

ADOPTED ANNUAL

BUDGET

FISCAL YEAR

2016 - 2017



CITY OF MADISON HEIGHTS
MICHIGAN



**City of Madison Heights
Adopted
Annual Budget
Fiscal Year 2016-17**

Mayor

Brian C. Hartwell

City Council

Mark A. Bliss

Margene Ann Scott

Richard L. Clark

Robert J. Corbett

David M. Soltis

Robert B. Gettings

City Manager

Benjamin I. Myers

Deputy City Manager for Administrative Services

Melissa R. Marsh



Brian C. Hartwell
Mayor

Mayor and Council



Mark A. Bliss
Mayor Pro Tem



Margene A. Scott
Councilwoman



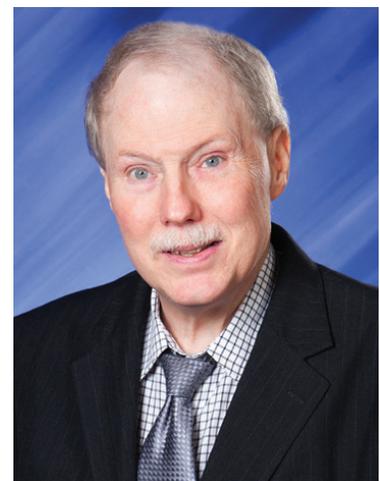
Richard L. Clark
Councilman



Robert J. Corbett
Councilman



David M. Soltis
Councilman



Robert B. Gettings
Councilman



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

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**City of Madison Heights
Michigan**

For the Fiscal Year Beginning

July 1, 2015

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, 2015. 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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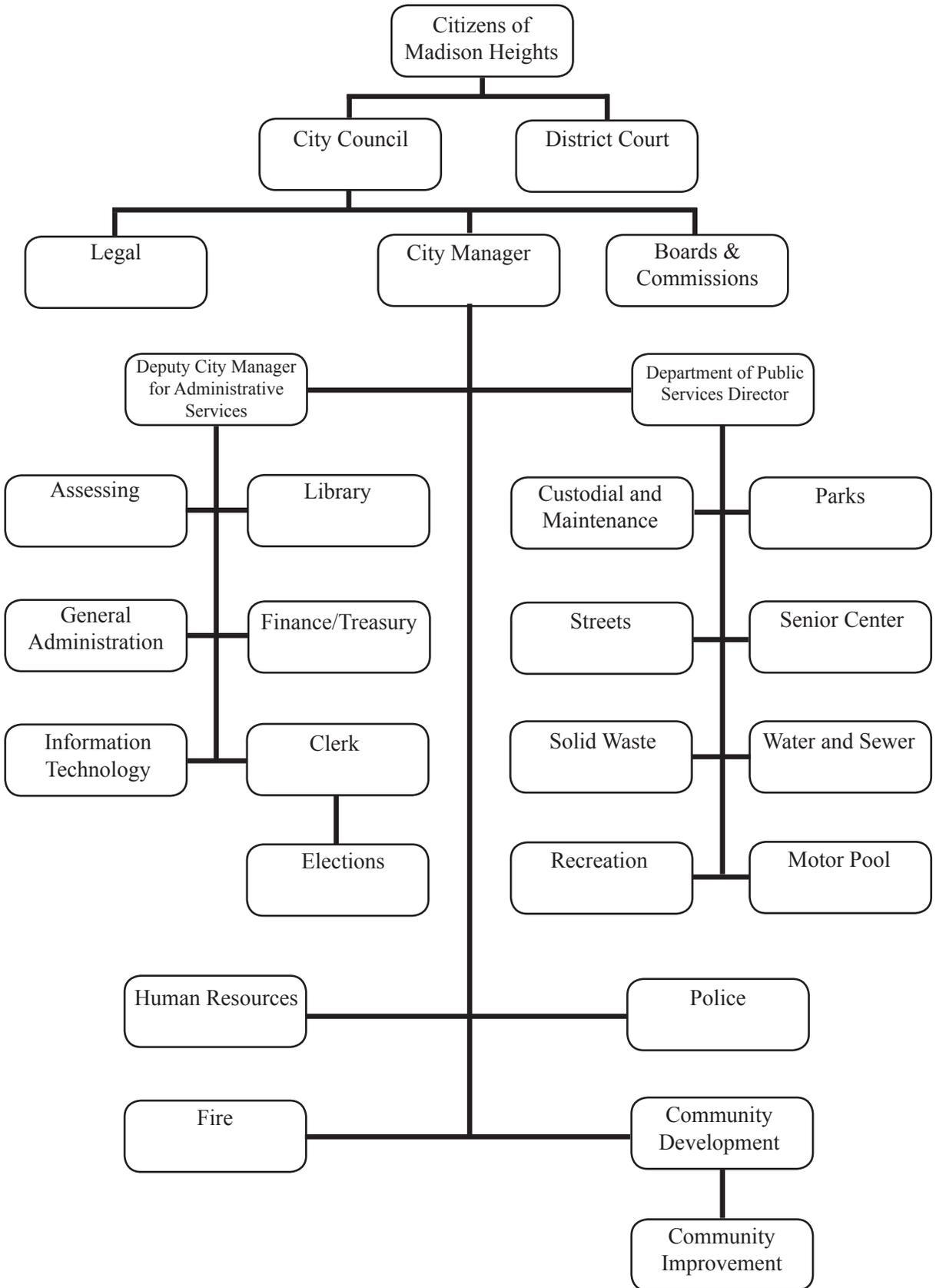
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City of Madison Heights Organizational Chart





City of Madison Heights

City Hall Municipal Offices 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

April 7, 2016

Budget Message
 Fiscal Year 2016-17 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) 2017 beginning July 1, 2016 and the updated Five Year Capital Improvement Plan for FY 2017-2021. 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 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 \$47.9 million and includes funding of operations and capital purposes for 11 appropriated funds. This amount represents a \$97,600 or 0.2% increase from the FY 2016 amended budget. As shown in the table below, the operating budget is projected to increase by \$926,000 or 2.3%, while the capital budget decreases by \$828,000 or 10.4%.

Total Operational and Capital Budget		
	FY 2016 Budget	FY 2017 Budget
Operating Budget	\$ 39,864,169	\$40,789,868
Percent Change		2.3%
Capital Improvement Budget	\$8,000,054	\$7,171,951
Percent Change		(10.4%)
Total Budget	\$47,864,223	\$47,961,819
Percent Change		0.2%

Financial Challenges

The number one financial challenge facing Madison Heights and most municipalities in the State of Michigan is the current State tax structure. Under the current State laws such as the Headlee Amendment and Proposal “A”, growth in property tax values is limited to 5% or the rate of inflation, whichever is less. This forces the City to share in the financial burden during tough times, but it doesn’t allow for local governments to share in the prosperity of good times. To illustrate this point, in FY 2017 Madison Heights’s residential real property values increased by 13.7%, commercial increased by 8.0% and industrial increased by 5.9%, averaging an overall increase of 10.3%; however, the inflation factor was calculated at 0.3%. Under the State laws, the City’s revenues can only increase by inflation, the 0.3%, forcing the City to remain at an artificially low level that hampers our ability to provide services or create new initiatives to make our City a better place to live.

The second major financial issue also relates to City taxes and State law. In 2012, legislation was passed providing personal property (PPT) exemptions for small taxpayers and eligible manufacturing personal

property. This legislation also provided local units of government two potential sources of funding to partially replace lost PPT. First, starting in FY 2015, Tax Increment (TIF) Districts such as our Downtown Development Authority (DDA) and Debt Service could be reimbursed from the State. This has resulted in approximately \$20,000 per year in reimbursement for the DDA and \$1,600 for Debt Service. In October 2015, the State Treasury office certified a partial distribution to cities with a small taxpayer exemption loss. This distribution reflects 100 percent reimbursement of 2014 and 2015 operating millage less amounts reimbursed for TIF plans and debt. The City received \$113,300 from this distribution. In June 2016, Oakland County Equalization will be submitting taxable values to the State for annual local unit reimbursement for lost PPT and Emergency Services Assessment. Staff have been in contact with Oakland County for estimates of potential reimbursement amounts. To date, we have not received any information; therefore, this reimbursement is only included in the budget at the minimum amount of \$80,500.

Addressing the issue of legacy cost for pensions and retiree health care remains a third central financial challenge for the City. The current unfunded liabilities for pension and retiree health care stand at \$46.7 million and \$57.2 million, respectively, for a total unfunded liability of \$103.9 million. While the City continues to make its actuarially required contributions to pensions in FY 2017 as well as a planned contribution to Other Post Employment Benefits (OPEB) in the amount of \$6.6 million, City Council has taken an additional important step by approving the issuance of \$15.250 million in Pension Obligation Bonds (POBs) to convert 95% of the unfunded liability for General Employees Pension to a 16-year debt service amortization. In addition to offering a projected \$4.0 million in savings over the 16-year period, the POB financing also provides budget relief through a constant fixed payment over the term of the bonds. The sale of bonds is planned for June 2016, with the City to receive the bond proceeds prior to June 30, 2016.

Regarding Other Funds, the City and the entire southeast Michigan region continue to face the major financial challenge of 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, in November 2015, Governor Snyder signed nine bills into law which will raise \$1.2 billion for the new transportation revenue package. This includes a Registration Fee and Fuel Tax increase as well as a dedication of State General Fund to the MTF among other changes. This is the largest state investment in transportation in Michigan history. Below is a high-level summary of the main points:

- Starting in January 2017, an additional \$600 million will be raised annually and dedicated for transportation purposes.
- Roughly one-third of funds will flow to the Michigan Department of Transportation (MDOT); two-thirds to counties, cities and villages. After full phase in, local agencies will see an estimated 60 percent increase in Act 51 revenue over their 2015 allocation.
- \$400 million in additional fuel tax revenues (fuel taxes will rise to 26.3 cents per gallon for both gas and diesel).
- \$200 million from a 20 percent increase in vehicle registration fees.
- Starting in 2019, General Fund transfers make up the remaining \$600 million in additional money, if available. The transfers will be phased in over a period of three years: \$150 million in 2019; \$325 million in 2020; and the full \$600 million in 2021. This money will be divided between the State Transportation Fund, county road commissions, and cities and villages.

The budget does include an increase in the Major Street Fund for \$192,000 and Local Street Fund for

\$106,000 based on MDOT’s projections of revenues from fuel tax increases and vehicle registration fees included in this State Restricted Revenue Package. It is estimated in the first year after full phase-in, Madison Heights will receive \$427,700 in additional MTF monies. This estimate is conditional on the Legislature passing a concurrent resolution in FY 2017 for \$100 million in Roads Innovation Funds (RIF).

Operating Budget Highlights

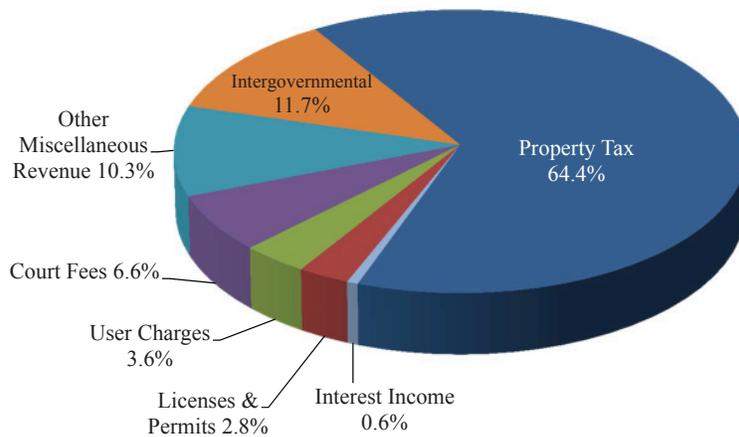
The FY 2017 budget was balanced through the utilization of \$1,074,440 use of fund balance. This use of fund balance is being utilized to cover \$622,905 for one-time capital outlay expenditures; \$79,794 for “V” millage funded vehicles for which past fund balance has been restricted; and \$371,741 for police and fire pension increases. Other significant changes and items included in the budget are as follows:

Revenues

General Fund Revenues are budgeted at \$25.6 million exclusive of the planned use of fund balance. This represents an increase of \$94,104, or 0.36% from FY 2016 Amended Budget Revenues. Revenue is stagnant due to unavailable tax revenue growth which is restricted to the approved CPI which for FY 2017 is 0.3%. All other revenues are holding steady showing no significant growth.

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 64% of the FY 2017 General Fund Revenue Budget. Other major revenue sources include user charges, intergovernmental revenues, court fees, and other miscellaneous revenues.

Where the Money Comes from by Sources of Funds



Regarding the Water and Sewer Fund, effective January 2016, the Detroit Water and Sewage Department (DWSD) operations were taken over by the Great Lakes Water Authority (GLWA). The GLWA operating agreement caps the wholesale revenue requirements for suburban customers like Madison Heights to 4% annually. This 4% is a revenue projection and not a wholesale rate increase cap.

Given the current strong financial position of the Water and Sewer Fund, the FY 2017 Budget absorbs

the 5.6% GLWA wholesale rate increase without a pass-through to Madison Heights residential and commercial water customers; however, those customers will see a change in the calculation of their stormwater charge, effective July 1st.

Under the City's current billing methodology, stormwater discharge is treated as a component of the regular sewage bill and is tied to the amount of water consumed. To more accurately bill this charge and to bring Madison Heights in line with a number of other municipalities in Southeast Michigan, stormwater will now be billed based on the individual parcel's amount of pervious and impervious surface which directly correlates to the stormwater runoff. The City Engineer has calculated an Equivalent Residential Unit (ERU) equal to 2,600 square feet. Parcels containing a higher amount of impervious surface will have a higher amount of ERUs and hence, a higher bill for stormwater. The total amount billed for stormwater will continue to cover all of the city's stormwater expenses charged for the Oakland County Water Resources Commissioner, but as a consequence of the rate restructuring, the sewer rate will decrease by approximately 25% from \$5.10 to \$3.83 per unit effective with billings on or after July 1st, and there will be a new stormwater charge of \$5.17 per ERU on each bill.

Expenditures

When compared to the FY 2016 Amended Budget, all fund expenditures are up \$97,600 or 0.2% as detailed below. The majority of this increase is due to operational related employee benefits such as pension and retiree health care, offset by decreases in watermain replacements and road projects.

The most significant changes in the operational budget are related to Personal Services. Although the budget includes a reduction of 1.2 full-time equivalencies (FTEs) in FY 2017, Personal Services are still proposed to increase by \$710,000. Other Services and Charges are also projected to increase by \$390,950 with supplies increasing by \$139,000. The offset to these increases are in Capital Outlay and depreciation, which is decreasing by \$1.1 million. For more details about these increases, please see the Appropriations Chapter which discusses each category in detail.

Also planned is a use of reserves of \$1,841,000 in the Water and Sewer Fund to fund watermain replacements and Phase 1 of a water meter replacement program.

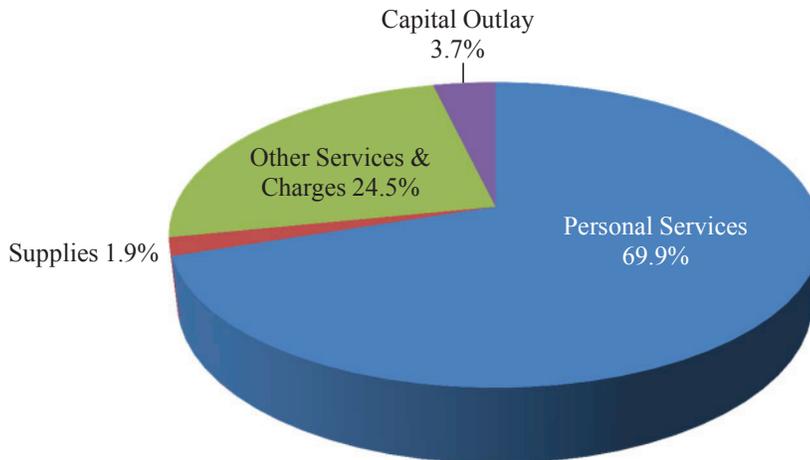
The following table presents a summary breakdown of the operating budget for all funds.

Fund Name	Actual 2014-15	Estimate 2015-16	Adopted Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
General Fund	\$ 24,146,963	\$ 26,331,133	\$ 26,690,354	\$ 359,221	1.4
Major Street	1,245,951	2,101,651	1,656,369	(445,282)	(21.2)
Local Street	2,806,826	3,545,418	2,997,777	(547,641)	(15.4)
Parks Maintenance and Improvement	30,804	33,714	33,467	(247)	(0.7)
Downtown Development Authority	52,591	48,514	48,041	(473)	(1.0)
Police Drug Forfeiture	54,771	50,995	59,500	8,505	16.7
Community Improvement	103,271	117,789	99,489	(18,300)	(15.5)
Special Assessment Revolving	376,166	231,484	255,295	23,811	10.3
Fire Station Bond Fund	419,168	402,010	420,439	18,429	4.6
Water & Sewer Fund	9,704,110	13,872,631	14,581,514	708,883	5.1
Motor & Equipment Pool	1,162,426	1,128,884	1,119,574	(9,310)	(0.8)
Total Appropriations	\$ 40,103,047	\$ 47,864,223	\$ 47,961,819	\$ 97,596	0.2

* Net Budget is \$46.6 million excluding duplicate interfund transfers and charges.

Total expenditures in the General Fund are projected to be up 1.4% as compared to the FY 2016 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



FY 2017 also marks the first time in seven years that the City has completed a formal goal setting process. This important strategic planning activity was suspended in FY 2010 as the City Council and staff focused their attention on responding to the immediate fiscal crisis caused by the Great Recession and exacerbated

by the restrictive municipal funding model discussed earlier. The City’s Adopted Goal Plan for FY 2016-17 may be found in the Budget Overview chapter and the various departmental goals are referenced throughout this document.

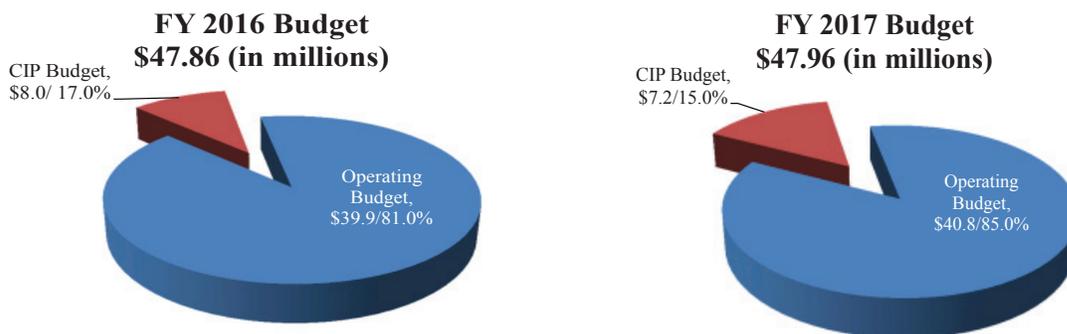
Capital Budget Highlights

Capital Outlay purchases total \$7.2 million for all funds including \$973,000 for the General Fund. The majority of purchases are funded through dedicated millages (Proposal “V-2”, and “L”). The General Fund purchases that are not being funded through a dedicated millage include the Police Department upgrade to the Next Generation 911 Telephone Answering System, the first phase of funding for the underground storage tank located behind the Police Department building, election tabulation equipment, eighteen (18) computer replacements throughout the City, parking lot improvements at Fire Station #2, a trail overlay at Civic and Ambassador Park trails, and replacing the totscape, swings and surfacing at Wildwood Park. In addition to these capital improvements, the General Fund budget also includes the following repairs and equipment purchases: Stryker Power Load Stretcher Lifting System, V-TAC equipment in the Reserve Fire Engine, large format scanner, Global Positioning System, repairs to the windows at the Senior Center, repairs to City Hall elevator pit, and Police Department carpet replacement.

Other Funds include a capital outlay of \$6.2 million. The majority of this amount, \$3.3 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. \$841,000 is budgeted for water main replacement and \$1 million is budgeted for Phase 1 of 4 of a city-wide meter replacement program. The remaining planned purchases include an updated Neptune Collector for the Automatic Meter Reading System, a new sewer vactor, sewer camera trailer, air compressor replacement, various maintenance repairs at the Department of Public Services locations including Phase 2 of 3 for the salt containment structure, asphalt replacement, and exterior painting.

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 document.

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 2015 Forecast, which is included in the Appendices Chapter (pages 254-273) projected a \$4.9 million budget gap for FY 2016-17 as compared to the actual, \$1.1 million. This forecast was based on the assumption that all Capital Outlay included in the Capital Improvement Plan would be budgeted.

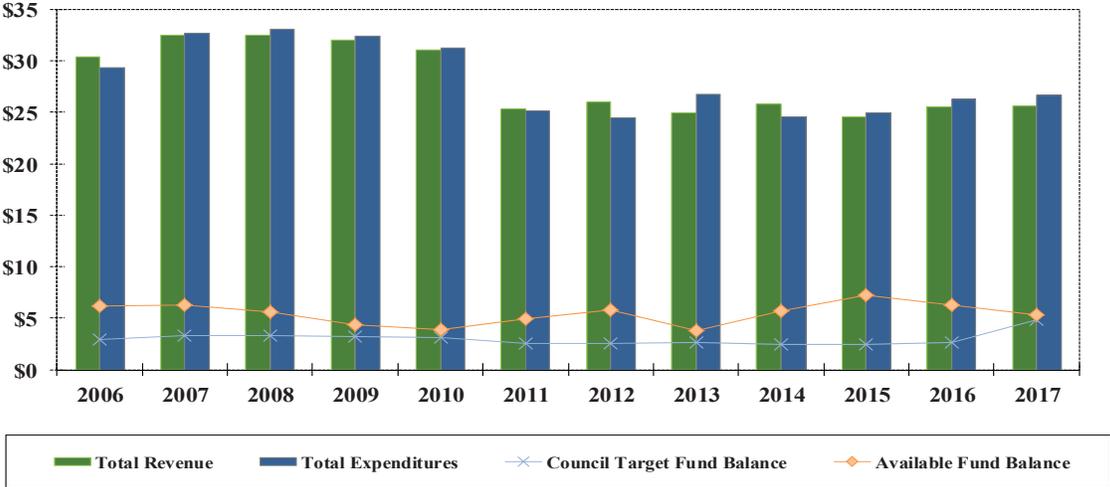
Fund Balances

The City’s successful management of our financial constraints has presented us with both new challenges and opportunities. As of June 30, 2015, the General Fund unreserved fund balance was \$7.1 million. Based on the budgeted use of fund balance, the City projects this fund balance will be \$5.3 million at the end of FY 2017, or 19.8% of FY 2017 projected expenditures. Pursuant to the financial policies included in this document, City Council policy directs staff to keep fund balance equal to or above a minimum of two months (16%) of regular operating expenditures plus one year of debt payments. Staff was mindful of this policy as we worked to propose the FY 2017 Budget for Council’s consideration.

The graph below 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, 2016, the City’s Major Street and Local Street Funds are estimated to have fund balances of \$50,600 and \$1.4 million, respectively. The City’s Water and Sewer fund is projected to have \$5.9 million in unrestricted net position.

General Fund - Fund Balance Compared to Total Revenues and Expenditures



- In 2017, the Council Target Fund Balance increased from 10% of expenditures to 16% of operating expenditures plus one year of debt service payments, as included in the City’s Adopted FY 2017 Goal Plan.

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. The City will have the rating reassigned as part of the bond issuance process for the Limited Tax General Obligation POBs.

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 2017.

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 Trisha Gough, 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,



Benjamin I. Myers
City Manager

CITY OF MADISON HEIGHTS
Adopted 2016-17 GOAL PLAN
December 14, 2015

Organizational Mission Statement

The Mission of the City of Madison Heights is to provide high quality services to residents and businesses in the most efficient, effective, and ethical manner possible so as to maintain and enhance, where possible, the public's health, safety and quality of life.

Health Related Goals

- A. Reestablish the Free Department of Public Services (DPS) Spring Clean-Up Day and associated Free Brush Chipping Week as a means of encouraging residents to clean out garages, basements and yards, assisting neighborhoods experiencing rodent control problems, and reducing calls for code enforcement.
- B. Train Fire Command Staff to meet the minimum requirements of the National Fire Protection Association's Safety Standard for Officer Qualifications, which plays a significant role in the safety and well-being of firefighters on-scene and at the workplace.

Public Safety Related Goals

- C. Purchase, install and train personnel on Next Generation 9-1-1 Phone System in order to comply with mandated Oakland County upgrade offering enhanced capabilities such as text-to-911 and video/image upload.
- D. Reestablish the Police Department's Special Investigations Unit to provide focused investigation and enforcement of narcotics violations, weapons offenses, larcenies, receiving and concealing stolen property, breaking and entering, armed robbery, warrant arrests, and prostitution.
- E. Evaluate, identify, prioritize and create a new long-range, millage-based comprehensive Proposal "R-3" infrastructure replacement plan including roads, sewers and sidewalks to take before the voters in 2016.
- F. Upgrade one Police Officer position to reestablish the second Police Sergeant position on the midnight shift, to improve departmental efficiency and communication, address safety concerns, and help mitigate overtime costs.
- G. Purchase and train personnel on a replacement Global Positioning System (GPS) Unit to accurately measure roads, utilities, signs, and accident scene investigations in order to meet the field measurement needs for the Community Development Department, Department of Public Services, and the Police Department that are not currently being met due to the lack of a functioning GPS and trained staff.
- H. Purchase, install, and train personnel on three replacement Computer Aided Dispatch (CAD) Consoles, which are required in order to efficiently operate the new Oakland County dispatch software.

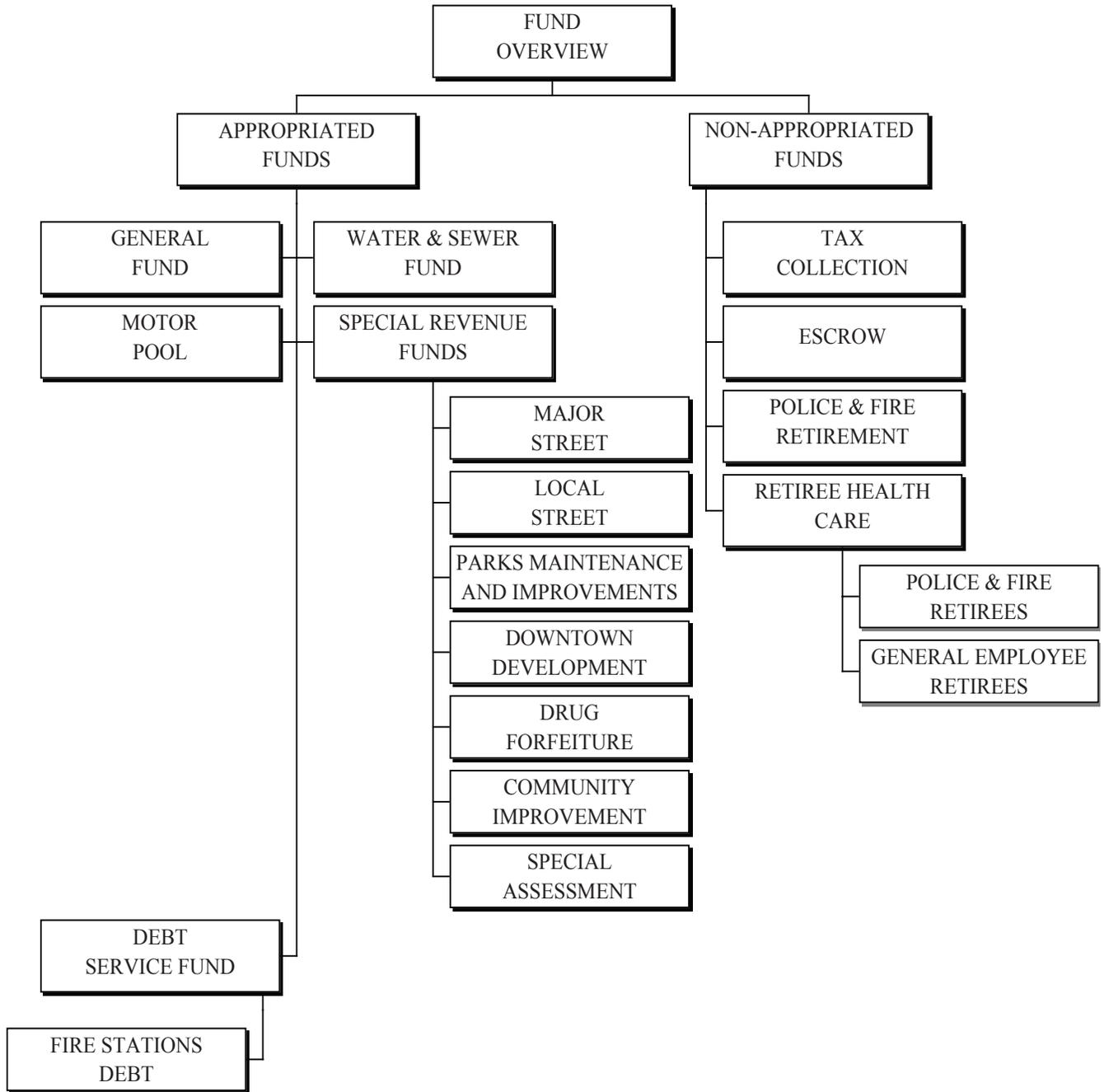
Quality of Life

- I. Work with an area college or university to establish a Library Internship with an emphasis on grant writing to benefit the Library and all City Departments.
- J. Reestablish the Fire and Police Department Open Houses to enhance the community's quality of life through education of police and fire services and the building of positive relationships.

Resource Management Related Goals

- K. Develop a long-range millage-based comprehensive Proposal “V-3” Vehicle Replacement program to take before the voters in 2016.
- L. Review and update the Downtown Development Authority’s Tax Increment Financing and Development Plan, which expires in December 2017, to guide the continued development of the downtown development district.
- M. Review and update the City’s current tax abatement policy to reflect the recent changes to the state personal property tax exemption, including a review of the eligibility criteria and application procedures.
- N. Streamline the current approval process for business license applications by providing for an administrative approval which removes the burden of evening meeting attendance for business owners.
- O. Purchase, install, and train personnel on dashboard-based IT performance monitoring software to measure network and server reliability, improve communication between IT and City staff, and allow benchmarking of IT systems.
- P. Develop and implement a plan and policy to fully address the City’s unfunded liabilities for pension and other post-employment benefits (i.e. retiree health care).
- Q. Explore the creation of a Fire Authority with the City of Ferndale to provide additional revenue supporting an increase in sworn minimum staffing, increase fire automatic aid response, share administrative costs, and realize savings in capital expenditures.
- R. Modify the City’s Financial Reserve Policy to comply with the Michigan Government Finance Officers Association’s Best Practice of reserving two months’ worth of operating expenditures or 16% of annual expenditures.
- S. As recommended by the Government Finance Officers Association (GFOA), issue a Request for Proposals for Auditing Services for a multi-year contract to evaluate service through a competitive process.
- T. Revise the City’s False Alarm Ordinance to allow for civil fines or ordinance violation after the seventh (7th) and subsequent false alarms in order to reduce the number of false alarms and lessen the current enforcement burden under the existing ordinance.

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 seven Special Revenue Funds that are accounted for separately. A description of the Special Revenue Funds maintained by the City are as follows:

Major Street Fund

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

Local Street Fund

The Local 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 Service 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. In January 2016, City Council approved a new trust document that would allow this Trust to be administered in-house by a five-person independent board. On February 24, 2016, \$9.2 million was transferred from the Michigan Employees Retirement System (MERS) to the Madison Heights General Employees Retiree Health Trust currently held at PNC Institutional Asset Management.

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balance
All Fund Types
Three Year Comparison
Fiscal Year 2016-17**

	GENERAL FUND			SPECIAL REVENUE/DEBT SERVICE FUNDS *		
	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Actual 2014-15	Estimate 2015-16	Budget 2016-17
REVENUES						
Property Taxes	\$ 16,439,332	\$ 16,810,135	\$ 16,810,103	\$ 1,973,234	\$ 1,997,313	\$ 2,050,959
Licenses and permits	797,664	810,350	738,350	0	0	0
Intergovernmental	3,612,403	3,157,001	3,298,008	2,174,776	2,276,673	2,386,754
Court fines and fees	1,748,751	1,711,000	1,743,000	0	0	0
Charges for services	169,202	243,940	229,160	0	0	0
Parks and Recreation	188,619	238,554	216,588	0	0	0
Interest and Misc. Revenue	2,302,576	1,520,450	1,602,240	68,311	78,550	75,850
Special assessments	0	0	0	501,721	250,270	160,380
Departmental Charges	869,335	968,580	915,730	0	0	0
Transfers from other funds	59,303	61,800	62,735	20,000	160,000	0
TOTAL REVENUES	\$ 26,187,185	\$ 25,521,810	\$ 25,615,914	\$ 4,738,042	\$ 4,762,806	\$ 4,673,943
EXPENDITURES						
General Government	\$ 5,258,533	\$ 5,753,757	\$ 5,507,791	\$ 0	\$ 0	\$ 0
Public Safety	12,993,451	14,070,928	14,906,706	54,771	50,995	59,500
Community Service	3,550,054	3,510,819	3,401,580	0	0	0
Culture and Recreation	1,758,314	1,836,815	1,753,333	18,288	11,714	32,806
Community Development	1,217,781	1,158,814	1,120,944	4,414,787	5,673,837	4,940,408
Community Improvement	0	0	0	103,271	117,789	99,489
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	79,263	275,230	17,735
Debt Service	0	0	0	419,168	402,010	420,439
TOTAL EXPENDITURES	\$ 24,778,133	\$ 26,331,133	\$ 26,690,354	\$ 5,089,548	\$ 6,531,575	\$ 5,570,377
REVENUES OVER (UNDER) EXPENDITURES	\$ 1,409,052	\$ (809,323)	\$ (1,074,440)	\$ (351,506)	\$ (1,768,769)	\$ (896,434)
FUND BALANCES, BEGINNING OF YEAR	\$ 6,545,324	\$ 7,954,376	\$ 7,145,053	\$ 6,265,456	\$ 5,913,950	\$ 4,145,181
FUND BALANCES, END OF YEAR	\$ 7,954,376	\$ 7,145,053	\$ 6,070,613	\$ 5,913,950	\$ 4,145,181	\$ 3,248,747

* 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 2016-17**

	WATER AND SEWER FUND			TOTALS Memorandum Only		
	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Actual 2014-15	Estimate 2015-16	Budget 2016-17
REVENUES						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 18,545,380	\$ 17,470,036	\$ 18,861,062
Licenses and permits	0	0	0	810,456	760,350	738,350
Intergovernmental	0	0	0	5,105,543	5,032,584	5,684,762
Court fines and fees	0	0	0	1,531,203	1,820,998	1,743,000
Charges for services	12,410,061	12,728,081	12,610,964	12,686,176	12,975,981	12,840,124
Parks and Recreation	0	0	0	200,500	269,988	216,588
Interest and Misc. Revenue	389,267	100,000	100,000	1,996,564	1,562,782	1,778,090
Special assessments	0	0	0	545,755	597,623	160,380
Departmental Charges	29,550	29,550	29,550	915,306	1,014,985	945,280
Transfers from other funds	0	0	0	2,539,958	292,799	62,735
TOTAL REVENUES	\$ 12,828,878	\$ 12,857,631	\$ 12,740,514	\$ 44,876,841	\$ 41,798,126	\$ 43,030,371
EXPENDITURES						
General Government	\$ 0	\$ 0	\$ 0	\$ 5,258,533	\$ 5,753,757	\$ 5,507,791
Public Safety	0	0	0	13,048,222	14,121,923	14,966,206
Community Service	0	0	0	3,550,054	3,510,819	3,401,580
Culture and Recreation	0	0	0	1,776,602	1,848,529	1,786,139
Community Development	0	0	0	5,632,568	6,832,651	6,061,352
Community Improvement	0	0	0	103,271	117,789	99,489
Water Division	3,043,558	3,823,302	4,069,908	3,043,558	3,823,302	4,069,908
Sewer Division	4,973,712	5,188,727	5,577,636	4,973,712	5,188,727	5,577,636
W/S Support & Capital Outlay	1,449,253	3,827,461	3,898,076	1,449,253	3,827,461	3,898,076
Transfers Out	0	0	0	79,263	275,230	17,735
Debt Service	237,587	1,033,141	1,035,894	656,755	1,435,151	1,456,333
TOTAL EXPENDITURES	\$ 9,704,110	\$ 13,872,631	\$ 14,581,514	\$ 39,571,791	\$ 46,735,339	\$ 46,842,245
REVENUES OVER (UNDER) EXPENDITURES	\$ 3,124,768	\$ (1,015,000)	\$ (1,841,000)	\$ 5,305,050	\$ (4,937,213)	\$ (3,811,874)
FUND BALANCES, ** BEGINNING OF YEAR	\$ 28,187,591	\$ 31,312,359	\$ 30,297,359	\$ 18,127,836	\$ 16,736,631	\$ 14,336,954
FUND BALANCES, END OF YEAR	\$ 31,312,359	\$ 30,297,359	\$ 28,456,359	\$ 23,432,886	\$ 11,799,418	\$ 10,525,080

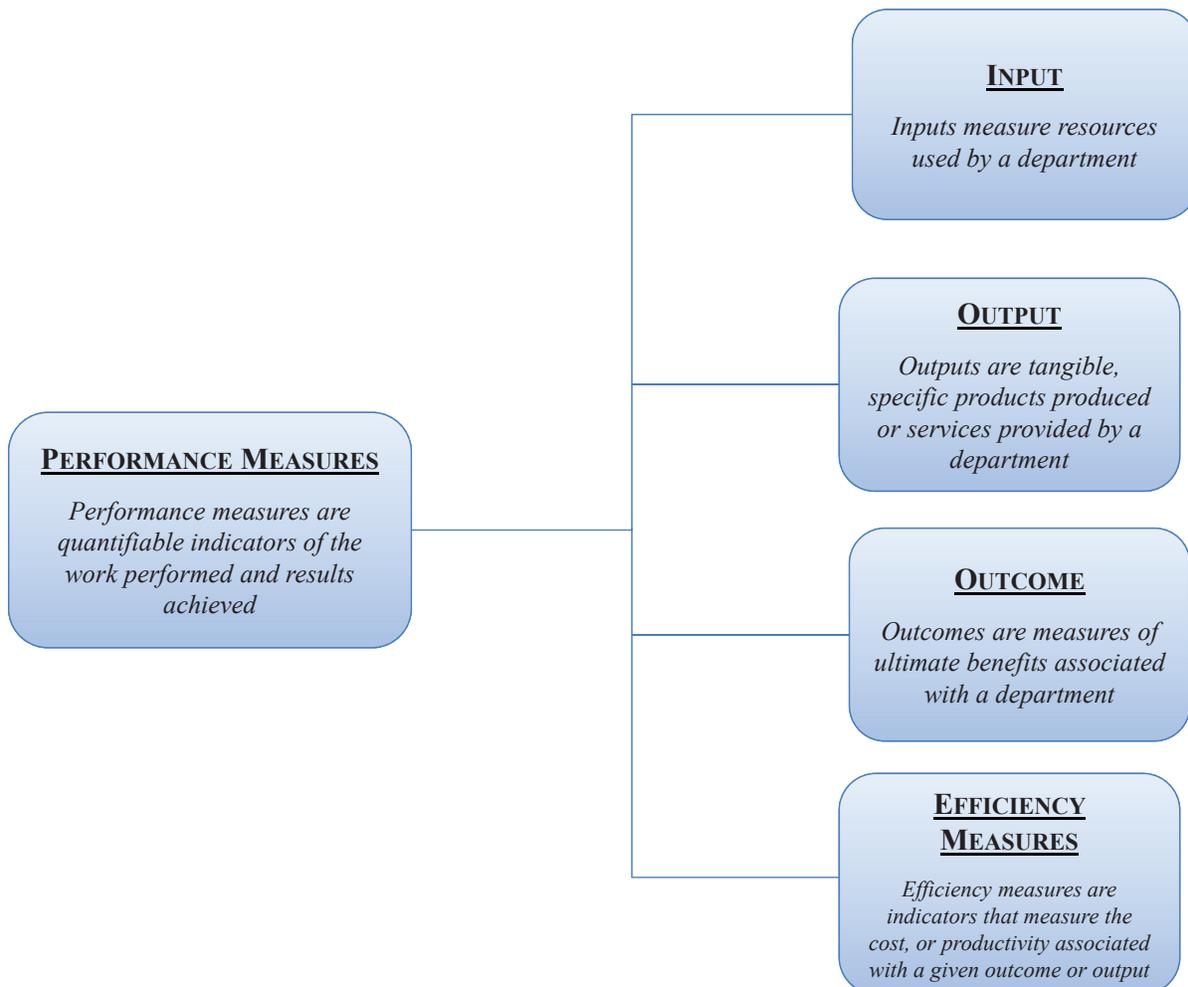
** The Water and Sewer Fund Fund Balance (Net Position) is affected by assets and liabilities. This is not reflective of cash available in the fund.

Performance Measurement

After participating in several benchmarking programs that proved to have high cost and little value, the City of Madison Heights underwent an in-house redevelopment of performance measures across all departments. This project has taken our City's performance measurement to a new level requiring department heads and staff to develop outcome-oriented identifiers that are useful to management. These performance measures are meant to be an indicator of the work performed and results achieved by each department. Measures must be either inputs, outputs, outcomes or efficiency measures. These updated performance measures are included in each department chapter.

The value of performance measurement is dependent upon the quality of the individual measures and focusing more on the results rather than on the effort required to affect significant changes in the measured activities. The use of outcome, output, input and efficiency measures are integral to assessing department performance.

In addition, the City is required by the State of Michigan to submit a Citizens Financial Report and a Dashboard which contains a brief version of these performance measures compared to the prior year.

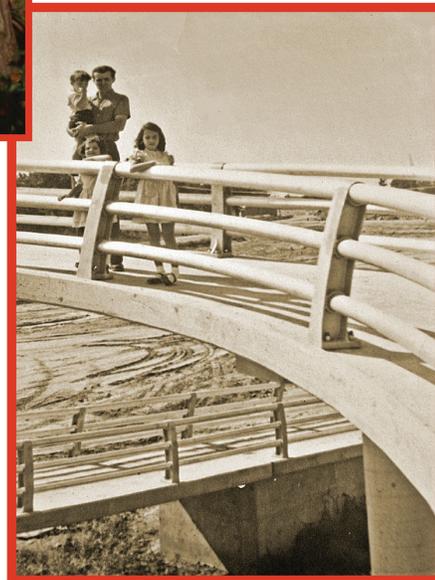
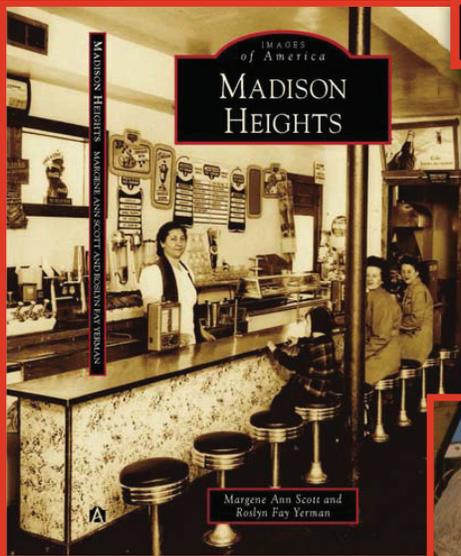


City of Madison Heights

Michigan



Connecting the past to the future



CITIZENS FINANCIAL REPORT

For Fiscal Year Ended June 30, 2015

Issued by the Finance Department
Melissa R. Marsh, Deputy City Manager for Administrative Services



**View the
FY 2015 Citizens Financial Report
on the Web at
www.madison-heights.org**

The cover photos reflect the theme of bringing the past into the future as the City commemorates the publishing of the Arcadia Press book entitled *Images of America - Madison Heights*, released in early February 2014.

Left to right - Top row:

Arcadia Book Cover: Antonina Bucciarelli (also known as “Mrs. B”) waits on patrons in her popular restaurant, the Madison Drive-In, later nicknamed The Loop. (Courtesy of Teresa (Bucciarelli) Hoskins and the late Angelina (Bucciarelli) Joyce)

City Hall: Former City offices in the City -Township Hall at 26305 John R. (Courtesy of Madison Heights Historical Commission.)

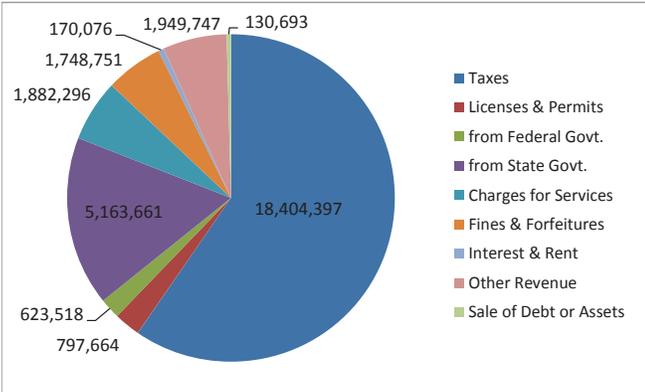
Middle: Current City seal mounted in front of the Peter J. Connors Department of Public Services Building at 801 Ajax Drive. (Courtesy of City of Madison Heights.)

Left to right - Bottom row:

Early Fire Station. (Courtesy of City of Madison Heights.)

I-75 Construction: Ralph Merkel and his children watch the construction of I-75 from the newly constructed overpass on Gardenia in 1963. (Courtesy of Mary Merkel.)

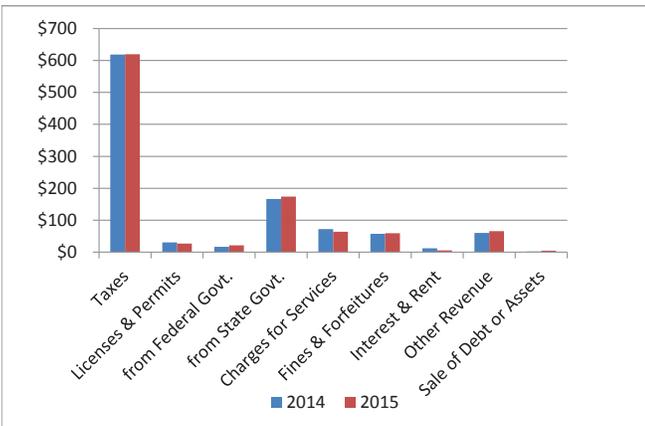
1. Where our money comes from (all governmental funds)



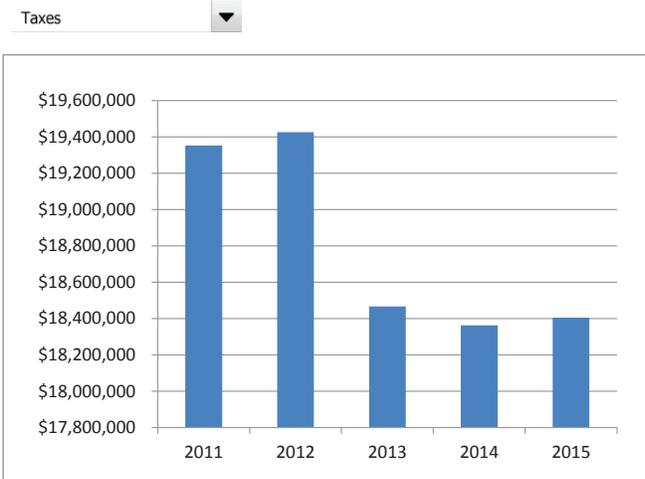
2. Compared to the prior year

	FY 2014	FY 2015	% change
Taxes	\$ 18,362,830	\$ 18,404,397	0%
Licenses & Permits	897,863	797,664	-11%
from Federal Govt.	508,663	623,518	23%
from State Govt.	4,933,884	5,163,661	5%
Fines & Forfeitures	1,710,418	1,748,751	2%
Interest & Rent	354,338	170,076	-52%
Other Revenue	1,795,643	1,949,747	9%
Sale of Debt or Assets	48,149	130,693	171%
Total	\$ 28,611,788	\$ 28,988,507	1%

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



4. Historical trends of individual sources

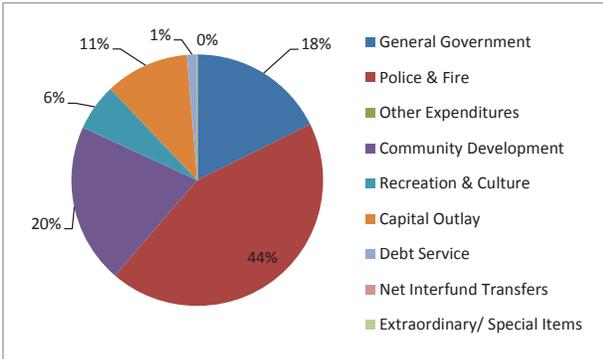


Governmental funds include the General Fund, Major and Local Street Funds, Special Assessment Revolving Fund and other Non-Major Funds. Governmental Fund's revenues were up 1% when compared to FY 2014. This increase is due to an unbudgeted insurance distribution of \$796,514, carryforwards of \$207,000, tax revenues higher than budgeted by \$289,000, and increased federal Medicare Part D reimbursement of \$43,200. Local Streets used \$585,000 more than revenues for planned construction expenditures. Major Streets has increased fund balance of \$128,000 due to road projects that crossed fiscal years. During the Fiscal Year, the City's overall taxable value increased over 0.2%. The City's second largest source of Governmental Fund revenue is State Shared Revenues, which amount to 16 % of Governmental Fund Revenues.

CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

EXPENDITURES

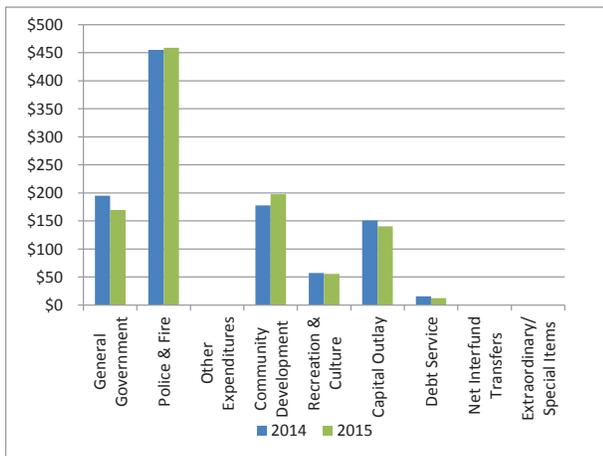
1. Where we spend our money (all governmental funds)



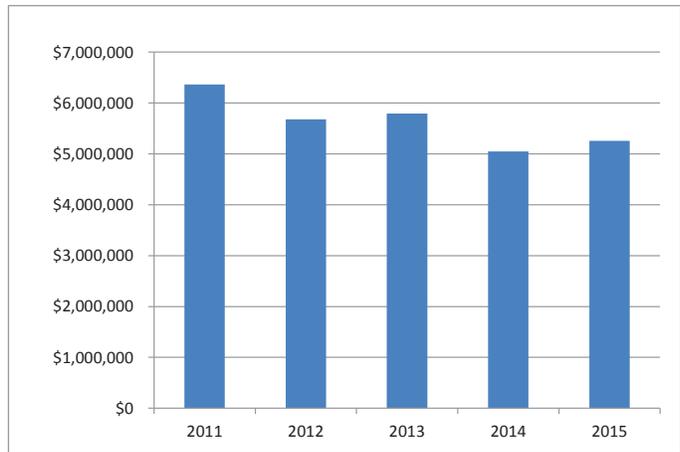
2. Compared to the prior year

	FY 2014	FY 2015	% change
General Government	\$ 5,046,701	\$ 5,258,533	4%
Police & Fire	13,630,223	12,993,451	-5%
Health & Welfare	-	-	n/a
Community & Economic Dev.	5,869,073	6,124,673	4%
Recreation & Culture	1,651,836	1,789,119	8%
Capital Outlay	4,174,028	3,210,477	-23%
Debt Service	372,835	392,913	5%
Total Expenditures	\$ 30,744,696	\$ 29,769,166	-3%

3. Spending per capita - compared to the prior year



4. Historical trends of General Government Department Groups:



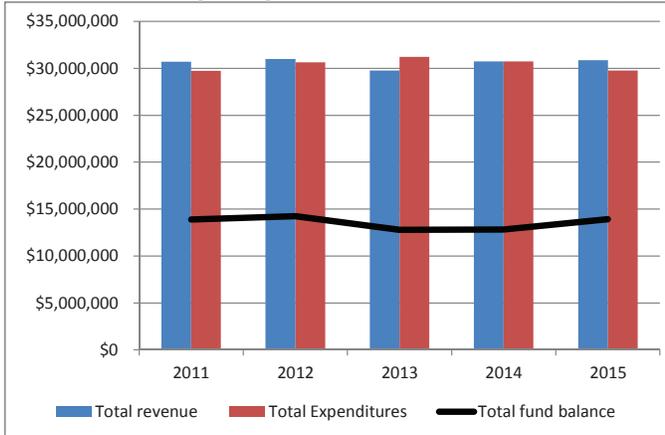
Total expenditures for Governmental Activities were down 3% when compared to FY 2014. Investment in capital outlay was down 23% over the prior year and debt service payments were up 5%. Expenses for Police and Fire increased due to larger contributions to the City's OPEB and pension plans. The City strives to fund the Other Post-Employment Benefits (OPEB) and Pension accounts to the actuarial required contributions.

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

CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

FINANCIAL POSITION

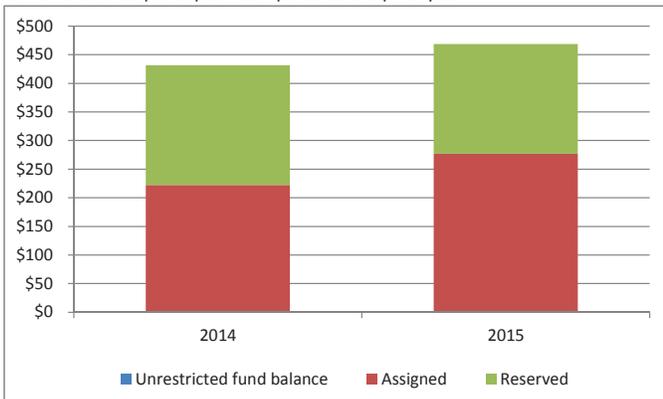
1. How have we managed our governmental fund resources (fund balance)



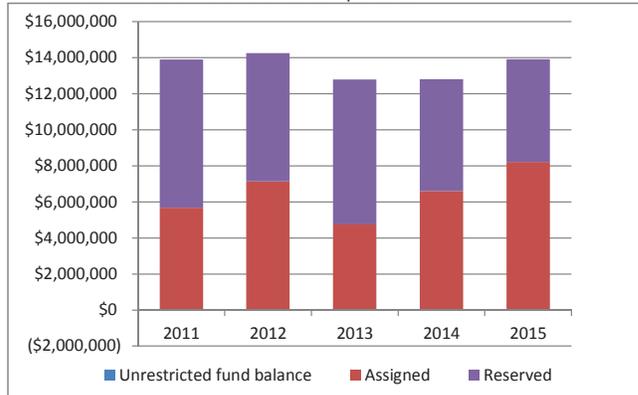
2. Compared to the prior year

	FY 2014	FY 2015	% change
Revenue	\$ 30,757,436	\$ 30,870,803	0.4%
Expenditures	30,744,696	29,769,166	-3.2%
Surplus (Shortfall)	\$ 12,740	\$ 1,101,637	
Fund Balance, by Component:			
Reserved	\$ 6,204,091	\$ 5,695,471	-8.2%
Assigned	6,606,689	8,216,946	24.4%
Unassigned	0	0	0%
Total Fund Balance	\$ 12,810,780	\$ 13,912,417	8.6%

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



4. Historical trends of Fund Balance Components



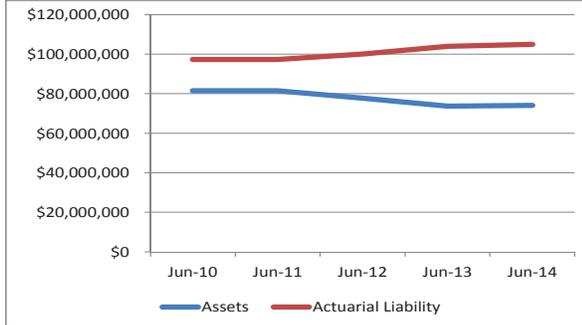
At June 30, 2015 the Governmental Funds had fund balances of \$13.9 million of which \$8.2 million was unreserved. This is 27.6% of the FY 2015 Governmental Fund expenditures. The General Fund was budgeted to use \$485,080 in fund balance; however, at year end \$1.4 million was added to fund balance. This significant savings was due to an insurance distribution of \$796,514, approved carryforwards of \$207,000, tax revenues higher than budgeted by \$289,000, Medicare Part D reimbursement \$43,200 higher, state library aid \$11,400 and Suburban Mobility Authority for Regional Transportation (SMART) revenues \$29,500 more than budgeted.

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

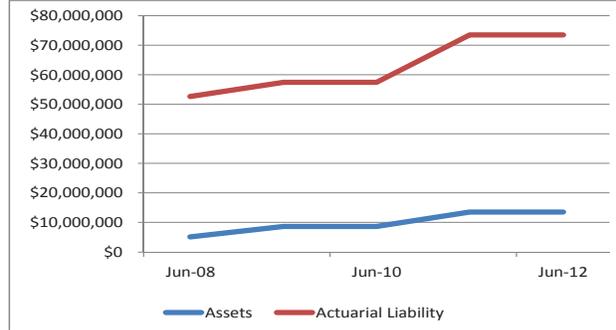
CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

OTHER LONG TERM OBLIGATIONS

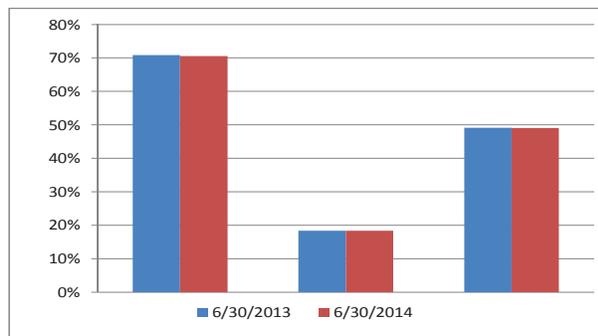
1. Pension funding status



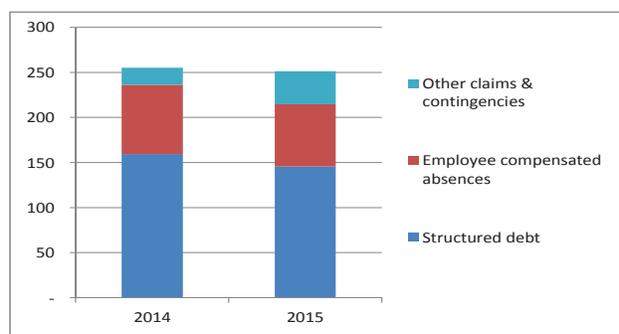
2. Retiree Health care funding status



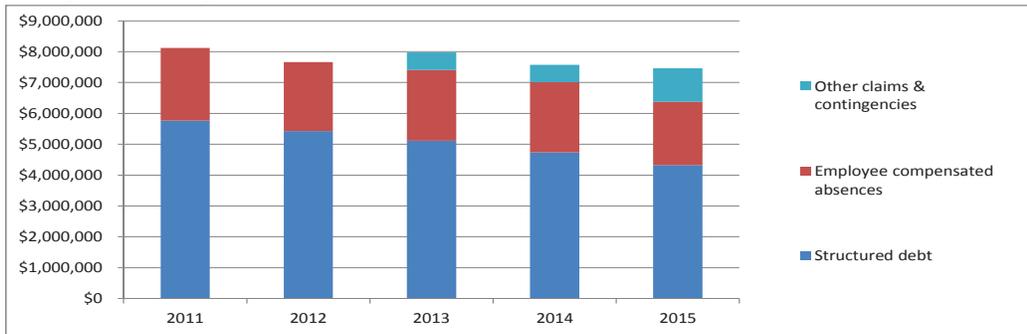
3. Percent funded - compared to the prior year



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



5. Long Term Debt obligations:



For the fiscal year ended June 30, 2015, the City's annual pension cost was \$2.44 million excluding contributions for other post employment retirement benefits (OPEB) and administrative expenses. The City annually contributes the required annual contribution to the pension plans. In 2006, the City also established two healthcare savings trusts in order to save for future retiree health insurance. For the first six years, the City made the recommended contribution. In FY 2014, the City increased the dollar amount of the contribution; however, due to increased liabilities caused by closing the plans, the city only contributed about 58% of the calculated annual contribution.



