

City of MADISON HEIGHTS

Michigan

Neighbors Helping Neighbors



ADOPTED ANNUAL BUDGET

Fiscal Year 2015-2016



Madison Heights has always prided itself on being a neighborly community, with many outstanding volunteer programs and organizations available to those in need. The cover photos reflect this sense of community spirit, which was proven to be stronger than ever in the wake of the devastating storm on August 11, 2014. As neighbors drew together with offers of help, community spirit soared, with many assisting both physically with clean up and financially by contributing to the Homeowners Flood Relief Fund. It soon became clear that the theme for this year's financial documents should be *Neighbors Helping Neighbors*.

Top photo:

Berge Sunde (left) is assisted by SHARP volunteer Morrie Brown (right). SHARP is a program to help seniors, those that are physically challenged and families of deployed servicemen and women in Madison Heights with home maintenance. (Photo taken by Andrew Potter; Courtesy of C & G Newspapers.)

Second Photo:

Volunteers from Faith Lutheran Church help senior and disabled residents with basement clean up and debris removal throughout the City after the August 2014 Storm.

Third Photo:

A happy homeowner, the recipient of a new hot water heater and furnace, the purchase of both made possible by donations from individuals and businesses to the Neighbors Helping Neighbors Homeowners Flood Relief Fund.

Bottom photo:

Community volunteers at Habitat for Humanity of Oakland County Women Build 2014 site located on East Kalama in Madison Heights.

City of Madison Heights Adopted Annual Budget Fiscal Year 2015-16

Mayor

Edward C. Swanson

City Council

Brian C. Hartwell
Margene Ann Scott
Richard L. Clark
Robert J. Corbett
Mark A. Bliss
David M. Soltis

City Manager

Benjamin I. Myers

Deputy City Manager for Administrative Services

Melissa R. Marsh



Edward C. Swanson
Mayor

Mayor and Council



Brian C. Hartwell
Mayor Pro Tem



Margene A. Scott
Councilwoman



Richard L. Clark
Councilman



Robert J. Corbett
Councilman



Mark A. Bliss
Councilman



David M. Soltis
Councilman



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Madison Heights
Michigan**

For the Fiscal Year Beginning

July 1, 2014

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Madison Heights for its fiscal year beginning July 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only.



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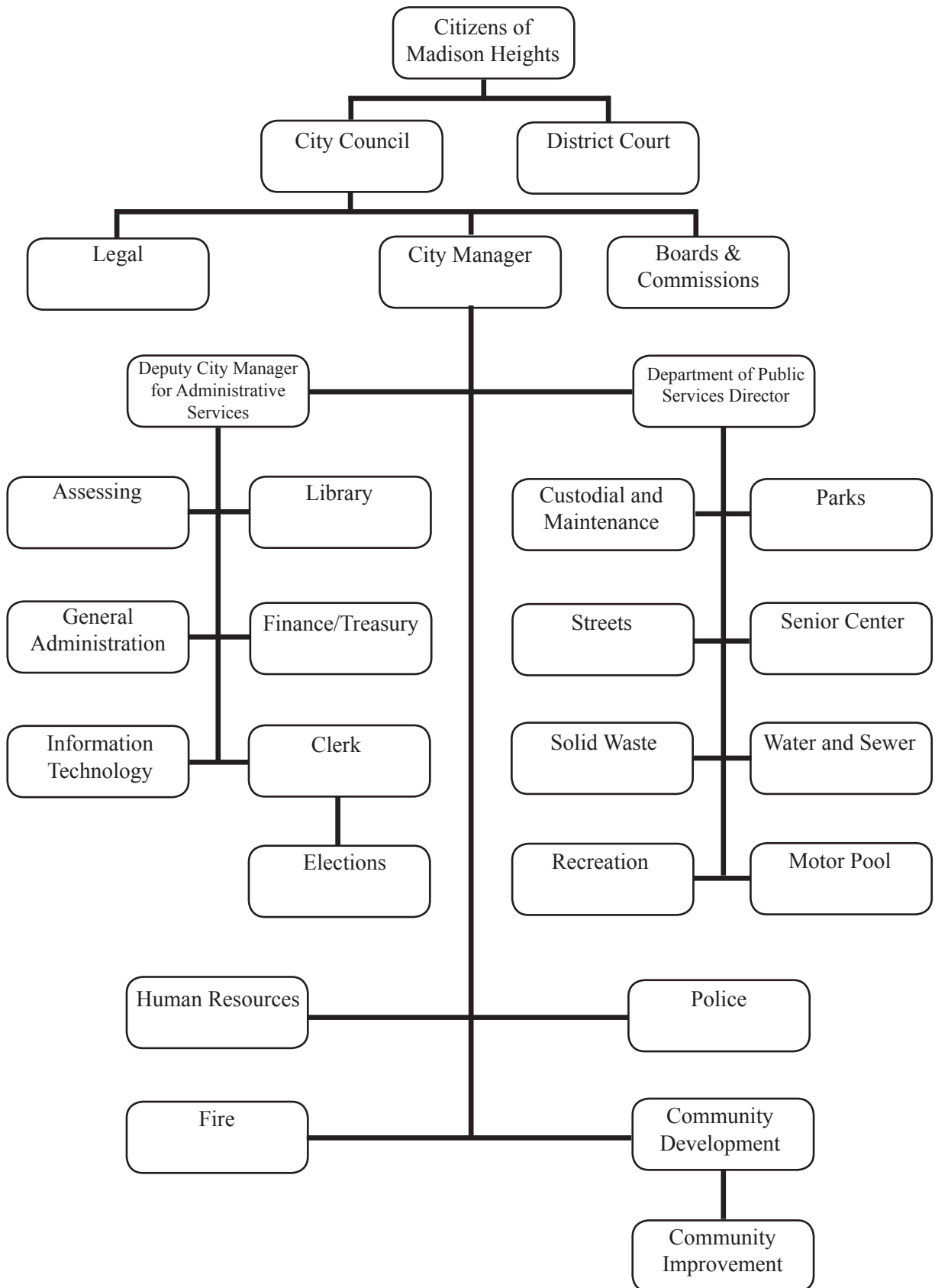
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City of Madison Heights Organizational Chart





City of Madison Heights

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

May 11, 2015

Budget Message

Fiscal Year 2015-16 Budget

To the Honorable Mayor and Council:

Pursuant to Section 8.2 of the Madison Heights City Charter and the Michigan Uniform Budget Act, P.A. 621, transmitted herein are the Consolidated Budget for the Fiscal Year (FY) 2016 beginning July 1, 2015 and the updated Five Year Capital Improvement Plan for FY 2016-2020. The Budget provides the annual financial plan for management of the City's affairs. The documents compile the financial data needed to support the City of Madison Heights's comprehensive decision-making and policy development process. Based on the Five-Year Capital Improvement Plan, the City's Financial Policies, City Council input and the City Manager's and departmental review of operations, this balanced Budget reflects a reasonable approach to meeting our most critical needs in the core service areas while continuing to position the City for long-term financial stability.

BUDGET OVERVIEW

The total budget equates to \$47.3 million and includes funding of operations and capital purposes for 11 appropriated funds. This amount represents a \$3.5 million or 7.9% increase from the prior year. As shown in the table below, the operating budget is projected to increase by \$2.2 million or 5.9%, while the capital budget increases by \$1.3 million or 19.7%.

Total Operational and Capital Budget		
	FY 2015 Budget	FY 2016 Budget
Operating Budget	\$ 37,478,081	\$ 39,689,169
Percent Change		5.9%
Capital Improvement Budget	\$ 6,347,560	\$ 7,598,959
Percent Change		19.7%
Total Budget	\$ 43,825,641	\$ 47,288,128
Percent Change		7.9%

Financial Challenges

During FY 2008, the nation and the State of Michigan began to experience a severe real estate crash which would be the start of the Great Recession. The City's taxable value peaked in FY 2009 at \$1.2 billion before starting a steep decline for the next seven years, bottoming out in FY 2015 at \$780 million. This 35.2% reduction in taxable value, combined with reduced investment earnings, lower court revenues, and reduced revenue sharing, has been the greatest financial challenge the City of Madison Heights has ever faced. FY 2016 will be the first time since FY 2008 that property values are projected to increase, by 1.67%. State laws such as Headlee Amendment and Proposal "A" limit increases in property taxable values to 5% or the rate of inflation, whichever is less. Not surprisingly, therefore, the City is not expected to return to FY 2008 levels until FY 2035!

Throughout the economic downturn, City Council and staff responded to this challenge by reducing expenditures and enhancing revenues in a total amount of over \$13.4 million as the City has successfully controlled the impact of the financial crisis. This period saw a decrease in full-time staff of 27% and a position review and

freeze that continues into FY 2016. Employees helped meet this challenge by making contributions to their health care, accepting wage reductions/freezes, and agreeing that general employee new hires participate in defined contribution plans for both retirement and retiree health care. PA 345 (Sworn Police and Fire) employee new hires participate in a defined contribution plan for retiree health care and a reduced multiplier for defined benefit pension. Prudent spending, sound financial planning, and a coordinated team effort by Council and staff greatly assisted the City in weathering this storm and continues to lead the City's into a financially sound future.

As detailed in the FY 2016 Financial Forecast presented to Council last fall, Oakland County and the Southeast Michigan region are continuing to show signs of economic recovery for the second year in a row. The City's FY 2016 budget represents the first year showing signs of improvement since FY 2008, with an increase in all funds of 7.9% including an increase in General Fund revenues of 3.7%. This revenue increase, however, does not cover the inflationary cost increases being projected in general operation expense, required City contributions to the pension and retiree health care funds, and critical capital needs requiring a use of fund balance in the amount of \$602,778 in the General Fund. The Financial Forecast is included for review in the Appendix Section.

Regarding Other Funds, the City and the entire southeast Michigan region face two major financial challenges. The first challenge, and perhaps the most serious, is the condition of the road system throughout the area and how to fund the major repairs and ongoing maintenance that are needed. In an effort to address the deteriorating road and bridge network state-wide, the Governor and Legislature approved in last December's lame-duck session a package of bills aimed at achieving five (5) key goals: 1.) providing much needed funding in the form of new revenue for roads and bridges; 2.) protecting schools, communities, public transit, and rail; 3.) ensuring that transportation taxes go toward meeting transportation needs; 4.) maintaining competitive prices at the gas pump; and 5.) providing tax relief for lower-income Michiganders. Specifically, the legislation approved a May 5th state-wide ballot proposal to amend the State Constitution by increasing the general sales/use tax from 6% to 7%, eliminating the retail sales tax on gasoline and diesel fuel, removing higher education from the School Aid Fund, and amending the use tax distribution. Related statutory changes will result in an October 1, 2015 state-wide wholesale tax on motor fuel (\$1.2 billion), amendments to vehicle registration fees (\$94 million), and restoration of the Earned Income Tax Credit in Tax Year 2016 (- \$260 million).

If the ballot proposal is approved by voters, the net effect of the proposal and approved related laws, when fully implemented by Fiscal Year 2017-18, will result in an addition of \$1.25 billion to the Michigan Transportation Fund of which municipalities may expect to see a 66% increase in funding, \$394 million to the School Aid Fund, \$106 million to the Comprehensive Transportation Fund, \$100 million in constitutional revenue sharing to municipalities, and \$36 million to the State's General Fund. Current estimates show that Madison Heights may expect to receive additional annual funds of \$1.16 million in Act 51-distributed road funding by Fiscal Year 2018, and \$265,000 in constitutional revenue sharing by Fiscal Year 2016. In addition, the new Main Street Fairness Act (PA 553/554), which is not tied to the passage of Proposal 1, is estimated to bring in approximately \$18,000 annually to the City from internet sales tax revenue.

The second major financial issue continues to be stabilization of the Detroit Water and Sewerage Department (DWSD) through the creation and operation of the Great Lakes Water Authority (GLWA). This past October, the legislative bodies of the City of Detroit, Macomb County, Oakland County, and Wayne County approved the creation of the GLWA. The GLWA operating agreement signed by the participating counties and the City of Detroit caps the wholesale revenue requirement from suburban customers like Madison Heights to 4% annually for the next ten (10) years; however, the GLWA does not become effective until

July 1, 2016, meaning that the water rate charged to Madison Heights for FY 2016 is set by the DWSD. The rate increase charged by the DWSD to Madison Heights for FY 2016 is 11.32%.

The City's customers will see, and the FY 2016 Budget reflects, a combined 7.04% water and sewer increase reflecting a pass-through of the DWSD's 11.32% increase for water along with a 3% increase by Oakland County for sewerage treatment.

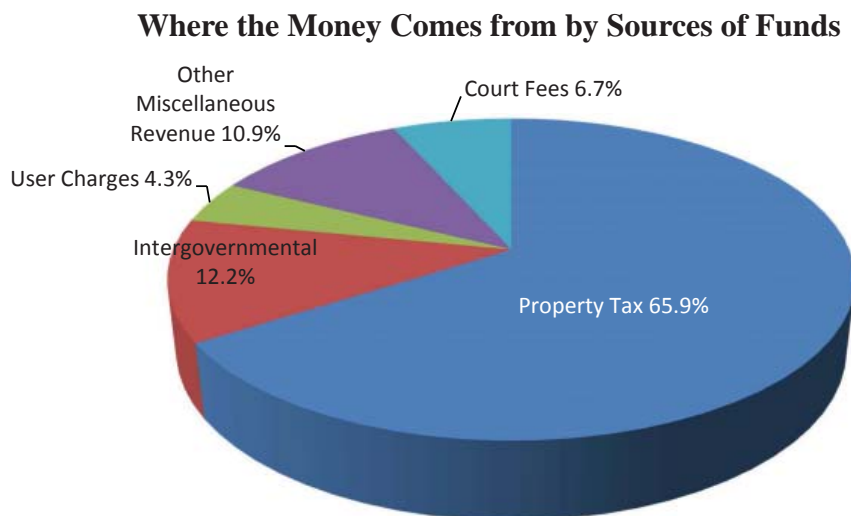
Operating Budget Highlights

The FY 2016 budget was balanced through the utilization of \$602,778 use of fund balance. This use of fund balance was planned with \$342,850 being utilized for one item capital expenditures for "V" millage funded vehicles for which fund balance has been restricted. At June 30, 2014, fund balance was also assigned and will be utilized in FY 2016 for critical technology upgrades and improvements and necessary capital improvements. Other significant changes and items included in the budget are as follows:

Revenues

General Fund Revenues are budgeted at \$25.5 million exclusive of the planned use of fund balance. This represents an increase of \$921,300, or 3.7% from FY 2015 Amended Budget Revenues. The majority of the revenue increase reflects the elimination of budgeted tax refunds in the amount of \$537,100. The remainder of the revenue increase is attributable to taxable value growth as taxes are projected to increase by a combined total of 2.8% or \$456,000. Other changes which have affected overall revenue growth in FY 2016 include: one-time revenues such as Federal Assistance to Firefighters and law enforcement grants that were received in FY 2015 and will not continue in FY 2016; declining court fines which were adjusted downward in FY 2016 to reflect actual collections of court fines and fees; and cable television revenues which have increased in FY 2016 due to additional Public-Educational-Government (PEG) Access Fees now paid by the City's largest cable provider, Comcast.

The following pie chart represents the City's General fund income. Revenues are grouped by major category. Property taxes continue to be the largest City revenue source representing 66% of the FY 2016 General Fund Revenue Budget. Other major revenue sources include user charges, intergovernmental revenues, court fees, and other miscellaneous revenues.



Regarding the Water and Sewer Fund, in addition to the 7.04% Water and Sewer Fund rate increase that is being proposed to Madison Heights customers, the budget also includes a planned use of fund balance of \$945,000. This use of fund balance was planned to pay for one-time expenses of much needed watermain replacements that are not related to road projects being completed under the “R-2” program.

Expenditures

When compared to the FY 2015 Amended Budget, all funds expenditures are up \$3.5 million or 7.9% as detailed below. The majority of this increase is due to operational increases of \$2.21 million related to funding employee benefits such as pension, retiree health care and medical insurance as well as increases in Other Services. The remainder of this increase, \$1.25 million, is related to capital outlay items which are briefly discussed later in this report.

The most significant changes in the operational budget are related to Personal Services. Although the budget includes a reduction of 3.6 full-time equivalencies (FTEs) in FY 2016, personal services are still proposed to increase by \$1.1 million. Other Services and Charges are also projected to increase by \$900,000 with supplies increasing by \$300,000. For more details about these increases, please see the Appropriations Chapter which discusses each category in detail.

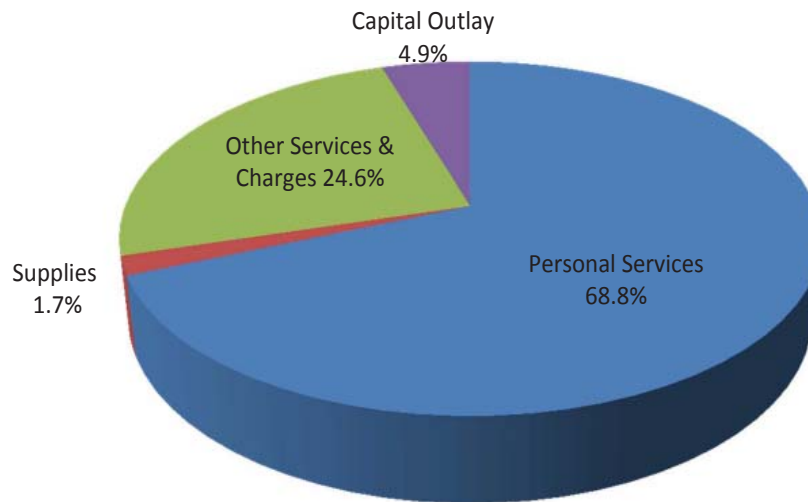
The following table presents a summary breakdown of the operating budget for all funds.

Fund Name	Actual 2013-14	Estimate 2014-15	Adopted Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
General Fund	\$ 24,634,418	\$ 24,986,326	\$ 26,124,588	\$ 1,138,262	4.6
Major Street	2,170,595	1,279,676	2,042,101	762,425	59.6
Local Street	2,949,876	3,627,357	3,305,418	(321,939)	(8.9)
Parks Maintenance and Improvement	28,952	32,968	33,714	746	2.3
Downtown Development Authority	49,311	54,928	48,514	(6,414)	(11.7)
Police Drug Forfeiture	21,633	63,170	50,995	(12,175)	(19.3)
Community Improvement	111,550	117,973	117,789	(184)	(0.2)
Special Assessment Revolving	686,312	432,965	231,484	(201,481)	(46.5)
Fire Station Bond Fund	372,837	419,405	402,010	(17,395)	(4.1)
Water & Sewer Fund	10,045,324	11,717,626	13,802,631	2,085,005	17.8
Motor & Equipment Pool	935,371	1,093,247	1,128,884	35,637	3.3
Total Appropriations	\$ 42,006,179	\$ 43,825,641	\$ 47,288,128	\$ 3,462,487	7.9

* Net Budget is \$46.1 million excluding duplicate interfund transfers and charges.

Total expenditures in the General Fund are projected to be up 4.6% as compared to the FY 2015 Amended Budget. The following pie chart depicts appropriations by expenditure type. Personnel Costs (wages and benefits) and Other Services and Charges represent the largest portions of the General Fund.

Where the Money Goes by Line Item Category

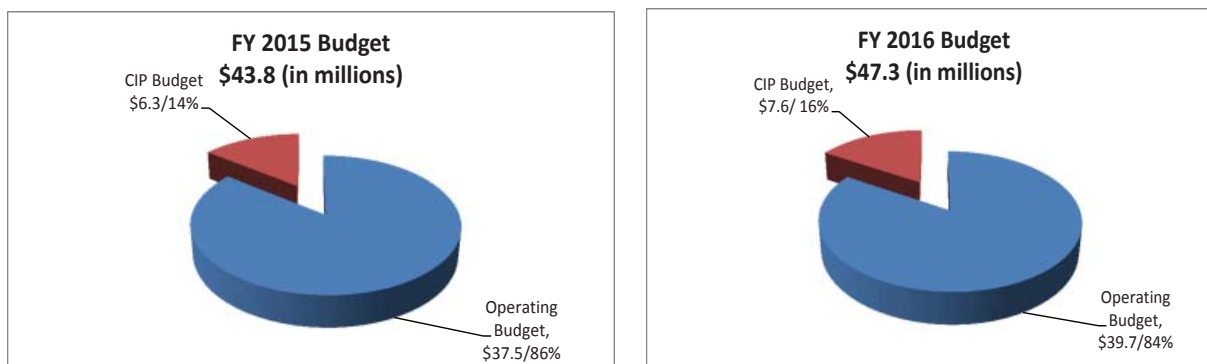


Capital Budget Highlights

Capital Outlay purchases total \$7.6 million for all funds and \$1.2 million 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 include improvements to City-owned property, such as replacement of the 43rd District Court rooftop HVAC units, carpet for the City Hall Council Chamber and Executive Conference Room and blinds for Council Chamber and Senior Center, Red Oaks Friendship Woods / Nature Center parking lot implements, and Civic Center Park walking path improvements. Other purchases not funded through dedicated millages are software updates to the business and animal license software, technology improvements including a new city-wide phone system and exchange email server, Fire Department equipment including fire hoses, two automated external defibrillators, and a Fire Engine-mounted V-TAC communications equipment, Police equipment including 15 in-car video cameras and a detective vehicles, and the first of three phases of funding for the replacement of the underground gasoline and diesel fuel storage tanks.

Other funds include a capital outlay of \$6.4 million. Most of this amount, \$6.1 million, is budgeted for road rehabilitation and reconstruction projects funded by the Proposal “R-2” Neighborhood Roads Program, Major Roads’ sectional work, sidewalk repair, and water main replacements related to the R-2 projects. The remaining planned purchases include one water and sewer van, resurfacing of the Department of Public Services parking lot, Phase One funding for a replacement salt containment structure, an auto-lift for the Motorpool, and an updated meter reading collector from the Water and Sewer Fund.

FINANCIAL ASSESSMENT



Madison Heights has developed and maintained a strong financial position through conservative financial management and adherence to sound financial analysis and policies.

Long-Range Financial Plan

To provide the framework for gauging the financial sustainability of resource allocated decisions, financial forecasts are generated annually in the fall for the City's major funds including General, Major Street, Local Street and Water and Sewer Funds. Each forecast is produced from a baseline perspective that portrays the projected operating margin for each fund assuming current service levels. Assumptions about future revenue and expenditure growth variables are researched from external and internal sources and incorporated into the forecast. The resulting report provides Council with a projection of the ending balance for each fund which, in conjunction with the relevant fund balance policy, provides a starting point for the operating budget development.

The Fall 2014 Forecast projected a \$1.1 million budget gap for FY 2015-16 as compared to the actual, \$603,000. This forecast was based on the assumption that General Fund revenues would increase by only 0.8% overall.

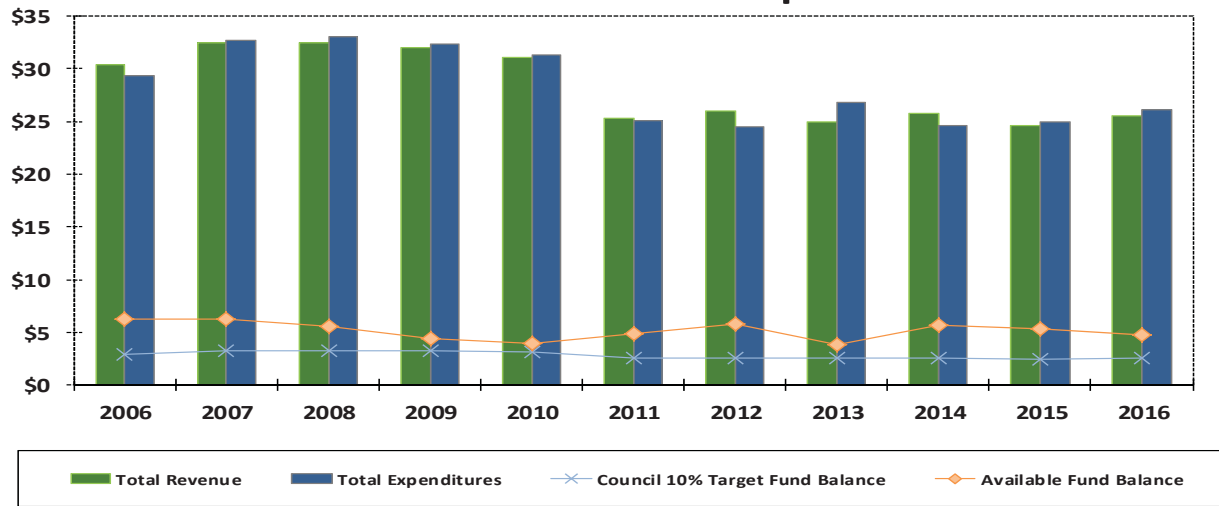
Fund Balances

The City's successful management of our financial constraints has presented us with both new challenges and opportunities. As of June 30 2014, the General Fund unreserved fund balance was \$5.7 million. Based on the budgeted use of fund balance, the City projects this fund balance will be \$4.7 million at the end of FY 2016, or 18% of FY 2016 projected expenditures. City Council policy directs staff to keep fund balance equal to or above a minimum of 10% of budgeted expenditures. Staff was mindful of this policy as we worked to propose the FY 2016 budget for Council's consideration.

As noted on the next page, the City's adopted policy for General Fund Unassigned Fund Balance coverage is 10% of current year's expenditures. The graph above details the General Fund expenditures, revenues, levels of fund balance and the level of fund balance required to meet this Council policy.

At June 30, 2015, the City's Major Street and Local Street Funds are estimated to have fund balances of \$694,000 and \$2.0 million, respectively. The City's Water and Sewer fund is projected to have \$8.8 million in unrestricted net position.

General Fund - Fund Balance Compared to Total Revenues and Expenditures



Bond Ratings

The City's bond ratings are further evidence of its financial strength. Madison Heights's general obligation bonds are currently rated Aa2 with a stable outlook from Moody's and AA- by Standard & Poor's. Having strong financial management and conservative financial policies are quoted as reasons for this bond rating.

Major Policy Considerations

In order to provide a strategic framework to assist City Council with its appropriation decisions, staff has developed the following set of internal priorities to guide the departmental budget preparation process for FY 2016.

1. Maintain fiscal responsibility that will provide Madison Heights with a stable future.
2. Advance technology in our daily operations in order to improve communication between City government, residents and businesses.
3. Invest in people to attract and retain talented employees and assure the organization has a quality workforce to do the public's business, especially as the City's workforce is being asked to do more with fewer resources.
4. Reinvest in the city's infrastructure and equipment in a sustainable manner to protect our existing investment, avoid higher cost in the future, and provide greater budgetary flexibility in subsequent years.
5. Engage residents to foster a positive image of Madison Heights.

Conclusion

Even though the economy continues to provide the City with financial challenges, we expect conditions to improve over the long-term. The City prides itself on sound financial management, appropriate allocation of our limited resources, and a focus on and commitment to long-range planning. As conditions change, the City will continue to adapt in order to provide a strong foundation for the future.

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 "Ben. Myers", written in a cursive style.

Benjamin I. Myers
City Manager

Internal Department Budget Priorities for Fiscal Year 2016

1. Key Issue: Maintain fiscal responsibility that will provide Madison Heights with a stable future.

Objectives:

- a. Human Resources – By June 2016, evaluate success of integration of the City’s wellness program into the MiLife Health and Wellness Center by comparing percentage of employees who receive all available bonus money to historical trends, and percentage of employees who improve health based on CareHere! year-end HIPAA compliant reporting over the period of January 2015 - December 2015.
- b. Human Resources - Begin to negotiate successor contracts no later than April 1, 2016 to help achieve established budgetary and fund balance projected goals.
- c. Finance/Department of Public Services - By January 2016, Finance and DPS will provide a report to City Manager and Council identifying long-term equipment needs and including a recommendation regarding a potential “V-3” millage renewal.
- d. Department of Public Services - By June 30, 2016, identify one park project, identify local match source and submit application for a Michigan Natural Resource Trust Fund (MNRTF) grant, and include in FY 2016-17 CIP/Budget request, utilizing updated Parks and Recreation Master Plan.
- e. Library - Working with the Library Advisory Board, evaluate and report to the City Manager by March 1, 2015 on the feasibility of a donation drive for library collections. If found feasible, have event planned for July 2015.
- f. Library - By May 2016, enroll in and publicize the Zinio online newsstand giving library patrons access to 252 titles online, up from the 40 titles to which the library currently subscribes.
- g. Finance – Before June 2016, complete an analysis of water and sewer rates needed to support the system with infrastructure projects over the next ten (10) years.
- h. Finance – Develop and implement an annual review of fees and charges for City services, and research new fees throughout the City by May 2016. Include applicable fees in future proposed budgets.
- i. Finance - Include first round of ICMA Performance Measure Reporting in Budget Proposal for FY 2016-17 (April 2016).

2. Key Issue: Advancement of technology in our daily operations in order to improve communication between City government, residents and businesses.

Objectives:

- a. Human Resources - Working with Information Technology, develop electronic file system and scan former employee personnel and medical files starting in July 2015. Complete by June 2016.
- b. Human Resources - Investigate and report on the possibility of converting new employee packets to electronic format and alternative methods of providing policy documents, with viable options for employees who do not have computers assigned to them, beginning in July 2015, and completed by June 2016.

- c. Community Development - By July 2015, implement automated BSA.net direct email public/customer inspection result notifications.
 - d. Police - By July 2016, complete research/recommendation on the pros and cons of advance 911 technologies to improve communication and emergency response; specifically to deploy SMART 911, in our daily operations.
3. Key Issues: Invest in people to attract and retain talented employees and assure the organization has a quality workforce to do the public's business, especially as the City's workforce is being asked to do more with fewer resources.

Objectives:

- a. Human Resources - As vacancies occur, update and refresh job advertisements and job descriptions in an effort to reach the Millennial workforce. Track demographics of applicants and new hires compared to current demographics of the workforce starting in July 1, 2015. Complete by June 2016.
 - b. Human Resources - Using the Human Resources electronic personnel records, coordinate with the Department of Public Services and Fire Department to ensure timely renewal of employee certifications beginning in July 2015. Complete by June 2016.
 - c. Community Development - Provide City staff with a minimum of one personal safety training and one construction safety training session.
 - d. Police - Attract and retain talented employees by having recruiters attend three (3) career fairs and/or police academies by June 30, 2016, and provide an evaluation report of the police officer testing procedures to the City Manager by February 1, 2016, as well as train employees to fill upcoming vacated positions and assignments.
 - e. City Clerk - Election Coordinator to complete year two of training toward achieving the Certified Municipal Clerk's Certification.
4. Key Issue: Reinvest in the City's infrastructure and equipment in a sustainable manner to protect our existing investment avoiding higher costs in the future, and provide greater budgetary flexibility in subsequent years.

Objectives:

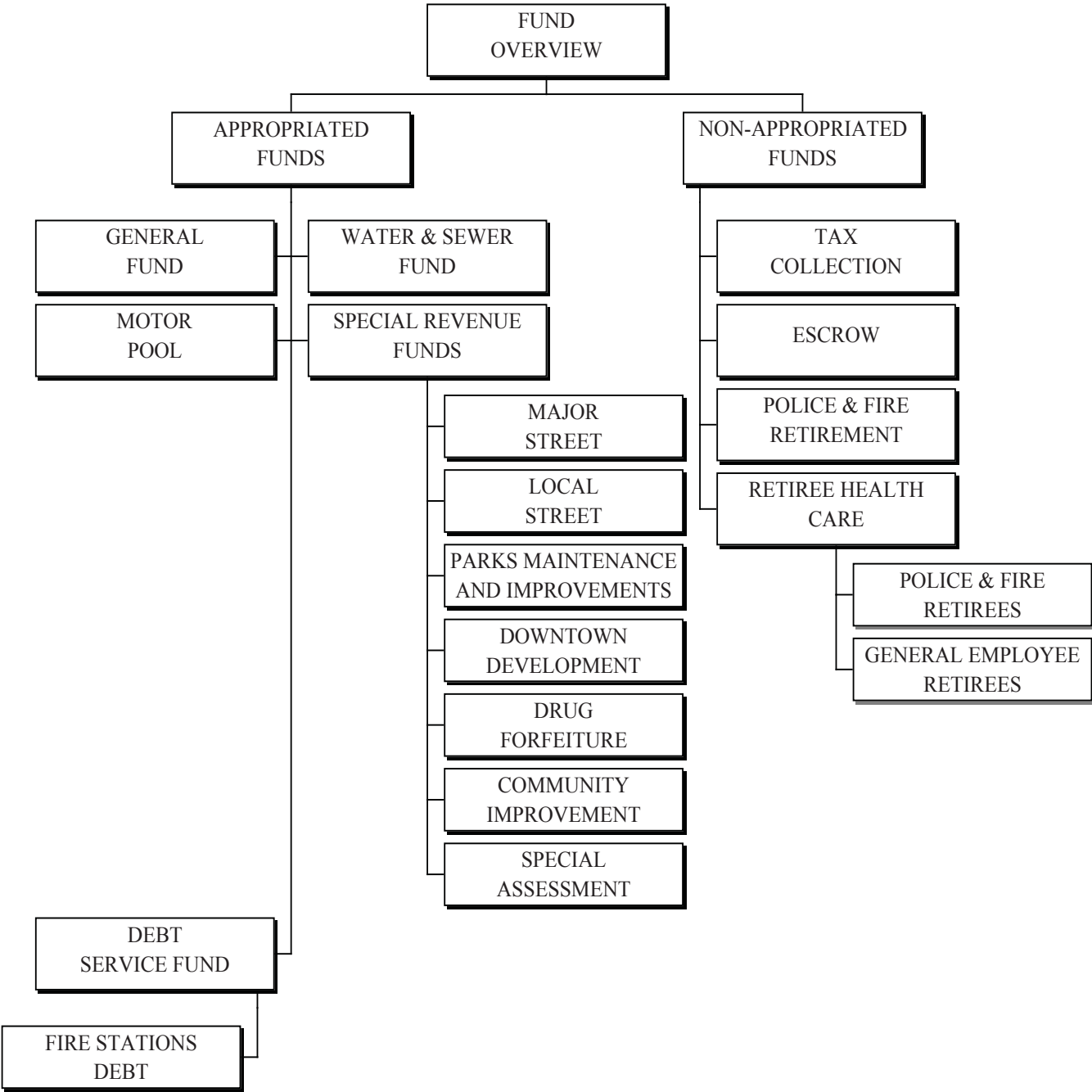
- a. Community Development - Complete road and infrastructure analysis by July 2015 to develop an "R-3" Residential Road and Infrastructure Proposal for City Council consideration in 2016. By January 2016, Finance and DPS will provide a report to City Manager and Council including a recommendation regarding a potential "R-3" millage renewal.
- b. Police - Complete purchase and installation of in-car video system by December 31, 2015, to protect our existing investment avoiding potential costs in the future.
- c. Water and Sewer - Evaluate water meters for replacement by reviewing water loss, reading data, and standards for meter replacement, by July 2016. Include an analysis of financing options.

- d. Library - By June 2016, implement a Quality Services Audit Checklist (QSAC) which is a voluntary management standards program that assists public libraries by setting benchmarks in multiple areas for Governance & Administration, HR, Services, Collection Development, Technology, Facilities & Equipment and Public Relations. This will provide direction and support for libraries as they look to both improve their services and provide measurable data to residents, City Council and City Administration.
5. Key Issue: Engage residents to foster a positive image of Madison Heights.

Objectives:

- a. Community Development - Organize and hold the DDA's Annual Art Challenge prior to December 2015.
- b. Police - In FY 2015-16, the police department will engage residents to foster a positive image of the Police Department by holding four quarterly public events - Senior Citizen Safety, Gun Safety Education, a Child Safety Event, and an Elementary School Outreach, in addition to two public safety events at local businesses - as a means of building the department's partnership with the community.
- c. City Clerk - By January 2016, reduce the business license renewal application process from two administrative steps to one. Additionally, reduce the Clerk's Office renewal application processing time to one week, improving customer service and office efficiency.
- d. Library - Before July 2016, establish and set up a content management process for a Library Facebook page to promote departmental programs and services.
- e. Library - By October 1, 2015 for the preceding fiscal year, produce and disseminate the first Annual Library Report to update the public about Library activities.

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) 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, the Proposal "R-2" Neighborhood Roads property tax levy, 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). The Community Improvement Division includes 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.

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.

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
All Fund Types
Three Year Comparison
Fiscal Year 2015-16**

	GENERAL FUND			SPECIAL REVENUE/DEBT SERVICE FUNDS *		
	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Actual 2013-14	Estimate 2014-15	Budget 2015-16
REVENUES						
Property Taxes	\$ 16,420,348	\$ 15,816,720	\$ 16,810,135	\$ 2,012,576	\$ 1,948,813	\$ 1,997,313
Licenses and permits	873,993	810,350	810,350	0	0	0
Intergovernmental	3,192,357	3,143,505	3,157,001	2,285,978	2,048,666	2,241,673
Court fines and fees	1,710,418	1,821,043	1,711,000	0	0	0
Charges for services	258,991	254,555	243,940	0	0	0
Parks and Recreation	188,356	252,395	238,554	0	0	0
Interest and Misc. Revenue	1,921,928	1,430,930	1,520,450	130,991	68,650	78,550
Special assessments	0	0	0	620,259	326,670	250,270
Departmental Charges	928,555	1,011,690	968,580	0	0	0
Transfers from other funds	261,975	59,303	61,800	231,499	20,000	238,430
TOTAL REVENUES	\$ 25,756,921	\$ 24,600,491	\$ 25,521,810	\$ 5,281,303	\$ 4,412,799	\$ 4,806,236
EXPENDITURES						
General Government	\$ 5,046,683	\$ 5,488,482	\$ 5,753,757	\$ 0	\$ 0	\$ 0
Public Safety	13,630,223	13,490,766	13,949,183	21,633	63,170	50,995
Community Service	3,245,148	3,043,475	3,510,819	0	0	0
Culture and Recreation	1,622,884	1,904,883	1,752,015	28,952	32,968	33,714
Community Development	1,089,483	1,058,720	1,158,814	5,563,295	5,315,623	5,352,287
Community Improvement	0	0	0	111,550	117,973	117,789
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	0	0	0	292,799	79,303	275,230
Debt Service	0	0	0	372,834	419,405	402,010
TOTAL EXPENDITURES	\$ 24,634,421	\$ 24,986,326	\$ 26,124,588	\$ 6,391,063	\$ 6,028,442	\$ 6,232,025
REVENUES OVER (UNDER) EXPENDITURES	\$ 1,122,500	\$ (385,835)	\$ (602,778)	\$ (1,109,760)	\$ (1,615,643)	\$ (1,425,789)
FUND BALANCES, BEGINNING OF YEAR	\$ 5,422,824	\$ 6,545,324	\$ 6,159,489	\$ 7,375,216	\$ 6,265,456	\$ 4,649,813
FUND BALANCES, END OF YEAR	\$ 6,545,324	\$ 6,159,489	\$ 5,556,711	\$ 6,265,456	\$ 4,649,813	\$ 3,224,024

* 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, 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 2015-16**

	WATER AND SEWER FUND			TOTALS Memorandum Only		
	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Actual 2013-14	Estimate 2014-15	Budget 2015-16
REVENUES						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 18,545,380	\$ 17,470,036	\$ 18,807,448
Licenses and permits	0	0	0	810,456	760,350	810,350
Intergovernmental	0	0	0	5,105,543	5,032,584	5,398,674
Court fines and fees	0	0	0	1,531,203	1,820,998	1,711,000
Charges for services	12,389,802	11,864,263	12,728,081	12,665,917	12,112,163	12,972,021
Parks and Recreation	0	0	0	200,500	269,988	238,554
Interest and Misc. Revenue	304,779	47,500	100,000	1,912,076	1,510,282	1,699,000
Special assessments	0	0	0	545,755	597,623	250,270
Departmental Charges	29,550	29,550	29,550	915,306	1,014,985	998,130
Transfers from other funds	0	0	0	2,539,958	292,799	300,230
TOTAL REVENUES	\$ 12,724,131	\$ 11,941,313	\$ 12,857,631	\$ 44,772,094	\$ 40,881,808	\$ 43,185,677
EXPENDITURES						
General Government	\$ 0	\$ 0	\$ 0	\$ 5,792,396	\$ 5,162,160	\$ 5,753,757
Public Safety	0	0	0	13,689,388	13,915,534	14,000,178
Community Service	0	0	0	2,843,970	3,373,597	3,510,819
Culture and Recreation	0	0	0	1,706,189	1,833,007	1,785,729
Community Development	0	0	0	6,730,315	7,106,055	6,511,101
Community Improvement	0	0	0	158,575	151,181	117,789
Water Division	3,674,750	3,612,112	3,823,302	3,674,750	3,612,112	3,823,302
Sewer Division	4,720,192	4,763,210	5,189,527	4,720,192	4,763,210	5,189,527
W/S Support & Capital Outlay	1,370,727	2,313,476	3,756,661	1,370,727	2,313,476	3,756,661
Transfers Out	0	0	0	2,220,255	94,115	275,230
Debt Service	279,655	1,028,828	1,033,141	737,997	1,401,963	1,435,151
TOTAL EXPENDITURES	\$ 10,045,324	\$ 11,717,626	\$ 13,802,631	\$ 43,644,754	\$ 43,726,410	\$ 46,159,244
REVENUES OVER (UNDER) EXPENDITURES	\$ 2,678,807	\$ 223,687	\$ (945,000)	\$ 1,127,340	\$ (2,844,602)	\$ (2,973,567)
FUND BALANCES, ** BEGINNING OF YEAR	\$ 27,727,558	\$ 30,406,365	\$ 30,630,052	\$ 18,127,836	\$ 16,736,631	\$ 14,336,954
FUND BALANCES, END OF YEAR	\$ 30,406,365	\$ 30,630,052	\$ 29,685,052	\$ 19,255,176	\$ 13,892,029	\$ 11,363,387

** The Water and Sewer Fund Fund Balance (Net Position) is affected by assets and liabilities. This is not reflective of cash available in the fund.

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 June 2014, 18 local governments participate in the MLGBC, down from 44 in Fiscal Year 2012. Below is a listing of the latest FY 2012-13 results showing how Madison Heights compares to other local governments across the state in various performance measurements categories.

Due to low participation and its impact on obtaining meaningful performance measures, the City has withdrawn from the MLGBC effective in Fiscal Year 2015, and has started measuring performance utilizing the International City/County Management Association (ICMA) Insights performance management and analytics software.

FY 2012-13

Category	Madison Heights	Consortium Average	Rank *
<i>Human Resources</i>			
HR operating costs per capita	\$7.63	\$6.62	9/12
Local unit FTEs per 1,000 population	\$5.76	\$5.50	10/15
Benefit cost as % of base wage	86.81%	45.80%	14/14
Average # of calendar days to fill a position	75	42	10/10
FTE = full-time equivalent employee			
<i>Fire and Emergency Medical Services</i>			
Cost per resident for combined Fire and EMS service	\$161.58	\$124.51	5/6
Total Fires per 1,000 population	4.50	3.29	10/11
EMS Calls per 1,000 population	90.71	68.92	9/12
Percent of building fire call response times equal to or less than 5 minutes	90.77%	49.40%	1/11
Total Dispatch calls per 1,000 population	132.53	99.60	12/12
Percent of commercial buildings inspected	61.82%	43.30%	7/9

* 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 2012-13

Category	Madison Heights	Consortium Average	City Rank *
<i>Fleet Maintenance</i>			
Average cost per gallon of gasoline	\$3.10	\$2.94	11/12
Average cost per gallon of diesel	\$3.55	\$3.25	12/12
Average employee cost per hour w/ benefits	\$71	\$54.08	10/11
Total Expenditures per number of vehicles:			
Maintenance Exp. Small Engine	\$94	\$961	2/8
Maintenance Exp. Heavy Equip.	\$2,196	\$4,724	3/9
Maintenance Exp. Light/Medium Vehicle	\$324	\$1,114	1/10
Maintenance Exp. Police Patrol Vehicle	\$2,490	\$2,099	6/8
<i>Information Technology (IT) Service</i>			
Servers supported per IT FTE	4.58	9.1	5/13
Applications supported per IT FTE	22.08	24.9	7/12
Operating expenditures per workstation	\$1,106	\$1,920	2/14
IT cost per capita	\$7.97	\$9.73	6/15
<i>Parks Maintenance</i>			
Cost per resident for park maintenance	\$11.48	\$29.72	4/12
Operating expense per resident for recreation programs	\$5.02	\$26.10	3/13
Total Park acres per 1,000 population	4.7	32.6	15/15
Passive Park acres per 1,000 population	1.3	22.3	14/14
Active Park acres per 1,000 population	3.4	11.8	3/15
User fee as a percent of operational budget	0.0%	12.7%	1/15
Number of park maintenance FTE per 1,000 population	1.93	3.40	4/13
Number of park maintenance FTE per 100 acres	4.14	2.14	3/13
Average full-time employee cost per hour	\$50.04	\$37.41	12/13

* 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 2012-13

Category	Madison Heights	Consortium Average	City Rank *
<i>Police</i>			
Cost per resident for police or sheriff service	\$280.95	\$178	12/12
Cost per officer	\$188,380	\$145,706	11/12
Officer per 1,000 residents	1.5	1.4	5/12
Training costs per officer	\$205	\$699	11/11
Total number of calls for service per 1,000 population	871	644.9	11/12
Total arrests per 1,000 residents	39.29	49.2	6/12
Traffic citations per 1,000 residents	335	206.5	11/12
Percent of unsustained citizen complaints of total complaints	83%	81.3%	7/11
Percent of sustained citizen complaints of total complaints	17%	29.3%	4/7
<i>Road Maintenance</i>			
Road FTE per 100 lane miles	2.52	5.98	2/10
Total staff hours in pothole repair per lane mile	12.0	10.1	6/7
Tons of cold patch per lane mile	0.96	2.60	8/10
Total staff hours of snow removal per lane mile	6.25	24.1	3/9
Cost per resident routine maintenance	\$2.95	\$34.23	1/9
<i>Water and Sewer</i>			
Cost per resident for water	\$87	\$166	4/11
Cost per resident for sewer	\$153	\$179	5/12
Miles of water mains per FTE	28.14	29.9	4/10
Miles of sewer mains per FTE	39.0	22.9	2/10
Number of water main breaks per 10,000 customers	3.03	7.0	5/9

* 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

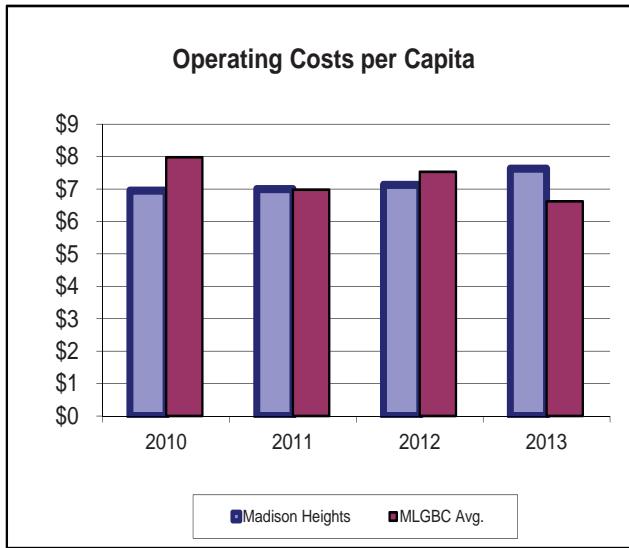
FY 2012-13

Category	Madison Heights	Consortium Average	City Rank *
<i>Assessment and Equalization</i>			
Assessment cost per capita	\$7.89	\$10.68	5/14
Assessment cost per parcel	\$18.3	\$25.32	4/12
Taxable Value (TV) as percent of State Equalized Value (SEV): Total	99.65%	94.7%	14/15
<i>Building Inspection and Code Enforcement</i>			
Revenues as a percent of expenditures	83.59%	79%	2/4
Total code cases per code enforcement officer FTE	4,055	1,892	1/7
Average annual cost per inspection	\$103	\$134	3/4
Average number of days to complete commercial building construction plan review	4.0	7.3	2/8
<i>Library Services</i>			
Total resident circulation per capita	3.01	5.70	8/8
Cost per registered borrower	\$53	\$60	4/7
Cost per annual library operation hour	\$216	\$618	1/7
Percent circulation for non-residents	14.88%	28.3%	3/7
Percent of residents registered with library	36.18%	40.3%	6/8
Average attendance per program	23.52	28.94	3/9
<i>Refuse, Recycling and Yard Waste</i>			
Yard waste collection cost per service population	\$6.01	\$5.61	3/3
Refuse collection cost per service population	\$24.59	\$23.62	3/4
Recycling collection cost per service population	\$7.06	\$9.10	2/5
Tons of Recycling per 1,000 service population	35.41	27.0	2/7
Tons of Refuse per 1,000 service population	314	233.6	3/4
Tons of Yard Waste per 1,000 service population	50.38	36	3/7
Cost per ton for refuse, recycling and yard waste	\$78.25	\$206.08	2/6
Cost per ton for solid waste collected	\$78.25	\$158.40	2/5

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

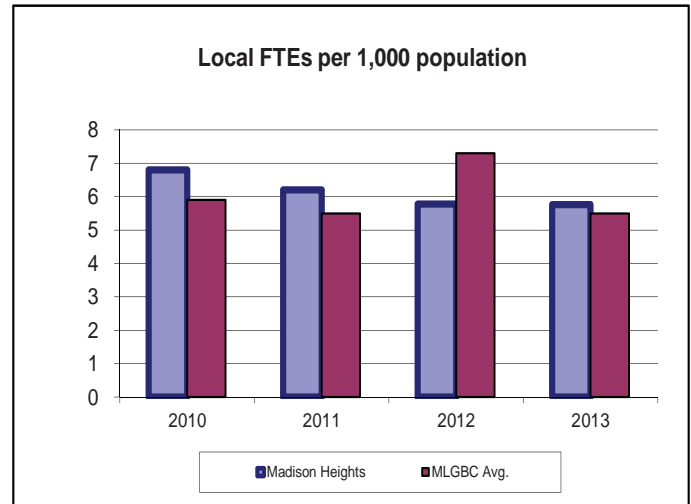
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Human Resources



FY 2013 Rank 9th out of 12

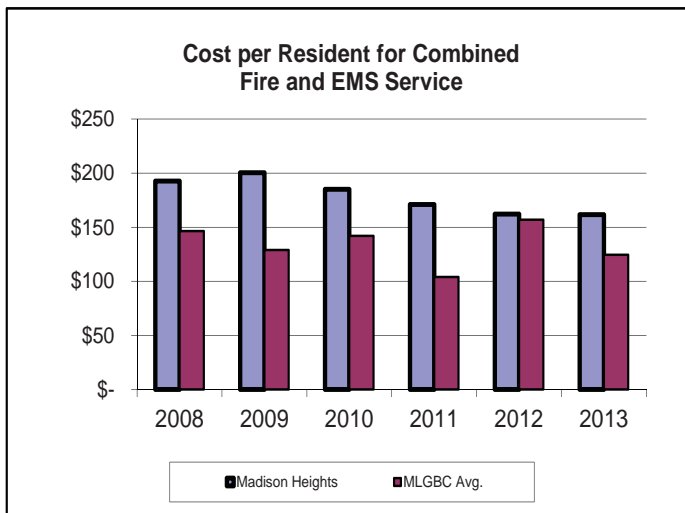
In FY 2013 Madison Heights had Human Resources costs that ranked the 9th highest of the 12 reporting municipalities.



FY 2013 Rank 10th out of 15

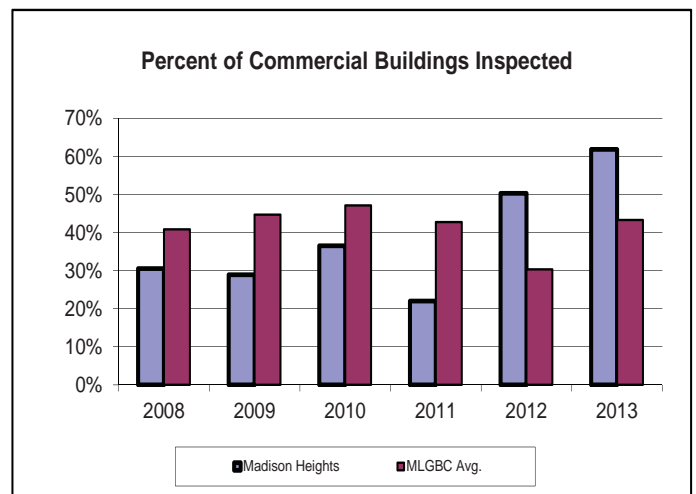
Madison Heights total full-time equivalents equal 5.76 per 1,000 of service population, making it 10th out of 15 reporting entities.

Fire and Emergency Medical Services



FY 2013 Rank 5th out of 6

In FY 2013 Madison Heights cost per resident for combined Fire and EMS services was down to \$162 from \$124 in FY 2012. Madison Heights is the 5th highest community.

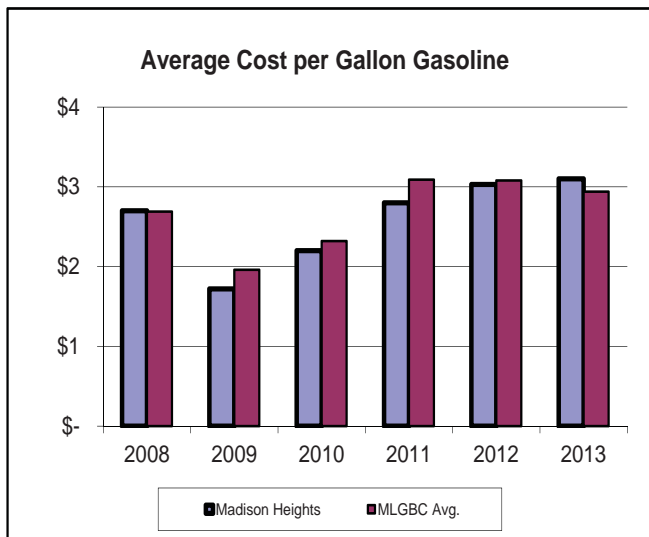


FY 2013 Rank 7th out of 9

In FY 2013 Madison Heights inspected 61.8% of commercial buildings. This is significantly above the average for the 7 reporting communities.

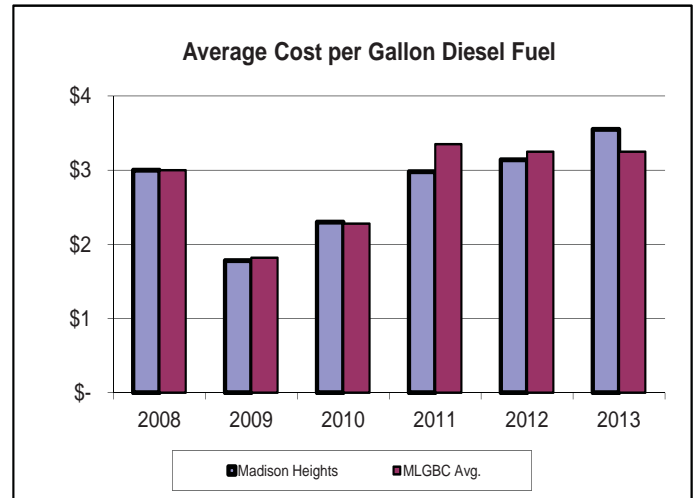
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Fleet Maintenance



FY 2013 Rank 11th out of 12

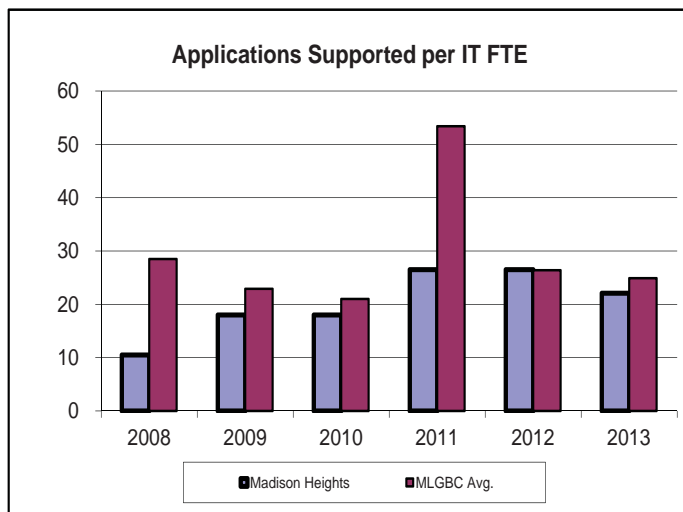
In FY 2013 Madison Heights paid an average of \$3.10 per gallon of gasoline as compared to the average of \$2.94.



FY 2013 Rank 12th out of 12

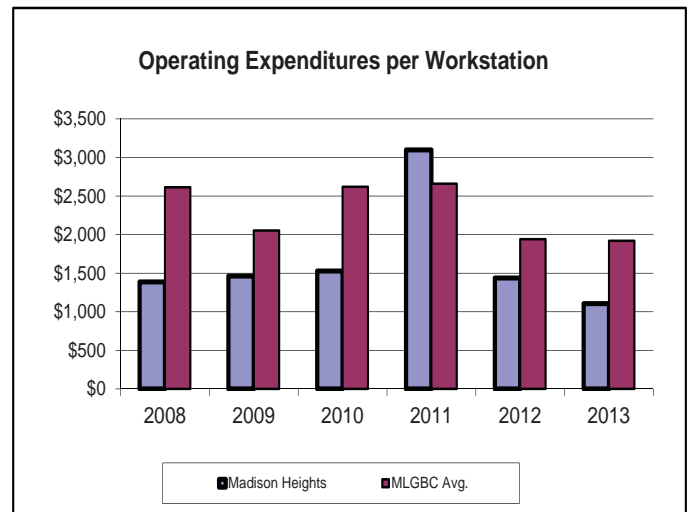
In FY 2013 Madison Heights reported an average cost per gallon of diesel fuel of \$3.55.

Information Technology (IT) Service



FY 2013 Rank 7th out of 12

In FY 2013 Madison Heights IT Department supported 22.08 applications per IT FTE of 2.

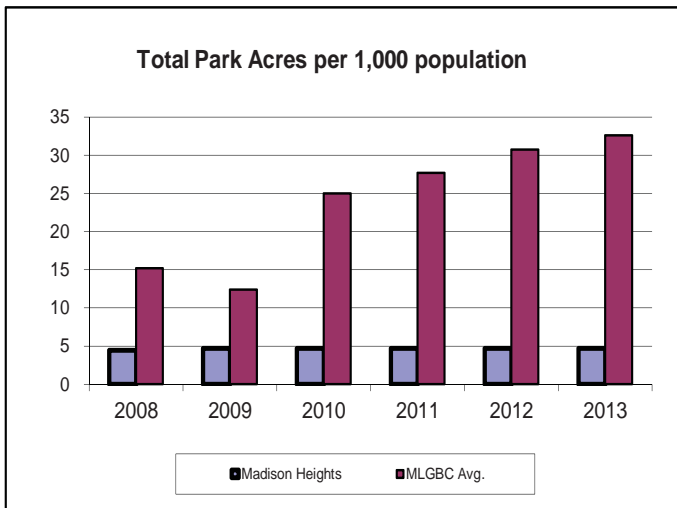


FY 2013 Rank 2nd out of 14

In FY 2013 Madison Heights IT Department had an operating expenditure per work station of \$1,106. This is lower than the average of \$1,920.

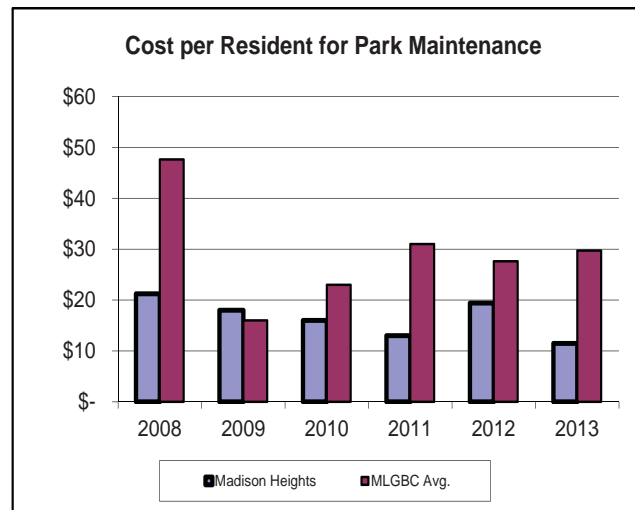
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Park Maintenance



FY 2013 Rank 15th out of 15

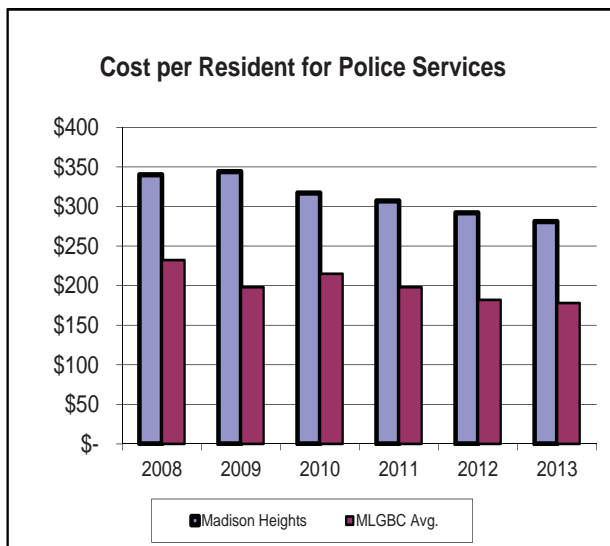
In FY 2013 Madison Heights had 4.7 park acres per 1,000 population. This is the lowest out of the reporting communities.



FY 2013 Rank 4th out of 12

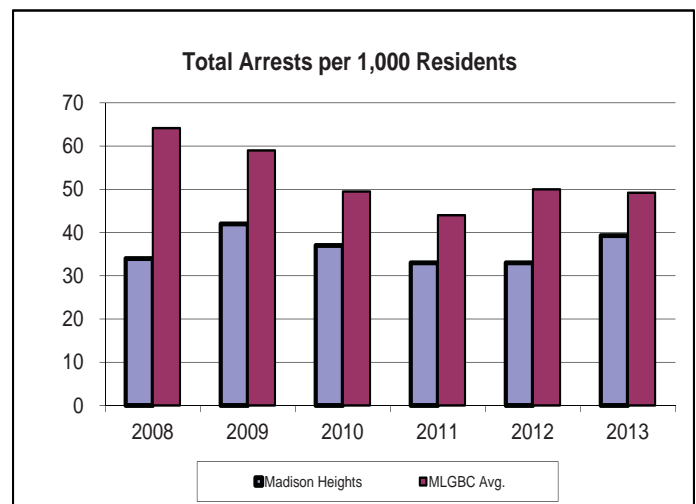
During FY 2013 Madison Heights averaged a cost of \$11.48 per resident for park maintenance as compared to the group average of \$30. This is the 4th lowest out of 12 reporting communities.

Police



FY 2013 Rank 12th out of 12

In FY 2013 Madison Heights reported a total cost per resident of \$281, compared to the group average of \$178. This placed the City 3rd out of the 12 reporting communities.

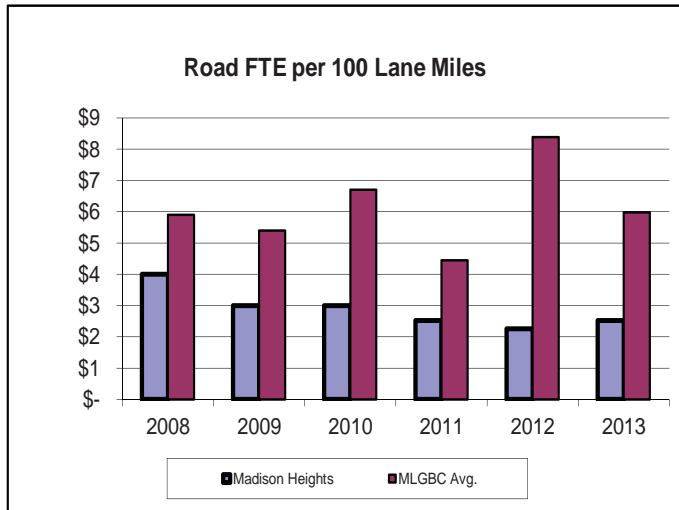


FY 2013 Rank 6th out of 12

In FY 2013 Madison Heights reported 39 arrests per 1,000 residents. This is the 6th lowest arrests per 1,000 residents of the 12 reporting communities.

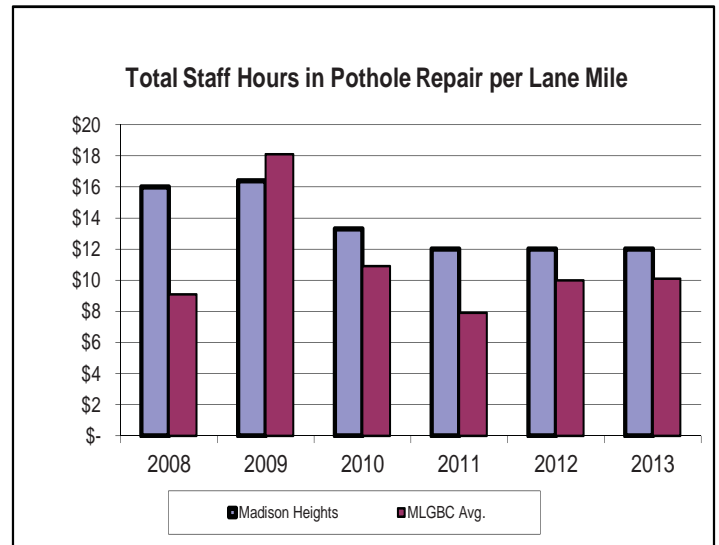
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Road Maintenance



FY 2013 Rank 2nd out of 10

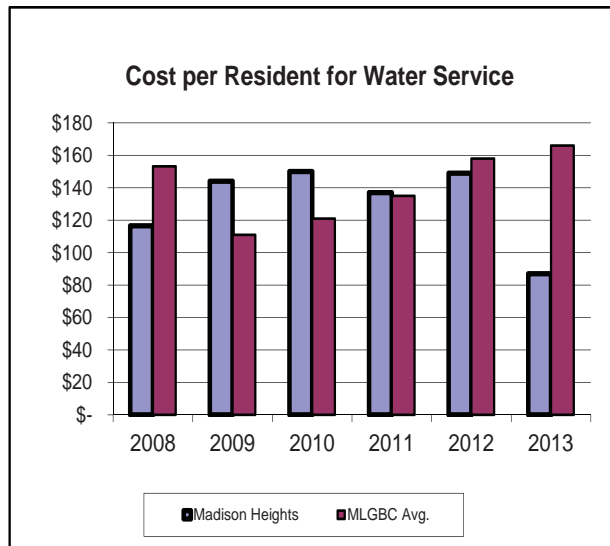
In FY 2013 Madison Heights had the second lowest full-time equivalent per 100 lane miles at 2.52, compared to 5.98 for the average.



FY 2013 Rank 6th out of 7

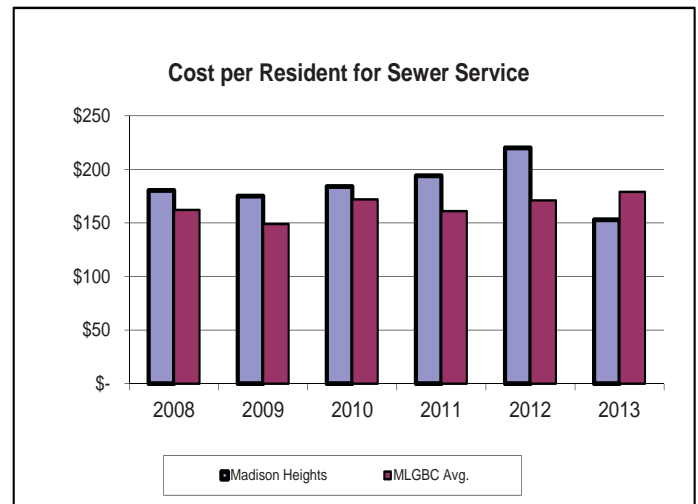
Madison Heights is the 6th highest out of 7 reporting communities for total staff hours in pothole repair per lane mile of 12 hours per mile, compared to the group average of 10.

Water and Sewer



FY 2013 Rank 4th out of 12

In FY 2013 Madison Heights's cost per resident for water was \$87 with the average at \$166. This is the 4th lowest out of 12 reporting communities.

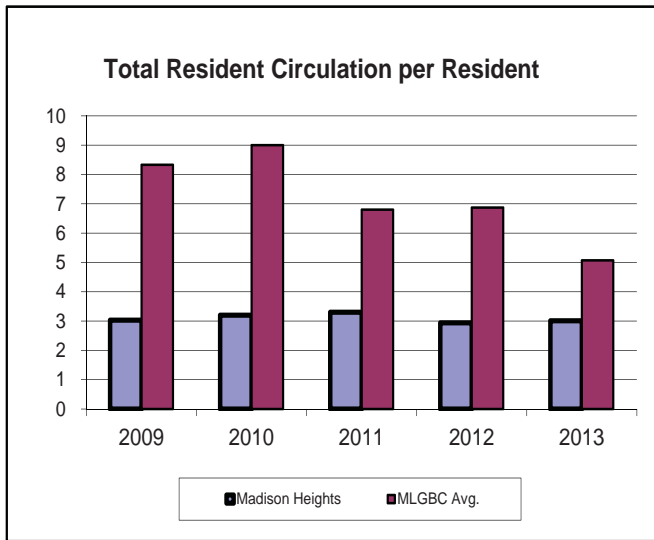


FY 2013 Rank 5th out of 12

In FY 2013 Madison Heights's cost per resident for sewer was \$153. This is the 5th lowest out of 12 reporting communities.

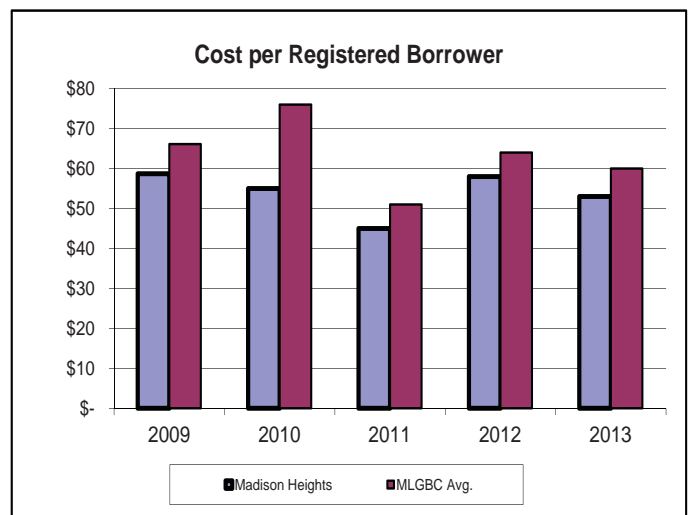
MICHIGAN LOCAL GOVERNMENT BENCHMARKING CONSORTIUM

Library



FY 2013 Rank 8th out of 8

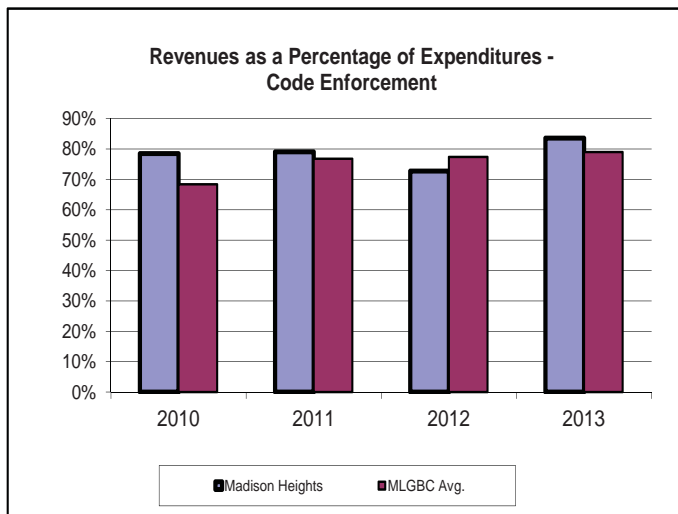
In FY 2013 Madison Heights had a circulation per resident of 3.01 which was the lowest out of the 8 communities reporting. The benchmarks for library services were added in FY 2009.



