grant

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.

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 support the Office, based on an annual "simple payback" of 80% of the energy cost savings realized that year. After the grant amount is repaid, ongoing energy savings associated during the life of the project would be realized solely by the City. The Energy Office requires only an 80% payback so that the municipality can realize a portion of the savings (20%) immediately.

The grant was approved in January 2010 and included the following projects:

| | <u>Project Cost</u> | <u>Grant Amount</u> | <u>Utility Rebates</u> | <u>City Contribution Water & Sewer Fund</u> |
|---------------------------------------|---------------------|---------------------|----------------------------|---|
| Ballfield Replacement Lights | \$ 10,000 | \$ 10,000 | \$ 0 | \$ 0 |
| Computer Room Air Conditioning Unit | 19,800 | 15,000 | 0 | 4,800 |
| City Hall Soffit / Fascia Resurfacing | 33,990 | 30,000 | 0 | 3,990 |
| Building Lighting* | <u>99,401</u> | <u>68,132</u> | <u>21,533</u> | <u>9,736</u> |
| | \$163,191 | \$123,132 | \$21,533 | \$18,526 |

*An additional project, the City Hall west entry door replacement, was eliminated to allow funding of the other projects.

The first project, lighting replacements at Rosie's & Huffman Park ballfields, was completed in the spring of 2010 after soliciting and receiving quotes from vendors. The second project, the air conditioning unit for the Information Technology server room, was approved by Council at the Regular Meeting of September 18, 2010 and is completed. The third project, City Hall façade improvement, was approved by Council at the Regular Meeting of November 22, 2010, and work is completed.

Michigan Public Service Commission (MPSC) Grant

On March 1, 2011, the Southeast Michigan Regional Energy Office awarded the City a grant to continue a second phase of energy-related improvement projects. The City assessed and analyzed additional energy efficiency opportunities in major City-owned buildings that had not been previously identified prior to application submittal. By doing this, the City proved the return of investment was high and projects were "shovel ready" which scored high on two heavily weighted categories. In fact, the Energy Office set up a 100 point scoring criteria against which the City received the highest score of 82 points of all 17 applicants. Energy Sciences provided energy assessment services and also assisted the City in preparing the grant application.

The City is focusing on energy efficiency measures that provide the maximum energy savings and best return on investment. The funding will be used to implement lighting efficiency upgrades, HVAC optimization and technical energy analysis. The projects were completed in a 120 day timeframe with a payback to the City of about 3 years.

Lighting efficiency upgrades included interior and exterior lighting retrofits, replacements and occupancy sensors that will provide energy savings and standardize lighting throughout all City buildings minimizing the number of lighting replacement components. The lighting upgrades were implemented in City Hall, 43rd District Court, Library, Fire Stations, DPS, Nature Center and the RV& Impound lots.

Building HVAC optimization included temperature controls in the DPS garages and 43rd District Court. A Technical Energy Assessment (TEA) was also conducted for the Senior Center to plan for possible future Demand Controlled Ventilation Project.

Having finished the EECBG grant projects, which were our "Phase One" of building energy improvements, the MPSC grant was perfectly timed to allow us to begin the next phase of work. The City is very pleased that this Grant award has allowed the City to get one step closer to meeting its 25% energy reduction goal by 2015. Staff projects energy reductions of over 200,000 kWh and 660 MCF of natural gas as a result of this project.

In the second round of MPSC-funded energy upgrades, the City again utilized the professional services of Energy Sciences, which extended pricing from previously awarded lighting projects. The use of an energy expert has helped ensure a consistent energy solution and expedite project completion for the City. Energy Sciences performed all rebate application processing as a part of the project services to the City, and they assisted with developing our energy report formatting so that we can accurately track energy consumption and savings going forward.

The project cost breakdown and grant allocation are as follows:

| <u>Project</u> | <u>Project Cost</u> | <u>Expected Utility Rebate</u> | <u>Grant Allocation</u> | <u>New City Contribution*</u> |
|---------------------------------------|---------------------|--|-----------------------------|-----------------------------------|
| Lighting Upgrades - City Hall | \$ 16,066 | \$ (2,570) | \$ (13,496) | \$ 0 |
| Lighting Upgrades - Court | 28,565 | (3,140) | (25,425) | 0 |
| Lighting Upgrades - Fire Station #1 | 22,187 | (5,260) | (1,034) | 15,893 |
| Lighting Upgrades - Fire Station #2 | 9,169 | (1,450) | 0 | 7,719 |
| Lighting Upgrades - Library | 10,139 | (1,221) | (8,918) | 0 |
| Lighting Upgrades - DPS | 10,224 | (1,404) | (8,820) | 0 |
| Lighting Upgrades - RV & Impound Lots | 18,397 | (2,441) | (15,956) | 0 |
| Lighting Upgrades - Nature Center | 3,716 | (653) | (3,063) | 0 |
| HVAC Upgrades - DPS | 5,130 | (1,050) | (4,080) | 0 |
| HVAC Upgrades - Court | 475 | (50) | (425) | 0 |
| HVAC Upgrades - Senior Center | <u>2,131</u> | <u>0</u> | <u>(2,131)</u> | <u>0</u> |
| Totals | \$126,199 | \$(19,239) | \$(83,348) | \$23,612 |

*Fire Stations Bond

Finally, in 2012, the City secured additional MPSC Grant funding through the Regional Energy Office and completed the following projects:

| <u>Project</u> | <u>Cost</u> | <u>Expected Rebate</u> | <u>Grant Addendum</u> | <u>New City Contribution</u> |
|---|---------------|------------------------|-----------------------|----------------------------------|
| DPS Motor Pool Roof | \$47,238 | \$ 0 | \$47,238 | 0 |
| DPS Main Garage Interlocks | 4,000 | 0 | 4,000 | 0 |
| Police Station - Exterior Lighting | 4,653 | 775 | 4,878 | 0 |
| Senior Center - HVAC Upgrades with Demand Controlled Ventilation | <u>57,500</u> | <u>4,225</u> | <u>53,275</u> | <u>0</u> |
| | \$114,391 | \$5,000 | \$109,391 | \$0 |

Installation of City Hall Generator

During FY 2015 it is planned to install a 150 kW natural gas generator with automatic transfer switch, sound enclosure, new gas line, electrical work, and masonry enclosure at City Hall to address power failures and emergency situations. Currently one portable 130 kW diesel-powered generator services both City Hall and the Senior Center. This improvement will minimize downtime at City Hall in the event of a power outage and will allow the portable generator to be used at the Senior Center, which houses one of the City's backup computer systems.

Upgrade North City Hall Entrance

Mayor Swanson has proposed that 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 side of the canopy to 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 of City Hall and minimize liability. The DPS has estimated a project budget of \$75,000, tentatively programmed in FY 2016-17.

Information Technology

City-Wide Upgrade Microsoft Office

In light of the recent budget financial constraints, the City has been unable to do a system-wide microcomputer software upgrade, resulting in the majority of our personal computers running outdated 2000 and 2003 versions of Microsoft Office and an older version of Adobe Acrobat (PDF). In order to maintain efficient communications with other agencies and save wasted staff time converting document formats, the City plans to upgrade 72 computers to Office 2010 and 50 for Adobe Acrobat at a cost of \$30,000.

City-Wide Microcomputer Replacements

In recent years, the City has had to suspend its efforts to achieve cycle replacement of our microcomputers. As part of this year's Capital Improvement Plan, we are recommending the continued updating of an additional 43 computers for \$27,100 as outlined in the Table XV Computer Replacement Plan.

City Hall Council Chambers Audio Upgrade

In 2009, the City Council requested that staff research options to improve the audio system in the Council Chambers and the related audio portion of Council Meeting broadcasts and replays. A video consultant provided a cost estimate of \$40,000 to correct the sound quality problems and to provide an enhanced cable broadcast playback, programmed in FY 2012-13.

Wireless Network Access for Field Employees

The Community Development Department Building Official, Building Inspector, Electrical Inspector, Rental Inspector, Mechanical Plumbing Inspector, Community Development/GIS Technician and Code Enforcement Officer travel in the field with their computers, performing inspections and recording the results electronically. Under the current process, they must return to the office each day to replicate their computer workbook information onto the Building Department software. While this process is taking place, staff is not able to access the system for over an hour of each workday. As a solution, the Management Information Administrator has recommended that the City look at creating a wireless network that would work from each of the City vehicles. As the inspectors perform their inspections, the system would be updated in real time. This system could also be utilized by DPS field employees for tasks such as sign inventory and utility location. Projected cost of this system in FY 2015-16 is \$20,000, or approximately \$3,000 per vehicle.

City Hall Computer Cabling

A budget of \$50,000 is projected in FY 2016-17 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

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 (OCBC) 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 United States Environmental Protection Agency (USEPA) Coalition Assessment Grant. The key objective of the grant is to encourage the redevelopment of sites that may be complicated by the presence of potentially hazardous substances or pollutants. In addition, it is intended to trigger additional investment in the community. Through this grant, member communities are allocated \$100,000 each, with Oakland County allocated \$500,000. The monies were available to businesses and property owners in the cities to conduct initial environmental assessments (Phase 1, Phase 2, and Baseline Environmental Assessments [BEA]). Madison Heights successfully implemented the grant and over \$100,000 was awarded to Madison Heights businesses.

The Coalition was not successful in receiving the grant in 2011, but has once again applied for the grant in 2012 for the 2013 grant cycle. The grant has been reduced to \$600,000 for this round. If successful, \$300,000 will be allocated to Oakland County and \$60,000 will be allocated to each coalition city, making \$60,000 available to Madison Heights businesses and property owners to conduct initial environmental assessments. The award announcement will be made in the spring of 2013.

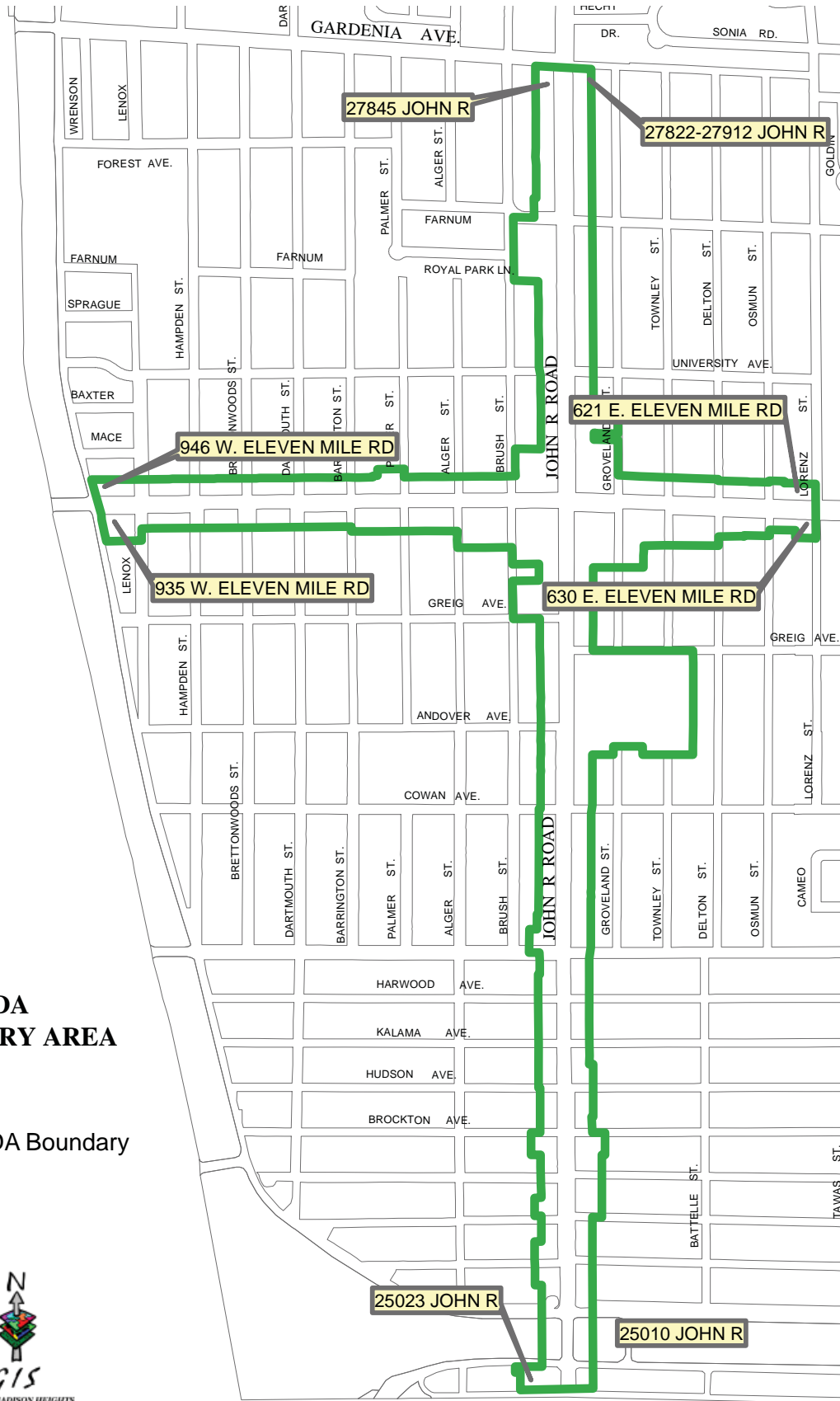
This grant provides an excellent opportunity for the City to encourage and facilitate redevelopment of properties throughout the City. There will be no cost to the City, other than staff time associated with developer meetings and coordination with Oakland County.

Library

As part of the FY 2013-14 Budget and Capital Improvement Plan, staff has included Phase I funding for HVAC improvements and upgrades in the Library. The total project cost is \$235,000. Phase I would resolve temperature control issues, allow for remote control and diagnostics of the system (similar to the Senior Center), install a gas line and two boilers in the building, remove the hot water burden on the City Hall boilers, and yield energy savings.

DDA BOUNDARY AREA

 DDA Boundary



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.

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.

TABLE XII
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
LEISURE & HUMAN SERVICES
(IN THOUSANDS)

APPROPRIATIONS:

| LEISURE & HUMAN SERVICES | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | TOTAL APPROP. |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| PARK PROJECTS | | | | | | | | |
| Friendship Woods - Trail Cutback | \$ 0 | \$ 5 | \$ 5 | \$ 5 | \$ 5 | \$ 5 | \$ 5 | \$ 25 |
| Friendship Woods - Tree Cutting | 0 | 60 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skate Park Rehabilitation | 0 | 12 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rosie's Park - Sectional Path Replacement | 0 | 45 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rosies Park - Hales Parking Lot Overlay | 0 | 75 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wildwood Park - Playscape Replacement, Soft Fall Surfacing | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 100 |
| Huffman Park - East Parking Lot Overlay | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 50 |
| Friendship Woods - Parking Lot Resurfacing | 0 | 0 | 0 | 200 | 0 | 0 | 0 | 200 |
| Red Oaks - Walk/Bike Connection | 0 | 0 | 0 | 179 | 0 | 0 | 0 | 179 |
| Friendship Woods - 2" Trail Overlay | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 25 |
| Civic Center Park - Totscap, New Swings & Soft Fall Surfacing | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 50 |
| Huffman Park - Building Furnace Replacement | 0 | 0 | 0 | 0 | 7 | 0 | 0 | 7 |
| Friendship Woods - Nature Center Roof | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 |
| Property Acquisition | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 150 |
| Walk/Bike Path Construction | 0 | 0 | 0 | 0 | 0 | 0 | 583 | 583 |
| SENIORS/SENIOR CENTER | | | | | | | | |
| 2003 25 Passenger Bus #443 | 0 | 0 | 0 | 0 | 75 | 0 | 0 | 75 |
| 2002 Blue Bird Bus #471 | 0 | 0 | 0 | 0 | 0 | 200 | 0 | 200 |
| Close South Senior Center Driveway | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| TOTALS | \$ 0 | \$ 197 | \$ 55 | \$ 509 | \$ 137 | \$ 205 | \$ 868 | \$ 1,774 |

REVENUES:

| LEISURE & HUMAN SERVICES | GENERAL FUND | LOCAL/ MAJOR STREETS | VEHICLE MILLAGE | SPECIAL ASSESS. | WATER & SEWER | OAKLAND COUNTY PARKS | OTHER REVENUES | TOTAL REVENUES |
|---|-----------------|----------------------------|--------------------|--------------------|------------------|----------------------------|-------------------|-------------------|
| PARK PROJECTS | | | | | | | | |
| Friendship Woods - Trail Cutback | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 25 | \$ 0 | \$ 25 |
| Wildwood Park - Playscape Replacement, Soft Fall Surfacing | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| Huffman Park - East Parking Lot Overlay | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 50 |
| Friendship Woods - Parking Lot Resurfacing | 0 | 0 | 0 | 0 | 0 | 103 | 97 | 200 |
| Red Oaks - Walk/Bike Connection | 0 | 0 | 0 | 0 | 0 | 79 | 100 | 179 |
| Friendship Woods - 2" Trail Overlay | 0 | 0 | 0 | 0 | 0 | 15 | 10 | 25 |
| Civic Center Park - Totscap, New Swings & Soft Fall Surfacing | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 50 |
| Huffman Park - Building Furnace Replacement | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |
| Friendship Woods - Nature Center Roof | 0 | 0 | 0 | 0 | 0 | 18 | 12 | 30 |
| Property Acquisition | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 150 |
| Walk/Bike Path Construction | 292 | 0 | 0 | 0 | 0 | 0 | 291 | 583 |
| SENIORS/SENIOR CENTER | | | | | | | | |
| 2003 25 Passenger Bus #443 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 75 |
| 2002 Blue Bird Bus #471 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 200 |
| Close South Senior Center Driveway | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| TOTALS | \$ 874 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 240 | \$ 660 | \$ 1,774 |

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

As the Council is aware, in recent years the City has had to defer both planned improvements and major maintenance projects for our parks system. For planning purposes, the staff has identified five categories of park projects:

1. Red Oaks Nature Center Projects
 2. Other Park Projects
 3. Skate Park Repairs
 4. Property Acquisitions
 5. Walking and Bike Trail
- Red Oaks Nature Center Projects

Based on the Fall 2009 Financial Forecast, and on the heels of the first round of Gap Reduction Measures, the City initiated a dialog with the Oakland County Parks and Recreation Commission (OCPRC) regarding a potential partnership arrangement at Friendship Woods. These discussions resulted in a 25 year lease agreement for the Red Oaks Nature Center at Friendship Woods which was approved August 23, 2012 by the Oakland County Board of Commissioners.

In exchange for the use of our property for the next 25 years, the City will receive the following: \$1 annual rent, plus; year-round programming services including personnel, contractors and supplies; majority of maintenance expense; majority of capital improvement expenditures; and annual utility costs above the current City budget, plus a small inflation factor. OCPRC is obligated, and is currently planning to fund the first \$5,000 of all capital and maintenance project expenses plus 50 percent of the amounts above the first \$5,000 in major maintenance and capital improvement projects. The OCPRC has not yet identified a list of long-term capital improvements and major maintenance projects. The City has identified several items that are projected to be scheduled over the next six years.