City of Madison Heights Performance Dashboard

Prior Year = FY 2014

Current Year = FY 2015

Fiscal Stability	Prior	Current	Progress
Annual General Fund Expenditures Per Capita	\$ 830	\$ 834	↓
Unrestricted Fund Balance as a % of General Fund Expenditures	23.1%	28.9%	↑
Other Post-Employment Benefits Liability Funding Percentage	22.1%	31.4%	↑
Debt Burden Per Capita	\$ 420	\$ 414	↑
Full-time Employees	146	143	↑
Total Taxable Property Value (in millions)	\$ 782	\$ 782	↔

Public Safety	Prior	Current	Progress
Number of Total Calls Answered by Public Safety Dispatch	62,311	69,413	↓
Number of Emergency Medical Service (EMS) and Rescue Calls	2,821	3,224	↓
Number of People Transported by EMS	1,857	2,041	↓
Number of Building Inspections	3,966	4,351	↑
Number of Building Structure Fire Calls	85	71	↑
Total Vehicle Crashes	1,426	1,120	↑
Total Traffic Fatalities	-	3	↓
Total Arrests	1,138	1,048	↑
Traffic Police Citations Issued	11,396	10,993	↑

Economic Strength	Prior	Current	Progress
% of Community with Access to High Speed Internet	100%	100%	↔
Number of New Businesses	116	111	↓
Investment in Streets, Water and Wastewater Infrastructure Per Capita	\$ 167	\$ 38	↓
Building Inspection - Building Permit Revenue (in thousands)	\$ 517	\$ 428	↑
Unemployment Rate	7.6%	7.7%	↓
Industrial Vacancy Rate	6.8%	4.3%	↑

Quality of Life	Prior	Current	Progress
% of General Fund Budget Committed to Arts, Culture and Recreation	6.6%	7.3%	↑
Senior Meals Served Daily	136	106	↓
Senior Two-Way Bus Trips Provided	8,460	9,826	↑
Operating Budget Per Park Acre	\$ 3,535	\$ 4,419	↓
Library Visits Per Year	101,777	113,753	↑
% of Drinking Water Standards Met	100	100	↔
Persons Enrolled in Recreation Programs	1,509	1,301	↓

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



REVENUE CHAPTER

Revenue Overview

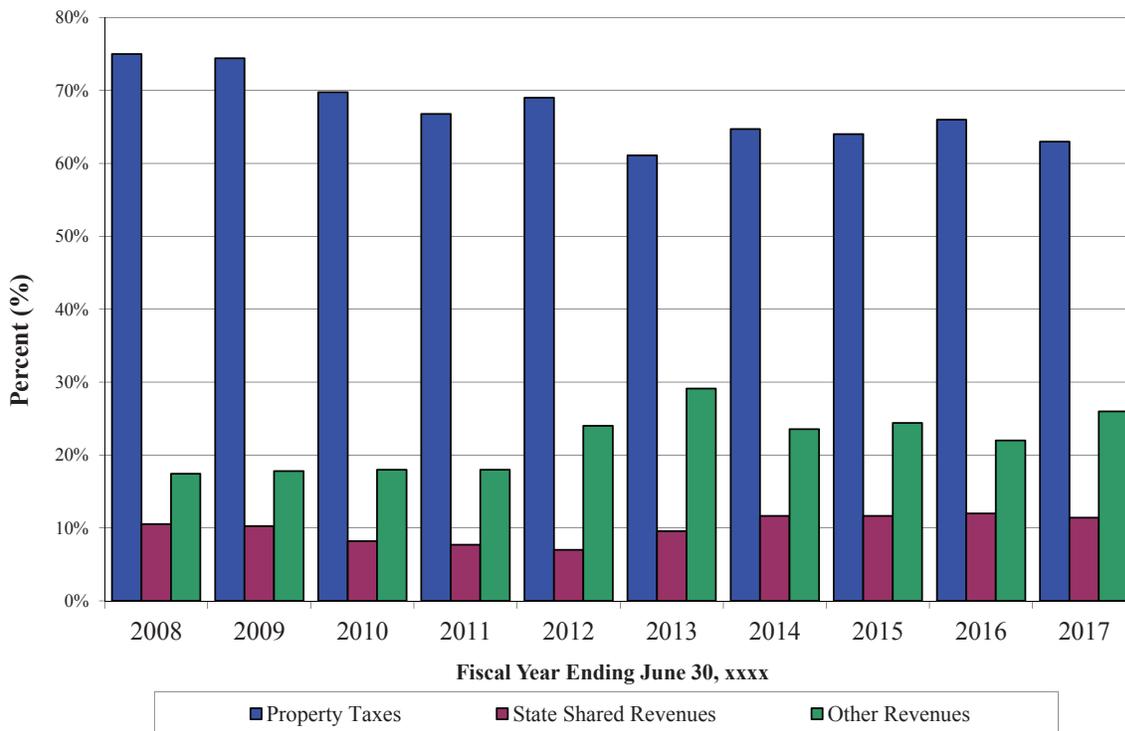
General Fund Revenues are budgeted at \$26.7 million for FY 2016-17, with a planned fund balance use of \$1.07 million. This represents an increase of \$359,200 or 1.4% from FY 2015-16 Amended Budget revenues, factoring in the use of fund balance. Exclusive of the use of fund balance in revenues for FY 2017, budgeted revenues stagnate with an increase of only \$31,000. This is primarily due to the changes in property tax revenue and the personal property tax reimbursement known as the Local Community Stabilization Share Appropriation. This is discussed in detail later in this chapter.

Factoring in the impact of the current inflation rate (calculated with the Detroit Area Consumer Price Index) of 0.53%, General Fund revenues are down 0.41%.

Base Budget Revenue Changes

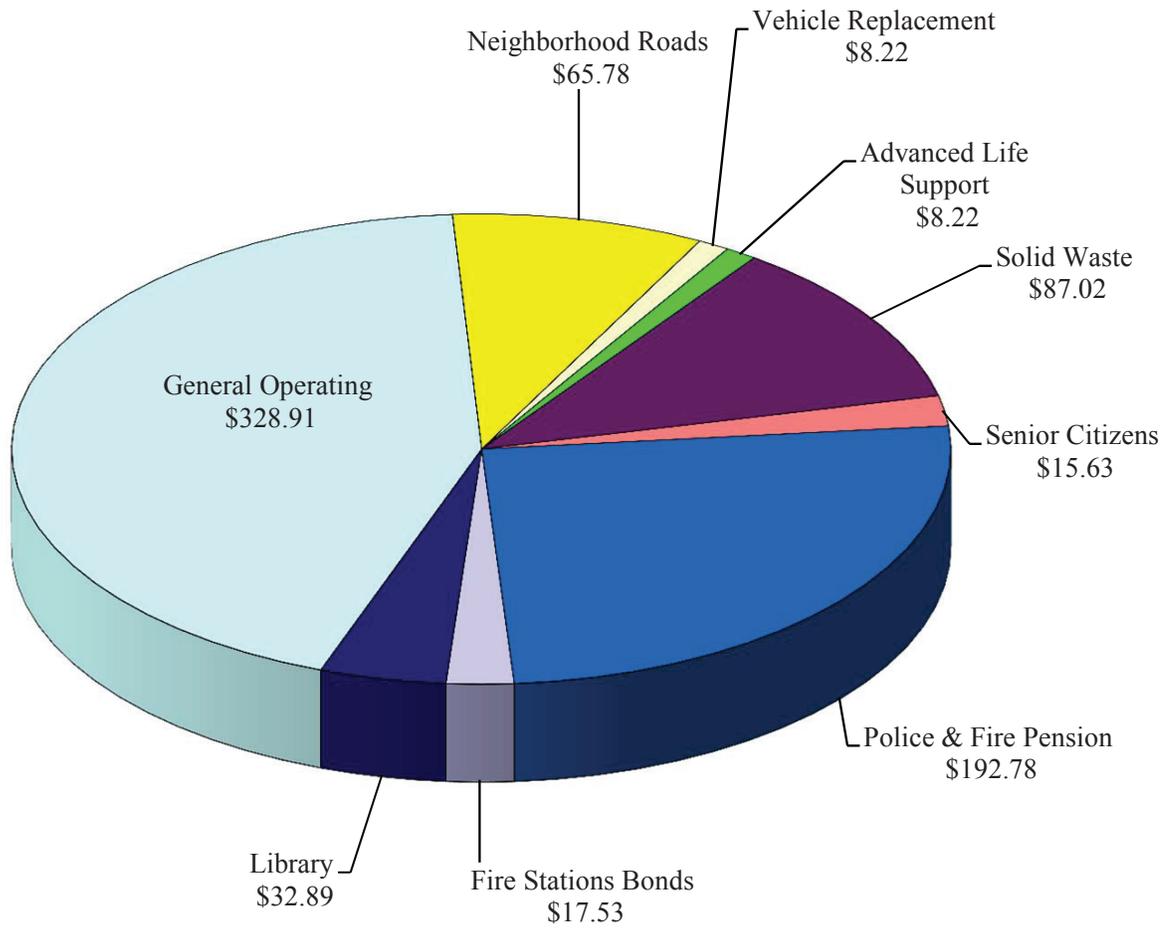
The composition of General Fund Revenues includes: Property Taxes at \$16.8 million or 63% of total General Fund Revenues; State Shared Revenues at \$3.1 million (11.4%); Court Related Revenues at \$1.7 million (6.5%); Charges to Other Funds of \$916,000 (3.4%); Construction Permits at \$400,000 (1.5%); Ambulance/Rescue Insurance Reimbursement of \$515,000 (1.9%); Cable Television Fees in the amount of \$554,000 (2.1%); Charges for Services of \$229,160 (0.9%); and Other Revenues of \$2.5 million (9.3%).

Percentage of General Fund Revenues



Average City Taxes - FY 2016-17
Based on Average Home Market Value of \$90,215
(Taxable Value of \$32,891)

Total of \$756.98



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

Property Tax Revenues

The rates displayed below are within the Charter limitations and the Headlee rollback limits. The FY 2016-17 combined City tax rate of 23.0150 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>2015-16</u>	<u>Tax Rate</u> <u>2016-17</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	0.4751	0.4751	0.0000	0.5000	0.4751
Police & Fire Pension	5.8612	5.8612	0.0000	as needed	as needed
Fire Stations Bond	0.4798	0.5330	0.0532	as needed	as needed
Library	<u>1.0000</u>	<u>1.0000</u>	<u>0.0000</u>	1.0000	1.0000
Total Millage	22.9618	23.0150	0.0532		

*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.

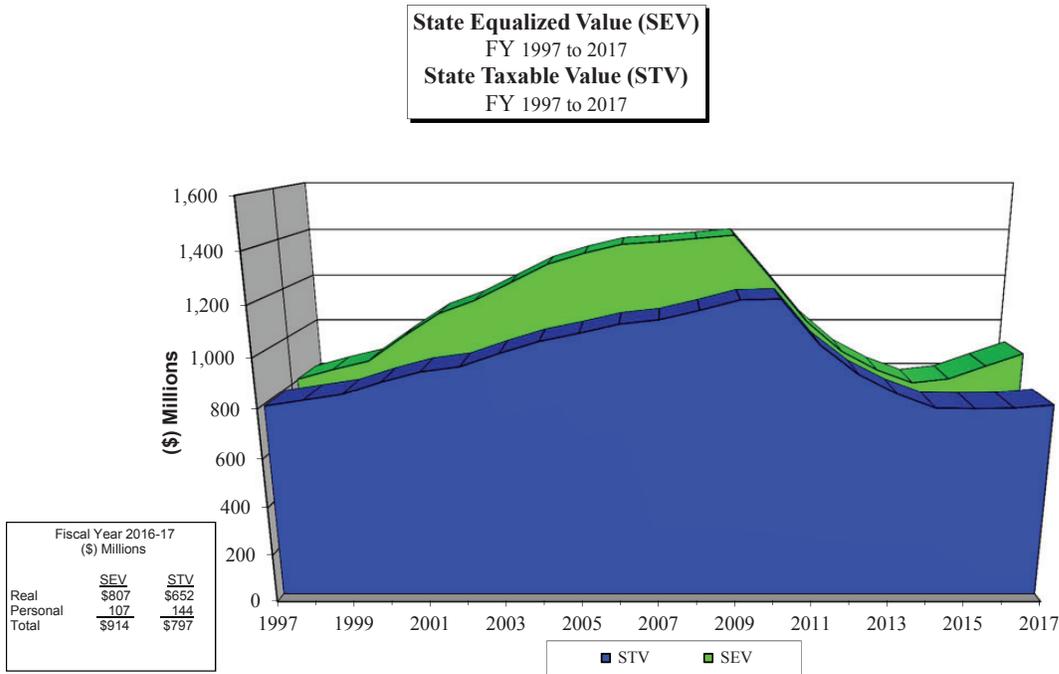
**Tax rate limits as established by the City Charter and various State laws. These limits are further subject to potential reduction as a result of the Headlee State Constitutional Amendment, which limits property tax increases related to the rate of inflation and Proposal “A” approved by State voters 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 rate of inflation, whichever is less. For FY 2017, the rate of inflation was calculated at 0.3%. There are 10,082 single-family homes and condominiums in Madison Heights. The average home market value is \$90,215 (State Equalized Value is \$45,107) with a taxable value of \$32,891 and an average tax bill of \$757 for City services for Fiscal Year 2016-17.

One of the ten millages has changed rates for FY 2016-17. The fire stations bond millage is being increased to match the bond payment schedule. Overall, the millage is increasing by 0.0532 of a mill for FY 2016-17. The average home with a taxable value of \$32,891 will see an additional \$1.75 in City tax in 2016-17 as a result of the Fire Stations bond millage increase.

Property Tax Base

The following chart illustrates the change in the State Equalized Value (SEV) over the last twenty 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 (50%), commercial (30%), industrial (8%) and personal property (12%).



Taxable property consists of 81.8% real (land and building) and 18.2% personal (equipment and fixtures).

This chart also illustrates the gap between equalized and taxable value. In FY 2017, the overall taxable value is estimated to essentially remain stagnant, with growth of 0.3% and equalized value increasing by 6.1%. 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.

From July 2010 to January 2016, the City has refunded a total of \$2,198,353 for settled or completed MTT cases. As detailed earlier in this chapter, FY 2017 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 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 2017 Budget continues a reduction in personal property tax revenue due to the small parcel exemption. In October 2015, the State Treasury office certified a partial distribution reimbursement of 2014 and 2015 operating millage less an amount reimbursed for the TIF plan and debt. The City received \$113,300 from this distribution.

State Shared Revenues

The City’s second largest source of General Fund Revenue is State Shared Revenues, which amount to \$3.1 million or 11.4% 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 2016 Budget projects a total distribution under this constitutional provision of \$781.5 million, representing a \$23.6 million or 3.2% 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.

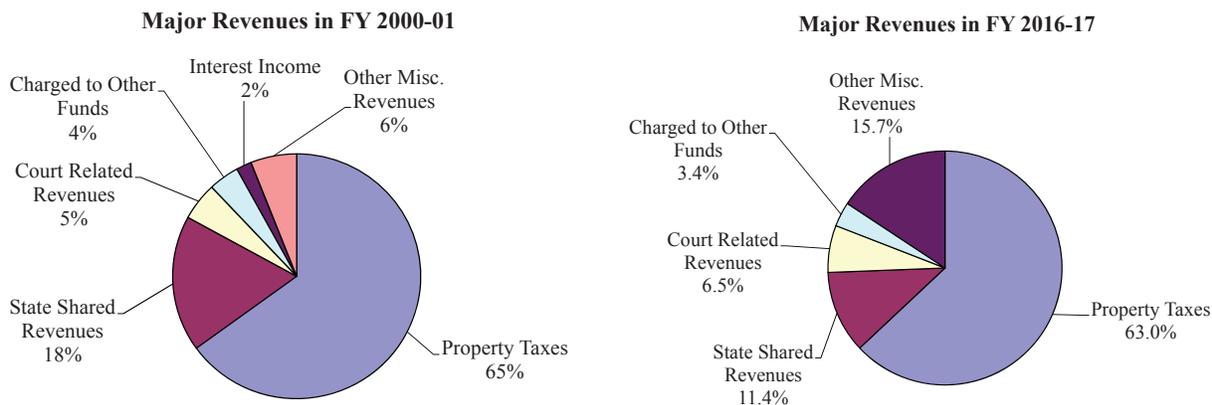
Under this new legislation, cities like Madison Heights that had a FY 2010 statutory payment greater than \$4,500 and a population greater than 7,500 will receive the greater of the “Percent Payment” or “Population

Payment”. In FY 2017, this total for the City is budgeted to be \$514,800.

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 at www.madison-heights.org.

- Impact on City Budget

Although the Governor has proposed an increase in revenue sharing of 3.2% from \$2.78 million to \$2.87 million, when compared to the amended budget for FY 2016, the FY 2017 constitutional amount remains status quo. Both fiscal years had constitutional revenues sharing budgeted at \$2.36 million. The remainder of this amount is the CVTRS payment.



For budget purposes, the City assumed it will meet all CVTRS requirements and planned for a decrease in CVTRS. CVTRS payments are budgeted at our maximum allocation of \$514,800.

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 2016-17 they are only 11.2% 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 \$916,000. These revenues are based on charges to the Major Street Fund (\$46,000); Local Street Fund (\$158,000); and Water and Sewer Fund (\$712,000) 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 \$175,000 for FY 2017. 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 2017 Proposed Budget, Constitutional State Shared Revenues (SSR) are budgeted to increase 3.2% and City, Village and Township Revenue Sharing (CVTRS) is budgeted to be \$514,800 compared to \$523,000 in FY 2016. 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 and Improvement Fund are invested in a long-term portfolio to maximize investment returns. Interest income for the Parks Maintenance and Improvement Fund is budgeted to be 4.0%.
- Gas & Weight Tax – Michigan Department of Transportation estimated Act 51 revenues are being budgeted at FY 2016 levels. In November 2015, nine bills were signed into law which will raise \$1.2 billion for the new transportation revenue package. For details, please see the Budget Overview and Capital Outlay Chapter. This is the largest state investment in transportation in Michigan history. The budget includes a \$298,000 increase based on projections of revenues from fuel tax increases and vehicle registration fees included in this State Restricted Revenue Package. It is estimated in the first year after full phase-in, Madison Heights will receive \$427,700 in additional MTF monies. This estimation is conditional on the Legislature passing a concurrent resolution in FY 2017 for \$100 million in Roads Innovation Funds (RIF).
- Water Sales and Sewage Disposal – The Great Lakes Water Authority has announced a 5.6% combined increase to Madison Heights for water usage in FY 2017. Oakland County has estimated an increase of 3% for sewage disposal. Due to strong water and sewer reserves, we are able to implement a rate stabilization plan and new rate structure as detailed on the following page. This results in an overall reduced rate for sewer charges.
- 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 \$1.6 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 95% 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 and interest income. FY 2017 also has a budgeted use of fund balance of \$17,500.

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 \$599,150 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 2017 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. FY 2017 is the last year of the “R-2” millage. City Council has approved ballot language to be placed before the voters in August 2016 to renew the neighborhood roads and vehicle replacement millages (Proposal “R-3” and “V-3”) for an additional ten years. Other revenues include interest income budgeted at \$45,000. The projected draw down of fund balance to complete scheduled neighborhood road reconstruction projects for FY 2017 is projected at \$776,000.

Parks Maintenance and Improvement Fund

The Parks Maintenance and Improvement Fund was established with a November 2007 one-time payment of \$850,000 from the George W. Kuhn Drainage District, in exchange for the City’s agreement to assume responsibility for the operation and upkeep of the 10-acre Red Oaks Soccer Complex. The projected revenues for the budget year include \$24,500 in interest income from the investment of the original payment. The revenues and accumulated funds can be used for any Madison Heights park system improvement. The projected use of fund balance for FY 2017 is \$8,000.

Downtown Development Authority Fund

Funding for the Downtown Development Authority is derived exclusively from the growth (increment) in real and personal property tax above the 1997 base year for those properties located in the District. Tax revenues have decreased 75% over the last six years from \$243,100 in FY 2009-10 to \$52,900 for FY 2017. The FY 2017 budget also includes a contribution to the fund balance of \$4,800.

Drug Forfeiture Fund

The Fund is used to account for revenues (FY 2017, \$41,000) 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 2017 Budget also includes a use of fund balance of \$18,400.

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 \$107,950 for FY 2017. 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 (\$160,400). Other revenues include interest earned on fund balance (\$5,000) and a \$89,900 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 \$420,000 this year to make principal and interest payments.

Water and Sewer Fund

Water and Sewer Fund revenues are generated through user charges to residential and commercial customers. For bills on or after July 1, 2016, the rate structure will change to more accurately reflect the rates needed to cover the cost for utilities and comply with evolving regulatory requirements. This revised rate structure breaks out the sewer rate and adds a stormwater rate to customers' bills. This stormwater rate is based on the stormwater expenses charged to the City from the Oakland County Water Resources Commissioner (WRC), and is passed on to customers based on the amount of impervious surface on their property.

In order to complete this rate calculation, the City Engineer calculated the Equivalent Residential Unit (ERU) for each parcel in the City. An ERU is a standard engineering calculation designed to determine stormwater runoff based on pervious and impervious areas. While a parcel's ERU is a fairly static number, it may change in the future based on permitted changes in pervious and impervious areas such as a major addition, parking lot or driveway construction, etc.

A new rate structure is included as part of this budget. This rate leaves water at \$3.39 per unit (the same rate as FY 2016), reduces the sewer rate by approximately 25% from \$5.10 per unit to \$3.83, and adds a Stormwater charge of \$5.17 per ERU.

While the new stormwater charge varies for each customer, commercial and industrial users which tend to have a higher percentage of impervious surface have been underpaying for stormwater under our current billing methodology based on water consumption. With the new method, commercial and industrial customers will see an increase. Conversely, residential consumers will see a decrease due to the reduced sewer rate and a lower ERU for stormwater.

This budget includes a use of net restricted assets in the amount of \$1,841,000 to fund water main replacements and the first phase of a meter replacement program. The other revenues are derived from meter 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 (\$1,027,374) and the Water and Sewer Fund (\$92,200). 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, 2014 and 2015:

FUND BALANCE	ACTUAL FY 2013-14	ACTUAL FY 2014-15	CHANGE FY 13-14 vs 14-15
Unreserved:			
Assigned:			
Vested Employee Benefits	\$2,235,296	\$1,991,029	(\$244,267)
Retained Insurance Risks	2,013,550	1,318,585	(694,965)
Capital Improvements	527,357	980,000	452,643
Postemployment Benefits	439,540	1,932,949	1,493,409
Technology Improvements	100,000	100,000	0
Subsequent Year’s Expenditures	<u>385,835</u>	<u>785,165</u>	<u>399,330</u>
Total Assigned	\$5,701,578	\$7,157,728	\$1,456,150
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
Total Unreserved Fund Balance	\$5,701,578	\$7,157,728	\$1,456,150

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 \$2.0 million last year and makes up 27.8% 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. Based on reporting of claims incurred but not reported, staff assigned \$1,991,029 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, 2015, the assignment for future capital improvements was included at \$980,000 and the assigned amount for technology improvements was increased to \$150,000.

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, 2015, those carry-forward purchase designated funds of \$785,165 made up 10.9% 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, 2015, the City had restricted funds for future vehicles purchased through Proposal "V" in the amount of \$578,172.

Changes in Fund Balance

The FY 2017 budget proposes a use of Fund Balance of \$1,074,440. This budget document includes an update to the City Council financial policy to maintain a minimum two months (16%) of regular operating expenditures plus one year of debt payments. In addition, unrestricted fund balance should include one percent (1%) of annual expenditures. For more details, please see the Reserve Policy in the Appropriations chapter.

**ALL FUNDS SUMMARY
CHANGES IN PROJECTED
FUND BALANCE/RETAINED EARNINGS
FISCAL YEAR 2016-17**

Fund	Beginning Balance	Revenues	Expenditures	Ending Balance	Percent Change In Fund Balance
General Fund ⁽¹⁾	\$ 6,348,405	\$ 25,615,914	\$ 26,690,354	\$ 5,273,965	(16.9)
Major Street ⁽²⁾	68,099	1,638,903	1,656,369	50,633	(25.6)
Local Street - Non Proposal R ⁽³⁾	430,360	644,150	935,777	138,733	(67.8)
Local Street - Proposal R ⁽³⁾	1,865,505	1,577,653	2,062,000	1,381,158	(26.0)
Parks Maintenance and Improvements	642,352	25,500	33,467	634,385	(1.2)
Downtown Development Authority	15,412	52,867	48,041	20,238	31.3
Police Drug Forfeiture	76,179	41,100	59,500	57,779	(24.2)
Community Improvement Program	1,449	107,950	99,489	9,910	583.9
Special Assessment Revolving	1,103,004	165,380	255,295	1,013,089	(8.2)
Fire Stations Construction and Bond Funds	12,233	420,439	420,439	12,233	0
Water and Sewer Fund ⁽⁴⁾	7,692,444	12,740,514	14,581,514	5,851,444	(23.9)
Motor Pool and Equipment Fund	0	1,119,574	1,119,574	-	0
Total	\$ 18,255,442	\$ 44,149,944	\$ 47,961,819	\$ 14,443,567	(20.9)

- (1) The General Fund is budgeted to use \$1,074,440 in fund balance during Fiscal Year 2017. Considering this planned use of fund balance the General Fund is projected to have a fund balance of \$5,273,965 or 19.7% of expenditures at June 30, 2017.
- (2) The Major Street Fund is budgeted use \$17,466 in fund balance. At June 30, 2017, the fund balance is projected to be \$50,633.
- (3) The Local Street Fund has two components of fund balance. The first includes non-Proposal R revenues which are coming in more than expenditures by \$291,600 in FY 2017. 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, 2017, the fund balance for Proposal R projects is projected to be \$1,381,160.
- (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, 2016, the retained earnings are projected to be \$7,692,444.

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 (two months' worth of operating expenditures or 16% of annual operating expenditures plus one year of debt payments) 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

GASB 54 requires certain actions by the City in order to establish a means to segregate fund balance for reporting purposes. Furthermore, in order to ensure that the City maintains adequate levels of fund balance to mitigate risks and provide a back-up for revenue shortfalls, this policy establishes a minimum level of unrestricted fund balance in our general fund, along with use and replenishment of fund balance.

Purpose

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, a fund balance in the General Fund must be sufficient to fund all cash flows of the organization, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, and to provide funds for all existing encumbrances.

The purpose of this policy is to establish a key element of the financial stability by setting guidelines for fund balance as well as use and replenishment. Fund balance is an important measure of economic stability. It is essential to maintain adequate levels of fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for general operations.

In addition, this policy addresses the City's requirements under GASB 54 surrounding the composition of fund balance, including the establishment and use of the various components of fund balance.

Definitions

Fund Balance – A governmental fund’s fund balance is the difference between its assets, deferred outflows and its liabilities and deferred inflows.

Fund Balance Components – An accounting distinction is made between the portions of fund equity that are spendable and nonspendable. Under GASB 54, these are broken up into five categories:

1. Nonspendable Fund Balance – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
2. Restricted Fund Balance – Amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and dedicated millages.
3. Committed Fund Balance - Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
4. Assigned Fund Balance – Amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
5. Unassigned Fund Balance – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Unrestricted Fund Balance - Unrestricted fund balance includes committed, assigned and unassigned fund balance categories. Governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than on unrestricted fund balance.

Minimum Unrestricted Fund Balance – Major Funds

1. The City will maintain unrestricted fund balance of no less than two months (16%) of regular operating expenditures plus one year of debt payments if applicable.
2. The City will plan to meet all reoccurring expenditures with reoccurring revenues. Only one-time expenditures shall be funded through a use of fund balance.
3. 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 \$30,000 or more.
4. 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.

5. The City will review fund balance levels at the end of each year to insure compliance with this policy. If fund balance falls below the policy guidelines, the City should immediately take all steps necessary to control operating expenditures and use budget surplus to replenish the fund balance to target levels in the following year.

Committed Fund Balance

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council at the Council meeting. If a commitment is to be made, the resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year.

Assigned Fund Balance

The City Council has authorized the City Manager and/or Deputy City Manager as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

Order of Expenditure of Funds (Spending Prioritization)

When multiple components of fund balance are available for the same expenditure (for example, a project has both restricted and unrestricted funds available for it), spending will occur in this order – restricted amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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.

Capital Asset Management Policy

Purpose

The purpose of this policy is to ensure that the City's capital assets are accounted for in conformance with generally accepted accounting principles; and to establish a consistent and cost-effective method for accounting for assets.

This capital asset policy is in accordance with generally accepted accounting principles and closely conforms to capital asset accounting practices as recommended by the Government Finance Officers Association (GFOA).

Policy

1. Capitalization Thresholds - Effective July 1, 2016, for assets that have an estimated useful life of at least two (2) years, the City will increase the capitalization threshold of individual assets other than Buildings, Building Improvements and Land Improvements and Infrastructure from \$2,000 to \$5,000. The capitalization threshold for Buildings and Building Improvements shall be \$50,000 and for Land Improvements the capitalization threshold shall be \$25,000. However, assets acquired with debt proceeds may be capitalized regardless of cost. In addition, assets acquired prior to July 1, 2016 and capitalized at a lower threshold, may continue to be depreciated on the basis of past practice. Effective July 1, 2016, infrastructure projects and improvements shall be capitalized so as to substantially account for the City's investment in infrastructure and consider related debt. Individual assets that cost less than \$5,000, but that operate as part of a networked system may be capitalized in the aggregate, using the group method, if the estimated average useful life of the individual asset is at least two years. A network is determined to be where individual components may be below \$5,000 but are interdependent and the overriding value to the City is on the entire network and not the individual assets (e.g. computer systems and telephone systems).
2. Valuation - In accordance with generally accepted accounting principles, the City will value its capital assets at historical cost. Historical cost includes the cost or estimated cost at the time of acquisition, freight charges, installation and site preparation charges, and the cost of any subsequent additions or improvements, excluding repairs. If a capital asset is donated to the City the asset will be valued based on the fair market value at the time the asset is donated.

3. Capital Assets Inventory Report - As part of the financial audit, the Finance Department shall submit a capital asset report to the City's independent auditor on an annual basis. This report will include the following information:
 - a. Type of asset (i.e. land, building, infrastructure)
 - b. Date of acquisition
 - c. Acquisition cost
 - d. Estimated useful life
 - e. Annual depreciation
 - f. Accumulated depreciation
4. Depreciation - The City will use the Straight-Line Method as its standard approach to depreciate capital assets.
5. Salvage Value - The City will set the salvage value on capital assets at 10 percent of acquisition cost.
6. Estimated Useful Lives - For assets purchased after July 1, 2016, the City will use the following ranges in setting useful lives for depreciating assets:
 - a. Buildings and land improvements - 50 years
 - b. Machinery and equipment - 5 years
 - c. Furniture and fixtures - 5 years
 - d. Office Equipment - 5 years
 - e. Vehicles - 5 years
 - f. Infrastructure assets
 - i. Streets and bridges - 25 years
 - ii. Sidewalks - 15 years
 - iii. Utility systems - 20-50 years
7. Capital vs. Repair and Maintenance Expense -
 - a. With respect to improvements on non-infrastructure and infrastructure capital assets, cost should be capitalized if the useful life of the asset is substantially extended, or the cost results in a substantial increase in the capacity or efficiency of the assets.
 - i. Otherwise the cost should be expensed as repair and maintenance.
 - b. With respect to improvements on infrastructure capital assets under the Modified Approach, cost should be capitalized if expenditures substantially increase the capacity or efficiency of an infrastructure.
 - i. Otherwise this cost, including those that preserve the useful life of an infrastructure asset, are expensed.

8. Disposal and Transfer of City's Assets - Disposition of City's assets will be performed in accordance with applicable City policies and procedures.

Debt Policies

1. In the case of capital improvement projects, the City will consider use of debt financing such that the 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 provide 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 is contained in the electronic general ledger software system.

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. The 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 and communication tool. 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 and the Deputy City Manager for Administrative Services (serving as the Finance Director) prepare 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 is 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 City and 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 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

Budget Goals/City Goal Plan

Mid-August to Early September	Department Heads develop goal proposals using goal proposal template
Late September	City Manager reviews proposals and makes modifications as necessary
Early to Mid-October	City Council reviews proposals and contacts City Manager with additional goal proposals that they would like considered by the full Council
Late October	Department Heads rank the top goals on sheets provided and return rankings to the City Manager
Early November	City Manager generates a comprehensive list of goal proposals and distributes to City Council
Mid-November	Goal Review Workshop with City Council and Staff to review submitted goal proposals
Mid to Late-November	City Council ranks each Goal to identify top priorities and City Manager tabulates results of proposals and reports to City Council
Mid-December	City Council formally adopts Mission Statement and Goal Plan
Late-December to Early-January	Department Heads and City Manager develop strategic work plans and provide copies to Council

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 Services 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; Motor Pool budget 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
Late February	City Manager's review of budget request with Department Heads
March	Staff compiles draft line item budget and policy document
Late March	City Manager and staff resolve remaining budget concerns and other questions
Early April	Staff produces Proposed Budget for submission to City Council
Mid-April	Council Budget Workshop Session(s)
Late-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	Charter Requirement - 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 and electronically posts the 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 \$21.1 million or 44.3 percent of all fund appropriation totals. The budget for the personal services accounts are up a combined \$711,000, or 3.5%, principally due to wages and step increases, changes in the City's pension contributions, retiree health care contributions and health insurance premiums in the General Fund. Personal services make up over \$18.65 million or 69.9% of the budget. The Budget includes a total net reduction of 1.2 full-time equivalencies (FTEs), negotiated wage increases of 2% for all eight bargaining units, and an increase in the City contribution from \$100 per month for tiered employees' health care savings plan to 3% of base wage.

Status of Labor Negotiations

As of July 1, 2015, 133 of 141 full-time City employees, or 94%, belong to one of eight bargaining units. All eight bargaining units have contracts that expire on June 30, 2017. For more details on employee cost and negotiated changes, please refer to the Personnel Chapter.

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)

Medical Costs

In the past, health care coverage was the second fringe benefit behind only pension costs. However, in FY 2017, health care coverage has moved to the largest fringe benefit cost component for the City due to the retiree health care trust contributions.

- Health Care Coverage - Current Employees

The largest fringe benefit cost is \$1.8 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 a self-insured 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. Prescriptions for all active employees is a \$5 generic, \$40 preferred brand and \$80 non-preferred brand prescription copay program. 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 80% of the premium or \$5,900 single, \$14,159 couple and \$17,699 family per year effective July 1, 2016.

To partially offset the cost of employee higher prescriptions drug card deductible, the City contributes \$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, 2014. At that time, the unfunded liability was calculated to be \$57.2 million over the next 26 years. Based on two studies of these projected liabilities, the actuary has set contribution rates of 68.38% of Police and Fire payroll and from 7.27% to 111.60% 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 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, retiree 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 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 2015 to be \$918,900.

- 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, and remains constant for FY 2017.

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, 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. Of the 141 active employees, 79 employees still receive longevity.

Pensions

The second largest fringe benefit cost 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 \$2.3 million, or 39.35% of total wages based on the City Actuary's 2015 recommended contribution rate. In regard to the MERS plan, the pension contribution is budgeted by union group, averaging \$14,765 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.

On March 28, 2016, City Council approved the issuance of pension obligation bonds to convert 95% of the unfunded liability for the General Employees MERS plan to a 16-year debt service amortization. In addition to offering a projected \$4 million in savings over this period, the POB financing also provides budget relief through consistent fixed payments over the term of the bonds. The sale of bonds is expected in June of 2016.

Supplies and Other Services and Charges

In the non-personal service areas of supplies, the department's budgets have increased 3.9% overall across all funds. This increase is largely due to replacement conference room and council chamber chairs, an increase in computer replacements, senior program activity supplies, and water purchase cost. The area of Other Services and Charges increased 2.6%. This increase is related to a change in Police Officer recruiting that includes payment for police academy at \$4,500 for each recruit, contracting out the Building Official function, funding for stormwater asset management implementation and increased sewage disposal charges.

Capital Outlay

Capital Outlay purchases total \$7.2 million for all funds including \$973,000 for the General Fund. The majority of purchases are funded through dedicated millages (Proposal "V-2", and "L"). The General Fund purchases that are not being funded through a dedicated millage include the Police Department upgrade to the Next Generation 911 Telephone Answering System, the first phase of funding for the underground storage tank located behind the Police Department, election tabulating equipment, eighteen (18) computer replacements throughout the City, parking lot improvements at Fire Station #2, trail overlay at Civic and Ambassador Park trails, and replacing the totscape, swings and surfacing at Wildwood Park. In addition to these capital improvements, the General Fund budget also includes the following repairs and equipment purchases: Stryker Power Load Stretcher Lifting System, V-TAC equipment in the Reserve Fire Engine, a large format scanner, replacement Global Positioning System unit, repairs to the windows at the Senior Center, repairs to City Hall elevator pit, and Police Department carpet replacement.

Other Funds include a capital outlay of \$6.2 million. The majority of this amount, \$3.3 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. \$841,000 is budgeted for water main replacement and \$1 million is budgeted for Phase 1 of a 4-Phase city-wide meter replacement program. The remaining planned purchases include an updated Neptune Collector for the Automatic Meter Reading System, a new sewer vector, sewer camera trailer, air compressor replacement, various maintenance repairs at the Department of Public Services location including Phase 2 of 3 for the salt containment structure, asphalt replacement, and exterior painting.

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 2016-17

Activity	General Fund	Major Street	Local Street	Parks Maintenance & Improvement	Downtown Development Authority	Police Drug Forfeiture
City Council	\$ 55,042	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District Court	1,607,123	0	0	0	0	0
City Manager	367,257	0	0	0	0	0
Elections	134,933	0	0	0	0	0
City Assessor	209,577	0	0	0	0	0
Legal	268,695	0	0	0	0	0
City Clerk	338,996	0	0	0	0	0
Personnel	466,678	0	0	0	0	0
Board of Review	3,103	0	0	0	0	0
General Administration	249,798	0	0	0	0	0
Finance	858,528	0	0	0	0	0
Information Technology	244,937	0	0	0	0	0
Municipal Building	82,641	0	0	0	0	0
Custodial & Maintenance	188,120	0	0	0	0	0
Police	9,526,686	0	0	0	0	59,500
Fire	5,380,020	0	0	0	0	0
Community Development	1,120,944	0	0	0	32,806	0
Streets	1,290,412	1,656,369	2,997,777	0	0	0
Solid Waste	2,111,168	0	0	0	0	0
Recreation	138,022	0	0	0	0	0
Nature Center	8,208	0	0	0	0	0
Parks	481,953	0	0	33,467	0	0
Senior Citizens	367,354	0	0	0	0	0
Library	757,796	0	0	0	0	0
Water and Sewer	0	0	0	0	0	0
Insurance/Bonds/Transfers	432,363	0	0	0	15,235	0
Motor Pool	0	0	0	0	0	0
Total Appropriations	<u>\$ 26,690,354</u>	<u>\$ 1,656,369</u>	<u>\$ 2,997,777</u>	<u>\$ 33,467</u>	<u>\$ 48,041</u>	<u>\$ 59,500</u>

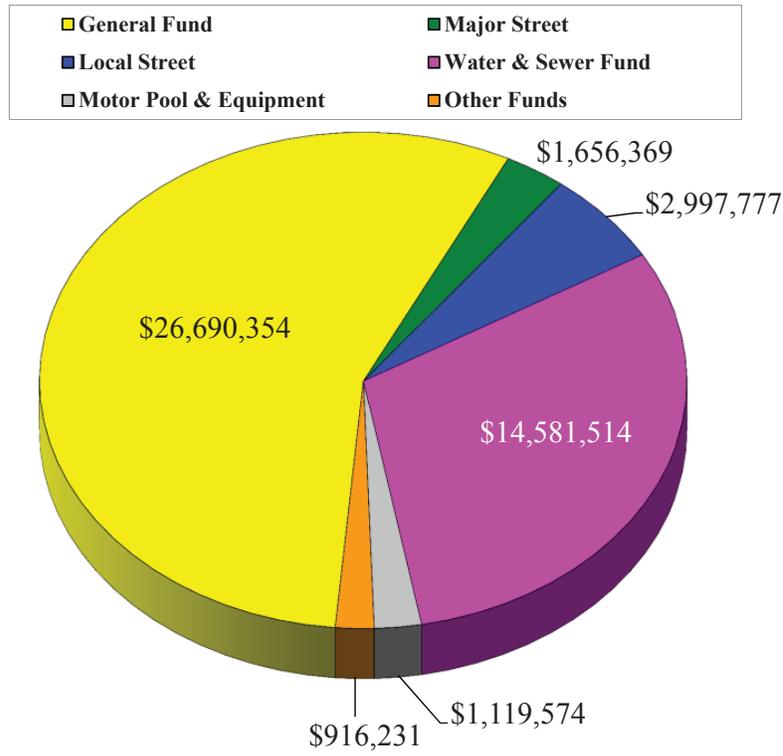
ALL FUNDS SUMMARY

FISCAL YEAR 2016-17

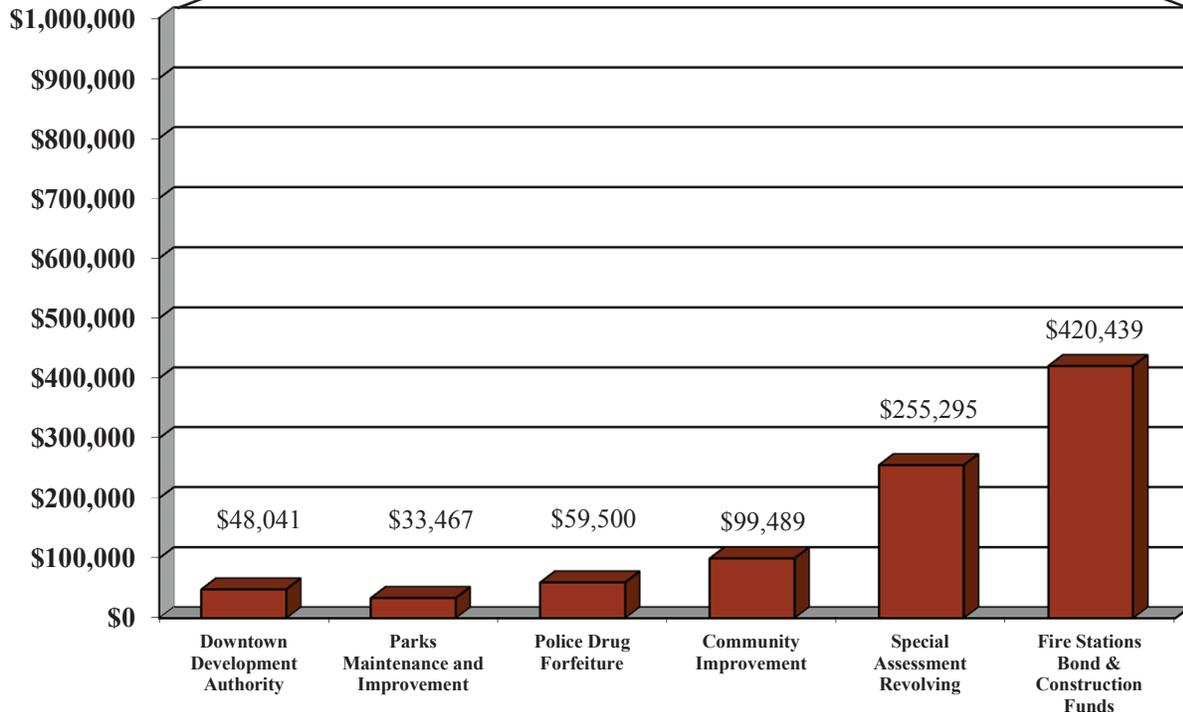
Community Improvement	Special Assessment Revolving	Fire Station Debt Fund	Water and Sewer Fund	Motor Pool and Equipment Fund	Total	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,042	City Council
0	0	0	0	0	1,607,123	District Court
0	0	0	0	0	367,257	City Manager
0	0	0	0	0	134,933	Elections
0	0	0	0	0	209,577	City Assessor
0	0	0	0	0	268,695	City Attorney
0	0	0	0	0	338,996	City Clerk
0	0	0	0	0	466,678	Personnel
0	0	0	0	0	3,103	Board of Review
0	0	0	0	0	249,798	General Administration
0	0	0	0	0	858,528	Finance
0	0	0	0	0	244,937	Information Technology
0	0	0	0	0	82,641	Municipal Building
0	0	0	0	0	188,120	Custodial & Maintenance
0	0	0	0	0	9,586,186	Police Department
0	0	0	0	0	5,380,020	Fire
99,489	0	0	0	0	1,253,239	Community Development
0	252,795	0	0	0	6,197,353	Streets
0	0	0	0	0	2,111,168	Solid Waste
0	0	0	0	0	138,022	Recreation
0	0	0	0	0	8,208	Nature Center
0	0	0	0	0	515,420	Parks
0	0	0	0	0	367,354	Senior Citizen
0	0	0	0	0	757,796	Library
0	0	0	13,344,520	0	13,344,520	Water and Sewer
0	2,500	420,439	1,236,994	0	2,107,531	Insurance/Bonds/Transfers
0	0	0	0	1,119,574	1,119,574	Motor Pool
<u>\$ 99,489</u>	<u>\$ 255,295</u>	<u>\$ 420,439</u>	<u>\$ 14,581,514</u>	<u>\$ 1,119,574</u>	<u>\$ 47,961,819</u>	Total Appropriations

ALL FUNDS APPROPRIATIONS

FISCAL YEAR 2016-17



Other Funds



Almost 90% of the City's operations are supported through the General Fund (56%) and the Water and Sewer Fund (31%).

ALL FUNDS APPROPRIATIONS
PER STATE OF MICHIGAN DETAILED CATEGORY CLASSES
FISCAL YEAR 2016-17

Activity	Personal Services	Supplies	Other Services & Charges	Capital Outlay	Total
City Council	\$ 50,756	\$ 322	\$ 3,964	\$ 0	\$ 55,042
District Court	1,210,626	32,300	351,097	13,100	1,607,123
City Manager	357,398	300	9,559	0	367,257
Elections	57,331	12,370	5,232	60,000	134,933
City Assessor	0	0	209,577	0	209,577
Legal	0	7,500	261,195	0	268,695
City Clerk	320,131	4,150	14,715	0	338,996
Human Resources	246,236	0	220,442	0	466,678
Board of Review	2,373	0	730	0	3,103
General Administration	124,923	45,350	79,525	0	249,798
Finance	791,641	5,000	61,887	0	858,528
Information Technology	0	29,872	215,065	0	244,937
Municipal Building	0	14,000	61,141	7,500	82,641
Custodial & Maintenance	21,401	18,250	148,469	0	188,120
Police	8,516,041	88,560	647,564	334,021	9,586,186
Fire	4,631,555	70,750	549,831	127,884	5,380,020
Community Development	831,845	11,500	378,689	284,000	1,506,034
Streets	827,580	306,662	1,327,744	3,482,572	5,944,558
Solid Waste	477,704	17,012	1,616,452	0	2,111,168
Recreation	63,339	21,001	53,682	0	138,022
Nature Center	0	0	8,208	0	8,208
Parks	136,413	30,950	228,057	120,000	515,420
Senior Citizens	185,318	100,312	74,224	7,500	367,354
Library	507,649	4,500	128,440	117,207	757,796
Insurance and Transfers	0	0	652,048	0	652,048
Debt Service	0	0	1,456,333	0	1,456,333
Water and Sewer	1,332,640	2,649,031	6,743,832	2,618,167	13,343,670
Motorpool	439,398	238,600	441,576	0	1,119,574
Total Appropriations	\$ 21,132,298	\$ 3,708,292	\$ 15,949,278	\$ 7,171,951	\$ 47,961,819

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 (MMRMA) 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, 2015, the City had member reserves of \$384,152 with the Authority. It is estimated that \$327,411 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. 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 \$901,420 over the past five years (FY 2011-2015), which has saved the City an estimated \$646,500 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 adopted 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.

Effective July 2014, the State of Michigan approved Public Act 271 which revised laws relating to insurance. This triggered a policy update by staff and the City's liability insurance consultant. As a result, on March 14, 2016, the City Council approved an update of this Council Policy. 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 \$2.0 million of vested employee benefits; \$749,000 reserve for worker's compensation insurance claim funds, \$327,400 for general liability insurance; and \$2.8 million in general obligation bonds. The vested employee benefits will be paid on various future dates with General Fund general revenues.

The City's latest government bond rating occurred 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 City will have the rating reassigned as part of the bond issuance process for the Limited Tax General Obligations POBs.

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, 2016, the City will be at 26.6% of the City's debt limit of \$71.8 million, which is based on 10% of assessed valuation. The City has general obligation bonds outstanding in the amount of \$2,845,000 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. Starting in June 2016, the City will also be responsible for the repayment of \$15.25 million in POBs, which were approved for issuance in March 2016 by City Council and are anticipated to sell in June 2016.

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, 2016:

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 \$2.845 million remains in principal payments.

II. George W. Kuhn Drain Bonds and State Revolving Loan Debt issued between October 2000 through September 2008. Portions of this debt have been refinanced with the most recent occurring in February 2016 when the District issued \$7,450,000 to refinance a 2007 issuance saving Madison Heights \$57,400 over the next 8 years. 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.

IV. As part of the FY 2016-17 Adopted City Goal plan, Council approved the resource-related goal to develop and implement a plan and policy to fully address the City's unfunded liabilities for pension and other post-employment benefits (i.e. retiree health care).

The State has authorized, through Public Act 329 of 2013, municipalities to bond to pay the cost for pension and post-employment benefit liability, upon the satisfaction of certain conditions including issuance on or before December 31, 2018, a municipal credit rating in the AA category or higher, plans being closed to new hires, the preparation of a comprehensive financial plan, and approval from the Michigan Department of Treasury.

Bonding for post-retirement benefits remains a very risky endeavor. Staff have recommended, and Council has approved, a resolution to move forward with the issuance of Pension Obligation Bonds (POBs) in a not-to-exceed amount of \$15,125,000 in order to address 95% of the City's General Pension unfunded liability of \$15,700,000. The timeline anticipates receipt of the bond proceeds in June of 2016, prior to the implementation of the Fiscal Year 2016-17 Budget. Based on financial analysis, issuing pension obligation bonds for the general employees could produce savings to the City of approximately \$4 million over the next sixteen years, while offering predictable debt service payments.

LEGAL DEBT MARGIN
(amounts expressed in thousands)
June 30, 2016

Calculation of debt limit:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
State equalized valuation	\$ 865,669	\$ 788,217	\$ 804,700	\$ 773,601	\$ 756,687
10% of assessed value	<u>86,567</u>	<u>78,822</u>	<u>80,470</u>	<u>77,360</u>	<u>75,669</u>
Calculation of debt subject to limit:					
Total debt (3)	\$ 14,493	\$ 13,437	\$ 12,467	\$ 11,367	\$ 26,173
Less: debt not subject to limit:					
General obligation	9,063	8,322	7,733	7,042	7,028
Special revenue bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net debt subject to limit (2)	<u>\$ 5,430</u>	<u>\$ 5,115</u>	<u>\$ 4,734</u>	<u>\$ 4,325</u>	<u>\$ 19,145</u>
Legal debt margin (1)	<u>\$ 81,137</u>	<u>\$ 73,707</u>	<u>\$ 75,736</u>	<u>\$ 73,035</u>	<u>\$ 56,524</u>
Net debt subject to limit as % of debt limit	6.69%	6.94%	6.25%	5.92%	33.87%

(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

(3) Total debt includes the approved issuance of \$15.25 of POBs anticipated to sell in June 2016

**SUMMARY OF DEBT SERVICE REQUIREMENTS
TO MATURITY
ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2016**

<u>Fiscal Year Ending June 30</u>	<u>Fire Stations Bond Obligations</u>	<u>Fixed Meter Network General Obligations</u>	<u>Kuhn Drain Obligations</u>	<u>Total</u>
2017	\$ 419,055	\$ 134,988	\$ 900,453	\$ 1,454,496
2018	427,120	136,900	889,661	1,453,681
2019	429,900	138,400	887,261	1,455,561
2020	437,490	139,725	884,429	1,461,644
2021	449,795	140,600	883,839	1,474,234
2022	446,720	141,000	882,816	1,470,536
2023	458,550	146,200	882,946	1,487,696
2024	-	146,000	706,329	852,329
2025	-	145,600	700,137	845,737
2026	-	-	73,393	73,393
2027	-	-	73,658	73,658
2028	-	-	63,978	63,978
2029	-	-	63,643	63,643
2030	-	-	52,593	52,593
Totals	<u>\$ 3,068,630</u>	<u>\$ 1,269,413</u>	<u>\$ 7,945,136</u>	<u>\$ 12,283,179</u>

Fire Stations Bond

Date of issue - May 1, 2003

Payment Date:

Principal, May 1

Interest, May 1, November 1

Amount of issue - \$5,925,000

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>
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>\$ 2,845,000</u>	<u>\$ 223,630</u>	<u>\$ 3,068,630</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>
	2017	\$ 95,000	\$ 39,988	\$ 134,988
	2018	100,000	36,900	136,900
	2019	105,000	33,400	138,400
	2020	110,000	29,725	139,725
	2021	115,000	25,600	140,600
	2022	120,000	21,000	141,000
	2023	130,000	16,200	146,200
	2024	135,000	11,000	146,000
	2025	140,000	5,600	145,600
		<u>\$ 1,050,000</u>	<u>\$ 219,413</u>	<u>\$ 1,269,413</u>

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

- Date of issue - Series A Oct. 1, 2000 (Total \$17,888,000 Madison Heights Share \$1,881,478)
- Series C Sept. 29, 2001 (Total \$82,200,000 Madison Heights Share \$8,649,748)
- Series D Dec. 20, 2001 (Total \$2,277,676 Madison Heights Share \$239,675)
- Series 2005F September 22, 2005 (Total \$1,519,146 Madison Heights Share \$162,391)
- Series 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)
- Series 2016 Refinancing Series 2007, February 1, 2016 (Total \$7,450,0100 Madison Heights Share \$783,949)
- Combined Issues Total \$125,794,822 Madison Heights Share \$13,517,677

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

Fiscal Year				Total
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>		<u>Requirements</u>
2016	\$ 710,088	\$ 190,365	\$	900,453
2017	734,834	154,827		889,661
2018	752,731	134,530		887,261
2019	768,013	116,416		884,429
2020	785,919	97,920		883,839
2021	803,832	78,984		882,816
2022	823,333	59,613		882,946
2023	666,560	39,769		706,329
2024	676,561	23,576		700,137
2025	66,276	7,117		73,393
2026	68,025	5,633		73,658
2027	59,862	4,116		63,978
2028	60,931	2,712		63,643
2029	51,310	1,283		52,593
	<u>\$ 7,028,275</u>	<u>\$ 916,861</u>	\$	<u>7,945,136</u>

PERSONNEL AND POSITIONS

The City of Madison Heights employs 141 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 142 positions on a part-time or seasonal basis. Personnel services comprise approximately \$18.65 million or 69.9% of the General Fund Budget.

During Fiscal Year 2016-17, the General Fund is being reduced by two vacant full-time positions as outlined below. Despite these staffing reductions, there remains a 3.8% or \$675,000 increase in personnel services as compared to the prior fiscal year. This increase is due in large part to three items: wages, contributions to pension, and contributions to the retiree health care trust. The step and negotiated wage increases across all groups are budgeted to increase 1.9% or \$165,250. Combined changes for general and police and fire employee pension contributions are increasing \$431,000 or 15.5%, and contributions to the retiree health care trusts are budgeted at a 1.5% increase or \$51,800. It is important to note that the City held the retiree health care contribution close to the prior year budget amount instead of adjusting it to the actuarial calculated contribution rate which would have led to an additional increase of \$2,077,600.

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 retiree health care 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, 2017. These labor agreements include a general wage increase of 2% on July 1, 2016.

Personnel Actions

The FY 2016-17 Budget reflects a total net reduction of 1.3 full-time equivalencies (FTEs). This reduction includes the elimination of one Building Official and one Department of Public Services (DPS) Parks Equipment Operator I. The budget also includes the addition of a dedicated part-time clerical employee for DPS. In the past, a part-time position has been split between the Clerk's function and DPS. The following chart outlines the City's personnel actions in FY 2017.

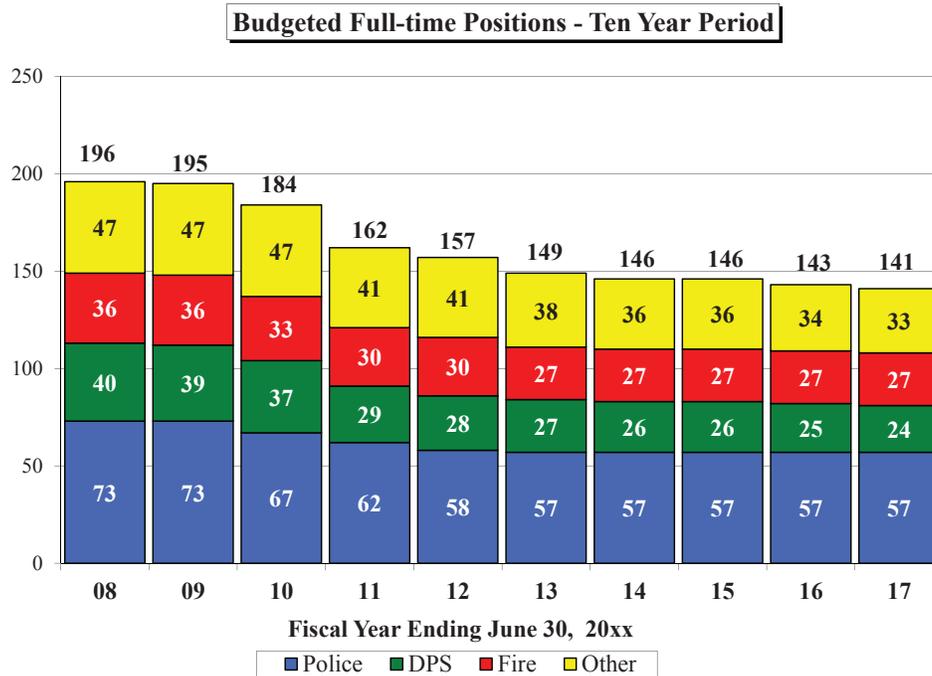
<u>FY</u>	<u>DEPARTMENT</u>	<u>ACTION</u>
16-17	City Clerk	Increase PT Office Support Staff (+0.3)
16-17	City Clerk - Elections	Decrease PT Office Support Staff elections portion (-0.13)
16-17	Community Development	Eliminate vacant Building Official Position (-1.0)
16-17	DPS - Streets	Reallocation of Admin Support due to Act 51 requirements (+0.10)
16-17	DPS - Solid Waste	Eliminate PT Office Support split (-0.13)
16-17		Add dedicated DPS PT Office Support (+0.15)
16-17	DPS - Recreation	Add dedicated DPS PT Office Support (+0.15)
16-17	DPS - Misc. Funds	Transfer one DPS pooled position to Water (-1.0)
16-17	DPS - Parks	Transfer one full time Parks employee to vacant DPS pooled position (-1.0)
16-17	DPS - Major Street Fund	Reallocation of Admin Support due to Act 51 requirements (-0.10)
16-17	DPS - Local Streets Fund	Reallocation of Admin Support due to Act 51 requirements (-0.10)
16-17	DPS - Water	Transfer one full-time DPS employee from Water Admin to Water Maintenance (+1.0)
16-17		Transfer one DPS pooled position to Water (+1.0)
16-17	DPS - Water/Sewer Administration	Transfer one full-time DPS employee from Water Admin to Sewer Maintenance (-1.0)
16-17		Reallocation of Admin Support due to Act 51 requirements (+0.20)
16-17		Add dedicated DPS PT Office Support (+0.35)

The City's current hiring review of all position vacancies continues in Fiscal Year 2016-17. 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 Work Force at a Glance

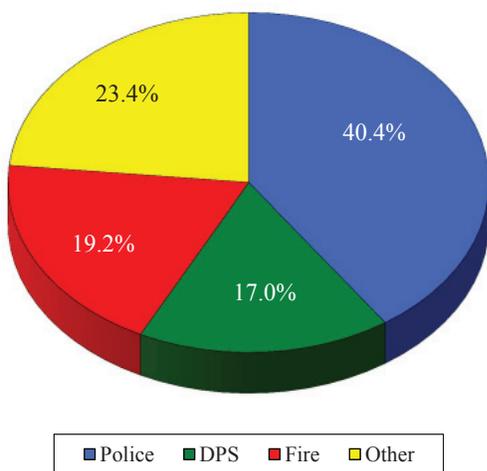
Beginning in Fiscal Year 1993-94, the City has been able to reduce the workforce without significantly compromising core services, resulting in a leaner, more efficient organization. One hundred ten full-time positions, or forty-four percent of the workforce, have been eliminated since Fiscal Year 1993-94,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

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

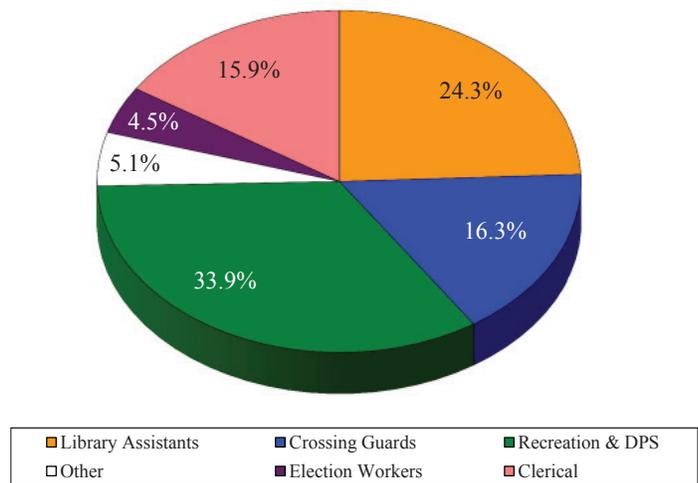


Continuing the analysis of the City’s workforce, the following graphs illustrate the percentage breakdown of full and part-time employees for FY 2016-17. An Organizational Chart showing full-time employees by bargaining unit or non-union classification is presented in the Appendix.