FY 2013 Rank 4th out of 7

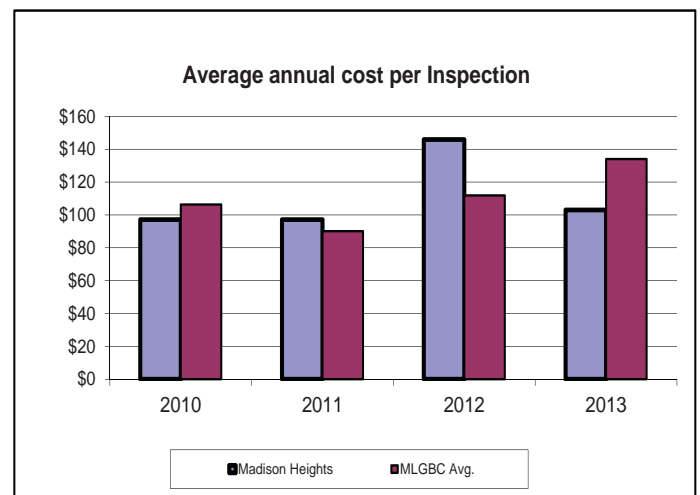
Madison Heights has the 4th lowest cost per registered borrower of the 7 reporting communities. The benchmarks for library services were added in FY 2009.

Code Enforcement and Building Inspection



FY 2013 Rank 2nd out of 4

In FY 2013 Madison Heights revenues as a percentage of expenditures for code enforcement were 83.6%. This is the 2nd lowest out of the 4 communities reporting. Benchmarks for Building Inspection and Code Enforcement were added in FY 2010.



FY 2013 Rank 3rd out of 4

In FY 2013 Madison Heights ranked 3rd in average cost per inspection out of the 4 communities reporting. Benchmarks for Building Inspection and Code Enforcement were added in FY 2010.

REVENUE CHAPTER

Revenue Overview

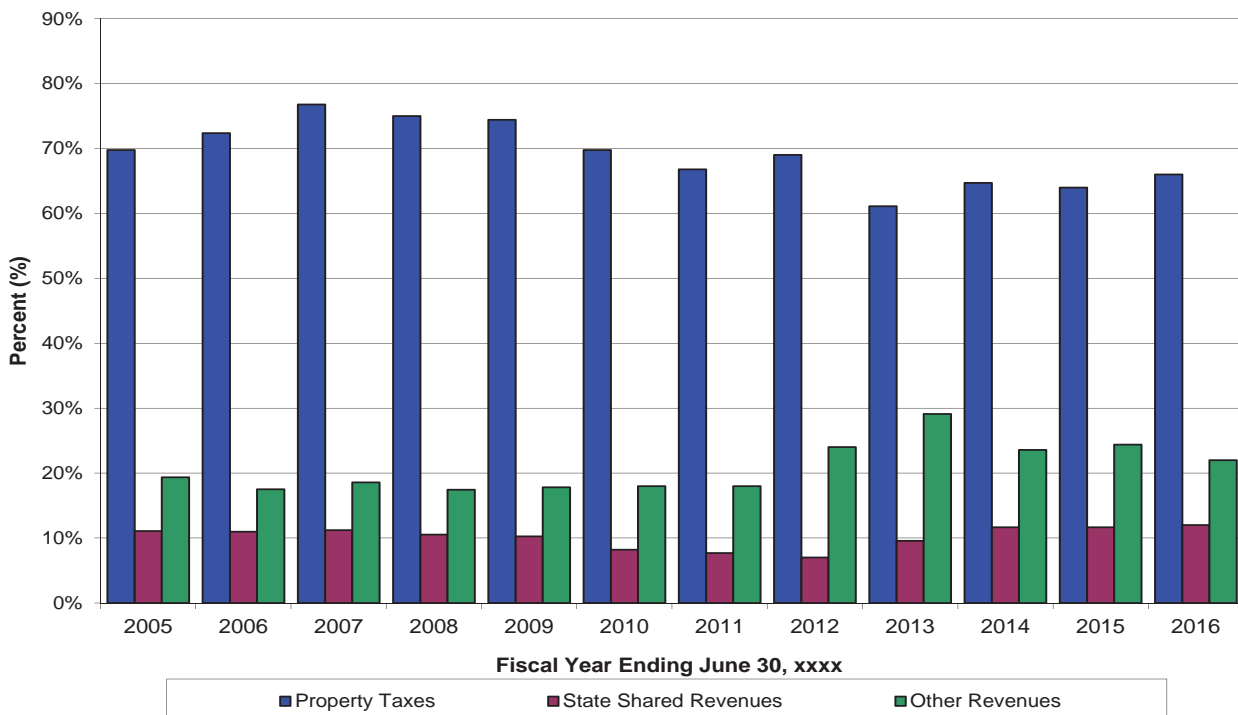
General Fund Revenues are budgeted at \$26.1 million for the FY 2015-16 ,with a planned use of fund balance of \$602,800. This represents an increase of \$1.14 million or 4.5% from FY 2014-15 Amended Budget revenues, factoring in the use of fund balance for FY 2016. Exclusive of the use of fund balance in revenues for FY 2016, budgeted revenues are up by \$921,000 or 3.8%. The majority of the revenue increases comes from a reduction in the amount of expected refunds for taxes. Beginning in FY 2011, the City had to refund significant amounts of taxes to taxpayers when tax tribunal cases were settled. Madison Heights was hit particularly hard by tax refunds due to the numerous commercial and industrial properties granted tax reductions during tax tribunals, as well as a settlement of backlogged cases. These large refunds began in FY 2011 and were budget to be \$537,100 in FY 2015. The budget for FY 2016 eliminates these refunds as the backlogged cases have been cleared and there are only nine (9) cases in the current year. The amount of refunds anticipated to be refunded from these cases is expected to be offset by collections of delinquent personal tax. The remaining amount of this change in taxes is related to increased taxable value of approximately 2.79%.

Factoring in the impact of the current inflation rate of 1.24%, General Fund revenues are up only 2.47%.

Base Budget Revenue Changes

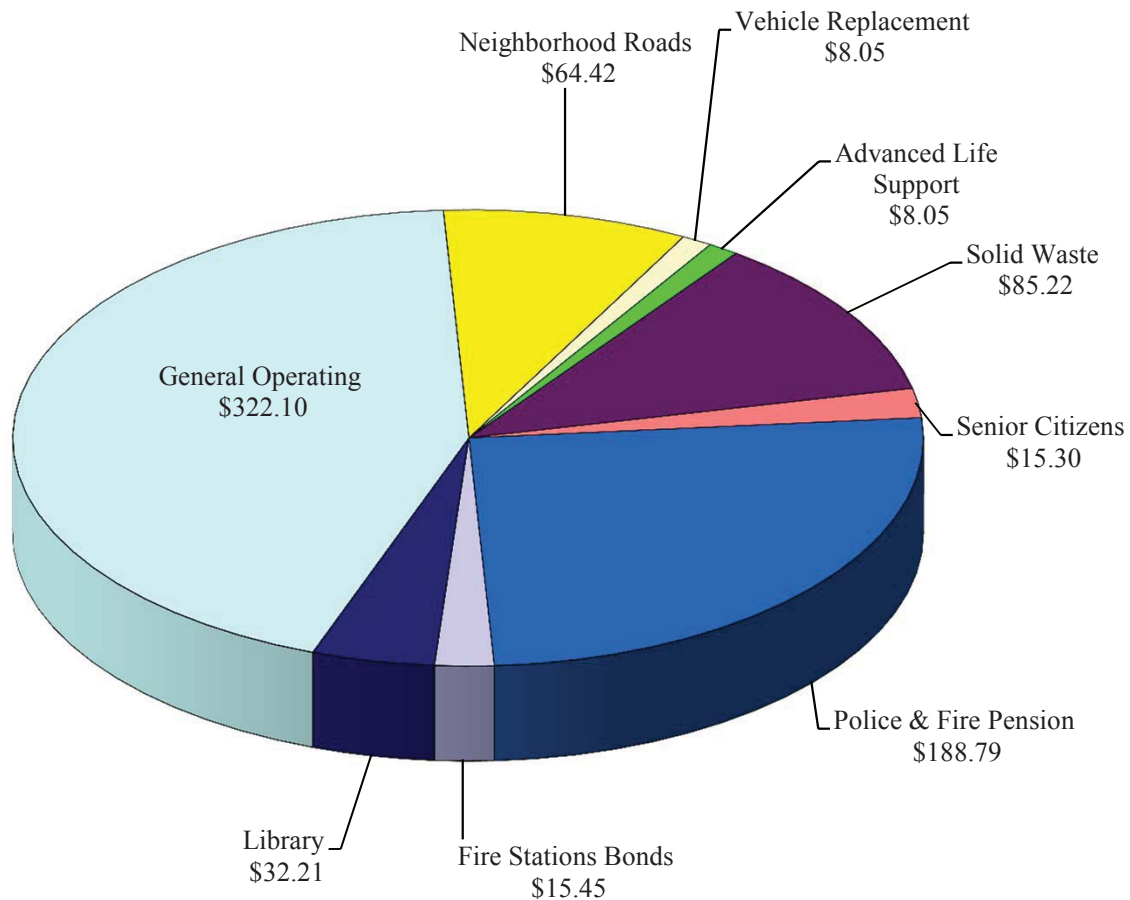
The composition of General Fund Revenues includes: Property Taxes at \$16.8 million or 66% of total General Fund Revenues; State Shared Revenues at \$3.0 million (12%); Court Related Revenues at \$1.7 million (6%); Charges to Other Funds of \$1.0 million (4%); Construction Permits at \$450,000 (2%); Ambulance/Rescue Insurance Reimbursement of \$500,000 (2%); Cable Television Fees in the amount of \$548,760 (2%); Charges for Services of \$243,940 (1%); and Other Revenues of \$1.3 (5%).

Percentage of General Fund Revenues



Average City Taxes - FY 2015-16
Based on Average Home Market Value of \$76,720
(Taxable Value of \$32,210)

Total of \$739.59



Approximately 57% of the City's taxes are restricted for specific purposes.

Property Tax Revenues

FY 2016 represents the first year since 2011 that we do not anticipate significant tax refunds due to tax tribunals. In FY 2015, refunds were budgeted to be \$537,093 which reduces overall taxable revenue. Based on the number of tax tribunal cases still outstanding and the assumption that the tax tribunal has already processed most parcels that are expected to appeal, staff are not budgeting any refunds. In addition to this change, real property taxable value is up by 0.58% or \$77,750 and personal property tax is up by 12.1%, which nets to an increase of 6.3%.

The rates displayed below are within the Charter limitations and the Headlee rollback limits. The FY 2015-16 combined City tax rate of 22.9618 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>2014-15</u>	<u>Tax Rate</u> <u>2015-16</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	0.4490	0.4751	0.0261	0.5000	0.4751
Police & Fire Pension	5.8155	5.8612	0.0457	as needed	as needed
Fire Stations Bond	0.5578	0.4798	(0.0780)	as needed	as needed
Library	<u>1.0000</u>	<u>1.0000</u>	<u>0.0000</u>	1.0000	1.0000
Total Millage	22.9680	22.9618	(0.0062)		

*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.

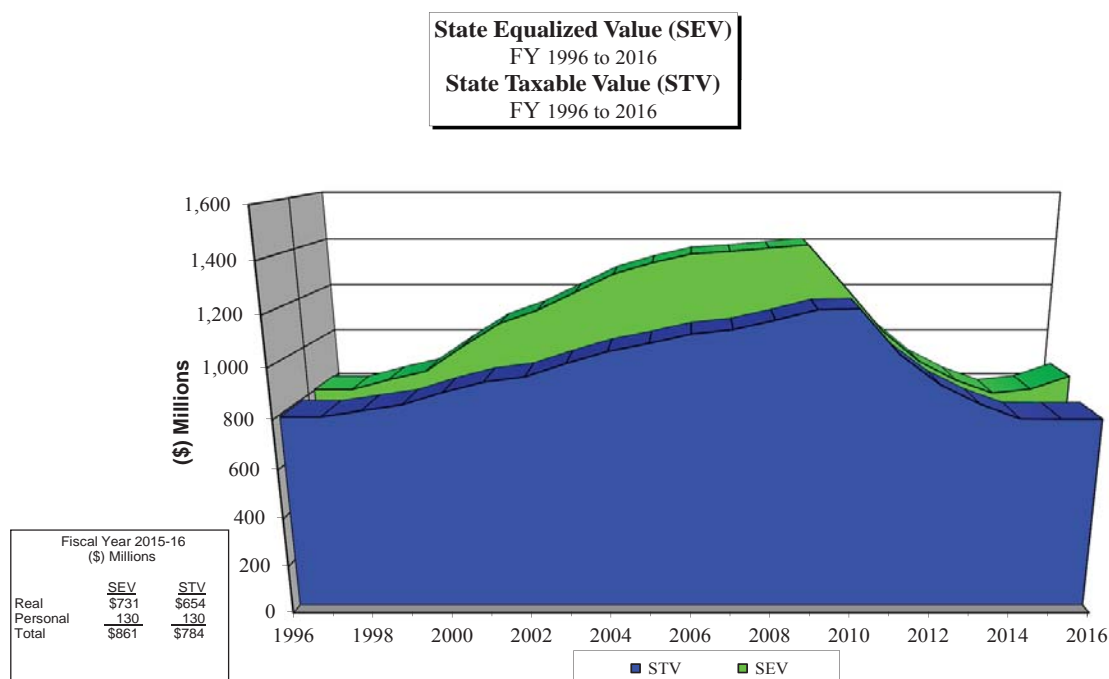
**Tax rate limits as established by the City Charter and various State laws. These limits are further subject to potential reduction as a result of the Headlee State Constitutional Amendment, which limits property tax increases related to the rate of inflation and Proposal "A" approved by State voters 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 10,082 single-family homes and condominiums in Madison Heights. The average home market value is \$76,720 (State Equalized Value is \$38,360) with a taxable value of \$32,210 and an average tax bill of \$740 for City services for Fiscal Year 2015-16.

Three of the ten millages have changing rates for FY 2015-16. The fire station bond millage is being decreased to utilize accumulated fund balance and state reimbursements for personal property reductions related to past legislation. The Senior Citizen millage is being raised to the Headlee limit in order to fund senior services and the Police and Fire Pension millage is increasing to cover budgeted City contributions. Overall, the millage is decreasing by 0.0062 of a mill for FY 2015-16.

Property Tax Base

The following chart illustrates the change in the State equalized value over the last seventeen 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 (46%), commercial (31%), industrial (8%) and personal property (15%).



Taxable property consists of 83.4% real (land and building) and 16.6% personal (equipment and fixtures).

This chart also illustrates the gap between equalized and taxable value. In FY 2016, the overall taxable value is estimated to essentially remain stagnant, with growth of 0.2% and equalized value increasing by 6.8%. It is anticipated that at least for the year, equalized value will continue to increase while taxable value will struggle to increase with residential and real property increases continuing to be offset by losses in personal property taxable value. Taxable value is also restricted due to the Headlee Amendment, so even when the City does have an annual increase in uncapped property values, we will not benefit monetarily, as uncapped values are treated as growth on existing property and trigger the Headlee millage rollback. Under the Headlee Amendment, the increase in the taxable value of property not transferred is capped at the lesser of inflation, or 5 percent.

Oakland County is responsible for collection of all property tax that goes unpaid as of March of 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 2015, the City has refunded a total of \$2,189,770 for settled or completed MTT cases. In Fiscal Year 2015, this refund amount was budgeted to be \$537,093. As detailed earlier in this chapter, FY 2016 includes zero for budgeted refunds, as it is anticipated collections for delinquent personal taxes and refunds balance out as they did prior to FY 2010.

Personal Property Tax Reform

In December 2012, Governor Rick Snyder signed a package of bills that collectively phased out the personal property tax (PPT) by providing exemptions for small parcels defined as personal property with a taxable value of \$40,000 or less and exemptions for eligible new and existing manufacturing personal property, beginning in 2014 for the small parcels and a 10-year phase-in starting in 2016 for the manufacturing personal property. The City estimated a loss of \$1.4 million from the small parcel exemption as it would affect 97% of all personal property parcels in the City. The manufacturing PPT exemption was estimated to cost the City \$9.6 million over the 10-year period (by 2022), inclusive of a \$341,000 loss by virtue of nine (9) current tax abatements becoming permanent. The legislation was predicated on voter approval in a State-wide election to be held in August 2014.

The 2012 legislation provided local units of government two potential sources of funding to partially replace lost PPT revenue. First, the new law allowed counties, cities, townships, and villages to levy what was called an “Essential Services Assessment” to replace 100% of the lost PPT revenue that would have funded police, fire, ambulance, and county jail services. Second, the law created a new Metropolitan Areas Metropolitan Authority (MAMA) that would receive a portion of the Michigan Use Tax and would be authorized to reimburse eligible local units for 80% of the lost PPT revenue used to support non-essential services. Again, the law was tied to voter-approval during the August 2014 Regular Election.

As the result of the extensive work by the Michigan Municipal League (MML) and lobbying on behalf of local governments, the State Legislature passed in March 2014 Senate Bills 821-830 which provide 100% reimbursement to local units for all lost PPT revenue, and which replaces the local Essential Services Assessment with a State assessment through a new Local Community Stabilization Authority. As voters approved the required language in August 2014, the State assessment and manufacturing property PPT phase out will begin in 2016. The small parcel exemption will begin with the 2014 Tax Year. The FY 2016 Budget continues a reduction in personal property tax revenue due to the small parcel exemption. The City has received the initial reimbursement for DDA district of \$21,129. Beginning in FY 2016, the Authority will calculate a reimbursement to locals for FY 2014 and FY 2015. This calculation is based on the percentage of FY 2012 General Fund revenues used to fund essential services and must be included in the FY 2014 annual financial report.

State Shared Revenues

The City’s second largest source of General Fund Revenue is State Shared Revenues, which amount to \$3.0 million or 12% of the Budget.

State Shared Revenues are taxes collected by State government and then transferred back to local units of government. Michigan currently has two forms of revenue sharing payments: constitutional and statutory.

- Constitutional

Article IX, Section 10, of the Michigan Constitution requires that “[F]ifteen 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 2015 budget projects a total distribution under this constitutional provision of \$764.9 million, representing a \$19.4 million or 3% increase state-wide over the prior fiscal year based on estimated sales tax collections.

- Statutory - City, Village and Township Revenue Sharing

Beginning in FY 2014-15, the Legislature established the City, Village, and Township Revenue Sharing (CVTRS) program to simplify the Economic Vitality Incentive Program (EVIP). Each eligible local unit must meet all of the requirements of Accountability and Transparency in order to receive the full CVTRS payments, eliminating the consolidation of services plan and an unfunded accrued liability plan requirement.

Under this new legislation, cities like Madison Heights that had a FY 2010 statutory payment greater than \$4,500 and a population greater than 7,500 will receive the greater of the “Percent Payment” or “Population Payment”. In FY 2016, this total for the City is budgeted to be \$523,046.

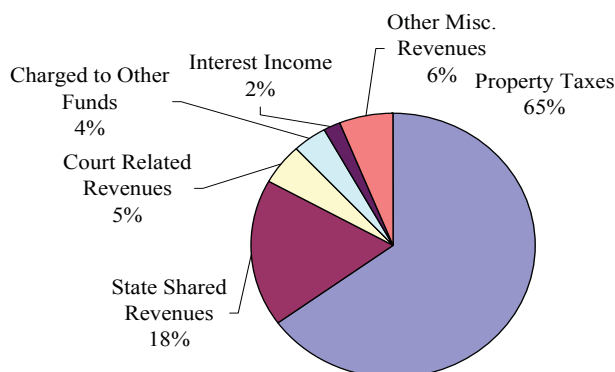
In order to receive this money, the City must make required documents available to the State Treasury office and have them available for public viewing in the City, or on a publicly accessible Internet site. These required documents include a certification of accountability and transparency, a citizen’s guide including unfunded liabilities, a performance dashboard, and a debt service report. As of the publication of this document, all the required documents can be found on www.madison-heights.org.

- Impact on City Budget

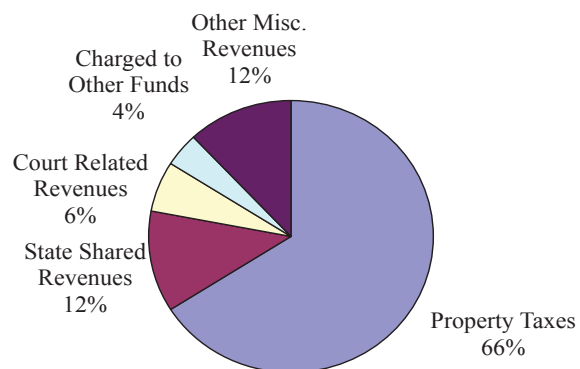
Budgeted State Shared Revenues are projected to increase 2.7% when compared to the amended FY 2015 Budget. The Constitutional Sales Tax portion is budgeted at \$2.4 million in FY 2016, which is a 3% increase reflecting the overall state-wide increase.

For budget purposes, the City assumed it will meet all CVTRS requirements and planned for an increase in CVTRS. CVTRS payments are budgeted at our maximum allocation of \$523,046.

Major Revenues in FY 2000-01



Major Revenues in FY 2015-16



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 2015-16 they are only 12% of the total.

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 (\$1.7 million), which are used to partially offset the cost of operating our State-mandated District Court and Police Department.

The fourth significant revenue is departmental charges, which is budgeted at \$968,580. These revenues are based on charges to the Major Street Fund (\$124,000); Local Street Fund (\$178,000); and Water and Sewer Fund (\$666,000) 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 \$160,000 for FY 2016. 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 - Based on the Governor's FY 2016 Proposed Budget, Constitutional State Shared Revenues (SSR) are budgeted to increase 3% and City, Village and Township Revenue Sharing (CVTRS) is budgeted to increase 1.7%. For more information on SSR, see the SSR section of this chapter.
- 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 (Water and Sewer), time analysis, and costs for parts and labor, outside work, fuel, personnel, and insurance (Motor Pool).
- Interest Income – A conservative 2.0% return is assumed on cash reserves for general investments. In accordance with PA 404 of 2008, the cash reserves from the Parks Maintenance Fund are invested in a long-term portfolio to maximize investment returns. Interest income for the Parks Maintenance Fund is budgeted to be 4.0%.
- Gas & Weight Tax – Michigan Department of Transportation estimated Act 51 Revenues as a 1.0% increase exclusive of any additional road funding currently being proposed to voters in May 2015.

- Water Sales and Sewage Disposal – Detroit Water and Sewage Department has announced an 11.32% combined increase to Madison Heights for water usage in FY 2016. Oakland County has estimated an increase of 3% for sewage disposal. This contributed to a proposed combined rate increase to Madison Heights Water and Sewage customers in FY 2016 of 7.06% or \$8.49 per unit in FY 2016, up from \$7.93 per unit in FY 2015.
- 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 \$1.3 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 62% of Major Street revenues. Other revenues include reimbursements from the Road Commissions of Oakland and Macomb Counties for winter and summer maintenance by the City on County roads and berm areas, interest income, a transfer in from Local Street Fund, and Federal funds from the National High Priority Project Grant. FY 2016 also has a budgeted use of fund balance of \$429,169.

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 \$641,000, only provide 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 \$1.6 million in FY 2016 and an estimated \$19 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 \$45,000 and a loan repayment from Special Assessment Revolving Fund budgeted to be \$78,430 in FY 2016. The projected draw down of fund balance to complete scheduled neighborhood road reconstruction projects for FY 2016 is projected at \$1.0 million.

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 \$26,800 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 2016 is \$5,414.

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 80% over the last five years from \$243,100 in FY 2009-10 to \$48,514 for FY 2016. The FY 2016 budget also includes a \$9,909 use of fund balance.

Drug Forfeiture Fund

The Fund is used to account for revenues (FY 2016, \$10,000) generated by the Madison Heights Police Department through drug forfeitures related to enforcement of drug laws pursuant to Public Act 251 of 1982. The FY 2016 budget also includes a use of fund balance of \$40,745.

Community Improvement Fund

Community Improvement revenues are provided by the Federal Housing and Urban Development (HUD) Department for the Community Development Block Grants (CDBG) program. HUD monies for the CDBG program are estimated to be \$118,000 for FY 2016. This program is administered by Oakland County and provided reimbursement 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.

Special Assessment Revolving Fund

Revenues to this Fund include property owner principal and interest payments from prior years' road and sidewalk projects (\$250,270). Other revenues include interest earned on fund balance (\$5,000), transfers from Local Streets (\$20,000) for key flags sidewalks/ramps at intersections and a \$43,786 contribution of fund balance. These assessments are being repaid over 3 to 15 years 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 \$379,000 this year to make principal and interest payments. At June 30, 2014, this fund had a fund balance of \$22,900, which is being programmed in FY 2016 to reduce the millage for principal and interest payments.

Water and Sewer Fund

Water and Sewer Fund revenues are generated through user charges to residential and commercial customers based on water usage. Revenues from water and sewer user charges comprise 36% and 54% respectively of the revenues of this fund. The FY 2016 budget includes a water rate increase of 11.32% and a sewer rate increase of 3%, for a combined increase to our customers of 7.06%. This budget includes a use of net restricted assets in the amount of \$945,000 to fund "non-R" water main replacements. 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 (\$1,050,135) and Water and Sewer Fund (\$78,749). 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 \$5.7 million. The following table reflects the audited Fund Balance for the years ended June 30, 2013 and 2014:

FUND BALANCE	ACTUAL FY 2012-13	ACTUAL FY 2013-14	CHANGE FY 12-13 vs 13-14
Unreserved:			
Assigned:			
Vested Employee Benefits	\$2,287,483	\$2,235,296	\$(52,187)
Retained Insurance Risks	721,706	2,013,550	1,291,844
Capital Improvements	0	527,357	527,357
Postemployment Benefits	0	439,540	439,540
Technology Improvements	18,000	100,000	82,000
Subsequent Year's Expenditures	<u>785,165</u>	<u>385,835</u>	<u>(399,330)</u>
Total Assigned	\$3,812,354	\$5,701,578	\$1,889,224
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Total Unreserved Fund Balance	\$3,812,354	\$5,701,578	\$1,889,224

Assigned Funds

Assigned Fund Balance falls into four categories: funds designated for vested employee benefits; retained insurance risks; 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 \$2.2 million last year and makes up 39.2% 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. In August 2014, the City experienced a 300-year flood event, causing significant damage to the lower level of City Hall and the 43rd District Court, as well as loss of sixteen (16) municipal vehicles. In September 2014, when the 2014 financial statements were completed, damage and related expenses were still being determined. Staff assigned \$2,013,550 from fund balance for insurance risk.

With the decreases in revenue sharing and property tax, and increasing prices, the general maintenance and upkeep of City facilities and technology have become a heavy burden to support and in some situations has been deferred for years. As of June 30, 2014, the assignment for future capital improvements was included at \$527,357 and the assigned amount for technology improvements was increased to \$100,000.

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, 2014, those carry-forward purchase designated funds of \$385,835 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 either nonspendable, 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. As of June 30, 2014, the City had restricted funds in the amount of \$683,427. Of this amount, \$606,097 is restricted for future vehicles purchased through Proposal "V", and \$77,330 is restricted for Proposal "L" (Library) expenses.

Changes in Fund Balance

The FY 2016 budget proposes a use of Fund Balance of \$602,778. The City Council has adopted a financial policy to maintain a minimum of 10% of current year expenditures in fund balance. At the end of FY 2016, we are budgeted to have 18.04%.

**ALL FUNDS SUMMARY
CHANGES IN PROJECTED
FUND BALANCE/RETAINED EARNINGS
FISCAL YEAR 2015-16**

Fund	Beginning Balance	Revenues	Expenditures	Ending Balance	Percent Change In Fund Balance
General Fund ⁽¹⁾	\$ 5,315,743	\$ 25,521,810	\$ 26,124,588	\$ 4,712,965	(11.3)
Major Street ⁽²⁾	693,896	1,612,932	2,042,101	264,727	(61.8)
Local Street - Non Proposal R ⁽³⁾	208,928	685,952	639,418	255,462	22.3
Local Street - Proposal R ⁽³⁾	1,784,104	1,658,028	2,666,000	776,132	(56.5)
Parks Maintenance and Improvements	684,380	28,300	33,714	678,966	(0.8)
Downtown Development Authority	57,300	38,605	48,514	47,391	(17.3)
Police Drug Forfeiture	77,888	10,250	50,995	37,143	(52.3)
Community Improvement Program	3,596	117,789	117,789	3,596	0
Special Assessment Revolving	823,815	275,270	231,484	867,601	5.3
Fire Stations Construction and Bond Funds	22,971	379,110	402,010	71	(99.7)
Water and Sewer Fund ⁽⁴⁾	9,072,459	12,857,631	13,802,631	8,127,459	(10.4)
Motor Pool and Equipment Fund	0	1,128,884	1,128,884	-	0
Total	\$ 18,745,080	\$ 44,314,561	\$ 47,288,128	\$ 15,771,513	(15.9)

- (1) The General Fund is budgeted to use \$602,778 in fund balance during Fiscal Year 2016. Considering this planned use of fund balance the General Fund is projected to have a fund balance of \$4,713,000 or 18% of expenditures at June 30, 2016.
- (2) The Major Street Fund is budgeted use \$429,169 in fund balance. At June 30, 2016, the fund balance is projected to be \$264,727.
- (3) The Local Street Fund has two components of fund balance. The first includes non-Proposal R revenues which are expected to exceed expenditures by \$46,500 in FY 2016. 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. At June 30, 2016, the fund balance for Proposal R projects is projected to be \$776,132.
- (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, 2015, the cash balance is projected to be \$7,992,504 and \$7,047,504 at June 30, 2016.

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 City-wide 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

Written financial 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 Management, Budget and Expenditures, 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 will establish a financial forecast to be updated annually, focusing on a four-year horizon combined with the current year for a five-year outlook.
2. The City will evaluate alternative means of services delivery when opportunities arise to ensure that services are being provided to our residents at the most economical cost.
3. The City will attempt to maintain its present service level for all priority and essential services within the existing property tax millage limits.

Budget and Expenditure Policies

1. The City must adopt a balanced budget annually. A balanced budget is when total budgeted revenues are equal to total 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 maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues and expenditures to budgeted amounts.
3. The City will emphasize efforts to reduce expenditures in major cost centers (e.g. energy, medical insurance premiums, self-insurance liability premiums, communications, information technology, pension costs, worker's compensation premiums and other fringe benefits).
4. 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 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 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.
5. 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, 2014, the City has assigned General Fund Fund Balance for vested employee benefits (\$2,235,296), retained insurance risk (\$2,013,550), technology improvements (\$100,000), subsequent year's expenditures (\$385,835), other post employment benefits (\$439,540), and capital improvements (\$527,357) for a total of \$5,701,578.

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 Deputy 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 are related to a grant opportunity will receive priority consideration.
 - b. Projects that implement a shared service or interlocal agreement will receive priority consideration.
 - c. Projects specifically included in an approved replacement schedule will receive priority consideration.
 - d. Projects that reduce the cost of operations or energy consumption will receive priority consideration.
 - e. Projects that duplicate other public and/or private services will not be considered.
 - f. 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.

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 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. 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. 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 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 Process

September to mid-November	Staff financial team develops five year financial forecast and future funding presentation
November	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
Mid to 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
Late January/Early February	Staff proposes and Council reviews and approves amendments, if needed (no special notices or public hearing required)
Early February	Deadline for submission of department budgets
February to Early March	City Manager's review of budget request with Department Heads
March	Staff compiles draft budget and City Manager prepares Budget message and narrative chapters
Early April	City Manager and staff resolve remaining budget concerns and other questions
By Mid April	Staff produces Proposed Budget for submission to City Council
Late April	Council Budget Workshop Session(s)
April	Deputy City Manager for Administrative Services and City Clerk publish notice of public hearing on millage rates and budget adoption
By the 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 June	Staff proposes and Council reviews and approves year-end budget amendments, if needed (no special notices or public hearing required)

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 \$20.4 million or 43.3 percent of all funds appropriation totals. The budget for the personal services accounts are up a combined \$961,300, or 4.9%, principally due to increases in the City's pension contributions, retiree health care contributions and health insurance premiums. In the General Fund, personal services make up over \$17.97 million or 68.8 percent of the budget. The Budget includes a total net reduction of 2.3 full-time equivalencies (FTEs), a continued wage freeze for five of the eight bargaining units, and a change of five unpaid holidays to paid status, effective July 1, 2015.

Status of Labor Negotiations

As of July 1, 2014, 136 of 143 full-time City employees, or 95%, belong to one of eight bargaining units. Given the 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, 2016. The labor agreements for the three unions covered under Act 312 include a wage reopener for July 1, 2015 - June 30, 2016. As of the printing of this document, the City has already met with the Police Officers union regarding the wage reopener, with the intent to resolve this issue with all three Act 312-eligible groups prior to July 1, 2016. For more details on employee cost and negotiated changes, please refer to the Personnel Chapter.

Pensions

The 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 27.94%, of total wages based on the City Actuary's 2014 recommended contribution rate. In regard to the

MERS plan, the pension contribution is budgeted by union group, averaging \$23,687 per year per general employee.

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.

Medical Costs

- Health Care Coverage - Current Employees

The second largest fringe benefit cost is \$1.9 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. On July 1, 2013, the City implemented the employee 20% medical premium sharing for all groups in accordance with PA 152.

The City's projected medical insurance premiums for active employees are budgeted at \$7,311 single, \$17,546 couple and \$21,932 family per year effective July 1, 2015.

As of the conclusion of the last round of negotiations, the City has in place a 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. In the most recent round of negotiations, non-Police and Fire bargaining groups agreed that the City will contribute this \$125 into a Flexible Spending Account (FSA), a tax-advantaged account used for eligible medical expenses for the employees and eligible dependents. The Police and Fire bargaining units elected to have the \$125 added to their taxable uniform allowance.

In January 2015, the City, working with our healthcare consultant, Cornerstone, and the Cities of Ferndale and Royal Oak, opened the region's first municipal employer-sponsored employee health and wellness center. The participating Cities, which are self-insured, realize savings by reducing the number of visits through traditional insurance plans and eliminating the mark-up for traditional office overhead, diagnostic tests, and prescriptions. For more details on the MiLife Center, please refer to the Personnel Chapter.

- Health Care Coverage - Retirees

The budget for these line items is being offset by a shift in expenses to the two Retiree Health Care Trusts. The total monthly premiums for retirees has been shifted from pay-as-you-go expenditures to monthly expenses of the General Employees Retiree Health Care Trusts, effective in 2013 and 2014 for sworn Police and Fire employees.

- 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.

The most recent actuarial study is as of June 30, 2012. At that time, the unfunded liability was 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 6.13% and 54.31% of payroll for General employees.

- Dental Coverage

All employees receive 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 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.

The City has seen initial success with self-funding our workers' compensation program, and calculates the savings from FY 2011 through FY 2014 to be \$806,456.

- Other Benefits

In January 2015, the City's Optical Insurance Plan was changed by the provider. This change opened a network of providers and offered more current coverage for lenses. The cost of this plan increased the City's cost from a flat \$95 per year per employee to a tiered system: \$58.32 for single coverage; \$105 for couple; and \$163 for family.

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, based on the Federal government's annual increase in the maximum wage subject to 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 new Police and Fire employees.

Supplies and Other Services and Charges

In the non-personal service areas of supplies, the department's budgets have increased 9% overall across all funds. This increase is largely due to increases in computer replacements and recreation and senior program activity supplies, and water purchase cost. The area of Other Services and Charges increased 6%. This increase is related to contracting out the information technology function, a planned contract increase for the City's waste hauler (which is following five years of no increases), and increased sewage disposal charges.

Capital Outlay

Capital Outlay purchases total \$7.6 million for all funds including \$1.2 million for the General Fund. The majority of purchases are funded through dedicated millages (Proposal "V-2", "R-2" and "L"). The General Fund purchases that are not being funded through a dedicated millage include improvements to City owned property, such as the replacement of HVAC units at the 43rd District Court, carpet and blinds in areas of City Hall and the Senior Center, phase one of three for the replacement of underground gasoline and diesel fuel storage tanks, Red Oaks Friendship Woods Nature Center Parking Lot improvements, Civic Center Park Walking path replacements, and waterproofing of the library exterior walls. In addition to these improvements, the General Fund budget also includes the following equipment purchases: upgrade of the BS&A software for animal and business licenses, phone system upgrades including switches, exchange email server, Server Room Uninterruptible Power Supply (UPS), 15 in-car video camera and system related equipment, voice link transmitters for the Police Department, and one livescan operating computer and fingerprint palm scanner.

Other Funds include a capital outlay of \$6.4 million. The majority of this amount (\$3.8 million) is budgeted for road rehabilitation and reconstruction projects including R-2 dedicated millage projects, major roads sectional work, and the sidewalk repair and gap program. \$2.2 million is budgeted for water main replacement. The remaining planned purchases include a portion of the 15 in-car video cameras and related equipment, one updated Neptune AMR collector, a motorpool auto-lift with 10,000 lb. capacity, phase one funding of a replacement box van, resurfacing of the DPS parking lot, and phase one funding for replacing the DPS salt containment structure.

More details on these purchases including the budgeted dollar amounts can be found in the Department Chapters, Capital Improvement Plan and the Capital Outlay section of the policy documents.

ALL FUNDS SUMMARY

FISCAL YEAR 2015-16

Activity	General Fund	Major Street	Local Street	Parks Maintenance & Improvement	Downtown Development Authority	Police Drug Forfeiture
City Council	\$ 53,803	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District Court	1,746,747	0	0	0	0	0
City Manager	317,864	0	0	0	0	0
Elections	73,745	0	0	0	0	0
City Assessor	222,173	0	0	0	0	0
Legal	293,695	0	0	0	0	0
City Clerk	305,375	0	0	0	0	0
Personnel	496,575	0	0	0	0	0
Board of Review	3,023	0	0	0	0	0
General Administration	272,535	0	0	0	0	0
Finance	881,987	0	0	0	0	0
Information Technology	396,545	0	0	0	0	0
Municipal Building	79,394	0	0	0	0	0
Custodial & Maintenance	185,557	0	0	0	0	0
Police	8,957,245	0	0	0	0	50,995
Fire	4,991,938	0	0	0	0	0
Community Development	1,158,814	0	0	0	11,714	0
Streets	1,445,376	2,042,101	3,145,418	0	0	0
Solid Waste	2,065,443	0	0	0	0	0
Recreation	134,342	0	0	0	0	0
Nature Center	58,052	0	0	0	0	0
Parks	470,435	0	0	33,714	0	0
Senior Citizens	354,198	0	0	0	0	0
Library	734,988	0	0	0	0	0
Water and Sewer	0	0	0	0	0	0
Insurance/Bonds/Transfers	424,739	0	160,000	0	36,800	0
Motor Pool	0	0	0	0	0	0
Total Appropriations	<u>\$ 26,124,588</u>	<u>\$ 2,042,101</u>	<u>\$ 3,305,418</u>	<u>\$ 33,714</u>	<u>\$ 48,514</u>	<u>\$ 50,995</u>

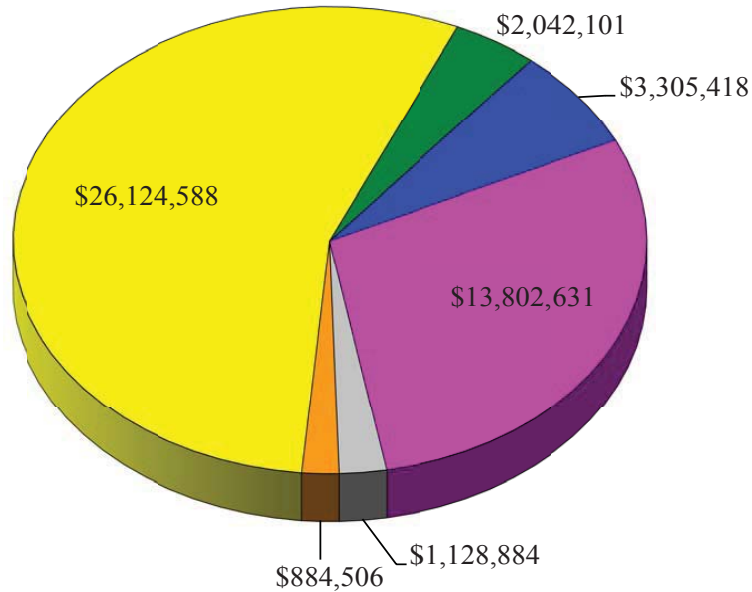
ALL FUNDS SUMMARY

FISCAL YEAR 2015-16

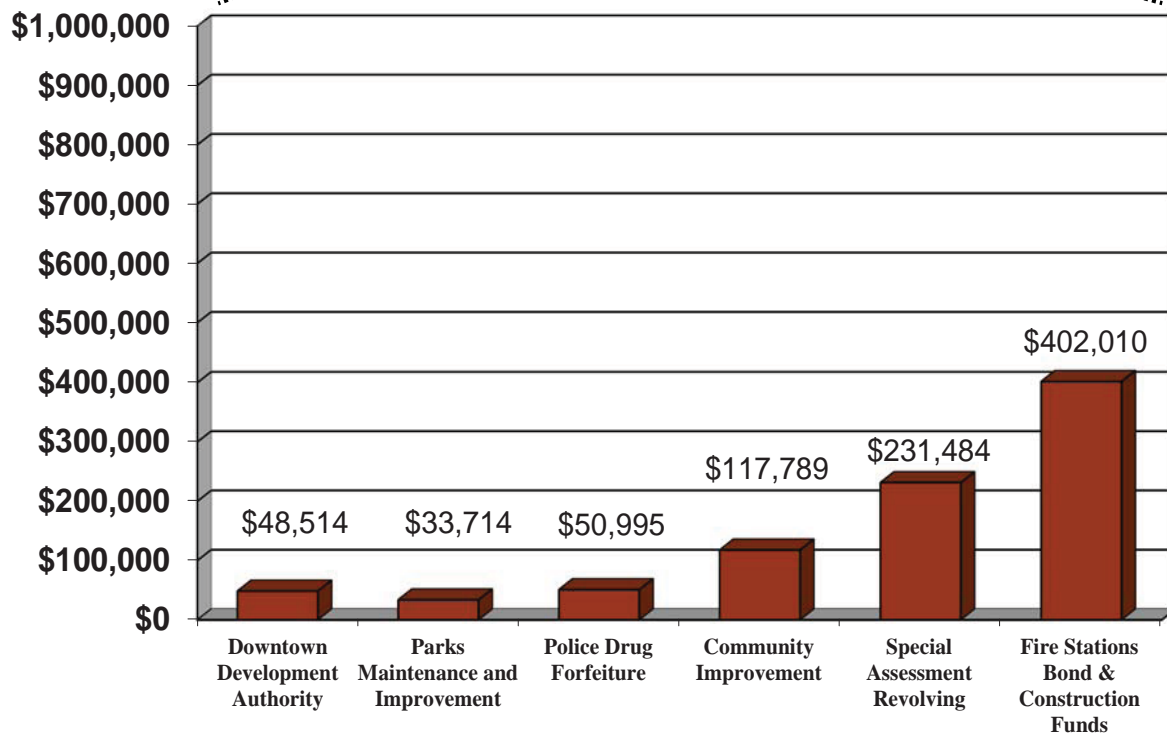
Community Improvement	Special Assessment Revolving	Fire Station Debt Fund	Water and Sewer Fund	Motor Pool and Equipment Fund	Total	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,803	City Council
0	0	0	0	0	1,746,747	District Court
0	0	0	0	0	317,864	City Manager
0	0	0	0	0	73,745	Elections
0	0	0	0	0	222,173	City Assessor
0	0	0	0	0	293,695	City Attorney
0	0	0	0	0	305,375	City Clerk
0	0	0	0	0	496,575	Personnel
0	0	0	0	0	3,023	Board of Review
0	0	0	0	0	272,535	General Administration
0	0	0	0	0	881,987	Finance
0	0	0	0	0	396,545	Information Technology
0	0	0	0	0	79,394	Municipal Building
0	0	0	0	0	185,557	Custodial & Maintenance
0	0	0	0	0	9,008,240	Police Department
0	0	0	0	0	4,991,938	Fire
117,789	0	0	0	0	1,288,317	Community Development
0	153,054	0	0	0	6,785,949	Streets
0	0	0	0	0	2,065,443	Solid Waste
0	0	0	0	0	134,342	Recreation
0	0	0	0	0	58,052	Nature Center
0	0	0	0	0	504,149	Parks
0	0	0	0	0	354,198	Senior Citizen
0	0	0	0	0	734,988	Library
0	0	0	12,769,490	0	12,769,490	Water and Sewer
0	78,430	402,010	1,033,141	0	2,135,120	Insurance/Bonds/Transfers
0	0	0	0	1,128,884	1,128,884	Motor Pool
<u>\$ 117,789</u>	<u>\$ 231,484</u>	<u>\$ 402,010</u>	<u>\$ 13,802,631</u>	<u>\$ 1,128,884</u>	<u>\$ 47,288,128</u>	Total Appropriations

ALL FUNDS APPROPRIATIONS

FISCAL YEAR 2015-16



Other Funds



Almost 85% of the City's operations are supported through the General Fund (55.3%) and the Water and Sewer Fund (29.2%).

ALL FUNDS APPROPRIATIONS
PER STATE OF MICHIGAN DETAILED CATEGORY CLASSES
FISCAL YEAR 2015-16

Activity	Personal Services	Supplies	Other Services & Charges	Capital Outlay	Total
City Council	\$ 49,517	\$ 322	\$ 3,964	\$ 0	\$ 53,803
District Court	1,258,510	33,300	347,437	107,500	1,746,747
City Manager	308,243	300	9,321	0	317,864
Elections	59,122	8,385	6,238	0	73,745
City Assessor	0	0	222,173	0	222,173
Legal	0	7,500	286,195	0	293,695
City Clerk	272,188	4,150	14,902	14,135	305,375
Human Resources	215,831	0	280,744	0	496,575
Board of Review	2,373	0	650	0	3,023
General Administration	108,891	45,100	118,544	0	272,535
Finance	804,497	5,000	72,490	0	881,987
Information Technology	0	25,045	196,000	175,500	396,545
Municipal Building	0	0	59,394	20,000	79,394
Custodial & Maintenance	18,670	17,250	149,637	0	185,557
Police	8,021,973	62,100	698,176	225,991	9,008,240
Fire	4,335,880	69,425	511,128	77,000	4,993,433
Community Development	1,023,082	8,000	257,235	0	1,288,317
Streets	806,079	310,762	1,375,108	4,294,000	6,785,949
Solid Waste	436,657	17,012	1,595,774	16,000	2,065,443
Recreation	49,798	19,659	64,885	0	134,342
Nature Center	0	0	8,052	50,000	58,052
Parks	237,948	31,350	121,851	113,000	504,149
Senior Citizens	171,897	90,718	84,083	7,500	354,198
Library	512,268	5,000	120,513	97,207	734,988
Insurance, Bonds and Transfers	0	0	699,969	0	699,969
Debt Service	0	0	1,433,656	0	1,433,656
Water and Sewer	1,305,436	2,513,253	6,474,968	2,475,833	12,769,490
Motorpool	422,745	279,600	426,539	0	1,128,884
Total Appropriations	\$ 20,421,605	\$ 3,553,231	\$ 15,639,626	\$ 7,673,666	\$ 47,288,128

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 (Non-Fire/EMS)	\$1,000 deductible and \$15,000 each vehicle; \$30,000 per occurrence	\$1,500,000 per occurrence
Fire/EMS Vehicle Replacement Cost	\$1,000 deductible per occurrence	
Property	\$1,000 deductible	\$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 \$400,000 per fiscal year.

The City's policy is to record premium payments to the Authority as expenditures of the participating funds. At June 30, 2014, the City had member reserves of \$169,597 with the Authority. It is estimated that \$264,728 is needed to pay claims reported to date; the amount to be paid for claims incurred, but not yet reported cannot 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 being 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 cost the City \$721,896 over the past four years (FY 2011-2014), which has saved the City an estimated \$667,800 over the same period. 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", and outlines the requirements for: liability, property, fire damage, medical and vehicle insurances; indemnification, defend and hold harmless agreements; and participant liability release. The policy is periodically reviewed by staff and the City's Risk Manager to determine the need for further modification.

DEBT ADMINISTRATION

The City's current General Fund outstanding long-term debt is \$5.9 million. This amount includes \$2.3 million of vested employee benefits; \$395,223 reserve for worker's compensation insurance claim funds, \$165,669 for general liability insurance; and \$3.2 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 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 December 2013 when S&P upgraded the City's rating from A+/Stable to AA- due to continued 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, 2015, the City will be at 5.29% of the City's debt limit of \$81.7 million, which is based on 10% of assessed valuation. The City has general obligation bonds outstanding in the amount of \$3,185,000 of an original \$5,925,000 Fire Station Bond issue and \$1.1 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 \$7.0 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, 2015:

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 \$3.185 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 \$7.0 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 \$1.1 million principal remaining.

LEGAL DEBT MARGIN
(amounts expressed in thousands)
June 30, 2015

Calculation of debt limit:	2011	2012	2013	2014	2015
State equalized valuation	\$ 909,099	\$ 865,669	\$ 788,217	\$ 804,700	\$ 860,992
10% of assessed value	<u>90,910</u>	<u>86,567</u>	<u>78,822</u>	<u>80,470</u>	<u>86,099</u>
Calculation of debt subject to limit:					
Total debt	\$ 15,466	\$ 14,493	\$ 13,437	\$ 12,467	\$ 11,367
Less: debt not subject to limit:					
General obligation	9,701	9,063	8,322	7,733	7,042
Special revenue bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net debt subject to limit (2)	<u>\$ 5,765</u>	<u>\$ 5,430</u>	<u>\$ 5,115</u>	<u>\$ 4,734</u>	<u>\$ 4,325</u>
Legal debt margin (1)	<u>\$ 85,145</u>	<u>\$ 81,137</u>	<u>\$ 73,707</u>	<u>\$ 75,736</u>	<u>\$ 81,774</u>
Net debt subject to limit as % of debt limit	6.77%	6.69%	6.94%	6.25%	5.29%

(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, 2015**

<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>
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	\$ 3,469,145	\$ 1,402,100	\$ 8,039,285	\$ 12,910,530

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>
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>\$ 3,185,000</u>	<u>\$ 284,145</u>	<u>\$ 3,469,145</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>
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	<u>140,000</u>	<u>5,600</u>	<u>145,600</u>
	\$ 1,140,000	\$ 262,100	\$ 1,402,100

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>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
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>\$ 7,042,013</u>	<u>\$ 997,272</u>	<u>\$ 8,039,285</u>

PERSONNEL AND POSITIONS

The City of Madison Heights employs 143 full-time positions yielding 4.8 full-time employees per 1,000 of City population based on the 2010 census count of 29,694. The City also employs 141 positions on a part-time or seasonal basis. Personnel services comprise approximately \$17.97 million or 68.8% of the General Fund Budget.

During the Fiscal Year 2015-16, the General Fund is being reduced by three full-time positions as outlined below. Despite these staffing reductions, there remains a 36% increase in personnel services as compared to the prior fiscal year, due in large part to the City's pension contributions (\$518,562 or 22.9%), contributions to the retiree health care trust (\$187,252 or 5.9%) and health insurance premiums (\$117,056 or 8.2%). After factoring in the personnel reductions, total General Fund fringe benefits increase by 10.7% or \$829,371.

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 and negotiate concessions over the last few years 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 preserve our high rating from credit rating agencies.

With the exception of eight executive and administrative employees, the City's entire full-time workforce belongs to one of eight bargaining units (seven City unions and one 43rd District Court union). 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 of the City's eight bargaining units and non-union administrative staff have labor agreements through June 30, 2016. The labor agreements for the three unions covered under Act 312 include a wage reopener for July 1, 2015 - June 30, 2016. As of the printing of this document, the City has already met with the Police Command Officers Union and the Police Officers Union regarding the wage reopener, with the intent to resolve this issue with all three 312 groups prior to July 1, 2016. The agreements for the non-312 groups continue the wage freeze, and all agreements include a restoration of five unpaid holidays effective July 1, 2015.

Personnel Actions

The FY 2015-16 Budget reflects a total net reduction of 3.6 full-time equivalencies (FTEs). This reduction includes the elimination of three (3) vacant full-time positions (MIS Administrator, Information Systems Specialist, and Building Inspector), the elimination of one vacant part-time seasonal laborer, the addition of a part-time code enforcement position, and the reassignment of a Finance Department Fiscal Assistant II to replace a part-time support position in the Fire Department.

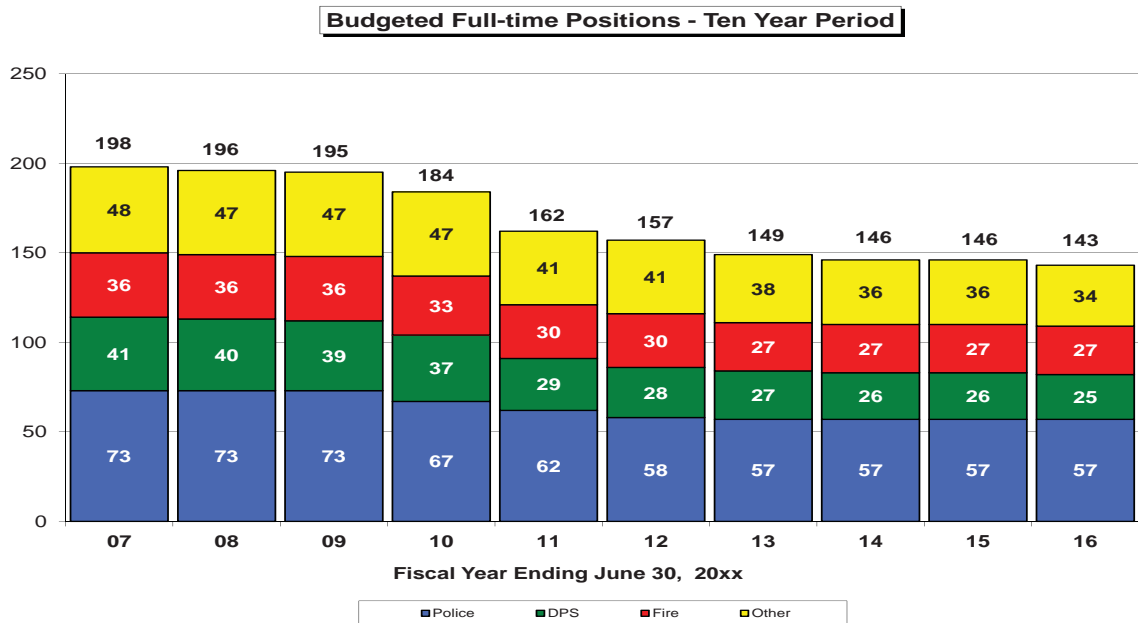
The City's current hiring review of all position vacancies continues in Fiscal Year 2015-16. Each vacated position whether full or part-time must be evaluated and approved by the City Manager before the hiring process may begin. The City continues to research options for position consolidation and reorganization where possible so that the City will remain fiscally sound without sacrificing core services.

The FY 2015-16 Budget does include funding for the creation of hiring eligibility lists for anticipated sworn police and fire vacancies due to retirement, and where the current eligibility lists are expired. Staff is hopeful this will shorten the delay in hiring sworn staff when vacancies occur.

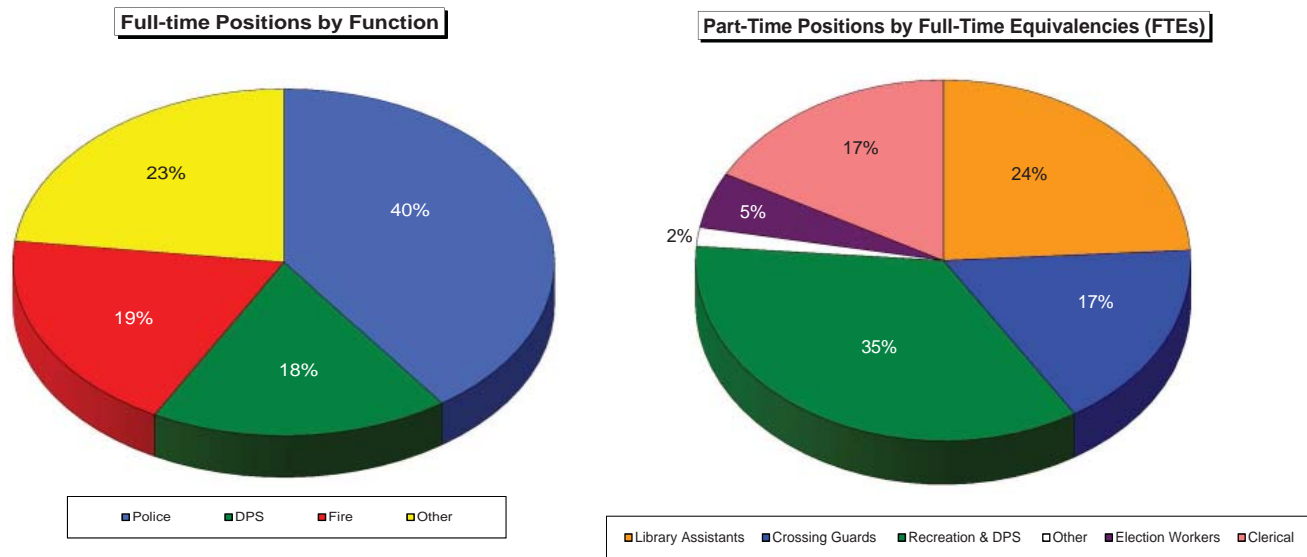
The Work Force at a Glance

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 eight full-time positions, or forty-three percent of the workforce, have been eliminated since Fiscal Year 1993-94, yet the City has still maintained essential services.

Presented on 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-two 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 2015-16. An Organizational Chart showing full-time employees by bargaining unit or non-union classification is presented in the Appendix.



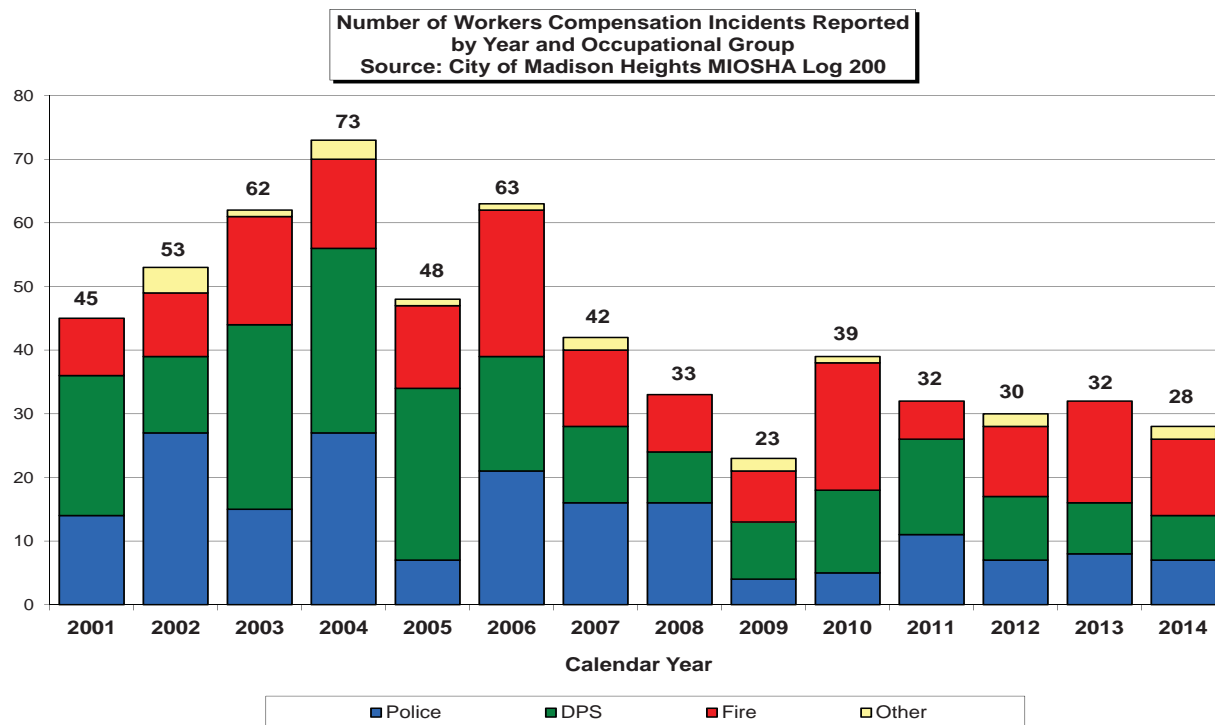
A breakdown of full-time and part-time positions in all funds is shown on the following page.

ALL FUNDS
FULL TIME AND PART TIME POSITIONS
INCLUDING FULL TIME EQUIVALENCY CALCULATION (F.T.E.)
FISCAL YEAR 2015-16

	Budget 2013-14			13 to '14	Budget 2014-15			14 to '15	Budget 2015-16			15 to '16
	Full	Part	F.T.E.	F.T.E.	Full	Part	F.T.E.	F.T.E.	Full	Part	F.T.E.	F.T.E.
	Time	Time	F.T.E.	Change	Time	Time	F.T.E.	Change	Time	Time	F.T.E.	Change
General Fund												
District Court	8	4	10.4	0.0	8	4	10.4	0.0	8	4	10.4	0.0
City Manager	2	0	1.8	0.0	2	0	1.8	0.0	2	0	1.8	0.0
City Assessor	0	0	0.0	0.0	0	0	0.0	0.0	0	0	0.0	0.0
City Clerk	2	72	3.3	0.5	2	72	3.3	0.0	2	72	3.2	(0.1)
Human Resources	2	0	1.5	0.0	2	0	1.5	0.0	2	0	1.5	0.0
General Administration	0	0	0.7	0.0	0	0	0.7	0.0	0	0	0.5	(0.2)
Finance	8	0	8.0	0.0	8	0	8.0	0.0	7	0	7.0	(1.0)
Information Technology	2	0	2.0	0.0	2	0	2.0	0.0	0	0	0.0	(2.0)
Police	57	19	61.1	(0.7)	57	19	61.1	0.0	57	19	61.3	0.2
Fire	27	1	27.5	(3.0)	27	1	27.5	0.0	28	0	28.0	0.5
Community Development	8	0	8.3	0.3	8	0	8.3	0.0	7	1	7.7	(0.5)
Library	3	10	8.2	0.0	3	10	8.2	0.0	3	10	8.2	0.0
Department of Public Service												
Custodial & Maintenance	0	0	0.2	0.0	0	0	0.2	0.0	0	0	0.1	(0.1)
Streets	9	0	1.6	(0.2)	9	0	1.6	0.0	9	0	1.6	0.0
Solid Waste	2	0	4.2	(0.4)	2	0	4.2	(0.0)	1	0	3.7	(0.5)
Recreation	0	23	1.7	(0.6)	0	23	1.7	0.0	0	23	1.7	0.0
Youth Center	0	0	0.0	0.0	0	0	0.0	0.0	0	0	0.0	0.0
Nature Center	0	0	0.0	0.0	0	0	0.0	0.0	0	0	0.0	0.0
Parks	2	2	2.6	0.0	2	2	2.5	(0.1)	2	2	2.5	0.0
Senior Center	1	6	3.4	(0.5)	1	6	3.4	(0.0)	1	6	3.4	0.0
Sub Total	14	31	13.7	(1.7)	14	31	13.6	(0.0)	13	31	13.0	(0.6)
Total	133	137	146.3	(4.7)	133	137	146.3	(0.0)	129	137	142.5	(3.7)
Major Street Fund	1	0	2.8	(0.2)	1	0	2.8	(0.0)	1	0	2.4	(0.4)
Local Street Fund	0	1	3.2	(0.3)	0	1	3.2	0.0	0	0	2.9	(0.4)
Community Improvement Fund												
Comm. Dev. Block Grant	1	0	1.0	(0.3)	1	0	1.0	0.0	1	0	1.0	0.0
Total	1	0	1.0	(0.3)	1	0	1.0	0.0	1	0	1.0	0.0
Fire Manning Grant Fund	0	0	0.0	(2.0)	0	0	0.0	0.0	0	0	0.0	0.0
Water & Sewer Fund												
Water Division	4	0	4.0	0.0	4	0	4.0	0.0	4	0	4.0	0.0
Sewer Division	3	3	5.0	1.0	3	3	5.0	0.0	3	2	4.4	(0.7)
Water & Sewer Admin.	1	0	1.6	0.1	1	0	1.6	0.0	2	0	2.5	0.9
Total	8	3	10.6	1.1	8	3	10.6	0.0	9	2	10.9	0.2
Motor Pool Fund	3	0	3.0	0.0	3	0	3.0	0.0	3	1	3.7	0.7
Total All Funds	146	141	167	(6.3)	146	141	167.0	0.0	143	140	163.4	(3.6)

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 2002, 2003, 2004, and 2006. Nevertheless, the number of reported workers' compensation incidents has declined overall since 2006.

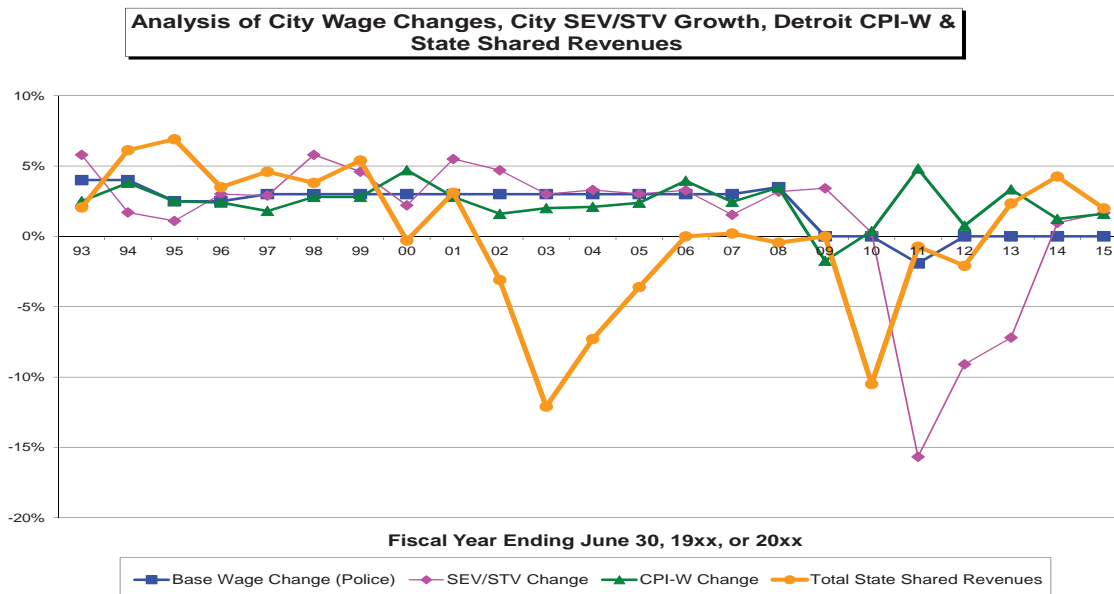


As part of the FY 2010-11 Budget, effective July 1, 2010, the City moved to a self insurance plan where the City is contracting with a third party administrator (Citizens Management - CMI) and converted to pay-as-you-go claims. During FY 2010, the City spent \$382,100 on workers' compensation premiums.

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 initial success with self-funding our workers' compensation program, as the number of incidents has dropped to 28, and the cost to the City for the first year of the program (FY 2011) was \$163,180. The City's cost for the second year of the program (FY 2012) was \$103,972. The cost in the third year of the program (FY 2013) was \$239,564, and the fourth year (FY 2014) was \$215,228, which has resulted in an estimated four-year savings of \$806,456.

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.

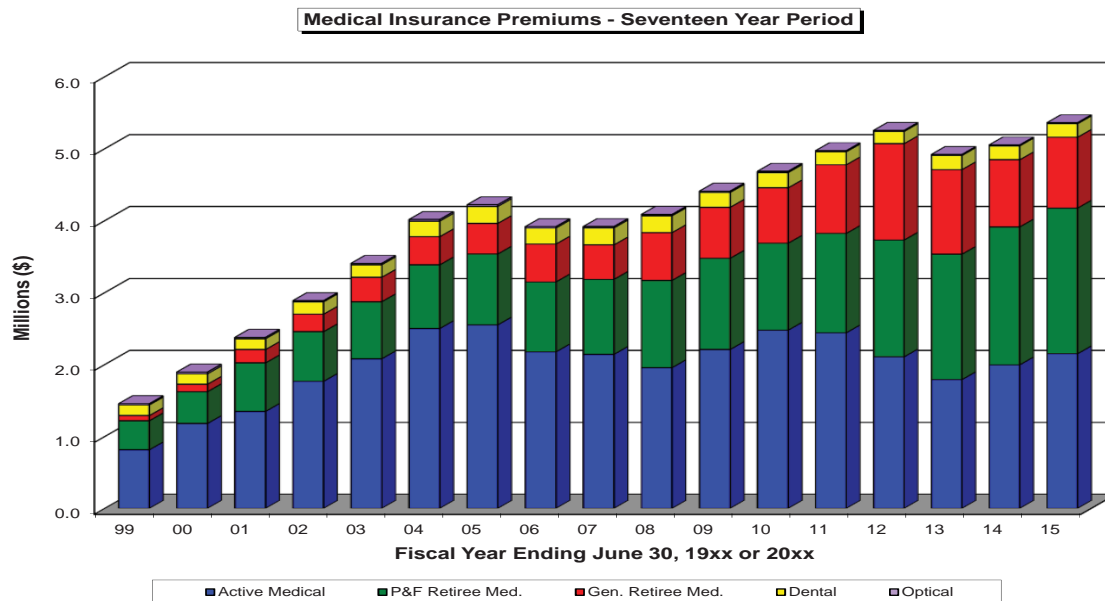


The mild recession of the early nineties is reflected in the downward trend in STV for those years. Beginning in FY 1993-94, wages and inflation start to converge while STV managed modest increases until 2001. Since FY 1994-95, wages and CPI-W increased less than 4% while STV fluctuated more due to new construction and the State's changes in the property tax valuation rules. Beginning in 2002, the early effects of the Great Recession were manifested in sharp declines in State Revenue Sharing, reflecting less disposable income and fewer sales. The "second wave" of the recession is shown beginning in FY 2008-09 and continuing through FY 2012-13, as the change in STV represents 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. This year, we anticipate wages will continue to be frozen, CPI-W will increase 1.7%, State Shared Revenues will increase 2%, and STV will increase 1.6%.

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 was 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 2015 are estimated.

Pursuant to Public Act 152, City Council passed a Resolution in December 2012, and each following year, 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 was implemented in July 2013 and saved \$368,121 for FY 2014 and approximately \$355,000 for FY 2015. This measure not only helps reduce the City's expenses for medical premiums, but also raises 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 days of no deductibles or co-insurance are over.



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, fee assessments, 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. Michigan is one of seven states that have been approved to establish a Health Insurance Exchange (“Marketplace”) in collaboration with the Federal Government. The Marketplaces became operational effective January 2014, with open enrollment beginning October 2013. The initial roll-out of the Marketplace saw many challenges for those trying to enroll online, and open enrollment was extended by the Federal Government. It is important to note that if the City does not provide its full-time employees with the option to enroll in a City-sponsored, affordable, qualified health plan meeting minimum requirements, and the employee enrolls in the Marketplace and receives a premium tax credit, the City faces a penalty of \$3,000 per employee. This penalty became effective for employers with 100+ employees in 2015. Also, 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.

One of the City's most innovative attempts to curb health care costs is the new MiLife Health & Wellness Center, located in the lower level of City Hall. By way of background, in August 2012, staff and the City's healthcare consultant Cornerstone, began researching the concept of an on-site, employer-sponsored health and wellness center as a collaborative venture with Ferndale and Royal Oak. In January 2015, this concept became a reality when the MiLife health and wellness center officially opened to eligible employees and dependents. This Center offers an alternative primary care option focusing on the Patient Centered Medical Home (PCMH) model of a salaried physician and medical staff paid by a third party management company under contract with the participating cities. The participating cities, which are self-insured, realize savings by reducing the number of visits through traditional insurance plans and eliminating the mark-up for traditional office overhead, diagnostic tests, and prescriptions.

Employees benefit from using the Center because there is no deductible or copay for office visits, basic lab work, or generic prescriptions. Additional benefits of the Center are that wait times for appointments are typically less than five minutes, and appointments with the doctor are longer than at a traditional office, averaging 17 minutes.

Original estimates show that participating cities would need a minimum of 20% participation in the first year to "break-even". As of the publication of this document, utilization is trending around 80%, however this number will need to be monitored during the first full year of operation to determine the true savings achieved by the MiLife Health & Wellness Center.

The City remains optimistic that with appropriate marketing, communication, integration of the City's existing Healthy Heights wellness program with the MiLife Center, and positive employee experiences at the Center, the utilization and savings will continue to grow, and overall employee health will improve.

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. As of June 30, 2012, the City has accumulated an actuarial value of \$20.85 million in these trust funds, but the unfunded portion has increased to \$67.2 million. In FY 2016, the City is again unable to fund the total annual required contribution, which is 77.12% of Police and Fire payroll and 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. Both plans receive actuarial evaluations every two years. The next study is currently being completed by the Retiree Health Care Trust actuary and will cover the year ending June 30, 2014.

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. During FY 2013, the Police and Fire Retiree Health Care Trust began to pay these premiums moving away from traditional pay-as-you-go premiums as well.