The list below represents the City's staff projections of projects and priorities from FY 2013 through 2018.

| <u>Red Oaks Nature Center Capital Expenditures</u> | <u>Cost</u> | <u>Fiscal Year(s)</u> |
|---|---------------|-----------------------|
| a. Trail Cutback | \$100,000 | 2013-2033 |
| b. Tree Cutting | 60,000 | 2013 |
| c. Parking Lot Resurfacing (possibly remove island) | 200,000 | 2015 |
| d. Trail Resurfacing with 2" Overlay | 25,000 | 2015 |
| e. Roof Replacement | <u>30,000</u> | 2018 |
| Subtotal | \$415,000 | |



- Other Parks Projects

Given that the most recent Parks and Recreation Master Plan was developed eight years ago, in October 2011, staff was asked to review and identify current park project needs.

| <u>Other Park Projects</u> | <u>Cost</u> | <u>Fiscal Year(s)</u> |
|---|----------------|-----------------------|
| a. Sectional Path Replacement at Civic Center, Ambassador and Rosie's | \$ 45,000 | 2013 |
| b. Rosie's Park - Hales Parking Lot Overlay | 75,000 | 2013 |
| c. Wildwood Park - Replace Playscape; add Soft Fall Surfacing | 100,000 | 2014 |
| d. Huffman Park – E&W Parking Lot Overlay | 100,000 | 2014 |
| e. Civic Center Totscape; New Swings & Soft Fall Surfacing | 50,000 | 2016 |
| f. Replace Huffman Park Building Furnace | 7,000 | 2016 |
| g. Replace Park Shelter Building Roofs | 15,000 | 2028 & 2031 |
| h. Red Oaks Soccer Parking Lot Repaving | <u>150,000</u> | 2033 |
| Subtotal | \$542,000 | |

- Parks Maintenance and Improvement Fund

The Parks Maintenance and Improvement Fund was created as a result of a negotiated agreement between the GWK Drain District and the City of Madison Heights. 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 Youth Soccer Complex” includes nine youth soccer fields, a concession/meeting building, picnic pavilion, 240-space parking lot and playground (previous page). The \$2.1 million soccer complex was built by the GWK Drain District with a contribution of \$150,000 from the adjoining Lowe's and \$250,000 from the OCPRC.

The Soccer Complex was first opened in the fall of 2008, but closed for drain construction in 2009. In 2009, the new playscape equipment funded by OCPRC was installed. The complex re-opened 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 GWK payment in a long-term portfolio to maximize investment returns, generating additional income over the term of the 25-year agreement.

On January 24, 2011, the City entered into an agreement with OCPRC, who will provide the ground maintenance, including lawn, sod, fertilization and weed control service, as well as snow and ice control, on the parking lots and sidewalks at the complex.

The License, Use and Maintenance Agreement with the GWK Drain District and the OCPRC runs from May 14, 2007 to May 13, 2032. The City received the lump-sum payment in the fall of 2007, and assumed maintenance responsibility for this facility in the summer of 2008.

For July 1, 2013, staff is projecting a fund balance of \$605,000. From this balance and any investment income, Madison Heights will need to cover the remaining 19 years of annual operating maintenance costs for the Soccer Complex. The annual costs are projected to run from \$32,000 in FY 2013-14 and increase to \$86,000, and total \$1,323,000 over the life of the agreement. The staff will monitor the investment income and make adjustments in the Soccer Complex expenses to ensure a balanced budget.

Please keep in mind that a 20-year projection is extremely difficult given the unpredictable changes to both the economy and the Federal and State legislative mandates. The staff recommends that any available funds from the Parks Maintenance and Improvement Fund be programmed for the Red Oaks Nature Center and Friendship Woods Park area to fulfill any capital expenditure requirements for the agreement with the Oakland County Parks and Recreation Commission.

- Skate Park Rehabilitation

At the August 22, 2011 City Council Meeting, Councilmember Gerald's acknowledged the receipt of Deputy City Manager Myers's Skate Park Report outlining two options for the future of the Skate Park approved gap reduction measure. However, Councilmember Gerald's requested that staff prepare a third option for Council's consideration using funding from the Parks Maintenance and Improvement Fund as the resource to restore the equipment and maintain the Skate Park as a City facility.

City Manager Austin responded to Councilmember Gerald's request for a third Skate Park option by recommending that staff prepare a long-range financial plan for the Parks Maintenance and Improvement Fund for Council's review prior to their making a commitment to a Skate Park repair and rehabilitation project. Since the October 2011 Council Meeting, the staff has met with the Friends of Madison Heights Youth (FOMHY), leading a joint group including the Lions and Kiwanis Clubs and the Community Family Coalition. The group agreed to partner with the City by raising \$10,000 from the community to offer scholarships for Madison Heights youth to attend the local privately owned in-door skate park Modern Skate. Participation has been low, and the one-year memberships expire on June 30, 2013. Both the Parks and Recreation Advisory Board and the community sponsorship groups have recommended that the City not rehabilitate the park. Accordingly, staff will proceed with the sale of the equipment and conversion of the area back to general park use. No funding has been budgeted in FY 2013-14 for the Skate Park.

- Property Acquisition

Since the 1990s, 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.

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.

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 (known as the "Hardesty properties"). The City Manager extended offers for these properties in the amount of the appraisals on June 26, 2009.

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.

The City also continues to monitor availability of the Bretton and Winthrop parcels abutting Friendship Woods.

- Walking and Bike Trails

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. The project is planned for FY 2016-17, assuming a 50% local (\$291,500) and 50% Michigan Department of Natural Resources grant (\$291,500).

In December 2010, the Oakland County Parks and Recreation was awarded a \$308,000 development grant for natural area accessibility improvements by the Michigan Natural Resources Trust Fund Board of Trustees. The grant will fund construction of boardwalks, wildlife viewing platforms and floating fishing piers at Highland Oaks, Lyon Oaks, Red Oaks and Rose Oaks county parks.

At Red Oaks County Park, 600 feet of boardwalk will help overcome challenges of a narrow park site while preserving and enhancing the value of Red Oaks as an urban natural area. The project is planned for FY 2012-13 based on the \$179,000 budget split between the Michigan Natural Resource Trust Fund (\$100,000) and Oakland County Parks and Recreation (\$79,000).

In an effort to maintain the condition of existing park facilities, the General Fund fund balance has been planned in FY 2013-14 to complete a much needed parking lot overlay at Huffman Park.

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. The Department of Public Services has requested the southern entrance to the Center be closed to further enhance public safety. The future traffic plan for the Senior Center and John R/Dartmouth intersection calls for the closure of the south Senior Center Driveway - now restricted to right turn in/right turn out - and the re-routing of all traffic to and from the Center to the shared SOCRRA driveway, to improve traffic flow in the area.

This FY 2016-17 project would include removal of the signage and “pork chop” island, removal of the asphalt from John R to the circular Senior Center entryway, curbing along John R, extension of the sprinkler lines and heads, sod, and new asphalt and asphalt curb to close off and complete the circular drive at the front entrance of the Center. As part of this project, we also plan to install a sanitary sewer cleanout in the right-of-way to assist with the cleaning of the Senior Center sanitary sewer line, which includes the kitchen.

The Capital Improvement Plan includes the replacement of two buses, one smaller bus for local trips and one larger 25 passenger bus for out-of-town trips.

In 2012, the City completed installation of the new Senior Center HVAC demand controlled HVAC system. as part of the City’s Michigan Public Service Commission-funded energy work to provide demand controlled ventilation and reduce natural gas consumption. Phase II funding for the installation of the Senior Center sprinkler system is also programmed in FY 2014.

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.

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.

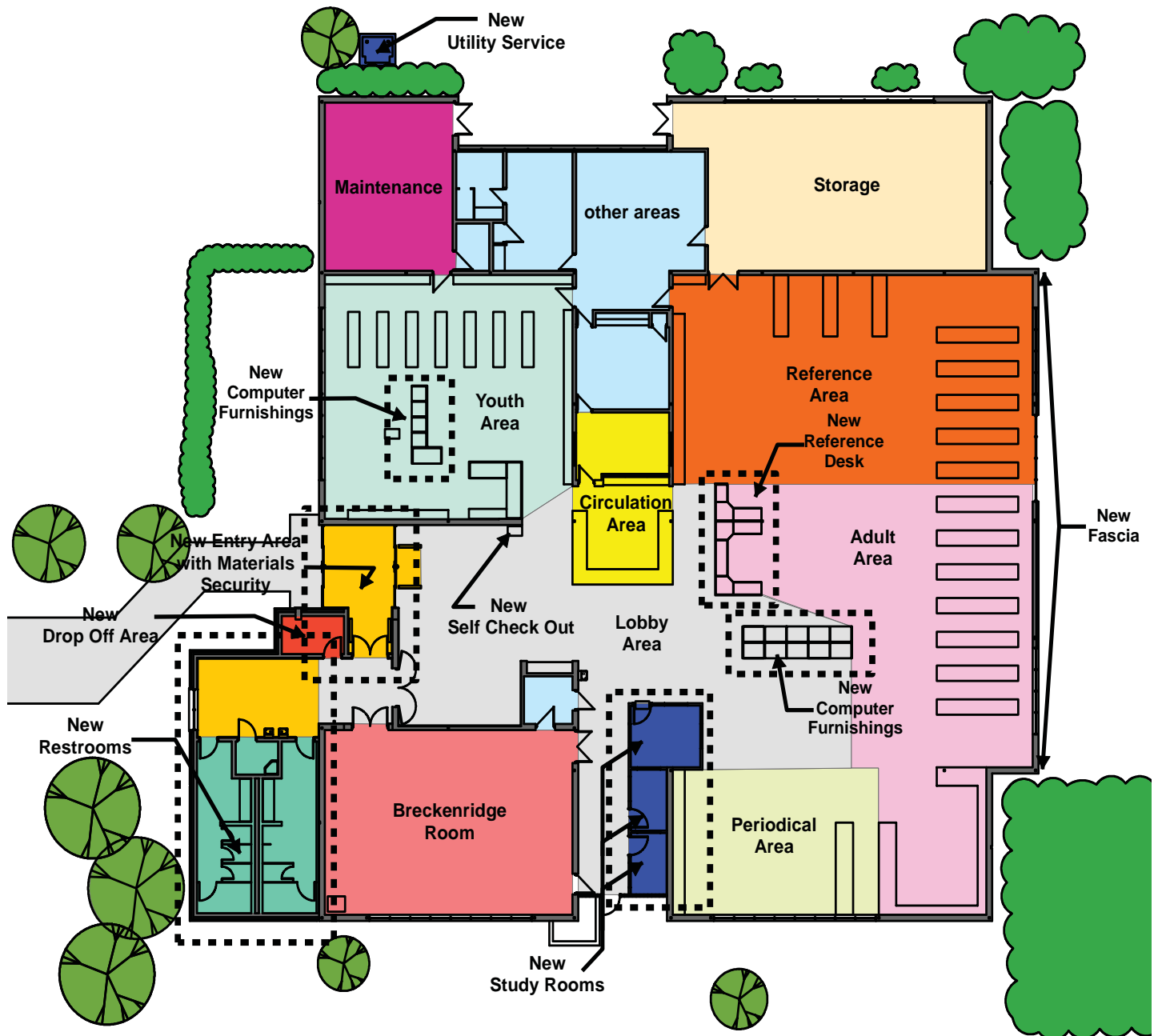
In February 2003, the Library Advisory Board reviewed updated financial projections regarding project funding. A decision was made to defer any further recommendations to City Council regarding the project and any public presentation until project funding has been approved.

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.

2007 Library Improvement 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 the construction project was 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 and 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:

| | |
|-----------------------------------|----------------|
| | Cost |
| 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.

A total of \$235,000 has been programmed in two phases to upgrade the HVAC system in the Library in FY 2013-14 and FY 2014-15. Please refer to the section in General Government and Economic Development for detailed project information.

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 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 XIII
FY 2014-18 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 | ADOPTED BUDGET FY 2013-14 | ADOPTED METHOD OF FUNDING | | | | | | |
| | | | | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | |
| Neighborhood Projects | | | | | | | | | |
| Proposal "R-2" Sidewalks | \$ 80,000 RM | \$ 20,000 | LSF | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | |
| Proposal "R-2" Concrete Repair | 400,000 RM | 100,000 | LSF | 500 | 500 | 500 | 500 | 500 | |
| Year 7 Roads (R-2) | | | | | | | | | |
| Dartmouth - 26333 Dartmouth to 26113 Dartmouth | 285,000 RM/WS | 231,000 | LSF | 0 | 500 | 500 | 500 | 500 | |
| Barrington - Cowan to Andover | 297,000 RM/WS | 212,000 | LSF | 0 | 500 | 500 | 500 | 500 | |
| W. Barrett - Alger to John R | 253,000 RM | 217,000 | LSF | 0 | 500 | 500 | 500 | 500 | |
| E. Hudson - John R to 71 E. Hudson | 256,000 RM/WS | 158,000 | LSF | 0 | 500 | 500 | 500 | 500 | |
| Kalama - Stephenson Hwy. To Alger | 610,000 RM | 460,000 | LSF | 0 | 500 | 500 | 500 | 500 | |
| Couzens - South of 11 Mile Road (SAD) | 912,000 RM/SAD | 526,000 | LSF | 0 | 500 | 500 | 500 | 500 | |
| Harwood - Dartmouth to 368 Harwood | 383,000 RM | 268,000 | LSF | 0 | 500 | 500 | 500 | 500 | |
| Year 8 Roads (R-2) | | | | | | | | | |
| Whittier - Longfellow to Chaucer | 744,000 RM/WS | 215,000 | WS | 0 | 0 | 500 | 500 | 500 | |
| Chaucer - Whittier to Longfellow | 484,000 RM/WS | 74,000 | WS | 0 | 0 | 500 | 500 | 500 | |
| Barrington - S. of Horace Brown to 13 Mile NB | 741,000 RM/WS | 223,000 | WS | 0 | 0 | 500 | 500 | 500 | |
| Barrington - S. of Horace Brown to 13 Mile SB (SAD) | 647,000 RM/SAD/WS | 182,000 | WS | 0 | 0 | 500 | 500 | 500 | |
| Blairmoor - Manchester to Thirteen Mile Road | 725,000 RM/WS | 182,000 | WS | 0 | 0 | 500 | 500 | 500 | |
| Manchester & Woodmont Intersection | 119,000 RM/WS | 17,000 | WS | 0 | 0 | 500 | 500 | 500 | |
| Year 9 Roads (R-2) | | | | | | | | | |
| Fournier - Sherry to Mark and Mark - Fournier to Sherry | 1,825,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 500 | 500 | |
| E. Hardwood - Couzens to Dei | 579,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 500 | 500 | |
| Lincoln - John R to 104 E. Lincoln | 363,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 500 | 500 | |
| Lincoln - 504 E. Lincoln to 583 E. Lincoln | 457,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 500 | 500 | |
| Year 10 Roads (R-2) | | | | | | | | | |
| Madison - Millard to 31605 Madison - (Watermain Whole Street) | 528,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 0 | 500 | |
| Areada - N. of 11 Mile Road | 374,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 0 | 500 | |
| Meadows - Whitcomb to 31608 Meadows - (full Watermain) | 672,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 0 | 500 | |
| Dorchester - 13 Mile to Windemere | 176,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 0 | 500 | |
| Windemere - Dorchester to Edgeworth | 338,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 0 | 500 | |
| Palmer - 13 Mile N. to end | 501,000 RM/WS | 0 | WS/LSF | 0 | 0 | 500 | 500 | 500 | |
| Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood) | 514,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 0 | 500 | |
| Moulin - Dulong to 1353 Moulin - (Watermain to Rose) | 607,000 RM/WS | 0 | LSF | 0 | 0 | 0 | 0 | 500 | |
| | | | | | | | | | |
| Total Neighborhood Projects | \$ 13,870,000 | \$ 3,085,000 | | \$ 1,000 | \$ 4,500 | \$ 8,000 | \$ 10,000 | \$ 13,500 | |

Legend:

Advanced Life Support Millage
Drug Forfeiture
General Fund
Grant Funding
Library Millage
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

ALSM
DF
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Grant
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LSF
MSF
OCRC
OCP
PIF
RM
SM
SAD
VM
WS

TABLE XIII
FY 2014-18 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 | ADOPTED BUDGET FY 2013-14 | ADOPTED METHOD OF FUNDING | | | | | |
| | | | | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
| Road Improvements | | | | | | | | |
| Major Road Improvements | | | | | | | | |
| 12 Mile - Asphalt Overlay - Stephenson to Dequindre | 2,800,000 Grant/OCRC | 2,800,000 | OCRC | 0 | 0 | 50 | 50 | 50 |
| Traffic Signal Upgrades | | | | | | | | |
| Traffic Signal Improvements | 150,000 MSF | 20,000 | MSF | 50 | 50 | 50 | 50 | 50 |
| Rehabilitation Programs | | | | | | | | |
| Joint & Crack Sealing - City Wide Major | 375,000 MSF | 75,000 | MSF | 100 | 100 | 100 | 100 | 100 |
| 11 Mile Sectional- I-75 to John R | 525,000 MSF | 0 | MSF | 100 | 100 | 100 | 100 | 100 |
| 11 Mile Sectional- John R to Dequindre | 450,000 MSF | 0 | MSF | 100 | 100 | 100 | 100 | 100 |
| John R Sectional - 10 Mile to 11 Mile | 710,000 GF | 360,000 | GF | 100 | 100 | 100 | 100 | 100 |
| NB I-75-Service Dr-Dallas to Lincoln | 275,000 MSF | 275,000 | MSF | 100 | 100 | 100 | 100 | 100 |
| Sidewalk Replacement & Gap Installation | 1,150,000 SAD | 450,000 | SAD | 100 | 100 | 100 | 100 | 100 |
| 13 Mile Sectional - Campbell to Dequindre | 300,000 MSF | 0 | MSF | 100 | 100 | 100 | 100 | 100 |
| Commercial and Industrial Road Projects | | | | | | | | |
| Whitcomb Sectional- Dequindre to Barrington | 675,000 GF/MSF | 200,000 | GF | 100 | 100 | 100 | 100 | 100 |
| Whitcomb Sectional - East of Stephenson | 50,000 MSF | 0 | MSF | 100 | 100 | 100 | 100 | 100 |
| Industrial - Edward, Townley | 50,000 MSF | 50,000 | MSF | 100 | 100 | 100 | 100 | 100 |
| Industrial - Mandoline, Brush, Alger | 50,000 LSF | 50,000 | LSF | 100 | 100 | 100 | 100 | 100 |
| Stephenson Hwy Sectional - Girard to 12 Mile | 50,000 MSF | 50,000 | MSF | 100 | 100 | 100 | 100 | 100 |
| Sectional Concrete - To Be Determined | 600,000 MSF | 25,000 | MSF | 100 | 100 | 100 | 100 | 100 |
| Montpelier/Horace Brown | 300,000 MSF | 0 | MSF | 100 | 100 | 100 | 100 | 100 |
| Edmund/Harlo | 665,000 MSF | 0 | MSF | 100 | 100 | 100 | 100 | 100 |
| Equipment Replacement | | | | | | | | |
| 2003 Street Sweeper #402 | 275,000 SM | 0 | SM | 0 | 0 | 100 | 100 | 100 |
| 1999 Ford Single Axle Dump Truck #479 | 180,000 SM | 0 | SM | 0 | 100 | 100 | 100 | 100 |
| 2003 Platform Truck #429 | 150,000 GF | 0 | GF | 0 | 100 | 100 | 100 | 100 |
| 2003 Tandem Dump Truck #417 | 240,000 GF | 0 | GF | 0 | 0 | 100 | 100 | 100 |
| 2003 Tandem Dump Truck #418 | 240,000 VM | 0 | VM | 0 | 0 | 100 | 100 | 100 |
| 2002 Stake Truck #415 | 150,000 VM | 0 | VM | 0 | 0 | 0 | 100 | 100 |
| 2003 Tandem Dump Truck #419 | 240,000 GF | 0 | GF | 0 | 0 | 0 | 100 | 100 |
| 2003 Single Axle Dump #424 | 180,000 SM | 0 | SM | 0 | 0 | 0 | 0 | 100 |
| 2003 Backhoe #407 | 98,000 GF | 0 | GF | 0 | 0 | 0 | 0 | 100 |
| 2003 Tandem Dump Truck #422 | 240,000 GF | 0 | GF | 0 | 0 | 0 | 0 | 100 |
| 2003 Single Axle Dump # 425 | 150,000 VM | 0 | VM | 0 | 0 | 0 | 0 | 100 |
| 2002 Brush Bandit Chipper #410 | 80,000 SM | 0 | SM | 0 | 0 | 0 | 0 | 100 |
| 2006 Super Duty Dump Truck #481 | 75,000 VM | 0 | VM | 0 | 0 | 0 | 0 | 100 |
| 2004 Brush Chipper Truck #525 | 125,000 SM | 0 | SM | 0 | 0 | 0 | 0 | 100 |
| 2003 Single Axle Dump Truck #426 | 150,000 GF | 0 | GF | 0 | 0 | 0 | 0 | 100 |
| 2003 Tandem Dump Truck #433 | 240,000 GF | 0 | GF | 0 | 0 | 0 | 0 | 100 |
| Total Road Improvements | \$ 11,988,000 | \$ 4,355,000 | | \$ 1,550 | \$ 1,750 | \$ 2,100 | \$ 2,300 | \$ 3,200 |