Full-time Positions by Function



Part-Time Positions by Full-Time Equivalencies (FTEs)



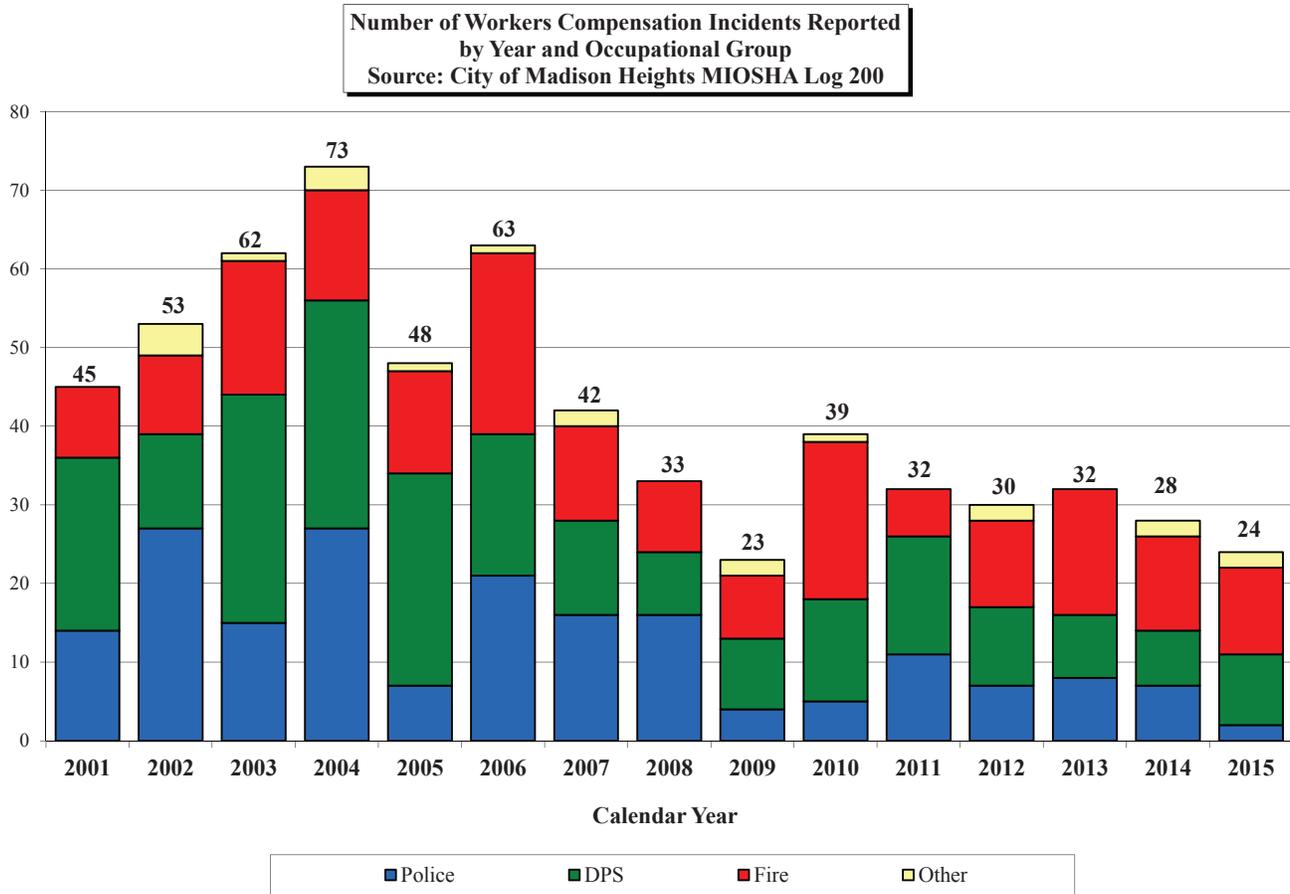
A breakdown of full-time and part-time positions in all funds is shown on the following page.

ALL FUNDS
FULL TIME AND PART TIME POSITIONS
INCLUDING FULL TIME EQUIVALENCY CALCULATION (F.T.E.)
FISCAL YEAR 2016-17

	<u>Budget 2014-15</u>			<u>14 to '15</u>	<u>Budget 2015-16</u>			<u>15 to '16</u>	<u>Budget 2016-17</u>			<u>16 to '17</u>
	Full Time	Part Time	F.T.E.	F.T.E. Change	Full Time	Part Time	F.T.E.	F.T.E. Change	Full Time	Part Time	F.T.E.	F.T.E. Change
General Fund												
District Court	8	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	0.0	2	72	3.2	(0.1)	2	73	3.5	0.3
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	0.5	(0.2)	0	0	0.5	0.0
Finance	8	0	8.0	0.0	7	0	7.0	(1.0)	7	0	7.0	0.0
Information Technology	2	0	2.0	0.0	0	0	0.0	(2.0)	0	0	0.0	0.0
Police	57	19	61.1	0.0	57	19	61.3	0.2	57	19	61.3	0.0
Fire	27	1	27.5	0.0	28	0	28.0	0.5	28	0	28.0	0.0
Community Development	8	0	8.3	0.0	7	1	7.7	(0.6)	6	1	6.7	(1.0)
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	0.1	(0.1)	0	0	0.1	0.0
Streets	9	0	1.6	0.0	9	0	1.6	0.0	9	0	1.7	0.1
Solid Waste	2	0	4.2	0.0	1	0	3.7	(0.5)	1	0	3.7	0.0
Recreation	0	23	1.7	0.0	0	23	1.7	0.0	0	23	1.9	0.2
Parks	2	2	2.5	(0.1)	2	2	2.5	0.0	1	2	1.5	(1.0)
Senior Center	1	6	3.4	0.0	1	6	3.4	0.0	1	6	3.4	0.0
Sub Total	14	31	13.6	(0.1)	13	31	13.0	(0.6)	12	31	12.2	(0.8)
Total	133	137	146.3	(0.1)	129	137	142.6	(3.6)	127	138	141.1	(1.5)
Major Street Fund	1	0	2.8	0.0	1	0	2.4	(0.4)	1	0	2.3	(0.1)
Local Street Fund	0	1	3.2	0.0	0	0	2.9	(0.3)	0	0	2.8	(0.1)
Community Improvement Fund												
Comm. Dev. Block Grant	1	0	1.0	0.0	1	0	1.0	0.0	1	0	1.0	0.0
Total	1	0	1.0	0.0	1	0	1.0	0.0	1	0	1.0	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	0.0	3	2	4.4	(0.6)	4	2	5.4	0.9
Water & Sewer Admin.	1	0	1.6	0.0	2	0	2.5	0.9	1	1	2.1	(0.4)
Total	8	3	10.6	0.0	9	2	10.9	0.3	9	3	11.4	0.5
Motor Pool Fund	3	0	3.0	0.0	3	1	3.7	0.7	3	1	3.7	0.0
Total All Funds	146	141	166.9	0.0	143	140	163.5	(3.4)	141	142	162.2	(1.3)

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.



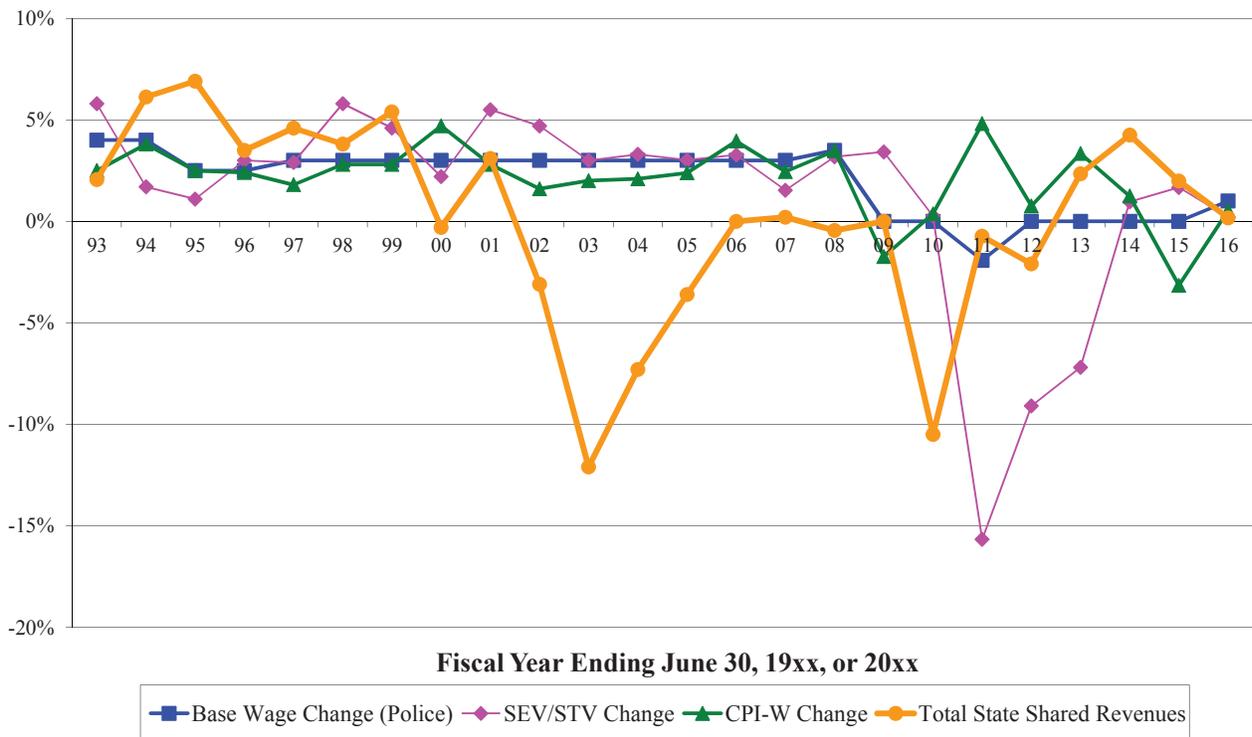
As part of the FY 2010-11 Budget, effective July 1, 2010, the City moved to a self insurance plan where the City is contracting with a third party administrator (Citizens Management, now York Risk Management (York)) and converted to pay-as-you-go claims. During FY 2010, the City spent \$382,100 on workers'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

The City has provided training for Department Heads and Supervisors by York 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 24, 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, the fourth year (FY 2014) was \$215,228, and the fifth year (FY 2015) was \$269,659 which has resulted in an estimated five-year savings of \$918,900.

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.

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

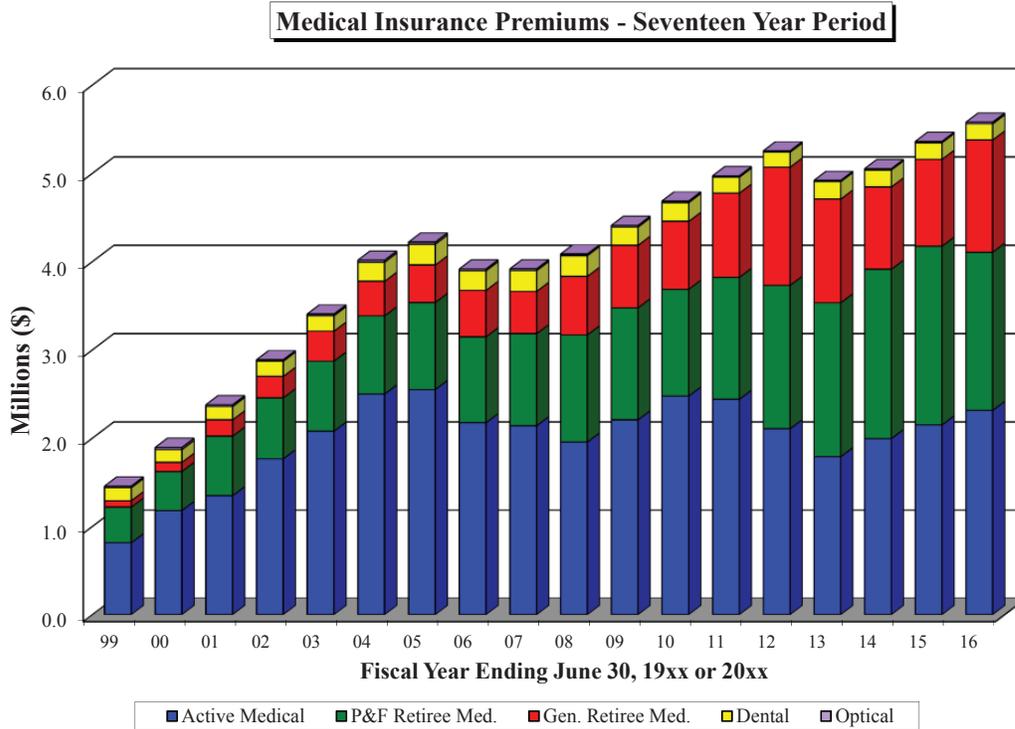


The mild recession of the early nineties is reflected in the downward trend in STV for those years. Beginning in FY 1993-94, wages and inflation start to converge while STV managed modest increases until 2001. Since FY 1994-95, wages and CPI-W increased less than 4% while STV fluctuated more due to new 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.

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 (“CB4”), 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 FY 2016 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. The 20% health insurance premium sharing has also been negotiated into each collective bargaining agreement. 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, make healthier lifestyle choices, 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, of the 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 currently faces a penalty of \$3,000 per employee per year, adjusted annually. This penalty became effective for employers with 100+ employees in 2015. Also, starting in 2020, 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. Based on the projected increases in 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 was the opening of the MiLife Health & Wellness Center, located in the lower level of City Hall in January 2015. 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 co-pay 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". Staff recently received the first annual performance report of the MiLife Health and Wellness Center. This report detailed a 59% utilization rate and approximately \$30,000 in hard dollar medical savings to the City and over \$25,500 savings to our employees through zero co-pays. These savings do not take into consideration the "soft-dollar" savings of treating a formerly undiagnosed chronic condition and avoiding lost productivity and time off of employees to attend traditional medical appointments. These "soft-dollar" costs are estimated at over \$750,000.

In January 2016, the Center was opened to pre-Medicare retirees, and the City of Madison Heights also began to utilize the Center for non-police and fire pre-employment physicals. 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, 2014, the City has accumulated an actuarial value of \$20.9 million in these trust funds, and the unfunded portion is \$57.2 million. In FY 2017, the City is again unable to fund the total annual required contribution, which is 68.38% of Police and Fire payroll and between 7.27% and 111.6% of payroll for General employees. Instead, the budget includes funding at the same percentage as FY 2016; 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, 2016.

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 \$3.65 million in FY 2016-17. 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 39.35% of total wages based on the City's 2015 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. In the past, 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.

As part of the FY 2016-17 City Goal plan, Council adopted the resource-related goal to develop and implement a plan and policy to fully address the City's unfunded liabilities for pension and other post-employment benefits (i.e. retiree health care).

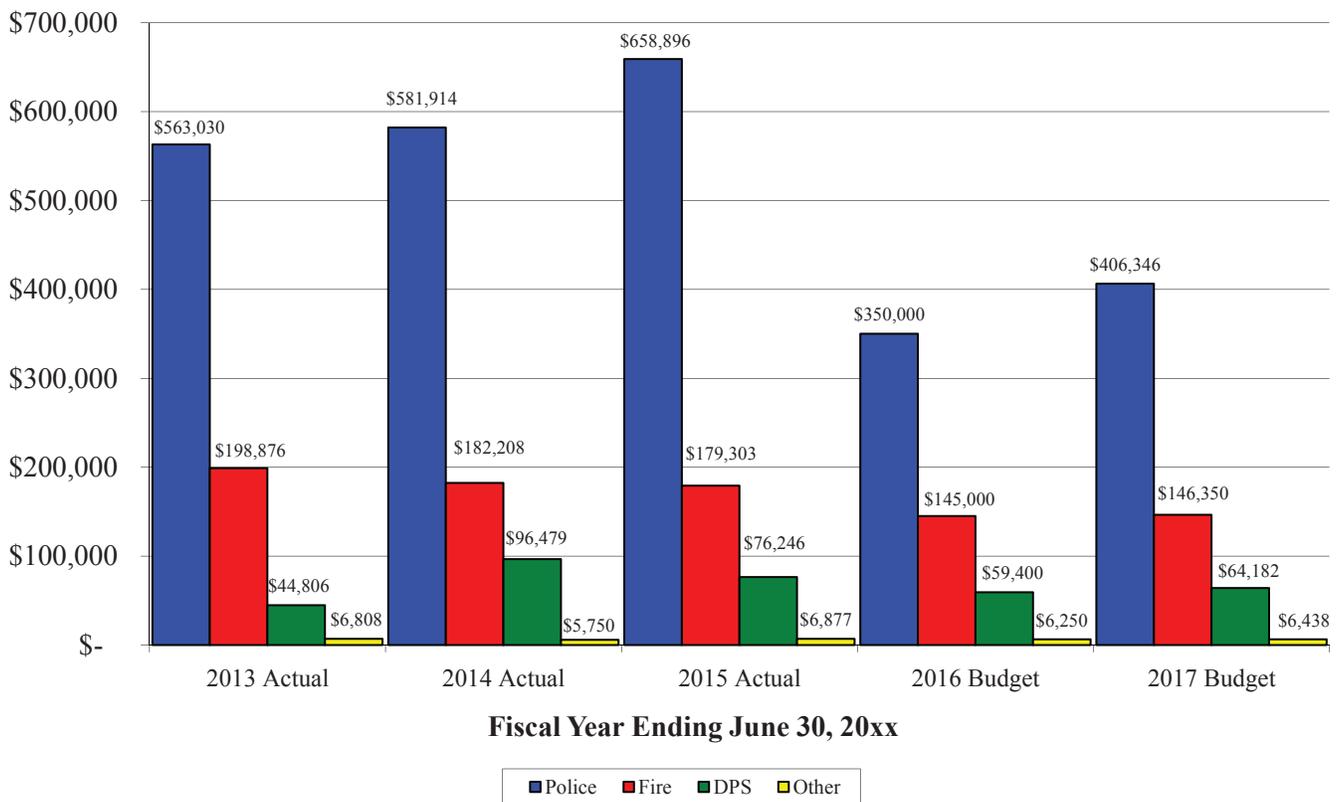
The State has authorized, through Public Act 329 of 2012, municipalities to bond to pay the cost for pension and post-employment benefit liability, upon the satisfaction of certain conditions including issuance on or before December 31, 2018, a municipal credit rating in the AA category or higher, plans being closed to new hires, the preparation of a comprehensive financial plan, and approval from the Michigan Department of Treasury.

Bonding for post-retirement benefits remains a very risky endeavor. Staff have recommended, and Council has approved, a resolution to move forward with the issuance of Pension Obligation Bonds (POBs) in a not-to-exceed amount of \$15,250,000 in order to address the City's General Pension unfunded liability of \$15,700,000. The timeline anticipates receipt of the bond proceeds in June of 2016 prior to the implementation of the Fiscal Year 2016-17 Budget. Based on a financial analysis, issuing pension obligation bonds for the general employees could produce savings to the City of approximately \$4 million over the next sixteen years, while offering predictable debt service payments.

Overtime

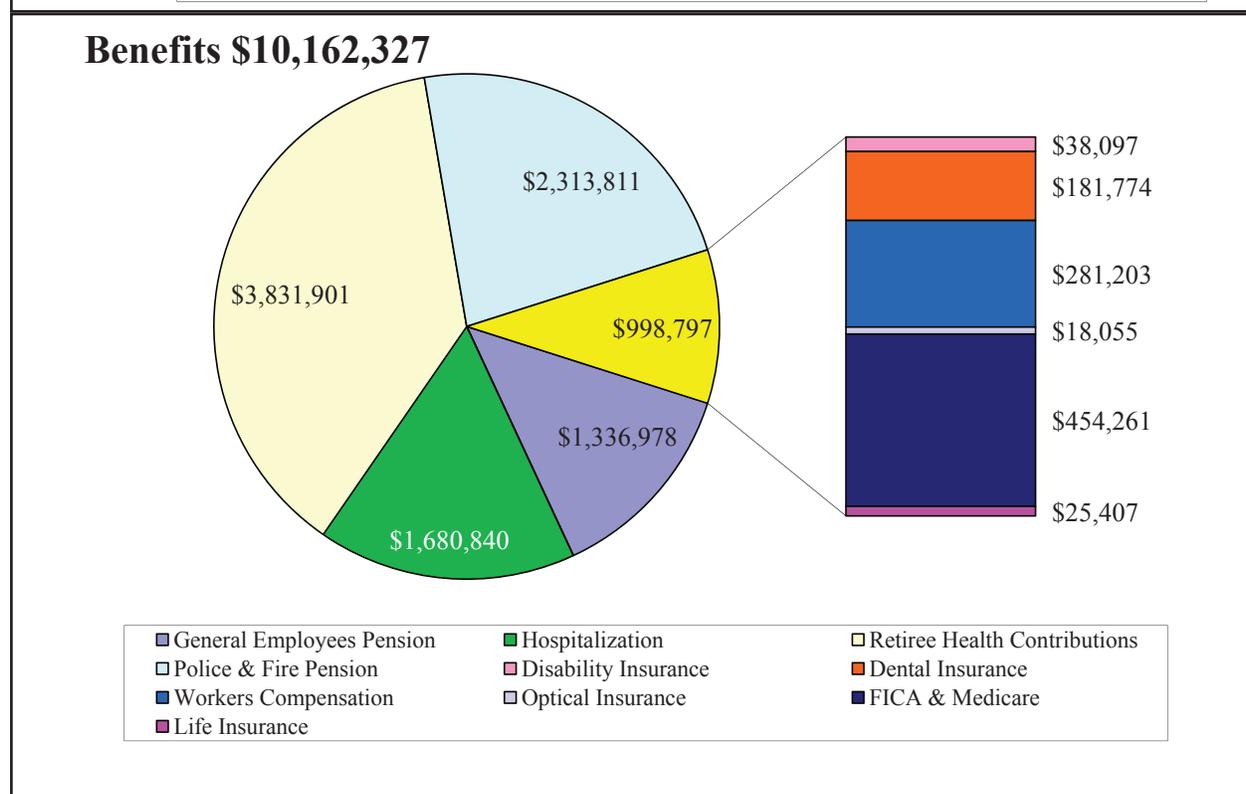
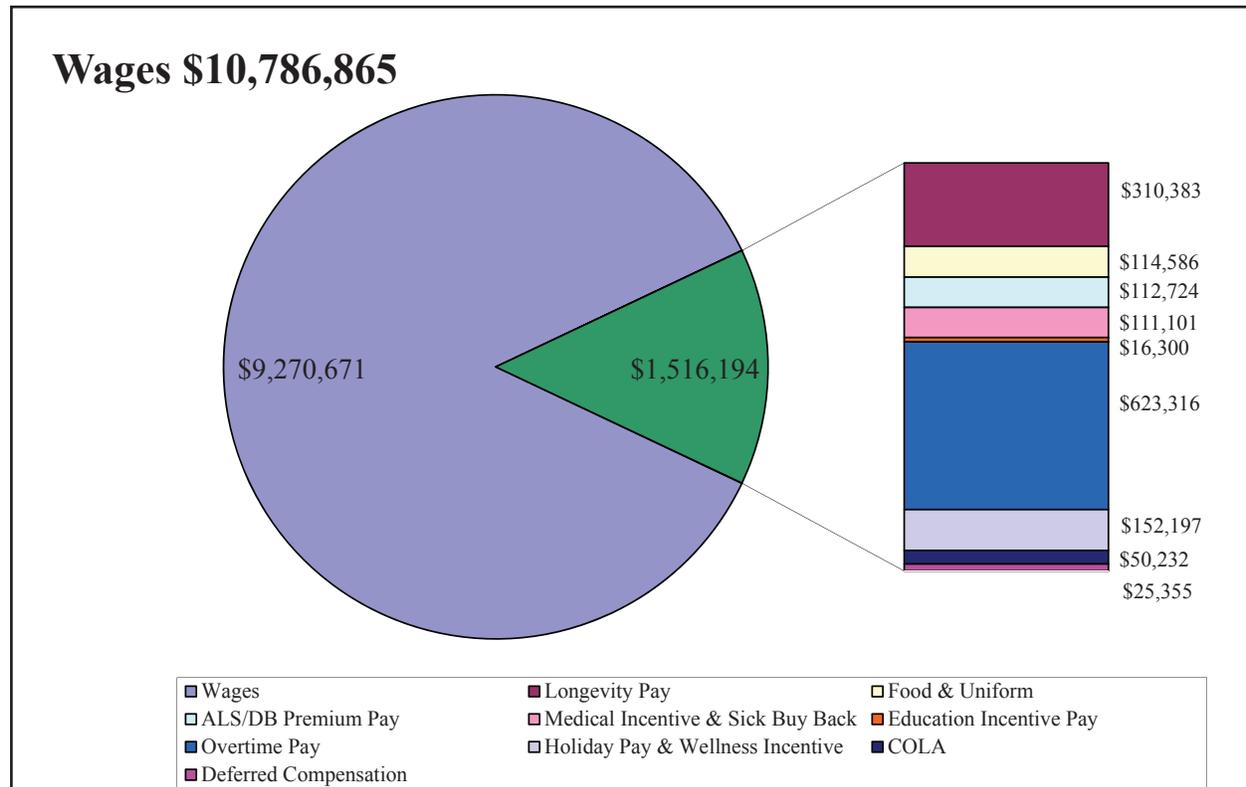
Overtime costs for all Funds in FY 2016-17 is budgeted at \$623,316. In furtherance of an Adopted FY 2017 City Goal, this allocation includes overtime to assign one officer to perform special investigations through participation in the FBI’s Violent Crimes Task Force. The overtime amount also reflects a general two percent increase over the FY 2015-16 amended budget. Overtime budgeted in the Police and Fire Departments amount to \$555,696, and DPS overtime equals \$61,182. The following chart shows overtime costs over the past five years. Much of the overtime costs have been attributable to having vacant positions, due to the long lead time hiring qualified sworn personnel. The City has attempted to reduce this by starting the recruitment process prior to the occurrence of the vacancy.

All Funds Overtime Cost



The charts below depicts the City's wage and fringe benefit costs for FY 2016-17.

**Wage and Fringe Benefit Costs (\$20,949,192)
Fiscal Year 2016-17 Budget
All Funds**



Total Compensation Analysis

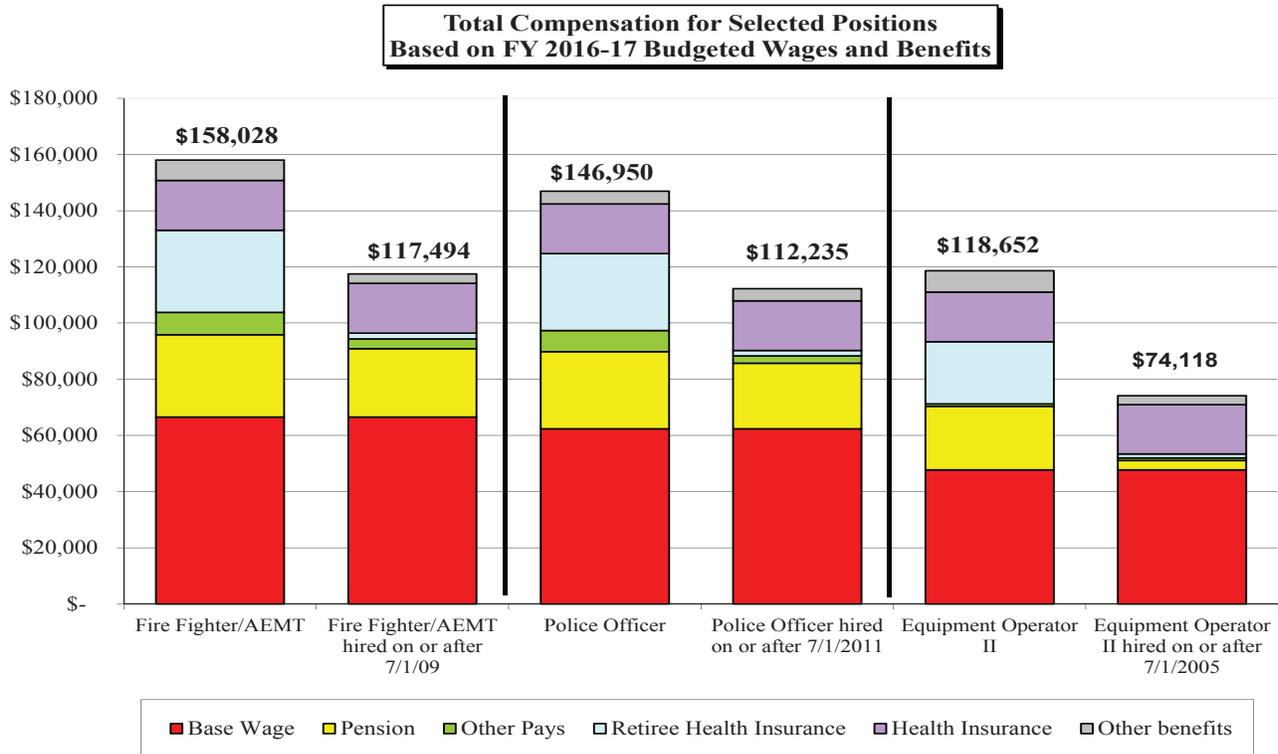
In order to determine what should be negotiated to control the City’s expenses, we must look at the wages and benefits calculated together for total compensation currently provided the employees. The City has already made great strides in controlling costs for new hires including elimination of retiree 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 2016-17 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 \$158,030 and \$146,950 respectively. The incumbent equipment operator receives annual total compensation in the amount of \$118,650. Fringe benefits average 1.2 times base wages for senior employees.

In contrast, a newly hired Fire Fighter’s total compensation is \$117,500 which is a savings of \$40,500 in comparison to an incumbent long-term Fire Fighter.

A newly hired Police Officer’s total compensation is \$112,235, a savings of \$34,715, and a newly hired Equipment Operator will save the City \$44,500 in overall compensation. These savings are significant; at this time we have 13 Firefighters, 13 Police Officers, 3 Equipment Operators, and 18 other employees with the new hire benefits package.



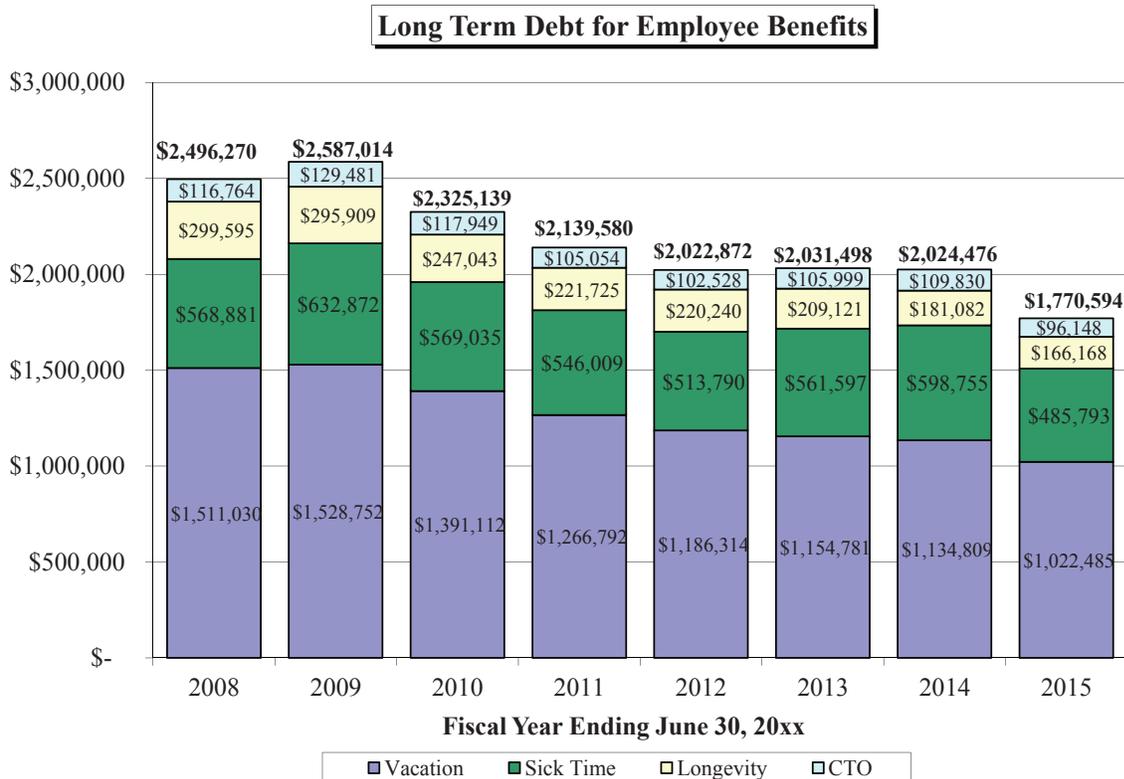
Of course, wages are comprised of pay for time worked and pay for time not worked. The value of leave time is an important wage component to track for purposes of productivity analysis and cost control. The following table shows the cost of leave time for a Police Officer in FY 2017. The position’s compensation calculation assumes the maximum wage step and longevity.

Leave Benefit	Days Off Per Year	Value of Leave Benefit
Vacation	25	13,706
Holidays	12	6,579
Admin. Leave Days	6	3,289
Sick leave (Max. of 12)	5	2,741
Personal Leave Days	2	1,096
Total	50	\$27,411

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, 2015.

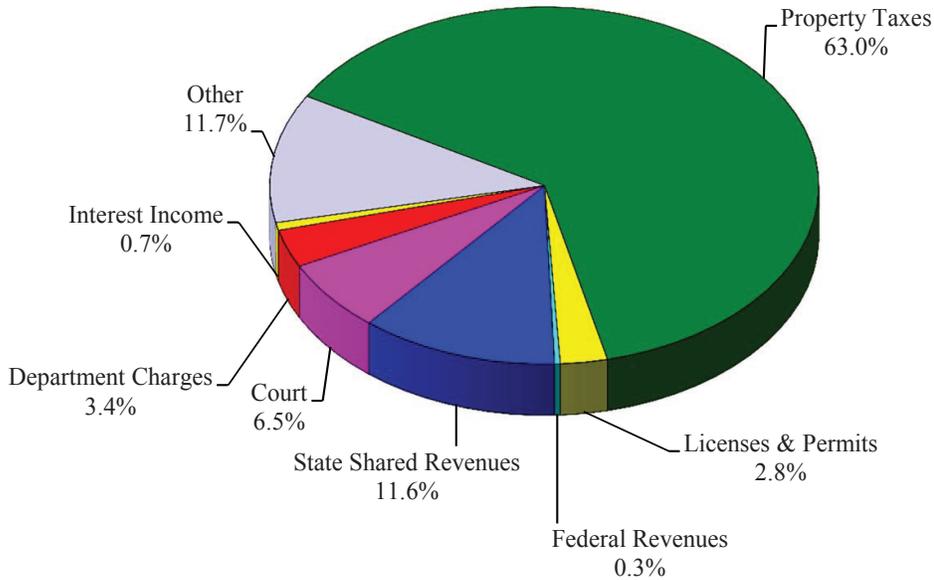


GENERAL FUND

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.

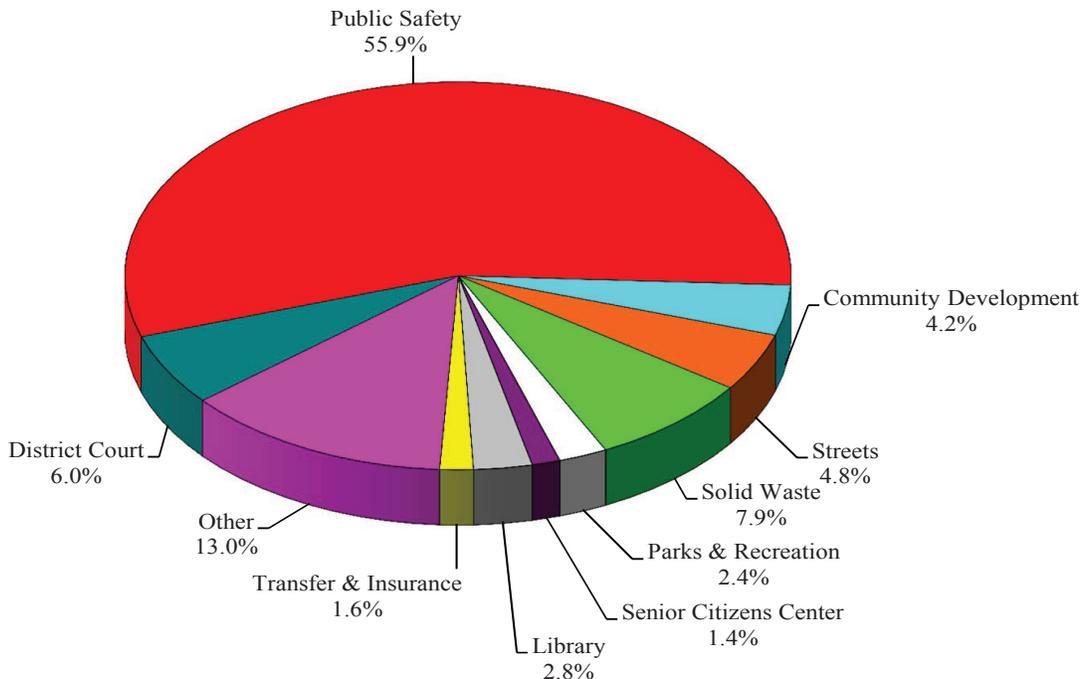
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General Fund Revenues



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 2016-17 BUDGET

Description	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Revenues by Source:					
Property Taxes	\$ 16,439,332	\$ 16,810,135	\$ 16,810,103	\$ (32)	(0.0)
Licenses & Permits	311,214	289,050	267,050	(22,000)	(7.6)
Non-Business Licenses & Permits	466,154	521,300	471,300	(50,000)	(9.6)
Federal Shared Revenues	93,207	50,000	89,000	39,000	78.0
State Shared Revenues	2,927,740	2,990,701	3,050,189	59,488	2.0
Payment in Lieu of Taxes	36,638	33,800	36,500	2,700	8.0
County Shared Revenues	60,000	42,000	52,300	10,300	24.5
SMART Revenues	70,019	40,500	70,019	29,519	72.9
Court Fines and Fees	1,748,751	1,711,000	1,743,000	32,000	1.9
Charges for Services	169,202	243,940	229,160	(14,780)	(6.1)
Sales-Miscellaneous	13,702	11,600	21,600	10,000	86.2
Parks & Recreation	188,619	238,554	216,588	(21,966)	(9.2)
Miscellaneous Revenues	2,109,679	1,343,850	1,378,390	34,540	2.6
Sale of Fixed Assets	61,540	5,000	27,250	22,250	445.0
Interest Earned	116,912	160,000	175,000	15,000	9.4
Department Charges	869,335	968,580	915,730	(52,850)	(5.5)
Transfers In	59,303	61,800	62,735	935	0.0
Prior Years Fund Balance	0	809,323	1,074,440	265,117	32.8
Total Revenues	\$ 25,741,347	\$ 26,331,133	\$ 26,690,354	\$ 359,221	1.4

Description	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Expenditures by Activity:					
City Council	\$ 50,462	\$ 53,803	\$ 55,042	\$ 1,239	2.3
District Court	1,398,389	1,746,747	1,607,123	(139,624)	(8.0)
City Manager	322,759	317,864	367,257	49,393	15.5
Elections	61,122	73,745	134,933	61,188	83.0
City Assessor	200,465	222,173	209,577	(12,596)	(5.7)
Legal	313,331	293,695	268,695	(25,000)	(8.5)
City Clerk	264,295	305,375	338,996	33,621	11.0
Human Resources	363,746	496,575	466,678	(29,897)	(6.0)
Board of Review	1,400	3,023	3,103	80	2.6
General Administration	349,146	272,535	249,798	(22,737)	(8.3)
Finance	850,007	881,987	858,528	(23,459)	(2.7)
Information Technology	355,369	396,545	244,937	(151,608)	(38.2)
Municipal Building	138,954	79,394	82,641	3,247	4.1
Custodial & Maintenance	278,823	185,557	188,120	2,563	1.4
Police	8,381,018	8,957,245	9,526,686	569,441	6.4
Fire	4,475,687	5,113,683	5,380,020	266,337	5.2
Community Development	937,877	1,158,814	1,120,944	(37,870)	(3.3)
Streets	1,080,727	1,445,376	1,290,412	(154,964)	(10.7)
Solid Waste	2,127,087	2,065,443	2,111,168	45,725	2.2
Recreation	95,619	134,342	138,022	3,680	2.7
Nature Center	45,205	65,352	8,208	(57,144)	(12.0)
Parks	437,761	547,935	481,953	(65,982)	3.7
Senior Citizens	377,890	354,198	367,354	13,156	3.1
Library	764,916	734,988	757,796	22,808	1.8
Insurance, Bonds and Transfers	474,908	424,739	432,363	7,624	1.8
Total Expenditures	\$ 24,146,963	\$ 26,331,133	\$ 26,690,354	\$ 359,221	1.4

GENERAL FUND REVENUES

FY 2016-17 BUDGET

Description	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Property Taxes	\$ 16,439,332	\$ 16,810,135	\$ 16,810,103	\$ (32)	(0.0)
Licenses & Permits	777,368	810,350	738,350	(72,000)	(8.9)
Federal Revenues	93,207	50,000	89,000	39,000	78.0
State Shared Revenues	2,927,740	2,990,701	3,050,189	59,488	2.0
Other Government	166,657	116,300	158,819	42,519	36.6
Court Fines and Fees	1,748,751	1,711,000	1,743,000	32,000	1.9
Service Fees	357,821	482,494	445,748	(36,746)	(7.6)
Sales - Miscellaneous	75,242	16,600	48,850	32,250	194.3
Miscellaneous	2,226,591	1,503,850	1,553,390	49,540	3.3
Department Charges	869,335	968,580	915,730	(52,850)	(5.5)
Transfers In	59,303	61,800	62,735	935	1.5
Prior Year's Fund Balance	0	809,323	1,074,440	265,117	32.8
Total	\$ 25,741,347	\$ 26,331,133	\$ 26,690,354	\$ 359,221	1.4

Description	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
General Government	\$ 5,423,176	\$ 5,753,757	\$ 5,507,791	\$ (245,966)	(4.3)
Public Safety	12,856,705	14,070,928	14,906,706	835,778	5.9
Community Service	3,207,814	3,510,819	3,401,580	(109,239)	(3.1)
Culture and Recreation	1,721,391	1,836,815	1,753,333	(83,482)	(4.5)
Community Development	937,877	1,158,814	1,120,944	(37,870)	(3.3)
Total	\$ 24,146,963	\$ 26,331,133	\$ 26,690,354	\$ 359,221	1.4

Fund Balance - Unrestricted	\$ 7,157,728	\$ 6,348,405	\$ 5,273,965	\$ (1,074,440)	(16.9)
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GENERAL FUND EXPENDITURES

FY 2015-16 BUDGET

GENERAL GOVERNMENT					
Description	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Mayor and Council	\$ 50,462	\$ 53,803	\$ 55,042	\$ 1,239	2.3
District Court	1,398,389	1,746,747	1,607,123	(139,624)	(8.0)
City Manager	322,759	317,864	367,257	49,393	15.5
Legal	313,331	293,695	268,695	(25,000)	(8.5)
Assessor/Board of Review	201,865	225,196	212,680	(12,516)	(5.6)
City Clerk/Elections	325,417	379,120	473,929	94,809	25.0
Human Resources	363,746	496,575	466,678	(29,897)	(6.0)
General Administration	349,146	272,535	249,798	(22,737)	(8.3)
Finance	850,007	881,987	858,528	(23,459)	(2.7)
Information Technology	355,369	396,545	244,937	(151,608)	(38.2)
Custodial/Maintenance	417,777	264,951	270,761	5,810	2.2
Insurance/Bonds & Transfers	474,908	424,739	432,363	7,624	1.8
Total	\$ 5,423,176	\$ 5,753,757	\$ 5,507,791	\$ (245,966)	(4.3)
PUBLIC SAFETY					
Police	\$ 8,381,018	\$ 8,957,245	\$ 9,526,686	\$ 569,441	6.4
Fire	4,475,687	5,113,683	5,380,020	266,337	5.2
Total	\$ 12,856,705	\$ 14,070,928	\$ 14,906,706	\$ 835,778	5.9
COMMUNITY SERVICE					
Streets	\$ 1,080,727	\$ 1,445,376	\$ 1,290,412	\$ (154,964)	(10.7)
Solid Waste	2,127,087	2,065,443	2,111,168	45,725	2.2
Total	\$ 3,207,814	\$ 3,510,819	\$ 3,401,580	\$ (109,239)	(3.1)
CULTURE AND RECREATION					
Recreation	\$ 95,619	\$ 134,342	\$ 138,022	\$ 3,680	2.7
Nature Center	45,205	65,352	8,208	(57,144)	(87.4)
Parks	437,761	547,935	481,953	(65,982)	(12.0)
Senior Citizens	377,890	354,198	367,354	13,156	3.7
Library	764,916	734,988	757,796	22,808	3.1
Total	\$ 1,721,391	\$ 1,836,815	\$ 1,753,333	\$ (83,482)	(4.5)
COMMUNITY DEVELOPMENT					
Total	\$ 937,877	\$ 1,158,814	\$ 1,120,944	\$ (37,870)	(3.3)
TOTAL					
General Fund Total	\$ 24,146,963	\$ 26,331,133	\$ 26,690,354	\$ 359,221	1.4

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	2014-15	2015-16	2016-17
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
- Multicultural Relations 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

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Regular City Council Meetings	23	23	23
		Agenda Items	353	383	383
		Public Hearings Held	10	10	10
<i>Outcomes</i>	E, K	Ordinances and Amendments Adopted	3	5	5
		Agenda Items Acted Upon	353	383	383
		Annual % Change in Millage Rate	0.19%	-0.03%	0.23%
		Department Expenditures as a % of General Fund	0.2%	0.2%	0.2%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 49,587	\$ 49,517	\$ 50,756	\$ 1,239	2.5
Supplies	-	322	322	-	-
Other Services and Charges	875	3,964	3,964	-	-
Capital Outlay	-	-	-	-	-
Total	\$ 50,462	\$ 53,803	\$ 55,042	\$ 1,239	2.3
Resources:					
General Fund	\$ 50,462	\$ 53,803	\$ 55,042	\$ 1,239	2.3
Total	\$ 50,462	\$ 53,803	\$ 55,042	\$ 1,239	2.3

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	2014-15	2015-16	2016-17
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 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 1,032,177	\$ 1,258,510	\$ 1,210,626	\$ (47,884)	(3.8)
Supplies	23,510	33,300	32,300	(1,000)	(3.0)
Other Services and Charges	313,404	347,437	351,097	3,660	1.1
Capital Outlay	29,298	107,500	13,100	(94,400)	(87.8)
Total	\$ 1,398,389	\$ 1,746,747	\$ 1,607,123	\$ (139,624)	(8.0)
Resources:					
Court Salary Standard	\$ 47,224	\$ 45,725	\$ 47,074	\$ 1,349	3.0
Court Fines	896,678	860,000	875,000	15,000	1.7
Forfeits	25,355	18,000	25,000	7,000	38.9
Reimbursed Court Costs	474,319	525,000	500,000	(25,000)	(4.8)
Bond Fees	92,798	81,000	90,000	9,000	11.1
Probation Oversight	245,921	215,000	240,000	25,000	11.6
Violation Clearance	13,680	12,000	13,000	1,000	8.3
General Fund	(397,586)	(9,978)	(182,951)	(172,973)	1,733.5
Total	\$ 1,398,389	\$ 1,746,747	\$ 1,607,123	\$ (139,624)	(8.0)

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.
- 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	2014-15	2015-16	2016-17
City Manager	1	1	1
Executive Assistant	1	1	1
Total Full-time	2	2	2
Total Employees	2	2	2

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
Output		Agenda Reports Reviewed	179	180	180
		Number of Council adopted goals managed	N/A	N/A	20
		Media inquiries/requests handled	13	8	7
Efficiency		% of Council Agenda Items Reviewed Prior to Bi-Weekly Staff Meeting	98%	99%	99%
		Department Expenditures as a % of General Fund	1.3%	1.2%	1.4%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 319,859	\$ 308,243	\$ 357,398	\$ 49,155	15.9
Supplies	148	300	300	0	0.0
Other Services and Charges	2,752	9,321	9,559	238	2.6
Capital Outlay	0	0	0	0	0.0
Total	\$ 322,759	\$ 317,864	\$ 367,257	\$ 49,393	15.5
Resources:					
General Fund	\$ 322,759	\$ 317,864	\$ 367,257	\$ 49,393	15.5
Total	\$ 322,759	\$ 317,864	\$ 367,257	\$ 49,393	15.5

Key Issues

- The increase in Personal Services is related to the actuarially required pension and retiree health care 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 Coordinator. During elections, there are 72 seasonal 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 public meeting information.
- Coordinating the City Council's Mock Student Council program.
- Manager master index of contracts and agreements.

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 Clerk/Election Workers-Chairpersons	24	24	24
Election Workers	48	48	48
Office Assistant	0	0	1
Total Part-time	72	72	73
Total Employees	74	74	75

Accomplishments

Resource Management:

- Conducted the Madison Schools Special Election on August 4, 2015, City General Election on November 3, 2015, and the State Presidential Primary Election on March 8, 2016; conducted training for election inspectors, and recruited student election inspectors for each election.
- Updated the Freedom of Information Act Policy to mirror newly adopted legislation.
- Improved the efficiency of office procedures for the business license renewal process.
- Updated the software for business and animal licensing to BS&A.net.
- Continued professional development of City Clerk and Election Coordinator through ongoing training and certifications.

Objectives

Resource Management:

- Conduct State Primary Election on August 2, 2016 and Presidential Election on November 8, 2016.
- Review and make necessary changes (if any) to precinct boundaries for 2016/17 election cycle.
- Improve efficiency of the business license renewal process. (City Goal N)
- Streamline the Boards and Commissions appointment records management system and process.
- Implement new state-wide voting system.
- Implement the new State's Electronic Death Registration System.
- Continue electronic storage, retention and indexing of all contracts, titles, resolutions and agreement records.
- Continue professional development for the City Clerk and Election Coordinator.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
Input		Hours attending City Council Meetings	36	35	35
		Number of Election Workers per election	71	51	71
		Average Number of Voters per FTE	2,356	3,100	7,700
Output		Number of Business and Animal Licenses Issued	1,426	1,400	1,400
		Number of New Registered Voters/Changes	2,041	2,000	2,250
		Number of Absentee Ballots Sent	4,578	3,000	4,000
Outcome		Avg Days to Post Approved Board Minutes to website	30	30	30
		Number of Election Workers Trained	174	150	150
		Avg Days to Process New Business Licenses	67	67	60
Efficiency		% Voter Turnout per November State Election	37%	N/A	60%
		% of FOIA respnded to within 10 business days	100%	100%	100%
		Department Expenditures as a % of General Fund	1.3%	1.3%	1.8%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 246,879	\$ 272,188	\$ 320,131	\$ 47,943	17.6
Supplies	4,817	4,150	4,150	0	0.0
Other Services and Charges	12,599	14,902	14,715	(187)	(1.3)
Capital Outlay	0	14,135	0	(14,135)	(100.0)
Subtotal-Elections	61,122	73,745	134,933	61,188	83.0
Total	\$ 325,417	\$ 379,120	\$ 473,929	\$ 94,809	25.0
Resources:					
Business Licenses	\$ 95,795	\$ 112,000	\$ 90,000	\$ (22,000)	(19.6)
Animal Licenses	6,937	6,200	6,200	0	0.0
Bicycle Licenses	49	100	100	0	0.0
Vital Health Statistics	20,296	24,000	24,000	0	0.0
Maps	70	0	0	0	0.0
Election Reimbursement	0	23,300	0	(23,300)	(100.0)
State of Michigan Grant	0	0	30,000	30,000	0.0
General Fund	202,270	213,520	323,629	110,109	51.6
Total	\$ 325,417	\$ 379,120	\$ 473,929	\$ 94,809	25.0

Key Issues

- Budget includes funding for a dedicated part-time administrative office support; in the past this part-time employee was shared between the Department of Public Services and City Clerk/Elections.
- Budget includes the purchase of six replacement laptops for voting precincts and new election tabulation equipment. Tabulation equipment is funded 50% General Fund and 50% State of Michigan grant with a total City share of \$60,000.

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 1,700 personal property accounts in the City.
- Providing analysis of proposed Special Assessment District (SAD) projects.

Accomplishments

Resource Management:

- Contracting assessing to Oakland County Equalization has saved approximately \$306,000 per year in General Fund operating expense.
- There were 558 field reviews/sale reviews conducted in the City in FY 2014-15.

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.
- Renew contract with Oakland County Equalization for three additional years until June 30, 2019.

Performance Measures

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Board of Review Appeals	184	200	200	0	0.0 %
Mich. Tax Tribunal Cases	9	16	15	(1)	(6.3) %
Personal Property Audits	14	15	15	0	0.0 %
Property Record Review	5,972	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	5	0	0
Minutes to Process Homestead Exemption Filing	5	5	5	0	0

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	200,465	222,173	209,577	(12,596)	(5.7)
Capital Outlay	0	0	0	0	0.0
Subtotal-Board of Review	1,400	3,023	3,103	80	2.6
Total	\$ 201,865	\$ 225,196	\$ 212,680	\$ (12,516)	(5.6)
Resources:					
Assessing Fees	\$ 26,598	\$ 20,000	\$ 20,000	\$ 0	100.0
General Fund	175,267	205,196	192,680	(12,516)	(6.1)
Total	\$ 201,865	\$ 225,196	\$ 212,680	\$ (12,516)	(5.6)

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.
- Staff is currently working on a three-year continuation of the agreement with Oakland County Equalization to continue providing assessing services.

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 matters and prosecution of criminal matters;
- Preparing legal opinions and/or reviewing ordinances, resolutions and contracts;
- Presenting legal updates to City Council, Administration; and
- Attending City Council meetings and various Boards and Commissions.

Performance Measures

Performance Measures:	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Workload Indicators					
Legal Counsel (Hours)					
Tax Tribunal	85	250	150	(100)	(40.0)
Labor	1,021	1,000	750	(250)	(25.0)
General	1,624	1,537	1,537	0	0.0
Telecommunications	68	15	10	(5)	(33.3)
Department Expenditures as a % of the General Fund	1.3%	1.1%	1.0%	0.1%	0.0%

Financial Summary

Requirements:	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	0.0
Supplies	8,887	7,500	7,500	0	0.0
Other Services and Charges	304,444	286,195	261,195	(25,000)	(8.7)
Capital Outlay	0	0	0	0	0.0
Total	\$ 313,331	\$ 293,695	\$ 268,695	\$ (25,000)	(8.5)
Resources:					
General Fund	\$ 313,331	\$ 293,695	\$ 268,695	\$ (25,000)	(8.5)
Total	\$ 313,331	\$ 293,695	\$ 268,695	\$ (25,000)	(8.5)

Key Issues

- Expenses for legal fees related to labor are expected to decrease in FY 2017. All of the City's eight unions have agreed to extend their union contracts through June 30, 2017.

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	2014-15	2015-16	2016-17
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:

- Settled all Collective Bargaining Agreements through June 30, 2017.
- Continued to assist retirees with enrolling in Medicare Advantage, and with Medicare Advantage health insurance billing questions and/or problem, as well as coordinate updates to Medicare Part B premium payments to eligible 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 and timely processing of any changes.
- Monitored the Patient Protection and Affordable Care Act (PPACA) to ensure continued compliance.
- Expanded eligibility for the MiLife Health and Wellness Center (MiLife) to include pre-medicare retirees.
- Expanded MiLife services to include non-Police and Fire pre-employment physicals.
- Achieved health care savings of nearly \$30,000 due to employee utilization of the MiLife Health and Wellness Center.
- Augmented the City's already successful wellness program by integrating MiLife initiatives including dedicated coaching staff, online resources and chronic disease management programs.
- Created, consolidated and maintained accurate database in HR system of employee certifications, discipline, and other records so that reports can be generated as necessary.

Objectives

Resource Management:

- Evaluate ongoing success of previous integration of wellness program into the MiLife Health and Wellness Center.
- Assist with the promotion of the MiLife Center in order to attract other municipalities and local businesses to join.
- As vacancies occur, update and refresh job advertisements and job descriptions in an effort to reach the Millennial workforce.
- Begin to negotiate successor contracts no later than May 1, 2017 to help achieve established budgetary and fund balance projected goals.
- In conjunction with IT contractor, create employee intranet portal; convert new employee packets to electronic format, with viable options for employees who do not have computers assigned to them.
- With input from IT, develop electronic file system and scan former employee personnel and medical files.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		All staff in jurisdiction: Average years of service	14	13	12
		Avg Number of full-time, regular employees on payroll jurisdiction-wide: Sworn public safety	67	70	70
		Avg Number of full-time, regular employees on payroll jurisdiction-wide: Total	134	141	141
		Hours Paid: All Human Resources staff	4,057	4,057	4,057
		Hours paid to all jurisdiction staff	573,773	590,257	590,257
<i>Output</i>		HR: Number of full time positions filled	16	21	8
		Percentage of new full-time employees completing probationary period	92%	95%	95%
		Turnover: Number of full-time, permanent employees who left: Total*	9	5	4
		Turnover: Number of full-time, regular employees who left: Sworn public safety*	2	2	2
		Turnover rate: All full-time employees*	6.70%	3.55%	2.84%
<i>Outcome</i>		HR: Percentage of successful full time applicants still employed 12 months from hire date	75%	80%	90%
		Department Expenditures as a % of General Fund	1.5%	1.9%	1.7%

**does not include those who left during probation or due to retirement or death*

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 222,692	\$ 215,831	\$ 246,236	\$ 30,405	14.1
Supplies	1,986	0	0	0	0.0
Other Services and Charges	139,068	280,744	220,442	(60,302)	(21.5)
Capital Outlay	0	0	0	0	0.0
Total	\$ 363,746	\$ 496,575	\$ 466,678	\$ (29,897)	(6.0)
Resources:					
General Fund	\$ 363,746	\$ 496,575	\$ 466,678	\$ (29,897)	(6.0)
Total	\$ 363,746	\$ 496,575	\$ 466,678	\$ (29,897)	(6.0)

Key Issues

- The increase in Personal Services is related to an increase in the actuarially required contributions for pension and retiree health care.

General Administration

General Administration serves as the cost center for general administrative support and non-department specific payments such as city-wide telephone maintenance and website hosting.

Accomplishments

- Completed purchase and construction of new Cable Television Control Room including upgrade of video production equipment.
- Implemented new ICMA Insights Performance Measurement System.
- Completed changeover to new cable television contractor for production of City Council and Zoning Board of Appeals Meetings.
- Successfully auctioned surplus vehicles and other City surplus items on the City's cooperative purchasing website, netting over \$60,000 in revenue.
- Successfully bid Fire Department large diameter attack hose to replace aging equipment.
- Purchased two new Automatic External Defibrillators and new Stryker motorized stretcher for the Fire Department.
- Completed purchase of miscellaneous fleet vehicles, including Fire Hazmat Trailer, three police interceptor patrol vehicles, GMC trucks for DPS/Parks and Community Development, and a new aerial platform truck for DPS.
- Issued a bid and completed the purchase order for city-wide Ethernet and new VoiP phone system.

Objectives

- Continue to utilize the cooperative purchasing website to attain optimal revenue when selling surplus items.
- Continue to take advantage of cooperative purchasing, including but not limited to MITN, the State of Michigan (MiDEAL), Oakland County and Macomb County to increase purchasing power while reducing staff time spent on creating, issuing, and administering bids.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Expenditures: General fund personnel and operations	\$ 24,146,963	\$ 26,331,133	\$ 26,690,354
		Expenditures: Special-revenue/restricted fund personnel and operations	\$ 14,793,658	\$ 20,404,206	\$ 19,853,892
		Square miles of land area served	7.2	7.2	7.2
		Revenues, General fund: Property Tax	\$ 15,984,597	\$ 16,366,936	\$ 16,366,742
		Revenues, General fund: State Revenue Sharing	\$ 2,802,192	\$ 2,880,326	\$ 2,806,767
<i>Efficiency</i>		Department Expenditures as a % of General Fund	1.4%	1.0%	0.9%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 149,282	\$ 108,891	\$ 124,923	\$ 16,032	14.7
Supplies	42,238	45,100	45,350	250	0.6
Other Services and Charges	89,756	118,544	79,525	(39,019)	(32.9)
Capital Outlay	67,870	0	0	0	0.0
Total	\$ 349,146	\$ 272,535	\$ 249,798	\$ (22,737)	(8.3)
Resources:					
General Fund	\$ 349,146	\$ 272,535	\$ 249,798	\$ (22,737)	(8.3)
Total	\$ 349,146	\$ 272,535	\$ 249,798	\$ (22,737)	(8.3)

Key Issues

- The General Administration Budget funds some general retiree costs not chargeable to specific operating departments.
- The increase in Personal Services is a reallocation of actuarially required pension contributions to all departments.
- FY 2017 includes an increase in cable television broadcasting due to a change in vendors.