Between 2005 and 2009, the City also negotiated labor concessions in the form of retiree health care savings accounts for all new hires, which will reduce this liability in the future. As of July 1, 2009, all 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 actuarial valuation guidelines 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.

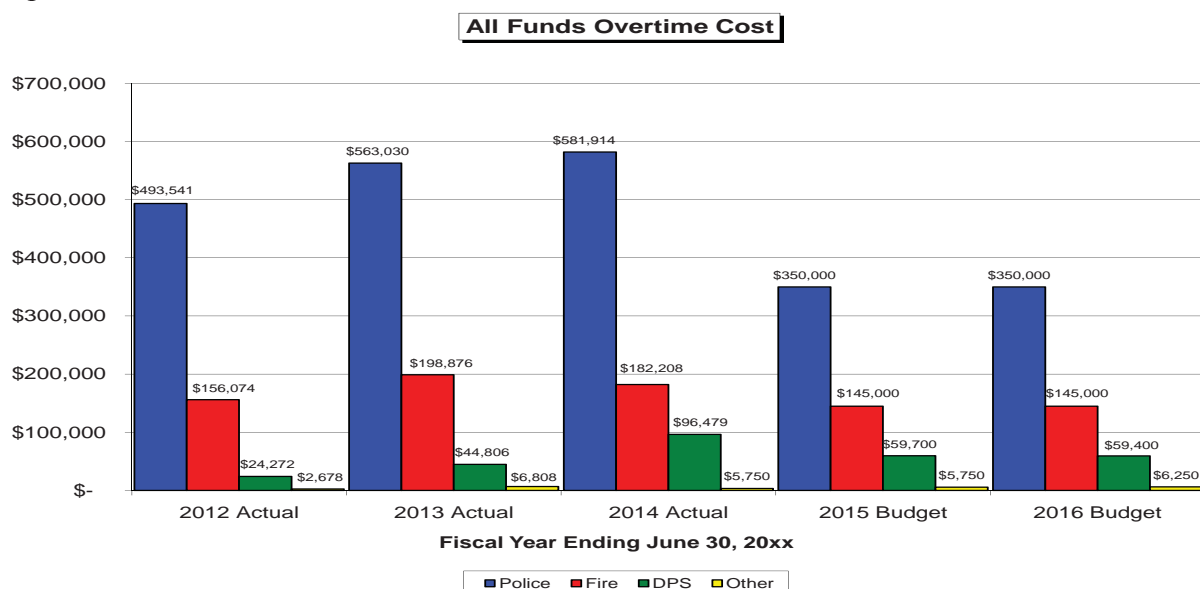
Pensions

The second largest fringe benefit cost component is the employer's contribution to the retiree pension plans. This expense is budgeted to be \$2.8 million in FY 2015-16. 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 27.94% of total wages based on the City's 2014 actuarially 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. The City has lobbied for State legislation that would allow a municipality to implement a DC plan for Act 345 new hires and utilize the property tax millage levied under Act 345 to fund the DC plan.

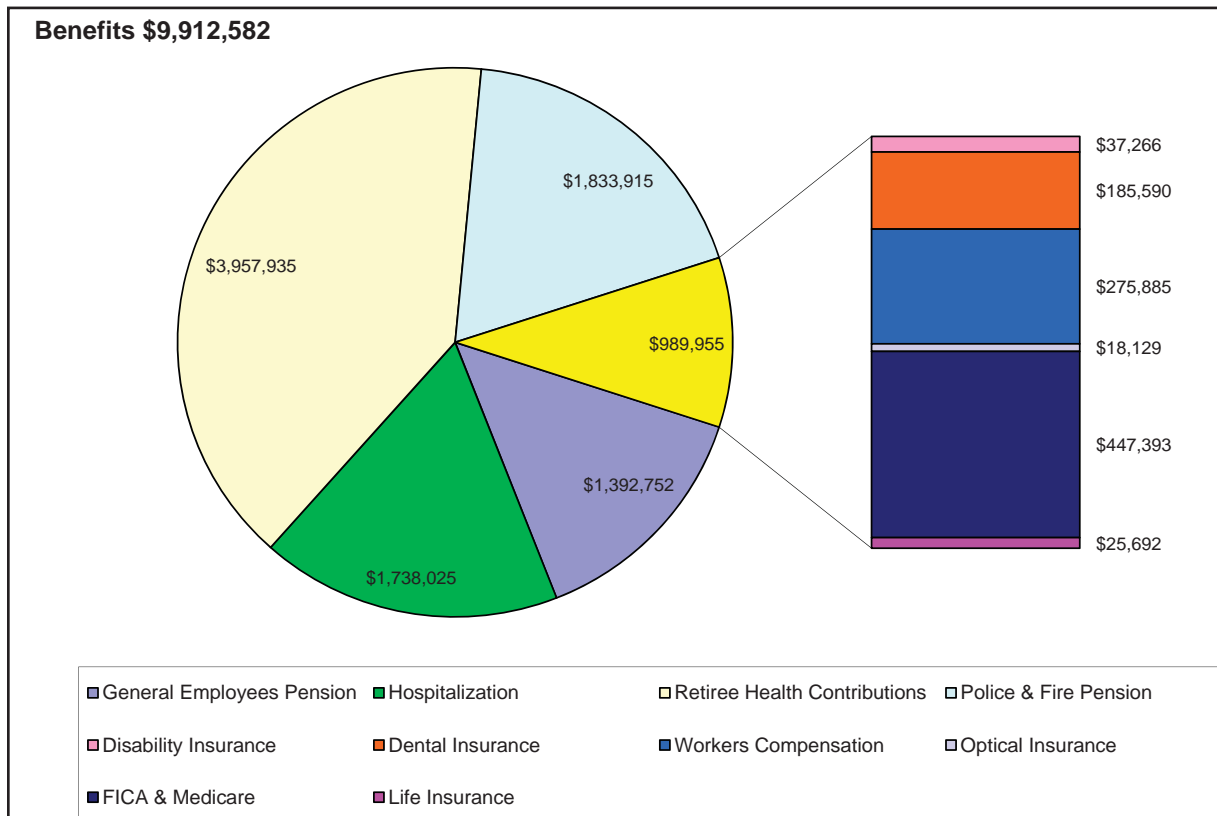
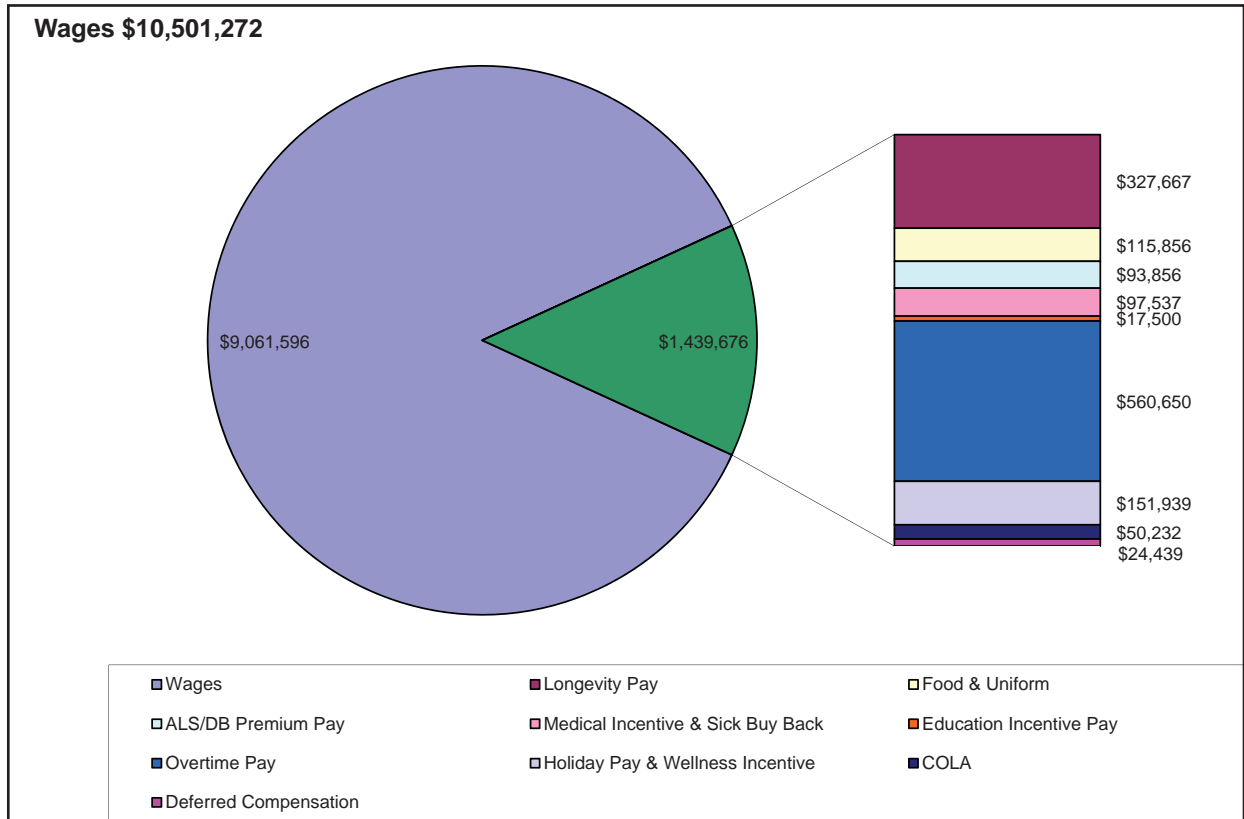
Overtime

Overtime cost for all Funds in FY 2015-16 is budgeted at \$560,450. This amount is the same as the FY 2014-15 amended budget. Overtime budgeted in the Police and Fire Departments amount to \$495,000, and DPS overtime equals \$61,150. The chart below shows overtime costs over the past five years. Much of this increased overtime is attributable to having vacant positions, due to the long lead time in hiring qualified sworn personnel.



The charts on the next page depicts the City's wage and fringe benefit costs for FY 2015-16.

Wage and Fringe Benefit Costs (\$20,413,854)
Fiscal Year 2015-16 Budget
All Funds



Total Compensation Analysis

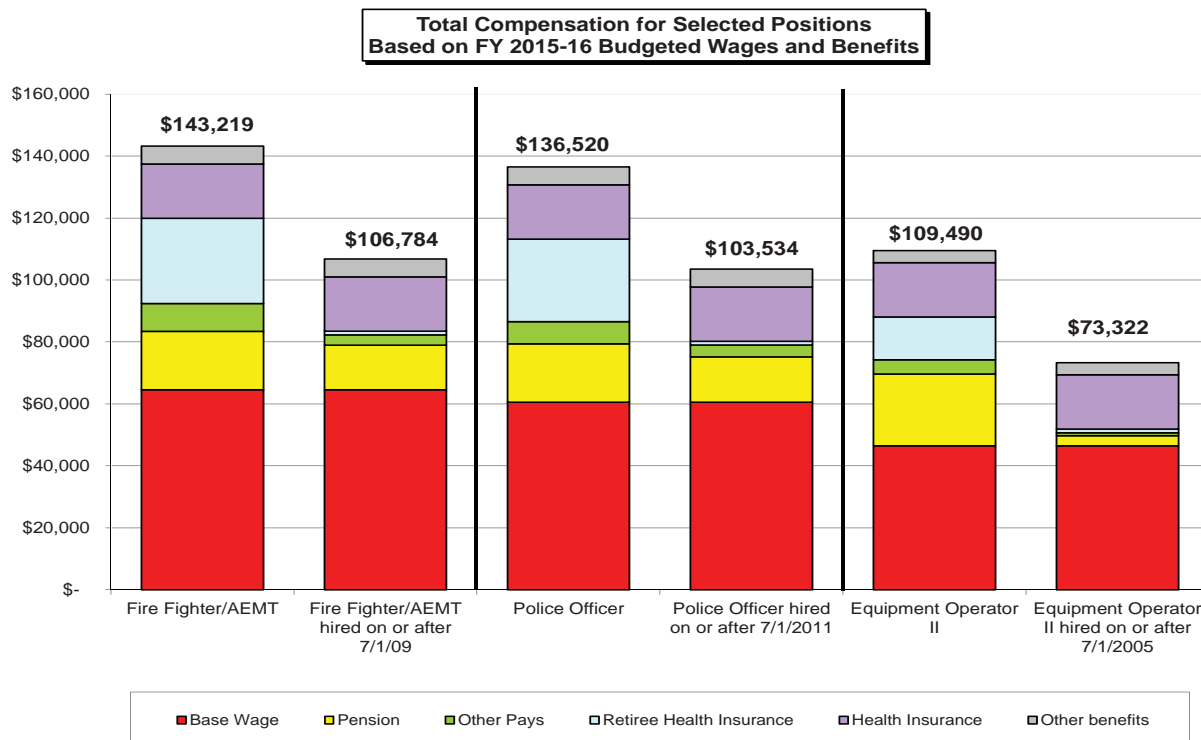
In order to determine what should be negotiated to control the City's expenses, we must look at the wages and benefits calculated together for total compensation currently provided the employees. The City has already made great strides in controlling costs for new hires including elimination of retiree 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 2015-16 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 \$143,220 and \$136,520 respectively. The incumbent equipment operator receives annual total compensation in the amount of \$109,500. Fringe benefits average 1.2 times base wages for senior employees.

In contrast, a newly hired Fire Fighter's total compensation is \$106,800 which is a savings of \$36,420 in comparison to an incumbent long-term Fire Fighter.

A newly hired Police Officer's total compensation is \$103,530, a savings of \$33,000, and a newly hired Equipment Operator will save the City \$36,170 in overall compensation. These savings are significant; at this time we have 8 Firefighters, 10 Police Officers, 3 Equipment Operator, and 9 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 2015-16. The position's compensation calculation assumes the maximum wage step and longevity.

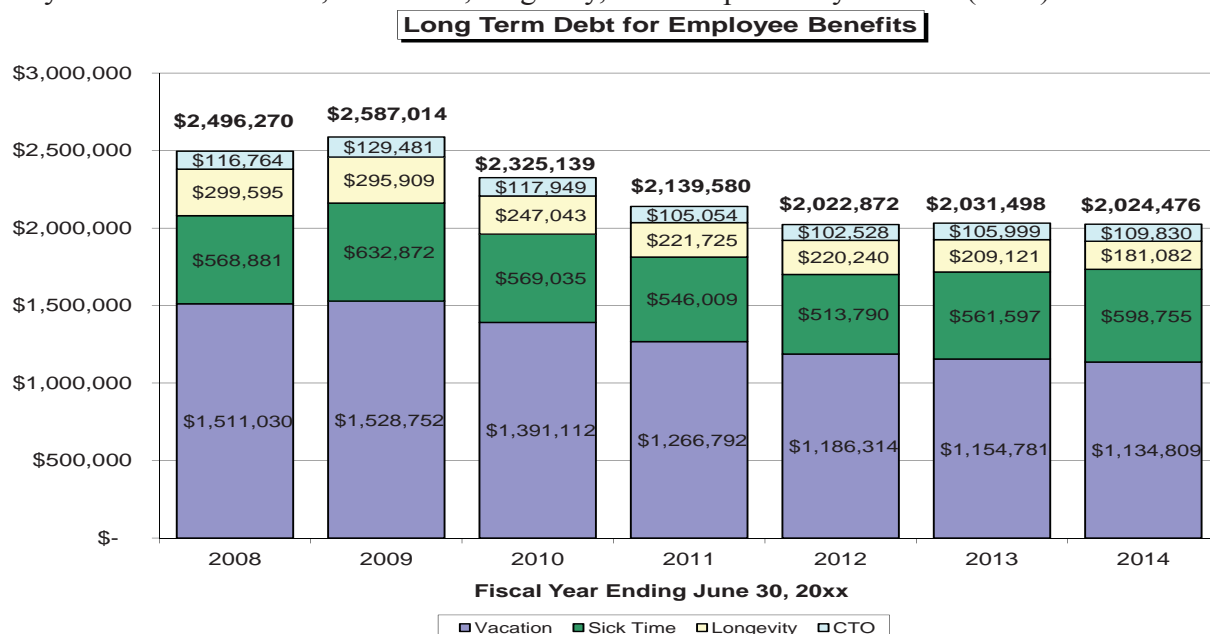
This chart shows the analysis of leave time cost for a Police Officer at maximum wage step and benefits based on FY 2015-16 wages.

Leave Benefit	Days Off Per Year	Value of Leave Benefit
Vacation	25	13,520
Holidays	12	6,489
Admin. Leave Days	6	3,245
Sick leave (Max. of 12)	5	2,704
Personal Leave Days	2	1,082
Total	50	\$27,039

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 may include cost-of-living payments (COLA) (if applicable), 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, 2014.

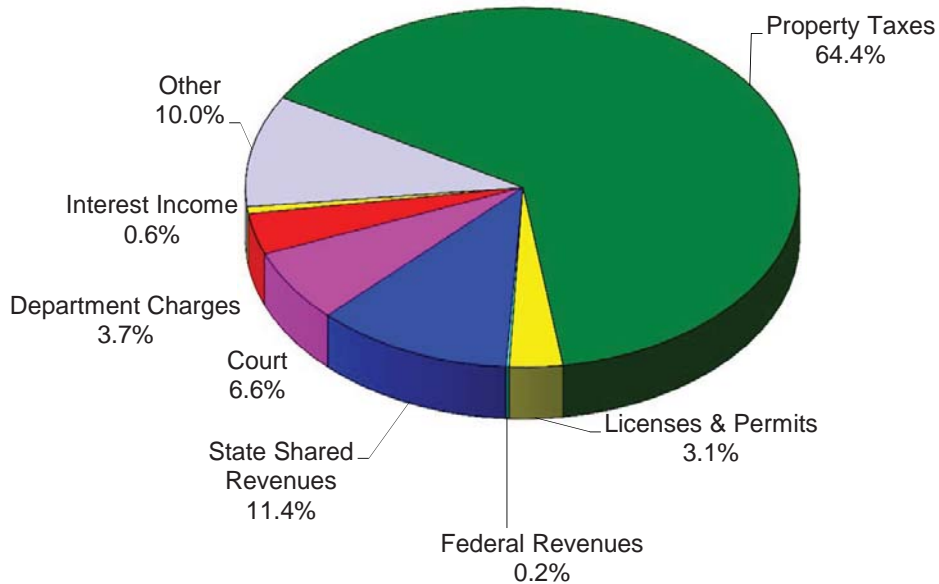


GENERAL FUND

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.

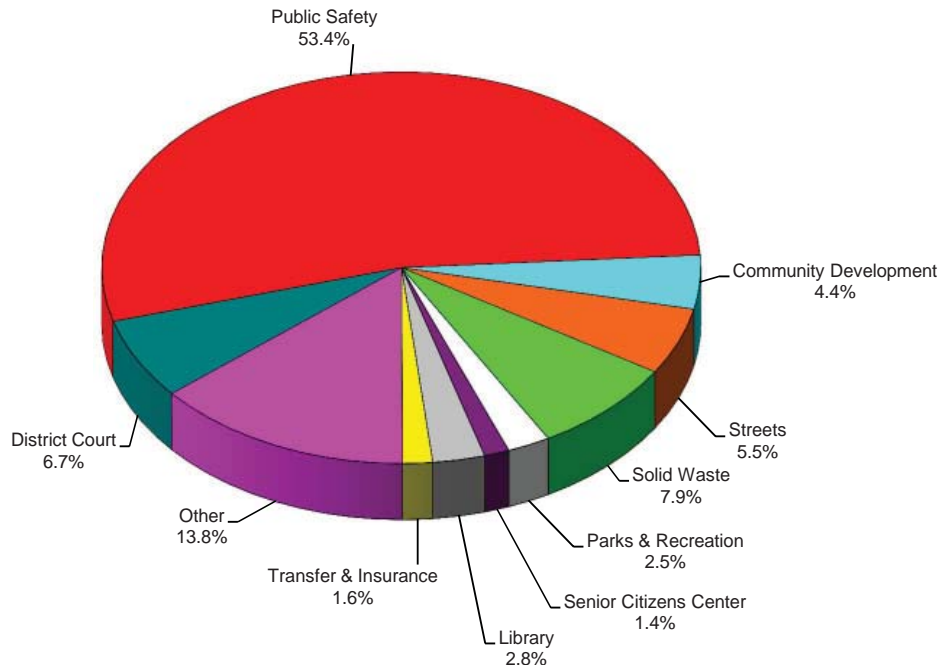
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General Fund Revenues



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 sixty percent of all General Fund Expenditures.

GENERAL FUND REVENUES AND EXPENDITURES

FY 2015-16 BUDGET

Description	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Revenues by Source:					
Property Taxes	\$ 16,420,348	\$ 15,816,720	\$ 16,810,135	\$ 993,415	6.3
Licenses & Permits	349,964	289,050	289,050	0	0.0
Non-Business Licenses & Permits	524,029	521,300	521,300	0	0.0
Federal Shared Revenues	210,193	67,164	50,000	(17,164)	(25.6)
State Shared Revenues	2,847,224	2,963,041	2,990,701	27,660	0.9
Payment in Lieu of Taxes	36,286	33,800	33,800	0	0.0
County Shared Revenues	44,618	39,000	42,000	3,000	7.7
SMART Revenues	54,036	40,500	40,500	0	0.0
Court Fines and Fees	1,710,418	1,821,043	1,711,000	(110,043)	(6.0)
Charges for Services	258,991	254,555	243,940	(10,615)	(4.2)
Sales-Miscellaneous	14,377	14,400	11,600	(2,800)	(19.4)
Parks & Recreation	188,356	252,395	238,554	(13,841)	(5.5)
Miscellaneous Revenues	1,859,396	1,380,030	1,503,850	123,820	9.0
Sale of Fixed Assets	48,149	36,500	5,000	(31,500)	(86.3)
Department Charges	928,555	1,011,690	968,580	(43,110)	(4.3)
Transfers In	261,975	59,303	61,800	2,497	0.0
Prior Years Fund Balance	0	385,835	602,778	216,943	56.2
Total Revenues	\$ 25,756,915	\$ 24,986,326	\$ 26,124,588	\$ 1,138,262	4.6

Description	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Expenditures by Activity:					
City Council	\$ 50,897	\$ 53,421	\$ 53,803	\$ 382	0.7
District Court	1,391,303	1,471,453	1,746,747	275,294	18.7
City Manager	332,431	331,284	317,864	(13,420)	(4.1)
Elections	31,402	55,302	73,745	18,443	33.3
City Assessor	221,902	232,173	222,173	(10,000)	(4.3)
Legal	296,996	291,195	293,695	2,500	0.9
City Clerk	285,562	302,796	305,375	2,579	0.9
Human Resources	280,824	459,609	496,575	36,966	8.0
Board of Review	1,768	3,373	3,023	(350)	(10.4)
General Administration	312,230	329,025	272,535	(56,490)	(17.2)
Finance	891,131	871,268	881,987	10,719	1.2
Information Technology	326,036	317,239	396,545	79,306	25.0
Municipal Building	54,613	208,461	79,394	(129,067)	(61.9)
Custodial & Maintenance	226,376	208,941	185,557	(23,384)	(11.2)
Police	8,664,017	8,395,959	8,957,245	561,286	6.7
Fire	4,966,206	5,094,807	4,991,938	(102,869)	(2.0)
Community Development	1,089,483	1,058,720	1,158,814	100,094	9.5
Streets	1,181,642	1,075,299	1,445,376	370,077	34.4
Solid Waste	2,063,506	1,968,176	2,065,443	97,267	4.9
Recreation	100,803	146,819	134,342	(12,477)	(8.5)
Nature Center	1,370	46,175	58,052	11,877	(6.0)
Parks	451,140	500,641	470,435	(30,206)	(20.7)
Senior Citizens	289,629	446,781	354,198	(92,583)	(3.9)
Library	773,942	764,467	734,988	(29,479)	20.3
Insurance, Bonds and Transfers	343,209	352,942	424,739	71,797	20.3
Total Expenditures	\$ 24,628,418	\$ 24,986,326	\$ 26,124,588	\$ 1,138,262	4.6

GENERAL FUND REVENUES

FY 2015-16 BUDGET

Description	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Property Taxes	\$ 16,420,348	\$ 15,816,720	\$ 16,810,135	\$ 993,415	6.3
Licenses & Permits	873,993	810,350	810,350	0	0.0
Federal Revenues	210,193	67,164	50,000	(17,164)	(25.6)
State Shared Revenues	2,847,224	2,963,041	2,990,701	27,660	0.9
Other Government	134,940	113,300	116,300	3,000	2.6
Court Fines and Fees	1,710,418	1,821,043	1,711,000	(110,043)	(6.0)
Service Fees	447,347	506,950	482,494	(24,456)	(4.8)
Sales - Miscellaneous	62,526	50,900	16,600	(34,300)	(67.4)
Miscellaneous	1,859,396	1,380,030	1,503,850	123,820	9.0
Department Charges	928,555	1,011,690	968,580	(43,110)	(4.3)
Transfers In	261,975	59,303	61,800	2,497	4.2
Prior Year's Fund Balance	0	385,835	602,778	216,943	56.2
Total	\$ 25,756,915	\$ 24,986,326	\$ 26,124,588	\$ 1,138,262	4.6

Description	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
General Government	\$ 5,046,680	\$ 5,488,482	\$ 5,753,757	\$ 265,275	4.8
Public Safety	13,630,223	13,490,766	13,949,183	458,417	3.4
Community Service	3,245,148	3,043,475	3,510,819	467,344	15.4
Culture and Recreation	1,622,884	1,904,883	1,752,015	(152,868)	(8.0)
Community Development	1,089,483	1,058,720	1,158,814	100,094	9.5
Total	\$ 24,634,418	\$ 24,986,326	\$ 26,124,588	\$ 1,138,262	4.6

Fund Balance - Unrestricted	\$ 5,701,578	\$ 5,315,743	\$ 4,712,965	\$ (602,778)	(11.3)
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GENERAL FUND EXPENDITURES

FY 2015-16 BUDGET

GENERAL GOVERNMENT					
Description	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Mayor and Council	\$ 50,897	\$ 53,421	\$ 53,803	\$ 382	0.7
District Court	1,391,303	1,471,453	1,746,747	275,294	18.7
City Manager	332,431	331,284	317,864	(13,420)	(4.1)
Legal	296,996	291,195	293,695	2,500	0.9
Assessor/Board of Review	223,670	235,546	225,196	(10,350)	(4.4)
City Clerk/Elections	316,964	358,098	379,120	21,022	5.9
Human Resources	280,824	459,609	496,575	36,966	8.0
General Administration	312,230	329,025	272,535	(56,490)	(17.2)
Finance	891,131	871,268	881,987	10,719	1.2
Information Technology	326,036	317,239	396,545	79,306	25.0
Custodial/Maintenance	280,989	417,402	264,951	(152,451)	(36.5)
Insurance/Bonds & Transfers	343,209	352,942	424,739	71,797	20.3
Total	\$ 5,046,680	\$ 5,488,482	\$ 5,753,757	\$ 265,275	4.8
PUBLIC SAFETY					
Police	\$ 8,664,017	\$ 8,395,959	\$ 8,957,245	\$ 561,286	6.7
Fire	4,966,206	5,094,807	4,991,938	(102,869)	(2.0)
Total	\$ 13,630,223	\$ 13,490,766	\$ 13,949,183	\$ 458,417	3.4
COMMUNITY SERVICE					
Streets	\$ 1,181,642	\$ 1,075,299	\$ 1,445,376	\$ 370,077	34.4
Solid Waste	2,063,506	1,968,176	2,065,443	97,267	4.9
Total	\$ 3,245,148	\$ 3,043,475	\$ 3,510,819	\$ 467,344	15.4
CULTURE AND RECREATION					
Recreation	\$ 100,803	\$ 146,819	\$ 134,342	\$ (12,477)	(8.5)
Nature Center	1,370	46,175	58,052	11,877	25.7
Parks	457,140	500,641	470,435	(30,206)	(6.0)
Senior Citizens	289,629	446,781	354,198	(92,583)	(20.7)
Library	773,942	764,467	734,988	(29,479)	(3.9)
Total	\$ 1,622,884	\$ 1,904,883	\$ 1,752,015	\$ (152,868)	(8.0)
COMMUNITY DEVELOPMENT					
Total	\$ 1,089,483	\$ 1,058,720	\$ 1,158,814	\$ 100,094	9.5
TOTAL					
General Fund Total	\$ 24,634,418	\$ 24,986,326	\$ 26,124,588	\$ 1,138,262	4.6

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	2013-14	2014-15	2015-16
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
- Information Technology Advisory Committee
- 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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Motions Passed	227	225	225	0	0.0
Ordinances Adopted	5	7	7	0	0.0
Presentations Made	17	12	12	0	0.0
Public Hearings Held	10	10	10	0	0.0
Regular/Special Meetings	32	30	30	0	0.0

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$49,575	\$49,517	\$49,517	\$0	0.0
Supplies	115	0	322	\$322	0.0
Other Services and Charges	1,207	3,904	3,964	\$60	1.5
Capital Outlay	0	0	0	\$0	0.0
Total	\$50,897	\$53,421	\$53,803	\$382	0.7
Resources:					
General Fund	\$50,897	\$53,421	\$53,803	\$382	0.7
Total	\$50,897	\$53,421	\$53,803	\$382	0.7

Key Issues

- The budget for this department is supported at its current service level.

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	2013-14	2014-15	2015-16
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	2	2	2
Probation Officer	1	1	1
Total Part-time	4	4	4
Total Employees	12	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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$1,038,601	\$1,067,261	\$1,258,510	\$191,249	17.9
Supplies	28,125	33,300	33,300	0	0.0
Other Services and Charges	317,949	343,416	347,437	4,021	1.2
Capital Outlay	6,628	27,476	107,500	80,024	291.3
Total	\$1,391,303	\$1,471,453	\$1,746,747	\$275,294	18.7
Resources:					
Court Salary Standard	\$47,382	\$45,725	\$45,725	\$0	0.0
Court Fines	860,946	1,080,929	860,000	(220,929)	(20.4)
Forfeits	17,745	18,995	18,000	(995)	(5.2)
Reimbursed Court Costs	521,607	481,950	525,000	43,050	8.9
Bond Fees	80,632	53,484	81,000	27,516	51.4
Probation Oversight	217,683	173,160	215,000	41,840	24.2
Violation Clearance	11,805	12,525	12,000	(525)	(4.2)
General Fund	(366,497)	(395,315)	(9,978)	385,337	(97.5)
Total	\$1,391,303	\$1,471,453	\$1,746,747	\$275,294	18.7

Key Issues

- The third largest source of General Fund Revenue is composed of Court Fines, forfeits and charges (\$1.7 million), which are used to partially offset the cost of operating our State-mandated District Court and legal prosecution costs.
- After experiencing two fiscal years of lower than budgeted revenues, FY 2015-16 projects a budget in-line with prior year actuals, which is approximately 6% lower than budgeted in FY 2015.
- The rooftop HVAC units are scheduled to be replaced at a cost of \$100,000.
- The balance of this budget is supported at the current service level.

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.
- Development of performance measurement systems and benchmarking to evaluate City services.

Organizational Structure and Staff

Personnel Summary	2013-14	2014-15	2015-16
City Manager	1	1	1
Executive Assistant	1	1	1
Total Full-time	2	2	2
Total Employees	2	2	2

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Agenda Items	162	165	165	0	0.0
Weddings Performed/ Coordinated	0	10	30	20	200.0
<u>Efficiency/Effectiveness</u>					
# of Days From Adoption of Budget to GFOA Submittal	15	45	45	0	0.0
General Fund Budget Amendments (\$) as a % of Adopted Budget	2.7	2.5	2.5	0.0	0.0

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$327,465	\$321,663	\$308,243	\$(13,420)	(4.2)
Supplies	304	150	300	150	100.0
Other Services and Charges	4,662	9,471	9,321	(150)	(1.6)
Capital Outlay	0	0	0	0	0.0
Total	\$332,431	\$331,284	\$317,864	\$(13,420)	(4.1)
Resources:					
General Fund	\$332,431	\$331,284	\$317,864	\$(13,420)	(4.1)
Total	\$332,431	\$331,284	\$317,864	\$(13,420)	(4.1)

Key Issues

- The decrease in Personal Services is due a reallocation of the actuarially required pension contributions due to closing the Defined Benefit plan to new hires. In the past, this cost was spread across employees in the Defined Benefit Plan. This cost is now being spread across all full-time employees.
- The balance of the budget for this department is supported at the current service level.

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 all 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.
- Maintaining public meeting information.

Organizational Structure and Staff

Personnel Summary	2013-14	2014-15	2015-16
City Clerk	1	1	1
Election 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
Total Employees	74	74	74

Accomplishments

Resource Management:

- Conducted the State Primary Election August 5, 2014 and November 4, 2014 General Election, conducted training for election inspectors, and recruited 20 student election inspectors for each election.
- Relocated precinct due to unavailability for both 2014 elections.
- Replaced flood-loss voting equipment with little or no cost by working with other communities.
- Professional development of City Clerk and Election & Communications Coordinator.

Objectives

Resource Management:

- Conduct City General Election November 3, 2015 and Presidential Primary in March 2016.
- Review and make necessary changes (if any) to precinct boundaries for 2016 election cycle.
- Update Freedom of Information policy to mirror newly adopted legislation.
- Improve efficiency of office procedures, including the business license renewal process.
- Continue electronic storage, retention and indexing of all contracts, titles, resolutions and agreement records.
- Update animal and business licensing software to BS&A.net.
- Election Coordinator to complete year two of training toward achieving the Certified Municipal Clerk's Certification. (Budget Priority 3.e.)
- By January 2016, reduce the business licenses renewal application process from two administrative steps to one. Additionally, reduce the Clerk's Office renewal application processing time to one week, improving customer service and efficiency. (Budget Priority 5.c.)

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Animal Licenses Issued	697	700	700	0	0.0
Birth/Death Cert. Processed	452	400	400	0	0.0
Business Licenses Issued	715	700	700	0	0.0
Voters Registered	20,827	20,500	20,500	0	0.0
<u>Efficiency/Effectiveness (all elections)</u>				0	
Total Number of Ballots Cast	2,161	7,380	2,500	(4,880)	(66.1)
% Registered Voted	10%	36%	12%	-24%	(66.7)
Number of Absentee Ballots Issued	1,246	2,000	1,300	(700)	(35.0)
Number of Absentee Voters Returning Ballots	1,108	1,800	1,100	(700)	(38.9)
% Registered Voted Absentee	5.34%	8.78%	5.36%	-3.42%	(39.0)

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$263,314	\$285,249	\$272,188	\$(13,061)	(4.6)
Supplies	3,055	4,150	4,150	0	0.0
Other Services and Charges	19,193	13,397	14,902	1,505	11.2
Subtotal-Elections	31,402	55,302	73,745	18,443	33.3
Total	\$316,964	\$358,098	\$364,985	\$6,887	1.9
Resources:					
Business Licenses	\$96,504	\$112,000	\$112,000	\$0	0.0
Animal Licenses	6,549	6,200	6,200	0	0.0
Bicycle Licenses	34	100	100	0	0.0
Vital Health Statistics	23,864	24,000	24,000	0	0.0
Maps	20	0	0	0	0.0
Election Reimbursement	0	0	23,300	23,300	0.0
General Fund	189,993	215,798	199,385	(16,413)	(7.6)
Total	\$316,964	\$358,098	\$364,985	\$6,887	1.9

Key Issues

- The budget includes staff funding for November 3, 2015 City General Election and Presidential Primary March 2016.
- State of Michigan will reimburse March Presidential Primary Election.

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.
- There were 591 field reviews/sale reviews conducted in the City in FY 2013-14. During that time we also took all of the field sketches we had and digitally converted them to our Apex program, and that resulted in 5,560 reviews of property records.

Objectives

Resource Management:

- Establish new market and taxable property values for tax year 2015.
- Conduct audits of personal property accounts for 3.2% of all personal property accounts.
- Continue to evaluate and plan for impact of State Personal Property Tax (PPT) reform legislation and follow-up interpretation.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Board of Review Appeals	109	109	100	(9)	(8.3)
Mich. Tax Tribunal Cases	27	10	15	5	50.0
Personal Property Audits	30	17	30	13	76.5
Property Record Review	6,151	6,000	6,000	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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	51	0	0	0	0.0
Other Services and Charges	221,851	232,173	222,173	(10,000)	(4.3)
Capital Outlay	0	0	0	0	0.0
Subtotal-Board of Review	1,768	3,373	3,023	(350)	(10.4)
Total	\$223,670	\$235,546	\$225,196	\$(10,350)	(4.4)
Resources:					
Assessing Fees	\$19,697	\$24,853	\$20,000	\$(4,853)	100.0
General Fund	203,973	210,693	205,196	(5,497)	(2.6)
Total	\$223,670	\$235,546	\$225,196	\$(10,350)	(4.4)

Key Issues

- In spring of 2010, the City replaced its in-house Assessing Office with a contract with Oakland County Equalization Department at a savings 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 legal specialists 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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Legal Counsel (Hours)					
Tax Tribunal	275	350	250	(100)	(28.6)
Labor	1,131	1,115	1,000	(115)	(10.3)
General	1,453	1,537	1,537	0	0.0
Telecommunications	13	6	6	0	0.0

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	7,252	5,000	7,500	2,500	0.0
Other Services and Charges	289,744	286,195	286,195	0	0.0
Capital Outlay	0	0	0	0	0.0
Total	\$296,996	\$291,195	\$293,695	\$2,500	0.9
Resources:					
General Fund	\$296,996	\$291,195	\$293,695	\$2,500	0.9
Total	\$296,996	\$291,195	\$293,695	\$2,500	0.9

Key Issues

- A \$500 increase is proposed in Other Services and Charges in anticipation of telecommunication legal work with regard to a potential business arrangement concerning the City's cell tower.
- Expenses for legal fees related to labor are expected to decrease in FY 2016. Five of the City's eight unions have agreed to extend their union contracts through June 30, 2016. Three other unions (Police, Police Command and Fire) are scheduled to have wage reopeners only in FY 2016.

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	2013-14	2014-15	2015-16
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.
- Filed the City's first annual Title VI certification form documenting that the City has continued 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.
- Monitored the Patient Protection and Affordable Care Act (PPACA) to ensure continued compliance.
- Created annual employee evaluation program and train Department Heads and Supervisors on implementation and use of same.
- Implemented new Health and Wellness Center and coordinate migration of employee wellness program to new employee health and wellness center.
- Re-bid Flexible Spending Account (FSA) program administration contract to improve customer service.

Objectives

Resource Management:

- Create, consolidate, and maintain accurate database in HR system of employee certifications, discipline, and other records so that reports can be generated as necessary.
- Evaluate success of previous integration of wellness program into the MiLife Health and Wellness Center. (Budget Priority 1.a.)
- As vacancies occur, update and refresh job advertisements and job descriptions in an effort to reach the Millennial workforce. (Budget Priority 3.a.)
- Begin to negotiate successor contracts no later than April 1, 2016 to help achieve established budgetary and fund balance projected goals. (Budget Priority 1.b.)
- Using the Human Resources electronic personnel records, coordinate with the Department of Public Services and Fire Department to ensure timely renewal of employee certifications. (Budget Priority 3.b.)
- Investigate possibility of converting new employee packets to electronic format and alternative methods of providing policy documents, with viable options for employees who do not have computers assigned to them. (Budget Priority 2.b.)
- With input from IT, develop electronic file system and scan former employee personnel and medical files. (Budget Priority 2.a.)

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
Number of New Full-Time Employees Completing Probationary Period	3	12	13	1	8.3
Number of Full-Time Employees Who Separated Employment (Not During Probation or Due to Retirement)	5	6	3	(3)	(50.0)
Number of Full-Time Positions Filled	4	18	11	(7)	(38.9)
Grievances Filed	10	5	5	0	0.0
# of Workers Comp. Claims	32	28	25	(3)	(10.7)
Workers Compensation Expenses	\$239,565	\$215,228	\$230,000	\$14,772	6.9

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$225,950	\$246,047	\$215,831	\$(30,216)	(12.3)
Supplies	0	0	0	0	0.0
Other Services and Charges	54,874	213,562	280,744	67,182	31.5
Capital Outlay	0	0	0	0	0.0
Total	\$280,824	\$459,609	\$496,575	\$36,966	8.0
Resources:					
General Fund	\$280,824	\$459,609	\$496,575	\$36,966	8.0
Total	\$280,824	\$459,609	\$496,575	\$36,966	8.0

Key Issues

- As a result of Police Department retirements, the City is scheduled to hire replacement police officers. The budget has been increased by \$46,500 for oral interviews and medical exams. In order to maintain patrol strength, staff are challenged to hire new officers as expeditiously as possible within the Act 78 hiring process.
- The decrease in Personal Services is due to the change in the method used to spread actuarially required contributions as a result of the Defined Benefit Plan being closed to new hired employees.
- In FY 2013, staff began researching the addition of a Wellness and Health Center as a collaborative effort with Ferndale and Royal Oak. This Center opened on January 12, 2015. The FY 2016 budget includes \$158,331 to cover the projected City share of the second year of operations, based on a very conservative 20% utilization. For more detailed information, please refer to the Personnel Section of this budget document.

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:

- Successfully bid Fire Department extraction tools and attach hose to replace aging equipment.
- Successfully auctioned surplus vehicles and other City surplus items on the City's co-operative purchasing website, netting nearly \$21,600 in revenue.
- Completed the Information Technology Assessment and Strategic Plan and issued an RFP for Information Technology Services.
- Completed cable television control room equipment purchase and installation.
- Implemented New Video Service Franchise Agreement with Comcast, resulting in an additional \$40,000 of annual revenue due to increased PEG fees.

Objectives

Resource Management:

- Continue to utilize the cooperative purchasing website to attain optimal revenue when selling surplus items.
- Increase the use of social media, specifically Facebook, to foster a positive image of the City and individual departments with the community.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Cable Messages Posted	137	139	145	6	4.3
Number of Formal Bids	10	14	14	0	0.0
<u>Efficiency/Effectiveness</u>					
% Cable Television Bulletin Board Up Time	98	95	98	3	3.2
% of Formal Bids Within Budgeted Amount	100	100	100	0	0.0
Web Site Traffic (Hits)	167,873	170,000	172,000	2,000	1.2

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$156,046	\$146,665	\$108,891	\$(37,774)	(25.8)
Supplies	38,907	43,550	45,100	1,550	3.6
Other Services and Charges	114,581	98,810	118,544	19,734	20.0
Capital Outlay	2,696	40,000	0	(40,000)	0.0
Total	\$312,230	\$329,025	\$272,535	\$(56,490)	(17.2)
Resources:					
Cell Tower	\$1,201	\$0	\$0	\$0	0.0
General Fund	311,029	329,025	272,535	(56,490)	(17.2)
Total	\$312,230	\$329,025	\$272,535	\$(56,490)	(17.2)

Key Issues

- The General Administration Budget funds some general retiree costs not chargeable to specific operating departments.
- The decrease in Personal Services is a reallocation of actuarially required contributions to all departments.
- The balance of the budget for this department is supported at the current service level.
- In 2013, Sprint/Nextel terminated its lease for equipment and facilities on the cell tower located behind the Police Station. The City is currently exploring alternatives to recoup some or all of the lost rental income.

Finance Department

The Finance Department consists of a Deputy City Manager for Administrative Services, Deputy Finance Director, one Accountant, an Administrative Secretary, and three full-time Fiscal Assistants. The Finance Department is responsible for:

- Preparing and maintaining the City's financial statements in compliance with the requirements of the Governmental Accounting Standards Board;
- Accounting, pension administration, risk management, 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	2013-14	2014-15	2015-16
Deputy City Manager for Administrative Services	1	1	1
Deputy Treasurer/Finance Director	1	1	1
Accountant	1	1	1
Fiscal Assistant II	4	4	3
Fiscal Assistant I	1	1	0
Administrative Secretary	0	1	1
Total Full-time	8	9	7

Accomplishments

Resource Management:

- Received the Government Finance Officers Association's (GFOA) Distinguished Budget Award for FY 2014-15.
- Replaced the three-year annual financial forecast report with a five-year plan in November 2014.
- Implemented new quarterly financial report for City Council.

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.
- Review current banking services, giving consideration to banks located within Madison Heights.
- Staff will conduct a fee study for select departments and review cost allocations for Water and Sewer Department charges. (Budget Priority 1.h.)
- By January 2016, work with Department of Public Services to provide a report to the City Manager and Council identifying long-term equipment needs and include a recommendation regarding a potential "V-3" millage renewal. (Budget Priority 1.c.)
- Before June 2016, complete an analysis of water and sewer rates needed to support the system with infrastructure projects over the next ten (10) years. (Budget Priority 1.g.)
- Include first round of ICMA Performance Measure Reporting in Budget Proposal for FY 2017 (Budget Priority 1.i.)

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
# of Investment Transactions	26	24	24	0	0.0
# of Payroll Checks Issued	999	350	350	0	0.0
# of Payroll Direct Deposits	5,048	5,670	5,670	0	0.0
Accts. Payable Checks Issued	4,659	4,450	4,200	(250)	(5.6)
# Accts. Payable ACH Payments	826	1,025	1,225	200	19.5
# of Water Customers Utilizing ACH Payment	1,241	1,250	1,250	0	0.0

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$808,787	\$794,594	\$804,497	\$9,903	1.2
Supplies	4,175	5,000	5,000	0	0.0
Other Services and Charges	78,169	71,674	72,490	816	1.1
Capital Outlay	0	0	0	0	0.0
Total	\$891,131	\$871,268	\$881,987	\$10,719	1.2
Resources:					
Mobile Home Tax	\$2,676	\$2,050	\$2,050	\$0	0.0
Property Tax Admin. Fees	450,096	438,750	443,199	4,449	1.0
Garbage Bag Sales	5,980	9,300	6,700	(2,600)	(28.0)
Interest Income on Deposits	202,563	100,700	132,165	31,465	31.2
General Fund	229,816	320,468	297,873	(22,595)	7.1
Total	\$891,131	\$871,268	\$881,987	\$10,719	1.2

Key Issues

- The FY 2016 Budget maintains the same service level as in FY 2015.

Information Technology

The Information Technology function has been contracted to a private provider, BPI Information Systems, as of January 1, 2015. Information Technology responsibilities include 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, and assistance in setting the technological direction for the City.

Accomplishments

Resource Management:

- Completed second-ever IT Assessment and Strategic Plan.
- Contracting Information Technology to BPI will save approximately \$71,300 per year, allowing the City to invest the savings in much needed upgrades to the City's technology capital assets.
- This contract is valid for three years, at which time the City will evaluate the services being provided.
- Conducted a review of core information systems throughout the City and provided the City with findings and recommendations which directed the FY 2016 budget process.

Objectives

Resource Management:

- Continue to review emerging technologies to improve efficiencies.
- Replace 17 computers based on 5-year plan and Adopted Budget.
- Investigate telephone systems options, recommending a replacement system to the City. The telephone system is nearly 15 years old and has limited support from the installing vendor. A failure in this system could cause work stoppage and unplanned expenses. Enhanced 911 requirements by the State of Michigan also require the replacement of this system by December 2016.
- Update the City's disaster recovery plan.
- Upgrade the e-mail servers to an exchange e-mail server. Users are currently using AOL and Gmail to access their City e-mail. This raises several serious issues which will be addressed by having the City operate its own e-mail host.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Platforms Supported	8	8	8	0	0.0
Applications Supported	58	58	58	0	0.0
<u>Efficiency/Effectiveness</u>					
Number of computer workstations per IT FTE	101	101	101	0	0.0

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$249,450	\$248,524	\$0	\$(248,524)	(100.0)
Supplies	35,513	16,300	25,045	8,745	53.7
Other Services and Charges	29,848	2,500	196,000	193,500	0.0
Capital Outlay	11,225	49,915	175,500	125,585	0.0
Total	\$326,036	\$317,239	\$396,545	\$79,306	25.0
Resources:					
General Fund	\$326,036	\$317,239	\$396,545	\$79,306	25.0
Total	\$326,036	\$317,239	\$396,545	\$79,306	25.0

Key Issues

- This budget includes capital funding for City-wide technology enhancements. These charges will be split as follows: General Fund 75% and Water and Sewer 25%. Total technology capital expenditures include phone upgrades \$190,000, disaster recovery plan \$28,000, server room updates \$5,000, and exchange e-mail server \$11,000.
- The budget also includes 17 computer replacements throughout the City.

Custodial & Maintenance Division

The services of the Custodial and Maintenance Division of the Department of Public Services are provided on an assignment basis by Department of Public Services 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 Services buildings.

Accomplishments

Resource Management:

- Performed analysis of all existing heating and air conditioning units per building.
- Completed Heating, Ventilation, Air Conditioning (HVAC) upgrade at the City's Library.
- Completed HVAC and Fire Suppression/Alarm upgrades in the lower level of City Hall.
- Completion and implementation of the MiLife Health and Wellness Center.
- Completed the renovations from the August 2014 flood to the basements of City Hall and the 43rd District Court.
- Roof replacements at DPS - Pole Barn and Dog Pound.
- Fire Suppression and alarming completed at the Senior Center.
- Continued energy monitoring with Energy Sciences.

Objectives

Resource Management:

- Perform carpet and blind inventories for future interior work at City buildings.
- Provide monthly building energy utilization report to City management.
- Make needed HVAC upgrades at the 43rd District Court.
- Add IvU network cards to Fire Station #1's HVAC system.
- Provide analysis and report to City Council and City Manager on Council's 2015 goal to reduce energy consumption by 25%, as recommended by the Millennial Mayors Congress (Fall 2015).

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	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 (\$)	1.12	1.12	1.12	0	0.0

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$34,668	\$30,461	\$18,670	\$(11,791)	(38.7)
Supplies	17,067	17,250	17,250	0	0.0
Other Services and Charges	174,641	161,230	149,637	(11,593)	(7.2)
Capital Outlay	0	0	0	0	0.0
Subtotal-Municipal Bldg.	54,613	208,461	79,394	(129,067)	(61.9)
Total	\$280,989	\$417,402	\$264,951	\$(152,451)	(36.5)
Resources:					
General Fund	\$280,989	\$417,402	\$264,951	\$(152,451)	(36.5)
Total	\$280,989	\$417,402	\$264,951	\$(152,451)	(36.5)

Key Issues

- The FY 2016 budget includes \$20,000 to replace carpeting in City Hall Council Chambers and Executive Conference Room.
- The FY 2016 budget includes \$100,000 to upgrade all five rooftop units at the 43rd District Court. The 43rd District Court's rooftop units are 25 years old, and this will be the fourth City building to be equipped with web-based HVAC controls (IvU).
- The decrease in Personal Services is directly related to a reorganization at the Department of Public Services. During FY 2015, the City eliminated the Assistant City Manager position and replaced it with a Director of Public Services.

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	2013-14	2014-15	2015-16
Police Chief	1	1	1
Deputy Police Chief	1	1	1
Lieutenants	4	4	4
Sergeants	8	7	7
Police Officers	31	32	32
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:

- Hired and trained one (1) Police Officer.
- Obtained a Risk Avoidance Program (RAP) grant from the Michigan Municipal Risk Management Authority (MMRMA) to assist in the upgrade of the Police Department video system.
- Obtained a law enforcement grant from Sam's Club.
- Replaced patrol vehicle citation printers.
- Upgraded the Police Department video system.
- Replaced two (2) police vehicles with Utility Interceptor vehicles (SUV).
- Received grant funding from the Traffic Improvement Association of Michigan for Operating While Impaired patrols and Seatbelt Enforcement.
- Selected one (1) command officer and one (1) patrol officer to recruit potential police officers.
- Selected and trained one (1) Field Training Officer, one (1) Background Investigator, and one (1) Motor Officer.

Objectives

Public Safety:

- By July 2016, advance 911 technologies, improving communication and emergency response; specifically deploy SMART 911, in the Police Department's operations. (Budget Priority 2.d.)
- Attract and retain talented employees by having recruiters attend three (3) career fairs and/or police academies by June 30, 2016, and provide an evaluation report of the police officer testing procedures to the City Manager by February 1, 2016, as well as train employees to fill upcoming vacated positions and assignments. (Budget Priority 3.d.)
- Complete purchase and installation of in-car video system by December 31, 2015, to protect our existing investment, avoiding potential costs in the future. (Budget Priority 4.b.)
- In FY 2015-16, the Police Department will engage residents to foster a positive image of the Police Department by holding four (4) quarterly public events - Senior Citizen Safety, Gun Safety Education, a Child Safety Event., and an Elementary School Outreach, in addition to two (2) public safety events at local businesses - as a means of building the department's partnership with the community. (Budget Priority 5.b.)

• Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Total Arrests	1,178	1,131	1,150	19	1.7
Employee Training Hours	2,988	1,720	2,000	280	16.3
*Part A Crimes	1,840	1,656	1,800	144	8.7
Total Accidents Investigated	854	1,567	1,500	(67)	(4.3)
Total Calls for Service	26,119	25,954	26,000	46	0.2
Total Cases Investigated	2,728	3,045	3,000	(45)	(1.5)
Traffic Citations Issued	10,041	11,371	10,500	(871)	(7.7)

*"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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$7,819,235	\$7,589,399	\$8,021,973	\$432,574	5.7
Supplies	82,913	60,000	62,100	2,100	3.5
Other Services and Charges	608,281	672,710	695,676	22,966	3.4
Capital Outlay	153,588	73,850	177,496	103,646	140.3
Total	\$8,664,017	\$8,395,959	\$8,957,245	\$561,286	6.7
Resources:					
Animal Control and Pound	\$11,598	\$2,905	\$2,400	\$(505)	(17.4)
Liquor License Inspections	23,994	24,350	24,350	0	0.0
Police Fees and Grants	67,780	92,550	59,590	(32,960)	(35.6)
Police & Fire Pension Millage	2,396,850	2,467,336	2,589,221	121,885	4.9
Vehicle Proposal Millage	153,588	73,850	84,000	10,150	100.0
General Fund	6,010,207	5,734,968	6,197,684	462,716	8.1
Total	\$8,664,017	\$8,395,959	\$8,957,245	\$561,286	6.7

Key Issues

- Personnel services are increasing 5.7% due to step increases of employees who were hired during the last three fiscal years. Wage step increases for Patrol Officers are in twelve month intervals over four years. Contributions to the Police and Fire retirement pension are being increased in accordance with the annual actuarial report from 24.99% of payroll to 27.94%. Funding for the Retiree Health Care Trust to cover Other Employee Benefits (OPEB) has been budgeted at the same 39.25% of payroll as the last two years. The actuarial report for OPEB as of June 30, 2014 has not been released by the Police and Fire Pension System actuaries. Estimates are that this contribution should be over 80% of payroll in FY 2016; however, this is not financially feasible. For FY 2015, the annual calculated contribution should have been 77.12% and in FY 2014, 76.60%.
- The budget includes three replacement vehicles: two patrol vehicles to be funded from the Proposal V-2 millage at a total cost of \$68,800, and one detective vehicle funded by the General Fund at \$28,000, all including vehicle change over costs.

Fire Department

The Fire Department consists of twenty-one licensed paramedics of whom 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 expired 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	2013-14	2014-15	2015-16
Fire Chief	1	1	1
Fire Marshal	1	1	1
Lieutenants	3	3	3
Sergeants	3	3	3
Firefighters	19	19	19
Fiscal Assistant II	0	0	1
Total Full-time	27	27	28
Part-Time Office Support Staff	1	1	0
Total Part-time	1	1	0
Total Employees	28	28	28

Accomplishments

Public Safety:

- Placed into service new self-contained breathing apparatus.
- Redesigned and purchased a new rescue/ambulance.
- Established a senior citizen health and fire safety awareness program.
- Developed a customer service feedback survey.
- Purchased a new Fire Marshal vehicle.
- Installed new emergency response computers on the fire engines.
- Purchased new department attach fire hoses.

Resource Management

- Lieutenant graduating from Eastern Michigan University, Fire Staff and Command.
- Five command officers completing the Blue Card Command training program.
- The hiring of five new Firefighter/Paramedics.

Objectives

Public Safety:

- Replacement of all large diameter supply fire hose.
- Explore resource sharing opportunities with neighboring communities.
- Review and update the City's ISO rating.
- Installation of a digital radio repeater to enhance emergency radio communication.

Resource Management:

- Sergeant attending Eastern Michigan University, Fire Staff and Command.
- Guide the newly hired firefighters through their probationary period.
- Establish a hiring list.
- Establish a Lieutenant and Sergeant Eligibility List
- Hire five new Firefighter/Paramedics.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
EMS Incident Response	3,141	3,336	3,450	114	3.4
Structure Fire Response	85	66	70	4	6.1
Hazmat Call Response	156	200	220	20	10.0
Commercial Bldgs Inspected	461	800	800	0	0.0
<u>Efficiency/Effectiveness</u>					
% Bldg Fire Call Response Times < 5 min.	94	97	95	(2)	(2.1)
% EMS Call Response Times < 5 min.	94	91	92	1	1.1
% Commercial Bldgs Inspected	21	60	60	0	0.0

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$4,154,383	\$4,147,555	\$4,335,880	\$188,325	4.5
Supplies	65,444	62,150	69,425	7,275	11.7
Other Services and Charges	526,089	530,102	509,633	(20,469)	(3.9)
Capital Outlay	220,290	355,000	77,000	(278,000)	(78.3)
Total	\$4,966,206	\$5,094,807	\$4,991,938	\$(102,869)	(2.0)
Resources:					
Ambulance & CPR Revenues	\$482,101	\$495,000	\$500,000	\$5,000	1.0
Police & Fire Pension Millage	1,409,045	1,443,827	1,555,495	111,668	7.7
Federal Assistance to Firefighters Grant	0	0	0	0	100.0
Vehicle Proposal Millage	0	295,000	28,000	(267,000)	(90.5)
Advanced Life Support Millage	190,425	182,426	197,550	15,124	8.3
General Fund	2,884,635	2,678,554	2,710,893	32,339	1.2
Total	\$4,966,206	\$5,094,807	\$4,991,938	\$(102,869)	(2.0)

Key Issues

- Personnel services are increasing 4.5% due to step increases of employees who were hired during the last three fiscal years. Wage step increases for Firefighters are in twelve months intervals over four years. Contributions to the Police and Fire retirement pension are being reduced in accordance with the annual actuarial report from 24.99% of payroll to 27.94%. Funding for the Retiree Health Care Trust to cover Other Employee Benefits has been budgeted at the same 39.25% of payroll as the last two years. The actuarial report for OPEB as of June 30, 2014 has not been released by the Police and Fire Pension System actuaries. Estimates are that this contribution should be over 80% of payroll in FY 2016, however this is not financially feasible. For FY 2015, the annual calculated contribution should have been 77.12% and FY 2014 76.60%.
- Capital Outlay included in the FY 2016 Budget includes new fire hoses at \$33,000, two Automated External Defibrillators at \$3,000, fire engine mounted V-TACS at \$13,000, and a replacement vehicle for \$28,000.
- In March 2015, the City submitted an application for funding of three firefighter positions from the Federal Staffing for Adequate Fire & Emergency Response (SAFER) grant. Awards will be made between June to September 2015, and cover a maximum two (2) year period. No funding has been included in the FY 2015-16 Budget for the three positions; however, the City anticipates a potential of ten (10) positions that will become vacant through attrition over the next two years, possibly allowing the City to absorb the SAFER-funded positions into the current 27-man staffing structure, if the grant is awarded.

Community Development

The Community Development Department consists of these functions: Building, Planning/Zoning, Engineering, Economic Development, Code Enforcement, Geographic Mapping, 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;
- Handling marketing, social media, website, and City brand management; and
- Designing, bidding, inspecting and planning road reconstruction projects.

Organizational Structure and Staff

Personnel Summary	2013-14	2014-15	2015-16
Community Development Director	1	1	1
Deputy Community Development Director	1	0	0
Building Official	0	1	1
Economic & Community Development Supervisor	1	1	1
Administrative Secretary	1	1	1
GIS/CDD Technician	1	0	0
GIS/Multimedia Specialist	0	1	1
Inspector	2	2	1
Office/CDBG Assistant	1	1	1
Total Full-time	8	8	7
Code Enforcement Officer	0	0	1
Total Part-time	0	0	1
Total Employees	8	8	8

Accomplishments

Public Safety:

- Continued successful implementation of multi-year contracts with road and sidewalk contractors completing the Year 8 Residential Road projects funded through the R-2 millage, four Major Road sectional repairs, eight local road sectional repairs and the sidewalk repair and gap program. For detailed project locations and final cost please refer to Neighborhood Projects and Road Improvements sections under the Capital Improvement Chapter.
- Completed implementation of recently installed update to the building inspection software to maximize field inspector real-time utilization and public/customer access.
- Implemented new public web mapping site, with easier to use maps that are published in-house, eliminating outside contracted site hosting at substantial annual savings.
- Provided staff with Personal Safety Training on an annual basis.
- Began road and infrastructure analysis in July 2014 necessary to develop an ‘R-3’ Residential Road and Infrastructure Proposal for City Council consideration in 2015.
- Completed a comprehensive update to the City’s Sidewalk Repair and Gap Program, People Powered Transportation & Sidewalk Repair Program.
- Enhanced the DDA’s annual Tastefest and Art Challenge events to consolidate donor/vendor commitments while fostering increased resident participation prior to November 2014.
- Conducted over 15,000 contacts on code enforcement issues, including periodic weekend enforcement.
- Completed over 3,900 inspections of building, electrical, mechanical, plumbing, sign and concrete permits conducted to ensure safe construction.
- Implemented contract building inspections and plan review services.

Objectives

- Evaluate and update the City’s Tax Abatement Policy following resolution of recent changes resulting from state personal property tax reform.
- By July 2015, implement automated BSA.net direct e-mail public/customer inspection result notifications. (Budget Priority 2.c.)
- Provide staff with a minimum of one personal safety training and one construction safety training session. (Budget Priority 3.c.)
- Complete road and infrastructure analysis by July 2015 to develop an “R-3” Residential Road and Infrastructure Proposal for City Council consideration in 2016. (Budget Priority 4.a.)
- Organize and hold the DDA’s Annual Art Challenge prior to December 2015. (Budget Priority 5.a.)

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
BEMP* Permits Issued	2,250	2,300	2,400	100	4.3
BEMP Inspections	3,982	4,000	4,000	0	0.0
Rental Unit Inspections	2,530	2,600	2,700	100	3.8
Ordinance Violations	48	38	40	2	5.3
Code Enforcement Inspections	14,196	15,000	15,000	0	0.0
<u>Efficiency/Effectiveness</u>					
% of Code Enforcement Actions Resolved Prior To Court	99	99	99	0	0.0
% of BEMP Inspection Requests Completed Within 1 Day	99	99	99	0	0.0

*Building, Electrical, Mechanical, Plumbing

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$820,662	\$882,501	\$924,387	\$41,886	4.7
Supplies	3,998	5,250	8,000	2,750	52.4
Other Services and Charges	215,635	152,969	226,427	73,458	48.0
Capital Outlay	49,188	18,000	0	(18,000)	(100.0)
Total	\$1,089,483	\$1,058,720	\$1,158,814	\$100,094	9.5
Resources:					
Occupational Licenses	\$250,784	\$175,000	\$175,000	\$0	0.0
Other Permits	61,630	65,000	65,000	0	0.0
Building Permits	96,504	112,000	112,000	0	0.0
Engineering Fees	47,104	20,000	20,000	0	0.0
Planning Fees	9,930	10,000	10,000	0	0.0
GIS Services	5,700	2,000	2,000	0	0.0
Proposal V-2 Millage	22,614	18,000	0	(18,000)	(100.0)
General Fund	595,217	656,720	774,814	118,094	18.0
Total	\$1,089,483	\$1,058,720	\$1,158,814	\$100,094	9.5

Key Issues

- The increase in Personal Services is primarily due to the reallocation of General employee pension and retiree health care contributions across all active employees. The department also is projected to have personnel changes. The animal control/code enforcement officer will be utilized fully by the animal control function, including rats and code issues related to rats. All other code enforcement formerly handled by this split position will be completed by the addition of a part-time code enforcement officer.
- The increase in Other Services and Charges reflects a projected increase in activity of the contractual rental inspector, mechanical/plumbing inspector, and electrical inspector.

Streets Division

The Streets 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. 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	2013-14	2014-15	2015-16
Deputy Director	0	0	0
Supervisor	1	1	1
Leader	0	0	1
Equipment Operator III	3	3	1
Equipment Operator II	2	2	3
Equipment Operator I	3	3	3
Office Assistant II	0	0	0
Administrative Secretary (Major/Local Street Fund)	1	1	1
Total Full-time	10	10	10
Seasonal Laborer (Local Road Funded)	1	1	0
Total Part-time	1	1	0
Total Employees	11	11	10

Accomplishments

Public Safety:

- Assisted in the 2014 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 and V-Body inserts 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 (95% complete) City-wide.
- Spray patched Whitcomb, Horace Brown and Montpelier as part of the R-2 sectional work.
- Implemented a new workorder and timesheet system and trained all employees on its use.
- Approval of Streetlighting Agreement with DTE regarding conversion of 376 mercury vapor lights to LED.

Objectives

Public Safety:

- Maintain, replace and repaint crosswalks, stop bars, legends and lane markings.
- Complete upgrading signage to meet new MUTCD standards.
- Support 2015 neighborhood and major road repair and reconstruction projects by providing assistance as required.
- Spray patch roads showing signs of minor joint deterioration: E. Greig and touch-up 2012-13 streets.
- Complete DPS Policy and Procedures binder compilation.
- Continue to review and update web pages, thus eliminating outdated information. Develop policy to ensure updating occurs in a timely manner.
- Convert 376 mercury vapor streetlights throughout the City to LED.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
% of functional sound bridges	100	100	100	0	0.0
Total hours snow removal per lane	48	40	40	0	0.0
Tree and Stump Removal	85	90	80	(10)	(11.1)
<u>Efficiency/Effectiveness</u>					
Cost per resident for routine road maintenance	\$47.08	\$47.42	\$50.23	\$2.81	5.9
Cost per resident for road construction	\$121.99	\$117.16	\$124.47	\$7.31	6.2

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$218,909	\$170,486	\$188,778	\$18,292	10.7
Supplies	2,982	3,100	2,750	(350)	(11.3)
Other Services and Charges	672,720	758,479	830,848	72,369	9.5
Capital Outlay	287,031	143,234	423,000	279,766	0.0
Total	\$1,181,642	\$1,075,299	\$1,445,376	\$370,077	34.4
Resources:					
Weed Mowing	\$39,762	\$75,000	\$75,000	\$0	0.0
Brush Chipping	6,733	4,000	0	(4,000)	(100.0)
Proposal V	143,234	0	423,000	423,000	0.0
General Fund	991,913	996,299	947,376	(48,923)	(4.9)
Total	\$1,181,642	\$1,075,299	\$1,445,376	\$370,077	34.4

Key Issues

- The FY 2016 budget includes the replacement of three vehicles: one tandem axle dump truck (#417), one 3/4 ton pick-up (#420), and a platform truck (#429).

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, right-of-way tree management, park clean-up and catch basin clean out;
- By newsletter and website, informing citizens of refuse and recycling rules and schedules that instruct residents on the City's mandatory recycling program; and

Organizational Structure and Staff

Personnel Summary	2013-14	2014-15	2015-16
Assistant City Manager - DPS	1	0	0
DPS Director	0	1	1
Supervisor	1	1	0
Total Full-time	2	2	1
Total Employees	2	2	1

Accomplishments

Public Health:

- Completed removal of 90 right-of-way dead or diseased trees.

Objectives

Public Health:

- Continue to monitor the health of City trees and remove as necessary.
- Monitor performance of new tree contractor.

Public Safety:

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

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Commercial Waste (Stops)	87	87	87	0	0.0
Compost (Tons)	1,962	1,748	1,748	0	0.0
Refuse (Tons)	9,140	12,423	9,300	(3,123)	(25.1)
Leaf Pickup-Cubic Yards	5,100	5,250	5,250	0	0.0
Paid Brush Chipping (Stops)	220	236	236	0	0.0
Residential Recycling (Stops)	9,460	9,593	9,593	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	\$1.48	\$1.48	\$1.55	\$0.07	4.7

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$525,735	\$453,282	\$436,657	\$(16,625)	(3.7)
Supplies	21,752	19,120	17,012	(2,108)	(11.0)
Other Services and Charges	1,516,019	1,495,774	1,595,774	100,000	6.7
Capital Outlay	0	0	0	0	0.0
Total	\$2,063,506	\$1,968,176	\$2,049,443	81,267	0.0
Indirect Costs	297,314	297,500	303,224	5,724	0.0
Resources:					
Solid Waste Millage	\$2,012,706	\$1,935,599	\$2,090,630	\$155,031	8.0
General Fund	348,114	330,077	262,037	(68,040)	(20.6)
Total	\$2,360,820	\$2,265,676	\$2,352,667	\$86,991	3.8

Key Issues

- The City contracts garbage and recycling services to Rizzo Services. The 2010-2020 contract holds prices through FY 2015. In FY 2016, there is a 6.8% increase in services.

Recreation Division

The Recreation Division of the Department of Public Services 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, fitness, tai chi, yoga, painting, PlayFriends, and team sports such as basketball, softball, T-Ball and volleyball;
- Processing all registrations, facility reservations, 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", 5K Run/Walk, City Golf Outing, Nature Center Fall Open House, Holiday Tree Lighting and the February Coffee Concerts; and supporting the Parade Pub Crawl and Memorial Day Parade.

Organizational Structure and Staff

Personnel Summary	2013-14	2014-15	2015-16
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.
- Developed an e-newsletter that has kept those who have registered (51 for recreation programs and 100+ for coffee concerts) well informed on upcoming programs.
- Expanded use of Active Net System to provide automated league schedules and to make schedules available online for coaches and participants.
- Developed alternative funding plan to continue the privately-sponsored Festival in the Park.
- Developed 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.
- Developed and distribute a comprehensive sponsorship packet to increase revenues for events and programs and reduce staff time spent on solicitation.
- Completion of the 2015-19 Recreation Master Plan.

Objectives

Quality of Life:

- Promote programs for the young adult population (20-40 year old programs).
- Continue to include a "Spotlight on Employees" in the City Newsletter.
- Offer Comedy Night to help raise funds for Festival in the Park.
- By June 30, 2016, identify one recreation project, identify local match source and submit application for MNRTF grant, and include FY 2016-17 CIP/Budget, utilizing updated Parks and Recreation Master Plan. (Budget Priority 1.d.)

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
T-Ball - Summer	90	100	100	0	0.0
Dance Attendance - Fall	178	175	175	0	0.0
Youth Basketball - Winter	58	63	70	7	11.1
Youth Softball - Summer	50	60	65	5	8.3

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$47,516	\$49,796	\$49,798	\$2	0.0
Supplies	22,405	16,144	19,659	3,515	21.8
Other Services and Charges	30,882	80,879	64,885	(15,994)	(19.8)
Capital Outlay	0	0	0	0	0.0
Total	\$100,803	\$146,819	\$134,342	\$(12,477)	(8.5)
Resources:					
Recreation Fees	\$73,920	\$153,171	\$132,610	\$(20,561)	(13.4)
Recreation-Miscellaneous	4,153	2,500	2,500	0	0.0
General Fund	22,730	(8,852)	(768)	8,084	(91.3)
Total	\$100,803	\$146,819	\$134,342	\$(12,477)	(8.5)

Key Issues

- The Division has seen the addition of new recreation classes including Garage Muscle, a boxing program, Team Sports, yoga and general fitness classes, as well as the addition of the new Kung Fu for Adults and Youth, and adding additional hours for extended camp time for working parents.
- Other activities, such as bowling, the City-wide garage sale, Karate, and the junior golf league, have been dropped due to lack of interest or the workload demand on staff (garage sale).

Nature Center Division

The paid staff of the Nature Center Division of the Department of Public Service were laid off in June of 2010 due to declining property tax revenues and State shared revenues. Oakland County Parks and Recreation (OCPR) assumed operation in 2012, following execution of a 25-year lease with the City. 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:

- Reviewed and financially supported OCPR staff with projects that included trail improvements (forest), and staff parking/fencing upgrades.
- Aided in promotion of Nature Center.
- Operated the privately-sponsored Open House in the Fall of 2014.

Objectives

Quality of Life:

- Work with Oakland County to promote OCPR programming and activities at the Nature Center.
- Evaluate parking lot expansion plans with OCPR.
- Continue capital planning with OCPR.

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	1,370	8,175	8,052	(123)	(1.5)
Capital Outlay	0	38,000	50,000	12,000	0.0
Total	\$1,370	\$46,175	\$58,052	\$11,877	25.7
Resources:					
Nature Center Sales	\$0	\$0	\$0	\$0	0.0
Nature Center Contributions	0	0	0	0	0.0
General Fund	1,370	46,175	58,052	11,877	25.7
Total	\$1,370	\$46,175	\$58,052	\$11,877	25.7

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.
- The FY 2016 budget includes the City's prorated cost of Capital Improvements for Phase I of planned parking lot improvements. Capital Improvements are cost shared between Oakland County and the City, with the County paying the first \$5,000 of each project, and the remainder being split equally.