Legend:

Advanced Life Support Millage
General Fund
Grant Funding
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

ALSM
GF
Grant
LSF
MSF
OCRC
OCP
PIF
RM
SM
SAD
VM
WS

TABLE XIII
FY 2014-18 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 | ADOPTED BUDGET FY 2013-14 | ADOPTED METHOD OF FUNDING | | | | | |
| | | | | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
| Collection & Distribution System | | | | | | | | |
| <i>Watermains/Meters</i> | | | | | | | | |
| Dartmouth - 11 Mile to Andover | 234,000 WS | 0 | WS | 0 | 0 | 100 | 100 | 100 |
| Barrington - 11 Mile to Andover | 234,000 WS | 0 | WS | 0 | 0 | 100 | 100 | 100 |
| Palmer - LaSalle to Girard | 289,000 WS | 0 | WS | 0 | 0 | 100 | 100 | 100 |
| Kalama - John R to Alger | 91,000 WS | 0 | WS | 0 | 0 | 100 | 100 | 100 |
| Brush - 11 Mile to Royal Park Lane | 314,000 WS | 0 | WS | 0 | 0 | 0 | 100 | 100 |
| Brockton - Alger to Service Drive | 198,000 WS | 0 | WS | 0 | 0 | 0 | 0 | 100 |
| Dallas - Alger to Service Drive | 182,000 WS | 0 | WS | 0 | 0 | 0 | 0 | 100 |
| Fourteen Mile - Palmer to John R | 165,000 WS | 0 | WS | 0 | 0 | 0 | 0 | 0 |
| Harwood - John R to Progress | 347,000 WS | 0 | WS | 0 | 0 | 0 | 0 | 0 |
| <i>Sewer Projects</i> | | | | | | | | |
| Sewer Rehabilitation/Replacement | 1,156,000 WS/Grant | 500,000 | WS/Grant | 0 | 50 | 50 | 50 | 50 |
| <i>Replacements</i> | | | | | | | | |
| 2000 GMC W 4500 Van #458 | 60,000 WS | 0 | WS | 0 | 0 | 0 | 50 | 50 |
| 2001 Tandem Axle Dump #464 | 240,000 WS | 240,000 | WS | 0 | 300 | 300 | 300 | 300 |
| <i>Facilities</i> | | | | | | | | |
| DPS Salt Dome Containment System Rehab | 270,000 WS | 0 | WS | 0 | 0 | 100 | 100 | 100 |
| DPS Garage Air Curtain | 40,000 WS | 0 | WS | 0 | 0 | 100 | 100 | 100 |
| Total Collection & Distribution System | \$ 3,820,000 | \$ 740,000 | | \$ 0 | \$ 350 | \$ 950 | \$ 1,100 | \$ 1,300 |

Legend:

Advanced Life Support Millage
Drug Forfeiture
General Fund
Grant Funding
Library
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

ALSM
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TABLE XIII
FY 2014-18 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 | ADOPTED BUDGET FY 2013-14 | ADOPTED METHOD OF FUNDING | | | | | |
| | | | | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
| Public Safety | | | | | | | | |
| <i>Police</i> | | | | | | | | |
| Patrol Car Laptop Replacements (14) | 56,000 DF | 56,000 | DF | 0 | 300 | 300 | 300 | 300 |
| <i>Fire</i> | | | | | | | | |
| Self-Contained Breathing Apparatus | 193,000 GF/GRANT | 193,000 | GF/GRANT | 0 | 0 | 0 | 0 | 0 |
| City Bldgs. Fire Detection & Suppression Systems | 340,000 GF | 0 | GF | 0 | 0 | 300 | 300 | 300 |
| 2002 Ambulance Rescue #713 | 267,000 VM | 0 | VM | 0 | 0 | 300 | 300 | 300 |
| Emergency Operations Center Improvements | 60,000 GF/GRANT | 0 | GF | 0 | 0 | 0 | 0 | 0 |
| EKG/Defibrillator Replacements (2) | 79,000 GF | 79,000 | GF | 0 | 0 | 0 | 0 | 0 |
| Extrication/Jaws of Life Replacement | 35,000 GF | 0 | GF | 0 | 0 | 0 | 0 | 0 |
| 2002 Chevy Pickup 3500 #704 | 35,000 VM | 0 | VM | 0 | 0 | 0 | 0 | 0 |
| 2007 Ford F-350 Pickup #702 | 35,000 GF | 0 | GF | 0 | 0 | 0 | 0 | 0 |
| Total Public Safety | \$ 1,100,000 | \$ 328,000 | | \$ 0 | \$ 300 | \$ 900 | \$ 900 | \$ 900 |

Legend:

Advanced Life Support Millage
Drug Forfeiture
General Fund
Grant Funding
Library
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

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DF
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Grant
L
LSF
MSF
OCRC
OCP
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TABLE XIII
FY 2014-18 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 | ADOPTED BUDGET FY 2013-14 | ADOPTED METHOD OF FUNDING | | | | | |
| | | | | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
| General Gov't & Economic Dev. | | | | | | | | |
| <i>Civic Center/City Wide</i> | | | | | | | | |
| City Hall On Site Generator | \$ 110,000 GF | \$ 0 | GF | \$ 0 | \$ 0 | \$ 0 | \$ 50 | \$ 50 |
| City Hall North Entrance Canopy | \$ 75,000 GF | 0 | GF | 0 | 0 | 0 | 0 | 0 |
| <i>Information Technology</i> | | | | | | | | |
| City Wide Microcomputer Replacements | 84,000 GF | 27,000 | GF | 0 | 50 | 50 | 50 | 50 |
| Wireless Network Access for Field Workers | 20,000 GF | 0 | GF | 0 | 0 | 0 | 50 | 50 |
| City Hall Computer Cabling Upgrade | 50,000 GF | 0 | GF | 0 | 0 | 0 | 50 | 50 |
| <i>Economic Development</i> | | | | | | | | |
| Oakland County Brownfield Consortium | 60,000 Grant | 60,000 | Grant | 0 | 0 | 0 | 0 | 0 |
| <i>Library</i> | | | | | | | | |
| HVAC Improvements | 235,000 L | 153,000 | L | 0 | 0 | 0 | 0 | 0 |
| Total Gen. Gov't & Econ. Dev. | \$ 634,000 | \$ 240,000 | | \$ 0 | \$ 50 | \$ 50 | \$ 200 | \$ 200 |

Legend:

Advanced Life Support Millage
Drug Forfeiture
General Fund
Grant Funding
Library
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Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
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Vehicle Millage
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TABLE XIII
FY 2014-18 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 | ADOPTED BUDGET FY 2013-14 | ADOPTED METHOD OF FUNDING | | | | | |
| | | | | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
| Leisure & Human Services | | | | | | | | |
| Park Projects | | | | | | | | |
| Friendship Woods - Trail Cutback | \$ 30,000 OCP/PIF | \$ 0 | OCP/PIF | \$ 0 | \$ 50 | \$ 50 | \$ 50 | \$ 50 |
| Red Oaks - Walk/Bike Connection | 179,000 OCP/Grant | 0 | OCP/PIF | 50 | 50 | 50 | 50 | 50 |
| Friendship Woods - Parking Lot Resurfacing | 200,000 OCP/PIF | 0 | OCP/PIF | 0 | 500 | 500 | 500 | 500 |
| Friendship Woods - 2" Trail Overlay | 25,000 OCP/PIF | 0 | OCP/PIF | 0 | 500 | 500 | 500 | 500 |
| Wildwood Park - Playscape Replacement, Soft Fall Surfacing | 100,000 GF | 0 | GF | 0 | 0 | 500 | 500 | 500 |
| Civic Center Park - Totscap, New Swings & Soft Fall Surface | 50,000 GF | 0 | GF | 0 | 0 | 50 | 50 | 50 |
| Huffman Park - Building Furnace Replacement | 7,000 GF | 0 | GF | 0 | 0 | 50 | 50 | 50 |
| Friendship Woods - Nature Center Roof | 30,000 OCP/PIF | 0 | OCP/PIF | 0 | 0 | 0 | 500 | 500 |
| Property Acquisition | 150,000 Grant/GF | 0 | Grant/GF | 0 | 0 | 0 | 500 | 500 |
| Walk/Bike Path Construction | 583,000 Grant/GF | 0 | Grant/GF | 0 | 0 | 0 | 0 | 500 |
| Huffman Park - East Parking Lot Overlay | 50,000 GF | 50,000 | GF | 0 | 0 | 25 | 25 | 25 |
| Seniors/Senior Center | | | | | | | | |
| 2003 25 Passenger Bus #443 | 75,000 GF | 0 | GF | 0 | 50 | 50 | 50 | 50 |
| 2002 Blue Bird Bus #471 | 200,000 GF | 0 | GF | 0 | 0 | 50 | 50 | 50 |
| Close South Senior Center Driveway | 100,000 GF | 0 | GF | 0 | 0 | 0 | 0 | 50 |
| Total Leisure & Human Services | \$ 1,779,000 | \$ 50,000 | | \$ 50 | \$ 1,150 | \$ 1,825 | \$ 2,825 | \$ 3,375 |
| TOTAL ALL FUNDS | | | | | | | | |
| | \$ 33,191,000 | \$ 8,798,000 | | \$ 2,600 | \$ 8,100 | \$ 13,825 | \$ 17,325 | \$ 22,475 |

Legend:

Advanced Life Support Millage
Drug Forfeiture
General Fund
Grant Funding
Library
Local Street Fund
Major Street Fund
Oakland County Road Commission
Oakland County Parks
Park Improvement Fund
Road Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

ALSM
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LSF
MSF
OCRC
OCP
PIF
RM
SM
SAD
VM
WS

TABLE XIV
FY 2014-18 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PROJECTED CAPITAL OUTLAY PURCHASES
GENERAL FUND PROJECT FUNDING
(IN THOUSANDS)

| ITEM | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | TOTAL |
|--|---------------|---------------|---------------|---------------|---------------|----------|
| ROAD IMPROVEMENTS | | | | | | |
| REHABILITATION PROGRAMS | | | | | | |
| John R Sectional - 10 Mile to 11 Mile | 360 | 0 | 0 | 0 | 0 | 360 |
| STREETS | | | | | | |
| 2003 Tandem Dump Truck #417 | 0 | 240 | 0 | 0 | 0 | 240 |
| 2003 Platform Truck #429 | 0 | 150 | 0 | 0 | 0 | 150 |
| 2003 Tandem Dump Truck #419 | 0 | 0 | 240 | 0 | 0 | 240 |
| 2003 Backhoe #407 | 0 | 0 | 0 | 98 | 0 | 98 |
| 2003 Tandem Dump Truck #422 | 0 | 0 | 0 | 0 | 240 | 240 |
| 2003 Single Axle Dump Truck #426 | 0 | 0 | 0 | 0 | 150 | 150 |
| FIRE | | | | | | |
| Self-Contained Breathing Apparatus (SCBA) | 44 | 0 | 0 | 0 | 0 | 44 |
| City Bldgs. Fire Detection & Suppression Systems | 0 | 150 | 115 | 75 | 0 | 340 |
| EKG / Defibrillator Replacements (2) | 79 | 0 | 0 | 0 | 0 | 79 |
| Extrication / Jaws of Life Replacement | 0 | 35 | 0 | 0 | 0 | 35 |
| Emergency Operations Center Improvements | 0 | 0 | 60 | 0 | 0 | 60 |
| 2007 Ford F350 Pickup #702 | 0 | 0 | 0 | 0 | 35 | 35 |
| CIVIC CENTER / CITY WIDE | | | | | | |
| City Hall On-Site Generator | 0 | 110 | 0 | 0 | 0 | 110 |
| City Hall North Entrance Canopy | 0 | 0 | 0 | 75 | 0 | 75 |
| INFORMATION TECHNOLOGY | | | | | | |
| City Wide Microcomputer Replacements (43) | 27 | 12 | 15 | 14 | 16 | 84 |
| Wireless Network Access For Field Workers | 0 | 0 | 20 | 0 | 0 | 20 |
| City Hall Computer Cabling Upgrade | 0 | 0 | 0 | 50 | 0 | 50 |
| PARK PROJECTS | | | | | | |
| Huffman Park - EastParking Lot Overlay | 50 | 0 | 0 | 0 | 0 | 50 |
| Wildwood Park - Playscape Replacement | 0 | 100 | 0 | 0 | 0 | 100 |
| Civic Center Park - Totscape, New Swings & Soft Fall Surfacing | 0 | 0 | 50 | 0 | 0 | 50 |
| Huffman Park - Building Furnace Replacement | 0 | 0 | 7 | 0 | 0 | 7 |
| Walk/Bike Path Construction | 0 | 0 | 0 | 0 | 292 | 292 |
| SENIORS/SENIOR CENTER | | | | | | |
| 2003 25 Passenger Bus #443 | 0 | 0 | 75 | 0 | 0 | 75 |
| 2002 Blue Bird Bus #471 | 0 | 0 | 0 | 200 | 0 | 200 |
| Close South Senior Center Driveway | 0 | 0 | 0 | 0 | 100 | 100 |
| TOTALS | \$ 560 | \$ 797 | \$ 582 | \$ 512 | \$ 833 | \$ 3,284 |

Note: Excludes Solid Waste, Proposal "ALS" and Proposal "V" funded Vehicle purchases. See Tables III and X

TABLE XV
FY 2014-2018 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

| DEPARTMENT/ DIVISION | LOCATION | STATUS | CLASS | SPEED | YEAR PURCHASED | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
|-------------------------|--------------------------------|--------|----------|-------|-------------------|---------------|---------------|---------------|---------------|---------------|
| City Council | Council | | Pentium | 866 | 2000 | R | | | | |
| City Council | Home-Laptop | C | Pentium | 1800 | 2007 | N | | | | |
| City Council | Home-Laptop | C | Pentium | 1800 | 2009 | 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 | 1800 | 2007 | N | | | | |
| City Manager | Laptop-Council Meeting | C | Pentium | 2200 | 2008 | R | | | | |
| City Manager | Exec Assistant | C | I5 | 2960 | 2012 | | | | | N |
| City Manager | City Manager | C | Pentium | 2300 | 2011 | | | | N | |
| Assessing | Assessor | C | Pentium | 2300 | 2008 | | N | | | |
| City Clerk | Office Ass't II-Voting | | Pentium | 2400 | 2012 | | | | N | |
| City Clerk | Office Ass't II | C | I3 | 2400 | 2012 | | | | N | |
| City Clerk | Scan Station | C | Pentium | 2800 | 2005 | | R | | R | |
| City Clerk | City Clerk-Election | C | Pentium | 1200 | 2008 | N | | | | |
| City Clerk | Laptop | C | I5 | 2400 | 2012 | | | | | N |
| City Clerk | Imaging | C | Pentium | 2800 | 2006 | R | | | R | |
| Personnel | Personnel Part-Time | C | Duo Core | 2200 | 2008 | | | | R | |
| Personnel | HR Director | C | I5 | 8400 | 2011 | | | | N | |
| Purchasing | Purchasing Office | | Pentium | 3000 | 2006 | | R | | R | |
| Purchasing | Cable | C | Pentium | 2800 | 2006 | | | | R | |
| Finance | Deposit | | Pentium | 3000 | 2006 | | R | | R | |
| Finance | Counter | | Quad | 8400 | 2010 | | R | | R | |
| Finance | Fiscal Ass't I | C | Quad | 8400 | 2011 | | | N | | |
| Finance | Fiscal Ass't II | C | Quad | 8400 | 2011 | | | N | | |
| Finance | Deputy | C | Quad | 8400 | 2011 | | | N | | |
| Finance | Accountant | C | Quad | 8400 | 2011 | | | N | | |
| Finance | Fiscal Ass't II | C | Quad | 8400 | 2011 | | | N | | |
| Finance | Fiscal Ass't II | C | Quad | 8400 | 2011 | | | N | | |
| Finance | Director | C | Quad | 8400 | 2010 | | | N | | |
| Finance | Fiscal Ass't II | C | Quad | 8400 | 2011 | | | N | | |
| Finance | Register | C | Quad | 8400 | 2011 | | | N | | |
| Information Tech | Laptop - Spare | C | Duo Core | 2800 | 2012 | | | | | |
| Information Tech | Financial Server/AMR | C | I5 | 3000 | 2010 | | | | N | |
| Information Tech | File Server - Active Directory | C | Pentium | 2800 | 2006 | N | | | | |
| Information Tech | MIS Administrator | C | I5 | 3000 | 2011 | | | | N | |
| Information Tech | Info. Systems Specialist | C | I5 | 3000 | 2011 | | | | N | |
| Information Tech | Imaging File Server | C | Pentium | 3000 | 2006 | N | | | | |
| Information Tech | File Server - Active Directory | C | Pentium | 2800 | 2006 | N | | | | |
| Information Tech | Video Server | | Pentium | 2400 | 2003 | | | R | | |
| DPS-Bldg. Maint. | Supervisor | C | I5 | 3500 | 2012 | | | | | N |
| Police | Gas Boy | | 866 | 2000 | 2007 | | | R | | |
| Police | Training Officer | C | I5 | 3500 | 2012 | | | | | N |
| Police | Imaging | C | Pentium | 3000 | 2006 | N | | | | |
| Police | Special Investigations | C | I5 | 3500 | 2012 | | | | | N |
| Police | Special Investigations | C | Pentium | 3000 | 2006 | N | | | | |
| Police | Station Officer | C | Pentium | 3000 | 2006 | N | | | | |
| Police | DB Office Ass't II | C | I5 | 3500 | 2012 | | | | | N |
| Police | Crime Prevention Office | | Pentium | 1000 | 2001 | | | R | | R |
| Police | DB Lieutenant | C | Pentium | 3000 | 2006 | N | | | | |
| Police | K9 | C | Pentium | 1000 | 2001 | | | | | R |