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	2014-15	2015-16	2016-17
Deputy City Manager for Administrative Services	1	1	1
Deputy Treasurer/Finance Director	1	1	1
Accountant	1	1	1
Fiscal Assistant II	4	3	3
Fiscal Assistant I	1	0	0
Administrative Secretary	0	1	1
Total Full-time	8	7	7
Total Employees	8	7	7

Accomplishments

Resource Management:

- Received the Government Finance Officers Association’s (GFOA) Distinguished Budget Award for FY 2015-16.
- Completed annual audit within 3 months.
- Issued RFP for actuarial services and entered a one year agreement with the current actuarial firm, Gabriel Roeder Smith & Company.
- Reviewed banking services, moving to Talmer Bank and Trust, located within Madison Heights
- Worked with Department of Public Services to provide a report to the City Manager and Council identifying long-term equipment needs including a recommendation regarding a potential “V-3” millage renewal.

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.
- 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. (City Goal K)
- Complete an analysis of water and sewer rates needed to support the system with infrastructure projects over the next ten (10) years.
- Have staff review the current methodology for stormwater charges and work with management and the engineering firm to restructure the fee for stormwater utility.
- Develop and implement a plan and policy to fully address the City’s unfunded liabilities for pension and other post-employment benefits (i.e. retiree health care). (City Goal P)
- Modify the City’s Financial Reserve Policy to comply with the Michigan Government Finance Officers Association’s Best Practice of reserving two months’ worth of operating expenditures or 16% of annual expenditures. (City Goal R)
- As recommended by the Government Finance Officers Association, issue Request for Proposals for Auditing Services for a multi-year contract to evaluate service through a competitive process. (City Goal S)

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>	E, K, M	Total Dollar amount of City Budget	\$ 47,215,330	\$ 48,164,797	\$ 47,663,820
		City Taxable Value	\$ 782,344,405	\$ 796,645,220	\$ 773,563,490
		Total Dollar value of Fiscal Year CIP - all funds	\$ 6,751,000	\$ 7,517,000	\$ 6,781,000
<i>Output</i>		Accounts Payable Processed - Paper Check	4,829	4,730	4,567
		Accounts Payable Processed - ACH	990	1,089	1,252
		# of water/sewer customers	11,804	11,804	11,804
		# of water/sewer customers signed up for ACH	1,237	1,261	1,324
<i>Outcome</i>		% of Accounts Payable processed by ACH	17%	19%	22%
		% of water/sewer customers signed up for ACH	10%	11%	11%
		% of Dollar amount of budget amendments	8%	10%	10%
		% of Budget GF revenues received	102%	100%	100%
		% of Budgeted GF expenditures spent	95%	100%	100%
<i>Efficiency</i>		Taxes collected by March 1 as a % of Total	94%	95%	95%
	S	Date of Annual Auditor's Report	10/13/2015	10/30/2016	10/30/2017
	P	% Funded for General Employees Pension Trust	68%	98%	98%
	P	% Funded for Police and Fire Pension Trust	70%	60%	62%
	P	% Funded for Retiree Health Benefits Trust	27%	28%	30%
		Department Expenditures as a % of General Fund	3.5%	3.3%	3.3%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 779,447	\$ 804,497	\$ 791,641	\$ (12,856)	(1.6)
Supplies	4,221	5,000	5,000	0	0.0
Other Services and Charges	66,339	72,490	61,887	(10,603)	(14.6)
Capital Outlay	0	0	0	0	0.0
Total	\$ 850,007	\$ 881,987	\$ 858,528	\$ (23,459)	(2.7)
Resources:					
Mobile Home Tax	\$ 2,719	\$ 2,050	\$ 2,050	\$ 0	0.0
Property Tax Admin. Fees	454,745	443,199	443,361	162	0.0
Garbage Bag Sales	7,254	6,700	6,700	0	0.0
Interest Income on Deposits	116,912	160,000	170,000	10,000	6.3
General Fund	268,377	270,038	236,417	(33,621)	12.5
Total	\$ 850,007	\$ 881,987	\$ 858,528	\$ (23,459)	(2.7)

Key Issues

- The FY 2017 Budget maintains the same service level as in FY 2016.

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, telephony, and assistance in setting the technological direction for the City.

Accomplishments

Resource Management:

- Installed an enterprise disaster recovery system for server recovery and data backup.
- Installed a new storage area network and virtualized each physical server onto two new host servers.
- Setup secure VPN server, allowing staff to remotely access the city information system.
- Migrated email from Oakland County to a new internal email server using Microsoft Exchange.
- Resolved local area network speed issues that caused slow desktop performance.
- Created on call procedures for after hours support.
- Setup pre-meeting support for City Council meetings.
- Resolved Edison Tower data line problems.
- Instituted a password management system to protect the network and key applications.
- Corrected Fleet Max software to resolve data errors.
- Participated in City Council, Department Head, Safety, and ITAC meetings.
- Secured all computers with group policies and improved anti-malware.
- Completed installation of city-wide phone system using voice over IP.
- Installed new Ethernet switching and routing at all city buildings and wide area network.
- Setup new core firewall to protect city information systems from untrusted outside systems.
- Assumed responsibility for cablecasting of Council and Zoning Board of Appeals meetings.

Objectives

Resource Management:

- Replace 18 desktop computers on the five-year replacement plan and 6 laptops for elections.
- Issue a request for proposal and oversee the project to overhaul the city website.
- Replace the aging WiFi equipment at City Hall.
- Purchase, install and train personnel on dashboard-based IT performance monitoring software to measure network and server reliability, improve communication between IT and City staff and allow benchmarking of IT systems. (City Goal O)
- Setup new communication using Microsoft Exchange email and Cisco Jabber.
- Offer in-service training for staff on technology use in the office.
- Schedule vulnerability tests for the network and computers.
- Investigate shared resource for disaster preparedness with Royal Oak, Hazel Park, and/or Troy.
- Plan for an "Executive Information System" to easily retrieve dashboard-style statistics from the city information systems.
- Setup phase two of the monitoring system to track system health and automate performance alerts.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Number of helpdesk requests	1,325	1,500	1,500
		Number of endpoints served	431	435	435
<i>Output</i>		Number of new computers installed	22	22	24
		Special IT projects handled	18	12	15
<i>Outcome</i>		% of helpdesk request handled in 8 hours or less	74%	90%	90%
		Total number of helpdesk cases resolved	1,320	1,500	1,500
<i>Efficiency</i>		Capital expenditures for IT	\$ 39,284	\$ 175,500	\$ 3,200
		Expenditures per each endpoint served	\$ 825	\$ 912	\$ 563
		Department Expenditures as a % of General Fund	1.50%	1.50%	0.90%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 168,608	\$ -	\$ 0	\$ 0	0.0
Supplies	12,590	25,045	26,672	1,627	6.5
Other Services and Charges	134,887	196,000	215,065	19,065	0.0
Capital Outlay	39,284	175,500	3,200	(172,300)	0.0
Total	\$ 355,369	\$ 396,545	\$ 244,937	\$ (151,608)	(38.2)
Resources:					
General Fund	\$ 355,369	\$ 396,545	\$ 244,937	\$ (151,608)	(38.2)
Total	\$ 355,369	\$ 396,545	\$ 244,937	\$ (151,608)	(38.2)

Key Issues

- The technology theme for this year is to improve reliability and help users. With the large projects of 2015 complete, the Technology Department is now focusing on optimizing the new systems and user education.
- The new network and servers are being monitored for performance and how city employees use the system. Based on these observations, BPI is tuning the system to better meet the user needs and at the same time can recognize if something runs amok.
- To help users become more comfortable with the new computers and phones, the IT provider is providing continuing education. First, BPI is posting “How-To” videos on the internal network for easy viewing. These videos are for the most commonly used applications. Second, BPI is creating quick reference guides for the phones and email. These are stored on the local network and accessed via shortcuts on each computer. Third, the technology staff is scheduling in-service training on topics requested by the city staff. The goal is to provide a reliable system and help each user be more productive.

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:

- Completed Phase 1 of the Library Waterproofing Project to improve air quality in the building, and energy efficiency of the new HVAC system.
- Replaced exterior lighting at the Library with LED fixtures, resulting in greater light output, and significant energy savings.
- Continued to monitor and adjust HVAC schedules and setpoints at City buildings through the i-Vu web interface, resulting in both increased comfort and energy savings.
- Assisted with the Senior Center facelift project.
- Performed carpet and blind inventories for future interior work at City buildings.
- Provided monthly building energy utilization report to City management.
- Made needed HVAC upgrades at 43rd District Court.
- Provided report to City Council and City Manager on success in reducing energy consumption by 25%, as recommended by the Millennial Mayors Congress.

Objectives

Resource Management:

- Add IvU network cards to Fire Station #1's HVAC system.
- Budget for HVAC replacement and upgrades to the Police Department.
- Continue to explore energy savings opportunities through LED lighting conversions and replacements.
- Continue to monitor performance of custodial contractors at City buildings.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Expenditures: Total jurisdiction facilities: Repairs	\$ 226,807	190,734	198,363
		Jurisdiction facilities, Total Electricity usage: kWh	1,728,150	1,695,219	1,662,915
<i>Efficiency</i>		Admin/office facilities, Custodial expenditure per square foot	\$ 0.93	\$ 0.93	\$ 0.93
		Admin/office facilities, Repair expenditure per square foot	\$ 0.79	\$ 0.67	\$ 0.70
		Departmental Expenditures as a % of General Fund	1.7%	1.0%	1.0%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 30,833	\$ 18,670	\$ 21,401	\$ 2,731	14.6
Supplies	16,929	17,250	18,250	1,000	5.8
Other Services and Charges	231,061	149,637	148,469	(1,168)	(0.8)
Capital Outlay	0	0	0	0	0.0
Subtotal-Municipal Bldg.	138,954	79,394	82,641	3,247	4.1
Total	\$ 417,777	\$ 264,951	\$ 270,761	\$ 5,810	2.2
Resources:					
General Fund	\$ 417,777	\$ 264,951	\$ 270,761	\$ 5,810	2.2
Total	\$ 417,777	\$ 264,951	\$ 270,761	\$ 5,810	2.2

Key Issues

- The FY 2017 budget includes \$14,000 to replace broken chairs in the City Hall Council Chambers and Executive Conference Room.
- The FY 2017 budget includes \$7,500 to waterproof the City Hall elevator pit.

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	2014-15	2015-16	2016-17
Police Chief	1	1	1
Deputy Police Chief	1	1	1
Lieutenants	4	4	4
Sergeants	7	7	7
Police Officers	32	32	32
Administrative Secretary	1	1	1
Information Systems Specialist	1	1	1
Office Assistant II	1	1	1
Police Service Assistants	8	8	8
Animal Control Officer	1	1	1
Total Full-time	57	57	57
Crossing Guards	17	17	17
Animal Control Support	1	1	1
Records Clerk	1	1	1
Total Part-time	19	19	19
Total Employees	76	76	76

Accomplishments

Public Safety:

- Hired and trained nine (9) Police Officers.
- Hired and trained two (2) Police Service Aides (PSA).
- Received grant funding from the Traffic Improvement Association of Michigan for Operating While Impaired patrols and Seatbelt Enforcement.
- Obtained a Risk Avoidance Program (RAP) grant from the Michigan Municipal Risk Management Authority (MMRMA) to assist in the upgrade of the Police Department's patrol vehicle's in-car video system.
- Held the Annual Bicycle Rodeo to help foster the relationship between the Police Department and the Community.

Objectives

Public Safety:

- By July 2016, begin participation in FBI's Violent Crime Task Force to provide focused investigations and enforcement of narcotics violations, weapons offenses, larcenies, recovering and concealing stolen property, prostitution and other offenses. (City Goal D)
- By July 2016, advance 911 technologies, improving communication and emergency response; specifically deploy NextGen 911, in the Police Department's operations. (City Goal C)
- By August 2016, hold the Annual Bicycle Rodeo and Police Department Open House to engage the residents and foster a positive image of the Police Department. (City Goal J)
- Begin replacement of overhead emergency lighting on fully marked Police Department Patrol Vehicles by replacing the lighting on four (4) patrol vehicles.
- In FY 2016-17, the Police Department will engage residents to foster a positive image of the Police Department by continuing to hold four (4) quarterly events-Senior Citizen Safety, Gun Safety Education, Elementary School Outreach, and High 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.
- Purchase, install, and train personnel on three replacement Computer Aided Dispatch (CAD) Consoles, which are required in order to efficiently operate the new Oakland County dispatch software. (City Goal H)
- Revise the City's False Alarm Ordinance to allow for civil fines or ordinance violation after the seventh (7th) and subsequent false alarms in order to reduce the number of false alarms and lessen the enforcement burden under the existing ordinance. (City Goal T)

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Expenditures, police personnel and overtime (including support charged to department)	\$ 8,381,018	\$ 8,957,245	\$ 9,526,686
		Expenditures: Sworn police overtime	\$ 658,896	423,167	\$ 406,346
		Expenditures: Sworn police salaries and benefits (excluding overtime)	\$ 7,163,154	\$ 7,445,763	\$ 8,155,432
		Sworn Police FTEs (Budgeted)	45	45	45
		Sworn Police FTEs per 1,000 pop	1.52	1.52	1.52
<i>Output</i>		Dispatch calls/initiated actions: Total Police Responses	25,008	26,000	26,500
		Injury: producing traffic accidents	175	150	150
		Moving violation citations issued (excluding DUIs)	10,993	11,500	12,000
		Number of accidents involving fatalities	3	0	0
		DUI Arrests	186	150	150
<i>Outcome</i>		Complaints against sworn police personnel: Excessive force	-	-	-
		Complaints against sworn police personnel: Excessive force, sustained	-	-	-
		Top Priority calls: Average time from dispatch to arrival on scene (in seconds)	241.8	235.0	235.0
		Complaints against sworn police personnel: Total	12	8	8
		Complaints sustained against sworn personnel: Total	2	2	2
<i>Efficiency</i>		Dispatch calls/initiated actions: Number of total police responses per 1,000 population	25	26	27
		Dispatch calls/initiated actions: Number of total police responses per sworn FTE	649	660	619
		Dispatch calls/initiated actions: Total police department expenditures per total police response	335	345	359
		Department Expenditures as a % of General Fund	34.7%	34.0%	35.7%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 7,524,687	\$ 8,021,973	\$ 8,516,041	\$ 494,068	6.2
Supplies	65,700	62,100	88,560	26,460	42.6
Other Services and Charges	680,454	695,676	645,064	(50,612)	(7.3)
Capital Outlay	110,177	177,496	277,021	99,525	56.1
Total	\$ 8,381,018	\$ 8,957,245	\$ 9,526,686	\$ 569,441	6.4
Resources:					
Animal Control and Pound	\$ 32,795	\$ 2,400	\$ 2,750	\$ 350	14.6
Liquor License Inspections	24,274	24,350	24,500	150	0.6
Police Fees and Grants	85,614	59,590	73,890	14,300	24.0
Police & Fire Pension Millage	2,174,940	2,504,122	2,944,270	440,148	17.6
Vehicle Proposal Millage	53,330	69,000	57,000	(12,000)	100.0
General Fund	6,010,065	6,297,783	6,424,276	126,493	2.0
Total	\$ 8,381,018	\$ 8,957,245	\$ 9,526,686	\$ 569,441	6.4

Key Issues

- Personnel services are increasing 6.2% due to step increases of employees who were hired during the last four 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 27.94% of payroll to 39.35%. 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 three years. For FY 2017, the annual contribution for OPEB should be 68.38%; in 2016 it was calculated at 67.82%; 77.12% for 2015 and 76.60% for 2014.
- The budget includes four replacement vehicles: two patrol vehicles to be funded from the Proposal V-2 millage at a total cost of \$57,000, and two patrol vehicles funded by the Drug Forfeiture Fund at \$57,000.
- Begin participation in FBI Violent Crimes Task Force. (City Goal D)

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, plus one full time clerical position. 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	2014-15	2015-16	2016-17
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	1	1
Total Full-time	27	28	28
Part-Time Office Support Staff	1	0	0
Total Part-time	1	0	0
Total Employees	28	28	28

Accomplishments

Public Safety:

- Placed into service a new ambulance, HazMat trailer and Fire Marshal/Fire Investigation vehicle.
- Upgraded the radio communication system in the fire engine house at Fire Station 2.
- Replaced the department's entire inventory of large diameter hose.
- Adopted a new County Emergency Support Plan.
- Completed the Department's ISO review.

Resource Management

- The hiring of five new Firefighter/Paramedics.
- Promotion of a Sergeant to Lieutenant.
- Promotion of a Firefighter/Paramedic to Sergeant.
- Sergeant graduating from Eastern Michigan University, Fire Staff and Command.
- Trained five officer candidates to the Michigan Firefighter Training Council Fire Officer I and II qualifications.
- Fire Chief completing NFPA Inspector I and II, and NFPA Plan Review courses.

Objectives

Public Safety:

- Explore the development of a fire authority with the City of Ferndale. (City Goal Q)
- Reinstate the Fire Department's Open House. (City Goal J)
- Continuation of the Knox Box program for all multi-family dwellings.
- Adoption of the 2015 International Fire Code.
- Train the Department Officers to NFPA 1521: *Standard for Fire Department Safety Officer Professional Qualifications*.

Resource Management:

- Lieutenant attending Eastern Michigan University, Fire Staff and Command.
- Transition to a new Fire Marshal.
- Establish a hiring list.
- Hire four new Firefighter/Paramedics.
- Promote two Firefighter/Paramedics to the rank of Sergeants.
- Promotion of two Sergeants to the rank of Lieutenant.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Expenditure: Total Fire/EMS personnel and operations (including support charged to department)	\$ 4,475,687	\$ 5,113,683	\$ 5,380,020
		Expenditures, Fire/EMS Personnel: Sworn	\$ 3,760,763	\$ 4,335,880	\$ 4,624,485
		Expenditures: Sworn Fire/EMS personnel, OT only	\$ 189,303	\$ 145,000	\$ 149,350
<i>Output</i>		EMS: Number of ALS Responses	1,203	1,520	1,675
		EMS: Total BLS and ALS Responses	2,584	2,970	3,200
		Inspections: Commercial/Industrial occupancies inspected	829	880	800
		EMS: Total BLS and ALS Transports	2,031	2,300	2,530
<i>Outcome</i>		Emergency EMS response time: Percentage 8 Min or under: Dispatch to arrival	99%	99%	99%
		Emergency fire response time: Percentage 4 Min or under: Dispatch to arrival	89%	85%	88%
		Percentage of responses within 8 minutes (conclusion of dispatch to arrival on scene of effective response force) for 1-2 family residential structure fire incidents.	100%	100%	100%
		Emergency fire response time: Percentage 8 Min or under: Dispatch to arrival	100%	100%	100%
<i>Efficiency</i>		Fire Incidents: Arson: Percentage of Cases Cleared	100%	50%	80%
		Total BLS and ALS responses per capita	0.09	0.1	0.1
		Total Fire/EMS personnel and operations expenditures per	127	146	156
		Department Expenditures as a % of General Fund	18.5%	19.4%	20.2%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 3,733,108	\$ 4,335,880	\$ 4,631,555	\$ 295,675	6.8
Supplies	100,947	69,425	70,750	1,325	1.9
Other Services and Charges	572,397	509,633	549,831	40,198	7.9
Capital Outlay	69,235	198,745	127,884	(70,861)	(35.7)
Total	\$ 4,475,687	\$ 5,113,683	\$ 5,380,020	\$ 266,337	5.2
Resources:					
Ambulance & CPR Revenues	\$ 575,414	\$ 502,000	\$ 517,000	\$ 15,000	3.0
Police & Fire Pension Millage	1,141,777	1,516,955	1,679,200	162,245	10.7
Vehicle Proposal Millage	121,743	149,743	0	(149,743)	(100.0)
Advanced Life Support Millage	192,198	197,550	197,206	(344)	(0.2)
General Fund	2,444,555	2,747,435	2,986,614	239,179	8.7
Total	\$ 4,475,687	\$ 5,113,683	\$ 5,380,020	\$ 266,337	5.2

Key Issues

- Personnel services are increasing 6.8% due to step increases of employees who were hired during the last four 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 increased in accordance with the annual actuarial report from 27.94% of payroll to 39.35%. 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 three years. The actuarial report for OPEB as of June 30, 2014 has been released by the Police and Fire Pension System actuaries. This contribution is calculated at 68.38% for FY 2017; 67.82% for 2016; 77.12% for 2015, and FY 2014 at 76.6%.
- Capital Outlay included in the FY 2017 Budget includes a new stretcher lifting system at \$29,890 and a V-TAC equipment in the reserve fire engine.

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	2014-15	2015-16	2016-17
Community Development Director	1	1	1
Building Official (Contracted 2015-16)	1	1	0
Economic & Community Engagement Supervisor	1	1	1
Administrative Secretary	1	1	1
GIS/CDD Technician	1	0	0
GIS/Multimedia Specialist	0	1	1
Inspector	2	1	1
Office/CDBG Assistant	1	1	1
Total Full-time	8	7	6
Code Enforcement Officer	0	1	1
Total Part-time	0	1	1
Total Employees	8	8	7

Accomplishments

Public Safety:

- Continued successful implementation of multi-year road and sidewalk Programs, completing the Year 9 Residential Road projects funded through the R-2 millage, 13 Major Road sectional repairs, one local road sectional repair and the first year of the People Powered Transportation Program (PPTP) south of Lincoln. For detailed project locations and final cost, please refer to Neighborhood Projects and Road Improvements sections under the Capital Improvement Chapter.
- Provided staff with Safety Training on an annual basis.
- Completed road and infrastructure analysis necessary to develop an ‘R-3’ Residential Road and Infrastructure Proposal for City Council consideration in 2016.
- Implemented the DDA’s annual Tastefest and Art Challenge events to consolidate donor/vendor commitments.
- Conducted over 11,000 contacts on code enforcement issues.
- Completed over 3,200 inspections of building, electrical, mechanical, plumbing, sign and concrete permits conducted to ensure safe construction.
- Implemented contract building official 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. (City Goal M)
- Provide staff with personal safety training and construction safety training session.
- Develop an “R-3” Residential Road and Infrastructure Proposal for City Council consideration in 2016. (City Goal E)
- Organize and hold the DDA’s Annual Art Challenge prior to December 2016.
- Update Downtown Development Authority Tax Increment Financing plan. (City Goal L)
- Purchase Global Positioning Unit. (City Goal G)

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Valuation of commercial/industrial construction: Regular	\$ 3,018,200	\$ 2,300,000	\$2,500,000
		Expenditures: Code Enforcement personnel and operations	\$ 105,000	\$ 107,000	\$ 109,000
		Expenditures: Development inspection, personnel and operations	\$ 937,877	\$ 1,066,110	\$1,200,000
<i>Output</i>		Code Enforcement: Total Cases Initiated	2,037	2,050	2,100
		# of Building Permits issued: Commercial	269	275	300
		# of Building Permits issued : Residential	933	950	1,000
<i>Outcome</i>		Vacancy Rate: Industrial	5.51%	5.20%	5.50%
		Vacancy Rate: Office	16.12%	13.90%	14.00%
		Vacancy Rate: Retail	8.18%	6.40%	6.50%
<i>Efficiency</i>		Amount recovered from property owners relating to jurisdiction abatement efforts	\$ 30,641	\$ 32,000	\$ 33,000
		% of cases resolved through forced compliance	<1%	<1%	<1%
		% of cases resolved through voluntary compliance	>99%	>99%	>99%
		Department Expenditures as a % of General Fund	3.9%	4.4%	4.2%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 681,894	\$ 924,387	\$ 747,356	\$ (177,031)	(19.2)
Supplies	7,787	8,000	11,500	3,500	43.8
Other Services and Charges	248,196	226,427	339,588	113,161	50.0
Capital Outlay	0	0	22,500	22,500	#DIV/0!
Total	\$ 937,877	\$ 1,158,814	\$ 1,120,944	\$ (37,870)	(3.3)
Resources:					
Occupational Licenses	\$ 212,700	\$ 175,000	\$ 175,000	\$ 0	0.0
Other Permits	60,540	65,000	65,000	0	0.0
Building Permits	398,628	450,000	400,000	(50,000)	(11.1)
Engineering Fees	16,670	2,000	2,000	0	0.0
Planning Fees	5,930	10,000	10,000	0	0.0
GIS Services	3,151	2,000	2,250	250	12.5
General Fund	240,258	454,814	466,694	11,880	2.6
Total	\$ 937,877	\$ 1,158,814	\$ 1,120,944	\$ (37,870)	(3.3)

Key Issues

- The decrease in Personal Services is due to elimination of the Building Official position. This function has been contracted to SafeBuilt.
- The increase in Other Services and Charges reflects the move from a full-time building official position to be contracted through SafeBuilt.

Streets Division

The Streets Division of the Department of Public Services consists of 10 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 (total allocated to streets 1.7 FTE). 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	2014-15	2015-16	2016-17
Supervisor	1	1	1
Leader	0	1	1
Equipment Operator III	3	1	1
Equipment Operator II	2	3	3
Equipment Operator I	3	3	3
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 2015 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 the snow fighting arsenal.
- Repainted crosswalks, stopbars, and legends through entire City.
- Spray patched over thirty R-1 and R-2 roads showing signs of joint deterioration along with several Stephenson Highway turn-arounds.
- Converted 376 mercury vapor streetlights throughout the City to LED.

Objectives

Public Safety:

- Maintain, replace and repaint crosswalks, stop bars, legends and lane markings.
- Complete upgrading signage to meet new federal traffic control standards.
- Support 2016 neighborhood and major road repair and reconstruction projects by providing assistance as required.
- 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.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
Input		Expenditures on paved sidewalks (operations and capital)	\$ 347,666	\$ 250,000	\$ 250,000
		Annual Streetlighting Expenses	\$ 509,135	\$ 464,832	\$ 445,775
Efficiency		Expenditures, paved road rehabilitation, per total paved lane miles	\$ 10,354	\$ 11,000	\$ 8,185
		Department Expenditures as a % of General Fund	4.5%	5.5%	4.8%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 188,971	\$ 188,778	\$ 204,242	\$ 15,464	8.2
Supplies	5,002	2,750	2,750	0	0.0
Other Services and Charges	740,688	830,848	863,420	32,572	3.9
Capital Outlay	146,066	423,000	220,000	(203,000)	0.0
Total	\$ 1,080,727	\$ 1,445,376	\$ 1,290,412	\$ (154,964)	(10.7)
Resources:					
Weed Mowing	\$ 31,309	\$ 22,066	\$ 50,000	\$ 27,934	126.6
Brush Chipping	3,423	5,100	5,000	(100)	(2.0)
Proposal V	23,338	423,000	220,000	(203,000)	0.0
General Fund	1,022,657	995,210	1,015,412	20,202	2.0
Total	\$ 1,080,727	\$ 1,445,376	\$ 1,290,412	\$ (154,964)	(10.7)

Key Issues

- The FY 2017 budget includes the replacement of one tandem axle dump truck (#418).

Solid Waste Division

The Solid Waste Division of the Department of Public Services consists of 1 employee whose time is allocated between the General Fund Divisions for Streets and Solid Waste, as well as the Water and Sewer 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.

Organizational Structure and Staff

Personnel Summary	2014-15	2015-16	2016-17
Assistant City Manager - DPS	1	0	0
DPS Director	0	1	1
Total Full-time	1	1	1
Total Employees	1	1	1

Accomplishments

Public Health:

- Completed removal of 25 dead or diseased trees, and proactively removed 50 trees from the R-2 projects.
- Completed 100 tree trimming/pruning requests.
- Sold 193 recycling bins to our residents.

Objectives

Public Health:

- Continue to monitor the health of City trees and remove or trim as necessary.
- Continue to monitor performance of new tree contractor.
- Re-establish DPS Spring Clean-Up Day and Brush Chipping Week to encourage clean-out of basements, yards, and garages. (City Goal A)
- Assist with rodent control issues and reduce calls for code enforcement.

Public Safety:

- Monthly sweeping of residential areas.
- Continue to monitor solid waste collection and disposal contractor (Rizzo).

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
Input	A	Expenditures for Recycling	\$ 209,133	\$ 219,877	\$ 219,877
Output		Residential recycling: Tons collected	1,126.13	908.87	1146.82
		Yard Waste Tons Collected: Composted	1,574.05	1,621.29	1,573.57
Efficiency		Street sweeping expenditures per lane mile	\$ 307	\$ 302	\$ 302
		Department Expenditures as a % of the General Fund	8.8%	7.8%	7.9%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 464,470	\$ 436,657	\$ 477,704	\$ 41,047	9.4
Supplies	10,844	17,012	17,012	0	0.0
Other Services and Charges	1,651,773	1,595,774	1,616,452	20,678	1.3
Capital Outlay	0	16,000	0	(16,000)	0.0
Total	\$ 2,127,087	\$ 2,065,443	\$ 2,111,168	45,725	0.0
Indirect Costs	333,293	328,152	338,670	10,518	0.0
Resources:					
Solid Waste Millage	\$ 2,016,364	\$ 2,090,630	\$ 2,086,998	\$ (3,632)	(0.2)
General Fund	(222,570)	(353,339)	(314,500)	38,839	(11.0)
Total	\$ 1,793,794	\$ 1,737,291	\$ 1,772,498	\$ 35,207	2.0

Key Issues

- The City contracts garbage and recycling services to Rizzo Services. The 2010-2020 contract holds prices for FY 2017 at FY 2016 levels.

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, fitness, yoga, painting, and team sports such as basketball, softball, T-Ball, volleyball, gymnastics and martial arts;
- 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	2014-15	2015-16	2016-17
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.
- 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, 5k, and Golf Outing.
- 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 has reached 488 followers with less cost and time.
- Developed and distribute a comprehensive sponsorship packet to increase revenues for events and programs and reduce staff time and postage cost spent on solicitation.

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 Beer and Wine Tasting Event to help raise funds for Festival in the Park.
- By June 30, 2017, identify one recreation project, identify local match source and submit application for Michigan Natural Resources Trust Fund (MNRTF) grant, and include FY 2017-18 CIP/Budget, utilizing updated Parks and Recreation Master Plan.
- Increase participation in youth sports by tailoring programs to meet needs of community (i.e. fastpitch softball and basketball)
- Build Day Camp program to offer full summer of opportunities to increase participation and meet families’ needs.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		New Programs introduced	8	4	6
		Recreation revenues	\$ 82,665	\$ 71,174	\$ 81,753
<i>Output</i>		Recreation Registrations	1,275	1,350	1,400
		Pavilion Rentals	63	65	85
<i>Efficiency</i>		Department Expenditures as a % of the General Fund	0.4%	0.5%	0.5%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 45,744	\$ 49,798	\$ 63,339	\$ 13,541	27.2
Supplies	13,193	19,659	21,001	1,342	6.8
Other Services and Charges	36,682	64,885	53,682	(11,203)	(17.3)
Capital Outlay	0	0	0	0	0.0
Total	\$ 95,619	\$ 134,342	\$ 138,022	\$ 3,680	2.7
Resources:					
Recreation Fees	\$ 132,610	\$ 42,559	\$ 99,800	\$ 57,241	134.5
Recreation-Miscellaneous	6,588	2,500	2,500	0	0.0
General Fund	(43,579)	89,283	35,722	(53,561)	(60.0)
Total	\$ 95,619	\$ 134,342	\$ 138,022	\$ 3,680	2.7

Key Issues

- Finding programs or activities that draw post-collegiate ages or young families to the City and keep them returning remains a challenge.
- As activities become unpopular or leave, find new programs to fill their space, meet demand and raise an appropriate level of revenue.

Nature Center Division

The paid staff of the Nature Center Division of the Department of Public Services 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:

- Aided in promotion of Nature Center.
- Met with OCPR Staff to coordinate Capital Improvement planning and implementation schedules with City Staff.
- Successfully installed sidewalk on the west side of Hales from Winthrop to the Sensory Trail to improve pedestrian safety. This project included several tree removals and fencing upgrades.
- Successfully held the 2015 Nature Center Open House.

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 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 378	\$ 0	\$ 0	\$ 0	0.0
Supplies	14,139	0	0	0	0.0
Other Services and Charges	30,688	8,052	8,208	156	1.9
Capital Outlay	0	57,300	0	(57,300)	0.0
Total	\$ 45,205	\$ 65,352	\$ 8,208	\$ (57,144)	(87.4)
Resources:					
Nature Center Sales	\$ 0	\$ 0	\$ 0	\$ 0	0.0
Nature Center Contributions	0	0	0	0	0.0
General Fund	45,205	65,352	8,208	(57,144)	(87.4)
Total	\$ 45,205	\$ 65,352	\$ 8,208	\$ (57,144)	(87.4)

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 City and OCPR have entered into a 25-year lease, effective October 1, 2012, for the OCPR 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 OCPR for Suarez Woods.

Parks Division

The Parks Division of the Department of Public Services consists of the allocation of a portion of the DPS Director, one full-time Equipment Operator, 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
- 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	2014-15	2015-16	2016-17
Parks Maintenance III	1	1	0
Parks Maintenance I	1	1	0
Total Full-time	2	2	1
Park Rangers	2	2	2
Total Part-time	2	2	2
Total Employees	4	4	3

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.
- 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 Rosie's Park has been completed.
- Renovated the failing ceilings at the Civic Center Park shelter building restrooms, including insulation work and replacing existing lighting with LED fixtures for increased energy savings.
- Sealcoated all parking lots at the Civic Center campus to extend their life until funding for replacement is available.
- Contracted grass cutting of parks to maintain an aesthetically pleasing appearance, and free up staff for other projects.

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, and Civic Center 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 2017-18 CIP/Budget, utilizing updated Parks and Recreation Master Plan.
- Continue to explore energy savings opportunities at the park shelter buildings and facilities through lighting, HVAC, and insulation upgrades.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Expenditures: Parks personnel and operations: Total	\$ 437,761	\$ 470,435	\$ 461,066
		Park maintenance expenditures per acre	\$ 4,608	\$ 4,952	\$ 4,853
<i>Efficiency</i>		Department Expenditures as a % of General Fund	1.8%	2.1%	1.8%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 233,855	\$ 237,948	\$ 136,413	\$ (101,535)	(42.7)
Supplies	32,715	31,350	30,950	(400)	(1.3)
Other Services and Charges	144,298	88,137	194,590	106,453	120.8
Capital Outlay	26,893	190,500	120,000	(70,500)	0.0
Total	\$ 437,761	\$ 547,935	\$ 481,953	\$ (65,982)	(12.0)
Resources:					
General Fund	\$ 415,983	\$ 514,935	\$ 481,953	\$ (32,982)	(6.4)
Vehicle Millage	21,778	33,000	0	\$ (33,000)	100.0
Total	\$ 437,761	\$ 547,935	\$ 481,953	\$ (32,982)	(6.0)

Key Issues

- The decrease in Personal Services is primarily due to the moving one full-time Parks employee to be allocated across all DPS departments.
- The FY 2016 budget includes capital expenditures for a replacement of the play structures at Wildwood Park. This is being funded in conjunction with a 50% State grant. The budget also includes phase II of III of the Civic Park walking path replacement.
- This is being funded in conjunction with a 50% state grant. The budget also includes Phase 2 of 3 of the Civic Park walking path replacement.

Senior Citizens Division

The Senior Citizens Division of the Department of Public Services 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	2014-15	2015-16	2016-17
Supervisor	0	0	0
Coordinator	1	1	1
Total Full-time	1	1	1
Bus Driver/Chauffeur	5	5	5
Senior Program Assistant	1	1	1
Total Part-time	6	6	6
Total Employees	7	7	7

Accomplishments

- Fundraised \$9,015 during the year from events and donations to help cover extraneous equipment and programs.
- Completed work on a facelift for the Senior Center with City staff and City and Home Depot volunteers performing 360 volunteer hours of work. This Home Depot grant saved the City \$4,700 in supplies and donation of annual plants.
- Received capital request grant from SMART for \$176,000 to replace two Senior vehicles.
- Promoted the Center by changing newsletter publishers to receive free printing and more copies saving the City money, having articles in the C & G News, Facebook, and dropping off newsletters in area businesses/churches.
- Purchased new hand dryers for all bathrooms, installed new vertical blinds, painted the kitchen, repaired insulation in Room C and repaired roof on outdoor shed.
- Provided 350 clients with free tax service through the help of AARP.
- Furnished assistance to 53 seniors, providing aid with home repairs through the Senior Home Assistance and Repair Program (SHARP).
- Provided 33 seniors with free legal aid through free monthly consultation appointments.

Objectives

- Continue the facelift of the Senior Center by completing the outdoor garden beds and other unfinished projects.
- Meet the service needs of older adults and their families to enhance dignity, independence and quality of life for seniors, keeping the senior in their homes as long as possible.
- Provide positive events that foster interaction among older adults and between seniors and the community to build friendships making the community stronger, healthier and more supportive.
- Have volunteers and staff spend more time interacting with the seniors, providing them more opportunities for socialization, learning and reminiscing, learning and reminiscing and provide volunteer opportunities for older adults whether it be service to the Center itself or to the community.
- Enhance adults' knowledge about subjects with which they are familiar as well as offer information and education on interesting current topics to maintain mental acuity.
- 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.
- Continue to provide many of our trips, events and activities free of charge or very low cost such as Great Lakes Crossing, Detroit Zoo, DIA, Ikea, 80 & Better Birthday Party, exercise class, scrabble, dominoes, prize bingo, game day, Wii bowling, card games, knit & crochet, movie, book club, computer class and services such as monthly hearing screenings, weekly blood pressure checks, annual health fair, monthly lawyer consultations and monthly informational talks.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Two-way trips	9,314	10,142	9,728
		Bus Miles Traveled	22,345	19,991	21,168
<i>Output</i>		Lawns mowed	1,470	1,057	1,057
		Snow removals	291	122	122
		Day trips	67	51	59
		Newsletter subscriptions	400	400	400
		Department Expenditures as a % of the General Fund	1.6%	1.3%	1.4%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 122,599	\$ 171,897	\$ 185,318	\$ 13,421	7.8
Supplies	84,798	90,718	100,312	9,594	10.6
Other Services and Charges	92,648	84,083	74,224	(9,859)	(11.7)
Capital Outlay	77,845	7,500	7,500	0	0.0
Total	\$ 377,890	\$ 354,198	\$ 367,354	\$ 13,156	3.7
Indirect Costs	152,304	150,423	153,249	2,826	1.9
Resources:					
Senior Non-Program	\$ 10,160	\$ 13,088	\$ 12,748	\$ (340)	(2.6)
Senior Citizens Activities	95,793	90,359	101,540	11,181	12.4
Senior Center Millage	345,477	375,424	374,771	(653)	(0.2)
SMART	70,019	40,500	70,019	29,519	72.9
General Fund	8,745	(14,750)	(38,475)	(23,725)	160.8
Total	\$ 530,194	\$ 504,621	\$ 520,603	\$ 15,982	3.2

Key Issues

- The FY 2016 budget includes funding for window repairs at the Senior Center.

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	2014-15	2015-16	2016-17
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:

- Produced and disseminated the first ever Annual Library Report to update the public about library activities.
- Enrolled in and continue to 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.
- Began implementation of the Quality Services Audit Checklist (QSAC), 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.
- Established and set up a content management process for a Library Facebook page to promote departmental programs and services.
- Began providing staff support for the newly created Multicultural Relations Advisory Board.

Objectives

Quality of Life:

- Work with an area college or university to establish a Library internship on grant writing to benefit the Library and all City Departments. (City Goal I)
- Implement the e-commerce solution through Smart Access Manager (SAM) for printing and copying from library computers, which would allow patrons to pay by coin, cash, debit card or credit card at the copiers, resulting in increased revenue for these services.
- Continue working on the QSAC Checklist.
- Work jointly with the Library Advisory Board and the Friends of the Library on fundraising opportunities, including the possibility of a donation drive.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Expenditures, Library: E-Materials acquisition	\$ 14,197	\$ 16,200	\$ 16,200
		Expenditures, Library: Hard-copy materials acquisition	\$ 53,931	\$ 56,207	\$ 56,207
		Hours Paid: Library Staff	14,924	14,981	14,981
<i>Output</i>		Electronic Circulation per Capita	0.23	0.28	0.30
		Number of library visitors	102,969	106,018	107,000
		Library: Total reference transactions	7,026	6,474	6,800
<i>Outcome</i>		Library community involvement	* CRT, LAB, Historical, MRAB	* CRT, LAB, Historical, MRAB	* CRT, LAB, Historical, MRAB
		Library: Hours worked by volunteers	620	642	650
		Expenditures, Library: Online resources acquisition/subscription	\$ 14,197	\$ 16,200	\$ 16,200
<i>Efficiency</i>		Libraries: Circulation per capita	3.83	3.88	3.90
		Library visitation rate per capita	3.47	3.57	3.60
		Department Expenditures as a % of the General Fund	3.2%	2.8%	2.8%

* CRT = Community Roundtable; LAB = Library Advisory Board; Historical = Historical Commission; MRAB = Multicultural Relations Advisory Board

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 461,066	\$ 512,268	\$ 507,649	\$ (4,619)	(0.9)
Supplies	3,964	5,000	4,500	(500)	(10.0)
Other Services and Charges	115,481	120,513	128,440	7,927	6.6
Capital Outlay	184,405	97,207	117,207	20,000	20.6
Total	\$ 764,916	\$ 734,988	\$ 757,796	\$ 22,808	3.1
Indirect Costs	\$ 119,458	\$ 120,000	\$ 120,000		
Resources:					
State Library Aid	\$ 26,197	\$ 17,000	\$ 18,000	\$ 1,000	5.9
County Penal Fines	60,000	42,000	52,300	10,300	24.5
Book Fines	15,363	17,500	24,100	6,600	37.7
Video Revenues	3,111	1,800	1,800	0	0.0
Copy/Print Fees	0	4,377	10,000	5,623	128.5
Proposal L Millage	763,149	790,199	788,827	876,602	100.0
General Fund	16,554	(13,511)	(7,231)	6,280	(46.5)
Total	\$ 884,374	\$ 859,365	\$ 887,796	\$ 906,405	105.5

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 2016-17 Budget includes \$50,000 for Phase 2 of 2 for a waterproofing of the Library exterior walls. Total project cost is \$80,000.

Insurance, Bonds and Transfers

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0	0.0
Supplies	0	0	0	0	0.0
Other Services and Charges	474,908	424,739	432,363	7,624	1.8
Capital Outlay	0	0	0	0	0.0
Transfers	0	0	0	0	0.0
Total	\$ 474,908	\$ 424,739	\$ 432,363	\$ 7,624	1.8
Resources:					
General Fund	\$ 474,908	\$ 424,739	\$ 432,363	\$ 7,624	1.8
Total	\$ 474,908	\$ 424,739	\$ 432,363	\$ 7,624	1.8

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 the 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 benefitted the City. Insurance rates have not been finalized for FY 2017; however, FY 2016 actual premiums were under budget by \$13,000, and our Risk Manager projects a small increase of 1.8% over actual premiums from FY 2016.

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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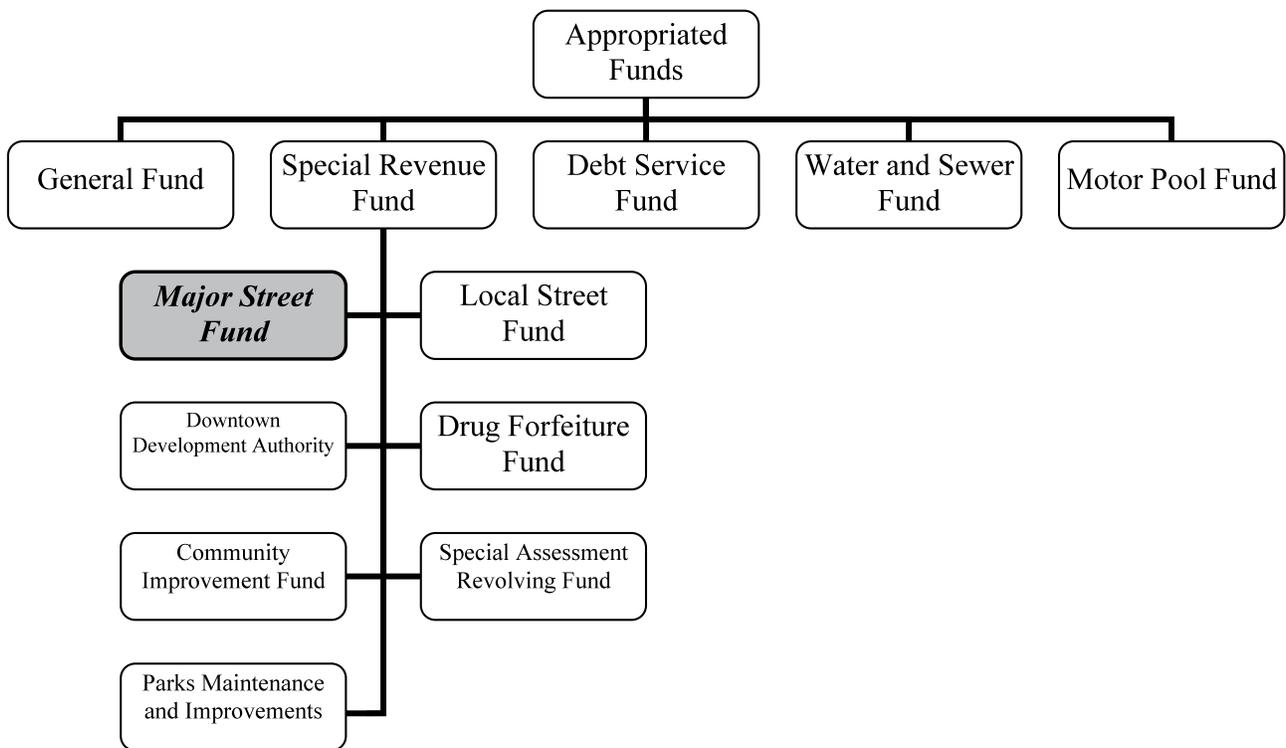
Major Street Fund

Statement of Services

The Major Street Fund maintenance activity is supported by the Department of Public Services and staffed with an allocation of 1 Coordinator, 8 Equipment Operators 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 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Construction	\$ 426,698	\$ 1,249,550	\$ 861,221	\$ (388,329)	(31.1)
Maintenance	160,094	237,879	177,851	(60,028)	(25.2)
Traffic Services	212,937	184,042	224,235	40,193	21.8
Winter Maintenance	293,576	232,174	223,483	(8,691)	(3.7)
Administration	41,326	47,562	35,707	(11,855)	(24.9)
County Roads	111,320	150,444	133,872	(16,572)	(11.0)
Transfers	0	0	0	0	0.0
Total	\$ 1,245,951	\$ 2,101,651	\$ 1,656,369	\$ (445,282)	(21.2)
Resources:					
Federal	\$ 0	\$ 0	\$ 0	-	100.0
State	1,292,481	1,269,675	1,569,608	299,933	23.6
County	66,402	63,257	69,295	6,038	9.5
Interest	15,150	0	0	0	0.0
Transfers	0	140,000	0	(140,000)	0.0
Fund Balance	0	628,719	17,466	(611,253)	(97.2)
Total	\$ 1,374,033	\$ 2,101,651	\$ 1,656,369	(445,282)	(21.2)
Fund Balance	\$ 696,818	\$ 68,099	\$ 50,633	\$ (17,466)	(25.6)

Key Issues

- State revenues are projected to increase \$299,900. Of this amount, \$192,000 is based on MDOT's projections of revenues from fuel tax increases and vehicle registration fees in the State Restricted Revenue package. For more details, see Budget Overview Chapter, page 3.
- The FY 2014-15 budget included \$5,000 for a Paser rating of roads within the City. The City has utilized this rating methodology 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 in the spring of 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 2016-17, \$75,000 is budgeted for this program in the Major Street Fund.
- Rehabilitation work is being budgeted in FY 2016-17 for a total of \$570,000. This includes a \$120,000 National High Priority Project on Thirteen Mile Road, \$100,000 of additional work on Thirteen Mile, and sectional concrete replacement on Whitcomb - Barrington to Dequindre (\$100,000); East Lincoln - Wolverine to Dequindre (\$100,000); Stephenson Highway southbound - Girard to 12 Mile (\$50,000); Stephenson Highway turnarounds (\$50,000); Edward - Mandoline to Whitcomb (\$50,000); and 11 Mile - John R to Dequindre (\$100,000).
- Please refer to the Budget Message for an important discussion regarding Michigan's Road Funding package which was passed in November 2015.

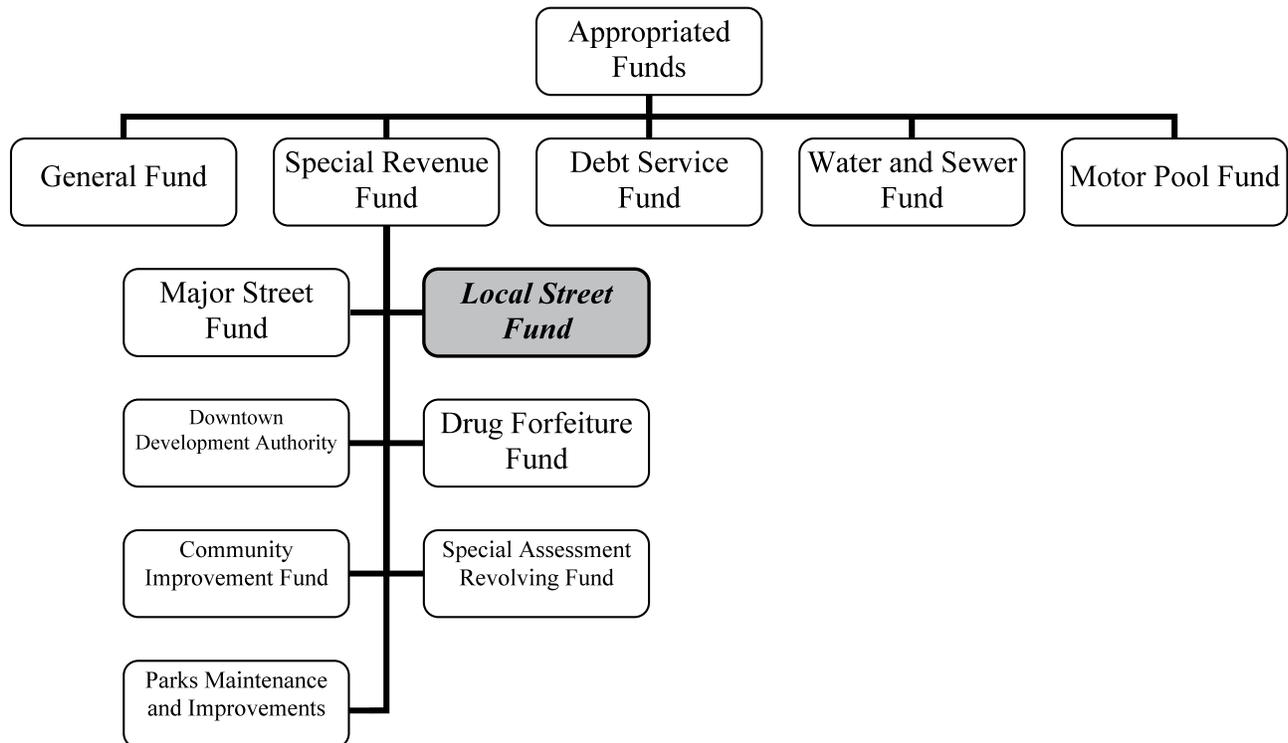
Local Street Fund

Statement of Services

The Local Street Fund maintenance activity is supported by the Department of Public Services and staffed with an allocation of 1 Coordinator, 8 Equipment Operators 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 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Construction	\$ 2,233,959	\$ 2,571,000	\$ 2,368,151	\$ (202,849)	(7.9)
Maintenance	339,174	559,908	403,929	(155,979)	(27.9)
Traffic Services	103,519	119,614	117,613	(2,001)	(1.7)
Winter Maintenance	70,374	88,415	78,363	(10,052)	(11.4)
Administration	39,800	46,481	29,721	(16,760)	(36.1)
Transfers	20,000	160,000	0	(160,000)	100.0
Total	\$ 2,806,826	\$ 3,545,418	\$ 2,997,777	\$ (547,641)	(15.4)
Resources:					
Property Taxes	\$ 1,537,853	\$ 1,579,598	\$ 1,577,654	\$ (1,944)	(0.1)
Intergovernmental - State	649,738	815,952	599,150	(216,802)	(26.6)
Interest	34,296	45,000	45,000	0	0.0
Transfers	0	0	0	0	0.0
Fund Balance	0	1,104,868	775,973	(328,895)	(29.8)
Total	\$ 2,221,887	\$ 3,545,418	\$ 2,997,777	\$ (547,641)	(15.4)
Non-Proposal "R-2" Fund Balance	\$ 383,826	\$ 430,360	\$ 138,733	\$ (291,627)	(67.8)
Proposal "R-2" Fund Balance	\$ 3,016,907	\$ 1,865,505	\$ 1,381,158	\$ (484,347)	(26.0)

Key Issues

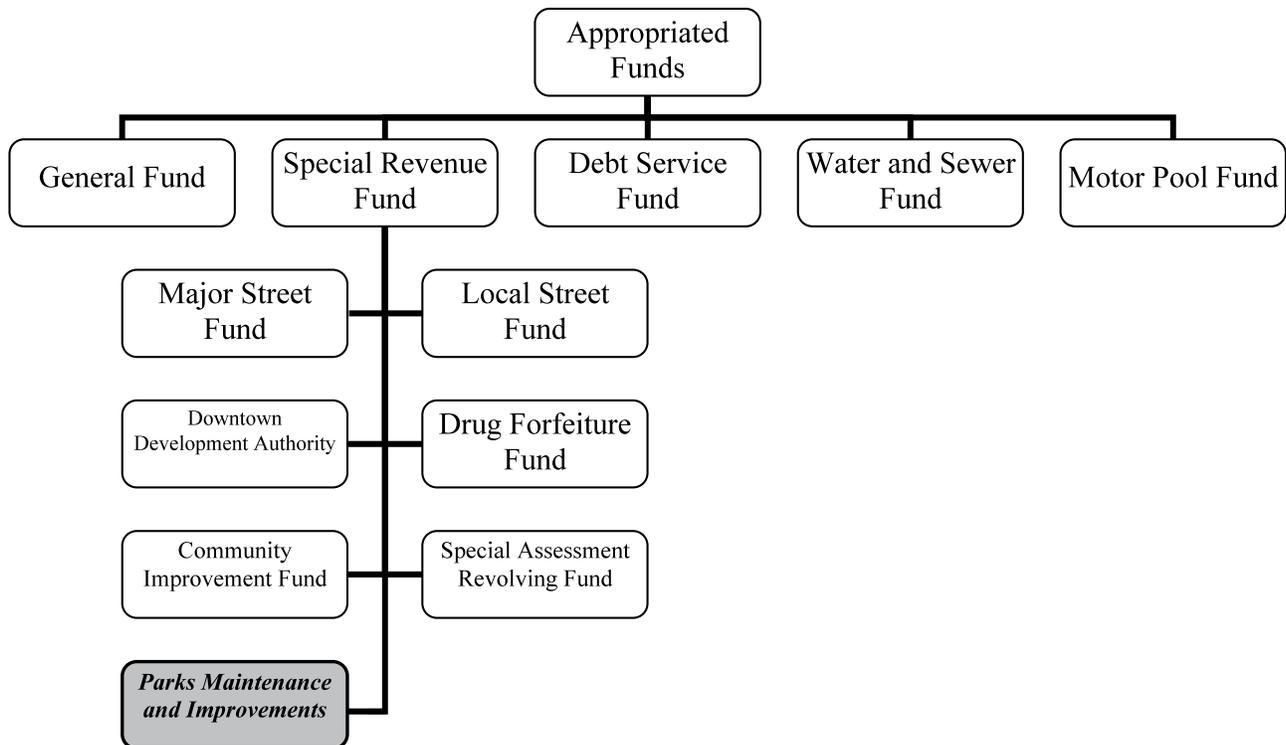
- State revenues are projected to decrease by \$22,000. This is a combination of the elimination of the local agency disbursement from the State for \$331,553. These funds were distributed from a one-time FY 2016 allocation from the State General Fund for state and local road maintenance. (Public Act 84 of 2015, Article 17, Sections 120 & 121). In addition, the State has projected to increase the City's Public Act 51 funds by \$106,000. This is based on MDOT's projections of revenues from fuel tax and registration fee increases in the State Restricted Revenue package. For more details, see the Budget Overview Chapter, page 3.
- 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.
- Proposal "R-2" tax revenue expires after FY 2017. The City staff is currently preparing for a ballot proposal in August 2016.
- The Proposal "R-2" road construction projects scheduled for this year include Madison - Millard to 31605 Madison (\$328,000), Meadows - Whitcomb to 31608 Meadows (\$321,000), Dorchester - 13 Mile to Windemere (\$87,000), Windemere - Dorchester to Edgeworth (\$295,000), Kenwood - Millard to 31601 Kenwood (\$286,000) and Moulin - Dulong to 1353 Moulin (\$450,000).
- In an effort to address the failing major and local commercial and industrial roads, sectional repair projects have been programmed for Harlo (\$275,000).
- Please refer to the Budget Message for an important discussion regarding Michigan's Road funding package which was passed in November 2015.

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 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Maintenance	\$ 30,804	\$ 33,714	\$ 33,467	\$ (247)	(0.7)
Transfers	0	0	0	0	0.0
Total	\$ 30,804	\$ 33,714	\$ 33,467	\$ (247)	(0.7)
Resources:					
Interest/Miscellaneous	\$ 3,723	\$ 28,300	\$ 25,500	\$ (2,800)	(9.9)
County Shared Revenues	0	0	0	0	0.0
Fund Balance	0	5,414	7,967	2,553	47.2
Total	\$ 3,723	\$ 33,714	\$ 33,467	\$ (247)	(0.7)

Key Issues

- The Red Oaks Youth Soccer Complex was first opened in the fall of 2008, but closed for drain construction in 2009. The 10 acre site includes nine soccer fields, a concession/restroom/meeting building and attached picnic pavilion. In 2009, new playscape equipment funded by the Oakland County Parks and Recreation Commission was installed. The complex re-opened for the Fall 2010 soccer season.
- On January 5, 2009, the Governor signed Public Act 404 of 2008. This legislation allows the City to invest the one-time George W. Kuhn Drainage District payment of \$850,000 in a long-term portfolio to maximize investment returns generating additional income over the term of the 25-year agreement. The revenue generated from these investments will support the maintenance and improvement of not only the Red Oaks Youth Soccer Complex, but also the City's entire 12 park system.
- On January 24, 2011, the City entered into an agreement with Oakland County Parks and Recreation (OCPR), 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.

Downtown Development Authority

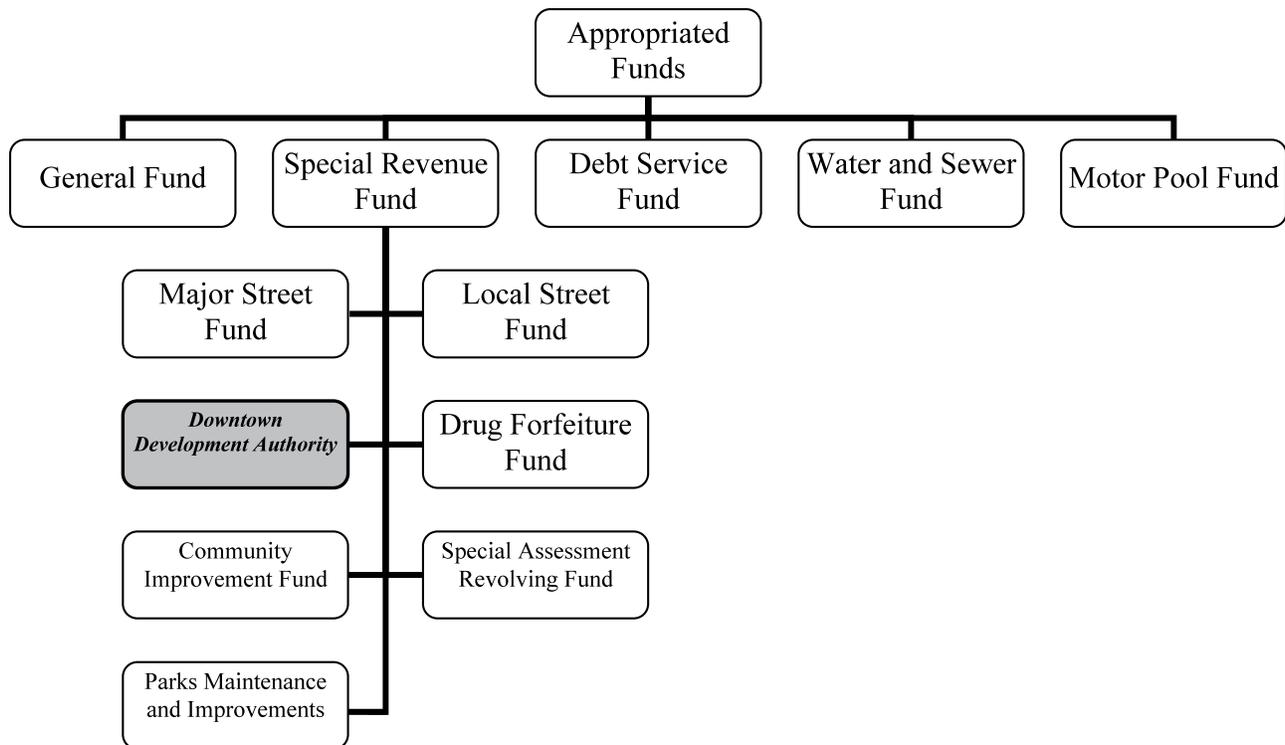
Statement of Services

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 240 visits to local businesses.
- Consolidated the highly successful Art Challenge and Around the Globe Taste Fest.