Parks Division

The Parks Division of the Department of Public Services consists of the allocation of a portion of a full-time Streets and Facilities 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	2013-14	2014-15	2015-16
Parks Maintenance III	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 and tree decline.
- 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: 5K Run/Walk, Memorial Day Parade, Festival in the Park and Holiday Tree Lighting.
- Bi-annual full inspection and repairs of City playgrounds.
- Continued maintenance partnership with Oakland County Parks and Recreation at Red Oaks Youth Soccer Complex.
- Tree trimming at the DPS (K-9 area), Exchange Park/E. Farnum Right-of-Way, and Wildwood Park has been completed.
- Wildwood Park and Civic Center Park improvements made with the assistance of the GM Student Corps program.
- Completion of the 2015-19 Recreation Master Plan.
- Completed a portion of the trail rehab at Civic Center Park.

Objectives

Quality of Life:

- 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 features at various parks (e.g. 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.
- Complete trail rehabilitation at Ambassador Park.
- Perform parking lot repairs at Civic Center Plaza.
- Identify one parks project, identify local match source and submit application for MNRTF grant, and include FY 2016-17 CIP/Budget, utilizing updated Parks and Recreation Master Plan. (Budget Priority 1.d.)

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Ballfield Maintenance (hrs)	425	425	425	0	0.0
Flowers-Flats Planted	34	34	34	0	0.0
Meeting Room Set-ups	4	4	4	0	0.0
Tons of Salt Used	240	160	160	0	0.0
Trees Planted	25	19	20	1	5.3
Turf Maintenance (hrs per wk)	300	300	300	0	0.0
<u>Efficiency/Effectiveness</u>					
Number of Park Acres Maintained Per Employee	48	48	48	0	0.0
Number of Trees Trimmed Per Employee	40	40	40	0	0.0

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$241,110	\$238,911	\$237,948	\$(963)	(0.4)
Supplies	35,481	31,350	31,350	0	0.0
Other Services and Charges	95,632	123,880	88,137	(35,743)	(28.9)
Capital Outlay	84,917	106,500	113,000	6,500	0.0
Total	\$457,140	\$500,641	\$470,435	\$(30,206)	(6.0)
Resources:					
General Fund	\$437,874	\$471,641	\$437,435	\$(34,206)	(7.3)
Vehicle Millage	19,266	29,000	33,000	\$4,000	100.0
Total	\$457,140	\$500,641	\$470,435	\$(34,206)	(6.8)

Key Issues

- The decrease in Personal Services is primarily due to the reduction in Retiree Health Care Contribution.
- The FY 2016 budget includes capital expenditures for a replacement of a pick-up truck from the vehicle millage, and trail improvements at Civic Center and Ambassador Parks as well as parking lot repairs at the Civic Center Plaza.

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 Program 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	2012-13	2013-14	2014-15
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

- Raised \$12,760 throughout the year through fundraising events and donations to cover extraneous equipment and programs.
- Rented the senior center 17 times grossing \$3,500 in revenue.
- Provided 405 seniors and low-income clients' electronic filing of income tax return through AARP volunteers.
- Furnished assistance to 70 seniors, providing aid with home repair through the Senior Home Assistance Repair Program (SHARP) and established a partnership with MVP Collaborative to provide spring and fall cleanup.
- Provided 20 seniors with free legal aid through monthly free consultation appointments.
- Established partnerships with Deaf & Hearing Impaired to provide support groups, Better Business Bureau and Attorney Generals Office to provide seminars on scams and fraud protection, International Outdoor to provide gift cards for volunteers.
- Combined serving locations for the meal program, transporting seniors from the Chinese Cultural Center and Solberg Tower to the Senior Center. and offered the Center as a distributions site for meals on wheels, collecting names of volunteers to complete home delivered routes.

Objectives

- Continue the facelift of the Senior Center, looking to paint inside and out, possibly with help from Home Depot.
- Meet the service needs of older adults and their families to assist the older person in maintaining independence.
- Act as a non-partisan advocate for the rights of seniors, individually or as a group, helping adults advocate for themselves.
- Provide social and intellectual events that allow older adults to interact with other community members and build friendships making the community stronger, healthier and more supportive.
- Provide information and referral for services available to older adults in the community and offer assistance for those unable to negotiate the system with information alone.
- Provide volunteer opportunities for older adults whether it be service to the Center itself or to the community.
- Continue to provide some opportunities to seniors free of charge, such as our trips to the Detroit Institute of Arts and the Detroit Symphony Orchestra, free events such as our 80 & Better Birthday Party and free activities such as exercise class, scrabble, dominoes, prize bingo, game day, Wii bowling, card games, knit & crochet, movie, book club, computer class. Services are also provided such as monthly hearing screenings, weekly blood pressure checks, annual health fair, monthly lawyer consultations and monthly informational talks.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
# of Two-Way Trips	9,314	8,400	9,000	600	7.1
Bus Miles Traveled	22,345	23,000	23,000	0	0.0
Day Trips	67	54	60	6	11.1
Lawns Mowed	1,470	1,500	1,500	0	0.0
Newsletter Subscriptions	400	400	400	0	0.0
Snow Removals	291	160	250	90	56.3

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$117,812	\$124,630	\$171,897	\$47,267	37.9
Supplies	96,939	85,374	90,718	5,344	6.3
Other Services and Charges	74,878	86,777	84,083	(2,694)	(3.1)
Capital Outlay	0	150,000	7,500	(142,500)	(95.0)
Total	\$289,629	\$446,781	\$354,198	\$(92,583)	(20.7)
Indirect Costs	135,024	149,628	152,602	2,974	2.0
Resources:					
Senior Non-Program	\$9,018	\$11,538	\$13,088	\$1,550	13.4
Senior Citizens Activities	101,265	85,186	90,356	5,170	6.1
Senior Center Millage	342,230	327,642	375,424	47,782	14.6
SMART	54,036	40,500	40,500	0	0.0
General Fund	(81,896)	131,543	(12,568)	(144,111)	(109.6)
Total	\$424,653	\$596,409	\$506,800	\$(89,609)	(15.0)

Key Issues

- The FY 2016 budget includes funding for new window blinds at the Senior Center. During this fiscal year, the City applied for a capital grant to replace bus #530 currently used by the Center. Estimated replacement cost is \$80,000.
- Personal Services have decreased due to employees opting out of medical insurance for the current fiscal year.

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	2013-14	2014-15	2015-16
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 a change to library policy, which requires all fines to be paid ahead of renewing a library card, including a change from a three to a one year expiration.
- Introduced B&T Axis 360 as an additional eBook and downloadable audio option, to supplement OverDrive's Download Destination and Advantage Plan, allowing more residents to locate and download material with less waiting for titles.
- Replaced the Library's current copiers with more current technology to allow printing and scanning to and from USB drives, as well as copiers, in order to remain current in meeting user needs given available technology.

Objectives

Quality of Life:

- Working with the Library Advisory Board, evaluate and report to City Manager by March 1, 2016 on the feasibility of a donation drive for library collections. If found feasible, have event planned by July 2016. (Budget Priority 1.e.)
- By May 2016, enroll in and publicize the Zinio online newsstand, giving Library patrons access up to 252 titles online, up from the 40 titles to which the Library currently subscribes. (Budget Priority 1.f.)
- By June 2016, implement Quality Services Audit Checklist (QSAC) which is a voluntary management standards program that assists public libraries by setting benchmarks in multiple areas for Governance & Administration, HR, Services, Collection Development, Technology, Facilities & Equipment and Public Relations. This will provide direction and support for libraries as they look to both improve their services and to provide measurable data to residents, City Council, and City Administration. (Budget Priority 4.d.)
- Before July 2016, establish and set up a content management process for a Library Facebook page to promote departmental programs and services. Budget Priority 5.d.)
- By October 1st for the preceding fiscal year, produce and disseminate the first ever Annual Library Report to update the public about Library activities. (Budget Priority 5.e.)

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Building Usage	101,777	103,452	103,500	48	0.0
Interloans to Madison Heights	9,897	10,000	10,000	0	0.0
Materials Circulated	112,211	113,563	113,600	37	0.0
Patron Registrations	1,473	1,475	1,500	25	1.7
Public Internet Access Use	37,963	38,000	38,000	0	0.0
Reference Questions	7,233	7,200	7,300	100	1.4

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$468,417	\$465,061	\$512,268	\$47,207	10.2
Supplies	4,527	4,600	5,000	400	8.7
Other Services and Charges	127,254	117,064	120,513	3,449	2.9
Capital Outlay	173,744	177,742	97,207	(80,535)	(45.3)
Total	\$773,942	\$764,467	\$734,988	\$(29,479)	(3.9)
Indirect Costs	\$245,854	\$245,527	\$250,407		
Resources:					
State Library Aid	\$17,501	\$14,800	\$17,000	\$2,200	14.9
County Penal Fines	44,618	39,000	42,000	3,000	7.7
Book Fines	17,640	18,610	17,500	(1,110)	(6.0)
Video Revenues	187	2,000	1,800	(200)	(10.0)
Proposal L Millage	756,319	748,577	815,699	876,602	100.0
General Fund	183,531	187,007	91,396	(95,611)	(51.1)
Total	\$1,019,796	\$1,009,994	\$985,395	\$784,881	77.7

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 meet capital improvement needs.
- The FY 2015-16 budget includes \$30,000 for Phase I of II for a waterproofing of the Library exterior walls. Total project cost is \$60,000.

Insurance, Bonds and Transfers

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$0	\$0	\$0	\$0	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	343,209	352,942	424,739	71,797	20.3
Capital Outlay	0	0	0	0	0.0
Transfers	0	0	0	0	0.0
Total	\$343,209	\$352,942	\$424,739	\$71,797	20.3
Resources:					
General Fund	\$343,209	\$352,942	\$424,739	\$71,797	20.3
Total	\$343,209	\$352,942	\$424,739	\$71,797	20.3

Key Issues

- For the last 27 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 2016; however, FY 2015 actual premiums exceeded budget by \$35,000, and our Risk Manager projects a small increase of 3% over actual premiums from FY 2015, plus a small contribution to the City's retention fund.

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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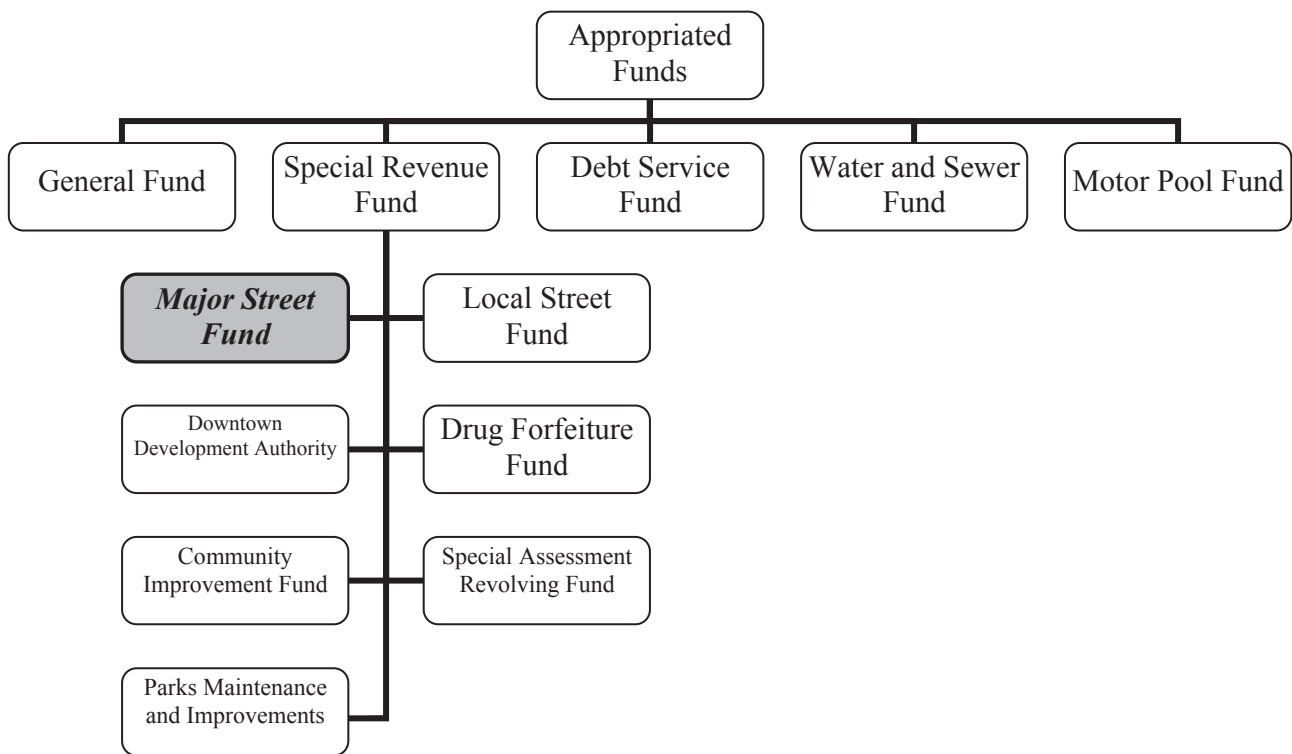
Major Street Fund

Statement of Services

The Major Street Fund maintenance is supported by the Department of Public Service and staffed with an allocation of 1 Coordinator, 8 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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Construction	\$1,308,540	\$485,000	\$1,190,000	\$705,000	145.4
Maintenance	177,419	208,168	237,879	29,711	14.3
Traffic Services	107,029	184,507	184,042	(465)	(0.3)
Winter Maintenance	330,941	220,691	232,174	11,483	5.2
Administration	40,421	40,425	47,562	7,137	17.7
County Roads	126,245	140,885	150,444	9,559	6.8
Transfers	80,000	0	0	0	0.0
Total	\$2,170,595	\$1,279,676	\$2,042,101	\$762,425	59.6
Resources:					
Federal	\$111,185	\$80,000	\$140,000	60,000	100.0
State	1,266,014	1,257,080	1,269,675	12,595	1.0
County	70,061	63,257	63,257	0	0.0
Interest	(3,902)	4,500	0	(4,500)	(100.0)
Transfers	0	0	140,000	140,000	0.0
Fund Balance	0	(125,161)	429,169	554,330	(442.9)
Total	\$1,332,173	\$1,199,676	\$2,042,101	842,425	70.2
Fund Balance	\$568,735	\$693,896	\$264,727	\$(429,169)	(61.8)

Key Issues

- The FY 2014-15 budget included \$5,000 for a Paser rating of roads within the City. The City will be utilizing this rating process to determine the conditions of the entire road network and provide the basis for consideration of a possible R-3 road program, with a report due by January 2016.
- 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. In FY 2015-16, \$70,000 is budgeted for this program in the Major Street Fund.
- Rehabilitation work is being budgeted in FY 2015-16 for a total of \$1,190,000. This includes a \$200,000 National High Priority Project on Thirteen Mile Road, \$100,000 of additional work on Thirteen Mile, and sectional concrete replacement on Whitcomb - Barrington to Townley (\$200,000); East Lincoln - Wolverine to Dequindre (\$100,000); Couzens - 10 Mile to eastbound service drive (\$50,000); Campbell - 12 Mile to 13 Mile (\$10,000); Stephenson Highway southbound - Girard to 12 Mile (\$50,000); Stephenson Highway turnarounds (\$50,000); Edward - Mandoline to Whitcomb (\$50,000); Townley - 14 Mile to Whitcomb (\$50,000); 11 Mile - I-75 to Dequindre (\$160,000); and Industrial (\$100,000).
- The reduction in the Construction Activity in FY 2014-15 reflects in large part the completion of the John R Overlay from 11 to 12-1/2 Mile and sectional repair between 10 and 11 Mile in FY 2013-14.
- Please refer to the Budget Message for an important discussion regarding the May 5th Special Election Statewide Ballot Proposal 1, which is proposed to address Michigan's deteriorating road and bridge network.

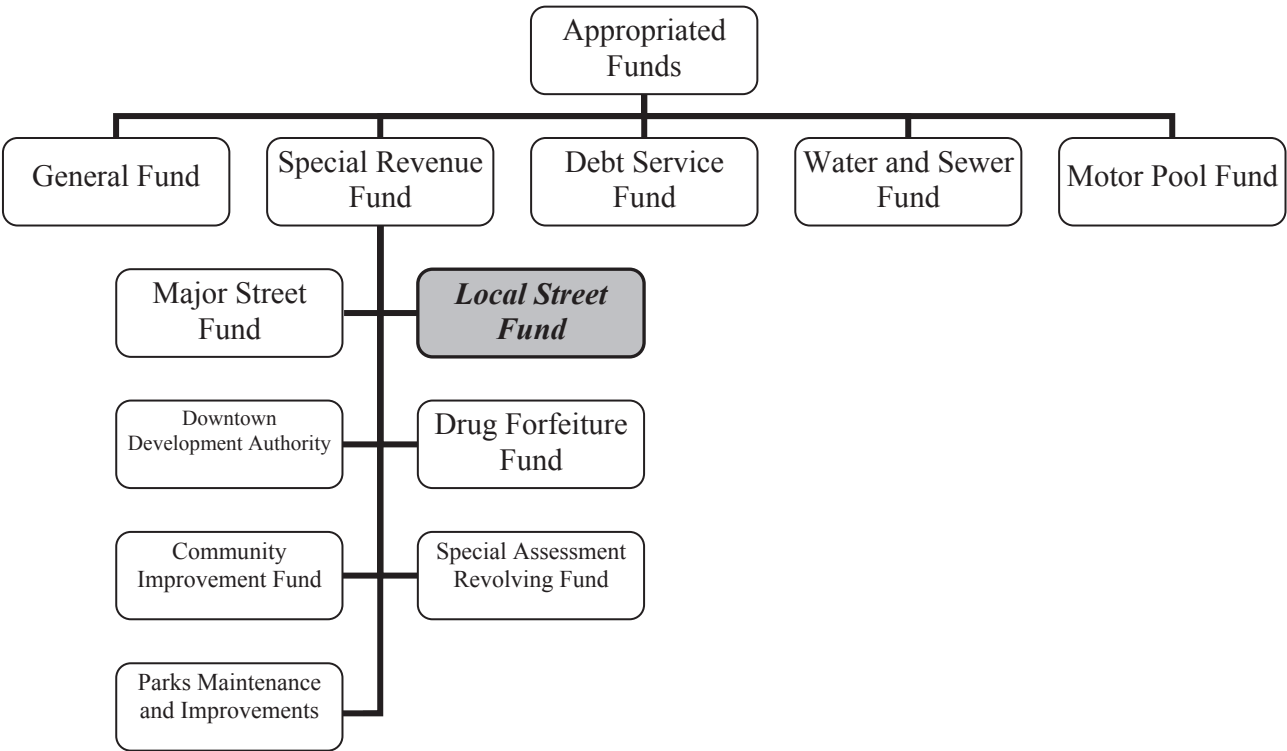
Local Street Fund

Statement of Services

The Local Street Fund maintenance is supported by the Department of Public Service and staffed with an allocation of 1 Coordinator, 8 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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Construction	\$2,314,042	\$2,994,000	\$2,506,000	\$(488,000)	(16.3)
Maintenance	360,926	369,040	384,908	15,868	4.3
Traffic Services	104,874	120,953	119,614	(1,339)	(1.1)
Winter Maintenance	110,846	84,143	88,415	4,272	5.1
Administration	39,188	39,221	46,481	7,260	18.5
Transfers	20,000	20,000	160,000	140,000	100.0
Total	\$2,949,876	\$3,627,357	\$3,305,418	\$(321,939)	(8.9)
Resources:					
Property Taxes	\$1,546,676	\$1,486,923	\$1,579,598	\$92,675	6.2
Intergovernmental	664,764	493,740	640,952	147,212	29.8
Interest	66,076	16,400	45,000	28,600	174.4
Transfers	211,499	0	78,430	78,430	0.0
Fund Balance	0	1,630,294	961,438	(668,856)	(41.0)
Total	\$2,489,015	\$3,627,357	\$3,305,418	\$(321,939)	(8.9)
Non-Proposal "R-2" Fund Balance	\$312,145	\$208,928	\$255,462	\$46,534	22.3
Proposal "R-2" Fund Balance	\$3,311,181	\$1,784,104	\$776,132	\$(1,007,972)	(56.5)

Key Issues

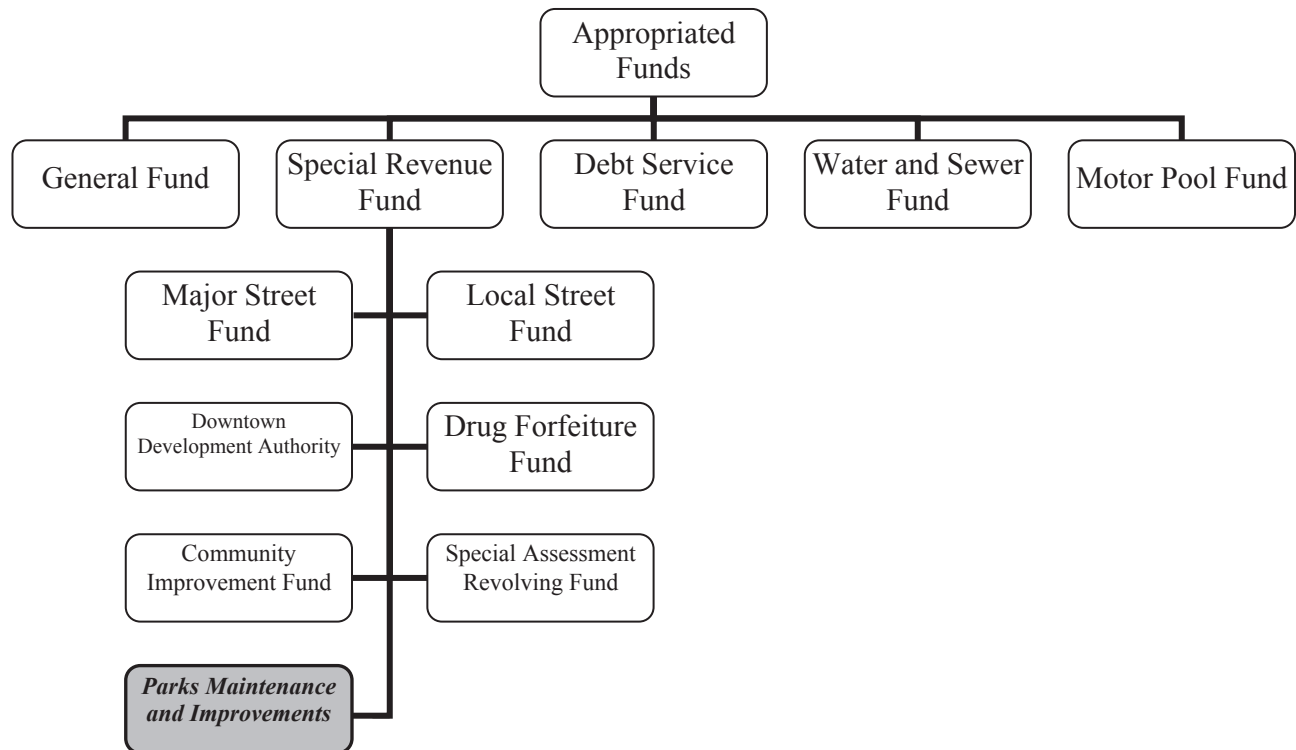
- The Local Street Fund accounts for expenditures associated with the construction and maintenance needs of our local street network and can be divided into the Proposal “R-2” road construction and the non-“R-2” related expenditures. Although the “R-2” portion of the Fund is in sound shape, the remainder 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 East Harwood - Couzens to Dei (\$414,000), Fournier and Mark (\$1,355,000) and East Lincoln east of John R (\$622,000).
- In an effort to address the failing major and local commercial and industrial roads, sectional re-pair projects have been programmed for Harlo (\$115,000).
- Please refer to the Budget Message for an important discussion regarding the May 5th Special Election Statewide Ballot Proposal 1, which is proposed to address Michigan’s deteriorating road and bridge network.

Parks Maintenance and Improvements

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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Maintenance	\$28,952	\$32,968	\$33,714	\$746	2.3
Transfers	0	0	0	0	0.0
Total	\$28,952	\$32,968	\$33,714	\$746	2.3
Resources:					
Interest/Miscellaneous	\$70,201	\$42,500	\$28,300	\$(14,200)	(33.4)
County Shared Revenues	0	0	0	0	0.0
Fund Balance	0	(9,532)	5,414	14,946	(156.8)
Total	\$70,201	\$32,968	\$33,714	\$746	2.3

Fund Balance	\$674,848	\$684,380	\$678,966	\$(5,414)	(0.8)
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Key Issues

- The Red Oaks Youth Soccer Complex was first opened in the fall of 2008, but closed for drain construction in 2009. The 10 acre site includes nine soccer fields, a concession/re-stroom/meeting building and attached picnic pavilion. In 2009, new playscape equipment funded by the Oakland County Parks and Recreation Commission was installed. The complex 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 Budget also includes the City's payments for utilities for the Concession/Training building.
- 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 by the City and OCP&RC for Suarez Woods.

Downtown Development Authority

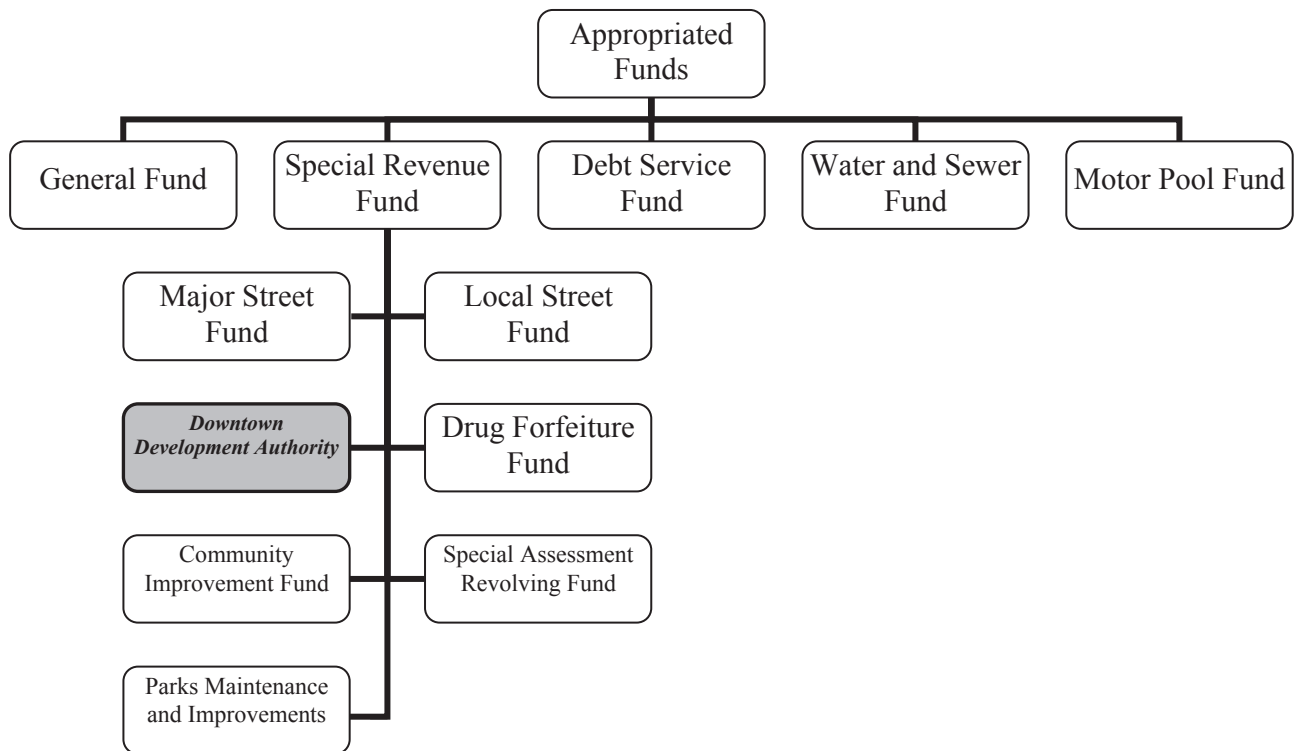
Statement of Services

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 515 visits to local businesses.
- Two DDA business events held in 2014 - Art Challenge and Around the Globe Taste Fest.

Objectives

Resource Management:

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

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Other Services and Charges	\$13,011	\$20,625	\$11,714	\$(8,911)	(43.2)
Construction	0	0	0	0	0.0
Transfers	36,300	34,303	36,800	2,497	7.3
Total	\$49,311	\$54,928	\$48,514	\$(6,414)	(11.7)
Resources:					
Property Taxes	\$70,094	\$42,485	\$38,605	\$(3,880)	(9.1)
Interest/Miscellaneous	0	0	0	0	0.0
Fund Balance	0	12,443	9,909	(2,534)	100.0
Total	\$70,094	\$54,928	\$48,514	\$(6,414)	(11.7)
Fund Balance	\$69,743	\$57,300	\$47,391	\$(9,909)	(17.3)

Key Issues

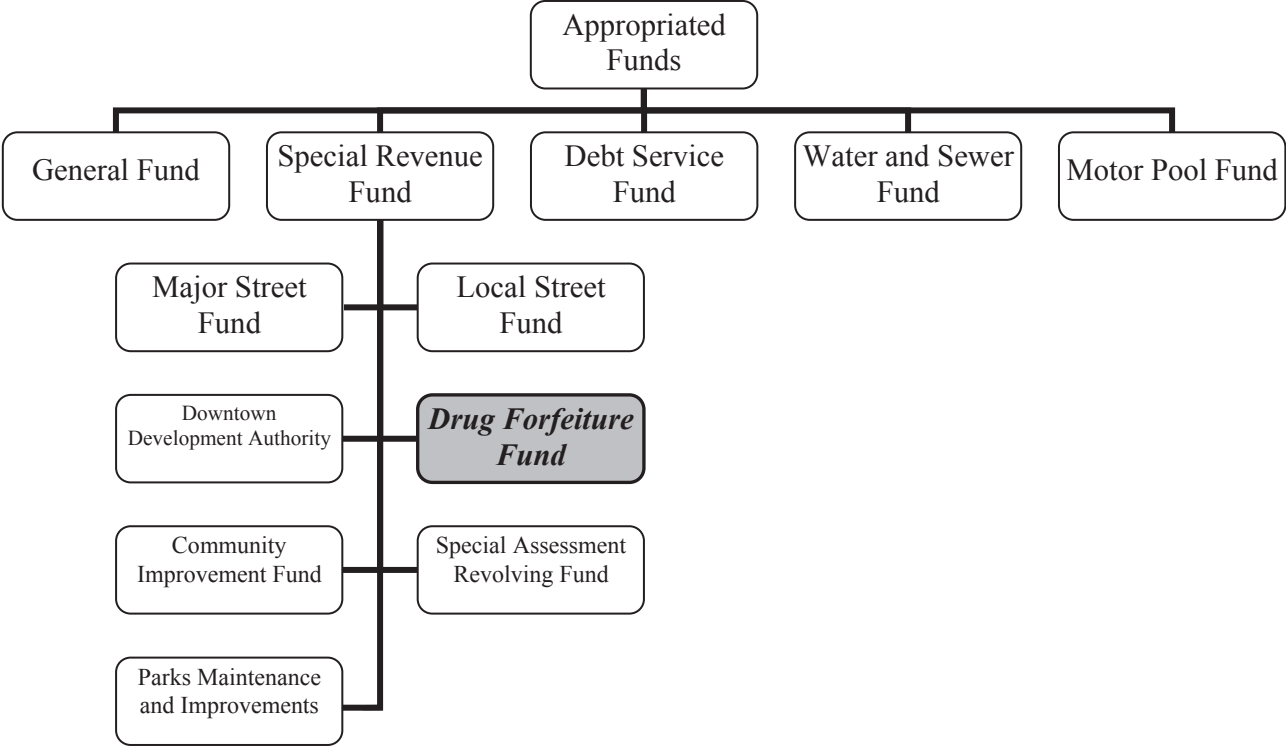
- Given the decline in property values and that DDA funding is derived exclusively from incremental growth in real and personal property tax above the 1997 base year, tax revenues have declined 84% over the last five years from \$243,100 in FY 2009-10 to \$38,605 for FY 2015-16.
- The FY 2015-16 Budget includes the following major expenditures:
 - \$ 36,800 - DDA funding match of 25% for the Economic Development Program and code enforcement support
 - \$ 5,000 - Right-of-way mowing
 - \$ 3,302 - Public right-of-way trash receptacle program
 - \$ 3,312 - Clock tower and trash receptacle maintenance
- The impact on DDA revenues of the 2012 State legislative repeal of the personal property tax remains unclear, although the recent 2014 legislation to fully replace lost personal property tax revenue does include a component to reimburse Tax Increment Financing (TIF) Districts for lost value and losses due to the exemptions.

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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Supplies	\$0	\$0	\$0	\$0	0.0
Other Charges and Services	1,871	34,495	2,500	(31,995)	(92.8)
Capital Outlay	19,762	28,675	48,495	19,820	69.1
Total	\$21,633	\$63,170	\$50,995	\$(12,175)	(19.3)
Resources:					
Drug Forfeiture	\$61,056	\$36,616	\$10,000	\$(26,616)	(72.7)
Interest and Misc. Income	432	250	250	0	100.0
Fund Balance	0	26,304	40,745	14,441	54.9
Total	\$61,488	\$63,170	\$50,995	\$(12,175)	(19.3)
Fund Balance	\$104,192	\$77,888	\$37,143	\$(40,745)	(52.3)

Key Issues

- The Capital Outlay budget includes funding for fifteen (15) in-car video cameras and recording system-related equipment. This purchase is being funded with \$48,495 of State drug forfeiture funds, \$50,000 General Fund, and a \$15,000 Risk Avoidance Program (RAP) Grant from the Michigan Municipal Risk Management Authority.

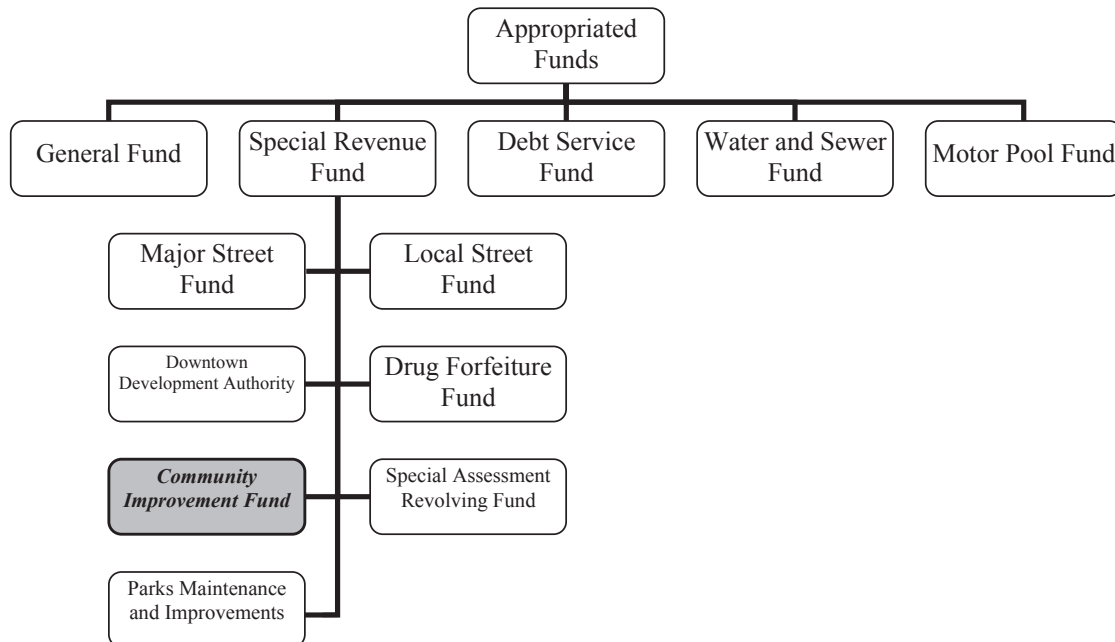
Community Improvement Fund

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) Program. The Community Improvement Program funds one full-time Code Enforcement Officer and covers a portion of other staff to administer the program.

Block Grant funds are used for the yard services program (lawn mowing and snow removal) and code enforcement, which primarily benefit low and moderate-income residents.

Organizational Fund Structure



Accomplishments

Quality of Life:

- 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.

Objectives

Quality of Life:

- Maintain a spending ratio of less than 1.5% of the CDBG allocations.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Home Chore Assignments	2,432	2,400	2,500	100	4.2

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$87,631	\$80,310	\$98,695	\$18,385	22.9
Supplies	0	0	0	0	0.0
Other Services and Charges	23,919	37,663	19,094	(18,569)	(49.3)
Capital Outlay	0	0	0	0	0.0
Total	\$111,550	\$117,973	\$117,789	\$(184)	(0.2)
Resources:					
Community Develop. Grant	\$112,898	\$117,973	\$117,789	(184)	(0.2)
Fund Balance	(1,348)	0	0	0	0.0
Total	\$111,550	\$117,973	\$117,789	\$(184)	(0.2)
Fund Balance	\$3,596	\$3,596	\$3,596	\$0	0.0

Key Issues

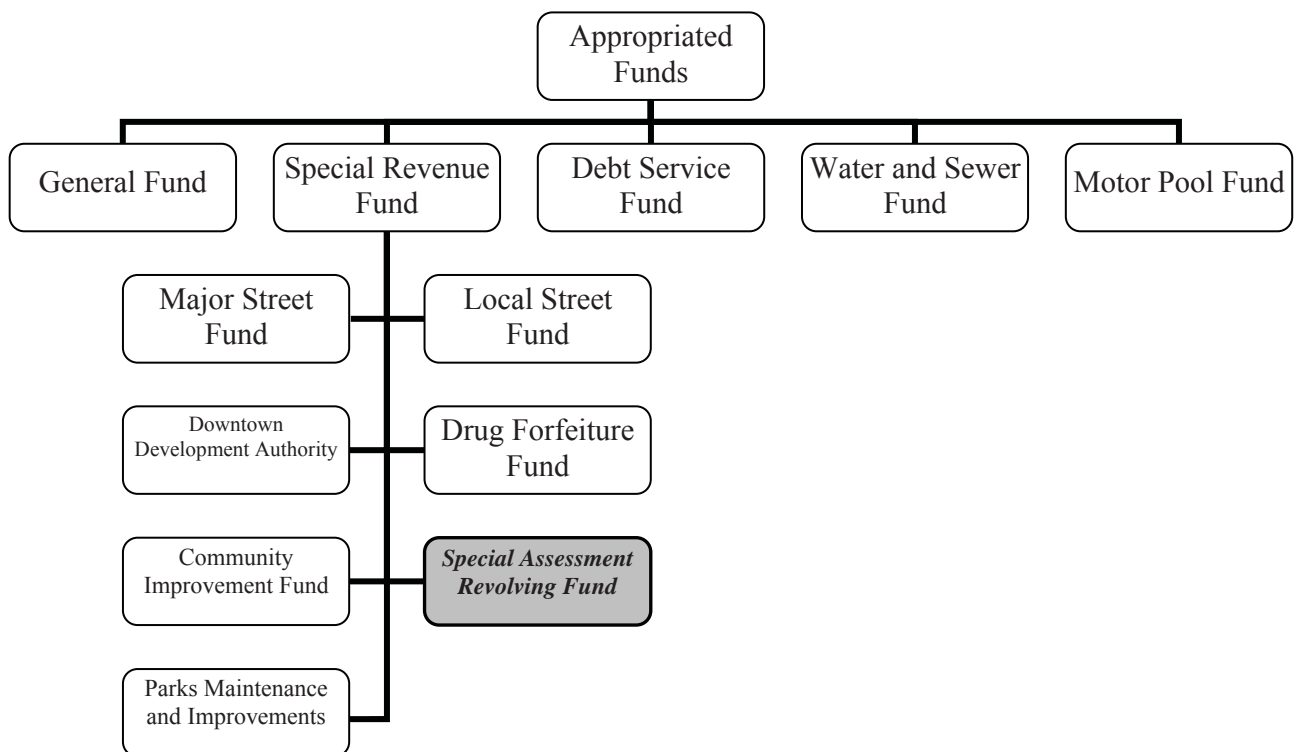
- The CDBG operation includes the following major expenditures: funding for one Code Enforcement Officer and a Home Chore Program, including mowing and snow shoveling for seniors.
- Continuing to provide quality lawn mowing and snow removal service in the face of tighter CDBG regulations and spending restrictions, while maintaining program participation at or near the current level, will remain a challenge for staff.

Special Assessment Revolving Fund

Statement of Services

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

Organizational Fund Structure



Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Other Services and Charges	\$2,900	\$2,966	\$3,054	\$88	3.0
Capital Outlay	526,913	405,000	150,000	(255,000)	(63.0)
Transfers	156,499	25,000	78,430	53,430	213.7
Total	\$686,312	\$432,966	\$231,484	\$(201,482)	(46.5)
Resources:					
Interest and Misc. Income	\$18,968	\$5,000	\$5,000	\$0	0.0
Special Assessment Revenue	620,259	326,670	250,270	(76,400)	(23.4)
Transfers	20,000	20,000	20,000	0	0.0
Fund Balance	0	81,296	(43,786)	(125,082)	(153.9)
Total	\$659,227	\$432,966	\$231,484	\$(201,482)	(46.5)
Fund Balance	\$905,111	\$823,815	\$867,601	\$43,786	5.3

Key Issues

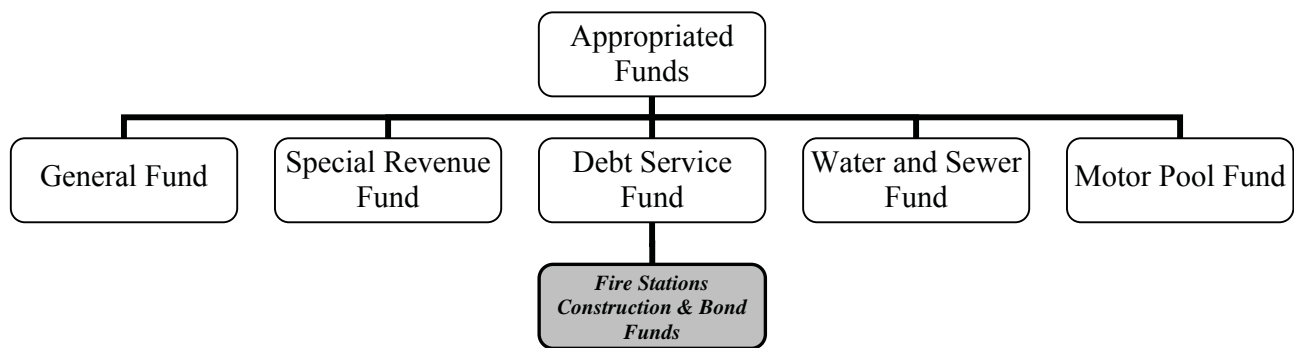
- A total of \$150,000 has been budgeted for the continuation of the very successful sidewalk repair and installation program.
- In the summer of 2014, the City completed the final year, Year 12, of the current sidewalk repair program in the northeastern-most portion of the City. On May 12, 2014, City Council adopted a new 8-year, non-motorized transportation program called the “People Powered Transportation and Sidewalk Repair Program”. Beginning in 2015, this program will guide implementation of a non-motorized transportation system throughout the City, as well as provide for the continued maintenance of the City’s sidewalk network. Several key changes in the new program include elimination of Special Assessment District (SAD) funding in favor of the SAD Revolving Fund and Major and Local Street Funds; creation of a new 8-year annual repair program (reduced from 12 areas or districts); and inclusion of the on/off street non-motorized transportation elements (primarily signage and bike route pavement markings) to be installed on the same 8-year cycle.

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 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Other Services and Charges	\$444	\$1,160	\$1,495	\$335	28.9
Debt Service	372,390	391,690	400,515	8,825	2.3
Capital Outlay	0	0	0	0	100.0
Transfers	0	26,555	0	(26,555)	0.0
Total	\$372,834	\$419,405	\$402,010	\$(17,395)	(4.1)
Resources:					
Property Taxes	\$395,806	\$419,405	\$379,110	\$(40,295)	(9.6)
Interest Earned	-	0	0	0	0.0
Transfers In	-	0	0	0	0.0
Fund Balance	-	0	22,900	22,900	0.0
Total	\$395,806	\$419,405	\$402,010	\$(17,395)	(4.1)
Fund Balance	\$22,971	\$22,971	\$71	\$(22,900)	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 and interest payments is \$400,515. The budget also includes \$1,495 for audit services and paying agent fees. The millage will decrease slightly from 0.5578 in FY 2014-15 to 0.4798 in FY 2015-16.

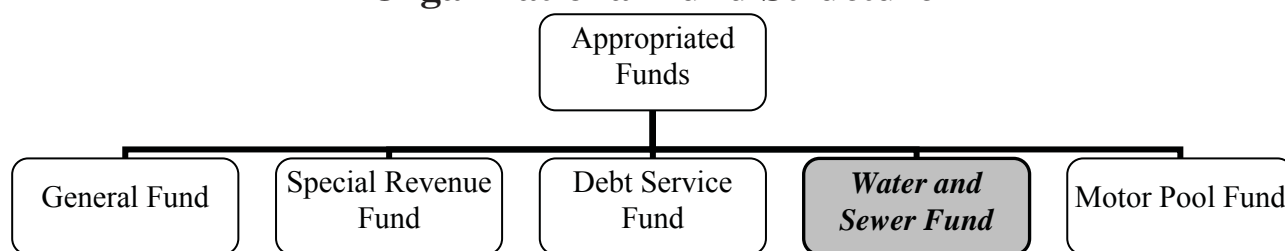
Water and Sewer Division

Statement of Services

The Water and Sewer Division of the Department of Public Services consists of one Water/Sewer Leader, one DPS Analyst/Planner, three Sewer Equipment Operators, four Water Equipment Operators, and two part-time laborers. The Division is responsible for:

- Providing water distribution to and sewage collection for 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 water main 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:

- Repaired or replaced 68 curb boxes that were damaged.
- Continued cross assignment of employees outside of the Water and Sewer Division.
- Repaired and/or assisted on over 73 water main breaks and completed all related landscape repairs.
- Larvicided over 3,000 catch basins to help fight West Nile Virus.
- Replaced five fire hydrants.
- Completion of federally-mandated Disinfectant and Disinfection By-Product testing.
- Replaced 6,865 feet of water main on Blairmoor, Woodmont, Manchester, Barrington (South of 13 Mile), Palmer (North of 13 Mile), Whittier (Longfellow to Chaucer), and Chaucer Streets.
- Cleaned sanitary sewers in District #1, starting at 10 Mile Road working north.
- Cleaned all catch basins on Year 1 and Year 2 sanded only roads and prior water main project roads.
- Replaced a 25 foot section of sanitary pipe on West Barrett/Alger.
- Continued to monitor high volume commercial water accounts for meter repair or replacement based on consumption.
- Thawed or replaced 9 frozen residential water services due to harsh winter.
- Completed tri-annual copper/lead testing and reporting.
- Conducted EPA required Unregulated Contaminate Monitoring Rule 3 (UCMR3) testing.

Objectives

Public Health:

- Clean catch basins in District #1 between 10 Mile and 11 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).
- Repeat City-wide leak detection study on all water mains to help eliminate water loss.
- Undertake SAW Grant and State Revolving Fund supported Sanitary Sewer Inspection and Repair Program, Phase I.
- Replace 5,875 feet of water main on 20153 Residential "R-2" road projects.
- Continue cleaning of sanitary sewers in District #1.
- Submit application for 2015 NPDES Stormwater Permit.
- Evaluate water meters for replacement by reviewing water loss, reading data, and standards for meter replacement by July 2016. (Budget Priority 4.c.)
- Continue to monitor and test large commercial meters for accuracy.
- Continue with a fire hydrant painting and maintenance program.
- Continue with a hydrant flushing and gate valve exercising program.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Avg Daily Water Flow (Units*)	4,600	4,600	4,600	0	0.0
Curb Boxes Replaced	82	68	68	0	0.0
Main Break Repairs	67	65	65	0	0.0
New Watermain Installed (Feet)	3,780	6,325	11,600	5,275	83.4
Water and Sewer Accounts	11,172	11,175	11,148	(27)	(0.2)
Sewer Backups Resolved	10	2	2	0	0.0
Register Head Replacements	160	70	70	0	0.0
<u>Efficiency/Effectiveness</u>					
Distribution Water Loss	7.8%	7.5%	6.8%	(0.7%)	(9.3)
Combine Cost per unit for water and sewer*	\$7.47	\$7.93	\$8.49	\$0.56	7.1

* One unit equals 748 gallons

Key Issues

- The average quarterly residential water and sewage bill is projected to rise by 7.0%, or \$12.32, per quarter to \$189.78 (based on 2,200 cubic feet of consumption) or \$62.26 per month.
- The FY 2016 budget includes a continuation of water main replacement associations with Proposal R-2 road projects at \$1.25 million. Other capital purchases that are included in the budget are a replacement box van for \$30,000, parking lot replacement for the Department of Public Services building at \$50,000, phase 1 funding for a salt containment structure at \$90,000 (total project cost is projected to be \$270,000), and replacement of underground gasoline and diesel fuel storage task phase 1 of 3 with a total project cost of \$150,000.
- The budget also includes capital outlay for standalone water mains for \$945,000. These water mains have been determined to be in serious need of replacement and are being funded through a use of reserves.
- The City has closely monitored the restructuring of the Detroit Water and Sewerage Department (DWSD) into the Great Lakes Water Authority (GLWA). With a scheduled effective date of July 1, 2015, the GLWA will operate and manage all wholesale water and sewer lines in the suburbs that are currently part of the Detroit Water & Sewerage Department and ‘common-to-all’ assets such as the filtration and water plants, pumping stations and other assets providing joint functions for the benefit of all ratepayers. The City of Detroit will become a wholesale customer of the authority like the suburbs. The City will operate and manage all water and sewer lines within City limits including being responsible for collections from its own ratepayers. At no time will delinquencies and bad debts from Detroit’s local operations be the responsibility of the GLWA.

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements					
Water Charges	\$2,134,845	\$2,154,050	\$2,394,693	\$240,643	11.2
Water System Maintenance	921,702	725,591	794,249	68,658	9.5
Water Tapping & Installation	15,467	9,000	9,000	0	0.0
Water Depreciation	358,617	480,086	373,221	(106,865)	(22.3)
Sewage Disposal Charges	3,933,205	3,967,460	4,335,108	367,648	9.3
Sewer System Maintenance	424,102	434,570	495,728	61,158	14.1
Sewer Depreciation	362,885	361,180	358,691	(2,489)	(0.7)
General Service Building	244,119	243,385	252,139	8,754	3.6
General Administration	1,370,727	1,123,901	1,288,328	164,427	14.6
Capital Outlay	0	1,189,575	2,468,333	1,278,758	107.5
Debt Service	279,376	1,028,828	1,033,141	4,313	0.4
Total	\$10,045,045	\$11,717,626	\$13,802,631	\$2,085,005	17.8
Resources:					
Sales: Water	\$5,509,353	\$5,324,080	\$5,738,667	\$414,587	7.8
Sales: Sewer	6,880,449	6,540,183	6,989,414	449,231	6.9
Interest/Miscellaneous	304,776	47,500	100,000	52,500	110.5
Departmental Charges	29,550	29,550	29,550	0	0.0
Retained Earnings	(2,679,083)	(223,687)	945,000	1,168,687	(522.5)
Total	\$10,045,045	\$11,717,626	\$13,802,631	\$2,085,005	17.8
Unrestricted Net Assets	\$8,848,772	\$9,072,459	\$8,127,459	\$(945,000)	(10.4)
Cash	\$7,768,817	\$7,992,504	\$7,047,504	\$(945,000)	(11.8)

* 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, 2014, retained earnings were \$8,848,772 and the cash balance was \$7.9 million.

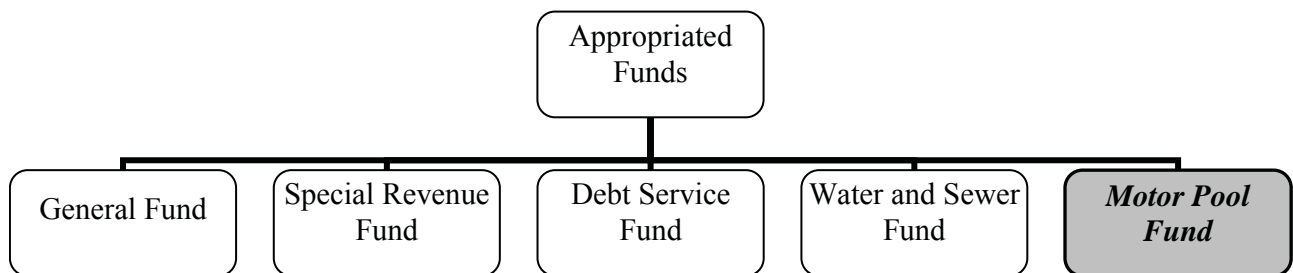
Motor Pool Division

Statement of Services

The Motor Pool Division of the Department of Public Services consists of one Motor Pool Supervisor, two Mechanics, and a part-time laborer. 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:

- Purchased vehicles #464 and #479 from Rochester Hills consortium bid process. Vehicle #464 is used in the Water/Sewer Department, while vehicle #479 is used heavily for winter maintenance and Parks Department services.
- Purchased and equipped 14 vehicles that were damaged and deemed a total loss from the August 2014 flood.
- As a result of the above, the Motor Pool Department was able to reduce the fleet by one vehicle.
- Restored one Fire Department vehicle from the August 2014 flood without having to replace.
- Assisted in the forming of a cooperative purchasing agreement allowing multiple cities to purchase trucks at a reduced cost.

Objectives

Resource Management:

- Continue vehicle replacement under the planned "V-2" millage with greater emphasis on fuel economy and alternative fuel.
- Continue to pursue cooperative purchasing methods with other communities to ensure best value in all our purchases.
- 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.
- Complete underground storage tank repair or decommissioning at Police Department.
- Provide analysis and support for evaluation of potential V-3 Millage Proposal.

Performance Measures

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Fleet Size	245	245	244	(1)	(0.4)
Total gallons gasoline purchased	52,870	52,000	50,439	(1,561)	(3.0)
Total gallons diesel purchased	30,620	34,115	34,115	0	0.0
<u>Efficiency/Effectiveness</u>				0	
Avg. cost - gallon of gasoline	\$2.97	\$2.89	\$2.89	0	0.0
Avg. cost - gallon of diesel	\$3.23	\$3.49	\$3.49	0	0.0
Avg. Maintenance expenditures per light/medium vehicle	\$600.00	\$555.00	\$600.00	45	7.5
Work Orders	797	605	782	177	22.2

Financial Summary

	Actual 2013-14	Estimate 2014-15	Budget 2015-16	Increase (Decrease) FY 2014-15 to FY 2015-16	Percent Change
Requirements:					
Personal Services	\$411,519	\$437,450	\$422,745	\$(14,705)	(3.4)
Supplies	288,354	266,750	279,600	12,850	4.8
Other Services and Charges	235,498	389,047	426,539	37,492	9.6
Capital Outlay	0	0	0	0	0.0
Total	\$935,371	\$1,093,247	\$1,128,884	\$35,637	3.3
Resources:					
Transfers-General Fund	\$851,185	\$987,938	\$1,050,135	\$62,197	6.3
Transfers-Water and Sewer	84,183	105,309	78,749	(26,560)	(25.2)
Fund Balance	0	0	0	0	0.0
Total	\$935,368	\$1,093,247	\$1,128,884	\$35,637	3.3

Fund Balance	\$0	\$0	\$0	\$0	0.0
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Key Issues

- The budget for this department is supported at its current service level.

FY 2016-20 CAPITAL IMPROVEMENT PLAN

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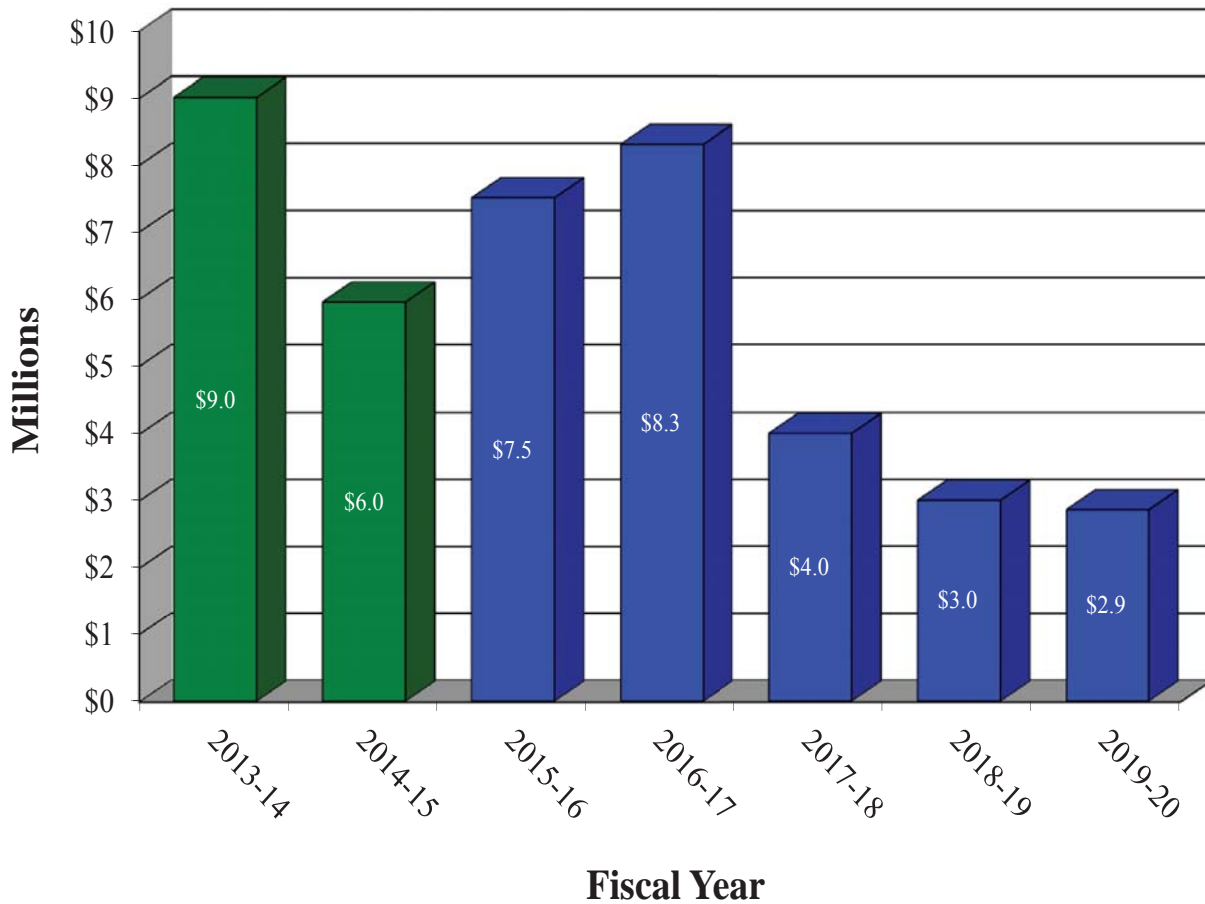
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FIVE YEAR CAPITAL IMPROVEMENT PLAN FY 2016-20

FY 2013-14 ACTUAL AND
FY 2014-15 ESTIMATED



The largest category programmed during the Capital Improvement Plan includes the Proposal “R-2” Neighborhood Road Projects which range in expenditures from \$2.1 to \$3.9 million annually over the five-year period. The plan also includes \$900,000 for the sidewalk repair and gap program, and \$4.0 million for vehicle replacements over the five-year period.

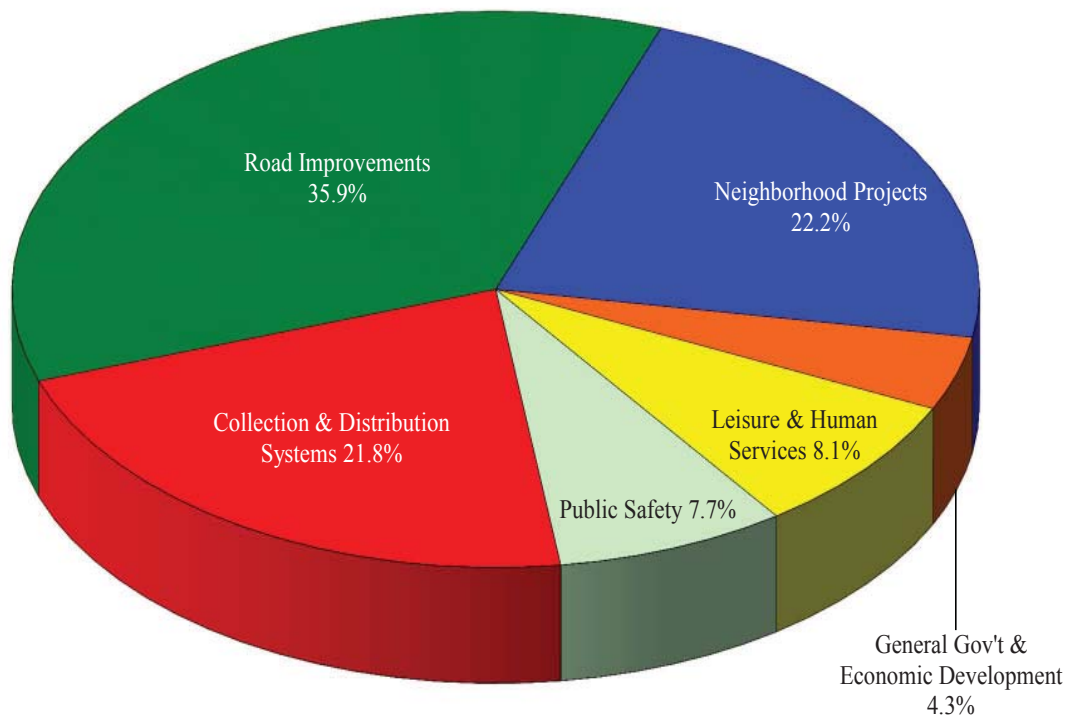
PLAN OVERVIEW

The FY 2016-20 Five Year Capital Improvement Plan totals \$25.7 million. The bar graph presented on the following 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 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.

USE OF FUNDS FY 2016-20



Fifty-eight percent of the Capital Improvement Plan is programmed for Road Improvements and Neighborhood Projects.

**TABLE I
FY 2016-20 FIVE-YEAR CAPITAL IMPROVEMENT PLAN
FINANCIAL OVERVIEW
USE OF FUNDS
(IN THOUSANDS)**

APPROPRIATIONS:

PROJECT DESCRIPTION	TABLE	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	TOTAL APPROP.
Neighborhood Projects	III	\$ 3,167	\$ 3,600	\$ 3,662	\$ 2,045	\$ 0	\$ 0	\$ 0	\$ 5,707
Road Improvements	V	4,899	1,263	1,878	2,567	1,778	1,828	1,180	9,231
Collection & Distribution Sys.	VI	333	0	1,148	2,158	1,390	396	499	5,591
Public Safety	VII	265	526	281	432	262	442	568	1,985
General Gov't & Economic Dev.	VIII	240	270	251	489	95	170	95	1,100
Leisure & Human Services	IX	55	292	313	559	434	185	583	2,074
TOTAL		\$ 8,959	\$ 5,951	\$ 7,533	\$ 8,250	\$ 3,959	\$ 3,021	\$ 2,925	\$ 25,688

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.

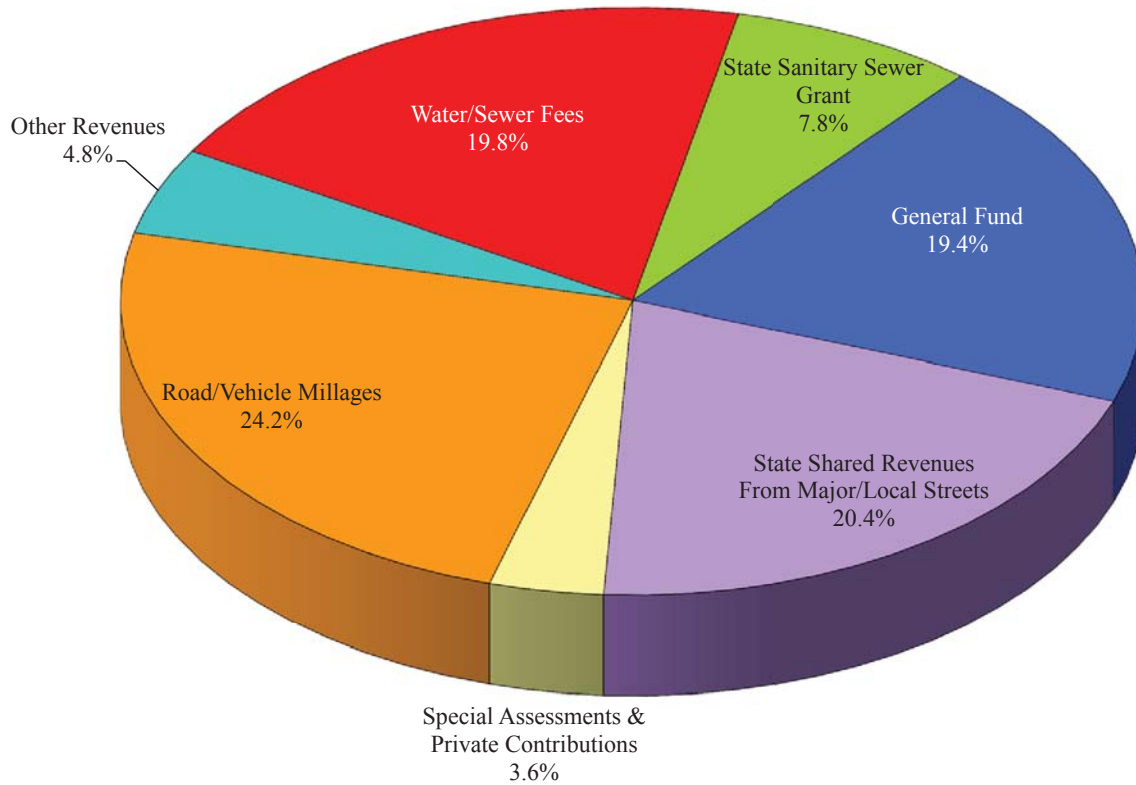
The format for the Capital Improvement Plan has been established to emphasize major functional areas. All capital improvement proposals have been classified into one of six functional areas: Neighborhood Projects, Road Improvements, Collection & Distribution Systems, Public Safety, General Government & 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>
Road Improvements	35.9
Neighborhood Projects	22.2
Collection & Distribution Systems	21.8
Leisure & Human Services	8.1
Public Safety	7.7
General Government & Economic Development	<u>4.3</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 2016-20



The Road and Vehicle Millages and Water and Sewer Fees provide forty-four percent of the funding for the Capital Improvement Plan.

**TABLE II
FY 2016-2020 FIVE-YEAR CAPITAL IMPROVEMENT PLAN
FINANCIAL OVERVIEW
SOURCE OF FUNDS
(IN THOUSANDS)**

REVENUES:

	TABLE III NEIGHBOR. PROJECTS	TABLE V ROAD IMPROV.	TABLE VI COLLECTION & DIST. SYSTEMS	TABLE VII PUBLIC SAFETY	TABLE X GENERAL GOV'T & ECON. DEV.	TABLE IX LEISURE & HUMAN SERVICES	TOTAL
Road/Vehicle/Solid Waste Millage	4,386	\$ 1,678	\$ 0	\$ 125	\$ 0	\$ 33	\$ 6,222
Water/Sewer Fees	1,251	0	3,591	99	135	0	5,076
General Fund	0	1,253	0	1,667	899	1,176	4,995
State Shared Revenues from Major/Local Streets	0	5,240	0	0	0	0	5,240
Special Assessments & Private Contributions	70	860	0	0	0	0	930
State of Michigan Sanitary Sewer Grant	0	0	2,000	0	0	0	2,000
Federal Transportation Grant	0	200	0	0	0	0	200
Other Revenues							
Oakland County Parks & Recreation	0	0	0	0	0	97	97
Library Millage	0	0	0	0	66	0	66
Oakland County (Other)	0	0	0	45	0	768	813
Drug Forfeiture Fund	0	0	0	49	0	0	49
TOTAL	\$ 5,707	\$ 9,231	\$ 5,591	\$ 1,985	\$ 1,100	\$ 2,074	\$ 25,688

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, the General Fund, and State Shared Revenues from Major and Local Streets, totaling \$21.5 million or 84 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 2016-20 Capital Improvement Plan is as follows:

<u>Revenue Source</u>	<u>Percent of Plan</u>
Road and Vehicle Millages	24.2
State Shared Revenues from Major/Local Streets	20.4
Water and Sewer Fees	19.8
General Fund	19.4
State of Michigan Sanitary Sewer Grant	7.8
Other Revenues	4.5
Special Assessment and Private Contributions	3.6
Library Millage	<u>0.3</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 28.7 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 such as Industrial/Commercial road overlays, annual joint/crack sealing and sectional concrete replacement projects.

The Five Year Capital Improvement Program calls for the completion/construction of 136 projects and the purchase of 51 major pieces of equipment.

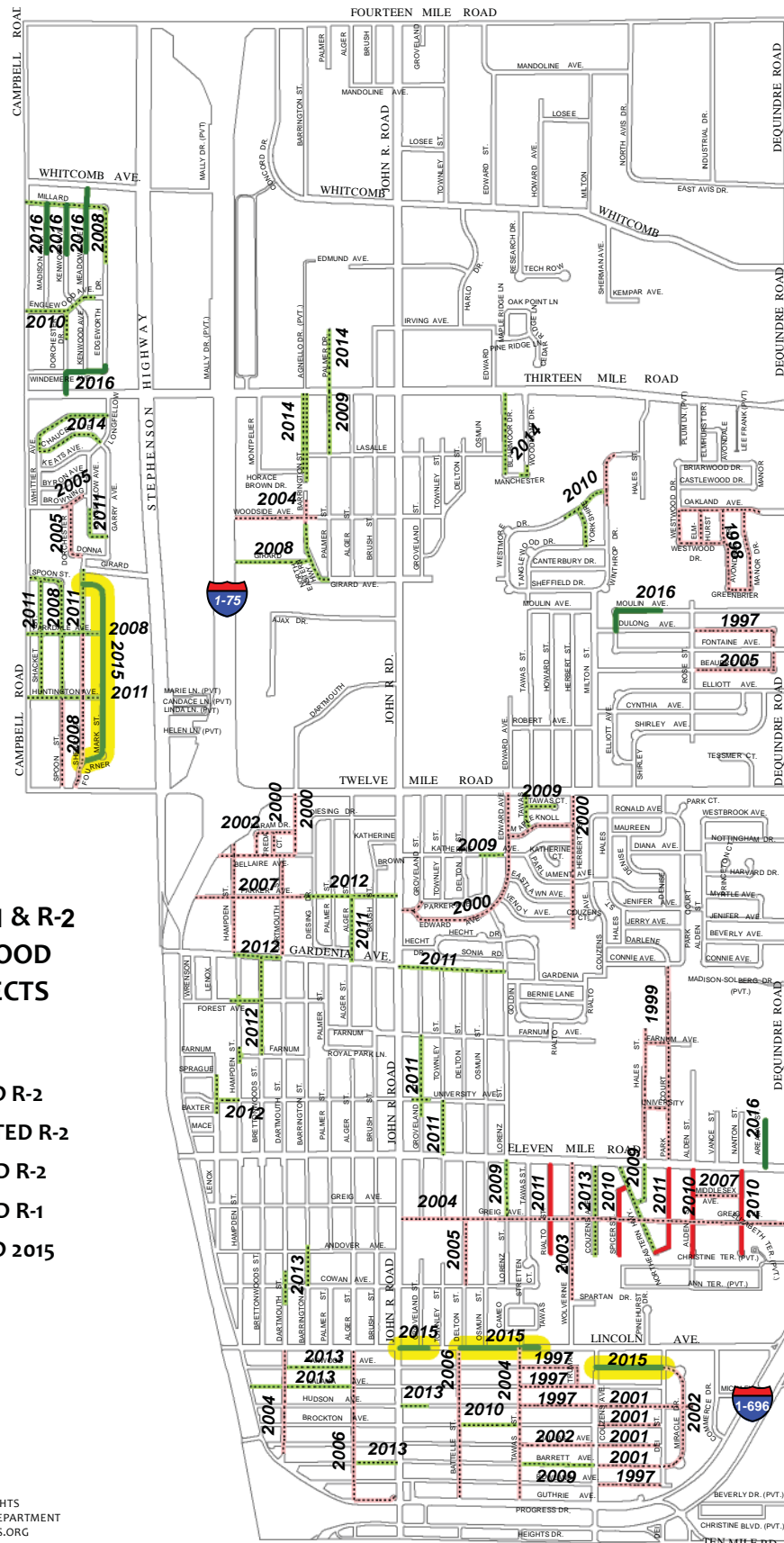
The FY 2015-16 Capital Improvement Plan totals \$7.5 million (Table I) and calls for the construction of 41 projects and the purchase of 12 major pieces of equipment.