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XV
FY 2014-2018 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

| DEPARTMENT/ DIVISION | LOCATION | STATUS | CLASS | SPEED | YEAR PURCHASED | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
|-------------------------|-------------------------|--------|----------|-------|-------------------|---------------|---------------|---------------|---------------|---------------|
| Police | DB Sergeant | C | I5 | 3500 | 2012 | | | | | N |
| Police | DB Sergeant | C | I5 | 3500 | 2012 | | | | | N |
| Police | DB Sergeant | C | I5 | 3500 | 2012 | | | | | N |
| Police | DB Sergeant | C | I5 | 3500 | 2012 | | | | | N |
| Police | Info. System Specialist | C | I5 | 3500 | 2012 | | | | | N |
| Police | DB Sergeant | C | I5 | 3500 | 2012 | | | | | 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 | I5 | 3500 | 2012 | | | | | N |
| Police | Records | C | I5 | 3500 | 2012 | | | | | N |
| Police | Conference Room | | Pentium | 3000 | 2005 | | | R | | |
| Police | Admin. Secretary | C | I5 | 3500 | 2012 | | | | | N |
| Police | Chief | C | Pentium | 3000 | 2006 | N | | | | |
| Police | Gun Registration | C | Pentium | 3000 | 2006 | N | | | | |
| Police | Dispatch NWS | C | Pentium | 2000 | 2005 | | | | R | |
| Police | Reserves | | Pentium | 600 | 1999 | | R | | R | |
| Police | Reserves | | Pentium | 600 | 1999 | | R | | R | |
| Police | Reserves | | Pentium | 300 | 1997 | | R | | R | |
| Police | Vehicles* | C | I5 | 3500 | 2013 | N | | | | |
| Fire | Station #2 Report Desk | C | I5 | 3500 | 2012 | | | | | N |
| Fire | Inspector Desktop | C | I5 | 3500 | 2012 | R | | | R | |
| Fire | Inspector - Tablet | C | Celeron | 1000 | 2006 | | | | | N |
| Fire | Report Desk | C | I5 | 3500 | 2012 | | | | | N |
| Fire | Office Ass't II | C | Pentium | 1000 | 2001 | | | R | | R |
| Fire | Station #2 Officer | C | Pentium | 1000 | 2001 | | | | | R |
| Fire | Officer Room #1 | C | Pentium | 1000 | 2001 | | | | | R |
| Fire | Chief | C | I5 | 3500 | 2012 | | | | | 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 | 2012 | | | | | N |
| Fire | Fire Dispatch Laptop | C | Pentium | 1830 | 2012 | | | | | N |
| CDD | Laptop Elec. Insp. | C | Duo Core | 2800 | 2009 | | N | | | |
| CDD | Laptop Bldg. Insp. | C | Duo Core | 2800 | 2010 | | | N | | |
| CDD | Contract Inspector | | Pentium | 2300 | 2008 | | R | | R | |
| CDD | Counter | | Quad | 2500 | 2011 | N | | | | |
| CDD | Counter | | Duo Core | 2300 | 2008 | N | | | | |
| CDD | Director - Laptop | C | I5 | 3300 | 2011 | | | | N | |
| CDD | Imaging | C | Duo Core | 2300 | 2008 | N | | | | |
| CDD | GIS | C | Duo Core | 2000 | 2006 | N | | | | |
| CDD | GIS Technician | C | I5 | 3300 | 2012 | N | | | | |
| CDD | Contract Inspector | C | I5 | 2300 | 2011 | N | | | | |
| CDD | Microfiche | C | Duo Core | 2300 | 2008 | | | R | | |
| CDD | Office Ass't II | C | I5 | 3000 | 2012 | N | | | | |
| CDD | Deputy Director | C | Duo Core | 2000 | 2007 | N | | | | |
| CDD | Admin. Secretary | C | I5 | 3000 | 2012 | N | | | | |

* 14 Computers Total

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XV
FY 2014-2018 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

| DEPARTMENT/ DIVISION | LOCATION | STATUS | CLASS | SPEED | YEAR PURCHASED | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
|-------------------------|--------------------------|--------|----------|-------|-------------------|---------------|---------------|---------------|---------------|---------------|
| CDD | Laptop Code Enforce | C | Pentium | 2400 | 2010 | | | N | | |
| CDD | Econ. Dev. Position | C | Pentium | 8400 | 2011 | | | | N | |
| CDD | GIS Server | C | Pentium | 2800 | 2007 | N | | | | |
| CDD | Laptop - GIS Offsite | C | Pentium | 2800 | 2002 | | R | | | |
| CDD | Deputy Field Tablet | C | Pentium | 1883 | 2006 | | N | | | |
| Fire | 911 Mapping GIS | C | Pentium | 1883 | 2006 | N | | | | |
| DPS-Streets | Recreation Registration | | Pentium | 1600 | 2002 | | | | | R |
| DPS | DPW Supervisor | | Pentium | 15 | 2012 | | | R | | N |
| DPS-Streets | Streets Coordinator | | Pentium | 2800 | 2005 | N | | | | |
| DPS-Streets | Deputy City Manager | C | I5 | 8400 | 2012 | | | N | | |
| DPS-Streets | Admin. Secretary | C | I5 | 8400 | 2011 | | | N | | |
| DPS-Streets | Laptop | C | Duo Core | 2300 | 2009 | | N | | | |
| DPS-Streets | Equip. Operator 3 | C | Pentium | 2400 | 2004 | | | N | | R |
| DPS-Recreation | Recreation Coord. | | I5 | 3500 | 2012 | | | | | N |
| DPS-Recreation | Counter | C | Pentium | 2800 | 2005 | | | | | R |
| DPS-Recreation | Part Time | C | I5 | 3500 | 2012 | | | | | N |
| DPS-Recreation | Counter | C | Pentium | 2800 | 2005 | | | | | R |
| DPS-Nature Center | Floor | | Pentium | 233 | 1997 | | | | | |
| DPS-Nature Center | Audio-Visual | | Pentium | 350 | 1998 | | | | | |
| DPS-Nature Center | Part Time | | Pentium | 2000 | 2002 | | | | | |
| DPS-Parks | Part Time | | Pentium | 2800 | 2005 | R | | | | |
| Seniors | Part Time | | Duo Core | 2500 | 2009 | R | | | | |
| Seniors | Office Ass't I | C | Duo Core | 2500 | 2009 | N | | | | |
| Seniors | Coordinator | C | I3 | 8400 | 2011 | | | | N | |
| Main Library | Backroom East | C | Pentium | 866 | 2000 | | N | | | |
| Main Library | Counter (ELLIS Software) | | Pentium | 866 | 2000 | R | | | | |
| Main Library | Adult Public Cat. | C | Pentium | 866 | 2002 | | N | | | |
| Main Library | Adult Internet - Express | C | Pentium | 2800 | 2005 | | N | | | |
| Main Library | Adult Public | C | Pentium | 2800 | 2006 | | N | | | |
| Main Library | Backroom West - serials | C | Pentium | 2150 | 2006 | | N | | | |
| Main Library | Child Catalog | C | Pentium | 2800 | 2006 | | N | | | |
| Main Library | Counter Side | C | Pentium | 2800 | 2006 | | N | | | |
| Main Library | Adult Public | C | Pentium | 2150 | 2007 | | N | | | |
| Main Library | Children Public | C | Pentium | 2150 | 2007 | | N | | | |
| Main Library | Children Public | C | Pentium | 2150 | 2007 | | N | | | |
| Main Library | Adult Librarian | C | Pentium | 2050 | 2008 | | | N | | |
| Main Library | Adult Reference | C | Pentium | 2050 | 2008 | | | N | | |
| Main Library | Adult Reference | C | Pentium | 2050 | 2008 | | | N | | |
| Main Library | Circulation Ass't | C | Pentium | 2050 | 2008 | | | N | | |
| Main Library | Counter North | C | Pentium | 2050 | 2008 | | | N | | |
| Main Library | Counter South | C | Pentium | 2050 | 2008 | | | N | | |
| Main Library | Library Technician | C | Pentium | 2050 | 2008 | | | N | | |
| Main Library | Youth Staff | C | Pentium | 2050 | 2008 | | | N | | |
| Main Library | Adult Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Adult Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Adult Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Adult Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Adult Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Adult Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Child Room Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Child Room Internet | C | Pentium | 3200 | 2011 | | | | N | |

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XV
FY 2014-2018 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

| DEPARTMENT/ DIVISION | LOCATION | STATUS | CLASS | SPEED | YEAR PURCHASED | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 |
|-------------------------|----------------------|--------|---------|-------|-------------------|---------------|---------------|---------------|---------------|---------------|
| Main Library | Child Room Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Child Room Internet | C | Pentium | 3200 | 2011 | | | | N | |
| Main Library | Adult Internet | C | i5-3470 | 3200 | 2012 | | | | | N |
| Main Library | Adult Internet | C | i5-3470 | 3200 | 2012 | | | | | N |
| Main Library | Adult Internet | C | i5-3470 | 3200 | 2012 | | | | | N |
| Main Library | Adult Internet | C | i5-3470 | 3200 | 2012 | | | | | N |
| Main Library | Adult Internet | C | i5-3470 | 3200 | 2012 | | | | | N |
| Main Library | Adult Internet | C | i5-3470 | 3200 | 2012 | | | | | N |
| Main Library | Librarian | C | i5-3470 | 3200 | 2012 | | | | | N |
| Main Library | Adult Public Express | C | Pentium | 2200 | 2007 | | | | 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 | 2000 | 2002 | | R | | R | R |
| W/S Administration | Coordinator | C | I5 | 3450 | 2012 | | | | | N |
| Motor Pool | Laptop | | Pentium | 500 | 2000 | R | R | | R | |
| Motor Pool | Supervisor | C | Pentium | 2000 | 2002 | N | | | | R |
| Motor Pool | Parts | C | Pentium | 2000 | 2002 | | | N | | R |
| TOTAL | | | | | NEW | 43 | 16 | 23 | 21 | 32 |
| | | | | | ROTATE | 8 | 11 | 8 | 15 | 12 |

GIS/A.M. TECHNOLOGICAL PERIPEHRALS

| ITEM | COMPANY | MODEL | YEAR PURCH | DEPT | REPLACE CYCLE LENGTH | YEAR TO REPLACE |
|---------|---------|--------|---------------|------|----------------------------|-----------------------|
| Plotter | HP | 1055CM | 2000-01 | CDD | 8 | 2014-15 |
| Plotter | HP | 1055CM | 2000-01 | DPS | 8 | 2015-16 |
| Printer | OKI | 9600 | 2005-06 | DPS | 5 | N/A |
| GPS | TRIMBLE | 5700 | 2000-01 | CDD | 10 | 2014-15 |
| | | | | | | |

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XVI
FY 2014-2018 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

| | | VEH | LAST YEAR PURCH | Over \$30K | REPLACE CYCLE | 13- | 14- | 15- | 16- | 17- | NEXT REPLACED |
|-----------------|-------------------------------------|-----|-----------------------|---------------|------------------|-----|-----|-----|-----|-----|------------------|
| DEPARTMENT | VEHICLE | # | | | LENGTH | 14 | 15 | 16 | 17 | 18 | |
| PD-Detective | Ford Taurus | 100 | 2001-02 | | 7 | | | GF | | | 18-19 |
| PD-Radar | Ford Crown Vic | 102 | 2010-11 | | NF | | GF | | | | NF |
| PD-Radar | Dodge Charger | 103 | 2012-13 | | NF | | | GF | | | NF |
| PD-Patrol | Chevy Impala | 104 | 2012-13 | | NF | | | GF | | | NF |
| PD-Patrol | Ford Crown Vic | 105 | 2010-11 | | NF | | GF | | | | NF |
| PD-Patrol | Ford Crown Vic | 106 | 2011-12 | | NF | | GF | | | | NF |
| PD-Patrol | Ford Crown Vic | 107 | 2012-13 | | NF | | | GF | | | NF |
| PD-Patrol | Ford Crown Vic | 108 | 2011-12 | | NF | | GF | | | | NF |
| PD-Patrol | Ford Crown Vic | 109 | 2012-13 | | NF | | | GF | | | NF |
| PD-Patrol | Ford Crown Vic | 110 | 2010-11 | | NF | VM | | | GF | | NF |
| PD-Patrol | Ford Explorer | 111 | 2009-10 | | NF | | GF | | | | NF |
| PD-A.I.T. | Ford Crown Vic | 112 | 2011-12 | | NF | | GF | | | | NF |
| PD-A.I.T. | Ford Crown Vic | 113 | 2009-10 | | NF | VM | | | GF | | NF |
| PD-Patrol Sup. | Ford Explorer | 114 | 2002-03 | | 5 | VM | | | | | 18-19 |
| PD-Canine Unit | Ford Crown Vic | 116 | 2011-12 | | 4 | | | GF | | | 19-20 |
| PD-Mtr. Carrier | Chevy Astro Van | 117 | 1999-00 | | 10 | | GF | | | | 24-25 |
| PD-Animal CTL | Chevy G20 Van | 119 | 2011-12 | X | 9 | | | | | | 20-21 |
| PD-Admin | Chevy Impala | 121 | 2001-02 | | 7 | VM | | | | | 20-21 |
| PD-Detective | Pontiac Grand AM | 123 | 2001-02 | | 7 | | GF | | | | 20-21 |
| PD-Admin | Chrysler Sebring | 124 | 2001-02 | | 7 | DF | | | | | 20-21 |
| PD-Detective | Chevrolet Malibu | 125 | 2006-07 | | 7 | | | GF | | | 22-23 |
| PD-Detective | Dodge Stratus | 126 | 2003-04 | | 7 | | GF | | | | 21-22 |
| PD-Detective | Dodge Caravan | 133 | 2006-07 | | 5 | | GF | | | | 20-21 |
| PD-SIU | Chevy S-10 Pickup | 138 | 2002-03 | | 13 | | | GF | | | 28-29 |
| PD-Reserves Sgt | Ford Crown Vic | 140 | 1999-00 | | Rotation | | | | | | Rotation |
| PD-Reserves | Ford Crown Vic | 141 | 2000-01 | | Rotation | | | | | | Rotation |
| PD-Reserves | Ford Crown Vic | 142 | 2001-02 | | Rotation | | | | | | Rotation |
| PD-Reserves | Ford Crown Vic | 143 | 2002-03 | | Rotation | | | | | | Rotation |
| PD-Reserves | Ford Crown Vic | 144 | 1998-99 | | Rotation | | | | | | Rotation |
| PD-Reserves | Ford Crown Vic | 145 | 1999-00 | | Rotation | | | | | | Rotation |
| PD-Reserves | Dodge Diplomat (Historical) | 146 | 1988-89 | | N/A | | | | | | N/A |
| PD-Reserves | Chevy Impala | 147 | 2005-06 | | Rotation | | | | | | Rotation |
| PD-Patrol | Harley Davidson | 160 | 2006-07 | | 10 | | | | GF | | 26-27 |
| PD-Patrol | Harley Davidson | 161 | 2006-07 | | 10 | | | | GF | | 26-27 |
| PD-Patrol | Peace Keeper A.P.C. | 170 | 2000-01 | | N/A | | | | | | N/A |
| Streets | Wanco Solar Arrow | 257 | 2011-12 | | 20 | | | | | | 31-32 |
| Streets | Concrete Drop Hammer | 261 | 1999-00 | | 20 | | | | | | 19-20 |
| Parks | Utility Maint. Cart / OCPR | 281 | 1993-94 | | 25 | | | | | | 18-19 |
| Parks | Senior/Handicap Transportation Cart | 282 | 1993-94 | | 25 | | | | | | 18-19 |
| Sewer | Trailer Air Compressor | 300 | 1996-97 | | 20 | | | | WS | | 28-29 |
| Parks | Toro Snowblower | 314 | 2002-03 | | 20 | | | | | | 22-23 |
| Streets | Wanco Solar Arrow | 318 | 2000-01 | | 20 | | GF | | | | 34-35 |
| Motorpool | Clark Fork Lift | 320 | 1997-98 | X | 30 | | | | | | 27-28 |
| Parks | EX-Mark Mower | 325 | 2008-09 | | 7 | | | GF | | | 22-23 |
| Water | Trailer Welder Miller | 329 | 1982-83 | | N/A | | | | | | N/A |
| Streets | 175 CFM Compressor | 330 | 2003-04 | | 15 | | | | | | 18-19 |
| Sewer | 4 Inch Trash Pump | 336 | 2003-04 | | 15 | | | | | | 18-19 |
| Streets | Cement Saw Dimas | 339 | 2005-06 | | 20 | | | | | | 25-26 |
| Solid Waste | Leaf Loader Trailer | 351 | 2007-08 | X | 20 | | | | | | 27-28 |
| Solid Waste | Leaf Loader Trailer | 352 | 1999-00 | X | 20 | | | | | | 19-20 |
| Solid Waste | Leaf Loader Trailer | 354 | 2001-02 | X | 20 | | | | | | 21-22 |

Legend:

| | | | |
|--|-------|-----------------------------|-----|
| Advanced Life Support Millage | ALSM | Oakland County Parks | OCP |
| Drug Forfeiture Fund | DF | Park Improvement Fund | PIF |
| General Fund | GF | Road Millage | RM |
| Grant Funding | Grant | Senior Millage | SR |
| Local Street Fund | LSF | Solid Waste Millage | SM |
| Major Street Fund | MSF | Special Assessment District | SAD |
| New Formula (replaced only after 70,000 miles) | NF | Vehicle Millage | VM |
| Oakland County Road Commission | OCRC | Water and Sewer Fund | WS |