Objectives

Resource Management:

- Subject to funding, continue the Right-of-Way (ROW) maintenance program (lawn care and trash pickup).

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Other Services and Charges	\$ 18,288	\$ 11,714	\$ 21,306	\$ 9,592	81.9
Capital Outlay	0	0	11,500	11,500	0.0
Transfers	34,303	36,800	15,235	(21,565)	(58.6)
Total	\$ 52,591	\$ 48,514	\$ 48,041	\$ (473)	(1.0)
Resources:					
Property Taxes	\$ 8,169	\$ 38,605	\$ 52,867	\$ 14,262	36.9
Interest/Miscellaneous	0	0	0	0	0.0
Fund Balance	0	9,909	(4,826)	(14,735)	100.0
Total	\$ 8,169	\$ 48,514	\$ 48,041	\$ (473)	(1.0)

Key Issues

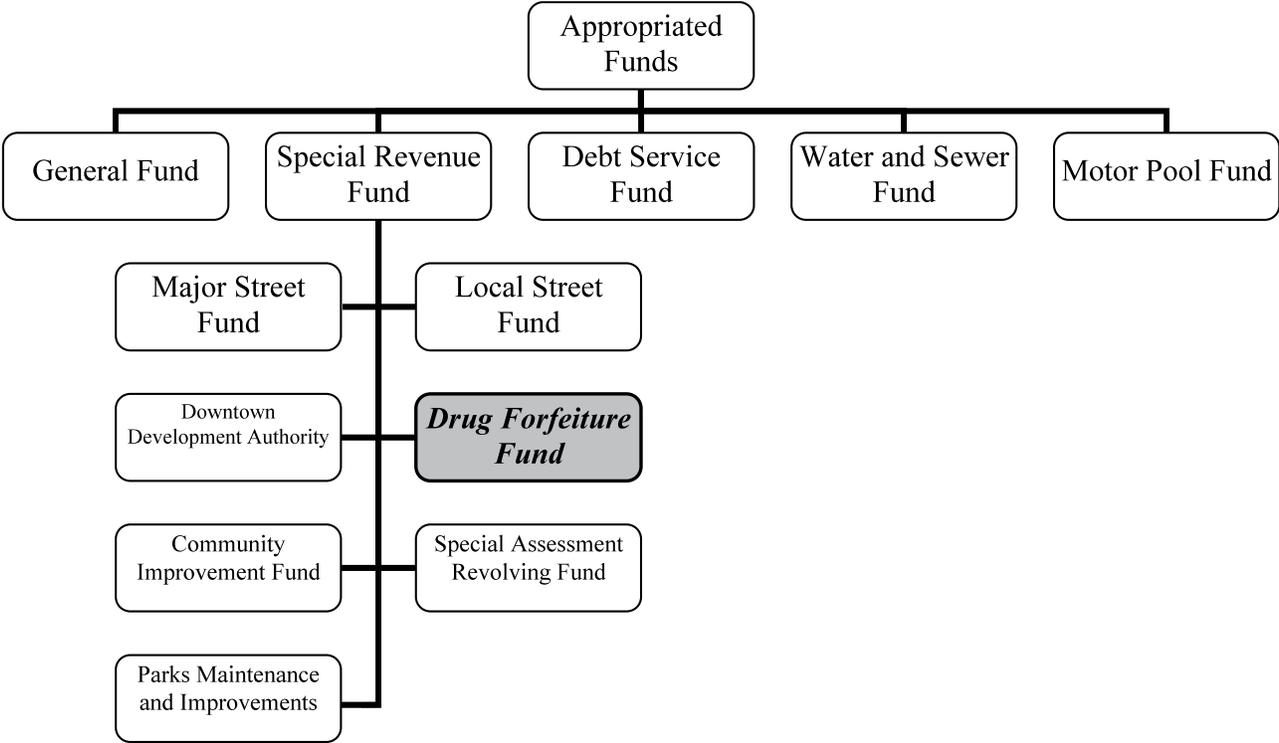
- Given the decline in property values and that DDA funding is derived exclusively from incremental growth in real and personal property tax above the 1997 base year, tax revenues have declined 75% over the last six years from \$243,100 in FY 2009-10 to \$48,041 for FY 2016-17.
- The FY 2016-17 Budget includes the following major expenditures:
 - \$ 15,235 - DDA funding match of 10% for the Economic Development Program
 - \$ 5,000 - Right-of-way mowing
 - \$ 3,302 - Public right-of-way trash receptacle program
 - \$ 10,000 - Berm area maintenance
 - \$ 1,000 - Blight removal
- 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.
- The DDA has started to receive State reimbursement for replacement of repealed personal property tax. In 2015 this reimbursement amount was \$21,129. \$20,100 is budgeted for FY 2017.

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 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Supplies	\$ 0	\$ 0	\$ 0	\$ 0	0.0
Other Charges and Services	32,000	2,500	2,500	0	0.0
Capital Outlay	22,771	48,495	57,000	8,505	17.5
Total	\$ 54,771	\$ 50,995	\$ 59,500	\$ 8,505	16.7
Resources:					
Drug Forfeiture	\$ 65,031	\$ 10,000	\$ 40,750	\$ 30,750	307.5
Interest and Misc. Income	2,471	250	350	100	100.0
Fund Balance	0	40,745	18,400	(22,345)	(54.8)
Total	\$ 67,502	\$ 50,995	\$ 59,500	\$ 8,505	16.7

Key Issues

- The Capital Outlay budget includes funding for two (2) Police Patrol Vehicles.

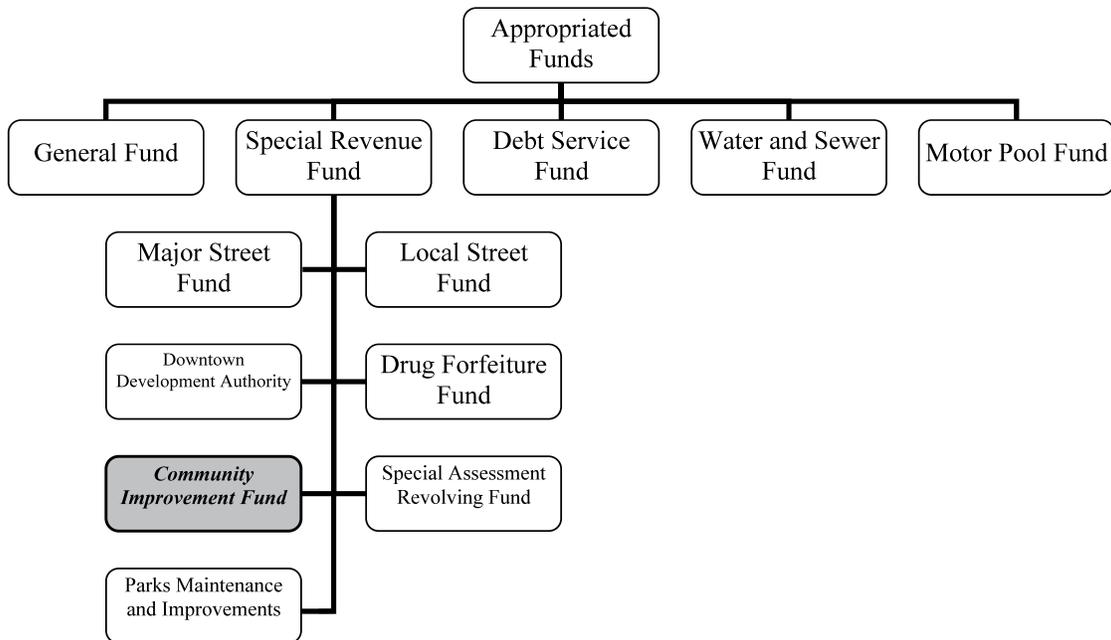
Community Improvement Fund

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.
- Provide lawn and snow services to 75 low income or disabled residents.

Performance Measures

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Performance Measures:					
<u>Workload Indicators</u>					
Home Chore Assignments	1,610	1,600	1,600	0	0

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 83,081	\$ 98,695	\$ 84,489	\$ (14,206)	(14.4)
Supplies	0	0	0	0	0.0
Other Services and Charges	20,190	19,094	15,000	(4,094)	(21.4)
Capital Outlay	0	0	0	0	0.0
Total	\$ 103,271	\$ 117,789	\$ 99,489	\$ (18,300)	(15.5)
Resources:					
Community Develop. Grant	\$ 101,124	\$ 117,789	\$ 107,950	(9,839)	(8.4)
Fund Balance	0	0	(8,461)	(8,461)	0.0
Total	\$ 101,124	\$ 117,789	\$ 99,489	\$ (18,300)	(15.5)

Key Issues

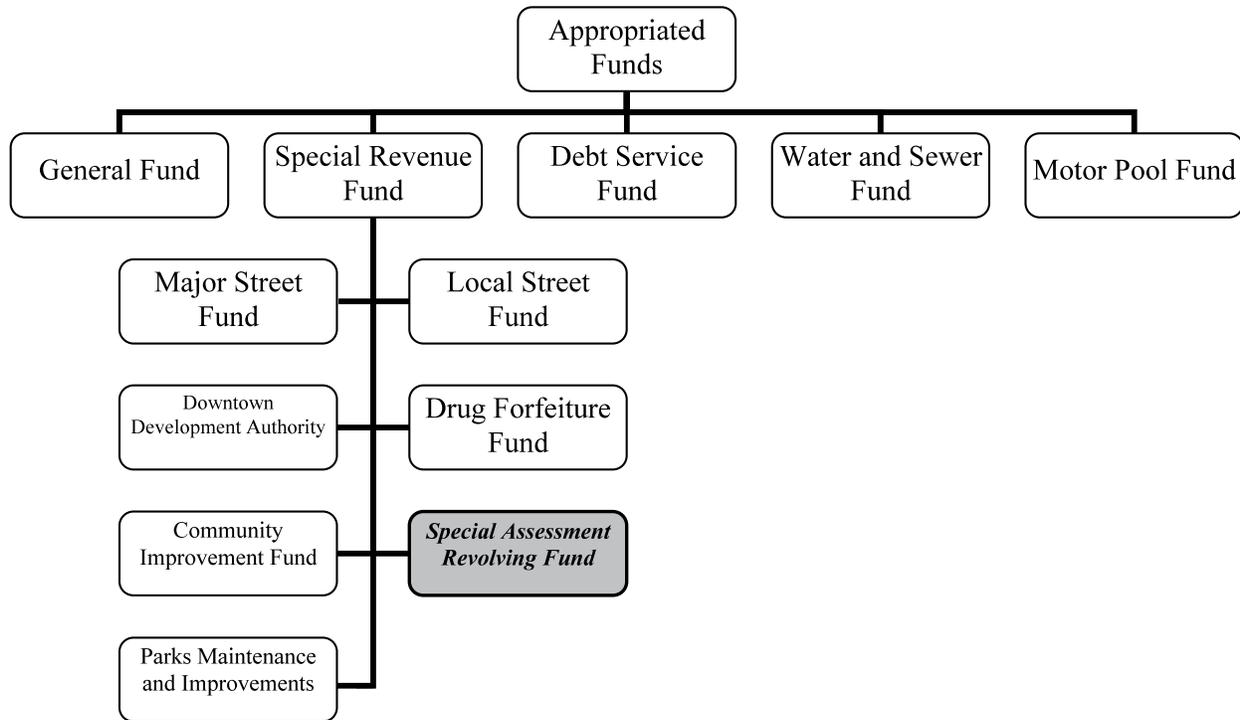
- The CDBG operation includes the following major expenditures: funding for one Code Enforcement Officer and a Home Chore Program, including mowing and snow shoveling for seniors.
- Continuing to provide quality lawn mowing and snow removal service in the face of tighter CDBG regulations and spending 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 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Other Services and Charges	\$ 2,965	\$ 3,054	\$ 2,795	\$ (259)	(8.5)
Capital Outlay	348,201	150,000	250,000	100,000	66.7
Transfers	25,000	78,430	2,500	(75,930)	(96.8)
Total	\$ 376,166	\$ 231,484	\$ 255,295	\$ 23,811	10.3
Resources:					
Interest and Misc. Income	\$ 8,553	\$ 5,000	\$ 5,000	\$ 0	0.0
Special Assessment Revenue	501,721	250,270	160,380	(89,890)	(35.9)
Transfers	20,000	20,000	0	(20,000)	0.0
Fund Balance	0	(43,786)	89,915	133,701	(305.4)
Total	\$ 530,274	\$ 231,484	\$ 255,295	\$ 23,811	10.3

Key Issues

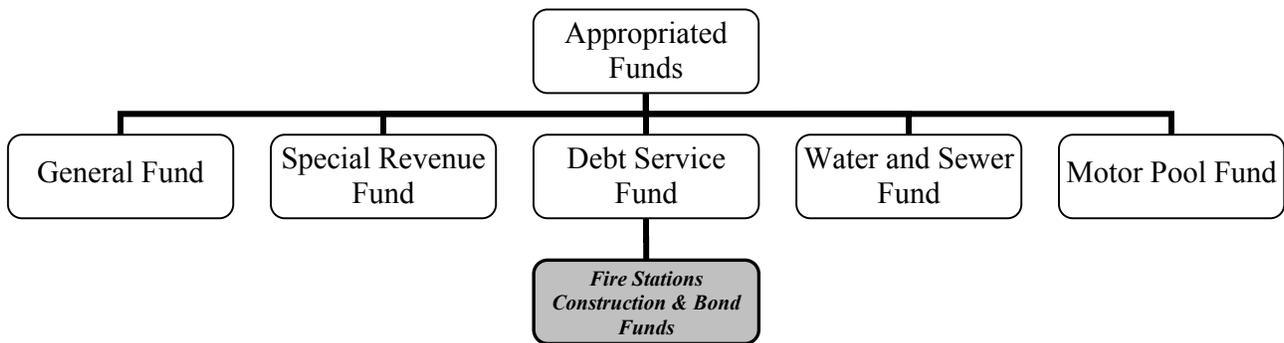
- A total of \$250,000 has been budgeted for the continuation of the very successful sidewalk repair and installation program.
- In the summer of 2014, the City completed the final year, Year 12, of the current sidewalk repair program in the northeastern-most portion of the City. On May 12, 2014, City Council adopted a new 8-year, non-motorized transportation program called the “People Powered Transportation and Sidewalk Repair Program”. Beginning in 2015, this program guides 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 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Other Services and Charges	\$ 1,160	\$ 1,495	\$ 1,384	\$ (111)	(7.4)
Debt Service	391,753	400,515	419,055	18,540	4.6
Capital Outlay	0	0	0	0	100.0
Transfers	26,255	0	0	0	0.0
Total	\$ 419,168	\$ 402,010	\$ 420,439	\$ 18,429	4.6
Resources:					
Property Taxes	\$ 427,212	\$ 379,110	\$ 420,439	\$ 41,329	10.9
Interest Earned	4,118	0	0	0	0.0
Transfers In	-	0	0	0	0.0
Fund Balance	-	22,900	0	(22,900)	0.0
Total	\$ 431,330	\$ 402,010	\$ 420,439	\$ 18,429	4.6

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 \$419,055. The budget also includes \$1,384 for audit services and paying agent fees. The millage will increase slightly from 0.4798 in FY 2015-16 to 0.5330 in FY 2016-17.

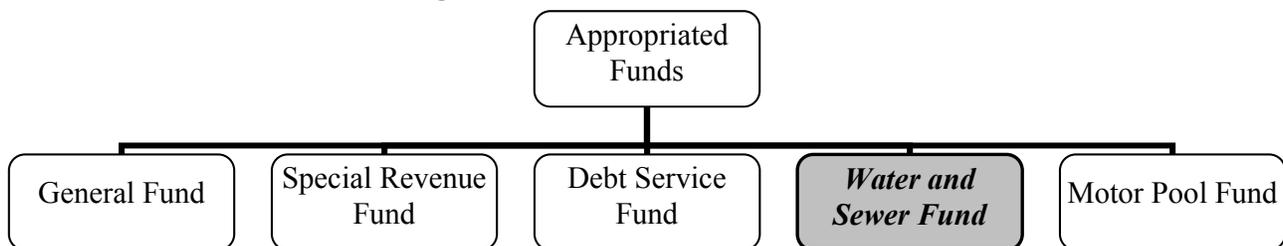
Water and Sewer Division

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 72 curb boxes that were damaged.
- Continued cross assignment of employees outside of the Water and Sewer Division.
- Repaired and/or assisted on over 57 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.
- Continued federally-mandated Disinfectant and Disinfection By-Product testing.
- Cleaned all catch basins on Year 1 and Year 2 sanded only roads and prior water main project roads.
- Continued to monitor high volume commercial water accounts for meter repair or replacement based on consumption.
- Replaced 5,875 feet of water main on 2015 Residential "R-2" road projects.
- Submitted application for 2015 NPDES Stormwater Permit.
- Cleaned catch basins on Campbell Road and Stephenson Highway.
- Continued cleaning sanitary sewers in District 1.

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.
- Evaluate water meters for replacement by reviewing water loss, reading data, and standards for meter replacement by July 2016
Initiate Phase 1 of program - District 1.
- 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.
- Complete sanitary sewer cleaning in District 1, and start District 2.
- Continue catch basin cleaning on major roads.
- Install water main in conjunction with 2016 "R-2" projects and identified stand-alone projects.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Curb boxes replaced	72	134	100
		Main break repairs	57	40	45
<i>Output</i>		New water main installed (in feet)	5,300	11,600	4,985
<i>Efficiency</i>		New water main installed (per lineal foot cost)	\$ 154.84	\$ 179.32	\$ 169.34
		Water Loss	6.80%	6.50%	6.20%

Key Issues

- Starting with billing dates on or after July 1, 2016, the City will be operating under a new rate structure designed to split out stormwater from the existing sewer charge and establishes a new stormwater charge that is based on the customer’s Equivalent Residential Unit (ERU). In order to complete this rate calculation, the City Engineer calculated the ERU for each parcel in the City. An ERU is a standard engineering calculation designed to determine stormwater runoff based on pervious and impervious areas. While a parcel’s ERU is a fairly static number, it may change in the future based on permitted changes in pervious and impervious areas such as a major addition, parking lot or driveway construction, etc. A new rate structure is being proposed as part of the FY 2017 Budget. If approved, the proposed sewer rate would be reduced approximately 25% from \$5.10 per unit to \$3.83, effective on billings on or after July 1, 2016. In addition, each bill would have a Stormwater charge of \$5.17 per ERU.
- The FY 2017 budget includes a continuation of water main replacement associated with Proposal “R-2” road projects at \$415,000. Other capital purchases that are included in the budget are replacement of a 1996 trailer air compressor (\$25,000), sewer vacuor (\$410,000), sewer camera trailer (\$75,000), one 4x4 pickup truck (\$34,000), Phase 2 of 2 for a box van (\$30,000 for a total purchase of \$60,000), and updates to the collectors for the automatic meter reading system (\$9,000). The budget also includes several improvements to the Department of Public Services facilities located on Ajax Drive. These improvements are detailed in the Capital Outlay chapter and include items such as Phase 2 of 3 for the salt containment structure and Phase 1 of 3 for the replacement of the underground storage tanks..
- The budget also includes capital outlay for standalone water mains for \$426,000. These water mains have been determined to be in serious need of replacement and are being funded through a use of reserves.
- The FY 2017 budget includes Phase I of IV of a city-wide water meter replacement program for \$1,000,000. Funds are available from reserves to pay for this project.

Financial Summary

Requirements	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Water Charges	\$ 2,285,516	\$ 2,394,693	\$ 2,517,071	\$ 122,378	5.1
Water System Maintenance	80,455	794,249	880,264	86,015	10.8
Water Tapping & Installation	17,184	9,000	8,100	(900)	(10.0)
Water Depreciation	378,465	373,221	404,500	31,279	8.4
Sewage Disposal Charges	4,211,842	4,335,108	4,536,712	201,604	4.7
Sewer System Maintenance	401,666	494,928	642,424	147,496	29.8
Sewer Depreciation	360,204	358,691	398,500	39,809	11.1
General Service Building	281,938	252,139	259,973	7,834	3.1
General Administration	1,436,783	1,289,128	1,213,909	(75,219)	(5.8)
Capital Outlay	12,470	2,538,333	2,684,167	145,834	5.7
Debt Service	237,587	1,033,141	1,035,894	2,753	0.3
Total	\$ 9,704,110	\$ 13,872,631	\$ 14,581,514	\$ 708,883	5.1
Resources:					
Sales: Water	\$ 5,428,435	\$ 5,738,667	\$ 5,640,793	\$ (97,874)	(1.7)
Sales: Sewer	6,981,626	6,989,414	6,970,171	(19,243)	(0.3)
Interest/Miscellaneous	389,267	100,000	100,000	0	0.0
Departmental Charges	29,550	29,550	29,550	0	0.0
Retained Earnings *	0	1,015,000	1,841,000	826,000	81.4
Total	\$ 12,828,878	\$ 13,872,631	\$ 14,581,514	\$ 708,883	5.1
Unrestricted Net Assets	\$ 8,707,444	\$ 7,692,444	\$ 5,851,444	\$ (1,841,000)	(23.9)
Cash	\$ 9,480,330	\$ 6,753,817	\$ 4,912,817	\$ (1,841,000)	(27.3)

* 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, retained earnings were \$8,707,444 and the cash balance was \$9.5 million.

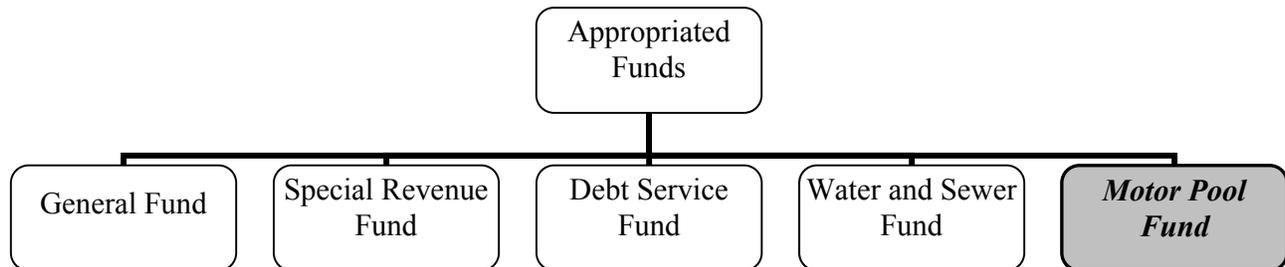
Motor Pool Division

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 employees 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 #417 through the Rochester Hills consortium bid process. This vehicle is heavily used by the Streets Division for winter maintenance and by the Solid Waste Division for fall leaf operations.
- Researched and purchased a “claw” attachment for the front-end loader, increasing the efficiency of the leaf loader crew by freeing an employee and other piece of equipment to be used elsewhere.
- Completed underground storage tank decommissioning at Police Department.
- Provided analysis and support for evaluation of potential “V-3” millage proposal. (City Goal K)

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.

Performance Measures

	City Goal	Performance Indicators	2015 Actual	2016 Estimate	2017 Budget
<i>Input</i>		Total gasoline purchased (gallons)	50,439	49,028	49,508
		Total diesel purchased (gallons)	34,115	32,123	32,340
<i>Efficiency</i>		Motorpool work orders	558	550	550
		Avg. cost - gallon of gasoline	\$ 3.12	\$ 2.11	\$ 3.06
		Avg. cost - gallon of diesel	\$ 3.49	\$ 1.99	\$ 2.35
		Department Expenditures as a percentage of the total budget	2.9%	2.4%	2.3%

Financial Summary

	Actual 2014-15	Estimate 2015-16	Budget 2016-17	Increase (Decrease) FY 2015-16 to FY 2016-17	Percent Change
Requirements:					
Personal Services	\$ 413,862	\$ 422,745	\$ 439,398	\$ 16,653	3.9
Supplies	195,400	279,600	238,600	(41,000)	(14.7)
Other Services and Charges	553,164	426,539	441,576	15,037	3.5
Capital Outlay	0	0	0	0	0.0
Total	\$ 1,162,426	\$ 1,128,884	\$ 1,119,574	\$ (9,310)	(0.8)
Resources:					
Transfers-General Fund	\$ 1,051,776	\$ 1,050,135	\$ 1,027,374	\$ (22,761)	(2.2)
Transfers-Water and Sewer	112,063	78,749	92,200	13,451	17.1
Fund Balance	0	0	0	0	0.0
Total	\$ 1,163,839	\$ 1,128,884	\$ 1,119,574	\$ (9,310)	(0.8)

Key Issues

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

FY 2017-21 CAPITAL IMPROVEMENT PLAN

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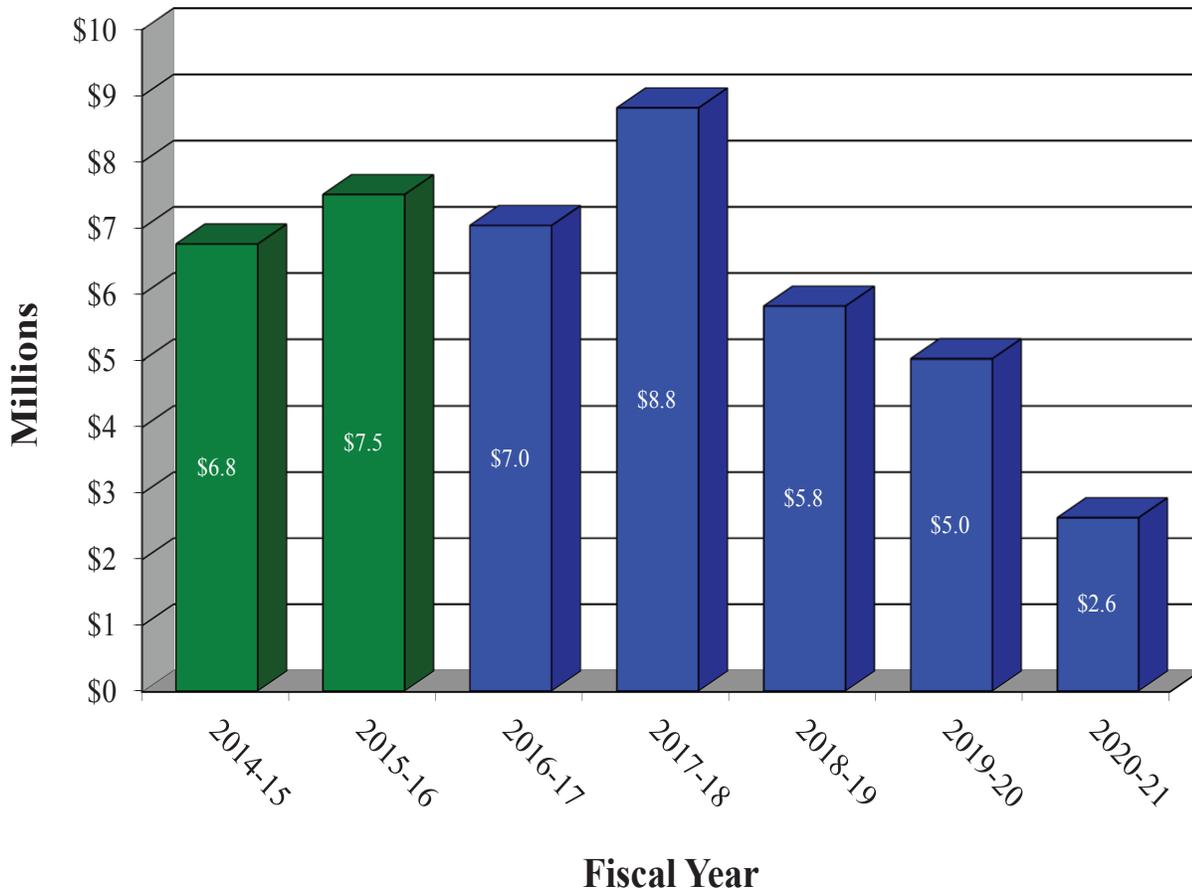
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FIVE YEAR CAPITAL IMPROVEMENT PLAN FY 2017-21

FY 2014-15 ACTUAL AND
FY 2015-16 ESTIMATED



The largest category programmed during the Capital Improvement Plan is Collection and Distribution System projects which range in expenditures from \$531,000 to \$3.3 million annually over the five-year period. In Fiscal Year 2017, the Proposal “R-2” neighborhood road millage expires. It is anticipated that the City will seek a renewal “R-3” millage; however, this five-year plan does not include neighborhood road projects beyond Fiscal Year 2017.

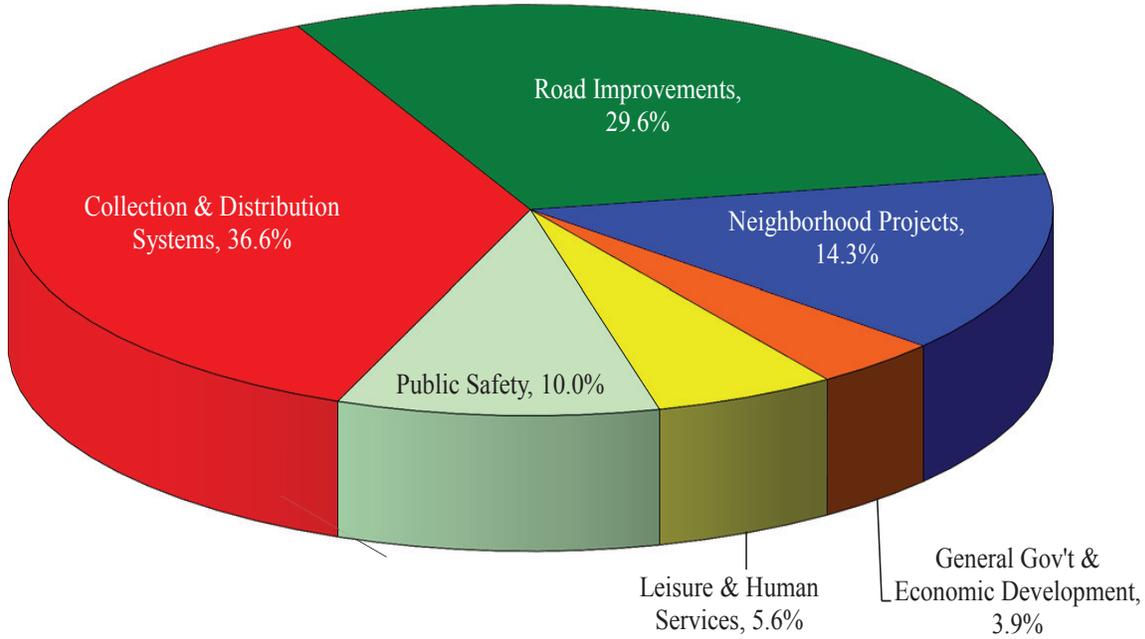
PLAN OVERVIEW

The FY 2017-21 Five Year Capital Improvement Plan totals \$29.3 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 2017-21



Approximately forty-four percent of the Capital Improvement Plan is programmed for Road Improvements and Neighborhood Projects.

**TABLE I
FY 2017-21 FIVE-YEAR CAPITAL IMPROVEMENT PLAN
FINANCIAL OVERVIEW
USE OF FUNDS
(IN THOUSANDS)**

APPROPRIATIONS:

PROJECT DESCRIPTION	TABLE	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	TOTAL APPROP.
Neighborhood Projects	III	\$ 3,600	\$ 3,554	\$ 2,477	\$ 1,700	\$ -	\$ -	\$ -	\$ 4,177
Road Improvements	V	1,263	2,003	1,650	2,630	1,965	1,450	970	8,665
Collection & Distribution Sys.	VI	961	1,148	2,207	3,293	2,576	1,949	711	10,736
Public Safety	VIII	526	248	388	553	769	855	356	2,920
General Gov't & Economic Dev.	X	287	251	189	265	200	400	95	1,149
Leisure & Human Services	XI	114	313	120	367	304	366	492	1,649
TOTAL		\$ 6,751	\$ 7,517	\$ 7,031	\$ 8,808	\$ 5,814	\$ 5,020	\$ 2,624	\$ 29,296

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 3 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.

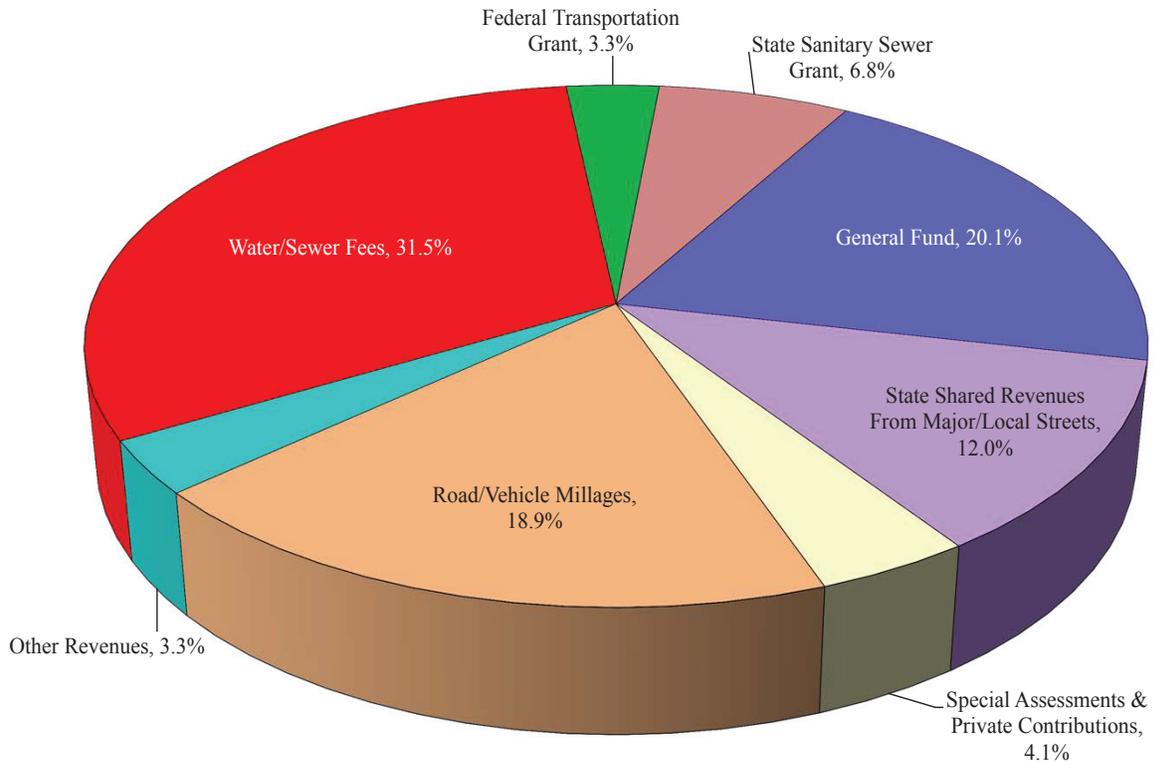
The five-year planned Capital Improvement Plan expenditures for the six functional areas are expressed as a share of the total planned expenditures below:

<u>Expenditure Program</u>	<u>Percent of Plan</u>
Collection & Distribution Systems	36.6
Road Improvements	29.6
Neighborhood Projects	14.3
Public Safety	10.0
Leisure & Human Services	5.6
General Government & Economic Development	<u>3.9</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 2017-21



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

**TABLE II
FY 2017-21 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 VIII PUBLIC SAFETY	TABLE X GENERAL GOVT & ECON. DEV.	TABLE XI LEISURE & HUMAN SERVICES	TOTAL
Road/Vehicle/Solid Waste Millage	3,762	\$ 1,693	\$ 0	\$ 91	\$ 0	\$ 0	\$ 5,546
Water/Sewer Fees	415	0	8,736	0	87	0	9,238
General Fund	0	1,292	0	2,714	946	950	5,902
State Shared Revenues from Major/Local Streets	0	3,510	0	0	0	0	3,510
Special Assessments & Private Contributions	0	1,210	0	0	0	0	1,210
State of Michigan Sanitary Sewer Grant	0	0	2,000	0	0	0	2,000
Federal Transportation Grant	0	960	0	0	0	0	960
Other Revenues							
Oakland County Parks & Recreation	0	0	0	0	0	143	143
Library Millage	0	0	0	0	56	0	56
Oakland County/State of Michigan (Other)	0	0	0	30	60	556	646
Drug Forfeiture Fund	0	0	0	86	0	0	86
TOTAL	\$ 4,177	\$ 8,665	\$ 10,736	\$ 2,920	\$ 1,149	\$ 1,649	\$ 29,296

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 \$24.2 million or 83 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 2017-21 Capital Improvement Plan is as follows:

<u>Revenue Source</u>	<u>Percent of Plan</u>
Water and Sewer Fees	31.5
General Fund	20.1
Road and Vehicle Millages	18.9
State Shared Revenues from Major/Local Streets	12.0
State of Michigan Sanitary Sewer Grant	6.8
Special Assessment and Private Contributions	4.1
Federal Transportation Grant	3.3
Other Revenues	<u>3.3</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 13.4 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 123 projects and the purchase of 51 major pieces of equipment.

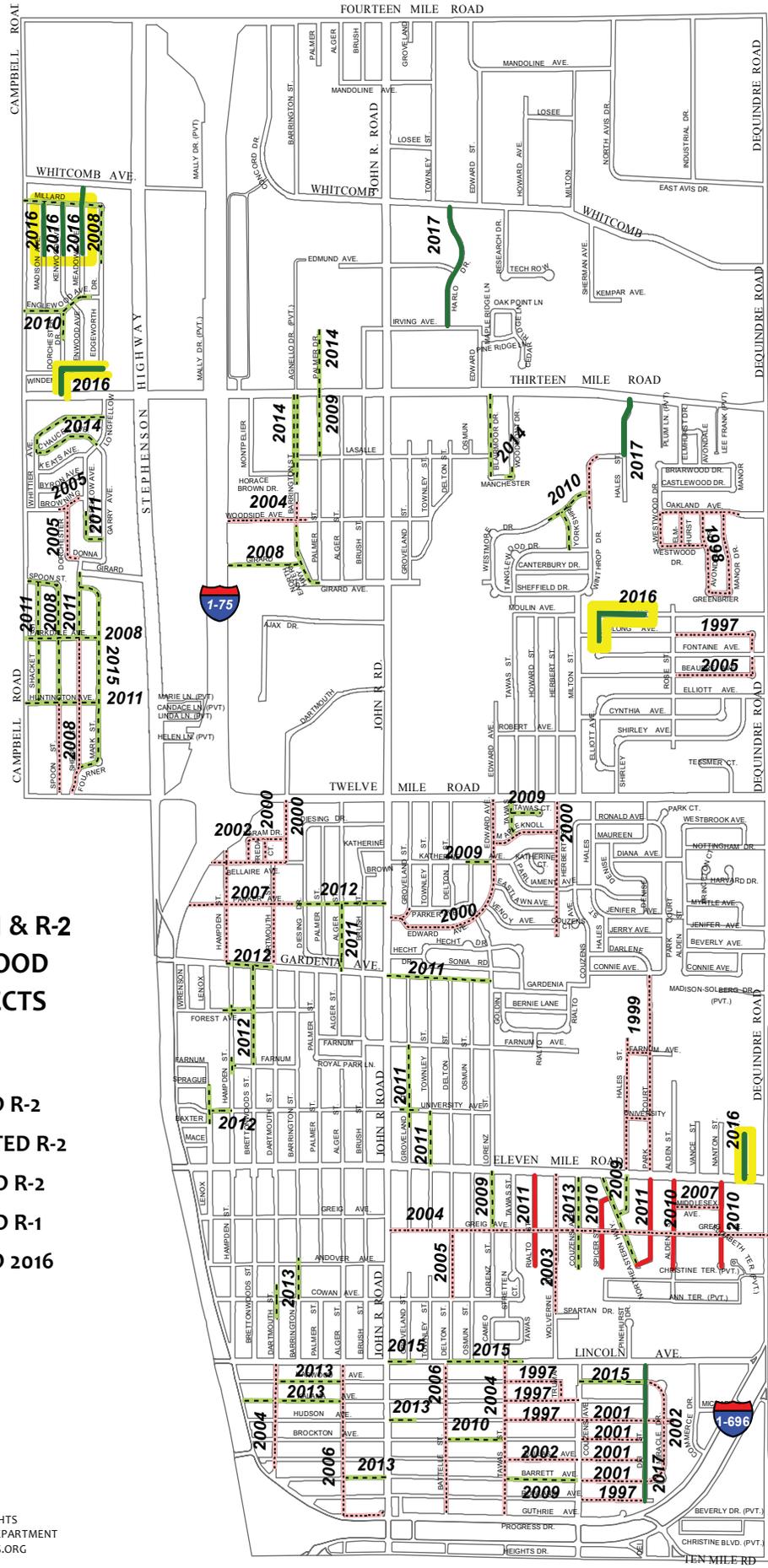
The FY 2016-17 Capital Improvement Plan totals \$7.0 million (Table I) and calls for the construction of 39 projects and the purchase of 10 major pieces of equipment.

PROPOSAL R-1 & R-2 NEIGHBORHOOD ROAD PROJECTS

- SCHEDULED R-2
- SAD REJECTED R-2
- - - COMPLETED R-2
- - - COMPLETED R-1
- SCHEDULED 2016



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COMMUNITY DEVELOPMENT DEPARTMENT
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NEIGHBORHOOD PROJECTS

Staff annually reviews the current road conditions and updates projections regarding proposed neighborhood roadway improvements. To coordinate this process, 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 \$3.8 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 \$415,000 has been programmed in the Water & Sewer Fund to complete the last year of the “R-2” related watermain replacement. As Council is aware, Proposal “R-2” road millage is scheduled to expire in Fiscal Year 2017; however, watermains are budgeted and completed in the fiscal year prior to the road project, since watermains are replaced in the spring preceding summer road construction. As of December 2015, staff forecasts \$140,000 remaining for additional “R-2” eligible projects following completion of the scheduled program in Year 10 (FY 2016-17).

- First Roads Millage Program (1997-2006)

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 (2007-2016)

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 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 the "R-2" 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 "R-2" 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 (\$22.3 million);
2. Water and Sewer Fund Revenues (\$5.2 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 2015, staff forecasts \$140,000 remaining for additional R-2 eligible projects following the completion of the scheduled program in Year 10 (FY 2016-17). As part of the analysis of potential projects, the City will need to re-evaluate those sealcoat roads which were previously surveyed and rejected by a majority of the affected property owners, including:

Estimated Project Costs (in Thousands)

	<u>Street Paving & Sewer</u>	<u>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)	479	135	614
Areada - North of 11 Mile	275	108	383
Totals	\$2,573	\$753	\$3,326

As Council is aware, the "R-2" road millage is scheduled to expire in FY 2017. On March 28, 2016 City Council adopted a resolution establishing August 2, 2016 for voters to consider millage renewals for the City's long-range neighborhood roads and vehicle replacement program.

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 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
NEIGHBORHOOD PROJECTS
(IN THOUSANDS)

APPROPRIATIONS:

NEIGHBORHOOD PROJECTS	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	TOTAL APPROP.
Proposal "R-2" Sidewalks	\$ 20	\$ 20	\$ 20	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20
Proposal "R-2" Concrete Repair	200	0	0	0	0	0	0	0
YEAR 7 ROADS (R-2) 2014 (Original 2015)								
Whittier - Longfellow to Chaucer (Sectional)	265	0	0	0	0	0	0	0
Chaucer - Whittier to Longfellow (Sectional)	160	0	0	0	0	0	0	0
Barrington - S. of Horace Brown to 13 Mile NB	518	0	0	0	0	0	0	0
Barrington - S. of Horace Brown to 13 Mile SB	465	0	0	0	0	0	0	0
Blairmoor - Manchester to Thirteen Mile Road	543	0	0	0	0	0	0	0
Manchester & Woodmont Intersection	102	0	0	0	0	0	0	0
Palmer - 13 Mile N. to end	494	0	0	0	0	0	0	0
YEAR 8 ROADS (R-2) 2015 (Original 2016)								
Fournier - Sherry to Mark and Mark - Fournier to Sherry	393	1,355	0	0	0	0	0	0
E. Harwood - Couzens to Dei	168	414	0	0	0	0	0	0
Lincoln - John R to 104 E. Lincoln	272	165	0	0	0	0	0	0
Lincoln - 504 E. Lincoln to 583 E. Lincoln	0	457	0	0	0	0	0	0
YEAR 9 ROADS (R-2) 2016 (Original 2017)								
Madison - Millard to 31605 Madison (watermain whole street)	0	230	328	0	0	0	0	328
Meadows - Whitcomb to 31608 Meadows (full watermain)	0	199	321	0	0	0	0	321
Dorchester - 13 Mile to Windemere	0	61	87	0	0	0	0	87
Windemere - Dorchester to Edgeworth	0	115	295	0	0	0	0	295
Kenwood - Millard to 31601 Kenwood - (Watermain to Englewood)	0	230	286	0	0	0	0	286
Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	0	308	450	0	0	0	0	450
Harlo Sectional	0	0	275	0	0	0	0	275
Areada - N. of 11 Mile Road (SAD) <i>Failed</i>	0	0	0	0	0	0	0	0
YEAR 10 ROADS (R-2) 2017 (Additional R-2 projects)								
Dei - Lincoln to Southend	0	0	258	1,010	0	0	0	1,268
Hales - 13 Mile to Winthrop	0	0	157	321	0	0	0	478
Harlo - Whitcomb to Irving	0	0	0	369	0	0	0	369

TOTALS	\$ 3,600	\$ 3,554	\$ 2,477	\$ 1,700	\$ 0	\$ 0	\$ 0	\$ 4,177
Total Project/Equipment	12	11	10	3	0	0	0	13

TABLE III
FY 2017-21 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	\$ 20	\$ 0	\$ 0	\$ 20
Proposal "R-2" Concrete Repair	0	0	0	0	0	0	-
YEAR 9 ROADS (R-2) 2016 (Original 2017)							
Madison - Millard to 31605 Madison - (Watermain Whole Street)	0	0	0	328	0	0	328
Meadows - Whitcomb to 31608 Meadows - (Full Watermain)	0	0	0	321	0	0	321
Dorchester - 13 Mile to Windemere	0	0	0	87	0	0	87
Windemere - Dorchester to Edgeworth	0	0	0	295	0	0	295
Kenwood - Millard to 31601 Kenwood (Watermain to Englewood)	0	0	0	286	0	0	286
Moulin - Dulong to 1353 Moulin - (Watermain to Rose)	0	0	0	450	0	0	450
Harlo Sectional	0	0	0	275	0	0	275
Areada - N. of 11 Mile Road (SAD) <i>Failed</i>	0	0	0	0	0	0	-
YEAR 10 ROADS (R-2) 2017 (Additional R-2 projects)							
Dei - Lincoln to Southend	0	0	0	1,010	258	0	1,268
Hales - 13 Mile to Winthrop	0	0	0	321	157	0	478
Harlo - Whitcomb to Irving	0	0	0	369	0	0	369

TOTALS	\$ 0	\$ 0	\$ 0	\$ 3,762	\$ 415	\$ 0	\$ 4,177

TABLE IV-A
FY 2017-21 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	Winthrop 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

* \$3,677,000 Funded by the Water Sewer Fund

TABLE IV-B
FY 2017-21 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
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 5 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 2017-21 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 6 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 7 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 8 ROADS						
2015	Fourner - Sherry to Mark and Mark - Fourner 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 9 ROADS						
2016	Madison - Millard to 31605 Madison - (Watermain Whole Street)	0	0	289	230	519
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
2016	Harlo Sectional	0	0	275	0	275
2016	Areada - N. of 11 Mile Road (SAD) <i>Failed</i>	0	0	0	0	-
YEAR 10 ROADS						
2017	Dei - Lincoln to South end	190	0	820	258	1,268
2017	Hales - 13 Mile to Winthrop	35	0	286	157	478
2017	Harlo - Whitcomb to Irving	0	0	369	0	369
FUTURE YEARS						
2018-2019	Proposal "R-3" Project Supplement	0	0	140	0	140
TOTALS		\$ 1,530	\$ 202	\$ 21,681	\$ 5,206	\$ 28,619

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 2015-16 Budget, the City will receive \$63,928 per mile for City Major Streets and \$7,070 per mile for City Local Streets. The Act also established the Michigan Transportation Fund (MTF).

In FY 2016-17, the amount projected to be received by the City under Act 51 is estimated to increase 6.61% or \$116,680 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, cities and villages.

On November 10, 2015, Governor Snyder signed nine bills into law which will raise \$1.2 billion for the new transportation revenue package. This includes a Registration Fee and Fuel Tax increase as well as a dedication of State General Fund to the MTF among other changes. This is the largest state investment in transportation in Michigan history. Below is a high-level summary of the main points:

- Starting in January 2017, an additional \$600 million annually will be raised and dedicated for transportation purposes.
- Roughly one-third will flow to the Michigan Department of Transportation; two-thirds to counties, cities and villages. After full phase in, local agencies will see an estimated 60 percent increase in Act 51 revenue over their 2015 allocation.
- \$400 million in additional fuel tax revenues (fuel taxes will rise to 26.3 cents per gallon for both gas and diesel).
- \$200 million from a 20 percent increase in vehicle registration fees.
- Starting in 2019, General Fund transfers make up the remaining \$600 million in additional money, if available. The transfers will be phased in over a period of three years; \$150 million in 2019; \$325 million in 2020; and the full \$600 million in 2021. This money

will be divided between the State Transportation Fund, county road commissions, and cities and villages.

The budget includes a \$298,000 increase based on projections of revenues from fuel tax increases and vehicle registration fees included in this State Restricted Revenue package. It is estimated that in the first year after full phase in, Madison Heights will receive \$427,700 in additional MTF monies. This estimate is conditional on the Legislature passing a concurrent resolution in FY 2017 for \$100 million in Roads Innovation Funds (RIF).

A. State and Federal Highway Projects

- Thirteen Mile Rehabilitation

Staff has identified \$1 million for repairs needed for Thirteen Mile Road. The City received NHPP (National High Priority Project) Grant funds for sectional concrete repairs on Thirteen Mile. A \$100,000 grant was received for this project in Fiscal Year 2015. We were also successful in securing \$600,000 in NHPP funding for Fiscal Year 2017 and an additional \$600,000 in NHPP funding for 2019. Additional sectional repairs were completed in several areas of 13 Mile Road in 2015.

- 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.

Impact Category	Expected Impact
Farmland/Act 451, Part 361 Land	No prime or unique farmlands. No Act 451, Part 361 lands.
Economics	Added capacity responds to growth and supports the focal point of Michigan's economic growth. Tax base losses insignificant.
Air Quality	Lower emissions from improved traffic flow. No violations of the National Ambient Air Quality Standard for carbon monoxide. Project is included on air quality conforming 2030 Regional Transportation Plan.
Noise	430 dwelling units, 1 school, and 5 churches would be exposed to noise levels exceeding the 66 dBA criterion under future no build conditions compared to 466 dwelling units, 1 school, and 5 churches with the project. Mitigation would substantially reduce impacts under build conditions.
Surface Water Impacts	Two crossings of River Rouge and 10 of county drains. Storm water quantity will increase, flow rate will not. Storm water in depressed section will be separated from current combined sewer system, a positive effect.
Wetlands	Preferred Alternative affects 0.41 acres of Palustrine Emergent, and Palustrine Shrub-Scrub. Potential 0.61 acres of mitigation at an identified site.
Threat/Endangered Species	None.
Cultural Resources	No potential National Register eligible sites or districts affected.
Parks/Recreation	No effect on any park. No Section 4(f) involvement.
Visual Conditions	Reduction of grassy banks and landscape plantings from 8 Mile to 12 Mile (depressed section) and grass median north to Square Lake Road (at-grade and elevated section).
Contaminated Sites	One site recommended for Phase II testing.
Soils	Cutting into banks of depressed section could undermine some existing noise walls, requiring stabilization or reconstruction. Poor soils in north project area, potentially affecting noise wall cost, but no anticipated problems with roadway construction.
Utility Systems	Utility relocation on I-75 bridges. No effect on high-tension electric line at 12 Mile Road or any cell towers. Relocation of MDOT traffic surveillance equipment necessary.
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.

<u>Impact Category</u>	<u>Expected Impact</u>
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. October 19, 2015, MDOT advised the City by letter that the revised estimated local cost share is \$4.025 million broken down as \$800,000 in Fiscal 2018, \$425,000 in Fiscal 2024, and \$2.8 million in Fiscal 2026. At the request of MDOT, SEMCOG has added the project to the FY 2011-2014 Transportation Improvement Plan for Southeast Michigan.

In response to the MDOT proposal to use the Act 51 cost share formula for the I-75 widening, City Council passed the following Resolution at their October 26, 2015 meeting:

**RESOLUTION IN OPPOSITION TO I-75 WIDENING PROJECT FUNDING METHODOLOGY
AND IN SUPPORT OF SENATE BILL 557**

WHEREAS, the Michigan Department of Transportation (MDOT) proposes to widen and improve I-75 from Hazel Park to Auburn Hills; and,

WHEREAS, this project has been in some phase of study and analysis since 2000; and,

WHEREAS, MDOT has publicly denoted the construction phases since February 18, 2014, with the Madison Heights phases scheduled for 2020, 2022 and 2024; and,

WHEREAS, MDOT unilaterally, without discussion or notice, changed the proposed construction phasing in the summer of 2015 such that the Madison Heights phases are now proposed to be in 2018, 2024 and 2026; and,

WHEREAS, MDOT proposes to utilize the Public Act 51 road funding formula to require that Madison Heights pay an estimated local share of \$4,025,000 for all three phases (\$800,000 in 2018, \$425,000 in 2024, and \$2,800,000 in 2026); and,

WHEREAS, this local match would essentially eliminate the City’s ability to provide road maintenance and reconstruction for more than three years; and,

WHEREAS, the City has repeatedly voiced opposition to MDOT’s proposed change to the project phasing as well as the use of the Act 51 funding formula for road projects with regional, national, and even international significance and impact; and,

WHEREAS, the City has cited the lack of any public or municipal notice or opportunity for input regarding the change in project phasing, the extensive and widespread impact on the City’s road network during construction with no compensation by MDOT, the recent I-75 service drive improvements made by the City (based in major

part on the previous project schedule), and the complete loss of future tax revenue from the 25 total property takings and 5 partial property takings.

NOW, THEREFORE BE IT RESOLVED, that the City Council of Madison Heights strongly objects to MDOT's planned advancement of the I-696 / I-75 "Braid" phase of construction from the original 2020 to 2018.

BE IT FURTHER RESOLVED, Council strongly supports Michigan Senate Bill 557, introduced by Senator Knollenberg, which would eliminate Act 51 requirements for local share contributions on this and other MDOT Trunkline projects.

BE IT FURTHER RESOLVED, that the City requests that MDOT honor its previous construction segment phasing.

BE IT FINALLY RESOLVED, that the City Clerk provide a copy of this Resolution to U.S. Senators Stabenow and Peters, U.S. Representative Levin, Governor Snyder, State Representative Townsend, State Senator Knollenberg, State Senator Gregory, State Senator and Transportation Committee Chair Casperson, the Cities of Royal Oak, Hazel Park, Troy and Auburn Hills, and Bloomfield Township, the Southeast Michigan Council of Governments, and the Michigan Municipal League.

ADOPTED by the City Council of the City of Madison Heights, Michigan, this 26th day of October, 2015

Further, on March 28, 2016, City Council adopted the following resolution in opposition to the overall project:

**A RESOLUTION FOR RESPONSIBLE SPENDING OF TRANSPORTATION FUNDS IN
SOUTHEAST MICHIGAN**

WHEREAS, communities across the southeast Michigan face an acute shortage of transportation funds to repair existing streets and bridges, address safety needs, and provide the quality of life that attracts and retains residents and employers; and

WHEREAS, within the City of Madison Heights these needs specifically include the repair of existing roads; and

WHEREAS, the Michigan Department of Transportation has approved and intends to commence major highway reconstruction and capacity expansion projects on I-75 in Oakland County and I-94 in Detroit, with expected costs that may exceed \$4 billion dollars, including hundreds of millions for capacity expansion; and

WHEREAS, the 2040 Long-Range Plan states that traffic congestion in southeast Michigan is "limited," that the region will not regain its 2000 population within the next 25 years, and that any increase in traffic levels will be modest; and

WHEREAS, surveys performed by SEMCOG show that a majority of the region's residents do not support raising taxes for the purpose of expanding highway capacity; and

WHEREAS, the expansions threaten significant negative impacts to the communities they traverse, including displacement of residents, destruction of local tax base, loss of property value, increases in traffic noise, aggravated air pollution, and continued disinvestment;

WHEREAS, it has been well established that such road expansions provide only temporary relief, while exacerbating traffic congestion in the long run; and

WHEREAS, \$4 billion would be far better spent addressing our region's desperate need for a comprehensive regional transit system to meet the needs of residents; and

WHEREAS, cities across the state are suffering consequences of decades of anti-urban policies, such as freeway expansions, which encourage sprawl while decreasing investment in the very population centers where the majority of residents live; and

WHEREAS, state law dictates that not only must cities and villages suffer the consequences of these policies, but in fact, must bear a portion of the cost of opening, widening, and improving state trunk line highways resulting in further deterioration of existing local infrastructure; and

WHEREAS, SB 557 introduced by State Senator Knollenberg proposed to eliminate the requirement that Madison Heights residents' tax dollars be redirected to a project that harms our community; and

NOW THEREFORE BE IT RESOLVED, the City Council of the City of Madison Heights opposes the inclusion of these highway capacity expansion projects in the 2040 Long-Range Plan; and

BE IT FURTHER RESOLVED, the City Council especially opposes the proposed Transportation Improvement Project amendments pertaining to the acceleration of the widening of I-75 between Eight Mile Road and M-59; and

BE IT FURTHER RESOLVED, the Madison Heights City Council requests that the funding currently programmed for these capacity projects be redirected to other roadway projects, such as performing preventive maintenance and rehabilitating existing major roads, bridges and local streets; addressing critical safety needs; developing and implementing mass transit; and enhancing the overall quality of life through these measures; and

BE IT FURTHER RESOLVED, that the City of Madison Heights will utilize all legal means at its disposal to prevent this expansion from taking place; and

BE IT FURTHER RESOLVED, that the City of Madison Heights supports the passage of SB 557 which, at the very least, would end the requirement that Madison Heights residents fund a project that will bring harm to our city; and

BE IT FURTHER RESOLVED, this Resolution shall be transmitted to SEMCOG and its Member Communities, the Michigan Municipal League, the Michigan Department of Transportation (MDOT), Governor Rick Snyder, and Representative James Townsend and Senator Marty Knollenberg.

BE IT FINALLY RESOLVED, the City of Madison Heights hereby adopts this Resolution requesting that the two expansion projects be excluded from the 2040 Long-Range Plan, and funding redirected towards other needs, until such time as their utility is re-examined in the light of current transportation and funding conditions.

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 2017, the major roads portion of the program amount increases to \$75,000 from \$70,000 in FY 2016 and remains \$75,000 for the remainder of the five year period.

- **Thirteen Mile Rehabilitation**

As discussed under state and federal highway projects, staff has identified over \$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 over \$1.2 million in funding during 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. Multi-year sectional work includes: 11 Mile from John R to Dequindre (\$200,000 in FY 2017 and \$100,000 for the following three fiscal years); East Lincoln from Wolverine to Dequindre (\$100,000 for each year from FY 2016-2019); Barrington from 14 Mile to Whitcomb (\$200,000 starting in FY 2018 for three years); Whitcomb from Barrington to Dequindre (\$100,000 for two years); and Stephenson Highway from Girard to 12 Mile (\$50,000 in FY 2017 increasing to \$100,000 in FY 2018); and various turnarounds from 12 Mile to 14 Mile.

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 of \$306,000 for Research Park, Tech Row, Sherman, Montpelier, Horace Brown and Kempar. FY 2017 also includes \$50,000 for repairs on Whitcomb west of Mally.

D. Traffic Signal Upgrades

Over the last nineteen 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 nineteen 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.

An allocation of \$30,000 for the next five years 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, \$250,000 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” (PPTP). 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. 2015 saw the successful completion of Year 1 (South of Lincoln). 2016 (Year 2) will cover the area between Lincoln and 11 Mile.

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 \$101,000 in reserve at June 30, 2016.

As Council is aware, the “V” millage is scheduled to expire in FY 2017. On March 28, 2016, City Council approved ballot language to be placed before the voters at the August 2, 2016 Primary Election to renew the vehicle replacement millage for 10 years at the current 0.25 mill level. If approved, the millage is projected to replace 101 police, fire and street maintenance vehicles over the funding period.