PROPOSAL R-1 & R-2 NEIGHBORHOOD ROAD PROJECTS

- SCHEDULED R-2
- SAD REJECTED R-2
- COMPLETED R-2
- COMPLETED R-1
- SCHEDULED 2015



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NEIGHBORHOOD PROJECTS

The staff annually reviews the current road conditions and updates projections regarding proposed neighborhood roadway improvements. To coordinate this process, the staff has developed a multi-year neighborhood road improvement plan that is primarily funded by the Proposal “R-2” two-mill property tax levy.

Following completion of an initial 10-year neighborhood road reconstruction funded by a 2-mill property tax levy (Proposal “R-1”), Proposal “R-2” was adopted by Madison Heights voters on August 8, 2006 and provides continued funding at the 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. In developing these plans, pavement conditions and other infrastructure components such as storm water drains, water main 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 older, deteriorating watermain lines at the same time as the neighborhood road improvements, the City avoids future costs to repair broken water mains and road surfaces, and related disruption in water service to residents.

A total of \$4.4 million of “R-2” funds have been included in the first two years of the capital improvement plan for neighborhood roads. In addition, a total of \$1.3 million has been programmed in the Water & Sewer Fund to complete the last year of the “R-2” related watermain replacement. Proposal “R-2” expires in Fiscal Year 2017; however, watermain lines are budgeted and completed in the fiscal year prior to the road project, since watermain lines are replaced in the spring preceding summer road construction. As of March 2015, staff forecasts \$776,000 remaining for additional “R-2” eligible projects following completion of the scheduled program in Year 10 (FY 2016-17).

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.

- **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.

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 water main 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.

The following 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: Woodside from I-75 to Barrington (completed in 2004), Dorchester from Donna to Browning (completed in 2005), Delton from Greig to Cowan (completed in 2005), Battelle from Lincoln to Guthrie, Alger from Lincoln to Guthrie and Guthrie from Alger to John R (all completed in 2006). Parker District (2007), Middlesex (2007), Spoon from Huntington to Twelve Mile and Sherry from Parkdale to Fournier (2008 - sectional), and sectional 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 \$19.4 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 \$8.2 million or 29.6% from the original April 2006 estimate. To close this funding gap, \$4.3 million in savings from the “R-1” was used to supplement the “R-2” program and \$800,000 in sidewalk and sectional concrete replacements were dropped. In June 2006, the elements of this millage program were outlined to the residents as part of the public information campaign through the City newsletter.

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.

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

1. Neighborhood Road Improvement Millage (\$21.2 million);
2. Water and Sewer Fund Revenues (\$4.8 million); and
3. Property Owner Special Assessment (\$1.2 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 in pricing for the next six years and moves up the scheduled reconstruction projects from 2012 to 2017 by one year.

As of December 2013, staff forecasts \$1.3 million 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>Water Mains</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

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. The first step of this analysis, a re-evaluation and rating of the City’s major and local road network (City jurisdiction), is planned for FY 2015 (\$5,000 in Major Streets).

This CIP section contains appropriations and revenues for the recent and scheduled neighborhood road projects (Table III), a map depicting both “R-1” and “R-2” neighborhood road programs, and a detailed history of “R-2” projects (Table IV-A & IV-B).

TABLE III
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

APPROPRIATIONS:

NEIGHBORHOOD PROJECTS	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	TOTAL APPROP.
Proposal "R-2" Sidewalks	\$ 20	\$ 20	\$ 20	\$ 20	\$ 0	\$ 0	\$ 0	\$ 40
Proposal "R-2" Concrete Repair	100	200	0	0	0	0	0	0
YEAR 7 ROADS (R-2) 2013 (Original 2014)								
Dartmouth - 26333 Dartmouth to 26113 Dartmouth	231	0	0	0	0	0	0	0
Barrington - Cowan to Andover	212	0	0	0	0	0	0	0
W. Barrett - Alger to John R	217	0	0	0	0	0	0	0
E. Hudson - John R to 71 E. Hudson	158	0	0	0	0	0	0	0
Kalama - Stephenson Hwy. to Alger	537	0	0	0	0	0	0	0
Couzens - South of 11 Mile Road (SAD)	531	0	0	0	0	0	0	0
Harwood - Dartmouth to 368 Harwood	268	0	0	0	0	0	0	0
YEAR 8 ROADS (R-2) 2014 (Original 2015)								
Whittier - Longfellow to Chaucer (Sectional)	215	265	0	0	0	0	0	0
Chaucer - Whittier to Longfellow (Sectional)	74	160	0	0	0	0	0	0
Barrington - S. of Horace Brown to 13 Mile NB	223	518	0	0	0	0	0	0
Barrington - S. of Horace Brown to 13 Mile SB	182	465	0	0	0	0	0	0
Blairmoor - Manchester to Thirteen Mile Road	182	543	0	0	0	0	0	0
Manchester & Woodmont Intersection	17	102	0	0	0	0	0	0
Palmer - 13 Mile N. to end	0	494	0	0	0	0	0	0
YEAR 9 ROADS (R-2) 2015 (Original 2016)								
Fournier - Sherry to Mark and Mark - Fournier to Sherry	0	393	1,355	0	0	0	0	1,355
E. Harwood - Couzens to Dei	0	168	414	0	0	0	0	414
Lincoln - John R to 104 E. Lincoln	0	272	165	0	0	0	0	165
Lincoln - 504 E. Lincoln to 583 E. Lincoln	0	0	457	0	0	0	0	457
YEAR 10 ROADS (R-2) 2016 (Original 2017)								
Madison - Millard to 31605 Madison	0	0	230	289	0	0	0	519
Areeda - N. of 11 Mile Road (SAD)	0	0	108	275	0	0	0	383
Meadows - Whitcomb to 31608 Meadows	0	0	199	416	0	0	0	615
Dorchester - 13 Mile to Windemere	0	0	61	126	0	0	0	187
Windemere - Dorchester to Edgeworth	0	0	115	255	0	0	0	370
Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood)	0	0	230	288	0	0	0	518
Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	0	0	308	376	0	0	0	684
TOTALS	\$ 3,167	\$ 3,600	\$ 3,662	\$ 2,045	\$ 0	\$ 0	\$ 0	\$ 5,707
Total Project/Equipment	15	12	12	8	0	0	0	20

TABLE III
FY 2016-20 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	\$ 40	\$ 0	\$ 0	\$ 40
Proposal "R-2" Concrete Repair	0	0	0	0	0	0	-
YEAR 9 ROADS (R-2) 2015 (Original 2016)							
Fournier - Sherry to Mark and Mark - Fournier to Sherry	0	0	0	1,355	0	0	1,355
E. Harwood - Couzens to Dei	0	0	0	414	0	0	414
Lincoln - John R to 104 E. Lincoln	0	0	0	165	0	0	165
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	230	0	519
Areeda - N. of 11 Mile Road (SAD)	0	0	70	205	108	0	383
Meadows - Whitcomb to 31608 Meadows - (full Watermain)	0	0	0	416	199	0	615
Dorchester - 13 Mile to Windemere	0	0	0	126	61	0	187
Windemere - Dorchester to Edgeworth	0	0	0	255	115	0	370
Kenwood - Millard to 31601 Kenwood (Watermain to Englewood)	0	0	0	288	230	0	518
Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	0	0	0	376	308	0	684
TOTALS	\$ 0	\$ 0	\$ 70	\$ 4,386	\$ 1,251	\$ 0	\$ 5,707

TABLE IV-A
FY 2016-20 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 I	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

TABLE IV-B
FY 2016-20 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 2016-20 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 (Sectional)	25	0	240	215	480
2014	Chaucer - Whittier to Longfellow (Sectional)	11	0	149	74	234
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	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	200	0	200
2014	Sidewalk Replacement	0	0	20	0	20
2014	Palmer - 13 Mile N. to end	0	0	366	128	494
	YEAR 9 ROADS					
2015	Fournier - Sherry to Mark and Mark - Fournier to Sherry	140	30	1,185	393	1,748
2015	E. Harwood - Couzens to Dei	46	15	353	168	582
2015	Lincoln - John R to 104 E. Lincoln - (Watermain to Osmun)	0	0	165	272	437
2015	Lincoln - 504 E. Lincoln to 583 E. Lincoln	0	0	457	0	457
2015	Sidewalk Replacement	0	0	20	0	20
	YEAR 10 ROADS					
2016	Madison - Millard to 31605 Madison - (Watermain Whole Street)	0	0	289	230	519
2016	Areeda - N. of 11 Mile Road (SAD)	0	0	275	108	383
2016	Meadows - Whitcomb to 31608 Meadows - (full Watermain)	24	5	387	199	615
2016	Dorchester - 13 Mile to Windemere	0	0	126	61	187
2016	Windemere - Dorchester to Edgeworth	0	0	255	115	370
2016	Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood)	0	0	288	230	518
2016	Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	34	14	328	308	684
2016	Sidewalk Replacement	0	0	20	0	20
	YEAR 11 ROADS					
2017	Additional Proposal R- 2 Eligible Projects	0	0	567	0	567
TOTAL		\$ 1,305	\$ 202	\$ 20,633	\$ 4,899	\$ 27,039

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 74.2 miles of City Local Streets. In the FY 2014-15 Budget, the City will receive \$58,500 per mile for City Major Streets and \$6,700 per mile for City Local Streets. The Act also established the Michigan Transportation Fund (MTF).

In FY 2014-15, the amount projected to be received by the City under Act 51 has increased by 2.9% or \$49,000 more 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.

A. State and Federal Highway Projects

- Thirteen Mile Rehabilitation

Staff works hard to insure that state and federal assistance is sought after in any eligible projects. This past year, Community Development staff identified \$1 million for repairs needed for Thirteen Mile Road. In March 2014, the City was informed that we were once again successful, for the second year in a row, in receiving NHPP (National High Priority Project) Grants funds for sectional concrete repairs on Thirteen Mile. In addition to the \$100,000 grant we received for this project in Fiscal Year 2015, we were also successful in securing \$200,000 in NHPP funding for Fiscal Year 2016. As in past years, these grants require a 20% local match.

- 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
 - c. Lane Additions (one lane per direction)
 - d. Mainline Improvements plus Interchange Improvements (including both Twelve and Fourteen Mile interchanges in Madison Heights)
 - e. 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.
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.

<u>Impact Category</u>	<u>Expected Impact</u>
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.
Project Costs (2005 dollars)	Right-of-way \$ 16,000,000 Design 93,000,000 Construction <u>463,000,000</u> \$572,000,000

On July 25, 2005, the City took the following position on the FEIS:

General

- The City of Madison Heights supports the proposed I-75 improvements as a component of the measures needed to address the congestion issues within the I-75 Corridor.
- The City continues to support consideration of mass transit alternatives, in addition to the proposed I-75 improvements, as appropriate and supplemental methods of addressing current and future congestion within the I-75 corridor.
- **The City is not committing to enforcement of any High Occupancy Vehicle (HOV) lane alternative.** Should the proposed project ultimately include HOV lanes, enforcement should be the responsibility of the State Police. The response to the City's DEIS comment in this regard referenced "...*additional funding sources will be explored....*" Madison Heights welcomes the opportunity to

receive additional information on these sources and their level of compensation for any eventual local enforcement resources.

Project Design/Improvements

- The City supports MDOT's efforts to provide separated storm water management through this project.
- There is a concern, however, with the method of conveyance for the separated storm flow from I-75 to the Red Run Drain East of Dequindre. The FEIS does not specifically address this issue; however, the consultant involved in the drainage study indicates that the intent is to construct a new storm system along the existing George W. Kuhn (GWK) Drain right of way. **This concept must be reevaluated and discussed in detail with the Oakland County Water Resources Commissioner's office and all communities that are part of the GWK Drainage District.** The exact location of the proposed storm pipe, to be established during the design phase, must take into account the surface and subsurface facilities that occupy the intended route. There is approximately 1 mile of I-75 right of way, north and south of 12 Mile Road including the interchange which has its run-off already accounted for within the GWK separated system being conveyed directly to Red Run east of Dequindre.
- The City recommends including extension of a westbound right turn lane on 12 Mile Road, immediately west of existing Home Depot driveway, within the project scope. The response to our DEIS comment indicates potential conflicts with FHWA policy. The widening project will have substantial impact on this area and should be within the scope of the project. In light of the intersection design modifications called for later in the FEIS, the City continues to recommend that a dedicated I-75 access lane be accommodated in this location, designed in accordance with applicable federal and state design criteria.
- The City plans to install a sidewalk (completed summer 2006) on the south side of 14 Mile from Concord to Stephenson Highway. The City requests that this expense, within the I-75 project area, be credited toward any local contribution that may be required relative to the I-75 project.
- The City plans to provide maintenance overlays (completed summer 2006) for portions of the service drive at the I-75/I-696 intersection. The City requests this expense, within the I-75 project area, be credited toward any local contribution that may be required relative to the I-75 project.

Non-Motorized Access

- The City continues to recommend providing designated pedestrian and bicycle access across all proposed bridges and underpasses, as well as at the Red Run Drain crossing, within the scope of this project.
- The Project includes new sidewalk adjacent to service drive on the east side. The City supports this concept and recommends continuing this non-motorized path throughout the project area (north to 14 Mile) with a design to accommodate

bicycle traffic. This recommendation is not predicated on the referenced countywide non-motorized plan.

- The project includes removal of the I-75/Red Run Bridge. This will eliminate or minimize the potential for any future GWK and pedestrian/bicycle access across I-75 under the existing bridge system. Alternatives must be provided to ensure future access in this regard. This recommendation is not predicated on the referenced countywide non-motorized plan.

Local Road Impacts

- The FEIS generally references the extensive impact the proposed improvements will have on the adjacent road network (56 miles +), but does not address specific adjacent street improvement costs and impacts within Madison Heights or the funding mechanisms necessary to mitigate those impacts. This project will have extensive and long-term impacts on our local roads, both during construction as well as operationally after construction. These must be identified along with an identified cost sharing structure. The FEIS response that these costs will be "...determined through the long-range planning process by the responsible agency" is not responsive and does not address the true costs of these impacts.
- The FEIS generally references the extensive impact on adjacent streets and communities during actual construction, but does not address costs attributable to local units to mitigate those impacts.

Neighborhood Impacts

- The FEIS identifies the possible taking of twenty-three single-family homes (three additional single-family properties are impacted), one church and portions of other parcels in Madison Heights. These are identified as "preliminary estimates" that are "subject to change during the design phase". The City supports efforts to reduce these impacts further during the design phase.
- The City recommends additional evaluation of the existing and proposed sound walls in the area from I-696 to 11 Mile. **The City continues to oppose transferring responsibility for maintenance and reconstruction of the sound walls from MDOT to the City.**
- Local access and diverted through-traffic during construction will be maintained via service drives. The FEIS references a future "...maintenance of traffic program..." during the design phase to address safeguards to protect adjacent neighborhoods from this impact. This process must include analysis of closing/restricting access to side streets during construction as well as on a permanent basis.

Interchange Impacts

- The City continues to support use of land area freed up by new interchanges for private economic development, where appropriate based on adjacent land uses and parcel configurations. The proceeds from the sale of property should be

credited toward any local contribution that may be required relative to the I-75 project and as partial compensation for lost local revenues due to possible takings elsewhere in the project area.

On October 28, 2005, the City received a copy of the I-75 at Lincoln Avenue Local Road Scenario Report. It was prepared in response to a resolution passed by the Royal Oak Commission on August 1, 2005.

The analysis shows the necessity to preserve the Lincoln Avenue Bridge based on many reasons including traffic operations, safety, emergency access issues, non-motorized concerns and others. The recommendation of the report is to retain the Lincoln Avenue Bridge as a part of the Preferred Alternative for I-75 improvements, as recommended in the FEIS, April 2005. The FHWA also concurred with the analysis and its findings, including retaining the Lincoln Avenue Bridge as a part of the Preferred Alternative for the I-75 improvements.

This project is listed as a study in MDOT's approved *2004-2009 Five-Year Transportation Program*, which outlines roadway expenditures over the next five years. It is on SEMCOG's *2030 Regional Transportation Plan (RTP)*, with construction scheduled for the 2011-2015 time period. With its inclusion on the plan, it is shown to be in conformity with the Clean Air Act.

Due to modifications that are recommended at the I-696 interchange and 12 Mile Road, an Interstate Break-in-Access Justification Report (IAJR) 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.

In late 2013, MDOT initiated the Context Sensitive Design (CSD) phase of the project. This includes discussions about the "Look & Feel" of the planned road improvements. In addition, MDOT released preliminary Act 51 estimates that the Madison Heights portion of the project would be approximately \$5 million, over a six-plus year period beyond the five year scope of this CIP. MDOT officials have indicated the City's local share would be equal to 8.75% of the 20% local share for portions of the project within City boundaries. MDOT officials are currently recalculating their estimates, so the reported local match is preliminary. At the request of MDOT,

SEMCOG has added the project to the FY 2011-2014 Transportation Improvement Plan for Southeast Michigan.

B. Major Road Improvements

- 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. In FY 2016, the major roads portion of the program amount drops to \$70,000 before returning to \$75,000 for the remainder of the five year period.

- Thirteen Mile Rehabilitation

As discussed under state and federal highway projects, staff has identified \$1 million of repairs needed to Thirteen Mile Road. While the City has been awarded grants to assist with funding this project, the Capital Improvement Plan includes \$100,000 per year for the next five years to meet any grant matching requirements and complete sectional repairs.

- Concrete/Joint Repairs - Sectional

Budgetary constraints limit the City's ability to completely repair designated commercial and industrial roads with asphalt overlays. In FY 2016, a limited sectional repair program will fund safety repairs on the City's commercial and industrial roads (\$50,000 per year). These planned road repairs include work on Couzens, Stephenson Highway Turnarounds, Edward and Townley, and a \$100,000 repair on Industrial.

FY 2017 planned improvements are limited to sectional repairs and include \$25,000 each for Irving from John R to Edward, Alger/Mandoline Intersections, and Sherman and Kempar. FY 2017 also includes \$25,000 each for repairs on Research Park, Tech Row, Mandoline from John R to Townley, Losee from John R to Townley and Commerce from Lincoln to Michael. Multi-year sectional work includes: East Lincoln from Wolverine to Dequindre (\$100,000 for each year from FY 2016-2018), Barrington from 14 Mile to Whitcomb (\$200,000 starting in FY 2018 for three years); Whitcomb from Barrington to Townley (\$200,000 starting in FY 2016 with \$100,000 in FY 2017 and FY 2018); and Stephenson Highway from Girard to 12 Mile (\$250,000 over FY 2016 to FY 2018).

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, there have historically 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; however, the CIP includes limited sectional repairs to Harlo in FY 2016 and 2017 with Montpelier and Horace Brown scheduled for FY 2017.

D. Traffic Signal Upgrades

Over the last eighteen 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 eighteen 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.

With the exception of FY 2016, an allocation of \$30,000 has been included in the Capital Improvement Plan to provide funding for unanticipated signal upgrades.

E. Road and Sidewalk Rehabilitation Programs

The Capital Improvement Plan also includes the continuation of the very successful sidewalk repair and installation program. Within the capital budget, \$150,000 to \$200,000 per year for each of the next five years has been programmed for this program.

In the summer of 2014, the City completed the final year, Year 12, of the current sidewalk repair program in the northeastern-most portion of the City. On May 12, 2014, City Council adopted a new 8-year, non-motorized transportation program called the "People Powered Transportation and Sidewalk Repair Program". Beginning in 2015, this program will guide implementation of a non-motorized transportation system throughout the City, as well as provide for the continued maintenance of the City's sidewalk network. Several key changes in the new program include elimination of Special Assessment District (SAD) funding in favor of the SAD Revolving Fund and Major and Local Street Funds; creation of a new 8-year annual repair program (reduced from 12 areas or districts); and inclusion of the on/off street non-motorized transportation elements (primarily signage and bike route pavement markings) to be installed on the same 8-year cycle.

F. Street Maintenance and Solid Waste Equipment Replacements

Various Street Maintenance and Solid Waste vehicles are programmed for purchase to correspond with the Five Year Equipment Replacement Plan. Street Maintenance vehicles totaling \$1 million will be funded through the “V-2” millage program over the next two years. This millage generates approximately \$197,000 annually. The “V-2” millage program is projected to have \$30,000 in reserve at June 30, 2016.

As Council is aware, the “V” millage is scheduled to expire in FY 2017. City staff will be analyzing future needs and will provide City Council with a recommendation no later than January 2016.

The following pages in this CIP section include appropriations and revenue for recent and scheduled road improvement projects (Table V), and the map depicting the People Powered Transportation and Sidewalk Repair Program, effective October 1, 2014.

TABLE V
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
ROAD IMPROVEMENTS
(IN THOUSANDS)

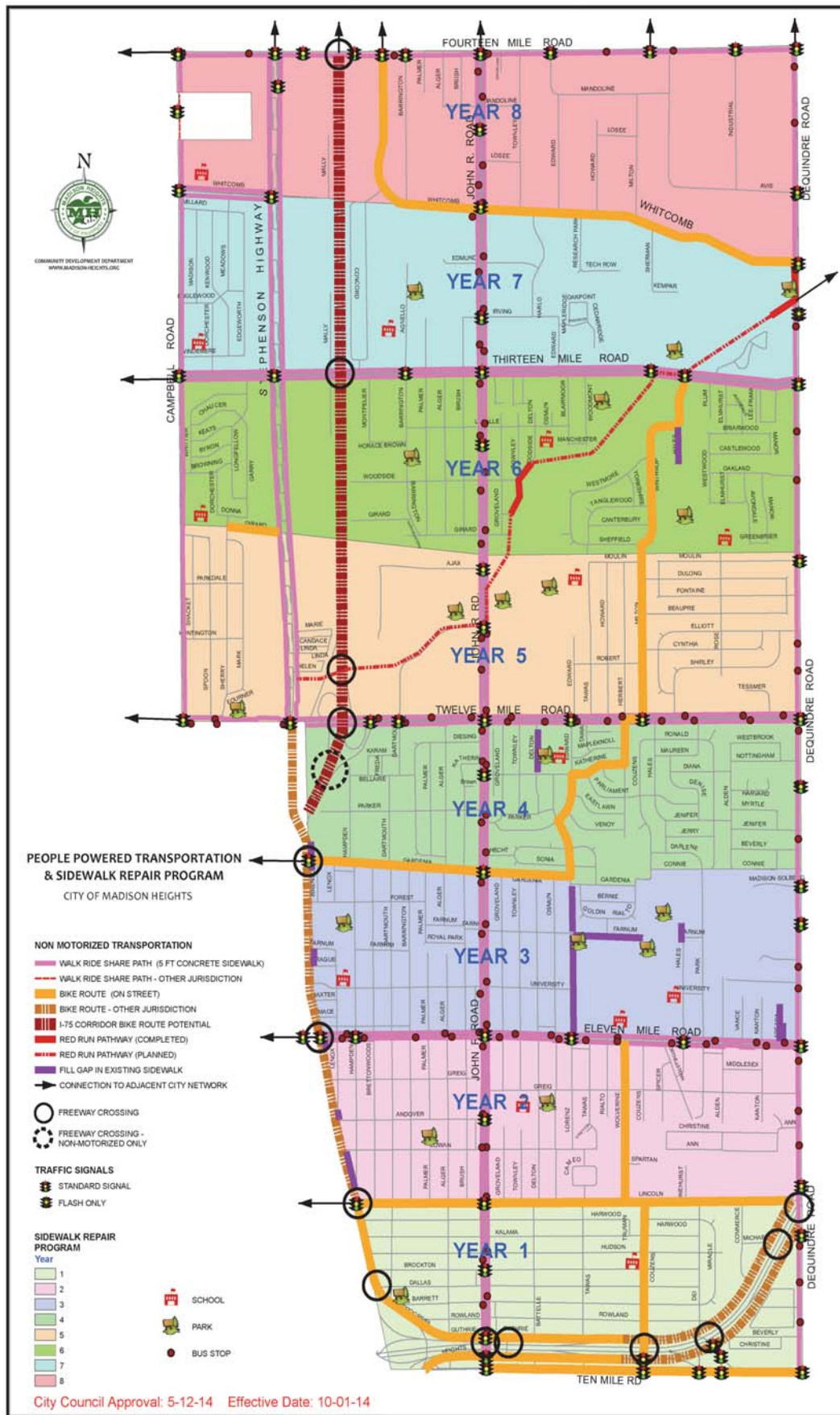
APPROPRIATIONS:

ROAD IMPROVEMENTS (EXCLUDING R-1/R-2)	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	TOTAL APPROP.
A. STATE/FEDERAL PROJECTS								
13 Mile WB from Hales to Dequindre NHPP	\$0	\$0	\$200	\$0	\$0	\$0	\$0	200
B. MAJOR ROAD IMPROVEMENTS								
12 Mile Asphalt Overlay - Stephenson to Dequindre	2,800	0	0	0	0	0	0	0
Joint & Crack Sealing - City Wide Major	0	75	70	75	75	75	75	370
John R Sectional - 11 Mile to 12 1/2	201	0	0	0	0	0	0	0
Campbell 12-13 Mile Curb Repairs/Sectional	0	0	10	0	0	0	0	10
NB I-75 Service Drive - Dallas to Lincoln	275	0	0	0	0	0	0	0
John R Sectional - 10 Mile to 11 Mile	510	0	0	0	0	0	0	0
13 Mile Sectional - Campbell to Dequindre NON-NHPP	0	175	100	100	100	100	100	500
11 Mile Sectional - I-75 to Dequindre	0	0	160	0	0	100	500	760
11 Mile Sectional - John R to Dequindre	0	0	0	450	0	100	0	550
Couzens - 10 Mile to EB Service Drive	0	0	50	0	0	0	0	50
Stephenson Hwy Turnarounds	0	0	50	50	50	50	50	250
Edward - Mandoline to Whitcomb	25	0	50	0	50	0	0	100
Townley - 14 Mile to Whitcomb	25	0	50	0	50	0	0	100
Sectional - Girard West of Stephenson Highway	0	25	0	0	0	0	0	0
Sectional - Barrington - 14 Mile to Whitcomb	0	0	0	0	200	200	200	600
Sectional - E Lincoln - Wolverine to Dequindre	0	0	100	100	100	0	0	300
Sectional - Irving - John R to Edward	0	0	0	25	0	0	0	25
Sectional - Alger/Mandoline Intersections	0	0	0	25	0	0	0	25
Sectional - Sherman	0	0	0	25	0	0	0	25
Sectional - Kempar	0	0	0	25	0	0	0	25
Sectional - Research Park	0	0	0	25	0	0	0	25
Sectional - Tech Row	0	0	0	25	0	0	0	25
Sectional - Mandoline - John R to Townley	0	0	0	25	0	0	0	25
Sectional - Losee - John R to Townley	0	0	0	25	0	0	0	25
Sectional - Commerce - Lincoln to Michael	0	0	0	25	0	0	0	25
Whitcomb Sectional - Barrington to Townley	200	100	200	100	100	0	0	400
Industrial Sectional - Fourteen to East Avis	0	0	100	0	0	0	0	100
Stephenson Hwy Sectional - Girard to 12 Mile	50	0	50	100	100	0	0	250
C. LOCAL ROAD IMPROVEMENTS								
Sectional - Mandoline, Brush, Alger	50	0	0	0	0	0	0	0
Sectional - Commerce - Lincoln to Michael	0	25	0	0	0	0	0	0
Sectional - Montpelier	0	80	0	100	0	0	0	100
Sectional - Horace Brown	0	75	0	100	0	0	0	100
Sectional - Michael/Dei - 10 Mile to Service Drive	0	50	0	0	0	0	0	0
Sectional - Edmund - Harlo to John R	0	25	0	0	0	0	0	0
Sectional - Harlo	0	25	115	200	0	0	0	315
Whitcomb Sectional - West of Mally	25	25	0	0	0	0	0	0
D. TRAFFIC SIGNAL UPGRADES								
Traffic Signal Improvements	0	35	0	30	30	30	30	120
E. REHABILITATION PROGRAMS								
Sidewalk Replacement, Sectional Repairs & Gap Installation	450	400	150	150	200	200	200	900
Road Conditions Survey (Major/Local)	0	5	0	0	0	0	0	0
F. EQUIPMENT REPLACEMENT								
2003 Tandem Dump Trucks V-Box Inserts #419, #422 and #433	109	0	0	0	0	0	0	0
2003 Street Sweeper #402	0	0	0	75	125	75	0	275
2003 Tandem Dump Truck #417	0	0	220	0	0	0	0	220
2003 Tandem Dump Truck #418	0	0	0	220	0	0	0	220
2004 Chevy 3/4 ton Pickup #420	0	0	33	0	0	0	0	33
1999 Ford Single Axle Dump Truck #479	179	0	0	0	0	0	0	0
2003 Platform Truck #429	0	0	170	0	0	0	0	170
2003 Single Axle Dump # 425 (Phased Funding)	0	0	0	97	53	0	0	150
2003 Tandem Dump Truck #419	0	0	0	240	0	0	0	240
2003 Single Axle Dump #424	0	0	0	0	180	0	0	180
2002 Stake Truck #415	0	0	0	0	0	150	0	150
2003 Backhoe #407	0	0	0	0	0	98	0	98
2002 Brush Bandit Chipper #410	0	0	0	80	0	0	0	80
2003 Tandem Dump Truck #422	0	0	0	0	240	0	0	240
2006 Super Duty Dump Truck #481	0	0	0	75	0	0	0	75
2004 Brush Chipper Truck #525	0	0	0	0	125	0	0	125
2003 Single Axle Dump Truck #426	0	0	0	0	0	150	0	150
2003 Tandem Dump Truck #433	0	0	0	0	0	240	0	240
2003 CAT Loader 3 yd. #409	0	0	0	0	0	260	0	260
Street Light Conversion - Mercury Vapor to LED	0	143	0	0	0	0	0	0
Concrete Drop Hammer #261	0	0	0	0	0	0	15	15
Asphalt Paver Layton #371	0	0	0	0	0	0	10	10
TOTALS	\$ 4,899	\$ 1,263	\$ 1,878	\$ 2,567	\$ 1,778	\$ 1,828	\$ 1,180	\$ 9,231
Total Projects/Equipment	13	15	18	27	16	14	9	84

TABLE V
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
ROAD IMPROVEMENTS
(IN THOUSANDS)

REVENUES:

ROAD IMPROVEMENTS (EXCLUDING R-1/R-2)	GENERAL FUND	LOCAL STREETS	MAJOR STREETS	SPECIAL ASSESS.	VEHICLE/ SOLID WASTE MILLAGE	OTHER REVENUES	FEDERAL TRANSPORT GRANT	OAKLAND CO. ROAD/ DRAIN	TOTAL REVENUES
A. STATE/FEDERAL PROJECTS									
13 Mile WB from Hales to Dequindre NHPP	\$0	\$0	\$0	\$0	\$0	\$0	\$200	\$0	200
B. MAJOR ROAD IMPROVEMENTS									
Joint & Crack Sealing - City Wide Major	0	0	370	0	0	0	0	0	370
Campbell 12-13 Mile Curb Repairs/Sectional	0	0	10	0	0	0	0	0	10
13 Mile Sectional - Campbell to Dequindre Non-NHPP	0	0	500	0	0	0	0	0	500
11 Mile Sectional- I-75 to Dequindre	0	0	760	0	0	0	0	0	760
11 Mile Sectional- John R to Dequindre	0	0	550	0	0	0	0	0	550
Couzens - 10 Mile to EB Service Drive	0	0	50	0	0	0	0	0	50
Stephenson Hwy Turnarounds	0	0	250	0	0	0	0	0	250
Edward - Mandoline to Whitcomb	0	0	100	0	0	0	0	0	100
Townley - 14 Mile to Whitcomb	0	0	100	0	0	0	0	0	100
Sectional - Barrington - 14 Mile to Whitcomb	0	0	600	0	0	0	0	0	600
Sectional - E Lincoln - Wolverine to Dequindre	0	0	300	0	0	0	0	0	300
Sectional - Irving - John R to Edward	0	0	25	0	0	0	0	0	25
Sectional - Alger/Mandoline Intersections	0	0	25	0	0	0	0	0	25
Sectional - Sherman	0	0	25	0	0	0	0	0	25
Sectional - Kempar	0	0	25	0	0	0	0	0	25
Sectional - Research Park	0	0	25	0	0	0	0	0	25
Sectional - Tech Row	0	0	25	0	0	0	0	0	25
Sectional - Mandoline - John R to Townley	0	0	25	0	0	0	0	0	25
Sectional - Losee - John R to Townley	0	0	25	0	0	0	0	0	25
Sectional - Commerce - Lincoln to Michael	0	0	25	0	0	0	0	0	25
Whitcomb Sectional - Barrington to Townley	0	0	400	0	0	0	0	0	400
Industrial Sectional - Fourteen to East Avis	0	0	100	0	0	0	0	0	100
Stephenson Hwy Sectional - Girard to 12 Mile	0	0	250	0	0	0	0	0	250
C. LOCAL ROAD IMPROVEMENTS									
Sectional - Montpelier	0	100	0	0	0	0	0	0	100
Sectional - Horace Brown	0	100	0	0	0	0	0	0	100
Sectional - Harlo	0	315	0	0	0	0	0	0	315
D. TRAFFIC SIGNAL UPGRADES									
Traffic Signal Improvements	0	120	0	0	0	0	0	0	120
E. REHABILITATION PROGRAMS									
Sidewalk Replacement & Gap Installation (R-2)	0	40	0	860	0	0	0	0	900
F. EQUIPMENT REPLACEMENT									
2003 Street Sweeper #402	0	0	0	0	275	0	0	0	275
2003 Tandem Dump Truck #417	0	0	0	0	220	0	0	0	220
2003 Tandem Dump Truck #418	0	0	0	0	220	0	0	0	220
2004 Chevy 3/4 ton Pickup #420	0	0	0	0	33		0	0	33
2003 Platform Truck #429	0	0	0	0	170	0	0	0	170
2003 Single Axle Dump # 425 (Phased Funding)	0	0	0	0	150	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	0	180	0	0	0	180
2002 Stake Truck #415	0	0	0	0	150	0	0	0	150
2003 Backhoe #407	98	0	0	0	0	0	0	0	98
2002 Brush Bandit Chipper #410	0	0	0	0	80	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	0	75	0	0	0	75
2004 Brush Chipper Truck #525	0	0	0	0	125	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
2003 CAT Loader 3 yd #409	260	0	0	0	0	0	0	0	260
Concrete Drop Hammer	15	0	0	0	0	0	0	0	15
Asphalt Paver Layton	10	0	0	0	0	0	0	0	10
TOTALS	\$ 1,253	\$ 675	\$ 4,565	\$ 860	\$ 1,678	\$ 0	\$ 200	\$ 0	\$ 9,231



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 Services (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 under "R-2" to fund replacement of only "crossover" mains or those areas where the watermain typically runs under the roadway (e.g. intersections). This was due to the financial condition of the Water & Sewer Fund. Given the improved financial position of the Water and Sewer Fund, staff recommended, and City Council concurred, to reinstitute "R-2" related watermain replacements, as detailed in the Neighborhood Projects chapter. Due to reduced cost, easier handling and the success of the program, the City uses plastic pipe for all watermain projects.

The replacement of "non-R" or standalone watermains is undertaken when sufficient water and sewer funding is available. In FY 2014-15, the City deferred replacement of standalone watermains due to the potential for future additional wholesale rate increases charged to the City as a consequence of the restructuring of the Detroit Water and Sewerage Department (DWSD) and the outcome of the City of Detroit bankruptcy proceedings.

The agreement between Wayne, Oakland, and Macomb Counties and the City of Detroit to form the new Great Lakes Water Authority includes a four percent (4%) annual wholesale revenue requirement over the next ten years, effective for the City's FY 2016-17 rates. In light of this positive development and because of a strong fund balance in the Water and Sewer Fund, the FY 2016-20 CIP programs four standalone watermain replacement projects in FY 2015-16: Dartmouth from Eleven Mile to 26341 Dartmouth; Barrington from Eleven Mile to 26521 Barrington; Palmer from LaSalle to Girard; and Kalama from John R to Alger. Seven additional high-priority "non-R" watermain projects have been identified in the Capital Improvement Plan. See Table VI for a complete listing of all programmed projects.

- **Equipment Replacement**

Three pieces of water and sewer related equipment are scheduled for replacement over the five years of the Capital Improvement Plan. This equipment includes replacement of a 2003 GMC 4500 Van that is utilized for water system inventory. This van is scheduled for replacement after two years of saving or "phased funding" and will be purchased in FY 2017 for \$60,000. Two pick-up trucks will be replaced in FY 2017 and FY 2018 respectively, at \$30,000 each.

- 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.

Other DPS facility-related projects include \$90,000 in FY 2015-16 as the first of three phased payments toward a \$270,000 project in FY 2017-18 to replace the deteriorated salt storage dome and create an MDEQ-compliant runoff containment system. The salt dome was built in the fall of 1979 at a cost of \$92,000.

FY 2015-16 also includes \$50,000 for replacement and repairs needed to the parking lot at the Ajax location. FY 2016-17 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.

Earlier this year, the underground storage tanks at the Police Station required a minor repair. As a result of this effort, the storage tanks located at the Ajax location and the Police Station were evaluated. The Ajax tanks are scheduled for replacement over the next three years, and the Police tank is being evaluated for decommissioning, all for a total of \$150,000. This cost is allocated to both the General Fund and Water and Sewer Fund.

- Neighborhood Road Projects

The Neighborhood Projects Chapter outlines the watermain and sewer line replacement projects scheduled as part of the ten-year plan.

Local Water 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 backups.
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 proactive 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, Nowak and Fraus, consulting engineer Hubbell Roth and Clark, 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, and inventory of approximately 500,000 existing linear feet of sanitary sewer in the City. This program would include pipe from 6 to 60 inches in diameter.

The first phase would include planning, preliminary engineering, design, televising, cleaning and inventory. Funding would be provided through the MDEQ's SAW Grant Program. SAW stands for Stormwater, Asset Management and Wastewater. The estimated \$2.444 million cost for the project would be funded on a 90%/10% split for the first 1 million and 75%/25% for the remainder up to \$2.444 million dollars. Two million dollars of the estimated total will be the grant portion for the program. Following is a breakdown of estimated costs:

<u>Project Component</u>	<u>City</u>	<u>Grant</u>	<u>Total</u>
Cleaning and Televising	\$410,574	\$1,898,388	\$2,308,962
Update of GIS	9,245	27,737	36,982
Work Order System	3,875	11,625	15,500
Computer/Notebooks and or Tablets	2,000	6,000	8,000
Evaluation of Data	<u>18,750</u>	<u>56,250</u>	<u>75,000</u>
Total	\$444,444	\$2,000,000	\$2,444,444

Once the Grant is awarded, the City has three years to complete an Asset Management Plan. A Financial review will then be done in-house by the Deputy City Manager to determine the costs of improvements and what rates would be needed to support those improvements. If it is determined the current rate structure is not adequate to support the required repairs, the City must raise its sewer rate in order to close the gap by a minimum of 10%.

On November 25, 2013, City Council authorized the submittal of the SAW grant application, which was due by December 2nd. If the City is awarded the grant, there is a 3-year period within which to complete the inventory and any required rehabilitation work.

The State of Michigan has budgeted a total of \$450 million for these grants with \$97 million budgeted for 2014. To allocate the FY 2014 funding, the State has conducted a "lottery" draw of the 671 applications, totaling \$540 million. Unfortunately, the City's application was not one of the 94 selected, but will remain in the pool as the State conducts future lotteries until the \$450 million has been awarded. This project has been programmed in FY 2017 and 2018.

The following pages in this CIP section include appropriations and revenues (Table VI), priority non-R water main projects (Table VII), and a map depicting "Non-R" watermain projects by priority.

TABLE VI
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COLLECTION & DISTRIBUTION SYSTEMS
(IN THOUSANDS)

APPROPRIATIONS:

COLLECTION & DISTRIBUTION SYSTEMS	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	TOTAL APPROP.
NON-"R" WATER MAINS								
Hampden - 11 Mile to Andover	\$ 224	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Dartmouth - 11 Mile to 26341 Dartmouth	0	0	291	0	0	0	0	291
Barrington -11 Mile to 26521 Barrington	0	0	221	0	0	0	0	221
Palmer - LaSalle to Girard	0	0	294	0	0	0	0	294
Kalama - John R to Alger	0	0	139	0	0	0	0	139
Brush - 11 Mile to Royal Park Lane	0	0	0	314	0	0	0	314
Brockton - Alger to Service Dr.	0	0	0	0	216	0	0	216
Dallas - Alger to Service Dr.	0	0	0	0	198	0	0	198
Fourteen Mile - Palmer to John R	0	0	0	0	0	180	0	180
Harwood - John R to Progress	0	0	0	0	0	216	0	216
Longfellow - Garry to Browning	0	0	0	0	0	0	153	153
Garry - Longfellow to Sherry	0	0	0	0	0	0	346	346
SEWER PROJECTS								
Sanitary Sewer Inspection/Rehabilitation Program	93	0	0	1,621	823	0	0	2,444
REPLACEMENTS								
2001 Tandem Axle Dump #464	240	0	0	0	0	0	0	0
2003 GMC W 4500 Van #458	0	0	30	30	0	0	0	60
2004 Chevy 3/4 Ton Pickup 4 x 4 #423	0	0	0	30	0	0	0	30
2008 Ford F250 3/4 Ton Pickup 4 x 4 #475	0	0	0	0	30	0	0	30
FACILITIES								
DPS Salt Dome Containment Structure	0	0	90	90	90	0	0	270
Replacement/Repairs to DPS Parking Lot	0	0	50	0	0	0	0	50
Underground Gasoline and Diesel Fuel Storage	0	0	33	33	33	0	0	99
DPS Garage Air Curtain	0	0	0	40	0	0	0	40
TOTALS	\$ 333	\$ 0	\$ 1,148	\$ 2,158	\$ 1,390	\$ 396	\$ 499	\$ 5,591
Total Projects/Equipment	3	0	8	7	6	2	2	25

REVENUES:

COLLECTION & DISTRIBUTION SYSTEMS	GENERAL FUND	LOCAL/ MAJOR STREETS	C.D.B.G.	SPECIAL ASSESS.	ROAD IMPROV. ACCOUNT	WATER & SEWER	OTHER REVENUES	TOTAL REVENUES
WATER MAINS/METERS								
Hampden - 11 Mile to Andover	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Dartmouth - 11 Mile to 26341 Dartmouth	0	0	0	0	0	291	0	291
Barrington -11 Mile to 26521 Barrington	0	0	0	0	0	221	0	221
Palmer - LaSalle to Girard	0	0	0	0	0	294	0	294
Kalama- John R to Alger	0	0	0	0	0	139	0	139
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	216	0	216
Dallas - Alger to Service Dr.	0	0	0	0	0	198	0	198
Fourteen Mile - Palmer to John R	0	0	0	0	0	180	0	180
Harwood - John R to Progress	0	0	0	0	0	216	0	216
Longfellow - Garry to Browning	0	0	0	0	0	153	0	153
Garry - Longfellow to Sherry	0	0	0	0	0	346	0	346
SEWER PROJECTS								
Sanitary Sewer Inspection/Rehabilitation Program	0	0	0	0	0	444	2,000	2,444
REPLACEMENTS								
2003 GMC W 4500 Van #458	0	0	0	0	0	60	0	60
2004 Chevy 3/4 Ton Pickup 4 x 4 #423	0	0	0	0	0	30	0	30
2008 Ford F250 3/4 Ton Pickup 4 x 4 #475	0	0	0	0	0	30	0	30
FACILITIES								
DPS Salt Dome Containment Structure	0	0	0	0	0	270	0	270
Replacement/Repairs to DPS Parking Lot	0	0	0	0	0	50	0	50
Underground Gasoline and Diesel Fuel Storage	0	0	0	0	0	99	0	99
DPS Garage Air Curtain	0	0	0	0	0	40	0	40
TOTALS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,591	\$ 2,000	\$ 5,591

TABLE VII

FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PRIORITY NON-R WATER MAIN 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 2015)</u>
1.	2015-16	Dartmouth - Eleven Mile to 26341 Dartmouth	1,700	291,000
2.	2015-16	Barrington - Eleven Mile to 26521 Barrington	1,300	221,000
3.	2015-16	Kalama - John R to Alger	600	139,000
4.	2015-16	Palmer - LaSalle to Girard	1,700	294,000
5.	2016-17	Brush - Eleven Mile to Royal Park Lane	1,900	314,000
6.	2017-18	Brockton - Alger to Service Drive	1,200	216,000
7.	2017-18	Dallas - Alger to Service Drive	1,100	198,000
8.	2018-19	Fourteen Mile - John R to Palmer	1,000	180,000
9.	2018-19	Harwood - John R to Alger and Dartmouth to Progress	1,200	216,000
10.	2019-20	Longfellow - Garry to Browning	850	153,000
11.	2019-20	Garry - Longfellow to Sherry	1,920	345,600
12.	2020-21	John R - Whitcomb to Fourteen Mile	2,450	441,000
13.	2021-22	Ten Mile - Dequindre to John R	2,900	522,000
14.	2021-22	Alger - Mandoline to Fourteen Mile	800	144,000
15.	2022-23	Lincoln - John R to Service Drive (2 mains)	4,600	828,000
Totals			25,220	\$ 4,502,600

These costs assume \$171 -\$180 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 water main installation. In addition, 20% has been included for preliminary engineering, construction inspection and contingency.

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 interceptors; 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:

<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
• SOCSDS Heavy Cleaning (ACOE Project)	147,000

Future Projects

• 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.

PUBLIC SAFETY

Fire Protection and Emergency Response

- City Building Fire Detection 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 water main 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 re-bid the Senior Center fire suppression system, and an additional \$150,000 was programmed in FY 2014-15 to fund the project, which has been completed. Fiscal Years 2016-17 and 2017-18 include programmed amounts for the upper level of City Hall (\$115,000) and the District Court (\$75,000).

On August 11, 2014 the Southeast Michigan area experienced severe flooding which caused significant damage to the City Hall and Court lower levels. Both of these areas have undergone complete renovations/reconstruction. Staff took advantage of this construction to install the first phase of the City Hall sprinklering system in the lower level of City Hall in FY 2015.

- 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 included \$64,000 in the General Fund for the upgrade of the three units. The new units were purchased and installed in FY 2014. FY 2016 includes funding for two automated external defibrillators (under \$30,000).

- Fire Hoses

During an assessment of the Fire Department hoses, it was determined that the current hose does not meet the standards outlined in NFPA 1962, 2013 Edition, Standard for the Care, Use, Inspection, Service Testing and replacement of Fire Hose, Coupling, Nozzle and Fire Hose Application. In addition, the Department attack hose falls short of safety standard used throughout the fire service. The total cost for hose replacement is \$57,000; however, a portion of these hoses are being updated immediately with the remaining less critical pieces being programmed in FY 2016 at \$33,000.

- Lucas Chest Compression Systems

The Fire Department has requested to purchase two chest compression devices to maximize rescues and assist in advanced cardiac life support delivery. These devices provide automated chest compressions and assist with fatigue. FY 2016-17 includes \$30,000 for two chest compression systems.

Police and Emergency Dispatch Services

- Patrol In-Car Cameras

FY 2016 includes funding for 15 in-car video cameras for police vehicles, server hardware and software, hard drives, and installation. The video cameras are a necessity for patrol vehicles, and the video taken is used in court cases as evidence, investigating citizen complaints, and to monitor officer activity. The Police Department is seeking grant opportunities to offset this \$114,000 expense.

- Underground Storage Tank Replacement

Earlier this year, the underground storage tanks at the Police Station required a minor repair. As a result of this effort, the storage tanks located at the Ajax location and the Police Station were evaluated. The Ajax tanks are scheduled for replacement over the next three years at a total cost of \$150,000, which will also include the possible decommissioning of the Police tank due to cost-prohibitive repairs. This cost is allocated to both the General Fund and Water and Sewer Fund.

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 an 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; 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 2016-17.

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.

Vehicle Replacement - Police

The five-year CIP includes replacement of fifteen (15) marked patrol vehicles which now cost in excess of \$30,000 inclusive of costs to changeover lights, radio, computer, and other equipment.

Detailed vehicle information may be found in Table XI, the Five-Year Vehicle and Equipment Replacement Plan.

Vehicle Replacement - Fire

Four vehicles over \$30,000 are scheduled to be replaced from FY 2016 through 2020. These vehicles are utilized by the Fire Department and include two 3500 Pick-Up Trucks (\$35,000 each), one ambulance rescue (\$270,000) and, one pumper truck (\$500,000). The CIP also proposes the purchase of a generator for Fire Station One in FY 2019 (\$70,000).

The following table shows appropriations and revenues for Public Safety (Table VIII) and the 10-year V-2 vehicle millage purchases (Table IX).

TABLE VIII
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PUBLIC SAFETY
(IN THOUSANDS)

APPROPRIATIONS:

PUBLIC SAFETY	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	TOTAL APPROP.
POLICE								
Patrol Car Laptop Replacements	\$56	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Patrol Cars In-Car Cameras	0	0	114	0	0	0	0	114
Patrol Vehicles	0	74	84	142	102	102	68	498
Underground Gasoline and Diesel Underground Storage	0	0	50	50	50	0	0	150
FIRE								
Self-Contained Breathing Apparatus and Rapid Intervention Team Packs	145	0	0	0	0	0	0	0
EKG/Defibrillator Replacements (3)	64	0	0	0	0	0	0	0
Fire Hoses	0	0	33	0	0	0	0	33
City Bldgs. Fire Detection & Suppression Systems	0	150	0	115	75	0	0	190
2002 Ambulance Rescue #713	0	267	0	0	0	0	0	0
Extrication/Jaws of Life Replacement	0	35	0	0	0	0	0	0
2002 Chevy Pickup 3500 #704	0	0	0	35	0	0	0	35
Emergency Operations Center Improvements	0	0	0	60	0	0	0	60
Lucas Chest Compression System (2)	0	0	0	30	0	0	0	30
2007 Ford F350 Pickup #702	0	0	0	0	35	0	0	35
2009 Ambulance Rescue #711	0	0	0	0	0	270	0	270
2004 Pierce Pumper #721	0	0	0	0	0	0	500	500
2003 Generator FS#1 #550	0	0	0	0	0	70	0	70
TOTALS	\$ 265	\$ 526	\$ 281	\$ 432	\$ 262	\$ 442	\$ 568	\$ 1,985
Total Projects/Equipment	3	4	4	6	4	3	2	19

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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Patrol Cars In-Car Cameras	50	0	0	0	0	0	49	15	114
Patrol Vehicles	408	0	0	0	90	0	0	0	498
Underground Gasoline and Diesel Underground Storage	51	0	0	0	0	99	0	0	150
FIRE									
Fire Hoses	33	0	0	0	0	0	0	0	33
City Bldgs. Fire Detection & Suppression Systems	190	0	0	0	0	0	0	0	190
2002 Chevy Pickup 3500 #704	0	0	0	0	35	0	0	0	35
Emergency Operations Center Improvements	30	0	0	0	0	0	0	30	60
Lucas Chest Compression System (2)	30	0	0	0	0	0	0	0	30
2007 Ford F350 Pickup #702	35	0	0	0	0	0	0	0	35
2009 Ambulance Rescue #711	270	0	0	0	0	0	0	0	270
2004 Pierce Pumper #721	500	0	0	0	0	0	0	0	500
2003 Generator FS#1 #550	70	0	0	0	0	0	0	0	70
TOTALS	\$ 1,667	\$ 0	\$ 0	\$ 0	\$ 125	\$ 99	\$ 49	\$ 45	\$ 1,985

TABLE IX
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
TEN YEAR V-2 VEHICLE MILEAGE PURCHASES
(IN THOUSANDS)

YEAR	VEHICLE	VEHICLE NUMBER	LAST SCHEDULED REPLACE.	REPLACEMENT COST			MILEAGE 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
	Police Patrol Vehicle Changeovers	--	--	14	0	0	14
	One Ton Dump Truck	431	2004	0	52	0	52
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
	Ford Single Axle Dump Truck	479	1999	0	162	0	162
	Ambulance Rescue Truck (\$190,000 and \$77,000 prefunded in FY 2010-11 and FY 2011-12)	713	2005	312	0	0	312
2014-15	Police Patrol Vehicle	106	2011	29	0	0	29
	Police Motor Carrier Van	117	2000	29	0	0	29
	Police Detective Bureau Vehicle	123	2002	0	0	29	29
	Police Patrol Vehicle Changeover	--	--	17	0	0	17
2015-16	Police Patrol Vehicle	102	2011	28	0	0	28
	Police Patrol Explorer	111	2009	28	0	0	28
	Chevy Blazer	700	2007	28	0	0	28
	Police Patrol Vehicle Changeover	--	--	13	0	0	13
	Chevy 3/4 Ton Pickup	473	2004	0	33	0	33
	Tandem Axle Dump Truck	417	2004	0	220	0	220
	Chevy 3/4 Ton Pickup	420	2004	0	33	0	33
	Platform Truck	429	2004	0	170	0	170
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	150	0	150
	To Be Determined	-	-	0	0	0	246
	TOTALS			\$ 1,236	\$ 1,075	\$ 94	\$ 2,651

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

- HVAC Improvements

Staff has included funding for Heating, Ventilation and Air Conditioning (HVAC) improvements and upgrades for City Hall and the 43rd District Court, given the high cost for heating/natural gas for the building. In FY 2016, five Court rooftop units are programmed to be replaced (\$100,000). In FY 2017, the City Hall HVAC is scheduled to be replaced at a cost of \$200,000. The goal is to resolve temperature control issues, allow for remote control and diagnostics of the system, and yield energy savings.

- Installation of City Hall Generator

During FY 2017, \$65,000 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.

- 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

In FY 2015, the City is continuing its energy efficiency program with the planned conversion of all mercury vapor streetlights (367) to LED technology. The project requires a one-time investment of \$118,000 in FY 2014-15, and following a two-year payback period the City expects to save approximately \$40,000 annually in energy costs.

- Replacement of Phone System

In March 2000, the City Council approved the purchase of a new phone system. Staff believed it had the life expectancy of approximately 15 years. In 2015, we will hit the 15-year threshold. We have begun looking at several options (hosted, hybrid, conventional) and gathered budgetary figures on two different scenarios. Based on those figures, a lease with purchase may be a viable option. A proposed budget of \$50,000 a year beginning in FY 2015-16 is projected for four years.

- Upgrade North City Hall Entrance

The Mayor 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, programmed in FY 2018-19.

Information Technology (IT)

In June 2014, the City and consultant Plante Moran completed the IT Assessment & Strategic Plan, which resulted in the outsourcing of the IT function, as of January 2015. As part of this plan the contractor has assessed the City's IT systems with the most critical included in this capital plan and detailed below:

- Replacement of Phone System

In March 2000, the City Council approved the purchase of a new phone system. Staff believed it had the life expectancy of approximately 15 years. In 2015, we will hit the 15-year threshold. We have begun looking at several options (hosted, hybrid, conventional) and gathered budgetary figures on two different scenarios. Based on those figures, a lease with purchase may be a viable option. A proposed budget of \$130,000 is included in 2015-16 for phone system upgrades and \$60,000 for phone switches.

- IT Strategic Plan Upgrades

Staff is recommending a budget of \$44,000 in FY 2015-16 and \$75,000 each year after for five years beginning in FY 2016-17 to implement the changes that are being proposed by our new provider. In FY 2015-16 the majority of these IT changes do not reach the \$30,000 limit for inclusion in the capital plan. These upgrades are essential to day-to-day operations and have been included in the FY 2015-16 budget as listed below. All these projected are budgeted to be split 75% General Fund and 25% Water and Sewer.

Disaster Recovery System	\$28,000
Exchange Email Server and Licenses	11,000
Server Room Upgrades	<u>5,000</u>
	\$44,000

- City-Wide Microcomputer Replacements

In recent years, the financial crisis has compelled the City to suspend cycled replacements of our microcomputers. As part of this year's Capital Improvement Plan, we are recommending the continued updating of computers on a five-year rotating schedule as outlined in the Table XII (Computer Replacement Plan). In FY 2015-16 replacements for 17 computers are scheduled for a total of \$17,545.

Library

As a result of FY 2015 HVAC improvements at the Library, it was discovered that the lower level of the building was retaining moisture brought in from the exterior walls. Unfortunately, the lower level of the Library was built as a tunnel system for the previously shared HVAC system with City Hall and as the air-return for the entire building. It has been determined that the exterior foundations walls require waterproofing to mitigate this issue. While this condition is not permanently present throughout the year, the wet seasons allow for water to weep into the lower level of the building and affect the operations of the HVAC system. While the HVAC system can mitigate most of the added moisture that is present, this requires additional run time and added energy load which is not ideal. Waterproofing the Library exterior walls will allow the HVAC system to run properly and address any future foundation issues.

The Capital Improvement Plan proposes a two-year phased funding in FY 2016 and FY 2017 to complete the \$60,000 project in 2017.

Economic Development

- 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

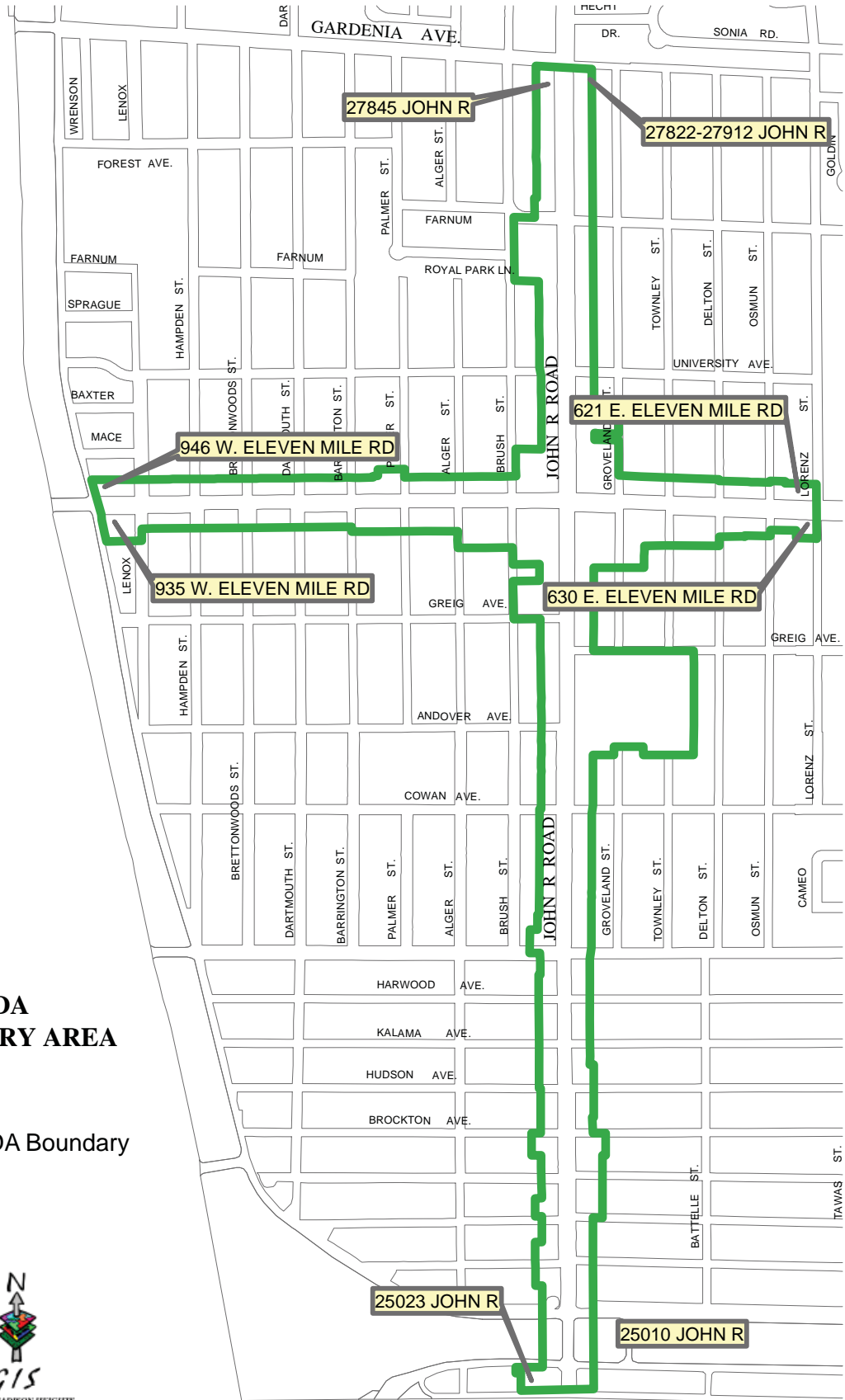
or pollutants. In addition, it is intended to trigger additional investment in the community. Through this grant, member communities are allocated \$100,000 each, with Oakland County allocated \$500,000. The monies were available to businesses and property owners in the cities to conduct initial environmental 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 was awarded the grant in 2012 for the 2013 grant cycle. The grant is \$600,000 for this round, with \$300,000 allocated to Oakland County and \$60,000 allocated to each coalition city, making \$60,000 available to Madison Heights businesses and property owners to conduct initial environmental assessments.

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.

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 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.

The table on the following page shows appropriations and revenues for General Government and Economic Development.

TABLE X
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
GENERAL GOVERNMENT & ECONOMIC DEVELOPMENT
(IN THOUSANDS)

APPROPRIATIONS:

GENERAL GOVERNMENT & ECONOMIC DEV.	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	TOTAL APPROP.
43RD DISTRICT COURT								
Rooftop Unit Replacement	\$ 0	\$ 0	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100
CIVIC CENTER / CITY WIDE								
HVAC Improvements	0	50	0	200	0	0	0	200
City Hall Renovation including Health & Wellness Center	0	100	0	0	0	0	0	0
City Hall On-Site Generator	0	0	0	65	0	0	0	65
City Hall North Entrance Canopy	0	0	0	0	0	75	0	75
INFORMATION TECHNOLOGY								
City Wide Microcomputer Replacements	27	20	19	19	20	20	20	98
Failover Servers	0	25	0	0	0	0	0	0
City Hall Computer Cabling Upgrade	0	0	0	100	0	0	0	100
Phone System Upgrades	0	0	130	0	0	0	0	130
Phone Switches	0	0	60	0	0	0	0	60
IT Strategic Projects	0	0	12	75	75	75	75	312
ECONOMIC DEVELOPMENT								
Oakland County Brownfield Consortium	60	0	0	0	0	0	0	0
LIBRARY								
HVAC Improvements	153	75	0	0	0	0	0	0
Waterproofing Library Exterior Walls	0	0	30	30	0	0	0	60
TOTALS	\$ 240	\$ 270	\$ 251	\$ 489	\$ 95	\$ 170	\$ 95	\$ 1,100
Total Projects/ Equipment	3	5	6	6	2	3	2	19

REVENUES:

GENERAL GOVERNMENT & ECONOMIC DEV.	GENERAL FUND	LOCAL/ MAJOR STREETS	CDBG	SPECIAL ASSESS.	LIBRARY	WATER & SEWER	DOWNTOWN DEVELOP. AUTHORITY	OTHER REVENUES	TOTAL REVENUES
43RD DISTRICT COURT									
Rooftop Unit Replacement	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100
CIVIC CENTER / CITY WIDE									
HVAC Improvements	\$ 200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200
City Hall On-Site Generator	65	0	0	0	0	0	0	0	65
City Hall North Entrance Canopy	75	0	0	0	0	0	0	0	75
INFORMATION TECHNOLOGY									
City Wide Microcomputer Replacements	88	0	0	0	6	4	0	0	98
City Hall Computer Cabling Upgrade	95	0	0	0	0	5	0	0	100
Phone System Upgrades	97	0	0	0	0	33	0	0	130
Phone Switches	45	0	0	0	0	15	0	0	60
IT Strategic Projects	234	0	0	0	0	78	0	0	312
LIBRARY									
Waterproofing Library Exterior Walls	0	0	0	0	60	0	0	0	60
TOTALS	\$ 899	\$ 0	\$ 0	\$ 0	\$ 66	\$ 135	\$ 0	\$ 0	\$ 1,100

LEISURE AND HUMAN SERVICES

The improvements programmed in this Chapter can be divided into three categories: Parks and Recreation, Senior Center and Library Service Improvements.

Parks and 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 four categories of park projects:

1. Red Oaks Nature Center Projects
 2. Other Park Projects
 3. Property Acquisitions
 4. Walking and Bike Trails
- 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.

City and OCPR Staff have discussed and are working together to project a list of long-term capital improvements and major maintenance projects. Items that have been discussed and will potentially be scheduled over the next five years from FY 2016-20 include:

<u>Red Oaks Nature Center Capital Expenditures</u>	<u>Total Project Cost</u>	<u>Fiscal Year(s)</u>
a. Parking Lot Improvements (possibly remove island)	300,000	2016 & 2017
b. Roof Replacement	30,000	2019
c. HVAC Improvements	<u>75,000</u>	To Be Determined
Subtotal	\$405,000	

- Other Parks Projects

With adoption of the 2015-19 Recreation Master Plan, City Council, the Parks and Recreation Advisory Board, and City Staff have reviewed and identified other park project needs which include:

<u>Other Park Projects</u>	<u>Total Project Cost</u>	<u>Fiscal Year(s)</u>
a. Trail Rehab Work at Civic/Ambassador Parks	\$ 150,000	2016, 2017
b. Civic Center Plaza Parking Lot Rehab	315,000	2016, 2017, 2018
c. Resurfacing of Parking Lot at Ambassador Park	65,000	2017
d. Huffman Park Building Furnace Replacement	7,000	2017
e. Wildwood Park Playground Replacement	100,000	2017, 2018
f. Red Oaks Walk/Bike Connection	179,000	2018
g. Civic Center Park – Totscape/Swings	50,000	2019
h. Replace Backstop/Fencing at Huffman Park	35,000	To Be Determined
i. Skate Park Redevelopment at Civic Park	35,000	To Be Determined
j. Fencing Replacement at 12/Sherry Park	10,000	To Be Determined
k. Resurface Gardenia Parking Lot at Rosie's Park	75,000	To Be Determined
l. Replace Backstops at Greenleaf Park	30,000	To Be Determined
m. Add Pavilion at Huffman Park	30,000	To Be Determined
n. Replace Playscape at Edison Park	50,000	To Be Determined
o. Replace Swings/Soft Fall Surfacing at 12/Sherry Park	30,000	To Be Determined
p. Red Oaks Soccer Parking Lot Repaving	<u>150,000</u>	To Be Determined
Subtotal	\$1,311,000	

- Civic Center Plaza Parking Lot

The existing parking lot at Civic Plaza has been deteriorating for years and is in need of structural repair. The complete removal and replacement of the existing parking lot would nearly double the estimated cost of the proposed repair. The proposed repairs should add an additional 15 to 20 years to the life of the parking lot. The Capital Improvement Plan includes three years of phased funding at \$105,000 per year from FY 2017 through FY 2019. An initial amount of \$27,500 was budgeted in FY 2015.

- Walking and Bike Trails

A high-priority recreational item in Madison Heights is the development of a 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. 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, a new boardwalk path will help overcome challenges of a narrow park site while preserving and enhancing the value of Red Oaks as an urban natural area connecting Dequindre to 13 Mile on the south side of the dog park and water park, and to the nature center as well. The project was reviewed during the development of the 2015-19 Recreation Master Plan and is planned for FY 2017-18 based on the \$179,000 budget split between the Michigan Natural Resource Trust Fund (\$100,000) and Oakland County Parks and Recreation (\$79,000).

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 SOCRRRA 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 SOCRRRA driveway, to improve traffic flow in the area.

This FY 2017-18 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.

The Capital Improvement Plan includes the replacement of three buses, one smaller bus and one larger bus (\$100,000) for local trips and one larger 25 passenger bus for out-of-town trips (\$200,000) and one smaller wheel chair van (\$50,000). The City has applied for a grant to fund one of the buses and replace the smaller wheel chair van with a bus. These grants are available through the Suburban Mobility Authority for Regional Transportation (SMART). SMART announced the call for capital purchases in February 2015. The funds available are to be utilized to enhance mobility for seniors and individuals with disabilities.

The following pages include appropriations and revenues for Leisure and Human Services, the computer replacement plan, and 5-Year vehicle replacement plan.