TABLE XVI
FY 2014-2018 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

| | | VEH | LAST YEAR PURCH | Over \$30K | REPLACE CYCLE | 13- 14 | 14- 15 | 15- 16 | 16- 17 | 17- 18 | NEXT REPLACED |
|----------------|--------------------------------|-----|-----------------------|---------------|------------------|-----------|-----------|-----------|-----------|-----------|------------------|
| DEPARTMENT | VEHICLE | # | | | LENGTH | | | | | | |
| Solid Waste | Leaf Loader Trailer | 355 | 2001-02 | X | 20 | | | | | | 21-22 |
| Solid Waste | Leaf Loader Trailer | 357 | 2007-08 | X | 20 | | | | | | 27-28 |
| Water | Case 60 Trencher | 362 | 1996-97 | | N/A | | | | | | N/A |
| Parks | EX-Mark Mower | 363 | 2011-12 | | 7 | | | | | | 18-19 |
| Parks | Polaris ATV | 364 | 2010-11 | | 7 | | | | | GF | 24-25 |
| Parks | Ex-Mark Mower | 367 | 2010-11 | | 7 | | | | | GF | 24-25 |
| Parks | EX-Mark Mower | 368 | 2009-10 | | 7 | | | | GF | | 23-24 |
| Streets | Asphalt Roller Vibrator | 369 | 1999-00 | | 15 | | GF | | | | 29-30 |
| Streets | Asphalt Paver Layton | 371 | 1999-00 | X | 20 | | | | | | 19-20 |
| Parks | Toro 580D 16Ft Mower | 372 | 2002-03 | | 15 | | | | | GF | 32-33 |
| Parks | EX-Mark Mower - Narrow | 373 | 2007-08 | | 10 | | | | | GF | 27-28 |
| Streets | Wanco Solar Arrow | 374 | 2008-09 | | 20 | | | | | | 28-29 |
| Parks | Trailer | 382 | 2002-03 | | 15 | | | | | GF | 32-33 |
| Solid Waste | Street Sweeper Cross Wind | 402 | 2003-04 | X | 8 | | SW | | | | 22-23 |
| Streets | 4 YD. Loader CAT | 404 | 2003-04 | X | 17 | | | | | | 20-21 |
| Water | 3 YD. Loader CAT | 405 | 2003-04 | X | 16 | | | | | | 19-20 |
| Solid Waste | Brush Bandit Chipper | 406 | 2005-06 | X | 15 | | | | | | 20-21 |
| Streets | CAT Backhoe | 407 | 2003-04 | X | 13 | | | | GF | | 29-30 |
| Solid Waste | Street Sweeper Whirl Wind | 408 | 2011-12 | X | 8 | | | | | | 19-20 |
| Streets | CAT Loader 3 Yrd | 409 | 2003-04 | X | 15 | | | | | | 18-19 |
| Solid Waste | Brush Bandit Chipper | 410 | 2001-02 | X | 15 | | | | SW | | 31-32 |
| Library | Chevy Lumina | 412 | 1999-00 | | 12 | | GF | | | | 26-27 |
| Solid Waste | Pontiac Bonneville | 413 | 2003-04 | | 12 | | | SW | | | 27-28 |
| Streets | Stake Truck Ford | 415 | 2003-04 | X | 12 | | | VM | | | 27-28 |
| Motor Pool | Crown Victoria (former Police) | 416 | 2004-05 | | Rotation | | | | | | Rotation |
| Streets | Tandem Dump Truck | 417 | 2003-04 | X | 10 | | GF | | | | 23-24 |
| Streets | Tandem Dump Truck | 418 | 2003-04 | X | 11 | | VM | | | | 27-28 |
| Streets | Tandem Dump Truck | 419 | 2003-04 | X | 12 | | | GF | | | 28-29 |
| Streets | Chevy 3/4 Ton Pickup | 420 | 2003-04 | | 11 | | GF | | | | 25-26 |
| Streets | Tandem Dump Truck | 422 | 2003-04 | X | 13 | | | | GF | | 29-30 |
| Water | Chevy 3/4 Ton Pickup | 423 | 2003-04 | | 11 | | GF | | | | 25-26 |
| Solid Waste | Single Axle Dump | 424 | 2003-04 | X | 12 | | | SW | | | 28-29 |
| Streets | Single Axle Dump | 425 | 2003-04 | X | 13 | | | | VM | | 29-30 |
| Streets | Single Axle Dump | 426 | 2003-04 | X | 14 | | | | | GF | 30-31 |
| Streets | Platform Truck | 429 | 2003-04 | X | 10 | | GF | | | | 24-25 |
| Motorpool | 3/4 Ton Pickup | 430 | 1999-00 | | 20 | | | | | | 19-20 |
| Streets | One Ton Dump Truck | 431 | 2012-13 | X | 10 | | | | | | 22-23 |
| Streets | Chevy 3/4 Ton Pickup | 432 | 2001-02 | | 9 | VM | | | | | 22-23 |
| Streets | Tandem Dump Truck | 433 | 2003-04 | X | 14 | | | | | GF | 30-31 |
| Motorpool | Chevy Pickup | 434 | 2006-07 | | 15 | | | | | | 21-22 |
| Streets | Van Building Mnt. | 435 | 2012-13 | | 10 | | | | | | 22-23 |
| Streets | Chevy 3/4 Ton Pickup W/Plow | 436 | 2003-04 | | 9 | | GF | | | | 22-23 |
| Streets | Chevy 3/4 Ton Pickup | 440 | 2003-04 | | 10 | | GF | | | | 24-25 |
| Senior Citizn. | 25 Passenger Bus Ford | 443 | 2003-04 | X | 12 | | | SR | | | 27-28 |
| Recreation | Chevy Astro Van | 444 | 2002-03 | | 12 | | GF | | | | 26-27 |
| City Mgr. | Ford Explorer | 447 | 2004-05 | | 7 | | GF | | | | 21-22 |
| Water | Chevy Pickup | 453 | 2012-13 | | 10 | | | | | | 22-23 |
| Water | John Deere Backhoe | 455 | 2005-06 | X | 13 | | | | | | 18-19 |
| Streets | Ford F250 3/4 Ton Pickup | 457 | 2007-08 | | 10 | | | | | GF | 27-28 |
| Water | GMC W 4500 Van | 458 | 2002-03 | X | 10 | | | WS | | | 25-26 |
| Sewer | Ford 3/4 Ton Pickup | 460 | 2009-10 | | 10 | | | | | | 19-20 |

Legend:

| | | | |
|--|-------|-----------------------------|-----|
| Advanced Life Support Millage | ALSM | Oakland County Parks | OCP |
| Drug Forfeiture Fund | DF | Park Improvement Fund | PIF |
| General Fund | GF | Road Millage | RM |
| Grant Funding | Grant | Senior Millage | SR |
| Local Street Fund | LSF | Solid Waste Millage | SM |
| Major Street Fund | MSF | Special Assessment District | SAD |
| New Formula (replaced only after 70,000 miles) | NF | Vehicle Millage | VM |
| Oakland County Road Commission | OCRC | Water and Sewer Fund | WS |

TABLE XVI
FY 2014-2018 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

| | | VEH | LAST YEAR PURCH | Over \$30K | REPLACE CYCLE | 13- 14 | 14- 15 | 15- 16 | 16- 17 | 17- 18 | NEXT REPLACED |
|--------------------|------------------------------------|-----|-----------------------|---------------|------------------|-----------|-----------|-----------|-----------|-----------|------------------|
| DEPARTMENT | VEHICLE | # | | | LENGTH | | | | | | |
| Sewer | Chevy 2500 Pickup | 461 | 2012-13 | | 10 | | | | | | 22-23 |
| Sewer | One Ton Dump Truck | 462 | 2011-12 | X | 13 | | | | | | 24-25 |
| Sewer | GMC Pickup | 463 | 2001-02 | | 10 | WS | | | | | 23-24 |
| Water | Tandem Axle Dump | 464 | 2000-01 | X | 13 | WS | | | | | 26-27 |
| Sewer | Sterling Vactor | 465 | 2003-04 | | 15 | | | | | | 18-19 |
| Sewer | Sewer T.V. Trailer | 466 | 2008-09 | X | 20 | | | | | | 28-29 |
| Sewer | Ford Vactor | 468 | 1997-98 | X | N/A | | | | | | N/A |
| Senior Citizn. | Ford Van | 469 | 2009-10 | | 10 | | | | | | 19-20 |
| Senior Citizn. | Blue Bird Bus | 471 | 2001-02 | X | 15 | | | | SR | | 31-32 |
| Parks | GMC 4X4 Pickup | 473 | 2003-04 | | 10 | | GF | | | | 24-25 |
| Parks | GMC 4X4 Pickup | 474 | 2001-02 | | 10 | | GF | | | | 24-25 |
| Water | Ford F250 3/4 Ton Pickup | 475 | 2007-08 | | 10 | | | | | WS | 27-28 |
| Parks | Chevy S-10 Pickup | 477 | 2012-13 | | 7 | | | | | | 19-20 |
| Solid Waste | Ford Single Axle Dump Truck | 479 | 1998-99 | X | 7 | | SW | | | | 20-21 |
| Senior Citizn. | GMC Rally Van | 480 | 1995-96 | | 10 | | | SR | | | 25-26 |
| Streets | Super Duty Dump Truck | 481 | 2005-06 | X | 10 | | | | VM | | 26-27 |
| Senior Citizn. | Chevy Van | 482 | 2012-13 | | 10 | | | | | | 22-23 |
| Code Enforce | Ford Ranger Pickup | 483 | 2010-11 | | 7 | | | | | GF | 24-25 |
| Parks | Chevy Colorado Pickup | 484 | 2008-09 | | 10 | | | | | | 18-19 |
| Parks | Chevy Pickup | 485 | 2012-13 | | 10 | | | | | | 22-23 |
| Parks | Volvo Loader | 488 | 2003-04 | X | 17 | | | | | | 20-21 |
| Parks | Tractor Mower | 489 | 1968-69 | | N/A | | | | | | N/A |
| CDD Inspec. | Chevy Colorado Pickup | 492 | 2007-08 | | 7 | | GF | | | | 21-22 |
| CDD Supervis. | Chevrolet Trail Blazer | 493 | 2005-06 | | 10 | | | GF | | | 25-26 |
| CDD Inspec. | GMC Express Van 3500 | 494 | 2000-01 | | 7 | VM | | | | | 20-21 |
| CDD Inspec. | Ford Ranger Pickup | 496 | 2011-12 | | 7 | | | | | | 18-19 |
| CDD ED./Sup. | Pontiac Grand AM | 500 | 2002-03 | | 10 | | GF | | | | 24-25 |
| Solid Waste | GMC Pickup | 513 | 1996-97 | | Rotation | | | | | | Rotation |
| Solid Waste | Brush Chipper Truck | 525 | 2003-04 | X | 13 | | | | SW | | 29-30 |
| Senior Citizn. | Smart Bus | 530 | 2006-07 | X | N/A | | | | | | N/A |
| Motor Pool | Em. Gen. Fire Station #1 | 550 | 2003-04 | X | 15 | | | | | | 18-19 |
| Motor Pool | Em. Gen. Police | 551 | 2005-06 | X | 15 | | | | | | 20-21 |
| Motor Pool | Em. Gen. DPS | 552 | 2005-06 | X | 15 | | | | | | 21-22 |
| Motor Pool | Em. Gen. Fire Station #2 | 553 | 2005-06 | X | 15 | | | | | | 21-22 |
| Motor Pool | Em. Gen. Portable-1 / 1986 Trailer | 554 | 1974-75 | | N/A | | | | | | N/A |
| Motor Pool | Em. Gen. Portable-2 | 555 | 2004-05 | X | 15 | | | | | | 19-20 |
| Fire | Chevy Trail Blazer | 700 | 2007-08 | | 7 | | VM | | | | 21-22 |
| Fire | Chevy Blazer | 701 | 2002-03 | | 7 | | VM | | | | 21-22 |
| Fire | Ford F350 Pickup | 702 | 2007-08 | X | 10 | | | | | GF | 27-28 |
| Fire | Chevy Pickup 3500 | 704 | 2001-02 | X | 10 | | VM | | | | 24-25 |
| Fire | Ambulance Rescue Truck | 710 | 2011-12 | X | 9 | | | | | | 20-21 |
| Fire | Ambulance Rescue Truck | 711 | 2009-10 | X | 9 | | | | | | 18-19 |
| Fire | Ambulance Rescue Truck (Backup) | 713 | 2005-06 | X | 9 | | VM | | | | 23-24 |
| Fire | Pumper Pierce | 721 | 2003-04 | X | 20 | | | | | | 23-24 |
| Fire | Pumper Pierce | 722 | 2002-03 | X | 20 | | | | | | 22-23 |
| Fire | Pumper Pierce | 723 | 2006-07 | X | 20 | | | | | | 26-27 |
| Fire | Aerial Ladder E-One | 730 | 1997-98 | X | 25 | | | | | | 22-23 |
| Fire | Hazmat Trailer | 740 | 2006-07 | X | 15 | | | | | | 21-22 |
| Fire | Technical Rescue Trailer | 741 | 2001-02 | X | 25 | | | | | | 26-27 |
| GRAND TOTAL | | | | | | 15 | 32 | 17 | 13 | 11 | |

Legend:

| | | | |
|--|-------|-----------------------------|-----|
| Advanced Life Support Millage | ALSM | Oakland County Parks | OCF |
| Drug Forfeiture Fund | DF | Park Improvement Fund | PIF |
| General Fund | GF | Road Millage | RM |
| Grant Funding | Grant | Senior Millage | SR |
| Local Street Fund | LSF | Solid Waste Millage | SM |
| Major Street Fund | MSF | Special Assessment District | SAD |
| New Formula (replaced only after 70,000 miles) | NF | Vehicle Millage | VM |
| Oakland County Road Commission | OCRC | Water and Sewer Fund | WS |



APPENDICES

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FY 2013-14 Budget Resolution

A RESOLUTION TO ADOPT A BUDGET FOR MUNICIPAL PURPOSES FOR THE CITY OF MADISON HEIGHTS FOR THE FISCAL YEAR 2013-14 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 13, 2013, 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 22.9250 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 | 10.0000 |
| Neighborhood Road Improvements | 2.0000 |
| Vehicle Replacement | 0.2500 |
| Advanced Life Support | 0.2500 |
| Solid Waste | 2.6457 |
| Senior Citizens | 0.4490 |
| Police & Fire Pension | 5.8155 |
| Fire Stations Debt Obligation | 0.5148 |
| Library | 1.0000 |
| Total | <u>22.9250</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 2013-14 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 assigns the authority to the City Manager and/or Deputy City Manager for Administrative Services to assign amounts for fund balance to be used for a specific purposes.
7. That the City of Madison Heights approves and establishes Water and Sewer Charges set forth in Exhibit "B".

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 2013-14

| <u>EXPENDITURES</u> | | <u>REVENUES</u> | |
|--------------------------------------|----------------------|----------------------------|----------------------|
| GENERAL FUND | | | |
| General Government | \$ 5,118,511 | Property Taxes and Fees | \$ 15,612,327 |
| Public Safety | 13,441,613 | Intergovernmental Revenues | 3,060,321 |
| Community Services | 3,061,598 | Other | 5,598,356 |
| Culture and Recreation | 1,714,662 | Use of Fund Balance | 179,500 |
| Community Development | 1,114,120 | | |
| TOTAL | <u>\$ 24,450,504</u> | TOTAL | <u>\$ 24,450,504</u> |
| MAJOR STREET FUND | | | |
| Program Expenditures | <u>\$ 1,854,227</u> | Intergovernmental Revenues | \$ 1,284,997 |
| | | Other | 4,500 |
| | | Use of Fund Balance | 564,730 |
| TOTAL | <u>\$ 1,854,227</u> | TOTAL | <u>\$ 1,854,227</u> |
| LOCAL STREET FUND | | | |
| Program Expenditures | <u>\$ 2,928,350</u> | Property Taxes | \$ 1,439,494 |
| | | Intergovernmental Revenues | 508,282 |
| | | Other | 211,499 |
| | | Use of Fund Balance | 769,075 |
| TOTAL | <u>\$ 2,928,350</u> | TOTAL | <u>\$ 2,928,350</u> |
| PARKS MAINTENANCE & IMPROVEMENT FUND | | | |
| Program Expenditures | <u>\$ 31,344</u> | Other | \$ 12,522 |
| | | Use of Fund Balance | 18,822 |
| TOTAL | <u>\$ 31,344</u> | TOTAL | <u>\$ 31,344</u> |
| DOWNTOWN DEVELOPMENT AUTHORITY | | | |
| Program Expenditures | <u>\$ 45,080</u> | Property Taxes | \$ 45,080 |
| | | Other | 0 |
| | | Use of Fund Balance | 0 |
| TOTAL | <u>\$ 45,080</u> | TOTAL | <u>\$ 45,080</u> |
| DRUG FORFEITURE FUND | | | |
| Program Expenditures | <u>\$ 86,325</u> | Intergovernmental Revenues | \$ 55,500 |
| | | Other | 0 |
| | | Use of Fund Balance | 30,825 |
| TOTAL | <u>\$ 86,325</u> | TOTAL | <u>\$ 86,325</u> |

COMMUNITY IMPROVEMENT FUND

| | | | |
|----------------------|--------------------------|----------------------------|--------------------------|
| Program Expenditures | <u>\$ 119,837</u> | Intergovernmental Revenues | \$ 111,859 |
| | | Other | - |
| | | Use of Fund Balance | <u>7,978</u> |
| TOTAL | <u><u>\$ 119,837</u></u> | TOTAL | <u><u>\$ 119,837</u></u> |

SPECIAL ASSESSMENT REVOLVING

| | | | |
|----------------------|--------------------------|---------------------|--------------------------|
| Program Expenditures | <u>\$ 609,817</u> | Other | \$ 622,623 |
| | | Use of Fund Balance | <u>(12,806)</u> |
| TOTAL | <u><u>\$ 609,817</u></u> | TOTAL | <u><u>\$ 609,817</u></u> |

FIRE STATIONS CONSTRUCTION AND BOND

| | | | |
|----------------------|--------------------------|----------------|--------------------------|
| Program Expenditures | <u>\$ 373,135</u> | Property Taxes | \$ 373,135 |
| | | Other | - |
| TOTAL | <u><u>\$ 373,135</u></u> | TOTAL | <u><u>\$ 373,135</u></u> |

WATER AND SEWER FUND

| | | | |
|----------------------|-----------------------------|--------------------------|-----------------------------|
| Program Expenditures | <u>\$ 11,875,343</u> | Sales to Customers | \$ 11,487,793 |
| | | Other | 84,550 |
| | | Use of Retained Earnings | <u>303,000</u> |
| TOTAL | <u><u>\$ 11,875,343</u></u> | TOTAL | <u><u>\$ 11,875,343</u></u> |

MOTOR AND EQUIPMENT POOL

| | | | |
|----------------------|----------------------------|-------|----------------------------|
| Program Expenditures | <u>\$ 1,086,112</u> | Other | \$ 1,086,112 |
| TOTAL | <u><u>\$ 1,086,112</u></u> | TOTAL | <u><u>\$ 1,086,112</u></u> |

**EXHIBIT B
RESOLUTION
AMENDMENT TO WATER AND SEWER CHARGE 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 13.3 of the Charter of the Madison Heights, the City Council shall have the power to fix from time to time such just and reasonable rates and other charges as may be deemed advisable for supplying public utility services; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established for the July 1, 2013 billings as follows:

| |
|---|
| WATER AND SEWER RATES (per 1,000 cubic feet) |
|---|

| Description | Old Rate | New Rate |
|--------------------------|----------------|----------------|
| Water | \$28.00 | \$29.25 |
| Sewer | \$43.51 | \$45.45 |
| Meter/Maintenance Charge | \$ 3.00 | \$ 3.00 |
| Total | \$74.51 | \$77.70 |

OPERATING INDICATORS

Last Eight Fiscal Years

| Function/ program | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Election data: | | | | | | | | |
| Voters Registered | 20,030 | 19,823 | 19,811 | 20,704 | 20,692 | 20,692 | 20,542 | 20,542 |
| Voters (at the polls or absentee) | 2,729 | 10,084 | 2,545 | 13,519 | 3,288 | 7,922 | 2,755 | 2,787 |
| Percent voting | 14 | 51 | 13 | 65 | 16 | 39 | 13 | 14 |
| District Court: | | | | | | | | |
| Number of court cases | 14,210 | 15,234 | 15,234 | 15,263 | 15,756 | 12,730 | 14,578 | 14,715 |
| Police: | | | | | | | | |
| Physical arrests | 1,473 | 1,265 | 1,755 | 1,548 | 1,381 | 1,202 | 1,060 | 1,001 |
| Traffic violations | 9,194 | 9,850 | 9,332 | 9,983 | 8,231 | 9,473 | 8,489 | 9,954 |
| Investigations | 2,985 | 2,822 | 2,770 | 2,510 | 2,794 | 2,285 | 2,308 | 2,162 |
| Fire: | | | | | | | | |
| Ladder Operation | 8 | 4 | 3 | 4 | 3 | 3 | 3 | 3 |
| Structure Fire (all types) | 36 | 39 | 39 | 31 | 57 | 56 | 63 | 72 |
| Emergency Medical runs | 2,609 | 2,631 | 2,518 | 2,600 | 2,628 | 2,558 | 2,482 | 2,562 |
| Inspections | 691 | 794 | 350 | 295 | 276 | 306 | 210 | 553 |
| Parks and Recreation: | | | | | | | | |
| Recreation Program attendance | 2,798 | 2,639 | 2,697 | 2,694 | 2,534 | 2,531 | 2,047 | 1,853 |
| Library: | | | | | | | | |
| Circulation (books borrowed) | 97,708 | 96,460 | 50,673 | 92,699 | 109,536 | 113,106 | 114,789 | 109,092 |
| Collection volume (sets of books) | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 |
| Water: | | | | | | | | |
| Number of customers billed | 54,100 | 54,140 | 55,185 | 54,891 | 55,414 | 55,256 | 55,243 | 55,229 |
| Total consumption (per unit) * | 1,836,424 | 1,857,194 | 1,695,269 | 1,552,065 | 1,459,243 | 1,429,938 | 1,433,589 | 1,437,675 |
| Average consumption per user | 34 | 34 | 31 | 28 | 26 | 27 | 26 | 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 square miles in area.