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 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
ROAD IMPROVEMENTS
(IN THOUSANDS)**

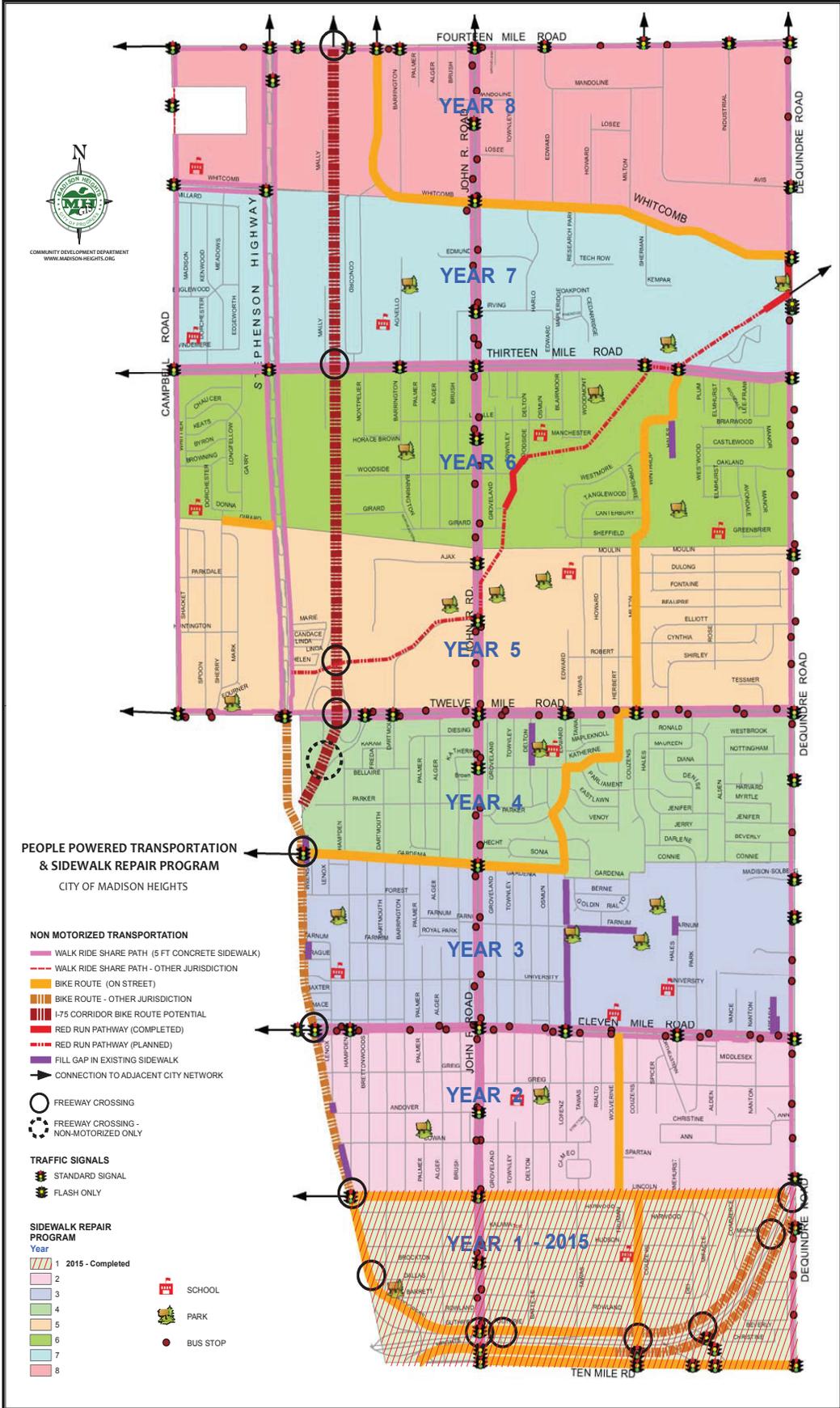
APPROPRIATIONS:

ROAD IMPROVEMENTS (EXCLUDING R-1/R-2)	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	TOTAL APPROP.
A. STATE/FEDERAL PROJECTS								
13 Mile WB from Hales to Dequindre NHPP	\$0	\$200	\$120	\$480	\$120	\$480	\$0	1,200
B. MAJOR ROAD IMPROVEMENTS								
Joint & Crack Sealing - City Wide Major	75	70	75	75	75	75	75	375
Campbell 12-13 Mile Curb Repairs/Sectional	0	10	24	0	0	0	0	24
13 Mile Sectional - Campbell to Dequindre NON-NHPP	175	100	0	0	0	0	0	0
11 Mile Sectional - I-75 to John R	0	160	0	0	100	100	0	200
11 Mile Sectional - John R to Dequindre	0	0	200	100	100	100	0	500
Couzens - 10 Mile to EB Service Drive	0	50	0	0	0	0	0	0
Stephenson Hwy Turnarounds	0	50	50	50	50	50	50	250
Edward - Mandoline to Whitcomb	0	50	50	0	0	0	0	50
Townley - 14 Mile to Whitcomb	0	50	0	0	0	0	0	0
Sectional - Girard West of Stephenson Highway	25	0	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	100	100	100	100	0	0	300
Sectional - Irving - John R to Edward	0	0	0	50	0	0	0	50
Whitcomb Sectional - Barrington to Dequindre	100	200	100	100	0	0	0	200
Industrial Sectional - Fourteen to East Avis	0	100	0	0	0	0	0	0
Stephenson Hwy Sectional - Girard to 12 Mile	0	50	50	100	0	0	0	150
C. LOCAL ROAD IMPROVEMENTS								
Sectional - Sherman	0	0	25	0	0	0	0	25
Sectional - Kempar	0	0	25	0	0	0	0	25
Sectional - Research Park	0	0	25	0	0	0	0	25
Sectional - Tech Row	0	0	25	0	0	0	0	25
Sectional - Commerce - Lincoln to Michael	25	0	0	25	0	0	0	25
Sectional - Montpelier	80	0	78	0	0	0	0	78
Sectional - Horace Brown	75	0	78	0	0	0	0	78
Sectional - Michael	50	0	0	25	0	0	0	25
Sectional - Edmund - Harlo to John R	25	0	0	25	0	0	0	25
Sectional - Harlo	25	115	0	0	0	0	0	0
Whitcomb Sectional - West of Mally	25	0	50	0	0	0	0	50
D. TRAFFIC SIGNAL UPGRADES								
Traffic Signal Improvements	35	0	30	30	30	30	30	150
E. REHABILITATION PROGRAMS								
Sidewalk Replacement, Sectional Repairs & Gap Installation	400	275	250	250	250	250	250	1,250
Road Conditions Survey (Major/Local)	5	0	0	0	0	0	0	0
F. EQUIPMENT REPLACEMENT								
2003 Street Sweeper #402	0	0	75	125	75	0	0	275
2003 CAT Loader 4 yd. #404	0	0	0	0	0	0	350	350
2003 Backhoe #407	0	0	0	0	98	0	0	98
2003 CAT Loader 3 yd. #409	0	0	0	0	260	0	0	260
2002 Brush Bandit Chipper #410	0	0	0	70	0	0	0	70
2002 Stake Truck #415	0	0	0	0	150	0	0	150
2003 Tandem Dump Truck #417	0	220	0	0	0	0	0	0
2003 Tandem Dump Truck #418	0	0	220	0	0	0	0	220
2003 Tandem Dump Truck #419	0	0	0	240	0	0	0	240
2004 Chevy 3/4 ton Pickup #420	0	33	0	0	0	0	0	0
2003 Tandem Dump Truck #422	0	0	0	240	0	0	0	240
2003 Single Axle Dump #424	0	0	0	180	0	0	0	180
2003 Single Axle Dump # 425 (Phased Funding)	0	0	0	97	53	0	0	150
2003 Single Axle Dump Truck #426	0	0	0	0	0	150	0	150
2003 Platform Truck #429	0	170	0	0	0	0	0	0
2003 Tandem Dump Truck #433	0	0	0	0	240	0	0	240
Chevy 3/4 Ton Pickup w/Plow #436	0	0	0	34	0	0	0	34
2003 Chevy 3/4 Ton pickup W/Plow #440	0	0	0	34	0	0	0	34
2006 Super Duty Dump Truck #481	0	0	0	0	64	0	0	64
2004 Brush Chipper Truck #525	0	0	0	200	0	0	0	200
Street Light Conversion - Mercury Vapor to LED	143	0	0	0	0	0	0	0
Concrete Drop Hammer #261	0	0	0	0	0	15	15	30
TOTALS	\$ 1,263	\$ 2,003	\$ 1,650	\$ 2,630	\$ 1,965	\$ 1,450	\$ 970	\$ 8,665
Total Projects/Equipment	15	18	20	22	16	10	7	75

TABLE V
FY 2017-21 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	\$240	\$0	\$0	\$0	\$960	\$0	1,200
B. MAJOR ROAD IMPROVEMENTS									
Joint & Crack Sealing - City Wide Major	0	0	375	0	0	0	0	0	375
Campbell 12-13 Mile Curb Repairs/Sectional	0	0	24	0	0	0	0	0	24
11 Mile Sectional- I-75 to John R	0	0	200	0	0	0	0	0	200
11 Mile Sectional- John R to Dequindre	0	0	500	0	0	0	0	0	500
Stephenson Hwy Turnarounds	0	0	250	0	0	0	0	0	250
Edward - Mandoline to Whitcomb	0	0	50	0	0	0	0	0	50
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	50	0	0	0	0	0	50
Whitcomb Sectional - Barrington to Townley	0	0	200	0	0	0	0	0	200
Stephenson Hwy Sectional - Girard to 12 Mile	0	0	150	0	0	0	0	0	150
C. LOCAL ROAD IMPROVEMENTS									
Sectional - Sherman	0	25	0	0	0	0	0	0	25
Sectional - Kempar	0	25	0	0	0	0	0	0	25
Sectional - Research Park	0	25	0	0	0	0	0	0	25
Sectional - Tech Row	0	25	0	0	0	0	0	0	25
Sectional - Commerce - Lincoln to Michael	0	25	0	0	0	0	0	0	25
Sectional - Montpelier	0	78	0	0	0	0	0	0	78
Sectional - Horace Brown	0	78	0	0	0	0	0	0	78
Sectional - Michael	0	25	0	0	0	0	0	0	25
Sectional - Edmund - Harlo to John R	0	25	0	0	0	0	0	0	25
Whitcomb Sectional - West of Mally	0	50	0	0	0	0	0	0	50
D. TRAFFIC SIGNAL UPGRADES									
Traffic Signal Improvements	0	0	150	0	0	0	0	0	150
E. REHABILITATION PROGRAMS									
Sidewalk Replacement, Sectional Repairs & Gap Installation	0	40	0	1,210	0	0	0	0	1,250
F. EQUIPMENT REPLACEMENT									
2003 Street Sweeper #402	0	0	0	0	275	0	0	0	275
2003 CAT Loader 4 yd. #404	0	0	0	0	350	0	0	0	350
2003 Backhoe #407	98	0	0	0	0	0	0	0	98
2003 CAT Loader 3 yd #409	260	0	0	0	0	0	0	0	260
2002 Brush Bandit Chipper #410	0	0	0	0	70	0	0	0	70
2002 Stake Truck #415	0	0	0	0	150	0	0	0	150
2003 Tandem Dump Truck #418	0	0	0	0	220	0	0	0	220
2003 Tandem Dump Truck #419	240	0	0	0	0	0	0	0	240
2003 Tandem Dump Truck #422	240	0	0	0	0	0	0	0	240
2003 Single Axle Dump #424	0	0	0	0	180	0	0	0	180
2003 Single Axle Dump # 425 (Phased Funding)	0	0	0	0	150	0	0	0	150
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
Chevy 3/4 Ton Pickup w/Plow #436	34	0	0	0	0	0	0	0	34
2003 Chevy 3/4 Ton pickup W/Plow #440	0	0	0	0	34	0	0	0	34
2006 Super Duty Dump Truck #481	0	0	0	0	64	0	0	0	64
2004 Brush Chipper Truck #525	0	0	0	0	200	0	0	0	200
Concrete Drop Hammer	30	0	0	0	0	0	0	0	30
TOTALS	\$ 1,292	\$ 421	\$ 3,089	\$ 1,210	\$ 1,693	\$ 0	\$ 960	\$ 0	\$ 8,665



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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, durability, 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 2017-21 CIP programs two standalone watermain replacement projects in FY 2016-17: Hampden from Andover to the I-75 Service Drive and Alger from Andover to West Lincoln. Ten additional high-priority "non-R" watermain projects have been identified in the Capital Improvement Plan. See Table VII for a complete listing of all programmed projects.

- Equipment Replacement

Seven pieces of water and sewer related equipment are scheduled for replacement over the five years of the CIP. This equipment includes replacement of a 2003 GMC 4500 Van that is utilized for water system inventory. This van is being 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 2020 respectively.

Also included is the replacement of the Sewer Vactor for \$410,000 in FY 2017. This vehicle is rated “poor” condition by the City’s vehicle condition rating system. This piece of equipment has been in service for twelve years and has a year-to-date maintenance cost of \$51,000. These maintenance costs are increasing every year and would be eliminated with a replacement Vactor. Refurbishment of the sewer camera trailer to replace the existing camera and recording system and integrate a software program to identify and evaluate the sewer system is also included for \$75,000. The existing camera is aging and uses software that does not provide a means to identify, map, or evaluate the sewers being televised. FY 2020 and 2021 of the plan also include the replacement of a three-yard loader and replacement backhoe, respectively.

- 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 2016-17 as the second of three phased payments toward a \$270,000 project in FY 2017-18 to replace the deteriorated salt storage dome and to create an MDEQ-compliant runoff containment system. The salt dome was built in the fall of 1979 at a cost of \$92,000.

FY 2016-17 also includes \$50,000 for replacement and repairs needed to the parking lot at the Ajax location. FY 2017-18 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.

Early last year, the underground storage tank (UST) 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. This evaluation proved that the UST at the Police Station required decommissioning. At this point, City staff identified the Police Station as being best suited as the future unleaded fuel site and the Ajax Department of Public Services site as the diesel fueling site. The funding for these projects are included in the Capital Improvement Plan in phases with the General Fund funding the police site and Water and Sewer Fund funding the Ajax site. The FY 2017 budget includes \$17,000 in phased funding for the Ajax site.

- City-wide water meter change-out program

The Department of Public Services has identified the need for a four-year phased water meter replacement program based on the age of the current meters. Madison Heights’ water meters were last replaced City-wide in 1995-1997 and were changed out to a consistent brass-body Neptune T-10 water meter.

Water meters are given a service expectation of approximately twenty years. Given the age of these meters, it is prudent to start planning for the replacement of the meter system as they near the end of their functional life. As meters age, they begin to under-register due to wear of internal components, and buildup of sediment and debris in the meter chamber. We have also encountered increased costs due to the NSF-61 Lead-Free Brass standard. Enacted at the beginning of 2014, all waterworks brass with a wettable surface which comes into contact with potable water has to be certified with the NSF-61 stamp as being lead-free.

Staff has analyzed the performance of our water meters through the Automated Meter Reading (AMR) system and proposes to start a 4-year phased project in FY 2016-17 and focus on one district annually, starting with District 1 (10-11 Mile Road). District 1 is identified as the starting point because it has the oldest meters in the City; it was the first district to be changed out, and has a number of meters dating back to 1993-1995. The total cost for this citywide meter change-out program is projected to be \$3.9 million over four years, with \$1.0 million for Phase I included in FY 2017.

Local Sewer Improvements

Many of our sewer lines in the City are over 50 years old and many will need repairs, lining or replacing in the future.

As a sewer system ages, the risk of deterioration, blockages and collapses become a major concern. Because sewers are not readily visible like roads and other public facilities, they are often not considered for repair or rehabilitation. As a result, sewer repairs are generally done in response to a major blockage or collapse that has caused basement backups or pavement failures. These are expensive repairs that may have been avoided by undertaking a routine cleaning and TV inspection program. The benefits of cleaning and TV inspecting public sewers include:

1. Identification of maintenance problems in the pipe such as roots, grease and deposits. These obstructions can reduce capacity in the pipe and lead to basement 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. Grant awardees are allowed 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, 2018, and 2019.

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 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COLLECTION & DISTRIBUTION SYSTEMS
(IN THOUSANDS)

APPROPRIATIONS:

COLLECTION & DISTRIBUTION SYSTEMS	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	TOTAL APPROP.
NON-"R" WATER MAINS								
Palmer 13 Mile Road North to the End	\$ 128	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fournier - Sherry to Mark and Mark - Fournier to Sherry	393	0	0	0	0	0	0	0
East Harwood - Couzens to Dei	168	0	0	0	0	0	0	0
Lincoln - John R to 104 E. Lincoln	272	0	0	0	0	0	0	0
Dartmouth - 11 Mile to 26341 Dartmouth	0	291	0	0	0	0	0	0
Barrington -11 Mile to 26521 Barrington	0	221	0	0	0	0	0	0
Palmer - LaSalle to Girard	0	294	0	0	0	0	0	0
Kalama - John R to Alger	0	139	0	0	0	0	0	0
Hampden - Andover to Service Drive	0	0	219	0	0	0	0	219
Alger - Andover to W. Lincoln	0	0	207	0	0	0	0	207
Tawas - Moulin to Robert	0	0	0	306	0	0	0	306
Fontaine - Rose to Dequindre	0	0	0	261	0	0	0	261
Brush - 11 Mile to Royal Park Lane	0	0	0	0	314	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
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
Fourteen Mile - John R to Palmer	0	0	0	0	0	0	180	180
John R - Whitcomb to Fourteen Mile	0	0	0	0	0	0	441	441
SEWER PROJECTS								
Sanitary Sewer Inspection/Rehabilitation Program	0	0	75	1,546	823	0	0	2,444
REPLACEMENTS								
2003 GMC 4500 Van #458	0	30	30	0	0	0	0	30
2004 Chevy 3/4 Ton Pickup 4 x 4 #423	0	0	34	0	0	0	0	34
Sewer Vactor #465	0	0	410	0	0	0	0	410
Sewer Camera Trailer #466	0	0	75	0	0	0	0	75
2003 3 Yard Loader	0	0	0	0	0	300	0	300
Backhoe #455	0	0	0	0	0	0	90	90
2007 Ford F250 3/4 Ton Pick-up	0	0	0	0	0	34	0	34
City-wide Water Meter Replacement Program	0	0	1,000	1,000	975	900	0	3,875
FACILITIES								
DPS Salt Dome Containment Structure	0	90	90	90	0	0	0	180
Replacement/Repairs to DPS Parking Lot	0	50	50	0	0	0	0	50
Underground Gasoline and Diesel Fuel Storage	0	33	17	50	50	0	0	117
DPS Garage Air Curtain	0	0	0	40	0	0	0	40
TOTALS	\$ 961	\$ 1,148	\$ 2,207	\$ 3,293	\$ 2,576	\$ 1,949	\$ 711	\$ 10,736
Total Projects/Equipment	4	8	11	7	6	6	3	33

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 - Andover to Service Drive	\$ 0	0	\$ 0	\$ 0	\$ 0	\$ 219	\$ 0	\$ 219
Alger - Andover to W. Lincoln	0	0	0	0	0	207	0	207
Tawas - Moulin to Robert	0	0	0	0	0	306	0	306
Fontaine - Rose to Dequindre	0	0	0	0	0	261	0	261
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 - John R to Palmer	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
John R - Whitcomb to Fourteen Mile	0	0	0	0	0	441	0	441
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	30	0	30
2004 Chevy 3/4 Ton Pickup 4 x 4 #423	0	0	0	0	0	34	0	34
Sewer Vactor #465	0	0	0	0	0	410	0	410
Sewer Camera Trailer #466	0	0	0	0	0	75	0	75
2003 3 Yard Loader	0	0	0	0	0	300	0	300
Backhoe #455	0	0	0	0	0	90	0	90
2007 Ford F250 3/4 Ton Pick-up	0	0	0	0	0	34	0	34
City-Wide Meter Replacement Program	0	0	0	0	0	3,875	0	3,875
FACILITIES								
DPS Salt Dome Containment Structure	0	0	0	0	0	180	0	180
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	117	0	117
DPS Garage Air Curtain	0	0	0	0	0	40	0	40
TOTALS	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,736	\$ 2,000	\$ 10,736

TABLE VII

FY 2017-21 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 2016)</u>
1	2016-17	Hampden - Andover to Service Drive	1,270	219,000
2	2016-17	Alger - Andover to E. Lincoln	1,270	207,000
3	2017-18	Tawas - Moulin to Robert	1,700	306,000
4	2017-18	Fontaine - Rose to Dequindre	1,450	261,000
5	2018-19	Brush - Eleven Mile to Royal Park Lane	1,900	314,000
6	2018-19	Brockton - Alger to Service Drive	1,200	216,000
7	2018-19	Dallas - Alger to Service Drive	1,100	198,000
8	2019-20	Harwood - John R to Alger and Dartmouth to Progress	1,200	216,000
9	2019-20	Longfellow - Garry to Browning	850	153,000
10	2019-20	Garry - Longfellow to Sherry	1,920	345,600
11	2020-21	Fourteen Mile - John R to Palmer	1,000	180,000
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	\$ 4,550,600

These costs assume \$163 - \$180 per linear foot for watermain installation including pipe, hydrants, valves, taps, hauling sand, contractual labor cost, City labor costs, and 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 sixteen 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 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
<u>Future Projects</u>	
• Southfield No. 2 Drain Rehabilitation (ACOE Project)	259,000
• Red Run E-Coli Reduction within GWKDD (ACOE Project)	307,000
• GWK RTB Entrance Weir Baffle Wall	500,000
• Remove/Replace Roof - Dequindre Booster Station	50,000
• Install additional GWK Regulator - early flow to SOCSDS	500,000
• Replace Generator - Stephenson Control Building	100,000
• Remove/Replace Driveway - Stephenson Control Building	25,000
• Install Rollup Doors and Interior Repairs - Stephenson Garage	150,000
• Southfield No. 6 Drain Rehabilitation Project	<u>963,000</u>
Total	\$7,048,000

Further, the Board determined there is a need to have funds in a maintenance fund for the inspection, repair and maintenance of the drain; and the amount needed is \$1.2 million. Finally, the Board determined, having provided sufficient funds to maintain the drain and to cover other drain projects, the remaining surplus of \$3.1, plus any additional interest earnings, be credited to the contributors (municipalities and State). Madison Heights' share of this credit will be \$115,700.

- Illicit Sewer Connection at 12 Mile and John R Road

As part of storm drain monitoring done in June/July 2009, the Oakland County Water Resources Commissioner's (OCWRC) office found a cross connection of a 48-inch storm drain and a 60-inch combined sewer in the vicinity of the 12 Mile and John R intersection. The illicit connection impacted the South GWK storm drain which ultimately discharges to the Red Run Drain and Clinton River. Correction of the illicit discharge was required pursuant to the Federal NPDES Phase II Storm Water Permit.

Following further investigation and the completion of a consultant's report in October 2009, the OCWRC was able to successfully include this sewer separation as part of a US Army Corps of Engineers \$2.2 million project which also included repairs to the Red Run Drain in Macomb County. In addition to eliminating the illicit cross connection, the contractor also constructed 415 feet of new line ranging from 48 to 60 inches in diameter. This project, which was funded by the Federal American Recovery and Reinvestment Act, did not require a City contribution. Work was completed in early 2011.

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.

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 2017-18 and 2018-19 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.

Fire Station Two is the only building remaining without any sprinkler system.

- Fire Station #2 Parking Lot

Parking lot improvements are included in the budget for FY 2017 for Fire Station #2 at \$85,000. The existing parking lot and alley have deteriorated beyond any sort of patchwork repair.

Police and Emergency Dispatch Services

- Next Generation 911 Telephone Answering System

FY 2017 includes funding of \$139,000 for a mandatory upgrade to our current 911 telephone system to the new Next Generation 911 telephone system. Oakland County has secured the bid from Emergency Call Works which was the lowest responsible bidder. Once this system is updated, telephone lines will only receive 911 calls and will not be administered through the City-wide telephone system. Our dispatch center requires four (4) 911 consoles in order to effectively and efficiently answer 911 calls for service. Next Generation 911 service will allow the capability for text-to-911 and other digital communication such as video and images.

- Underground Storage Tank Replacement

Early last 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. As a result of this evaluation it was determined that the Police site is best suited for the unleaded fueling station and the underground storage tanks at the Ajax location would be exclusively for diesel. The

Police Station changes will be funded through the General Fund with the Ajax location being funded from the Water and Sewer Fund. The five year CIP includes phased funding of \$200,000 for the Police location with \$50,000 funded in FY 2017.

- HVAC Upgrades

FY 2018 includes phase I of III for the upgrades of the HVAC system at the Police Station. This building has very high energy cost due to the near constant operation of the system's electric heating components. The total projected cost for this project is \$400,000.

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 2017-18.

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 seventeen (17) marked patrol vehicles which now cost in excess of \$30,000 inclusive of costs for changeover lights, radio, computer, and other equipment. The plan also includes five (5) other vehicles used throughout the department. The FY 2017 budget includes the replacement of four of the patrol vehicles. Detailed vehicle information may be found in Table XIII, the Five-Year Vehicle and Equipment Replacement Plan.

Vehicle Replacement - Fire

Six pieces of equipment or vehicles over \$30,000 are scheduled to be replaced during the CIP period, FY 2017-21. These vehicles are utilized by the Fire Department and include two pick-up trucks at approximately \$35,000 each, two ambulance rescues (\$270,000 each) and one pumper truck currently budgeted at \$500,000.

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

TABLE VIII
FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
PUBLIC SAFETY
(IN THOUSANDS)

APPROPRIATIONS:

PUBLIC SAFETY	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	TOTAL APPROP.
POLICE								
Patrol Cars In-Car Cameras	\$0	\$114	\$0	\$0	\$0	\$0	\$0	\$0
Next Generation 911 Telephone Answering System	0	0	139	0	0	0	0	139
Patrol Vehicles	74	84	114	86	171	171	86	627
Underground Gasoline and Diesel Underground Storage	0	17	50	50	50	50	0	200
HVAC Upgrades	0	0	0	133	133	134	0	400
FIRE								
Fire Hoses	0	33	0	0	0	0	0	0
City Bldgs. Fire Detection & Suppression Systems	150	0	0	115	75	0	0	190
2002 Ambulance Rescue #713	267	0	0	0	0	0	0	0
Extrication/Jaws of Life Replacement	35	0	0	0	0	0	0	0
2002 Chevy Pickup 3500 #704	0	0	0	34	0	0	0	34
Fire Station #2 Parking Lot Improvements	0	0	85	0	0	0	0	85
Emergency Operations Center Improvements	0	0	0	60	0	0	0	60
Lucas Chest Compression System (2)	0	0	0	40	0	0	0	40
2007 Ford F350 Pickup #702	0	0	0	35	0	0	0	35
2011 Ambulance Rescue #710	0	0	0	0	0	0	270	270
2009 Ambulance Rescue #711	0	0	0	0	270	0	0	270
2004 Pierce Pumper #721	0	0	0	0	0	500	0	500
2003 Generator FS#1 #550	0	0	0	0	70	0	0	70
TOTALS	\$ 526	\$ 248	\$ 388	\$ 553	\$ 769	\$ 855	\$ 356	\$ 2,920
Total Projects/Equipment	4	4	4	8	6	4	2	24

REVENUES:

PUBLIC SAFETY	GENERAL FUND	LOCAL/ MAJOR STREETS	OAKLAND COUNTY GRANTS	SPECIAL ASSESS	ALS/ VEHICLE MILLAGE	WATER & SEWER	DRUG FORFEITURE	OTHER	TOTAL REVENUES
POLICE									
Next Generation 911 Telephone Answering System	\$139	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139
Patrol Vehicles	485	0	0	0	57	0	86	0	627
Underground Gasoline and Diesel Underground Storage	200	0	0	0	0	0	0	0	200
HVAC Upgrades	400	0	0	0	0	0	0	0	400
FIRE									
City Bldgs. Fire Detection & Suppression Systems	190	0	0	0	0	0	0	0	190
2002 Chevy Pickup 3500 #704	0	0	0	0	34	0	0	0	34
Fire Station #2 Parking Lot Improvements	85	0	0	0	0	0	0	0	85
Emergency Operations Center Improvements	30	0	0	0	0	0	0	30	60
Lucas Chest Compression System (2)	40	0	0	0	0	0	0	0	40
2007 Ford F350 Pickup #702	35	0	0	0	0	0	0	0	35
2011 Ambulance Rescue #710	270	0	0	0	0	0	0	0	270
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	\$ 2,714	\$ 0	\$ 0	\$ 0	\$ 91	\$ 0	\$ 86	\$ 30	\$ 2,920

TABLE IX
FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
TEN YEAR V-2 VEHICLE MILEAGE PURCHASES
(IN THOUSANDS)

YEAR	VEHICLE	VEHICLE NUMBER	LAST SCHEDULED REPLACE.	REPLACEMENT COST			MILLAGE FUNDS
				POLICE/FIRE	DPS	OTHER	
2007-08	Fire Chief Vehicle	700	2008	\$ 31	\$ 0	0	\$ 31
	3/4 Ton Pick-up	457	2008	0	29	0	29
	Code Enforcement Vehicle	492	2008	0	0	13	13
2008-09	Riding Mower	373	2008	0	11	0	11
	Parks Pick-up W/Plow	484	2009	0	19	0	19
2009-10	Police Patrol Vehicle	105	2010	21	0	0	21
	Police Patrol Vehicle	109	2010	21	0	0	21
	Police Patrol Vehicle	110	2010	21	0	0	21
	Park Riding Mower	325	2010	0	10	0	10
	Senior Van	469	2009	0	22	0	22
	Water and Sewer Pickup Truck	460	2009	0	24	0	24
	Ambulance Rescue Truck	711	2009	200	0	0	200
	Spray Equipment-Dump Truck Brine Tank	--	--	0	4	0	4
2010-11	Rescue Patient Transfer Equipment	--	--	26	0	0	26
	Ambulance Rescue Truck (\$72,000 and \$25,000 prefunded in FY 2008-09 and FY 2009-10)	710	2011	205	0	0	205
	Code Enforcement Pickup Truck	483	2011	0	0	14	14
	Code Enforcement Vehicle	496	2011	0	0	15	15
	Parks Riding Mower	367	2011	0	11	0	11
	Streets Utility Maintenance Vehicle	364	2011	0	6	0	6
	Spray System-Dump Truck Brine Tank	--	--	0	4	0	4
2011-12	Animal Control Van	119	2012	28	0	0	28
	Parks Ex-Mark Mower	363	2012	0	11	0	11
2012-13	Police Patrol Vehicle	103	2006	28	0	0	28
	Police Patrol Vehicle	104	2006	28	0	0	28
	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	28	0	0	28
	Police Patrol Vehicle	113	2010	28	0	0	28
	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	34	0	34
	Police Patrol Vehicle Changeovers	--	--	17	0	0	17
2014-15	Police Patrol Vehicle	106	2011	27	0	0	27
	Police Motor Carrier Van	117	2000	27	0	0	27
	3/4 Ton Pick-Up	432	2002	0	23	0	23
	Ford Pick-Up	474	2002	0	22	0	22
	Ambulance Rescue Truck (\$190,000 and \$77,000 prefunded in FY 2010-11 and FY 2011-12) 50% Deposit	713	2005	122	0	0	122
2015-16	Police Patrol Vehicle	102	2011	28	0	0	28
	Police Patrol Explorer	111	2009	28	0	0	28
	Police Patrol Vehicle Changeover	--	--	13	0	0	13
	Chevy Blazer	700	2007	28	0	0	28
	Ambulance Rescue Truck (\$190,000 and \$77,000 prefunded in FY 2010-11 and FY 2011-12) 50% Deposit	713	2005	122	0	0	122
	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	Police Patrol Vehicle	112	2011	29	0	0	29
	Police Patrol Vehicle	138	2003	29	0	0	29
	Police Patrol Change Over Cost	--	--	13	0	0	13
	Tandem Axle Dump Truck with V-Box	418	2003	0	220	0	220
	TOTALS			\$ 1,216	\$ 958	\$ 65	\$ 2,239

GENERAL GOVERNMENT AND ECONOMIC DEVELOPMENT

Projects planned under this chapter are broken down into four categories: Civic Center/City-wide, Information Technology, Library 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 given the high cost for heating/natural gas for the building. In FY 2020, 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 2018, \$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.

- 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 2018 through FY 2020. An initial amount of \$27,500 was budgeted in FY 2015, which a portion of this funding was used to seal coat and re-stripe the entire Civic Center Plaza.

- 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 continued its energy efficiency program with the planned conversion of all mercury vapor streetlights (376) to LED technology. The project required 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.

Since 2012, the City has invested almost \$600,000 in HVAC building improvements and \$317,000 in roof and door repairs and replacements.

As a result of the City's energy conservation efforts beginning in 2010, the City is very pleased to announce that the adopted City Council goal of reducing overall energy consumption by 25% from 2005 to 2015 has been met and surpassed with an overall reduction of 33%. This outstanding energy conservation performance comes as the cumulative result of almost \$1.4 million in investment since 2010 including \$474,000 in outside funding.

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:

- **IT Strategic Plan Upgrades**

In FY 2018, staff is recommending a budget of \$75,000 and each year after for a total of four years to implement the changes that are being proposed by our new provider. In FY 2016-17 the majority of these IT changes do not reach the \$30,000 threshold for inclusion in the capital plan.

- **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 2016-17 replacements for 18 computers are scheduled for a total of \$18,600. In addition to these replacements the budget also includes 6 replacement laptops for the election precincts.

Civic Center Parking Lot Improvements

Phased funding has been included over three years at \$105,000 a year to repair the Civic Center parking lot. These repairs would include asphalt milling of the existing 2 inch surface throughout the entire Civic Center campus and capping with 2 inches of asphalt. (The complete removal and replacement would nearly double the cost.) These repairs are projected to add 15-20 years life to the parking lot.

Election Tabulation Equipment

In FY 2017, the City will be required to update the current election tabulation equipment. The State of Michigan has a request for proposals out for new equipment for the entire State. The State of Michigan Bureau of Elections, as well as the State Legislature, has secured approximately 50% of the funds to purchase the equipment through the Help America Vote Act. Equipment is included in the CIP at \$120,000, with \$60,000 included in the FY 2016-17 budget and funded from the City's General Fund and \$60,000 funded through the State.

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 foundation 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 further foundation issues.

The Capital Improvement Plan proposed a two-year phased funding beginning in FY 2016 and FY 2017 to complete the \$80,000 project in 2017.

Economic Development

- Downtown Development Authority

In June 1997, the Madison Heights City Council adopted Ordinance 948 that created the Madison Heights Downtown Development Authority (DDA), pursuant to Act 197 of Public Acts of 1975 of the State of Michigan. A thirteen member DDA Board was appointed to represent the City's south commercial district business interests. The City Council also designated the boundaries (see 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 Adopted FY 2017 City Goal Plan includes Goal "L" to "review and update the Downtown Development Authority's Tax Increment Financing and Development Plan, which expires in December 2017, to guide the continued development of the downtown development district." This project will be completed utilizing in-house resources and personnel.

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

TABLE X
FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
GENERAL GOVERNMENT & ECONOMIC DEVELOPMENT
(IN THOUSANDS)

APPROPRIATIONS:

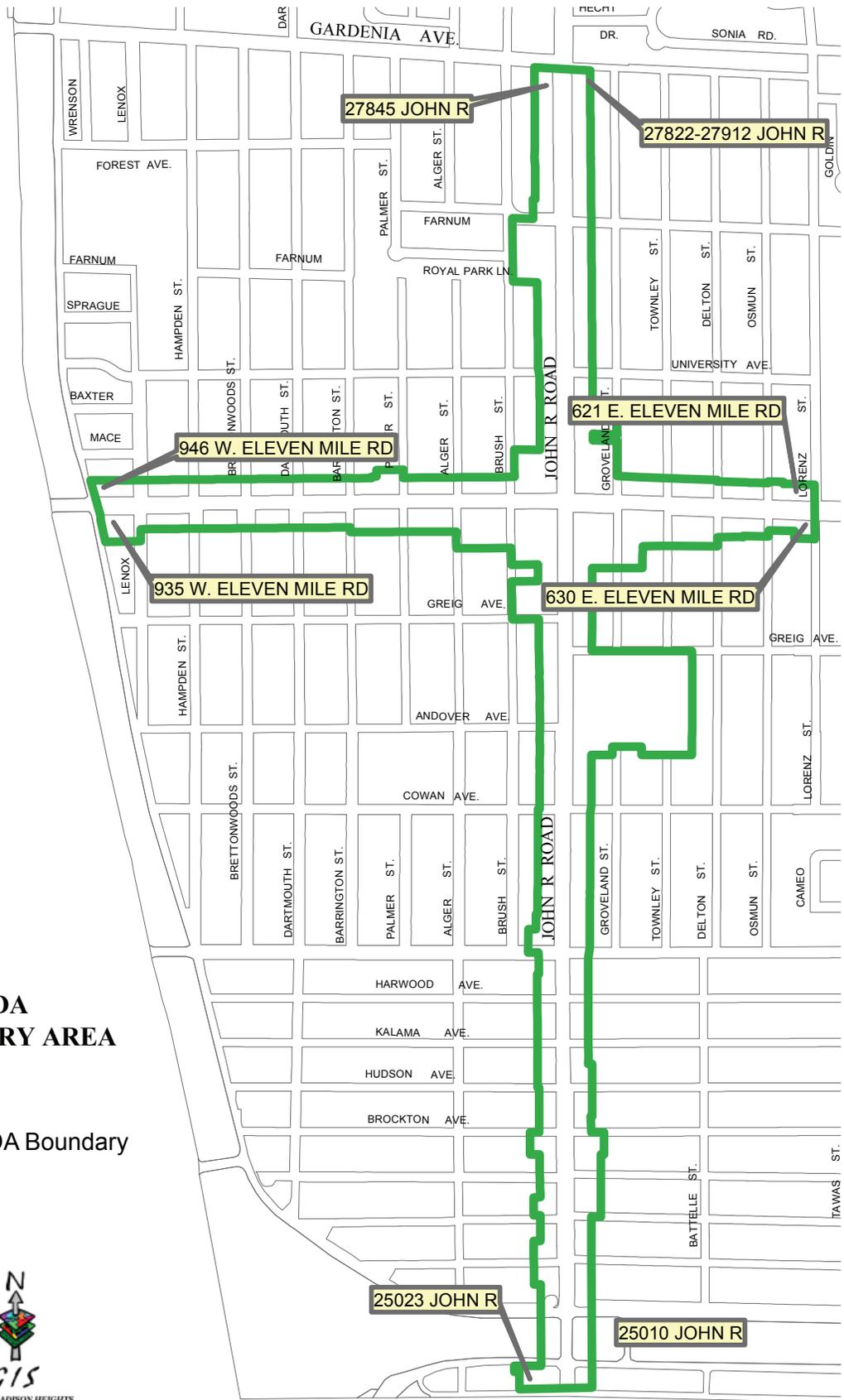
GENERAL GOVERNMENT & ECONOMIC DEV.	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	TOTAL APPROP.
43RD DISTRICT COURT								
Rooftop HVAC Unit Replacement	\$ 0	\$ 100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
CIVIC CENTER/ CITY WIDE								
HVAC Improvements	50	0	0	0	0	200	0	200
City Hall Renovation including Health & Wellness Center and Lower Level HVAC	117	0	0	0	0	0	0	0
City Hall On-Site Generator	0	0	0	65	0	0	0	65
Civic Center Parking Lot	0	0	0	105	105	105	0	315
Election Tabulating Equipment	0	0	120	0	0	0	0	120
INFORMATION TECHNOLOGY								
City Wide Microcomputer Replacements	20	19	19	20	20	20	20	99
Failover Servers	25	0	0	0	0	0	0	0
Phone System Upgrades	0	130	0	0	0	0	0	0
Phone Switches	0	60	0	0	0	0	0	0
IT Strategic Projects	0	12	0	75	75	75	75	300
LIBRARY								
HVAC Improvements	75	0	0	0	0	0	0	0
Waterproofing Library Exterior Walls	0	30	50	0	0	0	0	50
TOTALS								
Total Projects/ Equipment	\$ 287	\$ 251	\$ 189	\$ 265	\$ 200	\$ 400	\$ 95	\$ 1,149
	5	6	3	4	3	4	2	16

REVENUES:

GENERAL GOVERNMENT & ECONOMIC DEV.	GENERAL FUND	LOCAL/ MAJOR STREETS	CDBG	SPECIAL ASSESS.	LIBRARY	WATER & SEWER	DOWNTOWN DEVELOP. AUTHORITY	OTHER REVENUES	TOTAL REVENUES
CIVIC CENTER/ CITY WIDE									
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
Civic Center Parking Lot	315	0	0	0	0	0	0	0	315
Election Tabulating Equipment	60	0	0	0	0	0	0	60	120
INFORMATION TECHNOLOGY									
City Wide Microcomputer Replacements	88	0	0	0	6	5	0	0	99
IT Strategic Projects	218	0	0	0	0	82	0	0	300
LIBRARY									
Waterproofing Library Exterior Walls	0	0	0	0	50	0	0	0	50
TOTALS									
	\$ 946	\$ 0	\$ 0	\$ 0	\$ 56	\$ 87	\$ 0	\$ 60	\$ 1,149

**DDA
BOUNDARY AREA**

 DDA Boundary



LEISURE AND HUMAN SERVICES

The improvements programmed in this Chapter can be divided into two categories: Parks and Recreation and Senior Center.

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 (OCPR) 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. OCPR 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 OCPR 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 2017-21 include:

<u>Red Oaks Nature Center & Trail Connections Capital Expenditures</u>	<u>Total</u>	<u>Fiscal Year(s)</u>
	<u>Project Cost</u>	
a. Trail Improvements - Sensory and Forest Trails	\$40,000	2016
b. Replace Roof	\$40,000	2018
c. Update HVAC System	\$75,000	2019
d. Redesign driveway, parking lot, vehicle entry, and walking trails		
i. Parking/Circular Drive Area	\$295,177	TBD
ii. Entrance Road/Parking Area	\$207,418	TBD
iii. Alternate - Overflow Lawn Parking Area	\$123,827	TBD
e. LED park entrance sign - 13 Mile	<u>\$30,000</u>	TBD
Subtotal	\$811,422	

- 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. Resurfacing of Parking Lot at Ambassador Park	65,000	2018
c. Huffman Park Building Furnace Replacement	7,000	2017
d. Wildwood Park Playground Replacement	100,000	2017, 2018
e. Red Oaks Walk/Bike Connection	179,000	2018
f. Civic Center Park – Totscap/Swings	50,000	2019
g. Resurface Gardenia Parking Lot at Rosie’s Park	75,000	2020
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. Replace Backstops at Greenleaf Park	30,000	To Be Determined
l. Add Pavilion at Huffman Park	30,000	To Be Determined
m. Replace Playscape at Edison Park	50,000	To Be Determined
n. Replace Swings/Soft Fall Surfacing at 12/Sherry Park	30,000	To Be Determined
o. Red Oaks Soccer Parking Lot Repaving	<u>150,000</u>	To Be Determined
Subtotal	\$996,000	

- 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 SOCRRA drive to a safe signalized intersection on John R. The Department of Public Services has requested the southern entrance to the Center be closed to further enhance public safety. The future traffic plan for the Senior Center and John R/Dartmouth intersection calls for the closure of the south Senior Center Driveway - now restricted to right turn in/right turn out - and the re-routing of all traffic to and from the Center to the shared SOCRRA driveway, to improve traffic flow in the area.

This FY 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 FY 2016 Capital Improvement Plan included 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 (\$62,000). The City applied for a grant to fund both buses. These grants were approved through the Suburban Mobility Authority for Regional Transportation (SMART). The buses are currently on order with expected delivery during FY 2017.

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 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
LEISURE & HUMAN SERVICES
(IN THOUSANDS)

APPROPRIATIONS:

LEISURE & HUMAN SERVICES	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	TOTAL APPROP.
PARK PROJECTS								
Friendship Woods - Parking Lot Improvements	\$ 0	\$ 50	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civic and Ambassador Park Trail Overlay	50	80	70	0	0	0	0	70
Wildwood Park - Playscape Replacement, Soft Fall Surfacing	0	0	50	50	0	0	0	100
Civic Center Park - Totscap, New Swings & Soft Fall Surfacing	0	0	0	0	50	0	0	50
Red Oaks - Improvements and Walk/Bike Connection	0	0	0	50	179	0	0	229
Friendship Woods - 2" Trail Overlay	35	0	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	40	0	0	0	40
Walk/Bike Path Construction	0	0	0	0	0	291	292	583
2002 Ford F250 3/4 Ton #474	29	0	0	0	0	0	0	0
2004 Chevy 3/4 Ton Pick-Up #473	0	33	0	0	0	0	0	0
Rosie's Park - Gardenia Parking Lot	0	0	0	0	0	75	0	75
Friendship Woods - HVAC System	0	0	0	0	75	0	0	75
SENIORS/SENIOR CENTER								
2003 25 Passenger Bus #443	0	0	0	62	0	0	0	62
1996 Wheel Chair Van #480	0	50	0	0	0	0	0	0
2002 Blue Bird Bus #471	0	0	0	0	0	0	200	200
Close South Senior Center Driveway	0	0	0	100	0	0	0	100
2006 SMART Bus - 23' w/wheel chair lift #530	0	100	0	0	0	0	0	0
TOTALS	\$ 114	\$ 313	\$ 120	\$ 367	\$ 304	\$ 366	\$ 492	\$ 1,649
Total Projects/Equipment	3	5	2	6	3	2	2	15

REVENUES:

LEISURE & HUMAN SERVICES	GENERAL FUND	LOCAL/ MAJOR STREETS	VEHICLE MILLAGE	SPECIAL ASSESS.	WATER & SEWER	OAKLAND COUNTY PARKS	OTHER REVENUES	TOTAL REVENUES
PARK PROJECTS								
Civic and Ambassador Park Trail Overlay	\$ 70	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70
Wildwood Park - Playscape Replacement, Soft Fall Surfacing	50	0	0	0	0	0	50	100
Civic Center Park - Totscap, New Swings & Soft Fall Surfacing	0	0	0	0	0	0	50	50
Red Oaks - Walk/Bike Connection	50	0	0	0	0	79	100	229
Ambassador Park Asphalt Pavement & Parking Lot	0	0	0	0	0	0	65	65
Friendship Woods - Nature Center Roof	16	0	0	0	0	24	0	40
Walk/Bike Path Construction	292	0	0	0	0	0	291	583
Rosie's Park - Gardenia Parking Lot	75	0	0	0	0	0	0	75
Friendship Woods - HVAC system	35	0	0	0	0	40	0	75
SENIORS/SENIOR CENTER								
2003 25 Passenger Bus #443	62	0	0	0	0	0	0	62
2002 Blue Bird Bus #471	200	0	0	0	0	0	0	200
Close South Senior Center Driveway	100	0	0	0	0	0	0	100
TOTALS	\$ 950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 143	\$ 556	\$ 1,649

**TABLE XII
FY 2017-2021 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN**

DEPARTMENT/ DIVISION	LOCATION	CLASS	YEAR PURCHASED	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
City Council	Council Office	Duo Core	2008			R		
City Council	Laptop	15	2013			N		
City Council	Laptop	15	2013			N		
City Council	Laptop	15	2013			N		
City Council	Laptop	15	2013			N		
City Council	Laptop	15	2013			N		
City Council	Laptop	15	2013			N		
City Council	Laptop	15	2013			N		
City Manager	Laptop	15	2014				N	
City Manager	Exec Assistant	i5	2015					N
City Clerk	Part Time					N		
City Clerk	Election Coordinator	i5	2015					N
City Clerk	Scan Station						N	
City Clerk	Laptop		2015	N				
City Clerk	Election Laptop	13	2013	N				
City Clerk	Election Laptop	13	2013	N				
City Clerk	Election Laptop	13	2013	N				
City Clerk	Election Laptop	13	2013	N				
City Clerk	Election Laptop	13	2013	N				
City Clerk	Election Laptop	13	2013		N			
City Clerk	Election Laptop	13	2013		N			
City Clerk	Election Laptop	13	2013		N			
City Clerk	Election Laptop	13	2013		N			
City Clerk	Election Laptop	13	2013		N			
Personnel	Personnel Assistant	15	2012		N			
Personnel	HR Director		2015					N
Purchasing	Cable							
Finance	Counter/Register	Quad	2010					N
Finance	Deputy City Manager	i5	2015					N
Finance	Deputy Finance Director/Treasurer	i5	2015					N
Finance	Accountant	i5	2015					N
Finance	Administrative Secretary	i5	2015					N
Finance	Fiscal Assistant II	i5	2015					N
Finance	Fiscal Assistant II	i5	2015					N
Finance	Fiscal Assistant II	i5	2015					N
Information Tech	Laptop - Spare	Duo Core	2012					
Information Tech	Laptop - Spare	17	2013					
Information Tech	Financial Server/AMR							
Information Tech	File Server - Active Directory							
Information Tech	Imaging File Server							
Information Tech	File Server - Active Directory							
Police	Training Officer	15	2012	N				
Police	Imaging	Pentium	2014				N	
Police	Special Investigations	15	2012	N				
Police	Special Investigations	Pentium	2013		N			
Police	Station Officer	Pentium	2013		N			
Police	DB Office Ass't II	15	2012	N				
Police	Crime Prevention Office	Pentium	2014				N	
Police	DB Lieutenant	Pentium	2013		R			
Police	K9	Pentium	2012	N				
Police	DB Sergeant	15	2012	N				
Police	DB Officer	15	2012	N				
Police	DB Officer	15	2012	N				
Police	DB Officer	15	2012	N				
Police	Info. System Specialist	15	2012	N				

N=NEW
R=ROTATED
C=CORE COMPUTER

**TABLE XII
FY 2017-2021 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN**

DEPARTMENT/ DIVISION	LOCATION	CLASS	YEAR PURCHASED	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Police	DB Officer	15	2012	N				
Police	Records Office Ass't II	15	2013		N			
Police	1ST Shift Lieutenant	15	2013		N			
Police	2ND Shift Lieutenant	15	2013		N			
Police	3RD Shift Lieutenant	15	2013		N			
Police	Laptop/Training	15	2013		N			
Police	Dispatch Front Desk	15	2013		N			
Police	Deputy Chief	15	2013		N			
Police	Youth Bureau	15	2012	N				
Police	Records	15	2012	N				
Police	Conference Room	Pentium	2005					R
Police	Admin. Secretary	15	2012	N				
Police	Chief	15	2012	N				
Police	Gun Registration	15	2013			N		
Police	Dispatch NWS	Pentium	2005				R	
Police	Reserves	Pentium	1999	R			R	
Police	Reserves	Pentium	1999	R			R	
Police	Reserves	Pentium	1997	R			R	
Police	Vehicles (14 Computers)	15	2013			N		
Police	Animal Control Desktop	15	2013			N		
Fire	Fire Marshal							N
Fire	Station #1 Watch Desk 1	13	2012		N			
Fire	Station #1 Watch Desk 2	13	2013			N		
Fire	Station #2 Watch Desk	15	2012		N			
Fire	Secretary	15	2013			N		
Fire	Lieutenant's Office							R
Fire	Sergeant's Office							R
Fire	Chief	15	2012		N			
Fire	Training Laptop	Pentium	2007					N
Fire	Fire Tablet	Celeron	2006				N	
Fire	Fire Tablet	Pentium	2006				N	
Fire	Fire Tablet	Pentium	2006				N	
Fire	Fire Tablet	Pentium	2012		N			
Fire	Fire Tablet	Pentium	2012		N			
Fire	Fire Tablet							
Fire	Fire Tablet							
Fire	Fire Tablet							
Fire	911 Mapping GIS	Pentium	2006				R	
CDD	Elec. Insp Desktop	15	2013			N		
CDD	Bldg. Insp. Tablet	15	2013				N	
CDD	Bldg Insp Desktop	15	2013			N		
CDD	Mechanical Inspector Tablet	15	2013			N		
CDD	Mechanical Inspector Desktop	15	2013				N	
CDD	Counter	15	2013			N		
CDD	Counter	15	2013			N		
CDD	Director – Laptop	15	2015					N
CDD	Imaging	Duo Core	2008				N	
CDD	GIS	Duo Core	2006					N
CDD	GIS Technician	15	2012		N			
CDD	GIS Technician Tablet	15	2013			N		
CDD	Contract Inspector Tablet	15	2013			N		
CDD	Contract Inspector Desktop	15	2013			N		
CDD	Microfiche	Duo Core	2008					R
CDD	Office Ass't II	15	2012	N				
CDD	Admin. Secretary	15	2012	N				
CDD	Code Enforce Tablet	15	2013			N		
CDD	Code Enforce Desktop	15	2013			N		

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**TABLE XII
FY 2017-2021 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN**

DEPARTMENT/ DIVISION	LOCATION	CLASS	YEAR PURCHASED	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
CDD	Econ. Dev. Coord.	i5	2015					N
CDD	Econ. Dev. Coord. Laptop	iPad						N
CDD	GIS Server	Pentium	2007				N	
CDD	Laptop - GIS Offsite	Pentium	2002				R	
CDD	C. E. Field Tablet	Pentium	2006					N
DPS-Bldg. Maint.	Supervisor	i5	2015					N
DPS	DPW Supervisor	i5						N
DPS-Streets	Streets Supervisor	i5	2015					N
DPS-Streets	Admin. Secretary	i5	2015					N
DPS-Streets	Laptop		2015				N	
DPS-Streets	Streets Leader		2015					N
DPS-Recreation	Recreation Coord.	i5	2013		N			
W/S Administration	Water Service Desk			N			N	
W/S Administration	Water Service Desk							R
W/S Administration	Water Leader	i5	2015					N
Motor Pool	Laptop							
Motor Pool	Supervisor	i5	2013		R	N		
Motor Pool	Parts	i5	2015					R
Seniors	Part Time	i3	2011					R
Seniors	Office Ass't I	i5	2013			N		
Seniors	Coordinator	i3	2012	N				
Main Library	Backroom East	Pentium	2000				N	
Main Library	Counter (ELLIS Software)	Pentium	2000			R		
Main Library	Adult Public Cat.	i5-3470	2013			N		
Main Library	Adult Internet - Express	Pentium	2005				N	
Main Library	Adult Public	Pentium	2014				N	
Main Library	Backroom West - serials	i5-3470	2013			N		
Main Library	Child Catalog	Pentium	2014				N	
Main Library	Counter Side	Pentium	2014				N	
Main Library	Adult Public	Pentium	2014				N	
Main Library	Children Public	Pentium	2014				N	
Main Library	Children Public	Pentium	2014				N	
Main Library	Adult Librarian	i5-3470	2013			N		
Main Library	Adult Reference	i5-3470	2013			N		
Main Library	Adult Reference	i5-3470	2013			N		
Main Library	Circulation Ass't	i5-3470	2013			N		
Main Library	Counter North	i5-3470	2013				N	
Main Library	Counter South	i5-3470	2013				N	
Main Library	Library Technician	i5-3470	2013				N	
Main Library	Youth Staff	i5-3470	2013				N	
Main Library	Adult Internet	Pentium	2014					
Main Library	Adult Internet	Pentium	2014					
Main Library	Adult Internet	Pentium	2014					
Main Library	Adult Internet	Pentium	2014					
Main Library	Adult Internet	Pentium	2014					
Main Library	Child Room Internet	Pentium	2014					
Main Library	Child Room Internet	Pentium	2014					
Main Library	Child Room Internet	Pentium	2014					
Main Library	Child Room Internet	Pentium	2014					
Main Library	Adult Internet	i5-3470	2012					
Main Library	Adult Internet	i5-3470	2012					
Main Library	Adult Internet	i5-3470	2012					
Main Library	Adult Internet	i5-3470	2012					
Main Library	Adult Internet	i5-3470	2012					
Main Library	Adult Internet	i5-3470	2012					
Main Library	Adult Internet	i5-3470	2012					
Main Library	Librarian	i5-3470	2012					

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**TABLE XII
FY 2017-2021 FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMPUTER REPLACEMENT PLAN**

DEPARTMENT/ DIVISION	LOCATION	CLASS	YEAR PURCHASED	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Main Library	Adult Public Express	Pentium	2007					
43 Court	Director							
43 Court	Judge							
43 Court	Magistrate							
43 Court	Point of Sale			N				
43 Court	Probation 1							
43 Court	Probation 2							
43 Court	Probation 3							
43 Court	Inter Office							
43 Court	Inter Office							
43 Court	Inter Office							
43 Court	Inter Office							
43 Court	Inter Office							
43 Court	Inter Office							
43 Court	Inter Office							
43 Court	Court Room 1							
43 Court	Court Room 2							
TOTAL			NEW	24	24	31	25	24
			ROTATE	3	2	2	6	7

GIS/A.M. TECHNOLOGICAL PERIPHERALS

ITEM	COMPANY	REPLACE CYCLE LENGTH	YEAR PURCH	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Plotter	HP	8	2000-01				N	
GPS	Field Unit	10	2000-01	N				

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R=ROTATED
C=CORE COMPUTER

**TABLE XIII
FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN**

DEPARTMENT	VEHICLE	VEH #	LAST YEAR PURCH	Over \$30K	REPLACE CYCLE LENGTH	16-	17-	18-	19-	20-	NEXT REPLACED
						17	18	19	20	21	
PD-Detective	Ford Fusion	100	2013-14		10						23-24
PD-Radar	Ford Crown Vic	102	2015-16		NF				VM		NF
PD-Radar	Ford Interceptor	103	2014-15		NF			GF			NF
PD-Patrol	Ford Interceptor	104	2012-13		NF	DF					NF
PD-Patrol	Ford Interceptor Sedan	105	2014-15		NF			GF			NF
PD-Patrol	Ford Interceptor Utility	106	2014-15		NF				GF		NF
PD-Patrol	Ford Interceptor Sedan	107	2012-13		NF	DF				GF	NF
PD-Patrol	Ford Interceptor Utility	108	2014-15		NF			GF			NF
PD-Patrol	Ford Interceptor Sedan	109	2012-13		NF		VM				NF
PD-Patrol	Ford Interceptor Utility	110	2014-15		NF				GF		NF
PD-Patrol	Ford Explorer	111	2015-16		NF				GF		NF
PD-A.I.T.	Ford Crown Vic	112	2011-12		NF	VM				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		24-25
PD-Animal CTL	Chevy G20 Van	119	2011-12	X	9					GF	29-30
PD-Admin	Ford Explorer	121	2014-15		10						24-25
PD-Detective	Dodge Journey	123	2014-15		10						24-25
PD-Admin	Chrysler Sebring	124	2015-16		10						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		13				GF		32-33
PD-Undercover	Chevy S-10 Pickup	138	2002-03		14	VM					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					GF	40-41
Motorpool	Clark Fork Lift	320	1997-98	X	25						22-23
Streets	175 CFM Compressor	330	2003-04		20						23-24
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	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

TABLE XIII
FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN

DEPARTMENT	VEHICLE	VEH #	LAST YEAR PURCH	Over \$30K	REPLACE CYCLE LENGTH	NEXT REPLACED					
						16-17	17-18	18-19	19-20	20-21	
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	Polaris ATV	364	2010-11		10					GF	30-31
Streets	Asphalt Roller Vibrator	369	1999-00	X	25						24-25
Streets	Wanco Solar Arrow	374	2008-09		20						28-29
Solid Waste	Street Sweeper Cross Wind	402	2003-04	X	13			SW			29-30
Streets	4 YD. Loader CAT	404	2003-04	X	17					GF	37-38
Water	3 YD. Loader CAT	405	2003-04	X	16			WS			35-36
Solid Waste	Brush Bandit Chipper	406	2005-06	X	15					GF	35-36
Streets	CAT Backhoe	407	2003-04	X	15			GF			33-34
Solid Waste	Street Sweeper Whirl Wind	408	2011-12	X	8				SW		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			GF			33-34
Motor Pool	Chevy Impala	416	2014-15		10						24-25
Streets	Tandem Dump Truck	417	2015-16	X	12						27-28
Streets	Tandem Dump Truck	418	2003-04	X	13	VM					29-30
Streets	Tandem Dump Truck	419	2003-04	X	13		GF				29-30
Streets	Chevy 3/4 Ton Pickup	420	2015-16		12						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	15			VM			34-35
Streets	Single Axle Dump	426	2003-04	X	16				GF		35-36
Streets	Platform Truck	429	2015-16	X	12						27-28
Motorpool	3/4 Ton Pickup	430	1999-00		20				GF		39-40
Streets	One Ton Dump Truck	431	2012-13	X	13						25-26
Streets	Ford 3/4 Ton Pickup	432	2013-14	X	12						25-26
Streets	Tandem Dump Truck	433	2003-04	X	15			GF			33-34
Motorpool	Chevy Pickup	434	2006-07	X	15						21-22
Streets	Van Building Mnt.	435	2012-13	X	10						22-23
Streets	Chevy 3/4 Ton Pickup W/Plow	436	2003-04	X	13		VM				--
Streets	Chevy 3/4 Ton Pickup	440	2003-04	X	14		GF				31-32
Senior Citizn.	25 Passenger Bus Ford	443	2003-04	X	14		SR				31-32
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					WS	35-36
Streets	Ford F250 3/4 Ton Pickup	457	2007-08	X	12				GF		31-32
Water	GMC W 4500 Van	458	2002-03	X	14	WS					30-31
Sewer	Ford 3/4 Ton Pickup	460	2009-10		12						21-22

Legend:

Advanced Life Support Millage	ALSM	Oakland County Parks	OCP
Drug Forfeiture Fund	DF	Park Improvement Fund	PIF
General Fund	GF	Road Millage	RM
Grant Funding	Grant	Senior Millage	SR
Local Street Fund	LSF	Solid Waste Millage	SM
Major Street Fund	MSF	Special Assessment District	SAD
New Formula	NF	Vehicle Millage	VM
Oakland County Road Commission	OCRC	Water and Sewer Fund	WS

**TABLE XIII
FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
FIVE YEAR VEHICLE AND EQUIPMENT REPLACEMENT PLAN**

DEPARTMENT	VEHICLE	VEH #	LAST YEAR PURCH	Over \$30K	REPLACE CYCLE LENGTH	16-	17-	18-	19-	20-	NEXT REPLACED
						17	18	19	20	21	
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		12						25-26
Water	Tandem Axle Dump	464	2013-14	X	13						26-27
Sewer	Sterling Vector (Reconditioned)	465	2002-03		14	WS					30-31
Sewer	Sewer T.V. Trailer	466	2008-09	X	8	WS					24-25
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	2015-16	X	12						27-28
Parks	Ford Pick-Up	474	2014-15	X	12						26-27
Water	Ford F250 3/4 Ton Pickup	475	2007-08	X	12				WS		31-32
Parks	Chevy Silverado	477	2013-14		12						25-26
Solid Waste	Single Axle Dump Truck	479	2013-14	X	14						27-28
Senior Citizn.	GMC Rally Van	480	2015-16		20						35-36
Streets	Super Duty Dump Truck	481	2005-06	X	13			GF			31-32
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		12					GF	32-34
Parks	Chevy Pickup 4 x 4	485	2012-13		12						24-25
Parks	Volvo Loader	488	2003-04	X	20						23-24
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	2015-16	X	N/A						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					GF	35-36
Motor Pool	Em.Gen. DPS	552	2005-06	X	15					GF	35-36
Motor Pool	Em. Gen. Fire Station #2	553	2005-06	X	15					GF	35-36
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	2015-16		8						23-24
Fire	GMC Sierra	701	2014-15		7						21-22
Fire	Ford F350 Pickup	702	2007-08	X	10		GF				27-28
Fire	Chevy Pickup 3500	704	2001-02	X	15			GF			30-31
Fire	Ambulance Rescue Truck	710	2011-12	X	9					GF	29-30
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	2015-16	X	15						30-31
Fire	Technical Rescue Trailer	741	2001-02	X	25						26-27
GRAND TOTAL						10	11	19	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 and may result in savings.

