Beth L Tashnick

From:	Dave Henderson [davehenderson@wideopenwest.com]
Sent:	Tuesday, April 24, 2012 9:16 AM
To:	John Szerlag
Subject:	Budget meeting

John

A couple things. First my Ligers team won the season opener last night without me... I'm a little afraid I'm now fighting for my position on my own team :0).

More importantly, there a couple items I'm looking for clarity on. As we discussed the police budget, we asked Chief Mayer about a wish list if that budget were increased (using some fund balance), but we never really got to his response. I'd like to hear what he would like to see if that budget were increased. It looks like the traffic line item was eliminated to the tune of $ 1.8M, and the school program was eliminated to the tune of $ .6M. I am doubtful we can bring both up to full speed, but with an increase in the total, and a little adjustment of personnel and responsibilities, can we still maintain a presence in both arenas?

Regarding Fund balance. As I mentioned last night, the "it's whats left over" explanation is a good one, but what we have to realize is that any overage in the budget that is unspent is the peoples money. We have $ 11.9 million dollars of the peoples money sitting unused. That's nearly $ 400 for every household in Troy today. In a perfect world where insurance isn't needed for every potential disaster, that money should be refunded. In our world, naturally we all agree that some of that should be kept in reserve for potential disaster whether real or estimated, the question becomes how much is too much. Refunding the money is impractical, so I would like to see a compromise and I'm not sure how to achieve that. I do think that if you were able to help Chief Mayer with improving his department, and using some of the fund balance to do so, you could satisfy the masses, still maintain a solid balance, and we could remove this contentious line item from conversation for the time being.

Next question was regarding the apples to apples community comparison. We all heard the snickers from the crowd when you pointed out that Clawson didn't have any homes worth $ 194,000 for the one chart, yet it was worthy of mention in the next. Then Royal Oak was not included in the one but it was used in the first chart. My point was this... it is almost impossible to make these comparisons credible with neighboring communities. I understand the motivation behind selling the numbers to council and the residents, but realistically none of that matters. The only real comparisons to our community are Rochester Hills & Rochester (maybe Royal Oak) in terms of quality of life, size and scope. If we persist on making comparisons, lets try to select data that is relevant and stay consistent conversation to conversation.

I also had a question about the trash issue but couldn't conveniently get the question asked (slipped my mind a couple times). We saw a big drop in trash removal costs in the chart on page 64 in 2007/08 and it was explained that there were several communities that got together in an agreement to negotiate better rates. It was further explained that the meteoric rise in costs over the next 5 years in that budget was primarily due to increased fuel prices (no one disagrees that is the case). However, I have a question that probably can only get a presumptive response. We are likely the largest participant in this conglomeration of communities involved in this contract. Would we not have been better off negotiating this contract year to year being the largest stock holder and staying fluid in our ability to threaten moving our business to a competitor. We have taken that tool out of the tool box with the current arrangement it seems to me. I'd appreciate hearing your thoughts.

Lastly, the historic site. I know how quickly vacant buildings can deteriorate so I understand the necessity to keep maintaining them. I also don't think a little seed money as a non profit ramps up is inappropriate. The chart was very confusing. As was mentioned I would like to see the Troy contribution to the museum as a separate line item for a couple reasons. First, we can see how much we contribute clearly. Second, we can compare that line item annually with the needs of the museum to determine when we retract our aid to that function. Their current budget is $ 390,000/year, what I'd hate to see is their budget next year at $ 465,000, and still asking for our assistance to the tune of $ 75,000. Government grows out of control a few thousand at a time.

Thanks for the informative meeting

Dave Henderson
Real Estate One - Troy
248-321-0151
www.davehenderson.biz

	2011	2012	2013	2014	2015	2016	2017
Beginning Unassigned		12,359,648	15,656,758	13,379,058	10,420,600		
Operating Increase (Decrease)		1,952,707	(492,000)	(1,648,254)	(2,554,759)		
Add Subsequent Years Budget		2,610,131	492,000	1,648,254	2,554,759		
Deduct Subsequent Years Budget		(492,000)	(1,648,254)	(2,554,759)	(2,500,000)		
Sanctuary Lake Cash Flow		(695,898)	(608,194)	(395,488)	(354,023)		
Aquatic Center Cash Flow		(77,830)	(21,252)	(8,211)	(4,617)		
Ending Unassigned	12,359,648	15,656,758	13,379,058	10,420,600	7,561,960		
Annual Expenditures	53,695,418	49,628,437	50,508,559	51,196,344	52,124,411		
Unassigned Percent	23.0%	31.5%	26.5%	20.4%	14.5%		
Restricted/Committed/Assigned Fund Balance							
Prepaids	715,505	720,000	720,000	720,000	720,000	720,000	720,000
Sanctuary Lake Advance	2,994,282	3,690,180	4,298,374	4,693,862	5,047,885	5,397,885	5,697,885
Aquatic Center Advance	324,332	402,162	423,414	431,625	436,242	436,242	436,242
Volunteer Fire Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Subsequent Years Budget	2,610,131	492,000	1,648,254	2,554,759	3,736,392	4,764,754	5,790,579
Insurance Claims	3,753,000	3,400,000	3,536,000	3,677,440	3,824,538	3,977,519	4,136,620
Tax Appeals	2,200,000	1,110,000	840,000	300,000	320,000	250,000	200,000
Total Restricted/Committed/Assigned	**13,597,250**	**10,814,342**	**12,466,042**	**13,377,686**	**15,085,057**	**16,546,400**	**17,981,326**
Unassigned	12,359,648	17,095,263	14,951,563	12,391,665	8,129,535	2,931,800	(3,267,880)
Total Fund Balance	25,956,898	27,909,605	27,417,605	25,769,351	23,214,592	19,478,200	14,713,446