The estimated 29,694 residents of the City of Madison Heights are provided various services by the 167.3 full-time equivalent employees.

Statistical data related to City services at June 30, 2012 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 | 27 |
| Hydrants | 1,115 |

Police protection:

| | |
|-------------------------------------|-------|
| Full and Part-time Employees | 76 |
| Crossing Guards | 18 |
| Patrol vehicles | 17 |
| Number of traffic violations issued | 9,954 |
| Police Reserve members | 22 |

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

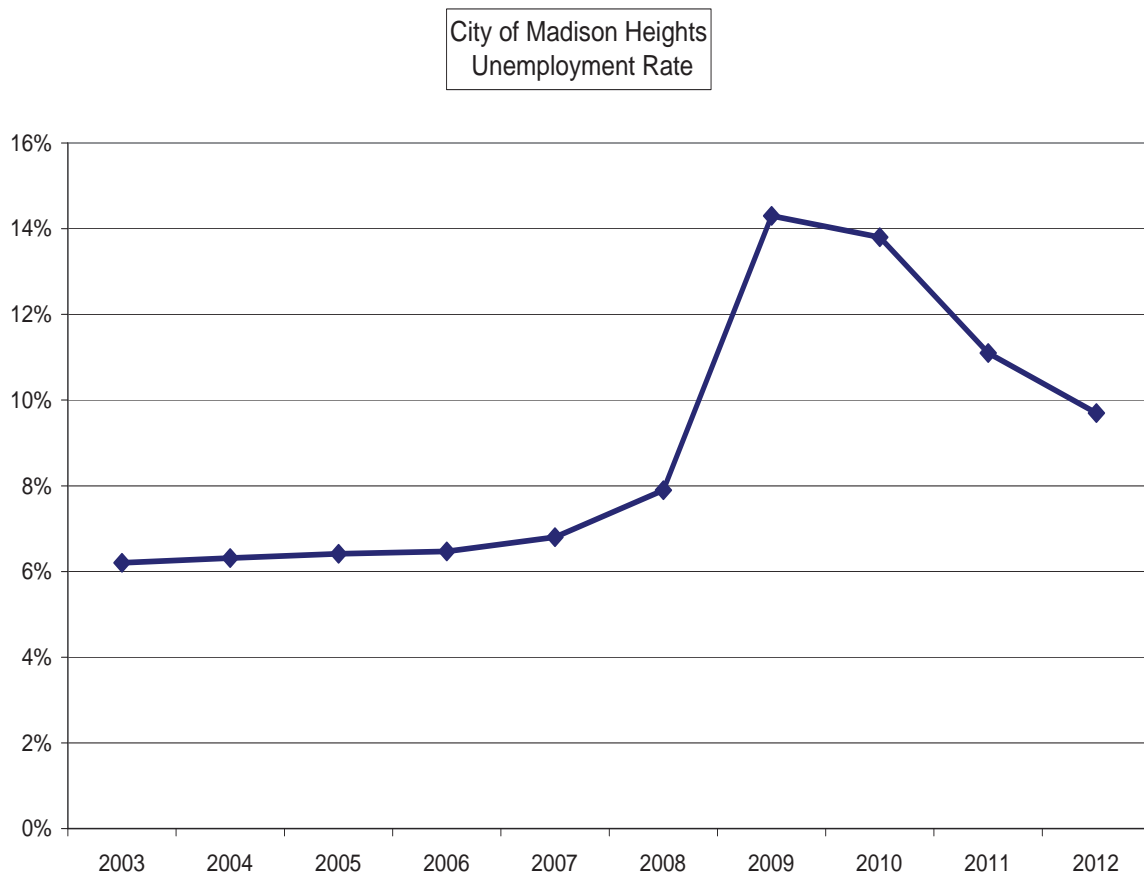
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Estimated Population | Personal Income (1) | Per Capita Personal Income (1) | Unemployment Rates (2) |
|------------------------------|-------------------------|------------------------|--------------------------------------|---------------------------|
| 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 | 6.8% |
| 2008 | 31,101 | \$ 666,463,329 | \$ 21,429 | 7.9% |
| 2009 | 31,101 | \$ 666,463,329 | \$ 21,429 | 14.3% |
| 2010 | 29,694 | \$ 716,813,160 | \$ 24,140 | 13.8% |
| 2011 | 29,694 | \$ 716,813,160 | \$ 24,140 | 11.1% |
| 2012 | 29,694 | \$ 716,813,160 | \$ 24,140 | 9.7% |

Sources:

(1) United States Census Bureau 2010

(2) Bureau of Labor Statistics



CHANGES IN FUND BALANCE

(amounts expressed in thousands)

General Fund

| Fiscal Year ended June 30, | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Restricted and Nonspendable: | \$ 512 | \$ 274 | \$ 273 | \$ 435 | \$ 189 | \$ 366 | \$ 1,140 | \$ 1,611 | \$ 777 | \$ 1,088 |
| Assigned: | | | | | | | | | | |
| Vested employee benefits | \$ 2,123 | \$ 2,202 | \$ 2,244 | \$ 2,333 | \$ 2,557 | \$ 2,496 | \$ 2,587 | \$ 2,656 | \$ 2,353 | \$ 2,023 |
| Subsequent years' expenditures | 449 | 509 | 436 | 438 | 145 | 543 | 393 | 56 | 915 | 392 |
| Retained insurance risk | 733 | 330 | 478 | 663 | 500 | 250 | 250 | 250 | 336 | 446 |
| Vehicle replacement | 1,451 | 1,136 | 1,136 | 1,136 | 1,136 | 1,136 | 1,136 | 853 | 0 | 0 |
| Capital improvements | 100 | 0 | 300 | 600 | 500 | 590 | 32 | 102 | 1,218 | 1,561 |
| Park improvements | 0 | 0 | 0 | 300 | 500 | 450 | 0 | 0 | 0 | 0 |
| Retirees' health benefits | 39 | 0 | 825 | 578 | 778 | 0 | 0 | 0 | 0 | 0 |
| Technology Improvements | 0 | 0 | 0 | 200 | 200 | 89 | 0 | 0 | 75 | 75 |
| Postemployment Benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,337 |
| Insurance Claims Receivable | 448 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Assigned: | \$ 5,343 | \$ 4,177 | \$ 5,419 | \$ 6,248 | \$ 6,316 | \$ 5,554 | \$ 4,398 | \$ 3,917 | \$ 4,897 | \$ 5,834 |
| Unassigned | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Balance | \$ 5,855 | \$ 4,451 | \$ 5,692 | \$ 6,683 | \$ 6,505 | \$ 5,920 | \$ 5,538 | \$ 5,528 | \$ 5,675 | \$ 6,922 |

Sources: City's Audited Annual Financial Statements

EXPENDITURE HISTORY BY ACTIVITY

General Fund

| Activity Name | 2007-08 Actual | 2008-09 Actual | 2009-10 Actual | 2010-11 Actual | 2011-12 Actual | 2012-13 Amended Budget | 2013-14 Budget |
|---------------------------------------|----------------------|---------------------|----------------------|---------------------|---------------------|------------------------------|----------------------|
| Mayor and City Council | \$ 53,599 | \$ 54,966 | \$ 54,966 | \$ 51,719 | \$ 50,994 | \$ 53,456 | \$ 53,422 |
| City Manager | 315,035 | 297,496 | 297,496 | 312,480 | 308,169 | 298,106 | 326,055 |
| Elections | 39,847 | 37,877 | 37,877 | 57,139 | 41,921 | 44,665 | 39,797 |
| City Assessor | 461,192 | 408,406 | 408,406 | 253,919 | 241,960 | 245,101 | 245,173 |
| Legal | 337,519 | 351,356 | 351,356 | 307,518 | 307,695 | 267,410 | 290,995 |
| City Clerk | 329,213 | 257,536 | 257,536 | 215,284 | 226,533 | 202,778 | 316,613 |
| Human Resources | 260,899 | 256,625 | 256,625 | 181,955 | 245,395 | 228,827 | 255,000 |
| Board of Review | 3,584 | 5,894 | 5,894 | 2,448 | 2,740 | 3,375 | 3,373 |
| General Administration | 950,851 | 1,029,101 | 1,029,101 | 982,457 | 1,448,869 | 1,555,338 | 263,764 |
| Finance | 794,488 | 735,776 | 735,776 | 771,898 | 821,666 | 811,050 | 945,843 |
| Information Technology | 240,922 | 248,759 | 248,759 | 231,774 | 243,897 | 261,403 | 285,604 |
| Total City Administration | \$ 3,787,148 | \$ 3,683,792 | \$ 3,683,792 | \$ 3,368,591 | \$ 3,939,839 | \$ 3,971,509 | \$ 3,025,639 |
| Municipal Building | \$ 147,197 | \$ 253,501 | \$ 253,501 | \$ 261,522 | \$ 259,759 | \$ 78,910 | \$ 60,943 |
| Custodial and Maintenance | 331,261 | 255,819 | 255,819 | 207,817 | 191,268 | 221,839 | 198,040 |
| Total General Municipal Maint. | \$ 478,459 | \$ 509,320 | \$ 509,320 | \$ 469,339 | \$ 451,027 | \$ 300,749 | \$ 258,983 |
| Police | \$ 10,383,098 | \$10,158,234 | \$ 10,158,234 | \$ 9,126,302 | \$ 8,519,441 | \$ 8,751,213 | \$ 8,424,364 |
| Fire | 5,967,198 | 5,762,795 | 5,762,795 | 5,086,024 | 4,148,350 | 4,845,450 | 5,017,249 |
| District Court | 1,445,864 | 1,431,805 | 1,431,805 | 1,389,988 | 1,292,352 | 1,330,523 | 1,468,096 |
| Total Public Safety | \$ 17,796,160 | \$17,352,834 | \$ 17,352,834 | \$15,602,314 | \$13,960,143 | \$14,927,186 | \$ 14,909,709 |
| Community Development | \$ 1,065,702 | \$ 1,076,616 | \$ 1,076,616 | \$ 941,034 | \$ 917,448 | \$ 942,892 | \$ 1,114,120 |
| Streets | 987,491 | 978,332 | 978,332 | 957,719 | 854,595 | 1,255,604 | 946,066 |
| Total Community Improvement | \$ 2,053,193 | \$ 2,054,948 | \$ 2,054,948 | \$ 1,898,753 | \$ 1,772,043 | \$ 2,198,496 | \$ 2,060,186 |
| Solid Waste | \$ 2,498,832 | \$ 2,451,303 | \$ 2,451,303 | \$ 2,065,986 | \$ 2,155,871 | \$ 1,927,986 | \$ 2,115,532 |
| Total Solid Waste | \$ 2,498,832 | \$ 2,451,303 | \$ 2,451,303 | \$ 2,065,986 | \$ 2,155,871 | \$ 1,927,986 | \$ 2,115,532 |
| Recreation | \$ 222,297 | \$ 164,682 | \$ 164,682 | \$ 170,909 | \$ 115,949 | \$ 150,380 | \$ 110,574 |
| Youth Center | 51,999 | 36,124 | 36,124 | 1,513 | 0 | 0 | 0 |
| Nature Center | 149,032 | 159,540 | 159,540 | 9,515 | 10,393 | 8,175 | 8,175 |
| Parks | 586,147 | 805,738 | 805,738 | 360,671 | 337,277 | 507,181 | 465,118 |
| Senior Citizen Center | 510,233 | 425,687 | 425,687 | 363,646 | 297,387 | 471,136 | 323,785 |
| Total Parks and Recreation | \$ 1,519,707 | \$ 1,591,771 | \$ 1,591,771 | \$ 906,254 | \$ 761,006 | \$ 1,136,872 | \$ 907,652 |
| Library | \$ 706,053 | \$ 693,589 | \$ 693,589 | \$ 521,216 | \$ 584,232 | \$ 590,563 | \$ 807,010 |
| Total Library | \$ 706,053 | \$ 693,589 | \$ 693,589 | \$ 521,216 | \$ 584,232 | \$ 590,563 | \$ 807,010 |
| Outside Agencies | \$ 53,604 | \$ 53,604 | \$ 53,604 | \$ 18,921 | \$ 0 | \$ 0 | \$ 0 |
| Insurance | 304,492 | 243,923 | 243,923 | 246,575 | (5,940) | 439,193 | 365,791 |
| General Expenditures | \$ 358,096 | \$ 297,527 | \$ 297,527 | \$ 265,496 | \$ (5,940) | \$ 439,193 | \$ 365,791 |
| Transfers Out | \$ 2,816,306 | \$ 2,815,903 | \$ 2,815,903 | \$ 0 | \$ 313,813 | \$ 2,169,000 | \$ 0 |
| General Fund Expenditures | \$ 32,013,955 | \$31,450,987 | \$ 31,450,987 | \$25,097,949 | \$23,932,034 | \$27,661,554 | \$ 24,450,504 |

Source: Finance Expenditure Records

ASSESSED AND ESTIMATED ACTUAL VALUATION OF TAXABLE PROPERTY**Last Ten Fiscal Years**

| Tax Year | Real Property | Personal Property | Total Taxable Value | Tax Rate (mills) | Total Actual Value | Taxable Value as a % of Actual |
|----------|------------------|-------------------|---------------------|------------------|--------------------|--------------------------------|
| 2003 | \$ 911,478,430 | \$ 168,465,610 | \$ 1,079,944,040 | 16.71 | \$ 2,674,205,460 | 40.4% |
| 2004 | \$ 947,271,730 | \$ 166,469,160 | \$ 1,113,740,890 | 17.00 | \$ 2,745,233,800 | 40.6% |
| 2005 | \$ 985,767,400 | \$ 146,603,390 | \$ 1,132,370,790 | 17.30 | \$ 2,789,160,520 | 40.6% |
| 2006 | \$ 1,024,514,300 | \$ 143,881,280 | \$ 1,168,395,580 | 17.90 | \$ 2,851,814,820 | 41.0% |
| 2007 | \$ 1,063,312,930 | \$ 143,905,590 | \$ 1,207,218,520 | 18.04 | \$ 2,837,974,300 | 42.5% |
| 2008 | \$ 1,065,017,700 | \$ 144,657,570 | \$ 1,209,675,270 | 18.16 | \$ 2,753,445,080 | 50.0% |
| 2009 | \$ 1,048,995,740 | \$ 142,457,590 | \$ 1,191,453,330 | 18.00 | \$ 2,576,560,268 | 50.0% |
| 2010 | \$ 909,910,710 | \$ 146,211,130 | \$ 1,056,121,840 | 18.82 | \$ 2,137,585,600 | 49.4% |
| 2011 | \$ 772,654,640 | \$ 125,065,880 | \$ 897,720,520 | 21.87 | \$ 1,834,902,132 | 50.0% |
| 2012 | \$ 686,135,720 | \$ 140,622,550 | \$ 826,758,270 | 22.43 | \$ 1,660,329,910 | 49.8% |

Sources: City and County Assessing Records

PROPERTY TAX RATES

Direct and Overlapping Governments

(Per \$1,000 of Taxable Valuation)

| Fiscal Year Ending June 30, | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>City of Madison Heights</u> | | | | | | | | | | | | |
| General Operating | 8.89 | 8.80 | 8.82 | 8.82 | 8.82 | 8.82 | 8.82 | 8.82 | 8.82 | 8.82 | 10.00 | 10.00 |
| Neighborhood Road Improvements | 1.95 | 1.93 | 1.93 | 1.93 | 1.93 | 1.93 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Vehicle Replacement | 0.48 | 0.48 | 0.48 | 0.47 | 0.47 | 0.23 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Advanced Life Support | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.25 | 0.25 | 0.25 |
| Solid Waste | 2.25 | 2.09 | 2.10 | 2.18 | 2.23 | 2.07 | 2.08 | 2.04 | 2.13 | 2.54 | 2.65 | 2.65 |
| Senior Center | 0.48 | 0.47 | 0.47 | 0.47 | 0.47 | 0.47 | 0.47 | 0.47 | 0.47 | 0.48 | 0.47 | 0.44 |
| Police and Fire Pension | 1.88 | 1.88 | 2.26 | 2.48 | 2.73 | 4.05 | 3.85 | 4.01 | 3.75 | 4.10 | 4.80 | 5.30 |
| Fire Station Bond | n.a. | n.a. | 0.41 | 0.41 | 0.41 | 0.09 | 0.33 | 0.33 | 0.34 | 0.39 | 0.45 | 0.55 |
| Library | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 1.00 | 1.00 |
| Police Facility | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| County Drain | 0.05 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Building Authority | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Total Direct City Taxes | 16.22 | 15.89 | 16.71 | 17.00 | 17.30 | 17.90 | 18.04 | 18.16 | 18.00 | 18.82 | 21.87 | 22.43 |
| <u>Overlapping Taxes</u> | | | | | | | | | | | | |
| County | 4.98 | 5.28 | 5.24 | 5.24 | 5.25 | 5.24 | 5.24 | 5.09 | 5.24 | 5.24 | 5.24 | 5.24 |
| Community College | 1.61 | 1.60 | 1.60 | 1.59 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 | 1.58 |
| Intermediate School District | 3.42 | 3.40 | 3.40 | 3.38 | 3.37 | 3.37 | 3.37 | 3.37 | 3.37 | 3.37 | 3.37 | 3.37 |
| School Homestead * | 17.21 | 16.98 | 15.80 | 16.60 | 16.00 | 16.23 | 16.71 | 16.56 | 12.04 | 13.76 | 13.76 | 13.76 |
| School Non-Homestead * | 28.58 | 28.50 | 27.44 | 28.33 | 27.94 | 28.40 | 29.04 | 28.83 | 30.12 | 31.76 | 31.76 | 31.76 |
| Zoological Authority | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| Art Institute | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 0.20 |
| Total Homestead | 43.44 | 43.15 | 42.75 | 43.81 | 43.50 | 44.32 | 44.94 | 44.76 | 40.23 | 42.77 | 45.81 | 46.57 |
| Total Non-Homestead | 54.81 | 54.67 | 54.39 | 55.54 | 55.44 | 56.49 | 57.27 | 57.03 | 58.41 | 60.87 | 63.91 | 64.67 |

* Madison District Public School Rates

FY 2013-14 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

| FY | DEPARTMENT | ACTION |
|-----------|----------------------------|--|
| 13-14 | Clerk/DPS | Reallocate funding for one PT Support Staff position (Clerk +0.36 FTE and Senior Center +0.045 FTE) |
| 13-14 | DPS - Recreation | Decrease PT Recreation Coordinator FTE to comply with PPACA (-0.045) |
| 13-14 | Community Improvement Fund | Eliminate Community Housing & Grants Supervisor (-1.0) and Housing Program Assistant (-1.0) |
| 13-14 | DPS - Water | Eliminate Equipment Operator I position (-1.0) |
| 13-14 | DPS - Sewer | Add two PT Year Round Laborer Positions (+1.35) |
| 12-13 | Police | Eliminate vacant Office Assistant position (-1.0), add part time assistant position (+.47) |
| 12-13 | DPS - Recreation | Eliminate Recreation Supervisor position (-0.5) and increase part time Recreation Coordinator hours (+0.22) |
| 12-13 | DPS - Senior Center | Eliminate Recreation Supervisor position (-0.5) |
| 12-13 | DPS - Streets | Eliminate Equipment Operator II position (-1.0) |
| 12-13 | Fire | Eliminate three vacant unbudgeted Firefighter positions (-3.0) |
| 12-13 | Fire Manning Grant Fund | Reallocate two grant funded positions to General Fund (-2.0) |
| 11-12 | District Court | Eliminate vacant part time Probation Officer position (-1.0) |
| 11-12 | Police | Eliminate vacant Police position associated with Lieutenant retirement (-1.0) |
| 11-12 | Police | Eliminate vacant Police position associated with Sergeant retirement (-1.0) |
| 11-12 | Police | Eliminate two vacant Police Officer positions (-2.0) |
| 11-12 | Community Development | Eliminate vacant part time Code Enforcement Officer position (-0.8) |
| 11-12 | DPS - Parks | Eliminate vacant part time Seasonal Laborer position (-0.3) |
| 11-12 | DPS - Streets | Eliminate vacant Deputy DPS Director position (-0.5) |
| 11-12 | DPS - Solid Waste | Eliminate vacant Deputy DPS Director position (-0.5) |
| 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) |