Capital Improvement Projects must include impacts on the general operating budget when the project is submitted. Assumptions used in determining the estimated impact are noted for each project. These impacts are reviewed by Administration before projects are recommended to Council as part of the five year Capital Improvement Plan.

Much of the capital maintenance program is coordinated by the Department of Public Services (DPS), which oversees or provides routing 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 projects being proposed in the upcoming year.

The pages that follow present the operating budget considerations that were reviewed when deciding to include each project in the Capital Improvement Plan. Calculations are included for projects being proposed in FY 2017. Projects that are included in years beyond FY 2017 are concepts only and impacts on operating budgets are subject to change.

TABLE XIV
 FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
 CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

Neighborhood Projects - Table III	
Project Description	Madison - Millard to 31605 Madison Department : Community Development/Dept. of Public Srv.
Funding Type	
Water and Sewer Fund	\$ 230,000 <i>FY 2016</i>
Proposal R-2 Millage	328,000 <i>FY 2017</i>
Total Funding Amount	\$ 558,000
Type:	Replacement of current capital asset
Project Details	See the Neighborhood Roads section
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.
Project Description	Harlo Sectional Department : Community Development/Dept. of Public Srv.
Funding Type	
Proposal R-2 Millage	275,000 <i>FY 2017</i>
Total Funding Amount	\$ 275,000
Type:	Replacement of current capital asset
Project Details	See the Neighborhood Roads section
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.
Project Description	Meadows - Whitcomb to 31608 Meadows Department : Community Development/Dept. of Public Srv.
Funding Type	
Water and Sewer Fund	\$ 199,000 <i>FY 2016</i>
Proposal R-2 Millage	321,000 <i>FY 2017</i>
Total Funding Amount	\$ 520,000
Type:	Replacement of current capital asset
Project Details	See the Neighborhood Roads section
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.
Project Description	Dorchester - 13 Mile to Windemere Department : Community Development/Dept. of Public Srv.
Funding Type	
Water and Sewer Fund	\$ 61,000 <i>FY 2016</i>
Proposal R-2 Millage	87,000 <i>FY 2017</i>
Total Funding Amount	\$ 148,000
Type:	Replacement of current capital asset
Project Details	See the Neighborhood Roads section
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.
Project Description	Windemere - Dorchester to Edgeworth Department : Community Development/Dept. of Public Srv.
Funding Type	
Water and Sewer Fund	\$ 115,000 <i>FY 2016</i>
Proposal R-2 Millage	295,000 <i>FY 2017</i>
Total Funding Amount	\$ 410,000
Type:	Replacement of current capital asset
Project Details	See the Neighborhood Roads section
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.
Project Description	Kenwood - Millard to 31601 Kenwood with watermain to Englewood Department : Community Development/Dept. of Public Srv.
Funding Type	
Water and Sewer Fund	\$ 230,000 <i>FY 2016</i>
Proposal R-2 Millage	286,000 <i>FY 2017</i>
Total Funding Amount	\$ 516,000
Type:	Replacement of current capital asset
Project Details	See the Neighborhood Roads section
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.
Project Description	Moulin - Dulong to 1353 Moulin with watermain to Rose Department : Community Development/Dept. of Public Srv.
Funding Type	
Water and Sewer Fund	\$ 308,000 <i>FY 2016</i>
Proposal R-2 Millage	450,000 <i>FY 2017</i>
Total Funding Amount	\$ 758,000
Type:	Replacement of current capital asset
Project Details	See the Neighborhood Roads section
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.

**TABLE XIV
FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS**

Project Description		Dei - Lincoln to Southend					Department : Community Development/Dept. of Public Srv.	
Funding Type								
Water and Sewer Fund		\$	258,000					<i>FY 2017</i>
Proposal R-2 Millage			1,010,000					<i>FY 2018</i>
Total Funding Amount		\$	1,268,000					
Type:	Replacement of current capital asset							
Project Details	See the Neighborhood Roads section							
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.							
Project Description		Hales - Thirteen Mile to Winthrop					Department : Community Development/Dept. of Public Srv.	
Funding Type								
Water and Sewer Fund		\$	157,000					<i>FY 2017</i>
Proposal R-2 Millage			321,000					<i>FY 2018</i>
Total Funding Amount		\$	478,000					
Type:	Replacement of current capital asset							
Project Details	See the Neighborhood Roads section							
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.							
Road Improvements - Table V								
Project Description		Joint and Crack Sealing					Department Department of Public Services	
Funding Type								
Major Street Act 51		\$	75,000		per year			
Total Funding Amount		\$	75,000					
Type:	Reoccurring Maintenance Cost							
Project Details	The Capital Improvement Plan includes \$75,000 per year for regular maintenance to Major streets for joint and crack sealing work. Locations vary throughout the City depending on road conditions. This program extends the life of the current road system							
		2016-17	2017-18	2018-19	2019-20	2020-21	Total	
Reoccurring Personnel Cost		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Reoccurring Operational Cost		75,000	75,000	75,000	75,000	75,000	375,000	
New Operational Cost		75,000	75,000	75,000	75,000	75,000	\$ 375,000	
Project Description		Sectional Road Work on Major Streets					Department Community Development	
Funding Type								
Major Street Act 51		\$	550,000					
Total Funding Amount		\$	550,000					
Type:	Reoccurring Maintenance Cost							
Project Details	Details of projects and streets included, see page 190.							
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.							
Project Description		Sectional Road Work on Local Streets					Department Community Development	
Funding Type								
Local Street Act 51		\$	306,000					
Total Funding Amount		\$	306,000					
Type:	Reoccurring Maintenance Cost							
Project Details	Details of projects and streets included, see page 190.							
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.							
Project Description		Sidewalk Replacement, Sectional Repairs & Gaps Installation					Department Community Development	
Funding Type								
Special Assessment Revolving Fund		\$	240,000		per year			
Local Act 51		\$	10,000		per year			
Total Funding Amount		\$	250,000					
Type:	Reoccurring asset replacement program							
Project Details	Details of projects and streets included, see page 191							
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.							
Project Description		2003 Tandem Dump Truck #418					Department Department of Public Services	
Funding Type								
Proceeds from Sale		\$	10,000					
Proposal "V-2" 0.25 Millage			210,000					
Total Funding Amount		\$	220,000					
Type:	Replacement of current capital asset							
Project Details	The current asset will be sold for approximately \$10,000. This vehicle has over 47,500 miles of use over the twelve (12) years the City has owned this vehicle. Total maintenance cost through November 1, 2015 is \$53,301. This vehicle has required maintenance twice in the last three months averaging maintenance cost of \$17,767, over each of the last three years.							
		2016-17	2017-18	2018-19	2019-20	2020-21	Total	
Operation Cost		\$ (17,767)	\$ -	\$ -	\$ -	\$ -	\$ (17,767)	
Collection and Distribution Systems - Table VI								
Project Description		Hampden - Andover to Service Drive					Department Department of Public Services	
Funding Type								
Water and Sewer Funds		\$	219,000					
Total Funding Amount		\$	219,000					
Type:	Replacement of current asset							
Project Details	There have been four breaks on this watermain since 2006. These breaks average \$4,000 each.							
		2016-17	2017-18	2018-19	2019-20	2020-21	Total	
Operational Cost		\$ (4,000)	\$ -	\$ -	\$ -	\$ -	\$ (4,000)	

TABLE XIV
 FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
 CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

Project Description	Alger - Andover to East Lincoln	Department	Department of Public Services
Funding Type			
Water and Sewer Funds	\$ 207,000		
Total Funding Amount	\$ 207,000		
Type:	Replacement of current asset		
Project Details			
	2016-17	2017-18	2018-19
Operational Cost	\$ (4,000)	\$ -	\$ -
			2019-20
			\$ -
			2020-21
			\$ -
			Total
			\$ (4,000)
Project Description	Sanitary Sewer Inspection/Rehabilitation Program	Department	Department of Public Services
Funding Type			
State of Michigan Grant	\$ 2,000,000		
Water and Sewer Funds	444,000		
Total Funding Amount	\$ 2,444,000		
Type:	New Project		
Project Details	Detailed information beginning on page 197		
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.		
Project Description	2003 GMC 4500 Van #458	Department	Department of Public Services
Funding Type			
Proceeds from Asset Sale	\$ 10,000		
Water and Sewer Funds	50,000		
Total Funding Amount	\$ 60,000		
Type:	Replacement of current asset		
Project Details	The current vehicle this would be replaced was purchased in 2002 and is thirteen years old. Actual Mileage on the vehicle is 25,737. Maintenance cost since the purchase of the vehicle is \$7,503.		
	2016-17	2017-18	2018-19
New Operational Cost	\$ (1,850)	\$ -	\$ -
			2019-20
			\$ -
			2020-21
			\$ -
			Total
			\$ (1,850)
Project Description	2004 - 3/4 Ton Pick-Up 4x4 #423	Department	Department of Public Services
Funding Type			
Proceeds from Sale	\$ 2,500		
Water and Sewer Funds	31,000		
Total Funding Amount	\$ 33,500		
Type:	Replacement of current asset		
Project Details	Current vehicle to be replaced has 70,761 miles and was purchased in 2004. Total maintenance cost over the life of the vehicle is \$5,347. This vehicle has been in for repairs once in the last month and twice in the past three months.		
	2016-17	2017-18	2018-19
Operational Cost	\$ (1,250)	\$ -	\$ -
			2019-20
			\$ -
			2020-21
			\$ -
			Total
			\$ (1,250)
Project Description	Sewer Vector #465	Department	Department of Public Services
Funding Type			
Proceeds from Sale or Trade-In	\$ 10,000		
Water and Sewer Funds	400,000		
Total Funding Amount	\$ 410,000		
Type:	Replacement of current asset		
Project Details	Current Vector to be replaced has been in service for 12 years and currently has 28,783 miles. Total maintenance cost of this piece of equipment has been \$51,000 since its purchase with \$14,512 in the last three years.		
	2016-17	2017-18	2018-19
Operational Cost	\$ (4,837)	\$ -	\$ -
			2019-20
			\$ -
			2020-21
			\$ -
			Total
			\$ (4,837)
Project Description	Sewer Camera Trailer #466	Department	Department of Public Services
Funding Type			
Water and Sewer Funds	75,000		
Total Funding Amount	\$ 75,000		
Type:	Replacement of current asset		
Project Details	While current asset only has 40 hours of utilization and is rates in excellent condition it has become obsolete. The current recording system offers no means to identify, map or evaluate the sewers being televised.		
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.		
Project Description	Salt Dome Containment Structure	Department	Department of Public Services
Funding Type			
Water and Sewer Funds	\$ 270,000 *		* Funded over three years starting in FY 2016 to be purchased in FY 2018.
Total Funding Amount	\$ 270,000		
Type:	Replacement of current asset		
Project Details	Details on page 196		
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.		
Project Description	City-Wide Water Meter Replacement Program	Department	Department of Public Services
Funding Type			
Water and Sewer Funds	\$ 3,875,000 *		* Funded over four years with project starting in FY 2017 with District 1.
Total Funding Amount	\$ 3,875,000		
Type:	Replacement of current asset		
Project Details	Details on page 196		
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.		

TABLE XIV
 FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
 CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

Project Description	Replacement of DPS Parking Lot	Department	Department of Public Services			
Funding Type						
Water and Sewer Funds	\$ 100,000		* Funded over two years starting in FY 2016 to be purchased in FY 2017.			
Total Funding Amount	\$ 100,000					
Type:	Replacement of current asset					
Project Details	Detailed information on page 196					
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.					
Project Description	Underground Storage Tank and Diesel Fuel Storage	Department	Department of Public Services			
Funding Type						
Water and Sewer Funds	\$ 150,000					
Total Funding Amount	\$ 150,000					
Type:	New Project					
Project Details	Detailed information on page 196					
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.					
Public Safety - Table VIII						
Project Description	Next Generation 911 Telephone Answering System	Department	Department of Public Services			
Funding Type						
General Fund	\$ 139,000					
Total Funding Amount	\$ 139,000					
Type:	Replacement of current asset					
Project Details	Detailed information on page 208					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Reoccurring Personnel Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reoccurring Operational Cost	0	0	0	0	0	-
New Operational Cost	0	0	0	0	0	\$ -
Project Description	Patrol Vehicles	Department	Department of Public Services			
Funding Type						
Drug Forfeiture Funds	\$ 57,000					
Proposal V-2 0.25 millage	57,000					
Total Funding Amount	\$ 114,000					
Type:	Replacement of four patrol vehicles.					
Project Details	Police Vehicles require "change-over" cost to move light bars and detail the vehicle with City markings. This cost is approximately \$6,500 each and is paid from Proposal V-2 and the General Fund. The Drug Forfeiture Funds can not be used for this purpose.					
	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Start-Up Cost	13,000	0	0	0	0	13,000
New Operational Cost	13,000	0	0	0	0	\$ 13,000
Project Description	Underground Storage Tank	Department	Department of Public Services			
Funding Type						
General Fund	\$ 217,000		* Funded over five years starting in FY 2015 to be completed in FY 2020.			
Total Funding Amount	\$ 217,000					
Type:	New Project					
Project Details	Detailed information on page 208-209					
New Operation Costs	This project will not result in any significant increase in operating cost over the next five years.					
Project Description	Fire Station #2 Parking Lot	Department	Fire Department			
Funding Type						
General Fund	\$ 85,000					
Total Funding Amount	\$ 85,000					
Type:	Replacement of current asset					
Project Details						
New Operational Cost						
General Government & Economic Development						
Project Description	Election Tabulation Equipment	Department	Department of Public Services			
Funding Type						
State of Michigan Grant	\$ 60,000					
General Fund	60,000					
Total Funding Amount	\$ 120,000					
Type:	Replacement of current assets					
Project Details	For detailed information see page 216					
New Operational Cost	No new operating costs are anticipated with this purchase. The equipment comes with a five year warranty on each unit.					

TABLE XIV
 FY 2017-21 FIVE YEAR CAPITAL IMPROVEMENT PLAN
 CAPITAL IMPROVEMENT IMPACTS ON ANNUAL OPERATING COSTS

Project Description		Information Technology Computer Replacements	Department	Department of Public Services
Funding Type	General Fund	\$ 19,000 per year		
Total Funding Amount		\$ 19,000		
Type:	Replacement of current assets			
Project Details	The Capital Improvement Plan includes a detailed computer replacement chart starting on page 219. Each year we try to replace approximately 18-20 computers.			
New Operational Cost	This project not result in any significant increase in operating cost over the next five years.			
Project Description		Waterproofing Library Exterior Walls	Department	Library
Funding Type	General Fund	\$ 80,000 * * Funded over two years		
Total Funding Amount		\$ 80,000		
Type:	Repair of fixed asset			
Project Details				
New Operational Cost	No increase in operating cost			
Leisure and Human Services				
Project Description		Civic and Ambassador Park Trail Overlay	Department	Department of Public Services
Funding Type	General Fund	\$ 200,000		
Total Funding Amount		\$ 200,000		
Type:	Replacement of current assets			
Project Details	Phases funding to address the substantial repairs needed at Civic and Ambassador Parks' trails. Both trail networks require rehabilitation work now.			
New Operational Cost	This project will not result in any significant increase in operating cost over the next five years.			
Project Description		Wildwood Park - Playscape Replacement	Department	Department of Public Services
Funding Type	General Fund	\$ 100,000 * * Funded over the next two years at \$50,000 a year		
Total Funding Amount		\$ 100,000		
Type:	Replacement of current assets			
Project Details	Replace the existing non-compliant play structure at Wildwood Park. The proposed playground would offer 2-5 year old children and 5-12 year old children designed play areas. Wildwood Park's playground equipment consists of some of the oldest play structures that remain in the City's park system. While inspected frequently, this playground remains a liability due to age.			
New Operational Cost	This project will not result in any significant increase in operating cost over the next five years.			



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FY 2016-17 Budget Resolution

A RESOLUTION TO ADOPT A BUDGET FOR MUNICIPAL PURPOSES FOR THE CITY OF MADISON HEIGHTS FOR THE FISCAL YEAR 2016-17 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 9, 2016, 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 23.0150 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	0.5330
Library	1.0000
Total	<u>23.0150</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 2016-17 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/Sewer and Stormwater 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 2016-17

EXPENDITURES			REVENUES	
GENERAL FUND				
General Government	\$ 5,507,791		Property Taxes and Fees	\$ 16,810,103
Public Safety	14,906,706		Intergovernmental Revenues	3,298,008
Community Services	3,401,580		Other	245,720,996
Culture and Recreation	1,753,333		Use of Fund Balance	1,074,440
Community Development	1,120,944			
TOTAL	<u>\$ 26,690,354</u>			<u>\$ 266,903,547</u>
MAJOR STREET FUND				
Program Expenditures	\$ 1,656,369		Intergovernmental Revenues	\$ 1,638,903
			Other	-
			Use of Fund Balance	17,466
	<u>\$ 1,656,369</u>			<u>\$ 1,656,369</u>
LOCAL STREET FUND				
Program Expenditures	\$ 2,997,777		Property Taxes	\$ 1,577,654
			Intergovernmental Revenues	599,150
			Other	45,000
			Use of Fund Balance	775,973
	<u>\$ 2,997,777</u>			<u>\$ 2,997,777</u>
PARKS MAINTENANCE & IMPROVEMENT FUND				
Program Expenditures	\$ 33,467		Other	\$ 25,500
			Use of Fund Balance	7,967
	<u>\$ 33,467</u>			<u>\$ 33,467</u>
DOWNTOWN DEVELOPMENT AUTHORITY				
Program Expenditures	\$ 48,041		Property Taxes	\$ 52,867
			Use of Fund Balance	(4,826)
	<u>\$ 48,041</u>			<u>\$ 48,041</u>
DRUG FORFEITURE FUND				
Program Expenditures	\$ 59,500		Intergovernmental Revenues	\$ 40,750
			Other	350
			Use of Fund Balance	18,400

EXHIBIT "A"
CITY OF MADISON HEIGHTS
ADOPTED BUDGET RESOLUTION
FISCAL YEAR 2016-17

	COMMUNITY IMPROVEMENT FUND			
Program Expenditures	\$ 99,489		Intergovernmental Revenues	\$ 107,950
			Use of Fund Balance	(8,461)
	<u>\$ 99,489</u>			<u>\$ 99,489</u>
	SPECIAL ASSESSMENT REVOLVING			
Program Expenditures	\$ 255,295		Other	\$ 165,380
			Use of Fund Balance	89,915
	<u>\$ 255,295</u>			<u>\$ 255,295</u>
	FIRE STATIONS BONDS			
Program Expenditures	\$ 420,439		Property Taxes	\$ 420,439
			Use of Fund Balance	-
	<u>\$ 420,439</u>			<u>\$ 420,439</u>
	WATER AND SEWER FUND			
Program Expenditures	\$ 14,581,514		Sales to Customers	\$ 12,610,964
			Other	129,550
			Use of Retained Earnings	1,841,000
	<u>\$ 14,581,514</u>			<u>\$ 14,581,514</u>
	MOTOR AND EQUIPMENT POOL			
Program Expenditures	\$ 119,574		Other	\$ 119,574
	<u>\$ 119,574</u>			<u>\$ 119,574</u>

**EXHIBIT B
RESOLUTION
AMENDMENT TO WATER/SEWER AND STORMWATER 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, 2016 billings as follows:

WATER/SEWER AND STORMWATER RATES

Description	Old Rate	New Rate
Water (per 1,000 cubic feet)	\$33.90	\$33.90
Sewer (per 1,000 cubic feet)	\$51.00	\$38.30
Meter/Maintenance Charge	\$ 3.00	\$ 3.00
Total	\$84.90	\$75.20
Stormwater (per ERU)*	\$0.00	\$5.17

* Stormwater charge is new starting in FY 2017. Each customer has an Equivalent Residential Unit (ERU) calculated for their property. An ERU is a standard engineering calculation designed to determine stormwater runoff based on pervious and impervious areas.



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, 2015

RE: Five Year Financial Forecast – Fiscal Years 2016-2020

Attached please find the five year forecast for the City of Madison Heights for the Fiscal Years 2016-2020. 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 continued 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 restrictions of the Headlee Amendment and 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 current and 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)

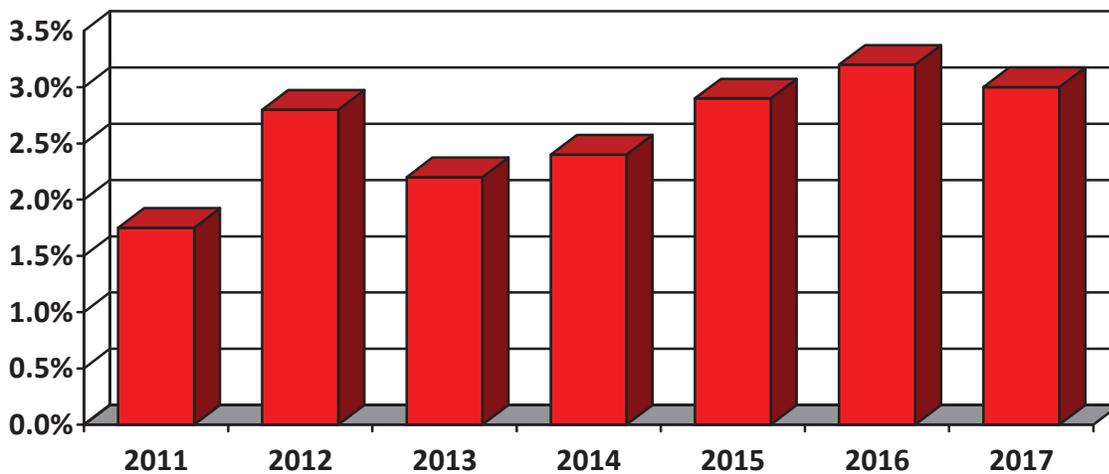
Assessing	858-0776	Fire Department	583-3605	Nature Center	585-0100
City Clerk	583-0826	43rd District Court	583-1800	Police Department	585-2100
City Manager	583-0829	Housing Commission	583-0843	Purchasing	837-2602
Community Development	583-0831	Human Resources	583-0828	Recreation	589-2294
Department of Public Services	589-2294	Library	588-7763	Senior Citizen Center	545-3464
Finance	583-0846	Mayor & City Council	583-0829	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

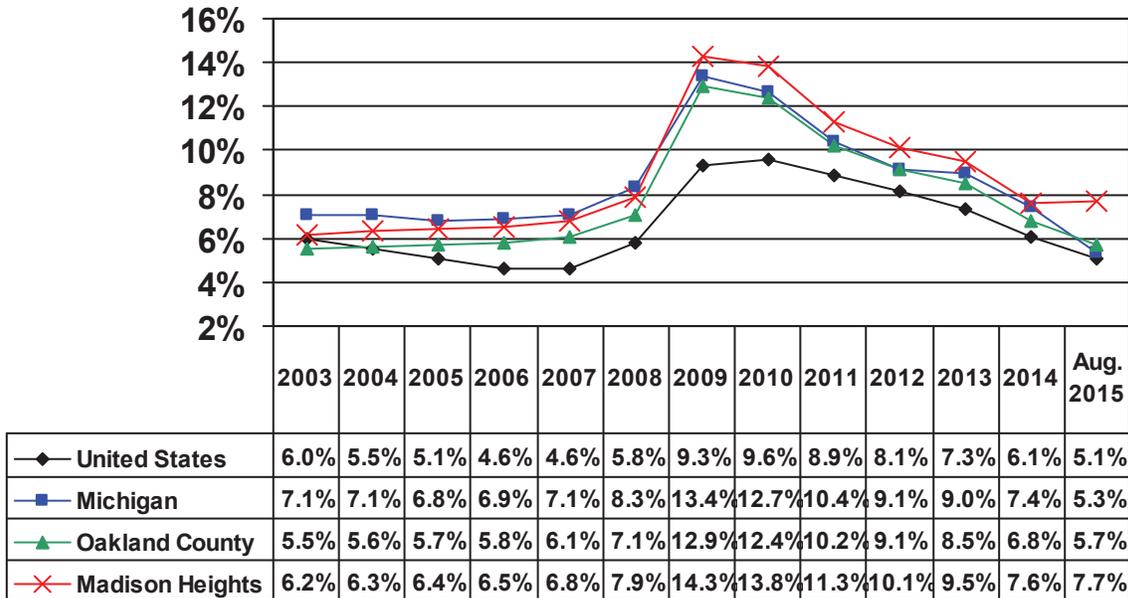
Reflecting the country as a whole, Oakland County and the Southeast Michigan region continue the slow economic recovery from the Great Recession of 2009. As reported by representatives of the University of Michigan's Institute for Research on Labor, Employment, and the Economy at the June 2015 Oakland County Economic Outlook Forum, real or inflation-adjusted U.S. Gross Domestic Product (GDP) is forecasted to grow by 2.9%, 3.2%, and 3.0% in 2015, 2016, and 2017, respectively. If proven correct, the projections for 2016 and 2017 would be the first annual occurrence of 3% or greater since 2005. As forecasted, U.S. Light Vehicle Sales crossed the 16 million line in 2014, checking in at 16.4 million units sold, the highest annual level in eight years. Detroit’s Big Three’s shares of these sales have been drifting up from 44.3 percent in 2014 to 44.9 percent by 2017. The projections for total sales and the Detroit Three’s share of that market, taken together, yield our outlook for Detroit Three sales, which move up progressively from 7.3 million units in 2014 to 7.8 million by 2017.

Growth in U.S. Gross Domestic Product, 2011-2017



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 from 2009 to 2014, the county’s job growth of 12.8 percent greatly outpaced both the nation’s growth of 6.0 percent and the state’s 6.0 percent. The economists note that this anticipated continued job growth would replenish 87 percent, or about seven in eight, of the jobs lost from the spring of 2000 to the summer of 2009, This would also return Oakland County to the job levels it posted in the second half of 2001, about a year and a half into the nine-year decline.

Annual Unemployment Rates, 2003 through August 2015



(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 4.3 percent by 2017. In 2015, Madison Heights experienced a very slight uptick of 0.1% from the prior year.

Financial Forecast

The forecast reflects actuals for Fiscal Year 2015, estimated expenditures for Fiscal Year 2016 and forecasted figures for Fiscal Years 2017-2020. 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 2014-15

Fiscal Year 2015 General Fund reserves ended at \$7.9 million, up from \$6.5 million in fiscal year 2014. Of this amount, \$7.16 million is considered to be spendable and available to fund operations. This increase in fund balance was a direct result of five items. First, the City’s insurance pool, the Michigan Municipal Risk Management Authority (MMRMA), made a distribution of refunded contributions in the amount of \$796,514 of which \$618,668 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 2015 fiscal year). Second, at year end, Council approved budget carry-forwards for \$206,545 which is an addition to fund balance in FY 2015 for use in FY 2016. Third, while lower than in FY 2014, tax revenues came in \$288,760 higher than budgeted in FY 2015 due to fewer tax refunds and higher than anticipated personal property taxes and penalties and interest. Interest revenue was also recorded at \$16,200 more than budget due to the diversity of investment and market performance. The General Fund also benefits from other funding sources that were more than anticipated such as the federally-funded Medicare Part D reimbursement which was \$43,200 more than anticipated, state library aid at

\$11,400 higher, and Suburban Mobility Authority for Regional Transportation (SMART) revenues that was \$29,500 more than budgeted.

Overview of the Current Fiscal Year 2015-2016

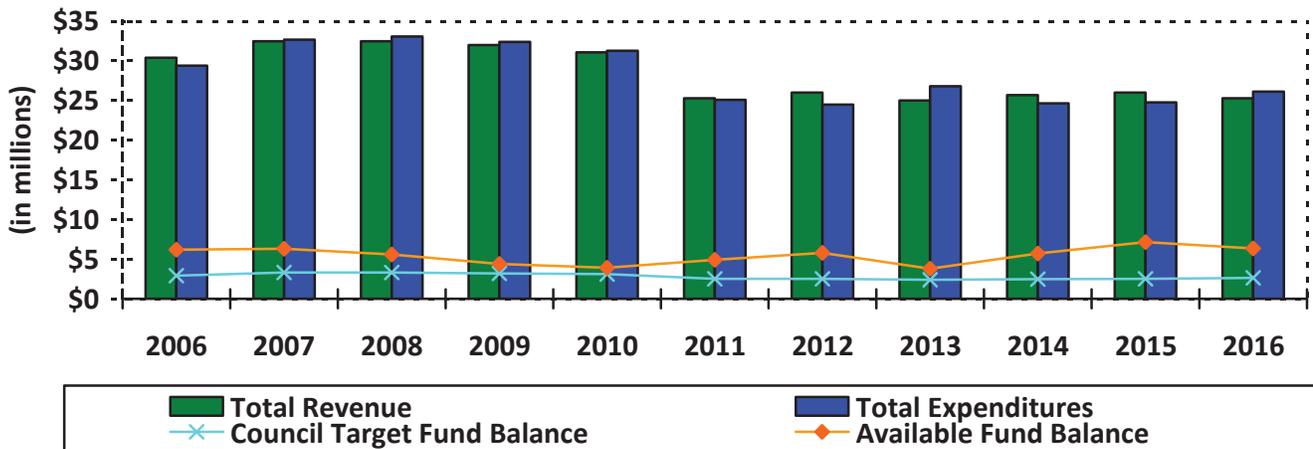
The fiscal year 2016 General Fund budget of \$26.1 million, which includes a budgeted use of fund balance of \$602,778, was adopted by Council in May 2015. Budget amendments were approved in June 2015 including an additional use of fund balance of \$206,545 for carry-over expenditures. Since that time, 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 some anticipated expenditures and possible emergencies or unknown expenses that can cause overages as of December 31, 2015. City Council will be asked to review and approve mid-year budget amendments if overages are likely to occur.

As of November 1, 2015, we are aware that budget amendments will likely be needed to cover the recent settlement and extension of the collective bargaining agreements with all of the City’s labor groups, through June 30, 2017. The labor agreements provide for a 1 percent lump sum payment to all employees and a 1 percent wage increase as of July 1, 2015, and a 2 percent wage increase as of July 1, 2016. The budget did not anticipate wage increases and this will likely result in a budget amendment request.

General Fund Reserves

On May 11, 2015, the City Council approved the budget containing a continuation of the General Fund operating reserve policy to set the minimum reserve level at 10% of current year expenditures and a contingency expenditure reserve of one percent of operating funds. 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

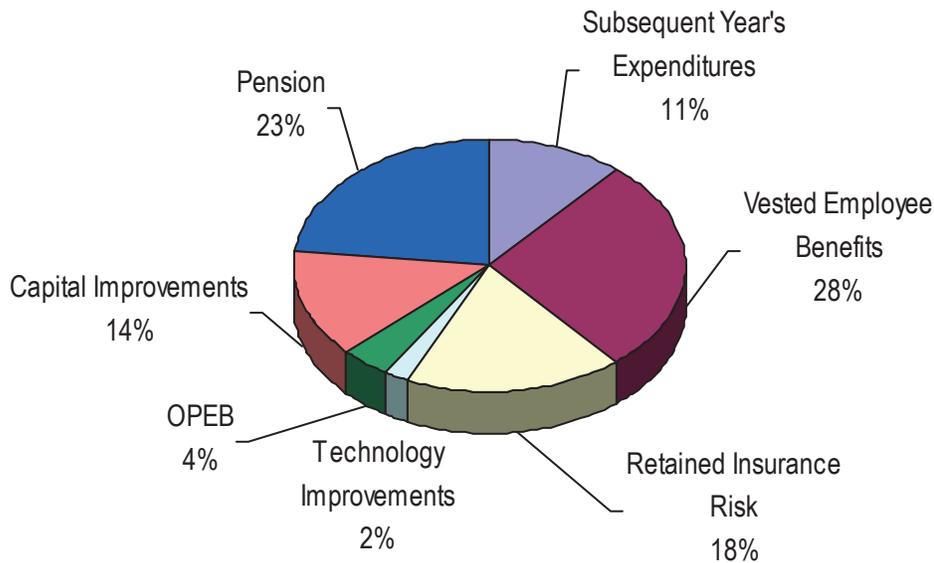


As stated previously, in Fiscal Year 2015 General Fund reserves ended at \$7.9 million, up from \$6.5 million in FY 2014. Of this amount, \$7.16 million is considered to be spendable and available to fund operations. This increase in fund balance

was a direct result of an unscheduled insurance distribution of \$800,000 with \$620,000 allocated to the General Fund, approved carry-forwards resulting in a \$207,000 addition to fund balance, and higher than budgeted tax revenues in the amount of \$300,000.

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: 11% to fund subsequent year's expenditures, 28% for vested employee benefits (not including pension or retiree health care), 18% for retained insurance risk, 2% for technology improvements, 4% for other post-employment benefits, 23% for pension benefits and 14% capital improvements (see the following pie chart).

Assigned General Fund Reserves as of June 30, 2015



Overview of Five Year Forecast - FY 2016-2020

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 continue to be stable in the current year and gradually increase over the next four years. Major discretionary revenues are projected to increase by an annual average of 1.0% per year during the five-year period (2016-2020). This compares to an historical average decrease of 2.9% over the past five years (2010-2015), which included declines in property tax revenues, court revenues and state revenue sharing. After a significant increase from FY 2016 to 2017 of 14.8 percent, expenditures are projected to grow at an annual average rate of 3.72% 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. Without reductions in expenditures or increases in revenue sources as forecasted, the fund balance will be exhausted in FY 2017-18.

Forecasted Challenges – FY 2016-2020

The number one financial challenge facing the City over the next decade is legacy cost. Legacy costs are the cost of pension and retiree health care for employees after they leave the service of the City. Each benefit has a unique set of issues as are discussed separately below:

Pension

The City is a member of the Michigan Municipal Employee Retirement System (MERS) for non-sworn employees. This entity provides administration and investment decisions for the general employee's retirement benefits. MERS has a board comprised of representatives from member communities that set the guidelines which municipalities are forced to follow. This includes factors which determine the actuarially calculated required contribution rate. Michigan Law requires that pension plans be pre-funded; however, as you will see the amount to be pre-funded is not determined by the municipality.

Each year, MERS produces an actuarial report that is distributed in the spring for December of the following year. This report dictates the amount the City must contribute into the pension plan. The past several years, this report has also included a recommendation for municipalities to contribute more than the minimum contribution in order to increase the plan funding amount and ultimately provide more financial stability to the plan and to the contributing municipality. Based on this recommendation, the City budgeted additional contributions in FY 2015 and plans to continue this trend in FY 2016-2020, resulting in over \$1 million in additional contributions over the forecast period.

As we reviewed the forecast assumptions, we were informed by MERS on October 2015 that the Board had taken action on several assumption changes that would increase the City's contributions. The assumption changes relate to investment earnings on plan assets, a recalculation of plan amortization periods, and the use of a new mortality table for actuarial calculations. While these assumption changes seem fiscally responsible, the burden they place on the City expenditures over the next five years is significant as contributions increase 46% before 2020! It is important to note that all of the city general employee plans are closed to new hires (date dependent on the union, but none later than 2009).

Valuation Year Ending 12/31	Fiscal Year	Actuarial Accrued Liability	Valuation of Assets	Funded Percentage	Required Annual Employer Contribution
2014	2016	\$ 38,278,641	\$ 26,006,213	68%	\$ 1,292,760
2015	2017	40,868,000	25,959,000	64%	1,502,020
2016	2018	41,462,000	26,065,000	63%	1,765,870
2017	2019	41,944,000	26,327,000	63%	2,104,840
2018	2020	42,360,000	26,685,000	63%	2,376,530
2019	2021	42,671,000	27,154,000	64%	2,729,860

Retiree Health Care

Eight years ago, the Council approved the establishment of a Retiree Health Care Trust and since that time we have funded over \$22.3 million into two trusts for Retiree health care; however, this pales in comparison to the amount needed which is actuarially calculated to be \$78.1 million. As stated previously in this report, in FY 2015 the City only

funded 56.1% 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.

The forecast also includes a 102.5% increase in OPEB funding in order to achieve the annually calculated contribution for retiree health care benefits as discussed above. This is an increase from \$3,707,000 budgeted in FY 2016 to \$7,496,000.

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 2016-17 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)

	2014-15 Actual	2015-16 Projected	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
Revenues	\$26.030	\$25.522	\$25.281	\$25.511	\$25.733	\$25.958
Expenditures	\$24.778	\$26.331	\$30.144	\$29.626	\$30.514	\$30.139
	\$1.252	(\$0.809)	(\$4.863)	(\$4.116)	(\$4.781)	(\$4.181)
General Fund Non-restricted Reserves	\$7.158	\$6.349	\$1.486	(\$2.630)	(\$7.411)	(\$11.592)
% Reserves of Current Year Expenditures	28.9%	23.3%	4.9%	(8.9%)	(24.3%)	(38.5%)

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 during the upcoming budget cycle 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

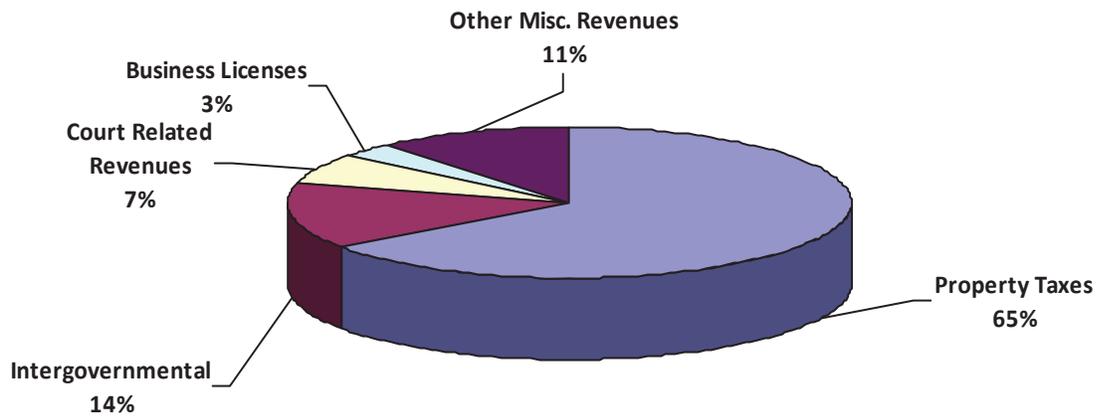
As mentioned earlier, current economic reports indicate that the state and county are showing signs of recovery. Revenue estimates contained in this forecast are based on assumptions that property tax will stabilize in Fiscal Year 2015 and begin to gradually increase by an average of 1% per year. While housing costs are increasing faster than this estimated 1% the Michigan tax structure limits growth to CPI or 5% whichever is less. It is anticipated that CPI will be less than 1% and that the City will have both marginal growth and marginal tax roll additions. 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 by 0.70% in Fiscal Year 2017, 0.91% in Fiscal Year 2018, 0.87% in Fiscal Year 2019, and 0.87% in Fiscal Year 2020. 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	2014-15 Actual	2015-16 Projected	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast	2019-20 Forecast
Property Tax	0.12%	0.30%	1.28%	0.96%	0.96%	0.96%
Business Licenses	(11.07%)	(7.12%)	8.65%	0.00%	0.00%	0.00%
Intergovernmental	2.83%	2.21%	1.15%	1.94%	1.94%	1.94%
Court	2.24%	(2.16%)	0.00%	0.00%	0.00%	0.00%
Other	19.75%	(35.29%)	0.21%	0.69%	0.00%	0.00%
Total	(0.06%)	(2.47%)	0.70%	0.91%	0.87%	0.87%

**General Fund Revenues
Major Revenues Forecasted in FY 2016-17 by Category**



Forecasted assumptions for real property taxes are 1 percent and no change 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. It is projected the State Equalized Value will increase in 2016 between 12.5% and 13.5%. Although this is great news, we are also estimating a 0.3% CPI increase in 2016. By State statute, the growth in taxable value is capped at CPI or 5% whichever is less. Therefore, any significant increase in taxable value above this CPI is greatly dependent on the amount of new construction and additions that have occurred in the City. It is estimated that this growth is marginal.

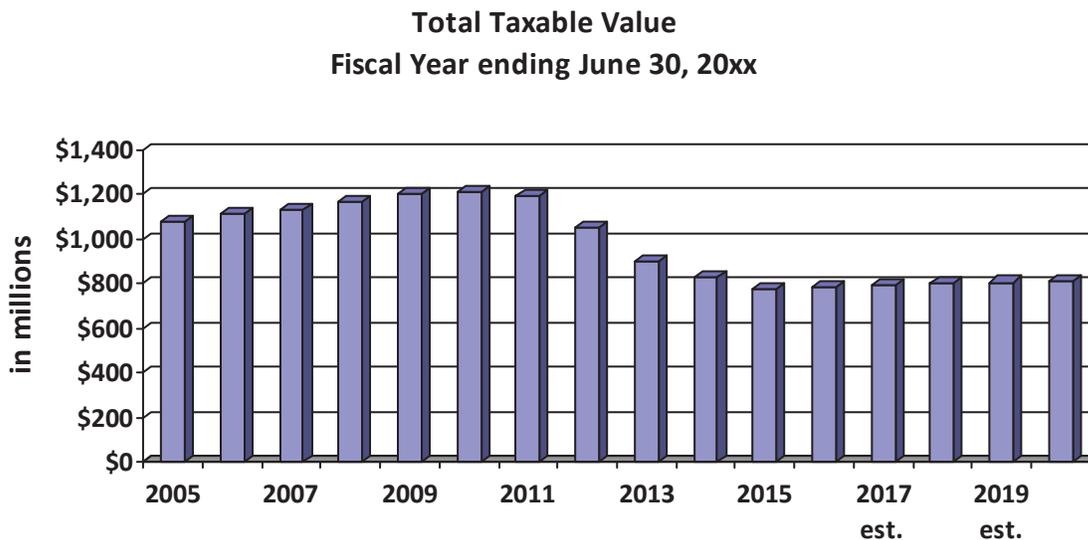
The following pages detail several key assumptions applied in the preparation of the financial forecast, as reflected in the table above.

General Fund Assumptions

Major Revenues

Property Tax

Real Property Tax revenues will remain relatively flat in Fiscal Year 2016 with a moderate increase budgeted 1.0% 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.

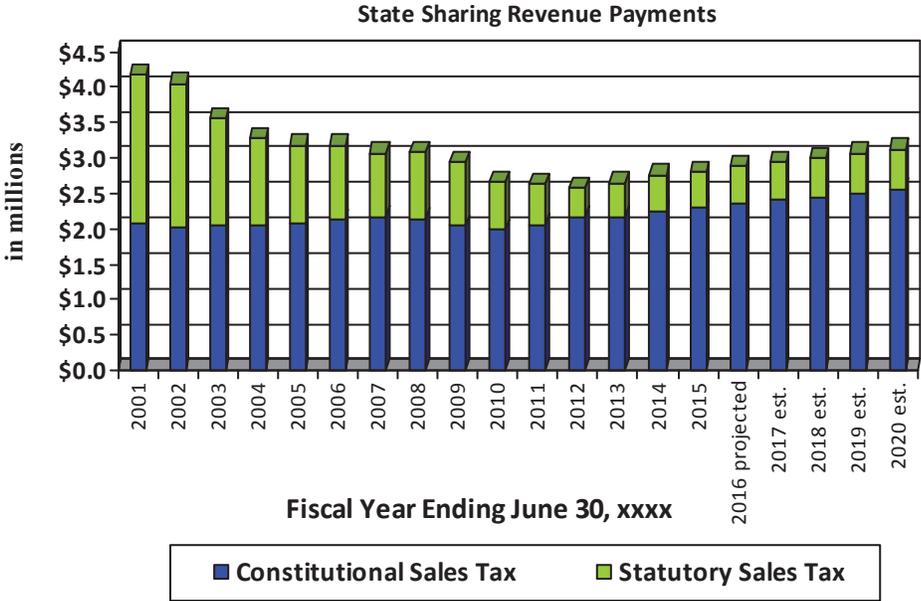


It is important to note that in Michigan, taxable value is approximately 50 percent of the property’s fair market value in the year following the date of transfer as adjusted for inflation in accordance with Proposal A of 1994, which limits future increases to five percent or the rate of inflation, whichever is lower, for each individual property.

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 2016 - 2020 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.

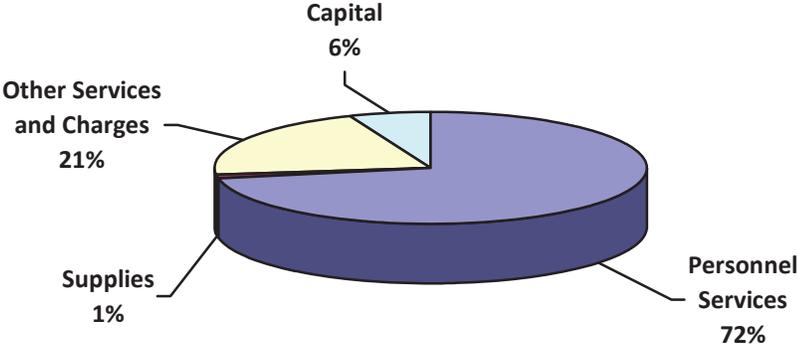
Other Revenues

Miscellaneous Revenues are conservatively assumed to be stagnant at the FY 2016 level during the forecasted years. Miscellaneous revenues include revenues such as cable television franchise fees and interest income as well as one-time items.

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

General Fund Expenditures
Major Expenditures Forecasted in FY 2016-17 by Category



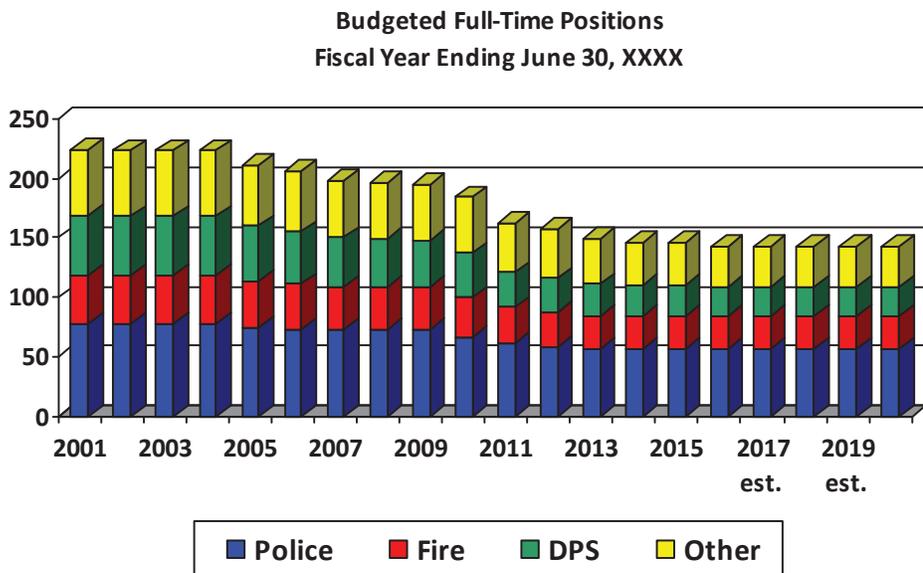
From 2009 until 2015, the City enacted a number of measures to keep operational expenditures in line with its declining revenues. Expenditures in the forecast are estimated to be \$27.2 million for Fiscal Year 2016, \$30.1 in Fiscal Year 2017, \$29.6 in Fiscal Year 2018, \$30.5 in Fiscal Year 2019, and \$30.1 in Fiscal Year 2020. This is still lower

than 2008 when the city ended the year with actual expenditures of \$31.4 million. 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 72% of the General Fund budget.

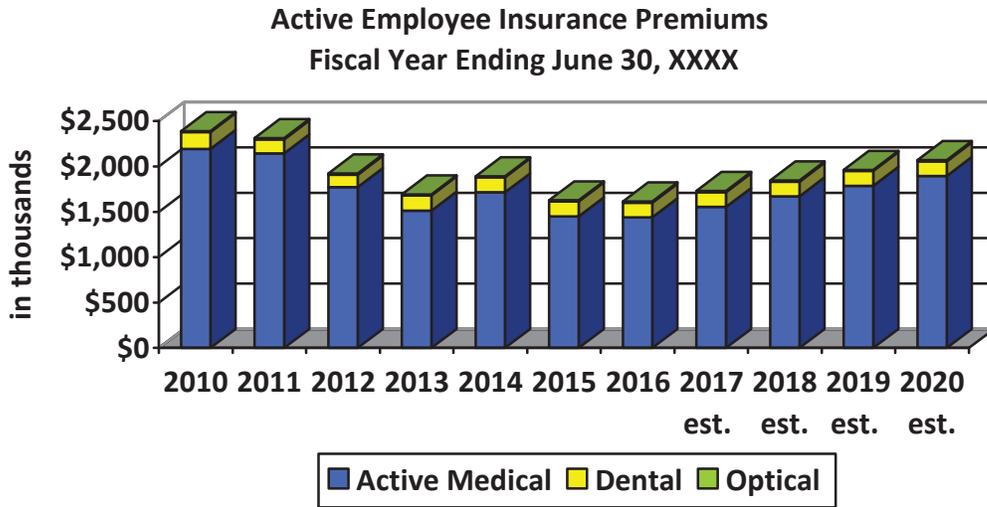
Full-time staffing, which consists of 143 full-time employees, is assumed to remain at or near the same level for the period covered by the financial forecast. As the City is experiencing a large number of retirements in the key service areas (e.g. police, fire, public services), staff are working hard 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, 2017. For estimating purposes, the forecast assumes status quo with wages and benefits for years beyond the union contract periods.

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 7.25% during the forecasted years. The City is hopeful that the initial positive results from the implementation of the MiLife Employee Health and Wellness Center continue into future years. This center opened in January 2015, and therefore we do not yet have the first year annual statistics. However, we have seen a direct impact on our weekly health insurance cost. 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.

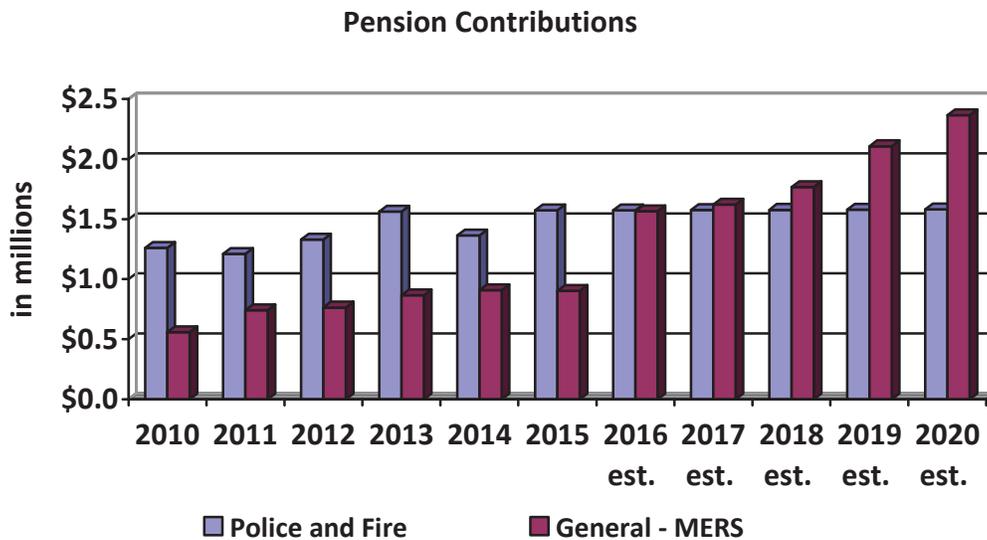
The following chart shows the historical and forecasted medical premiums for active employees.



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 in FY 2015, municipal employers who provide defined benefit pensions and retiree health care benefits were required to recognize their unfunded obligations as a liability and must comprehensively measure and report the annual cost of pension. Future years will require this same recognition for OPEB benefits. As a result of implementing these new standards, the City’s net position had a significant decrease of 29.7 percent bringing the total unrestricted net position to a **negative \$19.2 million**.

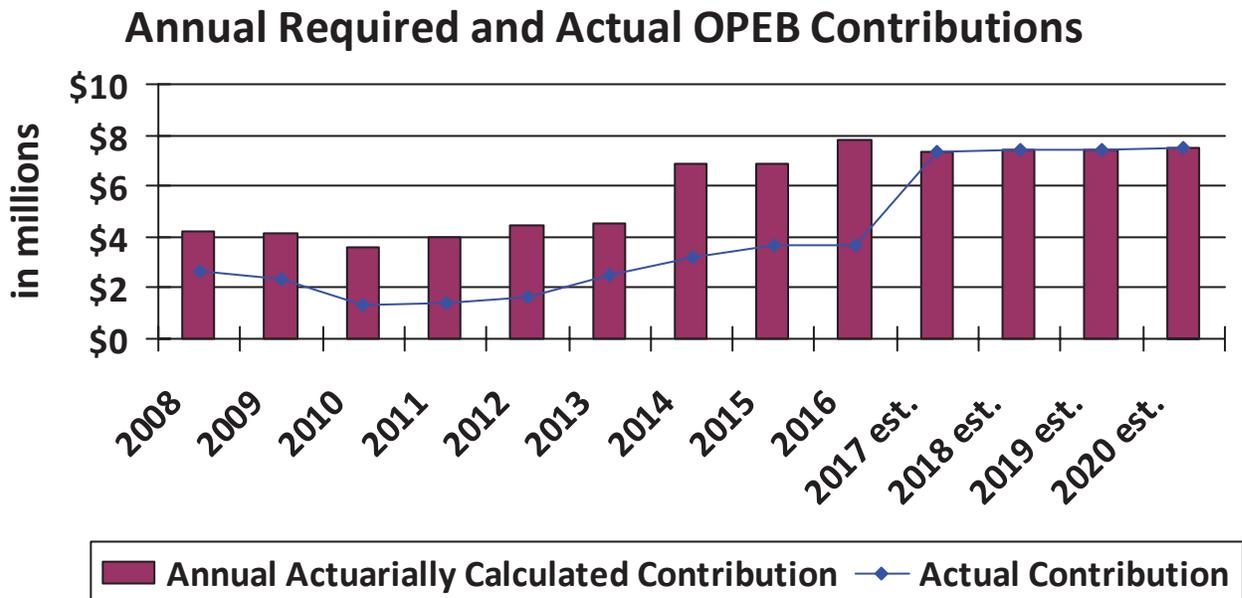
The following chart shows the historical and forecasted pension contributions for Police and Fire, and General Employees.



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. The assumptions for the General employee plan are discussed in more detail on page 6 of this report. The Police and Fire Pension system is assumed to have contribution rates at a steady level for the next five years. It is possible that future years see an increase due to a change in the mortality table to be used for the June 30, 2015 actuarial study; however, we are hopeful that changes to new hire benefits continue to offset this increase.

For the first time, the forecast shows the cost to fund the actuarially calculated annual contribution for OPEB. Due to budget constraints, in past years the City has not fully funded this contribution. While this still does not fully fund the annual OPEB requirement, City staff believes increasing funding is a step in the right direction. As shown below, the City’s annual actuarially required contribution reaches over \$7.4 million by 2020.

The large percentages 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.

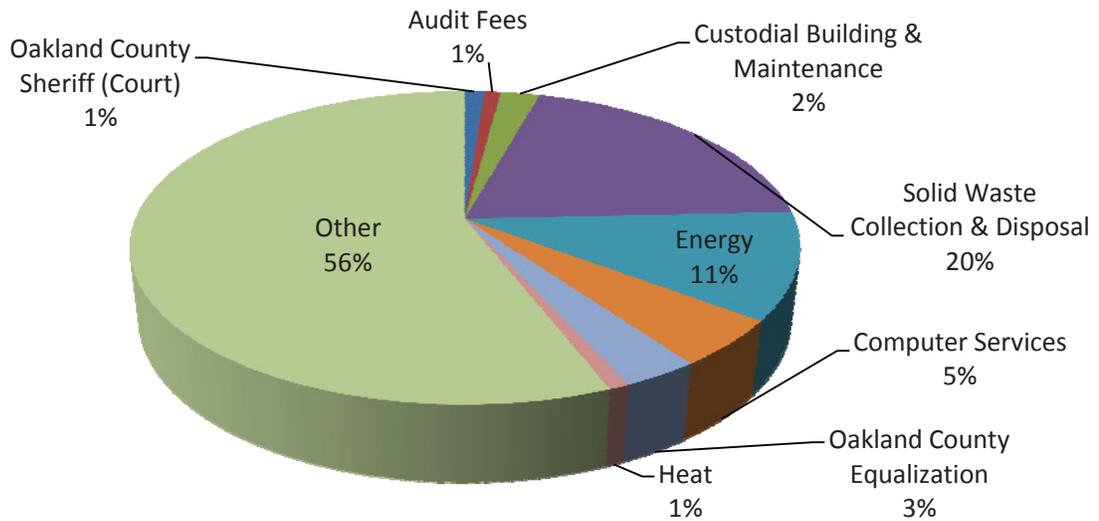


Supplies

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



Contracted Services

Auditing services are anticipated to decrease in the current year due to not needing to complete a single audit. This is directly related to the receipt of FEMA funds from the August 11, 2014 flood.

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 was a 6.8% increase, but no contractual increase in Fiscal Year 2017. The remainders of the forecast years increase 1.4% in Fiscal Year 2018, 1.48% in 2019 and 1.579% in 2020, based on contractual pricing.

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 2016 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 2016-20

<u>Item</u>	<u>Budget</u>	<u>Forecast</u>			
	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<u>Computers and Upgrades :</u>					
IT	\$ 189,635	\$ 195,000	\$ 96,000	\$ 96,000	\$ 96,000
Total - Computers	\$ 189,635	\$ 195,000	\$ 96,000	\$ 96,000	\$ 96,000
<u>Machinery and Equipment:</u>					
Court	\$ -	\$ -	\$ -	\$ -	\$ -
Streets	-	-	-	-	25,000
Solid Waste	16,000	-	-	-	-
Police	76,829	-	-	-	-
Fire	49,000	30,000	-	70,000	-
Total - Machinery and Equipment	\$ 141,829	\$ 30,000	\$ -	\$ 70,000	\$ 25,000
<u>Vehicles - Proposal "V":</u>					
Police	\$ 56,000	\$ 142,000	\$ 102,000	\$ 102,000	\$ 68,000
Fire	28,000	35,000	35,000	270,000	-
Parks	33,000	-	-	-	-
Streets	423,000	-	-	-	-
Subtotal - Proposal "V"	\$ 540,000	\$ 177,000	\$ 137,000	\$ 372,000	\$ 68,000
<u>Vehicles - Non-Proposal "V":</u>					
Police	\$ 28,000	\$ -	\$ -	\$ -	\$ -
Fire	-	-	-	-	500,000
Streets	-	557,000	293,000	748,000	-
Solid Waste	-	155,000	430,000	225,000	-
Parks	-	33,000	-	-	-
Subtotal - Non-Proposal "V"	\$ 28,000	\$ 745,000	\$ 723,000	\$ 973,000	\$ 500,000
Total - All Vehicles	\$ 568,000	\$ 922,000	\$ 860,000	\$ 1,345,000	\$ 568,000
<u>Improvements:</u>					
Court	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Gen Admin	20,000	265,000	-	75,000	-
Police	16,667	110,000	50,000	-	-
Nature Center	50,000	-	-	-	-
Parks	80,000	182,000	105,000	105,000	292,000
Senior Center	7,500	-	-	-	-
Library	30,000	30,000	-	-	-
Total - Improvements	\$ 304,167	\$ 587,000	\$ 155,000	\$ 180,000	\$ 292,000
Total - All Items	\$ 1,203,631	\$ 1,734,000	\$ 1,111,000	\$ 1,691,000	\$ 981,000

It is important to note that a major funding source of police, fire and maintenance vehicle replacements, Proposal "V", will expire June 30, 2017. For the purpose of this forecast we have projected a renewal of the millages at current levels and with associated expenditures.