TABLE XI
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
LEISURE & HUMAN SERVICES
(IN THOUSANDS)

APPROPRIATIONS:

LEISURE & HUMAN SERVICES	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	TOTAL APPROP.
PARK PROJECTS								
Friendship Woods - Trail Cutback	\$ 5	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Huffman Park - East Parking Lot Overlay	50	0	0	0	0	0	0	0
Friendship Woods - Parking Lot Improvements	0	38	50	0	0	0	0	50
Civic and Ambassador Park Trail Overlay	0	50	80	70	0	0	0	150
Wildwood Park - Playscape Replacement, Soft Fall Surfacing	0	0	0	50	50	0	0	100
Civic Center Park - Totscap, New Swings & Soft Fall Surfacing	0	0	0	0	0	50	0	50
Huffman Park - Building Furnace Replacement	0	0	0	7	0	0	0	7
Red Oaks - Walk/Bike Connection	0	0	0	0	179	0	0	179
Friendship Woods - 2" Trail Overlay	0	35	0	0	0	0	0	0
Ambassador Park Asphalt Pavement & Parking Lot	0	0	0	65	0	0	0	65
Friendship Woods - Nature Center Roof	0	0	0	0	0	30	0	30
Walk/Bike Path Construction	0	0	0	0	0	0	583	583
2002 Ford F250 3/4 Ton #474	0	29	0	0	0	0	0	0
2004 Chevy 3/4 Ton Pick-Up #473	0	0	33	0	0	0	0	33
Civic Center Parking Lot - Maintenance & Repairs	0	28	0	105	105	105	0	315
SENIORS/SENIOR CENTER								
2003 25 Passenger Bus #443	0	0	0	62	0	0	0	62
1996 Wheel Chair Van #480	0	0	50	0	0	0	0	50
2002 Blue Bird Bus #471	0	0	0	200	0	0	0	200
Close South Senior Center Driveway	0	0	0	0	100	0	0	100
2006 SMART Bus - 23' w/wheel chair lift #530	0	0	100	0	0	0	0	100
TOTALS	\$ 55	\$ 180	\$ 313	\$ 559	\$ 434	\$ 185	\$ 583	\$ 2,074
Total Projects/Equipment	2	5	5	7	4	3	1	20

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 - Parking Lot Improvements	\$ 50	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50
Civic and Ambassador Park Trail Overlay	150	0	0	0	0	0	0	150
Wildwood Park - Playscape Replacement, Soft Fall Surfacing	0	0	0	0	0	0	100	100
Civic Center Park - Totscap, New Swings & Soft Fall Surfacing	0	0	0	0	0	0	50	50
Huffman Park - Building Furnace Replacement	7	0	0	0	0	0	0	7
Red Oaks - Walk/Bike Connection	0	0	0	0	0	79	100	179
Ambassador Park Asphalt Pavement & Parking Lot	0	0	0	0	0	0	65	65
Friendship Woods - Nature Center Roof	0	0	0	0	0	18	12	30
Walk/Bike Path Construction	292	0	0	0	0	0	291	583
2004 Chevy 3/4 Ton Pick-Up #473	0	0	33	0	0	0	0	33
Civic Center Parking Lot - Maintenance & Repairs	315	0	0	0	0	0	0	315
SENIORS/SENIOR CENTER								
2003 25 Passenger Bus #443	62	0	0	0	0	0	0	62
1996 Wheel Chair Van #480	0	0	0	0	0	0	50	50
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
2006 SMART Bus - 23' w/wheel chair lift #530	0	0	0	0	0	0	100	100
TOTALS	\$ 1,176	\$ 0	\$ 33	\$ 0	\$ 0	\$ 97	\$ 768	\$ 2,074

TABLE XII
FY 2016-2020 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
City Council	Council		Duo Core	2300	2008				R	
City Council	Home-Laptop	C	I5	2600	2013				N	
City Council	Home-Laptop	C	I5	2600	2013				N	
City Council	Home-Laptop	C	I5	2600	2013				N	
City Council	Home-Laptop	C	I5	2600	2013				N	
City Council	Home-Laptop	C	I5	2600	2013				N	
City Council	Home-Laptop	C	I5	2600	2013				N	
City Council	Home-Laptop	C	I5	2600	2013				N	
City Manager	Laptop - Council Meeting	C	I5	8400	2014					N
City Manager	Exec Assistant	C	I5	2960	2012			N		
City Manager	City Manager	C	Pentium	2300	2011		N			
Assessing	Assessor	C	Pentium	2300	2014					R
City Clerk	Part Time	C	I3	2400	2013				N	
City Clerk	Election/Communication Coord.	C	I3	2400	2012		N			
City Clerk	Scan Station	C	Pentium	2800	2014					N
City Clerk	Laptop	C	I5	2400	2012			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
City Clerk	Election Laptop	C	I3	2400	2013			N		
Personnel	Personnel Assistant	C	I5	2200	2012			N		
Personnel	HR Director	C	I5	8400	2011		N			
Purchasing	Cable	C	Pentium	2800	2006		R			
Finance	Counter		Quad	8400	2010	R				
Finance	Fiscal Ass't I	C	Quad	8400	2011	N				
Finance	Fiscal Ass't II	C	Quad	8400	2011	N				
Finance	Accounting Supervisor	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	R				
Information Tech	Laptop - Spare	C	Duo Core	2800	2012					
Information Tech	Laptop - Spare	C	I7	3200	2013					
Information Tech	Financial Server/AMR	C	Xeon	2400	2010					
Information Tech	File Server - Active Directory	C	Pentium	2800	2013					
Information Tech	MIS Administrator	C	I5	3000	2011					
Information Tech	Info. Systems Specialist	C	I5	3000	2011					
Information Tech	Imaging File Server	C	Xeon	2400	2013					
Information Tech	File Server - Active Directory	C	Xeon	2400	2013					
Information Tech			Pentium	2400	2014					N
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	2014					N
Police	Special Investigations	C	I5	3500	2012		N			
Police	Special Investigations	C	Pentium	3000	2013			N		
Police	Station Officer	C	Pentium	3000	2013			N		
Police	DB Office Ass't II	C	I5	3500	2012		N			

N=NEW

R=ROTATED

C=CORE COMPUTER

TABLE XII
FY 2016-2020 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Police	Crime Prevention Office		Pentium	1000	2014					N
Police	DB Lieutenant	C	Pentium	3000	2013			R		
Police	K9	C	Pentium	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	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	I5	3500	2013			N		
Police	1ST Shift Lieutenant	C	I5	3500	2013			N		
Police	2ND Shift Lieutenant	C	I5	3500	2013			N		
Police	3RD Shift Lieutenant	C	I5	3500	2013			N		
Police	Laptop/Training	C	I5	3500	2013			N		
Police	Dispatch Front Desk	C	I5	3500	2013			N		
Police	Deputy Chief	C	I5	3500	2013			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	3200	2012		N			
Police	Chief	C	I5	3200	2012		N			
Police	Gun Registration	C	I5	3500	2013				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 (14 Computers)	C	I5	3500	2013				N	
Police	Animal Control Desktop	C	I5	3200	2013				N	
Fire	Station #2 Report Desk	C	I5	3500	2012			N		
Fire	Inspector Desktop	C	I5	3500	2013				N	
Fire	Inspector - Tablet	C	Celeron	1000	2006					N
Fire	Station #1 Report Desk	C	I3	3500	2012			N		
Fire	Station #1 Watch Desk	C	I3	3500	2013				N	
Fire	Office Ass't II	C	I5	3200	2013				N	
Fire	Officer Room #1	C	I3	3200	2013				N	
Fire	Chief	C	I5	3500	2012			N		
Fire	Training Laptop		Pentium	1800	2007	R				
Fire	Fire Laptop Engine	C	Pentium	1830	2006					N
Fire	Fire Laptop Engine	C	Pentium	1830	2006					N
Fire	Fire Laptop Engine	C	Pentium	1830	2006					N
Fire	Fire Tablet Rescue	C	Pentium	1830	2012			N		
Fire	Fire Tablet Rescue	C	Pentium	1830	2012			N		
Fire	Fire Tablet Rescue	C	Pentium	1830	2012			N		
CDD	Elec. Insp. Tablet	C	I5	3200	2013				N	
CDD	Elec. Insp Desktop	C	I5	3200	2013				N	
CDD	Bldg. Insp. Tablet	C	I5	3200	2013				N	
CDD	Bldg Insp Desktop	C	I5	3200	2013				N	
CDD	Mechanical Inspector Tablet	C	I5	3200	2013				N	
CDD	Mechanical Inspector Desktop	C	I5	3200	2013				N	
CDD	Counter	C	I5	3200	2013				N	
CDD	Counter	C	I5	3200	2013				N	
CDD	Director - Laptop	C	I5	3300	2011		N			
CDD	Imaging	C	Duo Core	2300	2008					N
CDD	GIS	C	Duo Core	2000	2006					
CDD	GIS Technician	C	I5	3300	2012			N		
CDD	GIS Technician Tablet	C	I5	3300	2013				N	
CDD	Contract Inspector Tablet	C	I5	3200	2013				N	

N=NEW

R=ROTATED

C=CORE COMPUTER

TABLE XII
FY 2016-2020 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
CDD	Contract Inspector Desktop	C	I5	3200	2013				N	
CDD	Microfiche	C	Duo Core	2300	2008	R				
CDD	Office Ass't II	C	I5	3000	2012			N		
CDD	Deputy Director Tablet	C	I5	3200	2013				N	
CDD	Deputy Director Desktop	C	I5	3200	2013				N	
CDD	Admin. Secretary	C	I5	3000	2012			N		
CDD	Code Enforce Tablet	C	I5	3200	2013				N	
CDD	Code Enforce Desktop	C	I5	3200	2013				N	
CDD	Econ. Dev. Coord.	C	I3	2300	2011		N			
CDD	Econ. Dev. Coord. Laptop	C	Pentium	8400	2011		R			
CDD	GIS Server	C	Pentium	2800	2007					N
CDD	Laptop - GIS Offsite	C	Pentium	2800	2002					R
CDD	Animal Cont./ C. E. Field Tablet	C	Pentium	1883	2006					
Fire	911 Mapping GIS	C	Pentium	1883	2006					R
DPS	DPW Supervisor		I5	3200	2012		N			
DPS-Streets	Streets Coordinator		I5	3200	2012		N			
DPS-Streets	Assistant City Manager	C	I5	3200	2013				N	
DPS-Streets	Admin. Secretary	C	I5	8400	2011	R				
DPS-Streets	Laptop	C	Duo Core	2300	2009					N
DPS-Streets	Equip. Operator 3	C	Pentium	2400	2004	R				
DPS-Recreation	Recreation Coord.		I5	3500	2012			N		
DPS-Recreation	Part Time	C	I5	3500	2012			N		
DPS-Nature Center	Floor		Pentium	233	1997					
DPS-Nature Center	Audio-Visual		Pentium	350	1998					
DPS-Nature Center	Part Time		Pentium	2000	2002					
Seniors	Part Time		I3	2500	2011	R				
Seniors	Office Ass't I	C	I5	3200	2013				N	
Seniors	Coordinator	C	I3	2500	2012		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	I5-3470	3200	2013				N	
Main Library	Adult Internet - Express	C	Pentium	2800	2005					N
Main Library	Adult Public	C	Pentium	2800	2014					N
Main Library	Backroom West - serials	C	I5-3470	3200	2013				N	
Main Library	Child Catalog	C	Pentium	2800	2014					N
Main Library	Counter Side	C	Pentium	2800	2014					N
Main Library	Adult Public	C	Pentium	2150	2014					N
Main Library	Children Public	C	Pentium	2150	2014					N
Main Library	Children Public	C	Pentium	2150	2014					N
Main Library	Adult Librarian	C	I5-3470	3200	2013				N	
Main Library	Adult Reference	C	I5-3470	3200	2013				N	
Main Library	Adult Reference	C	I5-3470	3200	2013				N	
Main Library	Circulation Ass't	C	I5-3470	3200	2013				N	
Main Library	Counter North	C	I5-3470	3200	2013				N	
Main Library	Counter South	C	I5-3470	3200	2013				N	
Main Library	Library Technician	C	I5-3470	3200	2013				N	
Main Library	Youth Staff	C	I5-3470	3200	2013				N	
Main Library	Adult Internet	C	Pentium	3200	2014	N				
Main Library	Adult Internet	C	Pentium	3200	2014	N				
Main Library	Adult Internet	C	Pentium	3200	2014	N				
Main Library	Adult Internet	C	Pentium	3200	2014	N				
Main Library	Adult Internet	C	Pentium	3200	2014	N				
Main Library	Adult Internet	C	Pentium	3200	2014	N				
Main Library	Child Room Internet	C	Pentium	3200	2014	N				
Main Library	Child Room Internet	C	Pentium	3200	2014	N				
Main Library	Child Room Internet	C	Pentium	3200	2014	N				
Main Library	Child Room Internet	C	Pentium	3200	2014	R				

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TABLE XII
FY 2016-2020 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN

DEPARTMENT/ DIVISION	LOCATION	STATUS	CLASS	SPEED	YEAR PURCHASED	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
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			
W/S Administration	Water Room	C	Pentium	2000	2014		R			N
W/S Administration	Coordinator	C	I5	3450	2012		N			
Motor Pool	Laptop		Pentium	500	2014		R		R	R
Motor Pool	Supervisor	C	I5	2300	2013			R	N	
Motor Pool	Parts	C	Pentium	2000	2014			R		N
TOTAL					NEW	17	32	34	43	22
					ROTATE	10	7	3	3	8

GIS/A.M. TECHNOLOGICAL PERIPEHRALS

ITEM	COMPANY	MODEL	YEAR PURCH	DEPT	REPLACE CYCLE LENGTH	YEAR TO REPLACE
Plotter	HP	1055CM	2000-01	CDD	8	2015-16
Plotter	HP	1055CM	2000-01	DPS	N/A	N/A
Printer	OKI	9600	2005-06	DPS	5	N/A
GPS	TRIMBLE	5700	2000-01	CDD	10	2016-17

N=NEW
R=ROTATED
C=CORE COMPUTER

TABLE XIII
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

		VEH	LAST YEAR PURCH	Over \$30K	REPLACE CYCLE	15-	16-	17-	18-	19-	NEXT REPLACED
DEPARTMENT	VEHICLE	#			LENGTH	16	17	18	19	20	
PD-Detective	Ford Fusion	100	2013-14		10						23-24
PD-Radar	Ford Crown Vic	102	2010-11		NF	VM					NF
PD-Radar	Ford Interceptor	103	2014-15		NF				GF		NF
PD-Patrol	Ford Interceptor	104	2012-13		NF		GF				NF
PD-Patrol	Ford Interceptor Sedan	105	2014-15		NF			VM			NF
PD-Patrol	Ford Interceptor Utility	106	2014-15		NF						NF
PD-Patrol	Ford Interceptor Sedan	107	2012-13		NF		GF				NF
PD-Patrol	Ford Interceptor Utility	108	2011-12		NF			GF			NF
PD-Patrol	Ford Interceptor Sedan	109	2012-13		NF		GF				NF
PD-Patrol	Ford Interceptor Utility	110	2014-15		NF			GF			NF
PD-Patrol	Ford Explorer	111	2009-10		NF	VM				GF	NF
PD-A.I.T.	Ford Crown Vic	112	2011-12		NF		GF				NF
PD-A.I.T.	Ford Interceptor Sedan	113	2013-14		NF				GF		NF
PD-Patrol Sup.	Ford Interceptor Utility	114	2013-14		NF				GF		NF
PD-Canine Unit	Ford Crown Vic	116	2011-12		NF		GF				NF
PD-Mtr. Carrier	Ford Interceptor Utility	117	2014-15		5					GF	19-20
PD-Animal CTL	Chevy G20 Van	119	2011-12	X	9						20-21
PD-Admin	Ford Explorer	121	2014-15		10						24-25
PD-Detective	Ford Fusion	123	2014-15		10						24-25
PD-Admin	Chrysler Sebring	124	2013-14		10	GF					25-26
PD-Detective	Chevrolet Malibu	125	2006-07		12				GF		30-31
PD-Detective	Dodge Stratus	126	2003-04		14			GF			31-32
PD-Detective	Dodge Caravan	133	2006-07		12					GF	31-32
PD-Undercover	Chevy S-10 Pickup	138	2002-03		14		GF				30-31
PD-Reserves Sgt	Ford Explorer	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		20						26-27
PD-Patrol	Harley Davidson	161	2006-07		20						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					GF	39-40
Parks	Utility Maint. Cart / OCPR	281	1993-94		25				GF		43-44
Parks	Senior/Handicap Transportation Cart	282	1993-94		25				GF		43-44
Sewer	Trailer Air Compressor	300	1996-97		20		WS				36-37
Parks	Toro Snowblower	314	2002-03		20						22-23
Streets	Wanco Solar Arrow	318	2000-01		20						20-21
Motorpool	Clark Fork Lift	320	1997-98	X	30						27-28
Parks	EX-Mark Mower	325	2008-09		8		GF				22-23
Streets	175 CFM Compressor	330	2003-04		15				GF		33-34
Sewer	4 Inch Trash Pump	336	2003-04		15				GF		33-34
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					GF	39-40
Solid Waste	Leaf Loader Trailer	354	2001-02	X	20						21-22

Legend:

Advanced Life Support Millage
Drug Forfeiture Fund
General Fund
Grant Funding
Local Street Fund
Major Street Fund
New Formula
Oakland County Road Commission

ALSM
DF
GF
Grant
LSF
MSF
NF
OCRC

Oakland County Parks
Park Improvement Fund
Road Millage
Senior Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

OCP
PIF
RM
SR
SM
SAD
VM
WS

TABLE XIII
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

			LAST YEAR PURCH	Over \$30K	REPLACE CYCLE	15-	16-	17-	18-	19-	NEXT REPLACED
DEPARTMENT	VEHICLE	VEH #			LENGTH	16	17	18	19	20	
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				GF		25-26
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		25						30-31
Streets	Asphalt Paver Layton	371	1999-00	X	20					GF	24-25
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	13				SW		29-30
Streets	4 YD. Loader CAT	404	2003-04	X	17						20-21
Water	3 YD. Loader CAT	405	2003-04	X	16					GF	35-36
Solid Waste	Brush Bandit Chipper	406	2005-06	X	15						20-21
Streets	CAT Backhoe	407	2003-04	X	15				GF		33-34
Solid Waste	Street Sweeper Whirl Wind	408	2011-12	X	8					GF	27-28
Streets	CAT Loader 3 Yrd	409	2003-04	X	15				GF		33-34
Solid Waste	Brush Bandit Chipper	410	2001-02	X	15		SW				31-32
Streets	Stake Truck Ford	415	2003-04	X	15				SW		33-34
Motor Pool	Chevy Impala	416	2014-15		10						24-25
Streets	Tandem Dump Truck	417	2003-04	X	12	VM					27-28
Streets	Tandem Dump Truck	418	2003-04	X	13		VM				28-29
Streets	Tandem Dump Truck	419	2003-04	X	13		GF				29-30
Streets	Chevy 3/4 Ton Pickup	420	2003-04		12	VM					27-28
Streets	Tandem Dump Truck	422	2003-04	X	14			GF			31-32
Water	Chevy 3/4 Ton Pickup	423	2003-04	X	13		WS				29-30
Solid Waste	Single Axle Dump	424	2003-04	X	14			SW			31-32
Streets	Single Axle Dump	425	2003-04	X	13			VM			29-30
Streets	Single Axle Dump	426	2003-04	X	15				GF		33-34
Streets	Platform Truck	429	2003-04	X	12	VM					27-28
Motorpool	3/4 Ton Pickup	430	1999-00		20					GF	39-40
Streets	One Ton Dump Truck	431	2012-13	X	10						22-23
Streets	Chevy 3/4 Ton Pickup	432	2013-14		9						22-23
Streets	Tandem Dump Truck	433	2003-04	X	15				GF		33-34
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		13		GF				29-30
Streets	Chevy 3/4 Ton Pickup	440	2003-04		13		GF				29-30
Senior Citizn.	25 Passenger Bus Ford	443	2003-04	X	12		SR				27-28
Recreation	GMC Savanna	444	2014-15		12						26-27
Water	GMC Cargo Van	453	2012-13		10						22-23
Water	John Deere Backhoe	455	2005-06	X	15						20-21
Streets	Ford F250 3/4 Ton Pickup	457	2007-08		10			GF			27-28
Water	GMC W 4500 Van	458	2002-03	X	13		WS				28-29
Sewer	Ford 3/4 Ton Pickup	460	2009-10		10					GF	19-20

Legend:

Advanced Life Support Millage
Drug Forfeiture Fund
General Fund
Grant Funding
Local Street Fund
Major Street Fund
New Formula
Oakland County Road Commission

ALSM
DF
GF
Grant
LSF
MSF
NF
OCRC

Oakland County Parks
Park Improvement Fund
Road Millage
Senior Millage
Solid Waste Millage
Special Assessment District
Vehicle Millage
Water and Sewer Fund

OCF
PIF
RM
SR
SM
SAD
VM
WS

TABLE XIII
FY 2016-20 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

		VEH	LAST YEAR PURCH	Over \$30K	REPLACE CYCLE	15-	16-	17-	18-	19-	NEXT REPLACED
DEPARTMENT	VEHICLE	#			LENGTH	16	17	18	19	20	
Sewer	GMC Cargo Van	461	2012-13		10						22-23
Sewer	One Ton Dump Truck	462	2011-12	X	13						24-25
Sewer	GMC Pickup	463	2013-14		10						23-24
Water	Tandem Axle Dump	464	2013-14	X	13						26-27
Sewer	Sterling Vactor (Reconditioned)	465	2002-03		10						22-23
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					GF	29-30
Senior Citizn.	Blue Bird Bus	471	2001-02	X	20						21-22
Parks	GMC 4X4 Pickup	473	2003-04		12	VM					27-28
Parks	Ford Pick-Up	474	2014-15	X	10						24-25
Water	Ford F250 3/4 Ton Pickup	475	2007-08	X	10			WS			27-28
Parks	Chevy Silverado	477	2013-14		10						23-24
Solid Waste	Ford Single Axle Dump Truck	479	2013-14	X	13						26-27
Senior Citizn.	GMC Rally Van	480	1995-96		20	Grant					35-36
Streets	Super Duty Dump Truck	481	2005-06	X	11		VM				27-28
Senior Citizn.	GMC Van	482	2012-13		10						22-23
CDD Inspec.	Ford F-150 Pick-Up	483	2014-15		7						21-22
Parks	Chevy Colorado Pickup	484	2008-09		10				GF		28-29
Parks	Chevy Pickup 4 x 4	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.	Ford F150 Pick-up	492	2014-15		7						21-22
CDD Supervis.	Ford Explorer	493	2014-15		10						24-25
CDD Inspec.	GMC	494	2014-15		7						21-22
CDD Inspec.	Ford F150 Pick-Up	496	2014-15		7						21-22
CDD ED./Sup.	Ford Focus	500	2014-15		10						24-25
Solid Waste	GMC Pickup	513	1996-97		Rotation						Rotation
Solid Waste	Brush Chipper Truck	525	2003-04	X	14			SW			31-32
Senior Citizn.	Smart Bus	530	2006-07	X	N/A	Grant					N/A
Motor Pool	Em. Gen. Fire Station #1	550	2003-04	X	15				GF		33-34
Motor Pool	Em. Gen. Police	551	2005-06	X	15						20-21
Motor Pool	Em.Gen. DPS	552	2005-06	X	15						20-21
Motor Pool	Em. Gen. Fire Station #2	553	2005-06	X	15						20-21
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					GF	34-35
Fire	Chevy Trail Blazer	700	2007-08		8	VM					23-24
Fire	Chevy Blazer	701	2013-14		7						20-21
Fire	Ford F350 Pickup	702	2007-08	X	10			GF			27-28
Fire	Chevy Pickup 3500	704	2001-02	X	14		GF				29-30
Fire	Ambulance Rescue Truck	710	2011-12	X	9						20-21
Fire	Ambulance Rescue Truck	711	2009-10	X	9				GF		27-28
Fire	Ambulance Rescue Truck (Backup)	713	2014-15	X	9						23-24
Fire	Pumper Pierce	721	2003-04	X	16					GF	35-36
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						14	17	15	17	13	

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	NF	Vehicle Millage	VM
Oakland County Road Commission	OCRC	Water and Sewer Fund	WS

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 XIV
FY 2016-20 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 2015-16	ADOPTED METHOD OF FUNDING					
				FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Neighborhood Projects								
Proposal "R-2" Sidewalks	\$ 40,000 RM	\$ 20,000	RM	\$ 0	\$ 100	\$ 100	\$ 100	\$ 100
Year 9 Roads (R-2)								
Fournier - Sherry to Mark and Mark - Fournier to Sherry	1,748,000 RM/WS	1,355,000	RM	0	500	500	500	500
E. Hardwood - Couzens to Dei	582,000 RM/WS	414,000	RM	0	500	500	500	500
Lincoln - John R to 104 E. Lincoln	437,000 RM/WS	165,000	RM	0	500	500	500	500
Lincoln - 504 E. Lincoln to 583 E. Lincoln	457,000 RM	457,000	RM	0	500	500	500	500
Year 10 Roads (R-2)								
Madison - Millard to 31605 Madison - (Watermain Whole Street)	519,000 RM/WS	230,000	WS	0	0	500	500	500
Areada - N. of 11 Mile Road	383,000 RM/WS	108,000	WS	0	0	500	500	500
Meadows - Whitcomb to 31608 Meadows - (full Watermain)	615,000 RM/WS	199,000	WS	0	0	500	500	500
Dorchester - 13 Mile to Windemere	187,000 RM/WS	61,000	WS	0	0	500	500	500
Windemere - Dorchester to Edgeworth	370,000 RM/WS	115,000	WS	0	0	500	500	500
Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood)	518,000 RM/WS	230,000	WS	0	0	500	500	500
Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	684,000 RM/WS	308,000	WS	0	0	500	500	500
Total Neighborhood Projects	\$ 6,540,000	\$ 3,662,000		\$ -	\$ 2,100	\$ 5,600	\$ 5,600	\$ 5,600

Legend:

Advanced Life Support Millage
Drug Forfeiture
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PROJECT DESCRIPTION	CAPITAL OUTLAY		ADOPTED METHOD OF FUNDING	Estimated Annual Operating Costs (Including Debt Repayment)				
	TOTAL COST/ FUNDING SOURCE	ADOPTED BUDGET FY 2015-16		FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Road Improvements								
Rehabilitation Programs								
Sidewalk Replacement, Sectional Repairs, & Gap Installation	900,000 LSF/SAD	150,000	LSF/SAD	0	50	50	50	50
State/Federal Projects								
13 Mile WB from Hales to Dequindre	200,000 Grant	200,000	Grant	0	50	50	50	50
Major Road Improvements								
Joint & Crack Sealing - City Wide Major	370,000 MSF	70,000	MSF	0	100	100	100	100
Campbell 12-13 Mile Curb Repairs/Sectional	10,000 MSF	10,000	MSF	0	100	100	100	100
13 Mile Sectional - Campbell to Dequindre	500,000 MSF	100,000	MSF	0	100	100	100	100
11 Mile Sectional - I-75 to Dequindre	760,000 MSF	160,000	MSF	0	100	100	100	100
11 Mile Sectional - John R to Dequindre	500,000 MSF	0	MSF	0	0	100	100	100
Couzens - 10 Mile to EB Service Drive	50,000 MSF	50,000	MSF	0	100	100	100	100
Stephenson Hwy Turnarounds	250,000 MSF	50,000	MSF	0	100	100	100	100
Edward - Mandoline to Whitcomb	100,000 MSF	50,000	MSF	0	100	100	100	100
Townley - 14 Mile to Whitcomb	100,000 MSF	50,000	MSF	0	100	100	100	100
Sectional - Barrington - 14 Mile to Whitcomb	600,000 MSF	0						
Sectional - E. Lincoln - Wolverine to Dequindre	300,000 MSF	100,000	MSF	0	100	100	100	100
Sectional - Irving - John R to Edward	25,000 MSF	0	MSF	0	0	100	100	100
Sectional - Alger/Mandoline Intersections	25,000 MSF	0	MSF	0	0	100	100	100
Sectional - Sherman, Kemper. Research Row, Tech Row	100,000 MSF	0	MSF	0	0	100	100	100
Sectional - Mandoline and Losee- John R to Townley	50,000 MSF	0	MSF	0	0	100	100	100
Sectional - Commerce - Lincoln to Michael	25,000 MSF	0	MSF	0	0	100	100	100
Whitcomb Sectional - Barrington to Townley	400,000 MSF	200,000	MSF	0	100	100	100	100
Industrial Sectional - Fourteen to East Avis	100,000	100,000	MSF	0	100	100	100	100
Stephenson Hwy Sectional - Girard to 12 Mile	250,000 MSF	50,000	MSF	0	100	100	100	100
Local Road Improvements								
Sectional - Montpelier, Horace Brown, Harlo	515,000 LSF	115,000	LSF	0	100	100	100	100
Traffic Signal Upgrades								
Traffic Signal Improvements	120,000 LSF	0	LSF	0	0	100	100	100
Equipment Replacement								
2003 Street Sweeper #402	275,000 VM	0	VM	0	0	0	100	100
2003 Tandem Dump Truck #417	220,000 VM	220,000	VM	0	100	100	100	100
2003 Tandem Dump Truck #418	220,000 VM	0	VM	0	0	100	100	100
2004 Chevy 3/4 to Pick-up #420	33,000 VM	33,000	VM	0	50	50	50	50
2003 Platform Truck #429	170,000 VM	170,000	VM	0	100	100	100	100
2003 Tandem Dump Truck #419	240,000 GF	0	GF	0	0	100	100	100
2003 Single Axle Dump #424	180,000 SM	0	SM	0	0	0	100	100
2002 Stake Truck #415	150,000 GF	0	GF	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	100	100
2003 Single Axle Dump # 425	150,000 VM	0	VM	0	0	0	100	100
2002 Brush Bandit Chipper #410	80,000 SM	0	SM	0	0	100	100	100
2006 Super Duty Dump Truck #481	75,000 VM	0	VM	0	0	100	100	100
2004 Brush Chipper Truck #525	125,000 SM	0	SM	0	0	0	100	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
2003 CAT Loader 3 yd. #409	260,000 GF	0	GF	0	0	0	0	100
Concrete Drop Hammer #261	15,000 GF	0	GF	0	0	0	0	0
Asphalt Paver Layton #371	10,000 GF	0	Go	0	0	0	0	0
Total Road Improvements	\$ 8,896,000	\$ 1,878,000		\$ 0	\$ 1,650	\$ 2,750	\$ 3,250	\$ 3,750

Legend:

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				2015-16	2016-17	2017-18	2018-19	2019-20
Collection & Distribution System								
<i>Watermains/Meters</i>								
Dartmouth - 11 Mile to 26341 Dartmouth	291,000 WS	291,000	WS	0	100	100	100	100
Barrington - 11 Mile to Andover	221,000 WS	221,000	WS	0	100	100	100	100
Palmer - LaSalle to Girard	294,000 WS	294,000	WS	0	100	100	100	100
Kalama - John R to Alger	139,000 WS	139,000	WS	0	100	100	100	100
Brush - 11 Mile to Royal Park Lane	314,000 WS	0	WS	0	0	100	100	100
Brockton - Alger to Service Drive	216,000 WS	0	WS	0	0	0	100	100
Dallas - Alger to Service Drive	198,000 WS	0	WS	0	0	0	100	100
Fourteen Mile - Palmer to John R	180,000 WS	0	WS	0	0	0	0	100
Harwood - John R to Progress	216,000 WS	0	WS	0	0	0	0	100
Longfellow - Garry to Browning	153,000 WS	0	WS	0	0	0	0	0
Garry - Longfellow to Sherry	346,000 WS	0	WS	0	0	0	0	0
<i>Sewer Projects</i>								
Sewer Rehabilitation/Replacement	2,444,000 WS/Grant	0	WS/Grant	0	0	0	50	50
<i>Replacements</i>								
2000 GMC W 4500 Van #458	60,000 WS	30,000	WS	0	0	50	50	50
2004 Chevy 3/4 Ton Pickup 4 x 4 #423	30,000 WS	0	WS	0	0	50	50	50
2008 Ford F250 3/4 Ton #475	30,000 WS	0	WS	0	0	0	50	50
<i>Facilities</i>								
DPS Salt Dome Containment System Rehab	270,000 WS	90,000	WS	0	0	0	100	100
Replacement/Repairs to DPS Parking Lot	5,000 WS	50,000	WS	0	50	50	50	50
Underground Gasoline and Diesel Fuel Storage	99,000 WS	33,000	WS	0	0	0	50	50
DPS Garage Air Curtain	40,000 WS	0	WS	0	0	25	25	25
Total Collection & Distribution System	\$ 5,546,000	\$ 1,148,000		\$ 0	\$ 450	\$ 675	\$ 1,125	\$ 1,325

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				FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Public Safety								
<i>Police</i>								
Patrol Cars In-Car Cameras	114,000 GF	114,000	GF	0	100	100	100	100
Patrol Vehicles	498,000 VM/GF	84,000	VM/GF	0	0	25	25	25
Underground Gasoline and Diesel Underground Storage	150,000 GF/WS	50,000	GF/WS	0	50	50	50	50
<i>Fire</i>								
Fire Hoses	33,000 GF	33,000	GF	0	6	6	6	6
City Bldgs. Fire Detection & Suppression Systems	190,000 GF	0	GF	0	0	3	4	4
2002 Chevy Pickup 3500 #704	35,000 VM	0	VM	0	0	7	7	7
Emergency Operations Center Improvements	60,000 GF	0	GF	0	0	12	12	12
Lucas Chest Compression System	30,000 GF	0	GF	0	0	50	50	50
2007 Ford F350 Pickup #702	35,000 GF	0	GF	0	0	0	50	50
2009 Ambulance Rescue #711	270,000 GF	0	GF	0	0	0	0	100
2004 Pierce Pumper #721	50,000 GF	0	GF	0	0	0	0	0
2003 Generator FS #1 #550	70,000 GF	0	GF	0	0	0	0	50
Total Public Safety	\$ 318,000	\$ 33,000		\$ 0	\$ 6	\$ 78	\$ 129	\$ 279

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				FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
General Gov't & Economic Dev.									
43RD District Court									
Rooftop Unit Replacement	\$ 100,000 GF	\$ 100,000	GF	\$ 0	\$ 50	\$ 50	\$ 50	\$ 50	
Civic Center/City Wide									
City Hall On-Site Generator	\$ 65,000 GF	\$ 0	GF	\$ 0	\$ 0	\$ 50	\$ 50	\$ 50	
City Hall North Entrance Canopy	\$ 75,000 GF	0	GF	0	0	0	50	50	
HVAC Improvements	\$ 200,000 GF	0	GF	0	0	100	100	100	
Information Technology									
City Wide Microcomputer Replacements	98,000 GF	19,000	GF	0	20	20	20	20	
City Hall Computer Cabling Upgrade	100,000 WS/GF	0	WS/GF	0	0	50	50	50	
Phone System Upgrades	190,000 GF/WS	190,000	GF/WS	0	100	100	100	100	
IT Strategic Projects	12,000 GF/L/WS	0	GF/L/WS	0	25	25	25	25	
Library									
Waterproofing Library Exterior Walls	60,000 L	30,000	L	0	0	15	15	15	
Total Gen. Gov't & Econ. Dev.	\$ 800,000	\$ 239,000		\$ 0	\$ 145	\$ 360	\$ 410	\$ 410	

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	TOTAL COST/ FUNDING SOURCE	ADOPTED BUDGET FY 2015-16	ADOPTED METHOD OF FUNDING	FY	FY	FY	FY	FY
				2015-16	2016-17	2017-18	2018-19	2019-20
Leisure & Human Services								
<i>Park Projects</i>								
Red Oaks - Walk/Bike Connection	\$ 179,000 OCP/Grant	\$ 0	OCP/PIF	\$ 0	\$ 0	\$ 50	\$ 50	\$ 50
Friendship Woods - Parking Lot Improvements	250,000 OCP/PIF	250,000	OCP/PIF	500	500	500	500	500
Friendship Woods - 2" Trail Overlay	35,000 OCP/PIF	35,000	OCP/PIF	0	500	500	500	500
Wildwood Park - Playscape Replacement, Soft Fall Surfacing	50,000 GF	0	GF	0	500	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
Ambassador Park Asphalt Pavement	75,000 GF	0	GF	0	0	50	50	50
Civic & Ambassador Park Trail Overlay	50,000 GF	50,000	GF	0	50	50	50	50
2002 Ford F250 3/4 Ton #474	29,000 GF	29,000	GF	100	100	100	100	100
<i>Seniors/Senior Center</i>								
2003 25 Passenger Bus #443	75,000 GF	0	GF	0	0	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	\$ 1,863,000	\$ 364,000		\$ 600	\$ 1,650	\$ 1,950	\$ 2,950	\$ 3,500
TOTAL ALL FUNDS				\$ 600	\$ 6,001	\$ 11,413	\$ 13,464	\$ 14,864

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FY 2015-16 Budget Resolution

A RESOLUTION TO ADOPT A BUDGET FOR MUNICIPAL PURPOSES FOR THE CITY OF MADISON HEIGHTS FOR THE FISCAL YEAR 2015-16 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 11, 2015, 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 22.9618 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	0.4751
Police & Fire Pension	5.8612
Fire Stations Debt Obligation	0.4798
Library	1.0000
Total	<u>22.9618</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 2015-16 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 2015-16

<u>EXPENDITURES</u>			<u>REVENUES</u>	
GENERAL FUND				
General Government	\$ 5,753,757		Property Taxes and Fees	\$ 16,810,135
Public Safety	13,949,183		Intergovernmental Revenues	3,157,001
Community Services	3,510,819		Other	5,554,674
Culture and Recreation	1,752,015		Use of Fund Balance	602,778
Community Development	1,158,814			
TOTAL	<u>\$ 26,124,588</u>		TOTAL	<u>\$ 26,124,588</u>
MAJOR STREET FUND				
Program Expenditures	\$ 2,042,101		Intergovernmental Revenues	\$ 1,472,932
			Other	140,000
			Use of Fund Balance	429,169
TOTAL	<u>\$ 2,042,101</u>		TOTAL	<u>\$ 2,042,101</u>
LOCAL STREET FUND				
Program Expenditures	\$ 3,305,418		Property Taxes	\$ 1,579,598
			Intergovernmental Revenues	640,952
			Other	123,430
			Use of Fund Balance	961,438
TOTAL	<u>\$ 3,305,418</u>		TOTAL	<u>\$ 3,305,418</u>
PARKS MAINTENANCE & IMPROVEMENT FUND				
Program Expenditures	\$ 33,714		Other	\$ 28,300
			Use of Fund Balance	5,414
TOTAL	<u>\$ 33,714</u>		TOTAL	<u>\$ 33,714</u>
DOWNTOWN DEVELOPMENT AUTHORITY				
Program Expenditures	\$ 48,514		Property Taxes	\$ 38,605
			Other	0
			Use of Fund Balance	9,909
TOTAL	<u>\$ 48,514</u>		TOTAL	<u>\$ 48,514</u>
DRUG FORFEITURE FUND				
Program Expenditures	\$ 50,995		Intergovernmental Revenues	\$ 10,000
			Other	250
			Use of Fund Balance	40,745
TOTAL	<u>\$ 50,995</u>		TOTAL	<u>\$ 50,995</u>

EXHIBIT "A"
CITY OF MADISON HEIGHTS
ADOPTED BUDGET RESOLUTION
FISCAL YEAR 2015-16

<u>EXPENDITURES</u>		<u>REVENUES</u>	
COMMUNITY IMPROVEMENT FUND			
Program Expenditures	\$ 117,789	Intergovernmental Revenues	\$ 117,789
		Other	-
		Use of Fund Balance	-
TOTAL	<u>\$ 117,789</u>	TOTAL	<u>\$ 117,789</u>
SPECIAL ASSESSMENT REVOLVING			
Program Expenditures	\$ 231,484	Other	\$ 275,270
		Use of Fund Balance	(43,786)
TOTAL	<u>\$ 231,484</u>	TOTAL	<u>\$ 231,484</u>
FIRE STATIONS CONSTRUCTION AND BOND			
Program Expenditures	\$ 402,010	Property Taxes	\$ 379,110
		Use of Fund Balance	22,900
TOTAL	<u>\$ 402,010</u>	TOTAL	<u>\$ 402,010</u>
WATER AND SEWER FUND			
Program Expenditures	\$ 13,802,631	Sales to Customers	\$ 12,728,081
		Other	129,550
		Use of Retained Earnings	945,000
TOTAL	<u>\$ 13,802,631</u>	TOTAL	<u>\$ 13,802,631</u>
MOTOR AND EQUIPMENT POOL			
Program Expenditures	\$ 1,128,884	Other	\$ 1,128,884
TOTAL	<u>\$ 1,128,884</u>	TOTAL	<u>\$ 1,128,884</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, 2015 billings as follows:

WATER AND SEWER RATES (per 1,000 cubic feet)

Description	Old Rate	New Rate
Water	\$31.60	\$33.90
Sewer	\$47.70	\$51.00
Total	\$79.30	\$84.90

**EXHIBIT C
RESOLUTION
FEE SCHEDULE FOR
COMMUNITY DEVELOPMENT DEPARTMENT SERVICES**

WHEREAS, the City of Madison Heights has adopted a City Code containing a building code, housing code, and other provisions to protect the public health safety and welfare: and

WHEREAS, it is provided in said Code that the City Council, by resolution, shall establish reasonable fees to be charged by the City for acts and services performed there under; and

WHEREAS, in accordance with Section 8.4 of the Charter of the Madison Heights, it is provided that the City Council shall adopt a Budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said Budget appropriations; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established as follows:

**SCHEDULE OF FEES FOR PERMITS AND SERVICES
Effective July 1, 2015**

BUILDING FEES AND INSPECTION SCHEDULE
--

Notice for all permits: A permit remains valid as long as work is progressing and inspections are requested and conducted. A permit shall become invalid if the authorized work is not commenced within 180 days after issuance of the permit or if the authorized work is suspended or abandoned for a period of 180 days after the time of commencing the work. A permit will be closed when no inspections are requested and conducted within 180 days of the date of issuance or the date of a previous inspection. Closed permits cannot be refunded. The charge to re-open a closed permit is \$75.00. Permits may be renewed, *prior to their expiration*, for a period of 180 days.

Due to State of Michigan regulations, this fee schedule eliminates all previously approved late fees associated with any building trade permits.

1.0 ELECTRICAL, MECHANICAL & PLUMBING PERMIT FEE SCHEDULE

- 1.1 All permits shall be assessed a non-refundable application fee of \$25.00.
- 1.2 The permit fees for any electrical, mechanical or plumbing permit shall be \$70.00 per inspection. A minimum of one inspection and the application fee are required on all permits. Permit renewals shall be \$35.00. Permit fees are non-refundable after work has started and non-transferable.
- 1.3 Contractor registration fee shall be \$15.00 for all categories of electrical, mechanical and plumbing contractors.
- 1.4 Permits shall be for the minimum number of inspections required in Section 3.
- 1.5 A fee of \$35.00 per inspection shall be charged for the re-inspection of all failed inspections.

2.0 BUILDING, MOVING, DEMOLITION AND SIGN PERMIT FEE SCHEDULE

- 2.1 All permits shall be assessed a non-refundable application fee of \$25.00.
- 2.2 The permit fees for building permits shall be an application fee plus the applicable permit fee. One inspection and the application fee are required on all permits. Permit renewals shall be \$35.00. Permit fees are non-refundable after work has started and non-transferable.
- 2.3 Contractor registration fee shall be \$15.00 for building, moving, demolition and sign contractors.

2.4 A fee of \$35.00 per inspection shall be charged for the re-inspection of all failed inspections.

2.5 FEE SCHEDULE

Building Permit Fees Residential Alterations, Additions and Accessory Structures

Accessory structures, remodels, repairs, alterations, and other small jobs based on improvement cost as follows:

\$25.00 non-refundable application fee plus permit fees as follows:

<u>Improvement Cost</u>		<u>Fee</u>
\$0.00 to \$1,000.00	=	\$70.00
\$1001.00 up	=	\$70.00 + \$6.30 per thousand or fraction thereof, over \$1000.00

Plan review fee when required = \$55.00

Certificate of Occupancy including replacement certificates = \$25.00

New One and Two Family Residential Construction

\$25.00 non-refundable application fee plus permit fees as follows:

\$850.00 plus \$1.15 per square foot over 1,000 square feet. For fee purposes all finished areas are included including habitable basement spaces and all attached garages.

Plan review fee when required = \$80.00

Certificate of Occupancy including replacement certificates = \$25.00

Exception: Permit and inspection fees for the construction of barrier free ramps serving one and two family dwelling units shall be waived.

Multiple Family, Commercial, and Industrial

\$25.00 non-refundable application fee plus permit fees as follows:

<u>Improvement Cost</u>		<u>Fee</u>
\$0.00 to \$6000.00	=	\$78.00
\$6,001.00 and above	=	\$0.013 x construction cost

Plan review fee = .005 x cost, minimum \$200.00, maximum \$5,000.00 In the event that the Department requires review by outside consultants as part of the plan review, all costs for required outside architectural or engineering reviews shall be paid by the applicant in addition to the standard plan review fees.

Certificate of Occupancy - Multiple-Family, Commercial, Industrial

Additions/New Construction/Change in use, owner or occupant: \$200.00.

(Where only the ownership of a multi-tenant building changes, the building owner shall be responsible for obtaining a new certificate of occupancy for each tenant. The fee for each new tenant certificate shall be 20% of the regular fee. Where it has been less than one year since issuance of a certificate of occupancy for any tenant space, the fee and inspection will be waived for that tenant space.)

Attached residential condominiums: \$25.00 per unit.

Replacement certificates: \$25.00

Temporary Certificate of Occupancy

Single-family residential - \$250.00 plus bond of \$500.00 per incomplete item or 100% of cost, whichever is greater. Bondable items are concrete, sod and final grade in the winter months only. Bond for an as-built plot plan shall be \$1000.00.

All other construction - \$250.00 plus bond for 100% of incomplete work.

All temporary certificates are 90 days maximum with one renewal.

Signs

All permits shall be assessed a non-refundable application fee of \$25.00.

Permit Fees: Permit fees are non-transferable.

Permanent signs

Ground signs:	Up to 60 square feet	\$185.00
	Over 60 square feet	\$265.00
Wall signs:	Up to 100 square feet	\$185.00
	Over 100 square feet	\$265.00

Temporary signs

General information	\$25.00 per side
Non-commercial signs	No fee, must be on private property

Demolition

All permits shall be assessed a non-refundable application fee of \$25.00.

Permit Fees:	\$210.00 (Includes pre-demolition, open hole and final site inspections. Additional inspections \$70.00 each. The inspector shall estimate the number of visits required.)
Performance Bond	\$5,000.00 (Note: Bond required for all demolition permits including homeowner permits. Bond may be reduced to \$1000.00 for qualified homeowners at the Department's discretion.)

Moving

All permits shall be assessed a non-refundable application fee of \$25.00.

Permit Fees:	\$140.00 (Includes pre and post move inspection. Additional inspections \$70.00 each. The inspector shall estimate the number of visits required)
Performance Bond	\$5,000.00

Utility Disconnect Fees for Demolition (established by Utility Department):

Sewer and/or water discontinuation fee: (Permanent shut off) \$400.00

Code Inspections

\$70.00 per inspector/per hour, or fraction thereof.

Overtime Inspections

\$105.00 per hour.

Special Inspections

Inspector required on site full time. \$70.00 per hour.

Additional/Add-on Inspections, All Permits

\$70.00 per inspection.

Appeal Boards

Construction Board of Appeals. \$250.00

3.0 INSPECTIONS: MINIMUM NUMBER AND WHEN REQUIRED

3.1 Electrical: Single-Family Residential

For new construction a minimum of three inspections are required, a service, rough and final inspection. An additional inspection shall be required if temporary service is provided.

Remodels shall require a minimum of two inspections, a rough and a final. For all other types of work of this class, inspections shall be required for each visit required from the electrical inspector.

3.2 Electrical: Multiple-Family, Commercial, Industrial

For a multiple-family structure or multi-tenant commercial or industrial building, a minimum of two inspections, a rough and a final, shall be required for each living or work unit in such a structure. An inspection shall also be required for the service.

For all other buildings of this class, inspections shall be required for each visit required from the electrical inspector. The inspector shall estimate the number of visits required.

A separate inspection shall be required for temporary service.

3.3 Mechanical: Single-Family Residential

1. For new construction a minimum of three inspections, a rough, final, and gas line inspection shall be required for each heating system. A separate inspection shall be required for each cooling system. A heating or cooling unit without a distribution system shall require one inspection.

Remodels shall require a minimum of a rough and final inspection. For all other types of work of this class, inspections shall be required for each visit required from the mechanical inspector.

2. Pre-fab fireplaces shall require a minimum of one inspection per dwelling unit. Multiple fireplaces in the same dwelling unit and inspected on the same visit shall require one inspection. Units may also require a gas line pressure test and inspection.

3.4 Mechanical: Multiple-Family, Commercial, Industrial

Each heating and/or cooling unit shall require one inspection. Each multi-family dwelling unit shall require a rough and final. Installation or modification of any distribution system not involving the associated heating/cooling unit shall require

one inspection. Where an underground inspection(s) is required, an additional inspection shall be charged per visit. Gas lines require an additional pressure test and inspection per system.

Refrigeration units of one horse-power or greater shall require one inspection per unit.

Concealed piping shall require an additional inspection per system.

3.5 Plumbing: Single-Family Residential

For new construction an underground, rough and final plumbing inspection shall be required.

Remodels shall require a minimum of two inspections, a rough and final. For all other types of work of this class, inspections shall be required for each visit required from the plumbing inspector.

3.6 Plumbing: Multiple-Family, Commercial, Industrial

Each unit in a multiple-family structure or in a multi-tenant structure shall require a rough and a final inspection. An additional inspection for underground plumbing shall be required for each unit in a strip center. A multiple-family structure or other multi-tenant building shall require an additional inspection for underground plumbing at the rate of one inspection per building. An additional inspection shall be required for sewer and water service.

All other commercial and industrial buildings shall be charged at the rate of one inspection for each visit required from the plumbing inspector. The inspector shall estimate the number of visits required.

3.7 Building: All Construction

Building inspections shall follow the schedule below to the extent applicable:

- a. Footing - before footing is poured. Property lines must be identified for the inspection.
- b. Backfill - before foundation wall is backfilled and before slab floors and with sill plate and foundation drain in place and anchor bolts installed.
- c. Brick Ledge - after first course of brick, flashing, weep holes, and pea stone are installed.
- d. Rough - before any framing is covered and after rough electrical, mechanical and plumbing inspections are approved.
- e. Insulation - prior to covering insulation.
- f. Slab - prior to pouring concrete slab with sub-base, forms and any reinforcement and insulation installed.
- g. Fireplace - Masonry - when damper and first flue liner are in place.
- h. Drywall - fastener inspection before drywall is taped.
- i. Final - after final electrical, plumbing, and mechanical inspections are approved.
- j. Final Site/Certificate of Occupancy - when all inspections are approved and prior to Occupancy. It is illegal to occupy a building before a Certificate of Occupancy is issued. As built drawings including the approved, existing, final grade elevations must be received before an occupancy certificate can be issued.

CONCRETE PERMITS INCLUDING NON-TELECOMMUNICATION WORK IN R.O.W.

- 1.1 All permits shall be assessed a non-refundable application fee of \$25.00.
- 1.2 Permit Fees: Permit fees are non-refundable after work has started and non-transferable.
- Cutting, repair, sawing, removal, replacement or modification of street surface, aprons or curb and gutter:
\$70.00 per required inspection
(Two inspections required minimum unless work is covered by a site plan and bond.)
\$5,000 bond (\$1,000 for qualified homeowner permits at the Departments discretion) required for r.o.w. work. Waived for registered contractors with annual bond posted and projects with site plan guarantee bonds posted.
- Concrete flatwork \$70.00 per inspection (fees waived for five (5) squares or less of public sidewalk)
- 1.3 Contractor registration fee:
Registration \$15.00
Performance Bond Minimum \$5,000.00 (Required for r.o.w.)

PRIVATE SEWER AND WATER SERVICE

- 1.1 All permits shall be assessed a non-refundable application fee of \$25.00.
- 1.2 Permit Fees: Permit fees are non-refundable after work has started and non-transferable.
Private sewer and water leads (from the building to the storm sewer, sanitary sewer or water main) including replacements:
Storm or sanitary sewer lead \$70.00 each.
Water lead \$70.00 each.
Gate wells or structures \$70.00 each.
- Public sewer and water mains: See non-telecommunication engineering fees below
- 1.3 Contractor registration fee:
Registration \$15.00
Performance Bond \$5,000.00 (Required for r.o.w.)

PLANNING FEES

Site Plan Review	
Planning Commission	\$1000.00
Administrative	\$500.00
Plats and Site Condominiums	\$1000.00
Easements:	
Vacations	\$500.00
Encroachments	\$ 50.00
Land Divisions	\$200.00

ZONING FEES

Z.B.A.	
Residential	\$200.00
Commercial	\$550.00

Special Use Approvals	\$1000.00
Re-zonings	\$1000.00

BROWNFIELD REDEVELOPMENT AUTHORITY FEES

Application fee: \$1500.00 plus \$2500.00 engineering escrow.

ENGINEERING FEES - (NON-TELECOMMUNICATION)

Engineering Plan Review	Application fee (Non-refundable)	\$200.00 for all projects
	Public projects - Review fee	2% of site construction cost
	Inspection fee	4% of site construction cost (see r.o.w. inspection below.)
	Private projects - Review fee	2% of site construction cost (\$200.00 Minimum)
	Residential site/plot plan review	\$75.00

Engineering Inspections: \$70 / Inspection + \$100 for each Compaction / Material Test

Landfill permits: \$60.00 + \$0.05 per cubic yard of fill.

RIGHT-OF WAY PERMITS – (NON-TELECOMMUNICATION)

Application Fee:	\$200.00 (non-refundable)
Review fee	2% of the cost of the project. Minimum \$200.00
Inspection Fees:	4% of the cost of the project. If the inspection fees exceed 4% of the project cost, the permittee shall be charged 175% of the actual payroll costs (including but not limited to wages, fringe benefits and/or expenses) for all inspection fees exceeding the non-refundable 4% inspection fee.
	\$100.00 for each road crossing/driveway compaction test
GIS Fee	\$150.00.

LANDLORD LICENSING

Three Year <u>Registration Fees:</u>	New Registrations and Renewals <u>Through Renewal Date*</u>
Single-family	\$195.00
2 to 4 units	\$240.00
5 or more units	\$46.50 per unit

*Code enforcement action will commence if the application and fee are not received before the current expiration date; if the renewal is not completed within thirty (30) days after the renewal date; or if a new application is not completed within thirty (30) days of the initial application date.

A fee of \$35.00 per inspection shall be charged for all locked-out inspections and the second re-inspection of all failed inspections.

Note: All renewal licenses are for thirty-six (36) months. New and pro-rated licenses may be for less than thirty-six (36) months. All licenses for the same landlord will expire on the same date.

CODE ENFORCEMENT PROPERTY MAINTENANCE FEES

Service:	Cost: (Note: Mowing, labor and disposal costs are based on the current contract.)
Mowing	\$100.00 Administrative Fee + Actual Mowing Charges
Clean-up/Debris Removal (ROW)	\$150.00 Administrative Fee + Actual Labor and Disposal Charges
Clean-up/Debris Removal (PVT)	\$250.00 Administrative Fee + Actual Labor and Disposal Charges
Snow Removal (Public Walks)	\$100.00 Administrative Fee + Actual Labor Charges

GEOGRAPHIC INFORMATION SYSTEM FEES

Digital prices are for digital raw data of City of Madison Heights. Datasets are to be distributed “**AS IS**” at the time of sale. The cost DOES NOT include, updates to ongoing coverage projects. Creation of mapping products that are not existing; shall be \$75.00 per hour plus printing costs.

	Small Format (11 x 17)	Large Format (24 x 36 & up)
Hardcopy Maps		
Aerial Photos (City wide)	NA	\$25.00-\$45.00
Existing Land Use Map	\$5.00	\$25.00
Future Land Use Map	\$5.00	\$25.00
Zoning Map	\$5.00	\$25.00
General Street Map	\$5.00	\$25.00
Utility ¼ Section Map	\$5.00	\$25.00
Benchmark Map	\$5.00	\$25.00
Street Map	\$5.00	\$25.00
Misc. (Future printed products)	\$5.00	\$25.00

Electronic File Format Prices (when available)

Layers	Prices	Per Section
Benchmarks (elevations)	\$50.00	NA
Contours	\$250.00	\$75.00
Aerial Photos	\$250.00	\$75.00
Parcel Coverage (property lines)	\$500.00	\$135.00
Pictures of all parcels	\$200.00	NA
Pavement Management (profiles)	\$500.00	NA
Road Projects	\$50.00	NA
Sidewalk Gap	\$50.00	NA
Utilities (each)	\$500.00	\$135.00
City Fiber Network	\$200.00	NA
Street ROW	\$200.00	NA
Street light network	\$200.00	NA
Street sign	\$100.00	NA
Public Facilities (buildings, properties)	\$100.00	NA
Zoning	\$100.00	NA
Existing Land Use	\$100.00	NA
Future Land Use	\$100.00	NA

BE IT FURTHER RESOLVED, that the fee schedule for the Community Development Department Fees, as set forth above, is hereby adopted; and

BE IT FURTHER RESOLVED, that the fees herein established shall be effective July 1, 2015.

**EXHIBIT D
RESOLUTION
AMENDMENT TO CITY CLERK FEE SCHEDULE**

WHEREAS, the City of Madison Heights has adopted a City Code containing a building code, housing code, and other provisions to protect the public health safety and welfare: and

WHEREAS, it is provided in said Code that the City Council, by resolution, shall establish reasonable fees to be charged by the City for acts and services performed there under; and

WHEREAS, in accordance with Section 8.4 of the Charter of the Madison Heights, it is provided that the City Council shall adopt a Budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said Budget appropriations; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established as follows:

<i>Description</i>	<i>Current Rate:</i>	<i>Proposed Rate:</i>
VIDEO/VENDING MACHINE		
Distributor License	\$10.00	\$10.00
Amusement Devices (Pool Tables, Jukeboxes)	\$20.00	\$20.00
Vending Machines	\$20.00	\$20.00
Video/Electronic Amusement Devices	\$125.00	\$62.50
VOTER REGISTRATION RECORDS: ELECTRONIC FILE		
Processing Fee	\$30.00	\$12.00
Plus: Per name	½ CENT PER NAME	N/C
LABELS	\$30.00 + .015 PER LABEL	\$12.00 + .015 PER LABEL
DISK ELECTRONIC MEDIA STORAGE – COST OF MEDIA STORAGE (I.E. CD, FLASHDRIVE, ETC. PLUS PER NAME	\$3.00 FOR A DISK	ACTUAL PRICE OF STORAGE DEVICE + \$12.00 PROCESSING FEE
OTHER FEES		
COPIES	0.25	0.10
FOIA		
Per Page	0.25	0.10
Processing time	Per Hour	Per Hour – current schedule has been revised to reflect current law
ANIMAL LICENSES		
1 YEAR SPAY/NEUTER	\$7.00	\$7.00
2 YEAR SPAY/NEUTER	\$8.00	\$10.00
3 YEAR SPAY/NEUTER	\$9.00	\$15.00
1 YEAR	\$10.00	\$10.00
2 YEAR	\$11.00	\$15.00
3 YEAR	\$12.00	\$20.00

**EXHIBIT E
RESOLUTION
AMENDMENT TO WATER AND SEWER OPERATION FEES**

WHEREAS, the City of Madison Heights has adopted a City Code containing a building code, housing code, and other provisions to protect the public health safety and welfare: and

WHEREAS, it is provided in said Code that the City Council, by resolution, shall establish reasonable fees to be charged by the City for acts and services performed there under; and

WHEREAS, in accordance with Section 8.4 of the Charter of the Madison Heights, it is provided that the City Council shall adopt a Budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said Budget appropriations; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established as follows:

<i>Description:</i>	<i>Current Rate:</i>	<i>Proposed Rate:</i>
Service Tapping Fees		
Meter and Material		
¾"	\$2,446	Eliminated. New service standard is 1"
1 ½"	\$3,732	\$3,749
2"	\$4,731	\$4,748
Operational Fees		
Frozen Meter Charges		
3"	\$2,120	\$2,170
Damaged Missing Transmitter	\$ 87	\$ 105
Register Heads	\$ 67	\$ 80

**EXHIBIT F
RESOLUTION
AMENDMENT TO POLICE FEES**

WHEREAS, the City of Madison Heights has adopted a City Code containing a building code, housing code, and other provisions to protect the public health safety and welfare: and

WHEREAS, it is provided in said Code that the City Council, by resolution, shall establish reasonable fees to be charged by the City for acts and services performed there under; and

WHEREAS, in accordance with Section 8.4 of the Charter of the Madison Heights, it is provided that the City Council shall adopt a Budget for the fiscal year, appropriate funds for said purposes and provide for a levy of taxes for said Budget appropriations; and

NOW, THEREFORE, BE IT RESOLVED that the said schedule of fees be, and hereby are, determined and established as follows:

<i>Description:</i>	<i>Current Rate:</i>	<i>Proposed Rate:</i>
FOIA - In-Car Video Tapes	\$75 + actual FOIA wages	\$0.20 + actual FOIA wages
FOIA - Audio Tapes	\$50 + actual FOIA Wages	\$0.20 + actual FOIA Wages
FOIA - Photographs	\$75 + actual FOIA wages	\$0.20 per disc of photos + actual FOIA Wages
Police Report Photo Copies – Excluding Accident Reports	\$5 for first page, \$1 each additional page	\$0.10 per page



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

To: Honorable Mayor and City Council

From: Benjamin I. Myers, City Manager
Melissa R. Marsh, Deputy City Manager – Administrative Services

Date: November 5, 2014

RE: Five Year Financial Forecast – Fiscal Years 2015-2019

Attached please find the five year forecast for the City of Madison Heights for the Fiscal Years 2015-2019. This forecast should be evaluated as a financial estimate, created from the best available information at this point in time.

Executive Summary

The goal of the Five-Year Financial Forecast is to provide Staff, Council, and the public with a detailed estimate of the revenues and expenditures for the current and future four years. This detailed look at the financial estimates serves as a tool to identify financial trends, shortfalls and issues so the City can proactively address them. The forecast, therefore, is essential for planning the future financial strategy of the City as we enter the Capital Improvement and Budget Planning processes.

Since December 2007, the City has had to deal with many financial obstacles including declining revenues, increased home foreclosures, skyrocketing health insurance increases and increasing legacy cost including pension and retiree health care benefit costs. Starting in FY 2014, the economic climate began to improve as noted by the majority of national, State, regional and local economic indicators. This forecast assumes gradual growth of the national economy with positive impacts to the local economy, which is reflective in staff's estimates of economically sensitive revenue estimates. Despite the steadily improving economic climate, the long-term financial outlook continues to identify structural challenges to the City's General, Major Street, Local Street and Water and Sewer Funds due primarily to the burden of legacy costs such as pension and retiree health care benefits.

It is important to stress that this forecast is not a budget. It doesn't make expenditure decisions but does assess the need to continue to prioritize the allocation of City resources. The purpose of the forecast is to provide an overview of the City's fiscal health based on various assumptions over the next four years and provide the City Council, management and the citizens of Madison Heights with a "heads up" on the financial outlook beyond the annual budget cycle. The five-year forecast is intended to serve as a planning tool to bring a long-term perspective to the budget process.

Area Code (248)

Assessing.....858-0776
City Clerk.....583-0826
City Manager.....583-0829
Community Development.....583-0831
Department of Public Services.....589-2294
Finance.....583-0846

Fire Department.....583-3605
43rd District Court.....583-1800
Housing Commission.....583-0843
Human Resources.....583-0828
Library.....588-7763
Mayor & City Council.....583-0829

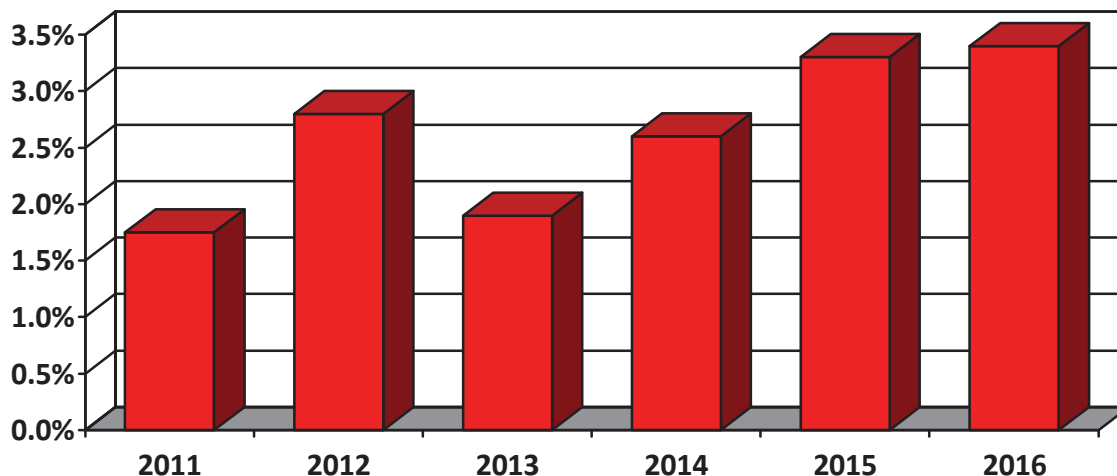
Nature Center.....585-0100
Police Department.....585-2100
Purchasing.....837-2602
Recreation.....589-2294
Senior Citizen Center.....545-3464
Water & Treasurer.....583-0845

The Government Finance Officers Association (GFOA) recognizes the importance of combining the forecasting of revenues and expenditures into a single financial forecast. The GFOA recommends that a government should have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve its goals.

Regional Economic Outlook

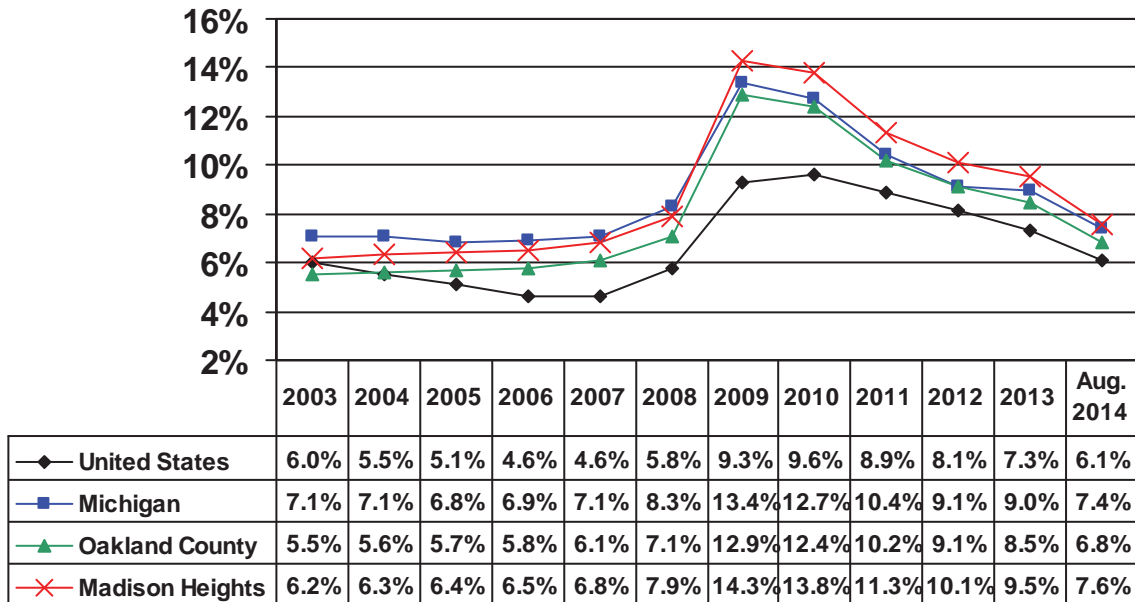
Reflecting the country as a whole, Oakland County and the Southeast Michigan region continue the slow economic recovery from the Great Recession of 2009. As reported by representatives of the University of Michigan's Institute for Research on Labor, Employment, and the Economy at the May 2014 Oakland County Economic Outlook Forum, real or inflation-adjusted U.S. Gross Domestic Product (GDP) is forecasted to grow by 2.6%, 3.3%, and 3.4% in 2014, 2015, and 2016, respectively. If proven correct, the projections for 2015 and 2016 would be the first annual reading of 3% or greater since 2005. The projected growth in real GDP is mirrored by a similar forecasted rise in U.S. Light Vehicle Sales from 16.0 to 16.7 million units during 2014, 2015, and 2016, which would represent the first time that sales have hit the 16 million mark since 2007. Similarly, the Detroit "Big Three" market share is projected to increase from 7.1 to 7.5 million units during 2014 – 2016, or 45 percent of market share by 2016.

Growth in U.S. Gross Domestic Product, 2011-2016



Of the key economic factors, job growth and unemployment are two of the most important financial indicators of recovery because a loss of jobs cuts across all sectors of Michigan's economy, impacting the housing market, and funding for state and local government services which rely on income, property and sales taxes. The University of Michigan economists forecast continued total private sector job growth in Oakland County. Over the period 2009 to 2013, the county's job growth of 10.4 percent greatly outpaced both the nation's growth of 3.9 percent and the state's 6.0 percent. The projection is for a continuation of a healthy recovery through 2016. The economists note that this anticipated continued job growth would replenish 73.4 percent, or about three in four, of the jobs lost from the summer of 2000 to the end of 2009.

Annual Unemployment Rates, 2003 through August 2014

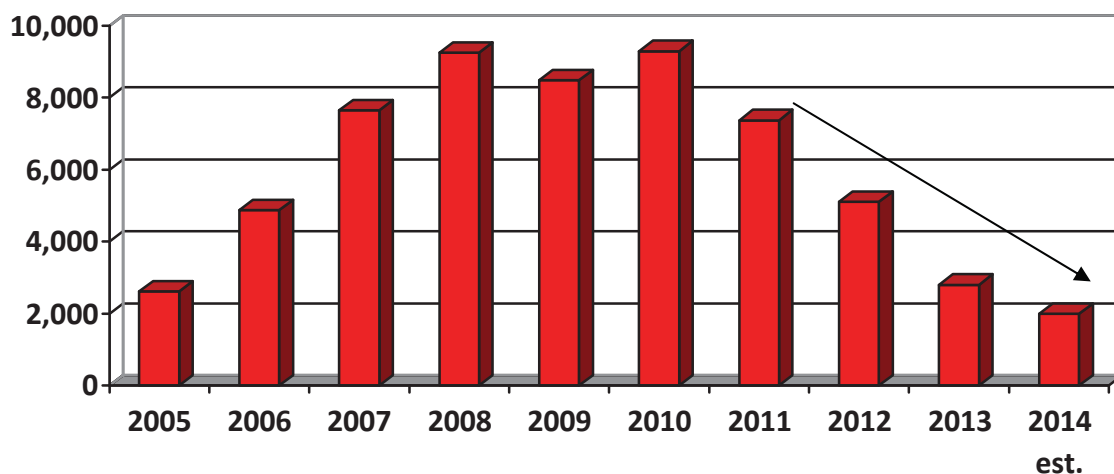


(Source: Bureau of Labor Statistics)

As indicated above, unemployment rates have continued to drop, although Madison Heights remains slightly higher than the State and Oakland County. The continued decline in unemployment is a positive trend with the University of Michigan economists forecasting that the County's unemployment rate will continue to fall to 5.2 percent by 2016.

An additional economic factor that impacts the City is home foreclosures. Because of the magnitude of job losses in the region, the real estate market started trending downward in 2007 which was evident with the number of foreclosures drastically increasing starting in 2006. As shown in the graph below, foreclosures have started to recover as they return to below 2005 levels.

Oakland County Sheriff Deeds: Foreclosures



Refer to Appendix A for additional community economic and demographic data, as provided by the Southeast Michigan Council of Governments (SEMCOG).

Financial Forecast

The forecast reflects actuals for Fiscal Year 2014, estimated expenditures for Fiscal Year 2015 and forecasted figures for Fiscal Years 2016-2019. The forecast focuses on the City's major appropriated funds which include the General, Major Street, Local Street and Water and Sewer Funds.

The General Fund is the primary focus of the forecast report because this fund is the City's operating fund which pays for services such as police, fire, library, parks, recreation, solid waste collection/disposal, and administration.

Overview of Fiscal Year 2013-14

Fiscal Year 2014 General Fund reserves ended at \$6.5 million, up from \$5.4 million in fiscal year 2013. Of this amount, \$6.4 million is considered to be spendable and available to fund operations. This increase in fund balance was a direct result of three items. First, the City's insurance pool, the Michigan Municipal Risk Management Authority (MMRMA), made a distribution of refunded contributions in the amount of \$700,302 of which \$385,166 was allocated to the General Fund. (The amount of the distribution, or even if there would be a distribution, was not known until the end of the 2014 fiscal year). Second, at year end, Council approved budget carry- forwards for \$385,835 which is an addition to fund balance in FY 2014 for use in FY 2015. Third, while lower than in FY 2013, tax revenues came in \$639,000 higher than budgeted in FY 2014 due to fewer tax refunds. Staff originally planned to contribute any money allocated for personnel services by Council but not spent in a department toward the City's OPEB and Pension liabilities at year end; however, with the unknown expenditures resulting from the historic flood event of August 11, 2014, staff decided to hold off on additional contributions until FY 2015. As a result, the city only contributed 58.2% of the calculated annual contribution to OPEB for FY 2014 which equals the amount originally budgeted.

Overview of the Current Fiscal Year 2014-2015

A balanced fiscal year 2015 General Fund budget of \$24.6 million was adopted by Council in May 2014 with budget amendments approved in June 2014 including a use of fund balance of \$385,835. Since that time, revenues have held steady as reported in the first quarter Council and departmental revenue and expenditure reports. Expenditures during the first quarter are also in line with budgeted expenditures; however, there are several anticipated expenses or emergencies that may cause overages as of December 31, 2014. City Council will be asked to review and approve mid-year budget amendments if overages are likely to occur.

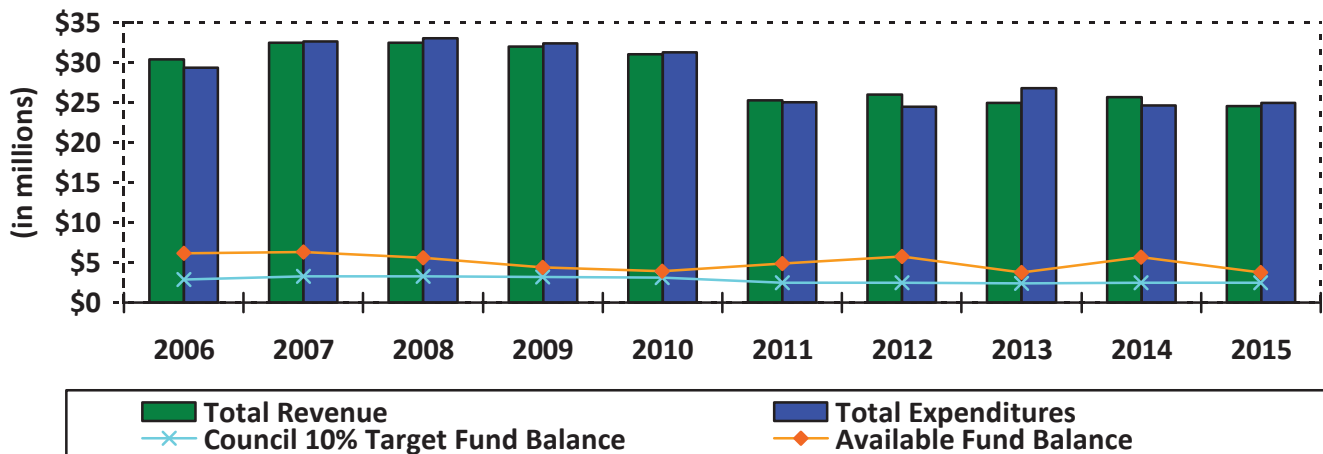
These anticipated expenses came primarily from the August 11, 2014 torrential rains that flooded much of Madison Heights and surrounding communities, and resulted in a declared state of emergency at the City, County, State, and Federal levels. Approximately 3,000 homes were affected, as well as City properties including the City Hall and 43rd District Court, which experienced flooded lower levels. In addition, a total of sixteen (16) city vehicles were significantly damaged in excess of \$450,000 in replacement cost, and the City's road network suffered damages of over \$100,000. Damage to City property is estimated to be over \$2 million with an additional \$430,000 in costs for additional residential trash collection and disposal resulting from flooded homes. Staff are currently working to determine the City's actual "out of pocket" cost factoring in property and vehicle coverage from the City's insurance provider, the MMRMA, and reimbursements of eligible uninsured losses from the Federal Emergency Management Agency (FEMA). Another component that needs to be considered is potential litigation that may be brought by property owners experiencing storm damage. Such litigation could result in a significant defense cost to the City although legal counsel and staff believe any suit brought against the City as a result of this storm event is completely without merit.

As of November 1, 2014, collective bargaining agreements with all of the City's labor groups are settled, through June 30, 2015. The labor agreements continue the 20% employee medical premium cost share, a wage freeze, mirroring of prescription benefits for future retirees, and other concessions.