FY 2013-14 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

| FY | DEPARTMENT | ACTION |
|--|----------------------------|--|
| 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) |
| 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 position (-0.3) |

FY 2013-14 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

| FY | DEPARTMENT | ACTION |
|-----------|-----------------------|--|
| 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) |
| 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) |
| 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) |

FY 2013-14 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

| FY | DEPARTMENT | ACTION |
|-----------|-------------------------------|--|
| 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) |
| 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 (-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) |

FY 2013-14 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

| FY | DEPARTMENT | ACTION |
|-----------|-------------------------------|--|
| 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) |
| 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 | | |
| 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). |
| 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). |

FY 2013-14 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

| FY | DEPARTMENT | ACTION |
|-----------|--------------------------------------|---|
| 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). |
| 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. |

FY 2013-14 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

| FY | DEPARTMENT | ACTION |
|-----------|------------------------|--|
| 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 2013-14 BUDGET
FULL TIME POSITIONS
ALL FUNDS**

| | 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 | FY 2002-03 | FY 2003-04 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|

GENERAL FUND

| | | | | | | | | | | | |
|------------------------|----|----|----|----|----|----|----|----|----|----|----|
| Court | 13 | 13 | 11 | 11 | 12 | 12 | 11 | 10 | 10 | 9 | 9 |
| Manager | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Assessor | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Clerk | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Human Resources | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| General Administration | 4 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Finance | 8 | 7 | 7 | 7 | 7 | 7 | 11 | 11 | 11 | 11 | 11 |
| Information Technology | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 2 | 2 | 2 |
| Police | 76 | 76 | 76 | 76 | 76 | 76 | 76 | 77 | 77 | 77 | 77 |
| Fire | 44 | 43 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Community Development | 9 | 8 | 8 | 8 | 8 | 8 | 9 | 10 | 10 | 11 | 11 |
| Library | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

Department of Public Services

| | | | | | | | | | | | |
|-------------------------|----|----|----|----|----|----|----|----|----|----|----|
| Custodial & Maintenance | 6 | 6 | 3 | 6 | 5 | 5 | 4 | 4 | 1 | 1 | 1 |
| Streets | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Solid Waste | 12 | 12 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recreation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Youth Center | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Nature Center | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 |
| Parks | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 |
| Senior Citizen | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

| | | | | | | | | | | | |
|-----------|----|----|----|----|----|----|----|----|----|----|----|
| Sub total | 47 | 46 | 43 | 34 | 33 | 33 | 32 | 32 | 31 | 31 | 31 |
|-----------|----|----|----|----|----|----|----|----|----|----|----|

| | | | | | | | | | | | |
|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Total | 218 | 212 | 204 | 195 | 195 | 195 | 199 | 200 | 199 | 199 | 199 |
|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | | | | |
|--------------------------|---|---|---|---|---|---|---|---|---|---|---|
| Major Street Fund | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
|--------------------------|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | |
|-----------------------------------|---|---|---|---|---|---|---|---|---|---|---|
| Community Improvement Fund | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
|-----------------------------------|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | |
|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|
| Fire Manning Grant Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
|--------------------------------|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | |
|----------------------------|---|---|---|---|---|---|---|---|---|---|---|
| Juvenile Grant Fund | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
|----------------------------|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Auto Theft Prevention Grant Fund | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
|---|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | |
|-------------------------------------|---|---|---|---|---|---|---|---|---|---|---|
| Crime Suppression Grant Fund | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
|-------------------------------------|---|---|---|---|---|---|---|---|---|---|---|

Water & Sewer Fund

| | | | | | | | | | | | |
|------------------------------|---|---|---|---|---|---|---|---|---|---|---|
| Water Division | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sewer Division | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Information Technology | 3 | 3 | 3 | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 |
| Water & Sewer Administration | 5 | 5 | 5 | 5 | 5 | 5 | 1 | 1 | 1 | 1 | 1 |

| | | | | | | | | | | | |
|-------|----|----|----|----|----|----|----|----|----|----|----|
| Total | 20 | 20 | 20 | 19 | 19 | 19 | 13 | 13 | 13 | 13 | 13 |
|-------|----|----|----|----|----|----|----|----|----|----|----|

| | | | | | | | | | | | |
|------------------------|---|---|---|---|---|---|---|---|---|---|---|
| Motor Pool Fund | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 |
|------------------------|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Total All Funds | 251 | 244 | 236 | 227 | 227 | 226 | 224 | 224 | 223 | 223 | 223 |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

| FY | FY | FY | FY | FY | FY | FY | FY | FY | FY |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |

GENERAL FUND

| | | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|------------------------|
| 9 | 9 | 9 | 9 | 9 | 9 | 8 | 8 | 8 | 8 | Court |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | Manager |
| 4 | 4 | 4 | 3 | 3 | 3 | 0 | 0 | 0 | 0 | Assessor |
| 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | Clerk |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 2 | Human Resources |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | General Administration |
| 10 | 10 | 9 | 9 | 9 | 9 | 8 | 8 | 8 | 8 | Finance |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | Information Technology |
| 75 | 73 | 73 | 73 | 73 | 67 | 62 | 58 | 57 | 57 | Police |
| 39 | 38 | 36 | 36 | 36 | 33 | 30 | 30 | 27 | 27 | Fire |
| 10 | 10 | 9 | 9 | 9 | 9 | 8 | 8 | 8 | 8 | Community Development |
| 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | Library |

Department of Public Services

| | | | | | | | | | | |
|----|----|----|----|----|----|----|----|---|---|-------------------------|
| 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | Custodial & Maintenance |
| 16 | 15 | 13 | 13 | 13 | 12 | 11 | 10 | 9 | 9 | Streets |
| 0 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | Solid Waste |
| 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | Recreation |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Youth Center |
| 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | Nature Center |
| 6 | 5 | 5 | 4 | 4 | 4 | 2 | 2 | 2 | 2 | Parks |
| 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | Senior Citizen |

| | | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|----|-----------|
| 28 | 26 | 24 | 23 | 22 | 21 | 16 | 16 | 14 | 14 | Sub total |
|----|----|----|----|----|----|----|----|----|----|-----------|

| | | | | | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| 189 | 184 | 178 | 176 | 175 | 165 | 144 | 139 | 133 | 133 | Total |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--------------------------|
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | Major Street Fund |
|---|---|---|---|---|---|---|---|---|---|--------------------------|

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|-----------------------------------|
| 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 1 | Community Improvement Fund |
|---|---|---|---|---|---|---|---|---|---|-----------------------------------|

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|--------------------------------|
| 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | Fire Manning Grant Fund |
|---|---|---|---|---|---|---|---|---|---|--------------------------------|

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|----------------------------|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Juvenile Grant Fund |
|---|---|---|---|---|---|---|---|---|---|----------------------------|

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Auto Theft Prevention Grant Fund |
|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|-------------------------------------|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Crime Suppression Grant Fund |
|---|---|---|---|---|---|---|---|---|---|-------------------------------------|

Water & Sewer Fund

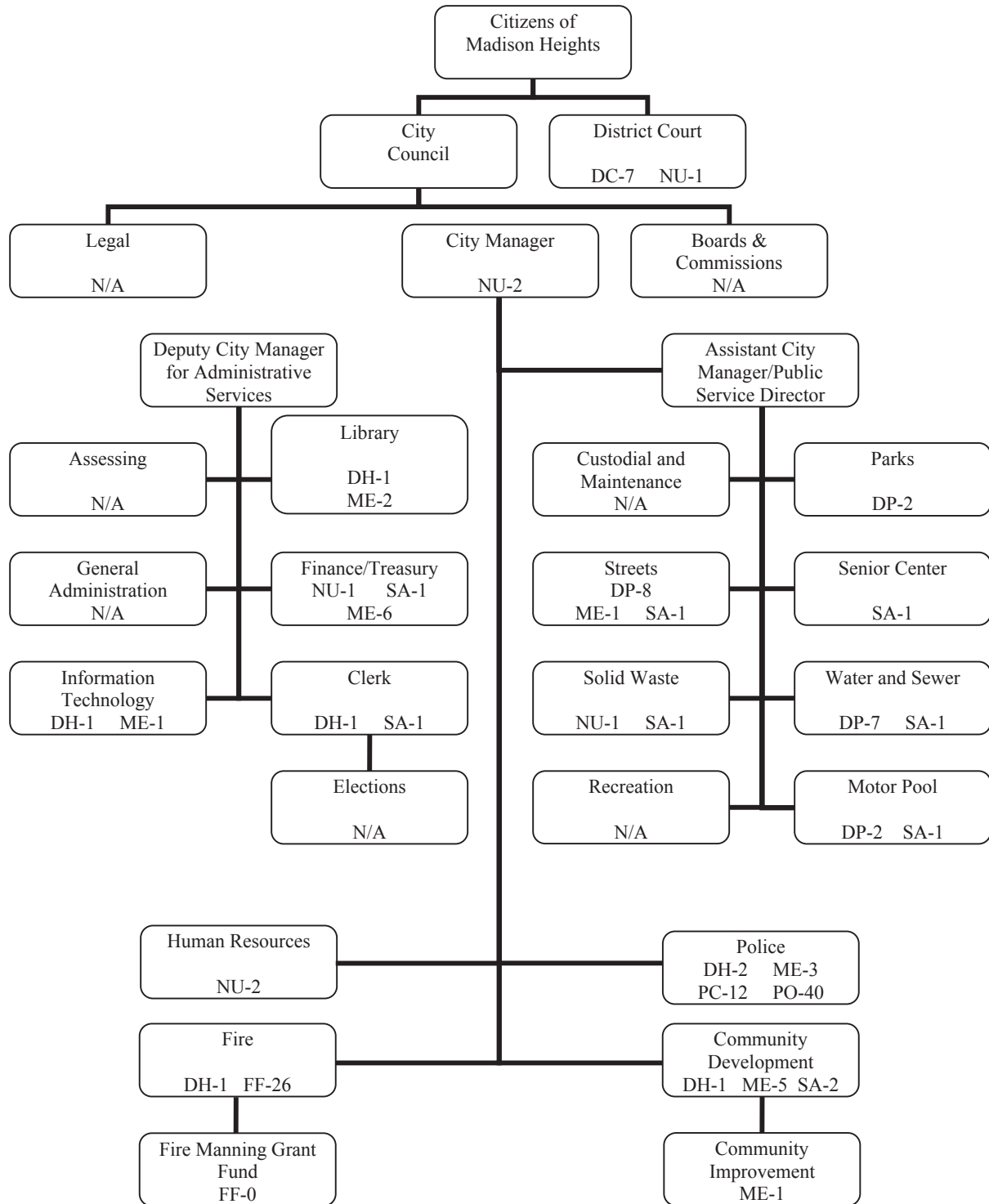
| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|------------------------------|
| 6 | 6 | 6 | 6 | 6 | 6 | 4 | 4 | 4 | 3 | Water Division |
| 6 | 6 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | Sewer Division |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Information Technology |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | Water & Sewer Administration |

| | | | | | | | | | | |
|----|----|----|----|----|----|---|---|---|---|-------|
| 13 | 13 | 12 | 12 | 12 | 11 | 9 | 9 | 9 | 8 | Total |
|----|----|----|----|----|----|---|---|---|---|-------|

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|------------------------|
| 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | Motor Pool Fund |
|---|---|---|---|---|---|---|---|---|---|------------------------|

| | | | | | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------------|
| 211 | 206 | 198 | 196 | 195 | 184 | 162 | 157 | 149 | 146 | Total All Funds |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----------------|

City Of Madison Heights Organizational Chart



| Key | Full-Time Count |
|-----------------------------|-----------------|
| N/A = Not Applicable | -- |
| NU=Non-Union or Other | 7 |
| DC= District Court, UAW 889 | 7 |
| DH=Department Heads, AFSCME | 7 |
| DP=DPS, TPOAM | 19 |
| FF=Fire Fighters | 26 |
| ME=Municipal, TPOAM | 19 |
| PC=Police Command, POLC | 12 |
| PO=Police Officers, POLC | 40 |
| SA=Supvrs. & Assts., AFSCME | <u>9</u> |
| | 146 |

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 2010 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.

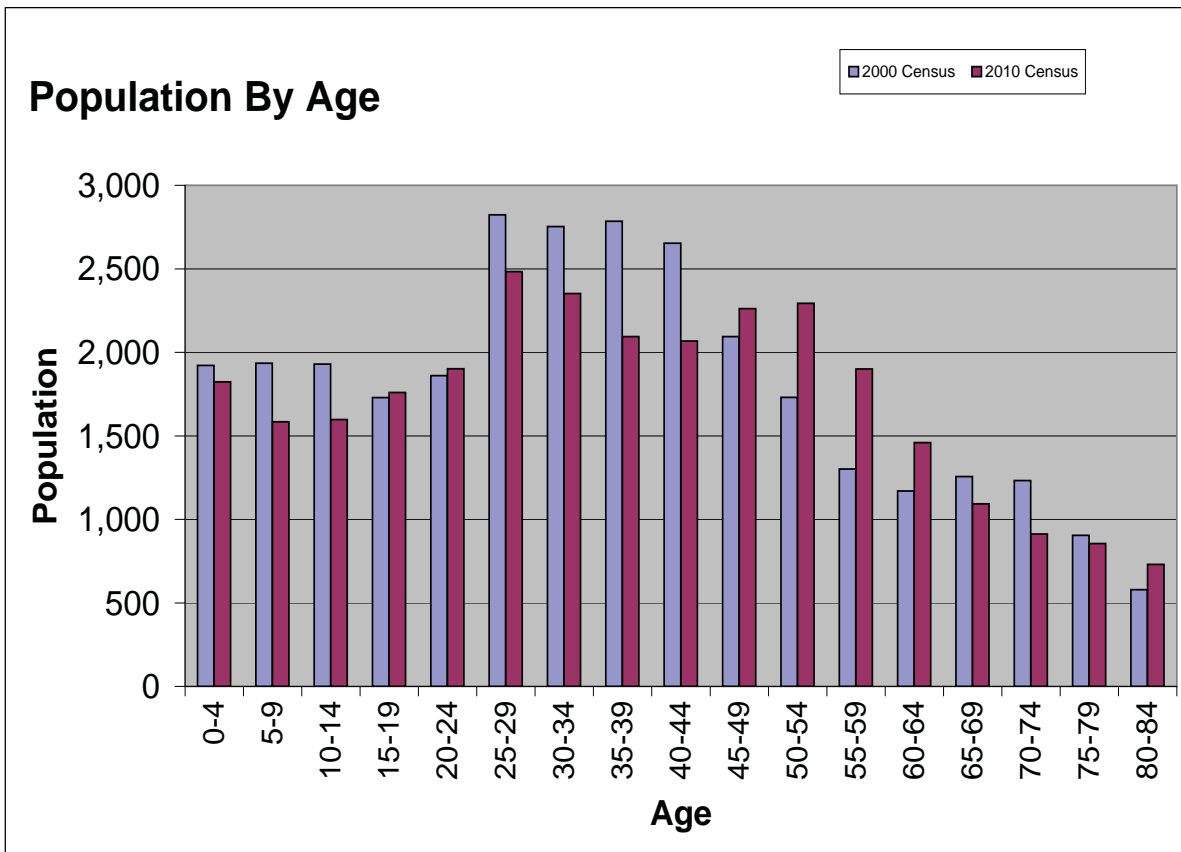
Population

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 2010. Total population peaked in 1970. The City's 2010 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 historical decline in the number of persons per household. On the other hand, the number of housing units has actually grown to 13,685 (2010) 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 (population under 18 has decreased 11.8% from 2000 to 2010, which represents a decline of approximately 800 pre-school and school age children in the City).

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

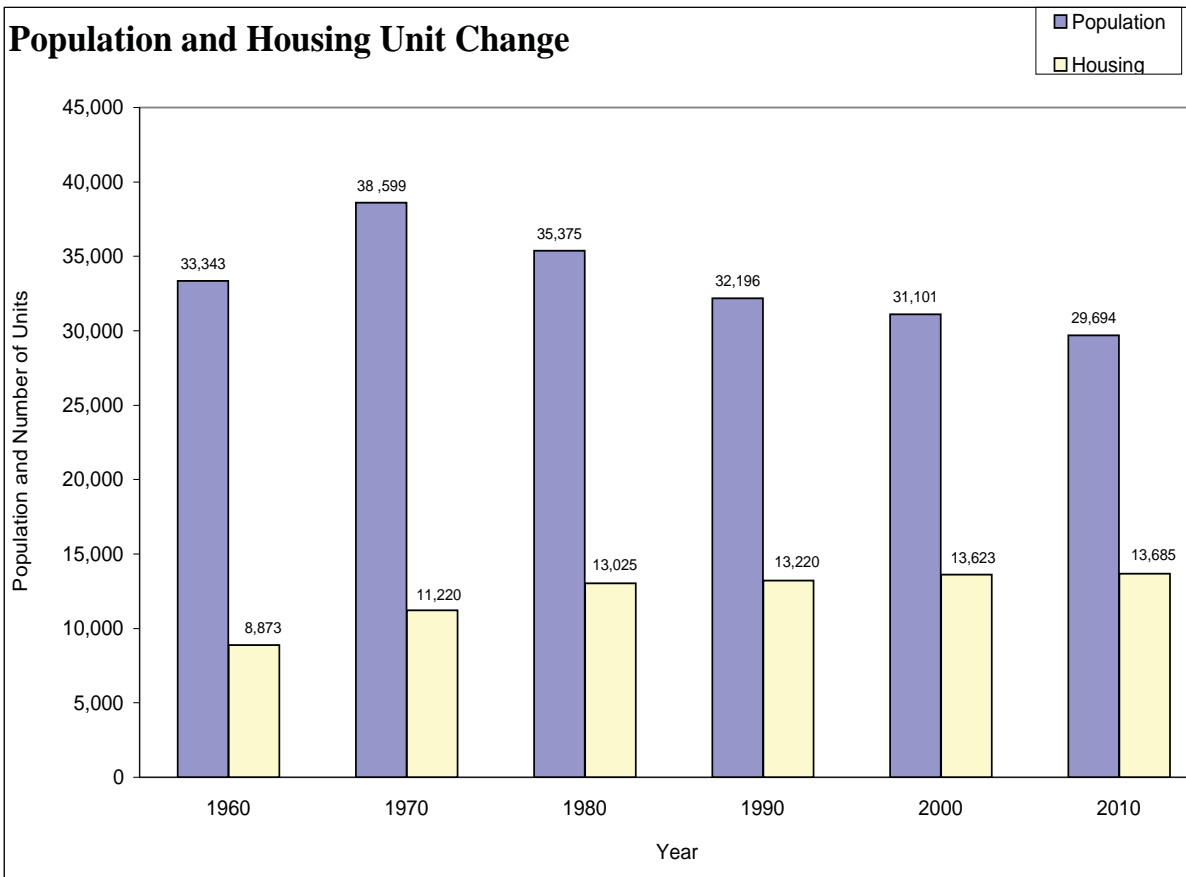


Table 1
Selected Population Characteristics: 2000-2010
City of Madison Heights

| | <u>2000</u> | <u>2010</u> | <u>% change</u> | <u>% of Population 2010</u> |
|---------------------------------|-------------|-------------|---------------------|-------------------------------------|
| Total Population | 31,101 | 29,694 | (4.5) | 100.0 |
| Male | 15,216 | 14,570 | (4.2) | 49.0 |
| Female | 15,885 | 15,124 | (4.8) | 51.0 |
| White | 27,866 | 24,909 | (10.6) | 83.8 |
| Black | 567 | 1,897 | 234.6 | 6.5 |
| American Indian, Eskimo & Aleut | 138 | 136 | (1.4) | 0.5 |
| Asian or Pacific Islander | 1,563 | 1,744 | 11.6 | 5.8 |
| Two or more Races | 833 | 803 | (3.6) | 2.7 |
| Other Race | 142 | 205 | 44.4 | 0.7 |
| Persons of Hispanic Origin | 502 | 756 | 50.6 | 2.5 |

Source: U.S. Census of Population & Housing, 2000, 2010

The 2010 Census shows that Madison Heights' population is diversifying, with marked increases in Blacks, Asians and Hispanics.