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 increase slightly by 1.7 percent based on historical increases.

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 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20
Joint & Crack Sealing – City Wide	\$0	\$75,000	\$75,000	\$75,000	\$75,000
MDOT Proposed I-75 Modernization Project (City Share)	0	0	0	800,000	0
Whitcomb – Barrington to Townley, Whitcomb Turnarounds	200,000	100,000	100,000	100,000	100,000
13 Mile – Sectional Repairs	100,000	100,000	100,000	100,000	100,000
Sectional Repairs	620,000	1,025,000	550,000	250,000	250,000
Sectional Repairs “NHPP” Construction	200,000	0	0	0	0
John R Over-band (Joint Sealing) 11 Mile to Dartmouth	20,000	0	0	0	0
Stephenson Over-band (Joint Sealing) 12 to 14 Mile	50,000	0	0	0	0
13 Mile Joint Sealing Phase I	25,000	0	0	0	0
Total	\$1,215,000	\$1,300,000	\$825,000	\$1,325,000	\$525,000

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.

Included in FY 2019 is the first phase of the I-75 Modernization Project. 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. Very recently, MDOT revised the timing and cost of this project to show the project starting two years earlier than the original target year, with a local match of \$800,000 required from the City in FY 2019. Future project segments include local costs of \$425,000 in FY 2024 and \$2,800,000 in FY 2026. The funding structure established through Act 51 to fund this project will seriously impact the City’s major road funds for years before, during and after construction.

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 forecast holds the expenditures for salt steady due to unknown weather conditions and salt prices. For example, in FY 2015, the City experienced a 108% increase in salt prices, which was attributed to the record-setting harsh winter in 2013-14. Fiscal Year 2016 salt prices are expected to be 28% lower than the prior year with a milder weather prediction.

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 two of the forecast (FY 2017) will be last year of this road millage which funds all of the neighborhood road rehabilitation projects. We have forecasted a renewal of this millage at the current two mill level. For all the forecasted years through 2020, funds collected under this road millage have the same assumption as General Fund property tax revenues of 1% per year.

Local Streets also receives funds through the Act 51 road program from the State. For the five years of this forecast, it is anticipated that funding will increase slightly by 1.7 percent based on historical increases. This revenue source is not anticipated to have any 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 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20
Traffic Signal Improvements	\$0	\$30,000	\$30,000	\$30,000	\$30,000
Neighborhood Roads					
Commercial and Industrial Projects	\$115,000	\$0	\$0	\$0	\$0
East Lincoln East of John R	622,000	0	0	0	0
Fournier - Sherry to Mark & Mark Fournier to Sherry	1,355,000	0	0	0	0
E Harwood - Couzens to Dei	414,000	0	0	0	0
Madison - Millard to 31605 Madison	0	289,000	0	0	0
Areeda - N of 11 Mile (SAD)	0	275,000	0	0	0
Meadows - Whitcomb to 31608 Meadows	0	416,000	0	0	0
Dorchester - 13 Mile to Windemere	0	126,000	0	0	0
Kenwood - Millard to 31601 Kenwood	0	288,000	0	0	0
Moulin	0	376,000	0	0	0
Windemere - Dorchester to Edgeworth	0	255,000	0	0	0
Sidewalk Replacement	0	20,000	0	0	0
Additional Proposal R-2 and future R-3 projects	0	0	1,700,000	1,582,103	1,613,920
Total	\$2,506,000	\$2,045,000	\$2,175,000	\$1,582,103	\$1,613,920

At June 30, 2015 the fund balance for the Local Street Fund was \$3.4 million. Of this amount, \$3.0 million is reserved for Neighborhood Road projects and will be expended on R-2 projects over the next two years.

Water and Sewer Fund

Major Revenues

Water/Sewer Rates

The major revenue 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 2017 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 needed to generate total revenue of a 4% for each of the next ten years. The existing Water Services Contract between the City and DWSD will be honored by the GLWA. This does not mean the increases are capped at 4%!

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 6.5% per year for each of the forecast years for water and 3% for sewage treatment services. This percentage is based on trends as historically the rates have been higher than 6% 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, watermains 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 watermains included in the forecast are listed below:

Watermain Replacement	Associated with Road Project	Projected 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20
Madison-Millard to 31605 Madison	Yes	230,000	0	0	0	0
Areada - N of 11 Mile Road	Yes	108,000	0	0	0	0
Meadows - Whitcomb to 31608 Meadows	Yes	199,000	0	0	0	0
Dorchester - 13 Mile to Windemere	Yes	61,000	0	0	0	0
Windemere - Dorchester to Edgeworth	Yes	115,000	0	0	0	0
Kenwood - Millard to 31601 Kenwood	Yes	230,000	0	0	0	0
Palmer - 13 Mile N to End	Yes	128,000	0	0	0	0
Moulin - Dulong to 1353 Moulin	Yes	308,000	0	0	0	0
Dartmouth – E. 11 Mile to 26341 Dartmouth	No	291,000	0	0	0	0
Barrington – E. 11 Mile to 26521 Barrington	No	221,000	0	0	0	0
Palmer – LaSalle to Girard	No	294,000	0	0	0	0
Kalama – John R to Alger	No	139,000	0	0	0	0
Brush - 11 Mile to Royal Park Lane	No	0	314,000	0	0	0
Brockton - Alger to Service Drive	No	0	0	216,000	0	0
Dallas - Alger to Service Drive	No	0	0	198,000	0	0
Fourteen Mile – John R to Palmer	No	0	0	0	180,000	0
Harwood – John R to Progress	No	0	0	0	216,000	0
Longfellow – Garry to Browning	No	0	0	0	0	153,000
Garry – Longfellow to Sherry	No	0	0	0	0	345,600
Possible R-2 and R-3 Projects to be completed	Yes	0	1,300,000	1,300,000	1,300,000	1,300,000
Total		\$2,196,000	\$1,614,000	\$1,714,000	\$1,696,000	\$1,798,600

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:

	Projected 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20
Bond Principal Payment – GWK	\$710,088	\$729,572	\$747,995	\$765,909	\$785,919
Bond Principal Payments – Fixed Network system	90,000	95,000	100,000	105,000	110,000
Bond Interest Payment – GWK	190,365	171,059	151,183	130,773	109,892
Bond Interest Payments – Fixed Network System	42,688	39,988	36,900	33,400	29,725
Total	\$1,033,141	\$1,035,619	\$1,036,078	\$1,035,082	\$1,035,536

At June 30, 2015, the Water and Sewer Department had built up an unrestricted net position of \$8.7 million dollars. Without any changes to revenues and expenses, the cash position will be \$1.9 million at the end of the forecast period.

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 administered 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 162.2 full-time equivalent employees.

Statistical data related to City services at June 30, 2015 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	28
Hydrants	1,115

Police protection:

Full and Part-time Employees	76
Crossing Guards	19
Patrol vehicles	17
Number of traffic violations issued	10,993
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

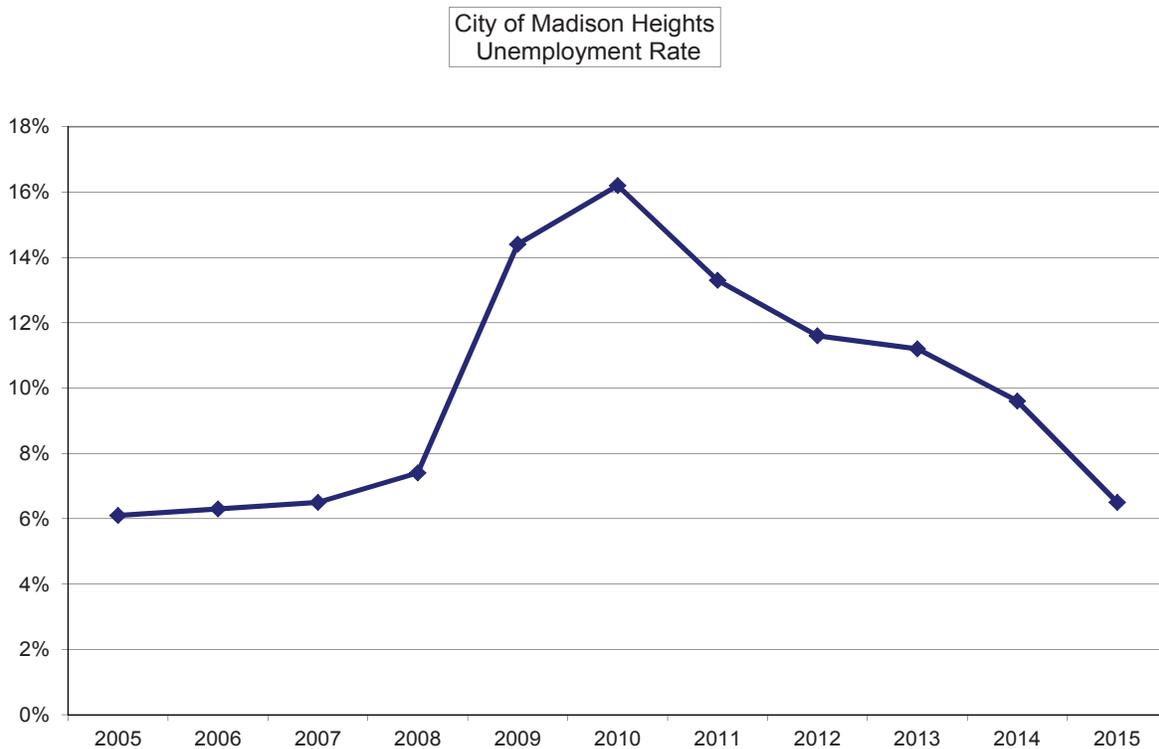
Last Ten Fiscal Years

Fiscal Year Ended June 30	Estimated Population	Personal Income (1)	Per Capita Personal Income (1)	Annual Average Unemployment Rate (2)
2005	31,101	\$ 666,463,329	\$ 21,429	6.1%
2006	31,101	\$ 666,463,329	\$ 21,429	6.3%
2007	31,101	\$ 666,463,329	\$ 21,429	6.5%
2008	31,101	\$ 666,463,329	\$ 21,429	7.4%
2009	31,101	\$ 666,463,329	\$ 21,429	14.4%
2010	29,694	\$ 716,813,160	\$ 24,140	16.2%
2011	29,694	\$ 716,813,160	\$ 24,140	13.3%
2012	29,694	\$ 716,813,160	\$ 24,140	11.6%
2013	29,694	\$ 716,813,160	\$ 24,140	11.2%
2014	29,694	\$ 716,813,160	\$ 24,140	9.6%
2015	29,694	\$ 716,813,160	\$ 24,140	6.5%

Sources:

(1) United States Census Bureau 2010

(2) Bureau of Labor Statistics - Not seasonally adjusted; Annual Average



CHANGES IN FUND BALANCE

(amounts expressed in thousands)

General Fund

Fiscal Year ended June 30,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Restricted and Nonspendable:	\$ 273	\$ 435	\$ 189	\$ 366	\$ 1,140	\$ 1,611	\$ 777	\$ 1,088	\$ 1,611	\$ 844	\$ 797
Assigned:											
Vested employee benefits	\$ 2,244	\$ 2,333	\$ 2,557	\$ 2,496	\$ 2,587	\$ 2,656	\$ 2,353	\$ 2,023	\$ 2,287	\$ 2,235	\$ 1,991
Subsequent years' expenditures	436	438	145	543	393	56	915	392	785	386	786
Retained insurance risk	478	663	500	250	250	250	336	446	722	2,013	1,319
Vehicle replacement	1,136	1,136	1,136	1,136	1,136	853	0	0	0	0	0
Capital improvements	300	600	500	590	32	102	1,218	1,561	0	527	980
Park improvements	0	300	500	450	0	0	0	0	0	0	0
Retirees' health benefits	825	578	778	0	0	0	0	0	0	0	283
Technology Improvements	0	200	200	89	0	0	75	75	18	100	150
Postemployment Benefits	0	0	0	0	0	0	0	1,337	0	440	1,648
Insurance Claims Receivable	0	0	0	0	0	0	0	0	0	0	0
Total Assigned:	\$ 5,419	\$ 6,248	\$ 6,316	\$ 5,554	\$ 4,398	\$ 3,917	\$ 4,897	\$ 5,834	\$ 3,812	\$ 5,701	\$ 7,157
Unassigned	0	0	0	0	0	0	0	0	0	0	0
Total Fund Balance	\$ 5,692	\$ 6,683	\$ 6,505	\$ 5,920	\$ 5,538	\$ 5,528	\$ 5,675	\$ 6,922	\$ 5,423	\$ 6,545	\$ 7,954

Sources: City's Audited Annual Financial Statements

EXPENDITURE HISTORY BY ACTIVITY

General Fund

Activity Name	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Amended Budget	2016-17 Budget
Mayor and City Council	\$ 51,719	\$ 51,266	\$ 51,079	\$ 50,897	\$ 50,462	\$ 53,803	\$ 55,042
City Manager	312,480	308,169	316,203	332,431	322,759	317,864	367,257
Elections	57,139	41,921	52,614	31,402	61,122	73,745	134,933
City Assessor	253,919	241,960	234,181	221,902	200,465	222,173	209,577
Legal	307,518	307,695	306,117	296,996	313,331	293,695	268,695
City Clerk	215,284	226,533	221,788	285,562	264,295	305,375	338,996
Human Resources	181,955	245,395	225,228	280,824	363,746	496,575	466,678
Board of Review	2,448	2,740	2,136	1,768	1,400	3,023	3,103
General Administration	982,457	1,448,869	1,496,255	312,230	349,146	272,535	249,798
Finance	771,898	821,666	829,229	891,131	850,007	881,987	858,528
Information Technology	231,774	243,897	261,103	326,036	355,369	396,545	244,937
Total City Administration	\$ 3,368,591	\$ 3,940,111	\$ 3,995,933	\$ 3,031,179	\$ 3,132,102	\$ 3,317,320	\$ 3,197,544
Municipal Building	\$ 261,522	\$ 259,759	\$ 77,683	\$ 54,613	\$ 138,954	\$ 79,394	\$ 82,641
Custodial and Maintenance	207,817	191,268	220,302	226,376	278,823	185,557	188,120
Total General Municipal Maint.	\$ 469,339	\$ 451,027	\$ 297,985	\$ 280,989	\$ 417,777	\$ 264,951	\$ 270,761
Police	\$ 9,126,302	\$ 8,519,441	\$ 8,816,145	\$ 8,664,017	\$ 8,381,018	\$ 8,957,245	\$ 9,526,686
Fire	5,086,024	4,148,350	4,520,674	4,966,206	4,475,687	5,113,683	5,380,020
District Court	1,389,988	1,292,352	1,325,927	1,391,303	1,398,389	1,746,747	1,607,123
Total Public Safety	\$ 15,602,314	\$ 13,960,143	\$ 14,662,746	\$ 15,021,526	\$ 14,255,094	\$ 15,817,675	\$ 16,513,829
Community Development	\$ 941,034	\$ 917,448	\$ 938,268	\$ 1,089,483	\$ 937,877	\$ 1,158,814	\$ 1,120,944
Streets	957,719	854,595	928,810	1,181,642	1,080,727	1,445,376	1,290,412
Total Community Improvement	\$ 1,898,753	\$ 1,772,043	\$ 1,867,078	\$ 2,271,125	\$ 2,018,604	\$ 2,604,190	\$ 2,411,356
Solid Waste	\$ 2,065,986	\$ 2,155,871	\$ 1,915,160	\$ 2,063,506	\$ 2,127,087	\$ 2,065,443	\$ 2,111,168
Total Solid Waste	\$ 2,065,986	\$ 2,155,871	\$ 1,915,160	\$ 2,063,506	\$ 2,127,087	\$ 2,065,443	\$ 2,111,168
Recreation	\$ 170,909	\$ 115,949	\$ 143,981	\$ 100,803	\$ 95,619	\$ 134,342	\$ 138,022
Youth Center	1,513	0	0	0	0	0	0
Nature Center	9,515	10,393	9,042	1,370	45,205	65,352	8,208
Parks	360,671	337,277	478,927	457,140	437,761	547,935	481,953
Senior Citizen Center	363,646	297,387	439,614	289,629	377,890	354,198	367,354
Total Parks and Recreation	\$ 906,254	\$ 761,006	\$ 1,071,564	\$ 848,942	\$ 956,475	\$ 1,101,827	\$ 995,537
Library	\$ 521,216	\$ 584,232	\$ 617,361	\$ 773,942	\$ 764,916	\$ 734,988	\$ 757,796
Total Library	\$ 521,216	\$ 584,232	\$ 617,361	\$ 773,942	\$ 764,916	\$ 734,988	\$ 757,796
Outside Agencies	\$ 18,921	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Insurance	246,575	(5,940)	172,551	343,209	474,908	424,739	432,363
General Expenditures	\$ 265,496	\$ (5,940)	\$ 172,551	\$ 343,209	\$ 474,908	\$ 424,739	\$ 432,363
Transfers Out	\$ 0	\$ 313,813	\$ 2,195,255	\$ 0	\$ 0	\$ 0	\$ 0
General Fund Expenditures	\$ 25,097,949	\$ 23,932,306	\$ 26,795,633	\$ 24,634,418	\$ 24,146,963	\$ 26,331,133	\$ 26,690,354

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
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%
2015	\$ 652,228,800	\$ 144,416,420	\$ 796,645,220	22.96	\$ 1,617,069,810	49.3%

Sources: City and County Assessing Records

PROPERTY TAX RATES

Direct and Overlapping Governments

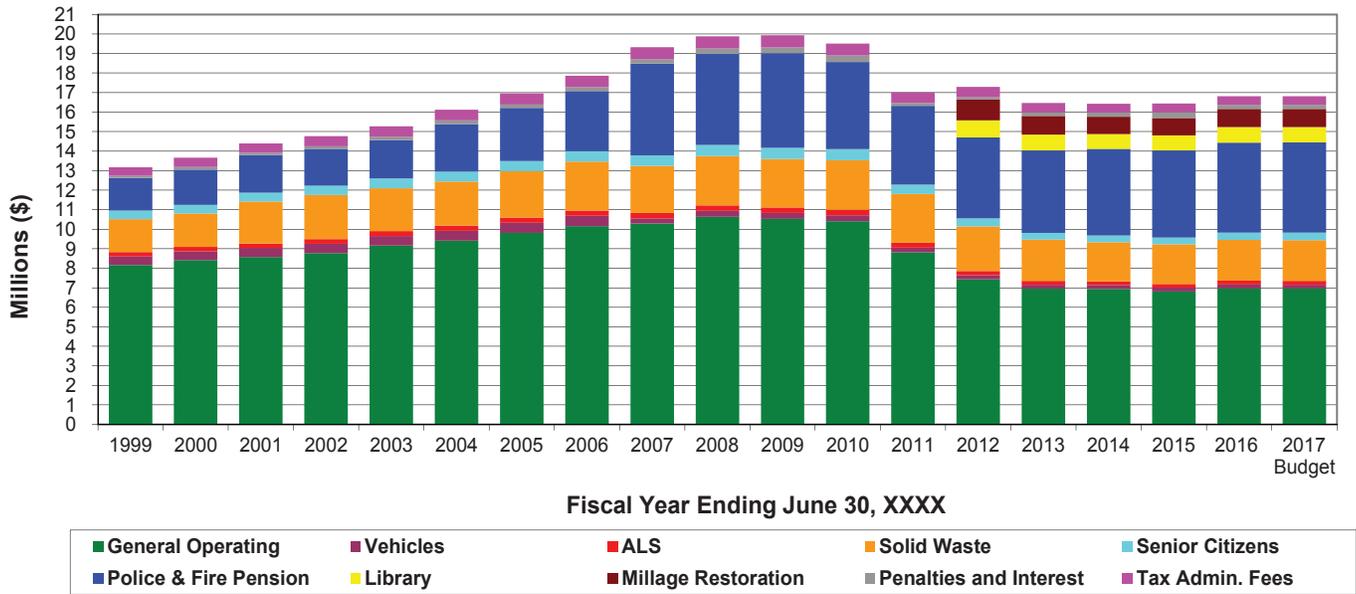
(Per \$1,000 of Taxable Valuation)

Fiscal Year Ending June 30,	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015	2016
City of Madison Heights																
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	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	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	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	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	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	0.48	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	5.86	5.86
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	0.48	0.48
Library	n.a.	1.00	1.00	1.00	1.00	1.00	1.00									
County Drain	0.05	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	22.96	22.97
Overlapping Taxes																
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	5.55	5.55
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	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	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	14.22	14.22
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	32.40	32.40
Zoological Authority	n.a.	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10						
Art Institute	n.a.	0.20	0.20	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	47.68	47.69
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	65.96	65.97

* 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 2016-17 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
16-17	City Clerk	Increase PT Office Support Staff (+0.3)
16-17	City Clerk - Elections	Decrease PT Office Support Staff elections portion (-0.13)
16-17	Community Development	Eliminate vacant Building Official Position (-1.0)
16-17	DPS - Streets	Reallocation of Admin Support due to Act 51 requirements (+0.10)
16-17	DPS - Solid Waste	Eliminate PT Office Support split (-0.13)
16-17		Add dedicated DPS PT Office Support (+0.15)
16-17	DPS - Recreation	Add dedicated DPS PT Office Support (+0.15)
16-17	DPS - Misc Funds	Transfer one DPS pooled position to Water (-1.0)
16-17	DPS - Parks	Transfer one fulltime Parks employee to vacant DPS pooled position (-1.0)
16-17	DPS - Major Street Fund	Reallocation of Admin Support due to Act 51 requirements (-0.15)
16-17	DPS - Local Streets Fund	Reallocation of Admin Support due to Act 51 requirements (-0.15)
16-17	DPS - Water	Transfer one fulltime DPS employee from Water Admin to Sewer Maintenance (+1.0)
16-17		Transfer one DPS pooled position to Water (+1.0)
16-17	DPS - Water/Sewer Administration	Transfer one fulltime DPS employee from Water Admin to Sewer Maintenance (-1.0)
16-17		Reallocation of Admin Support due to Act 51 requirements (+.20)
16-17		Add dedicated DPS PT Office Support (+0.35)
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)

FY 2016-17 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
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)
11-12	Police	Eliminate vacant Police position associated with Lieutenant retirement (-1.0)
11-12	Police	Eliminate vacant Police position associated with Sergeant retirement (-1.0)
11-12	Police	Eliminate two vacant Police Officer positions (-2.0)
11-12	Community Development	Eliminate vacant part time Code Enforcement Officer position (-0.8)
11-12	DPS - Parks	Eliminate vacant part time Seasonal Laborer position (-0.3)
11-12	DPS - Streets	Eliminate vacant Deputy DPS Director position (-0.5)
11-12	DPS - Solid Waste	Eliminate vacant Deputy DPS Director position (-0.5)
10-11	Assessing	Eliminate City Assessor position (-1.0)
10-11	Assessing	Eliminate Property Appraiser position (-1.0)
10-11	Assessing	Eliminate part-time Personal Property Auditor position (-0.4)
10-11	Court	Eliminate Court Officer position (-1.0)
10-11	Community Development	Eliminate part-time Clerical position (-0.52)
10-11	City Clerk	Eliminate vacant Office Assistant II position (-1.0)
10-11	Human Resources	Restructure Personnel & Purchasing Coordinator position. Full-time position split between Human Resources (0.5) and General Administration (0.5) moved to DPS - Streets. Transfer part-time Office Assistant (0.75) from DPS to Human Resources (+0.25)
10-11	General Administration	Restructuring the Personnel & Purchasing Coordinator position reduced General Administration by (-0.25) of a position
10-11	Finance	Eliminate Fiscal Assistant I position (-1.0)
10-11	Finance	Eliminate vacant Fiscal Assistant II position (-1.0)
10-11	Police	Eliminate two vacant Police Officer positions (-2.0)
10-11	Police	Eliminate three vacant Police Sergeant positions (-3.0)
10-11	Fire	Eliminate three vacant Firefighter positions (-3.0)
10-11	Community Development	Eliminate GIS Supervisor position (-1.0)
10-11	Library	Eliminate Librarian position (-1.0)
10-11	Library	Reduce ten part-time Librarian Assistant positions (-0.66)
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)

FY 2016-17 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
10-11	DPS - Water	Eliminate two vacant Water Meter Reader positions (-1.0)
10-11	DPS - Sewer	Eliminate Equipment Operator I position (-1.0)
10-11	DPS - Motor Pool	Eliminate General Mechanic position (-1.0)
BA = mid-year Budget Amendment adopted as of December 14, 2009		
BA 09-10	Police	Eliminate two vacant Police Officer positions (-2.0)
BA 09-10	Police	Eliminate one vacant Public Service Aide position (-1.0)
BA 09-10	Fire	Eliminate two vacant Firefighter positions (-2.0)
BA 09-10	Library	Eliminate vacant part-time Library Assistant position (-0.21)
BA 09-10	DPS - Senior Center	Eliminate vacant part-time Senior Center Assistant (-0.25)
BA 09-10	DPS - Water and Sewer	Eliminate one vacant Equipment Operator I position (-1.0)
09-10	Police	Eliminate vacant Patrol positions (-3.0)
09-10	Fire	Eliminate vacant Firefighter swing man position (-1.0)
09-10	DPS - Streets	Eliminate vacant DPS field employee split between divisions (-0.2)
09-10	DPS - Solid Waste	Eliminate vacant DPS field employee split between divisions (-0.3)
09-10	Major Streets Fund	Eliminate vacant DPS field employee split between divisions (-0.2)
09-10	Local Streets Fund	Eliminate vacant DPS field employee split between divisions (-0.3)
09-10	DPS - Youth Center	Reduce 6 part-time employees hours by closing the Youth Center during the summer (-0.4)
09-10	DPS - Recreation	Move full-time position split between Fire, Senior Center and Recreation to Finance, replacing a part-time position (-0.3)
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)

FY 2016-17 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 hours 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)
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)

FY 2016-17 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

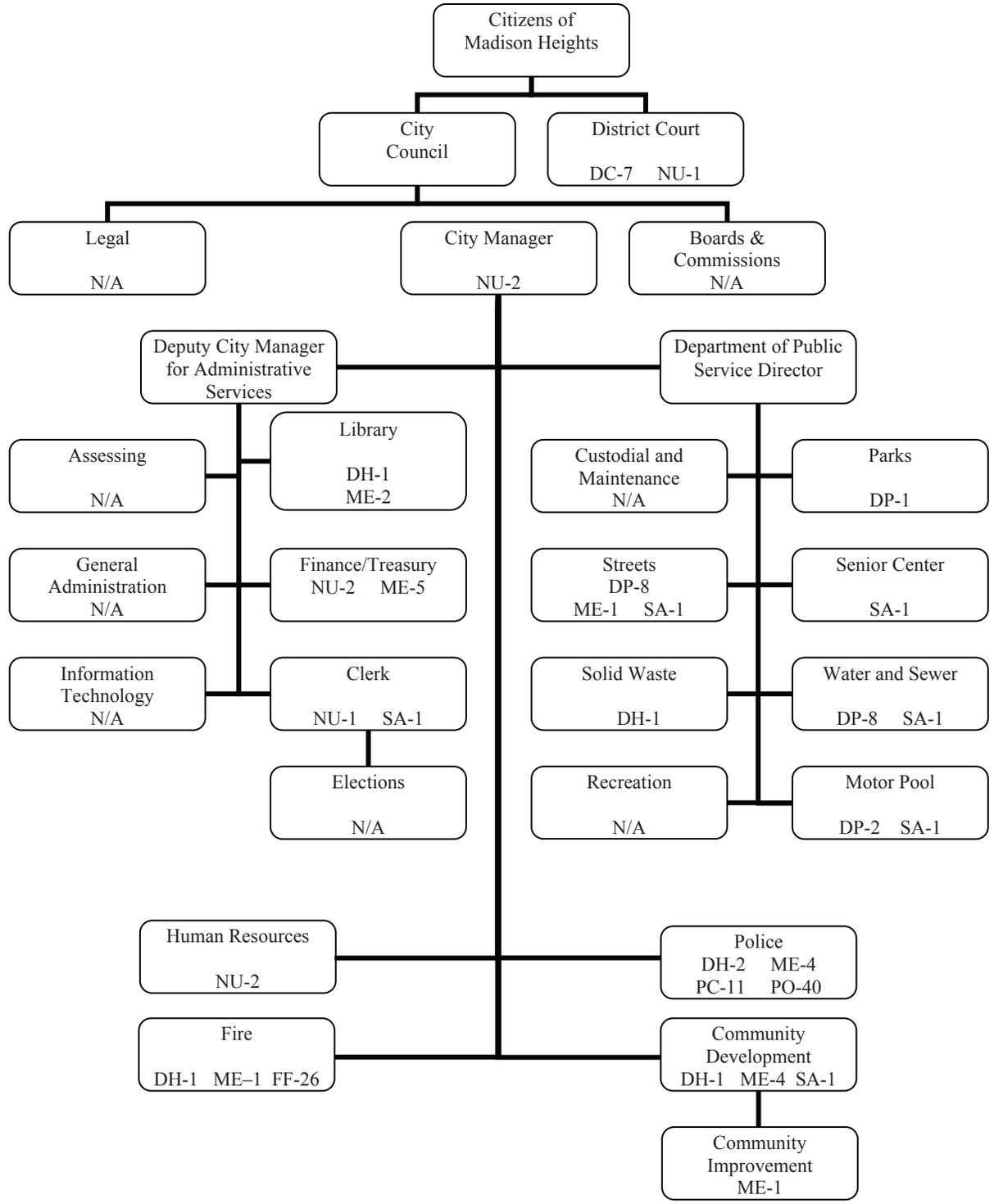
FY	DEPARTMENT	ACTION
04-05	DPS – Parks	Eliminate two vacant part-time Park Laborer positions (-0.5)
04-05	DPS – Senior Citizen	Reallocate labor cost to other divisions (-0.2); assign bus driver time to Youth Center (-0.1)
04-05	Major Streets Fund	Reallocate labor cost from other divisions to reflect 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)
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)

FY 2016-17 BUDGET
HISTORICAL LISTING OF PERSONNEL ACTIONS
REVERSE CHRONOLOGICAL ORDER

FY	DEPARTMENT	ACTION
99-00	Water & Sewer Administration	Transfer of four administrative positions to General Fund (-4.0 FTE) and elimination of vacant part-time Office Assistant position (-0.8 FTE) (-4.8 FTE)
98-99	Nature Center	Increase from one to two part-time Naturalists (+0.8 FTE)
98-99	DPS – Motor Pool	Elimination of vacant Mechanics Helper position through attrition (-1.0 FTE)
97-98	District Court	Through collective bargaining the contractual Court Officer becomes full-time (+1.0 FTE)
97-98	DPS- Custodial & Maintenance	Elimination of vacant Laborer position through attrition due to outsourcing refuse collection (-1.0 FTE)
96-97	District Court	Move part-time position from Law Clerk to Probation Clerk; increase hours (+0.2 FTE)
96-97	Assessing	Addition of one part-time co-op student to assist with computer scanning and sketching project (+0.5 FTE)
96-97	Clerk	Eliminate vacant part-time clerical position (-0.8 FTE)
96-97	Police	Eliminate vacant Detective Sergeant position (-1.0 FTE)
96-97	DPS-Custodial & Maintenance	Reduction of full-time Supervisor position (-1.0 FTE) and transfer of four employees into full time laborer positions from Solid Waste Division outsourcing (+4.0 FTE)
96-97	Solid Waste	Outsource collection of household refuse and recycling; elimination of 12 F/T and 2 P/T laborer positions (-12.8 FTE)
96-97	DPS – Senior Citizen	Elimination of part-time building attendant position; adjustment of other part-time hours (no FTE change)
96-97	DPS – Parks	Elimination of two part-time seasonal laborer positions to reflect outsourcing of grass cutting (-0.8 FTE)
96-97	Police – Crime Suppression Fund	Add multi-jurisdictional unit officer with funding from “COPS” grant (+1.0 FTE)
96-97	Community Improvement Fund	Elimination of two part-time Home Chore Worker positions due to outsourcing of raking, lawn cutting, and snow shoveling services (-0.2 FTE)
96-97	Water & Sewer Fund – Data Processing	Replace vacant keypunch operator position (-1.0 FTE) with part-time PC Technical Support position (+0.8 FTE)
95-96	Library	Reduce part-time Circulation Chief, Technical Services Clerk, and Branch Library Aide (-0.2 FTE)
95-96	Fire	Eliminate three vacant full-time Fire Fighter positions as part of consolidated dispatch project (-3.0 FTE)
95-96	DPS – Custodial & Maintenance	Eliminate three full-time custodians as part of cost-savings move to contract out custodial services (-3.0 FTE)
95-96	DPS – Recreation	Reduce part-time hours as Oakland County will conduct summer swim lessons; add part-time Naturalist position (+0.5 FTE)
95-96	Community Dev. Block Grant Fund	Elimination of six vacant part-time home chore workers due to contracting out of raking, lawn cutting, and snow shoveling services (-0.8 FTE)
94-95	Assessing	Elimination of a vacant full-time Residential Appraiser position (+1.0 FTE)
94-95	Community Development	Elimination of a vacant full-time Construction Inspector position
94-95	DPS – Parks	Eliminate a vacant Parks Maintenance position created by an employee who did not return from an extended Worker’s Compensation leave
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	19
FF=Fire Fighters	26
ME=Municipal, TPOAM	18
PC=Police Command, POLC	11
PO=Police Officers, POU	40
SA=Supvrs. & Assts., AFSCME	<u>6</u>
	141

**CITY OF MADISON HEIGHTS
FY 2015-16 BUDGET
FULL TIME POSITIONS
ALL FUNDS**

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 FY 2005-06 FY 2006-07 FY 2007-08

GENERAL FUND

Court	11	12	12	11	10	10	9	9	9	9	9	9
Manager	2	2	2	2	2	2	2	2	2	2	2	2
Assessor	4	4	4	4	4	4	4	4	4	4	4	3
Clerk	4	4	4	4	4	4	4	4	3	3	3	3
Human Resources	2	2	2	2	2	2	2	2	2	2	2	2
General Administration	3	3	3	2	2	2	2	2	1	1	1	1
Finance	7	7	7	11	11	11	11	11	10	10	9	9
Information Technology	0	0	0	2	2	2	2	2	2	2	2	2
Police	76	76	76	76	77	77	77	77	75	73	73	73
Fire	40	40	40	40	40	40	40	40	39	38	36	36
Community Development	8	8	8	9	10	10	11	11	10	10	9	9
Library	4	4	4	4	4	4	4	4	4	4	4	4

Department of Public Services

Custodial & Maintenance	6	5	5	4	4	1	1	1	1	1	1	1
Streets	18	18	18	18	18	18	18	18	16	15	13	13
Solid Waste	0	0	0	0	0	0	0	0	0	1	1	1
Recreation	2	2	2	2	2	2	2	2	1	1	1	1
Youth Center	0	0	0	0	0	0	0	0	0	0	0	0
Nature Center	0	0	0	0	0	1	1	1	1	1	1	1
Parks	5	5	5	5	5	6	6	6	6	5	5	4
Senior Citizen	3	3	3	3	3	3	3	3	3	2	2	2

Sub total	34	33	33	32	32	31	31	31	28	26	24	23
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Total	195	195	195	199	200	199	199	199	189	184	178	176
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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	3	3
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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	0	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	0	0	0	0
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Crime Suppression Grant Fund	1	1	1	1	0	0	0	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	5	5
Information Technology	2	2	2	0	0	0	0	0	0	0	0	0
Water & Sewer Administration	5	5	5	1	1	1	1	1	1	1	1	1

Total	19	19	19	13	13	13	13	13	13	13	12	12
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Motor Pool Fund	6	6	5	5	5	5	5	5	4	4	4	4
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Total All Funds	227	227	226	224	224	223	223	223	211	206	198	196
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| FY |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |

GENERAL FUND

9	9	8	8	8	8	8	8	8	Court
2	2	2	2	2	2	2	2	2	Manager
3	3	0	0	0	0	0	0	0	Assessor
3	3	2	2	2	2	2	2	2	Clerk
2	2	2	1	2	2	2	2	2	Human Resources
1	1	1	1	0	0	0	0	0	General Administration
9	9	8	8	8	8	8	7	7	Finance
2	2	2	2	2	2	2	0	0	Information Technology
73	67	62	58	57	57	57	57	57	Police
36	33	30	30	27	27	27	28	28	Fire
9	9	8	8	8	8	8	7	6	Community Development
4	4	3	3	3	3	3	3	3	Library

Department of Public Services

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

22	21	16	16	14	14	14	13	12	Sub total
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175	165	144	139	133	133	133	129	127	Total
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1	1	1	1	1	1	1	1	1	Major Street Fund
3	3	3	3	3	1	1	1	1	Community Improvement Fund
0	0	2	2	0	0	0	0	0	Fire Manning Grant Fund
0	0	0	0	0	0	0	0	0	Juvenile Grant Fund
0	0	0	0	0	0	0	0	0	Auto Theft Prevention Grant Fund
0	0	0	0	0	0	0	0	0	Crime Suppression Grant Fund

Water & Sewer Fund

6	6	4	4	4	4	4	4	4	Water Division
5	4	4	4	4	3	3	3	4	Sewer Division
0	0	0	0	0	0	0	0	0	Information Technology
1	1	1	1	1	1	1	2	1	Water & Sewer Administration

12	11	9	9	9	8	8	9	9	Total
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4	4	3	3	3	3	3	3	3	Motor Pool Fund
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195	184	162	157	149	146	146	143	141	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.

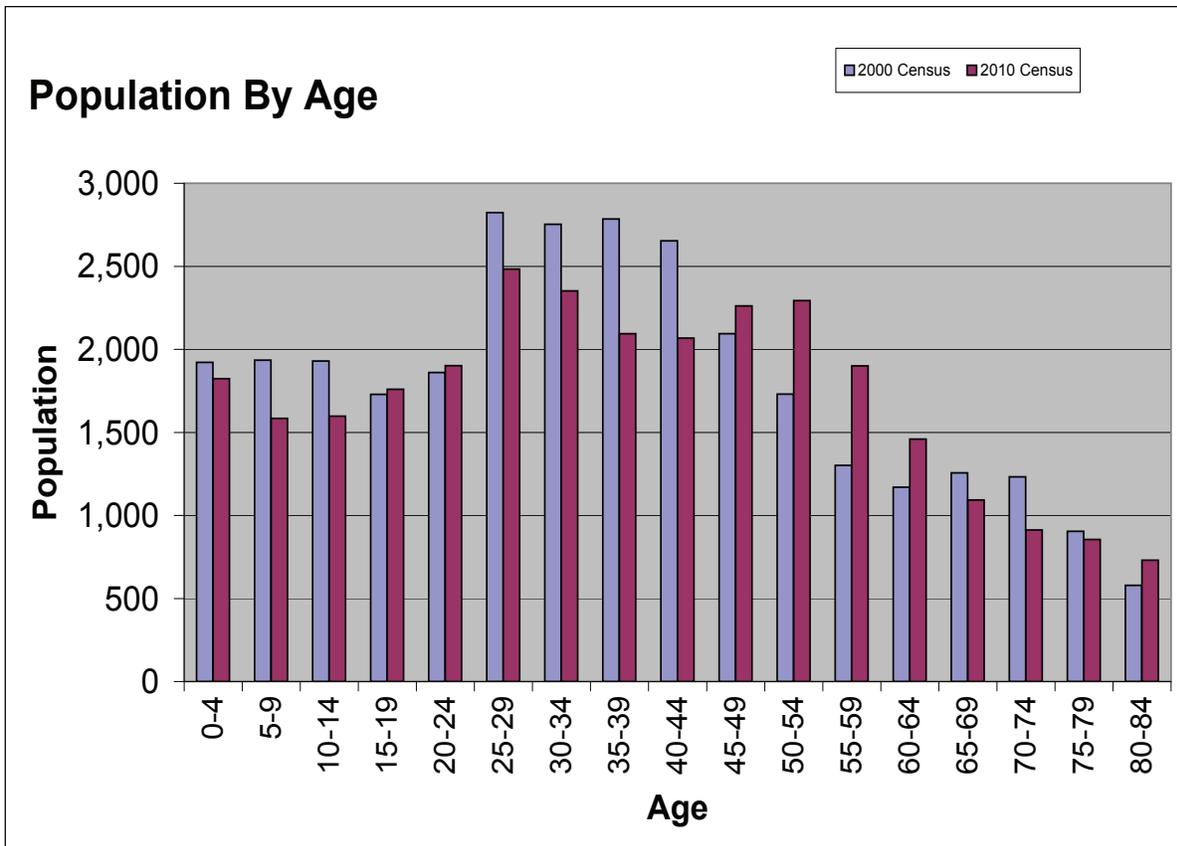
Population

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.

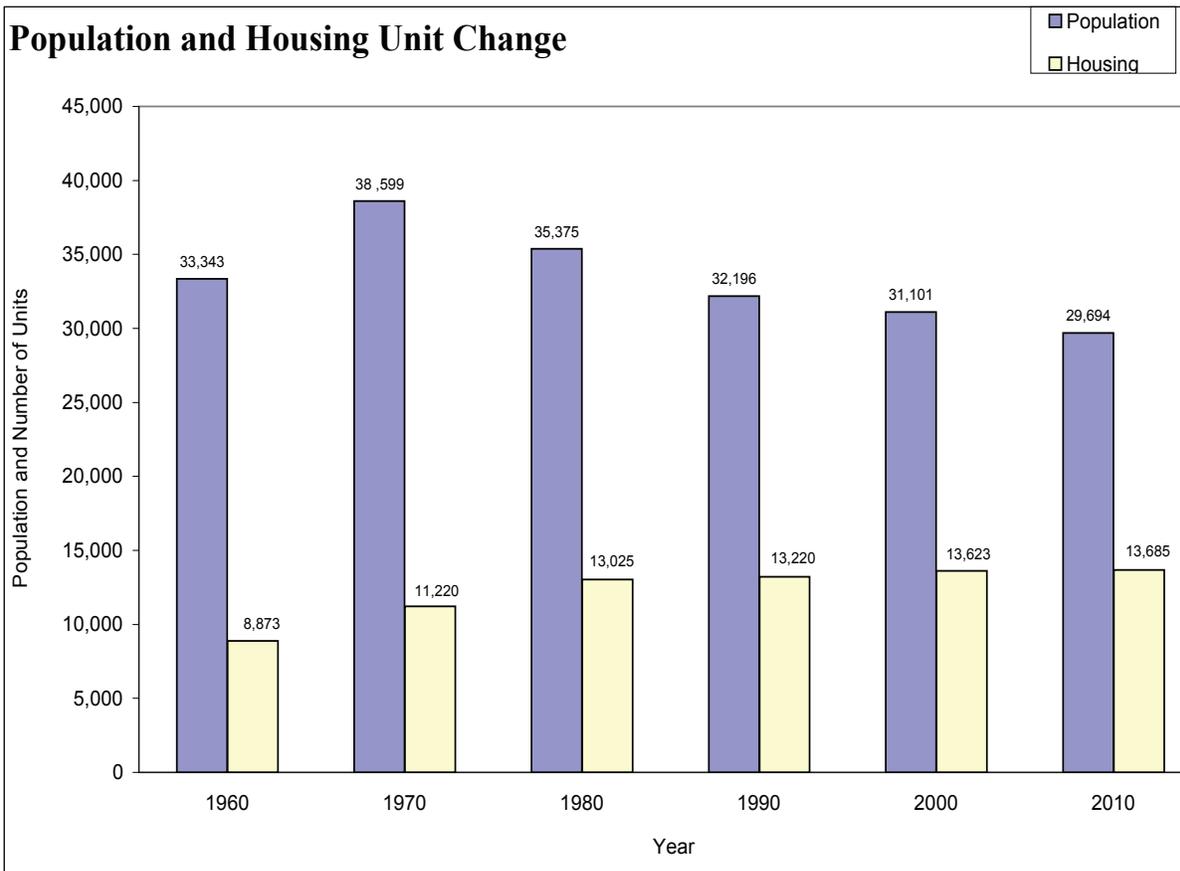


Table 1
Selected Population Characteristics: 2000-2010
City of Madison Heights

	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

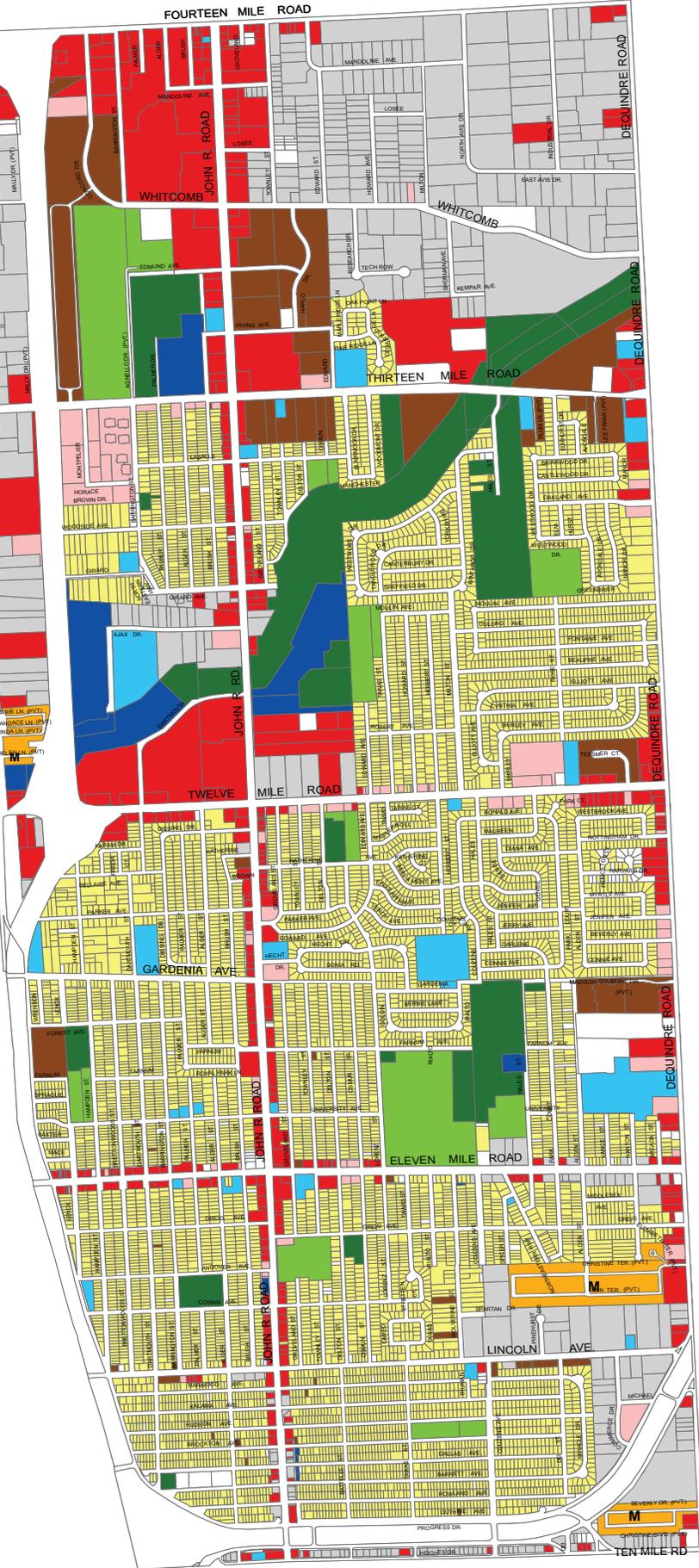
(1) 1990, 2000, 2010 Census data based on Persons Living in Households and Occupied Housing Units, and SEMCOG 2040 projections.

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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COMMUNITY DEVELOPMENT DEPARTMENT
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Existing Land Use

The pattern of development established in a community is influenced by a number of factors including the community's regional setting, citizen demands and needs, political conditions, changes in technology and environmental characteristics and systems. As outlined in the Regional Setting, the growth and development of the City of Madison Heights has been influenced by its position in the Detroit Metropolitan Area. In addition, the City has become fixed in its land area due to the incorporation of the surrounding communities: cities of Hazel Park, Royal Oak, Troy and Warren.

In 2010, the City conducted a survey of the City recording all of the existing uses of land. The resulting pattern of existing development has been documented on the land use map available in the Community Development Department.

The following is a description of the various land use classifications used in the survey.

Single and Two Family - This classification is for those areas containing single-family and two-family dwelling units and accessory structures.

Mobile Home Park - This category identified mobile homes in a planned community or mobile home park setting.

Multiple Family - Included in this group are all apartments and multiplex type of units where more than two separate residential units occupy a single building. Included are apartments, townhouses, condominiums and senior apartments.

Commercial - Retail sales establishments, personal and business services are placed in the commercial category. Included are shopping centers, restaurants, gas stations, party stores, beauty parlors, while-you-wait printers, and the like.

Office - Uses include general business offices; professional services such as banking, real estate, engineering and architectural services; medical and dental offices; and similar uses.

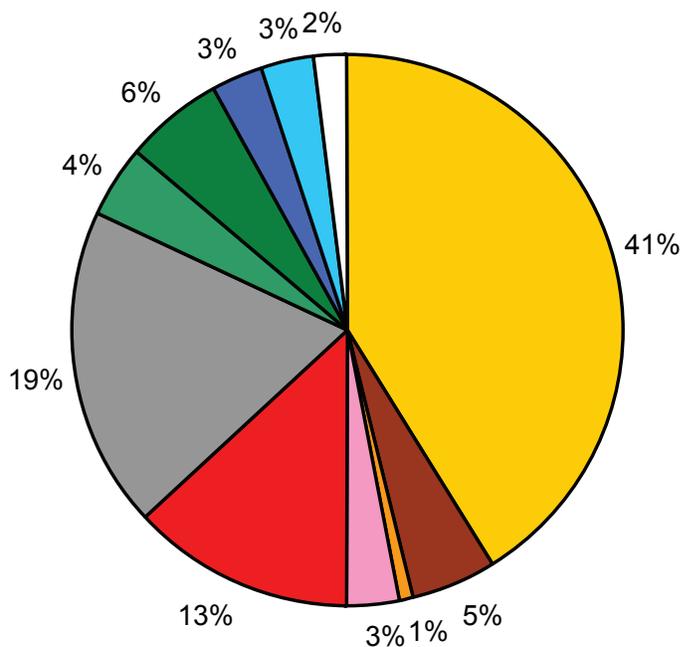
Industrial - This category includes uses with or without buildings where materials are processed, fabricated, assembled, or manufactured, or where equipment, materials or wastes are stored out-of-doors. It also includes warehousing, office/warehouse combinations, and wholesale operations.

Public - Land area and facilities such as public schools, libraries, public works buildings, and government buildings are considered public uses.

Quasi-Public - Included within this classification are such as churches, hospitals, private schools, lodge halls, private cemeteries, utility stations/sub-stations, etc.

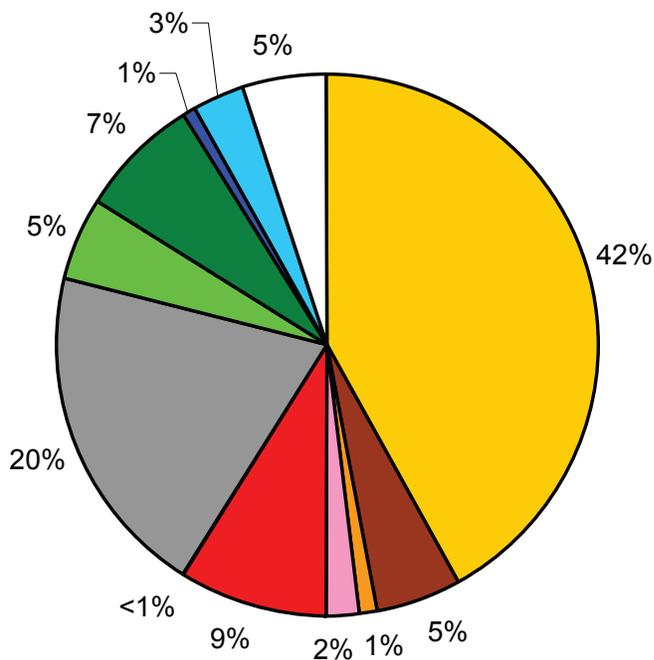
Recreation and Open Space - This category has grown significantly since 1969, from 46 acres (1%) to 225 acres (6%). Major parks and recreation areas include the Red Oaks Golf Course; Red Oaks Water Park; Red Oaks Youth Soccer Complex; Suarez Friendship Woods and Nature Center (a Red Oaks facility beginning October 1, 2012); Rosie's Park/Madison Woods; and the Civic Center Park. In 2000, the City added 0.7 acres northeast of Rosie's Park and 1.5 acres at Suarez Friendship Woods. In 2009, the City added 0.42 acres at the southwest corner of Hales and Winthrop as a second expansion of Suarez Friendship Woods; and 1.0 acres at the southeast corner of Dartmouth and Dallas from the Madison Public Schools for 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 Services (DPS): The Department of Public Services 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.

Equivalent Residential Unit (ERU): A standard engineering calculation designed to determine stormwater runoff based on pervious and impervious areas. Each ERU is based on a value of 2,600 square feet.

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
ERU	Equivalent Residential Unit
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
MMRMA	Michigan Municipal Risk Management Authority
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
POB	Pension Obligation Bonds
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 2016-17**

<u>General Fund</u>	<u>Description</u>	<u>Account Vehicle</u>	<u>2016-17 Amount Proposed</u>
<u>Court</u>			
<u>101-136</u>	<u>Books</u>	<u>9780000</u>	
	Books		7,500
	<u>Machinery and Equipment</u>	<u>9810000</u>	
	Copy Machine		\$ 5,600
		Total Department	\$ 13,100
<u>Elections</u>	<u>Machinery and Equipment</u>	<u>9810000</u>	
<u>101-191</u>	Election Tabulating Equipment		\$ 60,000
		Total Department	\$ 60,000
<u>Municipal Building</u>	<u>Improvements</u>	<u>9870000</u>	
<u>101-265</u>	Waterproofing of the City hall Elevator Pit		7,500
		Total Department	\$ 7,500
<u>Police</u>			
<u>101-301</u>	<u>Machinery and Equipment</u>	<u>9820000</u>	
	Next Generation 911 Telephone Answering Consoles		\$ 138,221
	Overhead Emergency Lights- Light and Siren Controller, Labor (4) \$3,700 each		14,800
			153,021
	<u>Vehicles "V"</u>	<u>9850000</u>	
	Replacement for Two Patrol Vehicles #112 and #138		57,000
	<u>Improvements</u>	<u>9870000</u>	
	Replacement of Underground Gasoline Fuel Storage Tanks - Phase I or IV (Total \$200,000)		\$ 50,000
	Remove and Replace Approximately 3,400 sq. ft. of Carpet at the		17,000
		Total Department	\$ 277,021
<u>Fire</u>			
<u>101-336</u>	<u>Machinery and Equipment</u>	<u>9820000</u>	
	Stryker Power Load - Stretcher Lifting System		\$ 29,884
	V-TAC in the Reserve Fire Engine		13,000
			42,884
	<u>Improvements</u>	<u>9870000</u>	
	Fire Station 2 Parking Lot Improvements		85,000
		Total Department	\$ 127,884
<u>Community Development</u>			
<u>101-400</u>	<u>Computer Equipment</u>	<u>9810000</u>	
	Large Format Scanner		\$ 7,500
	Global Positioning System (GPS)		15,000
		Total Department	\$ 22,500
<u>Streets</u>			
<u>101-446</u>	<u>Vehicles "V" Funded</u>	<u>9850000</u>	
	Tandem Axle Dump Truck with V-Box #418		\$ 220,000
		Total Department	\$ 220,000

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
COMBINED
FISCAL YEAR 2016-17**

<u>Description</u>	<u>Account Vehicle</u>	<u>2016-17 Amount Proposed</u>
<u>Parks</u>		
101-757	<u>Machinery and Equipment</u>	
Play Structures at Wildwood Park (\$50,000 City, \$50,000 State Grant)	<u>9820000</u>	\$ 50,000
	<u>Improvements</u>	
Civic and Ambassador Park Walking Path Replacement (Phase II of II - \$150,000 total)	<u>9870000</u>	\$ 70,000
	Total Department	<u>\$ 120,000</u>
<u>Senior Center</u>		
101-758	<u>Improvements</u>	
Repair and Maintenance of Windows at the Senior Center	<u>9870000</u>	\$ 7,500
	Total Department	<u>\$ 7,500</u>
<u>Library</u>		
101-790	<u>Improvements</u>	
Waterproofing Library Exterior Walls (Phase II of II total project cost \$80,000)	<u>9870000</u>	\$ 50,000
	Total Department	<u>\$ 50,000</u>
	Total Fund	<u><u>\$ 905,505</u></u>
<u>Major Street Fund</u>		
<u>Construction</u>	<u>Repairs / Construction</u>	
202-451	Joint and Crack Sealing	75,000
	<u>Rehabilitation Programs</u>	
Whitcomb - Barrington to Dequindre	<u>9880425</u>	\$ 100,000
E. Lincoln - Wolverine to Dequindre		100,000
Stephenson Hwy SB - Girard to 12 Mile		50,000
Stephenson Hwy Turnarounds		50,000
11 Mile John R to Dequindre		200,000
13 Mile West of Stephenson		116,221
Edward - Mandoline to Whitcomb		<u>50,000</u>
		666,221
	<u>Construction</u>	
13 Mile Sectional NHPP	<u>9890010</u>	120,000
	Total Fund	<u>\$ 861,221</u>
<u>Local Street Fund</u>		
<u>Construction</u>	<u>Rehabilitation Programs - Non "R-2"</u>	
203-451	Sherman	\$ 25,000
	Kempar	25,000
	Research Park	25,000
	Tech Row	25,000
	Montpelier	78,075
	Horace Brown	78,076
	Whitcomb Sectional - West of Mally	<u>50,000</u>
		\$ 306,151
	<u>Proposal "R-2" Concrete Repair</u>	
	Sidewalk Replacement	20,000

**CITY OF MADISON HEIGHTS
CAPITAL OUTLAY SUMMARY
COMBINED
FISCAL YEAR 2016-17**

	<u>Account Vehicle</u>		2016-17 Amount Proposed
<u>Proposal "R-2" Construction</u>			
Madison - Millard to 31605 Madison		\$ 328,000	
Harlo Sectional		275,000	
Meadows - Whitcomb to 31608 Meadows		321,000	
Dorchester - 13 Mile to Windemere		87,000	
Windemere - Dorchester to Edgeworth		295,000	
Kenwood - Millard to 31601 Kenwood (Watermain to Englewood)		286,000	
Moulin - Dulong to 1353 Moulin (Watermain to Rose)		<u>450,000</u>	2,042,000
	Total Fund		<u>\$ 2,368,151</u>
 <u>Drug Forefiture</u>			
<u>264-301</u>	<u>Vehicles</u>	<u>9850000</u>	
Replacement for Two Patrol Vehicles #104 and #107			<u>\$ 57,000</u>
	Total Fund		<u>\$ 57,000</u>
 <u>Special Assessment</u>			
<u>297-401</u>	<u>Construction</u>	<u>9897501</u>	
Sidewalk Program			<u>\$ 250,000</u>
	Total Fund		<u>\$ 250,000</u>
 <u>Water & Sewer Fund</u>			
<u>590-551</u>	<u>Machinery and Equipment</u>	<u>9820000</u>	
V3 or V4 Neptune Collector for AMR Systems			\$ 9,000
 <u>590-901</u>			
	<u>Watermain Replacement - "R-2" Projects</u>	<u>9731000</u>	
Dei - Lincoln to Southend		\$ 258,000	
Hales - 13 Mile to Winthrop		<u>157,000</u>	\$ 415,000
-	<u>Watermain Replacement - "Non R-2" Projects</u>	<u>9731000</u>	
Hampden - Andover to Service Drive		\$ 219,000	
Alger - Andover to W. Lincoln		<u>207,000</u>	\$ 426,000
-	<u>Machinery and Equipment</u>	<u>9820000</u>	
Trailer Air Compressor	#300	\$ 25,000	
Sewer Vactor	#465	410,000	
Sewer Camera Trailer	#466	<u>75,000</u>	\$ 510,000
	<u>Vehicles</u>	<u>9850000</u>	
Chevy 3/4 Ton Pickup Truck 4x4	#423	\$ 34,000	
GMC w/4500 Box Van (Phase II of II)	#458	<u>\$ 30,000</u>	\$ 64,000
	<u>Electronic Equipment</u>	<u>9850000</u>	
Meter Replacement Program (District 1)		\$ 1,000,000	\$ 1,000,000
	<u>Improvements</u>	<u>9870000</u>	
Replacement of Lockers in the Men's Locker Rooms at DPS		\$ 12,500	
Replacement of Tables and Chairs for the DPS Employee Lunchroom		5,000	
Painting of the Exterior of the DPS Facility		20,000	
Asphalt Replacement at the DPS Yard		50,000	
Salt Containment Structure (Phase II of III total project cost \$270,000)		90,000	
Underground Storage Tank Replacement (Phase I of III)		<u>16,667</u>	<u>\$ 194,167</u>
	Total Fund		<u>\$ 2,618,167</u>