General Fund Reserves

On May 13, 2013, the City Council approved a revised General Fund operating reserve policy to set the minimum reserve level at 10% of current year expenditures. This policy was established to prudently protect the fiscal solvency of the City. Reserves are important in order to mitigate the negative impact on revenues from economic fluctuations, State budget "grabs" and unfunded mandates, and unforeseen expenditure requirements. The bar/line graph below depicts the target and available General Fund Balances since 2006, as shown against total revenues and expenditures. In all years, the City has been able to maintain a fund balance at or slightly above the minimum target fund balance.

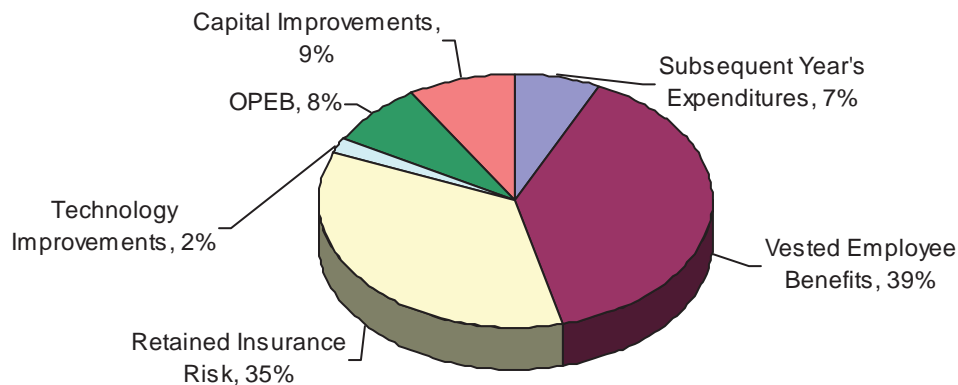
General Fund - Fund Balance Compared to Total Revenues and Expenditures



As stated previously, in Fiscal Year 2014 General Fund reserves ended at \$6.5 million, up from \$5.4 million in FY 2013. Of this amount, \$6.4 million is considered to be spendable and available to fund operations. This increase in fund balance was a direct result of an unscheduled insurance distribution of \$700,000 with \$385,000 allocated to the General Fund, approved carry-forwards resulting in a \$386,000 addition to fund balance, and higher than budgeted tax revenues in the amount of \$639,000.

In addition, staff reviews the reserve levels at the end of each fiscal year and assigns reserves to meet unfunded liabilities. Currently reserves are assigned as follows: 7% to fund subsequent year's expenditures, 39% for vested employee benefits (not including pension or retire health care), 35% for retained insurance risk, 2% for technology improvements, 8% for other post-employment and 9% capital improvements (see the following pie chart).

Assigned General Fund Reserves as of June 30, 2014



Overview of Five Year Forecast - FY 2015-2019

The Five Year Financial Forecast includes a baseline projection of revenues and expenditures used to evaluate the City's future financial condition and capacity to fund existing services and infrastructure needs. The growth assumptions in the baseline projections are based on the most recent economic data provided by various sources and existing City contractual obligations such as service contracts, labor agreements and debt service.

General Fund revenues are projected to stabilize in the current year and gradually begin to increase over the next four years. Major discretionary revenues are projected to increase by an annual average of 0.94% during the five-year period (2015-2019). This compares to an historical average decrease of 2.2% over the past four years (2011-2014), which included declines in property tax revenues, court revenues and state revenue sharing. Overall, expenditures are projected to grow at an annual average rate of 2% during the current and succeeding four years, taking into account the City's infrastructure needs, assumption of full implementation of the City's Capital Improvement Plan, and more aggressive funding of the pension and retiree health care funds. As stated previously in this report, in FY 2014 the City only funded 58.2% of the annually calculated contribution for retiree health care benefits. While this is still better than many municipalities statewide, the current funding level is not considered acceptable to City management and increasing this funding will be a major focus of future budget proposals.

Without reductions in expenditures or increases in revenue sources as forecasted, the fund balance will be exhausted in FY 2018-19. It is also important to note that the forecast does include a 17% increase in OPEB funding, but it still only meets about 50% of the annually calculated contribution for retiree health care benefits as discussed above. The liability for pension and retiree health care benefits will continue to be the biggest financial obstacle for the City for many years to come.

Forecast Summary/Conclusion

This long-term financial outlook continues to identify structural challenges to the City's General Fund. Specific recommendations to achieve a balanced budget for Fiscal Year 2015-16 will be presented as part of the proposed budget and will address legacy costs to the City.

General Fund Forecast Summary
(in millions – further details included under appendix)

	2013-14 Actual	2014-15 Projected	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast
Revenues	\$25.757	\$24.900	\$25.097	\$25.451	\$25.796	\$26.174
Expenditures	\$24.634	\$26.850	\$26.198	\$26.376	\$26.581	\$27.749
	\$1.123	(\$1.950)	(\$1.101)	(\$0.925)	(\$0.785)	(\$1.575)
General Fund Non-restricted Reserves	\$5.702	\$3.752	\$2.651	\$1.726	\$0.941	(\$0.634)
% Reserves of Current Year Expenditures	23.1%	13.9%	10.1%	6.5%	3.5%	(2.3%)

During these transitional times and environment of economic uncertainty, financial planning remains a prudent activity. Development of a long-term financial plan is essential to sound fiscal management. The plan is not able to predict with certainty the City's fiscal future, but rather it will serve as a tool to highlight significant issues or problems that must be addressed if the City's goal of maintaining fiscal health and sustainability over the long term is to be achieved.

It should be noted that this report has focused on the City's ability to continue current services and programs using existing sources of revenues. **Based on the five-year forecast report, funding for any new programs, reversal of "gap" measures used to balance the budget, or other major initiatives will require tradeoffs during the planning and budgeting processes.**

General Fund Revenue & Expenditure Assumptions

As mentioned earlier, current economic reports indicate that the state and county are showing signs of recovery. Revenue estimates contained in this forecast are based on assumptions that property tax will stabilize in Fiscal Year 2015 and begin to gradually increase by an average of 1.75% per year. Other major revenues such as State Revenue Sharing are assumed to see a modest increase of 3%.

Overall total revenues are estimated to be up 0.79% in Fiscal Year 2016, 1.4% in Fiscal Year 2017, 1.35% in Fiscal Year 2018, and 1.36% in Fiscal Year 2019. These projected revenue increases are less than the annual forecasted increase in expenditures.

Forecast of Major General Fund Revenues
% Change from Prior Year

Revenue Category	2013-14 Actual	2014-15 Projected	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast
Property Tax	(0.29%)	0.16%	1.60%*	1.57%*	1.50%*	1.51%*
Business Licenses	35.65%	(19.25%)	11.20%	0.00%	0.00%	0.00%
Intergovernmental	6.21%	(3.50%)	2.21%	5.07%	5.68%	5.69%
Court	11.70%	(4.82%)	0.00%	0.00%	0.00%	0.00%
Other	13.90%	(17.06%)	(4.78%)	0.18%	0.00%	0.00%
Total	3.20%	(3.33%)	0.79%	1.41%	1.35%	1.36%

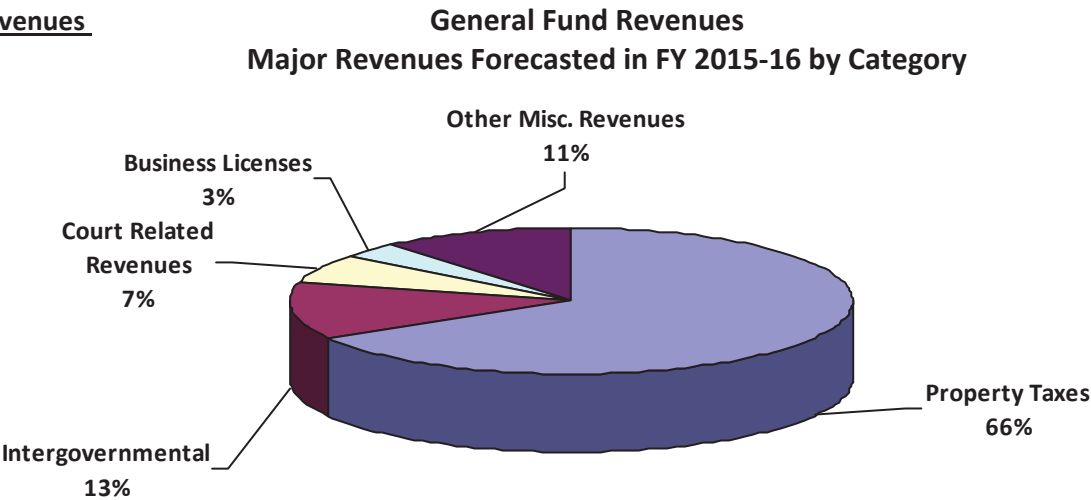
* Forecasted assumptions are 0.5%, 1.6%, 1.7%, 1.8% and 1.9% for real property taxes and stagnate for personal property tax based on the Local Community Stabilization Act reimbursement formula. Real taxable value estimates

are based on assumptions received from Oakland County Equalization and variations are due to the Michigan Tax Tribunal reductions.

The following pages detail several key assumptions applied in the preparation of the financial forecast, as reflected in the table above.

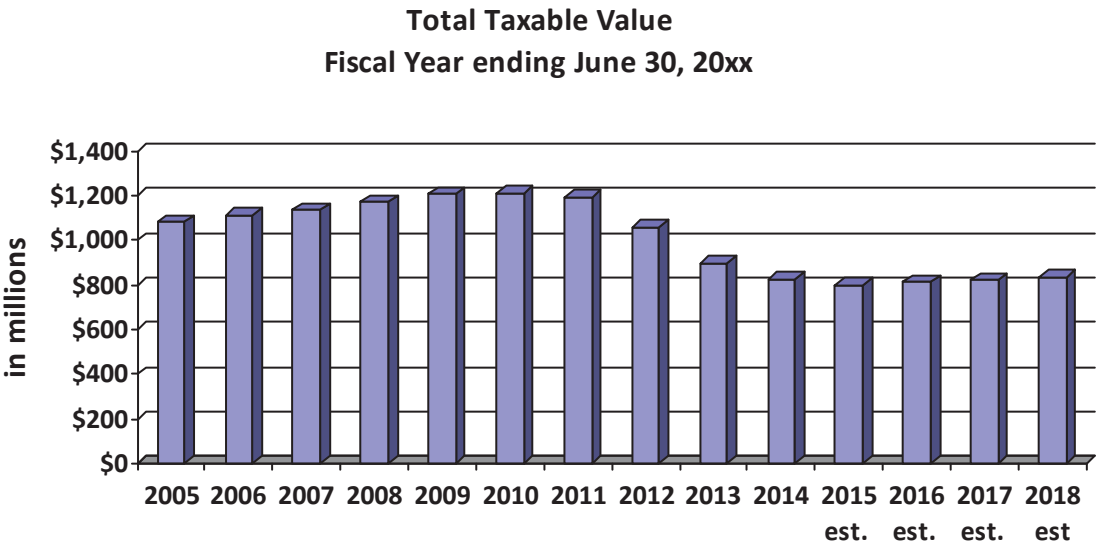
General Fund Assumptions

Major Revenues



Property Tax

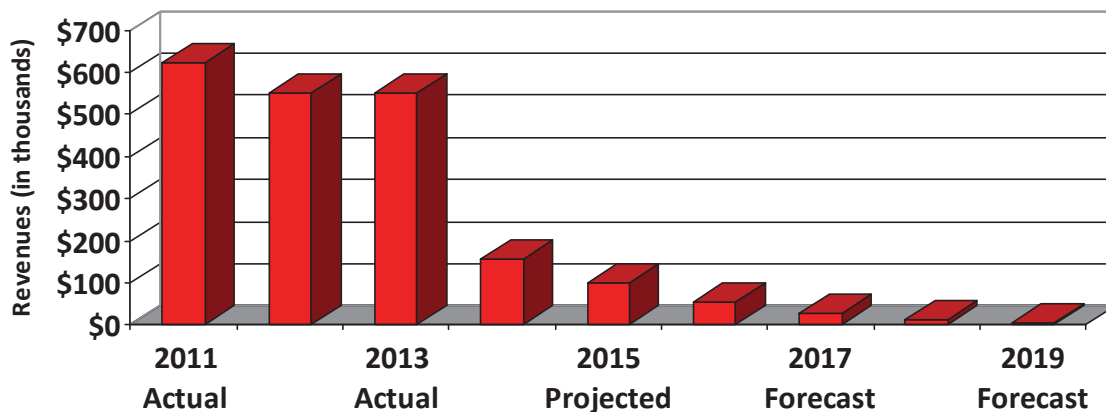
Real Property Tax revenues will remain relatively flat in Fiscal Year 2015 with a moderate increase budgeted at 0.5%. After FY 2015, the forecast includes a slight increase of 1.6%, 1.7%, 1.8%, 1.9% for the next four years. This information is based on estimates from Oakland County Equalization. As mentioned earlier, the estimate from Oakland County was for growth of real property without factoring in Michigan Tax Tribunal (MTT) activity or personal property. The forecast assumes significant decreases in refunds through the MTT and stagnant revenues for personal property taxes.



It is important to note that in Michigan, taxable value is approximately 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 increases to five percent or the rate of inflation, whichever is lower, for each individual property.

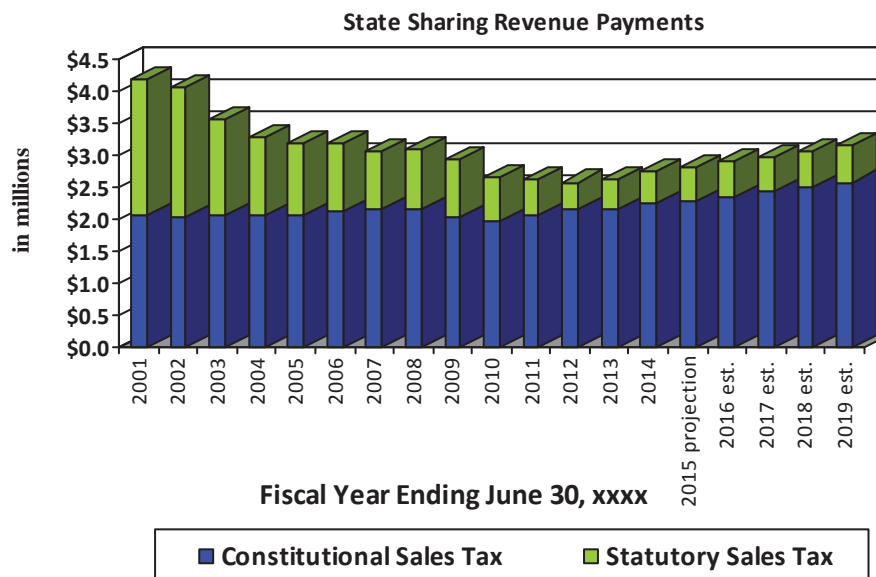
As shown below, tax refunds result from Oakland County chargebacks for nonpayment, tax foreclosures and tax tribunal cases. These refunds are estimated to decline by 50% for each year of the forecast. This decline was assumed due to the increased amount of tax payments, reduction in tax foreclosures, and significantly reduced number of tax tribunal cases filed in the initial year of 2013 and 2014. It is assumed that the majority of property owners who planned to pursue a reduction in taxes through the tax tribunal have already filed their claim.

MTT and Chargeback Refunds 2011 - 2019



Intergovernmental – including State Shared Revenues

State Shared Revenues including the new city, village, and township revenue sharing (CVTRS) program that replaced the Economic Vitality Incentive Program (EVIP) are anticipated to increase by 3% for Fiscal Year 2015 - 2019 based on projections from the State of Michigan. The forecast assumes that the City continues to meet all the requirements to achieve 100% of the CVTRS funds. These requirements now include a citizen's guide, performance dashboard, debt service and projected budget report.



Federal revenues are forecast to be flat during the forecast years. The only forecasted federal revenues are the Medicare Part D Subsidy which is unpredictable as it fluctuates each year depending on retiree prescription claims.

Court Revenues

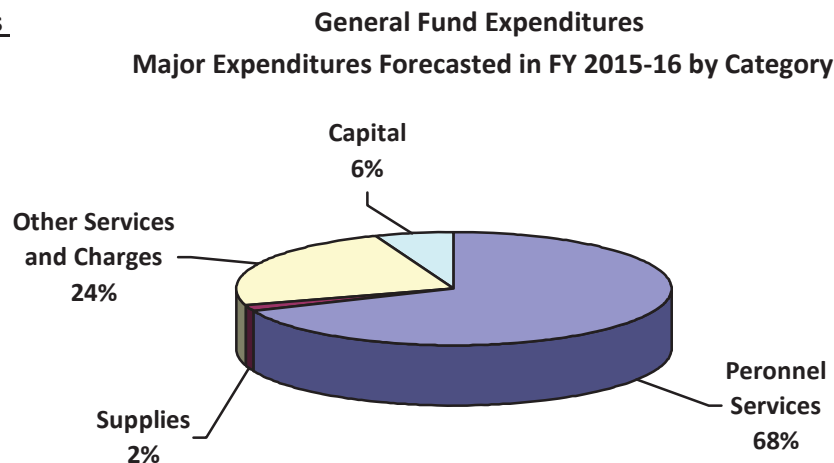
Court Revenues are forecasted to be down in the current year as actual revenues recorded to date are not tracking with budget estimates. The following four years are anticipated to remain steady at the Fiscal Year 2015 levels.

Other Revenues

Miscellaneous Revenues are conservatively assumed to be stagnant at the FY 2015 level during the forecasted years. Miscellaneous revenues include revenues such as cable fees and interest income as well as one-time items. Cable television fees increased in FY 2015 due to a revised Comcast local video franchise agreement which includes Public-Education-Government (PEG) fees equal to 1% of system gross revenue.

Business license revenues are anticipated to increase based on historical collections for occupational licenses and continued high collection and enforcement of business licenses.

Major Expenditures

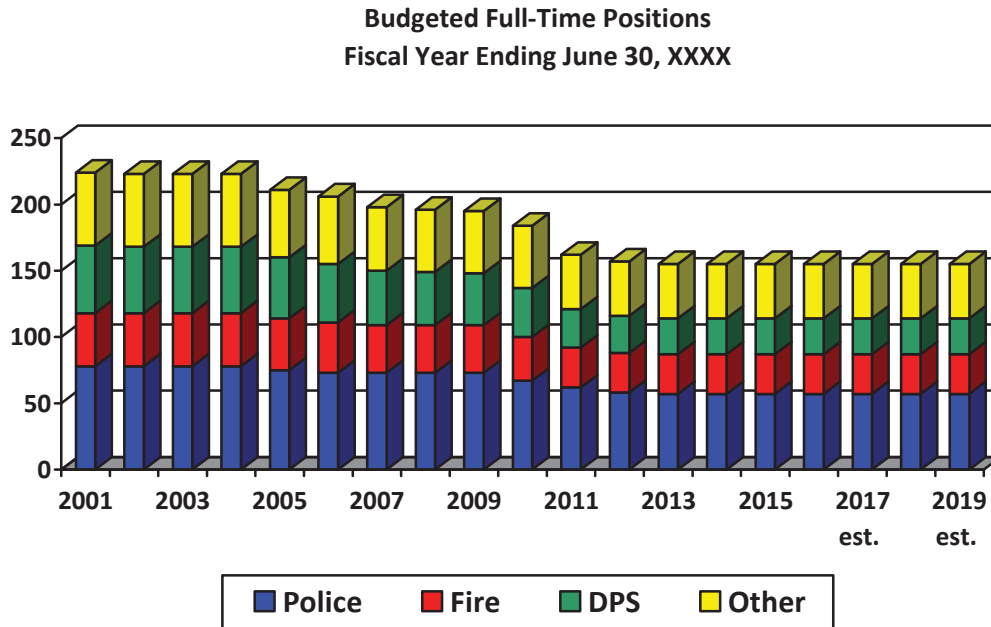


Since 2009, the City has enacted a number of measures to keep operational expenditures in line with its declining revenues. Expenditures in the forecast are estimated to be \$26.8 million for Fiscal Year 2015, \$26.2 in Fiscal Year 2016, \$26.4 in Fiscal Year 2017, \$26.6 in Fiscal Year 2018, and \$27.7 in Fiscal Year 2019. These expenditures are made up of personnel services, supplies, other services, and capital outlay.

Personnel Categories

The personnel category including health care premiums and retirement benefits represents 68.7% of the General Fund budget.

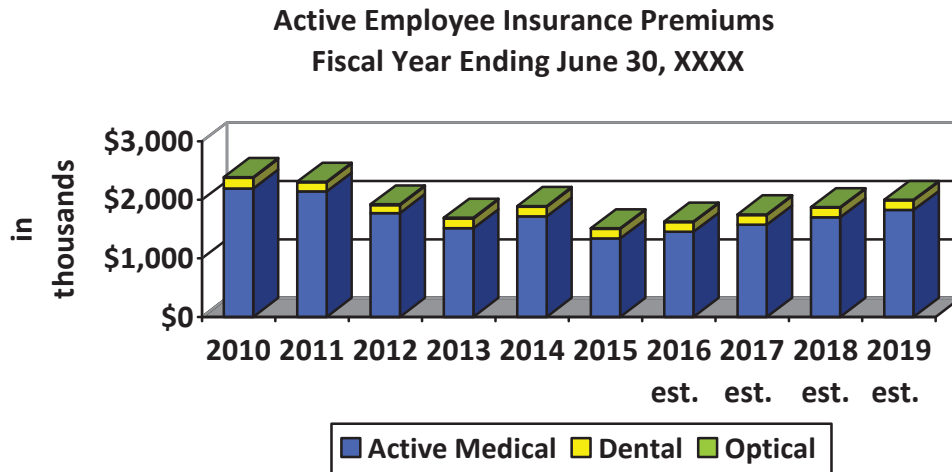
Full-time staffing, which consists of 146 full-time employees, is assumed to remain at or near the same level for the period covered by the financial forecast. As the City is experiencing a large number of retirements in the key service areas (e.g. police, fire, public services), staff are working hard to provide for timely replacement hires in order to maintain authorized strength.



Expenditures related to negotiated salaries are reflected in the forecast based on currently negotiated contracts. As of today, all unions in the City have settled contracts through June 30, 2015. For estimating purposes, the forecast assumes status quo with wages and benefits. The actual changes can vary based on the results of union negotiations.

Because of the volatility of health care costs, this forecast assumes rate increases in excess of inflation. Based on estimates from the City's health care consultant and national and state trends, health insurance is forecasted to increase an average of 8% during the forecasted years. The City is hopeful that with the implementation of the MiLife Employee Health and Wellness Center opening in January 2015, our health care cost will actually remain level or even decrease, but we do not yet have statistics to support that assumption. The MiLife Wellness Center is a relatively new concept of delivering primary health care to employees in a center dedicated to them, offering zero co-pays and deductibles as a supplemental and voluntary alternative to using their traditional insurance benefits. The City has partnered with two other self-insured municipalities, Ferndale and Royal Oak, in this groundbreaking and innovative endeavor.

The following chart shows the historical and forecasted medical premiums for active employees.



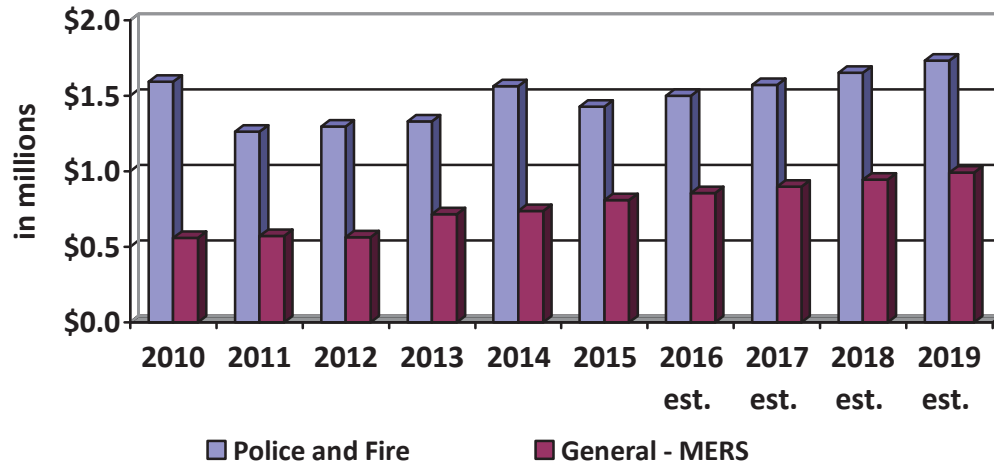
As mentioned previously in this report, the most significant expenditure issue included in the forecast relates to unfunded accrued liabilities. Unfunded accrued liabilities refer to employee pensions and other post-employment benefits.

For the first time, municipal employers who provide defined benefit pensions and retiree health care benefits will be required to recognize their unfunded obligations as a liability and must more comprehensively measure and report the annual cost of pension and OPEB benefits. As a result of implementing these new standards, the City's net pension asset will be replaced by a net pension liability, resulting in a significant impact to the City's governmental and business type activities, beginning with pension liability in FY 2015.

Municipal Employee Retirement System (MERS) and Police and Fire retirement contribution rates will continue to increase due to the pressure on system assets to fund current retirees. The MERS plan, which covers general employees who are eligible for a defined benefit pension, is "closed". Once a plan becomes closed, the contributions are calculated on a fixed dollar amount and will increase as a percent of payroll as the number of and payroll for eligible employees decrease. Based on the employer contribution details from MERS for the Fiscal Year beginning July 1, 2015, rates will increase as follows: Non-Union and Department Heads by 19.6%, Court by 14.76%, Department Public Services by 15.02%, and Supervisors by 13.19%. The rates will decrease for Dispatchers by -34.3% and Municipal Employees by -13.07%, in the following three forecasted years. The assumption is an increase of 5% for all groups. (As of the most recent actuarial valuation of December 31, 2013 for MERS and June 30, 2013 for Police and Fire, the funded ratios of the MERS and Police and Fire Pension Systems are 69.9% and 71%, respectively.)

The following chart shows the historical and forecasted pension contributions for Police and Fire, and General Employees.

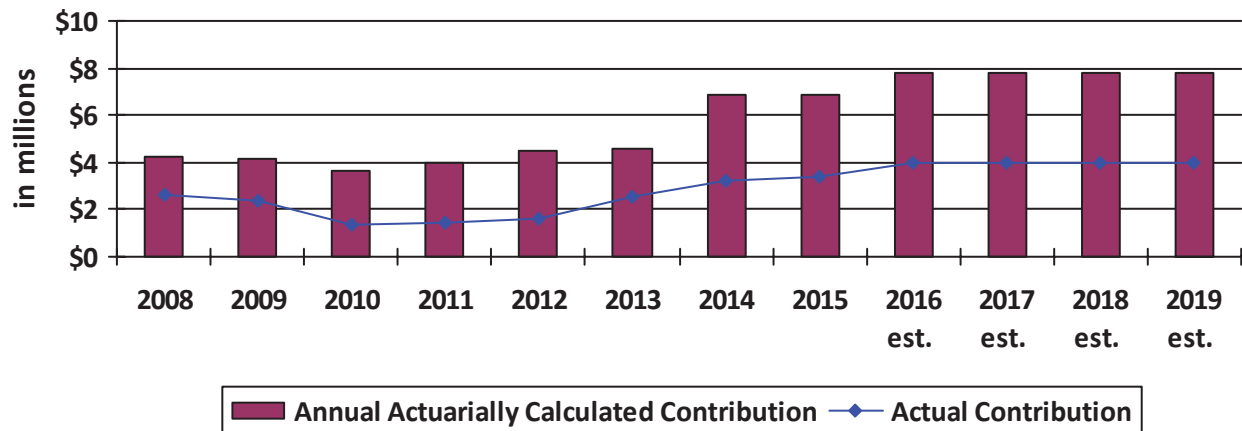
Pension Contributions



Other Post-Employment Benefits (OPEB) contributions have been forecasted with an increase of 17%. While this still does not fully fund the annual OPEB requirement, City staff believes increasing funding is a step in the right direction. (As of the most recent actuarial valuation of June 30, 2012 for General Employees and Police and Fire, the funded ratios are 18.9% and 15.2%, respectively.) As shown below, the City's annual actuarially required contribution reached over \$6 million beginning in the Fiscal Year ending 2014, and approaches the \$8 million mark by 2019.

The majority of employees who are eligible for retirement are assumed to retire during the forecast period with positions being replaced with new hires with tiered benefits.

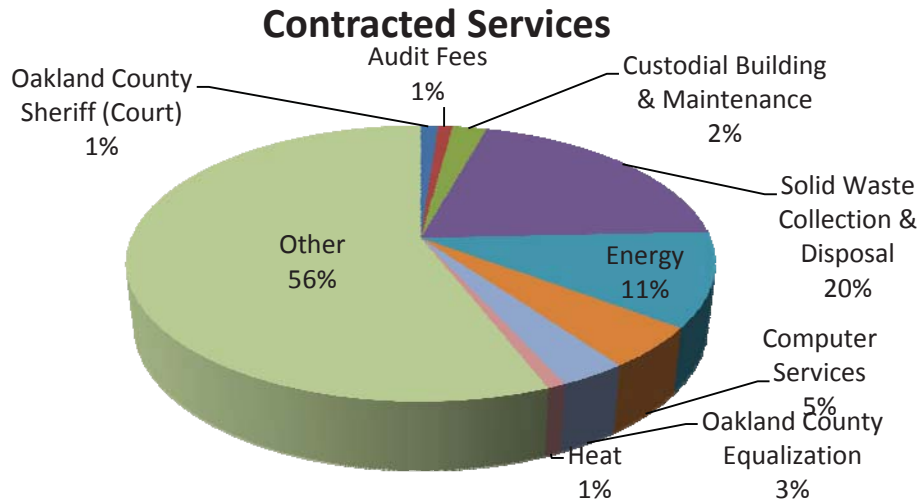
Annual Required and Actual OPEB Contributions



Supplies

The majority of supply account line items have been held at status quo for the current year and four forecasted years.

Other major expenditures included in the budget include contracted services. This category includes services for things such as auditing, solid waste collection and disposal, and assessing.



Contracted Services

Auditing services are anticipated to increase in the current year due to the need to complete a single audit. This is directly related to the receipt of FEMA funds from the August 11, 2014 flood. The remainder of the forecast years shows a decrease due to not needing this additional audit service.

In February 2013, Council approved a second three-year contract with Oakland County for Equalization Services, which will hold the FY 2014 prices through FY 2016. Beginning in Fiscal Year 2017, this expenditure is estimated to increase by 3% annually.

The City's Solid Waste Contractor, Rizzo Services, is currently operating under a ten-year contract which began on July 1, 2010. In accordance with the contract, Rizzo has held the same price through year 5 which is Fiscal Year 2014-15. In Fiscal year 2016 there is a 6.8% increase, but no contractual increase in Fiscal Year 2017. The remainder of the forecast years increase 1.4% in Fiscal Year 2018 and 1.48% in 2019.

As the result of an IT Assessment and Strategic Plan completed in July 2014 by Plante Moran, the City has solicited and is currently evaluating proposals to outsource the Information Technology function, beginning in January 2015. The City has undertaken this bold step to improve service delivery and customer satisfaction, and potentially reduce cost through personnel savings. Given that staff is still evaluating the proposals, the forecast assumes no increase in IT expenditures due to the possible outsourcing.

Capital Outlay Summary

As a result of dedicated millages, the City continues to make progress with the preservation of four major asset classes including Vehicles in the General Fund, Improvements to the Senior Center and Library, watermain and sanitary sewers

in the Water and Sewer Fund, and street-related rehabilitation projects in the Local Street Fund. Other assets included in the forecasted Capital Outlay that are not covered by special millages include computer technology, building improvements, other vehicles, and machinery and Equipment in the General Fund.

The five-year forecast includes all of the capital outlay items contained in the Capital Improvement Plan (CIP) and included in the FY 2015 budget. Capital Outlay items recommended in the budget will depend on current year needs and available funding. A detailed listing will be presented when Council receives and files the CIP in early January.

Following is a brief summary of the General Fund capital items included in the forecast separated by year, category and funding source:

General Fund CIP Items in Financial Forecast - FY 2015-19					
Item	Budget 2014-15	Forecast			
		2015-16	2016-17	2017-18	2018-19
<u>Computers and Upgrades :</u>					
IT	\$ 49,915	\$ 104,000	\$ 197,000	\$ 103,000	\$ 100,000
Total - Computers	\$ 49,915	\$ 104,000	\$ 197,000	\$ 103,000	\$ 100,000
<u>Machinery and Equipment:</u>					
Court	\$ 19,976	\$ -	\$ -	\$ -	\$ -
Fire	60,000	30,000	-	-	70,000
Total - Machinery and Equipment	\$ 79,976	\$ 30,000	\$ -	\$ -	\$ 70,000
<u>Vehicles - Proposal "V":</u>					
Police	\$ 73,850	\$ 104,000	\$ -	\$ -	\$ -
Fire	295,000	35,000	-	-	-
CDD	18,000	-	-	-	-
Streets	-	97,000	151,000	-	-
Subtotal - Proposal "V"	\$ 386,850	\$ 236,000	\$ 151,000	\$ -	\$ -
<u>Vehicles - Non-Proposal "V":</u>					
Fire	\$ -	\$ -	\$ -	\$ 35,000	\$ 270,000
Streets	-	630,000	338,000	240,000	650,000
Solid Waste	-	75,000	328,000	430,000	150,000
Parks	-	-	-	-	-
Subtotal - Non-Proposal "V"	\$ -	\$ 705,000	\$ 666,000	\$ 705,000	\$ 1,070,000
Total - All Vehicles	\$ 386,850	\$ 941,000	\$ 817,000	\$ 705,000	\$ 1,070,000
<u>Improvements:</u>					
Court	\$ -	\$ -	\$ 75,000	\$ -	\$ -
Gen Admin	185,000	115,000	-	75,000	-
Police	-	60,000	-	-	-
Nature Center	38,000	-	-	-	-
Parks	77,500	-	-	-	-
Senior Center	150,000	-	-	-	-
Streets	143,234	-	-	-	-
Library	110,835	-	-	-	-
Total - Improvements	\$ 704,569	\$ 175,000	\$ 75,000	\$ 75,000	\$ -
Total - All Items	\$ 1,221,310	\$ 1,250,000	\$ 1,089,000	\$ 883,000	\$ 1,240,000

It is important to note that a major funding source of police, fire and maintenance vehicle replacements, Proposal "V", will expire June 30, 2017.

Major Street Fund Assumptions

Major Revenues

The primary revenue source of the Major Street Fund is Act 51 road funding from the State. For the five years of this forecast, it is anticipated that funding will hold steady at current year levels.

Major Expenditures

Other than a percentage of Department of Public Services personnel and maintenance costs, the majority of expenditures allocated in the Major Street Fund involve road construction projects. Road construction projects included in the forecast are as follows:

Major Road Project	Projection 2014-15	Forecast 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19
Joint & Crack Sealing – City Wide	\$75,000	\$75,000	\$75,000	\$75,000	\$0
Whitcomb – Barrington to Townley, Whitcomb Turnarounds	100,000	100,000	100,000	100,000	100,000
Girard – West of Stephenson	32,453	0	0	0	0
Industrial Sectional – Fourteen to East Avis	0	100,000	0	0	0
13 Mile Sectional	202,778	0	100,000	0	100,000
11 Mile Sectional – John R to Dequindre and I-75 to John R	0	275,000	450,000	0	200,000
Stephenson Hwy Sectional	0	0	0	100,000	0
Sectional – Barrington 14 Mile to Whitcomb	0	0	0	200,000	200,000
Sectional – E Lincoln, Wolverine to Dequindre	0	100,000	100,000	0	0
Sectional – Edward, Townley	0	0	0	100,000	0
Sectional – E Lincoln, Wolverine to Dequindre	0	100,000	100,000	0	0
Total	\$235,406	\$750,000	\$925,000	\$575,000	\$600,000

The forecast does not include a transfer from Major Street to Local Street Fund in any of the years forecasted. During the budget process, staff will make recommendations if and when transfers are needed.

Although it is not included in the forecast, it is important to be aware that the State of Michigan, through the Michigan Department of Transportation (MDOT), has announced an intent to use regional road improvement funds to finance the I-75 widening project from 8 Mile to M-59. While timing and specific details regarding costs at this time remain uncertain, MDOT initially announced that the City will someday be responsible for 8.75% of the 20% local match required for all project costs that are within Madison Heights's jurisdiction as defined under Act 51. Depending on timing and sequencing of construction, this could result in a statutory liability of an estimated \$5.0 million dollars for the City,

seriously impacting the City's major road funds for years before, during and after construction. Currently, MDOT is reworking their initial estimates and local share calculations and no additional cost information has been forthcoming. Based on the limited information available and absence of an approved, committed funding source from MDOT, staff anticipates that any work in the Madison Heights area of the project is at least five to seven years away, if not longer.

Of significant impact to the Major Street Fund is road maintenance salt, which is historically one of the most volatile commodities purchased by the City. The forecasted increase is 4.8% annually based on the past 6 years of history. In FY 2015, the City experienced a doubling of the salt price, which is attributed to the record-setting harsh winter in 2013-14.

Local Street Fund Assumptions

Major Revenues

The primary funding source for Local Streets is the dedicated Proposal "R-2" Neighborhood Roads Millage. This millage was approved for ten years. Unless and until City residents approve a new residential roads program millage (i.e. Proposal "R-3"), year three of the forecast (FY 2017) will be last year of this road millage which funds all of the neighborhood road rehabilitation projects. For the forecasted years through 2017, funds collected under this road millage have the same assumption as General Fund property tax revenues - 0.5% increase in FY 2015 and a 1.6% and 1.7% for FY 2016 and FY 2017, respectively.

Local Streets also receives funds through the Act 51 road program. This revenue source is anticipated to hold steady with no significant increases or decreases unless the State makes changes to the road funding statewide.

Major Expenditures

Other than a percentage of Department of Public Services personnel and maintenance costs, the majority of expenditures allocated in the Local Street Fund are for road construction projects. Road construction projects included in the forecast are as follows:

Local Road Project	Projected 2014-15	Forecast 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19
Traffic Signal Improvements	\$30,000	\$30,000	\$30,000	\$0	\$0
Proposal R Maintenance & Repair	220,000	120,000	120,000	0	0
Neighborhood Roads					
Commercial and Industrial Projects	\$305,000	\$0	\$0	\$0	\$0
Whittier - Longfellow to Chaucer	265,000	0	0	0	0
Chaucer - Whittier to Longfellow	160,000	0	0	0	0
Barrington - S of Horace Brown to 13 Mile NB	518,000	0	0	0	0
Barrington - S of Horace Brown to 13 Mile SB (SAD \$233,000)	465,000	0	0	0	0
Blairmoor - Manchester to 13 Mile Road	543,000	0	0	0	0
Manchester & Woodmont Intersection	102,000	0	0	0	0

Local Road Project	Forecast 2014-15	Forecast 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19
Fournier - Sherry to Mark & Mark Fournier to Sherry	0	1,350,000	0	0	0
E Harwood - Couzens to Dei	0	414,000	0	0	0
Lincoln - John R to 104 E. Lincoln	0	165,000	0	0	0
Lincoln - 504 E. Lincoln to 583 E. Lincoln	0	457,000	0	0	0
Madison - Millard to 31605 Madison	0	0	289,000	0	0
Areeda - N of 11 Mile (SAD)	0	0	275,000	0	0
Meadows - Whitcomb to 31608 Meadows	0	0	416,000	0	0
Dorchester - 13 Mile to Windemere	0	0	126,000	0	0
Kenwood - Millard to 31601 Kenwood	0	0	288,000	0	0
Moulin	0	0	376,000	0	0
Windemere - Dorchester to Edgeworth	0	0	255,000	0	0
Total	\$2,608,000	\$2,536,000	\$2,175,000	\$0	\$0

At June 30, 2014 the fund balance for the Local Street Fund was \$4.0 million. Of this amount, \$3.6 million is reserved for Neighborhood Road projects and will be expended on R-2 projects over the next three years.

Water and Sewer Fund

Major Revenues

Water/Sewer Rates

The major revenues sources in the Water and Sewer Fund are from charges for water and sewage. Although future proposed budgets will most likely reflect the need to increase water/sewage rates to the end users, the rates are not included in the forecast because the forecast is only the first step in the budget process and we do not know the exact amount of future increases from the Oakland Water Resources Commissioner for sewage disposal and treatment. Once these major expenditures are identified, we will begin the process of recommending a water/sewer rate for FY 2016 which will be incorporated in the budget process and budget recommendation presented to Council.

Under the newly formed Great Lakes Water Authority (GLWA) which has recently been approved by the Wayne, Oakland, and Macomb County Boards of Commissioners, Madison Heights will switch from being a wholesale water customer under the Detroit Water and Sewerage Department (DWSD) to being a wholesale customer of the GLWA, and as such, will be subject to maximum water rate increases of 4% for each of the next ten years. The existing Water Services Contract between the City and DWSD will be honored by the GLWA.

Major Expenditures

Other than personnel expenditures which were calculated using the same assumptions as the general fund employees, the major expenditures in the Water and Sewer Fund are the purchase of commodities, water and sewer capital improvement projects and debt service.

Purchase of Commodities

As briefly mentioned under revenues, the City has not yet received the actual rate increase from the GLWA or the Oakland Water Resources Commissioner. The forecast assumes an increase of 4% per year for each of the forecast years for water and 5% for sewage treatment services. This percentage is based on trends as historically the rates have been higher than 5% per year.

Infrastructure

The Water and Sewer Fund structure has ensured that adequate funding is available to proactively address watermain replacements in the upcoming four years in coordination with the road improvement projects, assuming a continuation of the residential road millage in FY 2018. (Watermain replacement is completed in the fiscal year prior to road construction. Therefore, for road millage projects to be completed in FY 2018, watermain must be estimated in fiscal year 2017.) In addition, the forecast includes watermain replacement in areas outside the R-2 construction project areas where the older main is in critical need of replacement.

Future infrastructure needs include evaluation and replacement of the City's residential water meters which were purchased in 1995 and are nearing the end of their service life. The replacement of these meters is not included in the forecast but will be included in upcoming capital improvement requests.

The watermain included in the forecast are listed below:

Watermain Replacement	Associated with Road Project	Projected 2014-15	Forecast 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19
Fournier - Sherry to Mark And Mark	Yes	\$393,000	\$0	\$0	\$0	\$0
E. Harwood - Couzens to Dei	Yes	168,000	0	0	0	0
Lincoln - John R to E Lincoln	Yes	272,000	0	0	0	0
Dartmouth - 11 Mile to Andover	No	0	266,000	0	0	0
Barrington - 11 Mile to Andover	No	0	173,000	0	0	0
Palmer - Lasalle to Girard	No	0	268,000	0	0	0
Kalama - John R to Alger	No	0	128,000	0	0	0
Madison-Millard to 31605 Madison	Yes	0	239,000	0	0	0
Areeda - N of 11 Mile Road	Yes	0	99,000	0	0	0
Meadows - Whitcomb to 31608 Meadows	Yes	0	256,000	0	0	0
Dorchester - 13 Mile to Windemere	Yes	0	50,000	0	0	0
Windemere - Dorchester to Edgeworth	Yes	0	83,000	0	0	0
Kenwood - Millard to 31601 Kenwood	Yes	0	226,000	0	0	0
Palmer - 13 Mile N to End		128,000	0	0	0	0

	Yes					
Watermain Replacement	Associated with Road Project	Projected 2014-15	Forecast 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19
Moulin - Dulong to 1353 Moulin	Yes	0	231,000	0	0	0
Brush - 11 Mile to Royal Park Lane	No	0	0	314,000	0	0
Brockton - Alger to Service Drive	No	0	0	0	198,000	0
Dallas - Alger to Service Drive	No	0	0	0	182,000	0
Fourteen Mile – John R to Palmer	No	0	0	0	0	165,000
Harwood – John R to Progress	No	0	0	0	0	347,000
Possible R-3 Projects to be completed FY 17	Yes	0	0	1,300,000	0	0
Total		\$961,000	\$2,019,000	\$1,614,000	\$380,000	\$512,000

Debt Service

The Water and Sewer Fund also includes a significant amount of debt repayment for the George W. Kuhn Drain and Automatic Meter Reading System. The amounts used in the forecast are the actual amounts to be paid over the next three year period from the bond repayment schedules. The amounts included are as follows:

	Forecast 2014-15	Forecast 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19
Bond Principal Payment – GWK	\$607,078	\$710,088	\$729,572	\$747,995	\$765,909
Bond Principal Payments – Fixed Network system	85,000	90,000	95,000	100,000	105,000
Bond Interest Payment – GWK	209,088	190,365	171,059	151,183	130,773
Bond Interest Payments – Fixed Network System	44,813	42,688	39,988	36,900	33,400
Total	\$945,979	\$1,033,141	\$1,035,619	\$1,036,078	\$1,035,082

At June 30, 2014, the Water and Sewer Department had built up an unrestricted net position of \$8.8 million dollars. Of this amount, only \$7.8 million is available for expenditures. Without any changes to revenues and expenses, the cash position will be \$1.7 million at the end of the forecast period.

Appendix A

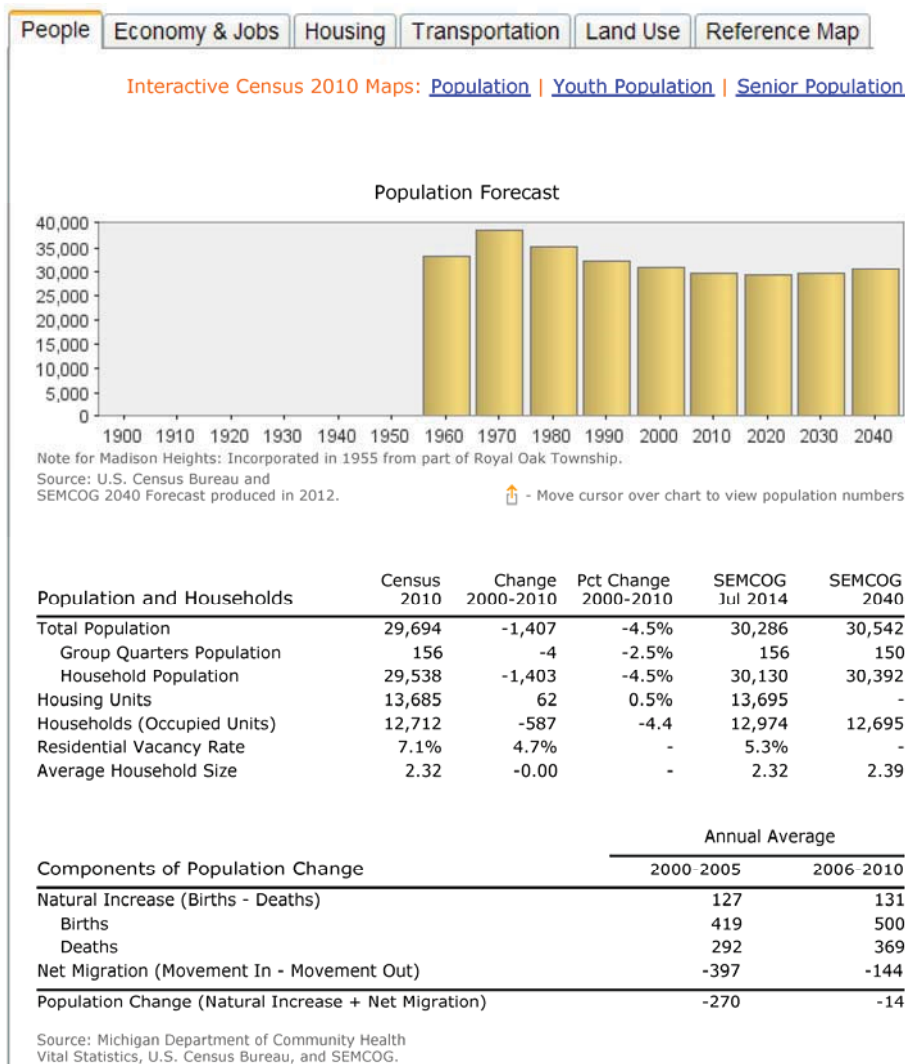


City of Madison Heights

300 W 13 Mile Rd
Madison Heights, MI 48071-1899
<http://www.madison-heights.org>



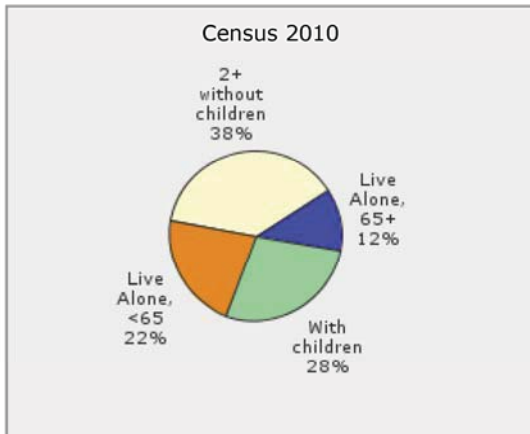
Census 2010 Population: 29,694
Area: 7.1 square miles



Appendix A

Demographics

Household Types

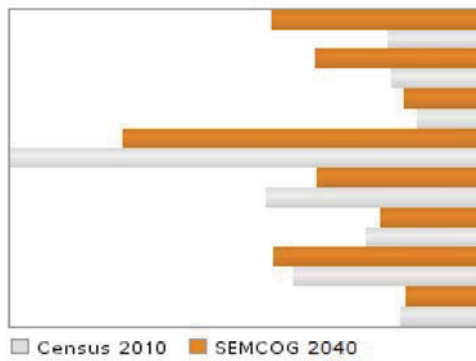


Household Types	Census 2000	Census 2010	Pct Change 2000-2010
With seniors 65+	3,356	3,187	-5.0%
Without seniors	9,943	9,525	-4.2%
Two or more persons without children	4,887	4,877	-0.2%
Live alone, 65+	1,641	1,495	-8.9%
Live alone, under 65	2,853	2,840	-0.5%
With children	3,918	3,500	-10.7%
Total Households	13,299	12,712	-4.4%

Population Change by Age, 2000-2010	Age Group	Census 2000	Census 2010	Change 2000-2010
	85+	443	525	82
	80-84	579	731	152
	75-79	905	855	-50
	70-74	1,233	913	-320
	65-69	1,256	1,093	-163
	60-64	1,170	1,460	290
	55-59	1,301	1,900	599
	50-54	1,730	2,293	563
	45-49	2,094	2,261	167
	40-44	2,654	2,068	-586
	35-39	2,785	2,094	-691
	30-34	2,753	2,352	-401
	25-29	2,823	2,483	-340
	20-24	1,860	1,902	42
	15-19	1,729	1,759	30
	10-14	1,930	1,598	-332
	5-9	1,935	1,584	-351
	Under 5	1,921	1,823	-98
Total		31,101	29,694	-1,407
Median Age		36.1	38.3	2.2

Appendix A

Forecasted Population by Age,
2010-2040



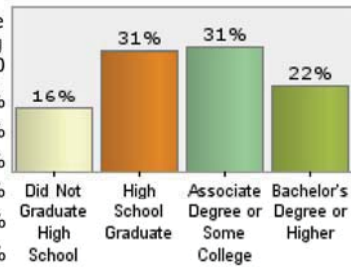
Age Group	Census 2010	SEMCOG 2040	Change 2010-2040
75+	2,111	4,710	2,599
65-74	2,006	3,734	1,728
60-64	1,460	1,737	277
35-59	10,616	8,049	-2,567
25-34	4,835	3,675	-1,160
18-24	2,611	2,253	-358
5-17	4,232	4,687	455
Under 5	1,823	1,697	-126
Total	29,694	30,542	848

Senior and Youth Population	Census 2000	Census 2010	Pct Change 2000-2010	SEMCOG 2040	Pct Change 2010-2040
65 and over	4,416	4,117	-6.8%	8,444	105.1%
Under 18	6,867	6,055	-11.8%	6,384	5.4%
5 to 17	4,946	4,232	-14.4%	4,687	10.8%
Under 5	1,921	1,823	-0.3%	1,697	-6.9%

Note: Population by age changes over time because of the aging of people into older age groups, the movement of people, and the occurrence of births and deaths.

Race and Hispanic Origin	Census 2000		Census 2010		Percentage Point Chg 2000-2010
Non-Hispanic	30,599	98.4%	28,938	97.5%	-0.9%
White	27,516	88.5%	24,444	82.3%	-6.2%
Black	559	1.8%	1,870	6.3%	4.5%
Asian	1,535	4.9%	1,711	5.8%	0.8%
Multi-Racial	799	2.6%	737	2.5%	-0.1%
Other	190	0.6%	176	0.6%	-0.0%
Hispanic	502	1.6%	756	2.5%	0.9%
Total Population	31,101	100.0%	29,694	100.0%	0.0%

Highest Level of Education*	5-Yr ACS 2010	Percentage Point Chg 2000-2010
Graduate / Professional Degree	6.4%	0.9%
Bachelor's Degree	15.7%	2.6%
Associate Degree	8.7%	2.9%
Some College, No Degree	22.6%	1.7%
High School Graduate	30.7%	-2.9%
Did Not Graduate High School	15.9%	-5.2%



* Population age 25 and over

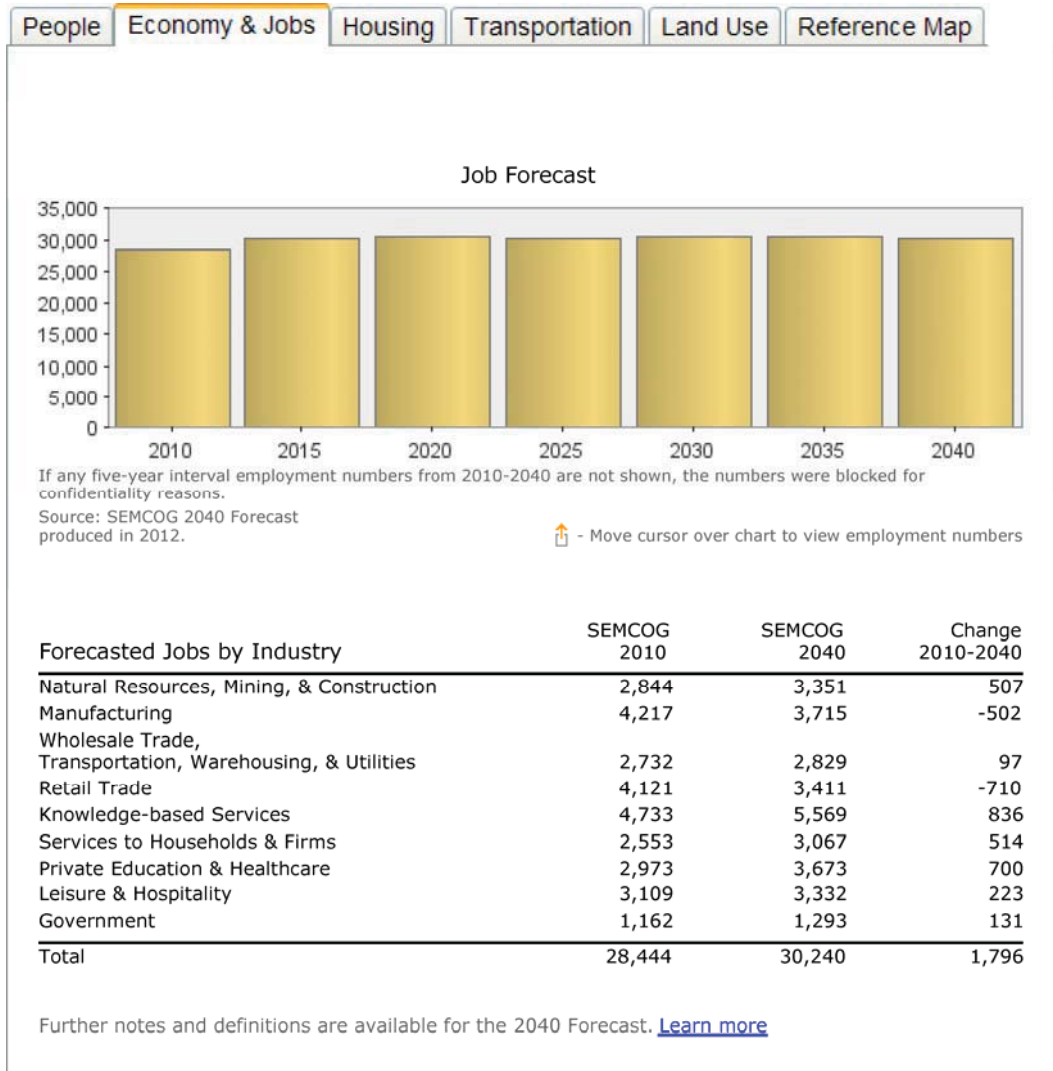
Source Data

[SEMCOG - Detailed Data](#)

[Michigan Department of Community Health - Vital Statistics](#)

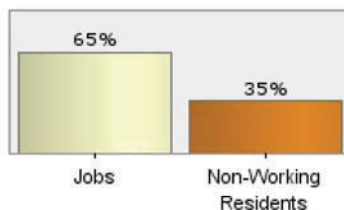
[U.S. Census Bureau - American FactFinder](#)

Appendix A



Appendix A

Daytime Population	SEMCOG and ACS 2010
Jobs	28,444
Non-Working Residents	15,063
Age 15 and under	4,706
Not in labor force	8,422
Unemployed	1,935
Daytime Population	43,507



Note: The number of residents attending school outside Madison Heights is not available. Likewise, the number of students commuting into Madison Heights to attend school is also not known.

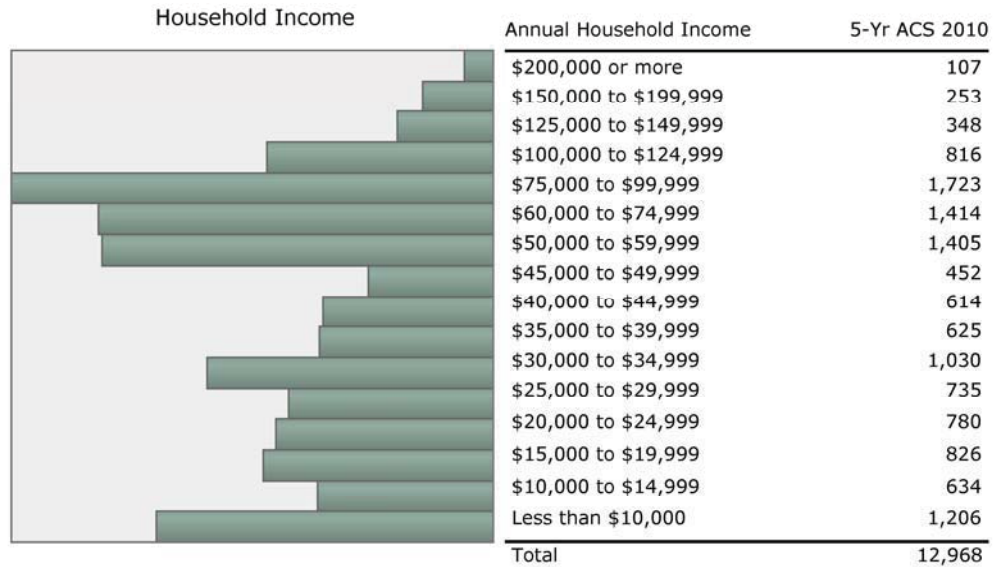
Where Workers Commute From *		5-Yr ACS 2010	
		Workers	Percent
1	Madison Heights	2,480	11.5%
2	Warren	2,040	9.5%
3	Detroit	1,565	7.3%
4	Royal Oak	1,285	6.0%
5	Sterling Heights	1,185	5.5%
6	Troy	785	3.6%
7	Rochester Hills	655	3.0%
8	Clinton Township	625	2.9%
9	Shelby Township	580	2.7%
10	Macomb Township	475	2.2%
-	Elsewhere	9,868	45.8%
* Workers, age 16 and over, employed in Madison Heights		21,543	100.0%

Resident Population

Where Residents Work *		5-Yr ACS 2010	
		Workers	Percent
1	Madison Heights	2,480	17.2%
2	Troy	1,905	13.2%
3	Royal Oak	1,285	8.9%
4	Warren	1,265	8.8%
5	Detroit	1,180	8.2%
6	Southfield	945	6.5%
7	Sterling Heights	545	3.8%
8	Farmington Hills	370	2.6%
9	Auburn Hills	320	2.2%
10	Birmingham	295	2.0%
-	Elsewhere	3,838	26.6%
* Workers, age 16 and over, residing in Madison Heights		14,428	100.0%

Appendix A

Income	5-Yr ACS 2010	Change 2000-2010	Percent Change 2000-2010
Median Household Income (in 2010 dollars)	\$ 45,313	\$ -10,086	-18.2%
Per Capita Income (in 2010 dollars)	\$ 23,914	\$ -4,134	-14.7%



Poverty	Census 2000		5-Yr ACS 2010		Percentage Point Chg 2000-2010
Persons in Poverty	2,738	8.9%	3,804	12.8%	3.9%
Households in Poverty	1,119	8.4%	1,738	13.4%	5.0%

Source Data

[SEMOG - Detailed Data](#)

[U.S. Census Bureau - American FactFinder](#)

[U.S. Census Bureau - MCD/County Worker Flow Data](#)

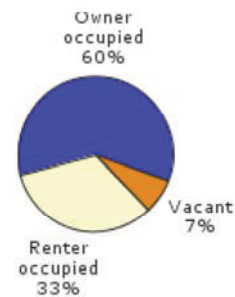
Appendix A

People	Economy & Jobs	Housing	Transportation	Land Use	Reference Map
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Housing Type	Census 2000	5-Yr ACS 2010	Change 2000-2010	New Units Permitted 2010-2014
Single Family Detached	9,593	10,230	637	26
Duplex	62	150	88	0
Townhouse / Attached Condo	210	383	173	0
Multi-Unit Apartment	3,290	3,285	-5	0
Mobile Home / Manufactured Housing	468	415	-53	0
Other	0	0	0	-
Total	13,623	14,463	840	26
Units Demolished				- 8
Net (Total Permitted Units - Units Demolished)				18

Housing Tenure	Census 2000	Census 2010	Change 2000-2010
Owner occupied	9,319	8,178	-1,141
Renter occupied	3,980	4,534	554
Vacant	324	973	649
Seasonal/migrant	38	29	-9
Other vacant units	286	944	658
Total Housing Units	13,623	13,685	62

Housing Tenure in 2010

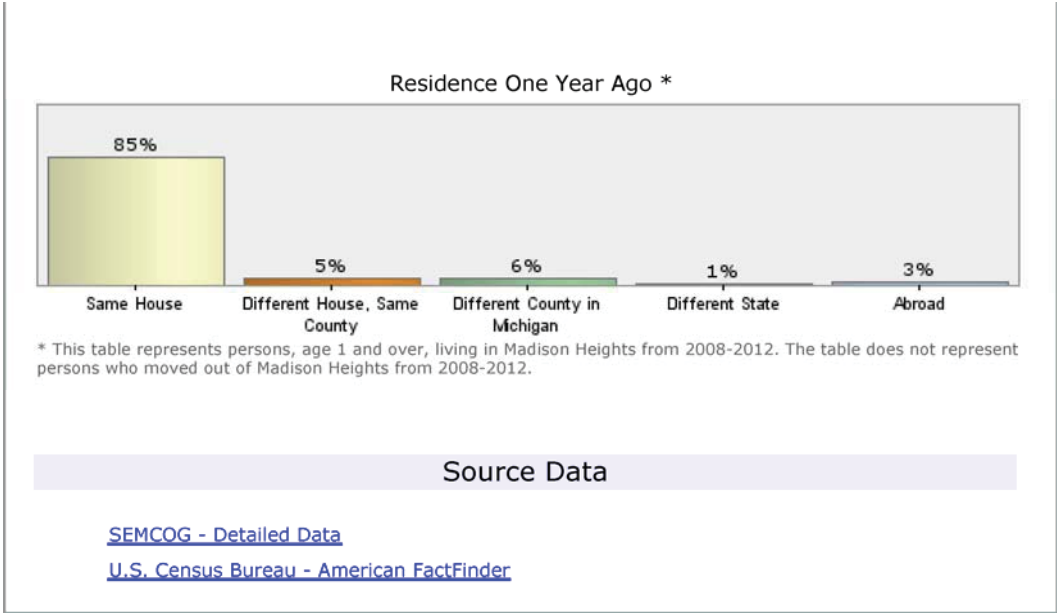


Housing Value (in 2010 dollars)	5-Yr ACS 2010	Change 2000-2010	Percent Change 2000-2010
Median housing value	\$ 126,900	\$ -16,655	-11.6%
Median gross rent	\$ 710	\$ -66	-8.5%

Housing Value

Housing Value	5-Yr ACS 2010
\$1,000,000 or more	69
\$500,000 to \$999,999	0
\$300,000 to \$499,999	70
\$250,000 to \$299,999	58
\$200,000 to \$249,999	208
\$175,000 to \$199,999	461
\$150,000 to \$174,999	1,603
\$125,000 to \$149,999	2,075
\$100,000 to \$124,999	1,829
\$80,000 to \$99,999	1,192
\$60,000 to \$79,999	461
\$40,000 to \$59,999	312
\$30,000 to \$39,999	146
\$20,000 to \$29,999	41
\$10,000 to \$19,999	79
Less than \$10,000	167
Owner-Occupied Units	8,771

Appendix A



Appendix A

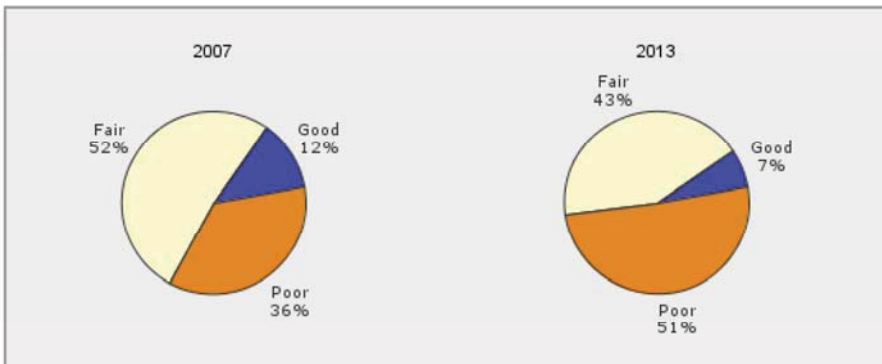
People Economy & Jobs Housing **Transportation** Land Use Reference Map

Roads & Bridges

Roads

Miles of public road (including boundary roads): 125

Pavement Condition (in Lane Miles)



Note: Poor pavements are generally in need of rehabilitation or full reconstruction to return to good condition. Fair pavements are in need of capital preventive maintenance to avoid deteriorating to the poor classification. Good pavements generally receive only routine maintenance, such as street sweeping and snow removal, until they deteriorate to the fair condition.

Bridge Status	2008		2009		2010		Percentage Point Chg 2008-2010
Open	18	100.0%	18	100.0%	20	100.0%	0.0%
Open with restrictions	0	-	0	-	0	-	0.0%
Closed*	0	-	0	-	0	-	0.0%
Total bridges	18	100.0%	18	100.0%	20	100.0%	0.0%

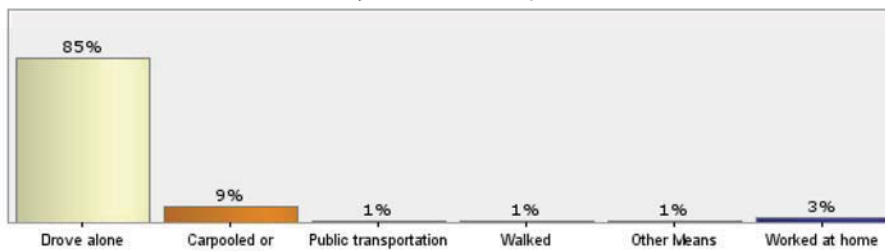
* Bridges may be closed because of new construction or failed condition.

Deficient Bridges	2008		2009		2010		Percentage Point Chg 2008-2010
	4	22.2%	6	33.3%	4	20.0%	-2.2%

Note: A bridge is considered deficient if it is *structurally deficient* (in poor shape and unable to carry the load for which it was designed) or *functionally obsolete* (in good physical condition but unable to support current or future demands, for example, being too narrow to accommodate truck traffic).

Travel

Transportation to Work, 2010 *



* Resident workers age 16 and over

Appendix A

Transportation to Work	Census 2000		5-Yr ACS 2010		Percentage Point Chg 2000-2010
Drove Alone	13,582	88.2%	12,323	85.4%	-2.9%
Carpooled or Vanpooled	1,163	7.6%	1,273	8.8%	1.3%
Public Transportation	103	0.7%	128	0.9%	0.2%
Walked	166	1.1%	141	1.0%	-0.1%
Other Means	82	0.5%	154	1.1%	0.5%
Worked at Home	302	2.0%	419	2.9%	0.9%
Resident workers age 16 and over	15,398	100.0%	14,438	100.0%	0.0%

Mean Travel Time To Work	Census 2000	5-Yr ACS 2010	Change 2000-2010
For residents age 16 and over who worked outside the home	22.2 minutes	22.0 minutes	-0.2 minutes

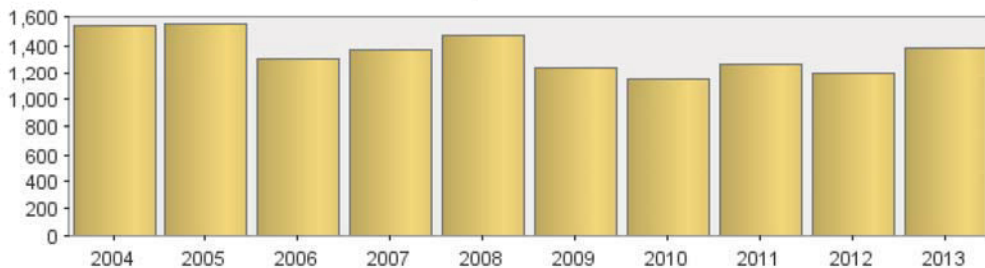
Transit

Public Transportation:

[Suburban Mobility Authority for Regional Transportation \(SMART\)](#)

Safety

Crashes, 2004-2013



Source: Michigan Department of State Police, Criminal Justice Information Center, and SEMCOG.

↑ - Move cursor over chart to view crash counts

Crash Severity	2009	2010	2011	2012	2013	Percent of Crashes 2009-2013
Fatal	1	1	0	2	2	0.1%
Incapacitating Injury	19	17	16	14	12	1.2%
Other Injury	268	249	290	262	283	21.6%
Property Damage Only	957	878	962	926	1,093	77.0%
Total Crashes	1,245	1,145	1,268	1,204	1,390	100.0%

Appendix A

Crashes by Involvement	2009	2010	2011	2012	2013	Percent of Crashes 2009-2013
Red-light Running	35	30	32	46	34	2.8%
Lane Departure	131	112	126	120	156	10.3%
Alcohol	42	35	35	40	31	2.9%
Drugs	3	11	11	4	9	0.6%
Deer	8	2	2	1	2	0.2%
Train	0	0	0	0	0	0.0%
Commercial Truck/Bus	55	53	48	38	52	3.9%
School Bus	1	1	0	0	2	0.1%
Emergency Vehicle	10	2	4	3	5	0.4%
Motorcycle	11	12	10	7	3	0.7%
Intersection	368	316	355	307	320	26.6%
Work Zone	16	10	9	11	37	1.3%
Pedestrian	7	4	9	15	13	0.8%
Bicyclist	6	10	14	5	7	0.7%
Older Driver (65 and older)	157	176	157	160	338	15.8%
Young Driver (16 to 24)	157	176	157	160	500	18.4%

Crash Type	2009	2010	2011	2012	2013	Percent of Crashes 2009-2013
Head-on	15	8	13	17	13	1.1%
Angle or Head-on/Left-turn	287	213	255	238	264	20.1%
Rear-end	529	501	565	521	639	44.1%
Sideswipe	190	210	181	204	201	15.8%
Single Vehicle	149	116	143	112	152	10.7%
Other or Unknown	75	97	111	112	121	8.3%
Total Crashes	1,245	1,145	1,268	1,204	1,390	100.0%

High-Frequency Crash Intersections

Local Rank	County Rank	Region Rank	Intersection	Annual Avg 2009-2013
1	3	4	12 Mile Rd @ Dequindre Rd	56.8
2	10	23	13 Mile Rd @ Dequindre Rd	43.4
3	21	45	Dequindre Rd @ 11 Mile Rd E	38.2
4	22	48	12 Mile Rd E @ John R Rd	37.4
5	27	62	13 Mile Rd E @ John R Rd	35.4
6	32	80	14 Mile Rd @ Dequindre Rd	32.8
7	43	107	12 Mile Rd W @ Dartmouth	29.6
8	88	234	14 Mile Rd W @ Concord Dr	22.6
9	144	400	Dequindre Rd @ E I 696 Service Drive	18.4
10	151	425	John R Rd @ Whitcomb E	17.8

Note: Intersections are ranked by the number of reported crashes, which does not take into account traffic volume. Crashes reported occurred within 150 feet of the intersection.