Total Fund Balance	
Ending 2011	25,956,898
2012 Increase (Decrease)	1,952,707
Ending 2012	27,909,605
2013 Increase (Decrease)	(492,000)
Ending 2013	27,417,605
2014 Increase (Decrease)	(1,648,254)
Ending 2014	25,769,351
2015 Increase (Decrease)	(2,554,759)
Ending 2015	23,214,592
2016 Increase (Decrease)	(3,736,392)
Ending 2016	19,478,200
2017 Increase (Decrease)	(4,764,754)
Ending 2017	14,713,446
2018 Increase (Decrease)	(5,790,579)
Ending 2018	8,922,867

CITY OF TROY
FIVE YEAR FORECAST
FUND BALANCE

YEAR ENDING JUNE 30,	BEGINNING TOTAL FUND BALANCE	INCREASE (DECREASE) FUND BALANCE	TOTAL FUND BALANCE	RESTRICTED/ COMMITED/ ASSIGNED	UNASSIGNED	TOTAL FUND BALANCE	UNASSIGNED PERCENT OF EXPENDITURES
2012	25,956,898	1,952,707	27,909,605	10,814,342	17,095,263	27,909,605	34.45%
2013	27,909,605	(492,000)	27,417,605	12,466,042	14,951,563	27,417,605	29.60%
2014	27,417,605	(1,648,254)	25,769,351	13,377,686	12,391,665	25,769,351	24.20%
2015	25,769,351	(2,554,759)	23,214,592	15,085,057	8,129,535	23,214,592	15.60%
2016	23,214,592	(3,736,392)	19,478,200	16,546,400	2,931,800	19,478,200	5.50%
2017	19,478,200	(4,764,754)	14,713,446	17,981,326	(3,267,880)	14,713,446	-5.98%

Monica S Irelan

From:	Nino A Licari
Sent:	Thursday, April 26, 2012 3:00 PM
To:	John Szerlag
Cc:	Mark F Miller; Tom Darling; Gary G Mayer; Peggy E Sears
Subject:	Go back to Printing

Here's the breakdown of our 2012 Personal Property Roll under the proposal.

	Parcel Count	% of Total Parcels	2012 T/V	% of Total T/V
Grand Total	5,927	100.00	395,096,920	100.00
Under $40,000	4,624	78.01	36,722,570	9.29
Over $40,000	1,303	21.99	358,374,350	90.71

What this means in that we stand to lose 9.29% of the Personal Property Roll, which is 9.16% of our Total Roll.

9.29% of 9.16% = 0.85% reduction (slightly less than 1%). This is far better than a 2% hit, however, it is still an additional revenue drop, and, it will only get worse as the years roll on, and they keep exempting years and property.

Leger A. (Nino) Licari, MMAO (4) PPE | Assessor, City of Troy | 500 W. Big Beaver, Troy, MI 48084 | ph 248 524-3305 | fax 248 524-3310 | Hours: Mon - Fri 8:00 AM - 4:30 PM |

Monica S Irelan

From: Nino A Licari
Sent: Thursday, April 26, 2012 2:33 PM
To: John Szerlag; Beth L Tashnick
Cc: Mark F Miller; Tom Darling; Gary G Mayer; Peggy E Sears
Subject: IMPORTANT! Stop the presses. We may have less WLO than we thought.
Attachments: Lt Gov PersProp 04.18.12.pdf

Attached are selected sections of Lt Governor Calley's presentation on the Personal Property Tax Reform (sorry for the poor quality of the scan).

The MAJOR pertinent issue is that besides debt, the reimbursement will only start after the first 2% loss in budgeted (2012/2013) revenue. Which appears to mean that we'll be forced to take a 2% hit in the 2013/2014 budget (exclusive of debt levy) before we get any of the remaining funds reimbursed to us. This is NOT GOOD, not good at all. It's a legislatively mandated 2% hit to all taxing jurisdictions.

I'm working on the estimates of the loss from the $40,000 T/V threshold.