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. After declining consistently for decades, the average household size remained steady from 2000-2010 (2.33 persons per household in 2000, 2.32 in 2010) while the population declined 4.5% over the same period.

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. While the Census of Population shows these trends are present in the City, historically, the unprecedented economic crisis over the last five years has had a marked impact on housing and population. The foreclosure crisis and net out migration have resulted in a negative impact on population and total households, as outlined in Table 2 below:

Table 2
Population & Household Estimate, 1990-2035
City of Madison Heights

| | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2035</u> |
|---|-------------|-------------|-------------|-------------|
| Total Population | 32,196 | 31,101 | 29,694 | 29,468 |
| Total Households (occupied housing units) | 12,850 | 13,299 | 12,712 | 14,025 |
| Average Household Size | 2.51 | 2.33 | 2.32 | 2.08 |

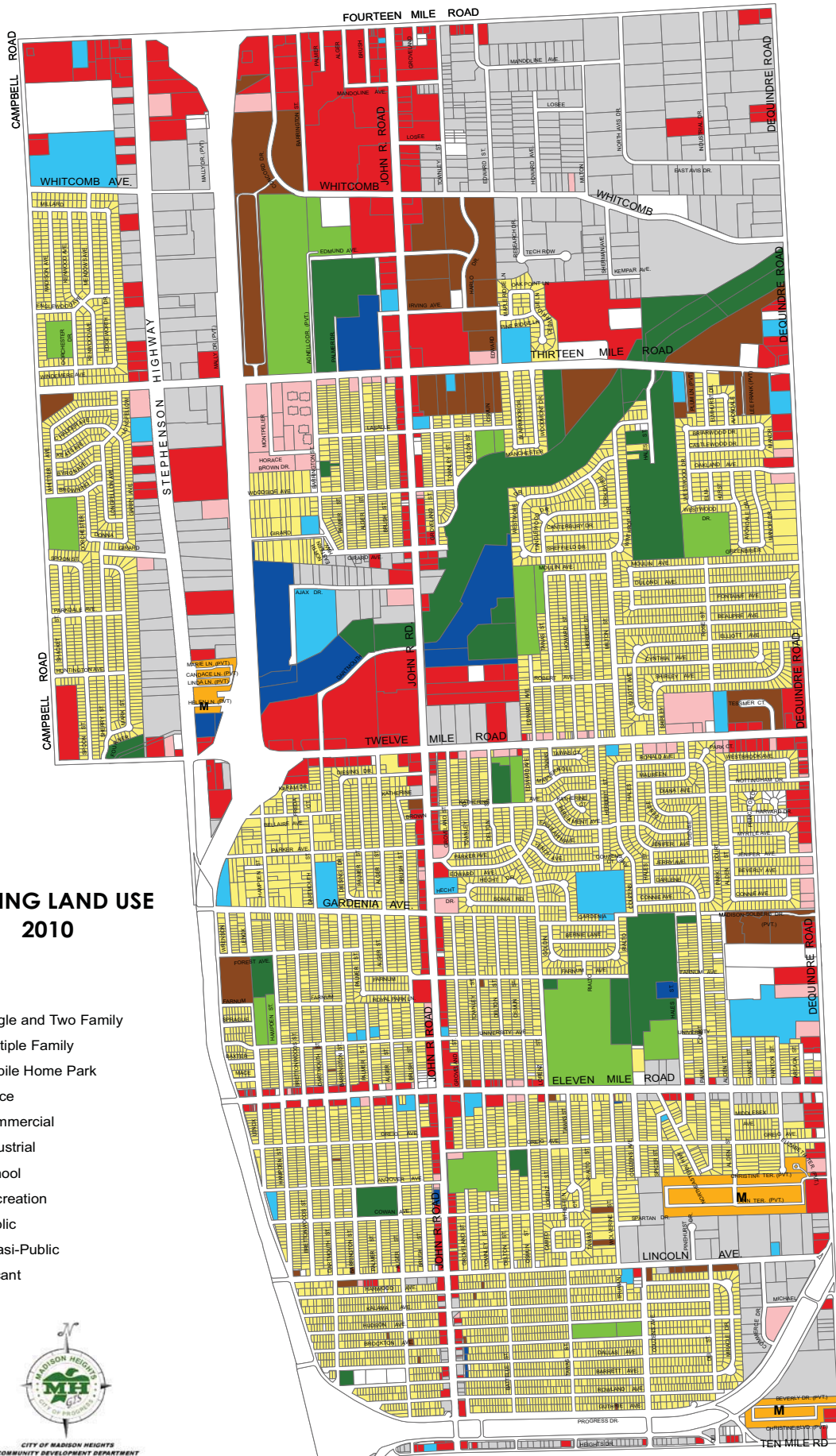
(1) 1990, 2000, 2010 Census data based on Persons Living in Households and Occupied Housing Units, and SEMCOG 2035 projections.

EXISTING LAND USE 2010

- Single and Two Family
- Multiple Family
- M 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 2010, 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.

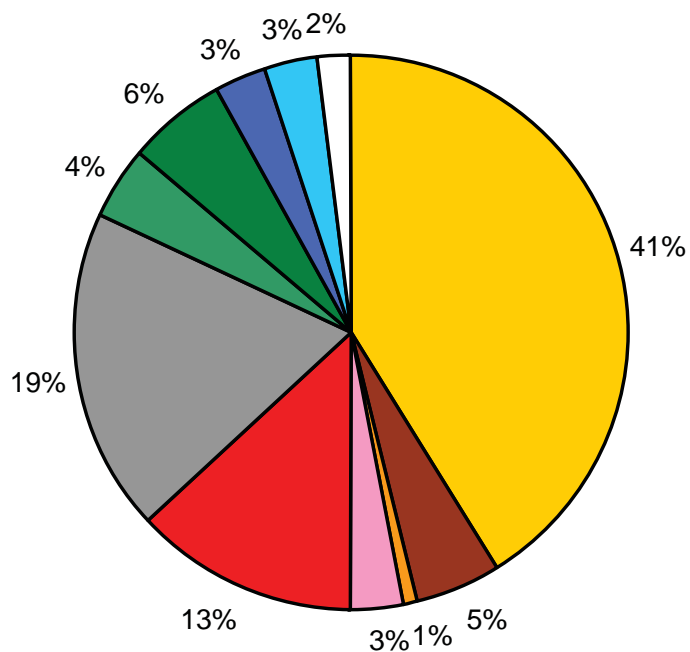
Industrial - This category includes uses with or without buildings where materials are processed, fabricated, assembled, or manufactured, or where equipment, materials or wastes are stored out-of-doors. It also includes warehousing, office/warehouse combinations, and wholesale operations.

Public - Land area and facilities such as public schools, 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.

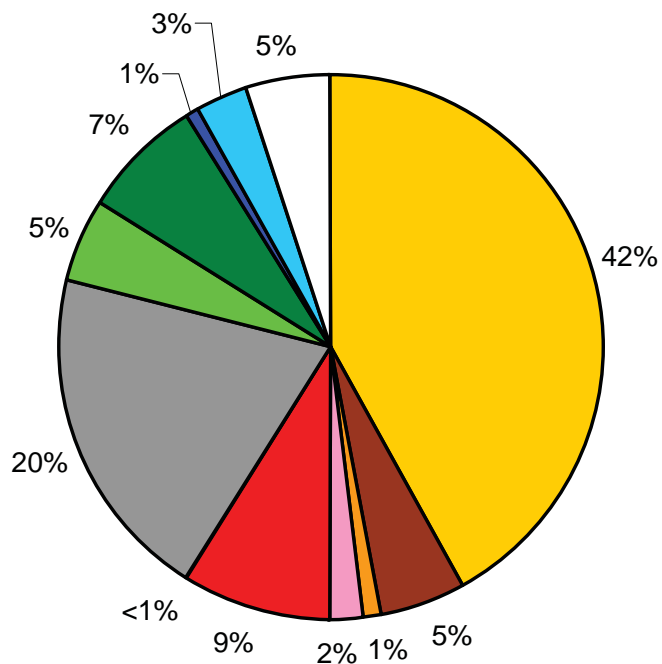
Recreation and Open Space - This category has grown significantly since 1969, from 46 acres (1%) to 225 acres (6%). Major parks and recreation areas include the Red Oaks Golf Course; Red Oaks Water Park; Red Oaks Youth Soccer Complex; Suarez Friendship Woods and Nature Center (a Red Oaks facility beginning October 1, 2012); 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; and 1.0 acres at the southeast corner of Dartmouth and Dallas from the Madison Public Schools for the new Monroe Park. It should be noted that the entire Red Run right-of-way (137 acres) is included in this category.

EXISTING LAND USE 2010



- SINGLE AND TWO FAMILY
- MULTIPLE FAMILY
- MOBILE HOME PARK
- OFFICE
- COMMERCIAL
- INDUSTRIAL
- SCHOOLS
- RECREATION AND OPEN SPACE
- PUBLIC
- QUASI-PUBLIC
- VACANT

EXISTING LAND USE 1989



- SINGLE AND TWO FAMILY
- MULTIPLE FAMILY
- MOBILE HOME PARK
- OFFICE
- COMMERCIAL
- MIXED BUSINESS
- INDUSTRIAL
- SCHOOLS
- RECREATION AND OPEN SPACE
- PUBLIC
- QUASI-PUBLIC
- VACANT

* 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 2010, 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 7.1 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, Kmart, Meijer, Microcenter, Navistar, Netlink, Sam's Club, Starbucks, Target, TrynEx, 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 2010, 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 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, now operated by Oakland County Parks and Recreation, 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 14 City parks including the new Red Oaks Youth Soccer Complex and Monroe Park. 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 and library staff and 2,080 hours per year for Department of Public Service and recreation 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 inventorable 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, eligible to receive 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 L: Approved in May 2011, this Proposal generates 1 mill (to be reduced by the State's property tax limitations) of revenue for a ten year duration used to support and maintain the Library.

Proposal MR: Approved in May 2011, this Proposal generates 1.181 mill (to be reduced by the State's property tax limitations) of revenue for a ten year duration, 2011 through 2020, for general operating purposes.

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 |
| EVIP | Economic Vitality Incentive Program |
| 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 |
| OPEB | Other Post-Employment Benefits |
| PPO | Preferred Provider Organization |
| ROW | Right-of-Way |
| SAD | Special Assessment District |
| SAFER | Staffing for Fire Emergency Response |
| 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 2013-14**

| | <u>Description</u> | <u>Account Vehicle</u> | <u>Amount Proposed</u> |
|--------------------------------------|---|----------------------------|----------------------------|
| <u>General Fund</u> | | | |
| <u>District Court</u> | | | |
| <u>101-136</u> | <u>Books</u> | <u>9780000</u> | |
| | Books | | \$ 10,000 |
| | Total Department | | \$ 10,000 |
| <u>Information Technology</u> | | | |
| <u>101-258</u> | <u>Computer Equipment</u> | <u>9810000</u> | |
| | New Servers (2) (75% GF, 25% Water and Sewer) | | \$ 6,750 |
| | Microsoft Server operating System Licenses Phase II (150)(75% GF, 25% Water and Sewer) | | 3,750 |
| | | | \$ 10,500 |
| | Total Department | | \$ 10,500 |
| <u>Police</u> | | | |
| <u>101-301</u> | <u>Vehicles "V" Funded</u> | <u>9850000</u> | |
| | Patrol Vehicles | #110, #113, #114 | \$ 86,015 |
| | Detective Bureau Vehicle | #121 | 25,825 |
| | Change over costs for Patrol Vehicles | #110, #113, #114 | 16,500 |
| | | | \$ 128,340 |
| | Total Department | | \$ 128,340 |
| <u>Fire</u> | | | |
| <u>101-336</u> | <u>Machinery and Equipment</u> | <u>9820000</u> | |
| | EKG/Defibrillator Replacements (2) | | \$ 78,667 |
| | Self-Contained Breathing Apparatus (Fund Balance Project - 10% local match) (\$16,600 10% local match / \$166,000 Federal Assistance to Firefighters Grant) | | 182,600 |
| | Rapid Intervention Team Packs & Masks (Fund Balance Project) | | 10,000 |
| | Hose Roller | | 9,000 |
| | | | 280,267 |
| | Total Department | | \$ 280,267 |
| <u>Community Develop.</u> | | | |
| <u>101-400</u> | <u>Computer Equipment</u> | <u>9810000</u> | |
| | Building Permit Update to .NET | | \$ 25,000 |
| | <u>Vehicles "V" Funded</u> | <u>9850000</u> | |
| | Van | #494 | \$ 22,500 |
| | Total Department | | \$ 47,500 |
| <u>Streets</u> | | | |
| <u>101-446</u> | <u>Vehicles "V" Funded</u> | <u>9850000</u> | |
| | Chevy 3/4 Ton Pickup with Plow (2) | #432 | \$ 29,000 |
| | Total Department | | \$ 29,000 |
| <u>Parks</u> | | | |
| <u>101-757</u> | <u>Improvements</u> | <u>9870000</u> | |
| | Huffman Park - East Parking Lot Overlay | | \$ 50,000 |
| | Total Department | | \$ 50,000 |
| <u>Library</u> | | | |
| <u>101-790</u> | <u>Books (Proposal "L" Funded)</u> | <u>9780000</u> | |
| | Books | | \$ 49,707 |
| | <u>Improvements</u> | <u>9870000</u> | |
| | HVAC Improvements and Repairs (Phase I funding) | | \$ 152,900 |
| | Total Department | | 202,607 |
| | Total Fund | | \$ 758,214 |
| <u>Major Street Fund</u> | | | |
| <u>Construction</u> | | | |
| <u>202-451</u> | <u>Rehabilitation Programs</u> | <u>9880436</u> | |
| | John R Sectional - 10 Mile to 11 Mile | | \$ 360,000 |
| | NB I-75 - Service Dr - Dallas to Lincoln | | 275,000 |
| | Whitcomb Sectional - Dequindre to Barrington | | 200,000 |
| | Industrial -Edward, Townley | | 50,000 |
| | Stephenson Hwy. Sectional - Girard to 12 Mile | | 50,000 |
| | | | \$ 935,000 |
| | Total Fund | | \$ 935,000 |

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
ITEMS \$2,000 AND OVER
FISCAL YEAR 2013-14**

| | <u>Description</u> | <u>Account Vehicle</u> | <u>Amount Proposed</u> |
|--------------------------------------|--|----------------------------|----------------------------|
| <u>Local Street Fund</u> | | | |
| <u>Construction</u> | | | |
| <u>203-451</u> | <u>Commerical & Industrial Sectional Concrete Replacement</u> | | |
| | Whitcomb - East of Stephenson | <u>9890501</u> | \$ 25,000 |
| | Mandoline/Brush/Alger | | <u>50,000</u> \$ 75,000 |
| | <u>Proposal "R-2" Concrete Repair</u> | <u>9890528</u> | |
| | Sectional Concrete Replacement | | \$ 100,000 |
| | Sidewalk Replacement | | <u>20,000</u> \$ 120,000 |
| | <u>Proposal "R-2" Construction</u> | <u>9890XXX</u> | |
| | Couzens - South of 11 Mile Road (SAD) | | \$ 526,000 |
| | Kalama - Stephenson Hwy. to Alger | | 460,000 |
| | W. Barrett - Alger to John R | | 217,000 |
| | Harwood - Dartmouth to 368 Harwood | | 268,000 |
| | Barrington - Cowan to Andover | | 212,000 |
| | Dartmouth - 26333 Dartmouth to 26113 Dartmouth | | 231,000 |
| | E. Hudson - John R to 71 E. Hudson | | <u>158,000</u> 2,072,000 |
| | Total Fund | | <u>\$ 2,267,000</u> |
| <u>Drug Forfeiture</u> | | | |
| <u>264-301</u> | <u>Computer Equipment</u> | <u>9820039</u> | |
| | Patrol Car Laptop Replacements (14) | | \$ 56,000 |
| | <u>Vehicles</u> | <u>9850039</u> | |
| | Detective Bureau | #124 | <u>25,825</u> |
| | Total Fund | | <u>\$ 81,825</u> |
| <u>Special Assessment</u> | | | |
| <u>Revolving Fund</u> | | | |
| <u>297-401</u> | <u>Sidewalk Program</u> | <u>9897505</u> | |
| | Sidewalk Replacement & Gap Installation | | <u>\$ 450,000</u> |
| | Total Fund | | <u>\$ 450,000</u> |
| <u>Water & Sewer Fund</u> | | | |
| <u>590-901</u> | <u>Watermain Replacement - "R" Projects</u> | <u>9731XXX</u> | |
| | Barrington - S. to Horace Brown to 13 Mile NB | | \$ 223,000 |
| | Whittier - Longfellow to Chaucer | | 215,000 |
| | Barrington - S. of Horace Brown to 13 Mile SB (SAD) | | 182,000 |
| | Blairmoor - Manchester to Thirteen Mile Road | | 182,000 |
| | Chaucer - Whittier to Longfellow | | 74,000 |
| | Manchester & Woodmont Intersection | | <u>17,000</u> \$ 893,000 |
| | <u>Sewer Rehabilitation</u> | <u>9732000</u> | |
| | State Revolving Fund Sanitary Sewer Insp/Rehab Program | | 50,000 |
| | <u>Computer Equipment</u> | <u>9810000</u> | |
| | New Servers (2) (75% GF, 25% Water and Sewer) | | \$ 2,250 |
| | Microsoft Server operating System Licenses (150)(75% GF, 25% Water and Sewer) | | <u>3,750</u> \$ 6,000 |
| | <u>Machinery and Equipment</u> | <u>9820000</u> | |
| | Pipe Tech Inspection Software and Equipment Upgrade | | \$ 29,000 |
| | Portable Pipe Inspection Camera | | <u>14,000</u> \$ 43,000 |
| | <u>Vehicles</u> | <u>9850000</u> | |
| | Tandem Axle Dump Truck | #464 | \$ 240,000 |
| | Pickup | #463 | <u>29,000</u> 269,000 |
| | Total Fund | | <u>\$ 1,261,000</u> |