Appendix A

High-Frequency Crash Segments

Local Rank	County Rank	Region Rank	Segment	From Road - To Road	Annual Avg 2009-2013
1	3	5	Dequindre Rd	11 Mile Rd - 12 Mile Rd	93.6
2	24	43	Dequindre Rd	12 Mile Rd - 13 Mile Rd E	60.6
3	44	88	12 Mile Rd W	N I 75/E 12 Mile Ramp - John R Rd	49.0
4	46	93	14 Mile Rd W	John R Rd - Concord Dr	48.4
5	52	108	John R Rd	12 Mile Rd E - 13 Mile Rd E	47.2
6	64	133	12 Mile Rd E	John R Rd - Dequindre Rd	44.6
7	75	161	John R Rd	13 Mile Rd E - Whitcomb E	42.0
8	76	164	13 Mile Rd E	Dequindre Rd - John R Rd	41.8
9	85	199	John R Rd	Whitcomb E - 14 Mile Rd E	38.8
10	97	214	S I 75	E 12 Mile/S I 75 Ramp - 12 Mile Rd W	38.0

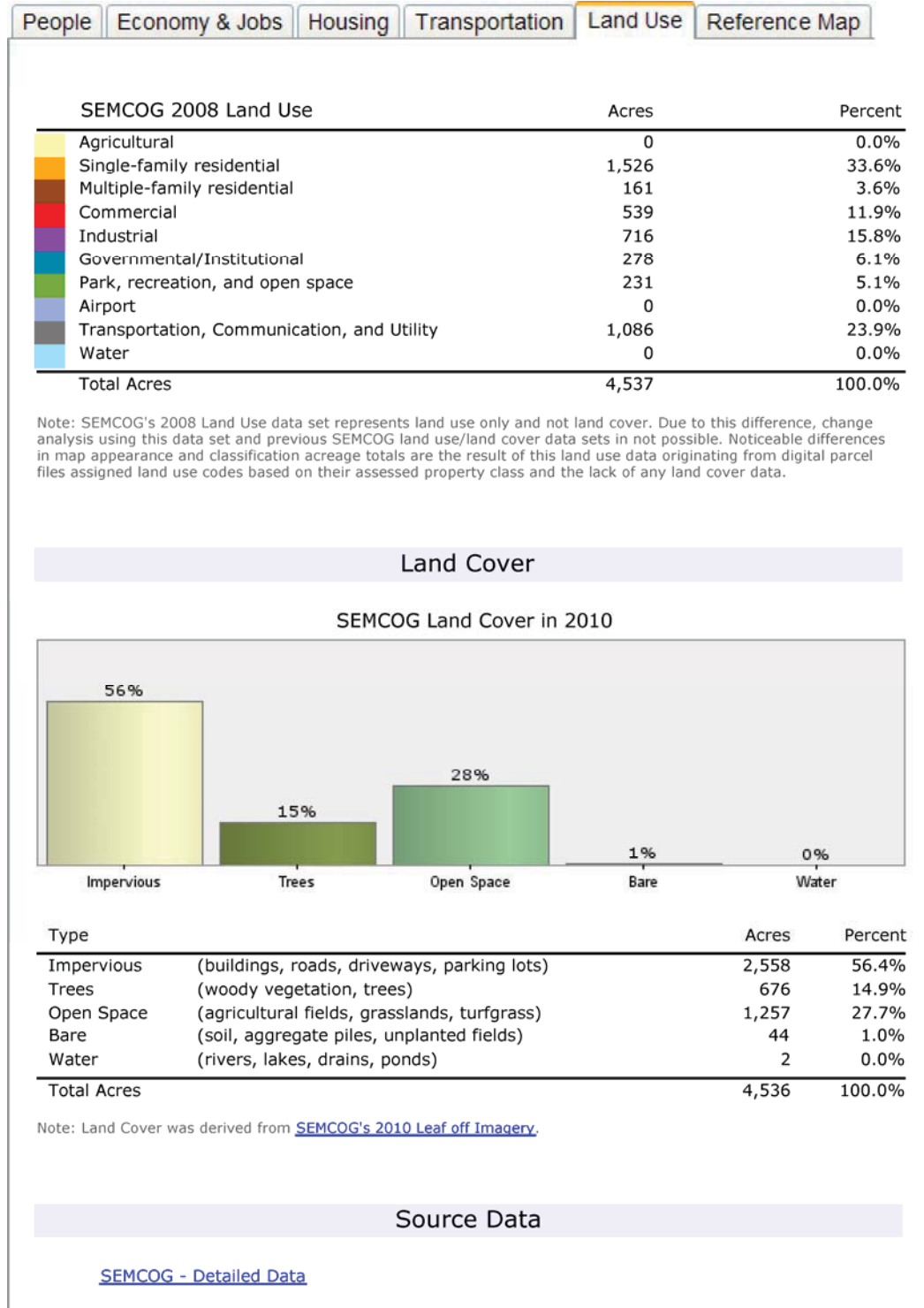
Note: Segments are ranked by the number of reported crashes, which does not take into account traffic volume.

Source Data

[SEMCOG - Detailed Data](#)

[U.S. Census Bureau - American FactFinder](#)

Appendix A



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Appendix A

Programs
and Projects

Data and Maps

Aerials

Map Catalog

Technical Users

By Subject

By Community

Services

[home](#) > [data and maps](#) > [by community](#) > [residential building permits](#)

Residential Building Permits

Madison Heights, 2000 - 2014

[New search](#)[Download search results](#) 

Year	Single Family	Two Family	Attach Condo	Multi Family	Total Units	Total Demos	Net Total
Totals for 2000	21	0	0	0	21	5	16
Totals for 2001	15	0	0	0	15	26	-11
Totals for 2002	37	0	0	0	37	2	35
Totals for 2003	48	0	0	0	48	8	40
Totals for 2004	24	0	0	0	24	6	18
Totals for 2005	19	0	0	0	19	7	12
Totals for 2006	20	0	0	0	20	12	8
Totals for 2007	12	0	0	0	12	4	8
Totals for 2008	3	0	0	0	3	3	0
Totals for 2009	0	0	0	0	0	16	-16
Totals for 2010	3	0	0	0	3	2	1
Totals for 2011	3	0	0	0	3	1	2
Totals for 2012	0	0	0	0	0	5	-5
Totals for 2013	10	0	0	0	10	0	10
Totals for 2014	10	0	0	0	10	0	10
2000 to 2014 totals	225	0	0	0	225	97	128

Appendix A

SEMCOG 2040 Forecast for Madison Heights

Population by Age Group							Change: 2010 - 2040		
Madison Heights	2010	2015	2020	2025	2030	2035	2040	Number	%
Total Population	29,694	29,065	29,338	29,108	29,513	30,068	30,542	848	2.9%
Ages 0-4	1,823	1,708	1,690	1,576	1,641	1,671	1,697	-126	-6.9%
Ages 5-17	4,232	4,368	4,195	4,115	4,123	4,437	4,687	455	10.8%
Ages 18-24	2,611	3,098	2,949	2,614	2,409	2,367	2,253	-358	-13.7%
Ages 25-34	4,835	3,611	3,458	3,769	3,982	3,716	3,675	-1,160	-24.0%
Ages 35-59	10,616	9,650	8,993	8,017	7,595	7,768	8,049	-2,567	-24.2%
Ages 60-64	1,460	1,844	2,239	2,205	2,081	1,919	1,737	277	19.0%
Ages 65-74	2,006	2,652	3,364	3,926	4,173	4,019	3,734	1,728	86.1%
Ages 75 and over	2,111	2,134	2,450	2,886	3,509	4,171	4,710	2,599	123.1%
Household Population	29,538	28,909	29,183	28,956	29,361	29,918	30,392	854	2.9%
Group Quarters Population	156	156	155	152	152	150	150	-6	-3.8%

Households							Change: 2010 - 2040		
Madison Heights	2010	2015	2020	2025	2030	2035	2040	Number	%
Total Households	12,712	12,428	12,620	12,639	12,677	12,709	12,695	-17	-0.1%

Employment by Sector							Change: 2010 - 2040		
Madison Heights	2010	2015	2020	2025	2030	2035	2040	Number	%
Total Employment	28,444	30,176	30,462	30,387	30,628	30,451	30,240	1,796	6.3%
Natural Resources, Mining, & Construction	2,844	3,333	3,517	3,640	3,713	3,548	3,351	507	17.8%
Manufacturing	4,217	4,387	4,246	4,075	3,857	3,812	3,715	-502	-11.9%
Wholesale Trade, Transportation, Warehousing, & Utilities	2,732	2,770	2,835	2,812	2,854	2,830	2,829	97	3.6%
Retail Trade	4,121	3,957	3,648	3,505	3,553	3,432	3,411	-710	-17.2%
Knowledge-based Services	4,733	5,286	5,511	5,433	5,561	5,557	5,569	836	17.7%
Services to Households & Firms	2,553	2,740	2,786	2,839	2,968	3,005	3,067	514	20.1%
Private Education & Healthcare	2,973	3,335	3,506	3,583	3,584	3,649	3,673	700	23.5%
Leisure & Hospitality	3,109	3,204	3,212	3,273	3,280	3,339	3,332	223	7.2%
Government	1,162	1,164	1,201	1,227	1,258	1,279	1,293	131	11.3%

Note: Numbers are by place-of-work. They include wage and salary jobs as well as self-employed. "C" indicates data blocked due to confidentiality.

Households by household characteristics will be available in the near future.

OPERATING INDICATORS

	<u>Last Eight Fiscal Years</u>							
Function/ program	2007	2008	2009	2010	2011	2012	2013	2014
Election data:								
Voters Registered	19,811	20,704	20,692	20,692	20,542	20,542	20,686	20,731
Voters (at the polls or absentee)	2,545	13,519	3,288	7,922	2,755	2,787	2,161	7,588
Percent voting	13	65	16	39	13	14	11	37
District Court:								
Number of court cases	15,234	15,263	15,756	12,730	14,578	14,715	13,725	14,949
Police:								
Physical arrests	1,755	1,548	1,381	1,202	975	1,060	1,001	1,178
Traffic violations	9,332	9,983	8,231	9,473	12,217	8,489	9,954	10,041
Investigations	2,770	2,510	2,794	2,285	2,308	2,308	2,162	2,728
Fire:								
Structure Fire (all types)	39	31	57	56	63	72	65	85
Emergency Medical Runs	2,518	2,600	2,628	2,558	2,482	2,562	2,639	3,141
Inspections	350	295	276	306	210	553	680	461
Parks and Recreation:								
Recreation Program attendance	2,697	2,694	2,534	2,531	2,047	1,853	1,590	1,508
Library:								
Circulation (books borrowed)	50,673	92,699	109,536	113,106	114,789	109,092	96,864	112,211
Collection volume (sets of books)	75	75	75	75	75	75	75	75
Water:								
Number of customer bills	55,185	54,891	55,414	55,256	55,243	55,229	52,236	55,597
Total consumption (per unit) *	1,695,269	1,552,065	1,459,243	1,429,938	1,433,589	1,437,675	1,452,332	1,382,183
Average units consumed per bill	31	28	26	27	26	26	28	25

* Each consumption unit equals 748 gallons.

Source: City's Finance Department records
Oakland County Election Results - November Election

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, 2014 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	10,041
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

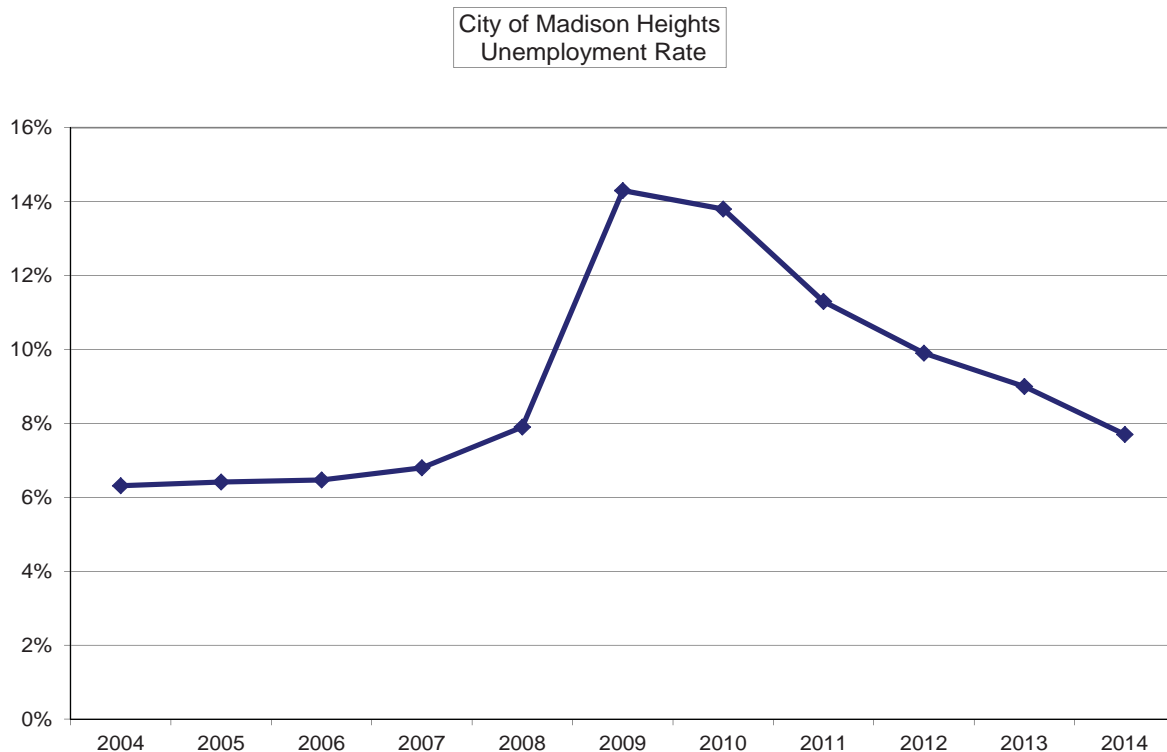
Last Ten Fiscal Years

Fiscal Year Ended June 30	Estimated Population	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (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	11.3%
2012	29,694	\$ 716,813,160	\$ 24,140	9.9%
2013	29,694	\$ 716,813,160	\$ 24,140	9.0%
2014	29,694	\$ 716,813,160	\$ 24,140	7.7%

Sources:

(1) United States Census Bureau 2010

(2) Bureau of Labor Statistics - Not seasonally adjusted



CHANGES IN FUND BALANCE

(amounts expressed in thousands)

General Fund

Fiscal Year ended June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Restricted and Nonspendable:	\$ 274	\$ 273	\$ 435	\$ 189	\$ 366	\$ 1,140	\$ 1,611	\$ 777	\$ 1,088	\$ 1,611	\$ 844
Assigned:											
Vested employee benefits	\$2,202	\$2,244	\$2,333	\$2,557	\$2,496	\$2,587	\$2,656	\$2,353	\$ 2,023	\$ 2,287	\$ 2,235
Subsequent years' expenditures	509	436	438	145	543	393	56	915	392	785	386
Retained insurance risk	330	478	663	500	250	250	250	336	446	722	2,013
Vehicle replacement	1,136	1,136	1,136	1,136	1,136	1,136	853	0	0	0	0
Capital improvements	0	300	600	500	590	32	102	1,218	1,561	0	527
Park improvements	0	0	300	500	450	0	0	0	0	0	0
Retirees' health benefits	0	825	578	778	0	0	0	0	0	0	0
Technology Improvements	0	0	200	200	89	0	0	75	75	18	100
Postemployment Benefits	0	0	0	0	0	0	0	0	1,337	0	440
Insurance Claims Receivable	0	0	0	0	0	0	0	0	0	0	0
Total Assigned:	\$ 4,177	\$ 5,419	\$ 6,248	\$ 6,316	\$ 5,554	\$ 4,398	\$ 3,917	\$ 4,897	\$ 5,834	\$ 3,812	\$ 5,701
Unassigned	0	0	0	0	0	0	0	0	0	0	0
Total Fund Balance	\$ 4,451	\$ 5,692	\$ 6,683	\$ 6,505	\$ 5,920	\$ 5,538	\$ 5,528	\$ 5,675	\$ 6,922	\$ 5,423	\$ 6,545

Sources: City's Audited Annual Financial Statements

EXPENDITURE HISTORY BY ACTIVITY

General Fund

Activity Name	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Amended Budget	2015-16 Budget
Mayor and City Council	\$ 54,966	\$ 51,719	\$ 51,266	\$ 51,079	\$ 50,897	\$ 53,421	\$ 53,803
City Manager	297,496	312,480	308,169	316,203	332,431	331,284	317,864
Elections	37,877	57,139	41,921	52,614	31,402	55,302	73,745
City Assessor	408,406	253,919	241,960	234,181	221,902	232,173	222,173
Legal	351,356	307,518	307,695	306,117	296,996	291,195	293,695
City Clerk	257,536	215,284	226,533	221,788	285,562	302,796	305,375
Human Resources	256,625	181,955	245,395	225,228	280,824	459,609	496,575
Board of Review	5,894	2,448	2,740	2,136	1,768	3,373	3,023
General Administration	1,029,101	982,457	1,448,869	1,496,255	312,230	329,025	272,535
Finance	735,776	771,898	821,666	829,229	891,131	871,268	881,987
Information Technology	248,759	231,774	243,897	261,103	326,036	317,239	396,545
Total City Administration	\$ 3,683,792	\$ 3,368,591	\$ 3,940,111	\$ 3,995,933	\$ 3,031,179	\$ 3,246,685	\$ 3,317,320
Municipal Building	\$ 253,501	\$ 261,522	\$ 259,759	\$ 77,683	\$ 54,613	\$ 208,461	\$ 79,394
Custodial and Maintenance	255,819	207,817	191,268	220,302	226,376	208,941	185,557
Total General Municipal Maint.	\$ 509,320	\$ 469,339	\$ 451,027	\$ 297,985	\$ 280,989	\$ 417,402	\$ 264,951
Police	\$ 10,158,234	\$ 9,126,302	\$ 8,519,441	\$ 8,816,145	\$ 8,664,017	\$ 8,395,959	\$ 8,957,245
Fire	5,762,795	5,086,024	4,148,350	4,520,674	4,966,206	5,094,807	4,991,938
District Court	1,431,805	1,389,988	1,292,352	1,325,927	1,391,303	1,471,453	1,746,747
Total Public Safety	\$ 17,352,834	\$ 15,602,314	\$ 13,960,143	\$ 14,662,746	\$ 15,021,526	\$ 14,962,219	\$ 15,695,930
Community Development	\$ 1,076,616	\$ 941,034	\$ 917,448	\$ 938,268	\$ 1,089,483	\$ 1,058,720	\$ 1,158,814
Streets	978,332	957,719	854,595	928,810	1,181,642	1,075,299	1,445,376
Total Community Improvement	\$ 2,054,948	\$ 1,898,753	\$ 1,772,043	\$ 1,867,078	\$ 2,271,125	\$ 2,134,019	\$ 2,604,190
Solid Waste	\$ 2,451,303	\$ 2,065,986	\$ 2,155,871	\$ 1,915,160	\$ 2,063,506	\$ 1,968,176	\$ 2,065,443
Total Solid Waste	\$ 2,451,303	\$ 2,065,986	\$ 2,155,871	\$ 1,915,160	\$ 2,063,506	\$ 1,968,176	\$ 2,065,443
Recreation	\$ 164,682	\$ 170,909	\$ 115,949	\$ 143,981	\$ 100,803	\$ 146,819	\$ 134,342
Youth Center	36,124	1,513	0	0	0	0	0
Nature Center	159,540	9,515	10,393	9,042	1,370	46,175	58,052
Parks	805,738	360,671	337,277	478,927	457,140	500,641	470,435
Senior Citizen Center	425,687	363,646	297,387	439,614	289,629	446,781	354,198
Total Parks and Recreation	\$ 1,591,771	\$ 906,254	\$ 761,006	\$ 1,071,564	\$ 848,942	\$ 1,140,416	\$ 1,017,027
Library	\$ 693,589	\$ 521,216	\$ 584,232	\$ 617,361	\$ 773,942	\$ 764,467	\$ 734,988
Total Library	\$ 693,589	\$ 521,216	\$ 584,232	\$ 617,361	\$ 773,942	\$ 764,467	\$ 734,988
Outside Agencies	\$ 53,604	\$ 18,921	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Insurance	243,923	246,575	(5,940)	172,551	343,209	352,942	424,739
General Expenditures	\$ 297,527	\$ 265,496	\$ (5,940)	\$ 172,551	\$ 343,209	\$ 352,942	\$ 424,739
Transfers Out	\$ 2,815,903	\$ 0	\$ 313,813	\$ 2,195,255	\$ 0	\$ 0	\$ 0
General Fund Expenditures	\$ 31,450,987	\$ 25,097,949	\$ 23,932,306	\$ 26,795,633	\$ 24,634,418	\$ 24,986,326	\$ 26,124,588

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
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%
2013	\$ 633,607,230	\$ 145,976,860	\$ 779,584,090	22.93	\$ 1,566,754,360	49.8%
2014	\$ 640,650,860	\$ 143,475,250	\$ 784,126,110	22.97	\$ 1,611,070,960	48.7%

Sources: City and County Assessing Records

PROPERTY TAX RATES

Direct and Overlapping Governments

(Per \$1,000 of Taxable Valuation)

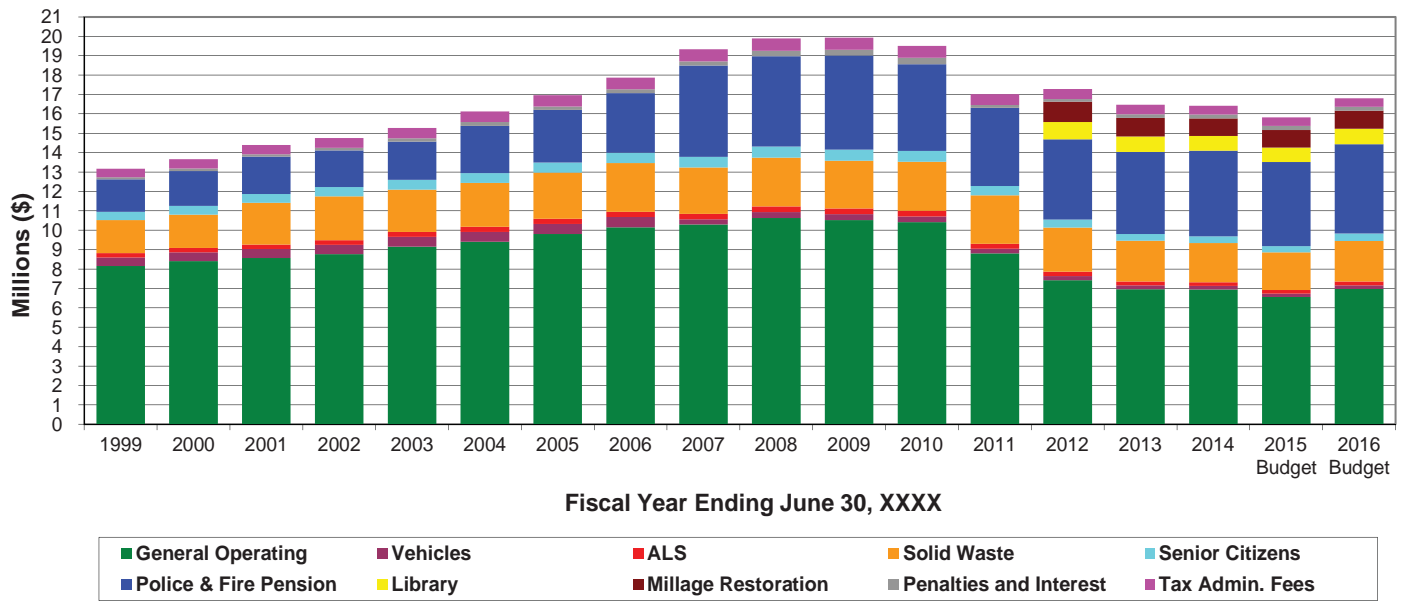
Fiscal Year Ending June 30,	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>City of Madison Heights</u>														
General Operating	8.89	8.80	8.82	8.82	8.82	8.82	8.82	8.82	8.82	8.82	10.00	10.00	10.00	10.00
Neighborhood Road Improvements	1.95	1.93	1.93	1.93	1.93	1.93	2.00	2.00	2.00	2.00	2.00	2.00	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	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	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	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	0.45	0.48
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	5.82	5.83
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	0.52	0.51
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	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.	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.	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.	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	22.94	22.96
<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	5.24	5.65
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	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	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	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	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	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	0.20	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	46.37	46.89	47.32
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	64.47	64.99	65.42

* Madison District Public School Rates

Sources: County Assessor's Warrant

General Fund Property Tax Revenue History By Millage

(Real and Personal; Excludes Neighborhood Roads and Fire Station Bond Millages)



Source: Finance Department

FY 2015-16 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
15-16	City Clerk	Reallocate PT Office Support Staff (-0.1)
15-16	General Administration	Eliminate Asst City Mgr Split between Departments (-0.2)
15-16	Finance	Transfer Fiscal Assistant II to Fire Department (-1.0)
15-16	Information Technology	Eliminate MIS Administrator (-1.0)
15-16	Information Technology	Eliminate Information Systems Specialist (-1.0)
15-16	Police	Reallocate Animal Control Officer (+0.3)
15-16	Fire	Eliminate PT Office Support Staff (-0.5)
15-16	Fire	Transfer Fiscal Assistant II to Fire Department (+1.0)
15-16	Community Development	Eliminate Building Inspector (-1.0)
15-16	Community Development	Eliminate GIS/CDD Technician (-1.0)
15-16	Community Development	Add GIS/Social Media Specialist (+1.0)
15-16	Community Development	Reallocate Animal Control Officer (-0.3)
15-16	Community Development	Add PT Code Enforcement Officer (+0.7)
15-16	DPS - Custodial & Maintenance	Reallocate DPS Director (-0.1)
15-16	DPS - Solid Waste	Eliminate Asst City Mgr Split between Departments (-0.5)
15-16	DPS - Major Street Fund	Elimination of one vacant PT Seasonal position split between Major & Local Streets (-0.4)
15-16	DPS - Local Street Fund	Elimination of one vacant PT Seasonal position split between Major & Local Streets (-0.4)
15-16	DPS - Water	Eliminate Water Meter Reader (-1.0)
15-16	DPS - Sewer	Transfer PT Year Round Laborer (-0.7)
15-16	DPS - Water/Sewer Administration	Elimination of Asst City Mgr/Reallocation of DPS Director (+0.9)
15-16	DPS - Water/Sewer Administration	Eliminate Water & Sewer Coordinator (-1.0)
15-16	DPS - Water/Sewer Administration	Add DPS Analyst/Planner (+1.0)
15-16	DPS - Water/Sewer Administration	Add Equipment Operator I (+1.0)
15-16	DPS - Motor Pool	Add PT Year Round Laborer (+0.7)
14-15	n/a	No changes in FTE
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)
13-14	Police	Eliminate Police Sergeant position (-1.0), add Police Officer position (+1.0)
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)

FY 2015-16 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
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)
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)

FY 2015-16 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
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)
09-10	DPS - Parks	Eliminate seasonal part-time employee due to reduction in mowing frequency (-0.3)
09-10	DPS - Senior Center	Eliminate vacant part-time aide positions, reduce hours of six part-time employees by closing the Senior Center between Christmas and New Year's and move full-time positions currently split between Fire, Senior Center, Recreation and Finance, replacing a part-time position (-1.1)
09-10	Finance	Move full-time positions currently split between Fire, Senior Center and Recreation to Finance, replacing a part-time position. (0.5)
09-10	Library	Reduction of hours for ten part-time positions due to reducing the Library hours of operation from 61.5 to 56 hours per week. (-0.5)
09-10	Community Development	Eliminate the part-time GIS part-time position (-0.5)
09-10	Water and Sewer	Eliminate two seasonal laborers; one in the Water Division and one in the Sewer Division (-0.7)
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) and 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)

FY 2015-16 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
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)
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)

FY 2015-16 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
04-05	DPS – Streets	Eliminate vacant Equipment Operator III (-1.0) and Laborer (-1.0) positions; reallocate labor from other divisions (+0.3)
04-05	DPS – Solid Waste	Reallocate labor cost from other divisions to reflect more accurate time utilization (+2.6)
04-05	DPS – Recreation	Eliminate vacant full-time Recreation Coordinator (-0.67); add part-time coordinator (+0.75)
04-05	DPS – Youth Center	Eliminate vacant full-time Recreation Coordinator (-0.3); reallocate hours for part-time Youth Coordinator (+0.1); reallocate driver (+0.1)
04-05	DPS – Nature Center	Reduce hours of part-time Naturalist (-0.4)
04-05	DPS – Parks	Eliminate two vacant part-time Park Laborer positions (-0.5)
04-05	DPS – Senior Citizen	Reallocate labor cost to other divisions (-0.2); assign bus driver time to Youth Center (-0.1)
04-05	Major Streets Fund	Reallocate labor cost from other divisions to reflect more accurate time utilization (-1.1)
04-05	Local Streets Fund	Reallocate labor cost from other divisions to reflect more accurate time utilization (-1.6)
04-05	Community Improvement Fund	Reallocate full-time Code Enforcement Officer FTE between Housing (-0.3) & Community Improvement (0.3)
04-05	Auto Theft Prevention Fund	Transfer of Police Officer position back into road patrol (-1.0)
04-05	Motor Pool Fund (DPS)	Eliminate vacant Tool Crib Operator position after retirement of incumbent (-0.4)
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)

FY 2015-16 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

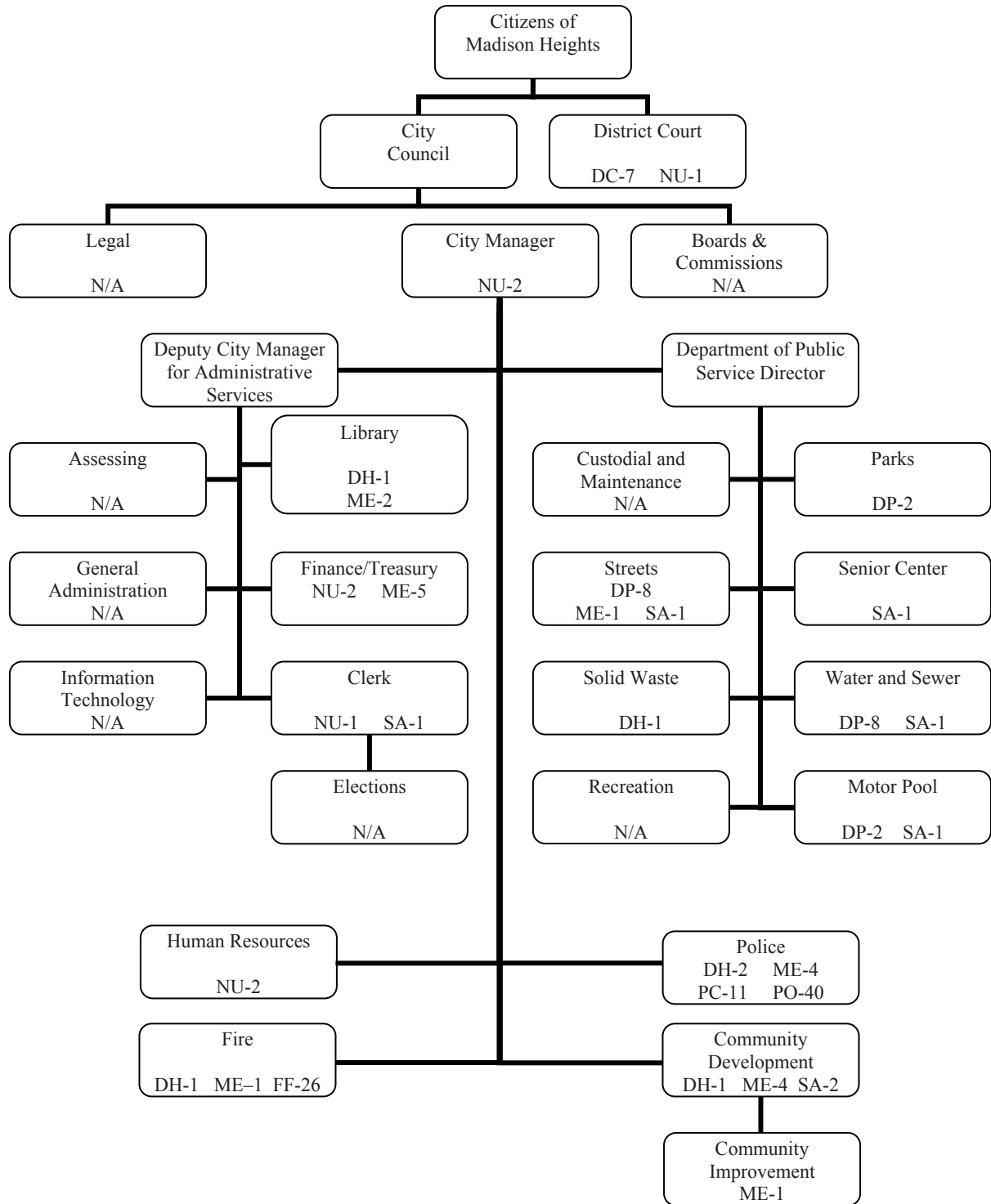
FY	DEPARTMENT	ACTION
99-00	District Court	Consolidation of Court Administrator and Legal Secretary positions (-1.0 FTE); elimination of vacant part-time Security Officer position (-0.7 FTE); reduce hours of part-time Magistrate (-0.3 FTE); increase hours for part-time Probation Officer (+0.3 FTE)
99-00	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)
99-00	Data Processing (Water & Sewer)	Transfer of Activity (2 full-time; 1 part-time) to General Fund (-2.8 FTE)
99-00	Water & Sewer Administration	Transfer of four administrative positions to General Fund (-4.0 FTE) and elimination of vacant part-time Office Assistant position (-0.8 FTE) (-4.8 FTE)
98-99	Nature Center	Increase from one to two part-time Naturalists (+0.8 FTE)
98-99	DPS – Motor Pool	Elimination of vacant Mechanics Helper position through attrition (-1.0 FTE)
97-98	District Court	Through collective bargaining the contractual Court Officer becomes full-time (+1.0 FTE)
97-98	DPS- Custodial & Maintenance	Elimination of vacant Laborer position through attrition due to outsourcing refuse collection (-1.0 FTE)
96-97	District Court	Move part-time position from Law Clerk to Probation Clerk; increase hours (+0.2 FTE)
96-97	Assessing	Addition of one part-time co-op student to assist with computer scanning and sketching project (+0.5 FTE)
96-97	Clerk	Eliminate vacant part-time clerical position (-0.8 FTE)
96-97	Police	Eliminate vacant Detective Sergeant position (-1.0 FTE)
96-97	DPS-Custodial & Maintenance	Reduction of full-time Supervisor position (-1.0 FTE) and transfer of four employees into full time laborer positions from Solid Waste Division outsourcing (+4.0 FTE)
96-97	Solid Waste	Outsource collection of household refuse and recycling; elimination of 12 F/T and 2 P/T laborer positions (-12.8 FTE)
96-97	DPS – Senior Citizen	Elimination of part-time building attendant position; adjustment of other part-time hours (no FTE change)
96-97	DPS – Parks	Elimination of two part-time seasonal laborer positions to reflect outsourcing of grass cutting (-0.8 FTE)
96-97	Police – Crime Suppression Fund	Add multi-jurisdictional unit officer with funding from “COPS” grant (+1.0 FTE)
96-97	Community Improvement Fund	Elimination of two part-time Home Chore Worker positions due to outsourcing of raking, lawn cutting, and snow shoveling services (-0.2 FTE)
96-97	Water & Sewer Fund – Data Processing	Replace vacant keypunch operator position (-1.0 FTE) with part-time PC Technical Support position (+0.8 FTE)

FY 2015-16 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
95-96	Library	Reduce part-time Circulation Chief, Technical Services Clerk, and Branch Library Aide (-0.2 FTE)
95-96	Fire	Eliminate three vacant full-time Fire Fighter positions as part of consolidated dispatch project (-3.0 FTE)
95-96	DPS – Custodial & Maintenance	Eliminate three full-time custodians as part of cost-savings move to contract out custodial services (-3.0 FTE)
95-96	DPS – Recreation	Reduce part-time hours as Oakland County will conduct summer swim lessons; add part-time Naturalist position (+0.5 FTE)
95-96	Community Dev. Block Grant Fund	Elimination of six vacant part-time home chore workers due to contracting out of raking, lawn cutting, and snow shoveling services (-0.8 FTE)
94-95	Assessing	Elimination of a vacant full-time Residential Appraiser position (+1.0 FTE)
94-95	Community Development	Elimination of a vacant full-time Construction Inspector position
94-95	DPS – Parks	Eliminate a vacant Parks Maintenance position created by an employee who did not return from an extended Worker's Compensation leave
94-95	Finance	Lay off the Deputy Treasurer and eliminate the position (+1.0 FTE)
94-95	General Administration	Elimination of a vacant full-time Switchboard Operator / Receptionist position (-1.0 FTE)
94-95	Fire	Eliminate a vacant full-time "Swing Man" Fire Fighter position (-1.0 FTE)
94-95	Library	Lay off one part-time position and reduce the hours for five more part-time positions
94-95	Police	Eliminate a vacant full-time Special Investigations Unit Police Officer position (-1.0 FTE) and have the Chief transfer a position back into the Patrol Division from another section of the Dept.
93-94	General Administration	Change Purchasing Agent position from part-time to full-time (no FTE data available)
93-94	Community Development	Elimination of two part-time clerk typist positions and addition of one full-time clerk typist position (no FTE data available)

City Of Madison Heights

Organizational Chart – Full Time Employees By Bargaining Unit



Key	Full-Time Count
N/A = Not Applicable	--
NU=Non-Union or Other	8
DC= District Court, UAW 889	7
DH=Department Heads, AFSCME	6
DP=DPS, TPOAM	20
FF=Fire Fighters	26
ME=Municipal, TPOAM	18
PC=Police Command, POLC	11
PO=Police Officers, POLC	40
SA=Supvrs. & Assts., AFSCME	<u>7</u>
	143

**CITY OF MADISON HEIGHTS
FY 2015-16 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	FY 2004-05
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GENERAL FUND

Court	13	13	11	11	12	12	11	10	10	9	9	9
Manager	2	2	2	2	2	2	2	2	2	2	2	2
Assessor	5	4	4	4	4	4	4	4	4	4	4	4
Clerk	4	4	4	4	4	4	4	4	4	4	4	3
Human Resources	2	2	2	2	2	2	2	2	2	2	2	2
General Administration	4	3	3	3	3	3	2	2	2	2	2	1
Finance	8	7	7	7	7	7	11	11	11	11	11	10
Information Technology	0	0	0	0	0	0	2	2	2	2	2	2
Police	76	76	76	76	76	76	76	77	77	77	77	75
Fire	44	43	40	40	40	40	40	40	40	40	40	39
Community Development	9	8	8	8	8	8	9	10	10	11	11	10
Library	4	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	1
Streets	18	18	18	18	18	18	18	18	18	18	18	16
Solid Waste	12	12	12	0	0	0	0	0	0	0	0	0
Recreation	2	2	2	2	2	2	2	2	2	2	2	1
Youth Center	0	0	0	0	0	0	0	0	0	0	0	0
Nature Center	0	0	0	0	0	0	0	0	1	1	1	1
Parks	6	5	5	5	5	5	5	5	6	6	6	6
Senior Citizen	3	3	3	3	3	3	3	3	3	3	3	3

Sub total	47	46	43	34	33	33	32	32	31	31	31	28
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Total	218	212	204	195	195	195	199	200	199	199	199	189
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Major Street Fund	1	1	1	1	1	1	1	1	1	1	1	1
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Community Improvement Fund	4	4	4	4	4	4	4	4	4	4	4	4
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Fire Manning Grant Fund	0	0	0	0	0	0	0	0	0	0	0	0
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Juvenile Grant Fund	1	0	0	0	0	0	0	0	0	0	0	0
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Auto Theft Prevention Grant Fund	1	1	1	1	1	1	1	1	1	1	1	0
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Crime Suppression Grant Fund	0	0	0	1	1	1	1	0	0	0	0	0
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Water & Sewer Fund

Water Division	6	6	6	6	6	6	6	6	6	6	6	6
Sewer Division	6	6	6	6	6	6	6	6	6	6	6	6
Information Technology	3	3	3	2	2	2	0	0	0	0	0	0
Water & Sewer Administration	5	5	5	5	5	5	1	1	1	1	1	1

Total	20	20	20	19	19	19	13	13	13	13	13	13
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Motor Pool Fund	6	6	6	6	6	5	5	5	5	5	5	4
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Total All Funds	251	244	236	227	227	226	224	224	223	223	223	211
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FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16

GENERAL FUND

9	9	9	9	9	8	8	8	8	8	8	Court
2	2	2	2	2	2	2	2	2	2	2	Manager
4	4	3	3	3	0	0	0	0	0	0	Assessor
3	3	3	3	3	2	2	2	2	2	2	Clerk
2	2	2	2	2	2	1	2	2	2	2	Human Resources
1	1	1	1	1	1	1	0	0	0	0	General Administration
10	9	9	9	9	8	8	8	8	8	8	Finance
2	2	2	2	2	2	2	2	2	2	2	Information Technology
73	73	73	73	67	62	58	57	57	57	57	Police
38	36	36	36	33	30	30	27	27	27	27	Fire
10	9	9	9	9	8	8	8	8	8	8	Community Development
4	4	4	4	4	3	3	3	3	3	3	Library

Department of Public Services

1	1	1	1	1	0	0	0	0	0	0	Custodial & Maintenance
15	13	13	13	12	11	10	9	9	9	9	Streets
1	1	1	1	1	1	2	2	2	2	2	Solid Waste
1	1	1	0	0	0	0	0	0	0	0	Recreation
0	0	0	0	0	0	0	0	0	0	0	Youth Center
1	1	1	1	1	0	0	0	0	0	0	Nature Center
5	5	4	4	4	2	2	2	2	2	2	Parks
2	2	2	2	2	2	2	1	1	1	1	Senior Citizen

26	24	23	22	21	16	16	14	14	14	14	Sub total
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184	178	176	175	165	144	139	133	133	133	129	Total
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1	1	1	1	1	1	1	1	1	1	1	Major Street Fund
4	3	3	3	3	3	3	3	1	1	1	Community Improvement Fund
0	0	0	0	0	2	2	0	0	0	0	Fire Manning Grant Fund
0	0	0	0	0	0	0	0	0	0	0	Juvenile Grant Fund
0	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	0	Crime Suppression Grant Fund

Water & Sewer Fund

6	6	6	6	6	4	4	4	4	4	4	Water Division
6	5	5	5	4	4	4	4	3	3	3	Sewer Division
0	0	0	0	0	0	0	0	0	0	0	Information Technology
1	1	1	1	1	1	1	1	1	1	1	Water & Sewer Administration

13	12	12	12	11	9	9	9	8	8	9	Total
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4	4	4	4	4	3	3	3	3	3	3	Motor Pool Fund
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206	198	196	195	184	162	157	149	146	146	143	Total All Funds
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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 60 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.

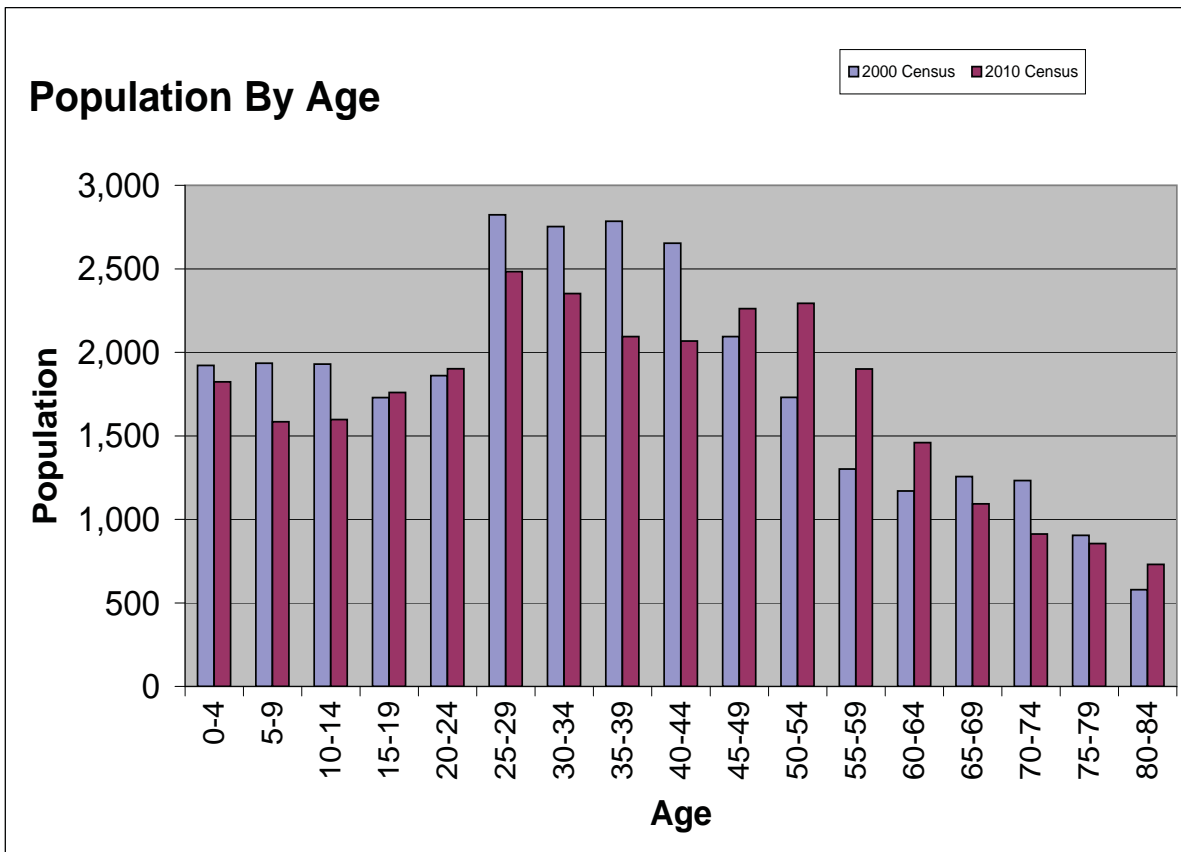
Population

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.

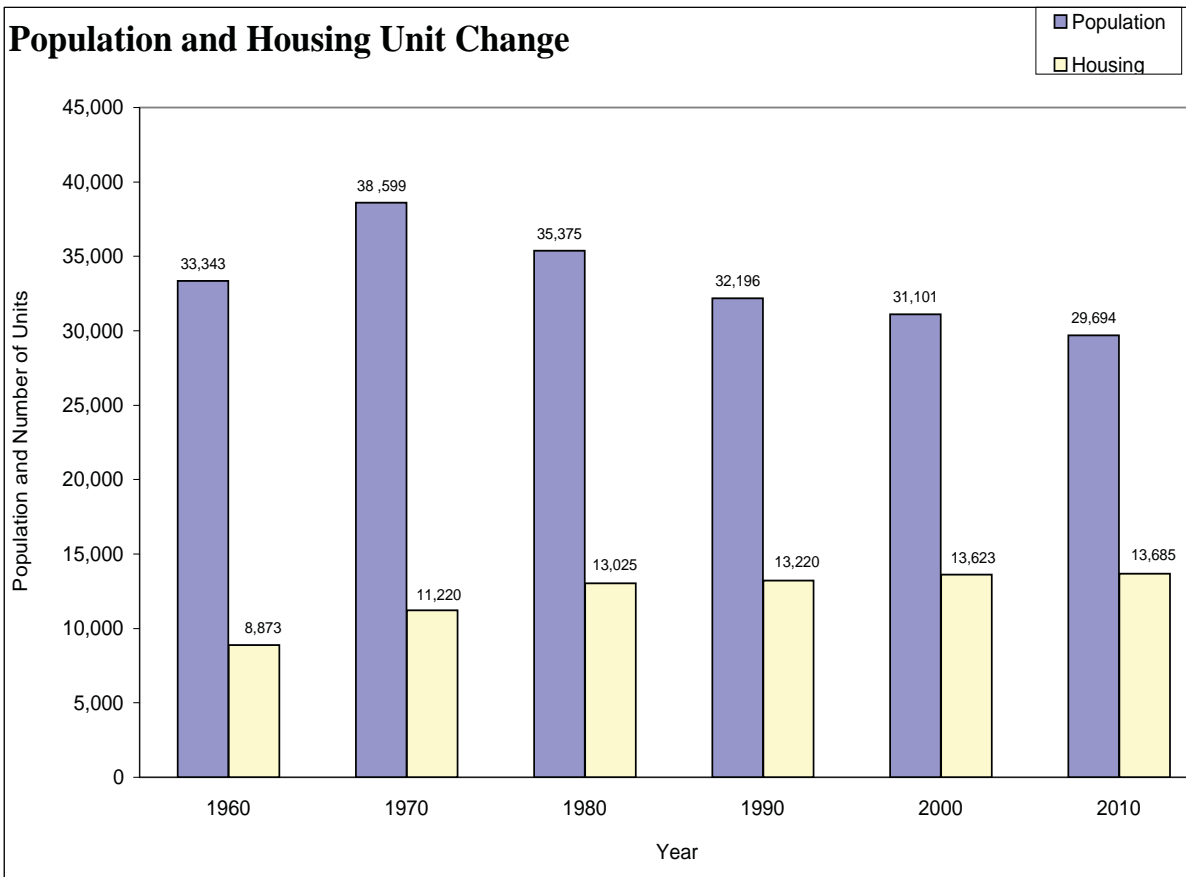


Table 1
Selected Population Characteristics: 2000-2010
City of Madison Heights

	2000	2010	% change	% of Population 2010
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 of 2007-2012 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, 1990-2040
City of Madison Heights

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2040</u>
Total Population	32,196	31,101	29,694	30,542
Total Households (occupied housing units)	12,850	13,299	12,712	12,695
Average Household Size	2.51	2.33	2.32	2.39

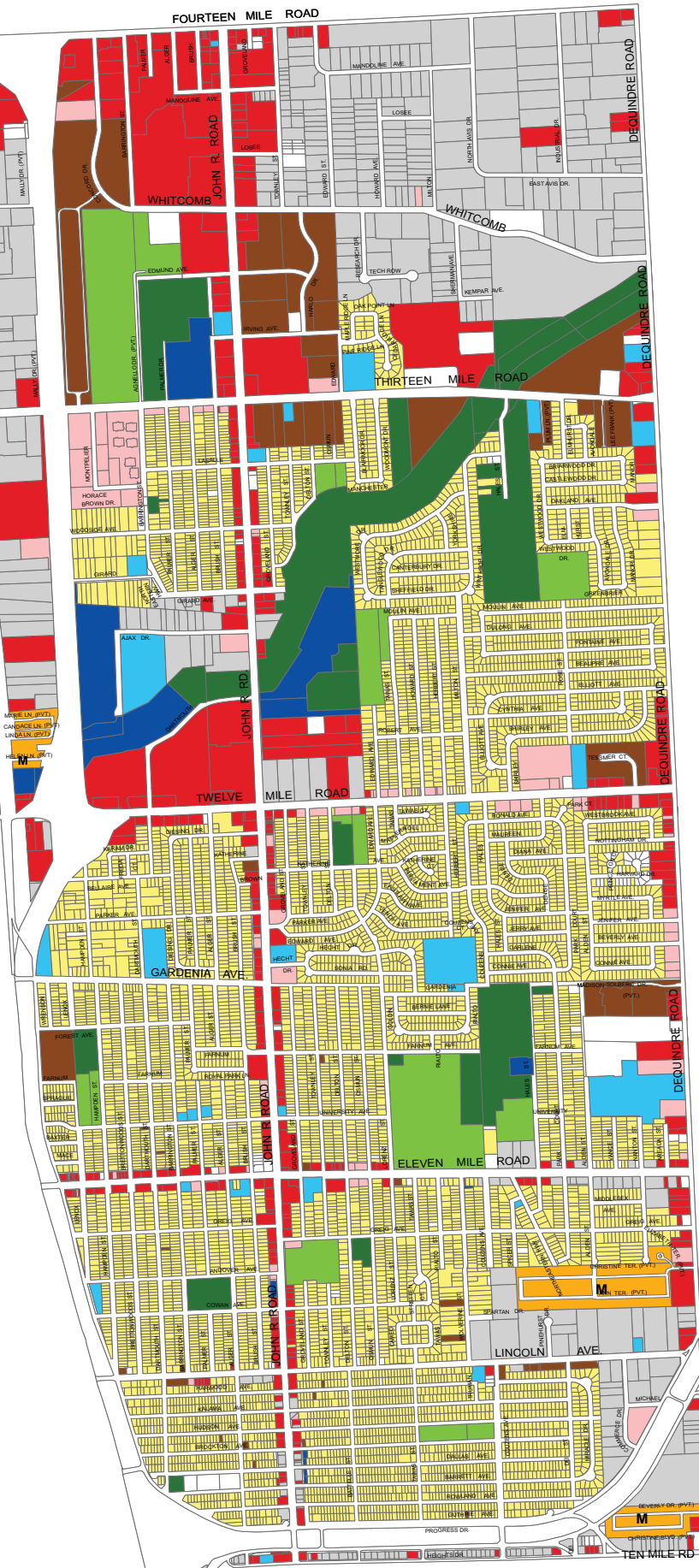
(1) 1990, 2000, 2010 Census data based on Persons Living in Households and Occupied Housing Units, and SEMCOG 2040 projections.

EXISTING LAND USE 2010

- Single and Two Family
- Multiple Family
- M Mobile Home Park
- Office
- Commercial
- Industrial
- School
- Recreation
- Public
- Quasi-Public
- Vacant



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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.

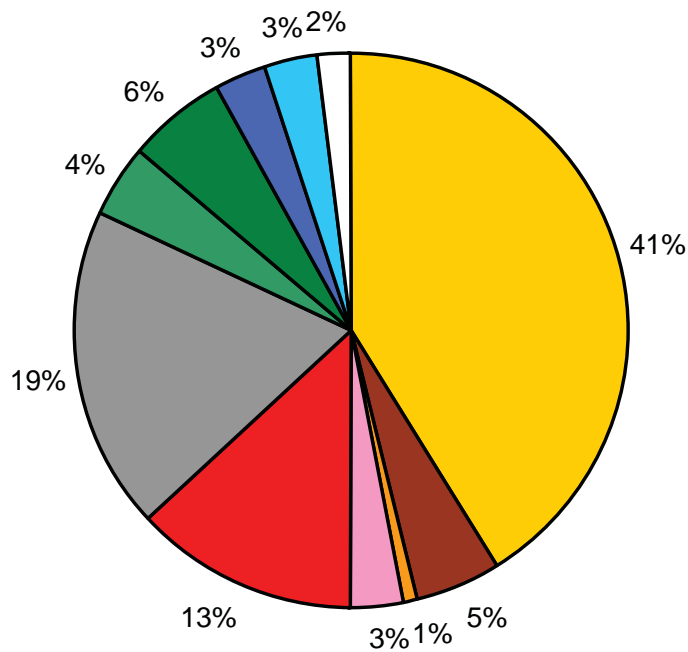
Industrial - This category includes uses with or without buildings where materials are processed, fabricated, assembled, or manufactured, or where equipment, materials or wastes are stored out-of-doors. It also includes warehousing, office/warehouse combinations, and wholesale operations.

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.

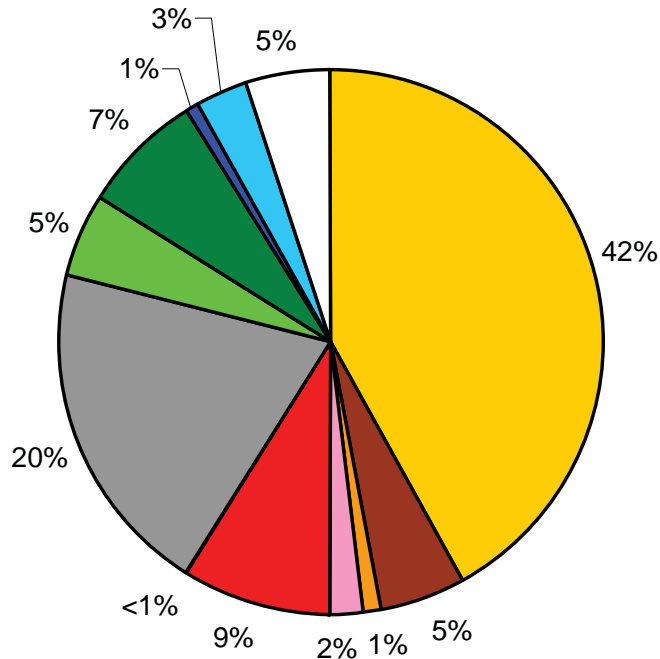
Recreation and Open Space - This category has grown significantly since 1969, from 46 acres (1%) to 225 acres (6%). Major parks and recreation areas include the Red Oaks Golf Course; Red Oaks Water Park; Red Oaks Youth Soccer Complex; Suarez Friendship Woods and Nature Center (a Red Oaks facility beginning 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 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 2007-2012, 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, 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. See the Revenues Chapter for a discussion of the categories or types of fund balance.

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 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 Municipal Risk Management Authority (MMRMA): The MMRMA is a public entity self-insurance pool that provides liability and property coverage to municipal governmental entities across Michigan.

Michigan Public Act 54: Michigan Public Act 54 requires public employers to cap unionized employee wages and benefits at the levels in effect at the time when a collective bargaining agreement expires until a successor agreement is reached.

Michigan Public Act 152: Michigan Public Act 152 limits the amount that public employers pay toward medical benefit plans, beginning January 1, 2012.

Michigan Public Act 312: Michigan Public Act 312 provides for compulsory binding arbitration for sworn police and fire unions following impasse during collective bargaining. Traditional labor actions such as strikes, walk-outs, and lockouts are not permitted as a result of P.A. 312.

Michigan Public Act 345: Michigan Public Act 345 was created for the City's Police and Fire Departments to establish and maintain the retirement pension and medical benefits for sworn personnel that could be supported through a dedicated property tax millage.

Michigan Uniform Accounting and Budgeting Act: Provides for the formulation and establishment of uniform charts of accounts and reports for local units of government; to define local units of government; to provide for the books and accounts of local units of government; to provide for annual financial reports from local units of government; to provide for the administration of this act; to prescribe the powers and duties of the State Treasurer and the Attorney General; to provide penalties for violation of certain requirements of this act; to provide for meeting the expenses authorized by this act; to provide a uniform budgeting system for local units; and to prohibit deficit spending by a local unit of government.

Millage Rate: One mill equals \$1.00 of taxes for each \$1,000 of taxable value. The millage rate is the total number of mills assessed against the taxable value.

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

- a) Those revenues susceptible to accrual are property taxes, intergovernmental revenues, special assessments, licenses, interest revenues and charges for services. Fines and forfeits, permits and certain miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.
- b) Non-current receivables, such as special assessments, are recorded at full value and deferred revenue is recorded for the portion not available for use to finance operations as of year-end.
- c) Interest income on special assessments receivable is not accrued until its due date.
- d) Principal on general long-term debt is recorded as a fund liability when due. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- e) Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- f) Normally, expenditures are not divided between years by the recording of prepaid expenditures.
- g) The non-current portion of vested employee benefits is reflected in the General Long Term Debt Account Group.

Motor Pool: A Department of Public Service division that is responsible for the maintenance of all City vehicles and rolling or motorized equipment.

Motor Vehicle Highway Fund Act: The Motor Vehicle Highway Fund Act provides for the classification of all public roads, streets, and highways in this state, to provide for the deposits of specific State taxes on motor vehicles and motor vehicle fuels, and to provide for the allocation of funds for the use and administration of the funds for transportation purposes.

Municipal Employees Retirement System (MERS): The Municipal Employees Retirement System of Michigan is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits to the State's local government employees.

Objective: Something to be accomplished in specific, well defined, and measurable terms and that is achievable within a specific time frame.

Object of Expenditure: Expenditure classifications based upon the type or categories of goods and services purchased. Typical objects of expenditure include:

- personal services (salaries, wages and fringe benefits, etc.)
- commodities (motor fuel, office and custodial supplies, etc.)
- contractual services (utilities, maintenance contracts, etc.)
- capital outlays (equipment, computer, vehicles, etc.)

Operating Funds: Resources derived from recurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital improvement projects.

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
AMR	Automatic Meter Reading
BYOD	Bring Your Own Device (Policy)
CAFR	Comprehensive Annual Financial Report
CDBG	Community Development Block Grant
CDD	Community Development Department
CIP	Capital Improvement Plan
CPI-W	Consumer Price Index – Workers
CTO	Compensatory Time Off
CVTRS	City, Village and Township Revenue Sharing
D/FEIS	Draft/Final Environmental Impact Statement
DDA	Downtown Development Authority
DPS	Department of Public Service
DWSD	Detroit Water and Sewerage Department
EFTPS	Electronic Federal Tax Payment System
EPA	Environmental Protection Agency
ESL	English as a Second Language
EVIP	Economic Vitality Incentive Program
FEIS	Final Environmental Impact Statement
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FTE	Full-Time Equivalency
FSA	Flexible Spending Account
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principals
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GLWA	Great Lakes Water Authority
GPS	Global Positioning Systems
GWK	George W. Kuhn Drain
HAVA	Help America to Vote Act
HCMA	Huron-Clinton Metropolitan Authority
HMO	Health Maintenance Organization
HUD	Housing and Urban Development
HVAC	Heating, Ventilation, and Air Conditioning
IBNR	Incurred But Not Reported
ISP	Investment Service Program
ITS	Intelligent Transportation System
LHOH	Little House on Hales
MDNR	Michigan Department of Natural Resources
MCRC	Macomb County Road Commission
MDEQ	Michigan Department of Environmental Quality
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
MML	Michigan Municipal League
MNRTF	Michigan Natural Resource Trust Fund
MPSC	Michigan Public Service Commission
MUTCD	Manual of Uniform Traffic Control Devices
NPDES	National Pollutant Discharge Elimination System
OCP&RC	Oakland County Parks and Recreation Commission
OPEB	Other Post-Employment Benefits
PPO	Preferred Provider Organization
PPTP	People Powered Transportation Program
PPT	Personal Property Tax
RAP	Risk Avoidance Program
RCOC	Road Commission for Oakland County
ROW	Right-of-Way
RTF	Retention Treatment Facility
SAD	Special Assessment District
SAFER	Staffing for Fire Emergency Response
SAW	Stormwater Asset Management and Wastewater Program
SCATS	Sydney Coordinated Adaptive Traffic System
SCBA	Self-Contained Breathing Apparatus
SEMCOG	Southeast Michigan Council of Governments
SEMREO	Southeast Michigan Regional Energy Office
SEV	State Equalized Value
SOCSDS	South Oakland County Sewerage Disposal System
SSR	State Shared Revenues
STV	State Taxable Value
TIF	Tax Increment Financing
TLN	The Library Network
TV	Taxable Value
UPS	Uninterruptible Power Source
WRC	Water Resources Commissioner



**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
COMBINED
FISCAL YEAR 2015-16**

	<u>Description</u>	<u>Account / Vehicle</u>		2015-16 Amount Proposed
<u>General Fund</u>				
<u>Court</u>	<u>Books</u>	<u>9780000</u>		
101-136	Books		\$	7,500
	<u>Improvements</u>	<u>9870000</u>		
	Replace Five Rooftop Units (RTU'S) at 43rd District Court			<u>100,000</u>
			Total Department	\$ 107,500
<u>City Clerk</u>	<u>Computer Equipment</u>	<u>9810000</u>		
101-215	BS&A Software Updates - Business and Animal Licenses		\$	<u>14,135</u>
			Total Department	\$ 14,135
<u>Information Technology</u>	<u>Computer Equipment</u>	<u>9810000</u>		
101-258	Phone Switches (75% General Fund 25% Water and Sewer)			45,000
	Phone System Upgrades (75% General Fund 25% Water and Sewer)			97,500
	Disaster Recovery System (75% General Fund 25% Water and Sewer)			21,000
	Server Room UPS (75% General Fund 25% Water and Sewer)			3,750
	Exchange Email Server (75% General Fund 25% Water and Sewer)			<u>8,250</u>
			Total Department	\$ 175,500
<u>Municipal Building</u>	<u>Improvements</u>	<u>9870000</u>		
101-265	Carpeting and Blind Replacement in City Hall Council Chambers and Executive Conference Room		\$	<u>20,000</u>
			Total Department	\$ 20,000
<u>Police</u>	<u>Machinery and Equipment</u>	<u>9820000</u>		
101-301	15 In-car Video Cameras and System Related Equipment (GF \$50,000; DF \$48,495; RAP Grant \$15,000 = \$113,495)		\$	65,000
	Voice Link Audio Transmitter			3,843
	One (1) Livescan Operating Computer and Fingerprint and Palm Scanner			<u>7,986</u>
				76,829
-	<u>Vehicles "V" Funded</u>	<u>9850000</u>		
	Ford Crown Vic #102		\$	28,000
	Ford Explorer #111			28,000
	<u>Vehicles</u>			
	Police Detective Vehicle #124		<u>28,000</u>	\$ 84,000
	<u>Improvements</u>	<u>9870000</u>		
	Replacement of Underground Gasoline and Diesel Fuel Storage Tanks - Phase I of III (Total \$50,000 - GF 33%; W/S 67%)			<u>16,667</u>
			Total Department	\$ 177,496

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
COMBINED
FISCAL YEAR 2015-16**

	<u>Description</u>	<u>Account / Vehicle</u>		2015-16 Amount Proposed
<u>Fire</u>				
101-336	<u>Machinery and Equipment</u>	<u>9820000</u>		
	Fire Hoses		\$ 33,000	
	Automated External Defibrillator (AED) (2)		3,000	
	Fire Engine Mounted V-TAC's		<u>13,000</u>	49,000
	<u>Vehicles "V" Funded</u>	<u>9850000</u>		
-	Chevy Trail Blazer	#700	<u>28,000</u>	\$ 28,000
			Total Department	\$ 77,000
<u>Streets</u>				
101-446	<u>Vehicles "V" Funded</u>	<u>9850000</u>		
	Tandem Axle Dump Truck with V-Box	#417	\$ 220,000	
	Chevy 3/4 Ton Pickup	#420	33,000	
	Platform Truck	#429	<u>170,000</u>	\$ 423,000
			Total Department	\$ 423,000
<u>Solid Waste</u>				
101-521	<u>Machinery & Equipment</u>	<u>9820039</u>		
	Claw Attachment for Cat IT28-G Loader			<u>\$ 16,000</u>
			Total Department	\$ 16,000
<u>Nature Center</u>				
101-756	<u>Improvements</u>	<u>9897000</u>		
	Red Oaks Friendship Woods Nature Center Parking Lot Improvements			<u>\$ 50,000</u>
			Total Department	\$ 50,000
<u>Parks</u>				
101-757	<u>Vehicles "V" Funded</u>	<u>9850000</u>		
	Chevy 3/4 Ton Pickup	#473		33,000
	<u>Improvements</u>	<u>9870000</u>		
	Civic Park Walking Path Replacement (Phase I of II - \$150,000 total)			<u>\$ 80,000</u>
			Total Department	\$ 113,000
<u>Senior Center</u>				
101-758	<u>Improvements</u>	<u>9870000</u>		
	New Vertical Blinds for Front Rooms C, D & E of Senior Center			<u>\$ 7,500</u>
	<u>Vehicles Grant Funded</u>	<u>9850000</u>		
	Wheel Chair Van (\$50,000)	#480	\$ -	
	SMART Bus W/chair lift (\$100,000)	#530		<u>-</u>
			Total Department	\$ 7,500
<u>Library</u>				
101-790	<u>Improvements</u>	<u>9870000</u>		
	Waterproofing Library Exterior Walls (Phase I of II total project cost \$60,000)			<u>\$ 30,000</u>
			Total Department	\$ 30,000
			Total Fund	<u>\$ 1,211,131</u>

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
COMBINED
FISCAL YEAR 2015-16**

	<u>Description</u>	<u>Account / Vehicle</u>		2015-16 Amount Proposed
<u>Major Street Fund</u>				
<u>Construction</u>	<u>Rehabilitation Programs</u>	<u>9880436</u>		
202-451	Whitcomb - Barrington to Townley		\$ 200,000	
	13 Mile - Campbell to I-75		100,000	
	E. Lincoln - Wolverine to Dequindre		100,000	
	Couzens - 10 Mile to EB Service Drive		50,000	
	Campbell - 12 Mile to 13 Mile		10,000	
	Stephenson Hwy SB - Girard to 12 Mile		50,000	
	Stephenson Hwy Turnarounds		50,000	
	Industrial		100,000	
	Edward - Mandoline to Whitcomb		50,000	
	Townley - 14 Mile to Whitcomb		50,000	
	11 Mile - I-75 to Dequindre		160,000	\$ 920,000
	<u>Sectional Repairs "NHPP" Construction</u>	<u>9890010</u>		
	13 Mile WB from Hales to Dequindre			200,000
	<u>Repairs / Construction</u>	<u>9880XXX</u>		
	John R Over-band (Joint Sealing)-11 Mile to Dartmouth		\$ 20,000	
	Stephenson Over-band (Joint Sealing)-12 to 14 Mile		50,000	70,000
Maintenance	<u>Maintenance</u>			
202-463	13 Mile Joint Sealing - Phase I			25,000
		Total Fund		<u>\$ 1,215,000</u>
<u>Local Street Fund</u>				
<u>Construction</u>	<u>Commercial & Industrial Sectional Concrete Replacement</u>	<u>9890501</u>		
203-451	Harlo			\$ 115,000
	<u>Proposal "R-2" Construction</u>	<u>9890XXX</u>		
	E. Harwood - Couzens to Dei		\$ 414,000	
	Fournier and Mark		1,355,000	
	E. Lincoln East of John R		622,000	2,391,000
		Total Fund		<u>\$ 2,506,000</u>
<u>Drug Forfeiture Fund</u>	<u>Machinery & Equipment</u>	<u>9820039</u>		
264-301	15 In-car Video Cameras and System Related Equipment (GF \$50,000; DF \$48,495; RAP Grant \$15,000 = \$113,495)			\$ 48,495
		Total Fund		<u>\$ 48,495</u>
<u>Special Assessment</u>	<u>Machinery & Equipment</u>	<u>9897-501</u>		
297-401	Sidewalk Program			\$ 150,000
		Total Fund		<u>\$ 150,000</u>
<u>Water and Sewer Fund</u>				
<u>Water System Maintenance</u>	<u>Tools and Supplies</u>	<u>9820000</u>		
590-551	Updated Neptune AMR Collector/Rec.			\$ 7,500

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
COMBINED
FISCAL YEAR 2015-16**

	<u>Description</u>	<u>Account / Vehicle</u>		2015-16 Amount Proposed
<u>Capital Outlay</u>	<u>Watermain Replacement - "R-2" Projects</u>	<u>9731000</u>		
<u>590-901</u>	Madison - Millard to Englewood		\$ 230,000	
	Meadows - Whitcomb to Englewood		199,000	
	Areeda - N. of 11 Mile Road (SAD)		108,000	
	Dorchester - 13 Mile to Windmere		61,000	
	Windmere - Dorchester to Edgeworth		115,000	
	Kenwood - Millard to Englewood		230,000	
	Moulin - Dulong to Rose		<u>308,000</u>	1,251,000
	<u>Watermain Replacement - "Non R-2" Projects</u>	<u>9731000</u>		
	Dartmouth - E. 11 Mile to 26341 Dartmouth		\$ 291,000	
	Barrington - E. 11 Mile to 26521 Barrington		221,000	
	Palmer - LaSalle to Girard		294,000	
	Kalama - John R to Alger		<u>139,000</u>	945,000
	<u>Computer Equipment</u>	<u>9810000</u>		
	Rugged Laptop Computer with Software and Cabling for Diesel Engine Diagnostics		5,000	
	Phone Switches (75% General Fund 25% Water and Sewer)		15,000	
	Phone System Upgrades (75% General Fund 25% Water and Sewer)		32,500	
	Disaster Recovery System (75% General Fund 25% Water and Sewer)		7,000	
	Server Room UPS (75% General Fund 25% Water and Sewer)		1,250	
	Exchange Email Server (75% General Fund 25% Water and Sewer)		<u>2,750</u>	63,500
	<u>Machinery and Equipment</u>	<u>9820000</u>		
	Auto Lift, 2 Post, 10,000 lbs Capacity with Installation (split 50% GF, 50% WS)			5,500
	<u>Vehicles</u>	<u>9850000</u>		
	Replace 2002 GMC W 4500 Box Van (Phase I of II total project cost \$60,000)	#458		30,000
	<u>Improvements</u>	<u>9870000</u>		
	Remove and Replace DPS Parking Lot		\$ 50,000	
	Salt Containment Structure - Phase I funding (total \$270,000)		90,000	
	Replacement of Underground Gasoline and Diesel Fuel Storage Tanks - Phase I of III (Total \$50,000 - GF 33%; W/S 67%)		<u>\$ 33,333</u>	<u>\$ 173,333</u>
	Total Fund			<u>\$ 2,475,833</u>