Leger A. (Nino) Licari, MMAO (4) PPE | Assessor, City of Troy | 500 W. Big Beaver, Troy, MI 48084 | ph 248 524-3305 | fax 248 524-3310 | Hours: Mon - Fri 8:00 AM - 4:30 PM |

Small Parcel Exemption (SB 1070)

Beginning in 2013, exempts all of a taxpayer's industrial and commercial PP within a local tax collecting unit (LTCU), so long as the combined taxable value (TV) of such property within the unit is less than $40K.

Small Parcel Exemption

This exemption, by itself, will fully exempt the majority of all commercial and industrial parcels.

New Personal Property Exemption (SB 1069

Exempts all "new" Eligible Manufacturing Personal Property beginning in 2016.

Previously Existing Personal Property Exemption
(SB 10[illegible])

Phases out tax on previously existing EMPP over 7 years, starting in 2016.

Previously Existing Personal Property Exemption

- Previously existing EMPP is EMPP that is at least 10 years old.
- In 2016, the only manufacturing PP that will still be taxable is property purchased in 2006-2011.
- In each of the next 6 years, the oldest taxable manufacturing PP will drop off the roll.

Previously Existing Personal Property Exemption

- When this exemption and the exemption for new manufacturing PP begin in 2016, more than 70% of all industrial PP will immediately become exempt. (Approximately 40% of all commercial PP will also be exempt in 2016.)
- All manufacturing PP will be exempt in 2022.

Existing Abatements/Exemptions (SBs 1065-1068)

Allows EMPP that qualified for an abatement or exemption in 2012 under PA 198, PA 328, the Enterprise Zone Act, or the Technology Park Redevelopment Act to continue to qualify for the abatement or exemption until that property becomes exempt under the General Property Tax Act.

Reimbursement Fund

- **The estimate would be calculated by adding the following amounts for each local unit within the subdivision:**
  - 100% of debt mill loss resulting from the exemptions.
  - 100% of TIF capture loss resulting from the exemptions.
  - Any additional loss, to the extent that it exceeds 2% of the local unit's 2012 budget (1% for economically distressed units).

Reimbursement Fund

- Instructs the legislature to appropriate to the reimbursement fund, <u>at a minimum</u>, the amount of Treasury's estimate for each category and consolidated category of political subdivision, plus any additional revenue the legislature deems appropriate.
- The appropriation will be funded by increased revenue from expiring business tax credits.

Reimbursement Fund

- The locals, themselves, will be responsible for developing distribution formulas for the revenue that is earmarked for each category or consolidated category of political subdivision.
- The creation of these formulas will be subject to certain requirements to ensure that they are fair and dynamic and that debt obligations are covered.

Filing Requirements

- A taxpayer claiming any of the exemptions does not need to file a PP statement for the exempt property.
- The taxpayer must file an affidavit with the LTCU and Treasury attesting that the taxpayer is eligible for the exemption.
- The affidavit filing requirements differ by exemption type.

Filing Requirements

ITEM	AFFIDAVIT FILING REQUIREMENT
New Personal Property	Only in 2016.
Previously Existing Personal Property	Only in the first year in which the exemption for that item is claimed.
Small Parcel Exemption	Annually.

- Will provide sufficient revenue to hold at least 98% of each local unit's budget harmless (more than 98% if the unit has debt).
- As budgets grow, this percentage will grow, because the reimbursement threshold is based on 2% of a unit's 2012 budget.

Justin Breyer

From: Timothy L Richnak
Sent: Monday, April 30, 2012 2:16 PM
To: Justin Breyer; Beth L Tashnick
Subject: FW: Budget Questions
Attachments: SMAN-Konica12043013520.pdf

Refuse Question " Would we not have been better off negotiating this contract year to year being the largest stock holder and staying fluid in our ability to threaten moving our business to a competitor."

Background information:

Required increases in Refuse Tax is primarily related to the decline in property values.

Expenditures for collection contracts over the past three fiscal years of 2009, 2010 and 2011 are as follows.
2009 increased 3.5%
2010 decreased -1.3%
2011 increased 4.35%

These percentages are based on the baseline Expenditures from 2008 when the new refuse contract went into effect. The primary increases and decreases in the refuse contracts are a result of fluctuation of fuel cost which varies based on the fuel index. Over the 3 years refuse collection increased an average of 1.45% per year.

Answer:

This long term contract has been and we believe is still in the best interest of the City of Troy and SOCRRA.

From: Justin Breyer
Sent: Monday, April 30, 2012 1:53 PM
To: Timothy L Richnak
Subject: Budget Questions

Here you go Tim.

-Justin

From: MAN-konicaC360@troymi.gov [mailto:MAN-konicaC360@troymi.gov]
Sent: Monday, April 30, 2012 2:52 PM
To: Justin Breyer
Subject: Message from MAN-KonicaC360